Board decision on the Validation of Cameroon

Номер решения: 2018-32/BM-40
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Решение Правления

Following the conclusion of Cameroon’s Validation, the EITI Board decides that Cameroon has made **meaningful progress** overall in implementing the EITI Standard.

The Board congratulates the Government of Cameroon and Multi-Stakeholder Group (MSG) on the progress made in improving transparency and accountability in the extractive industries by providing a trusted source of data to inform public debate. The Board welcomes the EITI’s impact in gradually enticing government agencies towards routine disclosures, evidenced by more regular publications by the national oil company, the Société Nationale des Hydrocarbures (SNH). The Board notes reforms spurred by EITI in the mining sector, ranging from the launch of an online mining cadastral portal to a new Mining Code in 2016 enshrining transparency requirements. The Board encourages similar efforts to enshrine transparency requirements in the new Petroleum code, including provisions related to beneficial ownership disclosure. In its ten years of EITI reporting, Cameroon has expanded the scope of EITI reporting to include the oil transportation sector, particularly revenues from the Chad-Cameroon pipeline. The Board recognises Cameroon’s efforts to go beyond the requirements of the EITI Standard in its coverage of export data, including artisanal mining, and social expenditures.

The lack of clarity on the payment of per diems for EITI activities raises concerns 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.

In making its decision, the Board takes special note of efforts by the national oil company, the SNH, to ensure regular disclosure of information on the oil and gas sector, includes oil sales, to its citizens through its corporate website, even if accessibility could be improved.

The Board has determined that Cameroon will have **18 months, i.e. until 29 December 2019** before a second Validation to carry out corrective actions regarding civil society engagement (1.3), MSG governance (1.4), work plan (1.5), license register (2.3), policy on contract transparency (2.4), state-participation (2.6), production data (3.2), in-kind revenues (4.2), SOE transactions (4.5), distribution of revenues (5.1), subnational transfers (5.2), SOE quasi-fiscal expenditures (6.2), public debate (7.1) and documentation of impact (#7.4). Failure to achieve meaningful progress with considerable improvements across several individual requirements in the second Validation will result in suspension in accordance with the EITI Standard. In accordance with the EITI Standard, Cameroon’s MSG may request an extension of this timeframe, or request that Validation commences earlier than scheduled.

The Board’s decision followed a Validation that commenced on 1 July 2017. In accordance with the 2016 EITI Standard, an initial assessment was undertaken by the International Secretariat. The findings were reviewed by an Independent Validator, who submitted a draft Validation report to the MSG for comment. The MSG’s comments on the report were taken into consideration by the independent Validator in finalising the Validation report and the independent Validator responded to the MSG’s comments. The final decision was taken by the EITI Board.

In taking this decision, the Board welcomed Cameroon’s efforts to implement the corrective measures identified during the Validation process. The information published after the start of the Validation has not been taken into account in this evaluation.
Общая информация

The Government of Cameroon committed to implement the EITI in March 2005 and enacted Prime Ministerial Decree 2005/2176 in June 2005 establishing the Monitoring Committee for the Implementation of the EITI Principles, the Multi-Stakeholder Group (MSG). Cameroon was accepted as an EITI candidate in September 2007 at the EITI Board's meeting in Oslo.

The Validation process commenced on 1 July 2017. In accordance with the Validation procedures, an initial assessment [English | French] was prepared by the International Secretariat. The Independent Validator reviewed the findings and wrote a draft Validation report [English | French]. Comments from the MSG [English | French] were received on 12 February 2018. The Independent Validator reviewed the comments and responded to the MSG, before finalising the Validation Report [English | French].

The Validation Committee reviewed the case on 26 January 2018 and presented a paper for discussion at the Board’s 39th meeting in Oslo on 13 February 2018. Following receipt of MSG comments and finalisation of the Validation report, the Validation Committee reviewed the case again on 26 March 2018. Based on the findings above, the Validation Committee agreed to recommend the assessment card and corrective actions outlined below.

The Committee also agreed to recommend an overall assessment of “meaningful progress” in implementing the 2016 EITI Standard. Requirement 8.3.c. of the EITI Standard states that:

ii. Overall assessments. Pursuant to the Validation Process, the EITI Board will make an assessment of overall compliance with all requirements in the EITI Standard.

... 

iv. Meaningful progress. The country will be considered an EITI candidate and requested to undertake corrective actions until the second Validation.

The Validation Committee agreed to recommend a period of 18 months to undertake the corrective actions. This recommendation takes into account that the challenges identified are relatively significant and seeks to align the Validation deadline with the timetable for Cameroon’s 2016 and 2017 EITI Reports.

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The EITI Board agreed the following corrective actions to be undertaken by Cameroon. Progress in addressing these corrective actions will be assessed in a second Validation commencing on 29 December 2019:

1. 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 should address the concerns regarding constituency representation, including potential conflicts of interest linked to per diems (see Requirement 1.4) and ensure more effective liaison between the CSO representatives and the broader constituency. The civil society constituency may wish to consider undertaking a capacity needs assessment and formulating actions to address capacity constraints. In accordance with requirement 8.3.c.i, the civil society constituency should develop and disclose an action plan for addressing the deficiencies in civil society engagement documented in the initial assessment and Validator’s report within three months of the Board’s decision, i.e. by <Board Decision + 3 months>.

2. 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.

3. 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.

4. 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.

5. 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.

6. 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.

7. 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.

8. 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.

9. 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.

10. 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.

11. 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.

12. 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.

13. 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.

14. 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 encouraged to provide a comprehensive overview of the impact of the implementation of the EITI in the APR. Cameroon might also with to conduct a formalised impact assessment after twelve years of implementing the EITI.

The government and the MSG are encouraged to consider the other recommendations in the Validator’s Report and the International Secretariat’s initial assessment, and to document the MSG’s responses to these recommendations in the next annual progress report.

Новости

Cameroon recognised as making meaningful progress against the EITI Standard

The EITI Board congratulated Cameroon on its achievement, noting that the EITI has brought valuable information to the public domain, including through publications of its national oil company, SNH.

29 June 2018 – The EITI Board declared today that Cameroon has demonstrated meaningful progress in implementing the EITI Standard. In making its decision, the Board took note of Cameroon’s efforts to improving transparency and accountability in the extractive industries by providing a trusted source of data to inform public debate. The Board also welcomed the EITI’s impact in gradually enticing government agencies towards routine disclosures, evidenced by more regular publications by the national oil company, the Société Nationale des Hydrocarbures (SNH), including disclosure of oil sales.

According to the Validation report, EITI reporting has generated debate on subnational transfers, production, mining-licenses and artisanal and small-scale mining. Increasing interest in the EITI process from university students presents the potential to further improve the public understanding of extractive issues. EITI implementation has driven reform in the mining sector, including in the adoption of beneficial ownership disclosure provisions in the new Mining Code, and gone beyond minimum EITI Requirements in reporting companies’ voluntary social payments.

Following the announcement of the decision, Fredrik Reinfeldt, Chair of the EITI, said:

“EITI implementation has yielded tangible results, ensuring that data about the hydrocarbons and mining sectors contribute to wider reforms. We also congratulate Cameroon as a key actor in pioneering efforts to improve reporting on commodity trading.”
Agnès Solange Ondigui Owona, National Coordinator of EITI Cameroon, said:

“This evaluation, for the period going from October 18, 2013 to July 1st, 2017, reflects the work undertaken by Cameroon with respect to EITI’s Standard. The precedent evaluation was done following EITI's Rules. It also encourages them to proceed to the implementation of the requirements, especially regarding those that have been recommended by the Validator and on which EITI’s Cameroun Committee has already begun working.”

Recommendations

The Board noted that the EITI in Cameroon had gone beyond the minimum required by the EITI Standard in disclosing export data (3.3) and voluntary social expenditures (6.1). The Board outlined 14 corrective actions that Cameroon will have to address in the coming 18 months, i.e. until (date of Board decision + 18 months), when progress will be re-assessed. Validation highlighted opportunities to improve EITI implementation on civil society engagement (1.3), MSG governance (1.4), the work plan (1.5), license register (2.3), policy on contract transparency (2.4), state-participation (2.6), production data (3.2), in-kind revenues (4.2), SOE transactions (4.5), distribution of revenues (5.1), subnational transfers (5.2), SOE quasi-fiscal expenditures (6.2), public debate (7.1) and documentation of impact (7.4).

Scorecard

Notes

- Validation is the EITI’s independent evaluation mechanism. It assesses countries against progress made in meeting the 2016 Standard.
- See here for a full explanation of the various levels of progress under the EITI Standard.
- See the interactive scorecard for Cameroon here.
- The decision in full: 2018-32/BM-40/BP-40-6-A.
- The documentation of Cameroon’s Validation can be found here.
- For further information about the EITI in Cameroon, please visit the country page on the EITI website.