

Note regarding transmission of the comments of the Cameroon EITI Committee on the provisional report by the Validator,
February 2018

The Cameroon EITI Committee met on 8 February 2018 specifically to examine the provisional validation report by Adam Smith International and to formulate **the attached comments**, for the purposes of finalising the report.

In this context the following remarks are to be made:

- 1) **stakeholder engagement** is one of the major strengths of EITI implementation in Cameroon and has enabled steady progress since this country's accession to the Initiative in March 2005, based on the very authoritative instructions of the Head of State;
- 2) the Committee considered that the above-mentioned report presents a **true picture** of the state of implementation of the EITI in Cameroon, subject to some points, regarding which it provided additional clarifications that have been frequently documented and gave its opinion (*see the note entitled "Report with comments of the Cameroon EITI Committee on the provisional validation report" and the summary table of the said comments*);
- 3) EITI implementation is a relatively costly process that Cameroon has financed entirely from public funds for more than ten years, which is one proof, if proof were needed, of the Government's determination to continue implementation of the EITI despite increasingly stringent budgetary constraints; it is therefore important that the positive **impact** expected by stakeholders should be obtained and regularly reinforced (*strengthening of public debate, improvement of governance in the extractive sector, improvement of traceability and transparency of resources that the State receives from the sector, and improvement of the living conditions of local people, particularly in areas where extractive activities take place*);
- 4) to this end, it is desirable that the current validation, based on the most consensual diagnosis possible, should give impetus to implementation of the EITI in Cameroon, particularly on the basis of a **new decree of the Prime Minister** governing the membership, organisation and functioning of the EITI Committee, replacing the current text which dates from June 2005;
- 5) a debate in the EITI Committee, which was of long duration (*since 2014*) and was often heated, led to consensus on the drafting of a new decree, namely a decree of the Prime Minister, which should not be frequently amended, and because 1 July 2017 (the date of commencement of the current validation) had already passed, it was preferable to **await the first draft of the Validator's comments and recommendations, so that they could be taken into account, before finalising this important text, which is likely to establish a vision of the future of the EITI in Cameroon**; the new text should also make it possible to address national concerns effectively and all at once (*including compliance with the state financial regime adopted since 2007*) and also address linkage to the Standard adopted in 2016;
- 6) Given the importance that the Government attaches to the implementation of the EITI and particularly to the success of the current validation, the Office of the Prime Minister has been waiting for several months for the amended version of the above-mentioned draft

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decree to be returned for signature¹; following review of the provisional validation report, the Committee plans to do what is necessary before the end of the current month and to work towards the successful completion of this matter as soon as possible, and in any event prior to consideration of Cameroon's validation by the EITI Board; therefore, it will be necessary to adopt **internal rules consistent with the new decree** as reaffirmed by the EITI Committee at its session of 8 February 2018; this would represent the culmination of a lengthy but robust revision of the EITI regulatory framework process, based on a genuine consensus of stakeholders, taking account not only of the requirements of the EITI Standard but also of national concerns;

- 7) In view of the above-mentioned considerations and although the receipt of this important text is expected much later than 1 July 2017, **the EITI Cameroon Committee would like the EITI Board to review the forthcoming new decree, which will govern implementation of the EITI in Cameroon, as part of the final decision on the validation in progress**, since this would not in itself constitute a violation of the procedure in force;
- 8) in view of the above, **review of Cameroon's validation at the next session of the EITI Board, as mentioned in the agenda of the 39th session scheduled for 13 and 14 February 2018 in Oslo, is likely to be counterproductive for this process**; it is true, at least, that if this review takes place only a few days after the deadline for submitting the comments of the EITI Committee, following review of the provisional validation report, the Cameroon side may consider that its comments and all of the documentation, which it submitted, have received only a superficial examination; but, most of all, the EITI Committee would lose a powerful lever for the quick adoption of the new decree, given the current domestic political situation²; in any case, such scheduling would undoubtedly lead to a less favourable assessment of the state of implementation of the EITI in our country, because it would obscure the efforts made to achieve proper and durable respect of a key requirement, namely the governance of the multi-stakeholder group (*Requirement 1.4*); the resulting frustrations³ could discourage the direct and indirect actors⁴ in this process, while it is desirable that the results of validation should contribute to maintaining the EITI at the heart of national concerns;

the security situation in English-speaking regions

There is no "**martial law**" in Cameroon, contrary to what is claimed on page 24 of the "Report on initial data collection and stakeholder consultation". Indeed, no exceptional law

¹ The initial version of the draft of the new decree was reviewed by the Prime Minister's Office in August 2017 at a meeting that brought together representatives of the EITI Committee and of the two entities that oversee the extractive sector (Ministry of Finance and Ministry of Mines).

² Cameroon has a very intensive electoral calendar in 2018, and its implementation, which began in recent days, will take up the attention of the authorities.

³ The chosen option was to carry out a thorough reworking of the text rather than a superficial polish for validation; we believe that this is not only the most honest choice, but also the best choice for the future.

⁴ Indirect, but no less important actors in implementation of the EITI are recruited in various administrations, and not just those whose representatives are members of the Committee or the Technical Secretariat, reporting companies and civil society that are not members of the EITI implementing structures.

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has been passed to date regarding security management of the English-speaking crisis. It should be remembered that this crisis is part of the corporate demands of lawyers and teachers, which have been forcefully expressed since 2016; declarations about "dead cities"⁵ have been advanced. Public opinion has been informed of the solutions that have been put forward by the authorities in response to these initial demands. Some *leaders* who championed these demands were arrested, but were then released by the Head of State in order to calm the situation. The initial demands were then transformed into calls for secession with intensification of the violence.

At present, the police, the gendarmerie and the army are providing security in English-speaking regions, where acts of violence in recent months have led to the destruction of public infrastructure, including schools that have been burned down.

Finally, the Validator should be asked to check acronyms carefully (*see page 2 of the initial data collection and stakeholder consultation report*) in order to formulate details of the listed public or private entities in the language used in the report (French or English).

We are sending the following documents as attachments:

- the report on initial data collection and consultation with stakeholders, **in mark-up** with some proposals for reformulation;
- the report containing comments from the Cameroon EITI Committee on the provisional validation report (Word and PDF);
- a table **summarising the Committee's comments on the Validator's provisional report** (Word and PDF);
- three attachments numbered from I to III;
- other very large attachments will be immediately sent in a second transmission;
- a report on EITI training/induction for young people by a civil society representative on the EITI Committee, *April 2014*;
- a copy of resolutions arising from pilot preparation activity by non-Committee CSOs for integration of progress in rotation and relaying of EITI information, *November 2015*;
- the ToRs of the ad hoc working group, which, since February 2017, has been assessing implementation of the work plan for the period 2014-2016 and which has proposed to the Committee a first draft of the work plan for the period 2017- 2019;
- ToRs of the ad hoc working group, which, since October 2015, carried out mid-term assessment of implementation of the 2014-2016 work plan and proposed necessary adjustments in view of the validation that was then scheduled for 2016.

We remain at your disposal for any further information of which you may have need.

⁵ The term "dead city" refers to the paralysis of cities, sometimes obtained by force or by constraint, with the shutdown of economic activity and even the destruction of property, including infrastructure.



<u>EITI requirements</u>	<u>Summary of main conclusions</u>	<u>Initial evaluation by the International Secretariat of progress made in meeting the EITI requirements</u>	<u>Position of the Cameroon EITI Committee</u>
Table 1			
Government engagement (n° 1.1)	The government participates fully, actively and effectively in the EITI process and there are regular high-level government statements in favour of the EITI. The government has appointed a person with the authority to coordinate actions between ministries and to mobilise resources for implementation, and who has the confidence of all of the EITI stakeholders.	Satisfactory progress	No comment
Company engagement (n° 1.2)	There is a favourable environment for participation by companies in the EITI process, despite logistical difficulties related to the fact that oil and gas companies are based in Douala, while the EITI's activities take place in Yaoundé. Companies have played their part in data reporting and contributed to the preparation and dissemination of EITI reports. The disposal of holdings by Total in 2010 and by Geovic (the only industrial mining company based in Cameroon) in 2014 had the direct effect of reducing participation by companies in the multi-stakeholder group (MSG), particularly for the mining sector.	Satisfactory progress	No comment
Civil society engagement (n° 1.3)	There is nothing to suggest that there are legal, regulatory or practical obstacles to civil society's ability to engage in the EITI and the ability of its members to function, communicate and cooperate freely with the broad constituency in respect of matters related to extractive companies or public finances. The existence of press articles critical of management by the government of the oil and gas sector shows that self-censorship is not a major concern. However, concerns about conflicts of interest related to per diems (see Requirement 1.4) seem to hinder the full, active and effective engagement of the broad constituency in implementation of the EITI. Nothing seems to suggest that civil society representatives in EITI Cameroon (the MSG and the Technical Secretariat) concert their action with their broad constituency. Some stakeholders also believe that capacity constraints have hindered the ability of civil society to use the EITI effectively as a tool to support public debate and reform in these crucial sectors.	Meaningful progress	Satisfactory (cf. concerning what the Validator considers to be shortcomings, see the clarifications in the document with comments by the Committee, together with all the attachments).



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Multi-stakeholder group (n° 1.4)	<p>Statutory rules pertaining to the structure and make-up of the MSG are unclear, and the lack of codification of the appointment procedures and the coordination mechanism for each constituency is a matter of concern (see Requirements 1.2 and 1.3). There is little to suggest that the MSG members from civil society and industry seek to represent the views of their broad constituencies. There appears to be a division within the civil society constituency, as some CSOs that are not directly involved in the Cameroon EITI consider that the civil society representatives in the MSG and the Technical Secretariat have been co-opted by the government (<i>see Requirement 1.3</i>). These divisions seem to hinder full, active and effective involvement of the broad constituency in the implementation of the EITI. There is little evidence that companies or federations represented in the MSG coordinate their actions with each other and forge contacts with the broader industry constituency, particularly in the artisanal and small-scale mining sector. There also appears to be little awareness of the EITI's objectives beyond the companies represented in the MSG. The ToRs of the multi-stakeholder group are outdated and do not comply with Requirement 1.4b, with significant discrepancies in practice. While there are no provisions allowing two constituencies to override the third in the MSG decisions, there seems to be no evidence that a MSG decision was made in any other way than by consensus. The lack of clarity regarding the per diem payment raises important issues related to the integrity of oversight by the multi-stakeholder group that need to be addressed, especially given the concerns of stakeholders regarding potential conflicts of interest caused by the practice of per diem payments.</p>	Inadequate progress	<p>Meaningful (cf. concerning what the Validator considers to be shortcomings, see the clarifications in the document with comments by the Committee, together with all the attachments).</p>
Work plan (n° 1.5)	<p>The MSG maintains a three-year work plan for the EITI, fully costed and consistent with the disclosure and validation schedules established by the EITI Board. The 2017-2019 work plan consists of measurable activities with definite time lines, and identifies the domestic and external sources of funding. However, while there are substantial elements of consultation in the design of the triennial work plan, nothing seems to indicate that it is updated more than every three years, apart from the exceptional update for 2016. Further, although the objectives of the EITI work plan are relatively aligned with EITI principles, they do not seem to sufficiently reflect national priorities for the extractive industries, given their focus on the practical aspects of implementation.</p>	Meaningful progress	<p>Satisfactory (cf. concerning what the Validator considers to be shortcomings, see the clarifications in the document with comments by the Committee, together with all the attachments). NB: The Committee regularly reviews the implementation of its work plan on an annual basis before proceeding with the preparation/adjustment of the work plan for the next annual period.</p>



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Table 2			
Legal framework and fiscal regime (2.1)	The 2014 EITI Report provides a general view of the environmental and fiscal legal framework for the mining, oil and gas sectors, including a description of the roles and responsibilities of relevant government agencies, the level of fiscal decentralisation, and a description of recent reforms. The report does not describe the impact of stabilisation clauses in PSAs on the overall fiscal framework for the oil and gas sector, but provides guidance on how to access a model PSA, which includes such stabilisation clauses.	Satisfactory progress	No comment
License allocations (n° 2.2)	The initial assessment of the International Secretariat states that Cameroon has made satisfactory progress towards meeting this requirement. The 2014 EITI Report describes the process for allocating and transferring licenses in the mining, oil and gas sectors. While its description of the regulatory process for license issue may seem difficult to understand (the "first come, first served" principle and the technical and financial criteria), all stakeholders who were consulted confirmed that this process reflected current regulations and considered that it had never been a problem in practice (no concurrent nominations). The Report does not specify the technical and financial criteria for licenses allocated by direct negotiation in 2014 and does not highlight any significant discrepancies in the allocation procedures for licenses awarded in 2014. However, it is possible to access a list of technical and financial regulatory criteria provided by the government (on request) and none of the stakeholders who were consulted expressed doubts about how mining, oil and gas licenses were allocated in 2014. Although it is not clear from reading the Report whether there were any license transfers in 2014, all stakeholders who were consulted agreed that there were no transfers of licenses during the year under review. It can therefore be considered that this Requirement was met, since there is no evidence of any transfers or discrepancies resulting from regulatory procedures for license allocations in the year under review.	Satisfactory progress	No comment
Register of licenses (n° 2.3)	The 2014 EITI Report gives the names of license holders, the dates of license allocation and expiry and the raw materials concerned for all mining, quarrying and oil and gas licenses active at the end of 2014, as well as for mineral exploration licenses allocated in 2014. Although Cameroon's new mining cadastre provides access to all the information required for mining licenses under Requirement 2.3, application dates and information are not publicly available for the 31 oil and gas licenses that were active in 2014. The five quarrying licenses, for which application dates are not publicly available, are not held by significant companies, which means that they are not strictly mandatory under Requirement 2.3.	Meaningful progress	Satisfactory (cf. concerning what the Validator considers to be shortcomings, see the clarifications in the document with comments by the Committee, together with all the attachments).
Contracts (n° 2.4)	The 2014 EITI Report is clear about the government's policy on the non-disclosure of contracts in the oil and gas sector; however, it remains vague regarding the mining sector, for which a general outline is given of the accessibility of "some" mining contracts on the websites of some companies, without stating the exact number of contracts accessible to the public.	Meaningful progress	No comment



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Beneficial ownership (n° 2.5)	The 2014 EITI Report clarifies the definition of beneficial ownership given by the MSG, and the government's disclosure policy is included in the three-year roadmap of EITI Cameroon regarding beneficial ownership. The government has included provisions regarding the disclosure of information on beneficial ownership in legislation governing the mining sector. However, the 2014 EITI Report does not disclose the names of four of the twenty significant companies and it does not seem that information on the legal ownership of companies in Cameroon is publicly available.		
State participation (n° 2.6)	The 2014 EITI Report considers state participation in the upstream mining, oil and gas sectors, lists upstream participation by the state in 2014, and provides an outline of financial relationships, in law and in practice, between state enterprises and the government in the oil and gas sectors, but does not do so for the mining sector or for the median and upstream oil and gas sectors. Although the report provides a general description of SNH's sovereign advances on behalf of the government, which were withheld at source from revenue of the state in kind, it provides sufficient detail on the allocation of expenditures that were specific to SNH. The report provides a description of the conditions associated with state participations in the mining sector, but not in the upstream oil and gas sector. The financial relationship between SONARA, SNH and the state is not described. Clarification of SNH's financial relationships with its subsidiaries and joint ventures is essential for understanding the basis of dividend payments by SNH and its subsidiaries to the government. The 2014 Report does not mention changes in state participation or any loans or guarantees granted by the government to SONARA.	Meaningful progress	Satisfactory (cf. concerning what the Validator considers to be shortcomings, see the clarifications in the document with comments by the Committee, together with all the attachments, particularly concerning the means of financing of the public treasury by SNH and financial relationships with SONARA; it appears that this public entity has the benefit of financial support FROM THE STATE BUT NOT FROM SNH).
Table 3			
Presentation of exploration activities (n° 3.1)	The EITI Report 2014 offers an outline of the extractive industries, including all major exploration activities.	Satisfactory progress	No comment
Presentation of production activities (3.2)	The 2014 EITI Report provides production volumes for oil, gas, condensate and six mineral raw materials produced in 2014, but it does not provide production values for natural gas or for three quarry products (used as building materials). While materials obtained by quarrying are of marginal importance, this is not the case for natural gas: although its production values are available in existing government systems (even if not accessible for the public), their absence is a matter of concern in view of the strategic importance of natural gas for Cameroon's energy security.	Meaningful progress	Satisfactory (cf. concerning what the Validator considers to be shortcomings, see the clarifications in the document with comments by the Committee, together with all the attachments).



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Presentation of export activities (n° 3.3)	In the past, the EITI Board has been of the opinion that exports from artisanal and small-scale mining by companies, being outside the scope of the EITI declaration, should not be taken into account for the purposes of assessing compliance with this Requirement. All of the stakeholders who were consulted confirmed that there was no industrial mining production in Cameroon. However, the lack of information on exports by small-scale, semi-mechanized mining operations is a matter of concern in view of sustained public attention to this matter, particularly among host communities and civil society. In light of the precedents outlined above and based on the initial assessment by the International Secretariat, Cameroon has made satisfactory progress to meet this Requirement. It can reasonably be claimed that Cameroon has gone beyond the minimum requirements by providing additional information on export figures disaggregated by company and by export market, as well as an assessment of the discrepancies between the export figures for the extractive sector provided by the government and those provided by the IMF.	Progress exceeding what is required by the Standard	No comment
Table 4			
Comprehensive disclosure of taxes and revenues (n° 4.1)	The MSG has agreed materiality thresholds for selecting companies and revenue streams. The 2014 EITI Report identifies and describes all companies with significant revenues and all revenue streams, names the three non-reporting companies, and assesses the materiality of their payments, which was estimated to be not significant. The Report also provides an exhaustive government statement of all significant revenues from companies with non-significant revenues.	Satisfactory progress	No comment
Revenues collected in kind (n° 4.2)	The 2014 EITI Report provides volumes of in-kind revenues of the state from oil, gas, condensate and gold, which were received in 2014, as well as state income from sales of revenue in-kind, but does not provide any information on volumes sold and does not disaggregate information on sales by the buyer.	Meaningful progress	Progress exceeding what is required by the Standard, regarding Requirement 3.3 (cf. concerning what the Validator considers to be shortcomings, see the clarifications in the document with comments by the Committee, together with all the attachments).
Infrastructure provisions and barter arrangements (n° 4.3)	Although the 2014 EITI Report does not provide any proof of the MSG's assessment, the Report states that there are no arrangements for infrastructure provisions or barter agreements in force in 2014.	Not relevant	Not relevant
Transportation revenues (n° 4.4)	Although the assessment by the MSG of the materiality of transportation revenues is not explicitly presented in the 2014 EITI Report, it is clear that the MSG has included transportation revenues within the scope of the reconciliation, and that the reconciliation of oil transit payments is presented in the 2014 EITI Report. Further information on transportation agreements, including the unit price of transit fees, is also provided.	Satisfactory progress	No comment



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Transactions related to state-owned enterprises (n° 4.5)	The 2014 EITI Report discloses payments by oil and gas companies to SNH and SNH payments to the government, while confirming the absence of payments by mining companies to SNI. However, this information in the Report is insufficient to determine the extent to which SNH transfers to other government entities constitute budgetary advances on behalf of the government. Even though stakeholders maintain that direct interventions by the SNH are budgetised expenditures, the understanding of the International Secretariat is that such interventions include some transfers of funds to other government entities, albeit limited in scope. This matter is further discussed below in the assessment of quasi-fiscal expenditures (Requirement 6.2).	Meaningful progress	Satisfactory (cf. concerning what the Validator considers to be shortcomings, see the clarifications in the document with comments by the Committee, together with all the attachments, particularly as concerns means of financing the public treasury by SNH and financial relationships with SONARA, to which SNH does not provide advances, contrary to what is indicated at several places in the Report (pages 8, 9, 11, 58, 60, etc.); it is important to emphasise that SNH does not provide financial advances to any public sector entity).
Subnational payments (n° 4.6)	The EITI Report 2014 confirms the centralised nature of government revenues from extractive companies, implying the absence of direct subnational transfers.	Not relevant	Not relevant
Level of disaggregation (n° 4.7)	The 2014 EITI Report presents reconciled financial data by recipient state entity, by company and by revenue stream. There is a partial EITI report for each project in Cameroon (for the oil and gas sector, not for the mining sector).	Satisfactory progress	No comment
Data timelines (n° 4.8)	Cameroon has regularly published EITI reports within two years after the end of the reporting year or years concerned.	Satisfactory progress	No comment
Data quality and assurance (n° 4.9)	The ToRs approved by the MSG for the Independent Administrator were in compliance with the forms approved by the Executive Board, and the recruitment of the Independent Administrator was approved by the MSG. There were no significant discrepancies in practice from the ToRs of the Independent Administrator. The MSG approved the reporting forms for the 2014 EITI Report as part of its approval of the scoping study. The Report includes a summary of the review by the Independent Administrator of the audit and assurance procedures and practices in 2014. The MSG approved the quality assurances required from reporting entities, and all but one of the companies and all government entities provided the assurances that were requested for their declaration. While the failure to publish detailed findings of the Audit Chamber regarding the 2014 EITI Report is disappointing, it is the understanding of the International Secretariat that these findings are regularly published by the Audit Chamber, although with some delay. The Report names the non-compliant company and assesses the materiality of its payments to the government, which are estimated to be insignificant. On this basis the Independent Administrator concludes that the data presented in the Report were exhaustive and reliable. Although the data summary tables for the 2014 EITI Report were not published at the time when Validation began (1 July 2017), there is evidence that the Independent Administrator has prepared data summary tables for the 2014 EITI Report and that these will be published once they have been compiled in a final version.	Satisfactory progress	No comment



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Table 5			
Revenue allocations (n° 5.1)	The position of the multi-stakeholder group is that deductions made by SNH from in-kind state revenues in order to pay for direct interventions on behalf of the Treasury represent a form of budgetary expenditure. The 2014 EITI Report explains how extractive revenues are recorded in the national budget and how a small portion of extractive revenues is retained by individual government entities such as CAPAM. However, the process for determining which direct interventions of the SNH correspond to specific budgetised expenditures is not clearly explained. The International Secretariat considers, as do other institutions such as the IMF, that SNH's direct interventions are not a normal form of budgetised expenditure and are in breach of the principle of a single Treasury account. In this respect, the 2014 EITI Report does not sufficiently explain the types of expenses covered as direct interventions by the SNH, nor how expenditures to be covered by the SNH are delimited. In view of the materiality of direct interventions by the SNH, which account for about a quarter of the total extractive revenues of the government in 2014, the assessment of the International Secretariat is that the broader objective of the Requirement has not been achieved.	Meaningful progress	Satisfactory (cf. concerning what the Validator considers to be shortcomings, see the clarifications in the document with comments by the Committee, together with all the attachments, particularly as concerns means of financing the public treasury by SNH as recorded in the framework of relations with the IMF).
Subnational transfers (n° 5.2)	The 2014 EITI Report describes regulated subnational transfers related to extractive industry revenues and provides the general formula for calculating transfers. However, calculations of the value of subnational transfers using the formula are provided as aggregate data, and are not disaggregated by local government units (LGUs). It is not clear why the LGU calculations are not disaggregated, since the value of subnational transfers in 2014 was disaggregated by LGUs. In view of the significance of the aggregated discrepancies and the possibility that the aggregates compensate for discrepancies by municipality, the International Secretariat considers that the broader objective of traceability of subnational transfers has not been achieved.	Inadequate progress	Meaningful (cf. concerning what the Validator considers to be shortcomings, see the clarifications in the document with comments by the Committee, together with all the attachments).
Revenue management and expenditures (n° 5.3)	It is encouraging to note that the MSG has, to a certain extent, tried to include in the EITI Report information regarding the process of budget design and revenue allocations.		
Table 6			
Social expenditures by extractive companies (n° 6.1)	The 2014 EITI Report confirms the existence of mandatory social expenditures and discloses the nature and value of mandatory social expenditures, as well as identifying beneficiaries. It is reasonable to claim that Cameroon has gone beyond the minimum requirements by providing additional information on discretionary social spending, which is something that the EITI Standard encourages.	Progress exceeding what is required by the Standard	No comment



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Quasi-fiscal expenditures by state enterprises (n° 6.2)	The 2014 EITI Report does not contain sufficient information to determine whether the assessment, made in the Report, there were no quasi-fiscal expenditures in 2014 is correct and reliable. In view of the lack of clarity surrounding the types of expenditures covered by SNH's direct interventions and the doubts expressed regarding Requirement 5.1 related to classification by the MSG of these expenditures as budgetary expenditures, the applicability of Requirement 6.2 in Cameroon is difficult to determine for the reporting year. The MSG has examined this issue and has included questions related to quasi-fiscal expenditure in the reporting forms, although the 2014 EITI Report does not define a basis for a subsequent conclusion whereby this Requirement would not be applicable. The lack of information on the structure of fuel subsidies in respect of SONARA, the financial relationship between SNH and its subsidiaries, as well as the materiality of revenues retained by SNH to cover government expenditures all support the initial assessment of the International Secretariat (according to which Cameroon has made inadequate progress in meeting this Requirement).	Inadequate progress	INAPPLICABLE (cf. concerning what the Validator considers to be shortcomings, see the clarifications in the document with comments by the Committee, together with all the attachments, particularly as concerns means of financing the public treasury by SNH as recorded in the framework of relations with the IMF; it is clear from all this documentation that direct interventions of SNH are budgetary expenses, the implementation process of which is completely codified and overseen by the IMF; also direct interventions by SNH are clearly shown in documents, which regularly inform the public of implementation of the state budget).
The contribution of the extractive sector to the economy (n° 6.3)	The EITI Report 2014 indicates, in absolute and relative terms, the contribution of extractive industries to GDP, government revenues, exports and employment, although it specifies the declaration of employment levels only for enterprises with significant revenues. Nevertheless, the results of the declaration of the employment levels of companies with significant incomes in absolute terms are encouraging, even if this is not likely to give the exhaustive figures of employment in absolute terms. The report also provides an overview of the location of production and an estimate of informal activities.	Satisfactory progress	No comment
Table 7			
Public debate (n° 7.1)	The MSG has made efforts to ensure that EITI Reports are understandable and accessible online. The MSG has agreed a policy on access, publication and reuse of EITI data. There is evidence that civil society organisations and the technical and permanent secretariats are leading actions to disseminate the EITI Report and are encouraging public debate about the mining sector. However, lack of funding has limited awareness-raising activities beyond the capital in recent years, and there is only limited proof of attempts by the MSG to promote the use of EITI data in the public debate concerning the extractive industries. There does not appear to have been any dissemination of the 2014 EITI Report beyond the capital since its publication in December 2016.	Meaningful progress	No comment
Data accessibility (n° 7.2)	As of 1 July 2017, the data of all EITI reports for Cameroon, with the exception of the most recent, for 2014, are available in machine-readable format via the EITI Cameroon country page on the EITI global website.		



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Discrepancies and recommendations from EITI reports (n° 7.3)	There is evidence that the recommendations have been discussed at MSG meetings, that follow-up mechanisms are in place, that discrepancies highlighted by EITI Reports are reviewed to identify their origin and that implementation of recommendations has improved EITI reporting and the disclosure of data regarding the sector.	Satisfactory progress	No comment
Outcomes and impact of EITI implementation (n° 7.4)	The MSG has produced annual progress reports that provide a summary of the activities carried out and present the strengths and weaknesses of the EITI process. Although the annual progress report as such constitutes only a fragmentary assessment of the impact of EITI implementation, it can be complemented by other MSG documents. However, the annual progress report does not measure progress made in meeting the objectives of the work plan, nor does it provide a clear picture of efforts made by the MSG to act on the recommendations of the reconciliation process and of validation.	Meaningful progress	Meaningful (cf. concerning what the Validator considers to be shortcomings, see the clarifications in the document with comments by the Committee, together with all the attachments).

OBSERVATIONS OF THE CAMEROON EITI FOLLOW UP COMMITTEE ON THE DRAFT VALIDATION REPORT

I- KEY DATES FOR THE SECOND CAMEROON EITI VALIDATION

The second Cameroon EITI validation was conducted on the basis of new requirements. With effect from February 2016, the EITI Board adopted a validation system the goal of which is to provide all stakeholders with an impartial evaluation of the degree of compliance of EITI implementation with the requirements of the EITI Standard. The Validation Report examines the outcomes and impact of EITI, the implementation of the activities encouraged by the Standard, the lessons learned from its implementation and any concerns raised by stakeholders, formulating recommendations for future more effective or compliant implementation.

Period covered by the 2nd Validation: 17 October 2013 to 30 June 2017

Milestones and key dates in the process of the 2nd EITI Validation for Cameroon:

- **1 July 2017:** start of the 2nd EITI Validation

The revised system of validation comprises the four phases shown below:

- **1. Preparation of the validation:** from the day following 17 October 2013
- **2. The collection of data carried out by the International Secretariat:** In three stages/phases:
 - Desktop study, in **September 2017**
 - Visit to the country, conducted from **02 to 06 October 2017**. A field mission of the International Secretariat of the EITI led by Mr Alex Gordy.
 - Evaluation of progress against the Requirements. The initial evaluation report of the International Secretariat was forwarded to the firm Adam Smith International, on **20 December 2017**.
- **3. The Independent Validation.** The Validator forwarded the draft Validation Report to the International Secretariat on **9 January 2018**, which in turn forwarded it to the Technical Secretariat of EITI-Cameroon, on **17 January 2018**.
- **4. The review by the EITI Board** Pending

It is important to emphasize that the International Secretariat appears to have amended the validation procedure currently ongoing for Cameroon. Contrary to the provisions of the Validation Guide, the Initial Data Collection Report (hereinafter referred to as initial evaluation report, IER) produced by the International Secretariat was forwarded immediately to the Validator. It was on the basis of that report that the Validator, Adam Smith International, produced the Draft Validation Report (DVR) forwarded to our country in January 2018 and upon which Cameroon is to bring its clarifications and points. To ensure the proper conduct of this clarification task, an ad hoc group was established.

II- COMPOSITION OF THE AD HOC GROUP

1. **Team leader:** Mr Sylvanus BINLA (civil society)

Members:

2. Mr Charles NGUINI (civil society)
3. Mr Abdoul WAHABI MALIKI (civil society)

4. Mr Bernard DONGMO (civil society)
5. Mr Serges BOYOGUENO (Ministry of Mines, Industry and Technological Development, MINMIDT)
6. Mr Clotaire KOUAKEP (MINMIDT)
7. Mr Mohamadou BACHIROU (Ministry of Finance/Directorate General of the Treasury, Financial and Monetary Cooperation, MINFI/DGTCFM)
8. Mr Grégoire MEBADA (Ministry of Economy, Planning and Regional Development/Technical Monitoring Committee, MINEPAT/CTS)
9. Mr John KINYUY (Ministry of Finance/Directorate General of Taxation, MINFI/DGI)

Rapporteurs:

10. Ms Corine AHOUE (permanent staff of Technical Secretariat)
11. Mr Michel BISSOU (permanent staff of Technical Secretariat)

III- MANDATE OF THE AD HOC GROUP

- To formulate clarifications on the Requirements that are noted in the draft as being "not met"; that is, those for which Cameroon has made either "insufficient progress" or "significant progress".
- To propose an action plan for corrective measures with regard to the recommendations made in draft form by the Validator.

IV- SUMMARY OF DRAFT VALIDATION REPORT PRODUCED BY ADAM SMITH INTERNATIONAL

Of the 33 Requirements of the EITI Standard 2016 that form the evaluation matrix for EITI countries, the scoring by the Validator states that:

- **Two** are not applicable to Cameroon: Requirement 4.3 (barter arrangements) and 4.6 (direct subnational payments);
- **Three** were not taken into account in the evaluation of compliance. These are Requirements 2.5 (beneficial ownership), 5.3 (revenue management and expenditures) and 7.2 (data accessibility);
- **Twelve** Requirements were evaluated as "met": 1.1 (government engagement), 1.2 (industry engagement), 2.1 (legal framework), 2.2 (license allocations), 3.1 (information about exploration activities), 4.1 (comprehensiveness), 4.4 (transportation revenues), 4.7 (level of disaggregation), 4.8 (data timeliness), 4.9 (data quality), 6.3 (economic contribution) and 7.3 (follow-up on recommendations);
- **Two** Requirements were scored as "exceeded": Requirement 3.3 (export data) and Requirement 6.1 (mandatory social expenditures);
- **Fourteen** Requirements were not fully met by Cameroon, even though a distinction needs to be made internally between the three Requirements that were evaluated as "not met" and the total of eleven Requirements that were evaluated as "significant".

On page 1 of the Draft Validation Report, the Validator states that it: "agrees with the preliminary assessment of the Secretariat to the effect that Requirements 1.3 (civil society engagement), 1.4 (MSG governance), 1.5 (work plan), 2.3 (license register), 2.4 (policy on contract disclosure), 2.6 (state participation), 3.2 (production data), 4.2 (revenues collected in kind), 4.5 (SOE transactions), 5.1 (distribution of revenues), 5.2 (subnational transfers), 6.2 (SOE quasi-fiscal expenditures), 7.1 (public debate) and 7.4 (outcomes and impact of implementation) are not fully met by Cameroon".

All of which led the Validator to make fifteen (15) draft recommendations for Cameroon.

V- METHODOLOGY OF AD HOC GROUP

The ad hoc group chose not to dwell on the typos in the aforementioned draft validation documents. To prepare this report, the ad hoc group used the 8-page draft Validator's Report prepared by Adam Smith International and the 151-page Initial Data Collection Report prepared by the International Secretariat. This was on the understanding that the Validator stated that it was "**in agreement with the Initial Evaluation Report**" produced by the International Secretariat.

The first working meeting decided upon the following calendar:

Monday 5 February 2018 at 15.00: Meeting to make contact, to plan working sessions and to adopt a working methodology, in order to provide clarifications on the fourteen Requirements scored in the draft as being "not met".

Tuesday 6 February 2018 at 10.00: working meeting at Bastos headquarters.

Wednesday 7 February 2018 at 10.00: working meeting at Bastos headquarters; finalization of ad hoc group report and forwarding of said report to Technical Secretariat.

VI. SUMMARY TABLE OF CLARIFICATIONS MADE BY THE COMMITTEE WITH RESPECT TO REQUIREMENTS CLASSIFIED BY THE VALIDATOR IN THE DRAFT DOCUMENT AS "NOT MET"

VI.1. REQUIREMENTS SCORED AS "NOT MET"

EITI Requirements			Clarifications and points made by EITI Committee
Category	Requirement	Weaknesses and gaps opposed to Cameroon	
Oversight by the multi-stakeholder group	MSG governance (1.4)	<p>The International Secretariat’s initial assessment is that Cameroon has made inadequate progress towards meeting this requirement. The statutory rules for the MSG’s structure and membership are not clear and the lack of codification of nominations procedures and coordination mechanism for each constituency are a concern (<i>see Requirements 1.2 and 1.3</i>). There is little evidence that MSG members from civil society and industry seek to represent the views of their broader constituencies. There appears to be a split within the civil society constituency, with certain CSOs not directly involved in EITI Cameroon considering that civil society represented on the MSG and the Technical Secretariat have been co-opted by the government (<i>see Requirement 1.3</i>). These divisions appear to hamper the broader constituency’s full, active and effective engagement in EITI implementation. There is little evidence to suggest that companies or federations represented on the MSG coordinate among themselves and engage with the broader industry constituency, particularly in the artisanal and small-scale mining sector. There also appears to be little awareness of EITI objectives beyond companies represented on the MSG. The MSG’s ToR are outdated and are not in line with Requirement 1.4.b, with significant deviations in practice. While there are no provisions for any two constituencies over-ruling the third in MSG decisions, there is no evidence of any MSG decision having been taken any other way than by consensus thus far. The lack of clarity on the payment of per diems raises questions about the integrity of the MSG’s oversight that need to be addressed, particularly given stakeholder concerns over potential conflicts of interest caused by the per diems practice.</p> <p>In accordance with Requirement 1.4, the MSG should update its internal governance rules to cover all provisions of Requirement 1.4.b and publish procedures for nominating and changing MSG representatives, including the duration of mandates. In accordance with Requirement 1.4.b.vi, the MSG must clarify the practice of per diems for attending EITI meetings or other payments to MSG members to ensure that there is no conflict of interest. The MSG may wish to consider keeping public attendance records and posting MSG minutes online. The industry constituency may wish to consider establishing constituency guidelines and mechanisms to ensure coordination of mining, oil and gas companies as a constituency. The MSG may also wish to increase their engagement with Douala-based companies to ensure that their views are taken into account and that they are aware of the work of the MSG and the achievements of EITI Cameroon. The industry constituency could consider liaising with CCIMA or GICAM to ensure that the views and interests of quarries and artisanal and small-scale mining are better represented on the MSG, considering the important public interest on this sub-sector. The civil society constituency may wish to take steps towards broad and full civil society participation. This could be achieved by adopting a constituency-wide code of conduct, which could serve as a basis to set out a process for civil society nominations to the MSG and to clarify the roles and responsibilities of CSO representatives on the MSG and the Technical Secretariat.</p>	<p>The draft Decree pending signature and the Rules of Procedure consistent with the aforementioned draft Decree will enable the Committee to make an effective response to the various recommendations of Requirement 1.4. (see draft Decree)</p> <p>With regard to CSOs, a range of activities have taken place over the reference period and a set of documents has been produced:</p> <ul style="list-style-type: none"> - Good practice guide for consultation with civil society followed by the code of ethics for the use of Cameroonian civil society organizations concerned in implementation of the EITI (DMJ and AGAGES, 2013); http://www.worldyoungpeoplecm.org/index.php/fr/osc-itie-dmj-public-un-livret-danalyse-critique-experimentale-des-rapports-itie-cameroun - Guide to the reading and analysis of EITI Reports, to help members of the public access the content of EITI Reports and act in a reasoned manner (PWYP and DMJ, 2017); http://www.worldyoungpeoplecm.org/index.php/fr/osc-itie-le-guide-de-bonnes-pratiques-de-concertation-entre-les-osc - "En Toute Transparence" (Full Transparency) magazine (Cameroon PWYP Coalition); - Project to establish a system for representation of CSOs to improve EITI-Cameroon MSG governance. This project was placed on hold due to lack of funding;

			<p>- Etc.</p> <p>Regarding awareness-raising, in 2014 civil society held regional seminars to raise young people's awareness of EITI, in the regions of the South (Ebolowa), the East (Bertoua, on 23 and 24 January 2014), the North (Garoua, 15 April 2014) and the North-West (Bamenda).</p> <p>(Source: http://www.banquemondiale.org/fr/news/feature/2014/04/15/les-jeunes-camerounais-en-premiere-ligne-du-combat-visant-a-promouvoir-la-transparence-dans-les-industries-extractives).</p> <p>It should also be noted that as part of the work of the expanded college of civil society, some NGOs that are not members of the Committee organized training workshops on the EITI Standard and carried out studies on implementation of the Initiative in Cameroon. This was RELUFA, with its study, "ITIE et Gouvernance Minière au Cameroun : Entre rhétorique et réalité (2014) (English title: "EITI and mining governance in Cameroon: between rhetoric and reality").</p> <p>It is possible to read about other civil society activities on the websites of the World Bank, DMJ, NRCI and RELUFA.</p>
<p>ALLOCATION OF REVENUES</p>	<p>Subnational transfers (5.2)</p>	<p>The International Secretariat's initial assessment is that Cameroon has made inadequate progress towards meeting this requirement. The 2014 EITI Report describes statutory subnational transfers linked to extractives revenues and provides the general formula for calculating transfers. However, the calculations of the value of subnational transfers according to the formula are provided in aggregate, not disaggregated by local government unit (LGU). It is unclear why the computations are not disaggregated by LGU, while the value of actual subnational transfers in 2014 was disaggregated by LGU. Given the significance of aggregate discrepancies and the potential for aggregates to net out discrepancies at a per-commune level, the International Secretariat considers the broader objective of subnational transfer traceability as unmet.</p> <p>In accordance with Requirement 5.2, Cameroon should undertake a more explicit assessment of the materiality of subnational transfers prior to data collection and ensure that the specific formula for calculating transfers to individual local governments be disclosed, to support an assessment of discrepancies between budgeted and executed subnational transfers. Given the high level of public interest in this issue, the MSG may wish to consider including extractives-hosting local government (communes) in the reporting process for subnational transfers in order to reconcile these transactions.</p>	<p>In light of the weaknesses identified in the initial evaluation:</p> <p>- The Committee adopted the recommendations made by the ad hoc group set up in June 2017 responsible for making an in-depth study of the issue of subnational transfers. 1. As of now, the system for the collection and distribution of taxes is already in operation in the DGI's MESURE application. What is now needed is to provide an interface with the DGTFCM's CADRE application to ensure the accuracy of the accounting records.</p> <p>2. With regard to MINMIDT, the devolved services already have standard templates in operation for the following documents:</p>

			<p>i. Monthly declaration of production of mining products, mineral waters and spring waters, statement of sums due and distribution of ad valorem tax;</p> <p>ii. Monthly declaration of production of mining products, mineral waters and spring waters, statement of sums due and distribution of extraction tax;</p> <p>iii. Statement of payment of surface tax for the first year.</p> <p>3) The ad valorem tax and the extraction tax are already distributed to different beneficiaries by the Finance Act of 2018. It was on this basis that the forms mentioned above were developed (see http://minfi.gov.cm/images/documents/loi_des_finance_2018.pdf)</p> <p>4) Raising the awareness of taxpayers around proper completion of tax declarations (paper and online) from the second year of validity of the title (See annex: Correspondence from MINMIDT to Director of Mines of 20 October 2017 with regard to: "Payment of royalties due by mining companies").</p>
<p>Socioeconomic contribution</p>	<p>SOE quasi-fiscal expenditures (6.2)</p>	<p>There is insufficient information in the 2014 EITI Report to assess whether the report's own assessment that there were no quasi-fiscal expenditures in 2014 is correct and reliable. Given the lack of clarity surrounding the types of expenditures covered by SNH sovereign advances and the doubts raised under Requirement 5.1 related to the MSG's classification of this spending as budgeted spending, it is unclear whether Requirement 6.2 is applicable to Cameroon in the year under review. The MSG has considered this issue and included questions related to quasi-fiscal expenditures in the reporting templates, although there is no description in the 2014 EITI Report of the basis for concluding this Requirement as not applicable. The lack of information on the structure of fuel subsidies, the financial relationship between SNH and its subsidiaries, and the materiality of revenues withheld by the SNH to cover government expenditures supports the International Secretariat's initial assessment that Cameroon has made inadequate progress in meeting this requirement.</p> <p>In accordance with Requirement 6.2, Cameroon should consider the existence and materiality of any quasi-fiscal expenditures undertaken by extractives SOEs and their subsidiaries, ensuring that all material quasi-fiscal expenditures are publicly disclosed.</p>	<p>According to the EITI Standard, quasi-fiscal expenditures include agreements through which state-owned enterprises undertake social expenditures such as payments for social services, public infrastructure, subsidies for fuels or for servicing the national debt, etc., ... external to the national budget process. Upon reading this definition, SNH makes no quasi-fiscal expenditures and there is no lack of clarity around the types of expenditures covered by direct interventions by SNH that form part of Governmental expenditure. The issue is one of emergency payments made by SNH on behalf of the Government, essentially to cover exceptional expenditure for sovereignty and security. This information is publicly available. For further information, please consult the technical memorandum of understanding of the Memorandum of Economic and Financial Policies (MPEF) and the IMF supported by the extended</p>

credit facility, for the period 2017-2018. See pages 77 to 83 via the following link:

http://www.imf.org/external/ns/search.aspx?hdCountrypage=&NewQuery=m%C3%A9morandum+de+politique+%C3%A9conomique+et+financi%C3%A8re+du+Cameroun&search=Rechercher&filter_val=N&col=SITFRA&collection=SITFRA&lan=fra&iso=&requestfrom=&countryname=&f=

- With regard to oil resources, these are clearly defined, as are direct interventions in the MPEF, as the sum of the transferable balance of the SNH and of the tax on oil and gas companies' revenues.
- Oil revenues forecasts are determined on the basis of the assumptions shown in the various Finance Acts (see, for example the 2014 Finance Act). This information is publicly available for the 2015 fiscal year, for example, at: [Rapport situation et perspectives économiques, sociales et financières de la nation](#).

Since 2017, these oil receipts and the amounts of direct interventions are shown in the MPEF accessible by the above link. (see table 1 on page 70 of the MPEF). The same information on the amounts of oil revenues, that is, the royalties and direct interventions are shown in broken-down form in the Public Finances Dashboard (TABORD) in table M7, which shows what is forecast in the Finance Act and the level of budget spending.

- The accounts of SNH are certified by an internationally reputed firm. All these tables are published on the SNH website and passed to the IMF ([see www.snh.cm](http://www.snh.cm)).

From all of the above, it is clear that there is no question of vagueness, in these circumstances.

			<p>The Government, in consultation with TFPs, has decided on a price formula that is used to calculate the price of fuel at the pump, On the basis of this price formula, the Government, through the Hydrocarbons Prices Stabilization Fund (CSPH) publishes each month the price structure of fuel at the pump (see the national bilingual daily, the Cameroon Tribune, and the CSPH website, www.csph.cm). It is on the basis of this price structure that a decision is made on whether or not to provide a subsidy for <u>fuel at the pump</u>. And it is the State that pays for the subsidy at the pump. The issue is one of a loss of earnings by SONARA arising from the application of the price formula. Regarding commercial relations between SNH and SONARA, it must be stated that the loads that SONARA buys from SNH (approximately 10%) are not subsidised. They are sold at the same price as on the world market. It must be stated here that since 2014, in order to avoid any late payment by SONARA, it has been agreed that SNH would no longer sell direct to SONARA but to ADDAX-Energy. The aim of this is to ensure that ADDAX Energy pays within 30 days of delivery. SNH does not grant any facility to SONARA and does not give it any subsidy.</p> <p>No institution, including the IMF, has found any expenditure of this nature in Cameroon. SNH is a group. It has holdings in various companies in the oil, para-oil and related sectors. The SNH portfolio comprises 12 enterprises (see SNH website www.snh.cm).</p>
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VI.2- REQUIREMENTS CLASSED AS "SIGNIFICANT"

EITI Requirements			
Category	Requirement	Insuffisances, omissions, lacunes opposées au Cameroun	Clarifications and points made by EITI Committee
Oversight by the multi-stakeholder group	Civil society engagement (1.3)	<p>The International Secretariat’s initial assessment is that Cameroon has made meaningful progress in meeting this requirement. There is no evidence of any legal, regulatory or practical barriers to civil society’s ability to engage in EITI nor to their ability to freely operate, communicate and cooperate with the broader constituency in relation to extractives or public finance issues. The existence of press articles critical of the government’s management of the oil and gas sector help illustrate that self-censorship is not major concern. MSG meeting minutes and stakeholder consultations showed no restraints on civil society’s ability to be actively engaged in the EITI. However, concerns over conflict of interest linked to per diems (<i>see Requirement 1.4</i>) appear to hamper the broader constituency’s full, active and effective engagement in EITI implementation. There is limited evidence of civil society actors directly represented in EITI Cameroon (the MSG and Technical Secretariat) liaising with their broader constituency. Some stakeholders also consider that capacity constraints have hindered civil society’s ability to effectively use the EITI as an instrument to support public debate and reform in these critical sectors.</p> <p>In accordance with Requirement 1.3.a, civil society must be fully, actively and effectively engaged in the EITI process. To strengthen implementation, the civil society constituency may wish to consider undertaking a capacity needs assessment and formulating actions to address civil society capacity constraints, not least to unlock funding from development partners and more effectively support EITI dissemination and outreach.</p>	<p>Pending adoption of a regulatory text devoted to the EITI in Cameroon, the Allowances Committee applies the provisions of Circular 006/CAB/PM of 27 May 2010 on the determination of allowances of members of committees and technical secretariats (see annex). This is applicable to session allowances plus transport costs and other costs related to work between sessions (internet, communication costs). There are no daily allowances, but session allowances.</p> <p>For the TS, it has been agreed to pay them a quarterly flat rate in order to minimize costs. The TS meets more than the Committee. In compliance with the provisions of the Prime Ministerial Circular mentioned above, the amount of the allowance would be higher.</p> <p>On CSO consultation within the Committee and Technical Secretariat with the broadened college, CSOs in Cameroon are organized by area and theme. Very few CSOs work on the issue of the extractive industries. The essential part of these CSOs belong to PWYP or are represented within PWYP. In the course of the period under review, several meetings took place between CSOs (see meetings with DMJ, Transparency International, etc.). A consultation workshop on the code of conduct within civil society was held during the period under review. Except that implementation of this project encountered financial constraints, and it is on hold pending publication of the new Decree (see project to establish a system for representation of CSOs to improve EITI-Cameroon MSG governance). The project to develop and adopt ways of appointing involved or interested members of civil society exists. (See annex).</p> <p>There is no conflict of interest within civil society. For example, the civil society organizations outside the Committee are also invited to take part in capacity-</p>

			building activities organized by the Committee (see records of capacity-building sessions).
	Work plan (1.5)	<p>The International Secretariat’s initial assessment is that Cameroon has made meaningful progress towards meeting this requirement. The MSG maintains a triannual EITI work plan, that is fully costed and aligned with the reporting and Validation deadlines established by the EITI Board. The 2017-2019 work plan includes measurable and time-bound activities, identifies domestic and external sources of funding. However, while there is evidence of consultations in developing the triannual work plan, there is no evidence that it is updated more than every three years, aside from the exceptional annual update for 2016. In addition, while the objectives of the EITI work plan are somewhat aligned with the EITI Principles, they do not seem to sufficiently reflect national priorities for the extractive industries given their focus on the practicalities of implementation.</p> <p>In accordance with requirement 1.5, the MSG should agree a work plan that is linked to national priorities and is revisited annually to take account of changing conditions and opportunities. Clearer links to national discussions and priorities will encourage more relevance of EITI information to popular demand and could help mobilise additional resources.</p>	<p>The work plan adopted by the MSG is consistent with the national priorities in the Strategy Paper for Growth and Employment (DSCE) and the requirements of the EITI Standard, such as the modernization of the mining cadastre and its publication on line, the monitoring of subnational transfers, awareness and communications campaigns on the EITI and its implementation in Cameroon, the improvement of transparency of public policies, etc. These outreach campaigns are the subjects of several dissertations and research studies in universities.</p>
Licenses and contracts	Register of licenses (2.3)	<p>The International Secretariat’s initial assessment is that Cameroon has made meaningful progress towards meeting this requirement. The 2014 EITI Report provides, for all mining production, quarrying, oil and gas licenses active at the end of 2014 as well as mining exploration licenses awarded in 2014, the names of license-holders, dates of award and expiry as well as the commodity(ies) covered. While Cameroon’s new online mining cadastral portal provides access to all information mandated under Requirement 2.3 for mining licenses, there is no publicly available register or cadastre system for the oil and gas sector. The dates of application and coordinates are not publicly accessible for the 31 oil and gas licenses active in 2014.</p> <p>In accordance with Requirement 2.3, Cameroon is required to maintain a publicly available register or cadastre system(s) with timely and comprehensive information regarding each of the licenses pertaining to oil and gas companies. In the absence of a public register the MSG should ensure that dates of application and license coordinates are disclosed for all licenses held by material companies.</p>	<ul style="list-style-type: none"> - The special register of hydrocarbons is held in the Ministry responsible for mines (MINMIDT) in its Sub-directorate of Hydrocarbons and is available to anyone who wishes to consult it. - The national hydrocarbons mining domain is available on the SNH website (www.snh.cm). Existing mining titles, free blocks and blocks under negotiation are accessible there. - Free blocks are assigned either by tender or by private contract and the coordinates of the blocks in question are available in the tender documents and additional information may be consulted at the Oil Information Centre of the National Hydrocarbons Company (SNH). For example, SNH launched invitations to tender on free oil blocks (www.snh.cm). - It should be borne in mind that the geographical coordinates of the titles assigned, the dates of assignment and of expiry are available in the special register of mining titles mentioned above.
	Policy on the disclosure of contracts (2.4)	<p>The International Secretariat’s initial assessment is that Cameroon has made meaningful progress towards meeting this requirement. The 2014 EITI Report is clear on the government policy on non-disclosure of contracts in the oil and gas sector, it remains vague as regards to the mining sector, generally describing the availability of “some” mining contracts on certain companies’ websites, without providing the exact number of contracts accessible to the public. Significant aspects of this requirement have been implemented but the underlining objectives have not been achieved.</p>	<p>The Committee has described national policy in respect of disclosure of contractual clauses (see 2014 EITI Report). Even so, some of the extractive companies in Cameroon, particularly due to their involvement in the</p>

	<p>In accordance with Requirement 2.4, Cameroon should ensure that the government's policy on contract disclosure is clear and public, rather than commenting on the existence of specific contractual terms hindering the disclosure of contracts, and comment on actual practice of contract disclosure in the mining, oil and gas sectors.</p>	<p>stock market and to the transparency rules in their countries of origin, publish contracts.</p> <p>With regard to the mining sector, all licenses are available. To date, the five operating licenses are available at the mining cadastre site, as laid down in article 45(3) of the Mining Code. (http://portals.flexicadastre.com/cameroon/fr/). In respect of agreements, three have been signed, with Géovic, C&K Mining and CamIron. None of these agreements is in operation to date. These agreements were signed before 2016, the year in which the Mining Code took the EITI Standard into account.</p> <p>The EITI Committee recalls for information that the EITI Standard does not require the disclosure of contracts, but encourages it, hence its surprise that Validation should cover a Requirement that is "encouraged".</p>
<p>State participation (2.6)</p>	<p>The International Secretariat's initial assessment is that Cameroon has made meaningful progress in meeting this requirement. The 2014 EITI Report covers state participation in the upstream mining, oil and gas sectors, lists upstream state participations in 2014 and provides an overview of the financial relations, statutory and in practice, between SOEs and the government in the oil and sector. The report confirms that SNH-Mandat (State mandate) and SNH-Fonctionnement (operator) are audited separately and annually, noting that the 2014 audited accounts are available on the SNH website. The report provides a general description of SNH's sovereign advances on behalf of government, withheld from the state's in-kind revenues, and it provides sufficient detail on the allocation of specific expenditures to SNH (<i>see Requirement 5.1</i>). The report provides an overview of terms associated with state interests in the mining sector, but not in upstream oil and gas. The financial relationship between the SONARA, SNH and the state is not described. The 2014 EITI Report does not refer to any changes in state participation in 2014 nor to any loans or guarantees provided by the government to any extractives company (e.g. SONARA).</p> <p>In accordance with Requirement 2.6, Cameroon should ensure that there is a publicly-available comprehensive list of extractives companies in which the government, or any SOE, holds equity and the specific level of government ownership (and any change in the year under review). It should also work with government stakeholders to clarify the rules and practice related to the financial relationship between SOEs such as the SNH and its subsidiaries and the government as well as the existence of any loans or loan guarantees from the state or any SOE to companies operating in the mining, oil and gas sectors. The MSG may wish to integrate its approach to addressing this corrective action with (Section C) Article 23 of its July 2017 IMF extended credit facility agreement related to the SNH.</p>	<p>- In the oil sector, during the exploration phase, the State bears no share of the costs of this phase. In the event of an economically viable find, a State participation agreement is signed between the State and the co-contracting enterprise. This agreement clearly defines the State participation, it being SNH-Mandat that holds the State shares in this association.</p> <p>The SNH operations component holds 29.91% of the share capital of SONARA. In this capacity, its sits on the Board of Directors and received this company's dividends until 2008. The 2009 dividend was not distributed, but was used in the partial recapitalization of 2016.</p> <p>The SNH-Mandat component also sells its EBOME and KOLE light crude to SONARA at international market price. This accounts for approximately 10% of its sales. In light of the delayed payments of its invoices of 2013, SNH suspended its sales to SONARA. Also, just one load was sold to this company in 2014. Payment arrears for 2013 to 2014 amounted to 28.3 billion FCFA. Mindful of these payment arrears, SNH decided to stop selling crude oil direct to SONARA but through a trader that pays it at 30 days from date of delivery, like its other clients.</p>

			<p>In conclusion, SNH, a shareholder in SONARA, has not, to date, made any transfer in the form of subsidy to the latter company.</p> <p>- In the mining sector, in the event of an economically viable deposit, the State has the right to a 10% share free of charge. Excepting quarry operations, no industrial mine with an assignable license has appeared in Cameroon; one cannot, therefore, speak of a dividend paid to the Treasury, for example, or of changes in State participation or of loans or warranties granted by the Government to any extractive industry company.</p> <p>- In the oil sector, the detailed list of extractive companies in which SNH holds shares is accessible on the SNH website (www.snh.cm).</p> <p>These problems were addressed in the 2015 EITI-Cameroon Report.</p>
Production monitoring	Production data (3.2)	<p>The International Secretariat's initial assessment is that Cameroon has made meaningful progress in meeting this requirement. The 2014 EITI Report provides production volumes for oil, gas, condensate and six mineral commodities produced in 2014, but does not provide production values for natural gas nor three quarrying products (used as construction materials). While quarrying materials are marginal, the lack of natural gas production values despite their availability in existing government systems (albeit not publicly-accessible) is of concern given the strategic importance of natural gas to Cameroon's energy security.</p> <p>In accordance with Requirement 3.2, Cameroon should ensure that the production value of each mineral commodity (particularly natural gas) produced in the year(s) under review is publicly available. The MSG may also wish to explore opportunities for publishing volumes, values and pricing data in a routine manner online, drawing on data from MINMIDT, CAPAM and SNH.</p>	<p>Information on the production and value of natural gas is available on the SNH website. For all other information, see the 2015 EITI Report.</p>
Revenue collection	Revenues in kind (4.2)	<p>The International Secretariat's initial assessment is that Cameroon has made meaningful progress in meeting this requirement. The 2014 EITI Report provides the volumes of the state's in-kind revenues of oil, gas, condensate and gold collected in 2014 and the proceeds of sales of the state's in-kind revenues, but does not provide information on volumes sold nor disaggregate information on the sales by buyer.</p> <p>In accordance with Requirement 4.2, Cameroon should ensure that information on volumes collected as the state's in-kind revenues, volumes sold and related revenues be publicly accessible and disaggregated by buyer for both oil, gas, condensate and gold received as the state's in-kind revenue.</p>	<p>Revenues collected in kind are available, since they are available in export data.</p> <p>Therefore, while an appreciation is made of progress made by exports, it is based on that which should be made on revenues collected in kind.</p> <p>Insofar as gold is concerned, volumes are shown in the 2015 EITI Report and the valuation is contained in article 6 of Joint Order 003950/MINFI/MINMIDT of 1 January 2015.</p>

	<p>Transactions by State-owned enterprises (4.5)</p>	<p>The International Secretariat’s initial assessment is that Cameroon has made meaningful progress in meeting this requirement. The 2014 EITI Report discloses oil and gas company payments to SNH and SNH payments to the government, while confirming the lack of mining company payments to SNI. There is however insufficient information in the report to determine the value of transfers from SNH to other government entities as budgetary advances on behalf of the government. While stakeholders maintain that SNH’s sovereign advances are budgeted spending, the International Secretariat understands that such advances include some transfers of funds to other government entities, albeit reputedly small. This issue is discussed further below in the assessment of quasi-fiscal expenditures (requirement 6.2).</p> <p>In accordance with Requirement 4.5, Cameroon must ensure that the role of SOEs, including transfers between SOEs and other government agencies, is comprehensively and publicly addressed. The MSG may wish to consider working with the Treasury and SNH to publish information on SNH’s sovereign advances to other government entities in a routine manner.</p>	<p>There is no quasi-fiscal expenditure. In the MPEF with the IMF, supported by the Extended Credit Facility (ECF), the areas for which SNH is approached for payments are stated. These are security and sovereignty, for obvious reasons. SNH, therefore, serves as a payment structure for the State. This agreement is contained in the Memorandum of Technical Agreement (see http://www.imf.org/external/ns/search.aspx?hdCountry=Cameroon&NewQuery=m%20C3%A9morandum+de+politique+%20C3%A9conomique+et+financi%C3%A8re+du+Cameroun&search=Rechercher&filter_val=N&col=SITFRA&collection=SITFRA&lan=fra&iso=&requestfrom=&countryname=&f=)</p> <p>In respect of the mining sector, no industrial mine with assignable license was in operation for the period covered by the EITI Report, for which reason one cannot talk in terms of dividends paid to the Treasury or of changes in State participation or of loans or warranties granted by the Government to any extractive industry company.</p>
<p>Allocation of revenues</p>	<p>Distribution of revenues (5.1)</p>	<p>Assessment of this requirement raises questions over interpretations of the EITI Standard. Provision 5.1 requires “implementing countries should indicate which extractive industry revenues, whether cash or in-kind, are recorded in the national budget.” The MSG’s position is that SNH’s deductions from the state’s in-kind revenues to pay sovereign advances on behalf of the Treasury represents a form of budgetary spending, given that receipts are provided to the Treasury and such expenditures are included in the budget execution report. The 2014 EITI Report explains how extractives revenues are recorded in the national budget and the allocation of the small share of extractives revenues retained by individual government entities such as CAPAM. However, the process for deciding SNH’s sovereign advances for specific budgeted expenditure is not clearly explained in the 2014 EITI Report. The International Secretariat takes the view of other institutions like the IMF that the categorisation of SNH sovereign advances are not a normal form of budgeted expenditure and breaks with the principle of a single Treasury account. In this view, the 2014 EITI Report does not sufficiently explain the types of expenditures covered as sovereign advances by the SNH, nor the process for delineating the expenditures to be covered by the SNH. Given the materiality of SNH sovereign advances, at roughly a quarter of total government extractives revenues in 2014, the International Secretariat’s assessment is that Cameroon has made meaningful progress in meeting this requirement.</p> <p>In accordance with Requirement 5.1, Cameroon should ensure that there is a clear public indication of which extractive industry revenues, whether cash or in-kind, are recorded in the national budget and clarify the allocation of revenues not recorded in the national budget, providing links to relevant financial reports as applicable. The MSG may wish to explore opportunities together with the Treasury and IMF to use annual disclosures as a diagnostic tool for assessing the efficiency of SNH sovereign advances in relation to normal budgetary spending.</p>	<p>Every month, the SNH hosts a meeting attended by the DGT, DGB and DGI including the CTS where it provides all the documentation for expenditure evidencing payments made. There are minutes counter-signed by the different members of the work group which confirm the areas of allocation of this spending. This is not, therefore a breach of the principle of there being one sole Treasury account. It is a necessity during a period of security difficulty or further to an emergency. These payments are always consolidated in the budget, as has been shown above. This principle agreed with the IMF for the oil sector is reflected with the World Bank for the health sector. To continue to benefit from budget support, the World Bank negotiated and obtained IMF agreement that health facilities should not only keep and hold receipts (non-fiscal resources) for emergency expenditure (medication, etc.) but that they should also be authorized to open accounts with commercial banks. This facility is denied all other administrations.</p>

Outcomes and impact	Public debate (7.1)	<p>The International Secretariat’s initial assessment is that Cameroon has made meaningful progress in meeting this requirement. The MSG has worked towards making the EITI Reports comprehensible and accessible online. The MSG has agreed a policy on the access, release and reuse of EITI data. There is evidence that civil society organisations and the Technical and Permanent Secretariats are leading on efforts to disseminate the EITI Report and encourage public debate about the mining sector. However, lack of funding has limited outreach activities outside the capital in recent years, and there is only limited evidence of MSG attempts to promote the use of EITI data in public debate about the extractive industries. There does not appear to have been dissemination of the 2014 EITI Report beyond the capital since its publication in December 2016.</p> <p>In accordance with Requirement 7.1.e, Cameroon should ensure that outreach events, whether organised by government, civil society or companies, are undertaken to spread awareness of and facilitate dialogue about the EITI Report across the country. The MSG is encouraged to pursue its work in outreach and dissemination through a communication strategy, involving all three constituencies. The MSG might wish to foster public debate on the oil and gas sector through the use of specific data points and by building on its existing networks.</p>	<p>In the 2017-2019 work plan, the Committee took notice of the challenges for better communication outside the capital. However, implementation of the communication plan is faced with strong, real budget constraints.</p>
	Outcomes and impact of implementation (7.4)	<p>The International Secretariat’s initial assessment is that Cameroon has made meaningful progress in meeting this requirement. The MSG has produced annual progress reports that provide a summary of activities conducted and present the strengths and weaknesses of the EITI process. While the APR alone provides a fragmented assessment of the impact of the implementation of the EITI, it can be complemented by other MSG documents. However, the APR does not allow to measure progress against meeting work plan objectives, nor does it provide a clear picture of the MSG’s efforts to follow-up on recommendations from reconciliation and Validation.</p> <p>In accordance with Requirement 7.4.a.iii, Cameroon should ensure that the APR includes an overview of the MSG’s responses to and progress made in addressing the recommendations from reconciliation and Validation. Cameroon is required to list each recommendation and the corresponding activities that have been undertaken to address the recommendations and the level of progress in implementing each recommendation. Where the government or the MSG has decided not to implement a recommendation, it is requirement that the MSG documents the rationale in the APR. In accordance with Requirement 7.4.a.iv, the MSG should include an assessment of progress with achieving the objectives set out in its work plan, including the impact and outcomes of the stated objectives. To strengthen implementation, Cameroon is also encouraged to provide a comprehensive overview of the impact of the implementation of the EITI in the APR. Cameroon might also wish to conduct a formalised impact assessment after twelve years of implementing the EITI. To strengthen implementation, Cameroon is encouraged to provide a comprehensive overview of the impact of the implementation of the EITI in the APR. Cameroon might also wish to conduct a formalised impact assessment after twelve years of implementing the EITI.</p>	<p>The 2016 Annual Progress Report attempts to offer corrections and helps measure progress made towards meeting the objectives set in the work plan. It is a picture that shows the efforts made by the multi-stakeholder group to follow up on the recommendations of the Committee, the Reconcilers and the Validator. The Committee is committed to move forward to shine light on the impact of the EITI.</p> <p>Similarly, the Committee holds a list of recommendations and their levels of implementation. (see 2016 Annual Progress Report).</p> <p>A study of the impact of EITI implementation in Cameroon is contained in the Committee's work plan (see Theme 2 of the 2017-2019 work plan).</p>

ANNEXES

Annexe 01 : Lettre circulaire n°006/CAB/PM du 27 mai 2010 relative à la détermination du montant des indemnités des membres des Comités et Secrétariats Technique

Annexe 02 : Lettre du MINMIDT à Monsieur le Directeur des Mines relative aux paiements des redevances dues par les sociétés minières du 02 octobre 2017

Annexe 03 : Etat de liquidation de la Redevance Superficiare pour la 1^{ère} année (Article 173 de la loi n°2016/017 du 14 décembre 2016 portant Code Minier)

Annexe 04 : Lettre du MINMIDT aux Délégués Régionaux et Départementaux relative aux paiements de la taxe à l'extraction et de la taxe ad valorem dues par les sociétés minières du 02 octobre 2017

Annexe 05 : Fiche de déclaration mensuelle de la production des produits miniers, eaux minérales et eaux de sources, état des sommes dues et répartition de la taxe ad valorem (Article 175 de la loi n°2016/017 du 14 décembre 2016 portant Code Minier)

Annexe 06 : Fiche de déclaration mensuelle de la production des substances de carrières, état des sommes dues et répartition de la taxe à l'extraction (Article 175 de la loi n°2016/017 du 14 décembre 2016 portant Code Minier)

Annexe 07 : Guide de bonnes pratiques en matière de concertation de la société civile suivi du code éthique à l'usage des organisation de la société civile camerounaise préoccupées de mettre en œuvre l'ITIE, DMJ & AGAGES, 2013

Annexe 08 : Guide de lecture et d'analyse des rapports ITIE pour aider le citoyen à accéder au contenu des rapports ITIE et agir de façon raisonnée

Annexe 09 : Tableau de Bord des Finances Publiques pour l'exercice 2017 (TABOR 2017)

Annexe 10 : Mémoire de Politique Economique et Financière entre l'Etat du Cameroun et le Fmi

Annexe 11 : Projet de mise en place d'un système de représentativité des OSC en amélioration de la gouvernance du Groupe Multipartite ITIE Cameroun

Annexe 12 : Errata au projet de validation du Cameroun : Rapport sur la collecte initiale des données et la consultation des parties prenantes. "Relations financières de la SNH"

Annexe 13 : Errata au projet de validation du Cameroun : rapport sur la collecte initiale des données et la consultation des parties prenantes, SNH

Annexe 14 : Détail des exportations et ventes de la SNH du 1^{er} janvier au 31 décembre 2014

Annexe 15 : Détail des exportations et ventes de la SNH du 1^{er} janvier au 31 décembre 2015

Annexe 16 : Arrêté conjoint n° 003950/MINFI/MINMIDT du 1^{er} janvier 2015 habilitant le CAPAM à collecter la taxe ad valorem des substances minérales et l'acompte mensuel de l'impôt sur les sociétés dus par les entreprises engagées dans l'exploitation minière artisanale peu mécanisée pour le compte de la Direction Générale des Impôts et précisant les modalités d'exécution de sa mission

Annexe 17 : Initiative pour la Transparence dans les Industries Extractives : Les jeunes s'imprègnent du Processus au Cameroun à travers un Projet Pilote, DMJ, 2014

Annexe 18 : Essai de lecture critique et comparative des Rapports du Processus de l'ITIE produits par le Cameroun, DMJ & AGAGES, 2013

Annexe 19 : Résolutions de l'atelier d'échange à Djoum sur le suivi des paiements et transferts infranationaux et des obligations contractuelles des compagnies minières, du 16 Au 18 Novembre 2015

Annexe 20 : Errata pour le Rapport Provisoire, (for the english version)

Annexe 21 : Première Revue de l'Accord au Titre de la Facilité Elargie de Crédit et Demande de Modifications de Critères de Performance et Demande d'Augmentation de l'Accès

Annexe 22 : Rapport général des ateliers régionaux jeunes et ITIE, DMJ, 2014