

Cameroon



The Resource Governance Index (RGI) measures the quality of governance in the oil, gas and mining sector of 58 countries. Learn more and explore findings at www.revenuewatch.org/rgi.

Background

Cameroon's oil production peaked in 1985 at 181,000 barrels/day and then steadily declined to 60,400 barrels/day in 2011. The government continues to be heavily dependent on the petroleum industry; oil and gas revenues accounted for 25 percent of government funding in 2011, and the extractive industries made up 53 percent of Cameroon's exports in 2010. The mining and natural gas sectors are expected to grow, thanks to substantial foreign investment and new wells coming online in 2013.

| Cameroon | 2000 | 2005 | 2011 |
|--|-------|-------|-------|
| Population (million) | 15.68 | 17.55 | 20.03 |
| GDP (constant 2011 international \$ billion) | 11.9 | 18.8 | 25.2 |
| GDP per capita, PPP (constant 2005 international \$) | 1,853 | 1,986 | 2,083 |
| Oil and gas revenue (% total government revenue) | ... | 28% | 25% |
| Extractive exports (% total exports) | 60% | 55% | 53% |

SOURCES: Oil and gas revenue as share of total government revenue from the Economist Intelligence Unit and the International Monetary Fund. All other data from the World Bank. Extractive exports 2011 figure from 2010.

Cameroon's Performance on the RGI

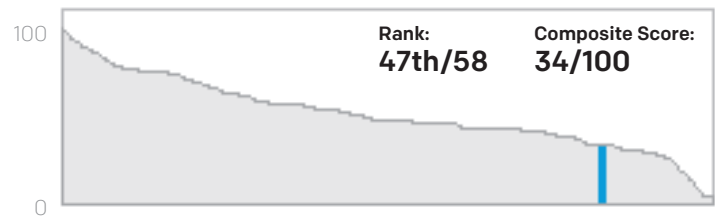
Cameroon received a "failing" score of 34, ranking 47th out of 58 countries. A relatively high score on the Institutional and Legal Setting component was countered by poor performance on the rest of the RGI.

Institutional and Legal Setting

(Rank 25th/58 Score: 63/100)

Cameroon's "partial" score of 63 is its highest on any component, reflecting substantive reporting requirements but a lack of independence in the licensing process and a non-transparent system for collecting extractive revenues.

Cameroon's national oil company, the Société Nationale des Hydrocarbures (SNH), dominates the sector. It is directly controlled by the Presidency and holds a partial interest in most projects, while also regulating the industry. The largest revenue streams are collected by SNH and transferred quarterly to the national treasury after subtracting the company's operation-



al costs—meaning that some oil revenues never reach the treasury. The tax department of the Finance Ministry collects corporate taxes from private oil companies and the SNH.

The Oil Code requires companies to conduct environmental and social impact assessments, including public hearings, before the start of exploration and production. Cameroon remains an Extractive Industries Transparency Initiative (EITI) candidate country and has until August 2013 to complete its second attempt at the validation process.

Reporting Practices

(Rank 45th/58 Score: 33/100)

Aside from publishing environmental impact assessments, Cameroon provides little information on its extractive sector, earning a "failing" score of 33.

SNH has recently begun publishing terms of reference for the licensing of new oil blocks, representing an improvement in transparency but contracts are not published. The tax department of the Finance Ministry does not have a website, but EITI reports are considered official ministerial publications. These reports contain information on production volumes, the names of companies operating in the country, production data by company, dividends, bonuses, license fees, acreage fees, and corporate taxes. They allow for multiyear comparisons, but the data are only published after a delay of four to six years. The Mines Ministry does not publish any information on the oil sector. The Bank of Central African States has published some information up to 2009 on production volumes, prices, the value of resource exports, estimates of investment in exploration and development, and sales to domestic refineries.

Despite relatively progressive rules requiring community participation in environmental and social impact assessments, the public consultation process is problematic, with civil society given only limited access to documents that are often highly technical or have not been translated into local languages.

Safeguards and Quality Controls

(Rank 53rd/58 Score: 25/100)

A general lack of oversight mechanisms and ineffective auditing led to a "failing" score of 25.

The Oil Code prohibits appeals of licensing decisions. The Audit Bench of the Supreme Court audits state accounts, but capacity constraints make effective reviews of extractive

revenues impossible. There is no legislative oversight of the oil sector and officials are not required to disclose their financial interests in extractive projects. Apart from EITI reports, ministries' reports are neither timely nor understandable.

Enabling Environment

(Rank 46th/58 Score: 17/100)

Cameroon received a "failing" score of 17, performing particularly poorly on measures of budgetary openness and the rule of law.

State-Owned Companies

(Rank: 29th/45 Score: 38/100)

SNH is fully state-owned. Little information is available about

its management; not even the names of board members are available on the company website. SNH's sale of the oil it receives in-kind generates its largest single revenue stream. The national budget includes estimates of the company's revenues, but spending is not reported, and SNH's accounts are not audited to international standards. Apart from quarterly reviews that are not accessible to all, the company does not publish detailed narrative reports on its activities. Statistical tables for 2011 were published on its website with information on production volumes, prices, production data by company and block, production stream values, royalties, and bonuses, but the tables do not allow for multiyear comparisons.

Cameroon's Composite, Component and Indicator Scores

| Rank (out of 58) | | Score (out of 100) |
|------------------------|--|--------------------------|
| 47 | COMPOSITE SCORE | 34 |
| 25 | Institutional and Legal Setting | 63 |
| | Freedom of information law | 33 |
| | Comprehensive sector legislation | 67 |
| | EITI participation | 67 |
| | Independent licensing process | 33 |
| | Environmental and social impact assessments required | 100 |
| | Clarity in revenue collection | 33 |
| | Comprehensive public sector balance | 67 |
| | SOC financial reports required | 100 |
| | Fund rules defined in law | .. |
| | Subnational transfer rules defined in law | .. |
| 45 | Reporting Practices | 33 |
| | Licensing process | 33 |
| | Contracts | 0 |
| | Environmental and social impact assessments | 100 |
| | Exploration data | 33 |
| | Production volumes | 50 |
| | Production value | 44 |
| | Primary sources of revenue | 33 |
| | Secondary sources of revenue | 33 |
| | Subsidies | 0 |
| | Operating company names | 33 |
| | Comprehensive SOC reports | 67 |
| | SOC production data | 29 |
| | SOC revenue data | 42 |
| | SOC quasi fiscal activities | 0 |
| | SOC board of directors | 0 |
| | Fund rules | .. |

| Rank (out of 58) | | Score (out of 100) |
|------------------------|---|--------------------------|
| | Comprehensive fund reports | .. |
| | Subnational transfer rules | .. |
| | Comprehensive subnational transfer reports | .. |
| | Subnational reporting of transfers | .. |
| 53 | Safeguards and Quality Controls | 25 |
| | Checks on licensing process | 11 |
| | Checks on budgetary process | 22 |
| | Quality of government reports | 21 |
| | Government disclosure of conflicts of interest | 0 |
| | Quality of SOC reports | 33 |
| | SOC reports audited | 11 |
| | SOC use of international accounting standards | 0 |
| | SOC disclosure of conflicts of interest | 100 |
| | Quality of fund reports | .. |
| | Fund reports audited | .. |
| | Government follows fund rules | .. |
| | Checks on fund spending | .. |
| | Fund disclosure of conflicts of interest | .. |
| | Quality of subnational transfer reports | .. |
| | Government follows subnational transfer rules | .. |
| 46 | Enabling Environment | 17 |
| | Corruption (TI Corruption Perceptions Index & WGI control of corruption) | 22 |
| | Open Budget (IBP Index) | 9 |
| | Accountability & democracy (EIU Democracy Index & WGI voice and accountability) | 21 |
| | Government effectiveness (WGI) | 19 |
| | Rule of law (WGI) | 15 |

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|---|--|
| Satisfactory | Weak |
| Partial | Failing |