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1. Introduction

Chad is one of the poorest countries in the world. It has suffered from 20 years of civil war. It has a small and fragile formal sector, and a large and vibrant informal sector. The present report is based on secondary sources, interviews in Chad and in Washington D.C., and participation in the "Seminaire sur la Promotion du Secteur Prive au Tchad." It attempts to provide tentative answers to the following questions:

1. What is the profile of the informal sector in Chad? Is it a homogeneous or a heterogeneous sector? Can one consider all operators in the informal sector to be entrepreneurs? Should the informal sector be seen as a "solution", a "symptom", or both?
2. What should the goal of intervention in favor of the informal sector be? To organize the informal sector? To support the informal sector? To make it possible for the informal sector to become part of the formal economy?
3. At what level of the informal sector should interventions be based?
4. Is it possible to "tax" the informal sector? In what way and with what limitations?

The next section reviews the relative importance and composition of the informal sector in Chad. Attention is then directed to the factors responsible for the growth of that sector. The growth of the informal sector can only be understood in the context of the general economic policies followed by Chad since independence, and these are briefly reviewed in sections 5 and 6. Section 7 presents some policy recommendations.

2. The Informal Sector in Chad

There is no general agreement among authors as to how to define the informal sector. Along with Bremer-Fox and Bailey (1990), the informal sector is defined as constituted by producers which do not fully respect all regulations imposed by the State. For example, the production unit (firm) may not be registered, it may not have any legal status, it may not pay social security contributions, it may not respect minimum wage regulations, it may not pay taxes, or it may only pay some of them, it may not respect import or export regulations, price controls, and so on. The extent to which production units avoid regulations will vary a great deal, with some quasi-formal while others are totally informal.

Given our definition of the sector as made up by production units avoiding the full array of state regulations, we would expect this sector to include units of very different sizes and technological levels. Table 1 (adapted from McKenzie, 1990) shows that the sector includes a wide variety of types of business, from marginal activities (such as "tabliers", peddlers whose **capital consists of a rickety wooden table and a small amount of goods for resale**) to fairly sophisticated business enterprises with significant capital. The informal sector includes both manufacturers (often small scale artisans) and traders (often firms whose main or sole purpose is to carry out international or

interregional arbitrage. The bulk of agricultural production can also be considered part of the informal sector. In Chad most farmers are engaged in agricultural transformation and trade: they press oil from peanuts, dry fish, okra, and tomatoes, in make millet and rice beer, and retail these products alongside primary agricultural commodities (Adoum, 1991, pp. 44-46). Much of that activity is informal, in the sense that farmers do not pay taxes on their income and do not obey government regulations concerning trade, such as monopolies, licensing, and price controls. Similarly, most cattle exports take place in violation of government regulations and without payment of taxes (World Bank, 1988, p. 6; Kagbo, Paskett, and Schar, 1991).¹

Table 2 gives some rough estimates of the importance of the informal sector in Chad. The informal sector accounts for more **than two-thirds of Chad's Gross Domestic Product, and its share** grew between 1977 and 1984. It accounts for the bulk of production in agriculture and in trade and services. Much of the increase in the overall share of informal activities is due to the collapse of the formal commercial and service sectors after 1979. Almost all of the Greek, Syrian and Lebanese traders who handled most of the retail and wholesale trade left Chad after the events of 1979 and have not returned.

¹ Over the 1982-1986 period, **actual revenue** from fees, taxes, and duties on the export of live animals was less than 10 percent of the theoretical gross revenue (World Bank, 1988, p. 28).

The same dominance of informal activities is found in N'Djamena (Table 3). The formal private sector is estimated to account for only 9 percent of total employment. Almost three-fourths of total employment is in the informal sector. A large proportion of those employed in the informal sector do odd jobs: they are water carriers, peddlers, and temporary workers, jobs which are characterized by low productivity and low earnings.

4. What explains the importance of the informal sector in Chad?

Every economy has an informal sector. In few economies, however, does the informal sector account for such a large proportion of the economy. Why?

Hernando de Soto (1989) argues that entrepreneurs choose between the formal and the informal sectors by comparing the **costs and the benefits of both strategies. The greater the costs** of joining the formal sector and the smaller the benefits that accrue from doing so, the larger the proportion of entrepreneurs who will choose to remain informal.

In Chad, the costs of joining the formal sector are high, while the benefits are low (Table 4). To understand why, it is **useful to reflect on the fundamental nature of Sahelian** governments. For a bureaucrat to obtain power (and hence to be able to transform this power into monetary or non-monetary perquisites), he/she must be able to grant exceptions or favors. A number of conditions must apply for this to be possible: laws

must be opaque, complex, numerous, and, if thoroughly applied, extremely constraining--as Tacitus noted, "the more corrupt the state, the more numerous the laws". This makes it necessary for firms to bargain with bureaucrats on a case by case basis for exemptions and relief and hence allows civil servants to exact bribes and favors. Alternatively, since strict obedience to all laws and regulations would lead to quick bankruptcy, it is always possible for bureaucrats to catch entrepreneurs doing illegal acts, and to be paid to look the other way. The same goes for taxes: if taxes can be set at intolerable levels, then firms will have to bargain for relief, and provide government agents with some quid-pro-quo. Similarly, Giri (1989) notes that "Sahelian governments have always preferred to encourage private investment under exceptional arrangements, which always can be negotiated, rather than set up an across-the-board system that is favorable to private investment." High customs duties are also useful in this context: they can be selectively lowered on imports of inputs (a favor) or on those of outputs (a punishment). Monopolies can be granted and withdrawn. Setting prices below market also makes it possible to grant favors. Lastly State monopolies of agricultural inputs allows civil servants to selectively grant favors in the countryside (Bates, 1381). In all cases "the system is based on waiving the rules, profiting from privileged connections and bargaining, but never on the straightforward application of the law" (Giri, 1989, p. 11).

The resulting complexity of the laws and their arbitrary enforcement makes it less desirable to become "formal". First, obtaining legal status is a long, costly, and painstaking process. Table 5 shows the main administrative procedures necessary to start a business. They are numerous and complex and require many approvals. The whole process may take as long as one year. The requirement to present written documents is a major handicap in a country where as much as 90 percent of potential entrepreneurs are illiterate. In contrast, it took de Soto's team three and a half hours to establish a business in Florida (de Soto 1989).

Once registered, the new firm is fully exposed to the demands of the taxmen. The fiscal system in Chad is copied on that of France. It is very complex, with more than 80 different **types of taxes (World Bank 1989)**. **On top of those official taxes,** the formal sector has been asked at various times to make "voluntary" contributions to the war effort. Staying informal makes it possible to avoid paying both the official and the unofficial taxes.

An additional benefit of staying informal is to avoid the **maze of regulations that is imposed on the formal sector.** Many of those regulations have been borrowed from France and are totally unsuitable to **Chadian** conditions, but they play their role in forcing entrepreneurs to bargain with government agents for relief. Labor laws, for example, impose minimum wages and

restrict an employer's freedom to hire and fire workers--this in a country with widespread unemployment and underemployment. Import and export require licenses and the payment of high taxes (see below). Some businesses are required to sell or to buy from state-owned monopolies: for example BGT, a soft drink bottler, is forced to buy its sugar from SONASUT, the state-owned sugar monopoly; the Direction de la Protection des Vegetaux, a government bureau, has the monopoly of the importation of pesticides and herbicides (Kagbo, Paskett, and Schar, 1991). Staying informal is a way to avoid these crippling constraints.

Informality has, however, offsetting costs. An informal enterprise has no legal status and cannot use the courts to enforce contracts. The lack of legal status makes it difficult to borrow from banks or to sue in courts. It makes it impossible to **obtain limited liability**. It **also exposes the entrepreneur to** arbitrary exactions by government agents.

In the case of Chad, the offsetting costs of informality are low. All the persons we interviewed concurred in saying that the court system is not working. The government does not pay its private sector bills, and nothing can be done about it. Banks **have great difficulty in getting creditors to reimburse their** loans if the latter are politically connected. Seventy percent of the credits granted by the **BTC**D to traders are delinquent. The banking system is also unreliable. In 1979 and again in 1990 banks were looted. After the closure of banks in 1979, depositors

of the BTCD had to wait years to recover their deposits. Those who had deposits in the BICIT lost all their assets. There is no banking secrecy in Chad. The government can obtain account information at any time, and has used this information to confiscate the accounts of fugitive Habre supporters. The following anecdote related by the Director of the BTCD illustrates the very low degree of confidence that Chadian businessmen have in the banking sector: a number of traders deposit **their receipts in their bank account every evening at the** closure of business, but withdraw them as soon as the bank opens in the **morning.**

In conclusion, the balance of costs and benefits clearly argue for choosing to remain informal, and most entrepreneurs have wisely chosen to do so.

4. The costs of discouraging formal enterprises

Most observers of the informal sector are impressed by its dynamism and resilience. Indeed, were it not for the informal sector, much of life's basic necessities would not be available to the population. **Both water supply and garbage disposal in much of the capital is supplied by informal operators.** The conditions that push firms to remain informal have, however, negative consequences on the process of economic development.

Remaining informal requires being invisible. Hence it limits the level of advertising that is undertaken, preventing

entrepreneurs from expanding beyond their tight social circle and discouraging them from specializing and subcontracting. The lack of official status and the desire to hide assets makes it difficult to borrow from banks and to obtain credit or any other form of assistance from outside donors. Since visibility increases with the size of the business and its assets, informal firms choose to remain small and to make as little investment as possible in fixed assets. Small size and limited assets also make it possible to dissolve quickly the enterprise when it is threatened by the authorities, and to bring it back quickly elsewhere or under another form. The desire to stay small and reduce investments limits productivity. Hence the **same** institutional conditions which lead to a large informal sector seriously limit the possibilities for economic development.

An uncertain environment also limits economic development by encouraging people to invest in fungible and mobile assets. These assets are not necessarily high yielding ones. The dominance of trading activities in the Chadian economy can be seen as a symptom of the adverse business climate. As argued below, trade is quite profitable, given the major distortions which the government has introduced in the economy. Trade can also be undertaken with little fixed investment, hence it is an attractive activity in a country where property rights are not respected. Another traditional type of investment which can easily escape confiscation is cattle. Kagbo, Paskett and Schar

(1991) note that a good part of the national herd is owned by urban absentee owners who use cattle as a way to shield assets from the government.

5. The decline of the formal **sector and its consequences**

If more entrepreneurs choose to stay informal to avoid crippling taxes, then the burden of taxation will fall on a diminishing number of formal enterprises. Those firms which cannot leave the formal sector, the state-owned and the foreign enterprises, will remain formal. Table 6 lists the largest firms in Chad's formal sector. There are three types of firms. The first type produce exportables (Cotontchad, Abbatoirs de Farcha, SONAPA). Enterprises of the second type produce goods which enjoy local monopolies due to high transportation costs. Examples are the two printing firms and the utilities. In the third, and most important category, are firms which manufacture products which substitute for imports (beer, sugar, textiles, farm machinery, cigarettes). These import-competing firms are not cost-competitive vis-a-vis imports for three main reasons. First, they rely on imported raw materials and equipment, the cost of which is very high due to high tariffs and transportation costs. Second, local inputs are costly (electricity is extremely expensive). Third, these firms pay relatively high taxes, and as more and more economic activities have sought to avoid taxes and government regulation by joining the informal sector, the tax burden shouldered by these formal firms has increased. At the

same time, because the formal sector offers such a small tax base, the level of tax revenues raised by the Chadian government is relatively low (Table 7).

Much of the formal sector in Chad would not survive if it were not protected from external (and in some cases internal) competition. That protection has taken two main forms. The first one is extremely high tariffs on imports of competing products. Table 6 shows the very high tariffs imposed on imports which compete with the output of the main Chadian import-substituting firms. The second protection afforded by the State has been in the form of monopolies. For example, BGT, the local soft drink bottler, is obliged to buy its sugar from SONASUT, the state-owned sugar monopoly, while the state extension service has to buy its agricultural machinery from SIMAT.

The Chadian economic landscape can therefore be described in the following way: a small, heavily taxed formal sector which has been granted monopolistic privileges by the State, and a large informal sector which benefits from the price umbrella that results from these monopolies. Table 8 shows the high level of that umbrella and the profitability of arbitrage in the case of **petroleum products. Other opportunities, perhaps slightly less** rewarding, exist in the case of many other products.

Unfortunately for formal enterprises, the protection given by the state against imports is fragile. An important proportion

of the population of Chad lives very close to the external borders. Given the relatively better state of the road system in Nigeria and Cameroon than in Chad, this means that a Cameroonian or Nigerian firm can have better access to the bulk of the Chadian market than a firm based in most parts of Chad. Customs barriers are therefore the only major defense against imports. In the case of Chad, the length of the borders, their permeability, and the low level of administrative skills of civil servants **limit the ability to control illegal imports. In this context** very high tariffs are very difficult to enforce. Smuggling has been rife in Chad as in most other Sahelian countries, but the generalized breakdown in law and order since late 1990 has given it free rein, and many import-competing industries are now fully **exposed to foreign competition. If this state of affairs** continues, many of them will not survive.

6. The stifling of the competitive sector

The successive governments of Chad have followed economic policies which have been extremely successful in stifling economic growth. These policies have consisted of taxing export industries through export taxes and licensing regulations while encouraging import-competing enterprises through tariff and non-tariff barriers. Although it is difficult to separate the impact of those policies from those of a 20 year-long civil war, there is some evidence they have discouraged export industries while leading to the development of an inefficient and fragile import-

competing sector.

Many experts agree that Chad has a comparative advantage in the production and export of agricultural products such as meat and hides, fish, gum arabic, and niebe. Nigeria, which is often seen as a threat, is a large market for most of these products. Yet government policies have had the net effect of discouraging these exports. Hare, Igue and Arditi (1990) relate that much of the fish caught in Lake Chad is sold in Nigeria. When the Chad government attempted to tax these exports, the fishermen left Chad and settled on the Nigerian shore.

Similarly, Chad has a comparative advantage in the production of meat and hides for the Nigerian market. Cattle on the hoof is today one of Chad's major export. Until last year, all livestock exports had to be handled through SOTERA, a parastatal which had a monopoly on the export of live animals. SOTERA was established in 1974 as a mixed-economy enterprise, owned 51% by the government and 49% by 72 private shareholders, with a monopoly on the exports of meat and hides. When meat exports declined, SOTERA was granted the monopoly of the export of livestock on hoof. Export permits were distributed to the private shareholders of SOTERA in proportion to the number of shares they held, but the number of permits issued each year was less than total export requirements. According to the World Bank (1988, p. 7),

the resulting scarcity (i) enabled SOTERA shareholders to resell their export rights at many times the nominal fee

they paid, thus providing the shareholders with a rent of up to CFAF 1 billion per year (ii) deprived the State of tax revenues, as livestock which could not be exported within the quota of SOTERA export permits was forced to be exported through unofficial channels; and (iii) forced those exporters not able to obtain a SOTERA permit to make considerable illicit payments both inside and outside the country because of the absence of legal export documents. As a result, Chadian livestock producers receive CFAF 30,000-50,000 (US\$100-150 or 25-50% of its gross value) per head less than producers in neighboring countries.

During that period, it is estimated that about 60 percent of the cattle was illegally exported (Kagbo, Paskett and Schar, 1991). Since 1990 SOTERA's monopoly has been abolished, but the barriers to legal exports are still formidable. Exports of cattle are **still** subject to high taxes and obtaining legal authorization to export livestock requires nine separate steps involving five different government bodies (Kagbo, Paskett and Schar, 1991, Annex 5-H).² This has encouraged smuggling. Since it is easier to smuggle cattle **than to smuggle meat or skins, the taxes and regulations that discourage legal exports also discourage the development of a local meat and leather industry.** Lastly, gum arabic is also subject to export taxes which at 53 FCFA per kilogram are much higher than those levied by other producers (1 FCFA/kg in Niger, 0.60 FCFA per kg in Nigeria) (Rapport de la Commission no. 5). As a result, most of the gum arabic is exported illegally.

² Kagbo, Paskett and Schar report that these requirements have been theoretically replaced by a single permit known as a "**patente**". However no one within **Chad's** various ministries could tell them the procedure required to obtain a patente.

In conclusion, Chad's ill-conceived economic policies have fostered a situation where much of the economic activity has gone underground. Some of it is consistent with Chad's comparative advantage and is undertaken to bypass barriers to exports; some of it has developed to take advantage of artificial government distortions.

7. What is to be done?

should aid programs be targeted at the informal sector? If so, to which part? As we have seen, the informal sector is very heterogeneous. Should more research be done to distinguish informal entities which are able to absorb financial aid from those which are not? Should informal traders--which may be smugglers--receive aid, or should support be limited to artisans?

It is important to remember that the development of the informal sector is a response to an adverse institutional environment. Informal entrepreneurs are exploiting the distortions which have been created by government action. Some do it at a very low level of sophistication. Others would be sophisticated small businessmen in another context. This view of the informal sector suggests some guidelines for policy.

1. Any attempt to support and subsidize the informal sector without reforming the institutional environment which has led to its development is bound to have limited impact. First, there are inherent limits, given the present environment in Chad, to the

growth and development of informal enterprises since as they grow and invest informal firms become more exposed to government exactions. Second, as a recent World Bank study of the profitability of its projects over the last 20 years shows (World Bank 1991), a project profitability hinges on the level of distortion in its environment. The most efficient way to increase profitability is to address these distortions.

2. Proponents of direct help to the informal sector have faced two problems. One is to identify from among informal operators "real entrepreneurs" able to absorb financial aid. The second dilemma arises from the fact that many of informal activities are illegal. Some programs have targeted aid to the informal activities which are seen by them as "productive" (i.e which do not involve trade). Unfortunately, many of the most profitable **informal activities involve trading, while** a number of the handicraft activities seen as deserving have very low potential. Many artisans owe their existence to trade barriers on imports. They are as exposed to a breakdown of those barriers as are the import-competing firms which are the backbone of the formal sector. For example, **makers of wheelbarrows from old drums** manufacture an inferior product which is vulnerable to the competition of plastic wheelbarrows imported from Nigeria. Attempts to target specific recipients or to identify promising activities ("**crenaux porteurs**") within the informal sectors should be discouraged. Because of distortions, a good deal of the

economic activity in the informal sector is misdirected, and will remain so until the distortions are abolished. When this takes place, successful entrepreneurs and profitable investments will arise from the competitive process.

3. Lastly, as the formal sector shrinks, the government can be expected to attempt to increase taxes on the informal sector. While it is desirable that the government establish a level playing field between the formal and informal sector, that level playing field must be obtained by a lowering of taxes and the abolition of most administrative procedures, not by raising taxes and bureaucratic control over the informal sector to the level it now reaches over the formal sector. Table 9 suggests some measures that would help reduce government barriers to economic development. One unavoidable consequence of the adoption of some of the measures proposed is a reduction in government revenues, which would require a downsizing of the Chadian government. This is desirable, especially if it allows it to better focus on the provision of the basic services (education, justice, safety) it has so poorly provided so far.

This brings us to the central problem of Chad, and probably of most African countries. It is important to understand that the perverse institutional regime described above is not principally the result of ignorance by government leaders or of poor implementation by ill-trained civil servants, but represent the conditions necessary for government agents to benefit from their

position. While a system of limited and straightforward rules and regulations, applicable to all and enforced on both the government and the private sector by an independent and impartial judiciary would create the conditions for the development of Chad, it would also abolish the ability of government agents to profit from their position. It would therefore seem naive to expect the Government of Chad to willingly take the measures suggested above.

The present situation in Chad has historical precedents. In pre-Civil War England,

public finance involved ..the sale of monopoly rights to industries, the sale of peerage and knighthood, the seizure of goods for public purposes without paying the owners the full market value of the goods, the sale to specific individuals of the right to dispense with certain public rules,' and outright confiscation of private property (Eggertson, 1990, p. 343).

This predatory public finance shrunk the state's tax base and led to economic decline. The resulting fiscal crisis forced the British Crown to grant to a Parliament control over tax rates in exchange for the revenue they voted. The same development took place in France, but while the British Parliament retained its privileges, the French Estates General lost theirs (North, 1981, p. 141). In England the resulting separation of powers and independent judiciary led to more secure property rights and "underpinned the drive towards British hegemony and dominance of the world. ..These changes also provided the institutional underpinnings of the industrial **revolution**" (North and Weingast, 1987, p. 28).

Through its predatory economic policies, the Chadian state has put itself into a situation where it requires the cooperation of external donors and of its business elites. The historical analogy, if valid, suggests a clear policy: External donors should make sure that they do not allow the continuation of present policies by propping up the existing regime. Instead, they should force the government to share power with existing **economic interests, in the hope that this will help sustain the** development of more representative government, an independent judiciary, and other institutions supportive of property rights.

Those observations are tentative. **States** are two-edged swords: they play a central role in creating and enforcing the framework of property rights without which economic growth will not take place; yet, as in the case of Chad, they can also stifle economic growth through predatory economic policies. Under what conditions do fiscal crises nudge states from predatory finance towards the establishment of more stable property rights, whether the analogy between 17th century Europe and present day Chad has merit, what lessons it offers for Chad, and how the chances for political reform can be maximized would deserve further study.

Table 1

Heterogeneity of the Informal Sector

Marginal activities

one-person businesses
seasonal or part-time
no fixed premises
ex: peddlers (tabliers)

Small-scale firms (micro-enterprises)

10 workers or less
few assets
fixed premises
ex: commerce, transportation

Medium-sized firms (PMEs)

10 to 50 workers
greater assets
use **accounting**
use bank credit

Adapted from McKenzie 1990.

Table 2

Estimated Structure of the Chadian GDP
(1984 prices)
(billion of FCFA)

	1977	1984	% of total in 1984
Agriculture	134.0	125.5	
formal sector	10.2	11.8	10
informal sector	123.8	113.7	90
Industry	44.4	49.1	
formal sector	33.9	35.9	73
informal sector	16.0	13.2	27
Trade and Services	81.7	55.5	
formal sector	29.8	3.3	6
informal sector	51.9	52.2	94
Total	265.6	230.1	
Percent of total			
formal sector	28	22	
informal sector	72	78	

Source: Penhuis 1990

Table 3

Estimates of the Size of the Formal and Informal Sector
in **N'Djamena**
(1987)

	Number of workers	Percent	Number of Establishments
Civil servants	25,000	17	
Formal Sector	12,900	9	300
Informal Sector	110,400	74	
of which			
production	6,300		
service and transport	18,400		
commerce	42,400		
small trade and peddlers	43,300		
Total	148,300		

Source: Ernst and Young 1990 and Penhuis 1990.

Table 4

Why do entrepreneurs choose to stay in the informal sector?

1. Entering the formal sector is difficult

Getting the administrative authorizations to start a business may take more than a year in Chad, vs. less than a week in Gabon.

2. Entrepreneurs in the formal sector are subject to high taxes

On top of high "legal" taxes, formal firms have been subject to arbitrary confiscations (such as "effort de guerre"). Informal firms being anonymous can better avoid these exactions.

3. The cost of government regulations imposed on the formal sector is high, e.g.

- labor regulations impose high minimum wages and restrict layoffs
- the maximum interest rates that can be charged are below equilibrium
- imports and exports are subject to restrictions

staying informal makes it possible to avoid most of these costs.

4. The benefits of being formal are limited

- the legal system is weak
- no protection against arbitrary actions of the state
- no banking secrecy

Table 5

Main Administrative Procedures to Start a Business in Chad
(manufacturing)

1. Obtain a permit (autorisation administrative) from the Departement du Commerce et de l'Industrie. This requires the following:
 - a. Present a request with health certificate and a certificate showing no prior criminal record.
 - b. If approved, the entrepreneur must fill an application form and submit it with the following documents:
 - a draft of the bylaws
 - the nature of the investment and the sources of financing
 - proposed employment and training programs
 - ~~proposed~~ field of activity.
 - c. The application must be approved by:
 - the Industrial Promotion Office
 - the Division Chief of the Planification and Industrial Promotion Office
 - the Director of Industry and Cooperatives
 - the General Director of Commerce and Industry.
 - d. After authorization has been received from these four departments, the applicant must provide two photos, a receipt from the tax office for 5000 FCFA, and a stamp for 3000 CFA.
 - e. The permanent authorization to do business will then be delivered.
2. If foreign, the entrepreneur must obtain a "Carte de Commerçant Etranger".
3. The bylaws must be registered at the "Direction des Domaines, de l'Enregistrement et du Timbre."
4. The entrepreneur must open a bank account.
5. The firm must be entered into the Official Registry (Registre du Commerce).
6. A legal notice must be published.
7. The business must be registered at the Tax Office (Direction de l'Impot et Taxes) .
8. The business must be entered in the employer registry and registered with the office of Social Security (CNPS).
9. The business must be registered with the statistical office (Direction des Statistiques).

Source: Rapport final de la Commission 1, L'Environnement de l'Entreprise, p. 5 and Rapport final de la Commission 3, Promotion des PME au Tchad, Annexe iii.

Table 6

Principal Formal Enterprises in Chad

firm	employment in 1983	employment in 1990	product	tariff on import of this product	NTBs on import of this product
MCT	130	135	cigarettes	65% ^a	
SONASLJT	1179	1600	sugar	109%	monopoly
BDL	161	228	beer	142%	
STT	425	646	textiles	73%*	
COTONTCHAD	1929	1061	cotton		monopoly
BGT		42	soft drink bottler		
STEE		461	electricity and water utility		monopoly
SIMAT		40	farm equipment	50%	monopoly
Abattoirs de Farcha		175	slaughterhouse		
SONAPA		50	slaughterhouse skins		
Cyclotchad		20	bicycles		
Tchadipeint		18	paint		
Imprimerie du Tchad		40	printing		
Imprimerie Nationale du Tchad		35	printing		

Source: World Bank, 1989; Kagbo, Paskett and Schar, 1991, Annex 5B.
^a1988 figures

Table 7

Comparative Levels of Taxation in 1987
(Tax revenues/GDP)

Tchad	5.7%
Mali	15.1%
Burkina Faso	15.3%
Cameroon	18.8%

Source: World Bank

Table 8

Price of Gasoline in N'Djamena in January 1989

Price in Nigeria	30 FCFA
Official Price in N'Djamena	250 FCFA
Black Market Price in N'Djamena	225 FCFA

Source: Hare, Igue and Arditi 1990.

Table 9

Suggested Policy Changes

Simplification of the procedures and elimination of the taxes for the establishment of a business

Simplification of the tax system and lowering of tax rates

Elimination of export licenses and export taxes

Reduction of import duties and monopolies

Suppression of minimum wage legislation and of authorizations to hire and fire

Establishment of the rule of law

Elimination of ceiling interest rates

Privatisation of the banking and industrial sectors

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