

PROJECT INFORMATION DOCUMENT (PID) CONCEPT STAGE

Report No.: PIDC18719

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Country	Cameroon
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Concept Review Decision	Track II - The review did authorize the preparation to continue

I. Introduction and Context

Country Context

Despite considerable natural resources, growth has been below expectations over the past decade. A lower middle income country with a population of 22.8 million people, vast natural resources and a well-trained human resource, Cameroon has great growth potential. Its natural resources include oil, timber, and crops such as coffee, cotton, and cocoa. Natural gas, bauxite, diamonds, gold, iron, and cobalt are all relatively untapped resources. Cameroon is also the gateway to the economy of landlocked Central Africa and a trade route between West and Central Africa economies. However, over the past decade growth has been below the expectations set in the country's Vision 2035. Average growth has been less than three percent over 2005-2010, and only then started to accelerate a bit, spurred by large public investments in infrastructure (grandes réalisations), from four percent in 2011 to six percent in 2015. This growth is not enough to achieve middle income objective formulated in Vision 2035.

Poverty has remained flat while geographical disparities and inequalities worsened. In 2014, poverty incidence was 37.5 percent, close to the 40.2 percent in 2001. However, poverty incidence improved in urban areas (from 17.9 percent in 2001 to nine percent in 2014) while it

worsened in rural areas from 52.1 percent in 2001 to 56.8 percent in 2014. The absolute number of poor increased since 2001 and inequalities increased with a Gini coefficient from 40.4 in 2001 to 44.0 in 2014. Most of the Millennium Development Goals (MDG) were not achieved. The incidence of underweight children was 15 percent, far from the nine percent by 2015 MDG. Considerable progress was made in education, 74 percent completed primary school, but 26 percent shortfall of the MDG objective.

In addition, recent violence in the Far North exacerbates the fragility risk. Initially posing a threat at provincial, then national levels in Nigeria, Boko Haram has extended its operational area from northern Nigeria to the entire Lake Chad Basin. Since 2014, Boko Haram has carried out violent attacks in Cameroon, escalating to virtually a small war in the Far North region. Insecurity is hindering economic activities and cross-border trade between Nigeria, Cameroon and Chad, as well as projects implementation. Flows of refugees (350,000 as of February 2016) and internally displaced populations are increasing in a Far North already host to most of the poor (74.3 poverty incidence in Far North in 2014) intensifying tensions between communities. Violence in a context of poverty and widespread social discontent fueled by frustration about perceived governmental ineffectiveness, corruption and a lack of economic opportunities, are a serious concern for the Government of Cameroon (GoC) whose main achievement over the past three decades has been peace, stability and unity in a region prone to violence.

As a consequence, the country medium-term fiscal outlook is turning negative. The overall fiscal deficit is expected to widen in 2014 because of declining revenue, due to lower international oil prices, and higher capital expenditures associated with large infrastructure projects. Although the ratio of non-oil revenue to non-oil GDP is projected to rise by about a ½ percentage point as a result of ongoing improvement efforts in tax and customs administrations, this increase will not be sufficient to offset the decline in oil revenue. As a result, the public sector debt to GDP ratio nearly doubled between 2012 and 2015, from 16.7 to 33 percent. Also, there are uncertainties on the impact of the Economic Partnership Agreement (EPA) with European Union (EU) on trade revenue in the short and medium-term. Finally, increasing resource allocation to cope with the security risks in the Northern regions (Far North, North, Adamawa, East regions) puts pressure on budget allocation for productive and social policies.

As a result, the GoC is pushing reforms to increase government effectiveness, efficiency and the impact of public investments to boost growth, foster job creation and reduce poverty. Weaknesses and bottlenecks in the Public Investment Management chain and procurement processes have hindered the impact of public investments on growth. The public finance reform introducing result-oriented management has yet to trickle down in improved service delivery. Given the current resource constraint and the fragility risks, the GoC is pushing forward key reforms to collect more and spend better. Increased efficiency and effectiveness in public investment cycle, expenditures and control processes is needed. Credible and regular statistics are needed to inform resource allocation strategically, feed policies implementation and evaluation, and increase the value-for-money of public spending.

Sectoral and Institutional Context

A Poor Governance Record calling for strategic support

Governance has been a key and a long-standing impediment to development. Cameroon has ranked consistently in the lower quintile of world governance indicators for the last two decades.

Governance, Government effectiveness, and corruption are consistently acknowledged as key issues by Cameroonians, private sector and the GoC.

Structural governance-related reforms in Cameroon have so far failed to significantly change the status quo. The National governance programs (Programme National de Gouvernance, PNG I 2001-2005 and PNG II 2006-2010) led by the Prime Minister's (PM) Office set up the strategic orientation for governance reforms (decentralization, justice, economic governance, civil society, public administration) implemented by specific projects. However, reform implementation has been lengthy, partial or sometimes not successful at all; and de jure reforms have not yet translated in behavior changes and are not always fully enforced.

Donors' track record in supporting economic governance reforms is mixed. The previous International Development Association (IDA) financed project, Transparency and accountability capacity building (TACD), and an African Development Bank (AfDB) project, both supporting PFM reform respectively in 2008-2012 and 2006-2012 have been cancelled before closing because of unsatisfactory implementation resulting from overly ambitious reforms supported by these projects, insufficient leadership and lack of coordination and ownership among the beneficiaries. The main achievement of a European Union (EU) funded 2007-2015 PARFIP (Programme d'appui à la réforme des finances publiques) is the conception of the integrated database of human resource and payroll information (SIGIPES II), to be deployed in 2017, for which preparatory work has been achieved with TACD support. The German Cooperation PFM project implementation was delayed by two years as a result of insufficient coordination between the Ministry of Plan (MINEPAT) and Ministry of Finance (MINFI). The Multi-Donor Trust Fund project supporting anti-corruption reform (Change Habits, Oppose Corruption - CHOC) was ultimately not extended to a third phase in 2012 due to the lack of GoC commitment in passing a revised Anti-corruption law. Finally, UNDP support to civil service reform (PAASQSU, 2013-2017) has succeeded to develop and adopt services standards in public services, but actual implementation in pilot Ministries is facing delays.

However, examples of positive deviance in public sector reforms have proved that enhancing transparency, accountability and civil servants' performance in Cameroon is possible. Performance based management is being successfully implemented in health. The introduction of Performance Based Financing (PBF) in the health sector since 2012 has shifted financing from centralized and input-based financing to financing based on results. As a consequence, service delivery outcomes have significantly improved, as well as the health centers governance (from finance management to human resource management). Given greater management autonomy health centers extended performance management to individual staff. Also, a performance monitoring system of custom agents was piloted in 2010 and has been extended to all Douala offices. Customs agents' individual performance contracts enabled a weekly monitoring of performance based on clear targets. The new system led to increased revenue collection, less delays and less corruption. Finally, Cameroon has institutionalized since 2006 an innovative procedure enabling quarterly citizens' oversight of public investment budget execution at the local level. This project is designed to build on those experiences to increase efficiency of public investment management and procurement.

Against this backdrop, the project focuses strategically on crucial governance reforms where the GoC showed commitment and relative progress over the past few years. A number of reforms

aiming at mainstreaming result-oriented management have been monitored at the PM Office level through the PROMAGAR. The introduction of three-year program-budgeting since 2013 (PFM Law 2007) is one of its major components. The September 2016 PM Circular provides concrete orientations and clear impetus to the PFM reform. Timely and credible statistics to inform program budgeting, monitoring and evaluation of the public policies are also part an important aspect of sound public sector management reform, and the planned budget for the Population Census in 2017 is an indication of strong commitment. Finally, the improvement of Public Investment Budget execution is a priority since the GoC has been relying on large Public Investment to boost growth, increasing debt while revenue deteriorated. The Head of State made clear in his 2015 speech that this growth strategy will be pursued, and as a consequence, requested support to increase fiscal space and improve debt sustainability. The Government was instructed to (i) complete the first series major achievements (grandes réalisations), (ii) initiate the preparation of the second series and (iii) implement the Emergency Infrastructure Plan. The following sections identify the key bottlenecks as well as the areas where the appetite is the highest.

Overall Budget Management Reform: A Long-haul Change Still in Progress

The Public Finance Modernization Plan (PFMP) implementation has been slow and progressive. Cameroon passed a PFM Organic Law (Loi organique relative au nouveau régime financier de l'Etat) in 2007 to transition from a traditional, input-based line item budget to a multi-year program budget, with effect in 2013. A PFM Technical Secretariat was established in 2010 and the Directorate of Budget (MINFI) oversees the 2007 reform. The PFMP (2009-2015) was based on the 2007 Public Expenditure and Financial Accountability (PEFA) report, and provided a comprehensive monitoring framework for this PFM reform. Its main objectives were to: (i) improve PFM to strengthen budget management and redirect public resources away from salaries, fuel subsidies and operational costs towards growth and poverty reduction priorities, (ii) enhance the efficiency and effectiveness of service delivery; and (iii) increase the performance orientation of the civil service. There has not been a new PEFA yet, however the 2012 PFMP Mid-Term Review indicated some progress.

Significant progress has been made in budget programming and execution, with the development of programming tools and multi-year budgets, and in the management and institutional framework of the 2007 reform since its actual onset in 2013. The comprehensiveness and the quality of the financial statements improved over the past few years thanks to progress in the quality of the accounts with support from IMF/AFRITAC, as evidenced by the production of full sets of financial statements, including a balance sheet, profit and loss statements, and cash flow statements since 2012. However, the actual use of most of the new tools developed for budget programming and execution remains a challenge. Progress has been limited on budget execution, public accounting reform, internal and external oversight reform, and the integrated financial management information system for public finance which has yet to be upgraded. Major obstacles are identified as (i) inadequate sequencing in the reform rolling-out, (ii) excessive ambition in scope and timing, (iii) poor coordination between MINFI and MINEPAT, as well as with line Ministries, and (iv) an insufficient donor financing to support the reform.

Cameroon PFM Act is mostly but not fully in line with CEMAC PFM Directives promoting a performance-based budgeting system and greater Parliament over- and in-sight. Yet some gaps remain in the following areas: (i) the mandate of the Chamber of Accounts focusing on financial and compliance audit, not including performance audit, and without institutional independence; (ii) the absence of annual budget debates during the spring session of Parliament; and (iii) the lack of

clarity on the accountability of public accountants and financial controllers for the mismanagement of public funds. The GoC intends to use the opportunity of the transposition of the CEMAC PFM Directives to revise its PFM Act, to address the remaining gaps and revamp the reform process.

The implementation of the new PFM Act since 2013 is undermined by the following systemic weaknesses:

- (a) Budget preparation: The link between the Medium-Term Budgetary Framework (MTBF), overall Medium-Term Expenditure Framework (MTEF), sector MTEFs and Ministries' program-budgets as well as the local development plans need significant strengthening. Also, the credibility of the MTEF as the optimal tool to allocate resources and therefore the overall coherence of program expenditures (particularly on the capital budget expenditures) is weak.
- (b) Budget execution is hampered by: (i) lack of coherence between procurement plans and commitment plans, and delays in their availability affecting investment budget execution; (ii) duplication of controls in the expenditure chain between financial controllers and accountants; (iii) in-year cash rationing affecting budget execution and resulting in an increased use of exceptional procedures for budget execution at the end of the fiscal year; and (iv) weaknesses in the financial management information systems.
- (c) Cash management, Treasury Single Account (TSA): The institutional framework for cash management is in place and operational. However, the TSA arrangement is affected by the accounts opened in commercial banks and in the Central Bank (BEAC) but not consolidated into the TSA. This limits the comprehensiveness of cash flows managed by the public treasury and unnecessarily increases Government borrowing costs.
- (d) External audit: The existence of two different oversight institutions (Chamber of Accounts and the Ministry of State Oversight) lacking both institutional independence weakens the external oversight function in Cameroon. The Chamber of Accounts has a relatively stronger independence from the executive but its impact is weakened by the absence of performance audit in its mandate. The Ministry of State Oversight (CONSUPE) has a broader mandate, but its independence is limited due to its reporting line strictly to the Presidency, which results in unpublished audit reports. On the technical side, despite additional recruitments, the scope of work of both institutions remains limited (e.g. less than half of the State-Owned Enterprises are audited every year).

Program-budgeting has been launched in 2013, but institutional arrangements and implementation have not been adapted to result-based management therefore program-budgeting has remained highly theoretical. The Parliament has approved each fiscal year a three-year program-based budget since 2013. Every Ministry has gone through the process of conceiving programs (approximately three each), and identifying objectives and indicators (two or three per program). Indicators associated with each program show room for improvements in their conception: (i) most of them are not suitable nor operational, and (ii) reporting chains are not clear, timely and reliable enough to inform program manager in time to adjust implementation. In some instances, programs and activities are not consistent with the Ministries' mission. Lastly, Ministries' program-budget appropriations are not comprehensive. As an example the payroll appropriation is missing and continues to be centralized in the Ministry of Finance program-budget. An integrated HR/payroll information management system (SIGIPES II) has been developed with support from the donors (mainly World Bank and EU) to improve the management of the wage bill as well as promote the transparency in the civil service. However, its deployment in line Ministries suffers from the lack of financial resources and is not yet effective.

Results oriented management has not yet had an impact on financial and human resource

management in sector Ministries. While program managers are now fully responsible for the implementation of their program, they are not prepared to carry out their duties as a result of insufficiencies in the change management process, nor do they have the institutional autonomy and authority to implement their programs. A training program delivered to the program managers in 2013 did not include sufficient hands-on-support during implementation to facilitate change. Several tools such as ministerial management charter (charte minist rielle de gestion) or program dashboard are being developed to integrate results-oriented management into their program, clarifying roles, responsibilities, and budget execution modalities. Lastly, the assessment of programs performance (the Annual Performance Report) lacks in-depth analysis.

The Prime Minister recently clearly laid out PFM reforms priorities for 2016-2018. A repeated PEFA planned for the last quarter of 2016 will lay the ground for a new comprehensive PFM reform strategy. The September 2016 Prime Minister instruction to all Ministers lays out the PFM priority areas, including: (i) completion of the transcription of the CEMAC PFM Directives, (ii) reinforcement of the links between sector policies and program-budgeting, notably by including investment and salary appropriations in Ministries programs (iii) improvement of budget procedures for multiyear budget management with a focus on public investment projects preparation, scope/design of the programs, year-end budget procedures, etc.), (iv) strengthening of accounting procedures and practices, (v) implementation of a change management process in the public administration, and (vi) upgrade of the integrated financial management information system (IFMIS). The project is designed largely in line with the PM circular.

The Urgent Issue of Weak Public Investment Management

Public investment quality and efficiency is low. While public investments have been steadily increasing since Cameroon reached the HIPC point in 2006, the budget percentage is still well below Sub-Saharan countries average. The execution also presents shortcomings: (i) while the level of committed budget to investment has been increasing from 40% in 2008 to 68% in 2011, actual disbursements and physical execution have been much lower (around 40%); (ii) the improvements in commitments in 2014 (above 90%) were generated by exceptional extension for about three months of commitment authorization by Presidential decree; (iii) the improvements in disbursements and physical execution in 2015 (about 90%) were the results of an increased use of emergency procedure in procurement (i.e. single-source). As a consequence, the perception on the quality of public investment is lower than both Sub-Saharan countries and Low-Income Developing Countries average. Access to infrastructure also tends to be lower than in other countries.

The lack of maturity of investment projects selected in the Budget Law translates into delays in procurement processes during execution. The articulation of planning, programming, and budgeting has improved. A key step was the establishment in 2009 by MINEPAT, in the general secretariat of each line Ministry, of a Planning, Programming, Budgeting and Monitoring (PPBS) Committee (Comit  de Planification, Programmation, Budg tisation et Suivi) in charge of public investment expenditures. However, many challenges remain, particularly in the area of the public investment's preparation. The link between the public investment preparation and the budget preparation cycle (from the Medium-Term Budgetary Framework (MTBF), the overall Medium-Term Expenditure Framework (MTEF), sector MTEFs, program-budgets and the annual budget law, to the Local Development Plans), needs significant strengthening. A better integration of civil works contracts into the budget preparation process would enable a more effective management of

multi-year commitments and in-year cash flows related to their execution. Several additional shortcomings affect the maturity and selection process of public investment projects: (i) absence of clear processes and accountability mechanism throughout the capital budget preparation processes, both between the decentralized level and the central level and between line Ministries, MINEPAT and MINFI, (ii) the lack of human and financial resources to carry out feasibility studies and cost-benefit analyses, (iii) insufficient professional motivation of actors along the preparation chain since investment projects might be introduced in the budget laws ex nihilo, (iv) the lack of clarity on the resettlement/compensation process, and (v) delay in mobilizing counterpart funds (including the complexities in the management of taxes and customs duties) which affected the execution of the major infrastructure such as roads and dams financed by donor-funded projects resulting in low disbursement ratio.

Execution monitoring of public investment projects could be stepped up through better articulation of actors and access to information. A plethora of actors are undertaking some form of monitoring of public investments execution. First, MINEPAT (sous-direction du suivi du Budget d'Investissement Public, BIP) monitors quarterly the execution of decentralized public investment by consolidating data from the Treasury (MINFI) and from the local public investment monitoring committee (Comités Participatifs Locaux de Suivi du BIP - CLS) at the local council, district, regional and national levels. Those committees compile quarterly information on execution from de-concentrated line Ministries, local elected representatives (officially chairing the CLS), and civil society. The public investment projects database (Journal des Projets) has been widely disseminated every beginning of the year since 2008. Second, the other central institutions in charge of public investments monitoring are: (i) the MINEPAT Brigade Control; (ii) the CONSUPE attached to the Presidency; (iii) the Anti-Corruption Agency (CONAC) attached to the Presidency; and (iv) the MINMAP. However, the plethora of actors does not translate in efficiency in control and monitoring. There is no information management system enabling basic information sharing between those institutions. As a consequence, the limited time and resource allocated to control is largely spent on basic information gathering and less on field missions. Finally, some financial management practices negatively affect control and monitoring: (i) inadequate reporting format; (ii) extension of execution beyond 15 months (annual closing process); (iii) unused budget allocations carried over in the treasury account, and (iv) insufficient management accounting practices affecting the timeliness and reliability of reporting.

In districts where civil society organizations (CSO) were actively engaged in independent monitoring, not only the execution rate but also the quality of execution improved. However, (i) participative monitoring of PIB and actual usage of the space offered by the local public investment monitoring committee (CLS) is uneven, depending on the area; (ii) consolidation of execution information does not respect the four weeks delays; (iii) access to information in reusable format and with sufficient details to ensure proper monitoring is still a challenge for CSOs; (vi) information on the PIB managed at the central level is not published in details, nor is it followed by the CLS; (v) CLS monitoring activity is not sufficiently widely disseminated to build citizens trust and interest in the system.

An Unfinished procurement reform affecting the execution of public investments

Issues around the effectiveness and efficiency of public procurement continue to affect public investment spending, despite the adoption of major reforms in 2011. Ministry of Public Contracts (MINMAP) was created in December 2011 and has been mandated to oversee public procurement

in order to address the low capital budget execution ratio, the lack of technical skills within line Ministries, and corruption and lack of transparency in public procurement. MINMAP is institutionally directly attached to the Presidency, and performs the following functions: (i) directly undertakes procurement and contracting processes of contracts above predefined thresholds; (ii) provides quality control and clearance to line Ministries for procurement and contracting processes of contracts below the threshold; (iii) handles complaints from bidders in collaboration with the procurement regulatory agency (Agence de Régulation des Marchés Publics, ARMP); (iv) provides clearance on requests for payment of contracts; (v) oversees contract execution on the ground; and (vi) initiates policy reform and capacity development in liaison with the ARMP.

The impact of the institutional innovation on procurement performance is unclear, and may have increased fragmentation within the system. The creation of MINMAP could have provided the impetus for improving regulations, standardizing practices, enhancing the competencies of officials responsible for executing procurement, and initiating the use of modern information technology to processing transactions and monitor system performance. Each of these factors is associated with improved performance. Instead, MINMAP has attempted to fulfill its functions without a capacity building strategy, operations guidelines, or the benefit of e-procurement. MINMAP has struggled to train its staff of 2,500 officials to establish clear and transparent performance expectation or standards. Some steps have been taken to begin to develop e-procurement but the introduction of an e-procurement system remains relatively distant. The creation of MINMAP also created confusion regarding the role of the ARMP, and established multiple and overlapping procurement regulations.

Public procurement remains a complex and lengthy process that frequently delays the implementation of public investment projects. Overall, the procurement process up to the signature of a contract has been estimated in 2015 to last an average of 167 days in the case of special inter-ministerial procurement committee (Commission Spéciale de Passation des Marchés - CSPM), and an average of 366 days in MINMAP case; and 28 administrative stages in CSPM case compared to 58 when the MINMAP is involved – showing room for quick improvement. There are no procedures or tools to track the procurement processes comprehensively to identify delays and bottlenecks. The lack of tracking mechanisms prevents effective performance monitoring and accountability. Line Ministries are also short of competent staff to expedite process in the new context, and the drafting of procurement plans and tender documents during the preparation stage is rare, resulting in further delays. There is an overall lack of resources and expertise on public procurement management to ensure the quality of programming, records of tenders, elaboration of tender evaluation reports, and contract monitoring.

A Statistics System Under Weather Worth Strengthening

The statistics system is good overall. Cameroon Statistics are published, and largely used by the GoC to inform policy-making and planning. The National Institute of Statistics (Institut National de la Statistique – INS) produces economic statistics (national accounts, prices indices, external trade, enterprises) and social statistics (poverty and living condition, demographic, health) of satisfactory quality. Cameroon has a solid experience in rolling out large data collection operations such as population censuses, living standard household surveys, demographic survey (Demographic and Health Survey-DHS and Multi-Indicators Cluster Surveys-MICS). The quality of training of Cameroonian statistician is good. The sub-regional training institute (Institut Sous Régional de Statistique et d'Economie Appliquée – ISSEA) recruits through a rigorous open competitive exam jointly with the statistics training institute of Abidjan (Ecole Nationale de la

Statistique et d'Économie Appliquée - ENSEA) and Dakar (Ecole Nationale de la Statistique et de l'Analyse Economique - ENSAE).

However, the periodicity of basic surveys and censuses is not observed, and quality could be improved. The general population censuses were conducted in 1976, 1987 then 2005, while the international recommendation is a census survey every 10 years. The GoC is planning the next population census in 2017, and preparatory work already started in 2016, but full financing for 2017 data collection and analysis is not yet secured. The national household surveys (Enquête Camerounaise Supplémentaire des Ménages, ECAM) were implemented in 1996, 2001, 2007 and 2014, with a complementing survey on-going. The last three ECAM have similar methodologies enabling solid trend analysis. However, ECAM are supposed to be conducted at least every five years according to INS standards, and the World Bank recommends a survey every three or four years to monitor more closely the impact of public policies and the Sustainable Development Goals (SDGs). Also, the ECAM could be improved (i) upstream in the design to integrate specific issues related to poverty in rural areas or Northern regions where poverty is the highest, including more frequent data production; and (ii) downstream with more in-depth analysis. Also, line ministries could benefit from INS data production and expertise to inform program preparation, monitoring and evaluation.

National accounts are engaged in a modernization process requiring support, and suffer from lack of agriculture data and comprehensive external trade data. While many Sub-Saharan countries are still following the 1993 national accounts framework, Cameroon transitioned successfully to the 2008 system, and has been producing trimestral accounts since 2015. However, the classic annual national accounts suffer from a lack of reliable agriculture statistics. The last agriculture and livestock census was undertaken in 1984 and annual surveys stopped in the early 1990s. MINEPIA and MINADER currently rely on indirect sources to produce the necessary basic sector statistics. A new agricultural and livestock census (Recensement Général de l'Agriculture et de l'Élevage - RGAE) is planned for 2017 but the project is facing difficulties to mobilize funds because the budget is high compared to similar exercise in the region (CFAF 28 billion). Data on cross-border trade are not fully included in the national accounts, whereas that trade is significant for the local economies close to borders (e.g. North-West region with Nigeria, North and Far North regions with Chad and Nigeria). As for the quarterly national accounts, they have been produced just since 2015 and the methodology needs to be consolidated.

While data management (from archiving to dissemination) is good, there is a need to enhance it by exploiting more on-line tools. Statistics are useful if they are both accessible and usable not only by authorities but also academic, students, civil society, international organizations, etc. INS set up databases of socioeconomics data (CAMSED), and data on trade, prices, and national accounts are available on the National Data Dashboard (Page Nationale Récapitulative des Données - PNRD). However, (i) archiving of data on enterprise statistics is weak; (ii) current INS archiving platform does not include sector data (agriculture, education, health); (iii) dissemination is limited to access to raw data online. The new INS headquarters is currently in construction, which represents a good opportunity to set up an efficient archiving system enabling data consolidation and dissemination.

Relationship to CAS

The rationale for the proposed project is consistent with and aligned to two pillars of the DSCE: (i) macroeconomic and budgetary management and (ii) State governance and strategic management.

These pillars acknowledge that sound PFM is crucial to achieve the objective of rapid, inclusive, and sustainable growth and development. The DSCE also puts a strong emphasis on capacity building in strategic planning, regulation of the economy, and PFM as presented in the PFMP. The proposed project is in line with the governance and service delivery pillars of the Country Partnership Framework as well as with the country's new PFM reform action plan issued by the Prime Minister (pillars 2 and 3 on the reinforcement of the links between the sector policies and the budget, and the improvement of the budget procedures – multiyear budget management with a focus on public investment projects, maturation of public investment projects, year-end budget procedures).

The project will be complementary to on-going operations. Specific support to line ministries in public investment management or program budgeting will build synergies with the on-going sector operations (i.e. Health, Education) and overall the procurement processes of the portfolio. Finally, strengthening the statistic system will enhance the quality of macroeconomic and poverty analysis, and contribute to better design and monitor indicators associated to program-budgets, ultimately contributing to improve the impact of the public spending.

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

The project development objective is to enhance effectiveness and efficiency of public spending and related statistical information in selected sectors in Cameroon.

The project will specifically target (i) public investment management in the context of the implementation of the 2007 Public Finance Management Act and the procurement reform; and (ii) national statistical system. In addition to Min. of Finance, Min. of Economy and Min. of Procurement, the project will focus on implementation with line ministries of Basic Education, Health, and Agriculture. The project is designed to be flexible and responsive to emerging opportunities to support public sector management effectiveness and efficiency by applying problem-driven iterative adaptation in the management of the project and setting contingency financing of unplanned activities relevant to the PDO and other activities.

Key Results (From PCN)

The PDO-level results indicators are:

PDO Indicator 1: Improved investment budget execution: Investment budget execution rate in selected sectors (%)

PDO Indicator 2: Improved effectiveness in investment budget preparation

PDO Indicator 3: Improved performance of public investment procurement processes

PDO Indicator 4: Improved the frequency and the quality of household survey data for poverty analysis

PDO Indicator 5: Improved the production of population data and their use on poverty analysis

PDO Indicator 6: Improved the production of agricultural data

III. Preliminary Description

Concept Description

The project has five strategically linked and mutually reinforcing components in three selected areas (program-budgeting, public investment management, public procurement and statistics) within the

wider context of the on-going and incremental modernization of Cameroon public sector management. The Program-budgeting component will be supported by increased statistics capacity (component 4) while supporting improved public investment management (component 2). The Procurement component (component 3) will directly support Public Investment Management (component 2), the latter contributing to enhancing both the preparation process and execution. The Statistics component (component. 4) would indirectly support overall planning (component 1) by enhancing the quality of basic population, macroeconomic and socioeconomic data, and directly supporting program budgeting by improving program indicators and M&E system. The components are building synergies with the AfDB's PFM project negotiated mid-July 2016 and IDA operations in Health (P156679, HSPRP 2016-2021).

Component 1: Consolidating the program budgeting reform in selected sectors

This component aims to translate program-budgeting into reality in some selected sectors, all the way from planning to oversight under the leadership of the MINFI. To this end, the component will first consolidate the budget reform process at the two leading ministries (finance and economy, planning and regional development), and second solve public financial management issues that impede adequate implementation of program-budgets in MINESEC and MINSANTE.

(a) Strengthening program-budgeting: the sub-component will provide support to: (i) redesign programs in (budget/activities classifications, scope of the program, program indicators, management accounting, inclusion of payroll management in programs, etc.), (ii) ensure harmonization of multi-year management of investment projects (including management of recurrent costs) and three-year program budgeting, (iii) provide hands-on-support to Program Managers/Directors of Financial Affairs and other staff involved in the design and the implementation of the programs, and (iv) adopt and implement a ministerial management charter.

(b) Enhancing programs' execution and monitoring system: this sub-component will support the (i) definition and implementation of processes consolidating information collection, clarifying roles and responsibility with regards to field monitoring and evaluation (M&E) from the local to the central level, (ii) redesign and implementation of PFM year-end processes (format of reporting, financial management closing process activities, procedures for unused budget allocations for investment projects); (iii) development of procedures for the management of fixed assets financed through public investment; (iv) revise execution reporting to adapt it to multi-year execution; and (v) set up of the BOOST database recently developed with World Bank support to ensure it is updated and used for program monitoring.

(c) Deploying new payroll management: this sub-component will support the deployment of the recently developed integrated HR/payroll management system (SIGIPES II) in MINESEC and MINSANTE. This will require the completion of the on-going update of the HR database for the selected ministries, acquisition of additional IT equipment and training of the respective units in charge of HR/payroll in these ministries including change management support. Finally, the project will support the use of SIGIPES II for HR analysis and strategic planning according to the programs.

Component 2: Improving public investment execution in selected sectors

This component aims to address some key bottlenecks in the maturation, programming, budgeting, and execution monitoring processes of public investment activities. The Ministries of Secondary Education (MINESEC) and Health (MINSANTE) will be major beneficiaries of this component to be implemented under the leadership of the MINEPAT. This component will likely consist of three sub-components:

(a) Strengthening Public Investment Budget programming: the sub-component will provide

support to enhance the PIB preparation process by: (i) defining and implementing public investment activities, in particular project preparation and selection (policy note/decreed/order on a new PIM cycle ; aligning sector strategies, MTEF, program-budgets and Local Development Plans; stocktaking of existing investment projects to identify projects to be supported from appraisal to selection), (ii) establishing an e-tracking for preparation processes and pilot performance contracting for the Cellules PBBS of MINESEC and MINSANTE and of MINEPAT/Direction de la Programmation to gain in effectiveness and efficiency in preparation processes, and (iii) providing additional resources to the Preparation Fund (Fonds de Maturation) to strengthen project appraisal capacity (for MINESEC/MINSANTE specifically).

(b) Enhancing Public Investment Budget execution monitoring: the sub-component will include support to: (i) optimize the articulation between the participatory CLS (trimestral reporting) and the deconcentrated administration (monthly reporting); (ii) facilitate data consolidation by the MINEPAT/Sous-Direction du Suivi du BIP from district and regional levels and MINFI/DGT through web-based solutions and performance contracting of deconcentrated levels (regional and district levels); (iii) enhance data dissemination on PIB to include further details than mere Journal des Projets but also contract document and level of physical and financial execution on trimestral basis; and (iv) undertake a social experiment aiming at stimulating PIB execution monitoring by grassroots civil society in two districts in two regions to be determined through two years active information and capacity-building of grassroots associations (village development committees, cooperatives, women associations, youth associations, tontines/revolving fund, etc.) with control groups.

(c) Strengthening the management of public investment projects financed by international and bilateral donors: this sub-component will support (i) development of decree and guidelines describing the processes for compensation/resettlement including processing lead time at each steps, and (ii) capacity-building of the Directorate of International Cooperation in project management (including FM-tax issues, M&E, and procurement).

Component 3: Strengthening the performance of the public procurement system and developing capacity for better service delivery

The purpose of this component is to improve the performance of the public procurement system by improving the efficiency, effectiveness, and value-for-money. The component, to be jointly implemented by ARMP and MINMAP, is designed to respond to demands for addressing key obstacles to performance. It is structured around four inter-linked sub-components that will enhance the competency of procurement staff, expand the capacity of core institutions to carry out their functions, and enable officials to monitor and improve key performance indicators. Work undertaken within the component will complement and inform on-going efforts, supported by AfDB, developing comprehensive strategies for improving the procurement system. The four sub-components are:

(a) Strengthening the competencies of public officials responsible for public procurement. This sub-component will include training of procurement staff in MINMAP, ARMP, and up to two pilot ministries. Training will be complemented by the creation of a system for tracking staff learning and expertise, and the development of competency requirements for officials involved in procurement transactions. A strategy will be produced for eventual professionalization of the procurement function. The project will support the implementation of a national capacity building strategy for public procurement upon its adoption.

(b) Enhancing the capacity of organizations in the procurement system to carry out their functions: This sub-component will support enhanced clarity in the rules regarding procurement processes used in MINMAP and other executing agencies, and the creation of materials to guide

staff in following the required procedures. The extent of compliance with rules will be monitored through the creation of processes and platforms, including electronic tracking systems, and the analysis of the collected data.

(c) Streamlining the procurement regulatory framework: This subcomponent will support implementation of a new Procurement Code and/or Central Purchasing Unit upon adoption by the Government.

(d) Improving the management and monitoring of procurement performance: This subcomponent will define public procurement performance indicators and a mechanism for gathering and analyzing performance data. It will introduce mechanisms to orient the system towards better performance including, but not limited performance contracts, and greater community participation in oversight, where appropriate.

Component 4: Strengthening the country's statistical system

The purpose of this component is to improve the national statistical system in order to produce regular and reliable economic and social population statistics, and in-depth analysis. Robust statistics are a pre-requisite to evidence-based policy-making and policy results monitoring. This component would consist of three sub-components:

(a) Improvement of poverty related data by providing technical assistance and financing to (i) the design, data collection and analysis of the fifth national household survey (ECAM 5) with a particular focus on northern regions rural areas and gender issues (agricultural income, shocks, and vulnerability, gender etc.), (ii) data collection of the fourth population census, and (iii) analysis of the complementary household survey (ECAM 4).

(b) Strengthening the national accounts production by: (i) providing technical assistance to improve the quarterly national accounts methodology and (ii) establishing a methodology and baseline to better reflect the regional cross-border trade.

(c) Enhancing statistical data dissemination and the archiving system by: (i) providing technical assistance and financing to improve archiving procedures and build the capacity of the INS archiving department; and (ii) setting up the IT network and equipment in the new INS headquarters and the 10 regional agencies to facilitate data treatment, sharing, archiving and public dissemination.

Component 5: Project coordination

This purpose of this component is to support the Project Coordination Unit (PCU) in coordinating and managing the implementation of the Project. Activities would include:

(a) Management support, such as (i) developing annual work programs and procurement plans; (ii) ensuring proper fiduciary management and monitoring; (iii) coordinating technical work and support to the technical units within the relevant Ministries; (iv) monitoring and reporting on project's implementation; and (v) implementing the Problem-Driven Iterative Adaptation (PDIA) approach into project management to ensure close monitoring, stakeholders' ownership and project's adaptation.

(b) Contingency Fund: the contingency fund will enable the PCU to be flexible and highly responsive to emerging opportunities to support initiatives increasing public sector management effectiveness and efficiency. The component may finance scale-up of existing activities, pilots, technical assistance or cross-cutting analytical studies, for example related to (i) the integration of CEMAC PFM Directives into Cameroon law, (ii) a new PFM modernization plan, (iii) a PEFA, and (iv) the technical specifications of the Integrated Finance Management Information System

(IFMIS). The use of the Contingency Funds would be subject to prior validation by the World Bank and the Steering Committee.

IV. Safeguard Policies that might apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01		x	
Natural Habitats OP/BP 4.04		x	
Forests OP/BP 4.36		x	
Pest Management OP 4.09		x	
Physical Cultural Resources OP/BP 4.11		x	
Indigenous Peoples OP/BP 4.10		x	
Involuntary Resettlement OP/BP 4.12		x	
Safety of Dams OP/BP 4.37		x	
Projects on International Waterways OP/BP 7.50		x	
Projects in Disputed Areas OP/BP 7.60		x	

V. Financing (in USD Million)

Total Project Cost:	20.00	Total Bank Financing:	20.00
Financing Gap:	0.00		
Financing Source			Amount
BORROWER/RECIPIENT			0.00
International Development Association (IDA)			20.00
Total			20.00

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