

CHAD REPUBLIC

High National Committee for the
Extractive Industries Transparency Initiative

VALIDATION REPORT

*This Validation report has been translated from French.
Should any doubt arise, the French version prevails.*



ABSTRACT

In 2009¹, more than 50%² of the tax revenues of the State of Chad came from the extractive sector, more than 98%³ of which were paid by the so-called Doba consortium.

But the adoption of a new legislation and the signing in 2011 and 2012 of 10 production sharing agreements multiplied the number of players, consolidated the role of the national company and transformed the physiognomy of the sector.

Since the Chad joined the EITI in 2007, the implementation of the Initiative has included 3 phases:

- Phase I : The Initiative was put on hold during the political crisis from 2008 to 2009;
- Phase II : The implementation was once again postponed (2010);
- Phase III : Significant progress (since June 2011).

By the end of this last phase, the National Initiative made undisputable progress in a reduced time span, characterised by:

- A clear political will;
- Participation of civil society;
- Wide adhesion of the extractive companies;
- Regular activity of the High National Committee and the Steering Committee;
- 2 reconciliation processes based on exhaustive scopes of benefit streams and extractive companies with the participation of all reporting entities (extractive companies and State agencies);
- Publication, in October 2012, of the 2007, 2008 and 2009 EITI reports;
- Publication, in May 2013, of the 2010 and 2011 EITI reports.

However, the absence of a reliable and computerised follow-up (detailed for each particular payment in a documented and comprehensive manner) of the oil revenues by the Chad State agencies represents a major obstacle to the full implementation of the EITI.

Thus, we consider that the National Initiative has yet to progress in order to be compliant, by:

- Ensuring the day-to-day, reliable and computerised follow-up of the oil revenues by the Chad State agencies;
- Obtaining all the sign-off letters from independent auditors for the data reported by extractive companies;
- Completing the actions indicated in the 2010-2012 and 2013 EITI work plans;
- Drafting a detailed and budgeted 2013-2014 EITI work plan;
- Evaluating capacity constraints.

¹ Last EITI report available at end of April 2013

² TOFE of the Republic of Chad in 2009

³ Rapport ITIE 2009, Fair Links



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Energy and Oil Minister
Chairman of the EITI High National
Committee
N'Djamena – REPUBLIC OF CHAD

Paris, 22 May 2013

PRESENTATION LETTER

Mr. Chairman,

1. Context

The Extractive Industries Transparency Initiative (EITI) aims to improve the transparency of revenues yielded from extractive activities within countries rich in oil, gas and mining resources.

Chad joined the EITI in 2007 and has been a Candidate country since 16 April 2010. To assess the compliance of the country against the EITI Requirements, it was decided that Chad would provide an independent assessment of progress made in the implementation of the EITI Rules 2011 edition, to the EITI International Board before 23 May 2013.

The period subject to this Validation begins on the date the country joined the EITI, and ends in April 2013⁴.

As a certified validator from the EITI International Board, CAC 75 has been selected through an international call for tenders to conduct the Validation of the Initiative in Chad, in accordance with the procedures agreed upon with you, and in compliance with the EITI Rules, 2011 edition.

2. Performed work

We started our work in March 2013, by analysing the documents which are the basis of the EITI process in Chad⁵. More particularly, we studied the EITI work plans of the period 2010 - 2013, the decrees, minutes of meetings of the High National Committee (EITI HNC) and Steering Committee (EITI SC), as well as the 2007, 2008 and 2009 EITI reports. We also examined the memorandum of preliminary analyses for the 2010-2011 data reconciliation.

⁴ In order to enable the writing of the Validation report, its translation and enable the EITI Validation Committee to proceed to this report review

⁵ The list of documents used is presented in Appendix I

Finally, we sent the self-assessment forms to the extractive companies involved in the process.

We have had a series of meetings with the representatives of the various stakeholders in N'Djamena, starting 8 April 2013. The full list of interviewees is presented in Section 1.1.

3. Validation report

This Validation report has 5 sections and Appendices. The first part briefly presents the Validation process, the Chad mining sector, the progress made by the EITI in Chad (the EITI-Chad), as well as the involvement of civil society and extractive companies in the national process. The second part is dedicated to the overall assessment of the EITI implementation in Tchad. The third part analyses in detail each of the Requirements of the EITI. The fourth part addresses the impact and sustainability of the EITI process in Chad, as well as the prospects for the National Initiative. The fifth and final section offers recommendations to foster the development of the Initiative.

The Appendices contain the list of references used in this Validation report, the 2010-2012 EITI work plan and the 2013 EITI work plan, the self-assessment forms completed by the extractive companies, the payment certificate and the commitment letter.

4. Our analysis of the EITI Requirements

Based on the works performed, we believe that the EITI-Chad is compliant with the following EITI Requirements:

Requirement No. 1	Requirement No. 6	Requirement No. 16
Requirement No. 2	Requirement No. 7	Requirement No. 17
Requirement No. 3	Requirement No. 9	Requirement No.18
Requirement No. 4	Requirement No. 10	

However, we believe that the EITI-Chad is not compliant with the following Requirements:

Requirement No. 5	Requirement No. 12	Requirement No. 15
Requirement No. 8	Requirement No. 13	
Requirement No. 11	Requirement No. 14	

5. Recommendations

Particular attention should be given to the progress made in some Requirements, for which recommendations are proposed in the final part of this report.

6. Actions undertaken by the National Initiative since the release of the draft Validation report

Various important actions have been carried out since our intervention in April 2013 and the release of the draft Validation report. These actions have consisted of:

- A visit from the Regional Director of the EITI International Secretariat in N'Djamena to take stock of the Validation process and to present the new EITI Rules, 2013 edition;
- The creation of the 2 first EITI regional committees in the regions of Lac Tchad (Bol) and Moyen Sari (Sarh);
- The signing of a contract for the funding of the National Initiative by the BAD for 509 MFCFA;
- The installation of the internet within the EITI PTS which enables a significant improvement in communication actions (cf. Recommendation No.2⁶);
- The publication on the National Initiative website of the 2013 EITI work plan;
- The publication of the 2010 and 2011 EITI reports on the website of the National Initiative (cf. Recommendation No.16⁷).

⁶ Detailed in the fifth part of this report

⁷ Id.

These actions are very useful and enhance the quality of the National Initiative. Although the 5 first actions do not modify the conclusions of our diagnosis, the 6th and last action, which enabled the approval and publication of the 2010 and 2011 EITI reports on 14 May 2013, leads us to consider that Requirement No.18 is henceforth satisfied.

2010 and 2011 EITI reports

The reconciliation process for the years 2010 and 2011, started in January 2013, ended in May 2013. The draft reports have been presented on 9 May 2013 and approved on 14 May 2013 by the EITI HNC. They are available on the National Initiative's website.

The framework of the 2010 and 2011 EITI reports is similar overall to the one from the 2007, 2008 and 2009 EITI report. Although the scope has been extended to new actors and the 2010 and 2011 EITI reports now disclose disaggregated data by extractive company and by benefit stream, the main weaknesses observed in the 2007, 2008 and 2009 EITI reports are still effective, and we still hold unfavourable opinions towards Requirement No.8 and Requirements from No.11 to No.15.

Indeed, the 2011 EITI report underlines in paragraph 6.1 on page 23 entitled "Quality still uncertain of the public entities reporting":

"Similarly to the 2007, 2008 and 2009 EITI reports, significant discrepancies have been observed during our reconciliation works. These discrepancies bear witness of the difficulties faced by the public entities in the follow-up of the payments made by the companies of the extractive sector in the Public Treasury account... In order to strengthen the quality of the filling in and collection of the reporting templates, we recommend the implementation within the DGTCP of a specific body in charge of the follow-up of the payments made by the extractive companies. Such an approach appears necessary to us, further to the EITI process, in terms of public governance and of follow-up of the State revenues".

The 2011 EITI report also specifies in paragraph 6.2 on page 23 entitled "Companies' data not certified":

"Contrary to what has been asked of them, the companies CNPCI, ERHC, Griffiths Energy International and Global Petroleum did not send us a sign-off letter for the data reported signed by their independent auditor. In this context, we are not able to assess the reliability or the exhaustiveness of their reporting, particularly in what concerns signature bonuses.

In this context and given the amount potentially significant to the bonuses and other kind of payments made when attributing PSCs to these companies, we recommend the certification letters of the 2011 EITI reporting templates keep being required and correctly followed-up by the EITI HNC.

In order to strengthen the exhaustiveness of the next EITI reports, we also recommend the EITI HNC ensures, before the start of the 2012 EITI report, that all necessary measures towards extractive companies have been taken to ensure they join a sign-off letter signed by their independent auditor to their EITI reporting".

7. Recent decisions of the government and the multi-stakeholder group

Based on the first lessons of the Validation, the government of Chad and the multi-stakeholder group have just taken important decisions to strengthen the quality of the National Initiative. These decisions are formalised in a commitment letter signed on 17 May 2013 by the Minister of Energy and Oil, also President of the EITI HNC. This letter entitled "Actions and commitments of the government in the wake of the Validation report" is disclosed *in extenso* in Appendix V of this report.

Thus, the government of Chad:

- "Restates its political will to turn transparency in the extractive industries into a tool for good governance";
- "Confirms...the whole funding of the EITI process";
- "Urges that His Excellency Mr. President of Chad Republic Idriss Deby Itno firmly supports the EITI process in Chad".

Moreover, the government and the multi-stakeholder group have decided:

- *"...to revise the numbers of bodies governing EITI in Chad and their composition"* (cf. Recommendation No.1⁸);
- *"The contextualisation of the 2013-2014 EITI work plan"* (cf. Recommendation No.4⁹);
- *"The participation...in the Sydney conference to encourage partnership with other countries...such as Congo and Côte d'Ivoire"* (cf. Recommendation No.6¹⁰);
- *"...to adjust oil contracts linked to EITI implementation"* (cf. Recommendation No.11¹¹);
- *"The setting up of a Department with the Treasury specifically in charge of the collection and follow-up of the oil and mining revenues"* (cf. Recommendation No.12¹²).

Yours sincerely,



Hugues Renaux
Partner

⁸ Detailed in the fifth part of this report

⁹ Id.

¹⁰ Id.

¹¹ Id.

¹² Id.

SUMMARY

ABSTRACT

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KEY ABBREVIATIONS USED IN THIS VALIDATION REPORT

EITI

EITI HNC	High National Committee
EITI SC	Steering Committee
EITI PTS	Permanent Technical Secretariat

STATE AGENCIES

CCSRP	Collège de Contrôle et de Surveillance des Ressources Pétrolières
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EXTRACTIVE SECTOR

CNPCI	China National Petroleum Corporation International
SHT	Société des Hydrocarbures du Tchad
SOTEC	Société Tchadienne des Carrières
SONACIM	Société National de Ciment

OTHERS

USD	United States Dollars
BUSD	Billions of USD
KUSD	Thousand of USD
MUSD	Millions of USD
FCFA	Francs de la Communauté Financière Africaine
KFCFA	Thousands of FCFA
MFCFA	Millions of FCFA
BFCFA	Billions of FCFA
ToRs	Terms of Reference

1 INTRODUCTION

1.1. The Validation process

- Objectives
- Process
- Stakeholders met

1.2. The extractive sector

1.3. The progress accomplished by the National Initiative

1.4. The involvement of civil society

1.5. The involvement of extractive companies

1.1. The Validation process

■ Objectives

Validation is an essential feature of the EITI process. It serves two critical functions. Firstly, it promotes dialogue and learning at the country level. Secondly, it safeguards the EITI brand by holding all the EITI implementing countries to the same global standard.

■ Process

The Validation is an independent evaluation mechanism, which aims to provide all stakeholders with an objective evaluation of the EITI Principles and Criteria in the implementation of the Initiative in the country.

According to the EITI Rules, 2011 edition, the main steps of an EITI Validation are:

Multi-stakeholder group agreement to commence Validation

The MSG must agree on when to schedule the Validation, and, on this ground, oversee the process throughout.

Procurement of a validator

Policy Note No.2 sets out the steps and modalities for procurement. The implementing country finances the cost of Validation (see Policy Note No.4).

Validation

The validator assesses the adherence to the EITI Principles and Criteria by assessing compliance with the 20 EITI Requirements.

Validation is a consultative process. The validator should “*meet with the multi-stakeholder group, the organisation contracted to reconcile the figures disclosed by extractive companies, the government and other key stakeholders (including civil society and extractive companies not in the multi-stakeholder group)*”. The validator should also consult available documentation, including:

- The EITI work plan, and other planning documents such as budgets and communication plans;
- The MSG’s Terms of Reference, and minutes from MSG meetings;
- The EITI reports, and supplementary information such as summary reports and associated communication materials;
- Company self-assessment forms.

The validator should produce a draft Validation report for comments by the MSG and the EITI International Board. The EITI International Board – via the Validation Committee – will review the draft Validation report to ensure that it is exhaustive and provides an adequate basis for establishing the country’s compliance with the EITI Requirements. The Validation Committee’s comments on the draft Validation report must be addressed in the final version of the report.

The final version of the Validation report should be formally endorsed by the multi-stakeholder group and the government. The country publishes the final Validation report.

The EITI International Board analyses the report and decides on the status of the country

The EITI International Board will review the final Validation report and decide on the status of the country.

■ Stakeholders met

Meetings carried out enabled us to meet various representatives of the stakeholders. These discussions were held in N'Djamena within a secured environment, which facilitated a constructive and free dialogue with the validator.

High National Committee

Name	Function	Organisation
<u>Government constituency</u>		
Mr. Djerassem Le Bemadjiel	Minister	Ministère de l'Energie et du pétrole
Mr. Astal Hodjimta		Secrétariat Général du Gouvernement
Mr. Moussa Ramadane		Ministère des Finances et du Budget
Mr. Mang Igri Taïda		Ministère de l'Education
<u>Civil society constituency</u>		
Mr. Gilbert Maoundonodji		GRAMP/ TC Moussal
Mr. Abbo Hissene N'Gartchen		CLTT Bourse de travail
Mr. Singa Bassou Rakis		UST Bourse de travail
Mrs. Geneviève Nakiri		CELIAF
<u>Extractive society constituency</u>		
Mr. Abdelsalam Atteib		ESSO
Mr. Jean-Marie Daoudongar	Juridical Advisor	SHT

Steering Committee

Name	Function	Organisation
<u>Government constituency</u>		
Mr. Issakha Mahamat Zene		Ministère des Mines et de la Géologie
Mr. Arsin Adoum Hassan		Ministère des Finances et du Budget
<u>Civil society constituency</u>		
Mr. Raimond Naigaral Madjiro	PCQP Representative	Cathédrale Notre dame de N'Djamena
Mr. Rimtebaye Nassingar		INADES
Mr. Ndoubahidi Samadingar François	Studies Manager	Collège de Contrôle et de Surveillance des Ressources Pétrolières

Former member of the High National Committee

Name	Function	Organisation
Mr. Brahim Alkhalil Hiléou	Former Minister and Former President of HCN	

Non-member stakeholders

Name	Function	Organisation
<i>Government constituency</i>		
Mr. Mahamat Tahir A.I.Haggat	Head of Receipts Division	Trésor Public
Mr. Danebaya Djonyanuba	Operating and Production Director	Ministère du Pétrole et de l'Energie
<i>Civil society constituency</i>		
Mrs. Thérèse Mekombé	President	Association des femmes juriste du Tchad
<i>Extractive companies constituency</i>		
Dr Sajal Sharma	Operating Director	Global Petroleum
Mr. André Boyer	Director of seismic project	Global Petroleum
Mr. Adam Mallam Gana	Coordinator	Global Petroleum
Mr. Blaise Allahoudoungar Gosseibaye	Production Deputy Director	Global Petroleum
Mr. Jui-Hung Huang	Administrative Director	OPIC
Mr. Djeroh Adjoudje	Accounting Assistant	OPIC
Mr. Godkenid Bintou	Accounting Assistant	OPIC
Mr. Assane Dimanche	Manager	OPIC
<i>Other stakeholders</i>		
Mr. Mark Mr. Boulware	Ambassador	Ambassade des Etat-Unis
Mr. Paul C. Colombini	Economic and Business Affairs Manager	Ambassade des Etat-Unis
Mr. Pengonba Gonka Bouixinebe	CSA/CPPN President	Commission Permanente du Pétrole de N'Djamena

Financial and technical stakeholders

Name	Function	Organisation
Mr. Michel-Cyr Djiena Wenboy	Country Manager	BAD
Mr. Claude Kodja	Main Economist	BAD
Mr. Daniel Grotino	Manager of the department of "social sector, good governance and economy"	Union Européenne
Mr. Nazaire Djerakoubou	Manager of oil and civil society support programme	Swissaid

Reconcilers of the EITI reports from 2007 to 2011

Name	Function	Organisation
Mr. Anton Mélard de Feuardent	Partner	Fair Links
Mrs. Magali Kreitmann	Consultant	Fair Links

Permanent Secretariat

Name	Function	Organisation
Mr. Nabia Kana	National Coordinator	STP
Mr. Hissein Wadi Omoko	Deputy National Coordinator	STP
Mr. Abraham Guidimti	Accounting and Audit Expert	STP

1.2. The extractive sector

The extractive sector of Chad mainly relies on the activities of the oil sector, payments of which represented 65% in 2011, of the tax revenues reported in the Tableau des Opérations Financières de l'Etat (TOFE)¹³. The mining sector which is still modestly formalised and consists essentially of quarry activities, is marginal in terms of tax revenues¹⁴.

Until 2007, the oil sector was governed by order No.07/PC-TP-MH of 3 February 1962 regarding the Oil and Gas Code. Several oil and gas research, exploitation and transport agreements were signed in this framework, some of which are still in force (see below). The adoption of law No.006/PR/2007 of 2 May 2007 on oil and gas and of order No.10-001/PR of 30 September 2010 on the approval of the framework production sharing agreement, enriched the institutional context of this sector and opened the way to new forms of partnership between the State and private operators (see below).

As for the mining sector, it is governed by law No.11/PR/95 of 20 June 1995 on the Mining code¹⁵.

■ Reserves

Chad's known reserves of crude oil in 2012 were estimated at 1.5 billion barrels¹⁶. They are generally distributed as follows:

- 940 million barrels in the fields of Mondouli, Miandoum, Nya, Bolobo and Komé, located in the basin of Doba, in the South of the country¹⁷;
- 100 million barrels of oil equivalent in the Block Chari Ouest III, located between Moundou and Doba, in the South-East region¹⁸;
- 75 million barrels of oil equivalent in the field of Proposis (Block H), East from Bongor¹⁹.

The last census of the mining reserves apparently dates back to the 80's²⁰. Small quantities of gold seem to be present in the region of Mayo Dala and around Léré Lake, in the South-West of the country²¹.



Main oil reserves in Chad

¹³ Tableau des Opérations Financières de l'Etat, Ministère du Budget, République du Tchad

¹⁴ Rapport ITIE 2009, Fair Links (octobre 2012), p. 15: « les montants déclarés par l'Etat pour ce secteur [des carrières] sont inférieurs à 1,5% des recettes fiscales perçues par l'Etat en 2009 »

¹⁵ Rapport ITIE 2009, Fair Links (octobre 2012)

¹⁶ Chad, in The World Factbook, CIA www.cia.gov/index.html

¹⁷ Chad, GEPS report (December 2012)

¹⁸ Id.

¹⁹ Id.

²⁰ Direction des Mines et de la Géologie: www.dmg-tchad.org

²¹ Id.

■ Main players

The upstream oil sector:

Until 2010, the oil sector of Chad was represented by a limited number of players that had signed oil and gas research, exploitation and transport agreements²²:

- The consortium called Doba, formed of the companies Exxon Mobil, operator (40%), Petronas (35%) and Chevron (25%), which provided all production of crude oil in the basin of Doba, between 2003 and 2011;
- The consortium originally formed of Oriental Energy Resources, Carlton Energy Group and Trinity Gas Corporation, nowadays represented by CNPC International (CNPCI) and its partners, operating in the basin of Bongor;
- The consortium formed of OPIC (70%) and the State-owned company *la Société des Hydrocarbures du Tchad* (SHT) (30%), operating in the block of Chari Ouest III.

At the end of November 2011, the company CNPCI started to exploit the fields Mimosa and Ronier, on which the expected production was approximately 10,000 barrels/day²³.

Barrels/day	2009	2010	2011
Doba Consortium	119,500	122,500	115,000
CNPC	0	0	10,000 ⁽¹⁾

(1) As of the end of November

Oil production of Chad between 2009 and 2011



Main players in the Chadian extractive sector

The adoption of a new legislation for the sector in 2007, along with the Production Sharing Agreements (PSA)²⁴, diversified the existing contractual possibilities, multiplied the number of players, strengthened the role of the State-owned company and transformed the sector's physiognomy.

10 Production Sharing Agreements were signed in 2010 and 2011 with new international players, some of which paid significant signature bonuses²⁵. SHT is now partner of each agreement and trades a part of national production.

The 10 PSA are²⁶:

- The company Griffiths Energy International, holder of three PSA²⁷ since January 2011 for the blocks DOSEO, BOROGOP, DOB, DOI and DOH;
- The company ERHC Energy, signatory of a PSA since June 2011 for the blocks Manga, BDS-2008 and 50% of the block Chari Ouest III;
- Global Petroleum, signatory of a PSA since November 2011 for the blocks DOE, DOF, DOG, Largeau V, DJADO III;
- The Group TCA International, signatory of a PSA since January 2012 for the blocks DOA, WD 2-2008, Largeau IV;
- SAS Petroleum, signatory of a PSA since January 2012 for the block Erdis IV;

²² Chad, GEPS Report, IHS (August 2012)

²³ Id.

²⁴ Ordonnance n°10-001/PR du 30 septembre 2010 portant approbation du contrat type de partage de production et modifiant et complétant les dispositions de la loi n° 006/PR/2007 du 02 mai 2007

²⁵ Around 270 M USD according to the Tableau d'attribution des blocs dans le cadre du CPP, Ministère de l'Energie et du Pétrole (15 août 2012)

²⁶ Tableau d'attribution des blocs dans le cadre du CPP, Ministère de l'Energie et du Pétrole (15 août 2012)

²⁷ Liste des sociétés pétrolières en exploration et en production en 2010 et 2011, Ministère de l'Energie et du Pétrole (28 février 2013)

- United Hydrocarbon Chad, signatory of a PSA since May 2012 for the blocks DOC, DOD, Lac Chad except for SEDIGI
- PETRA, signatory of a PSA since May 2012 for the blocks ERDIS, ERDIS-2008, ERDIS-V, SILTOU I, SILTOU II and MD-2008
- Simba Energy, signatory of a PSA since October 2012 for the blocks ERDI III, Chari-Sud I, 50% of the block Chari-Sud II

These sector mutations should soon impact on the implementation of the EITI-Chad.

Oil and gas transport sector

Chad's crude oil is exported through a pipeline of 1,070 km which connects the Doba fields to the offshore maritime terminal of Kribi, off the Cameroon coast. This pipeline has a delivery capacity of 250,000 barrels/day²⁸ and is managed by two distinct companies:

- The Tchad Oil Transportation Company (TOTCO), in charge of the Chad section, which is 180 km long. The State of Chad is a minority shareholder;
- The Cameroon Oil Transportation Company (COTCO), in charge of the Cameroon section, which is 890 km long. The State of Chad is a minority shareholder.

The 311 km pipeline which connects the fields in production, Mimosa and Ronier, to the Djermaya oil refinery in the North of N'Djamena, and which is managed by the company CNPCI, has been operational since July 2011²⁹.

Mining and quarry sector

The Chad mining sector counts 3 uranium and gold research permits, about a dozen authorisations for gold mining³⁰ (100 kg of gold produced in 2011)³¹ and for exploitation of various materials (gravel, laterite, soil, sand, etc.)³².

It is our understanding that only 2 quarry companies had an industrial or semi-industrial scale business.

- The Société Tchadienne d'Exploitation des Carrières (SOTEC), which until 2008 had a monopoly over the exploitation and crushing of gravel used for roads and infrastructure works³³;
- Ciment du Tchad, subsidiary of the State-owned company SONACIM. The cement plant of Baore, opened in 2011, supposedly produced 10 tons of cement³⁴ that year.

²⁸ Rapport ITIE 2009, Fair Links (octobre 2012)

²⁹ Chad, GEPS Report, IHS (August 2012)

³⁰ Etude de cadrage du 1^{er} rapport ITIE-Tchad (juillet 2011)

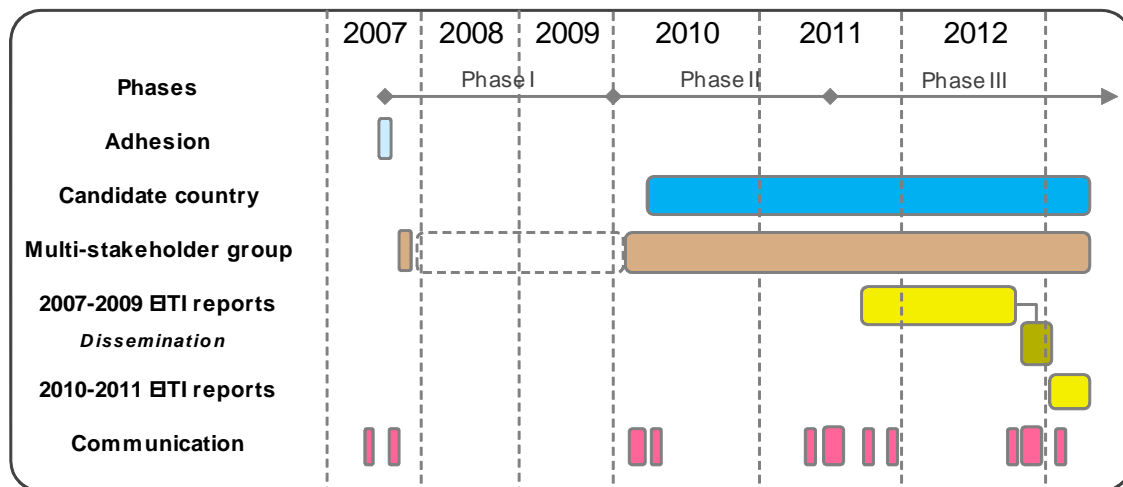
³¹ 2011 Minerals Yearbook, Chad, USGS (August 2012)

³² Etude de cadrage du 1^{er} rapport ITIE-Tchad (juillet 2011)

³³ Rapport ITIE 2009, Fair Links (octobre 2012)

³⁴ 2011 Minerals Yearbook, Chad, USGS (August 2012)

1.3. The progress accomplished by the National Initiative



Chronogram of the activities of the EITI-Chad (2007-2013)

Since the Chad joined the EITI in 2007, the implementation of the Initiative has included 3 distinct phases:

- Phase I : The Initiative was put on hold during the political crisis from 2008 to 2009;
- Phase II : The implementation was once again postponed (2010);
- Phase III : Significant progress (since June 2011).

1. Phase I: The Initiative was put on hold during the political crisis from 2008 to 2009

The EITI-Chad launch workshop, which took place in N'Djamena on 24 and 25 August 2007, marks the start of the National Initiative. Chad joins the EITI in September 2007 and creates the implementation bodies, by presidential decree, on 14 December 2007. These bodies are the High National Council (EITI HNC), the Steering Committee (EITI SC) and the Permanent Technical Secretariat. They are composed of civil society representatives, extractive companies and State agencies.

Nevertheless, the political crisis which the country faced in 2008 and 2009 put the National Initiative on hold.

2. Phase II: The implementation was once again postponed (2010)

In a pacified political context, the members of the EITI HNC and the EITI SC are officially appointed by decrees No.250/PR/PM/MPE/2010 and No.251/PR/PM/MPE/2010 of 15 February 2010.

In March 2010, the EITI HNC approves the 2010-2012 EITI work plan, which enables Chad to obtain the status of Candidate country in April 2010.

The implementation of the EITI work plan is, nevertheless, delayed for more than one year while waiting for the first funding.

3. Phase III: Significant progress (since June 2011)

In 2011, the government reasserts its will to implement the EITI by providing the National Initiative with more than 1.2M€ of financial resources. Due to this significant funding obtained in June, the consultant Mr. Ghislain Pastré has been hired to study the legal framework and the definition of the scope of the EITI reports.

In parallel, the National Initiative recruits the firm Fair Links to conduct the 2007-2009 data reconciliation process. Started in November 2010, the process will last for more than 10 months and will lead to the publication of the 2007-2009 EITI reports in October 2012. These reports are officially presented at N'Djamena on 11 October 2012 and disseminated in several regions of the country in November 2012. They are available on the website of the EITI-Chad www.itie-tchad.org.

In July 2012, the National Initiative launches the Validation process, which turns out to be unsuccessful. In a context made difficult by the expulsion from the country of the bishop of Doba, on the grounds that he denounced "*the poor management of the oil resources*"³⁵, in November 2012 the EITI International Board extends an additional 6-month period for the National Initiative to carry out the Validation process.

At the beginning of 2013, the EITI HNC signs a new contract with Fair Links for the drafting of the 2010 and 2011 EITI reports and launches a new Validation process which must result in the publication of the Validation report no later than 23 May 2013.

1.4. The involvement of civil society³⁶

An institutional architecture associating civil society

As we noted in Requirements No.4 and 6, the institutional structure of the EITI-Chad leaves room for civil society representatives, who benefit from 10 out of the 28 seats of the EITI HNC, and from 2 out of the 10 seats of the EITI SC. The organisations represented in these 2 structures are involved in and made aware of the EITI subjects: extractive industries, financial governance, transparency and accountability. In addition, they are known as independent non-governmental structures. Last, but not least, let us note that a representative of civil society in Chad, currently 1st Vice-President of the EITI HNC, served on the EITI International Board for 5 years (2006-2011).

We understand that the members of all the structures of the EITI-Chad will have to be renewed once the Validation process is completed, as per article 19 of decree No. 1074/PR/PM/MP/2007.

Active participation in awareness-raising, training and communication actions

Civil society organisations actively participated in several EITI awareness-raising actions, especially on the following occasions:

- The EITI-Chad launch workshop, organised at N'Djamena on 24 and 25 August 2007, where the operation of the EITI, the tax system of Chad and the oil sector were presented;
- The workshop for civil society capacity building in terms of dialogue and interaction with the National Meeting, organised at N'Djamena on 23 and 24 November 2011;
- The oil taxation-training seminar addressed to the stakeholders of the EITI-Chad and organised on 27 and 28 April 2012.

We also note their participation in the following demonstration:

- The EITI International Conference organised in Paris, between 2 and 5 March 2011;
- The conference on oil, mines and energy in Chad, organised at N'Djamena between 11 and 13 October 2011;
- The conference of African Ministers in charge of mining, organised at Addis-Ababa, between 12 and 16 December 2011.

Nevertheless, we find a deficit of capacity-building, awareness-raising and communication actions with respect to the various EITI work plans adopted.

³⁵ Communication – Déclaration publique de la société civile tchadienne: « ITIE: le Tchad à la croisée des chemins », p. 2 (non daté)

³⁶ See Requirements No.4 and 6 for more details

Independence of action and freedom of speech

Civil society representatives and members of the multi-stakeholder group, belong to non-governmental organisations, trade unions, women-rights associations and journalists' associations.

Although the latter were disappointed by the stance of the regional authorities which expelled the bishop of Doba from the country for several weeks (at end year 2012) on account of his denouncing "*the poor management of the oil resources*"³⁷, they also thought that the EITI "*remains ... the only leverage for improving the good governance in Chad*"³⁸. They confirm, eventually, that the institutional architecture permits civil society organisations to freely and independently participate in the various structures of the EITI.

Moreover, civil society representatives consider that their representativeness within the EITI HNC and the EITI SC is sufficient and that they can work peacefully within it. Based on the minutes of meetings of these 2 structures, we can conclude that civil society representatives have freedom of speech and that their points of view are actually taken into account in the deliberations.

Finally, we find that some organisations, members of the EITI HNC, such as GRAMP³⁹ and CELIAF, are associated with international structures (especially PCQVP) and regularly collaborate with them on transparency issues.

1.5. The involvement of extractive companies⁴⁰

An institutional architecture that associates the main extractive companies

As we noted in Requirements No. 4 and 7, the institutional structure of the EITI-Chad leaves room for extractive industries' representatives, who benefit from 6 out of the 28 seats of the EITI HNC, and from 2 out of the 10 seats of the EITI SC. Besides the State-owned company, the companies present in the structures of the EITI-Chad at the date of this report are the only companies in production in Chad; therefore, their presence in the multi-stakeholder group is legitimate. The representativeness of the companies in the steering structures of the EITI-Chad can be questioned when or if new extractive companies, be they oil or mining companies, start production.

We understand that the members of all the structures of the EITI-Chad will have to be renewed once the Validation process is completed, as per article 19 of decree No. 1074/PR/PM/MP/2007.

Active participation in awareness-raising, training, communication and reconciliation actions

Extractive companies actively participated in several EITI awareness-raising actions, especially on the following occasions:

- The EITI-Chad launch workshop, organised at N'Djamena on 24 and 25 August 2007, when the functioning of the EITI, the tax system of Chad and the oil sector were presented;
- The workshop for civil society capacity building in terms of dialogue and interaction with the National Assembly, organised at N'Djamena on 23 and 24 November 2011;
- The oil taxation training seminar, addressed to the stakeholders of the EITI-Chad and organised on 27 and 28 April 2012.

We also find that the representatives of extractive companies participated in the following demonstrations:

³⁷ Communication – Déclaration publique de la société civile tchadienne: « ITIE: le Tchad à la croisée des chemins », p. 2 (non daté)

³⁸ Id.

³⁹ We also understand that the GRAMP is a founding member of the EITI international association

⁴⁰ See Requirements No.4 and No.7 for more details

- The EITI International Conference organised in Paris, between 2 and 5 March 2011;
- The conference on oil, mines and energy in Chad, organised at N'Djamena between 11 and 13 October 2011;
- The conference of African Ministers in charge of mining, organised at Addis-Ababa, between 12 and 16 December 2011.

In addition:

- All the extractive companies included in the scope of the 2009 EITI report and all the extractive companies included in the scope of the 2010 and 2011 EITI reports submitted reporting templates to the reconciler;
- 12 extractive companies out of the 13 included in the scope of the 2010 and 2011 EITI report have sent us a self-assessment form.

Independence of action and freedom of speech

Extractive companies' representatives consider that their representativeness within the EITI HNC and the EITI SC is sufficient and that they can work peacefully within it. Based on the minutes of meetings of these 2 structures, we can conclude that extractive companies' representatives have freedom of speech and that their points of view are actually taken into account in the deliberations.

2 GLOBAL EVALUATION OF THE EITI IMPLEMENTATION

2.1. Our analysis of the EITI Requirements

2.2. The Validation grid

2.1. Our analysis of the EITI Requirements

Based on the works performed, we believe that the EITI-Chad is compliant with the following EITI Requirements:

Requirement No.1
Requirement No.2
Requirement No.3
Requirement No.4

Requirement No.6
Requirement No.7
Requirement No.9
Requirement No.10

Requirement No.16
Requirement No.17
Requirement No.18

However, we consider that the EITI-Chad is not compliant with the following Requirements:

Requirement No.5
Requirement No.8
Requirement No.11

Requirement No.12
Requirement No.13
Requirement No.14

Requirement No.15

2.2. The Validation grid



✓ Requirement met

✗ Requirement unmet

3 EVALUATION OF EITI REQUIREMENTS

Requirement No.1	25
Requirement No.2	27
Requirement No.3	30
Requirement No.4	31
Requirement No.5	36
Requirement No.6	42
Requirement No.7	46
Requirement No.8	49
Requirement No.9	53
Requirement No.10	61
Requirement No.11	63
Requirement No.12	66
Requirement No.13	69
Requirement No.14	72
Requirement No.15	74
Requirement No.16	76
Requirement No.17	78
Requirement No.18	82
Requirement No.19	87
Requirement No.20	89

Requirement No.1

The government is required to issue an unequivocal public statement of its intention to implement the EITI

■ Evidence

Evidence stated in the EITI Rules, 2011 edition	Finding	Paragraph
a) The statement has been made by the head of state or government	Yes	1
b) The statement has been made at a formal launch event, publicised through the national media, or placed on a dedicated EITI website	Yes	1
c) The statement indicates the measures and actions the government intends to take to meet EITI Criteria	Yes	1
d) A copy of the statement has been sent to the EITI International Secretariat	Yes	1

See EITI Rules, 2011 edition, p. 15

1. A statement of accession in August 2007

On 20 August 2007, the Prime Minister, Mr Nouradine Delwa Kassire Coumakoye, declared that *“from now on, the principles of this initiative [the EITI] will be applied in Chad and the revenues arising from the extractive industries will be reported and used in full transparency”*⁴¹.

This declaration of accession was repeated at the EITI-Chad⁴² launch workshop, organised at N'Djamena on 24 and 25 August 2007. Among those present included: members of the government, representatives of NGOs, of trade unions, of the press, of the private sector and of multilateral organisations such as the World Bank or BAD. This workshop presented the EITI experience of some African countries, the principles of the Initiative and various best practices to implement in Chad.

2. An involvement renewed ever since

The government's involvement also manifested itself:

- At the launch of the EITI-Chad information campaign, organised on 2 and 3 July 2012. On this occasion, the Prime Minister *“restated the clear will of the government to support the Initiative”*⁴³;
- At the creation of the EITI-Chad implementation bodies, by means of the presidential decree of 14 December 2007⁴⁴;
- At the nomination of the EITI HNC and EITI SC members by decrees No. 250/PR/PM/MPE/2010 and No. 251/PR/PM/MPE/2010 of 15 February 2010;
- By the funding of 95% of the National Initiative from the State budget⁴⁵ for the years 2010 to 2012.

⁴¹ Déclaration d'adhésion de la République du Tchad à l'ITIE (N°83/PM/CAB/07) (20 août 2007)

⁴² Rapport de synthèse des travaux de l'atelier de lancement de l'ITIE au Tchad à N'Djamena (24 et 25 août 2007)

⁴³ Article: l'ITIE-Tchad lance sa première campagne d'information – Younous Taha Azaki [communication ITIE-Tchad] (2 juin 2012)

⁴⁴ Décret n° 1074/PR/PM/MP/2007 portant institution du mécanisme de mise en œuvre et de suivi de l'ITIE (14 décembre 2007)

⁴⁵ See Requirement No.5 for further details

■ References

N°

- 1-100** Décret n° 1074/PR/PM/MP/2007 « portant institution du mécanisme de mise en œuvre et de suivi de l'ITIE » (14 décembre 2007)
- 1-120** Déclaration d'adhésion de la République du Tchad à l'ITIE (N°83/PM/CAB/07) (20 août 2007)
- 1-130** Rapport de synthèse des travaux de l'atelier de lancement de l'ITIE au Tchad à N'Djamena (24 et 25 août 2007)
- 4-170** Décret n°250/PR/PM/MPE/2010 du 15 février 2010 portant nomination des 28 membres du Haut Comité National du mécanisme de mise en œuvre et de suivi de l'ITIE
- 4-180** Décret n°251/PR/PM/MPE/2010 du 15 février 2010 portant nomination des 10 membres du Comité de Pilotage du mécanisme de mise en œuvre et de suivi de l'ITIE
- 6-270** Article: l'ITIE-Tchad lance sa première campagne d'information – Younous Taha Azaki [communication ITIE-Tchad] (2 juin 2012)

■ Opinion of the stakeholders

The stakeholders confirm that the government publicly and clearly announced its intention of implementing the EITI. They confirm that this involvement has regularly manifested ever since.

■ Conclusion

The government stated, and has regularly confirmed ever since, its will to implement the EITI. This leads us to conclude that the EITI-Chad is compliant with this Requirement.

Requirement No.1 is met



Requirement No.2

The government is required to commit to work with civil society and extractive companies on the implementation of the EITI

Evidence

Evidence stated in the EITI Rules, 2011 edition	Finding	Paragraph
a) Companies and civil society have substantively been engaged in the design, implementation, monitoring and evaluation of the EITI process	Yes	1-3
b) There are no more obstacles to civil society and company participation process	Yes	2
c) There is an enabling framework for civil society organisations and companies in implementation of the EITI	Yes	2
d) The government has refrained from actions which result in narrowing or restricting public debate in relation to the implementation of the EITI	Yes	1-3
e) Civil society and company representatives have been able to speak freely on transparency issues	Yes	1-3
f) Civil society and company representatives have had the right to communicate and cooperate with each other	Yes	1-3

See EITI Rules, 2011 edition, p. 15

1. An independent appointment of the representatives of civil society and companies

The EITI-Chad launch workshop, which took place at N'Djamena on 24 and 25 August 2007, marks the start of the National Initiative with the strong presence of companies (Esso, Petronas, Chevron)⁴⁶.

Although we do not have any document supporting that point, representatives of civil society and companies have confirmed to us that they could appoint their own representatives independently; the latter were formally appointed by decrees No.250/PR/PM/MPE/2010 of 15 February 2010 appointing the EITI HNC members and No.251/PR/PM/MPE/2010 of 15 February 2010 appointing the EITI SC members.

2. An environment that favours the participation of civil society and companies, consolidated by a decree

The legal and institutional framework of Chad was favourable towards the participation of civil society and companies. Nevertheless, this framework was consolidated by will of the multi-stakeholder group, which adopted decree No. 1074/PR/PM/MP/2007 of 14 December 2007, whereby the EITI implementation and follow-up mechanism was established. Article 3 of this decree requires "*all the oil, gas and mining companies*" to join the EITI. In addition, it guarantees that civil society and companies will be largely represented in the EITI HNC and EITI SC.

- EITI HNC

Civil society representatives benefit from 10 out of the 28 seats of the EITI HNC, distributed as follows:

- 2 representatives of the workers' unions;
- 2 representatives of the human rights associations;
- 2 representatives of women's organisations;
- 2 representatives of the Chad journalists' union;

⁴⁶ Rapport de synthèse des travaux de l'atelier de lancement de l'ITIE au Tchad à N'Djamena, p. 27 (24 et 25 août 2007)

- 2 representatives of the employers' association.

Extractive companies' representatives benefit from 6 out of the 28 seats of the EITI HNC, distributed as follows:

- 3 representatives of national companies;
- 3 representatives of foreign companies.

- EITI SC

Civil society and extractive companies benefit from 2 seats each out of the 10 seats of the EITI SC.

3. Communication and capacity-building actions

While Requirements No. 6 and 7 detail the mobilisation of civil society and extractive companies for the implementation of the EITI, the minutes of the EITI HNC and EITI SC meetings enable us to note that the representatives both of civil society and extractive companies express themselves freely and that their points of view are actually taken into consideration in the deliberations.

Moreover, civil society organisations and extractive companies were able to attend the following demonstrations:

- The workshop for civil society capacity building in terms of dialogue and interaction with the National Assembly, organised at N'Djamena on 23 and 24 November 2011⁴⁷;
- The oil taxation training seminar, addressed to the stakeholders of the EITI-Chad and organised on 27 and 28 April 2012⁴⁸.

4. Independence of action and freedom of speech

As detailed in Requirement No.4, civil society representatives and members of the multi-stakeholder group belong to non-governmental organisations, trade unions, women-rights associations and journalists' associations; these organisations obviously act independently, from the government as well as from the extractive companies. They appear to be able to express their opinion freely.

Although the latter were disappointed by the stance of the regional authorities which expelled the bishop of Doba from the country for several weeks (at end year 2012) on account of his denouncing "*the poor management of the oil resources*"⁴⁹, they also thought that the EITI "*remains ... the only leverage for improving the good governance in Chad*"⁵⁰. They confirm, eventually, that the institutional architecture permits civil society organisations to freely and independently participate in the various structures of the EITI.

■ References

N°

- 1-100** Décret n° 1074/PR/PM/MP/2007 « portant institution du mécanisme de mise en œuvre et de suivi de l'ITIE » (14 décembre 2007)
- 1-110** Rapport de synthèse des travaux de l'atelier de lancement de l'ITIE au Tchad à N'Djamena (24 et 25 août 2007)
- 5-110** Rapport de participation à l'atelier de renforcement de capacités de la société civile en matière de dialogue et d'interaction avec l'Assemblée Nationale (23-24 novembre 2011)
- 6-320** Rapport de séminaire de formation sur la fiscalité pétrolière à N'Djamena (27 au 28 avril 2012)

⁴⁷ Rapport de participation à l'atelier de renforcement de capacités de la société civile en matière de dialogue et d'interaction avec l'Assemblée Nationale (23-24 novembre 2011)

⁴⁸ Rapport de séminaire de formation sur la fiscalité pétrolière à N'Djamena (27 au 28 avril 2012)

⁴⁹ Communication – Déclaration publique de la société civile tchadienne: « ITIE: le Tchad à la croisée des chemins », p. 2 (non daté)

⁵⁰ Id.

■ Opinion of the stakeholders

The stakeholders of the EITI-Chad we met confirm the government's involvement in working with the various constituencies that form the Initiative. They also confirm being involved in the EITI process and highlight the regular dialogue amongst the players.

Some members of civil society observe a regular presence of the representatives of the Chinese company CNPCI to the meetings of the EITI HNC.

■ Conclusion

The government was able to create an institutional framework that favours the participation of all the EITI-Chad stakeholders, who seem to have independence of action.

Although the stance of the regional authorities, which expelled the bishop of Doba from the country for several weeks (at end year 2012) on account of his denouncing "*the poor management of the oil resources*"⁵¹, is particularly problematic, we understand that this is a local initiative which does not represent the general situation.

This leads us to conclude that the EITI-Chad is compliant with this Requirement.

Requirement No.2 is met



⁵¹ Communication – Déclaration publique de la société civile tchadienne: « *ITIE: le Tchad à la croisée des chemins* », p. 2 (non daté)

Requirement No.3

The government is required to appoint a senior individual to lead on the implementation of the EITI

■ Evidence

Evidence stated in the EITI Rules, 2011 edition	Finding	Paragraph
a) The appointment of the senior individual has been publicly announced	Yes	1
b) The appointee has the confidence of all stakeholders and is situated in relevant agencies or ministries	Yes	1
c) The appointee has the authority and freedom to coordinate action on EITI and is able to mobilise resources for country implementation	Yes	1

See EITI Rules, 2011 edition, p. 15

1. A senior official in charge of coordinating the implementation of the EITI since 2007

Decree No. 1074/PR/PM/MP/2007 of 14 December 2007 stipulates that the EITI-Chad is placed “*under the responsibility of the Oil and Gas Minister*”. Since its establishment, the implementation of the Initiative has actually been steered by the different Oil and Energy Ministers in office: Mr Eugène Tabe, from September 2009 to March 2012; Mr Brahim Alkalil, from March 2012 to January 2013 and Mr Djerassem Le Bemadjiel, since 29 January 2013.

According to the recommendation in the source book, the Chairman of the EITI HNC is a high official, who benefits from the stakeholders' trust. He has the means to coordinate and mobilise the resources needed for the development of the Initiative.

■ Reference

N°

1-100 Décret n° 1074/PR/PM/MP/2007 du 14 décembre 2007 portant institution du mécanisme de mise en œuvre et de suivi de l'ITIE

■ Opinion of the stakeholders

Stakeholders confirm this analysis and make no specific comments.

■ Conclusion

The government appointed a high official to coordinate the implementation of the EITI, which leads us to conclude that the EITI-Chad is compliant with this Requirement.

Requirement No.3 is met



Requirement No.4

The government is required to establish a multi-stakeholder group to oversee the implementation of the EITI

■ Evidence

Evidence stated in the EITI Rules, 2011 edition	Finding	Paragraph
a) The implementation of the EITI is overseen by a multi-stakeholder group composed of appropriate stakeholders	Yes	1-3
b) EITI implementation requires a decision-making process that includes all stakeholders	Yes	2 and 3
c) Each stakeholder group has the right to appoint their own representatives	Yes	Requirements No.6 and 7
d) Civil society groups involved as members of the multi-stakeholder group are independent	Yes	5
e) Members of the multi-stakeholder group have been able to operate freely, without coercion	Yes	5
f) Members of the multi-stakeholder group have had the capacity to carry out their duties	Yes	1 and Requirements No.6 and 7
g) i) The multi-stakeholder group has agreed to clear public TORs and keeps written record of their discussions and decisions	Partial	4
ii) The TORs include provisions on the endorsement of the Country EITI work plan and its possible revision	Yes	4
iii) The TORs include procedures for choosing an organisation to undertake the reconciliation	Yes	4
iv) The members of the multi-stakeholders group have agreed internal governance rules and procedures, including voting procedures	Yes	4
h) i) The government has ensured that senior government officials are represented on the multi-stakeholder group	Yes	1-2
ii) The government has ensured that the invitation to participate in the group was open and transparent	Yes	1
iii) The government has ensured that stakeholders are adequately represented	Yes	1 and Requirements No.6 and 7
iv) The government has ensured that there is a process for changing group members which does not include any suggestion of coercion	Yes	1 and Requirements No.6 and 7

See EITI Rules, 2011 edition, p. 16

1. An independent appointment of the representatives of civil society and companies

The EITI-Chad launch workshop, which took place at N'Djamena on 24 and 25 August 2007, marks the start of the National Initiative with the strong presence of companies (Esso, Petronas, Chevron)⁵².

Although we do not have any document supporting that point, representatives of civil society and companies have confirmed to us that they could appoint their own representatives independently; the latter were formally appointed by decrees No.250/PR/PM/MPE/2010 of 15 February 2010 appointing the EITI HNC members and No.251/PR/PM/MPE/2010 of 15 February 2010 appointing the EITI SC members

2. A multi-stakeholder institutional structure counting more than 40 members

Decree No. 1074/PR/PM/MP/2007 of 14 December 2007 stipulates that the EITI-Chad “is structured in a High National Committee of the EITI, which incorporates a Steering Committee and a Permanent Technical Secretariat”.

⁵² Rapport de synthèse des travaux de l'atelier de lancement de l'ITIE au Tchad à N'Djamena, p. 27 (24 et 25 août 2007)

- An EITI HNC of 28 members

The EITI HNC "*ensures the regular publication of all the revenues from the extractive industries' exploitation, as well as of all the payments, of any kind, paid to the State by the oil, gas and mining companies*"⁵³. It is formed of 28 members:

- 12 representatives of public institutions, one seat being granted to the President, one to the Prime Minister, 1 to each of the following ministries: *du Pétrole, des Mines et de la Géologie, des Finances et de l'Informatique, de l'Economie et du Plan, de la Communication*, 1 seat to the General Secretariat of the government, one to the *Collège de Contrôle et de Surveillance des Ressources Pétrolières (CCSRP)*, 1 to the *Conseil Economique, Social et Culturel* and 2 seats to Parliament;
- 10 representatives of civil society organisations, 2 seats being granted to each of the following: the workers' unions, the human rights associations, the women's organisations, the Chad journalists and the employers' association;
- 6 representatives of extractive companies, 3 seats being granted to national companies and 3 to foreign companies.

The 28 members of the EITI HNC were formally appointed by decree No. 250/PR/PM/MPE/2010 of 15 February 2010 on the nomination of the members of the EITI HNC, implementation and follow-up mechanism. The EITI HNC also has an office presided over by the Energy and Oil Minister and 4 other members of the EITI HNC.

We understand the 3-year mandate of the EITI HNC members expired in February 2013, as per article 19 of decree No. 1074/PR/PM/MP/2007. This mandate has, however, been extended for several months due to the adjournment of the Validation process.

- An EITI SC of 10 members

The EITI SC "*has the mandate of following up the execution of the activities related to the EITI HNC missions*"⁵⁴. It is formed of 10 members:

- 6 government representatives, one seat being attributed to the President of the Republic, one to the Prime Minister, one to each of the *Ministères de l'Energie et du Pétrole, des Mines et de la Géologie* and one to CCSR;P;
- 2 representatives of civil society;
- 2 representatives of extractive companies.

The 10 members of the EITI HNC were formally appointed by decree No. 251/PR/PM/MPE/2010 of 15 February 2010 on the nomination of the 10 members of the Steering Committee of the EITI implementation and follow-up mechanism. The EITI SC also has an office, presided over by a representative of civil society organisations and 3 other members of the EITI SC.

We understand the 3-year mandate of the EITI SC members expired in February 2013, as per article 19 of decree No. 1074/PR/PM/MP/2007. This mandate has, however, been extended for several months due to the adjournment of the Validation process.

- A Permanent Technical Secretariat (EITI PTC) of 4 persons

Decree No. 1074/PR/PM/MP/2007 of 14 December 2007 stipulates that "*the Permanent Technical Secretariat is managed by a National Coordinator*"⁵⁵ and "*it is formed of four (4) members, including the National Coordinator*".

The National Coordinator of the EIT PTS and his deputy were nominated by decree No. 594/PR/PM/MPE/2010 of 22 July 2010 regarding the nominations on high-responsibility positions within the Permanent Technical Secretariat for the implementation and follow-up of the EITI.

⁵³ Décret n° 1074/PR/PM/MP/2007 du 14 décembre 2007 portant institution du mécanisme de mise en œuvre et de suivi de l'ITIE, Chapitre II

⁵⁴ Décret n° 1074/PR/PM/MP/2007 du 14 décembre 2007 portant institution du mécanisme de mise en œuvre et de suivi de l'ITIE, Chapitre III

⁵⁵ Id., Chapitre IV

We understand that the EITI PTS must continue to build its capacities (training) and settle material matters (improve its means of communication particularly over the Internet) in order to be fully operational.

3. Regional committees

Order No. 014/PR/MEP/HCN/Comité de Pilotage/CSTP/2013 of 12 February 2013 on the establishment of the EITI regional committees stipulates: “*regional committees are established in each county seat of the Republic of Chad*”, whose mission is:

- “*To ensure the dissemination of the EITI-Chad programmes;*
- *To record the local population’s opinions of the implementation of the EITI in Chad [...];*
- *To disseminate and organise debates around the EITI reports;*
- *To raise the awareness of the local population on the expected benefits of the process;*
- *To regularly share the specific information and ideals of the EITI-Chad [...];*
- *To develop a culture of transparency in the management of public funds”.*

Each regional committee will be formed of 19 members⁵⁶.

We understand that the 22 administrative regions will progressively establish such structures.

4. Operation and responsibilities detailed in internal rules

In October 2010, the EITI HNC adopted some internal rules which, in addition to decree No. 1074/PR/PM/MP/2007, stipulate the mandate of the bodies making up the National Initiative.

Thus, the EITI’s mission is:

- “*To define the political and strategic orientation for the implementation of the EITI principles and compliance with the EITI Criteria;*
- *To supervise the implementation of the EITI;*
- *To approve the work plan and budget for the implementation of the EITI;*
- *To ensure the implementation of the EITI work plan;*
- *To supervise the recruitment, according to a tender procedure that complies with the international norms, of the Independent Administrator in charge of reconciling the payments reported by companies and the incomes entered in the books of the State;*
- *To ensure that all data regarding payments reported by the oil, gas and mining companies and the revenues of the State from extractive industries is made available to the public in an accessible form”⁵⁷.*

The internal rules also stipulate that the EITI HNC is “*formed of representatives of the highest level*”⁵⁸ appointed for “*a renewable 3-year term of office*”⁵⁹. “*Decisions are made by consensus*”⁶⁰.

The EITI SC also has the following mission:

- “*To supervise the work plan for the implementation of the EITI principles and criteria;*
- *To examine the drafts of the work plan and the budget made by the EITI PTS;*
- *To propose the reporting template for the data related to payments and receipts from the extractive industries;*
- *To select and propose files in view of the recruitment of audit firms, consultants, experts required for the implementation and follow-up of the EITI;*
- *To entrust the [EITI PTS] with any other tasks under the EITI;*
- *To supervise the activities of the [EITI PTS]”⁶¹.*

⁵⁶ Arrêté n°014/PR/MEP/HCN/Comité de Pilotage/CSTP/2013 du 12 février 2013 portant création des comités régionaux de l’ITIE, Article 3

⁵⁷ Règlement intérieur (7 octobre 2010), Article 4

⁵⁸ Id., Article 9

⁵⁹ Id., Article 22

⁶⁰ Id., Article 12

Finally, the internal rules indicate the responsibilities of the various members of the EITI PTS. We note that the internal rules are not available on the website of the National Initiative.

5. Members of the multi-stakeholder group who act independently

Requirement No. 2 confirms the free and active participation of civil society's and extractive companies' representatives in the implementation of the EITI in Chad. The minutes of the EITI HNC meetings show that group members have freedom of speech, thus confirming the independence of one constituency from another.

In addition, no element or dialogue we've had entitles us to suppose that the representatives of civil society or extractive companies are coerced in their relations with the State agencies' or government's representatives.

At last, the government representatives are also present and active in the debates: they attend meetings of the EITI HNC on a regular basis, as confirmed by the minutes transmitted to us.

6. An institutional architecture that would deserve to be simplified

Although we find that the multi-stakeholder group has had a regular and tripartite activity, the fact remains that the EITI-Chad central institutions are numerous (3 structures), overstaffed (28 members for the EITI HNC only), and even redundant (for example, the EITI HNC must "*supervise the implementation of the EITI*" and "*ensure the implementation of the work plan*", while the EITI SC must "*supervise the work plan for the implementation of the EITI principles and criteria*").

We understand that this 3-layered architecture involves significant administrative constraints and considerably prolongs the deadlines for the implementation of the activities.

Moreover, we find a heterogeneous involvement of the EITI HNC members; out of the 28 members nominated in the EITI HNC, 23 actually hold a seat in the Committee on a regular basis⁶²:

- Out of the 12 representatives of public institutions, 11 are active and regularly attend group meetings;
- Out of the 10 representatives of civil society organisations, 7 are active and regularly attend group meetings;
- Out of the 6 representatives of extractive companies, 5 are active and regularly attend group meetings.

Similarly, we understand that some seats suffer from a high turnover⁶³, which is harmful for the sustainability of the structure, as well as for the ownership of the mechanism and its stakes.

As far as the best practices are concerned and in order to improve the efficiency of the system, the stakeholders would benefit from rationalising the existing institutional structure of the EITI-Chad. While the establishment of regional structures can be justified in the producing regions, we recommend the EITI HNC consider limiting the number of central structures, as well as the number of their members.

⁶¹ Règlement intérieur (7 octobre 2010), Article 14

⁶² We understand that these absences do not result from pressures nor coercion

⁶³ We understand that the appointment of the State agencies' representatives is linked to the function of the tenured. The change of function mechanically triggers a change of representative within the EITI HNC and SC

■ References

N°

- 1-100 Décret n° 1074/PR/PM/MP/2007 du 14 décembre 2007 portant institution du mécanisme de mise en œuvre et de suivi de l'ITIE
- 4-125 Règlement intérieur (7 octobre 2010)
- 4-160 Décret n°594/PR/PM/MPE/2010 du 22 juillet 2010 portant nomination à des postes de responsabilité au Secrétariat Technique Permanent de mise en œuvre et de suivi de l'ITIE
- 4-170 Décret n°250/PR/PM/MPE/2010 du 15 février 2010 portant nomination des 28 membres du Haut Comité National du mécanisme de mise en œuvre et de suivi de l'ITIE
- 4-180 Décret n°251/PR/PM/MPE/2010 du 15 février 2010 portant nomination des 10 membres du Comité de Pilotage du mécanisme de mise en œuvre et de suivi de l'ITIE
- 7-115 Arrêté n°014/PR/MEP/HCN/Comité de Pilotage/CSTP/2013 du 12 février 2013 portant création des comités régionaux de l'ITIE

■ Opinion of the stakeholders

The stakeholders confirm the establishment of an institutional structure in charge of supervising the implementation of the EITI. Today, this structure is operational and formed of stakeholders with adequate profiles, who act in full independence.

Similarly, they all aspire to the consolidation of the capacity-building, awareness-raising and communication activities.

As mentioned in point 6 here above, Esso underlines the need to consolidate the organisation, its reactivity, the distribution of tasks and the compliance with the deadlines of the multi-stakeholder group⁶⁴. Indeed, this 3-layer architecture triggers important administrative constraints and considerably increases the delays of implementations of the activities.

Most of the stakeholders confirm that, although the current institutional structure works and its sustainability seems ensured, simpler organisation could improve it.

■ Recommendations of the validator

R1 – Simplify the institutional structure of the EITI-Chad

R2 – Strengthen the capacities and the means of communication of the EITI PTS

■ Conclusion

Although it should be simplified, the institutional structure of the EITI-Chad enabled the participation of multiple stakeholders and the nomination of EITI HNC and EITI SC members with adequate profiles. In addition, the independence of action which they seem to enjoy leads us to conclude that the EITI-Chad is compliant with this Requirement.

Requirement No.4 is met



⁶⁴ See Formulaire d'auto-évaluation: "better planning, increased proactivity, clear role and responsibilities definition for participating entities and form adherence to work plan and respect of deadlines will improve Chad-EITI organization efficiency"

Requirement No.5

The multi-stakeholder group, in consultation with key EITI stakeholders, should agree and publish a fully quantified EITI work plan, containing measurable targets and a timetable for implementation and incorporating an assessment of capacity constraints

■ Evidence

Evidence stated in the EITI Rules, 2011 edition		Finding	Paragraph
a)	An EITI work plan has been produced and agreed with the key EITI stakeholders	Yes	1
b) i)	The EITI work plan has been made widely available	Yes	1
ii)	The EITI work plan includes measurable and time bound targets and objectives	Yes	1 and 3
iii)	The EITI work plan incorporates an assessment of any potential capacity constraints	No	3
iv)	The EITI work plan establishes the scope of EITI reporting	Yes	3
c)	The EITI work plan identifies domestic sources of funding	Yes	2 and 3
d)	The government has reviewed the legal framework to identify any potential obstacles to EITI implementation	Yes	Cf. Requirement No.8
e)	The first EITI report has been produced within 18 months	No	Cf. Requirement No.18
f)	The EITI work plan has been updated on an annual basis	No	1 and 4

See EITI Rules, 2011 edition, p. 17

1. A 2010-2012 EITI work plan that lacks in accuracy and omits certain important activities

We understand that the 2010-2012 EITI work plan was approved by the EITI HNC in March 2010. However, we have not received any minutes that would enable us to confirm the formal approval of this document by the stakeholders.

We also understand that this EITI work plan was revised in March 2012, 2 years after it was originally adopted. We have not received any minutes that would enable us to confirm the formal approval of this document by the stakeholders in this case, either.

This EITI work plan, which includes 7 main objectives, comes with an estimated budget of approximately 1.7 M€, distributed as follows:

Objectives	Estimated budget (€)
Objective 1 Commit to implement the EITI	302,300
Objective 2 Create a multi-stakeholder work group, draft and publish an EITI work plan	35,800
Objective 3 Remove obstacles to the implementation of the EITI	5,000
Objective 4 Build the capacities	487,600
Objective 5 Draft and disseminate the EITI report	345,800
Objective 6 Validate the implementation of the EITI	206,800
Objective 7 Communication and awareness-raising activities	295,000
Total	1,678,300

Objectives and estimated budget of the 2010-2012 EITI work plan

Each objective has its own sub-objectives and activities. Each of the 47 activities in the EITI work plan has a measurable target, timetable and contemplated budget. This EITI work plan is available on the website of the National Initiative⁶⁵.

⁶⁵ ITIE-Tchad: www.itie-tchad.org

We find, however, that this EITI work plan is overall inaccurate and omits some important activities.

Indeed, many important activities only have a global objective and do not give any details on their implementation. This is the case for important activities such as building the capacities of civil society (activity 4.a), building the capacities of the multi-stakeholder group (activity 4.b) as well as the drafting the "*reconciliation report*" (activity 5.c).

Moreover, the action plan does not include any evaluation of the potential capacity constraints⁶⁶ and it would have undoubtedly been useful for the EITI work plan to provide the National Initiative with tools, such as databases on the extractive sector and the National Initiative.

We understand that the definition of the scope of the EITI reporting (Requirement No.5 b, iv) is integrated in Objective No.5 of the EITI work plan.

2. Delayed funding, lower than the estimated budget and mainly meant to cover operational costs

In the period 2010-2012, the EITI-Chad received more than 2 M€. The origin and distribution of these resources are presented below:

Financial resources	Origin			TOTAL	Distribution			
	In €	State	World Bank		European Union	a	b	c
2010	114,337	-	-	114,337	-	2,401	101,607	10,328
2011	1,219,592	56,830	36,501	1,312,923	110,714	8,599	407,084	786,525
2012	609,796	-	-	609,796	66,637	32,832	334,850	175,477
Total available funds	1,943,725	56,830	36,501	2,037,056	177,351	43,832	843,541	972,330
	95%	3%	2%	100%	9%	2%	41%	48%

a: EITI studies and reports
b: Training and communication
c: Operational costs and indemnities
d: Available cash flow at year end

Origin and distribution of the EITI-Chad funds – 2010-2012 EITI work plan

The analysis of this table enables us to draw the following conclusions:

- i. The implementation of the EITI work plan was delayed by one year because of the poor financial resources obtained in 2010 (approximately 114,000 €)
- ii. The State of Chad is by far the main contributor to the National Initiative.

The State of Chad appears as the main EITI contributor (95% of the paid amounts), followed by the World Bank (3%) and the European Union (2%).

Funding of the EITI-Chad has been irregular during this period: the Initiative has received 64% of its funding in 2011, against 30% in 2012 and 6% in 2010. The exceptional remittance of the year 2011 is explained by the funding, non-recurring, amounting to 670 000€ of the building made to host the EITI PTS. The stability of the EITI-Chad in the medium/long term will, nevertheless, necessarily depend on the sustainability and regularity of its funding sources.

⁶⁶ We understand that difficulties (technical, fiscal, legal, etc.) in the implementation of the EITI Rules have undoubtedly be underestimated

iii. The National Initiative intends to erect a building to host the EITI PTS.

We understand that the State paid 760,000 € (around 500 MFCFA) to the National Initiative for the construction of its own offices, the land being already purchased. These funds are actually available in the bank account of the National Initiative.

We find that this activity is not included in the EITI work plan, since it was not initially planned.

iv. The funds were mainly allocated to the operational costs and to the payments of indemnities, as well as to the future construction of the building.

The funds obtained amount to 2,037,000 €. They were used as follows:

- 2% of the received funds (44,000 €) were allocated to training and communication actions;
- 9% of the funds (177,000 €) were allocated to the conducting of studies and EITI reports;
- 41% of the funds (844,000 €) were used to cover the operational costs and the indemnities owed to the members of the EITI HNC and the EITI SC;
- 48% of the funds (972,000 €) have not yet been used. Out of this amount, 760,000 K€ (almost 80% of the available funds) are meant for the construction of the EITI PTS offices. The remaining amount, i.e. 212,000 €, represents funds available for future activities.

We find that the level of expenses allocated to training and communication actions (44,000 €) is rather insufficient if we consider the best practices and expectations of the multi-stakeholder group members.

The expenses allocated to the operational costs and indemnities amount to 79%⁶⁷ of the incurred expenses, which is much higher than the best practices.

v. The funding obtained is lower than 23% of the budget estimated in the 2010-2012 EITI work plan.

Without the funds dedicated to the construction of the EITI PTS offices, the funding obtained for financing the EITI work plan activities amounts to 1,277,000 €⁶⁸, which is 23%⁶⁹ lower than the estimated budget.

3. A partial and delayed implementation of the 2010-2012 EITI work plan

The implementation of the 2010-2012 EITI work plan is presented below⁷⁰:

- Objective 1: Commit to implement the EITI

All the activities including 1.a (Clear public statement on the intention to implement the EITI), 1.b [Involvement of the government in working with all the partners (civil society and extractive companies) on the EITI] and 1.c (Nomination of a national coordinator) have been achieved.

While some actions of activity 1.d (Establishment of the Secretariat) have been completed, such as the taking of office by the national coordinator and his team, we understand that the EITI PTS must continue to build its capacities (training) and settle material matters (improve its means of communication particularly over the Internet) in order to be fully operational.

- Objective 2: Create a multi-stakeholder work group, draft and publish an EITI work plan

Although some actions have been completed, we understand that the actual participation of the members is only partial (as per point 5 of Requirement No. 4), the presented EITI work plan presents insufficiencies (see point 1 above) and the obtained funding is only partial (see point 2 above).

⁶⁷ $844\,000\text{ €} / (44\,000\text{ €} + 177\,000\text{ €} + 844\,000\text{ €}) = 79\%$

⁶⁸ $2\,037\,000\text{ €} - 760\,000\text{ €} = 1\,277\,000\text{ €}$

⁶⁹ $(1\,678\,300\text{ €} - 1\,277\,000\text{ €}) / 1\,678\,300\text{ €} = 23\%$

⁷⁰ The 2010-2012 work plan of EITI-Chad is available in Appendix II

- Objective 3: Remove obstacles to the implementation of the EITI

Even though the legal framework has been analysed, we find that the difficulties faced by the State agencies in reporting quality data have been underestimated (cf. Requirement No.8)

- Objective 4: Build the capacities

Although some actions have been well performed, it is our understanding that the budget dedicated to capacity-building actions was much lower than estimated. Only 44,000 € were allocated to training and communication actions, while the capacity-building budget amounts to 487,600 €.

This lack of financial resources is the reason why few capacity-building actions have been undertaken.

- Objective 5: Draft and disseminate the EITI report

As detailed in point 1 above, we underline the vagueness of the EITI work plan regarding the year covered by the EITI report. Indeed, the report mentions the drafting of “*the reconciliation report*” (activity 5.c), while 3 EITI reports were drafted and published over the period.

We understand that activities 5.a (recruitment of the reconciler), 5.b (definition of the scope and data reporting format), and 5.c (drafting of the reconciliation report) were well performed, but with a delay of approximately 12 months.

The objectives of activity 5.d, dedicated to the dissemination of reports, were only partially reached by the EITI PTS because of the limited financial resources.

- Objective 6: Validate the implementation of the EITI

The Validation process is underway.

- Objective 7: Communication and popularisation

While activities 7.a (creation of a website) and 7.b (drafting and creation of a communication plan) have been performed, the implementation of the communication plan (7.c) is only partial and activity 7.d (measurement of the efficacy of the communication plan) has not been completed.

4. The 2013 EITI work plan covers the activities not executed in 2010-2012

The minutes of the EITI PTC meeting of 10 January 2013 states: “*the 2013 EITI work plan is excerpted from the EITI work plan drafted and adopted in March 2011. It reiterates the activities which could not be executed in the past year*”⁷¹. We understand that the 2013 EITI work plan was adopted at the meeting mentioned above, without such decisions being formalised in the relevant minutes. This EITI work plan has not been published.

The EITI work plan has the following objectives:

- Objective 1: Validate the implementation of the EITI-Chad;
- Objective 2: Draft and publish the 2010 and 2011 reconciliation reports;
- Objective 3: Build the capacities.

While it is encouraging to see that the EITI HNC proceeded to a regular follow-up of the activities stipulated in the 2010-2012 EITI work plan, by resuming the unperformed activities, it is regrettable that:

- The 2013 EITI work plan only proposes activities that were not completed in 2010-2012. It would have been wise to update the objectives and activities to the needs expressed by the stakeholders, as well as to the progress of the Initiative and context;

⁷¹ Compte rendu de la réunion ordinaire du Comité de Pilotage (10 janvier 2013)

- The main activities stipulated in the 2013 EITI work plan stop in July 2013 (we understand that the multi-stakeholder group chose to wait for the results of the Validation process to agree on the future activities of the National Initiative);
- The 2013 EITI work plan was adopted in January 2013, although it would have been more appropriate to update it in mid-2012 based on the difficulties encountered in the implementation of the 2010-2012 EITI work plan;
- The 2013 EITI work plan is not supplemented by an implementation budget.

We understand that these various activities are underway.

5. Lack of perspective for the Initiative in the absence of a 2013-2014 EITI work plan

Given that the EITI is a process, the multi-stakeholder groups are bound to annually update their EITI work plans, which must be made on a long term basis. In the case of the EITI-Chad, the adoption of an EITI work plan valid for the current year limits, in fact, the EITI to a short-term perspective, which does not encourage the sustainability and perpetuation of the Initiative. The adoption of an EITI work plan for at least 2 years, its bi-annual updating, and the update of the related budget are, in our opinion, necessary to ensure the dynamism, the pertinence and viability of the EITI-Chad.

■ References

N°

- 6-340 Plan d'actions 2010-2012 (mars 2012)
- 7-141 Compte rendu de la réunion ordinaire du Comité de Pilotage (10 janvier 2013)
- 7-142 Plan d'actions 2013 (janvier 2013)

■ Opinion of the stakeholders

Although all the stakeholders we met confirm that the EITI work plan was debated and adopted by the multi-stakeholder group, numerous representatives of civil society and extractive companies underlined the lack of financial resources and the need to increase capacity-building, awareness-raising and communication actions.

The stakeholders confirm that the EITI work plan must be more precise and consolidated based on the recommendations made below.

Some stakeholders, nevertheless, consider that the Criteria necessary to meet this Requirement are sufficiently advanced to declare that the EITI HNC is compliant with this Requirement.

■ Recommendations of the validator

R3 – Complete the actions indicated in the 2010-2012 and 2013 EITI work plans

R4 – Draft a detailed and budgeted 2013-2014 EITI work plan

R5 – Evaluate capacity constraints

R6 – Multiply capacity-building actions

R7 – Multiply awareness-raising, communication and dissemination actions

R8 – Have the EITI PTS create an updated database on the extractive sector

R9 – Have the EITI PTS create an updated database on the National Initiative

R10 – Formalise the important decisions of the multi-stakeholder group in meeting minutes

■ Conclusion

The 2010-2012 EITI work plan omits some important activities: absence of the potential capacity constraints evaluation and absence of the construction of a building to host the EITI HNC though its funding has been obtained in 2011 for 760 000€.

The 2010-2012 EITI work plan is globally vague: numerous important activities only have a global objective that does not specify the detail of their implementation (this notably concerns the capacity-building activities and the drafting of *“the reconciliation report”*.)

The funding of the EITI work plan is 23% lower than the estimated budget and has been mainly allocated to cover operational costs. Only 2% of the funds received (44,000 € instead of the 487,600€ planned) were allocated to training and communication actions.

The start of the 2010-2012 EITI work plan implementation has been delayed for 1 year, waiting for its funding. Its implementation is also incomplete (setting up of the EITI PTS, capacity-building activities, 2010 EITI report notably) and some activities present an important delay (the first EITI report has been released in October 2012 and not in 2011).

Moreover, the 2013 EITI work plan no longer seems adequate for a dynamic implementation of the Initiative, given the lack of new activities, perspective after July 2013 and an estimated budget.

Thus, although the multi-stakeholder group has drafted an EITI work plan, obtained important funding and implemented numerous activities, we nevertheless consider that, based on the observations made here above, the Criteria necessary to meet this Requirement are not sufficiently completed.

In this context, we are led to conclude that the EITI-Chad is not compliant with this Requirement.

Requirement No.5 is unmet.



Requirement No.6

The government is required to ensure that civil society is fully, independently, actively and effectively engaged in the process

■ Evidence

Evidence stated in the EITI Rules, 2011 edition	Finding	Paragraph
a) Civil society has been actively engaged in EITI implementation	Yes	1 and 3
b) Effective awareness-raising activities have been undertaken with citizens, civil society groups and/or coalitions	Yes	2
c) Civil society representatives think they have been provided advance notice of meetings of the multi-stakeholder group	Yes	3
d) Due consideration has been paid to addressing potential capacity constraints affecting civil society participation	Partial	Cf. Requirement No.5
e) The government has taken effective actions to remove obstacles affecting civil society participation	Yes	1
f) Civil society groups involved in the EITI are independent of government and/or companies	Yes	3
g) Civil society groups have been free to express their opinions about the EITI	Yes	3
h) Civil society groups involved in the EITI have been free to engage in wider public debates on the EITI and capture contributions from other elements	Yes	2 and 3
i) The fundamental rights of civil society have been respected	Yes	3

See EITI Rules, 2011 edition, p. 19

1. An institutional architecture, which associates civil society

As we noted in Requirement No.4, the institutional structure of the EITI-Chad leaves room for civil society representatives, who benefit from 10 out of the 28 seats of the EITI HNC, and from 2 out of the 10 seats of the EITI PC.

Although we do not hold any document to certify this, civil society has, in fact, confirmed that it was able to appoint its own representatives. They were formally appointed by decrees No. 250/PR/PM/MPE/2010 of 15 February 2010 on the nomination of the EITI HNC members, and No. 251/PR/PM/MPE/2010 of 15 February 2010, on the nomination of the EITI SC members.

At present, the institutional structure of the EITI-Chad includes the following civil society representatives:

- In the EITI HNC
 - Mr Bassou Rakis Singa, UST Bourse de Travail;
 - Mr Abbo Hissene N’Gartchengué, CLTT Bourse de Travail;
 - Mr Bendounga Patrice, ADH;
 - Mr Maounhdonodji Gilbert, GRAMP/TC Moussal;
 - Mrs Nakiri Geneviève, CELIAF;
 - Mrs Madina Youssouf Adam, CESC;
 - Mr Mahamat Moussa Abba, UJT – Télé Tchad;
 - Mr Eleyakim Vanambil, CESC;
 - Mr Ismaël Mahamat Adoum, employer;
 - Mr Sylvain Muemeneur, [organisation].
- In the EITI SC
 - Mr Naingaral Madjiro Raimond, Cathédrale Notre Dame de N’Djamena;
 - Mr Nassingar Rimtebaye, INADES.

The organisations represented in these 2 structures are involved and aware of the EITI subjects: extractive industries, financial governance, transparency and accountability. In

addition, they are known as independent non-governmental structures. Last, but not least, let us note that a representative of the Chad civil society, currently 1st Vice-President of the EITI HNC, served on the EITI International Board for 5 years (2006-2011).

We understand that the members of these 2 structures will have to be renewed once the Validation process is completed, as per article 19 of decree No. 1074/PR/PM/MP/2007.

2. Active participation in the awareness-raising, training and communication actions

Civil society organisations actively participated in several EITI awareness-raising actions, especially on the following occasions:

- The EITI-Chad launch workshop, organised at N'Djamena on 24 and 25 August 2007, when the operation of the EITI, the tax system of Chad and the oil sector were presented⁷²;
- The workshop for civil society capacity building in terms of dialogue and interaction with the National Assembly, organised at N'Djamena on 23 and 24 November 2011⁷³;
- The oil taxation training seminar, addressed to the stakeholders of the EITI-Chad and organised on 27 and 28 April 2012⁷⁴.

We also find that civil society representatives participated in the following demonstrations⁷⁵:

- The EITI International Conference organised in Paris, between 2 and 5 March 2011;
- The conference on oil, mines and energy in Chad, organised at N'Djamena between 11 and 13 October 2011;
- The conference of African Ministers in charge of mining, organised at Addis-Ababa, between 12 and 16 December 2011.

As presented in Requirement No.5, new capacity-building, awareness-raising and communication actions organised for and in partnership with civil society – whether or not members of the multi-stakeholder group – are stipulated in the 2013 EITI work plan, as they could not be implemented in the period 2010- 2012. We invite the EITI HNC members to make sure that these actions will actually be implemented in 2013 and to increase these types of actions.

3. Independence of action and freedom of speech

As indicated in Requirement No.4, civil society representatives, members of the multi-stakeholder group, belong to non-governmental organisations, to trade unions, women-rights and journalists' associations; these structures clearly act independently both from the government and extractive companies.

They seem to express their opinion without any coercion.

Although the latter were disappointed by the stance of the regional authorities which expelled the bishop of Doba from the country for several weeks (at year end 2012) on account of his denouncing "*the poor management of the oil resources*"⁷⁶, they also thought that the EITI "*remains ... the only leverage for improving the good governance in Chad*"⁷⁷. They confirm, eventually, that the institutional architecture permits civil society organisations to freely and independently participate in the various structures of the EITI.

Moreover, civil society representatives consider that their representativeness within the EITI HNC and the EITI SC is sufficient and that they can work peacefully within it. The notifications and documents to discuss are sent sufficiently in advance. Based on the minutes of meetings

⁷² Rapport de synthèse des travaux de l'atelier de lancement de l'ITIE au Tchad à N'Djamena (24 et 25 août 2007)

⁷³ Rapport de participation à l'atelier de renforcement de capacités de la société civile en matière de dialogue et d'interaction avec l'Assemblée Nationale (23-24 novembre 2011)

⁷⁴ Rapport de séminaire de formation sur la fiscalité pétrolière à N'Djamena (27 au 28 avril 2012)

⁷⁵ Bilan des actions réalisées par le Secrétariat Technique Permanent (janvier 2012)

⁷⁶ Communication – Déclaration publique de la société civile tchadienne: « ITIE: le Tchad à la croisée des chemins », p. 2 (non daté)

⁷⁷ Id.

of these 2 structures, we can conclude that civil society representatives have freedom of speech and that their points of views are actually taken into account in the deliberations.

Finally, we find that some organisations, members of the EITI HNC, such as GRAMP and CELIAF, are associated with international structures (especially PCQVP) and regularly collaborate with them on transparency issues.

■ References

N°

- 1-110 Rapport de synthèse des travaux de l'atelier de lancement de l'ITIE au Tchad à N'Djamena (24 et 25 août 2007)
- 3-270 Bilan des actions réalisées par le Secrétariat Technique Permanent (janvier 2012)
- 3-240 Plan d'actions 2010-2012 (mars 2012)
- 5-110 Rapport de participation à l'atelier de renforcement de capacités de la société civile en matière de dialogue et d'interaction avec l'Assemblée Nationale (23-24 novembre 2011)
- 6-135 Communication – Déclaration publique de la société civile tchadienne: « ITIE: le Tchad à la croisée des chemins » (non daté)
- 6-320 Rapport de séminaire de formation sur la fiscalité pétrolière à N'Djamena (27 au 28 avril 2012)

■ Opinion of the stakeholders

The stakeholders we consulted confirm that the government implemented the institutional structures necessary for civil society to fully, effectively, actively and independently participate in the EITI process.

However, civil society organisations plead for a consolidation of the capacity-building, awareness-raising and communication actions. Similarly, some of them pointed out the interest of organising exchange visits in other EITI countries.

Furthermore, although civil society representatives were disappointed by the attitude of the regional authorities which expelled the bishop of Doba from the country for 2 months (October – December 2013) on account of his denouncing "*the poor management of the oil resources*"⁷⁸, they specify that this was a local initiative which does not represent the general attitude of the government. Also, although the EITI "*remains ... the only leverage for improving the good governance in Chad*"⁷⁹, they confirm to us their independence of actions, their freedom of speech and confirm they were not faced with any harassment or intimidation attempts.

■ Recommendations of the validator

R5 – Evaluation of capacity constraints

R6 – Multiply capacity-building actions

R7 – Multiply awareness raising, communication and dissemination actions

⁷⁸ Communication – Déclaration publique de la société civile tchadienne: « ITIE: le Tchad à la croisée des chemins », p. 2 (non daté)

⁷⁹ Id.

■ Conclusion

We find that, despite the difficulties encountered by some in terms of transparency (see the expulsion of the bishop of Doba mentioned above), the institutional architecture enables a free and independent participation of civil society organisations within the various EITI structures. The presence in the multi-stakeholder group of representatives of structures that have been acknowledged and made aware of such fields as extractive industries, financial governance, transparency or accountability, their regular speeches and participation in awareness-raising and training actions lead us to conclude that the EITI-Chad is compliant with this Requirement.

Requirement No.6 is met



Requirement No.7

The government is required to engage extractive companies in the implementation of the EITI

■ Evidence

Evidence stated in the EITI Rules, 2011 edition	Finding	Paragraph
a) The government has widely engaged with companies	Yes	1-3
b) i Awareness-raising actions have been undertaken for the companies	Yes	2
ii Actions to address capacity constraints affecting companies have been undertaken	Yes	2

See EITI Rules, 2011 edition, p. 20

1. An institutional architecture that associates the main extractive companies

As we noted in Requirement No.4, the institutional structure of the EITI-Chad leaves room for the extractive industries' representatives, who benefit from 6 out of the 28 seats of the EITI HNC, and from 2 out of the 10 seats of the EITI PC. We understand that, similar to civil society, extractive companies were able to nominate their representatives; they were formally appointed by decrees No. 250/PR/PM/MPE/2010 of 15 February 2010 on the nomination of the EITI HNC members and No. 251/PR/PM/MPE/2010 of 15 February 2010 on the nomination of the EITI SC members.

At present, the institutional structure of the EITI-Chad includes the following company representatives:

- In the EITI HNC
 - Mr Ali Djadda, representative of SOTEC;
 - Mr Mahamat Kasser Younous, representative of SHT;
 - Mr Jean-Marie Daoundongar, representative of SHT;
 - Mr Atteib Abdelsalam, representative of Esso;
 - Mr Mohamed Siddick, representative of CNPCI
 - Mr Zhao Fei, representative of CNPCI.
- In the EITI SC
 - Mr Mahamat Bourdjo, representative of SHT;
 - Mr Tony Hughey, representative of Esso.

Besides the State-owned company, extractive companies present in the structures of the EITI-Chad at the date of this report are the only companies in production in Chad; therefore, their presence in the multi-stakeholder group is legitimate. The representativeness of companies in the steering structures of the EITI-Chad can be questioned when or if new extractive companies, be they oil or mining companies, start production.

We understand that the members of these 2 structures will have to be renewed once the Validation process is completed, as per article 19 of decree No. 1074/PR/PM/MP/2007.

2. Active participation in the awareness-raising, training, communication and reconciliation actions

Extractive companies actively participated in several EITI awareness-raising actions, especially on the following occasions:

- The EITI-Chad launch workshop, organised at N'Djamena on 24 and 25 August 2007, when the operation of the EITI, the tax system of Chad and the oil sector were presented⁸⁰;
- The workshop for civil society capacity building in terms of dialogue and interaction with the National Assembly, organised at N'Djamena on 23 and 24 November 2011⁸¹;
- The oil taxation training seminar, addressed to the stakeholders of the EITI-Chad and organised on 27 and 28 April 2012⁸².

We also find that representatives of extractive companies participated in the following demonstrations⁸³:

- The EITI International Conference organised in Paris, between 2 and 5 March 2011;
- The conference on oil, mines and energy in Chad, organised at N'Djamena between 11 and 13 October 2011;
- The conference of African Ministers in charge of mining, organised at Addis-Ababa, between 12 and 16 December 2011.

As presented in Requirement No. 5, new capacity-building, awareness-raising and communication actions organised for and in partnership with extractive companies – whether or not members of the multi-stakeholder group – are stipulated in the 2013 EITI work plan, as they could not be implemented in the period 2010-2012. We encourage the EITI HNC members to make sure that these actions will actually be implemented in 2013 and to increase these types of actions in 2014.

In addition:

- All the companies included in the scope of the 2009 EITI report and all the companies included in the scope of the 2010 and 2011 EITI reports submitted reporting templates to the reconciler;
- 12 out of 13 companies included in the scope of the 2010 and 2011 EITI report sent us their self-assessment forms.

3. Independence of action and freedom of speech

Extractive companies' representatives consider that their representativeness within the EITI HNC and the EITI PC is sufficient and that they can work peacefully within it. Based on the minutes of meetings of these 2 structures, we can conclude that civil society representatives have freedom of speech and that their points of view are actually taken into account in the deliberations.

■ References

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- 1-110 Rapport de synthèse des travaux de l'atelier de lancement de l'ITIE au Tchad à N'Djamena (24 et 25 août 2007)
- 3-270 Bilan des actions réalisées par le Secrétariat Technique Permanent (janvier 2012)
- 3-240 Plan d'actions 2010-2012 (mars 2012)
- 5-110 Rapport de participation à l'atelier de renforcement de capacités de la société civile en matière de dialogue et d'interaction avec l'Assemblée Nationale (23-24 novembre 2011)

⁸⁰ Rapport de synthèse des travaux de l'atelier de lancement de l'ITIE au Tchad à N'Djamena (24 et 25 août 2007)

⁸¹ Rapport de participation à l'atelier de renforcement de capacités de la société civile en matière de dialogue et d'interaction avec l'Assemblée Nationale (23-24 novembre 2011)

⁸² Rapport de séminaire de formation sur la fiscalité pétrolière à N'Djamena (27 au 28 avril 2012)

⁸³ Bilan des actions réalisées par le Secrétariat Technique Permanent (janvier 2012)

■ Opinion of the stakeholders

The stakeholders we consulted confirm that the government implemented the institutional structures necessary for extractive companies to fully, effectively, actively and independently participate in the EITI process.

The companies we met confirm their involvement in the process, but underline the necessity of increasing the capacity-building, awareness-raising and communication actions. In this respect, SHT points out that: *“the dialogue is constructive and can be improved by organising public information campaigns in towns and villages, by doing radio shows at the national and community radio stations for a wider acknowledgement of the EITI”*⁸⁴. Esso also recommends strengthening the collaboration with the State agencies⁸⁵.

■ Conclusion

We find that the institutional architecture enables companies' organisations to freely and independently participate in the various structures of the EITI. The presence of the main oil companies in production in the multi-stakeholder group, their regular speech, participation in awareness-raising actions, as well as involvement in the drafting of the EITI reports lead us to conclude that the EITI-Chad is compliant with this Requirement.

Requirement No.7 is met



⁸⁴ See Formulaire d'Auto-évaluation SHT

⁸⁵ See Formulaire d'Auto-évaluation Esso Exploration and Production: « *collaboration with government entities is recommended* »

Requirement No.8

The government is required to remove obstacles to the implementation of the EITI

Evidence

Evidence stated in the EITI Rules, 2011 edition	Finding	Paragraph
Legal and regulatory obstacles to EITI implementation have been removed through:		
<i>I</i> A review of the legal framework	Yes	1
<i>II</i> A review of the regulatory framework	Yes	1
<i>III</i> An assessment of obstacles in the legal and regulatory framework	Yes	1
<i>IV</i> Proposing or enacting legal or regulatory changes designed to enable transparency	Yes	2
<i>V</i> Waivers of confidentiality clauses in contracts between the government and companies	NA	
<i>VI</i> A direct communication with companies and relevant agencies to strengthen transparency	Yes	
<i>VII</i> An agreement on Memoranda of Understanding setting out agreed transparency standards between government and companies	NA	

See EITI Rules, 2011 edition, p. 20

1. A study that concludes the absence of any major legal obstacles and makes important recommendations that have not been implemented

As per objective No. 3 in the 2010-2012 EITI work plan⁸⁶, the EITI HNC ordered the conducting of a study to identify the potential obstacles to the implementation of the EITI in Chad. While the study, presented to the EITI HNC in June 2011, concludes that: “*the conducted study did not reveal any major legal obstacles to the implementation of the EITI in Chad*”⁸⁷, it indicates that: “*the involvement of the stakeholders, both companies and the State, would benefit from the adoption of a certain number of principles that would clearly establish the obligations pertaining to such involvement*”⁸⁸. Thus, the study proposes⁸⁹:

- To “*require the companies to participate in the EITI process, clarifying in a joint-ministerial order or circular letter the provisions of article 3 of decree No. 1074*”;
- In new contracts, to “*eliminate the confidentiality restrictions regarding the agreements and contracts themselves, and to add provisions that require the consortiums/contractors to participate in the EITI mechanisms*”;
- “*If needed, to require the participation of the State administrations and bodies concerned by the EITI process, by ordering them to draft and diligently submit to the accounting firm [...] the related reporting templates*”;
- “*To review the members and the responsibilities of the governing bodies and to consider the creation of a high joint-ministerial committee, whose mission would be to consolidate the involvement of the State*”.

We understand that these recommendations were not a priority for the EITI HNC since according to this study, they do not represent “*major juridical obstacles to the EITI implementation in Chad*”.

⁸⁶ For the record: to remove the obstacles to the EITI implementation

⁸⁷ Etude sur le cadre légal de la mise en œuvre de l’ITIE au Tchad (juillet 2011), p. 23

⁸⁸ Id.

⁸⁹ Id.

2. A regulation that requires companies' participation in the EITI

In Chad, the oil sector is regulated by order No. 07/PC-TP-MH of 3 February 1962 regarding the Oil and Gas Code, by law No. 006/PR/2007 of 2 May 2007 on oil and gas, and by order No. 10-001/PR of 30 September 2010 on the approval of the production sharing agreements. The mining sector is governed by law No. 11/PR/95 of 20 June 1995 on the Mining Code⁹⁰. Thus, the legal and institutional framework of Chad is favourable to the participation of civil society and extractive companies.

Nevertheless, this framework was consolidated by will of the multi-stakeholder group, which adopted decree No. 1074/PR/PM/MP/2007 of 14 December 2007, whereby the EITI implementation and follow-up mechanism was established. Article 3 of this decree requires “*all the oil, gas and mining companies*” to join the EITI.

We find that all the companies selected in the scope of the EITI reports for the years 2007 to 2011 transmitted their reporting statements. To support this mobilisation, the State could consider inserting an EITI clause in all the (oil and mining) contracts to be signed in the future.

The potential confidentiality clauses between the State and some extractive companies did not prevent the reconciliation processes. While the 2007, 2008 and 2009 EITI reports presented data aggregated by benefit stream, the 2010 and 2011 EITI should present data aggregated both by benefit stream and by company. To our knowledge, no company opposed this approach.

3. Significant funding thanks to the strong contribution of the State, but reduced by the project of building the EITI PTS offices

As presented in Requirement No. 5, the funding of the EITI is marked by financial resources of more than 2,000,000 €, obtained in the past 3 years, 95% of which come from the State budget.

Although the resources are sufficient to fund all the actions contemplated in the EITI work plan, we find that 37%⁹¹ of the received funds are allocated to the building of the EITI PTS offices. In other words, the available resources are, in fact, 23%⁹² lower than the budget contemplated in the 2010-2012 EITI work plan, and do not permit the full implementation of the activities.

It would certainly be appropriate for the EITI HNC to contemplate the distribution of the funds and to make sure it diversifies its sources of funding.

4. State reporting which shows important deficiencies in the follow-up of the State revenues

The reconciler of the 2009 EITI report shows that “*based on the first reporting templates received [from the State], the initial reconciliation of the data [...] revealed highly significant discrepancies, some of which went up to 100% of the reported amounts*”⁹³. The report reads on: “*the works we conducted to solve these discrepancies revealed that the Chad administration did not perform any computerised follow-up of the funds paid by the consortium, by TOTCO and COTCO in the escrow account opened with Citibank*”⁹⁴.

The reconciler also states that “*the reporting by the State was clearly incomplete*”⁹⁵ regarding the taxes paid in the Public Treasury account opened with BEAC. This double finding – the State agencies' incapacity to identify the payments made in the escrow account held with Citibank and to keep count of the payments received from oil companies in the BEAC account – highlights important deficiencies in the system of follow-up of tax revenues received from the

⁹⁰ Rapport ITIE 2009, Fair Links (octobre 2012)

⁹¹ 760,000 € / 2,037,000 € = 37%

⁹² (1,678,300 € - 1,277,000 €) / 1,678,300 € = 23%

⁹³ Rapport ITIE 2009, Fair Links (octobre 2012), p. 17

⁹⁴ Id.

⁹⁵ Id.

extractive sector in Chad. The lack of human and technical capacities in State agencies (especially DGTCP) and the State agencies operating in silos, which leaves little room for change and the flow of information, seem to be the reasons for these findings.

These difficulties caused significant delays in the 2009 EITI data collection process, which spread over 10 months because of the impossibility of accessing the final State reporting. Moreover, it is our understanding that the role of the EITI PTS in the data recovery process was important. In order to prevent similar difficulties from occurring again in the future, the reconciler recommended “to the High National Committee, to organise an EITI process awareness-raising workshop for the administrations reporting on behalf of the State, on the occasion of the next EITI report publication exercise”⁹⁶. We understand that such an exercise was conducted before the launch of the 2010 and 2011 EITI reports, but this was not sufficient.

Given this situation, the 2009 EITI report indicates that “the real-time follow-up and the documentation of the information contained in the bank statements sent by Citibank see as necessary that Chad authorities conduct an exhaustive follow-up of the payments made by the consortium, by TOTCO and by COTCO [...]. Such an approach [...] is necessary for the follow-up and control of the public resources: it would contribute to considerably consolidating the governance of the extractive sector in Chad”⁹⁷.

The State agencies⁹⁸ have not yet implemented this system, which would, nevertheless, facilitate the follow-up of the State’s main revenues⁹⁹. In our opinion, the creation of a structure dedicated to the follow-up of the oil revenues, equipped with high-performance applications and real-time access to information is necessary, to eliminate one of the major obstacles to the proper implementation of the EITI in Chad.

We understand that the government is currently adopting the measures necessary to correct this shortcoming.

■ References

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|-------|--|
| 3-130 | Rapport ITIE 2009, Fair Links (octobre 2012) |
| 5-235 | Etude sur le cadre légal de la mise en œuvre de l’ITIE au Tchad (juillet 2011) |

■ Opinion of the stakeholders

All the stakeholders we met stressed the need for capacity-building, as well as for awareness-raising and communication actions.

Similarly, numerous members of civil society pleaded for the introduction of EITI clauses in all the (oil and mining) contracts to be signed and, if possible, for the adoption of an EITI law.

All stakeholders confirmed the deficiencies in the follow-up by the State agencies of the extractive sector revenues and wish for a rational, comprehensive and real-time follow-up of these data. They confirm the obvious will of the government to remove the obstacles of the EITI implementation in Chad.

⁹⁶ Rapport ITIE 2009, Fair Links (octobre 2012), p. 18

⁹⁷ Id.

⁹⁸ The Cellule de Contrôle et de Suivi des Recettes Pétrolières (CCSRP) being indeed an ad-hoc structure, in charge of the follow-up of the royalties on production only

⁹⁹ The incomes from the extractive sector reported in the 2009 EITI report accounted for more than 50% of the fiscal incomes reported in the TOFE

■ Recommendations of the validator

R11 – Insert an EITI clause in all the new contracts

R12 – Ensure a day-to-day, reliable and computerised follow-up of the oil revenues by the Chad State agencies

■ Conclusion

The study conducted in 2011 found no major legal obstacles and made recommendations for the consolidation of the system. One of these recommendations was to verify the administrations' and State bodies' capacity for preparation of the data used for the EITI process.

Regarding the 2007 to 2009 EITI reports and the first works of 2010 and 2011, we understand that there are significant deficiencies in the State agencies' follow-up of the tax revenues from the extractive sector, because of the insufficient human and technical capacities and the State agencies operating in silos, which leaves little room for dialogue and the flow of information.

Although the will of the government to remove the obstacles seems obvious, the difficulties faced by the administration are a major obstacle to the EITI implementation in Chad. This leads us to conclude that the EITI-Chad is not compliant with this Requirement.

Requirement No.8 is unmet



Requirement No.9

The multi-stakeholder group is required to agree on a definition of materiality and the reporting templates

■ Evidence

	Evidence stated in the EITI Rules, 2011 edition	Finding	Paragraph
a)	The reporting templates define which benefit streams are included in company and government disclosures	Yes	3
b)	The reporting templates define a pre-defined and reasonable materiality threshold	Yes	6
c) i	The multi-stakeholder group has agreed the scope of benefit streams that companies and the government must disclose	Yes	3
ii	The multi-stakeholder group has agreed the scope of companies that will report	Yes	4
iii	The multi-stakeholder group has agreed the scope of government entities that will report	Yes	5
iv	The multi-stakeholder group has agreed the time period covered by the EITI report	Yes	2
v	The multi-stakeholder group has agreed the degree of aggregation or disaggregation of data in the EITI report	Yes	2
d)	The scope of benefit streams contains all benefit streams that are commonly recognised in the EITI report	Yes	3
e)	The multi-stakeholder group has clearly established whether payments to regional and local government entities are material	NA	
f)	The scope of benefit streams include in-kind payments, infrastructure provision and other barter-type arrangements if they play a significant role in the extractive sector	NA	
g)	The multi-stakeholder group has adapted the reporting templates to include social payments and transfers, if they are material	NA	
h)	The multi-stakeholder group has explored opportunities to include additional information in the EITI report	NA	

See EITI Rules, 2011 edition, pp. 21-22

1. A preliminary survey to define the scope of the 2007 to 2009 EITI reports

The EITI HNC ordered the conduct of a study to define the scope of the 2007 to 2009 EITI reports. This study was entrusted to the consultant Mr. Ghislain Pastré, who delivered his conclusions in July 2011. The final version was presented and adopted at the EITI HNC meeting of 13 July 2011.

2. Approval by the multi-stakeholder group

The scope of streams and companies for the 2007 to 2009 EITI reports and the format of the reporting templates were adopted at the EITI HNC meeting of 11 November 2011¹⁰⁰.

For the 2010 and 2011 EITI reports, we obtained the reconciler's memorandum of preliminary analyses, which described the scope of streams and companies. We understand that this scope was approved by the EITI HNC, although we do not hold any report formalising this decision.

¹⁰⁰ Compte rendu de la réunion du Haut Comité National avec le cabinet Fair Links (11 novembre 2011)

3. A comprehensive scope of benefit streams for the 2009 to 2011 EITI reports

A comprehensive scope of benefit streams for the 2007 to 2009 EITI reports

The scope of benefit streams for the 2007 to 2009 EITI reports was adopted by the EITI HNC upon its meeting of 11 November 2011¹⁰¹. It relies on the scoping study, which, based on the legal framework governing the extractive sector, proposes a set of benefit streams to include in the scope of the 2007 to 2009 EITI reports.

- Oil sector

The scoping study proposes the inclusion of the following benefit streams:

Benefit streams included in the scope of the 2007 and 2009 EITI reports

- 1 Signature bonuses
- 2 Surface fees
- 3 Corporate profit tax
- 4 Statistic export royalties
- 5 Production royalties
- 6 Individual income tax
- 7 Employers' flat rate contribution
- 8 Apprenticeship and professional training tax
- 9 Contribution to the personnel training and to the operation of the Oil Ministry
- 10 Tax penalties
- 11 Penalties for the non-execution of exploration and development programmes
- 12 Dividends paid to the State
- 13 Issue premiums
- 14 Significant revenues received from the State or companies
- 15 Other significant payments to the State

Scope of benefit streams in the oil sector – 2007 to 2009 EITI reports

Except for the customs duties and the statistic import royalties, all the benefit streams selected by the scoping study were included in the scope of the 2007 to 2009 EITI reports.

We understand that the exclusion of the 2 benefit streams mentioned above does not affect the exhaustiveness of the scope of the 2007 to 2009 EITI reports, as extractive companies and State agencies could report them under “*other significant payments/revenues*”.

Indeed, in order to guarantee exhaustive reporting, extractive companies and State agencies were invited to report all “*significant payments / revenues higher than 100 KUSD*”.

¹⁰¹ Compte rendu de la réunion du Haut Comité National avec le cabinet Fair Links (11 novembre 2011)

- Mining sector

The scoping study of the 2007 to 2009 EITI reports proposed to include “*the corporate income tax, the surface fees, the ad valorem royalties and the extraction charges*”¹⁰². According to the scoping study, the streams selected by the EITI HNC on 11 November 2011 for the 2007 to 2009 EITI reports are as follows:

Benefit streams included in the scope of the 2007 to 2009 EITI reports

- 1 Surface fees
- 2 Corporate profit tax
- 3 Severance tax
- 4 Individual income tax
- 5 Employers' flat rate contribution
- 6 Apprenticeship and professional training tax
- 7 Tax penalties
- 8 Other significant revenues received

Scope of mining sector streams – 2007 to 2009 EITI reports

Based on the regulatory framework governing the mining sector of Chad and the discussions we had with the stakeholders, this scope seems to include all the potentially significant revenues that could have been received by the State between 2007 and 2009. Besides, the scope includes a category “*other significant revenues received*”, which ensures that the scope of selected benefit streams is comprehensive.

For these reasons, it is our opinion that the scope of benefit streams of the 2007 to 2009 EITI reports is comprehensive.

A comprehensive scope of streams for the 2010 and 2011 EITI reports

- Oil sector

The scope proposed for this sector includes “*all the streams included in the oil code, as well as the main common law taxes paid by companies [in the system]*”¹⁰³. We find that the scope of benefit streams defined for the 2010 and 2011 EITI reports is identical to that of the preceding EITI reports.

Given the increasing role of SHT, especially through the PSAs signed in 2011, under which the company holds 25% of the shares¹⁰⁴, it would have undoubtedly been wise to include the taxes related to the assignment of assets (especially the registration rights) in case sales occurred during the period covered by the EITI report. We understand however that no assignment of assets took place during the concerned period; moreover, we find that SHT did not report in the category “*other significant revenues received from the State or companies*” any revenues which could have arisen from an assignment of assets.

In order to guarantee exhaustive reporting, extractive companies and State agencies were invited to report all “*significant payments / revenues higher than 100 KUSD*”.

As such, we find that the scope of benefit streams defined for the 2010 and 2011 EITI reports is exhaustive.

¹⁰² Etude de cadrage du 1^{er} rapport ITIE, Ghislain Pastré (juillet 2011), p. 15

¹⁰³ Mémoire d'analyses préliminaires, Fair Links (mars 2013), p. 7

¹⁰⁴ See § 1.2

- Mining sector

The scope of benefit streams included in the 2010 and 2011 EITI reports for the mining sector is identical to the scope of the 2007 to 2009 EITI reports. Based on the regulatory framework, the study on the juridical context, the Memorandum of preliminary analyses of Fair Links and the discussions we could have with the stakeholders, the scope of the benefit streams in the mining sector of the 2010 and 2011 EITI reports also seems comprehensive to us.

4. A comprehensive scope of extractive companies for the 2007 to 2011 EITI reports

A comprehensive scope of extractive companies for the 2007 to 2009 EITI reports

According to the scoping study, the Initiative is “*meant to apply both to the oil and to the mining sector*”¹⁰⁵. The study proposes to include the business sectors and extractive companies in the scope of the 2007 to 2009 EITI reports based on the following considerations:

- Oil sector

The scoping study recommends including:

- “*Oil activities [...] based on the production by the consortium Esso and the transport of this production through the pipeline Chad–Cameroon*”¹⁰⁶. The report indicates that “*the process of data collection will have to include the 3 partner companies Esso Exploration & Production, Petronas Caligari and Chevron Oil Company of Chad [...] the Chadian company Tchad Oil Transportation Company (TOTCO) [...] [and] the Cameroonian company Cameroon Oil Transportation Company (COTCO)*”¹⁰⁷;
- “*Exploration activities that are performed by many other companies*”¹⁰⁸ as “*the agreements that govern these activities stipulate certain occasional or recurrent payments to the State*”¹⁰⁹. The report indicates that “*it will not be necessary to integrate the non-operating associates which, in the exploration phase, do not make any material payment to the State*”. It concludes that “*the companies in exploration phase to report will be CNPC International and OPIC Africa*”¹¹⁰.

The scoping study also adds: “*SHT is not currently the beneficiary of any revenue on account of its participation in the agreements and it operates due to State subsidies [...]. If it is truly desirable to include SHT as soon as possible in the reconciliation processes, we recommend that this inclusion should be implemented as of the 2010 data reconciliation process, so as not to uselessly complicate this first EITI exercise*”¹¹¹.

¹⁰⁵ Etude de cadrage du 1^{er} rapport ITIE, Ghislain Pastré (juillet 2011), p. 8

¹⁰⁶ Id., p. 10

¹⁰⁷ Id., p. 11

¹⁰⁸ Id., p. 10

¹⁰⁹ Id., p. 11

¹¹⁰ Id.

¹¹¹ Id., p. 12

Consequently, we find that the 2007 to 2009 EITI reports include the following companies:

Company	Type of contract	Type of business
Esso Exploration & Production Chad, inc.	Concession - consortium partner (40%)	Production
Petronas Carigali (Chad) inc.	Concession - consortium partner (35%)	Production
Chevron Oil Company of Chad	Concession - consortium partner (25%)	Production
CNPCI	Concession - consortium partner ([XX])	Exploration
OPIC	Concession - partner of the OPIC consortium (30%)	Exploration
TOTCO		Transport
COTCO		Transport
SHT	Concession - partner of the OPIC consortium (70%)	Exploration

This list is compliant with the recommendations of the scoping study and with the list of oil companies present in Chad during this period, drawn-up by the Ministère de l’Energie et du Pétrole¹¹². We would like to stress that, to our knowledge, Chad is currently the only member country of the EITI that includes the revenues from oil and gas transport in the EITI reports.

- Mining sector

According to the scoping study, the activity of this sector counts “*several short-term permits [...] granted to the Chinese company CNPCI for retrieving necessary materials [...] as part of the development of the fields Mimosa and Ronier [...]. An extraction permit was also granted to another Chinese company to build the Baore¹¹³ cemetery*”, along with “*3 uranium and gold search permits and about 10 permits of gold mining and exploitation of various materials (alluvial gold, gravel, laterite, soil and sable)*”¹¹⁴.

Regarding this activity level, the scoping study notes that “*the mining revenues generated by [these] activities [...] seem to be of such an insignificant amount (maximum 3 million CFA for the most important exploitations) that it becomes necessary at this stage to exclude them from the EITI process*”¹¹⁵.

Moreover, the scoping study underlines “*the particular situation of [SOTEC]. The taxes and charges paid by the respective company amounted to 1,300,000,000 CFA for 2008 and to 2,500,000,000 CFA for 2009. These amounts are certainly higher than the tax revenues charged from the companies in exploration [...]. Consequently, it is proposed that the first EITI reconciliation process expands to the mining sector, but only for the company SOTEC*”¹¹⁶.

Besides, we understand that no significant barter agreement was in effect during this period.

According to these recommendations, we find that the 2007 to 2009 EITI reports concern only one mining company: SOTEC. Given the realities of this field, we find this choice to be reasonable.

At last, we find that, “*taking into consideration the low level of [SOTEC’s] tax contribution, the High National Committee chose to require only the State agencies to report the revenues charged from this company for 2009*”¹¹⁷. The figures reported by the State regarding this

¹¹² Liste des sociétés pétrolières en exploration et en production en 2010 et 2011, Ministère de l’Energie et du Pétrole (février 2013)

¹¹³ Etude de cadrage du 1^{er} rapport ITIE, Mr. Ghislain Pastré (juillet 2011), p. 9

¹¹⁴ Id.

¹¹⁵ Id.

¹¹⁶ Id., pp. 9-10

¹¹⁷ Id., p. 8

company, such as presented in the 2009 EITI report¹¹⁸, show a contribution slightly higher than 8 MUSD, i.e. 0.7% of the tax contributions presented in TOFE¹¹⁹ and 1.3% of the revenues declared in the 2009 EITI report. The unilateral reporting is in this case legitimate and compliant with the modalities stipulated in Requirement 11-b of the EITI Rules¹²⁰.

Considering these elements, we find that the scope of extractive companies of the 2007 to 2009 EITI reports is comprehensive.

A comprehensive scope of companies for the 2010 and 2011 EITI reports

- Oil sector

The memorandum of preliminary analyses shows that “*given their annual contribution to the State budget, the EITI HNC decided to include all the oil and gas companies in Chad in 2010 and 2011*”¹²¹ and “*all the oil and gas transport companies present in Chad or paying their tax contributions to the State of Chad in 2010 and 2011*”¹²².

This approach led to the selection of the following companies:

Company	Type of contract	Type of business
Esso Exploration & Production Chad, inc.	Concession - consortium partner (40%)	Production
Petronas Carigali (Chad) inc.	Concession - consortium partner (35%)	Production
Chevron Oil Company of Chad	Concession - consortium partner (25%)	Production
ERHC	CPP	Exploration
CNPCI	CPP	Production and Exploration
Global Petroleum	CPP	Exploration
Griffith Energy Chad Ltd	CPP	Exploration
Griffith Energy DOH	CPP	Exploration
Petrochad Mangara Ltd	CPP	Exploration
OPIC	Concession - partner of the OPIC consortium (30%)	Exploration
TOTCO		Transport
COTCO		Transport
SHT	Concession (OPIC) and CPP	Exploration

Scope of oil sector companies – 2010 and 2011 EITI reports

The companies Griffith Energy Chad Ltd, Petrochad Mangara Ltd, Griffith Energy DOH, ERHC and Global Petroleum signed their production sharing contract with the State of Chad between January and November 2011. Therefore, they have begun their first payments in 2011.

The scope retained is compliant with the list of oil companies present in Chad in 2010 and 2011, drawn up by the Ministère de l’Energie et du Pétrole¹²³.

- Mining sector

¹¹⁸ Etude de cadrage du 1^{er} rapport ITIE, Mr. Ghislain Pastré (juillet 2011), p. 15

¹¹⁹ Chad 2011, Article IV Consultation, International Monetary Fund (October 2011), p. 25

¹²⁰ According to these rules, “*an entity should be exempted from reporting only if it can show with a certain confidence that the amounts it reports would be not significant anyway*”

¹²¹ Mémoire d’analyses préliminaires, Fair Links (mars 2013), p. 4

¹²² Id., p. 5

¹²³ Liste des sociétés pétrolières en exploration et en production en 2010 et 2011, Ministère de l’Energie et du Pétrole (février 2013)

The memorandum of preliminary analyses states that, “*given the low tax contribution of the quarry sector to the State budget, the EITI HNC decided to include the main quarry company present in Chad in 2010 and 2011. This choice led to the inclusion of SOTEC*”¹²⁴.

Considering the players of the mining sector in Chad and the conclusions of the 2009 EITI report, we find that this choice is reasonable and requires no particular comment. We understand that no significant barter agreement was in effect during this period.

Given the elements above, we find that the scope of extractive companies of the 2010 and 2011 EITI reports is comprehensive.

5. An exhaustive scope of State agencies

According to the circulation of the financial streams, the scoping study identifies the various structures that will have to report on behalf of the State.

- Public Treasury

As per the law on the management of oil revenues, the production royalties paid by the consortium, as well as the dividends and the issuance premiums owed by TOTCO and COTCO, are paid in the escrow account of the Republic of Chad, held with Citibank. As mentioned in the scoping study, “*the Public Treasury which receives from BEAC all the notices of credit of the Citibank account will be responsible for reporting under the EITI process the funds transferred by the members of the Esso consortium, as well as by TOTCO and COTCO*”¹²⁵.

- Direction Générale des Impôts (DGI)

As per the law on the management of oil revenues, “*the statistical royalty, the corporate income tax are part of “indirect resources” [...]. They are recognised by the Direction Générale des Impôts*”¹²⁶.

- Le Ministère de l’Energie et du Pétrole

The scoping study indicates that “*the various contributions paid to the Ministère de l’Energie et du Pétrole do not transit the Public Treasury and the EITI reporting will have to be undertaken by the ministry itself*”¹²⁷.

According to our research, the main taxes pertaining to common law, oil and mining taxation are actually collected by these 3 entities.

6. Materiality threshold

We understand that no materiality threshold was defined for the reporting of payments and revenues from 2007 to 2011. Thus, extractive companies were invited to report all the payments made, whatever their amount. The State agencies were also invited to report all the revenues received, whatever their amount.

Out of concerns for exhaustiveness, extractive companies and State agencies were also invited to voluntarily report the other payments or revenues higher than 100 KUSD. The 2009 EITI report states that this threshold “*is less than 0.01% of the oil revenues as recorded in 2009 TOFE*”¹²⁸.

¹²⁴ Mémoire d’analyses préliminaires, Fair Links (mars 2013), p. 5

¹²⁵ Etude de cadrage du 1^{er} rapport ITIE, Mr. Ghislain Pastré (juillet 2011), p. 17

¹²⁶ Id.

¹²⁷ Id.

¹²⁸ Rapport ITIE 2009, Fair Links (octobre 2012), pp. 9-11

7. Threshold of cumulated omissions

It would have clearly been useful to define a threshold of cumulated omissions above which all the unreported payments and revenues would affect the quality of the reconciliation process. This threshold is usually calculated based on the total tax revenues, as declared by the authorities in TOFE. A threshold of cumulated omissions between 0.5% and 1% of this total seems reasonable, in the context of Chad. Thus, for 2009, this threshold could range between 3 and 5 Billion FCFA¹²⁹ (between 5 and 10 MUSD).

■ References

N°

- 7-40 Mémoire d'analyses préliminaires, Fair Links (mars 2013)
- 5-130 Compte rendu de la réunion du Haut Comité National avec le cabinet Fair Links (11 novembre 2011)
- 5-240 Etude de cadrage du 1er rapport ITIE, Ghislain Pastré (juillet 2011)
- 6-180 Rapport ITIE 2009, Fair Links (octobre 2012)
- 7-125 Liste des sociétés pétrolières en exploration et en production en 2010 et 2011, Ministère de l'Energie et du Pétrole (28 février 2013)

■ Opinion of the stakeholders

The stakeholders appreciated the definition of a comprehensive scope, which includes all the companies operating in Chad and all the significant benefit streams potentially paid by such companies to the State between 2007 and 2011. They also confirm the absence of barter agreements in the mining sector during this period as well as the absence of significant payments made to the regional communities and administrations.

■ Conclusion

For the drafting of the 2007 to 2011 EITI reports, the EITI HNC adopted the reporting template formats and a comprehensive scope of benefit streams and extractive companies.

All of these factors lead us to conclude that the EITI-Chad is compliant with this Requirement.

Requirement No.9 is met



¹²⁹ TOFE data reveal an income level of about 540 BFCFA. On these bases: $540 \text{ BFCFA} \times 0.5\% = 2.7 \text{ BFCFA}$ and $540 \text{ BFCFA} \times 1\% = 5.4 \text{ BFCFA}$

Requirement No.10

The organisation appointed to produce the EITI reconciliation report must be perceived by the multi-stakeholder group as credible, trustworthy and technically competent

■ Evidence

Evidence stated in the EITI Rules, 2011 edition	Finding	Paragraph
<i>i</i> A reconciler has been appointed to reconcile the disclosed company and government figures, and to produce the final EITI report	Yes	2-3
<i>ii</i> The reconciler is perceived by stakeholders to be credible, impartial, trustworthy and technically capable	Yes	4
<i>iii</i> The multi-stakeholder group has agreed the ToRs for the reconciler and has overseen the selection process for the reconciler	Yes	1-3

See EITI Rules, 2011 edition, p. 23

1. Adopted ToRs

The ToRs regarding the recruitment of the reconciler in charge of the 2007, 2008 and 2009 EITI reports were drafted by the EITI HNC, in collaboration with the person in charge of the scoping study, Mr. Ghislain Pastré. The final version of these ToRs was approved by the EITI HNC on 13 July 2011¹³⁰.

According to these ToRs, the reconciler is predominantly in charge of “collecting, analysing and reconciling the data according to a defined referential [...] and of presenting the result of this exercise in a comprehensive and comprehensible report, according to the Requirements stipulated in the EITI Rules, edition 2011”¹³¹.

2. A recruitment process supervised by the multi-stakeholder group

The process to select the 2007, 2008 and 2009 EITI reports’ reconciler was supervised by SWISSAID, with funding from the World Bank, as agreed by the EITI HNC and according to the World Bank memo of 24 May 2011¹³².

A public Request For Proposal to hire this reconciler was released from 1st August 2011 to 15 August 2011, in national and international¹³³ newspapers, as well as on the websites of the EITI International Secretariat¹³⁴ and of GOXI¹³⁵, specialised in the governance of extractive industries.

On 15 August 2011, Swissaid preselected 6 audit firms¹³⁶ amongst the ones that had answered to the Request For Proposal. The choice of these 6 firms was driven by its international reputation as well as its experience in French-speaking Africa.

Based on the technical and financial offers of these 6 candidates, Swissaid assessed the assets and weaknesses of each of these firms. The results of this study were presented to the

¹³⁰ Compte rendu de la session ordinaire du Haut Comité National (13 juillet 2011)

¹³¹ Etude de cadrage du 1^{er} rapport ITIE, Ghislain Pastré (juillet 2011)

¹³² Procédure pour l’appel d’offres et la sélection du conciliateur pour le 1^{er} rapport ITIE (13 juillet 2011)

¹³³ Exemple : Appel à manifestation d’intérêt – conciliateur pour le 1^{er} rapport ITIE-Tchad in Le Monde (2 août 2011)

¹³⁴ <http://eiti.org/fr>

¹³⁵ <http://goxi.org>

¹³⁶ The preselected firms were: Deloitte Touche Tohmatsu, Fair Links, Ghelber & Gourdon, KPMG, Mazars et Moore Stephens. The firms that were not preselected were: Diarra (Bamako), GKM (Pointe Noire), Face SARL (Douala), Fiduciaire Ndjamenoise (N’Djamena), N Consulting (N’Djamena)

EITI HNC on 22 September 2011¹³⁷. This preselection report was discussed and approved by the EITI HNC on 5 October 2011¹³⁸. The firm Fair Links, which had obtained the highest grade in the preselection report, was eventually selected on the same day.

We understand that this same firm was hired again in early 2013 to draft the 2010 and 2011 EITI reports, by mutual agreement.

3. 2010 and 2011 EITI reports

The Fair Links firm has been selected again in early 2013 to draft the 2010 and 2011 EITI reports, by mutual agreements. We understand that the multi-stakeholder group has been involved in the ToRs' definition as well as in the decision to hire the same firm to proceed to the reconciliation of the 2010 and 2011 data. However, we understand that these decisions have not been formally transcribed.

4. The selected firm is considered to be credible, impartial, trustworthy and technically competent

The stakeholders we met at N'Djamena confirm that, in their opinion, the firm selected to draft the 2007 to 2011 EITI reports is credible, impartial, trustworthy and technically competent. The self-assessment forms obtained from extractive companies express the same opinion.

■ References

N°

- 5-240 Etude de cadrage du 1er rapport ITIE, Ghislain Pastré (juillet 2011)
- 5-210 Compte rendu de la session ordinaire du Haut Comité National (13 juillet 2011)
- 5-170 Compte rendu de la réunion du Haut Comité National relative à au choix du conciliateur pour l'élaboration du premier rapport ITIE-Tchad (5 octobre 2011)

■ Opinion of the stakeholders

The stakeholders we met confirmed to us the credibility of the firm recruited to draw up the 2007 to 2011 EITI reports. The self-assessment forms sent to us by extractive companies confirm this analysis.

■ Conclusion

The ToRs for the recruitment of the reconciler in charge of drafting the 2007 to 2009 EITI reports were discussed and adopted by the EITI HNC. The various stakeholders we met also confirmed that the firm selected for the 2007 to 2011 data reconciliation is considered to be credible, impartial, trustworthy and technically competent.

All of these factors lead us to conclude that the EITI-Chad is compliant with this Requirement.

Requirement No.10 is met



¹³⁷ Rapport de présélection du conciliateur pour le 1^{er} rapport ITIE Tchad (22 septembre 2011)

¹³⁸ Compte rendu de la réunion du HCN ITIE sur le choix du conciliateur pour l'élaboration du premier rapport ITIE-Tchad (5 octobre 2011)

Requirement No.11

The government is required to ensure that all relevant extractive companies and government entities report

■ Evidence

Evidence stated in the EITI Rules, 2011 edition		Finding	Paragraph
a)	Companies have reported payments to the government, according to agreed reporting templates	Yes	1 and 2
b)	The reporting process applied to all companies, except justified exemptions	Yes	1 and 2
c)	One of the following measures has been implemented:		
i)	A legislation makes it mandatory that companies report	Yes	1
ii)	A relevant regulation makes it mandatory that companies report	Yes	1
iii)	Agreements have been negotiated with all companies to ensure reporting as per the EITI Criteria	NA	
iv)	Recognised steps have been taken to ensure that companies report	Yes	1
d)	The government has ensured that all government entities that receive material payments participate in the reporting process	Yes	Cf. Requirement No.9
e)	The multi-stakeholders group has considered automated on-line disclosure	NA	

See EITI Rules, 2011 edition, p. 23

1. An environment favourable to the implementation of the EITI and the strong participation of extractive companies in reporting the data from 2007 to 2009

As presented in Requirement No. 8, the regulatory framework of the oil and mining sectors in Chad is compatible with the implementation of the EITI. Nevertheless, this framework was consolidated by the will of the government, which adopted decree No. 1074/PR/PM/MP/2007 of 14 December 2007, whereby the EITI implementation and follow-up mechanism was established. Article 3 of this decree requires “*all the oil, gas and mining companies*” to join the EITI.

In September 2011, before the launch of the 2007 to 2009 EITI reports, the Energy and Oil Minister sent a circular letter to the general managers of the oil companies installed in Chad, which read as follows: “*all the oil, gas and mining companies, as well as the oil and gas pipeline transport companies included in the scope decided by the High National Committee for the EITI reports are required to participate in the data collection and reconciliation processes [...]. We insist on the necessity of strictly and punctually complying with the instructions*”¹³⁹.

We find that all the extractive companies included in the scope of the 2007-2009 EITI reports participated in the reporting process; in fact, all of them, except one (the company Global petroleum), sent us a self-assessment form.

The exclusion of the mining companies in exploration phase as well as the unilateral reporting of the incomes received from the SOTEC result from the recommendations of the scoping study¹⁴⁰.

¹³⁹ Note circulaire à l'intention des Directeurs Généraux des sociétés extractives et connexes installées au Tchad (15 septembre 2011)

¹⁴⁰ See Requirement No.9

2. Insufficient awareness-raising actions for the new extractive companies

As we understood, the campaign of raising extractive companies' awareness has not been renewed for the 2010 and 2011 EITI reports, although numerous new oil players arrived in 2011. These new extractive companies do not hold a seat in the multi-stakeholder group, are not necessarily familiarised with the EITI practices, but paid significant signature bonuses in 2011.

As mentioned in Requirement No.9, all these new companies have been included in the scope of the 2011 EITI report.

Moreover, we nevertheless understand that, although all the oil companies actually sent reporting templates, many of them sent these with great delay and some of them were not able to transmit data certified by an independent auditor¹⁴¹.

3. A still very limited involvement of State agencies in the reporting process

Although all the collecting entities in the scope have indeed sent their reporting template, we understand that, as presented in Requirement No. 8, the reporting and reconciliation of State agencies' data was difficult and revealed:

- Their great difficulty in identifying the payments made in the escrow account held with Citibank, which resulted in the identification of "very significant discrepancies, in some cases as high as 100% of the reported amounts"¹⁴² during the 2009 data reconciliation process. To our knowledge, the reconciler's recommendations in order to address this difficulty¹⁴³ were not always put into practice;
- Considerable deficiencies of State agencies in filling in the reporting templates for the other payments received by the Public Treasury, with "clearly incomplete reporting by the State [...]"¹⁴⁴. We understood from the discussions we had in N'Djamena that the reconciler's¹⁴⁵ recommendations had been only partially followed.

The 2009 EITI data collection process has therefore spread over 10 months.

■ References

N°

- 7-40 Mémoire d'analyses préliminaires, Fair Links (mars 2013)
- 7-98 Note circulaire à l'intention des Directeurs Généraux des entreprises du secteur extractif, Ministère du Pétrole et de l'Energie (26 février 2013)
- 5-175 Note circulaire à l'intention des Directeurs Généraux des sociétés extractives et connexes installées au Tchad (15 septembre 2011)

■ Opinion of the stakeholders

The discussions we had in N'Djamena and the self-assessment forms of civil society and extractive companies indicate that the State agencies' representatives did not sufficiently adopt the EITI Rules.

Although the stakeholders met confirm the analysis here above, some representatives of the multi-stakeholder group consider that the progress made is sufficient to declare that the HNC-Chad is compliant with this Requirement.

¹⁴¹ See Requirement No.12

¹⁴² Rapport ITIE 2009, Fair Links (octobre 2012), p. 17

¹⁴³ For the record, "the follow-up, in real time, and the documentation of the information present in the bank statements sent by Citibank seem necessary to enable the Chad's authorities to follow-up exhaustively the payments made by the consortium, by TOTCO and by COTCO"

¹⁴⁴ Rapport ITIE 2009, Fair Links (octobre 2012), p. 17

¹⁴⁵ For the record, "organising for the reporting State agencies a workshop to raise awareness on the EITI process for the next publication process of an EITI report"

■ Recommendations of the validator

R5 – Evaluate capacity constraints

R6 – Multiply capacity-building actions

R11 – Insert an EITI clause in all the new contracts

R12 – Ensure the day-to-day, reliable and computerised follow-up of the oil revenues by the Chad State agencies

■ Conclusion

Despite the sensitive evolution of the extractive context, the new players' awareness was not sufficiently raised with regard to the EITI, although such players are likely to have paid significant signature bonuses in 2011.

Although the 2007-2009 EITI collection and reconciliation process of the data from State agencies was particularly laborious, the authorities were not able to start implementing the recommendations made in these reports. We understand that the State agencies' involvement in the 2010 and 2011 data reporting process remains very difficult.

All of these factors lead us to conclude that the EITI-Chad is not compliant with this Requirement.

Requirement No.11 is unmet



Requirement No.12

The government is required to ensure that extractive companies' reports are based on accounts audited to international standards

■ Evidence

Evidence stated in the EITI Rules, 2011 edition	Finding	Paragraph
a) The government has taken steps to ensure that data submitted by companies has been audited to international standards, such as:		
i Passing legislation requiring figures to be audited to international standards	Yes	2
ii Amending existing audit standards to ensure that they are to international standards, and requiring companies to operate according to these	NA	
iii Agreeing a MoU with all companies whereby companies agree to ensure that submitted figures are audited to international standards	NA	
iv Companies' voluntary commitment to submit figures audited to international standards	Yes	Cf. Requirements No. 8 and 11
v Agreeing a plan with companies which do not submit figures based on accounts audited to international standards	NA	
vi Being content with the agreed way of addressing figures which are not to audited standards	Partial	3 and 4
b) Companies have obtained from their independent auditor an opinion that the information they submit is consistent with their audited financial statements	Partial	3 and 4

See EITI Rules, 2011 edition, p. 24

1. Reminder of methodology

The quality of an EITI report lies directly in the quality of the data input in the reporting templates. Making sure that the companies' reporting templates are based on accounts audited according to international standards does not guarantee however, the maximum reliability of the reported data.

Indeed, even if the financial statements of a company can be reliable, its reporting templates under the EITI can be wrongly filled in. Therefore, in order to maximise the reliability of the reported data, it is necessary that the companies' reporting templates be certified by an independent auditor. This certification guarantees, in fact, that:

- The data input in the reporting templates are actually true to the company's statements (audited to international standards);
- All data that should be entered in the reporting templates are actually there and correct.

2. The will of the EITI HNC to obtain reporting templates certified by independent auditors

For the years 2007 to 2009

Although the 2007 to 2009 EITI reports' scoping study stipulates that "*most companies asked to participate in the EITI reconciliation process [...] [are required] to keep records according to the OHADA standards, to designate an auditor to check the regularity and accuracy of their financial statements*"¹⁴⁶, the study recommends "*requiring the reporting companies to provide as annexes to their reporting templates a copy of their financial statements for the concerned EITI period, the certification of such statements by the auditors and a certification of the same regarding the compliance of the [EITI] reporting templates with the concerned statements*"¹⁴⁷.

¹⁴⁶ Etude de cadrage du 1^{er} rapport ITIE, Mr. Ghislain Pastré (juillet 2011), p. 18

¹⁴⁷ Id.

It is our understanding that the EITI HNC confirmed the recommendations of the scoping study and required that *“the [2009] reporting templates of oil companies, whether in production or in exploration, as well as of transport companies, must be certified by their independent auditor”*¹⁴⁸.

For the years 2010 and 2011

According to the Memorandum of preliminary analysis (page 10) of the Fair Links firm, the EITI HNC decided that, except for SOTEC, *“given its low contribution”*, all the extractive companies in the scope of the 2010 and 2011 EITI reports had to make their reporting templates reliable by sending a certification of these by an independent auditor.

The Energy and Oil Minister also sent a note to the general managers of extractive companies, in February 2013, *“asking the oil companies that have not yet had their data certified, as required by the Energy and Oil Minister under the EITI process, to do so as soon as possible, according to the required standards”*¹⁴⁹.

3. Data of extractive companies not certified for the years 2007 to 2009

Extractive companies *“pointed out that, as their statements had already been audited for the years concerned by the [2009] EITI report, they could not obtain, at reasonable prices, a retroactive certification of their reporting statements from their auditor”*¹⁵⁰. The reconciler concludes: *“in this context, the exhaustiveness of the reported data cannot be ensured in a perfectly reliable manner”*¹⁵¹. A more regular publication of the reports would help avoid this type of setback.

4. Data of extractive companies not all certified for the years 2010 and 2011

At the end of April 2013, it is our understanding that certain oil companies did not answer this request for the years 2010 and 2011.

■ References

N°

- 7-40 Mémoire d'analyses préliminaires, Fair Links (mars 2013)
- 7-98 Note circulaire à l'intention des Directeurs Généraux des entreprises du secteur extractif, Ministère du Pétrole et de l'Energie (26 février 2013)
- 6-180 Rapport ITIE 2009, Fair Links (octobre 2012)
- 5-240 Etude de cadrage du 1er rapport ITIE, Ghislain Pastré (juillet 2011)

■ Opinion of the stakeholders

The stakeholders have confirmed their will to obtain data certified by independent auditors in order to enhance the reliability quality of extractive companies' reporting and regret that the reconciler has had such difficulties in accessing this.

¹⁴⁸ Rapport ITIE 2009, Fair Links (octobre 2012), p. 12

¹⁴⁹ Note circulaire à l'intention des Directeurs Généraux des entreprises du secteur extractif, Ministère de l'Energie et du Pétrole (26 février 2013)

¹⁵⁰ Rapport ITIE 2009, Fair Links (octobre 2012), p. 18

¹⁵¹ Id.

- **Recommendation of the validator**

R13 – Ensure all sign-off letters from independent auditors for the data reported by companies are obtained

- **Conclusion**

Although we note the will of the EITI HNC to obtain reporting templates certified by independent auditors, we understand that the data of extractive companies were not certified for the years 2007 to 2009 and were not all certified for the years 2010 and 2011.

All of these factors lead us to conclude that the EITI-Chad is not compliant with this Requirement.

Requirement No.12 is unmet.



Requirement No.13

The government is required to ensure that government reports are based on accounts audited to international standards

Evidence

	Evidence stated in the EITI Rules, 2011 edition	Finding	Paragraph
a)	The government has taken steps to ensure that data submitted has been audited to international standards, such as:		
i	Passing legislation requiring figures to be audited to international standards	NA	
ii	Amending existing audit standards to ensure that they are to international standards, and requiring companies to operate according to these	NA	
iii	Submitting a letter of confirmation from a senior level of the government ensuring the reliability of the data disclosed	Yes	2
iv	Being content with the agreed way of addressing the situation, when figures submitted are not audited to international standards	No	3
b)	The government auditor has given an opinion on the accuracy of the government's submissions	No	2-3

See EITI Rules, 2011 edition, p. 25

1. Reminder of methodology

As detailed in Requirement No. 12, it is necessary that the EITI reporting templates be audited to international standards. However, the compliance with this indicator is complex because, while there are acknowledged standards for the audit of public accounts¹⁵², the States are not organised for such procedures, the costs of which are particularly high.

2. The processes to confirm the reliability of the State agencies' reporting a priori satisfactory

In order to cope with this difficulty, the EITI HNC required that the State agencies' reporting templates be "accompanied by a commitment letter signed by the highest authorised official, certifying that the reported data are reliable and true to the scope of the 2007 to 2009 EITI reports"¹⁵³.

Although this procedure does not replace the audit¹⁵⁴ by an independent structure, it helps engage the responsibility of the signatory, usually a general manager or even the Minister, and represents a warranty at least of the reported data. It is our understanding that all the reporting State agencies provided a commitment letter for the 2009 EITI report.

As we understood, these processes to confirm the reliability of the State agencies' reporting were consolidated for the 2010 and 2011 EITI reports. Besides the commitment letter, the State agencies will also have to include in each reporting template the mention: "On behalf of [name of the body], I declare that all the data reported herein are accurate and exhaustive and faithfully reflect all the revenues received by the State of Chad between 1 January and 31 December 2010/2011"¹⁵⁵.

3. State agencies' reporting, nevertheless, shows important shortcomings

As presented in Requirement No. 8, the poor quality of the initial EITI reporting templates of the State agencies revealed their great difficulty in identifying and keeping records of the

¹⁵² The International Organisation of Supreme Audit Institution (INTOSAI) promotes the application of the International Standards of Supreme Audit Institutions (ISSAI). These standards are based upon the referential of the International Standards on Accounting (ISA), used by the legal auditor of the companies

¹⁵³ Rapport ITIE 2009, Fair Links (octobre 2012), p. 12

¹⁵⁴ Or at least a control on the coherence between the EITI reporting and the public accounts

¹⁵⁵ Mémorandum d'analyses préliminaires, Fair Links (mars 2013), p. 10

payments made in the escrow account held with Citibank and in the Public Treasury account held with BEAC. This finding is indicative of serious shortcomings in the follow-up of the tax revenue in Chad and sensibly narrows the impact of the commitment letters sent by the various reporting State agencies.

The initiation of "*important measures has been initiated...in the Ministère des Finances et du Budget as well as in the Ministère du Pétrole et de l'Énergie*"¹⁵⁶ to make up for the missing reporting by the State agencies and to recover the corrective reporting templates that were "*appropriate, relied on cash-based accounting and had a disaggregated format*"¹⁵⁷ was necessary and resulted in the publication of the 2007 to 2009 EITI reports more than 10 months after its start. We understand that such difficulties, although not blocking, slow down the drafting of the 2010 and 2011 EITI reports.

■ References

N°

- 7-40 Mémoire d'analyses préliminaires, Fair Links (mars 2013)
- 6-180 Rapport ITIE 2009, Fair Links (octobre 2012)
Voir autres références en Annexe I

■ Opinion of the stakeholders

The stakeholders declared they were satisfied with the certification process adopted. All the stakeholders however confirmed the shortcomings of the follow-up by the State agencies of the extractive sector revenues and wish for a rational, comprehensive and real-time follow-up of these data.

Some representatives of the multi-stakeholder group, however, consider the work to enhance the reliability of the State agencies' reporting is sufficient to declare that the EITI-Chad is compliant with this Requirement.

■ Recommendations of the validator

R5 – Evaluate capacity constraints

R6 – Multiply capacity-building actions

R7 – Multiply awareness-raising, communication and dissemination actions

R12 – Ensure the day-to-day, reliable and computerised follow-up of the oil revenues by the Chad State agencies

R14 – Strengthen the controls of the quality of the data reported by the State agencies

¹⁵⁶ Rapport ITIE 2009, Fair Links (octobre 2012), p. 17

¹⁵⁷ Id.

■ Conclusion

Under a Requirement that is particularly complex to meet, the stakeholders of the Initiative are satisfied by the processes implemented to confirm the reliability of the State agencies' reporting.

However, the poor quality of the initial EITI reporting templates of the State agencies is indicative of serious shortcomings in the follow-up of the tax revenues in Chad and sensibly narrows the impact of the commitment letters sent by the various reporting State agencies.

All of these factors lead us to conclude that the EITI-Chad is not compliant with this Requirement.

Requirement No.13 is unmet



Requirement No.14

Extractive companies exhaustively disclose all material payments in accordance with the agreed reporting templates

■ Evidence

Evidence stated in the EITI Rules, 2011 edition	Finding	Paragraph
a) Companies have made a comprehensive declaration of payments	Partial	1-3

See EITI Rules, 2011 edition, p. 26

1. An exhaustive scope

As presented in Requirement No. 9, we find that the scope of the 2007 to 2011 EITI reports, both for extractive companies and for benefit streams, is comprehensive.

2. Participation by all the extractive companies in the scope

The 2009 EITI report indicates that: *“the rate of participation of the selected extractive companies (100%) and the reporting of all the payments made amounting to more than 100,000 USD enable us to conclude that the 2009 EITI report covers all the significant contributions of the extractive industry to the State budget”¹⁵⁸.*

We understand that, by the date of publication of this report, all extractive companies included in the scope of the 2010 and 2011 EITI reports submitted their reporting templates to the reconciler.

3. Nevertheless, data which have not been certified

For the years 2007 to 2009

As presented in Requirement No. 12, the extractive companies *“pointed out that, as their statements had already been audited for the years concerned by the 2007, 2008 and 2009 reports, they could not obtain, at reasonable prices, a retroactive certification of their reporting statements from their auditor”¹⁵⁹.* Therefore, the reconciler concludes that: *“the reporting templates of the companies that most contributed to the State budget were not certified by an independent auditor, which is why the nature and the exhaustiveness of the reported data cannot be ensured in a perfectly reliable manner”¹⁶⁰.*

For the years 2010 and 2011

It is our understanding that, by the date of publication of this report, all the extractive companies that participated in the drafting of the 2007, 2008 and 2009 EITI reports had their 2010 and 2011 reporting templates certified by an independent auditor.

However, we understand that several companies which arrived in Chad in 2011 failed to meet this Requirement, although they are thought to have paid large sums as signature bonuses (see § 1.2). Consequently, we encourage the EITI HNC to take all the necessary measures to obtain the certifications currently missing and to make sure that all extractive companies send their certified reporting templates starting with the next EITI process.

¹⁵⁸ Rapport ITIE 2009, Fair Links (octobre 2012), p. 16

¹⁵⁹ Id., p. 18

¹⁶⁰ Id., p. 16

■ References

N°

6-180 Rapport ITIE 2009, Fair Links (octobre 2012)
Voir autres références en Annexe I

■ Opinion of the stakeholders

The stakeholders confirm this analysis and regret that various companies that arrived in Chad in 2011 did not send data certified by their independent auditor as required.

However, some representatives of the multi-stakeholder group consider that the progress made is sufficient to declare that the EITI-Chad is compliant with this Requirement.

■ Recommendations of the validator

R11 – Insert an EITI clause in all the new contracts

R12 – Ensure a day-to-day, reliable and computerised follow-up of the oil revenues by the Chad State agencies

R13 – Ensure all sign-off letters from independent auditors for the data reported by companies are obtained

■ Conclusion

For the 2007 to 2011 EITI reports, the scope of benefit streams and extractive companies seems comprehensive and all the extractive companies have sent their reporting templates.

For the years 2007 to 2009, the reporting templates were not, however, certified by the independent auditors of the extractive companies, which prevented the reconciler from expressing its opinion on the reliability and exhaustiveness of the reported data.

For the years 2010 and 2011, the exhaustiveness of the data reported by several extractive companies which arrived in Chad in 2011 is not warranted by the auditors' certifications, although such companies are thought to have paid significant amounts in 2011.

All of these factors lead us to conclude that the EITI-Chad is not compliant with this Requirement.

Requirement No.14 is unmet



Requirement No.15

State agencies exhaustively disclose all material revenues in accordance with the agreed reporting templates

■ Evidence

Evidence stated in the EITI Rules, 2011 edition	Finding	Paragraph
a) State agencies have made a comprehensive declaration of revenues	Partial	2-3

See EITI Rules, 2011 edition, p. 26

1. An exhaustive scope

As presented in Requirement No. 9, we find that the scope of the 2007 to 2011 EITI reports, in terms of extractive companies, selected benefit streams, and State agencies, is comprehensive.

2. Participation of all State agencies in the scope

We understand that all the State agencies in the scope of the 2007 to 2011 EITI reports sent reporting templates.

3. State agencies' reporting, nevertheless, shows important shortcomings

Despite the “*commitment letter signed by the highest authorised official, certifying that the reported data are reliable and true to the scope of the 2009 EITI report*”¹⁶¹, we understand, as presented in Requirements No. 8 and 13, that the EITI reporting templates sent for the drafting of the 2007, 2008 and 2009 EITI reports reveal important shortcomings in the follow-up of the tax revenues in Chad.

The conduct of “*important measures has been initiated...in the Ministère des Finances et du Budget as well as in the Ministère du Pétrole et de l’Energie*”¹⁶² to make up for the missing reporting templates by the State agencies and to recover the corrective reporting templates that were “*appropriate, relied on cash-based accounting and had a disaggregated format*”¹⁶³ was necessary and resulted in the publication of the 2009 EITI reports more than 10 months after its start. We understand that such difficulties, although not significantly extended, slowed down the drafting of the 2010 and 2011 EITI reports.

This finding sensibly narrows the scope of the commitment letters sent by the reporting State agencies and raises questions on the reliability and exhaustiveness of the data reported by the State, on which we are not able to express an opinion.

■ References

N°

6-180 Rapport ITIE 2009, Fair Links (octobre 2012)
Voir autres références en Annexe I

¹⁶¹ Rapport ITIE 2009, Fair Links (octobre 2012), p. 12

¹⁶² Id., p. 17

¹⁶³ Id.

■ Opinion of the stakeholders

The stakeholders confirm this analysis and the shortcomings in the follow-up by the State agencies of the revenues in the extractive sector. They wish that a rational, comprehensive, real-time follow-up of these data was implemented as soon as possible.

■ Recommendations of the validator

R5 – Evaluate capacity constraints

R6 – Multiply capacity-building actions

R7 – Multiply awareness-raising, communication and dissemination actions

R12 – Ensure a day-to-day, reliable and computerised follow-up of the oil revenues by the Chad State agencies

R14 – Strengthen the controls of the quality of the data reported by the State agencies

■ Conclusion

For the 2007 to 2011 EITI reports, the scope of benefit streams, extractive companies and State agencies seems comprehensive and all the State agencies have sent their reporting templates.

The 2007 to 2009 EITI reports show the State agencies' difficulties in filling in the EITI reporting templates and point out major shortcomings in the follow-up of the tax revenues in Chad. We understand that the situation is overall identical for the 2010 and 2011 EITI reports.

Under these circumstances, we cannot express an opinion on the exhaustiveness of the data reported by the State.

All of these factors lead us to conclude that the EITI-Chad is not compliant with this Requirement.

Requirement No.15 is unmet



Requirement No.16

The multi-stakeholder group must be content that the organisation contracted to reconcile the extractive companies and government figures did so satisfactorily

■ Evidence

Evidence stated in the EITI Rules, 2011 edition	Finding	Paragraph
a) The multi-stakeholder group has made a formal approval of the EITI report	Yes	1
b) Other evidence was given (minutes etc.)	Yes	2

See EITI Rules, 2011 edition, p. 48

1. 2007 to 2009 EITI reports formally approved by the stakeholders

The minutes of the EITI HNC meeting of 28 September 2012 states that “*the EITI HNC adopts the provided [2007, 2008, 2009] draft reports, provided the agreements are included*”¹⁶⁴. We understand that these amendments were brought to the documents and that the final versions of the reports were sent at the beginning of October 2012.

The publication of the 2007, 2008 and 2009 EITI reports was celebrated by an official ceremony in N’Djamena, on 11 October 2012.

2. Stakeholders satisfied with the work of the reconciler of the 2007 to 2009 EITI reports

The various stakeholders we met confirmed they were satisfied with the work of the organisation in charge of drafting the 2007 to 2009 EITI reports.

This is confirmed by the self-assessment forms sent by civil society organisations and extractive companies. In addition, the company SHT declares it is “*satisfied with the self-assessment forms. The questions are clear and precise*”¹⁶⁵. It states, however, that “*the process could be improved by granting extractive companies more time to meet the Requirements*”¹⁶⁶.

We also note that the multi-stakeholder group contracted the same reconciler for the drafting of the 2010 and 2011 EITI reports.

■ References

N°

Voir Formulaires d’auto-évaluation

6-210 Compte-rendu de la session extraordinaire du Haut Comité National (28 septembre 2012)

¹⁶⁴ Compte-rendu de la session extraordinaire du Haut Comité National (28 septembre 2012)

¹⁶⁵ Formulaire d’auto-évaluation SHT

¹⁶⁶ Formulaire d’auto-évaluation Chevron

■ Conclusion

With regard to the approval of the 2007 to 2009 EITI reports by the EITI HNC, to the opinions expressed in the self-assessment forms and the discussions that took place in N'Djamena, the stakeholders declared themselves satisfied with the work of the reconciler of the 2007 to 2009 EITI reports.

All of these factors lead us to conclude that the EITI-Chad is compliant with this Requirement.

Requirement No.16 is met



Requirement No.17

The reconciler must ensure that the EITI report is exhaustive, identifies all discrepancies, where possible explains those discrepancies, and where necessary makes recommendations for remedial actions to be taken

■ Evidence

Evidence stated in the EITI Rules, 2011 edition	Finding	Paragraph
a) The validator documents any recommendations for remedial actions made by the reconciler and assesses the government's progress	Yes	1-5

See EITI Rules, 2011 edition, p. 48

1. The 2007 to 2009 EITI reports are exhaustive

The 2007, 2008, and 2009 EITI reports are exhaustive:

- They propose a synthesis of the works (page 4);
- They present a table of all the data reported by the State and by oil companies, whether State-owned or private, in production or exploration, as well as by oil and gas transport companies (pages 4 and 14);
- They present in a table the unilateral reporting templates of the State regarding the revenues received over the period from the quarry sector (page 15);
- They make recommendations.

2. The 2009 EITI report presents discrepancies considered as insignificant

The 2009 EITI report presents an overall discrepancy of 32 MUSD, consisting of 27.3 MUSD¹⁶⁷ for the upstream oil sector and 4.7 MUSD¹⁶⁸ for the transport sector. These discrepancies are detailed by benefit streams and are not deemed “significant”¹⁶⁹ by the reconciler.

According to the ToRs of the reconciler, the latter should “*identify and try to explain the discrepancies*”¹⁷⁰. We understand that no materiality threshold for the discrepancies has been defined by the multi-stakeholder group. It will certainly be useful to ensure the definition of a materiality threshold above which the discrepancies are analysed, for the next reconciliation processes.

We understand that the overall discrepancy represents 5.3%¹⁷¹ of the revenues reported by the State in 2009 and that it corresponds to the 5% threshold above which discrepancies are regularly considered significant.

As we understand, although the EITI HNC approves of this analysis, there are certain representatives of the multi-stakeholder group who would have wished for a more detailed analysis of these discrepancies.

3. The discrepancies in the 2009 EITI reports are, nevertheless, higher than the threshold of cumulated omissions

As specified in Requirement No. 9, we estimated a threshold of cumulated emissions for 2009 ranging between 5 and 10 MUSD, but we find that the overall discrepancy of 32 MUSD

¹⁶⁷ Rapport ITIE 2009, Fair Links (octobre 2012), p. 14

¹⁶⁸ Id.

¹⁶⁹ Rapport ITIE 2009, Fair Links (octobre 2012), p. 16

¹⁷⁰ TDR du conciliateur, Point 7 of Part III

¹⁷¹ $32 \text{ MUSD} / (596.2 \text{ MUSD} + 10.5 \text{ MUSD}) = 5.3 \%$

presented in the 2009 EITI report is clearly higher than the upper limit of this threshold (32 MUSD > 10 MUSD).

Thus, although the global discrepancy represents approximately 5% of the revenues reported by the State in 2009, it is 3 times higher than the upper limit of the estimated threshold of cumulated omissions.

Given the large contribution of the oil resources to the State budget, it would be useful to decide on the significant nature of the residual discrepancies based on this double approach.

4. A coherent and adequate methodology for processing the discrepancies in the 2009 EITI report

In the 2009 EITI report, Fair Links presents a single column of discrepancies, represented by the sum of the positive and negative discrepancies found¹⁷². But positive and negative discrepancies of the same order of magnitude can set-off against each other and dissimilate a less favourable situation.

The reconcilers of the EITI reports are expected, nevertheless, to comply with international audit standards, more precisely ISRS 4410. According to the International Federation of Accountants (IFAC), the auditors that apply this standard must adapt the presentation of their conclusions to the results they found. Thus, a reconciler will choose to present net discrepancies in the EITI report if and only if the negative and positive discrepancies do not set-off one against the other.

Reconcilers are frequently found not to comply with this recommendation, which is why we wished and were able to verify during a meeting¹⁷³ with Fair Links that the positive and negative discrepancies did not set-off against each other and that the data presented in the 2009 EITI report were compliant with the standard ISRS 4410.

5. Recommendations in the 2007 to 2009 EITI reports were not all put into practice

The 2007 to 2009 EITI reports make the following 4 recommendations¹⁷⁴:

- Adopt a mechanism for tracing back the funds paid in the Citibank account;
- Identify and raise the awareness of all the stakeholders beforehand;
- All extractive companies should have their reporting templates certified for the next EITI reports;
- Enlarge the scope of extractive companies.

These recommendations, which were made in October 2012, could not all be put into practice promptly and are exposed below:

- Recommendation No. 1: Adopt a mechanism for tracing back the funds paid in the Citibank account

The 2009 EITI report indicates that *“the real-time follow-up and the documentation of the information contained in the bank statements sent by Citibank seem necessary for the Chad authorities to conduct an exhaustive follow-up of the payments made”*.¹⁷⁵

To our knowledge, no approach of this kind has been adopted to this day. We understand, however, that difficulties similar to those encountered in the drafting of the 2007 to 2009 EITI reports were faced in the drafting of the 2010 and 2011 EITI reports.

¹⁷² Positive discrepancies appear when the amounts reported by the extractive companies are higher than those reported by the State agencies and negative discrepancies appear when the amounts reported by the extractive companies are lower than those reported by the State agencies

¹⁷³ And by analysing their files

¹⁷⁴ Rapport ITIE 2007, Fair Links (octobre 2012), pp. 17-18 ; Rapport ITIE 2008, Fair Links (octobre 2012), pp. 17-18 ; Rapport ITIE 2009, Fair Links (octobre 2012), pp. 17-18

¹⁷⁵ Rapport ITIE 2009, Fair Links (octobre 2012), p. 18

- Recommendation No. 2: Identify and raise the awareness of all the stakeholders beforehand

The 2009 EITI report recommends to the EITI HNC “to organise an awareness-raising workshop on the EITI process for the State agencies reporting on behalf of the State, on the occasion of the next EITI report publication exercise”¹⁷⁶. We understand that this recommendation was only partially put into practice.

The organisation of two distinct workshops, one of which was aimed precisely at raising the awareness of new extractive companies, while the other addressed the EITI focal points within the reporting State agencies, came in answer to a request regularly expressed during our meetings in N’Djamena.

- Recommendation No. 3: All extractive companies should have their reporting templates certified for the next EITI reports

The 2009 EITI report recommends to the EITI HNC “to make sure, before the launch of the 2010 EITI report that all the necessary measures were taken by the concerned companies”¹⁷⁷.

We understand that:

- The EITI HNC decided that, except for SOTEC, “given its low contribution”, all the companies in the scope of the 2010 and 2011 EITI reports had to make their reporting templates reliable by sending a certification of these by an independent auditor¹⁷⁸;
- In February 2013, the Energy and Oil Minister sent a note to the general managers of extractive companies, “asking the oil companies that have not yet had their data certified, as required by the Energy and Oil Minister under the EITI to do so as soon as possible, according to the required standards”¹⁷⁹;
- So far, there are several extractive companies that have not sent letters of certification by their auditor for the 2010 and 2011 EITI reports.

- Recommendation No. 4: Enlarge the scope of extractive companies

The 2009 EITI report suggested that new extractive companies should be included in the definition of the next scopes. We find that this recommendation was adopted by the EITI HNC for the 2010 and 2011 EITI reports.

■ References

N°

- 6-180 Rapport ITIE 2009, Fair Links (octobre 2012)
- 6-190 Rapport ITIE 2008, Fair Links (octobre 2012)
- 6-200 Rapport ITIE 2007, Fair Links (octobre 2012)

■ Opinion of the stakeholders

The stakeholders we spoke with find that the EITI reports are comprehensive. They do not make any specific comments.

¹⁷⁶ Rapport ITIE 2009, Fair Links (octobre 2012), p. 18

¹⁷⁷ Id.

¹⁷⁸ Mémoire d’analyses préliminaires des rapports ITIE 2010 et 2011, Fair Links (p. 10)

¹⁷⁹ Note circulaire à l’intention des Directeurs Généraux des entreprises du secteur extractif, Ministère du Pétrole et de l’Energie (26 février 2013)

■ Recommendations of the validator

R5 – Evaluate capacity constraints

R6 – Multiply capacity-building actions

R12 – Ensure the day-to-day, reliable and computerised follow-up of the oil revenues by the Chad State agencies

R13 – Ensure all sign-off letters from independent auditors for the data reported by companies are obtained

R15 – Ensure the approach for estimating the significant nature of residual discrepancies are increased

■ Conclusion

The 2007 to 2009 EITI reports are exhaustive, identify and analyse all the discrepancies deemed significant, were drafted based on a coherent and adapted methodology, and make recommendations to improve the quality of the future reconciliation processes.

All of these factors lead us to conclude that the EITI-Chad is compliant with this Requirement.

Requirement No.17 is met



Requirement No.18

The government and multi-stakeholder group must ensure that the EITI report is comprehensible and publicly accessible in such a way as to encourage that its findings contribute to public debate

Evidence

Evidence stated in the EITI Rules, 2011 edition	Finding	Paragraph
a) The report is publicly available in a way that is publicly accessible, comprehensive and comprehensible	Yes	3
b) <i>I</i> The EITI report clearly sets out the agreed definition of "material payments and revenues"	Yes	1-2
<i>ii</i> The EITI report lists all registered companies involved in the extractive sector exploration and production, noting which companies participated or not in the EITI reporting process	Yes	1-2
<i>iii</i> The EITI report clearly states if any companies or government entities failed to participate in the reporting process	Yes	1-2
<i>iv</i> The EITI report describes the steps taken by the government to ensure the reliability of the disclosed data	Yes	Cf. Requirement No.12 and 13
<i>V</i> The EITI report describes the methodology adopted by the reconciler to identify discrepancies and to address them	Yes	1-2
c) <i>I</i> The EITI report summarises and compares the share of each benefit stream to total revenue accruing to the respective level of government	Yes	1
<i>ii</i> A list of all companies active in each extractive sector is included as an Appendix in the EITI report	Yes	1
d) The government and the multi-stakeholder group have ensured that the EITI report was made publicly available in ways that are consistent, including by:		
<i>I</i> Producing paper copies of the report, which are distributed to all stakeholders	Yes	3
<i>ii</i> Making the report available online	Yes	3
<i>iii</i> Ensuring that the report is comprehensive and includes recommendations	Yes	Cf. Requirement No.17
<i>iv</i> Ensuring that the report is written in a clear, accessible style and in appropriate languages	No	3
<i>V</i> Ensuring that awareness-raising events are undertaken to spread awareness of the EITI report	Yes	3
e) The government and multi-stakeholders group have ensured that the EITI report and its findings contributes to public debate	Yes	3

See EITI Rules, 2011 edition, p. 27

The 2007, 2008, and 2009 EITI reports have the same structure and present the same type of information. The following findings regarding the 2009 EITI draft report are also applicable to the 2007 and 2008 EITI reports.



2007, 2008 and 2009 EITI reports

1. The 2009 EITI report regarding Note No. 1 of the International Secretariat on the best practices of the EITI "drafting of EITI reports"¹⁸⁰

Except for best practice No. 2, related to the presentation of data disaggregated by company, the 2009 EITI draft report is compliant with the indications of the EITI International Secretariat for the drafting of the EITI reports, more particularly with the following best practices:

- Best practice No.1: "Draw up a synthesis report"

The 2009 EITI report proposes a synthesis of the works undertaken on page 4.

- Best practice No.2: "Present data disaggregated for each company in particular"

We find that the results of the reconciliation of the 2009 EITI report are presented in a disaggregated manner, by benefit stream, but not by company, as instructed by the multi-stakeholder group. We understand that the 2010 and 2011 EITI reports will present data disaggregated by company and benefit stream.

- Best practice No.3: "Present the list of companies in the extractive sector"

The 2009 EITI report proposes a presentation of the "*contours of the extractive sector in Chad*" on page 5. This analysis of the sector presents levels of reserves, production and production forecasts for the oil and mining sectors. It also describes the institutional framework of these two sectors and the list of the various players present in Chad in the year of the report.

Moreover, page 8 of the report and Appendix 1 list the various extractive companies included in the report scope. Lastly, pages 4 and 16 of the report list the extractive companies that sent reporting templates.

- Best practice No.4: "Make comparisons by type of payments"

The 2009 EITI report proposes schemes that compare, one by one:

- The "*share of the various benefit streams in the total tax contribution of private oil companies*", on page 14. This scheme illustrates the reconciliation table for the oil sector; it compares the importance of the various EITI benefit streams reported;
- The "*tax contribution of the upstream oil sector and of the oil transport sector*" on page 15. This scheme compares the tax contribution of the upstream oil sector and the oil transport sector.

- Best practice No.6: "Make comparisons with other data sources"

The 2009 EITI report uses on several occasions (on pages 5, 9, 10, 11, 15 and 17), as a comparison document, the Tableau des Opérations Financières de l'Etat (TOFE), provided by the Ministère des Finances et du Budget.

- Best practice No. 7: "Use existing EITI manuals and guides"

The 2009 EITI report quotes the EITI Rules on pages 12, 13 and 15, and the Source Book of the EITI, on page 12.

2. Comprehensible 2007 to 2009 EITI reports

While Requirement No. 17 enabled us to conclude that the 2007 to 2009 EITI reports were comprehensive, we now find that they are also comprehensible. Indeed, the reports include:

- A presentation of the context and the various players in the oil and mining sector, pages 5-7. The presented information is all based on documentary sources "*considered as reliable*"¹⁸¹;
- A list of the extractive companies included in the 2009 EITI report, page 8;
- A list and scheme of the circulation of the benefit streams included in the 2009 EITI report, pages 9-11. The definition of these benefit streams is presented in Appendix 2, pages 22-25;
- A presentation of the actions taken to make the reported data reliable, page 12;

¹⁸⁰ Note n°1 sur les bonnes pratiques de l'ITIE « *Réaliser un rapport ITIE* » (septembre 2009)

¹⁸¹ Rapport ITIE 2009, Fair Links (octobre 2012), p. 5

- A detailed explanation of the extent of the works conducted for drafting of the 2009 EITI report, page 13;
- A detailed presentation of the reconciliation works, pages 14-15;
- Charts comparing the various benefit streams paid by the extractive companies in the scope, pages 14-15.

3. Formally approved, published and disseminated 2007 to 2009 EITI reports

The 2007 to 2009 EITI reports were formally approved at the EITI HNC meeting of 28 September 2012: *“the HNC adopts the provided [2007, 2008, 2009] draft reports, provided the amendments will be included”*¹⁸². We understand that these amendments were brought to the initial documents and that the final versions of the reports were transmitted at the beginning of October 2012. They were published online on the EITI-Chad website www.itie-tchad.org.

The publication of the 2007 to 2009 EITI reports was celebrated by an official ceremony organised in N’Djamena, on 11 October 2012.

Lastly, the 2007 to 2009 EITI reports were presented during a dissemination campaign, according to the 2010-2012 EITI work plans¹⁸³. This campaign was launched in order to *“favour the dissemination of information on the EITI and the reconciliation report, so that the stakeholders and a large national and local public may take ownership over them”*¹⁸⁴; it addresses *“public institutions, extractive industries, non-governmental organisations [...], specific groups (youth associations, women’s associations, traditional and religious leaders, media), national and local elected officials (municipal counsellors and deputies), political parties”*¹⁸⁵.

We understand that these reports were actually disseminated at the end of November 2012:

- In N’Djamena¹⁸⁶;
- In the regions of Tandjile and Mayo-Kebbi Est et Ouest¹⁸⁷;
- In the regions of Borkou, Ennedi and Wadi Fira¹⁸⁸;
- In the regions of Barh El Gazel and Hadjar Lamis¹⁸⁹.

However, we understand from the various discussions we had in N’Djamena that the reports were not disseminated in Arabic.

4. 2010 and 2011 EITI reports formally approved and published

The reconciliation process for the 2010 to 2011 data, started in January 2013, ended in May 2013 after the release of the draft Validation report. The draft reports were presented on 9 May 2013 and approved on 14 May 2013 by the EITI HNC. They are also available on the website of the National Initiative www.itie-tchad.org.

We understand that these reports will soon be disseminated.

¹⁸² Compte-rendu de la session extraordinaire du Haut Comité National (28 septembre 2012)

¹⁸³ The 2010-2012 EITI work plan is available in Appendix 2. The detailed analysis of the 2010-2012 EITI work plan is presented in Requirement No.5

¹⁸⁴ Termes de référence de la dissémination du rapport ITIE-Tchad 2007, 2008 et 2009 (5 octobre 2012), p. 2

¹⁸⁵ Id., p. 3

¹⁸⁶ Compte rendu de la journée d’information publique au CEFOD (8 novembre 2012) et Compte rendu de la journée d’information et de dissémination du 1^{er} rapport ITIE-Tchad à la Chambre du Commerce (6 décembre 2012)

¹⁸⁷ Rapport de la mission de dissémination des rapports ITIE 2007, 2008 and 2009 dans les régions du Mayo-Kebbi Ouest, de Tandjile et du Mayo-Kebbi Est (11 au 29 novembre 2012)

¹⁸⁸ Rapport de la mission de dissémination des rapports ITIE 2007, 2008 and 2009 dans les régions du Borkou, de l’Ennedi et du Wadi Fira (15 au 24 novembre 2012)

¹⁸⁹ Rapport de la mission de dissémination des rapports ITIE 2007, 2008 et 2009 dans les régions du Barh el Gazel et de Hadjar Lamis (20 au 22 novembre 2012)

5. An irregular publishing of the EITI reports at the beginning of the National Initiative

The first EITI Criterion and best practice No. 8 state that the EITI reports must be “*published and disseminated on a regular basis*”.

Although we have observed the regular publication in reduced delays of 5 EITI reports for 7 months, the 2007, 2008 and 2009 EITI reports have indeed been published in October 2012 and the 2010 and 2011 EITI reports have been published in May 2013, we notice that the first report was not published in the 18 months¹⁹⁰ after Chad was declared a Candidate country.

■ References

N°

- 6-100 Compte rendu de la journée d'information et de dissémination du 1er rapport ITIE-Tchad à la Chambre du Commerce (6 décembre 2012)
- 6-110 Rapport de la mission de dissémination des rapports ITIE 2007,2008 et 2009 dans les régions du Barh el Gazel et de Hadjar Lamis (20 au 22 novembre 2012)
- 6-120 Rapport de la mission de dissémination des rapports ITIE 2007,2008 and 2009 dans les régions du Borkou, de l'Ennedi et du Wadi Fira (15 au 24 novembre 2012)
- 6-130 Rapport de la mission de dissémination des rapports ITIE 2007,2008 and 2009 dans les régions du Mayo-Kebbi Ouest, de Tandjile et du Mayo-Kebbi Est (11 au 29 novembre 2012)
- 6-140 Compte rendu de la journée d'information publique au CEFOD (8 novembre 2012)
Voir Annexes pour autre références

■ Opinion of the stakeholders

The members of the multi-stakeholder group confirm that the 2007 to 2009 reports are comprehensible, were published and disseminated. They are disappointed that the reports were not published sooner and that the 2010 and 2011 EITI reports were published with delay.

The various civil society members we met also insisted on the need to increase awareness-raising and communication actions, through a “*wider dissemination*” of the “*meetings organised for the purpose of dialogue,*” of the “*workshops*” or of the “*meetings with the base*”.

■ Recommendations of the validator

R7 – Multiply awareness-raising, communication and dissemination actions

R16 – Continue to regularly publish the EITI reports

¹⁹⁰ The first EITI report was published in October 2012 and not in October 2011

■ Conclusion

The 2007 to 2009 EITI reports were formally adopted by the EITI HNC members. They are comprehensible and were presented through various dissemination actions throughout the territory of Chad.

The 2010 and 2011 EITI reports have been approved on 14 May 2013 by the EITI HNC, i.e. after the release of the draft Validation report, and are available on the website of the National Initiative www.itie-tchad.org.

Despite the non-publication of the first EITI report within the 18 months¹⁹¹ after the Chad became a Candidate country, the recent publication of 5 EITI reports related to the years 2007 to 2011 leads us to conclude that the EITI-Chad is compliant with this Requirement.

Requirement No.18 is met



¹⁹¹ The first EITI report was published in October 2012 and not in October 2011

Requirement No.19

Oil, gas and mining companies must support EITI implementation

■ Findings

According to the recommendations of the Validation Guide, we have submitted self-assessment forms composed of 15 questions (*in French and English*) to the extractive companies that participate in the EITI process in Chad.

Out of the 13 extractive companies included in the scope of the 2010 and 2011 EITI reports, 12 sent back their completed self-assessment forms (the company Global Petroleum is the only one that did not send the form).

Our analysis of these forms is included below; questions and answers are presented hereafter. All self-assessment forms sent back in the context of this Validation report are available in Appendix III.

Although companies declare they are satisfied overall:

Esso underlines the need to consolidate the organisation, proactivity, distribution of tasks and the meeting of deadlines of the multi-stakeholder group. They further think that the discrepancies of the 2007 to 2009 EITI reports are acceptable for a first reconciliation process, but should be reduced in the future¹⁹², and recommend to consolidate the collaboration with the State agencies¹⁹³.

Chevron and Griffiths consider that there is not enough communication around the EITI work plans¹⁹⁴.

SHT underlines that: *“the dialogue is constructive and can be improved by organising public information campaigns in towns and villages, by broadcasting radio shows at the national and community radio stations for a wider acknowledgement of the EITI”*¹⁹⁵.

In addition, the company SHT declares it is *“satisfied with the reporting templates. The questions are clear and precise”*¹⁹⁶, but also stresses that the *“process could be improved by granting companies more time to meet the Requirements”*¹⁹⁷.

¹⁹² See Formulaire d'auto-évaluation: *“better planning, increased proactivity, clear role and responsibilities definition for participating entities and form adherence to work plan and respect of deadlines will improve Chad EITI organization efficiency”*

¹⁹³ See Formulaire d'Auto-évaluation Esso Exploration and Production: *« collaboration with government entities is recommended »*

¹⁹⁴ See Formulaire d'Auto-évaluation Chevron et Griffiths

¹⁹⁵ See Formulaire d'Auto-évaluation SHT

¹⁹⁶ Id.

¹⁹⁷ Formulaire d'auto-évaluation Chevron

1. Questions asked and answers obtained

The answers given in the self-assessments forms are indicated below:

	Company name	Question number														
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1	Esso Exploration & Production Chad inc.	Yes	Yes	No	Yes	Yes	Yes	Yes	NA	Yes	Yes	Yes	Yes	Yes	NA	NA
2	Petronas Carigali (Chad) inc.	Yes	NA	No	Yes	Yes	Yes	Yes	NA	Yes	Yes	NA	Yes	NA	Yes	NA
3	Chevron Oil Company of Chad	No	Yes	No	Yes	Yes	Yes	Yes	NA	Yes	Yes	Yes	Yes	Yes	Yes	NA
4	CNPCI	Yes	Yes	No	Yes	Yes	NA	NA	NA	Yes	Yes	Yes	Yes	NA	Yes	NA
5	OPIC	NA	Yes	No	Yes	NA	Yes	Yes	NA	Yes	Yes	NA	NA	NA	Yes	NA
6	Griffith Energy Chad Ltd	No	NA	No	NA	No	Yes	No	NA	NA	Yes	NA	Yes	NA	NA	NA
7	Petrochad Mangara Ltd	No	NA	No	NA	No	Yes	No	NA	NA	Yes	NA	Yes	NA	NA	NA
8	ERHC Energy	No	NA	No	NA	Yes	Yes	No	NA	NA	NA	NA	NA	NA	NA	NA
9	Global Petroleum	No answer given														
10	SHT	Yes	Yes	No	Yes	Yes	Yes	Yes	NA	Yes	Yes	NA	Yes	NA	Yes	NA
11	TOTCO	Yes	Yes	No	Yes	Yes	Yes	Yes	NA	Yes	Yes	Yes	Yes	Yes	Yes	NA
12	COTCO	Yes	Yes	No	Yes	Yes	Yes	Yes	NA	Yes	Yes	Yes	Yes	Yes	NA	NA
13	SOTEC	Yes	Yes	No	Yes	Yes	Yes	Yes	NA	Yes	Yes	Yes	Yes	Yes	Yes	NA

NA: Not Applicable

Results of the analysis of the self-assessment forms

Questions in these forms are as follows:

1. Has your company made public statements supporting the EITI process in Chad?
2. Has the dialogue on the initiative been constructive and can it be improved?
3. Has your company faced obstacles in the implementation of the EITI?
If yes, how could these be addressed so as to strengthen the national process?
4. Is your company satisfied with the EITI national work plan (as approved by the multi-stakeholder group)?
5. Has your company committed to support and contribute to the implementation of the EITI national work plan (as approved by the multi-stakeholder group), including abiding by government EITI-related rules (e.g. laws and MoUs) and, where appropriate, meeting with the stakeholders?
6. Has the data your company has submitted to the organisation(s) contracted to reconcile figures and produce the EITI reports been drawn from accounts audited to international standards?
7. Has the EITI data your company has submitted to the organisation(s) contracted to reconcile figures and produce the EITI reports been certified by an independent auditor, according to international standards?
8. What is the name and contact of the independent auditor of your company in Chad? At a headquarters' level?
9. Have all the significant payments your company has made to the State been submitted to the organisation(s) contracted to reconcile figures and produce the EITI reports, according to the agreed-upon EITI reporting templates and schedule?
10. Has your company answered to all the requests of the organisation(s) contracted to reconcile figures and produce the EITI reports, so as to facilitate the reconciliation of declared payments and revenues, according to the EITI reporting templates?
11. In your company's opinion, does the scope of extractive companies and benefit streams, as defined for the EITI reports in Chad, correspond to the goals of the EITI, notably in terms of materiality?
12. Is your company satisfied with the reporting templates submitted by the organisation(s) contracted to reconcile figures and produce the EITI reports?
13. Are the discrepancies identified by the organisation(s) contracted to reconcile figures and produce the EITI reports acceptable?
14. Is your company satisfied with the selection and the work performed by the organisation(s) contracted to reconcile figures and prepare the EITI reports?
15. How has your company supported EITI implementation in Chad?

Requirement No.20

The government and multi-stakeholder group must take steps to act on lessons learnt, address discrepancies and ensure that EITI implementation is sustainable. Implementing countries are required to submit Validation reports in accordance with the deadlines established by the Board

■ Findings

1. A scoping study whose recommendations were not put into practice

As we found in Requirement No. 8, the drafting of the 2007, 2008 and 2009 EITI reports was preceded by the drafting of a scoping study and identification of potential obstacles to the implementation of the EITI in Chad. The said study indicates that: *“the involvement of the stakeholders, both companies and the State, would benefit from the adoption of a certain number of principles that would clearly establish the obligations pertaining to such involvement”*¹⁹⁸. Thus, the study proposes¹⁹⁹:

- To *“require the companies to participate in the EITI process, by clarifying in a joint-ministerial order or circular letter the provisions of article 3 of decree No. 1074”*;
- In the new contracts, to *“eliminate the confidentiality restrictions regarding the agreements and contracts themselves, and to add provisions that require the consortiums/contractors to participate in the EITI mechanisms”*;
- *“If needed, to require the participation of the State administrations and bodies concerned by the EITI process, by ordering them to draft and diligently submit to the accounting firm [...] the related reporting templates”*;
- *“To review the members and the responsibilities of the governing bodies and to consider the creation of a high joint-ministerial committee, whose mission would be to consolidate the involvement of the State”*.

We find that these recommendations were not put into practice.

However, we are bound to ascertain that the difficulties mentioned above (participation of extractive companies; involvement of State agencies; slowness of the EITI-Chad bodies) are indeed the real obstacles to the optimal implementation of the EITI in Chad (arrival of new extractive companies little familiarised with the EITI; difficult involvement of the State agencies; laborious implementation of the EITI work plan by the EITI HNC).

2. Recommendations in the 2007 to 2009 EITI reports which were not all put into practice

The 2007 to 2009 EITI reports make the following 4 recommendations²⁰⁰:

- Adopt a mechanism for tracking down the funds paid in the Citibank account;
- Identify and raise the awareness of all the stakeholders beforehand;
- All extractive companies should have their reporting templates certified for the next EITI reports;
- Enlarge the scope of extractive companies.

These recommendations, which were made in October 2012, could not all be put into practice promptly and are exposed below:

¹⁹⁸ Etude sur le cadre légal de la mise en œuvre de l'ITIE au Tchad (juillet 2011)

¹⁹⁹ Id.

²⁰⁰ Rapport ITIE 2007, Fair Links (octobre 2012), pp. 17-18 ; Rapport ITIE 2008, Fair Links (octobre 2012), pp. 17-18 ; Rapport ITIE 2009, Fair Links (octobre 2012), pp. 17-18

- Recommendation No. 1: Adopt a mechanism for tracking down the funds paid in the Citibank account

The 2009 EITI report underlines that *“the real-time follow-up and the documentation of the information contained in the bank statements sent by Citibank seem necessary for the Chad authorities to conduct an exhaustive follow-up of the payments made”*²⁰¹.

To our knowledge, no approach of this kind has been adopted to this day. We understand, however, that difficulties similar to those encountered in the drafting of the 2007 to 2009 EITI reports were faced in the drafting of the 2010 and 2011 EITI reports.

- Recommendation No. 2: Identify and raise the awareness of all the stakeholders beforehand

The 2009 EITI report recommends to the EITI HNC *“to organise an awareness-raising workshop on the EITI process for the State agencies, on the occasion of the next publication of an EITI report”*²⁰². We understand that this recommendation was only partially put into practice.

The organisation of two distinct workshops, one of which was precisely aimed at raising awareness of new extractive companies, while the other addressed the EITI focal points within the reporting State agencies, came in answer to a request regularly expressed during our meetings in N'Djamena.

- Recommendation No. 3: All extractive companies should have their reporting templates certified for the next EITI reports

The 2009 EITI report recommends to the EITI HNC *“to make sure, before the launch of the 2010 EITI report, that all the necessary measures were taken by the concerned companies”*²⁰³.

We understand that:

- The EITI HNC decided that, except for SOTEC, *“given its low contribution”*, all the extractive companies in the scope of the 2010 and 2011 EITI reports had to make their reporting templates reliable by sending a certification of these by an independent auditor²⁰⁴;
- The Energy and Oil Minister sent a note to the general managers of extractive companies, in February 2013, *“asking the oil companies that have not yet had their data certified, as required by the Energy and Oil Minister under the EITI, to do so as soon as possible, according to the required standards”*²⁰⁵;
- So far, there are several extractive companies that have not sent letters of certification by their auditor under the 2010 and 2011 EITI reports.

- Recommendation No. 4: Enlarge the scope of extractive companies

The 2009 EITI report suggested that new extractive companies should be included in the definition of the next scopes. We find that this recommendation was adopted by the EITI HNC for the 2010 and 2011 EITI reports.

3. A multi-stakeholder group that could therefore be stimulated to meet these various challenges

The fact that the various recommendations made to consolidate the implementation of the EITI in Chad were not taken into consideration is, without a doubt, at least partially, attributable to the weak reactivity of the multi-stakeholder group.

²⁰¹ Rapport ITIE 2009, Fair Links (octobre 2012), p. 18

²⁰² Id.

²⁰³ Id.

²⁰⁴ Mémorandum d'analyses préliminaires des rapports ITIE 2010 et 2011, Fair Links (p. 10)

²⁰⁵ Note circulaire à l'intention des Directeurs Généraux des entreprises du secteur extractif, Ministère du Pétrole et de l'Energie (26 février 2013)

As already indicated in Requirement No. 4, the central institutions of the EITI-Chad are numerous (3 structures), overstuffed (28 members for the EITI HNC alone) and even redundant. In addition, there is no evidence of the involvement of some members of these structures (out of 28 appointed members of the EITI HNC, 25 actually hold a seat in the Committee on a regular basis), and the permanent turnover on certain seats prevents the proper appropriation of the system and its stakes. Finally, the deficit of capacity-building activities, which were repeatedly requested during our meetings with the stakeholders, are an additional barrier to the operation of the steering structures of the EITI-Chad.

In this context, we think it would be opportune for the EITI HNC to consider simplifying the institutional structure of the Initiative, which could have a refocused central structure (of 20 members, supported by the EITI PTS), represented in the field by light regional structures. Such an approach would undoubtedly enable the Initiative to become more efficient, more reactive and more dynamic; in short, more able to meet the challenges described above.

The EITI HNC could profit from the renewal of the members of the EITI-Chad bodies to formalise the evolution of the steering structures.

■ References

N°

- 6-180** Rapport ITIE 2009, Fair Links (octobre 2012)
- 6-190** Rapport ITIE 2008, Fair Links (octobre 2012)
- 6-200** Rapport ITIE 2007, Fair Links (octobre 2012)

■ Opinion of the stakeholders

The stakeholders confirm this analysis and make no specific comments.

4 OTHER CONSIDERATIONS

- 4.1. The impact of the EITI
- 4.2. The sustainability of the EITI process
- 4.3. Beyond EITI

4.1. The impact of the EITI

The impact of the EITI in Chad is important and is characterised by:

- Strengthened dialogue around transparency and accountability issues, among the stakeholders who had only rarely been in contact before;
- Identification of structures in charge of collecting and following-up the tax revenues arising from the extractive sector and identification of shortcomings in their functioning. This aspect by itself justifies the implementation of the EITI in Chad;
- Reliable definition of the share that represents the oil companies' tax contribution in the tax revenues of Chad;
- Formalisation of the figures and data of the extractive sector due to the presentation in various reports of the players, the different contractual modalities and the different regulatory frameworks regulating the sector, as well as outlining of the production levels and forecasts.

All of these benefits could be consolidated by the creation and update by the EITI PTS of databases regarding this sector and the Initiative. They could be exploited through a more ambitious capacity-building, awareness-raising and communication programme.

4.2. The sustainability of the EITI process

The government of Chad permitted the National Initiative to become structured and the stakeholders to get fully involved in the implementation of the EITI. Indeed, we see a clear political will, the creation of legal structures whose existence and members were formalised by decree and a very large contribution to the funding of the National Initiative from the State budget.

Nevertheless, the EITI-Chad could not stand the test of time without:

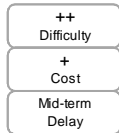
- The simplification of the institutional architecture;
- More regular payments;
- A prioritised and pragmatic use of the annual budget;
- A new definition of the EITI work plan: it should be turned into a document that is more balanced and more rooted in the reality of the Initiative and the stakeholders' needs. The EITI work plan will have to be updated on an annual basis.

4.3. Beyond EITI

To our knowledge, Chad is currently the only country to have taken into consideration the transport of oil and gas in the EITI reports, which is an important innovation in itself as far as the approaches of other Candidate countries are concerned.

Given the challenges to be met nowadays by the EITI HNC, we do not find it opportune to incite Chad, at this stage, to include other business sectors or other types of benefit streams in the scope of its Initiative.

5 RECOMMENDATIONS



Recommendation No.1

Simplify the institutional structure of the EITI-Chad

As mentioned in Requirement No.4, the central institutions of the EITI-Chad are numerous (3 bodies: EITI HNC, EITI SC and EITI PTC), overmanned (28 members for the EITI HNC and 10 members for the EITI SC) and even redundant (as an example, the EITI HNC has to “supervise the EITI implementation” and “ensure the EITI work plan implementation” whereas the EITI SC has to “supervise the EITI work plan and the implementation of the EITI Principles and Criteria”).

We also notice an assorted involvement of the EITI HNC members: of the 28 members appointed to the EITI HNC, only 23 actually regularly sit in meetings. Similarly, we understand that some seats are affected by an important turnover, prejudicial to the sustainability of the body as much as the effective monitoring of the process and its stakes.

Besides, it is our understanding that this central 3-level architecture triggers important administrative constraints and increase the delays by which the activities are implemented.

Given the best practices and in order to strengthen the efficiency of the process, we recommend merging the HNC EITI and the EITI SC into a single body and limiting its members to 20 persons.



Recommendation No.2

Strengthen the capacities and the means of communication of the EITI PTS

We understand that the EITI PTS has to keep on building its capacities and fix some material issues to be fully efficient.

We recommend the multi-stakeholder group implements capacity-building activities and enhances the means of communication of the PTS (notably via the internet).



Recommendation No.3

Complete the actions indicated in the 2010-2012 and 2013 EITI work plans

Various important activities indicated in the EITI work plans have not been fully implemented, such as:

- The implementation of the EITI PTS (1.d), see Recommendation No.2;
- The removal of the difficulties faced by State agencies to report data of quality (obj.3);
- Capacity-building of the stakeholders (obj.4);
- The regular release of EITI reports (5.d);
- The implementation of the communication plan (7.c);
- Obtaining the funding necessary to implement all activities.

We recommend the multi-stakeholder group ensure all activities indicated in the 2010-2012 and 2013 EITI work plans are fully implemented and completed as soon as possible.

+
Difficulty
+
Cost
Short term
Delay

Recommendation No.4

Draft a detailed and budgeted 2013-2014 EITI work plan

Being a process, it is important for EITI to extend the length and update regularly the activities of its EITI work plan.

In the case of the EITI-Chad, the adoption of an EITI work plan valid during the current year²⁰⁶ limits *de facto* the EITI to a short-term perspective, poorly suited to the durability and sustainability of the Initiative. The adoption of an EITI work plan extending on 2 years as well as the bi-annual updating of its activities and related budget seem necessary to us to ensure the dynamism and viability of the EITI-Chad.

We therefore recommend the multi-stakeholder group drafts a detailed and costed EITI 2013-2014 work plan.

+
Difficulty
++
Cost
Mid-term
Delay

Recommendation No.5

Evaluate capacity constraints

The needs to strengthen the capacities can be plural (knowledge of the oil sector in Chad, knowledge of the tax system, legal matters, accounting, knowledge of the EITI Rules, of the reporting process, etc.) and are specific to each stakeholder.

According to the EITI Rules, it would be worth assessing the capacity constraints of the stakeholders and then to elaborate a training program depending on the expectations and identified needs.

+
Difficulty
++
Cost
Mid-term
Delay

Recommendation No.6

Multiply capacity-building actions

As mentioned in Requirement No.5, there are important expectations of the stakeholders (members of the EITI HNC, EITI SC, EITI PTS; civil society; State agencies; new actors of the oil sector which arrived in 2011, etc.) for capacity-building activities.

We recommend the multi-stakeholder group evaluates the specific capacity-constraints of the stakeholders (Recommendation No.6) and implements training actions, capacity-building activities as well as the release of structuring information via emails.

+
Difficulty
++
Cost
Mid-term
Delay

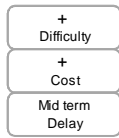
Recommendation No.7

Multiply awareness-raising, communication and dissemination actions

As mentioned in Requirement No.5, the implementation of the communication plan (7.c) has been only partial.

We recommend the multi-stakeholder group implements the communication plan and multiplies the awareness-raising, communication and dissemination actions towards the broadest audience possible.

²⁰⁶ Most of the activities in the 2013 EITI work plan stop in July 2013



Recommendation No.8

Have the EITI PTS create an updated database on the extractive sector

The National Initiative does not have a database gathering legal, fiscal, social, economic and financial information on the Chadian extractive sector for EITI stakeholders and the wider public.

Even if essential information is available on the National Initiative website (<http://www.itie-tchad.org>), this information is incomplete and does not allow a clear vision of the sector and its contribution to national development.

We therefore recommend the multi-stakeholder group centralise in a single database, the main legal, fiscal, social, economic and financial information on the country's extractive sector. This database would include:

- The laws, as well as the fiscal and social legislation in force, with copies of the complete texts of laws;
- The economic and financial information on major companies of the EITI scope (financial statements, websites, addresses, contacts).

This database could be complemented by similar documents from other extractive countries. The EITI stakeholders and the wider public would have free access to this database.



Recommendation No.9

Have the EITI PTS create an updated database on the EITI

Many actions have been undertaken as part of the implementation of the EITI in Chad since 2007. The lack of systematic monitoring does not, however, allow any promotion, comparison or renewal of activities if necessary.

We therefore recommend the multi-stakeholder group develop an EITI database to centralise all of the existing materials underlying the National Initiative since its inception (membership, decrees, minutes of the EITI HNC and EITI SC meetings, presentations to national and international seminars, etc.).

This database could be complemented by similar documents from other implementing countries, serving as benchmarks (reports including reconciliation and Validation). This database would, of course, be freely accessible to stakeholders and the public.



Recommendation No.10

Formalise the important decisions of the multi-stakeholder group in meeting minutes

The analysis of the minutes of the EITI HNC and EITI SC meetings shows that some important decisions for the multi-stakeholder group are not fully documented. Therefore, we find that the following decisions have not been formally documented in minutes of meetings or in resolutions:

- The adoption of the 2010-2012 EITI work plan by the EITI SC, in March 2010;
- The adoption of the 2010-2012 revised EITI work plan by the EITI SC, in March 2012;
- The adoption of the 2013 EITI work plan by the EITI SC, in 10 January 2013;
- The adoption by the EITI HNC of the scope of benefit streams and extractive companies included in the 2010 and 2011 EITI reports.

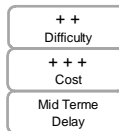
We recommend ensuring the minutes of the EITI HNC and EITI SC meetings formally compile the important decisions of the multi-stakeholder group.



Recommendation No.11

Insert an EITI clause in all new contracts

To stimulate the adhesion of new actors in the National Initiative we recommend the EITI HNC encourages the integration of the EITI clauses in the new oil contracts (PSC) and mining contracts.



Recommendation No.12

Ensure a day-to-day, reliable and computerised follow-up of the oil revenues by the Chad State agencies

As mentioned in Requirement No.8, the reconciler of the 2009 EITI report highlights the important difficulties faced by State agencies to identify the payments made on the escrow account held with Citibank and keep count of the payments received from oil companies in the BEAC account. He underlines important deficiencies in the system of follow-up of tax revenues received from the extractive sector in Chad.

Given this situation, the 2009 EITI report indicates that *“the real-time follow-up and the documentation of the information contained in the bank statements sent by Citibank see as necessary that Chad authorities conduct an exhaustive follow-up of the payments made by the consortium, by TOTCO and by COTCO [...]. Such an approach [...] is necessary for the follow-up and control of the public resources: it would contribute to considerably consolidating the governance of the extractive sector in Chad”*²⁰⁷.

We understand that this approach has not yet been implemented. Consequently, we recommend State agencies to implement a day-to-day, reliable and computerised follow-up of all the oil revenues in Chad.

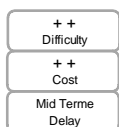


Recommendation No.13

Ensure all sign-off letters from independent auditors for the data reported by companies are obtained

While the EITI HNC has clearly asked for the certification by independent auditors of the data reported by the extractive companies, we understand that the latest did not all comply with this request for the 2007 and 2011 EITI reports.

We recommend the multi-stakeholder group implement the measures necessary to obtain all sign-off letters from independent auditors for the data reported by the extractive companies for future reconciliation processes.



Recommendation No.14

Strengthen the control of the quality of the data reported by the State agencies

As mentioned in Requirement No.13, the EITI HNC has implemented processes to check the quality of the data reported by State agencies, with commitment letters and reporting templates signed by the managers of these State agencies for the EITI 2010 and 2011 reports.

Nevertheless, the poor quality of the first reporting of the State agencies for the EITI reports from 2007 to 2011 sheds light on the important weaknesses of the following-up of the fiscal revenues in Chad and sensibly reduced the impact of the commitment letters sent by the various reporting State agencies.

207 Rapport ITIE 2009, Fair Links (octobre 2012), p. 18

We recommend strengthening the quality checks²⁰⁸ on the data reported by the State agencies.



Recommendation No.15

Ensure the approaches for estimating the significant nature of residual discrepancies are multiplied

As mentioned in Requirement No.17, the discrepancies presented in the 2009 EITI report are considered as non significant by the reconciler and the EITI HNC.

Nevertheless, as specified in Requirement No. 9, we estimated a threshold of cumulated omissions for 2009 ranging between 5 and 10 MUSD. However, we observe that the overall discrepancy of 32 MUSD presented in the 2009 EITI report is clearly higher than the upper limit of this threshold (32 MUSD > 10 MUSD).

Thus, although the global discrepancy represents approximately 5% of the revenues reported by the State in 2009, it is 3 times higher than the upper limit of the estimated threshold of cumulated omissions.

We recommend multiplying the approaches for estimating the significant nature of residual discrepancies given the large contribution of the extractive sector to the State budget (50% in 2011²⁰⁹).



Recommendation No.16

Continue to regularly publish the EITI reports

The first EITI Criterion as well as the best practice No.8²¹⁰ require that the EITI reports should be “regularly published and disseminated”.

Although we have observed the regular publication within reduced delays of 5 EITI reports for 7 months (the 2007, 2008 and 2009 EITI reports have indeed been published in October 2012 and the 2010 and 2011 EITI reports have been published in May 2013), we notice that the first EITI report has not been published within the 18 months²¹¹ after Chad was declared a Candidate country.

We recommend the multi-stakeholder group continue to regularly publish the EITI reports.

²⁰⁸ Equivalent to an audit work or at least a control on the coherence between the EITI reporting and the public accounts

²⁰⁹ TOFE of Chad Republic in 2011 (forecast)

²¹⁰ Note n°1 sur les bonnes pratiques de l'ITIE « réaliser un rapport ITIE » (septembre 2009)

²¹¹ The first EITI report has been published in October 2012 and not in October 2011

A APPENDICES

Appendix I: References

2013

- 7-1** – **FAE** – SHT
- 7-2** – **FAE** – Esso Exploration and Production
- 7-3** – **FAE** – Chevron Petroleum Chad
- 7-4** – **FAE** – Petronas Caligari
- 7-5** – **FAE** – COTCO
- 7-6** – **FAE** – TOTCO
- 7-7** – **FAE** – CNPCI
- 7-8** – **FAE** – ERHC
- 7-9** – **FAE** – Global Petroleum
- 7-10** – **FAE** – Griffiths Energy International
- 7-11** – **FAE** – OPIC Africa
- 7-12** – **FAE** – SOTEC
- 7-20** – **Données sectorielles** – Secteur minier: état des lieux, Hamid Moutaye, Ministère des Mines et de la Géologie (non daté)
- 7-25** – **Structure du secteur pétrolier** – Rôle et responsabilité de l'Etat et des investisseurs, Ministère de l'Energie et du Pétrole (non daté)
- 7-30** – **Structure du secteur pétrolier** – Etat des lieux de l'exploration et de la production pétrolière au Tchad, Ministère de l'Energie et du Pétrole (non daté)
- 7-31** – **Société civile** – Actions mises en œuvre dans l'appui à la mise en œuvre de l'ITIE (non daté)
- 7-35** – **Données sectorielles** – Courrier du DG SHT sur les différentes participations de l'entreprise (12 avril 2013)
- 7-40** – **Rapport ITIE** – Mémoire d'analyses préliminaires, Fair Links (mars 2013)
- 7-98** – **Rapport ITIE** – Note circulaire à l'intention des Directeurs Généraux des entreprises du secteur extractif, Ministère du Pétrole et de l'Energie (26 février 2013)
- 7-99** – **Haut Comité National** – Rapport sur l'atelier de prévalidation des Exigences de l'ITIE-Tchad (22 au 24 février 2013)
- 7-100** – **Secrétariat Technique Permanent** – Contribution des partenaires au 31 décembre 2012 (20 février 2013)
- 7-110** – **Secrétariat Technique Permanent** – Situation financière de l'ITIE-Tchad au 31 décembre 2012 (20 février 2013)
- 7-115** – **Arrêté** n°014/PR/MEP/HCN/Comité de Pilotage/CSTP/2013 du 12 février 2013 portant création des comités régionaux de l'ITIE
- 7-120** – **Comité de Pilotage** – Compte rendu de la session ordinaire du Comité de Pilotage (7 février 2012)
- 7-125** – **Données sectorielles** – Liste des sociétés pétrolières en exploration et en production en 2010 et 2011, Ministère de l'Energie et du Pétrole (28 février 2013)
- 7-130** – **Haut Comité National** – Compte rendu de réunion des membres du Haut Comité National et du Comité de Pilotage (2 février 2013)
- 7-140** – **Comité de Pilotage** – Compte rendu de la réunion ordinaire du Comité de Pilotage (17 janvier 2013)
- 7-141** – **Comité de Pilotage** – Compte rendu de la réunion ordinaire du Comité de Pilotage (10 janvier 2013)
- 7-142** – **Plan d'actions** – Plan d'actions 2013 (janvier 2013)
- 7-145** – **Haut Comité National** – Consultations de l'ITIE au sujet de la divulgation des contrats (8 janvier 2013)

7-150 – Secrétariat Technique Permanent – Compte rendu de la réunion de coordination du Secrétariat Technique Permanent de l'ITIE-Tchad (7 janvier 2013)

2012

- 6-95 – Données sectorielles** – Tableau des Opérations Financières de l'Etat 2011 (20 décembre 2012)
- 6-100 – Haut Comité National** – Compte rendu de la journée d'information et de dissémination du 1^{er} rapport ITIE-Tchad à la Chambre du Commerce (6 décembre 2012)
- 6-110 – Communication** – Rapport de la mission de dissémination des rapports ITIE 2007,2008 et 2009 dans les régions du Barh el Gazel et de Hadjar Lamis (20 au 22 novembre 2012)
- 6-120 – Communication** – Rapport de la mission de dissémination des rapports ITIE 2007,2008 and 2009 dans les régions du Borkou, de l'Ennedi et du Wadi Fira (15 au 24 novembre 2012)
- 6-130 – Communication** – Rapport de la mission de dissémination des rapports ITIE 2007,2008 and 2009 dans les régions du Mayo-Kebbi Ouest, de Tandjile et du Mayo-Kebbi Est (11 au 29 novembre 2012)
- 6-135 – Communication** – Déclaration publique de la société civile tchadienne: « ITIE: le Tchad à la croisée des chemins » (non daté)
- 6-140 – Haut Comité National** – Compte rendu de la journée d'information publique au CEFOD (8 novembre 2012)
- 6-150 – Haut Comité National** – Compte rendu de session extraordinaire du Haut Comité National (5 novembre 2012)
- 6-160 – Rapport ITIE** – Compte rendu de la cérémonie de remise officielle du 1^{er} rapport ITIE-Tchad (11 octobre 2011)
- 6-170 – Haut Comité National** – Termes de référence de la dissémination du rapport ITIE-Tchad 2007-2008-2009 (5 octobre 2012)
- 6-180 – Rapport ITIE** – Rapport ITIE 2009, Fair Links (octobre 2012)
- 6-190 – Rapport ITIE** – Rapport ITIE 2008, Fair Links (octobre 2012)
- 6-200 – Rapport ITIE** – Rapport ITIE 2007, Fair Links (octobre 2012)
- 6-210 – Haut Comité National** – Compte-rendu de la session extraordinaire du Haut Comité National (28 septembre 2012)
- 6-220 – Secrétariat Technique Permanent** – Compte-rendu de la réunion hebdomadaire du Secrétariat Technique Permanent (21 septembre 2012)
- 6-221 – Données sectorielles** – Chad, GEPS Report, IHS (August 2012)
- 6-225 – Données sectorielles** – 2011 Minerals Yearbook, Chad, USGS (August 2012)
- 6-226 – Données sectorielles** – Tableau d'attribution des blocs dans le cadre du CPP, Ministère de l'Energie et du Pétrole (15 août 2012)
- 6-230 – Haut Comité National** – Compte rendu de la session extraordinaire du Haut Comité National de l'ITIE-Tchad (16 juillet 2012)
- 6-240 – Haut Comité National** – Compte rendu de la session extraordinaire du Haut Comité National de l'ITIE-Tchad (3 juillet 2012)
- 6-250 – Communication** – Article: Un nouveau Coordinateur National pour l'ITIE-Tchad – Younous Taha Azaki [communication ITIE-Tchad] (19 juin 2012)
- 6-260 – Décret** n°944/PR/PM/MEP/2012 portant nomination à des postes de responsabilité au Secrétariat Technique Permanent de l'ITIE (15 juin 2012)
- 6-270 – Communication** – Article: l'ITIE-Tchad lance sa première campagne d'information – Younous Taha Azaki [communication ITIE-Tchad] (2 juin 2012)
- 6-280 – Communication** – Présentation de la campagne de proximité de l'ITIE-Tchad à N'Djaména (juin 2012)
- 6-290 – Secrétariat Technique Permanent** – Compte rendu de la réunion hebdomadaire du Secrétariat Technique Permanent de l'ITIE-Tchad (16 mai 2012)
- 6-300 – Secrétariat Technique Permanent** – Compte-rendu de la réunion hebdomadaire du Secrétariat Technique Permanent avec les institutions étatiques de l'ITIE-Tchad (14 mai 2012)
- 6-310 – Secrétariat Technique Permanent** – Compte-rendu de la réunion hebdomadaire du Secrétariat Technique Permanent (17 avril 2012)

- 6-320 – Renforcement de capacités** – Rapport de séminaire de formation sur la fiscalité pétrolière à N'Djamena (27 au 28 avril 2012)
- 6-325 – Secrétariat Technique Permanent** – Compte rendu de la réunion pour le financement des activités du processus ITIE (23 mars 2012)
- 6-330 – Haut Comité National** – Compte-rendu de la session extraordinaire du Haut Comité National de l'ITIE-Tchad (1^{er} mars 2012)
- 6-340 – Plan d'actions** – Plan d'actions 2010-2012 (mars 2012)
- 6-350 – Secrétariat Technique Permanent** – Compte-rendu de la réunion hebdomadaire du Secrétariat Technique Permanent (28 février 2012)
- 6-360 – Haut Comité National** – Compte-rendu de la session du Haut Comité National (27 février 2012)
- 6-370 – Secrétariat Technique Permanent** – Bilan des actions réalisées par le Secrétariat Technique Permanent (janvier 2012)
- 6-380 – Secrétariat Technique Permanent** – Termes de référence pour le recrutement d'un cabinet comptable pour la validation de la mise en œuvre de l'ITIE-Tchad
- 6-390 – Communication** – Articles de Presse (année 2012)

2011

- 5-99 – Données sectorielles** – Rapport annuel 2010-2011, Collège de Contrôle et de Surveillance des Ressources Pétrolières (non daté)
- 5-100 – Secrétariat Technique Permanent** – Compte rendu de la réunion du Secrétariat Technique Permanent (27 décembre 2011)
- 5-110 – Renforcement de capacités** – Rapport de participation à l'atelier de renforcement de capacités de la société civile en matière de dialogue et d'interaction avec l'Assemblée Nationale (23-24 novembre 2011)
- 5-120 – Secrétariat Technique Permanent** – Compte rendu de la réunion du Secrétariat Technique Permanent (17 novembre 2011)
- 5-130 – Haut Comité National** – Compte rendu de la réunion du Haut Comité National avec le cabinet Fair Links (11 novembre 2011)
- 5-135 – Données sectorielles** – Chad 2011, Article IV Consultation, International Monetary Fund (October 2011)
- 5-140 – Haut Comité National** – Compte rendu de la session extraordinaire du Haut Comité National (5 novembre 2012)
- 5-150 – Haut Comité National** – Contrat conclu entre Swissaid, le Haut Comité National et Fair Links (18 octobre 2012)
- 5-160 – Haut Comité National** – Compte rendu de la réunion du Haut Comité National relative à l'adoption du contrat du conciliateur pour l'élaboration du premier rapport ITIE-Tchad (14 octobre 2011)
- 5-170 – Haut Comité National** – Compte rendu de la réunion du Haut Comité National relative à au choix du conciliateur pour l'élaboration du premier rapport ITIE-Tchad (5 octobre 2011)
- 5-175 – Rapport ITIE** – Note circulaire à l'intention des Directeurs Généraux des sociétés extractives et connexes installées au Tchad (15 septembre 2011)
- 5-180 – Swissaid** – Rapport de préselection du conciliateur pour le 1^{er} rapport ITIE Tchad (septembre 2011)
- 5-190 – Swissaid** – Demande de proposition pour la sélection d'un conciliateur pour le 1^{er} rapport ITIE-Tchad (17 août 2011)
- 5-200 – Communication** – Appel à manifestation d'intérêt – conciliateur pour le 1^{er} rapport ITIE-Tchad *in* Le Monde (2 août 2011)
- 5-210 – Haut Comité National** – Compte rendu de la session extraordinaire du Haut Comité National de l'ITIE-Tchad (27 juillet 2011)
- 5-220 – Swissaid** – Procédure pour l'appel d'offres et la sélection du conciliateur pour le 1^{er} rapport ITIE (13 juillet 2011)
- 5-230 – Haut Comité National** – Compte rendu de la session ordinaire du Haut Comité National (13 juillet 2011)

- 5-235** – **Rapport ITIE** – Etude sur le cadre légal de la mise en œuvre de l'ITIE au Tchad (juillet 2011)
- 5-240** – **Rapport ITIE** – Etude de cadrage du 1^{er} rapport ITIE, Ghislain Pastré (juillet 2011)
- 5-260** – **Haut Comité National** – Compte rendu de la réunion du Haut Comité National et du Comité de Pilotage (3 juin 2011)
- 5-270** – **Haut Comité National** – Compte rendu de la réunion de travail des parties prenantes à la mise en œuvre de l'ITIE (1^{er} juillet 2011)
- 5-280** – **Comité de Pilotage** – Compte rendu de la réunion extraordinaire du Comité de Pilotage (22 avril 2011)
- 5-290** – **Comité de Pilotage** – Compte rendu de la réunion ordinaire du Comité de Pilotage (7 avril 2011)
- 5-300** – **Secrétariat Technique Permanent** – Compte rendu de la réunion hebdomadaire du Ministre du pétrole et de l'énergie, du Comité de Pilotage et de la Coordination du Secrétariat Technique Permanent (16 mars 2011)
- 5-310** – **Haut Comité National** – Compte rendu de la réunion du Haut Comité National et du Comité de Pilotage de l'ITIE (10 mars 2011)
- 5-320** – **Comité de Pilotage** – Compte rendu de la réunion extraordinaire du Comité de Pilotage (17 février 2011)
- 5-330** – **Comité de Pilotage** – Compte rendu de la réunion extraordinaire du Comité de Pilotage (10 février 2011)
- 5-340** – **Comité de Pilotage** – Compte rendu de la réunion du Comité de Pilotage (3 février 2011)
- 5-350** – **Comité de Pilotage** – Compte rendu de la réunion extraordinaire du Comité de Pilotage (24 janvier 2011)
- 5-360** – **Comité de Pilotage** – Compte rendu de la réunion du Comité de Pilotage (6 janvier 2011)
- 5-370** – **Communication** – Articles de Presse (année 2011)

2010

- 4-100** – **Comité de Pilotage** – Compte rendu de la réunion du Comité de Pilotage (23 décembre 2010)
- 4-110** – **Secrétariat Technique Permanent** – Compte rendu de la réunion du Secrétariat Technique Permanent avec la délégation tchadienne de PCQVP (26 novembre 2010)
- 4-120** – **Haut Comité National/Comité de Pilotage** – Compte rendu de la réunion des membres du Haut Comité National et du Comité de Pilotage (9 octobre 2010)
- 4-125** – **Haut Comité National/Comité de Pilotage** – Règlement intérieur (7 octobre 2010)
- 4-130** – **Communication** – Compte rendu de la table ronde pour concertation du gouvernement et des partenaires financiers sur le financement du plan d'actions de l'ITIE (4 octobre 2010)
- 4-140** – **Haut Comité National** – Compte rendu de la session du Haut Comité National (27 septembre 2010)
- 4-150** – **Secrétariat Technique Permanent** – Réunion préparatoire de la table ronde entre la coordination du Secrétariat Technique Permanent et les partenaires (14 septembre 2010)
- 4-160** – **Décret** n°594/PR/PM/MPE/2010 du 22 juillet 2010 portant nomination à des postes de responsabilité au Secrétariat Technique Permanent de mise en œuvre et de suivi de l'ITIE
- 4-170** – **Décret** n°250/PR/PM/MPE/2010 du 15 février 2010 portant nomination des 28 membres du Haut Comité National du mécanisme de mise en œuvre et de suivi de l'ITIE
- 4-180** – **Décret** n°251/PR/PM/MPE/2010 du 15 février 2010 portant nomination des 10 membres du Comité de Pilotage du mécanisme de mise en œuvre et de suivi de l'ITIE

2007

- 1-100** – **Décret** n° 1074/PR/PM/MP/2007 du 14 décembre 2007 portant institution du mécanisme de mise en œuvre et de suivi de l'ITIE
- 1-110** – **Communication** – Rapport de synthèse des travaux de l'atelier de lancement de l'ITIE au Tchad à N'djaména (24 et 25 août 2007)
- 1-120** – **Communication** – Lettre d'adhésion de la République du Tchad à l'ITIE (N°83/PM/CAB/07) (20 août 2007)

- 1-130** – **Communication** – Déclaration d'adhésion de la République du Tchad à l'ITIE (N°83/PM/CAB/07) (20 août 2007)
- 1-140** – **Arrêté** n°2017/PM/MP/2007 portant création, attributions et composition d'un Comité Technique Interministériel chargé de la mise en place de l'ITIE au Tchad (17 août 2007)
- 1-150** – **Loi** n°006/PR/2007 relative aux hydrocarbures (2 mai 2007)

Appendix II: The 2010-2012 and 2013 EITI work plans

See separate file

Appendix III: Self-assessment forms

See separate file

Appendix IV: The payment certificate



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ATTESTATION

Je soussigné Hugues Renaux, associé de CAC 75,

Atteste que les honoraires et frais de mission relatifs au processus de Validation de l'Initiative pour la Transparence des Industries Extractives (ITIE) en République du Tchad ont été réglés dans leur intégralité.

Cette attestation est délivrée au HCN ITIE pour faire valoir ce que de droit.

A Paris, le 12 juin 2013

Hugues Renaux

Associé



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Société à responsabilité limitée au capital de € 7 500 - Siège social : 41, rue Guéfin - 77300 Fontainebleau
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Appendix V: The commitment letter of the Chad government and the EITI HNC

REPUBLIQUE DU TCHAD

PRESIDENCE DE LA REPUBLIQUE

PRIMATURE

MINISTERE DU PETROLE ET DE L'ENERGIE

HAUT COMITE NATIONAL

COMITE DE PILOTAGE

COORDINATION DU SECRETARIAT TECHNIQUE PERMANENT
N° 370 /PR/PM/MEP/HCN/CSTP/13

Actions et engagements du Gouvernement suite au rapport de validation

Faisant suite au rapport de validation et soucieux de faire de l'ITIE un outil du Gouvernement de transparence pour la gestion des recettes fiscales émanant des ressources naturelles pour le développement, le Gouvernement du Tchad à travers le HCN prend des dispositions ci-après afin de renforcer la mise en œuvre du processus ITIE.

Ces actions et décisions permettront ainsi d'améliorer significativement la qualité du processus ITIE et pourront permettre d'apporter une réponse adaptée à certains points fondamentaux de faiblesse.

Ainsi, les décisions se résument en ceci :

1. Les actes du Gouvernement

En vue de mettre en œuvre l'ITIE au Tchad, le Gouvernement du Tchad sous la houlette de Son Excellence Monsieur le Premier DELWA KASSIRE KOUMAKOYE adressée le 20 août 2007 au Président de l'ITIE, Dr Peter HEIGEN pour exprimer l'engagement du Tchad à l'ITIE. Le Gouvernement du Tchad :

- ✓ Réaffirme sa volonté politique à faire de la transparence dans les IE, un outil de bonne gouvernance ;
- ✓ Confirme cette volonté à travers le financement entier du processus ITIE ;
- ✓ Précise avec insistance que Son Excellence Monsieur le Président de la République du Tchad, IDRIS DEBY ITNO soutient fermement le processus ITIE au Tchad.

La signature par le Président des décrets N°1074/PR/PM/MP/2007 du 14 décembre 2007, N°250/PR/PM/MPE/2010 et N° 251/PR/PM/MPE/2010 du 15 Février 2010 portant institution de mise en œuvre et de suivi de l'ITIE et portant nomination des membres des structures de pilotage de l'ITIE.

2. En plus de ces actes, les actions plus récentes sont réalisées ou en cours :

- ✓ La mise à disposition du Secrétariat Technique Permanent de l'ITIE des fonds dans le budget de l'Etat pour la pérennisation de l'ITIE ;
- ✓ La participation au cofinancement de la BAD et de l'UE ;
- ✓ La contextualisation du plan d'action 2013 - 2014 ;
- ✓ La mise en place d'une cellule au sein du Trésor chargée spécifiquement de collecte et le suivi des recettes pétrolières et minières ;
- ✓ La décision de réviser le nombre des structures de gouvernance de l'ITIE au Tchad et leur composition ;
- ✓ La prise de décision d'ajuster des contrats pétroliers en lien avec la mise en œuvre de l'ITIE au Tchad ;
- ✓ La publication des données des rapports 2010- 2011 ;
- ✓ La création des comités régionaux ITIE avec désignation des membres ;
- ✓ La visite de travail du directeur francophone de l'ITIE au Tchad traçant ainsi les perspectives de l'ITIE et la sensibilisation sur les nouvelles règles 2013 ;
- ✓ La participation de la forte délégation de l'ITIE à la conférence de Sydney pour impulser le partenariat avec d'autres pays similaires comme le Congo et la Côte d'Ivoire ;
- ✓ L'action de communication facilitée avec l'installation de l'internet au STP ;
- ✓ conformément aux recommandations des rapports 2007, 2008 et 2009, le HCN a demandé au Cabinet Fair Links de publier les rapports 2010 et 2011 avec les données désagrégées prenant en avance les nouvelles règles de l'ITIE. Aussi, toutes les recommandations en lien avec la qualité des données et la collecte de celles-ci seront à considérer pour les prochains rapports de conciliation couvrant la l'année 2012.

Fait à N'djamena, le **17 MAI 2013**

Le Ministre de l'Energie et du Pétrole,
Président du Haut Comité National

DJERASSEM LE BEMADJIEL



CAC 75 ✓

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