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Toward a Petro-Developmental State? Merits and Demerits of the Chadian Rentier State

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Abstract

The discovery of oil in Chad in the 1960s and its subsequent exploitation triggered the idea by international institutions that oil extraction would lead to sustainable development. Furthermore, Chad in tackling the resource curse would use rents to solve social, economic and security challenges on its territory. I argue that the state is the main actor in the resource curse, and its power derives rents from natural resources extraction. The curse emerges under local or international institutional pressures even if political outcomes are contextual and based on local norms. Drawing on theories of rentier state and developmental state, this paper seeks to critically explore local and international pressures that pull the state towards rentier behaviors resulting in poor local development outcomes.

Keywords

Resource Curse; Chad; Oil; Rentier State; Developmental State

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Introduction

In 2003, Chad became an oil-exporting country. The main actors in the extractive sector were Exxon Mobil, China National Petroleum Corporation International Chad (CNPCIC) and Glencore (Anglo-Swiss firm). This conglomerate of petroleum actors formed the *Association of Petroleum Exporters of Chad* (APEC) with the intention of pooling together their resources, claiming to be tackling longstanding crises in the oil sector associated with the resource curse (ExxonMobil 2015, p. 5).

The first oil project named Chad-Cameroon Development Project started in 2000, and the fields were predicted to produce a billion barrels of oil in 25 years. Within two decades, the oil windfall came to bolster Chad's budget, which at the time was one of the poorest countries in the world. The World Bank decided to support the $4 billion project to test the potential for an oil project to alleviate poverty, maintain environmental standards, and minimize the impact on indigenous people (Esty 2001), in short, to promote sustainable development. Chad is a particularly interesting case as it had witnessed the consolidation of multinationals from three continents: American, Asian and European. A new Asian actor (China National Petroleum Corporation International in Chad, CNPCIC) interacted with the more established European and American international corporate actors. This time, however, the interaction was characterized in theory by the private petroleum sector's contribution to sustainable development. The common denominator of the multinationals' presence in Chad is the oil rent that they produce, which is managed by the state in a public-private partnership aimed at improving development outcomes.

According to the International Crisis Group (ICG), between 2004 and 2014, the Chad State budget had 'more than quadrupled, from approximately $670 million to more than $2.8 billion' (ICG 2016, p. 15). The petroleum sector thus contributes nearly 80% of the State budget, making Chad a rentier[1] state. Rentier states have long been controversial due to the presence of corruption and poverty, authoritarianism, and poor governance, and therefore implicated in what developed countries have described as the resource curse (Karl 1997; Le Billon 2005; Ross 2012). However, in Chad, the World Bank proposed a novel framework for managing oil revenues, establishing a 'Revenue Management Plan' (RMP) to isolate Chad's project revenues and direct them to poverty reduction programs. This poses the question of whether the extractive sector was indeed driving Chad toward a sustainable form of development.

This article explores the trajectory of the Chadian state since the beginning of petroleum exploitation in the country. It analyzes the policies and practices of the regime in a context dominated by the rent produced by various actors, especially by the multinational oil firms, along with World Bank-promoted anti-poverty measures, set in the wider local context of poverty in which the Chadian petroleum projects arose. The study contributes to the ongoing debate about the contribution of the extractive industries to sustainable development. Using literature reviews, in-depth interviews with oil actors in Chad, especially Chadian authorities, oil workers, local community representatives, oil corporate representatives, civil society members, and research consultants, I gathered information about extractive sector outcomes after more than a decade of oil extraction. Oil archives in Chad from multinationals, the state, and civil society organizations were also consulted within the framework of this research. I further used the qualitative data collected on the management of oil revenues from March 2014 to December 2017 while I was as Ph.D. student researching the responsible management of the oil sector in Chad.

Based on the data, the article argues the state is the main actor and derives its power from resource rents in the context of international agencies and local players. To explore this, this article first discusses the nature of the Chadian state and its potential transformation from a rentier to developmental logic; second, it traces the trajectory of fossil fuel development in the country and discusses implications of the analysis.

1 The term 'Rentier State' here refers to a State in which a large part of the resources is the product of a rentier activity (such as the exploitation of raw materials, foreign aid) as opposed to rent from a production system of a country (private, public companies in the country).

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Unveiling the Chadian state: from Rentier State to a Developmental State?

RENTIER STATE THEORY

Hussein Mahdavy (1970) was the first scholar to use the term 'rentier state' to characterize the situation of rent seeking that prevailed in Iran in the 1960s. Hazem Beblawi and Giacomo Luciani (1987) have then employed this term in analyzing economic and political situations throughout the Arab world considering Arab countries' wealth from oil and oil revenues use. Their analysis makes clear that Gulf countries, rich in oil and gas, are rentier states that accumulate rents from the sale of oil to external partners, and redistribute such wealth to varying degrees, often unevenly throughout society. With the crises and conflicts, analysts have observed the economic importance of oil and the paradoxes of its economic impact and transformational policies at the local level in resource-rich countries. In addition to spectacular enrichment, oil producing countries suffered from political instability and democratic deficit, which contrasts with their rentier wealth (Karl 1997; Ross 2012; van der Ploeg & Venables 2011).

Other scholars combine the rentier state with the neo-patrimonial state, a system of governance centered upon a leader and/or elite that has monopolistic control of rents resulting in predatory forms of politics (Bach 2011). This elite rests on a patronage network and nepotistic system. The theory of neo-patrimonialism is defined by the fact that everything revolves around a single leader who is a monarch or a president and who manipulates the elite to their personal benefit (Bach & Gazibo 2011). Hence, the rentier system has paradoxical effects throughout society, including the illicit enrichment of the political and economic elite, with rampant corruption and mismanagement, clientelism, poor economic development, and a democratic deficit.

The combination of neo-patrimonialism and the rentier state underpins the 'resource curse' theory (Stevens et al. 2013; Stevens 2015). Corruption, embezzlement, and mismanagement are evidenced in the extractive sector, and rentier states often invest more in repression and security than in social, political, and economic development (Mailey 2015, p. 101). Many criticisms were raised about the Extractive Industries Transparency Initiative (EITI)[2], which centered on promoting transparency through the publication of information related to the extractive value chain. The initiative did not prevent ongoing mismanagement and rampant corruption in the extractive sector (Hilson & Maconachie 2009; Hoinathy & Jánszky 2017; Keblusek 2010; Mailey 2015). While raising questions about the developmental outcome of EITI, Rustad, Le Billon, & Lujala (2017) suggest that this initiative should be assessed by looking at each objective set by the international organizations. Along similar lines, some countries rich in natural resources have put in place development strategies that focus on a centralized state, a central element to the developmental state theory and its effects. This brings us to developmental state theory and its relevance in Chad.

DEVELOPMENTAL STATE THEORY

The concept of developmental state theory was introduced after World War II. It refers to state intervention in the economy to support economic growth and development. The Second World War left countries devastated, and a new type of economic policy took hold. This new policy focused on the growth of heavy industries and saw state planning as key to economic recovery and success. The main actor in this recovery was thus the state, which incorporated and executed economic policies imposed by large post-war financial institutions. As Loriaux (1999, p. 24) put it: 'the developmental state is an embodiment of a normative or moral ambition to use the interventionist power of the state to guide investment in a way that promotes a

2 The Extractive Industries Transparency Initiative (EITI), active since 2002, works to promote transparency and accountability in countries rich in natural resources to allow enhanced value and a more efficient use of resources being extracted.

certain solidaristic vision of the national economy'. This interventionism is executed via industrialization policies, of which the state is the central actor, with everything revolving around the state to ensure these sovereign functions.

Developmental state theory has experienced 'ups and downs' as stated by Fritz and Rocha Menocal:

> 'The developmental state was encouraged in the 1950s and 1960s, particularly during the period of reconstruction. The 1970s and the early 1980s, however, it saw an evolution toward what ultimately became the Washington Consensus, which focused on market-based policies and structural adjustment programs (SAPs). The success of several Asian states in the 1990s, however, led to a reevaluation of these policies. International financial institutions (IFIs) still encourage countries to rely on free markets, though combined with good governance as methods of socio-economic stimulus and development' (Fritz & Rocha Menocal 2006, p. 6).

There is an ongoing debate about whether African states which gained their independence in the 1960s and adopted a set of policies based on state intervention in the economy, industrialization policies and then neoliberal policies (with mixed results) are developmental states (Mbabazi & Taylor 2005; Mkandawire 2001). Some scholars critical of orthodox development thinking suggested the term post-development to refer to the focus of African countries on policies promoting social justice, equity and redistribution of growth by a green state (Death 2016).

Considered together, developmental states, particularly those rich in natural resources, therefore rely on a development strategy that coincides with decades of advice promulgated by IFIs, compounded by rentier income. In this way, the Chadian regime as a resource-rich country for more than a decade can be said to be rentier state, effectively a petro-developmental state.

Rentier state and developmental state theories had derived concepts of petro-developmental State or petro-state-led-development that would also confirm this interpretation. As well, Ovadia (2016) developed the theory of the petro-developmental state, which focuses on how resource-rich countries use rents for their socioeconomic development. The state, in this case, is the principal actor in terms of rentier-financed public policy and its means are the rents from natural resources extraction. Similar development paths were taken by Rwanda and Tanzania recently, but not by Kenya (Nwapi & Andrews, 2017). Overall, Ovadia and Wolf (2018) have shown the benefits of using a case study method to explore the petro-developmental state in Africa. The Chadian state is experiencing such structural dynamics with the oil extraction, and this would be a good case study.

The Political Economy of Petroleum Extraction in Chad

Oil was discovered in Chad in the 1960s but because Chad is landlocked, a pipeline needed to be constructed for this extraction project to materialize in a challenging geographical, social, and political environment. In 2000, a consortium of companies (Exxon Mobil, Chevron, Texaco, and Petronas) came together to initiate this project with the support of the World Bank Group. In this consortium, Exxon Mobil[3] was to retain 40% of oil rights and the Malaysian company Petronas Carigali 35%, then Chevron 25% in a concession contract with the state (Gary & Reisch 2005). As of 2014, Chad's National Oil Company, La Société des Hydrocarbures du Tchad (SHT - the Hydrocarbon Society of Chad) has retained 25% of what was formerly Chevron rights. This consortium of companies exploits oil in the Kome, Miandoum, Moundouli, and Bolobo fields in the southern part of Chad.

The second key actor in this domain is China National Petroleum Corporation International Chad (CNPCIC); a Chad-based subsidiary of the Chinese National oil company. CNPCIC acquired its stake

3 In Chad, Esso or EssoChad are local names used to refer to Exxon Mobil.

in 2006 by taking concessions from Cliveden and Encana, and today is active in oil fields throughout the country, including Mimosa, Ronier, Baobab, Doséo and others. In 2011, CNPCIC built a refinery in Djarmaya, a suburban area at about 40 kilometers from the capital of N'Djamena, which refines oil that belongs 60% to CNPC and 40% to the Chadian state (Kummer & Urech 2017, p. 9).

Another important player in this oil field is Glencore, which saw the metamorphosis from the Canadian Caracal Energy, to Griffith, and to a Petro-Chad Limited conglomerate. The transformation of these entities was finalized in 2014, when Glencore, which had initially arrived in Chad in 2013 to sell Chadian oil, bought shares in Petro-Chad Limited. Since 2014, these entities have operated with a shared production contract in the DOI, DOB, DOH, Borongop, and Chari East Doséo blocks in the southern Chad.

Last but not the least actor is Chad's national petroleum company, the Société des Hydrocarbures du Tchad (SHT), who plays a significant role in the Chadian extractive sector. A 2006 law[4] established the national petroleum company, which is 100% state-owned and is explicitly dedicated to commercializing state petroleum[5], to assuring activities in upstream and downstream oil production, and underpinning the refining, stockage, and distribution of refined petroleum. In practice, the SHT manages the petroleum activities of the state but also plays a commercial role.

The history of petroleum exploitation in Chad is particularly interesting in terms of how it materialized. In 1999, there was an agreement among international financial institutions (the World Bank and International Monetary Fund), multinational oil firms, and the governments of Chad and Cameroon to establish mechanisms that would prevent the emergence of a resource curse in the region. This ambitious project was to occur in one of the world's poorest states, marred by conflict and a democratic deficit (Winters & Gould 2011, p. 231). Given the domestic political climate, the international financial institutions encouraged Chad's government to comply with certain normative standards of the international community, resulting in a set of good governance initiatives and policy reforms.

The World Bank project was regarded as an ambitious 'experiment' reflecting an ostensibly post-neoliberal development philosophy that recognized the need for state regulation to prevent a recurrence of the resource curse phenomenon, which had affected most resource-rich countries in the developing world (Winters & Gould 2011). The strategy adopted by the World Bank was to create public-private partnerships, to create synergies beneficial to all stakeholders. The expected objective of the project was to avoid the oil curse and all provisions were geared to achieving this objective. How were these policy provisions executed in Chad's extractive projects? The following brief discusses how the Chadian state became a major player in extractive governance but has not achieved the expected goal of poverty reduction.

Chadian state petroleum governance challenges

At the inauguration of the Komé site in 2003, Chad's government promised to fight against poverty and to build a stronger future for upcoming generations. A key issue here was to design policy that would serve as a restraint for a rentier regime. The World Bank played a crucial role in funding Chad and Cameroon the project on the condition that the government would adopt good governance policies (Esty 2001).

However, in Chad the upper layers within the state administration and the main institutions managing oil revenues were under the control of the President. In 2004, the President appointed his brother-in-law as the Director of the Central Bank in Chad. Members of the central bank's committee in charge of oil

4 Law no 27/PR/2006 is the law establishing the creation of the national company in charge of the hydrocarbon exploration, development, and commercialization.

5 It should be remembered that in Chad's production-sharing contract with Glencore, Chad is entitled to sell the crude oil belonging to the country.

revenue allocations and control, CCSRP[6], were not independent as most of them were from the president's circle, except for the representatives of civil society organizations (Hansen 2017, p. 73). The personalization of state control over oil revenues was thus pervasive. These practices reflected the presidential nature of Chad's regime and the neo-patrimonialism in the country. This is also the analysis of Marchal (2016, p. 4) who noticed that after a decade of oil extraction 'Idriss Déby's regime looks like an old family kingdom as his sons, brothers, and in-laws have been appointed in state positions that give them access to wealth, power and coercion'. Similar issues of patronage and clientelism were reported by other scholars (Kummer & Urech 2017; Tubiana & Debos 2017). Multinational firms became a lifeline for the regime, controlled by a family, instead of contributing to alleviating local poverty. As Coll (2012, p. 367) puts it, projects in Chad allowed 'ExxonMobil and its partners to generate several billions of dollars of topline revenue, to forge a path to profitability just as world oil prices spiked, and embedded themselves with Déby's regime, positioning the corporation for additional oil deals beyond those covered by original bargain'.

Yet, this mode of regime governance did not prevent the state from advancing developmental discourse and policy. During the first decade of petroleum exploitation, the Chadian regime demonstrated a series of characteristics endemic to resource-rich developmental states. Its oil development strategy was presented under the guise of institutional change and came with specific policy changes. In the first instance, Chad's government was successfully able to manipulate various actors to increase its petroleum rents. The demands of Chad's government led to conflicts with its partners, sometimes leading to overt disagreement. Pemunta & Tabenyang (2016) claimed that the country used its enormous wealth to boost its standing among Central African countries and the Sahel, torn by violent conflict and endemic poverty. As well, the national strategies and associated programs of combating poverty in Chad did partly materialize, funded from oil revenues. However, the President and other elites had a nearly monopolistic control of development policies and failed to enable economic diversification, or to expand investment in the agricultural sector and in rural development (Hansen 2017; Tubiana & Debos 2017).

The regime's policy posturing highlighted the misuse of oil revenue. In 2006, the antagonistic situation culminated in the World Bank pulling out of Chad, (as noted below), giving the state additional control over the oil projects and the rents. This created more opportunities for resource nationalism and for the populist appeals to the local population in terms of the use of oil extraction for poverty alleviation and to bolster state security. This confirmed the assertion of Andreasson (2015) who has shown that resource nationalism is a key tool for oil producers in Sub-Saharan countries to reaffirm sovereignty and control over their resources, with the support of the local populations (whether manipulated or not).

Discussion: Issues and Perspectives

THE MERITS OF THE CHADIAN STATE

Following a decade of petroleum exploitation, by 2015 government coffers were inundated with oil funds. According to the IMF (2016), Chad had received over $10 billion in revenues from the petroleum industry between 2000 and 2013. Another report from SWISSAID (See Kummer & Urech 2017) estimated oil revenues amounting to $13 billion from 2003, equivalent to 65% of government revenue. In some cases, this revenue served to help build social and economic infrastructure, though the overall input into these sectors remained weak compared with other developing countries in the region. According to the central bank's oil revenue overseeing and control committee, the CCRSP, of the nearly $1.9 trillion in oil revenue obtained

6 CCSRP stands for Collège de Contrôle et de Surveillance des Ressources Pétrolières. It is a committee overseeing the use of oil revenues in Chad.

between 2004 and 2014, 75% was allocated for priority sectors[7], 20% went to the public treasury, and 5% was intended to go to the public in the production region (CCSRP 2014). Poverty in the country though, was not appreciably reduced. Petroleum income therefore played an important role in Chad's GDP and Chad's state budget, but it did not have a significant impact on reducing poverty in the country (Hansen 2017, p. 79; Pegg 2009).

Another merit of the regime during this oil era was the important development of norms, laws, and decrees to secure the petroleum industry and to manage petroleum revenues. This, however, led to a series of conflicts between Chad and its partners, including the implementation of law No. 001/1999 that codified the creation of a future fund; when the government reversed this law in 2006, the World Bank pulled out of the project. In addition, a series of laws within the petroleum sector were introduced to increase government revenue from the sector: the Mining Law (updated in 2018), the Petroleum Law, the Hydrocarbons Law, and certain decrees concerning the management of petroleum revenue (concerning contract renegotiation, tax reform, social conflicts, debt issues).

Under the socioeconomic plan, the Chadian state promoted job creation that arose from the petroleum sector. During the deluge of oil income, administrative institutions in charge of infrastructure were privileged, absorbing 50% of budgetary credits intended for priority sectors (CCSRP 2013). New schools, hospitals, care homes, universities and institutes, paved roads, and public spaces popped up in the capital of N'Djamena and in other Chadian provinces. These changed infrastructural aspects of the country, especially in the urban space, be it in the capital city or in some rural areas (Electrification of Doba oil city for instance). Another use of increased funds was to construct large statues of soldiers in victorious memory of the country's military heroes. Situated just in front of the presidential palace in N'Djamena, the statues serve as a reminder of the country's military might. (The place is called 'The Nation Square')

Economic growth, as planned by the international financial institutions, did indeed increase, though temporarily. According to the IMF (2015), real GDP increased by 3.6% in 2013, against 8.9% in 2012, while the non-petroleum GDP growth fell from 11.6% in 2012 to 5% in 2013, due largely to a particularly successful agricultural year followed by a return to a more normal agricultural output. In parallel to those achievements, the official discourse was about economic diversification in Chad and the probable end of the oil extraction era.

Under the political and geopolitical plan, Chad became a state at war, both in terms of internal security and in the region, largely in terms of combatting Boko Haram in neighboring countries (Republic of Central Africa, Cameroon, Nigeria, Niger, and Sudan) as well as in Mali alongside the French army (Pemunta & Tabenyang 2016, p. 307). The focus of the Chadian regime on security issues was consistent with donors' policies of development securitization, requiring donor support to address local, regional, or international insecurity or threats (Fisher & Anderson 2015).

Revenues from petroleum also permitted the regime to divert revenue from development via illusive narratives, institutional reforms, and a few infrastructure projects. According to the discourse of the official regime, however, these all constituted forms of development. Certainly, oil projects in Chad have triggered social and economic changes, but the two-decade record is very mixed (Leonard 2016; Winters & Gould 2011).

MITIGATED IMPACTS (OR DEMERITS) OF THE CHADIAN RENTIER STATE.

The strategies adopted in Chad did not fully succeed in spurring sustainable development or reducing poverty - the initial stated goals of the oil projects (Clausen & Attaran 2011). The Independent Evaluation Group (IEG) of the project concluded in its report that 'the oil revenue windfall was associated with a

7 Priority sectors included education, health, agriculture, and security.

resurgence of civil conflict and a worsening of bad governance' (International Advisory Group 2009). The private-public model implemented for fighting poverty was a failure (Leibold 2011; Pegg 2006). For instance, regarding social policies, some argue that the poverty rate did drop due to growth in petroleum revenues. The poverty rate - of Chadians living under the national poverty line - fell from 54.8% in 2003 to 46.7% in 2011. Unfortunately, the revenue sharing mechanisms adopted by the state led to an uneven distribution of power and income between those in urban and rural areas. The number of people living in poverty during this time was also affected by demographic growth of 3.5% annually. This growth alone accounts for the increase in the total number of people living in poverty from 4.1 million in 2003 to 4.7 million in 2011 (IMF 2014, Appendix III).

The CCSRP therefore observed that, of the total population of 11.2 million people, the poverty rate in 2003 was estimated at 55%. However, 87% of that number were living in rural areas. While it is true that the average poverty rate decreased between 2003-2012, there nonetheless exists an extreme disparity among those living in rural compared with those in urban areas. The United Nations Program for Development (UNDP) confirms these findings and in their Human Development Index (HDI) report of 2016, it classified Chad as 186 out of 188 countries, with the HDI still very weak, only rising from 0.29 in 2009 to 0.39 in 2016. Furthermore, according to Mabali and Moundigbaye (2017), the rural recipients of the 5% government petroleum revenue have seen a real increase in poverty. Reflecting this, another study found that public investment was centered in urban areas, exacerbating existing inequalities (Gadom et al. 2017).

The global drop in oil prices in 2014-2015 has shown the ups and downs of the rentier state. In response to this price crisis, Chad's president instituted several austerity measures that cut government spending to manage the crisis. These policies have resulted in fewer scholarships for students, the halving of certain salaries, the cutting of bonuses, and the overall reduction in state capability to carry out basic functions (Hicks 2016). The austerity measures are reminiscent of the structural adjustment programs of the 1980s and 1990s and have exacerbated discontent among Chad's people. During the government move to adopt such policies, the Chadian people protested and attempted to block the implementation. These protests were largely driven by an increasing dissatisfaction with the government's handling of petroleum income, as enriching the elite rather than advancing sustainable economic growth for all. According to Marchal (2016, p. 2): 'Oil revenues were used to build infrastructure, but a closer glance proved that most contracts were allocated to first feed the patronage networks of the presidential couple'. Furthermore, corruption and the reliance on markets have also eroded the social system and demonstrated the poor quality of institutions in the country. The situation of oil revenue management in Chad demonstrates how the privatization of a public good by a political elite had been driven by nepotism. Additionally, the loan that the government contracted with Glencore allowed it to acquire shares of Chevron in the Doba field in 2014 but soon this became a burden that asphyxiated the regime financially. These practices, for some scholars, confirmed the state's lack of capacity in managing the oil sector in Chad for development (Fisher & Anderson 2015; ICG 2016).

In terms of governance, oil revenues have fueled the quest for regional domination, with implicit support of the international community providing the regime with financial and technical support. Beginning in 2013, Chad has been sending troops to participate in the peace mission in the Central African Republic. In support of France, it sent soldiers for military actions called Berkhane in Mali, and Chad also sent troops as part of the regional coalition for the fight against Boko Haram in the Lake Chad region (Hicks 2016). This reflects a strong interest in gaining regional influence. The waves of military commitments reveal the power of a seasoned army to wage wars, and the characteristics of a belligerent state. The Chadian regime has invested heavily in its army using oil resources[8] instead of investing in a social safety net to save its

8 Lena Guesnet showed in her paper how the Chadian regime uses oil rents to buy arms instead of investing in fighting poverty. See more on http://www.digital-development-debates.org/issue-12-power--oppression--chad-oil-for-arms.html.

population from rampant poverty. Today Chad is considered a regional, even international military power: its military intervention in Mali, then in Nigeria against terrorism, have enhanced the international image of Chad and its president (Pemunta & Tabenyang 2016; Tubiana & Debos 2017). External observers and analysts consider the Chadian regime as the defender of stability in the Sahel and the Central African region. However, some have noted that the ambiguous attitude of Chad in the conflict in the Central African Republic contradicts the image of Chad as a stabilizer among countries in the sub-region (Herbert, Dukhan, & Debos 2013).

Under the guise of fighting terrorism and promoting security in the Sahel, France and the United States have supported the Chadian regime to strengthen the capabilities of its army and to become the largest army in French-speaking Africa, to the detriment of social development (Fisher & Anderson 2015, p. 137; ICG 2016, p. 5). The International Crisis Group (ICG) noted that Chadian military units had been 'dispatched in Mali in January 2013, in the Central African Republic from the end of 2012 to April 2014, against Boko Haram from January 2015 and up to present, in proportions unknown, within the coalition put on by Saudi Arabia to combat the Houthi combatants in Yemen', suggesting 'the Chadian army today serves as a showcase outside the regime' (ICG 2016). Oil revenues are being used to enable regional hegemony, to the detriment of economic and social investment. Furthermore, this massive military expenditure makes Chad appear much stronger than it is in reality. According to a study, Chad's military spending increased from 35,398 billion CFA (over US$69m.) in 2004 to 275,717 billion CFA (over US$516m) in 2008, an increase of 240,319 billion CFA (US$447m.) over four years, or a 7.79-fold increase (Behalal & Margerit 2012, p. 25). Such a significant amount of funding towards weapons has been justified by the regime by stating that security is more important than development (Baldy 2016, p. 256; Behalal & Margerit 2012, p. 47). Oil revenues have thus been used to strengthen the rentier regime as a militarized state, founded on the nexus between oil revenues and military spending (ICG 2016; Tubiana & Debos 2017, 2014). With regime legitimacy faltering, in April 2021 the Chadian president was assassinated by a Chadian rebellion group against the regime (Le-Yotha Ngartebaye 2022).

In sum, more than a decade of oil exploitation has turned Chad into an economy dependent on oil revenues. International financial institutions and bilateral partners are jostling for support amid austerity measures. An interviewee during my field study in 2016 said that this crisis changed companies' policies toward cost reduction. As he put it: 'Cost reduction and cost avoidance are their main concerns. All the rest is bluff.'

International institutions and other bilateral donors have chosen to support the state and have strengthened the elite that is eager for rents – to the detriment of the people, impoverished by the effects of oil crisis. In 2006, for instance, the reform of law No. 001 led to the elimination of the Future Generation Fund that had been seen as critical to sustainable development.

The situation in Chad clearly illustrates the paradox of the policies of the state and of the International Financial Institutions, (IFIs) which value growth as a development strategy. These policy prescriptions, in vogue today, are at the heart of the oil extraction project in Chad. During the oil era, there was a renewal of conflicts in Chad and at its borders (the Darfur crisis, the conflict with Sudan, the intervention in the Central African Republic, the fight against Boko Haram), and finally rebel assaults in 2006, 2008, 2013 and 2021 culminating in the death of the President Idriss Déby Itno. His son Mahamat Idriss Déby has automatically replaced him, and was endorsed by France, the colonial power, with the aim of perpetuating the rentier regime, moreover a dynastic one.

Concluding remarks

This study has shown the case study of the extractive industry in Chad over two decades and clearly indicates the challenges linked to the exploitation of natural resources for sustainable development and the central role of the state in these outcomes. The Chadian case reveals the shadows surrounding the oil sector and its potential impact on sustainable development. It calls into question the various actors involved – the international financial institutions, the Chadian government, the multi-nationals – and the development strategies adopted, centered on sharing the proceeds of growth induced by foreign direct investment in the oil sector. This situation calls for a reexamination of policies aiming at valuing natural resources for development: the management of oil rents undermined the fragile political context in Chad, with pervasive corruption, nepotism and mismanagement (Olivier de Sardan 2008).

The public-private partnerships, with a constellation of new actors such as multinationals, of former traditional donors, including the United States, and United Kingdom, Switzerland and emerging donors such as China share responsibility for the outcomes. Findings reveal that official governing norms in the oil sector were clearly adopted and integrated into Chadian laws and decision-making processes, but these were not successful in overcoming the impact of the resource curse. Narratives that referred to official norms by the stakeholders with the focus on resource nationalism, diversification of the economy, and other petro-developmental models, served to obscure the real process of regime consolidation, state-military spending and rentier state dependence.

However, there have been positive dynamics such as the overall increase in the government budget, the strengthening of state resources for military interventions, a reconfiguration of the context of development cooperation actors including IFIs and traditional donor countries as well as emerging countries, along with the integration of a new development actor, the multinational and its corporate diplomacy. Here the state has played a central role with regard to the governance environment created by the different actors, be they local or international. The road to the petro-developmental state model has still some way to go but we can say with some certainly that the Chadian state has failed to implement the sacred model of oil wealth for poverty mitigation. Overall, this research has contributed to the debate about the politics of resource curse, rentier state and developmental state by showing that only by addressing formal norms of governance, be they mismanagement, corruption, embezzlement, might it be possible to reverse the resource curse in the resource-rich countries. The Chadian failure has shown that antecedent practical norms of rent seeking, corruption, state fragility, and patronage network need to be addressed at the state level too for a success story of developmental state in Chad, and therefore in other resource-rich countries, to emerge.

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