
PRESS RELEASE

PUBLICATION OF THE 2006-2008 EITI CONCILIATION REPORT: Progress that masks profound challenges

For Immediate Release
Yaoundé, 24 September 2010

Within the framework of the Extractive Industries Transparency Initiative (EITI), Cameroon finally released its 3rd conciliation report on natural resource revenues and volumes for the period 2006-2008. The report, which has been awaited for three years, was released on Thursday, 16 September 2010 and is 3rd report of its kind since Cameroon adhered to EITI in 2005.

The Cameroonian Publish What You Pay Coalition (PWYP Cameroon) welcomes the publication of this report and notes with satisfaction the improvements made since the last report, which include:

- Extending the scope of conciliation to include gas and solid mines. For many years, PWYP Cameroon has called for the integration of mines and gas in the conciliation reports, although these areas are not yet fully industrialized. In fact, financial transactions exist between the companies and the state before the start of production and therefore the amounts concerned need to be integrated in to the EITI.
- The implementation of a communication plan around EITI in Cameroon which also covers the publication of the recent report. After demanding the implementation of this plan for many years, we hope the EITI Committee's determination to communicate will grow over time.
- The committee's decision to expand the next conciliator's Terms of Reference requiring him to comment on the discrepancies between government and company figures. In the past, reports were virtually silent on the discrepancies between the declarations of the companies and the state, and the conciliator was not allowed to comment on the situation—which was contrary to what EITI requires. This is an appreciable development.

However, despite some progress, the coalition notes with regret:

- Data from the State and its branches have not been audited by an independent body according to international standards. However, it is recognized that the credibility of the EITI process involves the credibility of the data reported by companies and the state. Following the recommendations and principles of EITI, the payments reported by oil companies and the

revenues collected by the state and its branches shall be subject to an audit. The data will be considered credible if they have been certified by an independent professional.

- Very timid commitment of some companies in the implementation of the EITI principles in Cameroon; notably the late and / or incomplete declaration by some companies such as Pecten Cameroon, Perenco Cameroon, Euroil Ltd., Sterling, Kosmos Energy, Geovic Cameroon Plc Cimencam, Ets Rocaglia. These companies should produce financial and physical data in a timely and exhaustive manner for the next report.
- Total refusal by other companies to provide the declarations of their payments to the government. These are: Mobil Producing Cameroon/COTCO, Noble Energy Cameroon Ltd., Addax Petroleum Cameroon, Rodeo Development Ltd, Glencore Exploration Cameroon, African Aura Resources, Sinosteel CAM SA, Cam Iron SA, Mega Uranium Corporation Plc Cameroon, Hydromine Inc., Free Mining Company. These companies should pay more attention to the EITI process by obligatorily publishing their data so as to guarantee Cameroon the chances of obtaining and maintaining the status of a 'compliant country'. Given the repeated refusal by these companies to report their figures, we urge the State of Cameroon and possibly the EITI International Board to examine the necessary measures to redress this situation.
- Declarations were made late by the state and its branches and did not comply with the model for declarations adopted by the EITI Committee. The following structures are involved: the National Refining Company (SONARA), the Sub Directorate of Hydrocarbons of the Ministry of Mines, and The Directorate of Mines of the Ministry of Mines, the General Tax Directorate (DGI), the Directorate General of Treasury and Monetary and Financial Cooperation (DGTCFM). The government, which is the initiator of Cameroon's adherence to the initiative, should take the lead and show greater zeal in implementing the principles of the EITI.
- Declarations were made late and did not comply with the model adopted by the EITI Committee by the Bank of Central African States (BEAC)
- Incoherence between the actors involved in collecting revenue from the extractive industries is the source of the controversy between the conciliator and the follow up committee about the inclusion of the BEAC and DGTCFM as actors in the reconciliation. The monitoring committee should clarify the exact circuit of revenue collection and the principles of recording this data.
- The existence of large discrepancies between the declarations of the two parties, the government and the companies, which in 2006 produced a discrepancy of around 28 million dollars, in 2007 a difference of 27 million dollars and in 2008, the state declares having received 59,690,110 USD in surplus of what the companies declare to have paid in the oil sector. We must find ways to reduce reporting gaps to the barest minimum in future if they cannot be eradicated completely. The coalition reiterates the recommendation made to the Cameroon EITI Committee to declare an acceptable margin of the discrepancies.
- The persistence in the publication of aggregated figures, which obscures the transparency effort as it is difficult to assess the actual performance by each of these companies in the exploitation of national resources. We invite Cameroon to follow the example of countries that have proceeded with the publication of disaggregated data in their EITI reports.

- The measuring system used in Cameroon is not the most reliable, and therefore the quantity of oil transferred is not recorded in the most accurate manner. We urge the government to subscribe to international norms and to put in place a more reliable system.
- The publication of old and obsolete data. The coalition, while not minimizing the importance of having information on revenue generated by the extractive industries, is concerned that the data published in Cameroon is old and obsolete data. Old information does not permit citizens to monitor the use of revenues in specific poverty reducing targets; which is the ultimate goal pursued by EITI. To comply fully with the spirit of the initiative, the Cameroonian government should ensure an annual publication of EITI reports beginning in 2010.

For a successful implementation of the Initiative in Cameroon, PWYP reiterates its longstanding demands that have never been taken in to consideration. They are:

1. Publish audited accounts

The data considered for conciliation must be audited by an independent body according to international standards to comply with the requirements of the Extractive Industries Transparency Initiative and the Source Book. The issue of certifying the accounts of the Cameroonian government should be clarified.

2. Provide EITI in Cameroon a legal basis

Some countries like Nigeria turned the Extractive Industries Transparency Initiative into domestic law and other legislative texts. The Cameroon Publish What You Pay Coalition proposed that the same should be done in Cameroon, which would give this initiative a much larger scope. Companies and other branches of the state that do not implement the principles and criteria of the initiative will be violating the law.

3. Publicly communicate on the conciliation reports and the Extractive Industries Transparency Initiative

Despite Cameroon's adhesion to this initiative five (5) years ago, the initiative remains little known to the public and its scope remains limited. The communication strategy adopted by the EITI Committee must be immediately made operational, and action must be taken so that all citizens of Cameroon can follow up this initiative. We hope that the current engagement around the initiative is not related to the validation process underway.

4. Publish conciliation reports annually with recent and useable data

The purpose of the disclosure of revenues generated by the extractive industries is to provide a lever for citizens to monitor the use of revenues at the national level. Since the beginning of EITI in Cameroon, the first two conciliation reports covered years long before the dates of publication. We recommend that the report of year N be published by the end of the year N+1. Citizens and civil society organizations will use these data to influence the expenditure of revenues.

5. Publish disaggregated figures

Publish What You Pay Cameroon demands that the figures are published in a disaggregated form and not in the aggregated form as is the case for the first three reports. In this way, payments will be published company by company and year by year.

6. Ensure the participation of all the companies in the EITI process

The Cameroonian Publish What You Pay Coalition demands the inclusion of all the mining, gas and petroleum companies operating in Cameroon so that all the extractive resources are taken in to consideration in the next conciliation report.

7. Introduce transparency in contracts

Efforts to introduce transparency by the government of Cameroon should be extended to the publication of contracts binding the state of Cameroon and companies operating in Cameroon. The publication of contracts prior to figures and volumes helps all parties understand what each party is due and also presents the contractual obligations of the companies.

8. Produce multi-year action and financial plans for the EITI committee and disseminate

After five years of functioning, the EITI committee should define its vision over several years and divide it in to annual action plans. It is also necessary for the committee to publish regularly its annual reports so that progress on transparency in Cameroon can be assessed.

9. Make budgetary provision to support the EITI

The government should react to the EITI Validator's proposal recommending the government budget contain a line uniquely to support the implementation of EITI. By supporting the cost of the initiative on its budget, the state of Cameroon will mark its will to make the initiative an instrument to fight corruption.

For the Cameroon Coalition of PWYP

- 1- Fondation Camerounaise d'Actions Rationalisées et de Formation sur l'Environnement (FOCARFE) ;**
- 2- Réseau de Lutte contre la Faim (RELUFa) ;**
- 3- Centre pour l'Environnement et le Développement (CED)**
- 4- Service National Justice et Paix (SNJP) ;**
- 5- Service Œcuménique pour la Paix (SEP) ;**
- 6- Transparency International Cameroon (TI-C) ;**
- 7- Groupe de Consultants en Management /Bonne Gouvernance et Défense des Droits de l'Homme, pour l'Appui à la Gestion des Activités des Groupements Economiques et Sociaux. (AGAGES) ;**
- 8- Environnement Recherche Action –Cameroun (ERA) ;**
- 9- Dynamique Mondiale des Jeunes (DMJ) ;**
- 10- Réseau National Anti Corruption (RENAC)**

Note to readers

Publish What You Pay Cameroon (PWYP Cameroon) is a coalition of more than 10 Cameroonian civil society organizations promoting transparency and responsibility in the oil, gas and mining sector.

www.publishwhatyoupay.cm/pwypcm.org