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# Extractive Industries Transparency Initiative in Cameroon

## 2020 EITI REPORT Executive Summary

December 2020

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## List of abbreviation

CAC	Centimes Additionnels Communaux
CAPAM	Cadre d'Appui et de Promotion de l'Artisanat Minier
CFC	Crédit Foncier du Cameroun
CIT	Corporate Income Tax
CNPS	Caisse Nationale de Prévoyance Sociale
COTCO	Cameroon Oil Transportation Company S. A.
DGD	Direction Générale des Douanes
DGI	Direction Générale des Impôts
DGTCFM	Direction Générale du Trésor et de la Coopération Financière et Monétaire
EITI	Extractive Industries Transparency Initiative
FCFA	Franc CFA (Communauté Financière Africaine)
FEICOM	Fonds Spécial d'Équipement et d'Intervention Intercommunale
FNE	Fonds National de l'Emploi
IA	Independent Administrator
MINMIDT	Ministère des Mines, de l'Industrie et du Développement Technologique
RS	Redevance superficielle
SNH	Société Nationale des Hydrocarbures
SNI	Société Nationale d'Investissement du Cameroun
TAV	Taxe Ad Valorem
TE	Taxe à l'Extraction
TSR	Taxe Spéciale sur les Revenus

## 1. Introduction

The Extractive Industries Transparency Initiative (EITI) is a voluntary mechanism that aims to strengthen good governance of public revenues from oil, gas and mining in resource-rich countries.

The EITI requires the annual publication of EITI Reports, including disclosure of government significant revenues from the extractive industries, as well as disclosure of all significant payments made to the government by oil, gas, and mining companies.

Cameroon has so far published fifteen (15) EITI Reports covering the period from 2001 to 2019. EnerTeam has been selected by the EITI Committee as the Independent Administrator (IA) for the preparation of the 16th EITI Report covering the year 2020.

### 1.1. Mandate of the Independent Administrator (IA)

The mandate of the IA mainly covers:

- collecting contextual and financial data from reporting entities;
- compilation and reconciliation of data reported by extractive companies and by the government;
- investigation of the discrepancies identified during the reconciliation work; and
- preparation of the EITI Report in accordance with the EITI Standard and the Terms of Reference.

### 1.2. Contributions in the EITI 2020 Report

Government entities and extractive companies receiving and making significant payments were asked to participate in the reconciliation process and to provide data and statistics on the extractive sector.

The IA mission was carried out with the support of the EITI Permanent Secretariat and under the supervision of the EITI Committee.

### 1.3. Limitations to the 2020 EITI Report

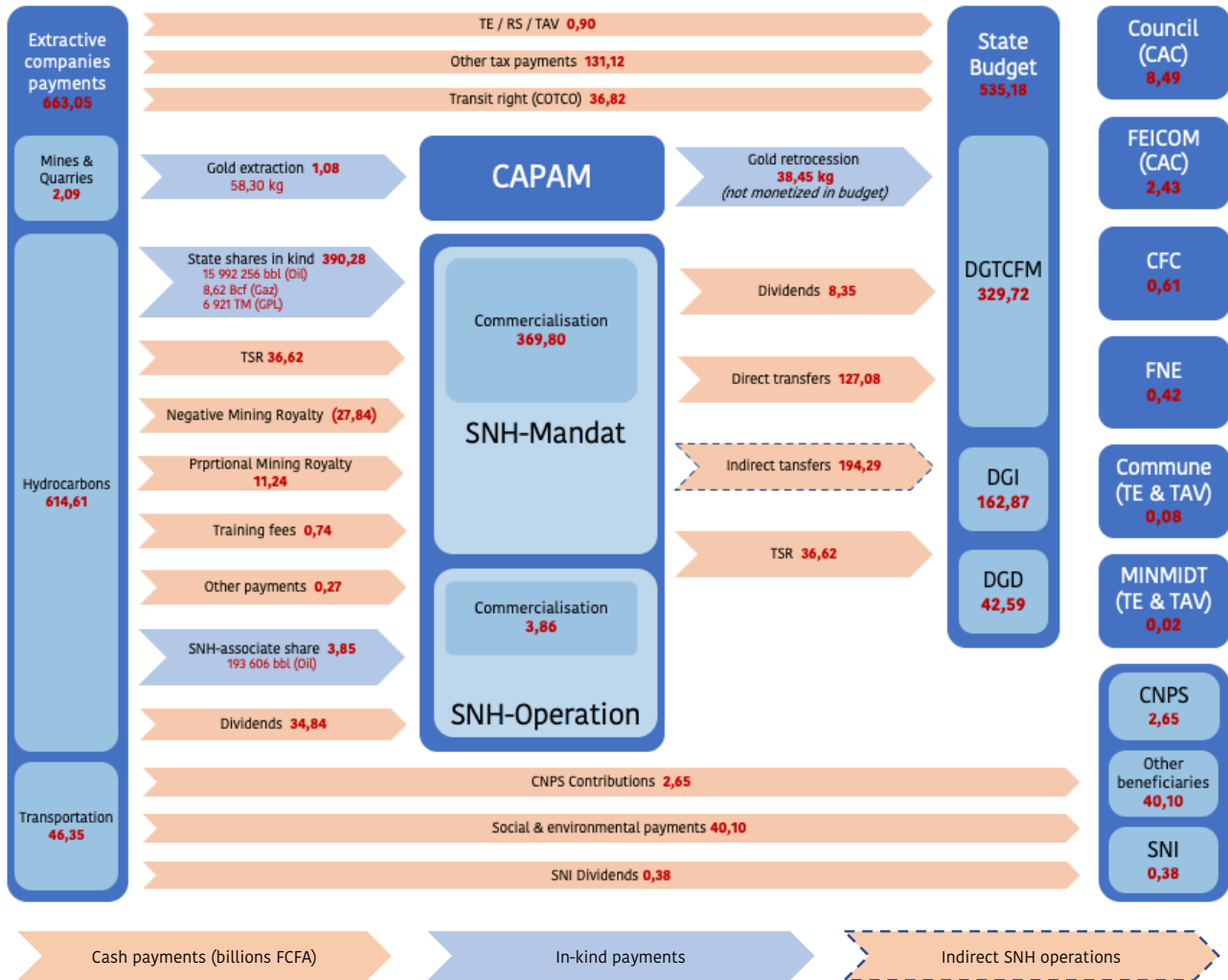
The conclusions in this report are based on financial data for the year 2020 and subsequent reforms and developments up to the date of this report. These conclusions cannot be extrapolated beyond this period, as the laws and environment governing the extractive sector may be subject to change in the future.

Cameroon's 2020 EITI Report was prepared in accordance with the guidelines of the EITI International Board considering the impacts of the COVID-19 pandemic on the implementation of the Initiative during the period under review.

## 2. Key figures of the 2020 EITI Report

### 2.1. Revenues from the extractive sector

**Graphic 1 – Revenues from the extractive sector (in FCFA billion)**



- Payments made by extractive companies for the year 2020 reached a value of FCFA 663.05 billion, of which FCFA 267.84 billion in cash and FCFA 395.21 billion in kind.
- Payments in kind correspond to the production shares of the State and SNH valued at FCFA 395.21 billion and artisanal gold panning levies valued at FCFA 1.08 billion.
- Payments in kind from the hydrocarbons sector in the form of production shares are collected, sold and then recovered by SNH. The State production shares (SNH-Mandate) for the year 2020 amounted to 15,992,256 bbl for oil, 8.62 Bcf for GNL and 6,921 TM for GPL valued at FCFA 390.28 billion. The production shares of SNH (SNH-Operation) for the same year amounted to 193,606 bbl valued at FCFA 3.85 billion.
- The sales of the State and SNH production shares amounted to FCFA 369.80 billion for SNH-Mandate and FCFA 3.86 billion for SNH-Operation.
- In addition to the proceeds from the sale of payments in kind, SNH-Mandate disbursed to oil companies an amount of FCFA 15.59 billion and collected cash revenues for its own account (SNH-Operation) for an amount of FCFA 24.68 billion, bringing the value of net revenues collected for the fiscal year 2020 by SNH-Mandate and SNH-Operation to FCFA 354.21 billion and FCFA 28.54 billion respectively.



- Payments in kind from the gold panning sector totalled 58.30 kg valued at FCFA 1.08 billion. Gold is collected by CAPAM, which then transfers the collected gold to MINFI. Retrocessions to MINFI in 2020 totalled 38.45 kg for a value of FCFA 0.71 billion. The retrocessions made were not monetized by MINFI and the correspondent amount was therefore not recognized as budgetary revenue for the year 2020.
- The revenue collected in the State budget for 2020 amounted to FCFA 535.18 billion, i.e. 80.72% of total payments from extractive companies during the same period.
- Out of the FCFA 535.18 billion of revenues paid to the State budget in 2020, transfers from SNH-Mandate come in 1st place and represent 60.05% of the said revenues (FCFA 321.37 billion), followed by the Petroleum Corporate Income Tax 22.35%, (FCFA 119.62 billion), transit rights come in 3rd place and represent 6.88% (FCFA 36.82 billion). The other payments represent 10.72%.
- Transfers from SNH-Mandate to the State Budget were made by direct payments (direct transfers) to the Treasury account for an amount of FCFA 127.08 billion and by covering budgetary expenses (indirect transfers) for the amount of FCFA 194.30 billion.
- Transfers from SNH-Mandate in 2020 accounted for 90.73% of total revenues collected on behalf of the State for the same period. The difference corresponds to the deductions made by SNH to cover the State's share (as contractor) of oil costs and the financing of investment activities.

## 2.2. Payments from extractive companies

In 2020, cash payments made by extractive companies amounted to FCFA 267.84 billion. Payments in kind during the same period reached the equivalent of FCFA 395.21 billion, bringing the total payments made by extractive companies during 2020 to a value of FCFA 663.05 billion.

Oil companies accounted for the bulk of these payments with a contribution of 92.69%. SNH, DGI and DGD are the main collecting agencies for these payments.

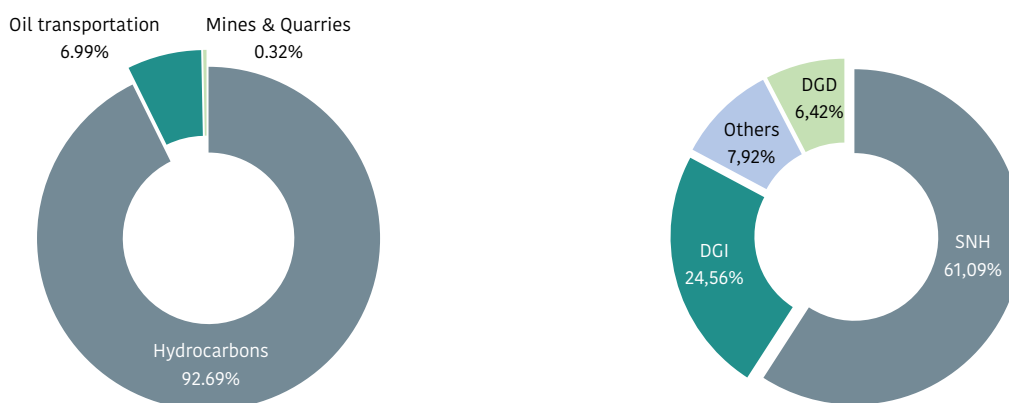
**Table 1 – Statement of extractive industry payments by government agency (in FCFA billion)<sup>1</sup>**

Collecting organization / Sector	Hydrocarbons		Transport	Mines and Quarries		Total sector		Total	Share in %
	In kind	Cash	Cash	In kind	Cash	In kind	Cash		
SNH-Mandate (*)	390.28	(15.59)	-	-	-	390.28	(15.59)	374.69	56.51%
SNH-Operation	3.85	24.68	1.81	-	-	3.85	26.5	30.35	4.58%
<b>Total SNH</b>	<b>394.13</b>	<b>9.09</b>	<b>1.81</b>	<b>-</b>	<b>-</b>	<b>394.13</b>	<b>10.91</b>	<b>405.04</b>	<b>61.09%</b>
DGI	-	156.05	6.23	-	0.59	-	162.87	162.87	24.56%
DGD	-	5.02	37.52	-	0.04	-	42.59	42.59	6.42%
CNPS	-	8.35	-	-	-	-	8.35	8.35	1.26%
CAPAM	-	2.17	0.47	-	-	-	2.65	2.65	0.4%
MINMIDT	-	-	-	1.08	-	1.08	-	1.08	0.16%
SNI	-	-	-	-	-	-	-	-	0,00%
DGTCFM	-	-	-	-	0.38	-	0.38	0.38	0.06%
Social payments	-	1.21	-	-	-	-	1.21	1.21	0.18%
Environmental payments	-	38.58	0.3	-	-	-	38.88	38.88	5.86%
<b>Total</b>	<b>394.13</b>	<b>220.47</b>	<b>46.33</b>	<b>1.08</b>	<b>1.01</b>	<b>395.21</b>	<b>267.84</b>	<b>663.05</b>	<b>100%</b>
<b>Share in %</b>	<b>92.69%</b>		<b>6.99%</b>	<b>0.32%</b>		<b>59.6%</b>	<b>40.4%</b>		

(\*) excluding direct and indirect transfers from SNH mandate.

<sup>1</sup> Source: 2020 EITI declarations. These amounts include reconciled payments as well as revenues from unilateral declarations for companies outside of the reconciliation scope.

**Graphic 2 – Distribution of revenues by sector and by government agency**



Details of payments by company and by stream are presented in Section 5 of the full version of this report.

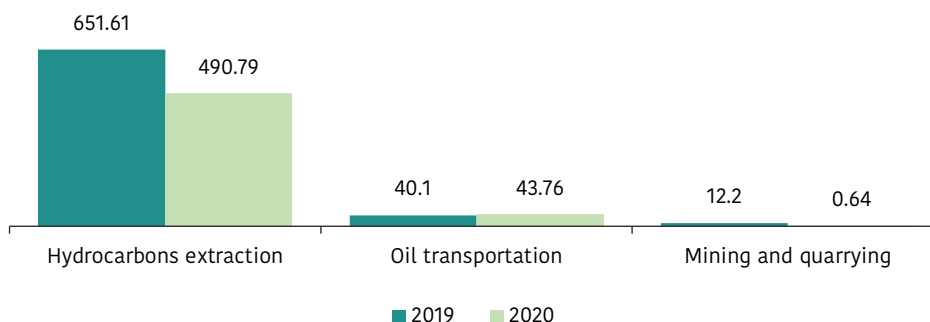
### 2.3. Contribution of the extractive sector to the State budget

In 2020, the extractive sector generated budgetary revenues for the State of FCFA 535.18 billion (USD 929.79 million) compared to FCFA 703.91 billion in 2019, a decline of 23.97%, which is mainly explained by the decline in 2020 in transfers from the SNH-Mandate to the Treasury. These transfers amounted to FCFA 321.37 billion in 2020 compared to FCFA 471.53 billion in 2019, a decrease of 31.85% due to the impact of the COVID-19-related pandemic on oil and gas activities.

The hydrocarbons sector is the leading contributor to the State budget with a total of FCFA 490.79 billion, representing 91.71% of the total budget revenue generated by the extractive sector in 2020.

**Table 2 – Statement of state budget revenues by sector<sup>1</sup>**

(in FCFA billion)	2019		2020		Evolution	
	Amount	Contribution in %	Amount	Contribution in %	Amount	In %
Hydrocarbon's extraction	651.61	92.57%	490.79	91.71%	(160.82)	(24.68%)
Transportation of hydrocarbons	40.1	5.70%	43.76	8.18%	3.66	9.13%
Mines and Quarries	12.2	1.73%	0.63	0.12%	(11.57)	(94.84%)
<b>Total</b>	<b>703.91</b>	<b>100%</b>	<b>535.18</b>	<b>100%</b>	<b>(168.73)</b>	<b>(23.97%)</b>



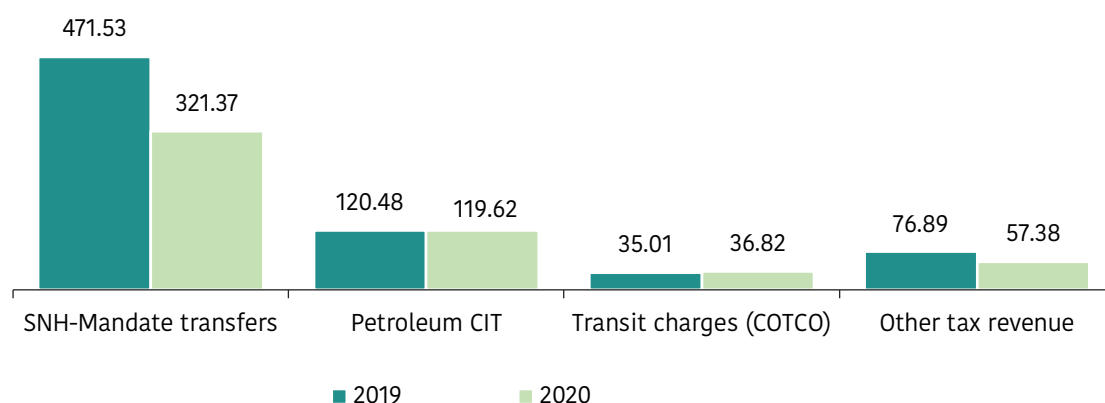
<sup>1</sup> Source : 2020 EITI declarations.



In terms of payment streams, SNH-Mandate transfers, which come mainly from "Profit Oil" and the State's participations in oil projects, are the main contributors, accounting for 60.05% of total budgetary revenues from the extractive sector, followed by Petroleum CIT (IS pétrolier) and transit rights (COTCO), which accounted for 22.35% and 6.88% of extractive revenues respectively.

**Table 3 – Statement of state budget revenue by payment stream<sup>1</sup>**

(in FCFA billion)	2019		2020		Evolution	
	Amount	Contribution in %	Amount	Contribution in %	Amount	In %
SNH-Mandate transfers	471.53	67%	321.37	60.05%	(150.16)	(31.85%)
Petroleum CIT	120.48	17%	119.62	22.35%	(0.86)	(0.71%)
Transit charges (COTCO)	35.01	5%	36.82	6.88%	1.81	5.17%
Other tax revenue	76.89	11%	57.37	10.72%	(19.52)	(25.39%)
<b>Total</b>	<b>703.91</b>	<b>100%</b>	<b>535.18</b>	<b>100%</b>	<b>(168.73)</b>	<b>(23.97%)</b>



## 2.4. Data quality and reliability

In accordance with the data assurance procedures agreed by the EITI Committee, the assessment of the data quality and reliability is presented as follows:

- **For extractive companies:**

**Table 4 - Summary of the application of assurance procedures for extractive companies**

Evaluation of insurance	Signed EITI Declaration	Certified EITI Declaration	2020 certified accounts	Number	Contribution in payments (%)
Low	Yes/No	No	Yes/No	0	0.00%
Medium	Yes	Yes	No	2	8.51%
High	Yes	Yes	Yes	6	91.49%
<b>Overall assessment</b>				<b>8</b>	<b>100%</b>
<b>Overall level of insurance</b>					<b>High</b>

<sup>1</sup> Source : EITI 2020 declaration.

- **For government companies and public entities:**

**Table 5 - Summary of the application of assurance procedures for government companies and entities**

Evaluation of insurance	Signed EITI Declaration	Number	Contribution in payments (%)
Low	Unsigned and unattested declaration	3	0.66%
Medium	Signed but not witnessed declaration	-	-
High	Signed and certified declaration	4	99.34%
<b>Overall assessment</b>		<b>7</b>	<b>100%</b>
<b>Overall level of insurance</b>		<b>High</b>	

## 2.5. Production and exports

Crude oil is the main commodity of Cameroon's extractive sector production and exports. Details of production and exports by product are as follows:

**Table 6 - Summary of production and exports of the extractive sector<sup>1</sup>**

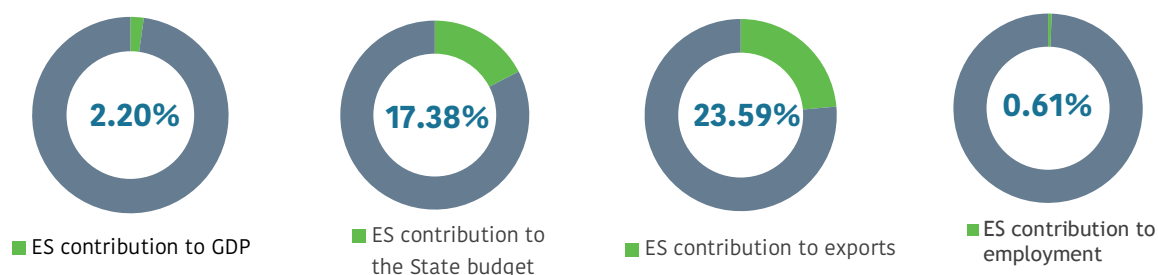
Commodity	Unit	Production		Exports	
		Volume	Value (In billion FCFA)	Volume	Value (In billion FCFA)
Crude Oil	Millions of barrels	25.51	599.40	24.81	585.02
Condensate	Millions of barrels	1.05	31.96	1.19	23.68
Gas	Bcf	73.47	209.39	47.89	136.84
Gas - GPL	Metric Ton	25 064.21	7.06	-	-
<b>Total Hydrocarbons sector</b>			<b>847.80</b>		<b>745.54</b>

## 2.6. Contribution to the economy

The table below shows that in 2020, the extractive sector contribution to employment remained almost unchanged compared to 2019. The contributions of the extractive sector to nominal GDP, budgetary revenues, and exports decreased by 1.74%, 1.90%, and 8.44% respectively in 2020 compared to 2019.

**Table 7 - Contribution of the extractive sector to the economy**

	2019	2020	Evolution 2019-2020
GDP	3,94%	2,20%	(1,74%)
Income	19,28%	17,38%	(1,90%)
Export	32,03%	23,59%	(8,44%)
Employment	0,62%	0,61%	(0,01%)



### 3. Main findings

#### 3.1. Completeness of data

All extractive companies selected in the reconciliation scope have submitted their reporting templates.

All State entities selected in the reconciliation scope have submitted their reporting templates. CAPAM submitted the 2020 annual report detailing figures for artisanal mining activities.

#### 3.2. Results of the reconciliation work

The reconciliation of payments was carried out based on the reconciliation scope approved by the EITI Committee. The reconciliation exercise covered 99.74% of all cash payments.

The discrepancies in cash payments that were not be reconciled amounted to FCFA 0.30 billion, representing 0.05% of the total government revenues. These discrepancies are below the acceptable margin of error set at 2% by the EITI Committee. The reconciliations carried out tend to confirm the quality and reliability of the EITI declarations of the State and the companies presented in this EITI Report. The following table presents a summary of the reconciliation work.

**Table 8 - Summary of cash payment reconciliation<sup>1</sup>**

in FCFA billion	Hydrocarbons extraction	Oil transportation	Total extractive sector
Extractive companies	501.27	45.99	547.26
Government	501.1	46.04	547.14
<b>Difference</b>	<b>0.17</b>	<b>-0.06</b>	<b>0.12</b>
<b>% Difference</b>	<b>0.03%</b>	<b>-0.12%</b>	<b>0.02%</b>

<sup>1</sup> Source: 2020 EITI declarations.

Aggregate payments (in FCFA billion)	Initial declaration	Reconciliation adjustments	Adjusted amounts
<b>(i) Hydrocarbons</b>			
<b>SNH-Mandate - State</b>			
SNH-Mandate	329.72	-	329.72
Government	330.09	-0.37	329.72
<b>Difference</b>	<b>-0.37</b>	<b>0.37</b>	<b>0</b>
<b>Oil companies - State</b>			
Oil companies (including SNH Operation)	161.31	1.52	162.84
Government	160.95	1.72	162.67
<b>Difference</b>	<b>0.37</b>	<b>-0.2</b>	<b>0.17</b>
<b>Oil companies - SNH-State</b>			
Oil companies	-18.57	2.6	-15.97
SNH-Mandate	-13.79	-2.18	-15.97
<b>Difference</b>	<b>-4.78</b>	<b>4.78</b>	<b>0</b>
<b>Oil companies - SNH-Operation</b>			
Oil companies	24.86	-	24.86
SNH-operation	24.86	-	24.86
<b>Difference</b>	<b>0</b>	<b>-</b>	<b>0</b>
<b>(ii) Oil transportation</b>			
<b>COTCO - State</b>			
COTCO	43.09	1.08	44.17
Government	43.84	0.39	44.23
<b>Difference</b>	<b>-0.75</b>	<b>0.69</b>	<b>-0.06</b>
<b>COTCO - SNH-Operation</b>			
COTCO	1.81	-	1.81
SNH-operation	1.81	-	1.81
<b>Difference</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Table 9 - Summary of in-kind payment reconciliation<sup>1</sup>**

Aggregate payments (in FCFA billion)	Initial declaration	Reconciliation adjustments	Adjusted amounts
<b>Liquid hydrocarbons</b>			
<b>Extractive companies - SNH-State</b>			
Extractive companies	15 899 570	-	15 899 570
SNH-Mandate	15 992 256	-	15 992 256
<b>Difference</b>	<b>-92 686</b>	<b>-</b>	<b>-92 686</b>
<b>Extractive companies - SNH-Operation</b>			
Extractive companies	193 605	-	193 605
SNH-operation	193 606	-	193 606
<b>Difference</b>	<b>-1</b>	<b>-</b>	<b>-1</b>
<b>Gaseous hydrocarbons</b>			
<b>Extractive companies - SNH-State</b>			
Extractive companies (In MMBTU)	18 765 824	-	18 765 824
SNH-Mandate (In MSCF)	8 622 628	-	8 622 628
<b>Difference</b>	<b>10 143 196</b>	<b>-</b>	<b>10 143 196</b>
<b>Aggregated payments</b>			
(In Metric Ton)	Initial declaration	Conciliation adjustments	Adjusted declaration
<b>Extractive companies - SNH-State</b>			
Extractive companies	6 924	-	6 924
SNH-Mandate	6 921	-	6 921
<b>Difference</b>	<b>3</b>	<b>-</b>	<b>3</b>

### 3.3. Reliability of data

Based on the work performed, we can have a reasonable assurance that the revenues reported in this report are complete and reliable.

<sup>1</sup> Source: 2020 EITI declaration