



# Chad

Population <sup>1</sup>	14.899.994
Area (km <sup>2</sup> ) <sup>1</sup>	1.284.000
GDP per capita (USD) <sup>1</sup>	669,89
TPES (Mtoe) <sup>2</sup>	N/A
Energy intensity (toe/10 <sup>3</sup> 2010 USD) <sup>2</sup>	N/A
CO <sub>2</sub> emissions - energy (MtCO <sub>2</sub> ) <sup>2</sup>	N/A

Sources:

1. The World Bank 2017

2. ©OECD/IEA 2017, [www.iea.org/statistics](http://www.iea.org/statistics)

Chad’s overall risk level against the assessed areas is **moderate**.

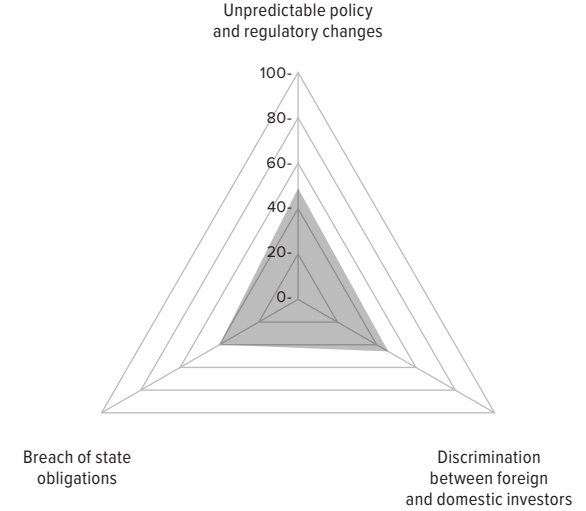
Among the three EIRA risk areas, *breach of State obligations* is lower compared to *discrimination between foreign and domestic investors* and *unpredictable policy and regulatory change*.

Chad’s performance against EIRA’s four indicators is moderate. It has received a score of 60 on the indicator *rule of law* and 52 on the indicator *regulatory environment and investment conditions*. On the *management of decision-making processes* indicator, it has scored 49 while *foresight of policy and regulatory change* is at 44 points.

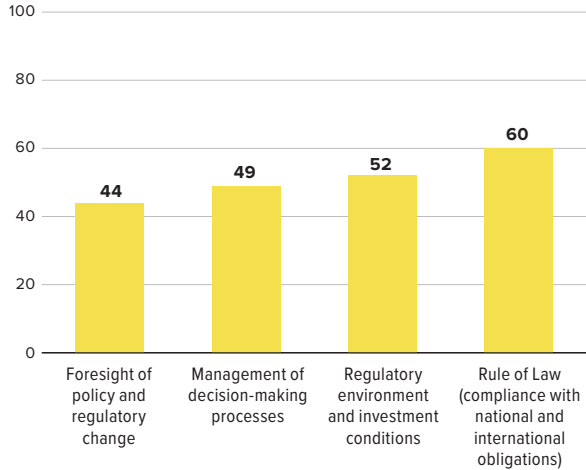
On a more detailed level, Chad’s overall sub-indicator performance is moderate. The highest scoring sub-indicator is *management and settlement of investor-State disputes* with 70 points. *Restrictions on FDI* is at 60. *Transparency* (53) and *respect for property rights* (50) have a moderate score. The sub-indicator *communication of vision and policies* is at 47, followed by *institutional governance* and *regulatory effectiveness* at 44. *Robustness of policy goals and commitments* has the lowest score with 40 points.

While there are some policies and measures in place, more concrete steps must be taken to strengthen Chad’s performance across all indicators and underlying sub-indicators. Particular attention should be given to increasing the robustness of the country’s policy goals and commitments.

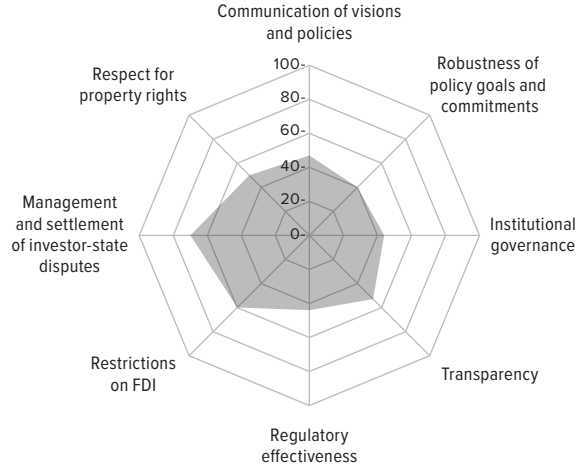
**RISK LEVEL**



**INDICATOR PERFORMANCE**



**SUB-INDICATOR PERFORMANCE**



## Foresight of policy and regulatory change

### QUICK FACTS

The primary strategy document for Chad is Vision 2030, The Chad We Want (published in 2017). The operational planning document for this vision is the National Development Plan 2017-2021.

Chad ratified the Paris Agreement in 2017 and submitted its first NDC.

### STRENGTHS

Vision 2030 states the broad social and economic aspirations of Chad. It outlines the energy priorities of the country, such as strengthening energy security, achieving self-sufficient electricity production and increasing the overall competitiveness of the sector. The National Development Plan promotes the Public-Private Partnership model for mobilising resources and developing the energy sector. It reinforces the commitment of Chad to reach the UN Sustainable Development Goals, particularly relating to climate change. It also highlights the need to access new and renewable energy sources.

The National Development Plan is required to undergo annual, mid-term and final monitoring based on an in-depth analysis of its performance measurements. The Plan envisages an implementation mechanism consisting of steering and operational bodies, and a monitoring system. To better evaluate results, each objective of the Plan is given a specific mechanism that is compatible with the overall system.

### AREAS OF IMPROVEMENT

The Government should create a dedicated strategy document for the energy sector. Presently, Chad has an overarching national development strategy which defines the energy objectives of the country but does not specify targets for their achievement. A detailed energy strategy can give investors a better understanding of the Government's policy trajectory and how it intends to pursue its objectives.

There is a need to define quantifiable targets with baselines and a timeframe for their achievement. Work should be undertaken on ascertaining the short- and medium-term targets for the energy sub-sectors. Long-term targets should be high-level and progressive. They must build on the short-term targets.

Regular reporting of the monitoring and evaluation findings is encouraged. Monitoring bodies should ensure that the review reports give an unbiased account of the progress made on the achievement of the energy goals. The reports should be made available to all interested parties and stakeholders.

## Management of decision-making processes

### QUICK FACTS

The Parliament of Chad comprises a unicameral legislature (National Assembly).

The Ministry of Petroleum and Energy is responsible for formulating the energy policies.

The National Agency of Investments and Exports was created in 2007 to provide business facilitation services to investors.

Chad enacted Law no. 18/PR/2016 related to transparency and good governance.

### STRENGTHS

The law-making process in Chad is straightforward. Adoption of laws, including for the energy sector, is the prerogative of the National Assembly. There are lead ministries responsible for guiding the implementation of the country's energy and investment strategies. In practice, these ministries collaborate on the policies related to their sectors.

All laws are published in the Official Gazette upon enactment. Some initiatives have been taken by the public authorities to make legal information more widely available and accessible. For instance, the Government has recently committed to making the existing upstream licences accessible online. The participation of non-governmental institutions is encouraged to increase accountability.

### AREAS OF IMPROVEMENT

Instruments must be designed for improving inter-ministerial coordination at different stages of the policy-making process. The manner and timeframe for undertaking consultation should be decided at an early stage and made known to all relevant bodies. In particular, there should be coordination between the policymakers and the implementation authorities. This will allow the Government to produce consistent and realistic decisions.

Accessibility to laws and regulations, particularly in the oil and gas sub-sector, should be increased. While the Government is making some modifications to this end, the Ministry of Petroleum and Energy could consider publishing annual reports on developments in exploration, production, investments and the legal framework.

A one-stop approval authority can be established and empowered to take decisions and grant approvals for energy projects. At present, requests for permits and licences in the energy sector may be directed only to the Ministry of Petroleum and Energy.

## Regulatory environment and investment conditions

### QUICK FACTS

Under the supervision of the Ministry of Petroleum and Energy, the Regulatory Authority of the Electric Power Sector (ARSEE) is responsible for the electricity sub-sector.

The Downstream Petroleum Regulatory Authority of Chad (ARSAT) regulates downstream petroleum activities.

Law no. 006/PR/2008 establishes the Investment Charter of Chad.

### STRENGTHS

The mandate and responsibilities of the ARSEE and the ARSAT are stated in the domestic law. The State Inspectorate- General "Inspection Générale d'État" and an audit chamber of the Supreme Court ensure transparency and accountability in the country. Yearly administrative and financial audits of the different Government departments are undertaken. In 2018, the audit chamber of the Supreme Court was created to increase independent oversight of Government decisions.

Chad's policies towards FDI are favourable. The Investment Charter establishes equal treatment for all private investors, whether local or foreign. It also offers incentives to foreign companies with operations in the country. Though Chad has limited BITs in force, they accord investors of the Contracting States with *most favoured nation* as well as *fair and equitable treatment*. State participation is not compulsory in upstream projects.

### AREAS OF IMPROVEMENT

Structural changes should be implemented to increase the institutional, functional and financial independence of the regulatory authorities. For instance, the criteria for the appointment and dismissal of the regulatory commissioners must be stated in the law and widely publicised. Legislation must recognise the right of the regulators to set their budget, salaries of the commissioners and other issues related to their personnel policy. The establishment of independent regulatory agencies will aid in improving the investment environment of the energy sector.

Steps may be taken to create a coherent local content framework. Some legislation, particularly in the petroleum sub-sector, contain measures for enhancing local participation. However, there is a need to design a local content policy which is broad-based and supports the country's socio-economic policies and programmes.

## Rule of law

### QUICK FACTS

Chad has been a signatory and a Contracting Party to the Convention on the Settlement of Investment Disputes between States and Nationals of Other States since 1966.

Chad became a member of the WTO in 1996.

Chad is a member of the OHADA.

### STRENGTHS

As a member of the OHADA, Chad has harmonised its business laws to guarantee legal and judicial security for investors in the other member countries. The enforcement of an international arbitration award is allowed in accordance with the OHADA guidelines. The OHADA's Uniform Act on Arbitration encourages investors to resolve disputes through alternate dispute resolution mechanisms.

The Constitution prohibits seizure of private property except in cases of urgent public need. The Land Law 1967 contains clear stipulations on the determination and payment of compensation in the case of expropriation. It is noteworthy that there has been no expropriation of foreign-owned property in recent years. Chad is a member of the African Intellectual Property Organization and guarantees protection to various forms of intellectual property. The BIT with Benin also grants protection to intellectual property rights.

### AREAS OF IMPROVEMENT

Measures should be taken to develop effective case management mechanisms. Judicial decisions must be delivered in a time-bound manner to avoid delays and lengthy procedures. Alternative dispute resolution mechanisms can be encouraged in conflicts involving governmental authorities.

An investment ombudsman may be established to facilitate relations between foreign investors and public entities, and to resolve issues between them. It may also be instrumental in representing the views of foreign investors to the Government.