

Validation of Chad:

Final assessment of progress in implementing the EITI Standard

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Acronyms

AfDB	African Development Bank
BO	Beneficial Ownership
CNPCI	China National Petroleum Corporation International
COTCO	Cameroun Oil Transportation Company
CSO	Civil Society Organisation
DGI	Direction Générale des Impôts
DGSDDI	Direction Générale des Services de Douanes et des Droits Indirects
DGTCP	Direction Générale du Trésor et de la Comptabilité Publique
DGTP	Direction Générale Technique du Pétrole
DGTM	Direction Générale Technique des Mines
EEPCI	Esso Exploration & Production Chad Inc
EITI	Extractive Industries Transparency Initiative
FCFA	Franc de la Coopération Financière en Afrique
GDP	Gross Domestic Product
GFS	Government Finance Statistics
IA	Independent Administrator
IMF	International Monetary Fund
MOF	Ministry of Finance
MPME	Ministère du Pétrole, des Mines et de l'Énergie
MSG	Multi-stakeholder Steering Group
NA	Not Applicable
NGO	Non-Governmental Organization
OHADA	Organisation pour l'Harmonisation en Afrique du Droit des Affaires
PEP	Politically Exposed Person
PFM	Public Financial Management
PSC	Production Sharing Contract
PWYP	Publish what you pay
SCHL	Société de Concassage de Hadjer Lamis
SHT	Société des Hydrocarbures du Tchad
SOE	State-Owned Enterprise
SONACIM	Société Nationale de Ciment
SONAMIG	Société Nationale des Mines et de la Géologie
SOTEC	Société Tchadienne d'Exploitation des Carrières
TOFE	Tableau des Opérations Financières de l'Etat
ToR	Terms of Reference
TOTCO	Tchad Oil Transportation Company
VAT	Value Added Tax
USD	United States Dollars

Executive summary

This draft Validation report presents the findings of the International Secretariat's Validation of Chad, which commenced on 1 April 2022. The draft report was finalized for review by the multi-stakeholder group (MSG) on 27 June 2022. Following comments from the MSG¹ on 30 July 2022, the Validation report was finalized for consideration by the EITI Board. The assessment suggests that Chad has exceeded one EITI Requirement, fully met ten, mostly met 17, and partly met three requirements, with one requirement assessed as not applicable.

Key achievements

- Amidst an environment of constraints on broader civic space, the EITI MSG, and its working groups, have provided a key forum for discussing natural resource governance, including the environment for the engagement of civil society focused on issues of extractive industries and public finance management. There does not appear to have a significant deterioration in the environment for civil society participation in the EITI process in the period under review (2019-22), despite the significant political change in 2021. Implementation of the EITI continued despite the death of President Idris Déby and the challenging security situation.
- Chad has used its EITI reporting to substantially strengthen transparency on the management of petroleum revenues that are managed off the government budget, which equated to 44.5% (USD 288m of a total of USD 647.1m) of total government extractive revenues in 2019, the latest year covered by EITI disclosures. It has also achieved commendable progress in disclosing all petroleum contracts, even if marginal additional efforts on the public disclosure of the full text of mining licenses are required.
- Despite weaknesses in public dissemination and outreach, follow-up on recommendations, and the MSG's self-assessment of the impact of EITI implementation to date, the EITI process had a tangible impact on the publication of extractive contracts, placing beneficial ownership transparency on the agenda, disclosures on SOEs, and calculations of subnational oil revenue transfers that have empowered host communities to ask informed questions on the management of petroleum revenues.

Areas for development

- Chad has an opportunity to strengthen its use of the EITI process as a platform for supporting broader reforms in the governance of the extractive industries. There is broad recognition among stakeholders consulted that Law 2014-002 on the management of petroleum revenues and Ordonnance 23 on the oversight of civil society, among others, require updating. The 2022 national budget provides more clarity on subnational transfers but would benefit from codification in national legislation through an update of the Law 002 from 2014 on the management of petroleum revenues.
- In the context of many shareholders of extractive companies, including state-owned enterprises (SOEs), using corporate entities registered in low-tax jurisdictions such as the

¹ The MSG in Chad is called the *Haut Comité National (HCN) de l'ITIE Tchad*. All references to the MSG in this report are to the HCN.

Bahamas and Bermuda, there is an opportunity for Chad EITI to contribute to the implementation of the February 2022 Decree on establishing a beneficial ownership register, by providing an annual diagnosis of beneficial ownership disclosures as required by law of all companies regardless of their area of economic activity.

- Chad must strengthen its use of the EITI process as an outreach and dissemination mechanism to generate evidence-based debate on the extractive industries. Weakening stakeholder engagement since the previous Validation, particularly from government and industry, has reduced the EITI's contribution to public debate and the impact of EITI implementation. The government's funding for EITI implementation is insufficient to ensure that the EITI contributes to public debate, as it mainly covers overheads such as staff costs and office space. Chad EITI should have the technical and financial resources to fulfil the objectives that the country has set for EITI implementation. In its comments on the preliminary assessment, the MSG highlighted the impact of the political situation, the security crisis and the COVID-19 pandemic on the country context, the provision of funding for the EITI and the implementation of EITI activities in this period. Nonetheless, the MSG highlighted the government's continued support and engagement in the EITI, with some activities delayed due to the broader context.

Progress in implementation

EITI Validation assesses countries against three components – “Stakeholder engagement”, “Transparency” and “Outcomes and impact”.

Stakeholder engagement

Amidst the impact of the COVID-19 pandemic, the run-up to general elections in April 2021, and a political transition following the death of long-serving President Idris Déby in April 2021, the Ministry of Petroleum and Energy has maintained its support for the EITI at the highest levels. However, weaknesses in broader government engagement at the operational level, including in the provision of data and required data quality assurances as well as the provision of financial resources for EITI implementation, have resulted in the International Secretariat's assessment that the government has been mostly, but not yet fully, engaged in EITI implementation. Amidst significant changes in the oil industry in Chad, company participation in all aspects of the EITI process has also weakened during the period under review. Renewing industry's vacant seats on the MSG would be an important signal of revitalised company engagement in the EITI, as would the formalisation of industry constituency coordination mechanisms on the EITI MSG. The MSG has made significant efforts to propose reforms of the laws governing civil society (e.g., Ordonnance 23). However, breaches to the EITI protocol: Participation of civil society have continued in the period under review, including with regard to constraints on civil society's freedom of expression and freedom of operation. Despite these weaknesses in stakeholder engagement, the MSG has continued to provide a unique platform for multi-stakeholder deliberations on the governance of the extractive industries in Chad in the period under review, which has added significant value to extractive industry transparency. While the MSG met less regularly than planned under its governance provisions, the MSG's ad hoc working groups met at times weekly (in 2021) to sustain oversight of EITI implementation.

Transparency

Chad has used the transition to flexible EITI reporting for 2019 to perform a more detailed assessment of government entities' and SOEs' reporting, in order to ensure comprehensive and reliable government revenue disclosures, despite an environment of weak government audit and assurance practices. There is however significant scope to use the EITI as a mechanism for strengthening audit and assurance practices, within government revenue-collecting entities, the Supreme Audit Institution and the Chamber of Accounts. Despite the relatively limited systematic disclosures of EITI data on government and company portals, the government routinely publishes disaggregated crude oil export and petroleum revenue data. Chad has leveraged its EITI reporting to significantly improve transparency in transactions related to state-owned enterprises in the oil sector and on the off-budget management of oil revenues. This has led to the identification of around 45% of state oil revenues that were managed without being recorded in the government budget in 2019, used primarily to fund quasi-fiscal expenditures involving resource-backed loans and electricity subsidies. Gaps related to companies' disclosures of data on social expenditures, environmental management and beneficial ownership should be addressed to meet robust public demand for this information. Following delays due to the COVID-19 pandemic, time is of the essence for Chad to make progress in developing and establishing an enabling legal and regulatory framework for beneficial ownership transparency for all companies holding or applying for extractive licenses. Chad EITI has already made a tangible impact on the disclosure of all active contracts in the oil and gas sector, although not yet in the mining sector. Chad has done exemplary work in identifying discrepancies between the value of subnational transfers of petroleum revenues that should have been transferred and the value actually transferred to each beneficiary region, and there is scope for Chad EITI to provide more input to policy reform on this issue.

Outcomes and impact

There is a significant gap in Chad's EITI implementation in terms of the outreach and dissemination of EITI data, which has not taken place since 2018 as confirmed in stakeholder consultations. Without sufficient technical and financial resources, the EITI process in Chad may continue to miss opportunities for wider readership and use by national stakeholders. The national EITI work plan covers many technical aspects of Requirement 1.5 but lacks the input of the broader constituencies to ensure that the objectives for EITI implementation align with the national priorities for the extractive industries. While EITI data has been published in open format, the mechanism for follow-up on EITI recommendations has weakened in the period under review. The MSG regularly reviewed outcomes of EITI implementation, albeit only intermittently publishing annual progress reports (once each in 2018 and 2022) but has yet to draw on the broader constituencies' input to undertake a review of the impact of EITI implementation and develop ways of strengthening the impact of EITI implementation in a structured manner.

Validation scorecard

Component & module	EITI Requirement	Progress	Score	
Outcomes and impact		Fairly low	61/100	
Extra points	Effectiveness and sustainability indicators		1	
Outcomes and impact	Work plan (#1.5)	Mostly met	60	↓
	Public debate (#7.1)	Partly met	30	↓
	Data accessibility and open data (#7.2)	Fully met	90	-
	Recommendations from EITI (#7.3)	Mostly met	60	↓
	Outcomes & impact (#7.4)	Mostly met	60	↓
Stakeholder engagement		Fairly low	60/100	
Multi-stakeholder oversight	Government engagement (#1.1)	Mostly met	60	↓
	Industry engagement (#1.2)	Mostly met	60	↓
	Civil society engagement (#1.3)	Mostly met	60	=
	MSG governance (#1.4)	Mostly met	60	=
Transparency		Moderate	72.5/100	
Overview of the extractive industries	Exploration data (#3.1)	Fully met	90	=
	Economic contribution (#6.3)	Fully met	90	=
Legal and fiscal framework	Legal framework (#2.1)	Fully met	90	-
	Contracts (#2.4)	Mostly met	60	-
	Environmental impact (#6.4)	Not assessed	-	-
Licenses	Contract and license allocations (#2.2)	Mostly met	60	=
	License register (#2.3)	Mostly met	75	↑
Ownership	Beneficial ownership (#2.5)	Partly met	30	-
State participation	State participation (#2.6)	Partly met	30	↓
	In-kind revenues (#4.2)	Fully met	90	-
	SOE transactions (#4.5)	Fully met	90	=
	SOE quasi-fiscal expenditures (#6.2)	Mostly met	60	↑
Production and exports	Production data (#3.2)	Mostly met	75	↑
	Export data (#3.3)	Exceeded	100	-
Revenue collection	Comprehensiveness (#4.1)	Fully met	90	=
	Barter agreements (#4.3)	Mostly met	60	-
	Transportation revenues (#4.4)	Mostly met	60	↓
	Disaggregation (#4.7)	Mostly met	60	-
	Data timeliness (#4.8)	Fully met	90	=
	Data quality (#4.9)	Fully met	90	=
Revenue management	Distribution of revenues (#5.1)	Fully met	90	=
	Revenue management & expenditures (#5.3)	Not assessed	-	-
Subnational contributions	Direct subnational payments (#4.6)	Not applicable	-	↑
	Subnational transfers (#5.2)	Mostly met	60	↑
	Social and environmental expenditures (#6.1)	Mostly met	60	-
Overall score		Fairly low	64.5/100	

How EITI Validation scores work

Component and overall score

The three components of EITI Validation – “Transparency”, “Stakeholder engagement” and “Outcomes and impact” – each receive a score out of 100. The overall score represents an average of the component scores.



Assessment of EITI Requirements

Validation assesses the extent to which each EITI Requirement is met, using five categories. The component score is an average of the points awarded for each requirement that falls within the component.



- **Exceeded** (100 points): All aspects of the requirement, including “expected”, “encouraged” and “recommended” aspects, have been implemented and the broader objective of the requirement has been fulfilled through systematic disclosures in government and company systems.
- **Fully met** (90 points): The broader objective of the requirement has been fulfilled, and all required aspects of the requirement have been addressed.
- **Mostly met** (60 points): Significant aspects of the requirement have been implemented, and the broader objective of the requirement is mostly fulfilled.
- **Partly met** (30 points): Significant aspects of the requirement have not been implemented, and the broader objective of the requirement is not fulfilled.
- **Not met** (0 points): All or nearly all aspects of the requirement remain outstanding, and the broader objective of the requirement is far from fulfilled.
- **Not assessed**: Disclosures are encouraged, but not required and thus not considered in the score.
- **Not applicable**: The MSG has demonstrated that the requirement doesn’t apply.

Where the evidence does not clearly suggest a certain assessment, stakeholder views on the issue diverge, or the multi-stakeholder group disagrees with the Secretariat’s assessment, the situation is described in the assessment.

1. Effectiveness and sustainability indicators

The country is awarded 0, 0.5 or 1 point for each of the five indicators. The points are added to the component score on Outcomes and impact.

1.1 National relevance of EITI implementation

This indicator considers the extent to which EITI implementation in Chad addresses nationally relevant extractive sector challenges and risks.

Chad's [2022](#) EITI work plan and supporting [matrix](#) sets out six objectives for implementation and identifies national priorities to which these are aligned, primarily drawing from the 2030 National Development Plan. Thus, the work plan is aimed at supporting the development of good governance and the rule of law, support economic diversification, build technical capacities of state institutions, and promote the well-being of citizens. The work plan objectives were developed according to the conventional Chad EITI approach to work plan development, with the Chad EITI Secretariat circulating a draft to MSG members for comments, although there was little evidence of input from the broader constituencies. Several civil society stakeholders consulted raised concerns over the approach to developing the work plan, including its objectives, noting that this tended to be a 'top-down' approach rather than a process that drew on constituency input as a starting point. Despite this, the MSG's 'Outcomes and impact' template for this Validation highlights the launch of the license and contracts [portal](#) as an important step to address national priorities for the extractives, in accordance with the Ministry of Petroleum and Energy's 2018 contract and license disclosure [policy](#).

Chad EITI has considered opportunities to expand the scope of EITI implementation to address issues of national importance in the extractive sector. Chad has continued to use its EITI reporting to cover sectors other than upstream extractive industries, including mid-stream oil transportation and refining, as in the period reviewed by the previous Validation. More recently, Chad's three EITI Reports produced in the period under review have strengthened disclosures related to resource-backed loans managed off the government's budget, including the servicing of the loan to Glencore that has been an issue of central importance to Chad's macro-economic stability, fiscal position, and relations with international donors. Chad has also long expanded the scope of its EITI implementation to cover nationally-relevant issues such as oil refining and oil transportation arrangements. Chad's most recent (2019) EITI Report has innovated on the conventional approach to government disclosures of extractive revenues by reconciling data disclosed by different government entities and SOEs. This approach has identified extensive weaknesses in government systems and record-keeping, with related recommendations to strengthen public finance management related to the petroleum sector. A review of minutes of MSG and working group meetings indicates that the MSG has regularly discussed extractive industry issues of national importance, including the governance of off-budget oil revenues, subnational transfers of extractive revenues, contract disclosure and environmental impacts of the extractive industries.

Chad's EITI work plan objectives and activities include plans related to strengthening systematic disclosures, contract disclosure, gender aspects of the extractive industries and beneficial

ownership transparency. As in previous years however, the work plan could be updated to provide more innovative approaches to inform public debate about natural resource governance, moving beyond general activities related to follow-up on recommendations and communication for instance. The World Bank-funded studies on Chad EITI communications, risks to implementation and the organisation of the national secretariat have yielded important recommendations for strengthening EITI implementation and its links to transparency and accountability reforms. However, in practice, weaknesses in the mechanism for follow-up on recommendations have weakened Chad EITI's input to national reform efforts in practice. Nonetheless, there is evidence of the EITI's input to government deliberations on reforms such as on the legal framework for civil society operations (see *Requirement 1.3*), the regulatory environment for contract disclosure (see *Requirement 2.4*) and the plans to progress towards beneficial ownership transparency (see *Requirement 2.5*).

Most stakeholders consulted considered that Chad EITI had made progress towards the objective of transparency in the extractive industries, but many CSOs considered that this was insufficient in itself to accomplish the objectives set for the EITI process. They argued that Chad EITI's input to legal, regulatory and administrative reforms were still too weak (see *Requirement 7.3*). Several stakeholders from all constituencies raised concerns over funding constraints for EITI implementation over the medium term, although a senior government official expressed the government's strong commitment to providing adequate resources for the EITI. Several stakeholders called for greater institutionalisation of the EITI both in Chad's legal framework, in the provision of direct funding to the EITI through the national budget, and through capacity building of government officials to mainstream disclosures of EITI data in the government's routine operations.

The Secretariat proposes that 0.5 additional points be added to the score on Outcomes and impact for this indicator.

1.2 Systematic disclosures of extractive industry data

This indicator considers the extent to which data required by the EITI Standard is systematically disclosed by government entities and extractive companies.

There are some systematic disclosures of EITI data through routine government systems, although less from companies. The Ministry of Finance and Budget published quarterly [budget execution reports](#) (up to the end of 2020) that disclose the aggregate value of petroleum revenues, albeit only broken down by revenue flow for corporate income tax but not for other revenue streams, nor by company or by project. The Ministry's Observatory of Public Finance (*Observatoire Tchadien des Finances Publiques* - OTFIP) publishes quarterly [oil sector updates](#), that disclose the government's petroleum revenues, disaggregated by revenue stream for the two largest tax revenues and the three largest non-tax revenues. The quarterly updates are an example of best practice in systematic disclosures of crude oil export data, with cargo-level data on sales prices and oil grades. The OTFIP also provide information on petroleum revenues that are managed off-budget, including the deductions earmarked for reimbursing the Glencore debt and the transfers of a share of the state's in-kind oil revenues to the SRN refinery.

Chad EITI has made efforts to improve the accessibility of data on the extractive industries, for instance launching a mini-cadastre [portal](#) with license and contract information, although the data does not appear to be available for bulk download in open format. However, the cadastral portal links a map front-end user interface to specific contracts that have been disclosed. The Ministry of Finance and Budget's Observatory of Public Finance [portal](#) provides monthly production and export data for the oil and gas sector for the 2014-21 period, available for download in open (.csv) format. The MSG's 'Outcomes and impact' template for this Validation highlights activities in the 2022 work plan aimed at strengthening systematic disclosures of information on companies' activities. Chad EITI's follow-up with government entities has also led to the systematic disclosure of some information, albeit in an ad hoc and relatively unstructured manner. For instance, the MSG's 'Outcomes and impact' template for this Validation notes the publication of some information on semi-industrial mining production in the gold sector, a topic of high public interest in Chad, referencing Ministerial Orders (*arrêtés*) awarding semi-industrial gold mining licenses to [Union Sky Mining](#) and [Abbarci Group Mining](#).

In terms of company systematic disclosures, the 2019 EITI Report provides an overview of company publications of their social expenditures, but not of other aspects of their operations. However, Glencore's annual 'payments to government' reports (including for [2019](#)) provide the company's disclosures of crude oil purchases from Chad and other payments to government, although these disclosures are only disaggregated by cargo for volumes, while the value of purchases is only provided in aggregate for the year.

There are plans for following-up on the mainstreaming study funded by the World Bank in Chad's 2022 EITI work plan, albeit only in general without planning distinct activities. While the quarterly government reports are examples of best practice, there is little evidence of Chad EITI providing input to the development of these systems with a view to broadening the coverage of EITI data disclosed. The development of a modern information management system within the Ministry of Finance and revenue-collecting agencies like the Treasury provides an opportunity for simplifying EITI data collection, although this does not appear to be covered in the 2022 Chad EITI work plan.

The Secretariat proposes that 0.5 additional points be added to the score on Outcomes and impact for this indicator.

1.3 Environment for citizen participation in extractive industry governance

This indicator considers the extent to which there is an enabling environment for citizen participation in extractive sector governance, including participation by affected communities.

The legal and regulatory environment in the extractive industries is not particularly conducive to citizen participation in the decision-making process. While there are requirements for consultations with communities in the legal framework for the extractive industries, these do not appear adhered to in practice aside from consultations with local government officials, according to several stakeholders consulted. There is however evidence of extensive MSG deliberations on the environment for civil society engagement in public debate on natural resource governance. The MSG maintains a [matrix](#) tracking progress in follow-up on corrective actions and strategic recommendations from Validation, including related to the MSG's efforts to expand the space for

civil society participation in all aspects of the EITI process. The matrix confirms the lack of restrictions on civil society representatives within the MSG, but notes the existence of restrictions linked to Ordonnance 23 on the activities of CSOs working on their “traditional activities”. The MSG has followed up through the Ministry of Petroleum and Energy (MPE) with the Ministry of Territorial Administration and Autonomous Administrations (MTAA). However, while the MTAA’s latest public letter in [October 2020](#) indicated that proposals for reform of Ordonnance 23 to transition towards a regime of declaration for the establishment of associations had been prepared for submission to the Council of Ministers, the reform process appears to have stalled since the suspension of the Constitution in April 2021.

The CSOs engaged in EITI implementation and represented on the MSG appear to have the required technical and financial capacities to fulfil their duties. However, stakeholder consultations highlighted financial capacity constraints as a significant factor in explaining the gap between N’Djamena-based CSOs and community-based organisations in the oil-producing regions. While there is some evidence of use of EITI data on subnational transfers of oil revenues by community-based NGOs, EITI implementation does not appear to have significantly impacted communities in oil producing regions to date. In its comments on the preliminary assessment, the MSG argued for the addition of 0.5 points to the assessment of this indicator, noting that despite weaknesses in the legal and regulatory framework supporting citizen access to public decision-making on the extractive industries, civil society was able to undertake activities related to extractive industry governance in this period. As evidence, the MSG highlighted the workshop held in 2022 in Moundou to debate the management of the 5% of petroleum revenues meant to be transferred to subnational governments, as well as the activities of the civil society organisation Centre of Studies and Research on Governance, Extractive Industries and Sustainable Development (*Centre d’Etudes et de Recherche sur la Gouvernance, les Industries Extractives et le Développement Durable* – [CERGIED](#)). Nonetheless, the Secretariat’s view is that this effectiveness and sustainability indicator focuses on broader mechanisms for citizen engagement in extractive industry governance and the MSG’s role in reviewing these other mechanisms, as well as creating this space in itself.

The Secretariat proposes that zero additional point be added to the score on Outcomes and impact for this indicator.

1.4 Accessibility and use of extractive industry data

This indicator considers the extent to which extractive sector data is accessible and used for analysis, research, and advocacy.

Government and companies systematically disclose a limited set of data required by the EITI Standard. Company disclosures are limited to publication of social expenditures by petroleum companies and payments to government reporting by Glencore, although these are not published in open format. Government systematic disclosures consist of quarterly [budget execution reports](#) by the Ministry of Finance and Budget, and quarterly [oil sector updates](#) by the Observatory of Public Finance (OTFIP), which cover government oil revenues and exports. The only systematic disclosures in open format are oil production and exports data published on the OTFIP website.

Chad EITI has made efforts to improve the accessibility of data on the extractive industries, for instance launching a mini-cadastre [portal](#) with license and contract information, although the data does not appear to be available in open format or bulk download. However, the portal presents a cadastral portal that links a map user interface to specific contracts that have been disclosed.

Chad has used its EITI reporting to disclose information of significant public interest, including on contracts, state participation, off-budget oil revenues, subnational transfers, and social expenditures. There is some evidence of use of EITI data, particularly on subnational transfers, by Chadian CSOs, with two studies drawing on EITI data under development during this Validation. The EITI disclosures on off-budget petroleum revenues and quasi-fiscal expenditures appears used primarily by international stakeholders from development partners and international NGOs. However, weaknesses in Chad EITI outreach and dissemination in the 2019-22 period have impacted the broader use of EITI data, particularly by communities hosting extractive production.

There is limited evidence of EITI data leading to public debate in Chad in the period under review, with only limited coverage of the EITI in the national press focusing more on the publication of EITI Reports than the use of EITI data. While findings of EITI Reports have identified weaknesses in government revenue collection systems, challenges in SOE financial management and constraints in the environment for civil society engagement in public debate on natural resource governance, the mechanisms for follow-up on EITI recommendations for reform have weakened since the previous Validation (see *Requirement 7.3*). There are opportunities for strengthening Chad's EITI implementation by expanding the coverage of EITI disclosures to encouraged aspects of the EITI Standard that address issues of significant public interest in Chad, including on the management of the environmental impact of the extractive industries, beneficial ownership and the management of expenditures funded by extractive revenues. In its comments on the preliminary assessment, the MSG argued for the addition of 0.5 points to the assessment of this indicator, noting that Chad's EITI Reports have been a key source of information for several workshops organisation by the civil society organisation Centre for Studies on Training and Development (*Centre d'Étude de Formation et de Développement – CEFOD*). However, the Secretariat's view is that, while these examples of use of EITI data are notable, there is still significant scope for further strengthening stakeholder use of EITI data in order for it to lead to more public debate and strengthened accountability mechanisms at the national and subnational levels.

The Secretariat proposes that zero additional point be added to the score on Outcomes and impact for this indicator.

1.5 EITI-related changes to extractive industry policy and practice

This indicator considers the extent to which EITI has informed changes in extractive sector policies and practices.

The MSG's 'Outcome and impact' template for this Validation highlighted two reform processes to which the EITI has contributed. The first relates to the follow-up on recommendations for the Treasury to implement reforms to strengthen its oversight of extractive revenues, through a new MSG committee established to follow up on EITI recommendations in March 2022. The second

relates to recommendations for revisions to Ordonnance 23 governing civil society organisations, which the Ministry of Territorial Administration and Autonomous Administrations submitted to the Council of Ministers. However, neither of these reforms has yet been fully implemented as of the commencement of Validation. However, the MSG's 'Outcome and impact' template for this Validation notes the establishment of the Chadian Observatory of Public Finances and attributes the creation of this body partly to EITI implementation. The MSG's submission also attributes the publication of a Presidential Decree in December 2019 (number [2085/PR/MPME/2019](#)) approving the government's mining policy to EITI implementation. While consultations with government officials highlighted the EITI's input to policy making and regulatory reforms, several CSOs considered that Chad's EITI implementation had focused primarily on data disclosures than on following-up on EITI recommendations that led to reforms.

There is little evidence that EITI implementation has led to changes in company disclosure practices, beyond their participation in EITI reporting. Improvements in the accessibility of government data on, for instance, extractive licenses and contracts does not yet appear to have been matched by reforms in government administrative practices, including in the routine publication of information by extractive SOEs, the execution of subnational transfers of oil revenues and the Supreme Audit Institution's assurances of government revenue disclosures. While Chad's EITI implementation has led to several recommendations for broader reforms of the legal, regulatory, and administrative management of the extractive industries, the lack of a robust mechanism for follow-up on EITI recommendations has reduced the number of government reforms directly attributable to the EITI process.

The Secretariat proposes that zero additional point be added to the score on Outcomes and impact for this indicator.

2. Outcomes and impact

This component assesses EITI Requirements 7 and 1.5, which relate to progress in addressing national priorities and public debate.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in annex to this report.

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
<p>Work plan (Requirement #1.5)</p> <p><i>Mostly met</i></p>	<p>The Secretariat's assessment is that Requirement 1.5 is mostly met. Some stakeholders consulted from government and industry considered that the objective of the annual EITI work plan providing a key accountability document for the MSG vis-à-vis broader constituencies and the public had been fulfilled. However, some CSOs considered that the objective was mostly met, given the</p>

	<p>perceived need for more meaningful consultations in the work plan's development and call for more detailed plans for capacity building, particularly for MSG members. The International Secretariat's view is that the objective is mostly met.</p> <p>Chad has maintained an updated and publicly accessible EITI work plan that it appears to have updated annually during the period under review. Chad EITI work plans covering 2018-20, 2021 and 2022 are accessible on the Chad EITI website, with a detailed matrix of 2022 work plan activities published as a standalone supporting document. The draft work plan was developed by the national secretariat, which solicited input from the International Secretariat and development partners prior to circulating it to the MSG for input and approval. The 2022 work plan was approved at the MSG's 24 March 2022 meeting. The MSG's submission for this Validation notes that the draft EITI work plans were submitted to members of all three constituencies beyond the MSG but that no input was received. Several CSOs consulted called for a revision of the process for developing the EITI work plan and considered that the current consultations represented the minimum required. They considered that a more bottom-up approach of consulting the broader constituencies before preparing a draft of the work plan would ensure greater input from constituencies and strengthen stakeholders' buy-in to EITI work planning. Nonetheless, a review of minutes of meetings of the MSG and its working groups indicates that there is a regular review of progress in work plan implementation, which appears to have informed work plan updates. The annex to the 2022 work plan also includes an assessment of progress in implementing the 2021 work plan. In its comments on the preliminary assessment, the MSG highlighted plans to ensure more extensive consultations with stakeholders beyond the MSG in the development of the next EITI Chad work plan, in a process expected to be supported by the African Development Bank, starting in October 2022.</p> <p>The objectives of Chad's successive EITI work plans appear to have been aligned with national priorities for the extractive industries, particularly the 2030 National Development Strategy. This was confirmed in stakeholder consultations. The 2022 work plan includes activities related to strengthening systematic disclosures of EITI data by both government entities and companies. The annex to the 2022 work plan sets out work plan activities that are time-bound, measurable and costed, with sources of funding identified. Several activities do not have clear costings however, with several planned items noting that the source of funding is to be confirmed. The work plan includes activities to address capacity constraints, although axis 5 of the work plan includes general plans for capacity development, rather than training sessions on specific topics. Several CSOs called for more detailed planning of capacity building sessions as they considered that there was a significant need to build the capacity of newer MSG members, particularly from government.</p> <p>The 2022 work plan requires MSG discussions to go beyond the minimum requirements of the EITI Standard and includes activities aimed at articulating the Chad EITI theory of change. The MSG's 'Outcomes and impact' submission for this Validation highlighted recommendations in the 2019 EITI Report as exceeding the minimum requirements of the EITI Standard, given their focus on reconciling inconsistent disclosures between the various revenue-collecting</p>
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	<p>government entities (Treasury, Tax Department, Customs), to strengthen the operations of the government's Extractive Revenues Collection and Centralisation Cell, to clarify inconsistencies between the SHT's EITI reporting and its financial statements, as well as improving the government's oversight systems related to the repayment of the debt to Glencore.</p> <p>The work plan includes only one activity related to addressing legal and regulatory constraints on EITI implementation, in the form of the MSG's work on beneficial ownership legislation. While work plan activities related to follow-up on EITI recommendations imply Chad EITI's engagement in planned legal and regulatory reforms, these are not described in the work plan or other Chad EITI documents. Nonetheless, beyond general activities related to following up on recommendations from EITI reporting and Validation, the work plan also includes specific activities linked to follow-up on recommendations from thematic reports commissioned by the World Bank. The work plan includes activities related to establishing a legal framework for beneficial ownership disclosures, but only includes general plans to formalise a contract disclosure working group and to develop a plan for contract disclosure. The work plan does not provide a clear plan related to contract disclosure. The timetable for the work plan's implementation appears aligned with deadlines for Chad's EITI reporting and Validation. In its comments on the preliminary assessment, the MSG highlighted the enactment of the 2019 Government Decree (1835/PR/MPE/2019) that led to the formulation of a contract disclosure plan, which was published in July 2022. The new plan includes activities and responsible stakeholders for each, although it does not provide a clear timeline for implementation of planned activities.</p>
<p>Public debate (Requirement #7.1)</p> <p><i>Partly met</i></p>	<p>The Secretariat's assessment is that Requirement 7.1 is partly met. Most stakeholders consulted considered that the objective of enabling evidence-based public debate on extractive industry governance through active communication of relevant data to key stakeholders was still far from being achieved in the period under review given the lack of outreach and dissemination activities since 2018 due to funding constraints. Several CSOs consulted noted that it should have been possible to develop relatively low-cost dissemination activities through community radio stations in this period, even in the context of significant funding constraints. The Secretariat's view is that there has been back-sliding since the previous Validation and that the objective is partly met in the period under review.</p> <p>Chad has continued to publish EITI Reports on its website in the period under review, including the 2017 EITI Report in June 2020, the 2018 EITI Report in December 2018 and the 2019 EITI Report in February 2022. In January 2021, Chad EITI published a 13-page summary of the 2018 EITI Report prepared by the IA, although there is no evidence of summary reports being prepared on the basis of the 2017 or 2019 EITI data. The MSG's 'Outcomes and impact' template for this Validation highlights the lack of translation of EITI data into other languages (Arabic) in the case of the last three EITI Reports (covering 2017-19), which meant that the EITI data was not accessible for the majority of the target audiences who only speak Arabic. Several stakeholders consulted highlighted access challenges related to EITI Reports, given that many stakeholders in Chad faced challenges in Internet access and in understanding</p>

	<p>materials in French. Four thematic reports funded by the World Bank have been published on topics including a Chad EITI administrative procedures manual, a diagnostic study of the Chad EITI Secretariat, a Chad EITI work plan implementation risk assessment, and a study on Chad EITI communications. However, these studies are focused on internal Chad EITI issues rather than designed as communications products for the broader constituencies or general public. In its comments on the preliminary assessment, the MSG highlighted that it considered the March 2021 EITI Chad study on the proposed communications strategy to constitute EITI Chad’s communications strategy. While it noted that the strategy had not yet been implemented in the period under review, the MSG noted that the strategy was included under a specific axes of the 2022 EITI Chad work plan and that the AfDB had committed to support this work. The MSG further noted that the new Chad EITI Report would be disseminated as soon as the necessary funds were disbursed and that the EITI Chad Secretariat was preparing the presentations for these dissemination events in the meantime.</p> <p>Several stakeholders consulted from civil society and development partners called for greater MSG attention to communicating EITI findings in simple and accessible language, given their perception of the highly technical language used in EITI Reports that did not facilitate access to this information. The development of the mini-cadastres for mining and petroleum hosted on the Chad EITI website was widely recognised by stakeholders consulted as an important development in facilitating public access to license and contract information, however. With support from the World Bank however, Chad EITI published a study in March 2021 aimed at strengthening Chad EITI communications activities, which included a proposal for the development of a communications strategy. The study segments target audiences for EITI communications activities and considers needs and access challenges. The draft communications strategy report includes recommendations for the MSG to consider in finalising the communications strategy, although available evidence does not indicate that these were yet followed up on. However, stakeholders consulted noted that the recommendations of the communications study had been reflected in the 2022 EITI work plan but had not yet been implemented given the lack of financial resources dedicated to communications activities.</p> <p>Available evidence from the MSG’s Validation templates and stakeholder consultations indicated that there had been no EITI outreach and dissemination activities since the last dissemination activities based on the 2014-2016 EITI Reports in the ten districts of the capital N’Djamena in September 2018 (see ToR). Stakeholders consulted from all constituencies confirmed that there had been no dedicated outreach or dissemination events since 2018, initially due to lack of funding following the end of EU funding in 2019 and subsequently due to both funding constraints and pandemic-related restrictions since 2020. The main dissemination effort in the period under review beyond publication of EITI Reports on the Chad EITI website has been the publication of a communiqué by the Minister of Petroleum and Energy in January 2022 encouraging the public to consult the Chad EITI website. The efforts of Chad EITI to promote the use of EITI data in national print and broadcast news appears to have declined in the period under review, with evidence of coverage in the press clippings in 2017-18 provided for this Validation but little evidence of use of EITI data in the</p>
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	<p>national press since then. Coverage of Chad EITI implementation and findings appears to have slowed since 2020, which is partly attributable to the effects of the COVID-19 pandemic but primarily due to the lack of EITI dissemination activities according to stakeholders consulted. There is extensive evidence of use of EITI data by development partners such as the World Bank, IMF, African Development Bank, EU Delegation and others, as well as two civil society studies ongoing in 2022 drawing on EITI data in analysing subnational transfers of petroleum revenues. The MSG's 'Outcomes and impact' template for this Validation refers to advocacy notes and Parliamentary debates drawing on EITI data, although there is no further documentary evidence of these briefings and stakeholder consultations noted that these briefings had been prepared in the past, but not during the period under review. However, in its comments on the preliminary assessment, the MSG highlighted recent EITI-related outreach and dissemination activities, including activities held by the civil society organisation CERGIED (including its calls for an independent audit of SHT, its public criticism of SHT's financial management, and a forum on public participative budgeting in June and July 2022) and the day-long civil society reflection event in Moundou focused on the management of subnational transfers of petroleum revenues in July 2022, which was transmitted to N'Djamena-based stakeholders via the FM Liberté radio station (available on the EITI Chad website). Chad's EITI Reports have also been a key source of information for several workshops organisation by the civil society organisation Centre for Studies on Training and Development (<i>Centre d'Étude de Formation et de Développement</i> – CEFOD).</p>
<p>Data accessibility and open data (Requirement #7.2)</p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Requirement 7.2 is fully met. Stakeholders consulted did not express particular views on progress towards the objective of publication of extractive information in open data and interoperable formats. The Secretariat's view is that the objective has been fulfilled given the existence of a clear Chad EITI policy on publication of data in open format and the practice of disclosure of EITI data in such formats, even if most other extractive data systematically disclosed on government portals has yet to be published in open format.</p> <p>The Chad EITI Open Data Policy was agreed in December 2017 and published on the Chad EITI website. While the policy does not explicitly define the terms of release of EITI data, noting only that they should be disclosed in 'appropriate formats', it does confirm the free terms for use and reuse of EITI data. Chad has consistently prepared summary data files for all EITI Reports to date, including for 2019, which are published on the EITI global summary data repository and website, as well as the national EITI website. The majority of both financial and non-financial data in the 2019 EITI Report has been published in standalone annexes in open format.</p> <p>The Ministry of Petroleum, Mines and Energy's Decree 1838/PR/MPME/2019 provides a robust foundation for building the government's systematic disclosures of data ranging from the full text of contracts and licenses to information on mining and petroleum activities, which could cover a large share of data required by the EITI Standard if interpreted broadly. The MSG has not yet undertaken a review of the availability of systematic disclosures on government and company websites in open format, but has plans to do so as</p>

	<p>part of activities in its 2022 work plan to follow up on its mainstreaming feasibility study supported by the World Bank.</p> <p>Chad EITI has made efforts to improve the accessibility of data on the extractive industries, for instance launching a mini-cadastral portal with license and contract information, although the data does not appear to be available for bulk download in open format. However, the cadastral portal links a map front-end user interface to specific contracts that have been disclosed. The Ministry of Finance and Budget's Observatory on Public Finances website was established to provide oil and gas production and export data, available for download in open (.csv) format.</p>
<p>Recommendations from EITI implementation (Requirement #7.3)</p> <p><i>Mostly met</i></p>	<p>The Secretariat's assessment is that Requirement 7.3 is mostly met. Several civil society stakeholders consulted did not consider that the objective of ensuring that EITI implementation is a continuous learning process that contributes to policy-making through the MSG's follow-up on recommendations from the EITI process had been fulfilled in the period under review. Government officials considered that the objective had been achieved although they could not describe the mechanism for following up on recommendations from EITI Reports.</p> <p>The MSG has tracked progress in following up on corrective actions and strategic recommendations from the previous Validation through a dedicated matrix, published on the Chad EITI website. Stakeholder consultations explained that the mechanism for follow-up on recommendations from EITI Reports consists of either including related activities in the annual EITI work plan or delegating follow-up to the MSG's sub-committees on recommendations. The MSG established three sub-committees with different responsibilities related to EITI recommendations in the 2020-22 period. In 2020, the MSG established its first sub-committee to follow up on recommendations from Validation and EITI reporting (through Ministerial Order 44/PR/MPME/HCN/CSTP/2020). In March 2021, the MSG established an ad hoc sub-committee of government, civil society, SHT, the Chamber of Accounts (through Ministerial Order 14/PR/MPM/HCN/CSTP/2021) to follow-up on recommendations from the 2018 EITI Report related to the comprehensiveness and reliability of EITI reporting. It published its final report in August 2021. In March 2022, the MSG established a sub-committee responsible for following up on recommendations from the 2018 Validation and on recommendations from the 2018 and 2019 EITI Reports (through Ministerial Order 003/PCMT/PMT/MPE/HCN/CSTP/2022).</p> <p>There has been significant MSG attention paid to recommendations from diagnostic reports. The World Bank supported four studies that yielded recommendations to address the most significant gaps identified in the previous Validation, including dedicated studies that led to recommendations included in the 2022 work plan on cadastral information, revenue collection, the Chad EITI communications strategy and the MSG's governance and operations. There has been some tangible follow-up on recommendations from the previous Validation, including in the MSG's development of a theory of change included in the 2022 EITI work plan. The MSG has also worked with the Ministry of Petroleum and Energy and the Ministry of Territorial Administration to draft proposals for revisions of Ordinance 23 on civil society oversight,</p>

	<p>although progress is unclear since the submission of proposed revisions to Ordinance 23 to the Council of Ministers in late 2020. The Minister of Petroleum and Energy has played a key role in follow-up on specific EITI recommendations, including in sending official letters to the Chamber of Accounts in November 2020 for instance.</p> <p>However, consultations with stakeholders, particularly from civil society, highlighted a concern over bureaucratic inertia and lack of effective coordination of reforms across government agencies as key constraints on the follow up on EITI recommendations. Civil society stakeholders considered that the EITI's perceived decline in influence over reforms of extractive industry governance was a reflection of weaknesses in government engagement in the EITI process due to institutional instability and frequent staff changes. Several CSOs raised concerns over a perception that the only effective mechanism for follow-up on EITI recommendations was through direct intervention of the Minister of Petroleum. This support could only be solicited in specific cases and did not represent an effective mechanism for following up on EITI recommendations in practice in their opinion. The International Secretariat's view is that most aspects of Requirement 7.3 have been fulfilled but that concerns over the effectiveness and sustainability of the MSG's mechanism for following up on EITI recommendations are legitimate. Thus, it considers that Requirement 7.3 is mostly met in the period under review.</p>
<p>Review the outcomes and impact of EITI implementation (Requirement #7.4)</p> <p><i>Mostly met</i></p>	<p>The Secretariat's assessment is that Requirement 7.4 is mostly met. Most stakeholders consulted did not express particular views on whether the objective of ensuring regular public monitoring and evaluation of EITI implementation had been achieved. However, several CSOs considered that this had not been consistently met in the period under review, given that the latest annual progress report covered three years and did not include an adequate review of the impact of EITI implementation to date. The Secretariat's view is that most aspects of Requirement 7.4 have been addressed, but that the broader objective is mostly met given the lack of sufficient attention to documenting impact and limited evidence of consultation of the broader constituencies.</p> <p>Chad published annual progress reports covering 2017 in June 2018, and the 2018-21 period in March 2022. While the MSG did not prepare any structured annual review of outcomes and impact in the intervening years, there is evidence of ad hoc discussion of progress against the work plan, resource constraints and outcomes of the EITI process in MSG meeting minutes for 2019-21. In addition, the annual EITI work plan includes in annex an overview of progress in implementing the previous year's work plan. The report of the ad hoc commission on follow-up on EITI recommendations published in June 2021 provides some overview of outcomes and impact of the EITI process.</p> <p>The 2018-21 annual progress report addresses most aspects of Requirement 7.4, in providing an overview of progress in the work plan, follow-up on recommendations and on EITI Requirements. However, the section on impact consists of a succinct list of strengths and weaknesses of EITI implementation rather than a narrative overview of impact and efforts to strengthen the impact of the EITI process. Several CSOs did not consider that the annual progress report had provided sufficient overview of the impact of the EITI process to date.</p>

	<p>Several stakeholders from all constituencies highlighted different types of impacts that they attributed to EITI implementation (see <i>Effectiveness and sustainability indicators</i>). Stakeholder consultations confirmed that the process for developing the annual progress report followed a similar process to the annual work plan's development, with the Chad EITI Secretariat preparing a draft that is circulated to MSG members for comment. The MSG's submission for this Validation notes that the draft EITI annual progress report were submitted to members of all three constituencies beyond the MSG but that no input was received. Several CSOs consulted raised concerns over the process for the work plan's development and criticised the lack of sufficient time for meaningful stakeholder consultation for input to the annual progress report's development.</p>
<p>New corrective actions and recommendations</p>	
<ul style="list-style-type: none"> • In accordance with Requirement 1.5, Chad should ensure that its annual EITI work plan is the product of consultations with the broader constituencies represented in the EITI process, including but not limited to MSG members. Chad should use its annual EITI work plan to identify and outline plans to address any potential legal or regulatory obstacles to EITI implementation, and to provide detailed plans for addressing any potential capacity constraints in government agencies, companies and civil society that may be an obstacle to effective EITI implementation. To strengthen implementation, Chad is encouraged to explore innovative approaches to extending EITI implementation to inform public debate about natural resource governance and encourage high standards of transparency and accountability in public life, government operations and in business. • In accordance with Requirement 7.1, Chad should ensure that EITI information is widely accessible and distributed. Chad EITI is encouraged to break this down into thematic reports and make this available online. Chad should ensure that outreach events, whether organised by government, civil society or companies, are undertaken to spread awareness of and facilitate dialogue about governance of extractive resources, building on EITI disclosures across the country in a socially inclusive manner. To strengthen implementation, Chad is encouraged to produce brief summary reports of EITI data, with clear and balanced analysis of the information, ensuring that the data sources and authorship are clearly stated. Chad may wish to undertake capacity-building efforts, especially with civil society and through civil society organisations, to improve understanding of the information and data from the EITI Reports and online disclosures and encourage use of the information and findings by citizens, the media and others. • To strengthen implementation, Chad is encouraged to make systematically disclosed extractive data machine readable and inter-operable, and to code or tag EITI disclosures and other data files so that the information can be compared with other publicly available data. • In accordance with Requirement 7.3, Chad should take steps to act upon lessons learnt; to identify, investigate and address the causes of any information gaps and discrepancies; and to consider the recommendations resulting from EITI implementation. Chad may wish to consider streamlining its process for following up on recommendations with a view to institutionalising the use of the EITI as a tool to support reform. • In accordance with Requirement 7.4, Chad should document its annual review of the impact of EITI implementation in a publicly accessible document. All stakeholders should be able to participate in reviewing the impact of EITI implementation. Civil society groups and industry involved in the EITI, particularly, but not only, those serving on the MSG, should be able to provide feedback on the EITI process and have their views reflected in the annual review of impact and outcomes. The annual review of outcomes and impact should include a narrative account of efforts to strengthen the impact of EITI implementation on natural resource governance, including 	

any actions to increase engagement with stakeholders. To strengthen implementation, Chad may wish to consider undertaking a more detailed dedicated assessment of the impact of EITI implementation since Chad joined the EITI in 2010.

3. Stakeholder engagement

This component assesses EITI Requirements 1.1 to 1.4, which relate to the participation of constituencies and multi-stakeholder oversight throughout the EITI process.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in annex to this report.

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
<p>Government engagement (Requirement #1.1)</p> <p><i>Mostly met</i></p>	<p>The Secretariat's assessment is that Requirement 1.1 is mostly met. Most government officials consulted considered that the objective of full, active and effective government leadership of the EITI process had been achieved, although they considered that this engagement could always be strengthened. Some industry stakeholders consulted considered that the objective was in the process of being fulfilled, despite institutional instability in this period. Several CSOs consulted did not consider that the objective was yet achieved given political changes and the decline in government provision of technical and financial resources for EITI implementation. In its comments on the preliminary assessment, the MSG highlighted the impact of the political situation, the security crisis and the COVID-19 pandemic on the provision of funding for the EITI and the implementation of EITI activities in this period, but highlighted the government's continued support and engagement in the EITI despite the broader context. The Secretariat's view is that the objective is mostly fulfilled in the period under review.</p> <p>There have been frequent and consistent public statements of support for EITI implementation from senior government officials throughout the period under review, including through the issuance of Ministerial communiqués, circulars, orders and decrees by senior government officials, including the Minister of Petroleum and Energy and the President, as itemised in the MSG's 'Stakeholder engagement' template. A senior government official, the Minister of Petroleum and Energy, has effectively led EITI implementation since the last Validation. Djerasse Le Bemadjiel was appointed Minister of Petroleum and Energy in late February 2022, replacing Oumar Djarma Torbo who was occupying the position between July 2020 and February 2022 and who kept the position during the government change of May 2021.</p> <p>The institutional structure of EITI implementation, with senior government representation on the MSG chaired by the Minister of Petroleum and Energy (e.g. in the 2019 MSG nominations), reflects the high-level government</p>

	<p>engagement in the EITI process. The MSG appears to include appropriate representation from government, although there have been replacements in government representatives following political changes in 2020-21. Government officials' attendance at EITI events, including meetings of the MSG and its working groups (committees), was broadly consistent in the period under review. Yet the low frequency of MSG meetings is a concern (see <i>Requirement 1.4</i>). Several CSOs consulted noted that newer MSG members from government required significant capacity building on the EITI, given their perception that government officials did not view the EITI as a priority and that they did not understand the EITI's role as a tool to support reforms in extractive industry governance. Several stakeholders consulted raised concerns over the lack of effective coordination between government officials from different ministries on EITI implementation, which caused delays in EITI disclosures and challenges in follow-up on EITI recommendations. Some industry representatives noted that frequent changes in government officials had impacted on the effectiveness of government engagement in the EITI process. Government engagement in outreach and dissemination was as weak as the overall efforts in the 2019-22 period, and there is little evidence of use of EITI data by government entities documented in the MSG's submission for this Validation. Nonetheless, there is some evidence of the Minister of Petroleum and Energy taking steps to encourage the public to consult the Chad EITI website (see <i>Requirement 7.1</i>).</p> <p>The government appears to have engaged in most aspects of EITI implementation in the period under review, including input to the design of EITI reporting and the provision of required data. However the final report of the MSG's ad hoc working group on follow-up on EITI recommendations in 2021 highlights that the political transition following the suspension of the constitution in April 2021 led to a weakening of EITI engagement from some government entities and companies. This was confirmed in stakeholder consultations, particularly with civil society, who noted that EITI data collection from certain government entities depended on direct intervention of senior government officials and did not appear to be sufficiently institutionalised to ensure sustainability of reporting during times of political change.</p> <p>The government's provision of technical and financial resources for the EITI has been systematically lower than planned in the period under review. The World Bank-funded diagnostic study of the Chad EITI Secretariat published in April 2021 highlighted funding constraints as a key challenge for Chad EITI. Government budgeted funding for EITI implementation has oscillated around XAF 450m (around USD 740,000) in the 2019-21 period, although disbursements were only around 54% of this amount in 2019-20 and 69% in 2021. The budgeted government funding for EITI in 2022 is only XOF 200m (around USD 330,000), less than the actual annual disbursements in the 2019-21 period. The World Bank has provided XAF 175m (around USD 288,000) in annual grant funding in 2020 and 2021 through its Action Plan for the Modernization of Public Finances (<i>Plan d'Appui à la Modernisation des Finances Publiques</i> - PAMFIP) project, which was devoted to funding four diagnostic studies on Chad EITI. The EU has provided some funding through its PAON (<i>Programme d'Appui à l'Ordonnateur National</i> - Project to Support National Authorising Officers) project, although none of the XAF 163m (around</p>
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	<p>USD 269,000) budgeted for 2020 was disbursed, while most (94%) of the XAF 58m (around USD 95,000) budgeted for 2021 was disbursed. Stakeholders consulted from all constituencies highlighted the impact of funding constraints on key aspects of EITI implementation, noting for instance that there had been no dedicated outreach or dissemination of EITI data since 2019 given the lack of sufficient financial resources. Several government officials however noted that budget cuts had affected all programmes funded by government grants and argued that the cuts in funding for EITI should not be interpreted as a reflection of declining government engagement. Some stakeholders consulted from different constituencies called for the inclusion of a specific line for EITI funding in the annual government budget, to ensure that funds allocated to the EITI were disbursed in full.</p> <p>There is evidence of the government taking actions to help overcome barriers to EITI implementation, particularly by the Minister of Petroleum and Energy. The EITI Champion has taken steps including writing official letters to government entities such as the Chamber of Accounts and the Ministry of Territorial Administration to follow up on EITI recommendations and submit recommendations for reform. The Ministry of Petroleum has issued decrees, orders (<i>arrêtés</i>), circulars and communiqués related to reforms directly related to the EITI process. For instance, the Ministry of Petroleum, Mines and Energy's Decree 1838/PR/MPME/2019 provides instructions for the systematic disclosure of data ranging from the full text of contracts and licenses as well as information on mining and petroleum activities. Several government officials highlighted these interventions by the EITI Champion as evidence of the government's proactive engagement. However, several CSOs consulted considered that government actions to lift barriers to the EITI had focused on disclosures of information, rather than on implementing reforms that would improve the governance of the extractive industries, for instance on the management of subnational transfers of oil revenues (see <i>Requirement 7.3</i>).</p>
<p>Industry engagement (Requirement #1.2)</p> <p><i>Mostly met</i></p>	<p>The Secretariat's assessment is that Requirement 1.2 is mostly met. Most stakeholders consulted from the different constituencies considered that there had been a weakening of companies' engagement in the EITI process since the previous Validation, although many stakeholders considered that this was due to the changing context of the extractive industries and oil companies' activities, rather than a declining interest from companies in the EITI. The Secretariat's view is that the objective of full, active and effective industry engagement in the EITI process is mostly met in the period under review, given weaknesses in industry coordination mechanisms related to the EITI, declining company participation in EITI reporting and gaps in industry representation in EITI activities that appear linked to the impact of the COVID-19 pandemic on company operations combined with the departure of several industry members from the MSG.</p> <p>There are seven industry representatives on the MSG, including five from oil and gas and two from mining. The MSG's 'Stakeholder engagement' template for this Validation noted that attendance at MSG meetings by four of the seven members was regular in the period under review. However, while four oil and gas industry representatives were actively engaged in the EITI process</p>

	<p>in the period reviewed by the previous Validation, engagement appears to have narrowed since 2020 in particular. Participation of the MSG member from Glencore was less frequent since Glencore suspended production in Chad in early 2020. The illness of Yolla Zongre, a representative from ExxonMobil and the Secretary General of the Petroleum Operators Association of Chad (AOPT), since 2020 weakened his engagement in the EITI, and his MSG seat was not filled since his death in early 2021. The MSG member from SHT was replaced in 2021. Thus, the most consistent engagement in the EITI process in 2020-22 has been CNPCI, the largest oil producer in Chad as of 2021, and the mining SOE SONAMIG. Several stakeholders consulted from all constituencies highlighted the impact of Glencore’s suspension of its operations since 2020 and ExxonMobil’s decision to sell its Chadian assets to Savannah Energy on the industry constituency’s engagement in the EITI in recent years.</p> <p>The MSG’s ‘Stakeholder engagement’ template for this Validation noted that coordination of the oil and gas sub-constituency is effectively provided through the AOPT, although it notes the absence of coordination mechanisms within the mining sub-constituency. However, several stakeholders consulted highlighted the embryonic status of the mining sector, with no industrial mining activities to date. Records of the AOPT’s annual general meetings are documented in the constituency’s submission for this Validation. However, there is little evidence of engagement of the broader industry constituency in the EITI process. The constituency’s contribution to the ‘Stakeholder engagement’ template for this Validation notes that industry’s contributions to the development of the annual work plan and review of outcomes and impact has come from the MSG members themselves, rather soliciting contributions from the broader constituency. The constituency’s submission for this Validation also conceded that the industry’s contribution to outreach and dissemination related to the EITI process had weakened during the period under review, linked to the planned sale of ExxonMobil’s Chadian assets, the Covid-19 pandemic, and Glencore’s suspension of oil production.</p> <p>There appears to continue to be an enabling environment for company participation in all aspects of EITI implementation including reporting, as confirmed in the MSG’s submission for this Validation. Chad’s 2017 EITI Report was produced according to the conventional EITI reconciliation, while its 2018 and 2019 EITI Reports were published under the “flexible” EITI reporting approach agreed by the EITI Board in response to the COVID-19 pandemic. There have been weaknesses in company participation in EITI reporting, both under the conventional and “flexible” EITI reporting approaches. In the 2017 EITI Report, some 17 of the 33 material companies did not submit reporting templates, including large companies such as CNPCI and Petronas. While companies were not requested to report data for the 2018 EITI Report, the Chad EITI Secretariat sent reporting templates to the largest extractive companies in preparing the 2019 EITI Report, requesting data on beneficial ownership and social expenditures. However, the level of company responses to these data requests for 2019 is unclear given that templates were received only after the publication of the 2019 EITI Report and the data had not been published online as of May 2022. In consultations, the IA raised concerns over the way in which the “flexible” EITI reporting</p>
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	<p>approach had been understood by Chad EITI and communicated to companies, given that it implied that companies were no longer required to participate in EITI reporting. Government officials explained that some companies had submitted the required data after publication of the 2019 EITI Report and that it would be possible to publish their data on the Chad EITI website. A senior government official consulted committed that the government would follow up with extractive companies to ensure their full compliance with EITI reporting requirements in future EITI Reports.</p> <p>There are limited systematic disclosures of EITI data by extractive companies operating in Chad. The 2019 EITI Report provides a review of systematic disclosures by oil companies of their (voluntary) social expenditures. Glencore publishes information on its payments to government and purchases of crude oil from the Government of Chad through its annual 'payments to government' reports. However, several stakeholders consulted from civil society and development partners expressed concern at the low level of systematic disclosures by petroleum companies operating in Chad, noting the very limited amount of information on leading petroleum companies' operations in Chad on their respective corporate websites.</p>
<p>Civil society engagement (Requirement #1.3)</p> <p><i>Mostly met</i></p>	<p>The Secretariat's preliminary assessment is that Requirement 1.3 remains mostly met in the period under review. Chad has made efforts to address the corrective action from the previous Validation. Opinions of stakeholders consulted were split over the level of progress towards the objective of full, active and effective engagement of civil society in the EITI process, in an enabling environment. Most government and industry stakeholders consulted considered that it had been met given the work on proposing reforms to the legal framework, although some government officials considered that civil society engagement had waned somewhat in recent years (perhaps due to the COVID-19 pandemic). Most civil society stakeholders consulted considered that the objective was mostly met given legal restrictions that represented constant risk to CSOs engaged on extractive issues, even if they were not applied in practice. However, in its comments on the preliminary assessment, the MSG highlighted recent EITI-related outreach and dissemination activities led by CSOs, including workshops and press releases by activities held by the civil society organisations CERGIED and CEFOD, which have included critical views of the government and SOE's management of the oil sector (including its calls for an independent audit of SHT, its public criticism of SHT's financial management, and a forum on public participative budgeting in June and July 2022) and the day-long civil society reflection event in Moundou focused on the management of subnational transfers of petroleum revenues in July 2022, which was transmitted to N'Djamena-based stakeholders via the FM Liberté radio station (available on the EITI Chad website). Chad's EITI Reports have also been a key source of information for several workshops organisation by the civil society organisation Centre for Studies on Training and Development (<i>Centre d'Étude de Formation et de Développement</i> – CEFOD). The Secretariat's view is that the objective remains mostly met, without considerable improvements since the previous Validation. A more detailed assessment of progress in addressing Requirement 1.3 and</p>

	<p>adherence to the EITI protocol: Participation of civil society is provided in Annex A.</p> <p>Civil society MSG members have continued to be protected by provisions of the Government Decree on the EITI that explicitly bans any reprisals towards MSG members for their public expression in the context of the EITI process and have continued to drive the constituency's engagement in the EITI. However, despite recommendations from the previous Validation for these statutory protections to be expanded to stakeholders beyond the MSG, there is no evidence that this has been implemented in practice in the past three years. Chad EITI has proposed reforms to provisions of laws and regulations (e.g., Ordinance 23) that curbs civil society's ability to operate freely and these have been submitted by the Ministry of Petroleum and Energy to the Ministry of Territorial Administration. However, the Council of Ministers has not approved such reforms to date, amidst the political developments in 2021 including the suspension of the Constitution in April 2021. In practice, Chad EITI has not yet successfully expanded the enabling environment for the broader civil society constituency to be actively, fully and effectively participate in the EITI process, without fear of reprisal. There is no evidence that the MSG has considered or proposed any reforms on the scope of the provisions in the presidential decree to protect civil society members of the MSG to include other members of the broader constituency, beyond proposals for the revision of the legal framework for civil society's activities in Chad. In an environment where civil society can face criminal charges for public expression on issues categorised as 'political' and amidst anecdotal evidence of (often anonymous) intimidation and threats against civil society working on extractive industry and governance issues. There is no evidence of criminal charges against civil society stakeholders involved in the EITI process for their public expression on natural resource governance in the period since the previous Validation. There are credible allegations of self-censorship on the part of members of the broader civil society constituency engaged in EITI implementation, in relation to issues covered by the EITI Standard, such as the management of off-budget oil revenues, subnational transfers and environmental impacts of the extractive industries. There is also evidence that civil society has faced challenges in its operation, including social media bans and Internet restrictions in 2018-20 and bans on public demonstrations. Thus, the Secretariat's view is that there have been breaches to the EITI protocol: Participation of civil society related to freedoms of expression and of operation, despite evidence of civil society active engagement in the EITI process.</p>
<p>Multi-stakeholder group (Requirement #1.4)</p> <p><i>Mostly met</i></p>	<p>The Secretariat's assessment is that Requirement 1.4 is mostly met, as in the previous Validation. Most stakeholders consulted considered that the objective of an independent MSG that can exercise active and meaningful oversight of all aspects of EITI implementation that balances the three main constituencies' interests in a consensual manner had been achieved in the period under review, despite the impact of the COVID-19 pandemic on the frequency of MSG meetings. Some members of government and civil society considered that further improvements in the MSG's oversight were needed, including in building MSG members' capacities, strengthening mechanisms for coordinating with the broader constituencies, and a renewal of MSG</p>

	<p>members after a postponement in the MSG's renewal during the COVID-19 pandemic. The Secretariat's view is that the objective is mostly met given these weaknesses in the MSG's oversight of EITI implementation.</p> <p>The last renewal of MSG membership was completed in December 2018, although there have been ad hoc replacements of MSG members from government and industry in the 2019-21 period. The legal framework establishing the EITI in Chad was last updated in October 2018 with Presidential Decree 1637/PR/MPE/2018, which names the types of organizations to be represented on the MSG and confirms each constituency's right to appoint its own MSG members. While the renewal of MSG members was due in late 2020 given the two-year (renewable) term for MSG members, Secretariat staff explained that a decision had implicitly been taken by the Chad EITI Secretariat to effectively postpone the renewal of MSG membership by two years due to the COVID-19 pandemic, although this de facto decision is not documented. The last renewals of MSG members were conducted in 2018. The nominations process for civil society was well documented and appears to have been open to all, while the appointment of government MSG members was in accordance with the Decree institutionalising the EITI. There have been frequent changes in government MSG members in 2020-22. The nominations process for industry appears to be ad hoc, through the Chad EITI Secretariat writing to individual companies and the operators of producing oil and gas consortiums requesting their nominations to the MSG, with little documentation of the process aside from the appointment letters sent to Chad EITI. The MSG's 'Stakeholder engagement' template for this Validation notes that the practice for replacements of MSG members, as followed in the case of two deaths of MSG members in 2021, is for the Chad EITI Secretariat to coordinate with the Ministry of Petroleum to write to the relevant institution to ask for a replacement to be appointed. In practice, several industry MSG seats have been left vacant in 2020-22 following the death of MSG members and the suspension of Glencore's production (see <i>Requirement 1.2</i>).</p> <p>In practice, consultations with stakeholders from all constituencies highlighted weaknesses in some MSG members' capacities in the period under review. Several stakeholders noted that the frequent replacement of government MSG members significantly impacted new members' capacities to fulfil their duties. While acknowledging Chad EITI work plan activities dedicated to capacity building, several CSOs considered this insufficient and called for much more capacity building of new MSG members upon their appointment. There also appear to be capacity constraints within the Chad EITI Secretariat, with an April 2021 World Bank-funded diagnostic study of the national secretariat issuing extensive recommendations for strengthening the entity's capacities and structure. Many stakeholders consulted and the MSG's submission for this Validation highlighted funding constraints as a key reason for both direct capacity constraints and indirect impact on the availability of training for MSG members and secretariat staff. While there appear to be constraints on members of the broader civil society constituency on freedom of expression and operation, Article 24 of the Decree on EITI provides explicit protection for MSG members in relation to their expression in the course of their EITI duties.</p>
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	<p>Although Article 17 of the 2017 Decree institutionalising the EITI refers to the need to issue a Ministerial Order (arrêté) for the organisation of the MSG and Chad EITI Secretariat, this Order has not been issued to date. In practice, the MSG has established through Ministerial Order three distinct sub-committees to focus on various aspects of recommendations from EITI implementation and Validation. In 2020, a first sub-committee was established to follow up on recommendations from Validation and EITI reporting. In March 2021, an ad hoc sub-committee was constituted follow-up on EITI recommendations, publishing its final report in August 2021. In March 2022, a sub-committee was established to follow up on recommendations from the 2018 Validation and for reviewing recommendations from the 2018 and 2019 EITI Reports. The MSG has established other ad hoc working groups to focus on specific issues for a timebound period, such as the working group on gender aspects of the extractive industries that prepared a dedicated action plan reflected in axis 5 of the 2022 work plan.</p> <p>The MSG appears to have taken steps to improve its internal governance in practice. For instance the MSG's matrix tracking progress on follow-up on the last Validation notes steps to improve advance notice of meetings, circulation of documents, and codifying per diem practices. The MSG last updated its ToR Presidential Decree 1637/PR/MPE/2018 in October 2018, which appears to cover all of the main aspects of Requirement 1.4.b, but has not been updated for the 2019 EITI Standard. Thus, the ToR does not include specific reference to adherence to the Code of Conduct or conflict of interest provisions, nor to gender aspects of representation, although there are related activities in Chad EITI's 2022 work plan.</p> <p>The MSG's 'Stakeholder engagement' template for this Validation does not highlight any significant deviations from the ToR in practice aside from the frequency and number of MSG meetings, both prior to and during the COVID-19 pandemic. While the MSG is required by its ToR to meet once a quarter, it only met three times each in 2019 and 2020, and twice in 2021. The MSG's ad hoc committee on follow-up on recommendations established in April 2021 met regularly until it completed its report in June 2021. The MSG notes that it considers the EITI Code of Conduct to have been respected in practice in the period under review and describes the MSG's effective oversight of production of EITI Reports, approval of work plans and annual progress reports. Ministerial Order 045 /PR/MPME/HCN/STP of March 2020 formalised the statutory rules for per diems related to the EITI, although the practice does not appear to be published. Decision-making appears to be by consensus, with advance notice of meetings and circulation of documents (see examples of meeting notices). Minutes of MSG meetings are available on the Chad EITI website, albeit spread out over various pages covering meetings in 2019, 2020 and 2021, which are not comprehensively listed on the Chad EITI webpage for meeting minutes. Older MSG meeting minutes (for the 2014-19 period) are also disclosed.</p> <p>While Chad EITI has made significant efforts to address corrective actions from the previous Validation, the Secretariat's view is that there has been insufficient implementation of the pertinent recommendations in the various</p>
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	<p>studies on Chad EITI to date. Thus, the Secretariat's view is that the technical aspects of Requirement 1.4 are mostly met.</p>
<p>New corrective actions and recommendations</p>	
<ul style="list-style-type: none"> • In accordance with Requirement 1.1, Chad should ensure that the government is fully, actively, and effectively engaged in the EITI process, including in the provision of technical and financial resources for implementation. • In accordance with Requirement 1.2, Chad should ensure that extractive companies are fully, actively, and effectively engaged in the EITI process, including in the provision of required data, attendance at EITI activities and in providing input to the design and implementation of all aspects of the EITI process, including dissemination and outreach. • In accordance with Requirement 1.3 and the EITI protocol: Participation of civil society, Chad is required to ensure adequate space for civil society to actively, fully and effectively participate in the EITI process, without fear of reprisal. The government and MSG should ensure that laws and regulations governing the operations of civil society in Chad, including the 2015 Anti-Terrorism Law and the 2018 Ordinance 23, are not used to constrain any aspect of civil society's engagement in the EITI process and public debate on natural resource governance, including in relation to their freedoms of expression and of operation. The government should undertake measures to prevent civil society actors from being harassed, intimidated, or persecuted for expressing views related to oil, gas or mining governance. In the event that civil society actors engaged in the EITI experience threats or harassment for expressing views about the extractive industries or engaging in other EITI-related activities, the government is expected to undertake measures to protect these actors and their freedom of expression. The government, in collaboration with the MSG, should consider practical solutions for ensuring that civil society can engage in the EITI freely in all regions of the country. The MSG is encouraged to regularly monitor developments regarding civil society's ability to engage in the EITI. In accordance with the EITI protocol: Participation of civil society, civil society MSG members are encouraged to bring any ad hoc restrictions that could constitute a breach of the protocol to the attention of the MSG. The government, in collaboration with the MSG, should document the measures it undertakes to remove any obstacles to civil society participation in the EITI. • In accordance with Requirement 1.4, Chad should ensure that the Chad EITI governance documents, including the Terms of Reference for the MSG, are updated to take account of new aspects of the 2019 EITI Standard related to the MSG's oversight of EITI implementation, including in the gender aspects of representation and adherence to the EITI Code of Conduct. Members of the MSG should have the capacity to carry out their duties and ensure that their attendance at EITI activities is sufficiently consistent to support the multi-stakeholder oversight of the EITI process. Members of the MSG should liaise with their broader government, industry, and civil society constituency groups. The MSG should be sufficiently engaged in the EITI reporting process, in ensuring oversight of implementation by evaluating impact through progress reports and monitoring progress of implementation through work plans. 	

4. Transparency

This component assesses EITI Requirements 2 to 6, which are the requirements of the EITI Standard related to disclosure.

Overview of the extractive sector (Requirements 3.1, 6.3)

Overview of progress in the module

Chad has used its EITI reporting to provide an overview of the mining and petroleum sectors. There are few systematic disclosures related to an overview of the extractive industries either on websites of government ministries or extractive companies. The Ministry of Petroleum and Energy provides limited information on developments in the sector on the [news](#) section of its website, although the Observatory of Public Finances provides access to a [map](#) of oil and gas blocks and a [mini-cadastral portal](#) listing all active oil and gas contracts. There is scope for Chad EITI to work with government entities and companies to strengthen systematic disclosures related to an overview of the extractive industries, including significant ongoing or planned exploration activities.

In a context of limited systematic disclosures on the contribution of the extractive industries to the national economy, Chad's EITI reporting has provided the most comprehensive overview of the mining, oil and gas sectors' contribution to GDP, government revenues, exports and employment. Chad EITI has been a key driver of the establishment of the Observatory of Public Finance and has been the sole source of comprehensive information on management of a share of petroleum revenues off of the national budget. Chad EITI is recognised as a key source of information on the macro-economic contribution of the extractive industries, particularly for development partners and CSOs.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in annex to this report.

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
<p>Exploration (Requirement #3.1)</p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Requirement 3.1 is fully met, as in the previous Validation. Stakeholders consulted did not express particular views on progress towards the objective of transparency in extractive deposits and exploration efforts, although several members of all constituencies welcomed the launch of the Observatory on Public Finances and the mini-cadastrés for both mining and petroleum developed by Chad EITI.</p> <p>The objective of ensuring public access to an overview of the extractive sector in the country, and its potential, is fully met. Chad's 2019 EITI Report provides an overview of the extractive industries, including major deposits, companies</p>

	in the hydrocarbon and mining sectors, and ongoing exploration activities. There are few systematic disclosures on government or company websites related to extractive activities information.
<p>Contribution of the extractive sector to the economy (Requirement #6.3)</p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Requirement 6.3 is fully met, as in the previous Validation. Stakeholders consulted did not express particular views on progress towards the objective of transparency in the contribution of the extractive industries to the national economy, although several members from all constituencies welcomed the greater transparency on petroleum revenues managed off-budget as a result of Chad EITI, which ensured a fuller understanding of the oil sector's contribution.</p> <p>Chad has used its EITI Report to centralise information on the contribution of the extractive industries to the national economy. The 2019 EITI Report provides the contribution of the extractive industries, in absolute and relative terms, to GDP, government revenue and exports. The report provides the most recent available estimate of artisanal and small-scale mining activity. While the report provides available public data on extractive employment (in absolute and relative terms), the government figures are in aggregate and for 2014 while figures from previous EITI Reports do not cover 2019. Nonetheless, the Secretariat's view is that these gaps are reasonable given the lack of company reporting under the "flexible" EITI reporting approach and weaknesses in government systems, although the latter could have been more clearly described in Chad's EITI Report. While the 2019 EITI Report provides only a limited overview of the location of the main extractive activities in the country, the mini-cadastre portal launched by Chad EITI and the Observatory of Public Finances provides additional information on the location of activities. Most of the information on the macro-economic contribution of the extractive industries remains disclosed through Chad's EITI Reports, not yet through systematic disclosures by government and extractive companies.</p>
New corrective actions and recommendations	
<ul style="list-style-type: none"> • To strengthen implementation, Chad is encouraged to strengthen government agencies and extractive companies' systematic disclosures of information on the mining and petroleum sectors, including deposits and significant exploration activities. • To strengthen implementation, Chad may wish to work with government entities such as the Ministry of Finance, the national branch of the regional central bank (<i>Banque Centrale des États de l'Afrique de l'Ouest - BCEAO</i>) and the Ministry of Petroleum and Energy to strengthen systematic disclosures of the mining and petroleum sectors' contributions to the national economy, including GDP, government revenues, exports and employment. 	

Legal environment and fiscal regime (Requirements 2.1, 2.4, 6.4)

Overview of progress in the module

Chad has used its EITI reporting to provide a public description of the legal framework and fiscal regime. While laws and regulations are published on government websites, although systematic

disclosures of other information such as ongoing or planned regulatory reforms are limited. There is scope for Chad to use its EITI implementation to strengthen government entities' systematic tracking of proposed reforms, with a view to encouraging more public consultation.

With support from development partners such as the World Bank, Chad has used its EITI implementation to develop a "[mini-cadastre](#)" that lists all active oil and gas contracts, and a total of 17 mining contracts, hosted on the Chad EITI website. While the gaps in publication of mining contracts are marginal given the publication of 17 contracts and the lack of new contracts since 2018. However, the MSG has yet to publish a comprehensive list of all active licenses and contracts (including annexes, amendments and riders) in both mining and petroleum, indicating where each document is accessible in the public domain. There is scope for Chad to replicate its exemplary work in the oil and gas sector with regards to licenses in the mining sector.

Chad has not yet expanded the scope of its EITI disclosures or implementation to the environmental impact of extractive industries, nor on government systems for oversight, management and remediation of these impacts. With apparent public interest in these topics from civil society and evidence of significant fines against oil companies for their environmental damages in past years, there is scope for Chad EITI to provide more of a diagnostic function in this area.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
<p>Legal framework and fiscal regime (Requirement #2.1)</p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Requirement 2.1 is fully met. Stakeholders consulted did not express views on whether the objective of transparency in the legal framework and fiscal regime for the extractives was fulfilled, although several members highlighted the quarterly reports from the Observatory of Public Finance that covered oil revenues. By addressing the legal framework, fiscal regime, roles of government entities and reforms, Chad's EITI reporting provides a good public understanding of all aspects of the regulatory framework for the extractive industries in Chad. While the previous Validation concluded that Chad had gone 'beyond' Requirement 2.1, the new EITI Validation Guide since 2021 requires that EITI implementing countries address all of the encouraged aspects of the EITI Requirement for it to be considered exceeded. The Secretariat's view is that certain encouraged aspects of Requirement 2.1 have yet to be addressed, including the government's systematic disclosure of information on the legal framework and fiscal regime for the extractive industries to the public.</p>
<p>Contracts (Requirement #2.4)</p> <p><i>Mostly met</i></p>	<p>The Secretariat's assessment is that Requirement 2.4 is mostly met. While the assessment of progress should be exceeded in light of these efforts and their impact, the Secretariat's view is that several smaller gaps related to the lack of comprehensive disclosure of the full text of licenses in the mining sector imply</p>

	<p>the broader objective is mostly met. Stakeholders consulted near unanimously highlighted the publication of petroleum contracts as an important impact of the EITI. The Secretariat concurs that the publication of all petroleum contracts is a significant achievement. Most stakeholders consulted considered that the broader objective of transparency in contracts had been achieved in the oil and gas sector, but not in mining even if the value of government revenues from the mining sector are vastly lower than from oil and gas. Chad has used its EITI implementation to significantly improve the transparency and accessibility of contracts in the oil and gas sector, which represents a form of best practice in the implementation of Requirement 2.4.</p> <p>In 2018, Minister of Petroleum and Energy Béchir Madet formalised the government's policy on public disclosure of contracts and licenses in the mining and petroleum sectors, and plans to strengthen systematic disclosure of all contractual documents. The Chad EITI website now includes a data portal providing information on licenses and contracts in the mining, oil and gas sectors. This includes information on 52 mining exploration and production licenses (including ASM licenses) and 17 mining contracts, although not the full text of licenses, i.e., the full text by which a government confers on a company or individual rights to exploit resources. The portal also provides access to the full text of all 20 contracts in the oil and gas sector, including annexes and amendments. The portal provides links to the relevant published Government Decrees and contracts. While some CSOs consulted raised general concerns over the comprehensiveness of oil and gas contract disclosures, they did not cite specific amendments that had not yet been published. Stakeholders from other constituencies confirmed that all contractual documents in the oil and gas sector had been published, citing the Ministry of Petroleum and Energy's assurances of the comprehensiveness of published oil and gas contracts and noting that a consultant contracted by the World Bank had reviewed all published contracts to ensure that all documents had been published. Stakeholders from all constituencies highlighted the publication of contracts as a key outcome attributable to EITI implementation. Some stakeholders highlighted plans in Chad's 2022 EITI work plan to undertake a comprehensive review of all published contracts and licenses, to ensure that all documents had been published.</p> <p>There have been no new mining contract awards since 2018 given provisions of the new Mining Code that have phased out contracts in favour of licenses. However, the mining cadastre portal lists two mining licenses that are marked as having been awarded in 2021. None of the licenses (permits and authorisations) in the mining sector appear to be publicly accessible. Although there is a list of licenses and contracts published on the Chad EITI website, it does not provide clear references to each published document for each active license and contract. Although revenues related to mining contracts and licenses are far less material compared to oil and gas, gaps in public disclosure of the full text of mining contracts and licenses awarded or amended since January 2021 constitutes a technical gap in Chad's progress in addressing Requirement 2.4.</p>
Environmental impact (Requirement #6.4)	The Secretariat's assessment is that Requirement 6.4 remains not assessed, given that several encouraged aspects of this requirement remain to be

<i>Not assessed</i>	<p>addressed by Chad EITI. Chad does not yet appear to have used its EITI Report to disclose information on the management and monitoring of the environmental impact of extractive industries. Some civil society stakeholders called for more information on the management of environmental impacts of the extractive industries. While none of the stakeholders consulted expressed an opinion on progress towards the objective, the Secretariat's view is that progress has been limited to date, with scope for the EITI to meet public interests in this area.</p> <p>The 2019 EITI Report provides cursory references to laws and regulations that refer to the management of environmental impacts of extractive activities but does not provide additional information on statutory rules or practices related to the environmental management and monitoring of extractive investments in the country. Chad has not yet used its EITI reporting to describe the environmental impacts of oil and gas projects in Chad, nor government oversight and sanctions of environmental damages linked to oil projects in the Doba region. There is evidence of significant sanctions against oil companies for such damages in the past, including a fine of USD 400m levied on CNPCI in 2014. There is scope to expand EITI disclosures in this area given the low level of systematic disclosure on government and company websites and the high level of public interest in the environmental impacts of mining in particular.</p>
New corrective actions and recommendations	
<ul style="list-style-type: none"> • To strengthen implementation, Chad may wish to work with relevant government ministries and agencies to strengthen systematic disclosures on the legal environment and fiscal regime for the extractive industries on government websites, including ongoing and planned regulatory reforms. • In accordance with Requirement 2.4, Chad should disclose the full text, including annexes, riders, amendments of any contracts and licenses governing the terms attached to the exploitation of mineral, oil and gas resources that are granted, entered into or amended from 1 January 2021. Chad should publish a list of all active contracts and licenses, indicating which are publicly available and which are not. For all published contracts and licenses, it should include a reference or link to the location where the contract or license is published. If a contract or license is not published, the legal or practical barriers should be documented and explained. • To strengthen implementation, Chad may wish to use its EITI implementation to strengthen disclosures related to relevant legal provisions and administrative rules as well as actual practice related to environmental management and monitoring of extractive investments in Chad. Chad is also encouraged to ensure disclosure of information on regular environmental monitoring procedures, administrative and sanctioning processes of governments, as well as environmental liabilities, environmental rehabilitation and remediation programmes. 	

Licenses and property rights (Requirements 2.2, 2.3)

Overview of progress in the module

The regulatory framework in Chad allows for awards of petroleum licenses and contracts through either competitive tender or direct negotiations, while mining rights are awarded through a

process of ‘first come first served’. In practice, all petroleum rights have been awarded through direct negotiations to date, while the 2018 Mining Law phased out mining contracts/conventions in favour of mining licenses. There was only one award of oil rights and one transfer of participating interests in an oil block in 2019, while there were 61 mining license awards (including 15 exploration licenses, 45 semi-industrial production licenses and one artisanal mining authorisation) in 2019. The number of mining license transfers in 2019 remains unclear from publicly-available sources. Chad has used its EITI reporting to clarify the rules related to license awards in the mining and petroleum sectors, although the technical and financial criteria assessed (and any weighting applied) have not been sufficiently clarified. Chad’s latest EITI Report lists the awards of extractive rights in 2019, it does not provide sufficient transparency on transfers of extractive rights in the period under review. The government entities responsible for awarding mining and petroleum licenses and contracts provided confirmation that there were no non-trivial deviations in mining and petroleum rights awards and transfers in 2019 after the publication of the 2019 EITI Report, although both the EITI Report and several stakeholders consulted, including civil society and the IA, called for an independent study to assess the practice of extractive license and contracts allocations. The US Department of State’s 2021 Fiscal Transparency [report](#) for Chad recommends stricter adherence to the criteria and procedures for awarding natural resource extraction contracts and licenses as set out in applicable laws and regulations. There is scope for Chad EITI to strengthen its diagnostic of licensing practices in both mining and petroleum, with a view to improving accountability in the management of extractive rights and informing potential future reforms in related laws and regulations.

Chad has used its EITI implementation and support from development partners to develop modern cadastral management system for mining, although not yet for petroleum. In the interim, Chad EITI has developed a mini-cadastre portal listing the licenses and contracts, including the full text of documents (see *Requirement 2.4*), with all of the information required on oil and gas rights aside from dates of application. On mining licenses however, the mini-cadastre provides most information required but with gaps in the number of licenses listed. Chad’s latest EITI Report provides information on a larger number (115) of mining rights, but with gaps in data on dates of application, license coordinates and commodities covered by each mining license. These gaps will be addressed with the launch of Chad’s new mining cadastre portal, expected later in 2022.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
Contract and license allocations (Requirement #2.2)	The Secretariat’s assessment is that Requirement 2.2 is mostly met. Several representatives from government and industry considered that the objective of transparency in the rules and practices related to awards and transfers of oil, gas

<p><i>Mostly met</i></p>	<p>and mining licenses and contracts had been fulfilled given the publication of confirmations of the lack of non-trivial deviations in license awards and transfers in 2019 by the Directorates responsible for managing mining and petroleum licenses and contracts, even if this had only be done after the publication of the 2019 EITI Report. However, several CSOs, development partners and the IA considered that the objective was still in the process of being fulfilled, given a perceived lack of clarity on the way in which extractive licenses and contracts were awarded in practice. The Secretariat’s view is that the objective is mostly fulfilled.</p> <p>There are few systematic disclosures of information on the process for awarding extractive rights in Chad, beyond the availability of applicable laws and implementing regulations. Chad’s 2019 EITI Report provides extensive descriptions of the statutory procedures for awarding and transferring both mining and petroleum rights, although it highlights gaps in information on the technical and financial criteria used for assessing applications for awards and transfers of mining and petroleum rights. The report provides a list of documents related to applicants’ technical and financial criteria in relation to applications for petroleum rights but highlights the lack of clarity on how these documents are assessed according to the prevailing regulatory framework. Government officials consulted confirmed that there were clear technical and financial criteria assessed in license awards, related to, among other factors, the technical experience of staff and three years of audited financial statements. Government officials stated that the criteria assessed for license transfers were broadly the same as for awards, although there were some additional criteria assessed in the case of transfers. The EITI Report provides a list of mining and petroleum rights awarded in 2019 but notes the lack of availability of information on mining and petroleum rights transfers. This was confirmed by the IA, who noted that the government was required to manually collect information on license transfers and that this information had not been provided for 2019. A government official confirmed that there had been one transfer of participating interests in the oil contract operated by OPIC in 2019.</p> <p>While the MSG agreed to request confirmation from the mining and petroleum regulators (The Technical General Directorates of Mining and Petroleum, the DGTM and DGTP respectively) for an assessment of the existence of any non-trivial deviations from statutory award and transfer procedures for mining and petroleum rights in practice in 2019, the EITI Report highlights the lack of response from the two regulators. The EITI Report also highlights a lack of explanation for the selection of the “first come first served” procedure for all mining rights awards and the award of petroleum rights through direct negotiations in 2019. However, letters from the Technical Directorates for Mining and Petroleum were obtained after the publication of the 2019 EITI Report and published on the Chad EITI website, confirming the lack of non-trivial deviations in the awards and transfers of mining and petroleum licenses in 2019. In consultations, the IA highlighted the EITI Report’s recommendation for a detailed independent study on licensing practices, which was considered necessary in order to fulfil the objective of Requirement 2.2 given concerns over the lack of specificity of statutory procedures related to the assessment of technical and financial capacities of applicants. As an example of possible non-trivial deviations from statutory procedures, the IA noted the award of an oil contract to Ewaah</p>
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	<p>Investors Ltd in 2019 through direct negotiations although there was no evidence that a Ministerial Order (<i>arrêté</i>) had been issued to justify this choice of award procedures, despite requirements for such an order in the Hydrocarbons Law. The IA noted that the oil contract had subsequently been cancelled given that the company had not fulfilled its work plan commitments. Some stakeholders noted that a more detailed review of licensing practices would be timely, given government deliberations on potential revisions to the Hydrocarbons Law. A development partner considered that there may be an opportunity-cost for awarding petroleum rights through discretionary awards rather than through competitive tender. The EITI Report does not include explicit commentary on the efficiency of licensing and contracting practices in Chad, it includes a recommendation for strengthening transparency in the practice of extractive rights awards and transfers.</p>
<p>Register of licenses (Requirement #2.3)</p> <p><i>Mostly met (with considerable improvements)</i></p>	<p>The Secretariat's assessment is that Requirement 2.3 is mostly met, with considerable improvements since the previous Validation. Most stakeholders consulted considered that the objective of transparency in property rights related to extractive deposits and projects had been fulfilled in the petroleum sector, and would be met in mining once the new cadastral portal was launched later in 2022. However, some civil society stakeholders and development partners raised concerns over the delays in plans to develop a modern cadastral management system for oil and gas and considered that the temporary solution of the oil and gas mini-cadastre hosted on the Chad EITI website was not satisfactory given the significance of oil and gas for the Chadian economy.</p> <p>Chad has used its EITI implementation to establish the most comprehensive source of information on mining and petroleum licenses and contracts available to the public to date. The Observatory of Public Finances and Chad EITI have established a mini-cadastre portal for both mining and petroleum rights, which covers <i>most</i> mining licenses and contracts, and <i>all</i> petroleum contracts. All information on oil and gas contracts aside from dates of application are publicly disclosed through this portal. In the mining sector, while the portal provides all information listed under Requirement 2.3.b aside from dates of application for 52 licenses and 17 contracts, the list of licenses and contracts does not appear comprehensive of all mining rights active in the period under review. Indeed, annexes to the 2019 EITI Report provide a mining rights register that lists 115 active mining licenses at the end of 2019. In consultations, the IA considered that there were more active contracts than the 17 mining conventions listed on the mini-cadastre. However, government officials explained that this was a misunderstanding and that a single convention could cover dozens of non-contiguous licenses, which explained why there were fewer conventions than licenses. Officials also reiterated that the 2018 Mining Law had phased out conventions in favour of mining licenses. While the EITI Report provides some information listed under Requirement 2.3.b for the 115 active mining licenses, there are gaps in the availability of dates of application, license coordinates and commodity(ies) covered by each mining license.</p> <p>For mining, a cadastral management system is being developed and an online portal is expected to be launched later in 2022, with stakeholders consulted noting that the system was at the final test phase in May 2022. In oil and gas, the World Bank included in its project for the mobilisation and management of</p>

	<p>domestic resources (<i>Projet de Mobilisation et Gestion des Ressources Intérieures - ProMoGRI</i>) plans to support the Ministry of Petroleum and Energy in developing an oil and gas cadastral system and contract management system. Although the ProMoGRI was restructured in 2020 due to the impact of the COVID-19 pandemic, the MPME officially requested in April 2020 that the cadastre be maintained in the restructured project. While there was consensus that the mini-cadastre covered all active oil and gas contracts and rights, several stakeholders consulted considered that the development of the petroleum cadastre would be delayed until after 2023.</p>
<p>New corrective actions and recommendations</p>	
<ul style="list-style-type: none"> • In accordance with Requirement 2.2, Chad should ensure that information related to all contract and license awards and transfers taking place during the accounting period covered by the most recent EITI disclosures is publicly disclosed, including an assessment of any material deviations from the applicable legal and regulatory framework governing license transfers and awards. In cases where governments can select different methods for awarding a contract or license (e.g., competitive bidding or direct negotiations), the description of the process for awarding or transferring a license could include an explanation of the rules that determine which procedure should be used and why a particular procedure was selected. To strengthen implementation, Chad may wish to include additional information on the allocation of licenses as part of the EITI disclosures. This could include commentary on the efficiency and effectiveness of licensing procedures, and a description of procedures, actual practices and grounds for renewing, suspending or revoking a contract or license. • In accordance with Requirement 2.3, Chad is required to maintain a publicly available register or cadastre system(s) with timely and comprehensive information on all active mining and petroleum licenses in accordance with Requirement 2.3.b. 	

Beneficial ownership (Requirement 2.5)

Overview of progress in the module

Adherence to Requirement 2.5 on beneficial ownership is assessed in Validation as of 1 January 2020 as per the framework agreed by the Board in June 2019.² The assessment consists of a technical assessment focusing on initial criteria and an assessment of effectiveness.

Technical assessment

The technical assessment is included in the Transparency template, in the tab on Requirement 2.5. It shows that Chad EITI has made some progress in assessing the feasibility of beneficial ownership disclosures for extractive companies, but that the government has not yet established an enabling legal and regulatory framework for the collection and public disclosure of beneficial ownership data. Nonetheless, Chad EITI has agreed definitions of beneficial ownership politically-exposed persons, as well as a 25% threshold for disclosures of beneficial ownership. Chad EITI is finalising a feasibility study on beneficial ownership disclosure and a relation action plan, which are expected to be finalised in 2022. While the MSG has plans to develop draft legislation on

² <https://eiti.org/document/assessing-implementation-of-eitis-beneficial-ownership-requirement>.

beneficial ownership with support from the EU, the timeframe for enactment of a legal and regulatory framework for beneficial ownership disclosure is unclear according to stakeholders consulted. In its comments on the preliminary assessment, the MSG noted that its consultant BDO had prepared a beneficial ownership feasibility that included a proposed definition for the term “beneficial owner” and included a draft law. The comments noted that extensive consultations were required for such national legal reforms and that the EITI Chad Secretariat had already circulated the draft law to relevant stakeholders for input, highlighting the feedback received from Economic, Social, Cultural and Environmental Council, from the Ministry of Petroleum and Energy, from the Prime Minister’s Office and from the mining SOE SONAMIG, which has been published on the EITI Chad [website](#). The MSG argued for this evidence of progress in developing a national legal framework for beneficial ownership disclosure in the final assessment.

To date, Chad EITI has led the only beneficial ownership data collection and disclosure efforts related to extractive companies, requesting such information from material companies included in the scope of EITI reporting. Thus, beneficial ownership data has not yet been requested from companies applying for extractive licenses since 2020. However, neither the 2018 or 2019 EITI Reports disclosed any extractive companies’ beneficial ownership information, beyond confirming the public listing or state ownership of head companies of certain extractive companies operating in Chad. The MSG has published a list of some companies holding extractive licenses in Chad that are subsidiaries of companies publicly listed on foreign stock exchanges, although not with specific references (links) to their statutory filings to their respective stock exchanges. There is no central database of legal owners of companies that is publicly accessible in Chad, although the country’s EITI reporting has disclosed the shareholders of 18 of the 33 material extractive companies included in the scope of EITI reporting for 2018, although of only one material company’s shareholders for 2019.

Assessment of effectiveness

Chad has made only limited progress in addressing Requirement 2.5 and many of the aspects of the initial criteria for beneficial ownership disclosures assessed in Phase I of the Validation framework for beneficial ownership (which was assessed in Validations up to 31 December 2021) have not yet been comprehensively addressed. In effect, all companies applying for a license or contract in the extractive industries have not yet been requested to publicly disclose their beneficial ownership.

Chad last underwent a [mutual evaluation](#) from the Task Force on Money Laundering in Central Africa (*Groupe d'Action contre le blanchiment d'Argent en Afrique Centrale - GABAC*) in 2014. The evaluation highlighted a lack of legal and regulatory requirements for the reporting of beneficial ownership information to government authorities and a lack of oversight of PEP assets. Chad’s next mutual evaluation by GABAC is [ongoing](#) in 2022. There does not appear to be any publication of PEP asset disclosures in Chad.

While the legal framework for the public disclosure of beneficial owners of extractive companies is still in the process of being established in Chad, there is evidence of broader reforms related to public procurement under the IMF programme that are expected to yield some improvements in beneficial ownership disclosures of companies receiving contracts from the government. Thus, in 2021 the government [committed](#) to a structural benchmark in its IMF programme for the public

disclosure of the beneficial owners of all companies receiving contracts from the state, which was expected to be effective from 2022 through publications of the government’s procurement agency (*Direction Générale du Contrôle des Marchés Publics – DGCMP*).

Public disclosures of legal and beneficial ownership to date have been solely through Chad EITI disclosures. These disclosures have focused on extractive companies that are subsidiaries of publicly-listed companies or (national and foreign) state-owned enterprises. Several civil society stakeholders consulted noted that there was still significant work required to make progress towards the objective of transparency in the ownership of extractive companies in Chad. Some CSOs considered that Chad EITI was making some progress on the technical aspects of disclosures through EITI data collection, but that significant political will would be required to establish and implement a robust legal framework for the collection and public disclosure of beneficial ownership of extractive companies. Some CSOs questioned whether the political will required to implement these reforms was in place given the competing priorities of the political transition.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
<p>Beneficial ownership (Requirement #2.5)</p> <p><i>Partly met</i></p>	<p>The Secretariat’s assessment is that Requirement 2.5 is partly met. Most stakeholders consulted considered that the objective of transparency in ownership of extractive companies was still far from being achieved, given that the legal and regulatory framework had yet been reformed to enable the collection and public disclosure of beneficial ownership data. Several stakeholders from all constituencies highlighted Chad EITI’s plans to develop an enabling regulatory framework, with support from the European Union. The Secretariat’s view is that the objective is still far from being fulfilled, pending enactment of required legal and regulatory reforms.</p> <p>Chad has used its EITI implementation to pilot the collection of data on beneficial owners of extractive companies, although it has not yet established a legal or regulatory framework for the systematic collection and disclosure of beneficial ownership data from all companies holding or applying for extractive licenses. Chad EITI’s beneficial ownership roadmap agreed in 2016 is considered by the 2019 EITI Report to codify the government’s policy in favour of the disclosure of beneficial owners of extractive companies, although there is no evidence that the government’s policy on beneficial ownership transparency has been further formalised or codified since then. Pending the establishment of a definition of the terms “beneficial owner” and “politically exposed person” in national legislation, Chad EITI has agreed definitions for the purposes of EITI reporting, as well as thresholds for disclosure and quality assurances required of companies. Pending the establishment of an enabling legal environment for beneficial ownership transparency, Chad EITI has sought to collect data from</p>

	<p>extractive companies through EITI reporting. In its comments on the preliminary assessment, the MSG highlighted advances in developing a national legal framework for beneficial ownership transparency, although the draft law has yet to be enacted and implemented at the time of this Validation. Thus, beneficial ownership data has not yet been requested or disclosed from companies applying or bidding for extractive rights (licenses and contracts). Stakeholders consulted from different constituencies highlighted that a study reviewing the legal framework for beneficial ownership disclosure and providing an action plan for further steps was being finalised in May 2022 and that the next step would be for Chad EITI to contract a consultant to develop draft legislation related to beneficial ownership, with support from the EU. However, several stakeholders noted that the timeframe for establishing the regulatory framework for beneficial ownership disclosure was unclear given competing political priorities during the period of transition since 2021.</p> <p>While the 2019 EITI Report was prepared according to the “flexible” approach based on unilateral government disclosures, Chad EITI nonetheless sent reporting templates for companies requesting legal and beneficial ownership data from extractive companies in the preparation of the 2019 EITI Report. However, only one company submitted this template, confirming that the sole reporting company (Esso Exploration and Production Chad Inc.) is a wholly-owned subsidiary of a company listed on the New York Stock Exchange. Thus, Chad EITI has not disclosed information on the beneficial ownership of any extractive companies in recent (2018 and 2019) EITI Reports, although the 2018 EITI Report provided information on other extractive companies that were wholly-owned subsidiaries of publicly-listed or state-owned companies. However, the 2019 EITI Report does not provide additional guidance on accessing publicly-listed companies’ reports on their ownership to their respective stock exchanges. Chad’s 2019 EITI Report provides a cursory review of data collection on beneficial ownership for 2019, but it does not seem that Chad EITI has yet published an assessment of the comprehensiveness and reliability of beneficial ownership data collected and disclosed to date. Government stakeholders consulted noted that additional beneficial ownership data had been collected from material companies after the publication of the 2019 EITI Report.</p> <p>The company register in Chad is not accessible online and the 2019 EITI Report explains that legal ownership information is only available upon request and with justification from the Register of Commerce and Mobile Credit (<i>Registre du Commerce et du Crédit Mobilier - RCCM</i>). Chad’s 2019 EITI Report provides the 2018 EITI Report’s disclosures on the legal ownership of 18 of the 33 extractive companies included in the scope of EITI reporting in 2018, but the legal ownership of all extractive license-holders does not yet appear to be publicly accessible.</p>
<p>New corrective actions and recommendations</p>	
<ul style="list-style-type: none"> • In accordance with Requirement 2.5, Chad is required to disclose the beneficial owners of all companies holding or applying for licenses and contracts in the mining and petroleum sectors. To ensure public disclosure of this information going forward, Chad should ensure there is a legal and regulatory framework in place to ensure the collection and public disclosure of 	

beneficial ownership information on all companies holding or applying for extractive licenses. Chad should request all companies holding or applying for oil, gas and mining licenses to disclose beneficial ownership information and provide adequate assurances for data reliability. Chad should also ensure public disclosure of legal owners of all companies holding or applying for extractive licenses. Chad should undertake an assessment of the comprehensiveness and reliability of beneficial ownership disclosures by all extractive companies to date and publicly identify any entities that failed to disclose their beneficial ownership. To strengthen implementation, Chad is encouraged to agree priorities for beneficial ownership disclosures and based on these priorities, plan efforts to obtain this data. For example, Chad may prioritise disclosures by certain types of companies, companies holding a certain type of license or producing a certain commodity due to risks related to corruption, tax evasion or circumventing provisions for local participation.

State participation (Requirements 2.6, 4.2, 4.5, 6.2)

Overview of progress in the module

Chad's national oil company, SHT (*Société des Hydrocarbures du Tchad*), was established in 2006 to represent the state's interests in the whole petroleum value chain, but not to exercise regulatory functions. The wholly state-owned company collects the state's in-kind revenues and is entitled to a 2% commission on crude oil sales, alongside the net income from its oil assets, interest income, loans and state subsidies. In the mining sector, the state holds 100% ownership of two companies, SONACIM (*Société Nationale de Ciment*) and SONAMIG (*Société Nationale des Mines et de la Géologie*).

Chad has used its EITI reporting to improve transparency around state participation in the mining and petroleum sectors, including the extractive SOEs' financial relations with the state. Chad's latest (2019) EITI Report provides extensive descriptions of the rules and practices related to the financial relations between SOEs and the state, albeit more extensive for SHT than for SONACIM and SONAMIG. In the absence of published audited financial statements of extractive SOEs since 2015, Chad's EITI disclosures provide the most comprehensive overview of these financial relations accessible in the public domain. The fact that SHT has stopped publishing its audited financial statements following a change in management since the last Validation represents significant back-sliding in the SOE's systematic disclosures. However, the EITI Report raises concerns over the lack of publicly accessible explanations for certain financial transactions identified in a review of SHT's unpublished 2019 financial statements, which could not be clarified in the preparation of the 2019 EITI Report. In its comments on the preliminary assessment, the MSG highlights the recent publication of SHT's 2019 audited financial statements on the EITI Chad [website](#) and the Ministry of Finance and Budget's commitment to publish these on its own website. The 2019 audited financial statements of [SONACIM](#), [CLIVEDEN](#) and [CNPCI](#) have also been published on the EITI Chad website. The EITI Report also raises concerns over the comprehensiveness of EITI disclosures related to state and SOE participations in the equity of certain extractive companies, as well as the terms attached to each SOE equity participation. Certain information on the terms of loans and guarantees from the state and SOEs to extractive companies are missing from Chad EITI disclosures for 2019. There is significant scope for Chad to use its EITI implementation to strengthen SHT's financial management,

potentially leveraging on a planned technical assistance from the World Bank in supporting the development of a modern information management system for SHT. However, consultations with development partners noted that the status and prospects of this technical assistance were unclear. There is also scope for Chad to expand its use of EITI disclosures to provide a diagnosis of the rules and practices related to SHT's corporate governance, building on the early disclosures related to the company's corporate governance rules in the 2019 EITI Report. There is also scope for Chad to make progress on EITI recommendations, echoed in the US Department of State's 2021 Fiscal Transparency [report](#) on Chad, for the regular publication of audited financial statements of large SOEs like SHT.

The state collects in-kind revenues in the petroleum sector, not in mining. While SHT's subsidiary SHT-PCCL is statutorily tasked for marketing of the state's in-kind oil revenues, these sales are handled by the commodity trader Glencore in practice, in the context of the company's resource-backed loan with Chad. Chad has used its EITI reporting to provide granular disclosures of the collection and sale of the state's in-kind revenues, disaggregated by producing field for in-kind revenue collections and by individual cargo for data on sales volumes and proceeds. These disclosures cover both crude oil exports and transfers to the domestic refinery, SRN. Chad has used its EITI disclosures to describe the marketing arrangements for the state's in-kind revenues, although it has not yet expanded this to disclosure of the oil sales contracts, nor included oil buyers in the scope of disclosures. Glencore's annual 'payments to government' reports (including for [2019](#)) provide the company's disclosures of crude oil purchases from Chad and other payments to government, although these disclosures are only disaggregated by cargo for volumes, while the value of purchases is only provided in aggregate for the year. These company systematic disclosures do not yet appear to have been incorporated into Chad's EITI reporting.

In the absence of published audited financial statements since 2015 (aside from the recent publication of SHT's 2019 audited financial statements in July 2022), Chad's EITI reporting has provided the most comprehensive public disclosures of transactions related to extractive SOEs. Given that Chad produces its latest (2019) EITI Report following the Board-approved "flexible" approach, it relied on unilateral government disclosures of revenues rather than reconciliation with private companies' payments to government. However, the report nonetheless provided a reconciliation of some disclosures from different government entities, including SOEs such as SHT but not SONACIM or SONAMIG given the low value of government transfers to the two mining SOEs and their lack of collection of revenues from extractive companies. The report adds significant value by correcting SHT's EITI reporting on the basis of information in its (unpublished) audited financial statements. While there is significant scope to strengthen SOEs such as SHT's systematic disclosures of financial data required by the EITI Standard, Chad's EITI reporting has comprehensively disclosed transactions related to SOEs in the extractive industries. In its comments on the preliminary assessment, the MSG explained the reasons for government entities' and SOEs' lack of reporting of quasi-fiscal expenditures in the 2019 EITI Report and noted that the MSG intended to pursue its work in this area to further improve transparency and accountability in the management of these types of expenditures.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
<p>State participation (Requirement #2.6)</p> <p><i>Partly met</i></p>	<p>The Secretariat's assessment is that Requirement 2.6 is partly met, which indicates back-sliding compared to the previous Validation. Some government officials consulted considered that the objective of transparency in extractive SOEs' financial management had been achieved through Chad EITI reporting, several stakeholders consulted from civil society, government, development partners and the IA considered that the objective was mostly met, given delays in publication of SHT's audited financial statements and the lack of participation of SHT-PCCL in the latest round of EITI reporting. However, SHT-PCCL recorded no profit, retained no earnings and did not reinvest in its operations in 2019. Several stakeholders consulted from various constituencies considered that the 2019 EITI Report provided the most comprehensive review of SOEs' financial relations to date but noted several recommendations in the EITI Report that indicated that further work was needed to fulfil the objective. The IA raised concerns over the lack of explanation by SHT in the 2019 EITI Report of certain transactions identified in its 2019 financial statements and the comprehensiveness of SOE loans and guarantees disclosures in the oil and gas sector. The Secretariat's view is that progress in EITI reporting of the financial relations between SHT and the state are more comprehensive than information systematically disclosed by the SHT, even if the 2019 financial statements of the company were belatedly published in July 2022. However, given the ad hoc nature of publication of the 2019 financial statements when the 2016-18 financial statements remain unpublished indicates that previous disclosure practices have deteriorated since the previous Validation, and thus that the objective of Requirement 2.6 is partly met. In its comments on the preliminary assessment, the MSG argued for a revision to the assessment of 'partly met' based on the recent publication of SHT's audited financial statements for 2019 and of the agreement transferring 10% in CNPCI's equity to SHT in March 2016. Nonetheless, the Secretariat's view is that, while these recent publications are welcome, there has been insufficient work by EITI Chad to analyse these documents and provide a diagnostic of the practices in the financial relations between extractive SOEs and the state in the period under review. While the 2019 financial statements have been published for SHT, SONACIM and SONAMIG, the financial statements of SHT-PCCL have not yet been published.</p> <p>There are three material SOEs in the extractive industries in Chad according to its latest EITI reporting, including SHT (and its extractive subsidiaries) in the oil and gas sector, as well as SONACIM and SONAMIG in the mining sector. There are few systematic disclosures related to extractive SOEs' financial relations with the state. Chad has used its EITI reporting to clarify the statutory procedures and actual practices related to the financial relations between extractive SOEs and the state, albeit in more detail for oil and gas than for mining.</p> <p>Chad's 2019 EITI Report describes the statutory rules related to SOEs' financial relations with the state, although the rules related to the ability of the SHT and its subsidiaries to reinvest in their operations and secure third-party financing are not entirely clear. Third-party publications (including from the IME) indicate that</p>

	<p>SHT's Board of Directors has significant discretion in deciding the company's profit retention and reinvestment in its operations. The rules related to SONACIM's right to raise third-party financing in 2019 are also unclear from the EITI Report. The 2019 EITI Report describes the practice of SOEs' financial relations with the state in the year under review, but does not describe the practice of retained earnings, reinvestments or third-party financing for SHT's subsidiary SHT-PCCL, nor of SHT's retained earnings in 2019. However, in consultations government officials and the IA explained that there was no flow of oil revenues through SHT-PCCL given that all cash payments were deposited to the offshore Citibank account and that the marketing of the government's in-kind revenues was handled by Glencore. Several government officials and the IA explained that SHT-PCCL's lack of participation in EITI reporting for 2019 did not cause any material gaps in the comprehensiveness of EITI disclosures, given that SHT reported on behalf of its subsidiary (see <i>Requirement 4.5</i>). However, a development partner raised concern over the principle of SHT-PCCL's lack of EITI reporting given that the SOE should have led by example in its participation in EITI disclosures. Chad has used its EITI reporting to provide a diagnostic of disclosures of SOEs' audited financial statements, with the latest EITI Report highlighting the lack of publication of extractive SOEs' financial statements since 2015 (although the IA was provided with a copy of SHT's 2019 financial statements for the preparation of the EITI Report).</p> <p>The 2019 EITI Report provides an overview of state and SOE equity participations in extractive companies, including the terms attached to the equity interests, but notes the lack of public information on the state's equity interests in the oil and gas company CNPCI, which has become the largest oil and gas operator in Chad. In consultations, the IA explained that it had received inconsistent explanations of payments from CNPCI to SHT in 2019, including that the revenue flows accounted for either dividends or oil and gas revenues. It was noted that CNPCI had not provided clarifications on the level of state equity ownership in the company. A list of state and SOE participations in extractive projects is provided, including the terms attached to each participation, although there are gaps in disclosures related to oil and gas contracts involving three oil and gas consortiums (CNPC, Griffiths Energy Chad, and Petrochad Mangara). In its comments on the preliminary assessment, the MSG highlighted the publication of the March 2016 agreement and the January 2018 Memorandum of Understanding transferring the 10% equity interest in CNPCI to SHT following the dispute over the oil spill on CNPCI's fields in 2014. This agreement confirms that SHT has held a 10% equity interest in CNPCI since March 2016.</p> <p>Finally, the 2019 EITI Report identifies several loans and guarantees provided by the state and SOEs to extractive companies (including other SOEs) based on a review of financial statements given that these were not disclosed by EITI reporting entities but notes a number of gaps in the public accessibility of information on the nature and terms of several loans and guarantees. The report itself raises concerns over the comprehensiveness of disclosures related to state and SOE loans and guarantees in the oil and gas sector.</p> <p>Chad has made some progress in clarifying the statutory rules related to the corporate governance of SHT, but has not yet used its EITI reporting to describe the practices in the period under review, nor the rules and practices related to</p>
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	<p>procurement, sub-contracting as well as capital and operating expenditures. Such disclosures are encouraged, not strictly required, by Requirement 2.6.c. Public sources of information indicate that former President Idris Deby Itno's son Séïd Idriss Déby Itno was named Director General of the SHT in December 2018, before being replaced in that position in March 2020. Since the 2018 change in management, SHT has ceased publishing its audited financial statements and has ceased systematically disclosing a description of the management of SHT's oil revenues. Several stakeholders consulted from different constituencies highlighted the establishment of a committee chaired by the Technical Director General for Petroleum, which would follow up on EITI recommendations related to SHT in particular and was considered an important development to strengthen transparency in the SOE's financial relations. In June 2022, several senior members of SHT's management, including Director General Michel Boayam and Deputy Director General Tahir Issa Ali Souleymane, were arrested on suspicions of embezzlement of funds (as covered in press articles here, here, here, and here). There is significant public interest in SHT's financial management, including press releases from CSOs such as the CERGIED.</p>
<p>Sale of the state's in-kind revenues (Requirement #4.2)</p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Requirement 4.2 is fully met. Most stakeholders consulted did not express particular views on progress towards the objective of transparency in the sale of the state's in-kind revenues. The Secretariat's view is that Chad has used its EITI reporting to fulfil this objective, although it has not yet exceeded the objective by improving transparency in the selection of buyers or disclosure of oil sales contracts.</p> <p>The state collects in-kind revenues in the oil and gas sector but not in the mining sector. Chad has continued to use its EITI reporting to improve the transparency of the sales of its in-kind revenues in the period under review. The 2019 EITI Report provides the volumes of in-kind revenues collected, disaggregated by project, the volumes sold, and the proceeds of those sales disaggregated by buyer and lifting date. The disclosures cover two types of resource-backed loans (involving Glencore and the domestic refinery SRN) and one type of swap agreement (the swap of crude oil for electricity involving SRN). The report describes the repayment modalities for these special agreements and explains the marketing arrangement with Glencore Energy UK Ltd. While the crude oil sales to Glencore are disaggregated by grade, those to the domestic refinery are not. Since the last Validation, the Observatory of Public Finance has launched quarterly oil sector updates in 2018, which provide cargo-level sales data on crude oil exports, including volumes exported by each operator and sales prices per lifting. Companies buying in-kind crude oil revenues from the state have not yet been engaged in disclosures, as a basis for reconciling sales of in-kind revenues with the purchases from buying companies. The disclosures related to in-kind revenues were subject to the same quality assurances as disclosures related to payments to government in cash.</p> <p>While the previous Validation concluded that Chad had gone 'beyond' Requirement 4.2, the new EITI Validation Guide since 2021 requires that EITI implementing countries address all of the encouraged aspects of the EITI Requirement for it to be considered exceeded. The Secretariat's view is that certain encouraged aspects of Requirement 4.2, including reconciliation of in-kind revenues sales with reporting by buyers or disclosures of crude oil sales</p>

	contracts, have not yet been comprehensively addressed in the period under review. However, the systematic disclosures of petroleum export data are welcome and should be strengthened with additional contextual disclosures as encouraged under Requirement 4.2.
<p>Transactions related to state-owned enterprises (Requirement #4.5)</p> <p><i>Fully met</i></p>	<p>The Secretariat’s assessment is that Requirement 4.5 is fully met, as in the previous Validation. Most stakeholders consulted considered that the objective of transparency in SOE transactions had been fulfilled with the 2019 EITI Report, which was broadly considered as providing the most comprehensive disclosures of SOE transactions in the public domain to date. While some CSOs considered that the objective had not yet been fulfilled given their general concerns over the transparency of the petroleum SOE, SHT, no specific omissions of any SOE transactions that had not been disclosed in the latest EITI Report were highlighted. The Secretariat’s view is that, while the lack of participation by SHT-PCCL in EITI reporting for 2019 was highlighted as a concern by some stakeholders (see <i>Requirement 2.6</i>), this omission did not create any material gap in disclosures of SOE transactions given the lack of petroleum revenues through SHT-PCCL and the EITI disclosures by SHT on behalf of its subsidiary.</p> <p>Chad’s 2019 EITI Report provides the disclosures related to SOE transactions mandated by Requirement 4.5, including the value of extractive company payments to SHT, the value of government transfers to SHT, SONACIM and SONAMIG, and the value of SHT’s payments and transfers to government in 2019. The report implies that the two mining SOEs do not collect revenues from extractive companies on behalf of government and that they did not make any dividend payments to government in 2019 given that SONACIM was in deficit in this period while it implies that SONAMIG’s main source of revenue is from transfers from the State, which implies that it does not pay dividends. This was confirmed in stakeholder consultations. The lack of reporting by one of SHT’s extractive subsidiaries, SHT-PCCL is a concern, although SHT reported the lack of any SHT revenues from SHT-PCCL in 2019. Indeed, the presence of several SHT-PCCL subsidiaries in low-tax jurisdictions such as the Bahamas and Bermuda add to the importance of disclosures of financial transactions related to SHT-PCCL. However, there was consensus among stakeholders consulted that SHT-PCCL did not collect or manage any petroleum revenues in 2019, given that all petroleum revenues collected in cash are received through the offshore Citibank account, while in-kind revenues were managed by Glencore through its management of the sales of the state’s in-kind revenues.</p> <p>The disclosures of SOE transactions in the 2019 EITI Report were either subject to the same quality assurances as other payments to government (see Requirement 4.9) in the case of government and SOE disclosures, or were subject to an audit to international standards in the case of data sourced from SHT’s (unpublished) audited financial statements. The EITI Report highlights inconsistencies between disclosures by government entities and SHT as part of their EITI reporting on the one hand, and data sourced from SHT’s financial statements on the other, resulting in an assessment of the comprehensiveness of disclosures of financial data including on SOE transactions as ‘satisfactory’ (see <i>Requirement 4.9</i>).</p>

<p>Quasi-fiscal expenditures (Requirement #6.2)</p> <p><i>Mostly met</i></p>	<p>The Secretariat's assessment is that Requirement 6.2 is mostly met. Several civil society stakeholders considered that the objective of transparency on off-budget expenditures funded by government extractive revenues was still far from being achieved and called for publication of agreements underpinning these arrangements. However, several stakeholders from government, civil society and development partners highlighted the value of Chad EITI disclosures as the sole source of information on quasi-fiscal activities linked to oil revenues. The IA considered that the calculations of quasi-fiscal expenditures in the 2019 EITI Report were close to the reality, but highlighted the lack of disclosures by government entities and SOEs on the issue. In its comments on the preliminary assessment, the MSG argued for an upgrade in the preliminary assessment of 'partly met', highlighting its approval of the methodology adopted by the IA for estimating quasi-fiscal expenditures and describing plans for strengthening transparency and accountability around these expenditures. The Secretariat's view is that Chad EITI's methodology employed for quantifying quasi-fiscal expenditures is encouraging, but that the objective is mostly met given the lack of government or SOE disclosures on quasi-fiscal activities and the resultant doubts over the comprehensiveness of disclosures to date.</p> <p>Chad has used its recent EITI reporting to identify and seek to quantify SOEs' quasi-fiscal expenditures funded by extractive revenues. The 2019 EITI Report identifies three types of quasi-fiscal expenditures in the oil and gas sector that totalled an estimated USD 288.7 million in 2019. The three types of quasi-fiscal operations consist of energy subsidies related to the swap of crude oil for electricity involving the SRN refinery, SHT's subsidised lending to the state, and the off-budget servicing of the Glencore debt. However, these quasi-fiscal expenditures were not reported by government entities or SOEs that were requested to disclose details of these types of expenditures, but rather were identified in the financial statements of the national oil company SHT and through calculations based on disclosures of the flow of revenues from the sales of the state's in-kind revenues. This raises concerns over the comprehensiveness of EITI disclosures of quasi-fiscal expenditures as highlighted in the 2019 EITI Report, which notes that information on the servicing of the Glencore debt and level of petroleum project costs was not provided, which hindered an assessment of the government revenues in excess of the servicing of the Glencore debt. In its comments on the preliminary assessment, the MSG explained that government entities and SOEs had not reported any quasi-fiscal expenditures given their lack of familiarity with the concept of quasi-fiscal expenditures as well as its plans to pursue work on transparency of quasi-fiscal expenditures with relevant government entities and SOEs. The MSG highlighted the 2019 EITI Report's work on quasi-fiscal expenditures as a key innovation in the report and a landmark development in Chad's EITI implementation that would lead to more public debate on the materiality and transparency of these expenditures. The MSG's comments also highlighted its approval of the methodology adopted for estimating quasi-fiscal expenditures in the 2019 EITI Report.</p> <p>The lack of disclosures of quasi-fiscal expenditures by reporting government entities also raises concerns over the reliability of information on quasi-fiscal expenditures in the EITI Report, which notes that the EITI disclosures are based on estimates by the IA rather than disclosures subject to quality assurances agreed by the MSG. Some stakeholders consulted noted that a share of the 4m</p>
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	<p>barrels a year of crude oil delivered to the SRN refinery was not used to produce electricity, but was refined and supplied to other parties, including the armed forces. The disclosures in the 2019 EITI Report cover the volumes of crude supplied to the refinery, but not the volumes of electricity supplied nor the other uses of the remaining share of the state's crude oil supplied to the SRN. Thus, while Chad EITI has clearly progressed in its efforts to disclose quasi-fiscal expenditures since the previous Validation, although the latest EITI Report is transparent about concerns over the comprehensiveness and reliability of these latest disclosures. In consultations, government officials highlighted the establishment of a Committee chaired by the Technical Director General for Petroleum, which was tasked with starting to record off-budget petroleum revenues and expenditures in the national budget. Development partners noted the lack of coordination between government entities on the debt to Glencore, which was not managed by the Ministry of Finance despite being guaranteed by the state. A senior government official highlighted the government's intention to bring the quasi-fiscal reimbursement of national debt on the government budget.</p>
<p>New corrective actions and recommendations</p>	
<ul style="list-style-type: none"> • In accordance with Requirement 2.6, Chad should ensure that there are annual public disclosures explaining the role of state-owned enterprises (SOEs) in the extractive industries and the prevailing rules and practices regarding the financial relationship between the government and SOEs, including their reinvestments and third-party financing. This should include disclosures of transfers, retained earnings, reinvestment and third-party financing related to SOE joint ventures and subsidiaries. Chad should ensure public disclosures from the government and SOEs of their level of ownership in mining, oil and gas companies operating within the country's oil, gas and mining sector, including those held by SOE subsidiaries and joint ventures. This information should include details regarding the terms attached to their equity stake, including their level of responsibility for covering expenses at various phases of the project cycle, e.g., full-paid equity, free equity or carried interest. Where the government and SOEs have provided loans or loan guarantees to mining, oil and gas companies operating within the country, details on these transactions should be disclosed, including loan tenor and terms (i.e., repayment schedule and interest rate). To strengthen implementation, Chad EITI may wish to consider comparing loan terms with commercial lending terms. All material extractive SOEs are expected to publicly disclose their audited financial statements, or the main financial items (i.e., balance sheet, profit/loss statement, cash flows) where financial statements are not available. Chad is encouraged to use EITI reporting to describe the rules and practices related to SOEs' operating and capital expenditures, procurement, subcontracting and corporate governance, e.g., composition and appointment of the Board of Directors, Board's mandate and code of conduct. • To strengthen implementation, Chad may wish to expand its EITI disclosures to include a description of the process for selecting the companies buying the state's in-kind revenues, the technical and financial criteria used to make the selection, the list of selected buying companies, any material deviations from the applicable legal and regulatory framework governing the selection of buying companies, and the related sales agreements. In accordance with Requirement 4.2.c, companies buying oil and gas resources from the state, including SOEs (or third parties appointed to sell on their behalf), are encouraged to disclose volumes received from the state or SOE or its marketing agent and payments made for the purchase of oil and gas resources, to levels of disaggregation per Requirement 4.2.a. • To strengthen implementation, Chad may wish to consider ways of strengthening systematic disclosures of information on transactions related to SOEs, including material company payments to SOEs, SOE transfers to government agencies and government transfers to SOEs. 	

- In accordance with Requirement 6.2, Chad is required to develop an EITI reporting process for material SOEs' quasi-fiscal expenditures with a view to achieving a level of transparency commensurate with other payments and revenue streams and should include SOE subsidiaries and joint ventures. These disclosures should cover all material SOEs' public social expenditures, such as payments for social services, public infrastructure, fuel subsidies and national debt servicing, etc., undertaken outside of the national government budgetary process. These disclosures should be subject to the same data quality assurances as other payments and revenues disclosures as per Requirement 4.9.

Production and exports (Requirements 3.2, 3.3)

Overview of progress in the module

Chad has used its EITI implementation to improve transparency in the country's production and export data, and to help strengthen government systematic disclosures of this information. The Observatory of Public Finance's quarterly oil sector [updates](#) are an example of best practice in systematic disclosures of crude oil export data, with cargo-level data on sales prices and oil grades. While Chad has used its EITI reporting to improve transparency in extractive production data, minor gaps related to production values of quarrying materials produced by companies making material payments to government remain. There is scope to strengthen systematic disclosures of mining production data in the same way as for the oil and gas sector.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
<p>Production (Requirement #3.2)</p> <p><i>Mostly met (with considerable improvements)</i></p>	<p>The Secretariat's assessment is that Requirement 3.2 is mostly met, with considerable improvements since the previous Validation. Most stakeholders consulted did not express particular views about the objective of transparency in production data. The Secretariat's view is that the missing quarrying mineral production values are of marginal significance to Chad's extractive industries, although it would have been possible to collect this information from material companies or develop estimates of production values.</p> <p>Chad's 2019 EITI Report provides the volumes and values of crude oil production, disaggregated by individual project. Since the previous Validation, Chad's EITI Reports have started disclosing official estimates of aggregate artisanal gold mining production volumes and values. While they have also provided production volumes for six types of quarrying minerals disaggregated by</p>

	company, they have not yet disclosed production values for these minerals, which are produced by quarrying companies covered by EITI reporting.
Exports (Requirement #3.3) <i>Exceeded</i>	<p>The Secretariat's assessment is that Requirement 3.3 is exceeded. Several stakeholders consulted welcomed the granularity of Chad EITI disclosures on exports and considered that the objective of transparency in extractive industry exports had been fulfilled. The Secretariat's view is that the objective has been exceeded with the quality of new systematic disclosures of export data.</p> <p>Chad has used its EITI implementation to drive improvements in the government's systematic disclosures of extractive export data. Since the last Validation, the Observatory of Public Finance has launched quarterly oil sector updates in 2018, which provide cargo-level sales data on crude oil exports, including volumes exported by each operator and sales prices per lifting (see Requirement 4.2). Chad's EITI Reports disclose granular crude oil export data and a review of available sources of data on informal mining exports. The 2019 EITI Report provides crude oil export volumes and values disaggregated by company and export destination.</p> <p>While the report notes government confirmations of the lack of formal mineral commodity exports in 2019, it also references export data available through the U.N. Comtrade database that indicates significant exports of gold from Chad in 2019, totalling 6.9 tons of gold valued at USD 251.9m, sourced from the United Arab Emirates import statistics. The EITI Report includes a recommendation to undertake further studies of export channels with a view to formalising Chad's gold exports. The Secretariat's view is that the encouraged aspects of Requirement 3.3 have been addressed, petroleum export data is systematically disclosed on a government portal in Chad.</p>
New corrective actions and recommendations	
<ul style="list-style-type: none"> In accordance with Requirement 3.2, Chad should ensure regular public disclosure of production volumes and values of every extractive commodity produced in the country. To strengthen implementation, Chad is encouraged to explore ways to systematically disclose production data in the extractive industries in the same way as for petroleum export data. 	

Revenue collection (Requirements 4.1, 4.3, 4.4, 4.7, 4.8, 4.9)

Overview of progress in the module

There are several types of systematic disclosures of government revenues from the petroleum sector in Chad, although there are no such regular disclosures of government revenues from mining aside from Chad's EITI Reports. The Ministry of Finance and Budget published quarterly [budget execution reports](#) (up to the end of 2020) that disclose the aggregate value of petroleum revenues, albeit only broken down by revenue flow for corporate income tax but not for other revenue streams, nor by company or by project. The Ministry's Observatory of Public Finance (OTFIP) publishes quarterly [oil sector updates](#), that disclose the government's petroleum revenues, disaggregated by revenue stream for the two largest tax revenues and the three

largest non-tax revenues. However, the OTFIP also provide information on petroleum revenues that are managed off-budget, including the deductions earmarked for reimbursing the Glencore debt and the transfers of a share of the state's in-kind oil revenues to the SRN refinery.

Chad has maintained the comprehensiveness of its EITI disclosures of financial information on government revenues since the previous Validation. Chad transitioned to a “flexible” approach to its EITI reporting for 2019, relying on unilateral disclosures by government entities and SOEs rather than reconciling government revenues with extractive companies' disclosures of their payments to government. However, in light of inconsistencies in the EITI disclosures from different government entities, the EITI Report includes the IA's reconciliation of different government entities' EITI disclosures, together with third-party sources such as the audited financial statements of the national oil company SHT. All government entities duly reported all extractive revenues aside from the National Social Security Fund (CNPS), which collects social security contributions from extractive companies on behalf of their employees. However, none of the stakeholders consulted including the IA considered that this omission was a material gap in the comprehensiveness of financial disclosures, given previous EITI Reports' indication that CNPS-collected revenues from extractive companies accounted for less than 0.5% of total government extractive revenues and the limited formal employment in the extractive industries to date. The financial data on government extractive revenues in the 2019 EITI Report are presented disaggregated by government entity, revenue flow and company, although only by consortium for non-tax revenues levied at a project level, rather than by individual project. Chad has continued to publish EITI Reports within the timeframes set by the EITI Board, although it has had to request extensions for its 2017 and 2019 EITI Reports in 2020 and 2022 respectively, given the impact of the COVID-19 pandemic on EITI implementation.

Chad has continued to use its EITI reporting to improve transparency around the implementation of barter-type arrangements and government revenues from the transportation of crude oil. Chad's 2019 EITI Report comprehensively describes two types of resource-backed loans, including the servicing of the oil-backed loan from Glencore and the oil-backed SRN loan to the Treasury, including the servicing of these loans in 2019. While the 2019 EITI Report also described a third barter-type arrangement, involving the exchange (swap) of the state's crude oil against deliveries of electricity to the national power company, the report provides all details mandated by Requirement 4.3 aside from the volumes of the counter-vailing benefit stream accruing to the government, in the form of electricity supplies by the SRN refinery to the national power company SNE. Several stakeholders consulted noted allegations that a share of the state's crude oil delivered to the SRN refinery in the context of this swap arrangement was used for other purposes than electricity production, including in providing refined petroleum products to third parties. While Chad has continued to ensure coverage of revenues from oil transit through the Chad-Cameroon pipeline in its recent EITI reporting, it has not yet extended EITI disclosures of government revenues from newly-established domestic pipelines, including the Ronier-Djarmaya and Ronier-Kome pipelines linking CNPCI's oil fields to the SRN refinery.

In a context in which the Supreme Audit Institution, the Chamber of Accounts, has not completed or disclosed its statutory audit of public accounts since 2016, Chad's EITI reporting has disclosed data on government extractive revenues supported by the strongest quality assurances of any public disclosures of government extractive revenue data. Government officials confirmed that the Chamber of Accounts had only received government accounts for 2017 in early 2022, which

explained the delays in completing the audit, while the latest audited financial statements publicly available for SHT covered 2015. While the 2019 EITI Report highlights significant inconsistencies between different government entities' EITI disclosures and third-party sources such as SHT's (unpublished) audited financial statements, the extensive adjustments to these initial disclosures allowed the IA to conclude that the comprehensiveness and reliability of the government extractive data was considered 'satisfactory'. There is scope to further integrate the Chamber of Accounts into the design and execution of Chad's annual EITI reporting, with a view to leveraging EITI implementation to strengthen the capacities and practices of the Supreme Audit Institution.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
<p>Comprehensive disclosure of taxes and revenues (Requirement #4.1)</p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Requirement 4.1 is fully met, as in the previous Validation. The majority of stakeholders consulted considered that the objective of transparency in government revenues from the extractive industries had been achieved. However, some civil society and government stakeholders consulted considered that the objective was still in the process of being fulfilled given inconsistencies in government disclosures of revenues. Several stakeholders from different constituencies considered that the 2019 EITI Report was the most comprehensive report to date. The Secretariat's view is that the 2019 EITI Report provides comprehensive disclosures of extractive revenues in accordance with the Board-approved "flexible" EITI reporting approach.</p> <p>Chad EITI opted for the production of its latest (2019) EITI Report following the Board-approved flexible reporting approach, and thus relied on unilateral disclosure of extractive revenues collected by the government and SOEs rather than reconciliation with company payments. The MSG's materiality decisions related to the selection of revenue stream and companies for which the government and SOEs provide unilateral disclosures are described in the 2019 EITI Report, even if the minutes of relevant MSG meetings have not yet been published on the Chad EITI website. All revenue flows and companies in the mining, oil and gas sectors were included with a materiality threshold of zero, alongside four oil and gas transportation and refining companies. All revenue streams are listed and described. All material government entities and SOEs participated in EITI reporting, with the exception of the <i>Caisse Nationale de Prévoyance Sociale</i> (CNPS) and the SOE SHT-PCCL. Gaps in disclosures by SHT-PCCL are assessed under SOE transactions (see <i>Requirement 4.5</i>). While data on revenues collected by CNPS from extractive companies in 2019 is not publicly available, the latest publicly available data indicates that revenues collected by the CNPS accounted for 0.46% of government extractive revenues in 2017. In consultation, the IA considered that the CNPS' omission did not have a material</p>

	<p>impact on the comprehensiveness of disclosures, given that it would be low given the low level of employment in the extractive industries.</p> <p>The 2019 EITI Report highlights significant differences in disclosures by SHT and the Treasury, which it adjusts through the reconciliation of disclosures from different government entities and SHT's audited financial statements. Several stakeholders consulted highlighted concerns over the capacity of the government's Extractive Revenue Collection and Centralisation Cell, which was the source of reporting to the EITI on behalf of the Treasury. Government officials highlighted the Ministry of Petroleum and Energy's recent establishment of a committee chaired by the Technical Director General for Petroleum to follow up on EITI recommendations, including on data reliability. Given the materiality threshold of zero in the selection of companies, the government has effectively provided unilateral disclosure of revenues from all companies in the 2019 EITI Report. Chad has yet to use its EITI reporting to provide guidance on the public accessibility of extractive companies audited financial statements, as it has done for SOEs in the extractive industries.</p>
<p>Infrastructure provisions and barter arrangements (Requirement #4.3)</p> <p><i>Mostly met</i></p>	<p>The Secretariat's assessment is that Requirement 4.3 is mostly met. While some government officials consulted considered that the objective of public understanding of infrastructure provisions and barter-type arrangements had been achieved through Chad's EITI reporting, several stakeholders from civil society and development partners considered that the objective was mostly met given the lack of information on some of the countervailing benefit streams involved in barter-type arrangements in Chad, such as the provision of electricity in exchange for crude oil deliveries to the domestic refinery. The Secretariat's view is that there has been substantial progress made towards the objective, but that it remains mostly met given the lack of government or SOE disclosures on barter-type arrangements and the resultant doubts over the comprehensiveness of disclosures to date, that relied on the IA's work.</p> <p>Chad has used its EITI reporting to significantly improve the transparency of barter-type arrangements related to the extractive industries. There were three types of barter-type arrangements according to the definition of Requirement 4.3 in force in 2019. The first consists of a pre-payment agreement (resource-backed loan) involving the repayment of a loan from Glencore to the state through deliveries of physical crude oil. The second involves a swap of crude oil for electricity with the domestic refinery SRN. The third consists of a resource-backed loan from SRN to the state, which is repaid in physical deliveries of crude oil. Chad's 2019 EITI Report provides most of the information required of barter-type arrangements under the EITI Standard. With regards to the two resource-backed loans, the EITI Report describes the terms of the agreements, the parties involved, the resources which have been pledged by the state (crude oil deliveries) and the value of the balancing benefit stream (loans). For the oil-for-electricity swap, the EITI Report provides the terms of the agreements, the parties involved, and the resources pledged by the state (crude oil deliveries), but does not provide the value of the balancing benefit stream (electricity) delivered in 2019. In consultation, the IA and several development partners and CSOs raised concerns over the lack of disclosure of electricity supplies in exchange for crude oil deliveries. The IA explained that the value of electricity supplies by the refinery had been provided for the 2019 EITI Report, but not the volumes of electricity</p>

	<p>supplied. Several stakeholders considered that a share of the 4 million barrels of crude oil delivered to the SRN refinery annually was used for other purposes than electricity production, with a share of crude oil allegedly refined and supplied to third parties such as the armed forces. Government officials consulted noted that the Ministry of Petroleum and Energy had the required data on electricity volumes supplied by the refinery and that it was an oversight that this data had not been disclosed in the 2019 EITI Report. The Secretariat's view is that the lack of disclosure of the volumes of electricity provided in the context of this swap arrangement hinders an assessment of whether the arrangement provides fair value to the state.</p> <p>Although the report does not explicitly assess the materiality of these agreements in relation to conventional contracts, it provides sufficient information on the value of transactions related to these agreements in 2019 on which readers can base their own assessment of the materiality of these agreements. Disclosures of barter arrangements appear to have been subject to the same quality assurances as other government disclosures of extractive revenues.</p>
<p>Transportation revenues (Requirement #4.4)</p> <p><i>Mostly met</i></p>	<p>The Secretariat's assessment is that Requirement 4.4 is mostly met. Stakeholders consulted did not express any particular views on progress towards the objective of transparency in government and SOE revenues from the transit of crude oil. The Secretariat's view is that the objective is mostly met, given a lack of updated information on the status of domestic pipeline operating companies.</p> <p>The state receives revenues from the transportation of commodities in the petroleum sector, but not in the mining sector. Chad has continued to use its EITI reporting to disclose information on transportation arrangements for crude oil and the related revenues collected by the state. The 2019 EITI Report describes crude oil transport arrangements and discloses the state revenues related to the two oil transportation companies in which SHT holds minority equity interests. While transportation revenues collected by the third oil transportation company included in the scope of disclosures, Petrochad Transportation, were not provided in the 2019 EITI Report, information in the report indicates that the state does not hold any interest in the company. However, the report describes a fourth type of transportation arrangement related to the management of the Ronier-Djarmaya and Ronier-Kome pipelines linking CNPCI's oil fields to the SRN refinery. While the state is entitled to transport revenues from the operations of these pipelines, the payments have been made to an escrow account pending establishment of a new pipeline company expected by end 2018. However, the report notes the lack of information on whether the new pipeline company was established and does not disclose any information on the value of payments to government related to these pipelines' transportation of crude oil in 2019, if the new pipeline company had been established. The Secretariat's view is that there has been backsliding compared to the previous Validation, when Requirement 4.4 was assessed as 'satisfactory progress', given the lack of sufficient information on the status of oil transportation arrangements related to the Ronier-Djarmaya and Ronier-Kome pipelines, operated by the largest crude oil producer in Chad, in 2019.</p>

<p>Level of disaggregation (Requirement #4.7)</p> <p><i>Mostly met</i></p>	<p>The Secretariat's assessment is that Requirement 4.7 is mostly met. Most stakeholders consulted did not express particular views on progress towards the objective of disaggregation in public disclosures of company payments and government revenues from oil, gas and mining. The Secretariat's view is that the objective is mostly met, given the lack of project-level disaggregation of government (non-tax) revenues levied at the level of the individual agreement.</p> <p>Chad has made progress on the project-level disaggregation of data on government revenues from the extractive industries that are levied by project, rather than by company. All taxes are levied at the consolidated company level in Chad, although sector-specific non-tax revenues are levied at a project level. Chad's 2019 EITI Report discloses the financial data on government and SOE revenues by collecting entity, revenue stream, and company. While Annex 11 of the 2019 EITI Report presents sector-specific non-tax revenues, it only presents this data disaggregated by consortium, not by individual project (given that certain consortiums operate several different projects). The name of the project to which each non-tax revenue is related is not provided in the EITI Report. The MSG has agreed a definition of project that is in line with the definition in Requirement 4.7 and has identified the revenue streams that are levied at a project level. However, while the MSG's definition of project consists of individual licenses and contracts in cases where a company holds several licenses, the financial data on government non-tax revenues in the EITI Report is only presented by consortium, not by individual project for those consortiums that operate several projects. While there is no evidence that the MSG has yet published a list of projects that cover several agreements that are substantially interconnected, a review of the mining and petroleum cadastres appears to indicate that there is no single project that covers several substantially interconnected agreements. The Secretariat's view is that all technical aspects of Requirement 4.7 have been mostly addressed, although project-level disclosures of government revenues levied at a project level have not yet been provided through the EITI.</p>
<p>Data timeliness (Requirement #4.8)</p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Requirement 4.8 is fully met, as in the previous Validation. Several stakeholders from different constituencies raised concerns over delays in production of EITI Reports and cast doubt on whether the objective of sufficiently timely disclosures of EITI data to be relevant to inform public debate and policy-making had been achieved. However, other stakeholders consulted considered that the objective was met given that Chad had received approvals from the EITI Board for delays in its EITI reporting. On balance, the Secretariat's view is that the objective is fulfilled and that delays in the procurement of the IA are a reflection of weaknesses in the MSG's oversight of implementation (<i>see Requirement 1.4</i>).</p> <p>During the period under review, Chad published its 2017 EITI Report in June 2020, its 2018 EITI Report in December 2018 and its 2019 EITI Report in February 2022. Although the 2017 and 2019 EITI Reports were published after the deadline set in Requirement 4.8 of two years after the end of the fiscal period(s) covered, Chad's related requests for extensions on its reporting deadlines were approved by the EITI Board in March 2020 and February 2022. Thus, Chad has consistently published EITI Reports within the Board-approved timeframes throughout the period under review. The latest (2019) EITI Report</p>

	<p>confirms the period under review by the EITI disclosures. While the EITI Reports do not describe plans to improve the timeliness of EITI reporting, the Chad EITI 2022 work plan includes activities to undertake efforts to strengthen systematic disclosures, which could support improvements in the timeliness of EITI reporting over the medium term.</p>
<p>Data quality and assurance (Requirement #4.9) <i>Fully met</i></p>	<p>The Secretariat's assessment is that Requirement 4.9 is fully met, as in the previous Validation. Most stakeholders consulted from all constituencies considered that the objective of reliable disclosures on government extractive revenues to ensure public confidence in the reliability of government revenue data had been fulfilled in the 2019 EITI Report. The IA confirmed that the comprehensiveness and reliability of financial disclosures in the latest EITI Report was broadly satisfactory despite caveats related to inconsistencies between government entities' initial EITI disclosures. The IA considered that the additional verifications of government EITI disclosures provided a satisfactory basis for data reliability. Several CSOs consulted raised concerns over the reliability of government revenue data given recent reforms (including of the Supreme Audit Institution - SAI) that were considered to have created an institutional void in the oversight of extractive revenues. However, the CSOs considered that the objective of reliable EITI disclosures had been achieved through the additional verifications conducted by the IA. The Secretariat's view is that the objective has been fulfilled despite broader weaknesses in government and SOE audit and assurance practices in the period under review.</p> <p>Chad EITI adopted the Board-approved "flexible" approach to producing its 2019 EITI Report, based on unilateral disclosures by revenue-collecting government entities and SOEs. Evidence suggests that the MSG oversaw the procurement of the IA, approved the ToRs in line with the standard TORs approved by the EITI Board for flexible reporting, and agreed the reporting templates with the IA. The 2019 EITI Report provides an overview of statutory audit procedures and actual practice for government entities and SOEs, although it only describes the statutory procedures for extractive companies' audits. Government officials consulted confirmed that the SAI, the Chamber of Accounts, had not completed its audit of public accounts for 2019 and had only just received the government accounts for 2017 to review in early 2022. Several stakeholders from all constituencies confirmed that extractive SOEs' audited financial statements had not been published since the 2015 statements were disclosed in 2017, with several stakeholders noting that SHT had not published financial statements since a change in its management in 2018.</p> <p>The 2019 EITI Report describes the quality assurances agreed by the MSG for the 2019 EITI Report and provides an assessment of the materiality of omissions by the one reporting entity (SHT) that did not adhere to the agreed procedures. The report includes a clear statement on the overall comprehensiveness and reliability of financial data disclosed in the EITI Report, which the IA considers to be satisfactory with caveats related to inconsistencies in government entities' initial EITI disclosures. However, the report's review of the practice of government audit and assurance practices in 2019 indicates that a financial audit of government extractive revenues was not conducted for 2019, which indicates that government revenues disclosed in the EITI Report have not been subject to credible, independent audit, applying international auditing standards, despite</p>

	<p>the provision of the agreed quality assurances by the majority of reporting government entities. The IA explained that it had not relied on government EITI disclosures and had conducted additional verifications drawing on Customs data that was considered more reliable than other sources. This comparison highlighted a difference of some XAF 30bn (around USD 49m) in royalty revenue between disclosures from the Treasury and from the Customs Department. Several stakeholders from different constituencies raised concerns over the reliability of government revenue data disclosed by the government's Extractive Revenues Collection and Centralisation Cell on behalf of the Treasury, with several stakeholders highlighting challenges in technical and financial capacities for the cell to undertake this work. The 2019 EITI Report includes a recommendation for the MSG to revert to conventional EITI reporting in future given concerns over potential weaknesses in the reliability of government financial disclosures.</p>
<p>New corrective actions and recommendations</p>	
<ul style="list-style-type: none"> • To strengthen implementation, Chad is encouraged to explore ways of strengthening systematic disclosures of information on company payments and government revenues in the extractive industries. Chad is encouraged to use its EITI reporting to map the public accessibility of extractive companies' audited financial statements. • In accordance with Requirement 4.3, Chad is required to consider whether there are any agreements or sets of agreements involving the provision of goods and services (including loans, grants and infrastructure works), in full or partial exchange for oil, gas or mining exploration or production concessions or physical delivery of such commodities. Where Chad EITI concludes that these agreements are material, it is required to ensure that EITI implementation addresses these agreements and disclosures provide a level of detail and disaggregation commensurate with the other payments and revenue streams. Chad EITI is required to agree a procedure to address data quality and assurance of the information set out above, in accordance with Requirement 4.9. • In accordance with Requirement 4.4, Chad should ensure public disclosure of the revenues received by the state or material SOEs from the transportation of oil and gas, where these are considered material by the Chad EITI. Chad EITI is encouraged to reconsider the existence and materiality of any such transport revenues on an annual basis. • In accordance with Requirement 4.7, Chad should ensure that public disclosures of company payments and government revenues from the extractive industries are disaggregated by project for all material extractive revenues that are levied at the level of the individual agreement. To strengthen implementation, Chad EITI is encouraged to document which legal agreements are substantially interconnected or overarching. • To strengthen implementation, Chad is encouraged to consider innovative approaches to EITI reporting that build on government and company systematic disclosures with a view to improving the timeliness of EITI disclosures as a precondition for stimulating public debate and policymaking. • To strengthen implementation and ensure the EITI provides a tool for strengthening prevailing audit and assurance practices, Chad could consider using annual EITI reporting as a tool for disclosing a detailed assessment of audit and assurance practices in both public and private sectors, with a view to issuing recommendations for reform in broader audit and assurance practices of government entities, state-owned enterprises, and extractive companies. Chad may also wish to consider alternatives to conventional EITI reconciliation as a means of ensuring 	

comprehensive and reliable disclosures of company payments and government revenues from the extractive industries.

Revenue management (Requirements 5.1, 5.3)

Overview of progress in the module

Chad has continued to use its annual EITI disclosures to improve transparency in the management of petroleum revenues not recorded in the national budget. Although reforms have started to reflect a share of government off-budget extractive revenues in the national budget since 2020, Chad's 2019 EITI Report identifies five types of petroleum revenues that were not recorded in the national budget in 2019. The EITI disclosures quantify each type of extractive revenue that was managed off-budget in 2019 and provides an explanation of the management of these funds, although the report is transparent about the lack of publicly accessible government financial reports on the management of these revenues. There is scope for Chad to leverage its EITI implementation to strengthen government systematic disclosures of petroleum revenues managed off-budget, with a view to supporting reforms agreed in the context of development partners' budget support for the government.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
<p>Distribution of extractive industry revenues (Requirement #5.1)</p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Requirement 5.1 is fully met, as in the previous Validation. While most stakeholders consulted considered that the objective of traceability of extractive revenues not recorded in the national budget had been fulfilled, some CSOs considered that the objective was still in the process of being achieved given their concern over the value of extractive revenues not recorded in the national budget and the lack of reliable financial reports tracking the management of off-budget revenues. The Secretariat's view is that the objective has been fulfilled given Chad's EITI disclosures of the management of extractive revenues not recorded in the national budget, but that it has not yet been exceeded pending greater systematic disclosures of this information by government entities.</p> <p>Chad's 2019 EITI Report lists seven types of government extractive revenues that are not recorded in the national budget and explains that two of these were not effective in 2019, implying that there were five types of off-budget extractive revenues in 2019. The value of each type of extractive revenues that</p>

	<p>is not recorded in the national budget is provided in the 2019 EITI Report. Chad's EITI reporting has provided an extensive explanation of these types of off-budget revenues and a general explanation of their management, but explains that financial reports describing the management of these off-budget revenues are not publicly accessible. Chad's EITI reporting has also provided an explanation of national revenue classification systems. Several development partners consulted highlighted reforms since 2020 that brought some of these off-budget petroleum revenues onto the government's financial statements (<i>Tableau des Operations Financières de l'Etat – TOFE</i>) and on the national budget, including part of the government's annual transfer of 4 million barrels of crude oil to the SRN refinery. While reforms to fully reflect all petroleum revenues on the government budget were still considered to be work in progress, they were highlighted as important steps to improve the transparency of government revenues from the extractive industries.</p>
<p>Revenue management and expenditures (Requirement #5.3)</p> <p><i>Not assessed</i></p>	<p>The Secretariat's assessment is that Requirement 5.3 remains not assessed, given that several encouraged aspects of this requirement remain to be addressed by Chad EITI. While most stakeholders consulted did not express views on progress towards the objective of strengthening public oversight of the management of extractive revenues, several CSOs consulted raised significant concerns over an alleged lack of clarity on the government's management of extractive revenues and their use to fund specific expenditures. The CSOs considered that the Law 002 on the management of petroleum revenues was no longer effectively enforced and alleged that there was a lack of clarity on the way in which the government used extractive revenues.</p> <p>Chad has used its EITI reporting to disclose information on earmarked revenues, including extractive revenues both recorded and not recorded on the national budget. It has also used annual EITI disclosures to disclose information on the budget and audit procedures. The Ministry of Finance and Budget continues to publish quarterly budget execution reports and the Observatory of Public Finance issues quarterly petroleum market updates, which provide information on current developments, but not forward-looking projections. Chad EITI has used its "flexible" 2019 EITI Report (prepared in 2021) to disclose more timely information on the impact of the COVID-19 pandemic on the extractive industries and public finance management. In the Secretariat's opinion however, there is scope to further expand the use of EITI disclosures to cover timely information to further public understanding and debate around issues of revenue sustainability and resource dependence, such as the assumptions underpinning forthcoming years in the budget cycle and relating to projected production, commodity prices and revenue forecasts arising from the extractive industries and the proportion of future fiscal revenues expected to come from the extractive sector.</p>
<p>New corrective actions and recommendations</p>	
<ul style="list-style-type: none"> To strengthen implementation, Chad may wish to consider ways of strengthening systematic disclosures by government entities and SOEs of the management of extractive revenues that are not recorded in the national budget, with a view to achieving a level of transparency commensurate with that of extractive revenues that are recorded in the national budget. 	

- To strengthen implementation, Chad is encouraged to use its EITI implementation as a means of ensuring timely government disclosures that would further public understanding and debate around issues of revenue sustainability and resource dependence, including the assumptions underpinning forthcoming years in the budget cycle and relating to projected production, commodity prices and revenue forecasts arising from the extractive industries and the proportion of future fiscal revenues expected to come from the extractive sector.

Subnational contribution (Requirements 4.6, 5.2, 6.1)

Overview of progress in the module

The tax code in Chad provides for direct payments to subnational governments in the form of common law taxes and non-taxes that are applicable to all companies irrespective of their economic sector of operation. In practice however, the national tax office (*Direction Générale des Impôts* - DGI) is tasked with collecting these revenues on behalf of communes, which are then transferred to subnational governments as part of general budget transfers. There was consensus among stakeholders consulted that extractive companies did not make payments to subnational governments directly in the period under review in this Validation.

The Law [002/PR/2014](#) on the management of petroleum revenues establishes the legal framework for the transfer of 5% of government petroleum revenues to oil-producing regional governments, in accordance with the 2011 Constitution. Similar provisions of the 2018 Mining Code for the subnational transfer of 5% of mining revenues to producing regions have not been implemented to date pending enactment of an implementing decree to operationalise the transfers. Chad has used its EITI reporting to publish calculations of the notional value of subnational transfers to each of the entitled regional government for both petroleum and mining, as well as the actual subnational transfers for two of the three oil-producing regions that should have received such transfers in 2019. However, the 2019 EITI Report does not disclose either the value of subnational transfers according to the revenue-sharing formula nor the actual value of subnational transfers to the third oil-producing region of Logone Occidental. Stakeholder consultations revealed significant public interest in the management of subnational transfers of petroleum revenues. Several CSOs noted that the constituency was preparing a study on subnational transfers of petroleum revenues to the region of Doba, drawing on EITI data. While several CSOs highlighted the value of Chad's EITI reporting in informing local stakeholders of the value of petroleum revenues their local regional governments should have received, they raised significant concerns over what they considered the deterioration of the mechanism for executing subnational transfers in practice following the dissolution of the Petroleum Revenues Oversight Committee (*Comité de surveillance des revenus pétroliers* – CCSRP), which used to have responsibility for ex ante monitoring of subnational petroleum transfers. In its comments on the preliminary assessment, the MSG highlighted a Government Decree ([1911/PCMT/PMT/MFB](#)) in July 2022 that established a Committee on the Management of Petroleum Revenues earmarked for Producing Regions (*Comité de Gestion des Revenus Pétroliers affectés aux Provinces Productrices*), which establishes an updated legal basis for subnational transfers of petroleum revenues. The MSG's comments also highlighted the day-long July 2022 workshop in Moundou focused on discussing the management of subnational transfers of petroleum revenues.

While there are no legal requirements for extractive companies to undertake social expenditures in Chad, Chad's 2019 EITI Report identified for the first time a set of social expenditures that are contractually mandated by certain contracts and conventions, such as old mining conventions signed under the 1995 Mining Code and a new oil and gas PSC signed with (and later cancelled) Ewaah Investors Ltd. In 2019. While the 2019 EITI Report provides a review of systematic disclosures by oil and gas companies of their (voluntary) social expenditures but does not provide companies' disclosures of their mandatory social expenditures given that the "flexible" EITI reporting approach was interpreted as meaning to exclude companies from the scope of reporting. Several stakeholders consulted raised concerns over this inaccurate impression, and the Chad EITI Secretariat staff explained that reporting templates requesting information on social expenditures and beneficial ownership data were subsequently sent to material extractive companies, although the information collected was not yet published at the time of Validation.

With regards to environmental payments to government, Chad has used its EITI reporting to disclose partial information on indirect taxes on extractive companies' consumption, although it has been transparent about the lack of comprehensiveness of these disclosures with revenues disclosed for only a few companies. Chad has made some progress in describing the statutory rules related to environmental management, but there is scope to expand EITI disclosures to provide a diagnostic of environmental management practices in the extractive industries.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
<p>Subnational payments (Requirement #4.6)</p> <p><i>Not applicable</i></p>	<p>The Secretariat's assessment is that Requirement 4.6 is not applicable in the period under review. There was consensus among stakeholders consulted that extractive companies did not make direct payments to subnational governments in practice, despite statutory provisions related to such payments. In practice, these payments were made to the national government, which collected revenues on behalf of subnational governments and subsequently transferred the funds. The Secretariat's view is that Requirement 4.6 is not applicable in practice in the period under review.</p> <p>Chad's 2019 EITI Report explains that there are six types of direct subnational payments according to the applicable regulatory framework, none of which are specific to the extractive industries. However, the report explains that in practice all of these company payments are collected by the national government (the DGI) on behalf of subnational governments, and subsequently transferred to subnational governments as part of general national budget transfers to subnational government budgets. The aggregate value of these government revenues is disclosed in the report, sourced from the DGI, which demonstrates that these revenues are small in value (XAF 17.98 million, or around USD 30,000) in 2019. Thus, Chad has effectively used its EITI reporting</p>

	to demonstrate the lack of direct subnational payments by extractive companies in 2019.
Subnational transfers (Requirement #5.2) <i>Mostly met</i>	<p>The Secretariat's assessment is that Requirement 5.2 is mostly met. Several CSOs consulted considered that the objective of enabling stakeholders at the local level to assess whether the transfer and management of subnational transfers of extractive revenues are in line with statutory entitlements was not yet achieved, given the lack of statutory instruments regulating the transfer of a share of petroleum revenues to newer oil producing regions like the Logone Occidental. Some government officials highlighted an additional chapter included in the 2022 national budget that covered subnational transfers of petroleum revenues, which was considered an important step in clarifying the statutory revenue-sharing formula for transfers to newer oil-producing regions. Indeed, they noted that the 2022 budget codified new rules for the transfer of oil revenues to all three producing regions, although the implementing Decree for these transfers was still pending as of May 2022. In its comments on the preliminary assessment, the MSG highlighted a Government Decree (1911/PCMT/PMT/MFB) in July 2022 that established a Committee on the Management of Petroleum Revenues earmarked for Producing Regions (<i>Comité de Gestion des Revenus Pétroliers affectés aux Provinces Productrices</i>), which establishes an updated legal basis for subnational transfers of petroleum revenues. The Secretariat's view is that Chad has used its EITI disclosures to improve the transparency in subnational transfers of petroleum revenues, but that the objective is mostly met given the lack of information on subnational transfers to certain producing regions such as the Logone Occidental. There is considerable public interest, particularly from civil society and communities in oil producing regions as reflected in stakeholder consultations, in the management of subnational transfers of petroleum revenues.</p> <p>Chad has used its recent EITI reporting to clarify the practices related to subnational transfers of extractive revenues. The 2019 EITI Report describes the revenue-sharing provisions of the legal framework for the mining and petroleum sectors, including the general revenue-sharing formula. Although the 2019 EITI Report describes other forms of subnational transfers related to government revenues that are statutorily direct subnational payments, it confirms that these are not related to extractive revenues and discloses the value of such transfers to two communes.</p> <p>The 2019 EITI Report discloses the notional value of petroleum revenue transfers (according to the revenue-sharing formula) to two of the three provinces that were entitled to receive them in 2019, as well as the value of the subnational transfers executed that year (for the two provinces only). However, the lack of reporting on subnational transfers to the province of Logone Occidental is a concern. In the mining sector, the report discloses the notional value of subnational transfers per subnational government according to the revenue-sharing formula and confirms the lack of execution of these subnational transfers in 2019 given that the implementing regulations had not yet been published. The report also explains the impact of the disbanding of the Petroleum Revenue Oversight Committee (<i>Collège de Contrôle et de Surveillance des Revenus Pétroliers - CCSRP</i>) on the ex-ante oversight of subnational transfers. Several stakeholders consulted from government and</p>

	<p>civil society highlighted the institutional void in the oversight of subnational transfers of oil revenues and noted that the government had admitted the need for reform to improve the oversight of subnational transfers of petroleum revenues. However, stakeholders confirmed that the planned Government Decree expected to reform revenue-sharing regulations had not yet been prepared or enacted as of May 2022. The MSG's comments noted that the Decree had been enacted and published in July 2022. One CSO noted that a bank account should have been established to receive subnational transfers for the Logone Occidental region pending the establishment of a committee to oversee these transfers, but noted that this account did not appear to have been created to date and that it was unclear how petroleum revenues to which the Logone Occidental was entitled were being managed in the interim. The MSG's comments also highlighted the day-long July 2022 workshop in Moundou focused on discussing the management of subnational transfers of petroleum revenues.</p>
<p>Social and environmental expenditures (Requirement #6.1)</p> <p><i>Mostly met</i></p>	<p>The Secretariat's assessment is that Requirement 6.1 is mostly met. Government and industry stakeholders consulted did not express particular views on progress towards the objective of public understanding of extractive companies' social and environmental contributions. However, several CSOs consulted and the IA considered that the objective was still in the process of being fulfilled, given that the IA had identified contractually mandated social expenditures but that extractive companies had not comprehensively disclosed these mandatory social expenditures in the 2019 EITI Report.</p> <p>While Requirement 6.1 was assessed as 'not applicable' in the previous Validation, the requirement has evolved under the 2019 EITI Standard to cover environmental payments. However, based on a review of some mining and petroleum contracts (reportedly five contracts in each sector), the IA identified contractual requirements for some extractive companies to undertake mandatory social expenditures, although it did not review all contracts. There appear to be social expenditures that are required under the terms of mining conventions (contracts) signed under the 1995 Mining Code that have not been disclosed by Chad EITI reporting, although the materiality of these expenditures in a particular year is unclear and open to question given the overall materiality of the mining sector in relation to the petroleum sector in Chad. Chad's 2019 EITI Report provides a review of applicable laws, regulations and a selection of mining and petroleum contracts, highlighting the existence of contractual clauses requiring social expenditures in the mining sector and, since 2020 in a new PSC awarded to Ewaah Investors, in the petroleum sector. Several stakeholders from all constituencies noted that the new IA for the 2019 EITI Report had undertaken a more rigorous review of contractual clauses related to social expenditures, which was an innovation compared to previous EITI Reports. The 2019 EITI Report was the first time the IA requested information on <i>mandatory</i> social expenditures. In consultations, the IA and CSOs considered that a more comprehensive review of all active mining and petroleum contracts would be required to provide a full overview of all contractually mandated social expenditures.</p> <p>However, none of the extractive companies' mandatory social expenditures are disclosed in the latest EITI Report. The 2019 EITI Report justifies the lack of</p>

	<p>disclosures on mandatory social expenditures in mining on the “flexible” EITI reporting approach that did not include extractive companies in the scope of reporting. The report nonetheless provides a review of oil and gas companies’ systematic disclosures of their voluntary social expenditures (CSR) in Chad. However, the Secretariat’s view is that the partial review of mining and petroleum contracts is a concern given that it hinders a comprehensive assessment of the likely materiality of mandatory social expenditures. Given the existence of clauses on social expenditures in newer PSCs in the oil and gas sector, there is scope for Chad EITI to strengthen its work in reviewing contractual clauses and actual practices related to social expenditures. Stakeholder consultations revealed significant public interest in extractive companies’ social expenditures (both mandatory and voluntary), with several stakeholders expressing a perception that the figures reported for social expenditures to the government and to the EITI did not match the reality of project execution on the ground. Several CSOs noted that mining companies’ social expenditures were often provided in-kind, through the construction of schools, clinics, roads and other social infrastructure. One CSO noted that there was considerable social tension around Glencore’s oil projects given the broad perception among the community that the company was not contributing to social causes.</p> <p>With regards to environmental payments to government, the 2019 EITI Report describes the legal requirements related to payments to government and other expenditures related to the environment. The report categorises one type of payment (the Environmental Protection Tax / <i>Taxe sur la Protection de l’Environnement</i> - TPE) as a government revenue related to the environment, although it appears to be an indirect tax on extractive activities levied on their motor vehicle use collected by the <i>Direction Générale des Services de Douanes et des Droits Indirects</i> (DGDDI). The IA confirmed that this was an indirect tax on the extractive industries given that it was a tax on consumption rather than on production. The report nonetheless discloses the DGDDI’s TPE revenues collected from three oil and gas companies and two mining companies, although the MSG’s Transparency template submitted for this Validation states that these disclosures are not comprehensive. The Secretariat’s view is that this tax (the TPE) represents an indirect tax on the extractive industries, although gaps in government disclosure are a concern given that the MSG has clearly included this government revenue stream in the scope of the 2019 EITI Report. Thus, gaps in the comprehensiveness of government disclosures of TPE revenues in 2019 highlighted by the MSG in its submission for this Validation is considered to constitute a gap in Chad’s progress towards fulfilling Requirement 6.1.b. Nonetheless, the 2019 EITI Report provides information on the general legal provisions for environmental rehabilitation funds and other expenditures related to the environment, but does not explain how these are monitored either by statutory procedure or in practice. The report explains that the lack of disclosures of environmental expenditures is due to the “flexible” approach in the 2019 EITI Report, which did not include extractive companies in the scope of reporting.</p>
<p>New corrective actions and recommendations</p>	

- To strengthen implementation, Chad is encouraged to consider the existence and materiality of direct subnational payments by extractive companies on an annual basis, to ensure that all material direct subnational payments are comprehensively disclosed should such direct subnational payments be applied in future.
- In accordance with Requirement 5.2, Chad should ensure that all transfers of national government extractive revenues to subnational governments are comprehensively disclosed. Chad should ensure public disclosure of the specific revenue sharing formula for each subnational transfer of extractive revenues, as well as any discrepancies between the transfer amount calculated in accordance with the relevant revenue sharing formula and the actual amount that was transferred between the central government and each relevant subnational entity.
- In accordance with Requirement 6.1, Chad should ensure public disclosure of material social expenditures by companies that are mandated by law, including by the terms of community development agreements that are required by law, or the contract with the government that governs the extractive investment. Where such benefits are provided in kind, it is required that Chad EITI disclose the nature and the deemed value of the in-kind transaction. Where the beneficiary of the mandated social expenditure is a third party, i.e., not a government agency, it is required that the name and function of the beneficiary be disclosed. Where Chad EITI agrees that discretionary social and environmental expenditures and transfers are material, the MSG is encouraged to develop a reporting process with a view to achieving transparency commensurate with the disclosure of other payments and revenues. Chad EITI is encouraged to agree a procedure to address data quality and assurance of this information in accordance with Requirement 4.9.

Background

Overview of the extractive industries

An overview of the extractive industries is accessible on the [country page](#) of the EITI webpage for Chad.

History of EITI implementation

The history of implementation is accessible on the [country page](#) of the EITI webpage for Chad.

Explanation of the Validation process

An overview of the Validation process is available on the EITI website.³ The [Validation Guide](#) provides detailed guidance on assessing EITI Requirements, while the more detailed [Validation procedure](#) include a standardised procedure for undertaking Validation by the EITI International Secretariat.

The International Secretariat's country implementation support team includes Nassim Bennani, while the Validation team was comprised of Alex Gordy and Solofo Rakotoseheno. The internal review for quality assurance was conducted by Nassim Bennani, Gisela Granado and Bady Baldé.

Confidentiality

The detailed data collection and assessment templates are publicly accessible, on the internal Validation Committee page [here](#).

The practice in attribution of stakeholder comments in EITI Validation reports is by constituency, without naming the stakeholder or its organisation. Where requested, the confidentiality of stakeholders' identities is respected, and comments are not attributed by constituency. This draft report is shared with stakeholders for consultation purposes and remains confidential as a working document until the Board takes a decision on the matter.

Timeline of Validation

The Validation of Chad commenced on 1 April 2022. A public call for stakeholder views was issued on 1 March 2022. No responses to the call for views were received. Stakeholder consultations were held virtually in May 2022. The draft Validation report was finalised on 27 June 2022. Following comments from the MSG on 30 July 2022, the Validation report was finalised for consideration by the EITI Board.

³ See <https://eiti.org/validation>

Resources

- Validation data collection file – [Stakeholder engagement](#) (FR)
- Validation data collection file – [Transparency](#) (FR)
- Validation data collection file – [Outcomes and impact](#) (FR)

Annex A: Assessment of Requirement 1.3 on civil society engagement

Methodology

Due to concerns expressed by stakeholders related to the enabling environment for civil society engagement in the EITI, the International Secretariat's Validation team has conducted a detailed assessment of Chad's adherence to the EITI Protocol: Participation of civil society.⁴

The assessment follows the Validation Guide, which defines guiding questions and related evidence that should be considered in cases where there are concerns about potential breaches of the civil society protocol.⁵ For contextual purposes, the Validation provides an overview of the broader enabling environment for civil society participation in country's extractive sector. The assessment seeks to establish whether legal or practical restrictions related to the broader enabling environment have in practice restricted civil society engagement in the EITI in the period under review. It focuses on the areas where there are concerns regarding adherence with the civil society protocol.

A call for stakeholder views on progress in EITI implementation was launched on 1 March 2022, in accordance with the Validation procedure. The assessment draws on the information provided in responses to that call for views, the Stakeholder engagement file, and stakeholder consultations.

Overview of broader environment for civil society engagement

Chad's rankings in international civil society space assessments has remained relatively stable since the previous Validation (2019-22), at 'Not Free' with a slight deterioration in 2020-21 in assessments by Freedom House, and 'repressed' by Civicus. The US State Department's Country report on Human Rights Practices on Chad have continued to highlight similar constraints in the broader civic space as those identified in the previous Validation.

In the period under review, there continued to be popular protests around issues including the cost of living, fiscal austerity, corruption and democratic politics that have been ongoing [since 2015](#). Ahead of Presidential elections in April 2021 and following the incarceration of over 100 protestors in February for disruptions of public order, the government imposed a ban on peaceful political protests, which remains in place to date. There have been regular protests coordinated by the civil society coalition, Wakit Tama, calling for a return to civilian rule since the Transitional Military Council (CMT) was established to govern for 18 months following the death of long-time President Idriss Déby in April 2021. Popular political protests during elections in April 2021 and following the death of President Déby were violently disbanded, leading to five deaths and others wounded according to [CIVICUS](#). A total of over 650 people were arrested in April-May 2021 according to international [press coverage](#). There is no evidence of an official government investigation of these deaths being concluded following these tragic events. In October 2021, [CIVICUS](#) reported the injury of more than 40 people following the violent dispersal of pre-authorised protests, and the arrests of dozens of protesters in a separate protest that had been

⁴ <https://eiti.org/document/eiti-protocol-participation-of-civil-society>.

⁵ <https://eiti.org/document/2021-eiti-validation-guide>.

banned by authorities a few days later. Wakit Tama continued to organise protests, including in [December 2021](#) in a protest drawing 1000 people. In 2021, [CIVICUS](#) reported on the shutdown of internet access and access to social media as a tactic used by authorities in Chad to quell protests or forms of online dissent. [Amnesty International](#) has documented restrictions of assembly, excessive use of force and arbitrary detentions in relation to the protests organised by Wakit Tama in 2021. The successive Freedom in the World reports on Chad notes that the state intelligence service targets and intimidates civil society activists working on issues related to governance or human rights.

During the period under review, Chad's ranking in the World Press Freedom Index compiled by [Reporters without Borders](#) initially declined from 122nd of 180 countries in 2019 to 123rd in 2021, before improving to 104th in 2022. Despite the depenalisation of press infractions since 2010, NGOs have recorded [arbitrary arrests](#) of journalists, [closures](#) of media outlets and [intimidation](#) of journalists. Enactment of the December 2018 Law 31/PR/2018 on printed and online press sought to professionalise the media by setting minimum academic requirements for newspaper editors, although this has raised risks for independent publications according to international NGOs. Over a dozen newspapers were suspended in 2020 following implementation of the new press law, according to [Reporters without Borders](#).

Several laws have continued to create statutory curbs on broader civic space in the period under review, including the 2015 Anti-Terrorism Law and the Ordonnance 23 passed in June 2018, as highlighted by international NGOs and think tanks like the [International Crisis Group](#). While the Ordonnance 23 has not been translated into national law by the Parliament since the previous Validation, there are allegations that the Ordonnance has been invoked by certain government officials to seek to curb public expression on natural resource governance in recent years, even if no formal prosecutions under Ordonnance 23 were cited in stakeholder consultations (see *Expression below*). The 2015 Anti-Terrorism Law introduced criminal penalties for actions and public expressions considered subversive, including on the part of civil society. In April 2020, the National Assembly revised the Anti-Terrorism Law through Law 003/PR/2020, which abolished the death penalty as a possible sanction under the law and was hailed as a significant improvement by organisations like the United Nations Office of the High Commissioner for Human Rights ([OHCHR](#)). However, the application of the Anti-Terrorism Law has continued after this reform, with reports of 58 individuals allegedly affiliated to the terrorist group Boko Haram arrested under this law in late April 2020, with 44 of them subsequently dying of unknown causes during detention according to the [OHCHR](#).

The Ordonnance 23 on the regime for associations continued to regulate the registration by authorisation of both human rights NGOs and umbrella organisations (*faîtières*) of NGOs and ban civil society organisations from public expression on topics considered political, leaving significant room for interpretation of the definition of political statements according to a [2019 EU roadmap](#) for supporting civil society. The Ordonnance allows for the revocation of authorisations for foreign NGOs based on a simple order from the Ministry of Territorial Administration. While the President is allowed to enact Ordonnance during parliamentary recesses provided they are subsequently confirmed by the National Assembly, the Ordonnance 23 has not been translated into national law to date. During the period since the previous Validation, the MSG has followed up with the government to advocate for revisions to Ordonnance 23. This has included a [letter](#) from the Minister of Petroleum to the Minister of Territorial Administration in September 2020,

proposing reforms to Ordonnance 23 for consideration by the Ministry of Territorial Administration. The Minister of Territorial Administration responded in an October 2020 [letter](#), confirming that the proposed reforms would be submitted to the Council of Minister for consideration. The draft revisions to Ordonnance 23 developed with input from civil society, which were supported by the Ministry of Territorial Administration in its October 2020 letter, include proposals that would transition to a regime of declaration rather than of authorisation for the establishment of associations and better define issues categorised as ‘political’ from which CSOs are barred from public expression, while reiterating the ban on CSOs making public statements on political issues. However, these draft reforms developed and submitted to the Council of Ministers have yet to be enacted. A senior government official consulted reiterated the government’s commitment to revise laws and Ordonnance that were restrictive of CSOs’ activities, albeit noting that the political transition in 2021 had delayed reforms.

The civil society constituency consulted with the EU’s *Programme d’Appui à la société civile* (PASOC), which led to the EU’s advocating for reforms to Ordonnance 23 and its launch of a review of the impact of the Ordonnance 23 on civil society organisations, although this work was interrupted by the COVID-19 pandemic. At its meetings on the corrective actions from Validation on [10 April](#) and [17 April](#) 2021, the MSG discussed the need to analyse the impact of Ordonnance 23 on the broader civil society constituency engaged in the EITI and to evaluate which specific provisions of the Ordonnance should be revised. While acknowledging that the application of Ordonnance 23 did not impact CSOs that are members of the MSG given explicit protections of MSG members under Article 24 of the 2017 Decree institutionalising the EITI, the civil society’s submission for this Validation notes ad hoc restrictions linked to the enforcement of Ordonnance 23 in relation to natural resource governance, at the subnational level in particular. It states that the networks at provincial level are sometimes called to account and/or called to order by certain authorities for opinions expressed on the management of oil revenues or on extractive activities, citing examples of the heads of two NGOs (EPOZOP and AJTZP) in the province of Logone Oriental. These instances of alleged intimidations are particularly concerning in the context of legal restrictions on certain forms of public expression embedded in Ordonnance 23 and the Anti-Terrorism Law. While most CSOs consulted noted that Ordonnance 23 had not been applied against CSOs working on extractive issues in practice in the 2019-22 period, they argued that the Ordonnance represented a constant threat (categorised as a ‘sword of Damocles’) over CSOs and required reform.

Several national and international CSOs as well as development partners considered that self-censorship of civil society engaged on issues of extractive industry governance and public finance management continued in the period under review. They noted that there were credible reports of intimidation of CSOs undertaking advocacy on public finance management issues, although they noted that the launch of the Ministry of Finance’s Observatory of Public Finances had improved the accessibility of information on oil revenues and the budget and provided a stronger basis for public debate on these issues. Several development partners noted that they tended to consult individual CSOs bilaterally, given their reticence to speak openly in front of other members of the constituency. The US State Department’s Human Rights reports on Chad (for instance for [2020](#)) highlight that some journalists and publishers practiced self-censorship.

Expression

Chad's 2018 Constitution provides for freedom of expression and of the press. However, international assessments of civic space from Freedom House and the US Department of State have identified restrictions in practice as private citizens, reporters and editors practice self-censorship to avoid reprisals, including arbitrary detention and other harassments.

Civil society's submission to the 'Stakeholder engagement' template for this Validation and stakeholder consultations identified a split in the civil society constituency between those members directly represented on the Chad EITI MSG and members of the broader constituency working on issues related to the extractive industries and public finance management. While civil society MSG members are protected by the Presidential Decree on EITI in their public expression given their position in the EITI, several stakeholders considered that Ordonnance 23 acted as a constant threat against any public expression by other CSOs that could be categorised as 'political'. A review of minutes of MSG meetings and of other EITI-related activities reflects ample instances of civil society MSG members making public statements critical of extractive companies and government. There is evidence of public statements, news articles and reports from civil society that include statements critical of government and companies in relation to the extractive industries, including on the websites of the *Centre d'Etudes et de Recherche sur la Gouvernance, les Industries Extractives et le Développement Durable (CERGIED)*, and [SwissAid Chad](#). Several CSOs consulted highlighted their active use of social media as evidence of their free and critical expression on extractive industry issues.

Consultations with civil society on and off the MSG identified some cases of intimidation and threats against civil society activists working on issues related to the extractive industries, in particular petroleum, in the period under review. While there was consensus among those consulted that none of the civil society MSG members had faced such threats, several cases of intimidation against community-based civil society members in oil-producing regions and in the capital N'Djamena were highlighted. As reflected in civil society's input to the MSG's 'Stakeholder engagement' template for this Validation, some organisations including two community-based CSOs in the Logone Occidental, EPOZOP and AJTZP, had faced intimidation from government officials in relation to their advocacy over the management of oil revenues and of the social and environmental impacts of the extractive industries. The two organisations had been called by the Provincial Governor, who asked them to desist from public allegations against oil companies if they could not provide evidence of their allegations, with the threat of prosecution under Ordonnance 23 in case they continued. However, CSOs consulted considered that government officials supported the work of CSOs on environmental impacts of the oil sector when such allegations could be proven with documented evidence. In another case, a CSO consulted explained that he had faced intimidation and threats from the Provincial Deputy Prefect in 2019, following publication of a press release alleging that Glencore had acquired petroleum rights illegally. This had led him to flee his province and hide for three months, before returning after receiving assurances from the provincial authorities about his safe passage. However, CSOs consulted noted that this type of intimidation was done without legal basis and affected CSOs working on a broad range of issues beyond the extractive industries. They considered that these incidents represented cases of over-zealous local government officials rather than a concerted government attempt to curb civil society's freedom of expression in relation to natural resource governance. They noted that such cases were sometimes brought to the attention of CSOs in N'Djamena, who followed up with national government authorities to ensure that local

government officials lifted such constraints. However, most CSOs conceded that CSOs based in the capital were not always informed of such incidents.

Some international CSOs consulted noted that members of the civil society coalition engaged in the EITI process had been affected by police violence and received anonymous threats after their participation in public demonstrations. The case of the Deputy National Coordinator of the PWYP Chad coalition was cited as an example, in which he had received repeated anonymous threats and had been hit by a rubber bullet to the head during his participation in a public protest in 2021. Some international CSOs considered that these actions were in retaliation for his outspoken stance on natural resource governance issues. Opinions of stakeholders consulted were split over whether civil society practiced self-censorship on issues related to extractive industry governance. Several CSOs consulted off the MSG and certain development partners considered that civil society often practiced self-censorship when discussing extractive industry issues that were considered sensitive, such as the management of petroleum revenues off-budget, the subnational transfers of oil revenues and socio-environmental impacts of the extractive industries. They considered that the anonymous threats and targeting at protests of a senior PWYP Chad member to have a chilling effect on all other CSOs working on extractive issues. However, other CSOs consulted considered that civil society was outspoken on all issues covered by the EITI Standard.

The Secretariat considers that allegations of self-censorship targeting members of the broader civil society constituency substantially engaged in the EITI process remain credible during the period under review, in a context where Ordonnance 23 provided a legal basis for prosecuting CSOs expressing public opinions categorised as ‘political’ and amidst anecdotal evidence of intimidation and threats against CSOs focused on extractive industry governance, even if these threats were not consistently attributed to government officials.

Operation

There have been no further changes to the rules for registering CSOs or for accessing funding since the period reviewed in the previous Validation. Ordonnance 23 enacted in June 2018 transitioned from a regime of declaration to one of authorisation, requiring NGOs and associations to receive government approval before commencing operations. The 2019 Freedom in the World [report](#) on Chad noted that very few applications of NGOs were approved in practice.

Ordonnance 23 also introduced ongoing government oversight requirements for CSOs, particularly for foreign NGOs that are required to pay 1% of their project budgets to an entity composed of government officials and other NGO representatives, which is tasked with monitoring and assessing the foreign NGO’s Chadian activities. The 2020 Freedom in the World [report](#) on Chad noted that international NGOs suspended disbursement of funds to accounts in Chad as a result of these new requirements, while the 2021 Freedom in the World [report](#) cited the Minister of Economy warning non-complying NGOs that their activities in Chad risked being banned. A civil society stakeholder consulted noted that CSOs engaged in the EITI process had continued to be able to access foreign funding, and that these restrictions had not been imposed in practice. There is evidence of Chadian CSOs raising funding from international sources for their work on extractive industry governance and the EITI, including from the [Swiss Government](#), [OXFAM France](#), the EU’s Civil Society Support Project (PASOC). The civil society’s input to the

MSG's 'Stakeholder engagement' template for this Validation highlights Chadian civil society collaboration with international groups including the British NGO RAID, a pool of British lawyers in the NGO BGMPN, as well as French journalist-photographers. However, several stakeholders expressed concern over financial capacity constraints of CSOs engaging in the EITI process. An international NGO noted that participation in the MSG helped some organisations raise funding when they otherwise struggled to raise funds. A development partner noted donor interest in providing small grants to civil society working on extractive and public finance issues.

Several CSOs consulted raised concerns over military restrictions on their movements in certain areas, including when there was suspected environmental damage from an oil project. Many of the CSOs engaged in the EITI process were focused on social and environmental issues, and therefore wanted access to areas around oil projects to inspect the surrounding environment, which they had not been granted to date despite following up with local government officials. However, CSOs consulted confirmed that these restrictions had not affected EITI-related activities of civil society in practice, nor its other activities related to community outreach. With regards to ad hoc international travel restrictions, the government halted issuance of Chadian passports for lack of resources in August 2019 according to the 2020 Freedom in the World [report](#) on Chad, although it is understood to have resumed in 2020.

Association

The Publish What You Pay / Publish What You Earn Chad coalition continued to act as the coordinating body for the civil society constituency's engagement in the EITI process. It is composed of several umbrella organisation of NGOs such as the *Commission Permanente Pétrole de N'Djamena* (CPPN), the *Commission Permanente Pétrole Locale* (CPPL), the *Réseau de Suivi des Activités Pétrolières dans le Moyen Chari* (RESAP-MC), and the *Réseau des Organisations de la Société Civile du Logone Oriental* (ROSC-LO). This provides it with extensive reach at community-based organisations in the oil producing regions. However, in practice, several CSOs consulted highlighted a structural gap between CSOs in N'Djamena and community-based organisations, in which those at the grassroots did not feel consulted or represented in N'Djamena. The Chad branch of SwissAid appears to play a key role in coordinating the broader constituency's engagement in the EITI process, for instance participating in PWYP Chad's organisation of the last civil society EITI nominations in [April 2018](#). The civil society constituency substantially engaged in the EITI process is segmented into four categories, namely women organisations, youth organisations, human rights defenders, and international NGOs.

New restrictions to Internet access were introduced in the period under review. The government imposed a block on access to social media between March 2018 and July 2019, following the [2018 changes](#) to the Constitution, the longest instance of cyber-censorship recorded in Africa to date according to international media like [Forbes](#) and [Reporters without Borders](#). While the impact of the ban on the broader population was limited given the estimated 10% Internet penetration rate in Chad according to the [World Bank](#), although it was considered by international media like [Forbes](#) and [Time](#) to disproportionately affect human rights activists and political opponents who rely on social media to share information. Between July and October 2020, the government restricted internet speeds and limited access to some social media platforms according to the 2021 Freedom in the World [report](#) on Chad. Civil society stakeholders

consulted however did not note an impact on their activities and their evidence of widespread use of VPN to circumvent government restrictions during these periods. The civil society input to the MSG's 'Stakeholder engagement template for this Validation states that there are no legal restrictions on communications between CSOs, with 'constant' communications through social media between N'Djamena-based NGOs, community-based organisations, and international NGOs. Restrictions on public gatherings do not appear to have impacted CSOs in relation to EITI activities given the lack of outreach and dissemination activities related to the EITI in this period (see *Requirement 7.1*).

Engagement

Civil society has remained engaged in the EITI process since the previous Validation, including through its regular attendance at MSG and weekly working groups meetings, coordination of information within the constituency through PWYP Chad and SwissAid in particular. The civil society's contribution to the 'Stakeholder engagement' template documents steps taken to establish robust constituency coordination mechanisms, including a diagnostic of PWYP Chad that led to the development of a work plan to restructure the operations of the coalition, particularly in the *Logone oriental* region through the ROSOC/LOR network. The coalition organised broadcast media coverage of its outreach and dissemination activities and undertook outreach to key target groups such as extractive companies, lawyers, journalists and host communities. There is evidence that civil society has taken proactive steps to follow up on the findings of the last Validation related to its coordination and engagement. The 'Stakeholder engagement' template documents the constituency's views on its full, active and effective engagement in all aspects of the EITI process. It considers itself the most active member of the MSG, chairing discussions with senior government officials and companies. It notes capacity constraints of some of its members, linked to lack of training on the issues. The civil society contribution documents extensive outreach to the broader constituency in the development of the annual EITI work plan, and to a lesser extent in the review of outcomes and impact of implementation. There is evidence of civil society use of EITI data and findings. Members of the coalition prepared two analyses on subnational transfers and the management of oil revenues in the region of Doba. It also held open days for students at the universities of Moundou and Doba on the management of extractive revenues. Most other stakeholders consulted considered that the objective of proactive engagement of civil society in all aspects of the EITI process had been fulfilled.

However, some civil society stakeholders consulted highlighted the gap between engagement in the EITI process by N'Djamena-based NGOs and grassroots organisations working on extractive issues. Several community-based CSOs consulted noted that the MSG member from CPPL was meant to represent community-based organisations but that there was rarely any contact. An international CSO representative considered that this was a structural problem of weak penetration of the EITI process and a lack of sufficiently robust mechanisms for coordinating the constituency. The constituency had operated in relation to the EITI in what was considered an excessively 'top-down', with contact between N'Djamena-based CSOs engaged in the EITI and grassroots organisations only on an occasional basis. The international CSO called for more innovative thinking in developing mechanisms to allow a greater number of CSOs to be involved in the EITI process. In practice, many stakeholders consulted identified the SwissAid MSG member as the de facto constituency coordinator providing updates to the constituency. Several

stakeholders consulted noted that a gradual renewal of civil society MSG members would be welcome to sustain the constituency's dynamism and engagement in the EITI process.

Access to public decision-making

While there are mechanisms for civil society representation in high-level government bodies, there are few mechanisms for citizen input to public decision making on extractive industry governance. The 2017–2021 National Development Plan includes strengthening the participation of civil society in the elaboration, implementation and evaluation of public policies as one of its objectives. There is some form of civil society representation in different national development strategies and plans, as well as mechanisms such as the (now disbanded) *Collège de Contrôle et de Surveillance des Revenus pétroliers*. Chad does not have legislation establishing the right to access to information. According to successive Freedom in the World reports on Chad in [2019](#), [2020](#) and [2021](#), “*the president and political elite dominate government and have little incentive to share basic information about government operations with journalists, transparency advocates, or ordinary citizens.*”

In this context, civil society both within Chad and internationally is leveraging EITI data for analysis and advocacy related to extractive sector governance through the EITI. Organisations led by PWYP Chad and SwissAid have prepared studies making use of EITI data on subnational transfers of petroleum revenues to Doba and a study on revisions to Law 002 on the management of oil revenues. The civil society's contribution to the 'Stakeholder engagement' template cites this use of EITI data as an example of its use of the EITI process to influence public decision-making on the extractive industries. Some stakeholders attributed the reforms to subnational transfers of oil revenues in the 2022 national budget to advocacy by CSOs (see *Requirement 5.2*). Some government officials highlighted that the EITI was informing government policy and decision making in both mining and petroleum, as evidenced by the transparency references in various sector legislation. Other stakeholders highlighted the work done to propose reforms to Ordonnance 23 on civil society oversight as evidence of how civil society was leveraging the EITI process to influence legal and regulatory reforms, even if the reforms had not yet been enacted or implemented. The launch of the Observatory of Public Finances was highlighted by many stakeholders consulted as an important development in facilitating civil society access to information on the petroleum sector.

Assessment

The Secretariat's assessment is that Requirement 1.3 remains mostly met in the period under review. Chad has made efforts to address the corrective action from the previous Validation. Civil society MSG members have continued to be protected and have continued to drive the constituency's engagement in the EITI. Chad EITI has proposed reforms to provisions of laws and regulations (e.g., Ordonnance 23) that curb civil society's ability to operate freely and these have been submitted by the Ministry of Petroleum and Energy to the Ministry of Territorial Administration. However, the Council of Ministers has not approved such reforms to date, amidst the political developments in 2021 including the suspension of the Constitution in April 2021. In practice, Chad EITI has not yet successfully expanded the enabling environment for the broader civil society constituency to be actively, fully and effectively participate in the EITI process, without fear of reprisal. There is no evidence that the MSG has considered or proposed any

reforms of the scope of the provisions in the presidential decree to protect civil society members of the MSG to include other members of the broader constituency, beyond proposals for the revision of the legal framework for civil society's activities in Chad. In an environment where civil society can face criminal charges for public expression on issues categorised as 'political' and amidst anecdotal evidence of (often anonymous) intimidation and threats against civil society working on extractive industry and governance issues, there are credible allegations of self-censorship on the part of members of the broader civil society constituency engaged in EITI implementation, in relation to issues covered by the EITI Standard, such as the management of off-budget oil revenues, subnational transfers and environmental impacts of the extractive industries. There is also evidence that civil society has faced challenges in its operation, including social media bans and Internet restrictions in 2018-20 and bans on public demonstrations. However, consultations with stakeholders, including from civil society, did not highlight either a deterioration or improvement in the environment for civil society participation in the EITI process since the period reviewed in the previous Validation. Thus, the Secretariat's view is that there have been breaches to the EITI protocol: Participation of civil society related to freedoms of expression and of operation, despite evidence of civil society active engagement in the EITI process.

Opinions of stakeholders consulted were split over the level of progress towards the objective of full, active and effective engagement of civil society in the EITI process, in an enabling environment. Most government and industry stakeholders consulted considered that it had been met given the work on proposing reforms to the legal framework, although some government officials considered that civil society engagement had waned somewhat in recent years (perhaps due to the COVID-19 pandemic). Most civil society stakeholders consulted considered that the objective was mostly met given legal restrictions that represented constant risk to CSOs engaged on extractive issues, even if they were not applied in practice. Nonetheless, the MSG's comments on the preliminary assessment highlight recent EITI-related outreach and dissemination activities led by CSOs, including workshops and press releases by the civil society organisations CERGIED and CEFOD, which have included critical views of the government and SOE's management of the oil sector. The Secretariat's view is that the objective remains mostly met, without considerable improvements since the previous Validation.