



# IMPACTS OF EITI ON THE MINING SECTOR REFORMS IN CAMEROON

Vision 2035 and the Growth and Employment Strategy Documents (GESP) both confirm the mining sector as a pillar of the economy and as a national priority. Cameroon has an important geological and mining potential (iron ore, bauxite, limestone and nickel among others), which can stimulate economic growth.

Notwithstanding this very promising geological and mining context, most solid mining activities apart from quarries for building/construction materials, is concentrated mainly in the more or less informal sector of artisanal exploitation. Major projects have been announced in this sector, but for some years now, the mining sector has been experiencing an international crisis as a result of the slowdown in industrial activity in China, the main outlet for this market. Against the backdrop of excess ore production and low metal prices, the difficulty in raising funds in international markets, which is the main source of financing for mining activities, has affected the dynamism of the sector. The recent restructuring of the Mbalam Iron Ore project which no longer takes into consideration the financing of the transport infrastructure by SUNDANCE RESOURCES and further away from us, the putting on hold and the exit of Rio Tinto from the Simandou iron project in Guinea, testifies to this difficult economic context. Although it is now established that the sector is notoriously cyclical and unpredictable, there is no evidence for the immediate exploitation of some important substances, such as iron or aluminum, which are present in Cameroons subsoil (Mbalam, Mamelles, Nkout, Minim Martap, etc.).

In order to maintain the national objective of making the industrial mining sector a pillar of the economy built on private investment, it is appropriate in this phase of the metals/mineral cycle to prepare for the next cycle through Facilitating exploration and by establishing a conducive investment, alongside the promotion of good practices and the strengthening of effective sectorial governance and transparency.

In order to established in a country, private investors/investments would like to see transparent and coherent policies, fiscal stability, sustainable environmental policies, and the existence of modern, Effective, efficient and transparent institutions. The EITI, and SNPPK, appears to be such institutions.

The Extractive Industries Transparency Initiative (EITI) is a global standard for promoting an open/transparent and responsible management of natural resources. The EITI seeks to strengthen government and business systems, inform public debate and improve confidence. In each implementing country, the EITI is supported by a tripartite coalition of government, business and civil society representatives working together.

Natural resource wealth can contribute to economic growth and social development of a country. Failure to disclose this wealth increases the risk of mistrust, weakens governance and causes

conflicts. Transparency in the management of natural resources by a given country is necessary to ensure that these resources are managed to the benefit all citizens.

Cameroon adhered to the EITI in March 2005 at the Lancaster House Conference in London and was accepted as a Candidate country of the EITI on 27 September 2007. Following the production of its sixth EITI report of 2011, Cameroon was declared a “compliant Country ” of the EITI by the Board of Directors during its meeting in Abidjan on 17 October 2013.

This presentation will focus on the impact of the EITI on the reform of the Cameroon mining sector. In other words, it will be a question of selecting and evaluating the recommendations formulated by the conciliator in the Conciliation Reports of 2009, 2010, 2011 and 2012, whose implementation is the responsibility of the Ministry of Mines, Industry and Technological Development.

| <b>2009 Conciliation Report</b>   |   |  |
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| <b>Situation/Observation</b>  | <b>Recommendation</b>   | <b>Action taken by MINMITD</b>   |
| <p>Insufficient human resources to strengthen MINIMDT's capacity to monitor and manage mining activities.</p> | <p>That the organizational chart of MINMIDT revised in 2012 be rendered more operational especially the new sub directorate of the Mining Cadastre (Register)</p> | <p>Since 2001, Cameroon has committed itself to modernize its Mining Registry on the basis of the Mining Titles Registered in order to ensure the proper management of mining data and to ensure that procedures for the granting of mining rights/licenses are transparent and reliable, avoiding any overlap between license holders and mining areas and areas not open for mining. This activity includes the development of a computerized system to organize the procedures for registration, award procedures and loss of mining titles. The official launching ceremony of the CMI took place on 03/02/2017.</p> <p>Benefits of the Computerized Register include:</p> <p><b>Management of obligations:</b> The new system will be used in the management of obligations related to mining titles within the framework of the respect of the laws and regulations in force, for example: Submission of reports: The reports are submitted every six months to the Directorate of Geology, which summarizes the latter on behalf of the SDCM. Therefore, the SDCM does not receive these reports directly and as part of the one-stop shop, it is important that these documents are submitted to the SDCM for registration in the system and then sent to the Department of Geology for their evaluation and feedback to the SDCM.</p> <p><b>Payments:</b> Payments related to fixed duties, surface area tax, ad valorem tax on</p> |

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|  |  |  | precious substances, precious stones, mineral waters, possible training costs, quarry mining (extraction tax) tax are today paid to MINFI, and the SDCM does not even know if the payments have been made until the owner of the license submits a renewal request. This means that the SDCM cannot say whether the holders of mining licenses are in compliance with their obligations. Within seven days of the payment deadline, the holders of the mining titles/licenses will have to present receipts to the SDCM, failing which they will be considered as not respecting their contractual obligations. |
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**Conciliation Report 2010**

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|  | The new Sub Directorate for Mining Registry (cadastre) does not have qualified staff to strengthen MINMIDT's ability to monitor, track and manage mining activities. | To provide the new Sub Directorate for Mining Registration (Cadastre) in line with MINMIDT's 2012 organizational structure, with qualified human, material and financial resources to accompany the Ministry in the centralization of all statistics/data | <p>PRECASEM (Project for Capacity Building in the Mining Sector), which is a technical assistance project of the World Bank to the Republic of Cameroon in its component A on: access to mineral resources and governance of mining operations, Capacity-building, training of MINMIDT staff has identified;</p> <ul style="list-style-type: none"> <li>• 02 MINMIDT executives who have completed the Comprehensive Mines Administration Course (CESAM);</li> <li>• 02 MINMIDT managers on CESAM module on mining development strategy (mining contracts and negotiation)</li> <li>• 04 persons including 02 from MINMIDT and 02 from the Prime Minister's Office (all 04 members of the Permanent Secretariat of the board of Negotiations on the negotiation of mining contracts in Burkina Faso. Due to political insecurity in that country, the 4 persons did not complete their course. As a result of the premature termination of training following political events in that country, a complementary training session was organized for them in Tunisia.</li> <li>• Training of the personnel of the Sub Directorate of mining within the framework of the ICM</li> <li>• Publication of the MINMIDT statistical yearbook since 2014.</li> </ul> |
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### Conciliation Report 2011

|  | <b>Observation</b>   | <b>Recommendation</b>  | <b>Action taken by MINMITD</b>  |
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|  | <p>Strengthening the Mines, Water and Energy Revenue Protection Program (PSRMEE), a structure attached to the DGI. Monitoring of the mining sector is not very clear as there is a problem of non-exhaustively of information transmitted between MINMIDT and PRSMEE</p> | <p>Review the mandate of the PSRMEE and strengthen its capacities so that it can fully play its role in the fiscal monitoring of operators in the mining sector</p>  | <p>Following the terms of Decree No. 2014/2349/PM of 01 August 2014 of the Prime Minister, Head of Government, production sharing is an integral part of the legal framework for mechanization of artisanal Mining. The state's share includes the deposit of the SI which is taken in material form from the total gross production of the companies involved in the semi-mechanized artisanal mining. On the one hand, the collection of taxes and duties is the responsibility of the tax administration and, on the other hand, the volatile, nomadic and even itinerant character/nature of this type of exploitation, MINFI following the joint agreement N ° 003950 / MINFI / MINMIDT of 01 June 2015, empowers CAPAM to collect the ad valorem tax of mineral substances and the installment of the SI due by the companies engaged in the semi- mechanized artisanal mining, on behalf of the General Directorate of Taxes.</p> <ul style="list-style-type: none"> <li>• Gold that follows this framework is subject to the observations of the stocks, the fusions of the gold in powder form and the retrocessions of the <b>ingots</b> obtained to MINFI in order to reinforce/increase the gold reserves of Cameroon, in the presence of staff of The DGI.</li> <li>• The proceeds from such marketing is forwarded to the Directorate General of Taxes to distribute to the stakeholders in accordance with the provisions of the Finance Law.</li> </ul> |
|  | <p>Regulating Subnational Transfers is important because it is this process that will allow local communities to experience the positive effects of EITI resource governance (see Mining Code)</p>   | <p>The provisions of art. 89 of the Mining Code, is not being respected to the letter. This legal vacuum on compensation of victims affected by activities in the mining sector should rapidly be closed</p> | <p>The 15% revenues from State share are distributed as follows: - 2.2% as corporate taxes; - 12.8% as shares of other stakeholders further sub Divided into five sub-units as follows:</p> <ul style="list-style-type: none"> <li>• 40% directly held in MINFI as gold;</li> <li>• 30% for continuation of reforms to bring the mining of Gold into the formal circuits by CAPAM;</li> <li>• 10% to support the operation of collection teams;</li> <li>• 10% for the running of the Committee for the Monitoring and Evaluation of</li> </ul>   |

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|  |  |  | <p>Small-Scale Artisanal Mining Activities;</p> <ul style="list-style-type: none"><li>• 10% for projects targeted to local populations. The share is not transferred to the affected populations in the form of a financial flow, but is given in the form of projects for the benefit of the community concerned.</li><li>• The said projects are the subject of a call for tenders to select the providers who present the best offers in terms of quality / price. It is worth noting that these projects are selected on the basis of a study carried out by Community Development Experts in consultation with the beneficiary populations.</li><li>• Also, the Finance Law devotes 25% of the ad valorem tax to the benefit of local residents of extractive sites.</li><li>• On the other hand, since companies engaged in this type of operation contribute a monthly production of 40%, the remaining 60% are sold in informal channels. This is because the Ministry does not have sufficient personnel on site to control this informal trade. MINMIDT thus adopted law No. AR001125 / A / MINMIDT / SG / DM / DAJ / CAPAM of December 8, 2016 fixing the minimal production threshold at 50g per excavator and 20 working days per month. This measure will make it possible to increase the state's share by at least two-fold, with a consequent increase in the share of site residents.</li></ul> |
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| <p>Regulating Subnational Transfer is important because it is this transfer that will permit local communities to experience the positive effects of EITI resource governance (see Mining Code)</p>      | <p>Bridge the legal gap/vacuum on compensation to populations affected by mining sector activities.</p>   | <ul style="list-style-type: none"> <li>• Eenvironmental concerns have been given special focus in the new Law No. 2016/017 of 14 December 2016. The law provides for a number of measures, in addition to the creation of a structure which will have as key functions,             <ol style="list-style-type: none"> <li>1. The implementation of measures relating to the rehabilitation of artisanal exploitation/mining sites in collaboration with the competent administrations.</li> <li>2. The strengthening of measures to protect and preserve the environment (Articles 135 to 140), by setting out the rules for the sustainable use of resources, the protection of biodiversity and the rehabilitation, restoration and closure of sites;</li> <li>3. The creation of a Fund with a central bank account to ensure the restoration, rehabilitation and closure of mining and quarrying sites by mining operators in accordance with the principle of "polluter pays" and Of "progressivity in rehabilitation" (Articles 233 and 235);</li> <li>4. Improvement in the protection of the health of populations in the operation of mining activities and the legal obligation to subscribe to insurance policies (Articles 133 and</li> </ol> </li> </ul> |
| <p>Regulating Subnational Transfers is very important because it is this process that will enable local communities to experience the positive effects of EITI resource governance (see Mining Code)</p> | <p>Rapidly close the legal void/vacuum on compensations for populations affected by mining activities</p> | <p>This Mining Code contains innovations to address the redistribution of mining compensation as follows:</p> <ul style="list-style-type: none"> <li>• The institutionalization of Local Content in the law (Articles 164 to 169), which demonstrates the determination of public authorities to maximize the social benefits of mining projects and to encourage harmonious relations between the promoters of mining projects and those living near the mining sites.</li> <li>• The readjustment of the ad valorem tax, the extraction tax and surface royalties (Articles 170 to 176). The income from these rights and taxes is distributed equitably, taking into</li> </ul>   |

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|                                     |  |   | <p>account the populations living around extraction sites</p> <ul style="list-style-type: none"> <li>• The creation of a special account/Fund for the development of local capacities is in line with the desire of government for an equitable redistribution of revenues from mining (Articles 233 and 236) and greater employment of local populations of mining project sites.</li> </ul>  |
| <b>Conciliation Report for 2012</b> |  |   |  |
|                                     | <p>MINMIDT has not yet published the mining and petroleum cadastre/Register on its website or on the EITI website</p>  | <p>Publish the mining and petroleum cadastre/registers on the website of MINMIDT or EITI Cameroon.</p>  | <p>In compliance with the provisions of article 19 of law n ° 2016/017 of December 14, 2016 on the Mining Code, the various authorizations and mining titles must be harmonized. Harmonization here would refer to the geometric transformation of existing polygon-shaped titles to a series of indivisible mining squares, that is, new cadastral units when applying for renewal of licenses. At the end of this phase, the mining cadastre/Register will definitely be put on line.</p>  |
|                                     | <p>Publication of statistics/data on the extractive sector. MINMIDT does not publish periodic reports containing specific and disaggregated data on the extractive sector.</p> | <p>Establish a procedure to periodically publish data on the production, exports and revenues generated by the extractive sector in Cameroon.</p> | <ul style="list-style-type: none"> <li>• The publication of MINMIDT's statistical yearbook since 2014.</li> <li>• Reports of exploration activities are submitted every six months to the Directorate of Geology, which summarizes the latter on behalf of the SDCM. Therefore, the SDCM does not receive these reports directly and as part of the one-stop shop, it is important that these documents be submitted to the SDCM for registration in the system and then forwarded to the Directorate of Geology for their evaluation and feedback To the SDCM.</li> <li>• The same will apply to reports of production activities. As such, the SDCM does not receive these reports directly and as part of the one-stop shop, it is important that these documents be submitted to SDCM for registration in the system and then forwarded to the Mining Operations unit for evaluation and feedback to the SDCM</li> </ul> |

## CONCLUSION

It can be observed from the above that the Ministry of Mines is working in line with the actions being implemented by the EITI in Cameroon. This is more evident in the fact that the new Mining Code has integrated and institutionalized the principles governing the Extractive Industries Transparency Initiative (EITI) and the Kimberley Process (PK) See article 141 of the mining code.

Holders of the Mining Titles are required to comply with the principles of transparency by declaring all payments made to the State in accordance with the laws and regulations in force. (See article 142.)

The holders of Titles who are operating in Cameroon are compelled to comply with international commitments made by the State and applicable to their activities to improve governance in the mining sector, in particular those related to the Kimberley Process and To the Extractive Industries Transparency Initiative.

**Article 143:** Holders of Permits for research or exploitation of diamond or gold and all the actors involved in the processing and marketing chain of these substances are subject to the requirements of traceability and internationally Recognized, rules and principles; See Article 144.

The law which consecrates the granting, extension, renewal, transfer, amalgamation, withdrawal or renunciation of an Operating License shall be published in the Official Journal and Legalized Newspapers.

Article 145. (1) Every holder or applicant for a mining title, authorization for exploitation of quarries and their direct subcontractors shall be under an obligation to provide the competent authority with the identity of all the parties having interests in the Mining Title, in particular. The implementation of this law will facilitate access to information on beneficial ownership.

By

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