

**CAMEROON POWER SECTOR REFORM PROGRAM
(P178136) (Program-for-Results)**

Integrated Fiduciary Systems Assessment (IFSA)

May 2023

I. ABBREVIATIONS AND ACRONYMS

ANIF	Agence Nationale d'Investigation Financière
ARMP	Autorité de régulation des marchés publics,
ARSEL	Electricity Sector Regulatory Agency (<i>Agence de Régulation du Secteur de l'Electricité</i>)
CDMT	Cadre de Dépenses à Moyen Terme
CAA	Autonomous Amortization Fund (<i>Caisse Autonome d'Amortissement</i>)
CELCOR MINEE	MINEE Anti-Corruption Unit / Cellule de Lutte contre la Corruption du MINEE
CEMAC	Communauté Economique et Monétaire de l'Afrique Central / Central African Economic and Monetary Community
CoA	Chamber of Accounts (Auditor General)
CONSUPE	Controle Supérieur de l'Etat/Higher State Control (Supreme Audit Institution)
DLI	Disbursement-Linked Indicator
DLR	Disbursement-Linked Result
ENEO	Energy of Cameroon S.A
ESDF/FDSE	Electricity Sector Development Funds/Fonds de Développement du Secteur de l'Electricité
GoC	Government of Cameroon
IC	Interministerial Committee
IFSA	Integrated Fiduciary Systems Assessment
IVA	Independent Verification Agency
MINEE	Ministry of Water Resources and Energy (<i>Ministère de l'Eau et de l'Energie</i>)
MINFI	Ministry of Finance (<i>Ministère des Finances</i>)
MINMAP	Ministry in charge of public contract(<i>Ministère chargé des Marches Publics</i>)
NACC	National Anti-corruption Commission
ENEO	Energy of Cameroon S.A
PCU	Program Coordination Unit
PFM	Public Financial Management
PforR	Program for Result / Programme axé sur le Résultat
PforR-RA	PforR readiness assessment
POM	Program Operations Manual
PROBMIS	Program Budget Management Information System
SONATREL	Société Nationale de Transport d'Électricité du Cameroun/ National Electricity Transmission Company
TIC	Technical Interministerial Committee
ToR	Terms of Reference
TSA	Treasury Single Account

Table of Contents

I. ABBREVIATIONS AND ACRONYMS	1
SECTION 1. INTEGRATED FIDUCIARY SYSTEMS ASSESSMENT (IFSA)	3
1. 1 FIDUCIARY RISK ASSESSMENT – CONCLUSIONS	3
1. 2 KEY FIDUCIARY RISKS AND MITIGATION MEASURES.....	4
1. 3 PROCUREMENT EXCLUSIONS	6
SECTION 2: SCOPE AND PROGRAM BOUNDARY	6
2. 1 SCOPE OF FSA	6
2. 2 IMPLEMENTATION ARRANGEMENTS	7
2. 3 PROGRAM BOUNDARY AND EXPENDITURE FRAMEWORK	8
SECTION 3: REVIEW OF THE PUBLIC FINANCIAL MANAGEMENT (PFM) CYCLE OF PROGRAM ENTITIES	11
SECTION 4. PROGRAM SYSTEMS AND CAPACITY IMPROVEMENT	19
ANNEX 1: DRAFT ANTI-CORRUPTION PROTOCOL.....	23

Section 1. Integrated Fiduciary Systems Assessment (IFSA)

1. 1 Fiduciary Risk Assessment – Conclusions

1. **The Government's program fiduciary system encompassing procurement, financial management (FM), and governance has been assessed by the World Bank against the operational requirement outlined in the PforR Financing Framework.** The assessment was carried out through analysis of available documents, data, reports, meetings and discussions with officials of the implementing agencies. Although several institutions play different roles in program implementation, the financial management responsibility resides only with MINEE.

2. **The IFSA assessed whether the fiduciary system and performance of the Program's fiduciary system are adequate and provide reasonable assurance that the funds would be used for the intended purposes with due attention to the principles of economy, efficiency, effectiveness, transparency and accountability.** The IFSA covered financial management, procurement, and fraud and corruption aspects as outlined below. The IFSA was conducted in accordance with the principles governing PforR Programs as set out in the World Bank internal guidelines.

- The financial management systems were assessed to determine the degree to which the relevant planning, budgeting, accounting, internal controls, funds flow, financial reporting and auditing arrangements provide a reasonable assurance on the appropriate use of program funds and safeguarding of its assets;
- The procurement systems were assessed to determine the degree to which the planning, bidding, evaluation, contract award and contract administration arrangements and practices provide a reasonable assurance that the Program will achieve intended results through its procurement processes and procedures; and
- The Program was also assessed in terms of the capacity of its governance systems to handle fraud and corruption risks, including the use of complaint mechanisms. It was also assessed how such risks are managed and mitigated in light of the government's commitments under the Guidelines on Preventing and Combating Fraud and Corruption in PforR Financing (Anti-Corruption Guidelines or ACGs).

3. **Based on the IFSA, the combined fiduciary risk is rated as Substantial.** The IFSA identified potential risks and areas for further strengthening, and proposed mitigation measures. With the implementation of recommended mitigation measures, the IFSA concluded that MINEE's Integrated Fiduciary Systems have the capability of providing reasonable assurance that the financing proceeds will be used for intended purposes with the objective of supporting the achievement of the Program objectives. The conclusion of the IFSA is in line with the PforR readiness assessment (PforR-RA) for Cameroon carried out in July 2022. **The main conclusion of the PforR-RA was that the Cameroon's public finance management system is conducive to the use of the PforR financing instrument,** and that Cameroon's financial management framework complies with the system defined by the CEMAC directives, which have been transposed into national law. If any significant issues arise during program implementation, additional appropriate mitigation measures shall be put in place in consultation with the government.

1. 2 Key fiduciary weaknesses, risks and mitigation measures

The key fiduciary risks identified by the assessments are as follows:

4. **Key fiduciary risks.** The key fiduciary risks under the Program include the following:
 - (a) uncompleted set up of the Treasury Single Account (TSA)¹ and persistent liquidity tensions could result in significant delays to respond to requests or payments submitted by MINEE for the Program activities.
 - (b) limitation of the Chamber of Account (CoA) capacity, resources, and independence to audit the government's accounts (jurisdictional missions) could affect its capacity to deliver quality work and submit the program audit report within the set deadline.
 - (c) fragmentation of fraud and corruption risk management, unclear leadership role assigned, and weak coordination of several institutions² charged with the mission to prevent and respond to fraud and corruption, combined with lack of knowledge of the PforR requirements regarding the management of fraud and corruption cases.
 - (d) limited capacity of the internal audit – General Inspectorate of MINEE- and lack of modern audit tools to carry out risk assessment and risk-based audit.
 - (e) lack of capacity of key procurement actors (members of procurement committees and bid analysis subcommittees).
 - (f) poor quality of procurement documents (tender documents and tender evaluation reports), which generally leads to unsuccessful tenders.
 - (g) governance issues that lead to an increase in the number of complaints during the procurement process and consequently to a more cumbersome contract award process; and
 - (h) lack of capacity in contract management.

Nevertheless, there is positive evidence of capacity regarding audits and fraud and corruption management. For instance the Chamber of Accounts (CoA), although not familiar with the PforR and the audit of World Bank-financed projects, has audited the state's accounts on time with the report approved by the Parliament before the deadline and published it on the government's website. The CoA has also audited some African Development Bank-financed investment projects.

¹ The Government has a timeframe 2022-2024 for the implementation of the TSA. The TSA is not yet fully operational and does not include all the government financial resources. In addition, cash management is weakened by exceptional fund management procedures due mainly to extra-budgetary expenditures. The government tested the new ICT platform developed by the Central Bank for TSA management since late 2022. The new TSA is to be launched in June 2023. The first year for which TSA budget execution reports will be available will be 2024.

² These include CONAC (Commission National anti-Corruption), ANIF (Agence Nationale d'Investigation Financière), CELCOR/MINEE (Cellule de Lutte Anti-Corruption du MINEE, la Chambre des Comptes, CONSUPE (Contrôle Supérieur de l'Etat), TCS (Tribunal Criminel Spécial), Autorité de Régulation des Marchés Publics (ARMP), MINMAP (Ministère des Marchés Publics)

5. **Mitigation measures.** To mitigate the risks identified, the Program's design has proposed the following measures:

- (a) The ongoing PFM reform is to fully operationalize the TSA beyond the current Program. The Government has proposed to open at the Central Bank a TSA sub-account into which the World Bank and Government program's advances/contribution will be released. This sub-account will be managed by the Treasury. The Government has proposed to use in priority the resources in the sub-account to finance the program activities. A similar arrangement was made for the Electricity Sector Development Funds created by the government with resources provided by key electricity operators and the government.
- (b) The annual external audit of the Program will be conducted by the Chamber of Accounts³ with ToRs acceptable to the World Bank. A memorandum of understanding will be agreed upon between the CoA and MINEE and provisions would be made in the program to support the CoA to deliver quality outputs and on time.
- (c) The Bank will sign a MoU with CELCOR-MINEE to ensure that any allegations on fraud and corruption in the Program are reported timely. CELCOR-MINEE will be responsible for coordinating the investigation of any potential fraud and corruption case that might arise during Program execution. Provisions will be made in the program documents to support CELCOR-MINEE as well and other institutions involved in preventing and addressing fraud.
- (d) The Program will include support activities through Technical Assistance to support capacity building of the General Inspectorate of the MINEE to carry out risk assessment and risk-based audits.
- (e) With the recent approval of the procurement capacity development strategy, the Government has undertaken, with the assistance of the governance World Bank-financed project some steps to implement the strategy for all actors involved in the procurement process and contract management. Such training will benefit the procurement staff involved in the implementation of the Program.
- (f) The Government has approved that existing standard procurement documents, manuals and guides developed with World Bank support under the Public Expenditure and Statistical System Efficiency Project (PEPS) will be used during implementation of the PforR.
- (g) Gradual implementation of the Cameroon online e-procurement system (COLEPS), and reduction of bad practices observed and improvement of the performance of the public procurement system through (i) strengthening the performance-based financing mechanism throughout the country, (ii) establishing and disseminating a code of ethics, (iii) fighting corruption and strengthening integrity in the public procurement management process, (iv) dematerializing all public procurement management procedures, and (v) reviewing the regulatory framework for the appointment of public actors

³ The CoA has some experiences in auditing some State Own Enterprises accounts, and has audited some African Development Bank financed investment projects

1. 3 Procurement exclusions

6. The detailed review of the Program Expenditure Framework did not reveal potential contracts with a cost estimate above the Operations Procurement Review Committee (OPRC) review thresholds of USD 75 million for works, USD 50million for goods and non-consulting services, and USD 20 million for consultant services-,which are based on a substantial risk rating.

Section 2: Scope and Program Boundary

2. 1 Scope of FSA

7. **This is an Energy sector program engaging several institutions and agencies: MINEE, MINFI, ARSEL and SONATREL.** These institutions and agencies have a key direct role in program implementation, but others also have an important role to play⁴. The IFSA has targeted institutions of key implementing agencies that have key roles to play for the success of the program or with budget or procurement responsibilities.

8. **The IFSA covers the following key areas and sub-areas of program PFM system:**

Procurement arrangements: Regulatory Framework; Procurement Planning; Staffing; capacity of bidders and staff at the line agencies; Standard procurement processes and procedures; standard bidding document; the value of procurement handled; availability of competition; the existence of complaint handling and resolution system; Procurement performance; the existence of MIS; internal control mechanisms; Procurement documentation, review, and audit.

Financial Management

- *Planning and Budgeting:* Budget vs. Expenditure; The Program budget is realistic, policy based, and implemented in an orderly and predictable manner .
- *Treasury management Fund Flow:* Adequate and timely funds are available to finance Program implementation .
- *Accounting and financial reporting:* Adequate program records are maintained, and financial reports produced and disseminated for decision-making, management, and Program reporting.
- *Internal controls (including internal audit).* There are satisfactory arrangements to exercise control and stewardship of Program funds.
- *Program audit.* Adequate independent audit and verification arrangements are in place following the international standards on auditing.
- *Fraud and corruption:* Adequacy of regulatory and institutional arrangements to prevent, detect, investigate, and sanction fraud and corruption cases.

⁴ MINEE, Coordinator of e-Procurement, Director Procurement Control, SONATREL, MINFEE, ENEO, Department of budget, Chamber of Accounts, ARMP, CONSUPE, Public Procurement Regulatory Agency, General Inspection MINEE, Public accountant of MINEE, etc.

2. 2 Implementation Arrangements

9. **Institutional arrangements:** An Inter-ministerial Committee (IC) created by “Arrete No 021/PM du 06 mars 2023” will be responsible for strategic oversight of the Program, whereas the MINEE will be responsible for the overall coordination, supervision, and implementation of the Program. The IC is chaired by the Secretary General of the Prime Minister (SGPM) and comprises, among others, the Ministers (MINEE, MINFI, MINEPAT), and all electricity sector institutions and agencies. The IC will meet twice a year and provide political and strategic orientations for the Program. The IC will be supported by a Technical Inter-ministerial Committee chaired by the Minister of Energy and Water Resources (MINEE).

10. **A Program Implementation Unit (PIU) will be established at MINEE’s Electricity Department.** Key functions include financial management (FM) and procurement, monitoring and evaluation (M&E), management of grievances, safeguards monitoring, and reporting. The PIU will be staffed with civil servants, supplemented by consultants. The PIU will also be responsible for the management of the IPF component. A POM will be developed to clarify roles and responsibilities, including reporting arrangements during the implementation of the program.

11. **Implementation processes.** The MINEE will have ultimate responsibility for FM and procurement activities, in line with existing government regulations. The main processes involved would be (a) maintaining the existing FM and procurement procedures and regulations for the Program agreed with the World Bank as being acceptable for PforR financing modality, (b) facilitating the Program flow of funds from the budget through existing channels, to the final contractors and service providers, (c) meeting the reporting requirements regarding the results on which the Program is based, (d) arranging internal and external audits, etc.

12. **Verification arrangements.** The MINEE’s PIU will recruit an independent verification agency (IVA) based on ToRs and a recruitment process acceptable to the Bank, to carry out the verification of achieved results according to protocols that are specified for each Disbursement Linked Result (DLR). The PIU with input from other relevant entities in MINEE, other ministries and agencies; will produce a report supported with evidence for periodic DLRs achieved. A copy of the IVA report will be shared with the Bank. The World Bank will review all the documentation submitted and confirm, based on the evidence provided by the government, whether the DLRs can be considered achieved.

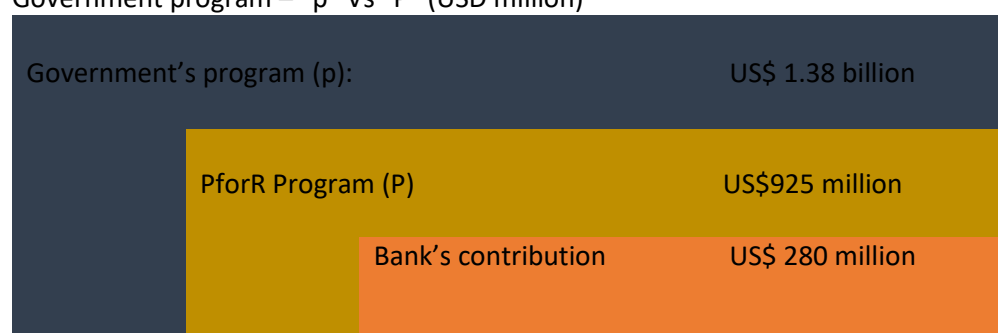
13. **Budgeting and planning.** The program’s budget and planning are prepared and approved on an annual basis following the budget procedures for government ministries in Cameroon. The budget line items that would constitute the Program Expenditure Framework will be used to track and monitor the program financial execution.

2.3 Program Boundary and Expenditure Framework

14. **The Government of Cameroon’s Power Sector Program⁵ (p) is valued at around US\$1.38 billion for 4 years. Out of this, the cost of the Program for Result is estimated at US\$925 million** of which IDA will finance US\$280 million. A PforR Program (P) has been carved out of the overall government program (p). The PforR Program (Government and World Bank) covers 66 percent of the overall government program. The scope of the IFSA is limited to the PforR Program to be implemented by MINEE. The expenditure framework of the MINEE (“P”), hereafter called ‘The Program’ is, estimated at US\$925 million, of which the WB (IDA) will finance US\$280 million. The Program will be a combination of capital expenditure (capex) and operating expenses (opex).

Source of funding	Amount (US\$ Million)	% of Total
Government of Cameroon (P)	645	69.70%
World Bank – IDA (P)	280	30.30%
Total Program Financing (P)	925	100%

Government program – “p” Vs “P” (USD million)



The government’s program boundary is determined by key institutions involved in program implementation. The Government program is derived by identifying the cost of ongoing activities put together and included in the government budget, and initiatives which are essential for the achievement of the program results across the implementing entities. The expenditure program is based on work plans at departmental level designed to achieve the DLRs and overall results.

The Program Expenditure Framework composition is made up of all costs outlined in the table below.

⁵ Cameroon Electricity Sector Recovery Plan (CESRP)

15. Program Expenditure Framework breakdown

Programme/ Ministere	Actions	Activités	Codification	GoV XAF billion	Bank XAF billion	Total XAF billion
Programme 016 MINEE	ACTION 01: DEVELOPPEMENT DES INFRASTRUCTURES DE PRODUCTION DE L'ENERGIE ELECTRIQUE	Activité 02: construction des centrales solaires	016-01-02-524112; 361313; 524311; 360140; 360560; 361160	26.07	0.00	26.07
Programme 016 MINEE	ACTION 02: DEVELOPPEMENT DES EQUIPEMENTS DE TRANSPORT DE L'ENERGIE ELECTRIQUE	Activité 01: Modernisation et maintenance des réseaux de transport de l'électricité	016-02-01-524112; 361313; 524311; 360140; 360560; 361160	8.00	30.86	38.86
Programme 016 MINEE	ACTION 02: DEVELOPPEMENT DES EQUIPEMENTS DE TRANSPORT DE L'ENERGIE ELECTRIQUE	Activité 2 : suivi de la réhabilitation et maintenance des infrastructures de transport de l'énergie électrique	016-02-02-524112; 361313; 524311; 360140; 360560; 361160	0	8.21	8.21
TOTAL 016				34.07	39.07	73.14
Programme 137 MINEE	ACTION 01: DEVELOPPEMENT DES INFRASTRUCTURE DE DISTRIBUTION DE L'ENERGIE ELECTRIQUE	Activité 1 : Electrification Urbaine	137-01-01-524112; 361313; 524311; 360140; 360560; 361160	10	43.50	53.50
Programme 137 MINEE	ACTION 01: DEVELOPPEMENT DES INFRASTRUCTURE DE DISTRIBUTION DE L'ENERGIE ELECTRIQUE	ACTIVITE 4 : Raccordement électrique des infrastructures sociales, économiques et industrielles.	137-01-04-524112; 361313; 524311; 360140; 360560; 361160	1.86	44.51	46.36
Programme 137 MINEE				10	40.52	50.52
TOTAL 137				21.85	128.53	150.38
Programme 139 MINEE	Action 7: CONSEIL JURIDIQUE AU MINEE	Activité 1 : élaboration et mises à jour des guides, des manuels de procédures, des documents juridiques et autres actes administratifs	139-07-01-361332; 361313; 360140; 524311; 360560; 361160	0	1.20	1.20
Programme 139 MINEE	Action 2: ELABORATION DES DOCUMENTS DE STRATEGIES ET TECHNIQUES AU MINEE	Activité 1 : Elaboration et mises à jour des documents de stratégie du MINEE	139-02-01-361332; 361313; 360140; 524311; 360560; 361160	0	1.96	1.96
Programme 139 MINEE	Action 2: ELABORATION DES DOCUMENTS DE STRATEGIES ET TECHNIQUES AU MINEE	Activité 3: Elaboration et mises à jour des documents techniques du MINEE	139-02-03-361332; 361313; 360140; 524311; 360560; 361160	0	1.08	1.08
TOTAL 139				0	4.24	4.24

Programme/ Ministere	Actions	Activités	Codification	GoV XAF billion	Bank XAF billion	Total XAF billion
Budget Général MINFI		Mise en place d'une plateforme du suivi du paiement des consommations d'électricité de l'Etat et ses Démembrements		0	0.38	0.38
Budget Général MINFI		Mise en place d'un mécanisme de paiement des subventions tarifaires par l'Etat		337.66	0.00	337.66
Budget Général MINFI		Suivi de l'équilibre financier des Opérateurs du secteurs de l'électricité		0	0.27	0.27
TOTAL Budget Général MINFI				337.66	0.65	337.66
	Total PforR XAF billion			393.58	172.48	566.06
	Total PforR US\$ million			645	280	925

Section 3: Review of the Public Financial Management (PFM) cycle of Program entities

Financial Management and procurement

Use of country systems

16. Program financial management arrangements will use the government of Cameroon systems for budgeting, funds flow, payments, accounting and auditing.

Planning and budgeting.

17. The government processes for budgeting are overall good. Budget classifications in place allow tracking of government expenditures under the current Program. Budgetary information available on the economic category and programmatic composition of expenditures and Program budget allocations aligned with government priorities.

Adequacy of the Budget

18. **The cost of Program is estimated at US\$925 million of which IDA will finance US\$280 million, representing approximately 30.30 percent of the cost.** The GoC has an established and documented budget preparation process. The planning and budgeting processes of the MINEE are acceptable. The GoC adopted the performance-based budgeting in 2013. Each sectoral ministry prepares a Medium-Term Expenditure Framework that includes the budget estimate (BE) for the current year and advance estimate for the next two fiscal years and these detailed budget proposals, are submitted to the Budget Division in the Finance Department. The program-based budgeting has been automated on a platform PROBMIS that integrates the entire budgetary process from planning, execution and monitoring. The budget cycle follows a calendar that taps into the overall national budget submitted to Parliament for approval before December 31 of each year. The Mid-Term Expenditure Framework for 2024-2026 which includes the PforR expenditures will follow the established internal review process that would lead to its adoption with the 2024 budget. The unit called 'Direction des Affaires Generales' is in charge of the execution of the budget at MINEE. The PforR expenditures, once approved and signed, will be included in MINEE's budget lines, and will follow the national planning and budgeting procedures as for the existing projects.

Procurement planning:

19. According to Article 59, public procurement activities are subject to the planning of contracting authorities and delegated contracting authorities, in conjunction with the Ministry of Public Procurement (MINMAP). Like all administrations, the MINEE schedules the procurement activities for the following year between November and December of the previous year at the level of the Public Procurement Programming Division of MINMAP. This planning is subject to modifications until the draft State budget is transmitted to the Parliament. Once the budget is approved, the programming journal and the simplified procurement plan become public documents and accessible to citizens.

Budget execution

20. **The public expenditure chain follows a two-phase process:** The administrative phase and the accounting phase. This public spending chain, which is already established, will apply to the PforR. The administrative phase will be initiated by the credit manager, executed by the authorizing officer and controlled by the financial controller. Prior to making any payment to suppliers, service providers and contractors, a request for payment will be initiated by MINEE with all supporting documentation and via PROBMIS. With the accounting phase, this request will be reviewed by the assigned entities in charge of such review including the treasury department and if there is no reservation, the payment is made to the suppliers. The entire process from initiation of the spending to payment will be summarized in the program manual.

21. The table below illustrates the MINEE's budget realization during the past 3 years as far as the energy program are concerned.

Table 1. Execution Rates of the Energy Component

	Budget (CFAF, billions)	Actual (CFAF, billions)	% of Budget Execution
2020	46.29	44.76	96.69
Energy supply	35.48	21.05	59.33
Energy access	10.81	23.71	219.36 ⁶
2021	68.11	65.41	96.03
Energy supply	47.30	45.14	95.43
Energy access	20.81	20.27	97.40
2022 ⁷	29.99	18.84	62.82
Energy supply	23.42	17.88	76.38
Energy access	6.57	0.96	14.55

Source: Budget Execution Law (*Loi de règlement*) 2021 and 2022 and Rapport annuel de performance 2022

Table 2. Program execution performance rate, MINEE, 2020, 2021, and 2022

	2020	2021	2022
Energy supply	27%	98.21%	62%
Energy access	60%	85.51%	72.31%

Source: Budget execution Law (*Loi de règlement*) 2021, 2022 and performance report 2022

Accounting and Financial reporting

22. **The accounting and financial reporting standards are adequate.** The PFM Law adheres to internationally accepted accounting standards. The budget classification system is comprehensive and consistent with international standards. The Chart of Accounts allows the preparation of a full set of financial statements in accordance with the International Public Sector Accounting Standards. The expenditure chain (PROBMIS), which covers the budget execution and control cycles, is fully computerized but not yet interfaced with PRIDESOFT and COLEPS the procurement systems; CADRE/PATRIMONY (sub-ledger accounting) and Patriot (accounting statements) the accounting systems; and SYSTAC/SIGMA the payment systems. The flow of information between PROBMIS (Budget) and CADRE/SYSTAC is one way. As

⁶ Execution rate was mainly driven by a high execution rate of donor-financed operations

⁷ Data for 2022 should be considered as draft since not yet approved.

a result, information on payments made is not reflected back in PROBMIS to allow a close monitoring of payment by those who submit the request for payment. In-year budget reports are produced annually and published at the same frequency on the Ministry of Finance's website, within about eight weeks after the end of the quarter: <https://minfi.gov.cm/>.

23. The budget will be executed through the public expenditure channel in the country's computerized budgeting and accounting software. MINEE and MINFI will produce quarterly and annual report of the budget execution. Since the line ministries are not required to prepare full set of financial statements, including statements of revenue and expenditures, statement of cash flow, and notes to the financial statement; for the purposes of the proposed Program, a fit-for-purpose Program annual financial statement format will be agreed upon during the program negotiation. The PIU will prepare a fit for purpose Program financial statements and on a quarterly basis to be submitted to the Bank within 45 days following the end of the quarter.

24. Each quarter, the Director of General Affairs (Directeur des Affaires Generales) of the MINEE, presents to a technical group shared by the MINEPAT the budget execution reports with the explanatory notes. On an annual basis, the MINEE presents the overall year budget and financial report (including the external fund managed by the MINEE), and performance report. The 2022 mid-year budget execution report is available on the Directorate of budget of the Ministry of finance website. Copy of the performance report for 2022 was available.

Flow of funds arrangements for Program implementation: Disbursement Arrangements

25. **The Program will mainly use the flow of funds arrangements for the execution of the national budget.** The management of the state's cash flow is weakened by the continued existence of extrabudgetary expenditures difficult to estimate⁸. According to the article 79 of the 2018 law on the financial regime of the State and other public entities that set up the Treasury Single Account (TSA); all public resources, regardless of their nature or recipient, must be collected and managed by public accountants via the TSA opened in the name of the Treasury at the Central Bank. This TSA can have sub-accounts for various purposes to track different types of cash flows. In Cameroon, the TSA is gradually being implemented. Many public entities still have their cash deposited in commercial banks, with no control by the Treasury. According to the government action plan, the TSA will be fully operational in four years⁹. The funds of the World Bank will be released into a sub-account which is part of the Single Treasury Account at the Central Bank, and managed by the Treasury. The Program's disbursements will be based on the achievement of DLI targets confirmed by an independent verification agent in accordance with the verification protocol. The MINEE with the support of the PIU will prepare the package including the IVA report to be submitted to the World Bank via the Caisse Autonome d'Amortissement. If the World Bank finds that the disbursement request meets the terms of the Financing Agreement, the World Bank will disburse the corresponding funds into the proposed sub-account. The procedures will be documented in the program manual.

26. The government can request advances up to 20 percent (US\$56 million) of the Financing allocated to DLIs that have not yet been achieved by following the relevant procedures. When the DLI against which

⁸ Extra extrabudgetary expenditures during FY 2020 amounted XAF 348.1 billion, or 11.1% of total spending compared with 8.2% in 2019 against a target of 5%.

⁹ The design is completed. The remaining part is the transfer to the TSA of cash deposited at the commercial banks and or cash not managed by a public accountant

an advance has been disbursed is achieved, the amount of the advance will be deducted from the total amount due to be disbursed under that DLI. The Bank will record the amount disbursed to achieve a Disbursement Linked Result (“recovered”) after it has notified the Borrower of its acceptance of the evidence of achievement of the results.

27. **Payment delay statistics.** The Treasury continues to consider the date the request for payment is accepted after all verifications are completed and are deemed satisfactory, as the starting date (“date prise en charge du mandat”), not the date that the request was submitted. Some data collected from the Treasury showed volatility in the payment times ranging from 31 to 222 days¹⁰. Beyond that, Cameroon has been experiencing cash liquidity constraints. This situation is not under the control of the current Program and is being discussed at macro level with development partners and the government. To mitigate increased risk exposure that would result from delayed payments of the requests for payment submitted for the program activities, the government has proposed to set up a sub-account which will be part of the Treasury single account to create financial space for the program to finance priority eligible activities.

28. **Procurement processes and procedures:** During the implementation of this PforR, the country's procurement procedures will be used, except the IPF component, which will be carried out according to the World Bank's regulations. Two entities will be responsible for awarding and executing the contracts: MINEE and SONATREL. The assessment of these entities shows that the procurement processes and procedures are affected by several shortcomings such as lack of advanced procurement, late release of budget allocations, too much delay in the contracting award, Failure to respect the principle of transparency of procedures, complaint etc.

Internal control

29. The internal control framework is embedded in the public finance act. It includes ex-ante and concomitant controls of the budget execution performed by the ministry of finances via the financial controller (administrative phase) and the public accountant; and the ex-post budget control carried out by the Division of budgetary Control. To these must be added the controls carried out by the supervisory bodies and authorities, i.e. the Inspectorates General, and the Ministry of Public Procurement. Clear delegation of powers exist and are followed in the entities which is reviewed during audit. Internal controls are weakened and need significant improvements. Extra-budgetary operations are significant (over 10% of the budget) and not sufficiently and timely captured in the budget. The frequent use of exceptional procedures undermines the effectiveness of prior internal controls during budget execution. PEFA assessment in 2017 rated PI-25 internal control for non-salary expenditures as C. The Efficiency of internal controls depends on clarity of roles and responsibilities of the units in charge of such tasks. The proliferation of control units, brigades, ad’hoc committees, commissions are frequent and lead to a dilution of responsibilities. The extent of deviation is being gradually reduced with the use of information communication technology as well as the use of electronic. For contracts over a certain threshold, the MINMAP must carry out prior controls. These controls are carried out by central control commissions. For:

- road works contracts, the amount must be greater than or equal to 5 billion FCFA;
- other infrastructure contracts, the amount must be greater than or equal to 1 billion FCFA;
- contracts for the construction of public buildings and equipment, the amount must be greater than or equal to 500 million FCFA;

¹⁰ Source: Etat récapitulatif des délais de paiement sur les titres liquidés exercice 2022.

- Good contracts, the amount must be greater than or equal to 250 million FCFA;
- consultant service contracts, the amount must be greater than or equal to 100 million FCFA.

Internal audit

30. **The Higher State Control (Contrôle Supérieur de l'Etat- CONSUPE-) was created and has been assigned the mission to strengthen public expenditure control.** Through this reform, the role of the CONSUPE was reinforced to coordinate the internal audit department of the line ministries (IGM). This reform has also set up Ministerial Risk Management Committees (*Comités ministériels de maîtrise des risques, CMMR*) and Internal Audit Committees (*Comités ministériels d'audit interne, CMAI*), and measures have been taken to make the IGM. As already noted in the PforR assessment readiness report, most units have limited capacity and lack modern tools for risk assessment. Controls are mainly compliance basis and audit programs are not systematically prepared, and when they are, they are not followed. The positioning of CONSUPE as the overall coordinating internal audit institution within the executive branch could make internal controls more effective and efficient, but only if this institution plays its role to coordinate and fully capacitated the General Inspectorate in ministries and other administrations, via the harmonization of control and audit programs and monitoring of their execution. Key remaining issues include planning of audit engagements, reporting and follow up of the audit recommendations. Provisions would be made through the IPF component to support the development of capacity within the MINEE internal audit at least for the two first years. The terms of reference to improve the effectiveness of the risk assessment and controls over the execution of the program will be subject to the Bank review. Provisions would be made through the IPF component to support the development of capacity within the MINEE internal audit at least for the two first years

Procurement Audit:

31. **Procurement Audit and Ex post control :** According to Cameroonian regulations, the mission of contract audits is assigned to the Public Procurement Regulatory Agency (ARMP), the Ministry of Public Procurement and the Independent Auditors (IA) are the actors of post execution control. The IA sit during the sessions of the procurement committees for contracts whose amount is higher than 50 million FCFA. They have the role of independent.

32. **Citizen Control and Engagement:** Citizen control is regulated by Prime Ministerial Decree n-2013/7987/PM of 13 September 2023 on the creation, organization and operation of public investment physical-financial execution monitoring committees. These committees are formed by civil society, beneficiaries represented by elected representatives and the administration. Their mission is to monitor the physical and financial execution of all investment projects including MINEE projects, and to report any shortcomings observed within public investment. The committees are set up at communal, departmental, regional and national level.

Complaint management

33. According to article 49 of the June 2018 procurement code, a committee has been set up within the public procurement regulatory agency to examine appeals from bidders who feel they have been wronged during the procurement process. This committee was created by order No. 413/A/PR/MINMAP of December 8, 2020. In addition to the representatives of the public administrations, there is a representative of the Civil Society within this committee.

34. **External audit Audits**

35. The *Chambre des Comptes* (CoA) of the Supreme Court, is an important pillar of governance and government resource management. The CoA, mandated to audit all public revenues and expenditures has a threefold mission: (i) a jurisdictional mission to verify the public accounts, (ii) responsibility for the external technical audit of all structures benefiting from public funding, and (iii) a mission to support and advise the Parliament. At the end of each fiscal year, the government prepares the budget execution report, also called state accounts that sets the final figures for State expenditure and revenue (draft bills of settlement). The report is reviewed by the CoA and transmitted together with the CoA's report including opinion on the state accounts to the Parliament for approval. The reports for FY 2020 and 2021 were approved by the Parliament within the 12 months following the end of the FY as required by the applicable Law. The CoA is not recognized as a member of the International Organization of Supreme Audit Institutions (INTOSAI). This is a key limitation to its independence. In addition most of the CoA audit recommendations were not implemented by the government. Finally the audit covered expenditures of all government institutions and ministries, except some public entities and corporations, and expenditures using derogatory procedures and not documented. The PforR assessment readiness completed in July 2022 highlighted that although the CoA still experiencing some challenges in terms of independence and some limitations to carry out its jurisdictional mission; the CoA performs overall well when examining the State's accounts.

36. **Audit of the PforR Financial Statements:** According to the World Bank's directives for PforR issued in September 2020, related to PforR Program Financial Statements Audits, it is mentioned that, unless otherwise agreed by the World Bank, the Borrower is required to submit annual audited PforR Program financial statements after the close of the Borrower's financial year. Program audits need to be carried out by auditors with independence, experience, and capacity acceptable to the World Bank, and under terms of reference acceptable to the World Bank. The World Bank and Borrower agree on, and confirm in the legal agreement, the period for receipt of the annual audit reports.

37. With regard of this requirement, the annual fit for purpose financial statement will be subject to the external audit of the CoA. The CoA has audited some State Own Enterprises accounts and performance. It signed a Memorandum of Understanding with the African Development Bank (AFDB) to audit 11 AFDB-financed Investment Projects. Some AFDB-financed project audits have been completed. The CoA has agreed to audit the PforR financial statements. The audit reports shall be submitted by the CoA to the World Bank not later than nine months after the end of the fiscal year. In compliance with the World Bank's policy on access to information dated July 2010, the audited financial statement of the Program will be publicly disclosed.

Governance and Anti-corruption (GAC)

38. The internal control framework is embedded in the public finance act. It includes ex-ante and concomitant controls of the budget execution performed by the ministry of finances via the financial controller (administrative phase) and the public accountant; and the ex-post budget control carried out by the Division of budgetary Control. To these must be added the controls carried out by the supervisory bodies and authorities, i.e. the Inspectorates General, and the Ministry of Public Procurement. Clear delegation of powers exists and is followed in the entities which is reviewed during audit. Internal controls are weakened and need significant improvements. Extra-budgetary operations are significant and not sufficiently and timely captured in the budget. The frequent use of exceptional procedures undermines

the effectiveness of prior internal controls during budget execution. PEFA assessment in 2017 rated PI-25 internal control for non-salary expenditures as C. The Efficiency of internal controls depends on clarity of roles and responsibilities of the units in charge of such tasks. The proliferation of control units, brigades, ad'hoc committees, commissions are frequent and lead to a dilution of responsibilities. The extent of deviation is being gradually reduced with the use of information communication technology as well as the use of electronic.

39. In the past ten years, Anti-Corruption Law¹¹ was passed which criminalizes fraud, embezzlement, misuse of public funds, influence peddling, party and electoral financing, abuse of public procurement, and nepotism in hiring practices. The Penal code was also amended to take into account the appropriate measure to discourage all form of corruption. This legislation foresees stiff penalties, particularly for those in key positions within the Government. In addition to the legislative framework, GoC has also strengthened the institutional framework through the creation of several entities charged with tackling corruption. These include the Public Contracts Regulatory Agency (ARMP), the Higher State Control (Contrôle Supérieur de l'Etat :CONSUPE), the National Anti-Corruption Commission (NACC), and Anti-Corruption Unit in some sectoral ministries including MINEE (CELCOR-MINEE). The effectiveness and performance of these institutions required some improvements.

40. Cameroon ranked 142nd among 180 countries included in the Transparency International *Corruption* Perceptions Index 2022. The assessment revealed that the mission of the CONSUPE, NACC and CELCOR includes the fraud and corruption chapter. In 2022, NACC produced a report that highlights the state of the fight against corruption in the 10 regions of Cameroon.

41. The Program's design has considered additional mechanisms to mitigate fraud and corruption risks. It has also increased transparency, accountability in the Program, and set up the grievance redressal mechanism and complaint system. GoC will use its own systems to take all appropriate measures to prevent fraud and corruption in connection with the Program. The World Bank's Guidelines on Preventing and Combating Fraud and Corruption in the Program-for-Results Financing, dated February 1, 2012, and revised July 10, 2015 (the ACG), will apply. The CELCOR-MINEE will share, with the World Bank, information on the allegations in the Program and how they are being addressed through the semi-annual reports during Program implementation. The reporting format will include the following: (a) location and date of the complaint; (b) description of allegation; (c) description of progress in investigation; and (d) investigation outcome. This format complies with the World Bank's directives as stipulated in the GAC's agreed procedures for this financing including verification by the Higher State Control (CONSUPE) or an independent consulting firm such as an external private audit firm.

42. In addition to reporting, the MINEE or Higher State Control, in collaboration with the Bank, should establish procedures for investigating reported or suspected corruption, fraud, and other questionable incidences relating to the Program. Such arrangements should include Investigation, Disbarment, and Suspension.

43. Sanctions are provided in procurement code, according to Article 188. Any procedure carried out in violation of the provisions of the public procurement code, as well as the authors of bad practices in the awarding or execution of public contracts, are subject to sanctions. When the cases of violation are detrimental to public wealth, the authors are liable to the penalties provided for in Article 184 of the Penal Code.

44. Principle of ethics: according to Article 196 of the Public Procurement Code, public service agents, bidders, as well as any person involved in any capacity whatsoever in the procurement, execution, control and regulation of contracts, are prohibited from acts of corruption, fraudulent maneuvers, collusive, coercive, obstructive practices, conflicts of interest, insider trading and complicity.

45. **The WB “Guidelines on Preventing and Combating Fraud and Corruption in Program for Results Financing” dated February 1, 2012, and revised on July 10, 2015, shall apply to all activities within the Program Boundary.** Requirements under these guidelines include but are not limited to (a) borrower’s obligation on informing the WB about all fraud- and corruption related allegations and investigations, (b) the WB right to conduct administrative enquiries, and (c) ineligibility of debarred firms for contract awards. In the context of the Program, the Government will inform the Bank of any indication of fraud and corruption and will cooperate with the Bank in any investigation into indications of fraud and corruption. The Government will also ensure that any person or entity debarred or suspended by the Bank is not awarded a contract or allowed to participate in the Program during the period of the debarment. This information could be found in this link: <https://www.worldbank.org/en/projectsoperations/procurement/debarred-firms>.

46. GoC commits to sharing complaints information with the Bank, which may be derived from a variety of sources, including the complaints handling system. CELCOR-MINEE will share with the World Bank, information on the allegations in the Program and how they are being addressed through the semi-annual reports during Program implementation. The reporting format could include the following: (i) location and date of the complaint; (ii) description of allegation; (iii) description of progress in investigation; and (iv) investigation outcome.

47. A protocol will be prepared laying out the role and responsibilities of the different actor. This protocol will be included in the Program Operations Manual. A workshop will be organized as part of the project launch to inform key stakeholders (NACC, CELCOR-MINEE, Procurement, Internal audit, CONSUPE, CoA, Civil Society Organization, PIU, and so on) on applicability of anti-corruption guidelines and protocol to be followed.

Section 4. Program systems and Capacity Improvement

48. The overall residual fiduciary Risk is rated as Substantial. Here is the summary of Identified Fiduciary Risks and Mitigation Measures

Risk/Weaknesses	Mitigation Action	Responsible	Type of action	Deadline
Unachieved Treasury Single Account and (TSA) arrangements. Liquidity tensions could result in the Treasury inability to pay on time requests for payments related to the program activities.	The World Bank contributions will be released into a sub-account open at the Central Bank which will be part of the TSA. Resources in the sub-account will be dedicated in priority to the program activities in the event of liquidity tensions	MoF/MINEE	PAP	During Program implementation
Chamber of Accounts financial audit capacity is limited due to resources constraints and this may affect the quality and the timely submission of Program audit report	<u>As part of yearly audit preparation requirements, the</u> ToR for the audit of the program will be agreed upon with the CoA, MINEE and World Bank. A MoU will be developed with the CoA.	MINEE/CoA	PAP	Audit Preparation: During program Implementation ToR and MoU: Six months after the Program effectiveness
Fraud and corruption: Risk of fraud and corruption affecting the Program may not be addressed or reported to the World Bank	Establish a fiduciary complaint handling mechanism and elaborate semesterly report. CELCOR-MINEE to share, with the World Bank, information on the allegations of fraud and corruption using a template, to be agreed upon and, on a semiannual basis	MINEE/CELCO -MINEE	PAP	During Program implementation
Lack of capacity of key procurement actors (Capacity building for all actors involved in the procurement process..	MINEE/ MINMAP	PAP	During Program implementation
Poor quality of procurement documents (tender documents and tender evaluation reports),	The Government has approved that the standard procurement documents, manuals and guides developed with World Bank support under the Public Expenditure and Statistical System Efficiency Project (PEPS) will be used during implementation of the PforR.	MINEE/ MINMAP	PAP	During Program implementation
Lack of transparency and governance issues that lead to an increase in the number of complaints during the procurement process	Full implementation of the Cameroon online e-procurement system (COLEPS). For the PforR, the Government has approved the use of COLEPS, which is divided into three phases.	MINEE/MINMAP	PAP	During Program implementation

Risk/Weaknesses	Mitigation Action	Responsible	Type of action	Deadline
	<ul style="list-style-type: none"> ○ Phase 1 covers planning through to reception of bids, is already being used by MINEE. ○ Phase 2 from evaluation to contract signing will be used once it is finalized and approved by the Government. ○ Phase 3: Contract Management. The MINMAP has proposed the following timeframes for set up and deployment: phase 2 by 2024 and phase 3 by 2025. 			

Implementation support.

49. **The World Bank’s will review the agreed PAPs and other mitigations during every mission and agree on an action plan based on the work done by the program.** Continuous support would be given to the client for implementing of the PAP. The progress on agreed PAPs will be reviewed and any changes to the action plan will be made during the implementation phase. The mission would review implementation progress report including the Interim unaudited Financial Reports on a quarterly basis and monitor the finding of the Procurement and financial management reports. The mission would review the fiduciary risk including relevant legal covenants and participate in field missions twice every year. The mission would also review the program expenditure on a regular basis. MINEE will regularly share KPI reports with the WB to monitor the FM and procurement performance, identify gaps and recommend actions. These reports will be reviewed, and issues identified will be addressed appropriately.

50. **The team will monitor the following performance indicators**

Performance Indicators

Indicator	Measure	Timeline
Adequate monitoring of procurement activities	<ul style="list-style-type: none"> ● Percentage of contracts awarded and completed within the original contract period. ● Average number of quotations/bids received for each contract ● No contract exceeds the threshold for high value contracts ● Number of procurement related complaints received. 	Annually
Adequate monitoring of FM activities	<ul style="list-style-type: none"> ● Budget allocation according to annual workplan ● Release of funds on time ● Payments done on time ● Program reports generated on time ● Audits completed on timely basis and reports submitted to the World Bank on time. 	Every mission and annually

Details of PAP fiduciary actions

Based on the assessment, following key risks and proposed mitigation actions have been proposed as PAP or mitigation measure or legal covenant or DLI:

Program Action Plan (Fiduciary Assessment)

Action description	Sources	DLI#	Responsibility	Timing		Completion measurement
The MINEE to ensure a Program Operation Manual is developed and maintained current during the program implementation	Fiduciary systems		MINEE	recurrent	yearly	Report on the internal control issued by the external audit
The MINFI to open a sub-account at the Central Bank which will be part of the of the Treasury Single Account (TSA) to receive the Bank contributions	Fiduciary systems		MINFI	by the disbursement	monthly	Bank reconciliation statements
The Chamber of Accounts to carry out the audit of the program on a basis of a ToR and MoU with MINEE acceptable to the Bank.	Fiduciary systems		Chamber of accounts	recurrent	yearly	Copy of the audit reports
The CELCOR-MINEE to inform WB of all credible allegations or other indications of fraud and corruption in connection with the Program that come to their attention, and the investigative actions being taken on the basis of the MoU with the Bank.	Fiduciary systems		CELCOR-MINEE	recurrent	Semi-annually	Report from CELCOR-MINEE on information on the allegations of fraud and corruption
The MINEE to ensure key staff positions for the program are held by qualified and experienced staff	Fiduciary systems		MINEE	recurrent	yearly	PIU staff performance evaluation report
MINEE to use standard procurement documents, manuals and guides developed with World Bank support under the Public Expenditure and Statistical System Efficiency Project (PEPS) during implementation of	Fiduciary		MINEE	recurrent	continuous	Good tender document

the PforR						
MINEE to dematerialize all public procurement management procedures; use COLEPS Phase 1 (planning through to reception of bids) for the implementation of the PforR. And other two phases once finalized and approved by the Government.	Fiduciary		MINEE	recurrent	continuous	Procurement reviews

Annex 1: Draft Anti-Corruption Protocol

In order to operationalize the “Guidelines on Preventing and Combating Fraud and Corruption in Program for-Results Financing”, dated February 1, 2012 and revised on July 10, 2015 (the “Anti-corruption Guidelines”), issued by the International Bank of Reconstruction and Development (“Bank”) and applicable to the “Indonesia Strengthening National Tuberculosis Response Program” pursuant to Section 5.13 of the General Conditions, as defined in the Loan Agreement for the financing of the Program, the Borrower and the Bank agree to the following supplementary Anti-Corruption Protocol:

1. The Borrower shall be responsible for carrying out any criminal and administrative investigations of all materials and credible allegations of fraud and corruption under the Program, keeping the Bank abreast of their progress and findings, and make public their conclusions/results.
2. The Borrower shall provide the Bank, on a semi-annual basis, or more frequently as warranted and reasonably required by the Bank, with a report on allegations of fraud and corruption under the Program received during such period, as well as any related investigations and actions taken. Reciprocally, if the Bank finds evidence of corrupt practices, the Bank shall, to the extent consistent with Bank policy, refer the case to the Borrower for investigation under the relevant criminal and civil laws.
3. In the event that the Bank decides to conduct an administrative review into allegations or other indications of fraud and corruption in connection with the Program – whether alone, jointly with the Borrower, or in parallel with a Borrower’s investigation –, the Borrower shall cooperate fully with the representatives of the Bank and take all appropriate measures to ensure full cooperation of relevant persons and entities subject to the government jurisdiction in such investigation, including, in each case, allowing the Bank to meet with such relevant persons/entities and to inspect all of their relevant accounts, records and other documents and have them audited by, or on behalf of, the Bank. If the Bank were to find evidence of corrupt practices, the Bank shall refer the case to the Borrower for investigation under the relevant criminal and civil laws. Notwithstanding the foregoing, the Bank may, however, and reserve the right to, debar private individuals and firms from participating in Bank financed projects and programs, including the Indonesia Strengthening National Tuberculosis Response Program.
4. The Bank’s right to investigate or conduct reviews shall not extend to criminal investigations which shall remain the exclusive jurisdiction of the Borrower.
5. The Borrower shall ensure that any person or entity debarred or suspended by the Bank is not awarded a contract under, or otherwise allowed to participate in the Program during such period of debarment or suspension by the Bank

Template for Reporting on Handling of Allegations of Fraud and Corruption

Location	Date Allegation Received	Complainant (Full name & Address, if not anonymous)	Alleged Perpetrator	Means of Submission of Complaint (e.g. telephone, e-mail, writing, verbal)	Description of Allegation	Grievance Handling • Stage of Handling of Allegation [Initial Review, Investigation, Referral, Prosecution, etc.] • Description of Progress in Investigation • Outcome of Investigation