

**REPUBLIC OF CHAD**

**UNITY-WORK -PROGRESS**

**PRESIDENT OF THE REPUBLIC  
MINISTRY OF FINANCE AND ECONOMY**

Initialed and Certified: SGG:<sup>1</sup>

**DECREE NUMBER 240/PR/MEF/03  
Relating to the structure, operations and oversight  
capacities of the Petroleum Revenue Oversight and  
Control Committee<sup>2</sup>**

**THE PRESIDENT OF THE REPUBLIC,  
HEAD OF STATE,  
CHAIRPERSON OF THE COUNCIL OF STATE**

Pursuant to

- The Constitution
- Law number 001/PR/99 of January 11, 1999 relating to the Management of Oil Revenues;
- Law number 016/PR/2000 of August 18, 2000 relating to an Amendment to Law number 001/PR/99 of January 11, 1999 related to the Management of Oil Revenues;
- Law number 006/PR/2001 of April 20, 2001 relating to the Ratification of the March 29, 2001 Loan Agreement for the Petroleum and Pipeline Development Project entered into between the Republic of Chad and the International Bank for Reconstruction and Development and Oleoduc;
- Decree number 230/PR/2003 of June 24, 2003 relating to the Nomination of the Prime Minister, Head of Government;
- Decree number 231/PR/PM/2003 of June 25, 2003 relating to the Nomination of the Members of the Government;
- Decree number 331/PR/PM/02 of July 26, 2002 relating to the overall Structure of the Government and the Powers of its Members;
- Decree number 141/PR/MEF/03 of May 8, 2003, relating to the Organizational Chart for the Ministry of Finance and Economy;
- Decree number 579/PR/PM/2000 of December 4, 2000 relating to the Members of the Petroleum Revenue Oversight and Control Committee

Pursuant to Decree number 238/PR/MEF/03 of July 1, 2003 relating to the establishment of a Mechanism for the Sterilization of Petroleum Revenues from the

---

<sup>1</sup> Secrétariat Général du Gouvernement, The General Offices of the Government

<sup>2</sup> Translator's note – In French, the Petroleum Revenue Oversight and Control Committee is the Collège de Contrôle et de Surveillance des Ressources Pétrolières, which is referred to here in its English translation or simply as the *Collège*.

three oilfields at Kome, Miandoum and Bolobo, and

Pursuant to Decree number 239/PR/MEF/03 of July 1, 2003 relating to the establishment of a Mechanism to Stabilize Expenditures through the application of oil revenues, and

on a proposal from the Minister of Finance and Economy agreed to

## **DECREE**

### **SECTION 1: GENERAL CONSIDERATIONS**

**Article 1:** The structure, operational, control and oversight mechanisms available to the Petroleum Revenue Oversight and Control Committee (*Collège*) are defined by the present Decree.

**Article 2:** The mission of the *Collège* is:

- To ensure that disbursements to the Special Accounts conform to the Law on Finances.
- To authorize and control withdrawals from the Special Accounts and the allocation of these funds.

**Article 3:** Le *Collège* is an independent body.

**Article 4:** The headquarters of the *Collège* is at N'Djamena.

### **SECTION II: ON THE COMPOSITION AND STRUCTURE OF THE *Collège***

#### **Chapter I: On the Composition of the *Collège***

**Article 5:** The composition of the Petroleum Revenue Oversight and Control Committee (the *Collège*) is outlined in Article 16 of Law number 001 /PR/99 of January 11, 1999, as amended by Law number 016/PR/2000 of August 18, 2000.

**Article 6:** The *Collège* is composed of

- One (1) magistrate, member of the Supreme Court;
- One (1) Deputy
- One (1) Senator
- The General Director of the Treasury;
- The National Director of the BEAC<sup>3</sup>; and
- Four (4) civil society representatives.

---

<sup>3</sup> Bank of the Central African States

- Article 7:** By four civil society representatives, we understand
- One (1) representative of local NGOs
  - One (1) representative of unions
  - One (1) representative of human rights organizations, and
  - One (1) representative of the major religious confessions on an alternating basis, that is
    - o One (1) representative of Muslim religion, or
    - o One (1) representative of the Christian religion.

All members of the Petroleum Revenue Oversight Committee are designated by their peers, with the exception of the representatives of the Treasury and of the BEAC.

The members of the Petroleum Revenue Oversight Committee nominated by their peers are appointed by Decree to a three (3) year term of office, renewable once.

The mandates of the Deputy and of the Senator cannot extend beyond the duration of their respective parliamentary mandates.

## **Chapter II: The Structure of the *Collège***

- Article 8:** The Petroleum Revenue Oversight and Control Committee has an Executive Committee, which is composed of:
- o One (1) Chairperson;
  - o One (1) Vice-chairperson;
  - o One (1) Secretary.

Executive Committee members are elected by secret ballot of their peers on the basis of a simple majority vote.

- Article 9:** The Chairperson oversees the administration of the *Collège* and represents it to other institutions and organizations. The Chairperson presides over the meetings of the *Collège*, maintains order in its deliberations, and reports its decisions to Government.

- Article 10:** The Vice Chairperson assists the President and replaces the President in the event of the President's absence or unavailability.

- Article 11:** The Secretary sees to the minutes of meetings and to the recording of the decisions of the *Collège*. He or she solicits necessary assistance from the State and other organizations and transmits all information, studies and inquiries necessary for the work to the Government.

**SECTION III: THE OPERATIONS, CONTROL AND OVERSIGHT CAPACITIES**  
**WITH RESPECT TO PETROLEUM REVENUES**

***Chapter I: Operations***

- Article 12:** The Petroleum Revenue Oversight and Control Committee meet as often as it deems necessary. At a minimum, it meets at least once per month in regular session.
- Extraordinary sessions can be called by the Chairperson at the request of one third of the members of the *Collège*.
- Article 13:** The Executive Committee authorizes the agenda for meetings of the *Collège*. A copy of the agenda and documents related to the meeting are appended to the notice of meeting, which is forwarded to the members of the *Collège* at least eight (8) days prior to the date of said meeting. In the event of an emergency, notice of meeting can be reduced to three (3) days. In the event of extreme emergency, the Chairperson can legally and immediately convene the Petroleum Revenue Oversight Committee.
- Article 14:** A member of the Petroleum Revenue Oversight Committee can authorize another member to represent him or her at a meeting of the *Collège* by written proxy. No member of the *Collège* can exercise more than one proxy and a proxy is only valid for a single meeting. The *Collège* can authorize those it deems necessary to attend its meetings.
- Article 15:** Where at least two thirds of its members are present or represented, Petroleum Revenue Oversight Committee deliberations are binding. In the event of a tie, the Chairperson casts a deciding vote.
- Article 16:** The Petroleum Revenue Oversight Committee maintains attendance records in which the family and surnames of all those represented at or participating in all meetings are recorded. This record is certified by the Chairperson and General Secretary and is maintained at the offices of the *Collège*.
- Article 17:** The Petroleum Revenue Oversight Committee's deliberations are recorded in a minute book, which is initialed and signed by the Chairperson and Secretary.
- Article 18:** The Petroleum Revenue Oversight Committee establishes its own internal procedures.
- Article 19:** The Petroleum Revenue Oversight Committee has access to the qualified support staff that it requires. The Committee's internal procedures define its staff composition and recruitment procedures. In addition, the *Collège* can call upon all specialized personnel that it feels necessary to the accomplishment of its mission.

**Article 20:** The Petroleum Revenue Oversight Committee's follow-up on the mobilization, allocation and utilization of oil revenues requires it to produce public reports. These include its quarterly reports, reports on the application of the proposed Financial Law, and an annual report on activities.

Through its reporting, the Petroleum Revenue Oversight Committee accounts for its activities and highlights how oil revenues have been used to facilitate the implementation of the nation's Poverty Reduction Strategy over the given period.

## ***Chapter II - Control and Oversight Conditions applying to Oil Revenues***

**Article 21:** The Petroleum Revenue Oversight Committee exercises control and oversight over the oil revenues from three (3) producing fields at Kome, Miandoum and Bolobo. Both direct and indirect oil revenues are subjected to control by the *Collège*. The specific means for exercising control must adhere to the public accounting regulations in effect at the time.

**Article 22:** The Petroleum Revenue Oversight Committee monitors the movement of direct and indirect oil revenues. To this end, the Minister responsible for Petroleum Resources channels reports received from the Consortium to the *Collège*, as per the protocol outlined in the November-December 19, 1988 Agreement Governing the Exploration, Exploitation and Transport of Hydrocarbons signed between the Consortium and the Republic of Chad. In addition, the *Collège* receives all revised projections for oil revenues produced by the Petroleum, Finance and Economy Departments, from the Minister of Finance and Economy and has full access to the oil revenues projection model. The *Collège* also receives the accounts and audited financial statements for the offshore escrow accounts managed by the designated international financial institution from the Ministry of Finance and Economy.

**Article 23:** The Petroleum Revenue Oversight Committee ensures that the allocation of petroleum revenues respects the following norms:

- a) Ten percent (10%) of direct petroleum revenues are to be deposited to the benefit and in the interests of future generations through long-term instruments with an international financial institution in accordance with the regulations of the Bank of the Central African States (BEAC).
- b) Ninety percent (90%) of direct oil revenues are to be deposited into the Special Treasury Account;
- c) Indirect petroleum revenues (income and other taxes, and customs duties) are to be deposited into the nation's public accounts.

- Article 24:** In particular, the Petroleum Revenue Oversight Committee approves contracts that bind the State to commercial bank for purposes of managing the Special Treasury Account and, the agreement binding the State to the BEAC for purposes of managing the stabilization mechanism, as per the stipulations of Decree number 238/PR/MEF/03, dealing with the creation of the mechanism for the sterilization of petroleum revenues.
- Article 25:** As defined by Decree number 239/PR/MEF/03, dealing with the establishment of the mechanism for the sterilization of petroleum revenues, the *Collège* receives statements of accounts for the Direct Revenue Allocation Stabilization Account with the BEAC, for the Special Treasury Account at a commercial bank and for the Producing Region Account with the BEAC. It also receives the annual audited statements on all of these accounts from the Minister of Finance and Economy.
- Article 26:** With respect to the Petroleum Management Revenue Law and in conformity with the Program for the Management of Oil Revenues, the *Collège* ensures that the various oil revenues are included in the General Budget of the State and in the allocation of direct oil revenues for deposit into the Treasury Special Account as per the following regulations.
- a) Eighty percent (80%) of royalties and eighty four percent (84%) of dividends are earmarked for priority sector expenses. At the same time, the *Collège* verifies that these expenditures are programmed in a way that respects the additional criteria contained in Article 12 of Law number 001/PR/1999, as amended by Law number 016/PR/2000, as well as the stipulations of Article 8 of Decree number 239/PR/MEF/03, relating to establishing a mechanism to stabilize expenditures utilizing oil revenues.
  - b) Five percent (5%) of royalties are set aside for the oil producing region. In addition to the revenues specified below, these revenues are to be dedicated to poverty reduction in the petroleum producing region;
  - c) Up to and including December 31, 2007, fifteen percent (15%) of royalties and dividends can serve to underwrite general operational expenses, that is to say can be applied to budget items that have not already been earmarked. After December 31, 2007, this same proportion of these funds will serve to finance further expenditures in the priority sectors.

To this end and as provided for under Law number 001/PR/99, the *Collège* receives advanced written notification on the budget from the Minister of Finance and Economy along with pre-budget and budget documents for mid-term projects of the priority ministries, along with a report from each Ministry on actual expenditures against the previous

year's program budgets and follow up on this. It also participates in the budget discussions related to these ministries.

The Petroleum Revenue Oversight Committee receives the proposed budget 10 days prior to its discussion by the Council of State along with the mid term budget notification and the program budgets from the Minister of Finance and Economy, and submits its written observations on the proposed budget to the Council of State. Following its approval by the Council of State, these observations are communicated to Parliament by the Government along with the proposed budget.

With its approval by the Council of State, the Petroleum Revenue Oversight Committee is entitled to receive a copy of the proposed budget for information purposes.

**Article 27:** With respect to expenses financed out of the Special Treasury Account, the Petroleum Revenue Oversight Committee confirms that these commitments are consistent with the detailed allocation plans for the priority sectors and conform to the Law on Finances. In particular, the *Collège* is to ensure that funds available under the Special Account for the Priority Sectors are allocated in accordance with the detailed oil revenue allocation plan that is prepared annually prior to September 15<sup>th</sup>, and that these funds are reported on as part of the next year's public program expenditures report, as per the stipulations of the Law on Finances.

In order to ensure that the planned expenditures are consistent with the approved budget, the *Collège* has the authority to conduct inspections in the offices of the Minister of Finance and Economy and in the technical ministries responsible for the priority sectors. These inspections can result in the *Collège* taking active control over the process of committing funds for a certain period of time or over specific types of expenditures.

**Article 28:** For expenditures under the Special Treasury Account or the Producing Regions Account, the *Collège* is called upon to authorize and confirm all disbursements submitted to it by the authorized comptroller. The *Collège* Chairperson must either authorize or refuse proposed expenditures in writing within five working days of the initial request. In circumstances where the notification period is exceeded and where no written refusal has been received, the approval of *Collège* can be deemed to have been received.

In the case of a disagreement between the administrative bodies responsible for expending funds and the *Collège* over payment authorization, the dispute will be submitted to the Supreme Court for final arbitration.

**Article 29:** The Petroleum Revenue Oversight Committee is to receive the annual financial commitment and market transfer plans along with periodic

updates from the priority Ministries. In addition, the *Collège* is to receive monthly financial updates on the quarterly financial statements of the Ministry of Finance and Economy. For each phase in the allocations process, the *Collège* also receives all documents related to investments and financial disbursements, including all tenders and bids received by the Special Treasury Account or for the Producing Region Account from the General Manager of Public Accounts.

**Article 30:** Without prejudice to the controls exercised by other State institutions, the *Collège* can conduct on-site inspections of the Special Treasury Account or of the Producing Region Account, or mandate this task to a specialized firm, in order to satisfy itself that contracts are actually being carried out, that goods and services are being delivered and it can also have comparable markets audited.

**Article 31:** Two of its members, one of which is the National Director of the BEAC, represent the *Collège* on the investment committee mandated to contract the investment firm to manage the Future Generations Fund (FGF) and to define and follow-up on the firm's investment strategy. To this end, the *Collège* receives all reports, including audited reports on the management of the Future Generations Fund from the Minister of Finance and Economy.

In accordance with the stipulations of Article 26 of the present Decree, the *Collège* will authorize disbursements from the Fund once the Future Generations Fund begins to expend funds.

No monies from the Future Generations Fund can be transferred to any other account without the written permission of the Petroleum Revenue Oversight Committee.

#### **SECTION IV: CONCLUDING AND VARIED CONSIDERATIONS**

**Article 32:** All reports of the Petroleum Revenue Oversight and Control Committee are to be made public. Fifteen (15) days prior to their publication, the *Collège* submits its reports to the Government for its information.

The Government can ask the Supreme Court to formally review information contained in Petroleum Revenue Oversight Committee reports.

**Article 33:** Compensation in an amount established by Decree will be provided members of the *Collège*.

**Article 34:** The Petroleum Revenue Oversight Committee can also benefit from a subsidy taken from the subsidies, donations and bequests line items of the State's General Budget.

**Article 35:** The Petroleum Revenue Oversight Committee is fully authorized to demand and obtain the information it requires for the proper conduct



of its affairs from all departments and services concerned in the exercise of its responsibilities.

**Article 36:** In the event of irregularities, the Government of Chad or the Petroleum Revenue Oversight Committee can report to and inform the Supreme Court. For its part, the Supreme Court reports its conclusions and recommendations without delay to the Government and to the Petroleum Revenue Oversight Committee. The Minister of Finance and Economy reports to both the Government and to the Petroleum Revenue Oversight Committee on the application of these recommendations.

**Article 37:** This Decree takes effect on the date of its signature and abrogates all prior stipulations to the contrary, in particular those of Decree number 168/PR/2001. Further, it shall be registered and published in the Official Bulletin of the Republic.

**Proclaimed at N'Djamena, July 1, 2003**

**IDRISS DEBY**



**President of the Republic**

**MOUSSA FAKI MAHAMAT**



*Prime Minister,  
Head of Government*

**IDRISS AHMED IDRIS**



**The Minister of Finance and Economy**