

CHAD COUNTRY STUDY

**Humanitarian Financing Task Team
Output IV**

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Acronyms

| | |
|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| ADB | African Development Bank |
| AFD | Agence Francais de Development |
| CAR | Central African Republic |
| CBLT | Commission du Bassin du Lac Tchad |
| CPF | Cadre de Partenariat Financier |
| CPTF | Comité des Partenaires Techniques et Financiers |
| DAC | Development Assistance Committee |
| DG ECHO | Directorate-General for European Civil Protection and Humanitarian Aid Operations |
| DIZA | Development Intégré de Zones d’Accueil |
| ECHO | European Civil Protection and Humanitarian Aid Operations |
| EDF | European Development Fund |
| EIB | European Investment Bank |
| EU | European Union |
| EUTF For Africa | The European Union Emergency Trust Fund for stability and addressing root causes of irregular migration and displaced persons in Africa |
| FDI | Foreign Direct Investment |
| FTS | Financial Tracking Service |
| GDP | Gross Domestic Product |
| GEF | Global Environment Facility |
| HC/RC | Humanitarian Coordinator/Resident Coordinator |
| HCT | Humanitarian Country Team |
| HDI | Human Development Index |
| HIDP | Highly Indebted Poor Countries |
| HRP | Humanitarian Response Plan |
| IDA | International Development Association |
| INGO | International Non-Governmental Organization |
| IFI | International Financial Institution |
| IMF | International Monetary Fund |
| LRRD | Linking Relief, Rehabilitation and Development |
| MRI | Mutual Resilience Initiative |
| NDP | National Development Plan |
| NWOW | New Way of Working |
| ODA | Official Development Assistance |
| OECD | Organization for Economic Co-operation and Development |
| PADLFIT | Programme d’Appui au Développement Local et à la Finance Inclusive au Tchad |
| PARCA | Projet d’Appui aux Réfugiés et aux Communautés d’Accueil |
| PND | Plan National de Development |
| PRESIBALT | Programme de Réhabilitation et de Renforcement de la Résilience des Systèmes Socio-Ecologiques du Bassin du Lac Tchad |
| SDG | Sustainable Development Goals |
| SDG | Sustainable Development Goals |
| UNDAF | United Nations Development Assistance Framework |
| UNDP | United Nations Development Programme |
| UNHCR | United Nations High Commissioner for Refugees |
| UNISS | United Nations Integrated Strategy for the Sahel |
| UNSPS | United Nations Support Plan for the Sahel |
| USD | United States Dollar |
| WB | World Bank |
| WFP | World Food Programme |

1. Overview

Chad ranks among the lowest countries of the world on a range of human development indicators. Food insecurity and high levels of malnutrition are chronic, with annual levels exacerbated by recurrent droughts. The country suffers from regional insecurity, and hosts refugees from three separate conflicts – long-established refugees from Sudan in the East, people displaced from the Central African Republic in the South, and the people displaced by the Boko Haram conflict around Lake Chad. Further insurgencies are based along the northern border with Libya, where no international agencies are currently working.

The government budget, which is highly dependent on oil revenues, has been in crisis since the fall in oil prices in 2014. Official Development Assistance (ODA) to Chad almost doubled in response to the fiscal crisis, and has remained at comparable levels since. This is largely the result of increased funding by the World Bank (WB), the African Development Bank (ADB), and other multilaterals. While some of this funding has gone to direct government budget support to navigate the current fiscal crisis, increased funds have also been going into development projects.

Humanitarian funding in Chad remained relatively stable over the past few years, although at under half of the amount requested in recent humanitarian appeals. This has led many humanitarian actors to perceive there to be diminished resources to meet ongoing needs, without looking at overall financial flows.

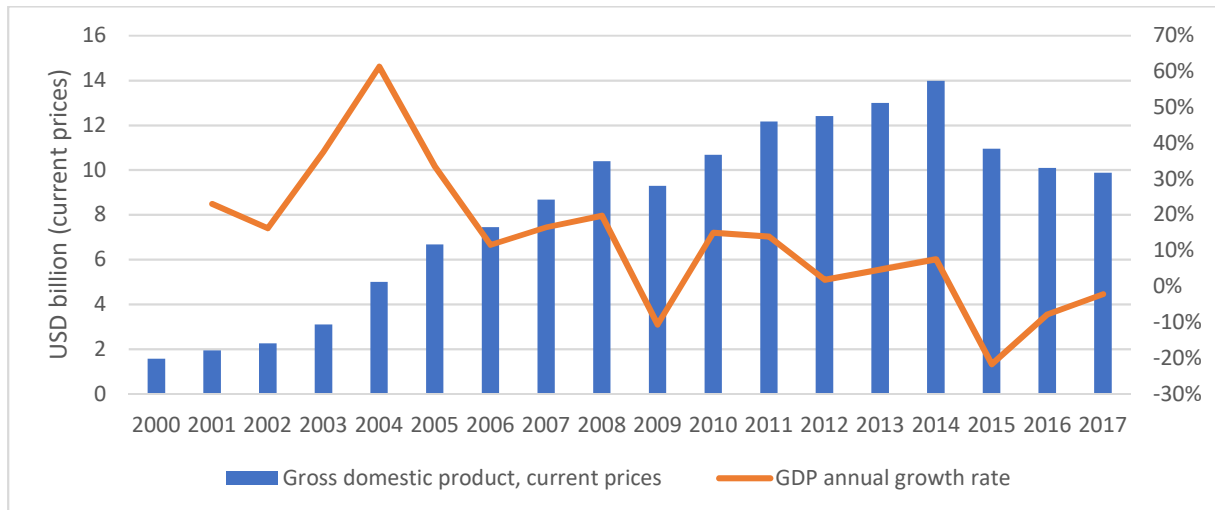
International humanitarian and development agencies in Chad have worked hard at ensuring integrated planning tools and structures. This includes collective outcomes established through the New Way of Working (NWOW). Donors have developed some innovated and linked-up financing channels linking together humanitarian and development actions, although these are largely based on global trends and there are no funding instruments directly linked to the COs.

Multi-year, flexible financing instruments still represent a minority of assistance flows that are available to actors working on Nexus approaches, and are a long way from addressing the shortfalls highlighted by both humanitarian and development actors. Humanitarian and development donors also frequently have different visions on how to best to find solutions to Chad's vast challenges when working with a government that lacks basic presence in many parts of the country, is primarily focused on security concerns, and suffers from pervasive corruption. These differing visions lead to different views of prioritization of needs-based service delivery vs. prioritization of government stabilization.

2. Domestic Financial Situation

2.1. Economy

Figure 1: GDP 2000-2017



Source: IMF World Economic Outlook 2018.

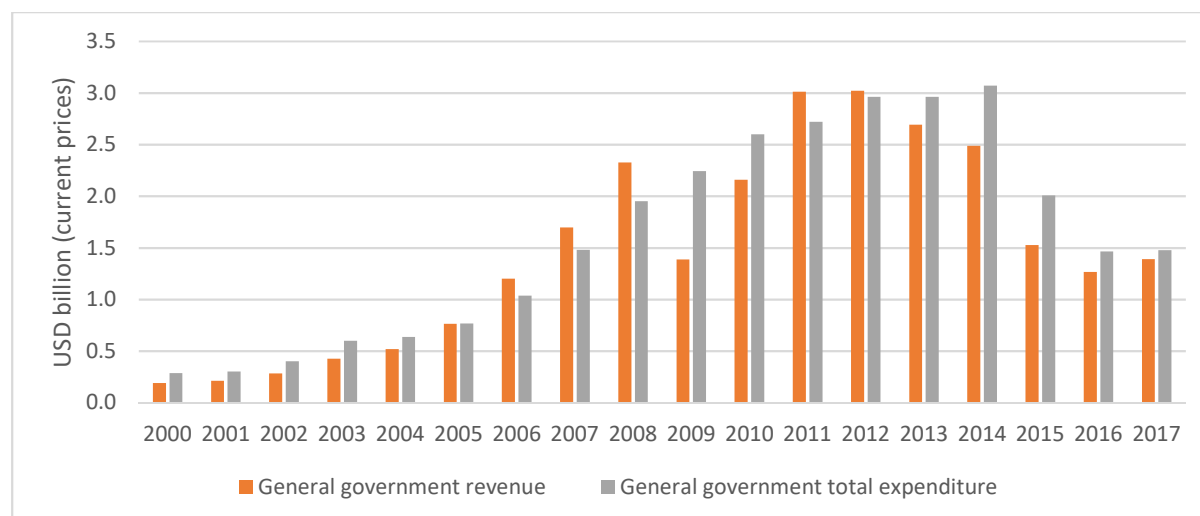
Chad is one of the world's least developed countries, with a Human Development Index (HDI) ranking of 186 out of 189 countries and territories (UNDP, 2018). Chad's public sector is dominated by the oil sector, which in 2014 represented 90% of exports and 60% of the national budget (Government of Chad and United Nations 2016). The country suffered from this dependence during the subsequent collapse of global oil prices, as reflected in the chart above. The oil sector however only made up 30% of GNP vs. more than 50% for agriculture. This gap illustrates the difference in priorities between government financial management and the economic basis for the livelihoods pursued by the majority of the population.

Chad faces a number of structural economic challenges to growth and stability including:

- continued domestic insecurity and spill-over conflict from neighbouring countries including Boko Haram in the Lake Chad area, as well as along the borders with the Central African Republic (CAR) and Libya.
- under-developed infrastructure;
- low levels of human capital;
- high levels of corruption;
- under-investment in non-oil productive sectors of the economy.

2.2. Fiscal situation

Figure 2: Government revenues and expenditure 2000-2017



Source: IMF World Economic Outlook 2018.

Domestic resource mobilization is a major challenge for the Chadian government. Revenues are low, and are heavily dependent on oil. The effect of lower global oil prices is reflected in falling government income post-2014, leading to a decrease of over 50% between 2014 and 2017 (Government of Chad and UNICEF, 2017). Primary government obligations include meeting debt repayments and funding military operations, including participation in operations against Boko Haram. A significant amount of revenue also disappears through corruption, although this is difficult to measure. Chad ranks 165 out of 180 countries on Transparency International's Corruption Index (Transparency International, 2017).

As a result, investment and recurrent expenditure on public service provision and poverty reduction have been squeezed out, as elaborated below. Austerity measures were introduced in 2016, with an additional 16-point plan coming into effect in January 2018. One of these points was significant benefit cuts to government employees.

Chad's external public debt increased rapidly after 2008, reaching USD 2.8 billion, 27.2% of GDP, by the end of 2017 (IMF, 2018). Chad is trying to reduce its public debt burden, and reached completion of the Highly Indebted Poor Countries (HIPC) initiative (see Annex 1), qualifying for substantial debt relief in 2015. In total USD 1.1 billion in debt relief was approved by the WB, the IMF and other multilateral and commercial creditors in 2015. However, Chad has also been increasing its private debt, particularly through a deal with Glencore (Bhar, 2017) by which Chad purchased shares in national oilfields just prior to the crash in prices. This loan alone represents USD 1.4 billion (Madjiasra Nako, 2017).

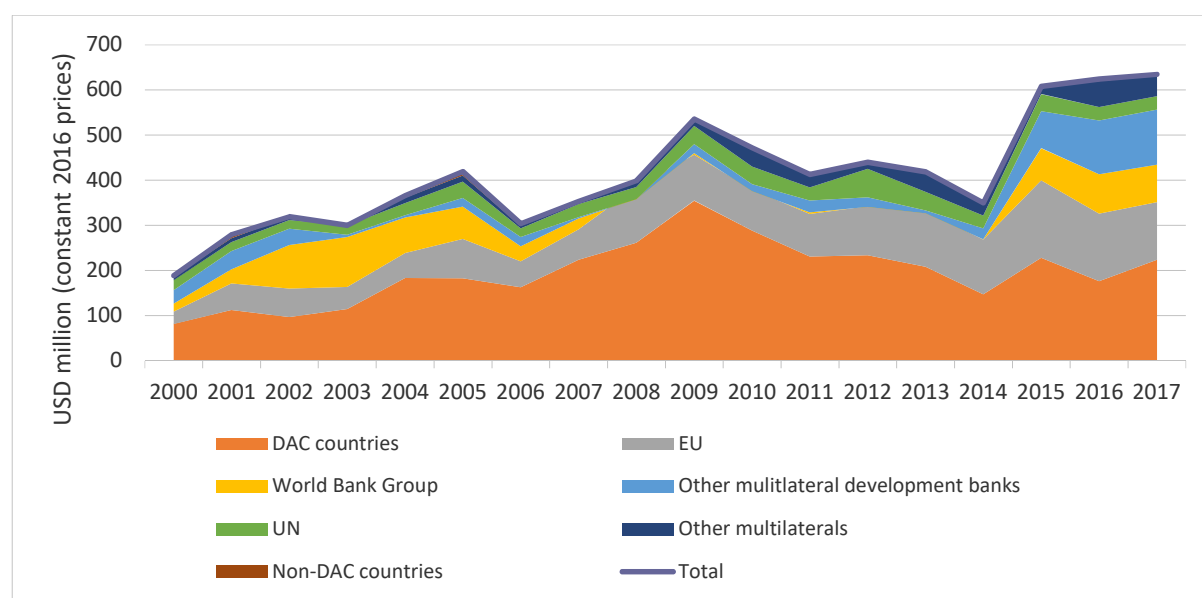
Given the fiscal crisis Chad has faced since 2014, a number of multilateral and bilateral actors have begun to provide direct budget support. The WB just approved a new USD 65 million grant (IDA, 2018). This grant includes commitments to avoid taking on further non-concessional debt, reduce ghost workers in the payroll, and reform management of petroleum revenues. The purpose of the loan is: (1) enhance

fiscal risk management; (2) improve oil revenue transparency and management; (3) promote resilience and economic diversification in key real sectors; and (4) increase social protection for the poor and vulnerable¹.

3. Humanitarian and Development Funding Flows

3.1. Trends in total ODA

Figure 3: Total ODA net 2000-2017



Source: OECD DAC statistics

Total net ODA flows to Chad have seen rapid growth since 2014, following five years of steady decline. ODA increased by 74% between 2014 and 2015 with further limited additional growth between 2015 and 2017. While initial growth came in the form of a one-year spike from Development Assistance Committee (DAC) countries, continued higher levels of ODA have been maintained primarily through increased engagement by International Financial Institutions (IFIs).

The largest single new actor since 2014 was the World Bank, through the International Development Association (IDA), whose gross ODA contributions increased from less than a million in 2014 to USD 546 million in 2015.² The WB committed in 2017 to tripling its investments in Chad, with an additional \$1.1 billion over three years (World Bank, 2017). This increased investment is mirrored by the African Development Bank (ADB), and appears set to continue. Drivers include government stabilization during its fiscal crisis, and the new priority for investing in fragile states to achieve progress on the Sustainable Development Goals (SDGs).

¹ This is not the first WB attempt at conditionalities in Chad. The Chad-Cameroon pipeline was developed with WB funds, starting in 2000, under special guarantees that oil revenues would be spent on social development projects. After the completion of the project, Chad diverted the resultant revenues, claiming national security priorities. The World Bank withdrew from the framework in 2008, concluding that the Bank should not invest in extractive industry infrastructure in countries with fragile governance (World Bank, 2009).

² Chad made a debt repayment of USD 475 million to the WB in 2015, which, offset against new grants issued by the WB, means that the WB's net ODA contributions were USD 75 million in 2015.

Some of this assistance is through direct budget support, including USD 65 million in 2018 from the WB, as well as commitment from a range of bilateral donors, including the French Development Agency (AFD). Some assistance is also going through new funding channels to directly fund international agencies to meet humanitarian and development needs, including work focused on refugees and host communities. None is directly linked to Collective Outcomes.

3.2. Donor division of labour

Figure 4: Leading 15 donors (gross ODA disbursements, ranked) 2015-2017 (USD million, constant 2016 prices)

| | 2015 | 2016 | 2017 | Volume (2015-17) | Proportion (2015-17) |
|--------------------------|-------------|-------------|-------------|-----------------------------|---------------------------------|
| World Bank Group | 601.5 | 91.4 | 86.5 | 779.4 | 31.4% |
| EU Institutions | 173.4 | 149.7 | 127.6 | 450.7 | 18.2% |
| France | 81.5 | 35.4 | 93.0 | 209.9 | 8.5% |
| United States | 80.1 | 75.8 | 34.6 | 190.5 | 7.7% |
| IMF | 68.4 | 61.7 | 47.8 | 177.9 | 7.2% |
| African Development Bank | 32.8 | 57.3 | 77.9 | 168.0 | 6.8% |
| United Nations | 39.2 | 31.3 | 31.4 | 101.9 | 4.1% |
| Global Fund | 10.3 | 42.4 | 27.0 | 79.7 | 3.2% |
| Switzerland | 26.1 | 26.2 | 26.5 | 78.8 | 3.2% |
| Germany | 15.3 | 18.7 | 25.7 | 59.7 | 2.4% |
| Japan | 12.9 | 5.1 | 11.6 | 29.5 | 1.2% |
| Canada | 5.2 | 6.0 | 10.6 | 21.8 | 0.9% |
| Sweden | 7.1 | 7.1 | 5.4 | 19.6 | 0.8% |
| Italy | 0.8 | 0.3 | 12.5 | 13.5 | 0.5% |
| Netherlands | | | 4.2 | 4.2 | 0.2% |

Source: OECD DAC statistics 2018

The statistics given here are based on Organisation for Economic Co-operation and Development (OECD) data – which uses different definitions from the OCHA Financial Tracking System (FTS) data often used by humanitarian actors. For a description on main differences, see Annex 1.

The majority of ODA funds channeled to Chad are from multilateral donors and funds, who provided 66% of gross ODA disbursements in the period 2015-2017. The World Bank has rapidly become the leading ODA donor to Chad, providing 31% of gross ODA disbursed to Chad between 2015 and 2017. The World Bank's contributions increased sharply from USD 24 million in 2014 to USD 91 million in 2016 – the USD 602 million in 2015 being largely related to debt re-allocations. The EU Institutions have historically consistently been among the leading donors to Chad during the last ten years, and provided 18% of gross ODA between 2015 and 2017. The United States and France have also been among the leading ODA donors to Chad, both increasing their contributions substantially in 2015 and providing 8% and 9% of gross ODA disbursements between 2015 and 2017. The IMF has recently engaged substantially in Chad, providing new lending under their concessional trust funds from 2014. The African Development Bank has also increased its engagement

in Chad substantially increasing its contributions from USD 11 million in 2014 to USD 168 million in 2016.

Vertical funds have played a significant role as ODA donors to Chad, including the Global Fund, Gavi and the Global Environment Fund (GEF). Compared with many other sub-Saharan African ODA recipients, European bilateral donors play a relatively modest role in Chad with the exception of France.

3.3. Humanitarian and Social Sector Spending

Figure 5: FTS Overview

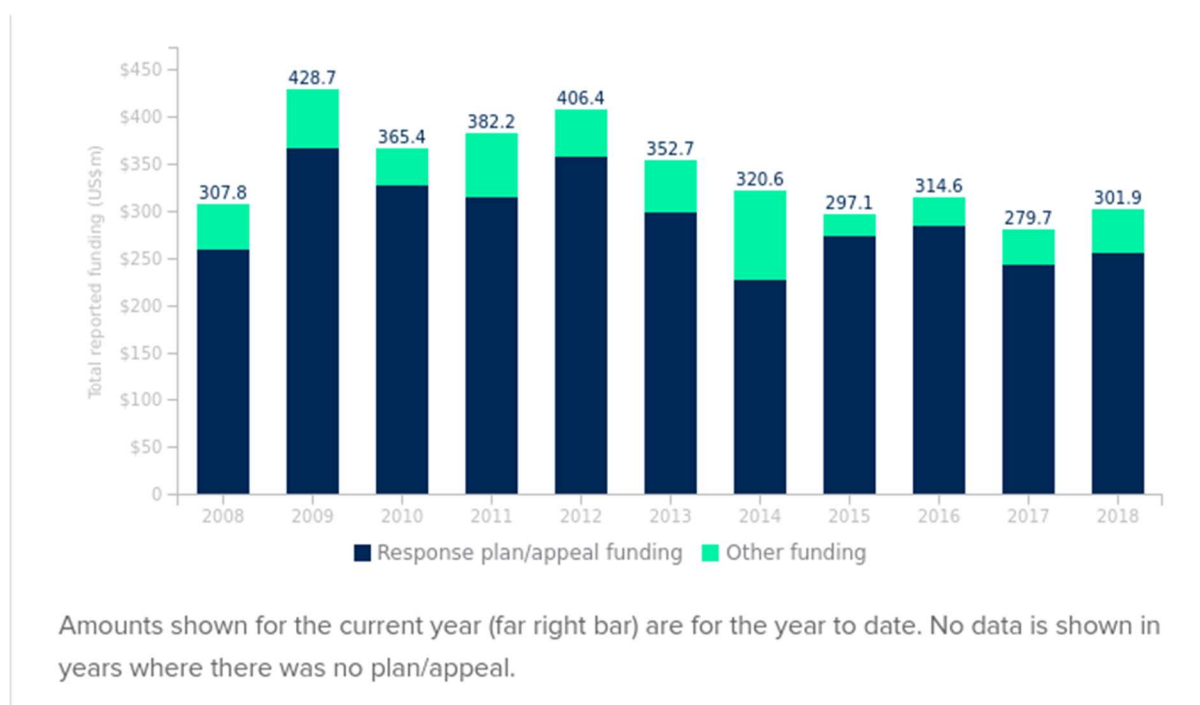
Chad 2018

<https://fts.unocha.org/appeals/637/summary>



Funding trends inside and outside the response plan/appeal

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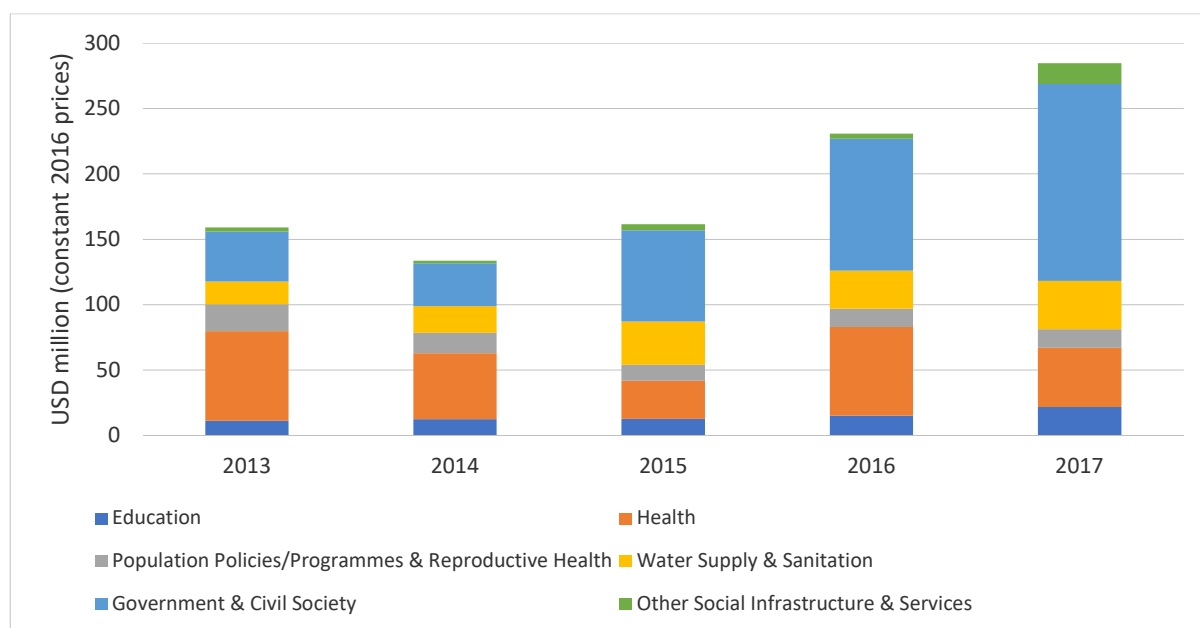


With the exception of 2012, humanitarian aid has remained relatively stable for the past several years. Humanitarian appeals have ranged from USD 618 million in 2014 to the 2018 appeal of USD 543 million, which is closer to longer-term trends. Based on FTS data, actual funding received has remained more consistent. The average level of humanitarian funding is USD 340 million per year since 2008, with maximum variations of 25%. This includes humanitarian funding which passed outside of the appeal, which fluctuated between 15% and 40% of total amounts over the same time period.

Bilateral assistance to Social Infrastructure and Services has grown significantly since 2012, as per OECD definitions. This however does not reflect overall spending

on these sectors, given that government spending has declined precipitously over the same period of time.

Figure 6: Social Infrastructure and Services ODA to Chad 2012-2017



Government and Civil Society has been the largest recipient sector among the OECD defined social services sectors, between 2013 and 2017. Health was the second largest recipient overall, although decreased substantially in 2017. Despite additional direct international support to governments revenues, due to the fiscal crisis government health expenditures have decreased substantially (UNICEF, 2018).

3.4. Foreign Direct Investment

Chad is a land-locked country with minimal infrastructure and low national income levels, making for a naturally challenging business environment. Chad has very few laws restricting Foreign Direct Investment (FDI), earning it high ratings on business attractiveness surveys. In reality, all FDI must be approved by the government, and high levels of corruption and the lack of robust legal structures guarding foreign investments dissuade most potential foreign investors.

As a result of these factors, official FDI levels are low (UNCTAD, 2018). There was a net outflow of FDI in 2014 of USD 676 million, recovering to an inflow of USD 559 million in 2015 before dropping to USD 335 million in 2017. The total FDI stock in Chad is USD 5,439 million. These levels put FDI at lower levels than ODA, with much greater volatility. FDI is concentrated on the oil sector, having less impact on development activities affecting the large majority of the population.

Figure 7: Foreign Direct Investment Inflows 2000-2017

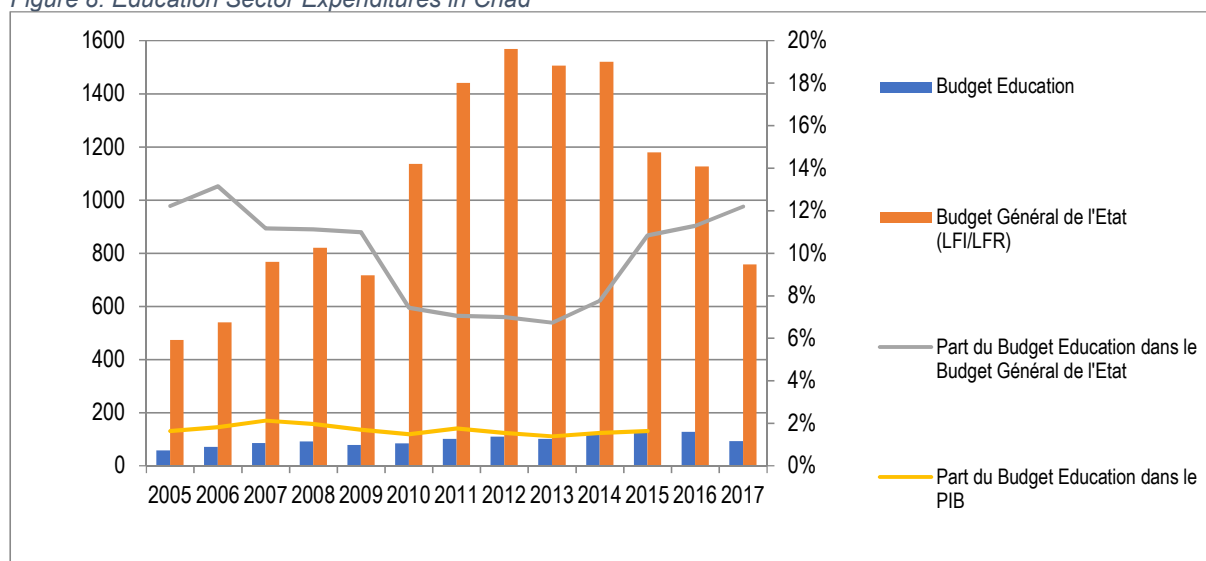


Source: World Investment Report 2018 and UNCTAD FDI/MNE database.

3.5. Government Spending on Development

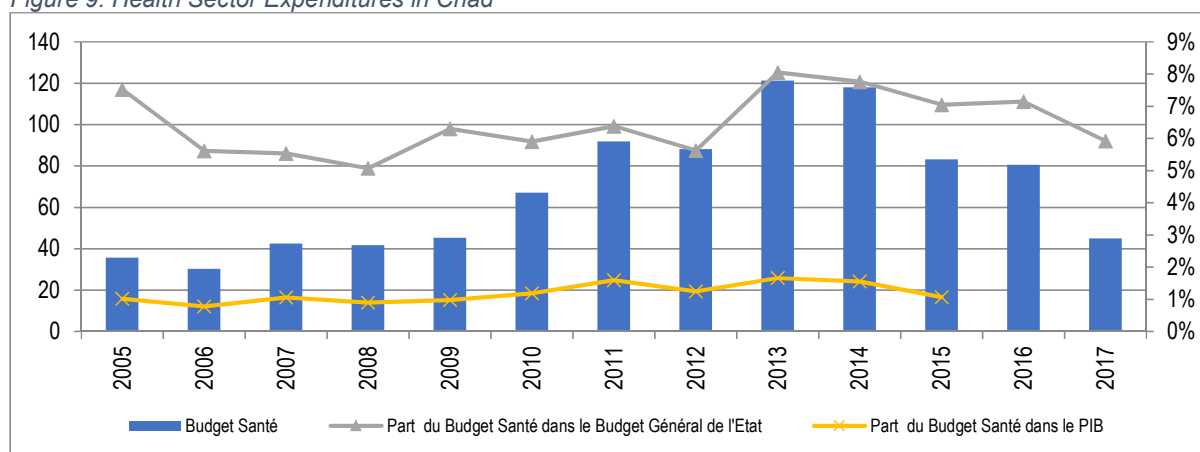
Government spending on basic social services has decreased substantially since the start of the 2014 economic crisis, leaving little room for the government to invest in further development. This is outlined by figures from the Education and Health Sectors.

Figure 8: Education Sector Expenditures in Chad



Source: Unicef, 2018

Figure 9: Health Sector Expenditures in Chad



Source: Unicef, 2018

Despite an increase in the percentage of the government budget spend on education (but a decrease in health), spending in real terms has decreased substantially for both sectors due to the decrease of the national budget by over 50% since 2014. In addition, the percentage of international assistance has increased to these sectors, both through increased general budget support as well as through continued support to line ministries.

4. Humanitarian and Development Structures

4.1. Architecture

The coordination architecture in Chad follows standard humanitarian and development coordination models with a few exceptions. The humanitarian system has active clusters with relatively open membership, including donors. The development coordination is headed by the Comité des Partenaires Techniques et Financiers (CPTF). Under this committee are sector-based development working groups, which meet less frequently than the clusters and often have overlapping membership. The humanitarian clusters are however drawn upon for work outside of the strictly humanitarian domain, including assisting with the UNDAF formulation.

4.2. Planning Frameworks



Vision 2030, Le Tchad que nous voulons ; PND = Plan National de Développement ; CPF = Country Partnership Framework ; UNDAF = United Nations Development Assistance Framework ; HRP = Humanitarian Response Plan

Source: UNOCHA 2017

Five planning frameworks guide development and humanitarian actors in Chad. These include the two governmental strategies, Vision 2030 and the National Development Plan (NDP) 2017-2021. Important Additional development plans include the World Bank's Country Partnership Framework (CPF) 2016-2020, and the United Nations Development Assistance Framework (UNDAF) 2017-2021, among others. Humanitarian planning is based around a three-year Humanitarian Response Plan (HRP) 2017-2019, with annual iterations forming the basis of the annual national humanitarian appeal.

Chad also participates in regional planning structures. Amongst these are the United Nations Integrated Strategy for the Sahel (UNISS), which includes security and stability elements, and the United Nations Support Plan for the Sahel (UNSPS) 2018-2022. There are 19 regional planning instruments, a clearly excessive number which the UN lists as a barrier to effective planning (Zielcke, 2018 p. 9).

There have been significant efforts to align the various planning processes within Chad, with frequent cross-referencing between documents. This is facilitated by the cross-membership of technical personnel in many of the key working groups, and the use of the clusters to help inform broader policies. Both the UNDAF and the HRP documents make extensive reference to the NWOW approach.

Significant differences remain, however. Primary focuses of the national development strategies include territorial cohesion and security, in addition to economic development and improved quality of life. Stabilization and migration are issues frequently addressed in regional planning documents. The UNDAF mentions the regional concerns over youth radicalization, however its targeted programming broadly fit with the humanitarian sectors found within the HRP.

5. New Way of Working

5.1. Collective Outcomes

Chad drafted a three-year Collective Outcomes Plan in 2016, for the period of 2017-2019. This makes it one of the earlier implementers of the collective outcome approach. The COs were driven by the HC/RC, with the inclusion of several government bodies, humanitarian and development agencies, and donors. Humanitarian Clusters were also involved in the elaboration workshop.

Collective outcomes



Food Insecurity

- Reduce the number of people in severe food insecurity from 27 per cent (from 1 million to 770,000 people) by 2019.
- Reduce the number of people in food insecurity by 32 per cent (from 2.8 million to 1.9 million people) by 2019.



Nutrition

- Reduce the rate of Severe Acute Malnutrition (SAM) among children 5 years and under from 2.6 per cent to 1.8 per cent by 2019.
- Reduce the rate of Global Acute Malnutrition (GAM) among children 5 years and under from 11.9 per cent to 10 per cent by 2019.



Health

- Reduce the obstetric case fatality rate from 5 per cent to less than 1 per cent by 2019.



Basic Social Services

- 90 per cent of people in need have access to functioning basic social services including water, sanitation and education by 2019.

Source: UNOCHA Chad Progress Update 2018

5.2. Joint Implementation and monitoring

The collective outcomes chosen for Chad are very broad, covering the majority of areas of intervention of international humanitarian and development assistance in-country. The focus of four out of six indicators on food security and nutrition both reflects the current priorities of donors, as well as the already existing close alignment of objectives between development and humanitarian actors in the country. No separate coordination structures were created – progress towards the COs was left to actors already working on the priorities identified. Operational agencies reported little to no added value to their work from the CO process.

Monitoring of implementation of the COs was given to OCHA. As the collective outcomes are integrated in both the UNDAF and the HRP, no additional collective outcome-specific structures have been created. Results are pulled directly from existing data. No separate funding targets have been created, nor are commitments tracked against these outcomes.

Even the minimal task of reporting on the COs is challenging. Some of the existing reporting cycles for indicators for the COs do not match the annual reporting periods, nor are they collected on comparable geographic zones. Food insecurity and nutrition levels often peak during the dry season, meaning that overall trends may not be apparent in annual data. Food security and nutrition are also highly dependent on weather and annual crop yields – obscuring the potential impact of international assistance in increasing medium-term food security. In addition, the collective outcome aimed at increasing access to basic social services was widely

considered to be so broad as to be impossible to track, particularly given the low level of data available at a national level.

6. Funding Structures

6.1. Mapping Funding Against Collective Outcomes

The collective outcomes for Chad encompass a wide range of ongoing humanitarian and development activities. They were developed in close cooperation with major donors and implementing agencies, taking into account the UNDAF, the NDP and the HRP. Due to the alignment of the COs with existing planning frameworks, most donors feel that their many of their operations fall under the broad framework of the collective outcomes.

No separate funding structures, targets or mobilization plan was created around the COs. There is no direct mapping of funding against specific COs, nor did there appear to be much appetite to do so. Several donors questioned the added value of the COs themselves.

Despite strong support for funding channeled specifically to the COs, several donors supported the broader NWoW approach. This helped promote ongoing investment in efforts to achieve greater inter-donor alignment, as well as ensuring geographical and operational continuity in humanitarian/ development transitions.

A couple of major donors, who are known for being less engaged in inter-donor coordination, were not aware of the collective outcomes or the general drive to greater alignment. They were however aware of the various policy plans upon which the collective outcomes were based, and considered their programmes to be in line with these broader strategies.

6.2. Relevant Funding Instruments

Despite the lack of dedicated funding channels, given the broad coverage of the collective outcomes, a wide variety of existing funding instruments support their implementation. Listed here are a few instruments selected due to their contribution to achieving a joined-up approach between humanitarian and development actors.

[The EU Emergency Trust Fund for Africa \(EUTF\)](#). This fund was created in response to the migrant crisis in Europe, and is designed for rapid dispersal. Current allocations are EUR 4.1 billion, with the European Development Fund (EDF) accounting for EUR 3.7 billion. Importantly, ECHO is also a contributor, as are Switzerland and Norway. The EUTF address both migration management as well as addressing root causes, which in Chad means addressing many of the priorities identified under the humanitarian and development strategic plans.

[There are seven separate EUTF programmes in Chad](#), including Development Inclusive dans des Zones d'Accueil ([DIZA](#)). DIZA is a primary focus of cooperation between DEVCO, ECHO and AFD, as well as the WB through its parallel PARCA initiative. The operations are implemented by two consortiums of NGOs, one in the South and one in the East, with a coordination role held by UNHCR.

Projet d'Appui aux Réfugiés et aux Communautés d'Accueil (PARCA). The planning of this IDA/WB fund was facilitated by UNHCR. It is designed to mirror DIZA, with the primary difference being that its \$60 million budget will be implemented by the government. It aims to assist refugees/returnees and host communities and should be launched in January 2018 after three years of preparation.

Programme d'Appui au Développement Local et à la Finance Inclusive au Tchad (PADLFIT). This UNDP funded programme is also soon to start, with a multi-year envelope of \$424 million. While passing through a development donor, this programme focuses on social-economic inclusion of refugees and host communities, as well as some social service provision.

Programme de Réhabilitation et de Renforcement de la Résilience des Systèmes Socio-Ecologiques du Bassin du Lac Tchad (PRESIBALT). This programme is implemented by the regional inter-governmental body Commission du Bassin du Lac Tchad (CBLT). It has been running since 2016. Its Euro 82 million budget is entirely funded by the African Development Bank (ADB).

The WB administers an emergency fund which is implemented through FAO, WFP UNICEF and IOM to support refugees from the Central African Republic. The WB underlined that direct funding to agencies was reserved for exceptional circumstances.

There is no pooled fund in Chad. While some actors believe that this would allow for greater flexibility to address commonly identified priorities, there was little donor appetite for creating such a fund. Main reasons given are concerns around extra administrative levels, leading to additional costs and delays in implementation times.

As in other countries, UNHCR describes the Comprehensive Refugee Response Framework (CRRF) structures integral to the humanitarian-development nexus approach. Future funding directed to the CRRF, which is just starting to be implemented in Chad, will therefore also be considered as part of a Nexus approach.

6.3. Stable, multi-year funding, flexible financing

Multi-year funding remains the exception in Chad. Most operational agencies report that the majority of their funding is based around annual agreements. Lack of multi-year contracts is not the same as lack of continuity - substantial portions of the national humanitarian portfolio are programmes that have been in place for many years. Food and other forms of assistance to the large refugee populations in the camps in Eastern Chad have continued for over a decade. 2018 saw the start of an attempt to shift in food assistance from status-based distributions to distributions based on poverty- based criteria, a shift that was strongly opposed by refugee populations who remain heavily aid dependent.

There are several ongoing initiatives to increase coordination between donors, promote transition between humanitarian and development windows, and increase multi-year contracts. Some of these include:

- ECHO two-year contracts. ECHO is planning on extending the possible timeframes for contract lengths to 24 months. Additionally, funds between two subsequent HIPs could be combined in a single contract. This is a global change that could have a significant impact in Chad, which has the largest ECHO portfolio in Central and West Africa.
- Coordination between Humanitarian and Development donors (ECHO/DEVCO). The DIZA project, mentioned above, is a leading example in Chad of humanitarian and development partners working to achieve a smooth transition through nexus modalities. EU designed the DIZA programme with the assistance of ECHO, based partially on the work of previous ECHO NGO partners working with displaced people and host populations in the East and the South. The DIZA funding channel, coming through the EUTF, is structured to allow for a shorter inception phase than standard EU/DEVCO channels.
- Twinning Initiatives (PARCA and DIZA). The World Bank has designed its PARCA initiative to broadly reflect the DIZA programme. While PARCA will be implemented by the Chadian government, it was initially developed with significant input from UNHCR. Activities are similar across the two projects.
- Mutual Reliance Initiative (MRI). The MRI is a standardized administrative process which allows for donors to shift fund between their respective agencies in order to allow for one lead donor to take the lead on a specific project without requiring multiple layers of contracts. The MRI was initially developed by the European Investment Bank (EIB), AFD, and KfW. The EU has since undertaken a similar process for cooperation with these donors and GIZ has started working on joining the network. Using this mechanism, AFD is planning on also supporting the DIZA programme, extending the implementation period from the current three years to five years.
- Development donor rapid response windows. AFD is an example of a development donor that has a rapid response facility, for which projects are of a 15-month duration. AFD usually aims for projects with a minimum period of four years.

7. Opportunities and Challenges

Following the fiscal crisis starting in 2014, there has been a decrease in the already limited capacity of the Government of Chad to support social services, early recovery, or other Nexus type activities. International actors note that humanitarian funding appears relatively stable in Chad, at close to half the amount requested in annual HRPs. At the same time the current overall increase in ODA, including through funding instruments that support a humanitarian-development nexus approach, represents an opportunity for agencies that operate across the humanitarian – development spectrum. Not all agencies will choose or will be able to make this transition. New types of partnerships and operational modalities are required.

The Collective Outcomes were generally (with a couple exceptions) not seen as having much added value in Chad. The COs chosen were very broad and difficult to monitor. It was even more difficult to measure the impact of external interventions. OCHA had to role of drawing together progress reports based on existing data sources. The decision was taken not to create additional funding tools specifically

linked to the COs, and no donor reported that the COs affected their funding decisions.

Other examples of increased support for Nexus approaches are more encouraging. These include the close cooperation between humanitarian and development actors in setting out joint strategic planning frameworks. There were also several examples of flexible funding mechanisms, as noted above.

Unfortunately, flexible funding mechanisms still only represent a minority of donors and overall funding currently going to support Nexus type approaches in Chad. Rigid institutional structures remain the norm. Procedural barriers remain a problem even for those actors who actively consider themselves to be working towards achieving humanitarian-development bridging.

Increased flexibility is a long-term objective that requires engagement at all levels. Some donors that work closely together to achieve joint humanitarian-development approaches report that despite good will, there remains insufficient institutional momentum to achieve the necessary administrative changes at capital level. The types of reforms required are often quite technical and may require substantial internal restructuring.

Given the overall needs in Chad, some donors are not present in the country at the level that might be expected. Both USAID and BMZ remotely support projects through partners, however neither have staff based in-country and overall portfolio sizes appear to match this lack of presence. OTI has taken the decision to leave Chad, only two years after opening operations.

Various factors explain development donor decisions to limit their presence in Chad, including concerns about governance, corruption and counter-terrorism restrictions. Internal political and administrative procedures also play a role. Presenting potential development donors with a range of implementation modalities to address some of these concerns could help to facilitate increased engagement.

Chad is a country where there is generally strong alignment between the objectives of humanitarian and development actors, making the selection of collective outcomes fairly straight-forward. Common prioritization of programming, which would allow for joined-up humanitarian-development operations, is still a challenge. Humanitarian and development actors often differ over a needs-based prioritization vs. a government led prioritization.

Many actors in-country support the decision not to have created additional funding or monitoring structures around collective outcomes. An opportunity may have been lost, however, to help create greater coherency in approaches to early-recovery type programming that could reduce humanitarian needs. The debate over the best operational model, given the inability of the government to provide services to the large majority of its population, remains divisive.

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Annex 1: Notes on Financing Terms and Data Sources

OECD Development Assistance Committee (DAC) statistics. The OECD DAC collates and curates official development assistance (ODA) statistics from its members as well as from a number non-member governments, multilateral organisations and the Gates Foundation (who report on a voluntary basis).

Strict conditions relating to the purpose and conditionality of funding contributions must be met in order for funds to qualify as ODA. Of particular note, funding captured within the OECD DAC's statistics is from official sources (primarily governments and multilateral organisations) and does not therefore include private funding contributions (with the notable exception of the Gates Foundation). Eligible recipients are countries classified as eligible ODA recipients or multilateral institutions.

Funding reported to the DAC must also meet the DAC's qualitative definitions and concessional terms and data is classified according to a range of specific classifications and terms and data curated by the DAC for consistency in application of these definitions and classifications. DAC members are required to provide comprehensive annual reporting. Data reported to the DAC is in principle therefore both comprehensive – for those who report to the DAC - and comparable.

DAC data is presented in calendar years and in international US dollars both in current and constant prices. For time series analysis, as per the OECD DAC's recommendations, data has been presented in constant prices, which are adjusted to allow for inflation and exchange rate changes in donor countries. Data is currently available up to and including 2016.

OCHA Financial Tracking Service (FTS). FTS data is inclusive, a far wider range of contributions are captured, including contributions from non-OECD DAC and private donors and volumes of humanitarian funding captured annually within the FTS are typically significantly higher than those captured in the DAC data. FTS data is timely as in principle donors may report on a real-time or near real-time basis. However, FTS data is not comprehensive, since reporting is voluntary, and definitions of what constitutes humanitarian aid are more open to the interpretation of the reporter than DAC data. Therefore, FTS data is a less robust source of comparative data.

The FTS was designed primarily to track the funding response to particular country-level coordinated responses and appeals and therefore provides a good overall picture of the humanitarian financing response to the country or crisis-response level.

Financing Terms and Initiatives

Official Development Assistance: The concept of ODA was defined over 50 years ago by the OECD's DAC. It refers to financial support from OECD-DAC member

countries to developing countries which is both concessional and intended primarily to promote economic development and welfare.

ODA can flow directly from a donor to a recipient country (bilateral ODA) or be provided via a multilateral agency (multilateral ODA) and is typically provided as either grants, concessional loans or debt re-structuring.

Grants: The majority of ODA spending is in the form of grants, which constitute transfers in cash or in-kind, for which there is no legal expectation of repayment from the recipient.

Concessional loans: Loans or credits are transfers for which repayment is required. Only loans with maturities of over one year are included in DAC statistics. The OECD also specifies a minimum grant element of 25%, expressed as the percentage by which the present value of the expected stream of repayments falls short of the repayments that would have been generated at a given reference rate of interest. The grant element reflects all of the key financial terms of a loan commitment, namely interest rate, maturity and grace period (interval to first repayment of capital).

Debt reorganisation or restructuring: Sometimes called “debt relief”, this includes forgiveness or writing-off of all or part of an existing debt, and a range of modifications to ease the terms of repayment, including revising repayment schedules or providing revised financing terms.

The Highly Indebted Poor Countries Initiative (HIPC Initiative): Established in 1996, this is a joint IMF-World Bank approach to supporting debt reduction for poor countries assessed to have reached unsustainable levels of debt. Countries considered eligible are those which:

1. are eligible for financing under the World Bank’s International Development Agency (IDA) window, and the IMF’s Poverty Reduction and Growth Trust. In practice, this means low-income countries;
2. face an unsustainable debt burden that cannot be addressed through traditional debt relief approaches;
3. have established a track record of reform and sound policies through IMF and World Bank supported programmes;
4. have developed a Poverty Reduction Strategy Paper through a broad-based participatory process in-country.

Once accepted to the HIPC Initiative, governments are eligible to receive interim debt relief. In order to access a full package of debt relief countries must put in place wider reforms including:

1. establish a further track record of good performance under programmes supported by loans from the IMF and the World Bank;
2. implementing satisfactorily key reforms agreed at the decision point;
3. adopting and implement its PRSP for at least one year.

On completion of these steps, countries become eligible for a full package of debt relief from a range of participating multilateral and bilateral creditors. Multilateral creditors participating in the HIPC Initiative include the World Bank, the ADB, the

IMF and the Inter-American Development Bank (IADB). Bilateral government creditors include 22 permanent members of the Paris Club, an informal group of official creditors.

Foreign direct investment (FDI): A category of investment that reflects the objective of establishing a lasting interest by a resident enterprise in one economy (direct investor) in an enterprise (direct investment enterprise) that is resident in an economy other than that of the direct investor. The lasting interest implies the existence of a long-term relationship between the direct investor and the direct investment enterprise and a significant degree of influence on the management of the enterprise.

Remittances: The IMF defines remittances as household income from foreign economies arising mainly from the temporary or permanent movement of people to those economies. Remittances include cash and non-cash items that flow through formal channels, such as via electronic transfer, or through informal channels, such as money or goods carried across borders.