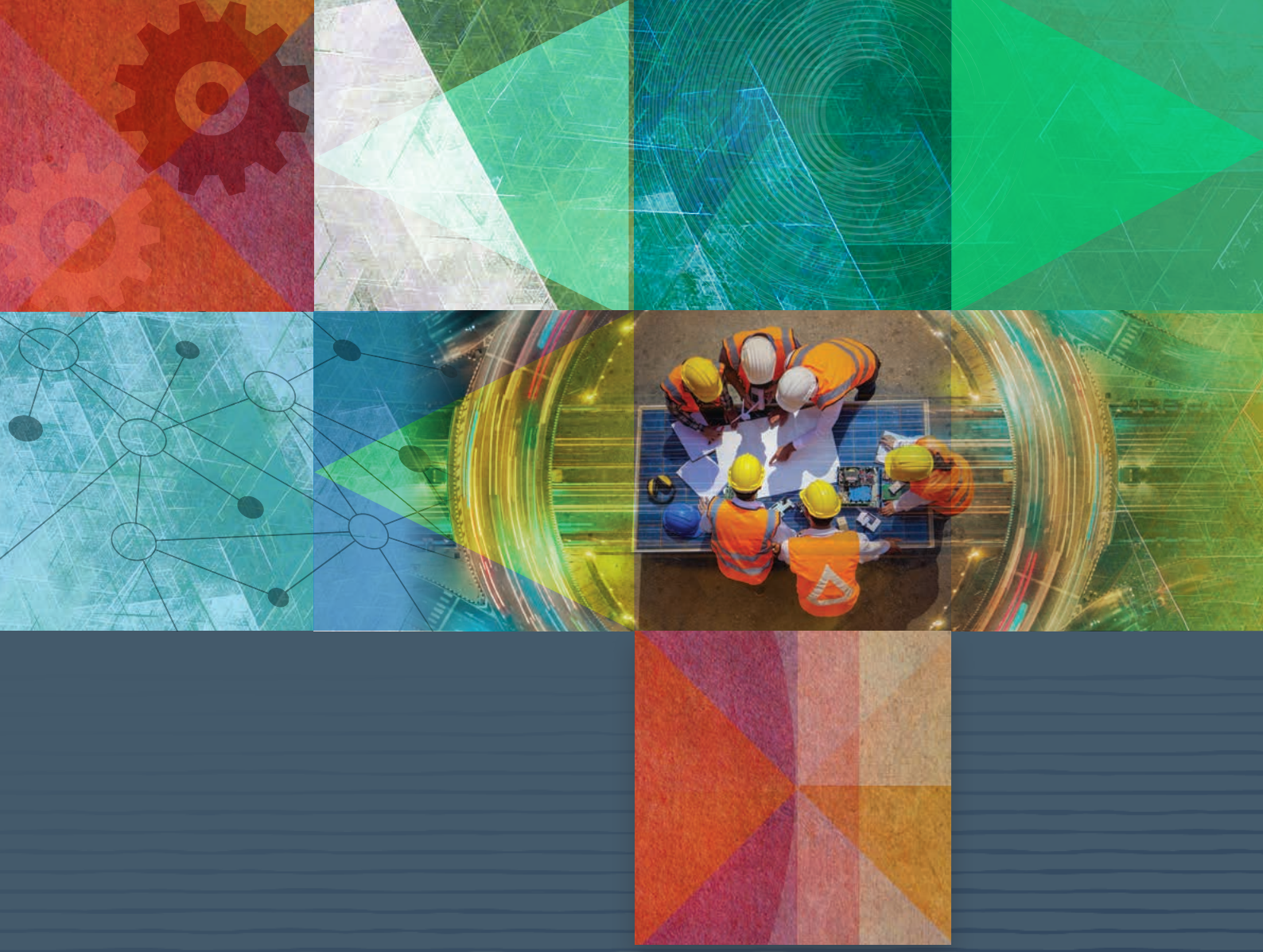

Cameroon

INFRASTRUCTURE PUBLIC-PRIVATE PARTNERSHIPS DIAGNOSTIC REPORT

March 2023

United Nations
Economic Commission for Africa

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ABBREVIATIONS

ADC	Aéroports du Cameroun
ADB	Asian Development Bank
AFD	Agence Française de Développement
AfDB	African Development Bank
ARSEL	Agence de Régulation du Secteur d'Électricité
ART	Agence de Régulation des Télécommunications
ASECNA	Agence pour la Sécurité de la Navigation Aérienne en Afrique et Madagascar
Camair	Cameroon Airlines
Camrail	Cameroon Railways
Camwater	Cameroon Water Utilities Corporation
CARPA	Conseil d'Appui à la Réalisation des Contrats de Partenariat (Support Council for Implementing Partnership Contracts), the official public-private partnership unit of the government
CBC	Commercial Bank of Cameroon
CDE	Camerounaise des Eaux
CEMAC	Economic and Monetary Community of Central African States
COSUMAF	Banking Commission of the Central African States
CONAC	National Anti-Corruption Commission
ECA	United Nations Economic Commission for Africa
EIB	European Investment Bank
GDP	gross domestic product
IADB	Interamerican Development Bank
GNI	gross national income
MINEPAT	Ministry of the Economy, Planning and Regional Development
NAFI	National Agency for Financial Investigation
PPP	public-private partnership
Regifercam	Régie des Chemins de Fer du Cameroun
SNEC	Société Nationale des Eaux du Cameroun
SONEL	Société Nationale d'Electricité

1. INTRODUCTION

The Covid-19 pandemic has had far-reaching and pervasive negative consequences for national economies. In the aftermath of a pandemic, infrastructure is one of the most critical sectors for reviving African economies. Yet, in the post-pandemic recovery phase, numerous African countries are disadvantaged by their weak financial position. As resources have been reallocated to the critical areas of health and welfare, the pandemic has cut into investments in large infrastructure projects. African governments have traditionally been the leading investors in infrastructure development, but they are limited in funding infrastructure development solely with public funds.

To support Africa's continuing investment in infrastructure, the internal mobilisation of resources should be supplemented by external and public resources with private resources. Public-private partnerships (PPPs) have proven effective in financing infrastructure development, and risk-sharing between the public and private sectors may help leverage private investment. PPPs may provide capital, technology and expertise to projects, leading to more effective service delivery and lower public expenses. Using PPPs to finance infrastructure and development requires combining the strengths of the public and private sectors.

Although several infrastructure projects have been funded in Cameroon over the past ten years through the Growth and Employment Strategy, substantial additional efforts are still required to deal with infrastructure deficiencies while attempting to meet the objectives of Cameroon Vision 2035. The National Development Strategy for 2020–2030 reflects the Cameroon government's intention to continue investing in infrastructure.

This report analyses the current PPP situation in Cameroon, looking at the following issues:

- Provides an overview of the macroeconomic situation.
- Assesses the country's PPP experience.
- Describes PPP stakeholder support, ownership, legislative and regulatory framework.
- Explains the legal and regulatory institutional framework: the Support Council for the Realization of Partnership Contracts (Conseil d'Appui à la Réalisation des Contrats de partenariat, or CARPA), the official PPP unit of the Cameroon government.
- Examines PPP institutional capacity.
- Assesses funding and financial risk management.
- Examines PPP access to finance.
- Describes PPP–related oversight, audit and disclosure procedures.
- Analyses how well the country complies with "people-first" PPP principles.
- Considers the extent to which the government is prepared to identify, develop and manage cross-border PPPs.
- Assesses Cameroon's overall readiness for PPPs.

2. GENERAL BACKGROUND ENVIRONMENT

Macroeconomic environment

The Cameroon economy contracted between 2019 and 2020, mainly because of Covid-19, as GDP growth dropped from 3.5 per cent to 0.5 per cent.[1] The most significant declines in growth were in the primary sector, from 3.9 per cent in 2019 to 0.6 per cent in 2020, and the services sector, from 3.1 per cent in 2018 to 0.6 per cent in 2019. With a growth rate of 3.2 per cent in 2020 compared with 3.8 per cent in 2019, the industrial sector experienced the slightest economic slowdown.

Drops in investment and exports account for most of the slowdown. After increasing by 2.6 per cent in 2019, investment fell by 5.3 per cent in 2020, while exports of goods and services fell by 15.2 per cent in 2020 compared to 10.8 per cent in 2019. Final consumption rose 0.5 percentage points in 2019 but fell 3.5 percentage points in 2020. Growth was expected to have picked up again in 2021, with an estimated

GDP growth rate of 3.6 per cent. Cameroon, a lower-middle-income economy, had a GNI per capita of $3,661.9 in 2019 and $3,586.6 in 2020 in constant 2017 international dollars. GDP per capita increased steadily in Cameroon between 1994 ($965.20) and 2019 ($1,397.90), though it failed to reach the high of $1,685.80 achieved in 1986. According to the World Bank, real GDP per capita dropped an estimated 2.4 per cent in 2020.

This macroeconomic picture demonstrates the resilience of the Cameroonian economy to economic shocks. While some members of the Central African Economic and Monetary Community (CEMAC) plunged into recession due to the Covid-19 outbreak, Cameroon's GDP fell but remained optimistic. Investors should view this favourably when deciding where to invest. Although all the international credit rating agencies predicted that Cameroon's credit risk would be rated speculative in 2020, implying a high credit risk, the rating remained steady (table 1).[2] This credit rating is critical to private sector decisions on whether to invest.

Business climate

Several organisations produce indicators of the quality of the economic environment across countries, which can inform potential investors about the business climate in these countries.[3]

The World Economic Forum's *Global Competitiveness Report* examines the competitiveness landscape of 140 economies, summarised in the Global Competitiveness Index (GCI). Cameroon was 127 of 137 countries in the 2017–2018 edition, with an overall score of 3.7/100. The GCI Infrastructure Score, which comprises transportation, electrical and telecommunications infrastructure, is a component of the total score. Cameroon was 129 of 137 countries, with a 2.3 out of 100 scores. Transparency International's Corruption Perception Index measures perceptions of the extent of public sector corruption among entrepreneurs and country experts. Cameroon ranked 149 of 180 countries in 2020 (table 2). That was below the African average, indicating that corruption remains a significant issue in the country and must be addressed to attract further investment.

For the Worldwide Governance Indicators (WGI), the World Bank compiles aggregate indicators for the six main aspects of governance based on the opinions of many businesses, residents and professionals on the quality of a country's governance: voice and accountability, political stability and lack of violence/terrorism, government effectiveness, regulatory quality, the rule of law and corruption control. The indicators are a valuable tool for describing the economic climate for private investment. Cameroon's governance rankings are low and deteriorated between 2019 and 2020, suggesting a poor economic environment for investment (table 3).

The Investment Attractiveness Index of Rand Merchant Bank considers two critical factors in assessing a country's attractiveness to investors: economic activity and the business climate. The economic activity subindex in 2021 is based on three variables: market size, economic growth and fiscal stability. The business environment subindex combines the results of the Global Competitiveness Index, the Corruption Perception Index and the Economic Freedom Index. Cameroon's investment attractiveness deteriorated between 2000 and 2020 due to the rapid decline in the operating environment subindex (figure 1). Cameroon received 4.6 out of 10 on the Investment Attractiveness Index in 2020, ranking it 25 out of 54 countries and 4.2 out of 10 on the operating environment index, placing it 34th out of 54.

TABLE 1 Most recent credit rating for Cameroon by international rating agencies

Credit rating agency	Rating					Outlook	Date
	Highest	Lowest	Investment grade (lower levels of credit risk)	Speculative grade (higher levels of credit risk)	Cameroon rating		
FITCH	AAA	D	BBB- to AAA	BB+ and below	B	Speculative	April 2021
Moody's	AAA	C	BAA3 and above	Ba1 and below	B2	Highly speculative	July 2021
S&P	AAA	D	BBB- to AAA	BB+ and below	B-	Stable	April 2020

Source: Moody's n.d.

TABLE 2 Corruption Perception Index for Cameroon and Africa averages, 2018–2020

Country and Africa	2018		2019		2020	
	Score	Rank	Score	Rank	score	Rank
Cameroon	25	152	25	153	25	149
Africa average country	43	45	43	51	43	52
Sub-Saharan Africa country average	32	93	32	96	32	94

Source: Transparency International database 2021.

TABLE 3 Cameroon's rankings on the six aggregate indicators of the Worldwide Governance Indicators, 2018–2020

Indicator	Percentile rank among 214 countries and territories		
	2018	2019	2020
Voice and accountability	15	14	13
Political stability and lack of violence	8	7	6
Government effectiveness	12	12	11
Regulatory quality	11	11	10
Control of corruption	15	15	14
The rule of law	15	15	14

Note: Ranges from 0 (lowest) to 100 (highest) rank
Source: World Bank (2021) Worldwide Governance Indicators database.

The Mo Ibrahim Foundation, which produces the Ibrahim Index of African Governance (IIAG), defines governance as the provision of political, social and economic public goods and services that every person has a right to expect from their government. The IIAG assesses how well countries meet these responsibilities. Security and safety, the rule of law and justice, accountability and transparency, anti-corruption, rights, inclusion and equality, and gender are the seven dimensions of this index. With a score of 43.2 out of 100, Cameroon ranked 37 of 54 countries on the 2020 IIAG. Cameroon dropped three places between 2010 and 2020, primarily because of a weakening in security, the rule of law, rights and inclusion. The gains in human development were insufficient to compensate for the deterioration in these dimensions.

Climate change

The Climate Risk Index (CRI) assesses the degree of exposure to extreme weather events and vulnerability to climate change and its impacts. The CRI considers only the direct effects of extreme weather events, such as direct losses and fatalities, and does not account for indirect effects. The CRI is a composite index with four dimensions: the number of deaths per 100,000 people, the sum of losses (in purchasing power parity US dollars) and losses per unit of GDP. The countries with the lowest CRI scores (those in the bottom 10) are the most affected and should use the CRI as a warning that they are in danger of experiencing frequent or severe catastrophes. CRI scores of less than or equal to 30 indicate a higher risk.

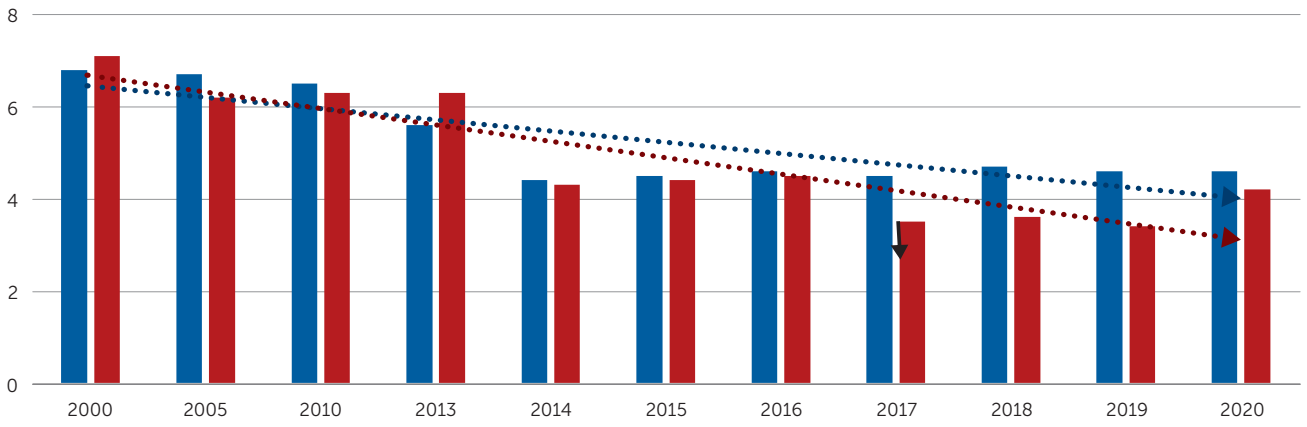
Cameroon is ranked 122 of 181 countries on the composite CRI and 64th in fatalities, 91st in fatalities per 100,000 population, 129th in losses and 130th in losses per unit GDP on the 2018 CRI (table 4). According to these rankings, Cameroon is not among the most afflicted countries, such as Madagascar, Kenya and Rwanda, with low CRI scores. It thus is less likely to experience more frequent or more severe climate-related weather events in the future. On the other hand, Cameroon's indices declined from 1999 to 2018, reflecting declines in all four index dimensions.

Recommendations

The economic situation in Cameroon is poor and deteriorating, notwithstanding macroeconomic statistics that highlight the economy's resilience and scores on the CRI that imply an extremely low possibility of encountering a climate-related catastrophic event. Suppose nothing is done to rectify the deteriorating economic situation. In that case, however, it will translate into higher perceived risks (and thus higher required rewards) for private partners, and the government will not be able to reap the benefits of PPP in the infrastructure sector.

Cameroon needs to improve its collaboration with the business sector within the existing structure, notably the Cameroon Business Forum (CBF). Because it is chaired by the prime minister's head of government, this forum offers the advantage of involving political leaders at the highest levels. As a result, it indicates the government's desire to work with the private sector

FIGURE 1 Cameroon investment attractiveness and operating environment scores, 2000–2020



Source: Rand Merchant Bank 2021.

TABLE 4 Climate Risk Index and dimensions for Cameroon and selected African countries, 2018 and 1999–2018

Country	Climate Risk Index (CRI) score	CRI rank	Fatalities in 2018 (rank)	Fatalities per 100,000 inhabitants (rank)	A sum of losses in millions of PPP US dollars (rank)	Losses per unit of GDP in per cent (rank)
Climate Risk Index for 2018						
Cameroon	105.83	122	64	91	129	130
Madagascar	15.83	4	17	20	30	4
Rwanda	21.17	8	16	9	51	21
Kenya	19.67	7	12	23	26	17
Angola	76.00	80	52	72	82	89
Climate Risk Index for 1999–2018						
Cameroon	133.83	147	87	135	138	154
Madagascar	32.83	11	32	38	51	19
Rwanda	102.00	111	75	72	145	124
Kenya	53.67	37	39	71	43	49
Angola	97.00	103	53	69	101	145

Note: The lower the score and rank, the higher the risk of losses from climate-related extreme weather events.
Source: Global Climate Index 2020.

to improve the business environment. Some decisions made during previous meetings of the CBF have enabled substantial progress in enhancing Cameroon's business environment. However, the CBF should better integrate the private sector into its organisation and, more crucially, its goals. The government of Cameroon and the country's leading private sector organisation, the Employers Forum of Cameroon (Groupement Inter-Patronal du Cameroun, or GICAM), have been at odds for the past two years. The GICAM, which represents 729 businesses in Cameroon, accounting for 43.5 per cent of the country's GDP in 2019, has expressed dissatisfaction with its failure to implement GICAM's recommendations. It proposes replacing the CBF with the Cameroon Business Council (CBC), chaired by the prime minister and assisted by the GICAM president. CBF's reorganisation and revitalisation would be essential to Cameroon's quest to improve the business climate.

3. CAMEROON'S EXPERIENCE WITH PUBLIC-PRIVATE PARTNERSHIPS

Between the late 1980s and the early 2020s, Cameroon's PPP experience can be considered within two distinct stages. The first encompassed the externally motivated PPPs that resulted from structural adjustment programmes that supported the privatisation of state monopolies. The second is the PPPs that resulted from the government's desire to engage the private sector to help achieve its economic development goals.

Structural adjustment-inspired public-private partnerships

The economic and financial crises of the 1980s hastened the demise of state-owned firms that had been inadequately managed for decades. After internal adjustments to deal with the crises failed to produce the desired effects, Cameroon sought assistance from the International Monetary Fund (IMF) and the World Bank in 1988. Some companies were identified as state monopolies that could be privatised as part of structural adjustment programmes. Among others, these included airports, railroads, and electricity and water utilities: Aeroports du Cameroun, Régie des Chemins de Fer du Cameroun, Société Nationale d'Electricité and Société Nationale des Eaux du Cameroun.

The Aeroport du Cameroun concession

Following the advice of the IMF and World Bank in the early 1990s, the Cameroonian government decided to withdraw from the direct management of airports and to promote a commercial management model by encouraging private investment to fund the maintenance and development of airport infrastructure and services. The government and Aeroports du Cameroun (ADC) signed a 15-year concession agreement on August 12, 1994. The government retained ownership of the production capital while delegating administration to a hybrid capital structure. This PPP model combined two PPP elements: a concession contract with a private operator/investor plus joint PPP ownership of the concessionaire. This is not a widely used model in other countries. The primary shareholders were Aéroports de Paris (35 per cent share), Agence pour la Sécurité de la Navigation Aérienne en Afrique et Madagascar (ASECNA, 29 per cent share), the government of Cameroon and Cameroon Airlines - - Camair (20 per cent share). Other shareholders include Banque Internationale du Cameroun pour l'Épargne et le Crédit (BICEC), Unitair airlines and AAA.

The concession covered platform administrative and commercial management, technical operation, facility and equipment

maintenance, and modernisation and development. The concessionaire agreed to transform the airport assets under its control under its strategic goals. However, all of the platforms remained the sole property of the government. At the end of the concession period, the administration of the platforms was to be returned to the public sector.

The government was committed to easing relations between the concessionaire and the energy, water and telephone supply administrations. It agreed to provide the concessionaire with police force support if necessary. The government agreed to exempt the concessionaire from tariffs and taxes for all investments supported by loans from bilateral or multilateral sources. If a financial imbalance in the concessionaire's accounts arose due to circumstances beyond the concessionaire's control, such as the operation of the airports of Bamenda and Bertoua or their service conditions, the state was committed to taking the necessary steps to ensure the continuation of the public service, including an increase in royalties or financial compensation or amendment of the concession.

When the agreement was signed, the country was experiencing economic and political difficulties, and neither the state nor ADC had the technical skills required to fulfil the terms of the concession.[4] As a result, ADC was compelled to enlist the help of partners with relevant experiences, including Aéroports de Paris and ASECNA. Aéroports de Paris, the company's largest shareholder, left in 2005, and ADC "repurchased" its actions on behalf of the Cameroon government. Since then, the state has regained control of the company, with 63 per cent of the shares. The other shares were held by ASECNA (20 per cent), Camair (8 per cent), and BICEC, Unitair and AAA (3 per cent each).[5] As a result, Cameroon was back to square one. The concessionaire took over the airport assistance management that Camair had previously owned in 2009. The concession ended in 2009 but was extended for another five years by tacit renewal.

The concession needed to meet its primary objectives during the initial implementation phase. ADC was on the verge of bankruptcy in 2002, although it made significant financial progress after 2003. Under the terms of the agreement, the concessionaire was responsible for raising investment funds but could not maintain a financial balance. As of 1994, the concessionaire had pledged to invest CFAF 10.5 billion over ten years; however, this pledge has yet to materialise. The concessionaire invested only 10 per cent of the money.[6] As a result, public monies were used to cover the costs of platform rehabilitation. Despite changes in the concession's environment, the regulatory framework remained rigid. The government could not effectively control the concessionaire due to inadequate technical experience and financial resources.

The concession contract's tenure was short (15 years). The World Bank's *Public-Private Partnerships: Reference Guide* recommends that the concession period be long enough to incentivise the private party to incorporate service delivery costs into the project's design.[7] In addition, the concessionaire lacked essential knowledge of airport operations. Because neither the government nor ADC had the experience required to implement the concession agreement successfully, ADC was compelled to seek technical assistance from partners with such expertise as Aéroports de Paris and ASECNA, boosting costs. The situation underlines an inefficient process of identifying a concessionaire.

The Cameroon Railways (Camrail) concession

The concession negotiation for Régie des Chemins de Fer du Cameroun (Regifercam) began in January 1996, a reference shareholder (the BOLLORE-SAGA-SDV and COMAZAR groups) was nominated in January 1999, and the new concession regime went into effect on April 1, 1999. Regifercam was renamed Cameroon Railways (Camrail), a Bolloré Africa Logistics company subsidiary. In this concession-type PPP, the service users pay the private partner, Camrail. The contract has a rolling term, with an initial period of 20 years and a 5-year option for the extension at a time set by mutual consent. Amendments were signed in September 2005 and November 2008 to improve the concession conditions. The first amendment focused on activity modernisation and extended the concession period to 30 years, and the second redefined the conditions and financial mechanisms for implementing the investment programme.

The concession includes freight and passenger transportation services, road infrastructure restoration, upkeep and maintenance. The concessionaire owned the rolling stock, while the state retained ownership of the rails as returned property. The concessionaire agreed to pay the government an annual fee consisting of a fixed amount (CFAF 500 million) and a percentage of its revenue (2.25 per cent the first year, 3 per cent the following four years and then 5 per cent). In 2008, fixed and variable concession fees were capped at $4.4 million annually under a fixed concession fee.

Under the standard law norms applied to transportation service firms, the state exercises technical supervision over the concessionaire's activity. The concessionaire implements infrastructure investments funded by the government and the concessionaire (table 5).

As time went on, the granting authority on the state side shifted. In 1999, the minister of the economy, planning and regional development and the minister of finance signed the concession agreement. Those two ministers, plus the minister of transportation, signed the first and second amendments. These changes in granting authority make it difficult to monitor the concession contract's execution, as there is a risk of duties overlapping

TABLE 5 Distribution of investment funding by the government and the concessionaire in the Cameroon Railways concession

Investment type	Government	Concessionaire
Exploitation and maintenance of rail infrastructure		✔
Infrastructure renewala	✔	✔
Fitting out of rail infrastructure, renewal of freight rolling stock, signalling, energy and telecommunication infrastructure		✔
Renewal of passenger rolling stock	✔	
Railway infrastructure development	✔	

a. According to an agreed programme.
Source: Concession Contract.

or accumulating. The World Bank's PPP reference guide makes no provision for such changes in granting authority.[8]

After 15 years, more than FCFA 94 billion had been invested in railway renewal, upgrading the main stations to international standards, reinforcing security in stations and trains and acquiring numerous locomotives and passenger cars. With an average annual operating deficit of CFAF 4 billion at the time of the concession, the concession has enabled the state to make railway operations viable owing to the competence of a private partner and the increasing quality of rail travel. According to Camrail, between 1999 and 2013, passenger traffic increased by 55 per cent and freight traffic by 20 per cent. Table 6 highlights further accomplishments.

Despite these significant improvements, the continuing incidence of train accidents highlights the need for increased monitoring and adherence to the conditions that bind the two contracting parties. The train tragedy on the Douala–Yaoundé line on October 21, 2016, in Eséka, which killed 80 people and injured more than 740, forced the government to audit the concession contract and led to condemnation of Camrail by Cameroonian courts. Without this tragedy, no audit would have been conducted because Cameroon's PPPs do not include provisions for automatic audits.

The audit found the concession to be generally satisfactory, but it did flag several issues that needed to be corrected. These included a definition of railway quality indicators; clarification of the role of interministerial committees for monitoring implementation (their roles are essential, but their boundaries are often unclear); the state's regular payment of the balancing subsidy; and the study and programming of renewal works without delay. The concessionaire's operation is subject to technical oversight by the government, and the audit found that such control was inefficient because it required the controlling body's technical capabilities. In addition, the concession contract does distinguish between maintenance and renewal efforts.

The AES concession

The state, represented by MINEPAT and the Ministry of Finance, and the AES Corporation, an American utility and power generation company, signed a 20-year concession contract for public electricity service in Cameroon in 2001. The contract covers power production, transmission and distribution, while the state retains ownership of the existing infrastructure. AES held 56 per cent of the shares at the time of the contract's signing, with 5 per cent intended to be handed to employees later. The government held 44 per cent.

AES-Sonel (Société Nationale d'Electricité), the new privatised integrated national electric utility of Cameroon, was responsible for upholding energy quality standards, assisting in the electrification of underserved areas and adhering to environmental regulations in utilising the parts of the power industry for which it was responsible. AES-Sonel determines its prices or tariff formulas and the service terms and conditions based on the services' cost.

During the first few years, the concession struggled. Despite significant improvements, the quality of service has continued to deteriorate, with frequent power outages and unexplained tariff increases. Non-compliance with commitments was noted on the state side. The concessionaire claimed that the rates need to be increased for routine maintenance, much less for required investment.

TABLE 6 The trend in selected indicators for the Cameroon Railways concession, 1997–2016

Indicator	1997–1998	2016	2004–2016	2000–2016
Derailment (average annual number)	125	22		
Locomotives availability rate (%)	65.8	81.3		
Locomotives utilisation rate (%)	64.5	84.3		
Average annual mileage (km)	72,612	105,651		
Average car turnover ([%?])	8.9	12.2		
Passengers per kilometre (million)	283		430	
Freight, tonnage per kilometre (million)	850			1,039

Source: Camrail 2017.

In July 2013, the AES Corporation Group informed the government of its plan to sell all of its shares in its Cameroon subsidiaries, AES Sonel SA, Dibamba Power Development Company SA and Kribi Power Development Company, to ACTIS, a UK-based corporation. The government was receptive to AES's plan, and AES-Sonel was renamed Eneo Cameroon SA. The government re-nationalised the electricity transmission network in 2015, creating Societe Nationale de Transport d'Electricite (Sonatrel), because of dissatisfaction with the private management of those assets. The 10-year concession contract extension of June 2018 excluded electricity transmission network assets. Eneo made an average annual investment of about CFAF 29.5 billion between 2014 and 2020, for a total of CFAF 206.14 billion (figure 2). Power access has improved in both rural and urban areas, with urban areas benefiting more. However, the number of power cuts continues to rise.

The Société Nationale des Eaux du Cameroun (SNEC) and the hybrid concession/affermage formula

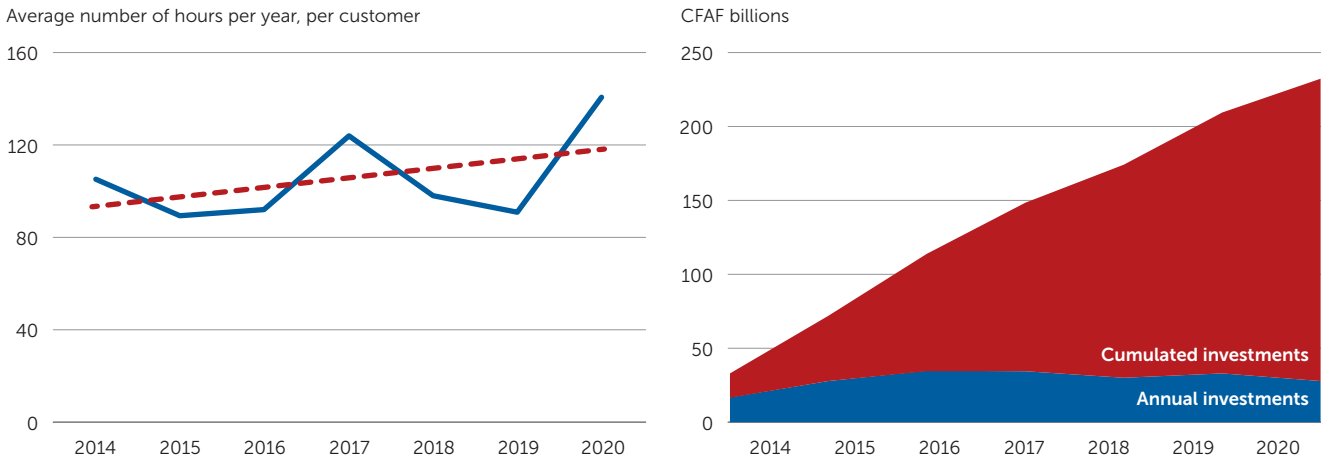
In response to the national water authority's poor technical and financial performance, SNEC, the government began a process that resulted in the private sector taking over the management of water supply services. SNEC was replaced by a two-part structure consisting of the public company Cameroon Water Utilities Corporation (Camwater), responsible for investments in production infrastructure through a concession contract, and the Camerounaise des Eaux (CDE), a private company responsible for water exploitation and distribution through an affermage contract. A Moroccan consortium managed by the Office National de l'Eau Potable (ONEP) hosted CDE. Camwater's responsibilities include planning, funding, extension, maintenance, renewal, rehabilitation, control and supervision, asset management, pricing and accounting.

The affermage contract granting supply service management to CDE for ten years was signed in May 2008 and went into effect immediately. As stipulated in the contracts, the CDE pays its partner a royalty proportional to its turnover. The higher the royalty, the more investments Camwater will be required to make and the higher the volume of distribution will be. However, only the government (represented by Camwater) bears the risk of the infrastructure's return on investment.

Table 7, showing data from the financial model updated in 2012 and the CDE business plan, gives a glimp se of the overall performance achieved under this contract.

Only a few targets were reached in 2014. While the target for the number of delivery points to government agencies looks

FIGURE 2 Trends in selected electricity concession indicators in Cameroon, 2014–2020



Source: Eneo annual reports.

TABLE 7 Global performance of the hybrid concession/affermage contract between Camwater and Camerounaise des Eaux (CDE)

Performance criterion	Baseline in 2008	Achievements in 2014	Targets in 2014	Achievements – targets (gaps)	Achievement (per cent of targets)
Number of subscribers	258,752	361,838	466,302	–104,464	77.6
Number of delivery points to government agencies	5,702	6,856	6,943	–87	98.7
Turnover of Camwater (billions of CFAF)	15	15.9	31.5	–15.6	50.4
Turnover of CDE (billions of CFAF)	16.3	19.1	31.1	–12	61.5

Source: Camwater.

to have been attained, at 98.7 per cent, the CDE's count of administration delivery points has been questioned. A Direction Générale du Budget team of the Ministry of Finance conducted a census in 2019 and discovered several non-existent delivery sites.

Due to this failure, the government announced that it would not renew the affermage contract. In August 2016, the CDE was informed of the decision, and the CDE's responsibilities were turned over to Camwater. The decision not to renew the CDE affermage contract in 2016 can be regarded as a sign that the water PPP was not implemented.

Douala International Terminal contract

Other structural adjustments-inspired PPPs included a 15-year contract with Douala International Terminal for managing, operating and maintaining the container terminal at the Port of Douala, signed in 2005. This contract still needs to be renewed.

The development planning era

In the second phase of its PPP implementation, Cameroon was motivated by a desire to advance its development agenda. With the revitalisation of development planning, the government viewed infrastructure as a vital development pillar.

Vision 2035 and infrastructure needs

As part of the Heavily Indebted Poor Countries initiative, and with the backing of the World Bank and IMF, Cameroon returned to national development planning with its 2004–2008 Poverty Reduction Strategy Paper at the end of the structural adjustment programme period. In 2009, Cameroon adopted the Growth and Employment Strategy, a 25-year development strategy, the first step in putting Cameroon Vision 2035 into action.

Vision 2035 articulates Cameroon's aspirations as a growing economy, democratic and united in its diversity, by 2035. In the initial years of the Vision 2035 period, the government invested extensively in infrastructure to make the economy more competitive. These infrastructure improvements are difficult for the government regarding capital and financing. Consequently, the government has focused its resource mobilisation policy on PPPs, which explains the rise in PPP contracts.

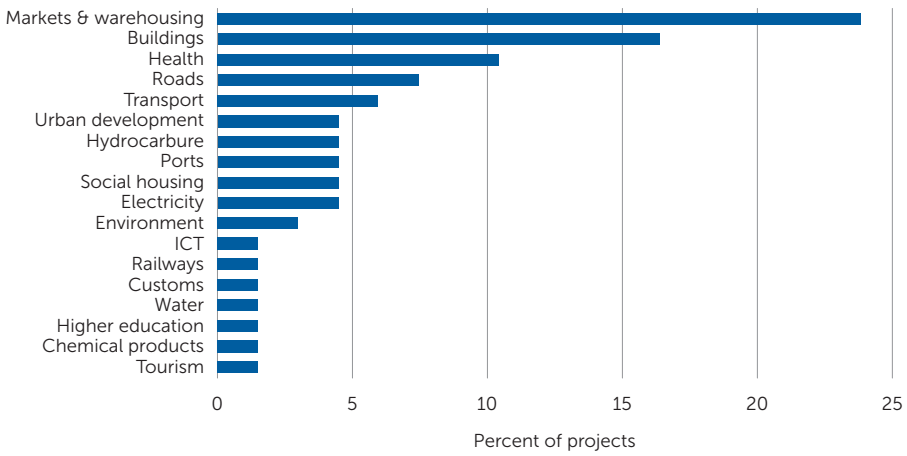
Public-private partnerships in the revival of the development planning era

These PPPs resulted from the government's internal planning, not from planning by development partners. Following the passage of the 2006 law outlining the general regulations of partnership contracts (see section 5 of this report) and other legislation, such as the 2008 law on the accounting, financial and tax regime applicable to PPPs, new PPP contracts had to await the organisation and nomination of members of the PPP unit, CARPA (under a 2008 decree). As a result, PPP contracting under the 2006 law did not begin until 2010. CARPA examined most of the projects under this regime. The PPP projects are in many sectors (figure 3).

CARPA reviewed 67 projects between 2010 and 2020. More than a third (37 per cent) of projects were abandoned, and 15 per cent made it to the contract signing stage but were never executed. The average duration from contract initiation to signing was about two years. Inadequate stakeholder capacity to take on PPP contracts was a significant barrier. The maturity of projects is a critical issue at the heart of Decree 2018/4992/PM, issued on June 21, 2018, establishing criteria for maturing public investment projects.

Numerous significant PPP projects are outside the control of the PPP unit. Examples are Kribi Power Station (2010),

FIGURE 3 Public-private partnership projects under CARRPA, 2010–2020



Source: CARPA 2022.

TABLE 8 Selected public-private partnership projects not controlled by CARPA

Project	Sector	Signing contract (year)	Investment amount (US$ million)
Nactchigal Hydroelectric power plant	Electricity	2018	1,369.42
South Atlantic Inter Link	Information and communication technology	2018	136
Kribi power station	Electricity	2010	342
Dibamba power station	Electricity	2009	126

Source: Authors' desk review.

Nactchigal Hydroelectric Power Plant (2018) and South Atlantic Inter Link (2018; table 8). Contracts for the Dibamba Power Station (2009) and certain other PPPs before 2010 were signed before the general legal framework for PPPs was adopted.

Recommendations

Cameroon's PPP experience highlights the country's limited capacity to launch and manage PPP initiatives, which has resulted in some projects being abandoned prematurely. To address this problem, the capacity of stakeholders in various PPP processes must be developed (see section 4 of this report). Capacity development should consider the main potential project contractor initiators as described in the 2008 PPP law. A key point to highlight during capacity building is project maturation. Also, the technical capacity to control project execution should be considered.

4. STAKEHOLDER SUPPORT AND OWNERSHIP

The support of key stakeholders, especially the government and the Public, is vital to the success of PPPs.

Government support and ownership

Cameroon's PPP-specific legislation reflects the government's commitment to PPPs. In the 1990s, Cameroon was pushed to adopt PPPs by its development partners before the rebirth of development planning in 2003. Cameroon demonstrated a more vital interest in PPPs following the publication of its 2004–2008 Poverty Reduction Strategy Paper, with the support of the World Bank and the IMF. The 2006 statute outlining the general regulations of partnership contracts exemplifies this intensified interest. In 2008, a prime ministerial decree placed the PPP process under the prime minister's control, ensuring that PPPs are owned at the highest levels of government. While this is, in principle, a good idea, more efforts must be made to ensure sufficient technical expertise for development and review. In addition to the prime minister, the minister of the economy, planning and regional development might be a natural PPP promoter. CARPA is under the control of MINEPAT, but many of the PPPs do not appear in CARPA's portfolio.

Government support and ownership are powerfully revealed in the National Development Strategy 2020–2030. Paragraph 592 identifies PPPs as an essential source of financing for realising structural transformation projects. The strategy anticipates that the national and foreign private sectors will have to invest more than 60 per cent of the resources necessary to achieve the structural transformation described in paragraph 594.

Support for PPPs may be seen among four stakeholder groups: development partners, domestic banks, the domestic private sector and the general Public. The World Bank, African Development Bank (AfDB), French Development Agency (AFD), European Investment Bank (EIB) and UN system agencies are just a few of the development partners that promote PPP in Cameroon.

Three local banks backed PPPs at the start of the Camrail concession. The Eneo plans to raise CFAF 100 billion from local banks to fund its investment strategy in 2020/21. The project Kiosques Modernes Multifunctions in Douala received support from Afriland First Bank, CBC, and CCA Bank in 2018. The government often raises funds from local banks to sponsor PPP projects (see section 7 of this report for more information). These selected cases, as well as others, demonstrate the banking sector's support for PPPs.

Domestic private sector enterprises are involved in several projects as PPP candidates and account for many contracts. Many send in unsolicited projects and include some of the currently executed initiatives.

Support from the general public

The public's support for PPPs largely depends on whether the PPP projects satisfy consumer needs. In the electricity and water sectors, for example, the Public did not approve of the PPPs because people experienced no discernible improvement in the quality of services. They often complained about the high prices of these services. Further, the general public does not have access to adequate information, leading to several complaints to sector regulators.

Recommendations

There is strong government support for PPPs. However, this support is confined to a few ministries, and efforts are needed to expand it to other infrastructure-related ministries and

organisations. The first step would be to improve the quantity and quality of PPP-related data. Information transparency is another issue to address, with information tailored to the type of consumer. The government's ability to mobilise other players, such as development partners and the domestic business sector, is critical to the success of PPPs.

5. LEGAL AND REGULATORY FRAMEWORK OF PUBLIC-PRIVATE PARTNERSHIPS

General enabling legislation and regulation

The regulatory framework for PPP contracts in Cameroon consists of two significant laws and enforcement texts: one is concerned with the general framework that governs PPPs, and the other with texts that govern specific sectors.

The overall PPPs regime consists of four main statutes or decrees:

- Law 2006/012 of December 29, 2006, sets forth the main rules for partnership contracts.
- Decree 2008/035 of January 23, 2008, established and governed CARPA, the government's standard PPP unit.
- Decree 2008/0115/PM of January 24, 2008, clarifying the enforcement clauses of law 2006/012 establishing the general regulations of partnership contracts.
- Law 2008/009 of July 16, 2008, establishing the accounting, financial and tax system applicable to PPPs.

Under Law 2006/012 of December 29, 2006, a partnership agreement is defined as "an agreement in which the state or any of its representatives assigns to a third party, for a specific period, under the duration of investments depreciation or approved financial clauses, part or full responsibility of the following stages of an investment project": conception works or necessary equipment for the project and implementation works or necessary equipment for the project. Article 2 (1) of this Law 2006/012 of December 29, 2006, states that partnership agreements are eligible for PPP projects of a substantial technical and financial scale. Neither the law nor the decree governing its application defines "large scale." As a result of this lack of clarity, several PPPs are significant neither on their technical scale nor on their financial scale.

Each partnership contract must specify the duration of the contract, the obligations of each party (public contractor and private contracting partner), the risks shared by the two parties, the performance targets assigned to the contracting partner, the contracting partner's remuneration and the project's control and monitoring clauses.

The process leading to a partnership agreement is expected to adhere to the values of free access, fair treatment of applicants, objectivity of competition, and transparent processes (section 8 [1]). Following the tender, several processes are to be applied: section 9 (1) defines preselection, pre-qualification discourse and adjudication. Decree 2008/0115/PM of January 24, 2008, clarifying the enforcement clauses of law 2006/012 and fixing the general regulations of partnership contracts, highlights four conditions for recourse to a partnership agreement: emergency, complexity, and project economic and financial opportunities. According to this decree, the review of projects qualifying for the partnership contract system consists of project initiation, feasibility study, opinion of the minister of finance, and the professional organisation's PPP Unit evaluation (section 4). According to the World Bank PPP reference guide, the finance minister does not authorise PPP contracts before signing. In practice, several contracts are signed but not executed by the private partner. There is no provision in any legal text about this issue.

Projects eligible for partnership contracts can be initiated by public contractors and decentralised local authorities and public establishments (section 5 [1] [of Law 2006/012 of December 29, 2006?]). The selection process involves a public tender with the manifestation of interest, a restricted tender, preselection, pre-qualification dialogue, adjudication, notification of results and contract signing. Decree 2014/2343/PM of July 31, 2014, modifying Decree 2008/0115/PM, considers the possibility of contracts initiated without competition if necessary.

Decree 2008/035 of January 23, 2008, established and governed CARPA, placing it under the prime minister's authority. Its mission is to contribute to creating or renewing public infrastructure and equipment, as well as improving the quality of public service within the framework of more significant technical and financial projects to be realised through a partnership agreement. CARPA's missions as the government's PPP expertise centre cover the prior appraisal of PPP projects, technical support for the PPP process, promotion of PPPs, private partner selection, contract negotiations and support in contract monitoring. CARPA is led by a president responsible for a technical secretariat and an advisers' committee.

Law 2008/009 of July 16, 2008, covers the accounting, financial and tax system applicable to PPP contracts. Related to accounting, the law provides an incentive to a private contractor with a 25 per cent boost over the standard depreciation rate. The financial regime outlines the various financing options: total financing by a private partner, joint financing by a PPP partner, financing by a third party and joint financing by a state-decentralised local authority. The tax structure for partnership contracts is unique to an investment project's conception, realisation and operation stages.

The acquisition cost of bidding documents (CFAF 200,000–CFAF 600,000) is fixed according to the value of the project's original investment cost, net of taxes, determined by the

feasibility study according to Order 186/CAB/PM of November 15, 2011, which sets the rates and conditions for the collection of fees payable for partnership contracts. It also sets the amount of project preparatory expert charges at between $20 million and $100 million, depending on the original investment cost of the project, net of taxes. The cost of contract execution monitoring is set at 5 per cent per year of the original investment cost of the project.

Section 5 of the PPP legislation (Law 2006/012 of December 29, 2006) covers environmental impact studies in PPP agreements. Article 9 of Decree 2013/0171/PM, which establishes the criteria and circumstances for completing social and environmental impact studies, describes the substance of the environmental and social impact study overview. Article 10 concerns environmental and social impact research details. Finally, article 11 lists the documents to be included in the strategic environmental evaluation: a description of the site's initial state, identification of the project's potentially detrimental environmental effects, measures taken to mitigate or avoid those effects, and documents from public and nongovernmental consultations. This article does not favour minimising ambiguity in project classification based on environmental impact. The quality of the projects would be improved, and their implementation would be more straightforward if such factors were included in the PPP. The use of the World Bank classification may be required in this case.

Because both legal frameworks (i.e., Law 2006/012 of December 29, 2006, and Law 2008/009 of July 16, 2008) were enacted before the Paris Accord on climate change, they do not incorporate clear directions for contributing to government climate change targets, such as lowering emissions by 33 per cent by 2035. The legislative structure should be reviewed to address this issue.

Specific sectoral legislation and regulation regarding unsolicited bids or proposals

The second set of PPP regulations covers sectoral rules, as shown in Table 9.

The legal framework in Cameroon expressly permits unsolicited bids. The provisions discussed above remain valid even if the project proposal is made by a private rather than a public sector entity. According to section 5 (2) of Decree 2008/0115/PM, the initiation of PPP projects depends on the public contractors, decentralised local authorities and public establishments.

Unsolicited proposals are often referred to as private-sector proposals. The private operator can use a competitive edge in the public bidding process to select a partner for the public body. Furthermore, even when the project is presented by a private operator (section 17 [3]), the mechanism outlined in sections 12 and 15 of Decree 2008/0115/PM remains valid. According to section 3 (3) of Decree 2012/148 of March 21, 2012, "Government departments, local and regional authorities, public establishments, public or semi-public enterprises, the private sector and civil society may refer to [CARPA] any matter falling within its sphere of competence." This implies that the private sector can submit a proposal to CARPA for consideration.

TABLE 9 Public-private partnership laws governing specific sectors

Sector	Legal framework
Audio-visual	Law No. 2015/007 of April 20 2015
Electricity	Law No. 98/22 of December 24, 1998 Law No. 2011/022 of December 14 2011
Electronic communication	Law No. 2010/013 of December 21 2010
Gas	Law No. 2012/006 of April 19 2012
Mining	Law No. 2016/17 of December 14 2016
Petrol	Law No. 2019/008 of April 25 2019
Ports	Law No. 98/021 of December 24 1998
Telecommunications	Law No. 98/014 of July 14, 1998,
Water and sanitation	Law No.98/005 of April 14 1998

Source: Bondoma (2019: 70–83).

For example, the bus company Stecy, a private partner, proposed a PPP initiative in Yaoundé, which resulted in a PPP contract (brownfield concession) being signed in August 2016, which is currently being carried out. Another example of a private sector–initiated PPP proposal is from Accent Media, which suggested the Douala kiosks initiative. The PPP deal was signed in December 2018. Over three years, this project aims to install 1,400 multipurpose urban kiosks in high-traffic places around Douala. Their operation and upkeep span 18 years and the project is now being carried out.

Unsolicited proposals are not required to be evaluated against existing government priorities. When proceeding, the procuring body launches a competitive PPP procurement procedure. Even when the project has proposed a private operator, the competitive rules laid out in sections 12 and 15 of the decree remain valid. And according to sections 5 and 17 (2), the signing of a partnership contract is subject to specific competitive and advertising rules enabling free access, equal treatment of candidates and the objectivity of procedures. The order is vague concerning the permitted types of unsolicited proposals and their minimum qualifications.

Recommendations

The PPP regulation texts overlap in various ways and could be more precise, making their application difficult.[9] They are also a source of conflict because they need more constitutional competencies. A single, unambiguous piece of legislation that

encompasses all sectors within a single framework enables stakeholders to comprehend procedures better. To this end, the government of Cameroon is working on harmonising this legal framework. The new framework intends to solve the main difficulties encountered in applying the current framework and should be enacted within a reasonable time frame.

6. PUBLIC-PRIVATE PARTNERSHIP INSTITUTIONAL CAPACITY

Institutions

Public administration, public entities, public companies and decentralised local authorities can issue a partnership contract, according to law 2006/012 of December 29, 2006. The state or its representatives and decentralised local authorities are the procurement bodies and can be the project's originator as a public contractor. The project's public contractor works closely with the Ministry of Finance, CARPA and the Ministry of Economy, Planning and Regional Development during the PPP contracting process, all under the supervision of the prime minister.

The public contractor initiator of the project

The public contractor initiator originates the project, prepares the feasibility study and transfers it to the Ministry of Finance for assessment of its fiscal sustainability. After receiving advice from the ministry, the public contractor initiator transmits the file to CARPA, which prepares a prior appraisal report and transmits it to the public contractor initiator. The public contractor initiator of the project then elaborates the Call for Expression of Interest, which is submitted to CARPA for validation before the tender manifestation of interest or service is launched. After the deadline set by the competitive regulation, the files are received by the public contractor initiator of the project, which then transmits it to a special committee for partnership contracts (appointed by the prime minister) for analysis of tenders. The public contractor initiator publishes the names of candidates whose bids were preselected and informed in writing the candidates whose bids were not preselected. The public contractor initiator of the project leads the pre-qualification dialogue with the technical support of CARPA. The public administration's project owner appoints and publishes the winning contractor's name following the pre-qualification report. The contract is then signed with the selected private partner. The public contractor initiator oversees the contract's implementation. At the end of each year, the public contractor initiator and the contracting partner conduct a joint evaluation.

The Ministry of Finance

Section 8 of Decree 2008/0115/PM of January 24, 2008, regulating Law No. 2006/012 (as amended by decree No 2014/2343 of July 31, 2014), requires an opinion by the Ministry of Finance. Section 6 (2) states that the partnership contract process may only proceed with the reasoned opinion of the minister of finance. The project can only continue if it receives an oppositive opinion. However, CARPAA received two projects in 2019 without the finance minister's opinion.[10]

Concerning the project's budgetary viability, particularly the consistency of financial commitments with loan availability and the impact on public finances (section 8), the Ministry of Finance recommends that the public contractor initiator submit the feasibility assessment as required by section 7 of the law. The minister of finance gives its recommendations to the public contractor initiator.

The public-private partnership unit: CARPA

After receiving the advice of the Ministry of Finance, the public contractor initiator of the project sends the project to CARPA, which functions as the key advisor to Cameroon's public administration on all aspects of PPP projects. CARPA analyses whether a project submitted for consideration is eligible to be implemented as a PPP based on the criteria set forth by law. It examines the paperwork supplied by businesses interested in PPPs, and CARPA can issue a non-objection letter. Once negotiations are completed, CARPA also delivers its opinion on the PPP contract. CARPA advises the prime minister on applicants' technical and financial capabilities when a government agency begins a PPP project and wants direct negotiating authorisation. If the public entity launching the project elects to terminate the PPP process, CARPA decides the compensation to be paid to prequalified candidates due to abandonment of the PPP procedure. Compensation cannot exceed 30 per cent of the feasibility study cost.

The Ministry of the Economy, Development and Regional Planning

MINEPAT supervises CARPA. The feasibility file prepared by the public contractor initiator of the project must include a synthesis report on advice from competent technical administrations, particularly MINEPAT (section 7 of Decree 2008/0115/PM of January 24, 2008, and enforcement clauses of Law 2006/012 of December 09, 2006, fixing the general regulations of PPP contracts). MINEPAT has the authority to overrule the recommendations of CARPA (section 16 of Decree 2012/148 of March 21, 2012). MINEPAT also centralises the budgets of different public bodies engaged in PPP contracts.

This step in the PPP process needs to be revised because MINEPAT has added some projects to the PPP projects list that CARPA should have examined. CARPA followed up only four of the 21 PPP initiatives launched by MINEPAT in 2014.[11] The CARPA projects list does not include two PPP projects signed

in 2018, the Nactchigal Hydroelectric Power Plan (valued at $1,369.42 million) and the South Atlantic Inter Link (valued at $136 million). These projects are followed up by their respective ministries or regulatory agencies when the latter exist, as in the case of electricity (ARSEL) and telecommunication (ART). As a result, even though the PPP laws recognise CARPA as the PPP unit, other ministries and regulatory agencies effectively work as PPP units with even more power than the official PPP unit, resulting in multiple PPP units.

The Office of the Prime Minister

On PPP contracts, the Office of the Prime Minister ensures the attention of the highest political authority and retains the power of adjudication. The prime minister might transfer this authority to the person in charge of the public contractor initiator that launched the project (Decree 2008/0115/PM, section 2 [2]). The prime minister appoints an ad hoc commission on partnership contracts to examine tenders, establish their structure by decree, and designate the chair. The commission produces a preselection report. One problem is that the committee members often need more PPP skills.

Private sector candidates for public-private partnership contracts

The candidates for a PPP contract prepare their documents following the Call for Expression of Interest or the Call for Tenders. When a candidate is chosen, it prepares a declaration of honour attesting that it is not involved in any situations specified by the governing legislation as grounds for dismissal. The private sector's primary function is to offer funds or expertise for designing, constructing, operating and repairing existing infrastructure. Private sector candidates can also initiate a project (see discussion of an unsolicited bid or proposal in section 5 of this report).

Processes

The PPP project begins with a feasibility study produced by the public contractor initiator. The steps in the process include the opinion of the minister of finance, CARPA's prior appraisal, the Call for Expression of Interest, the Call for Tenders, pre-qualification dialogue, adjudication, contract dispute and contract signature. By and large, this process is followed in practice, although there have been some exceptions. For example, in 2019, CARPA received two project feasibility studies without a Ministry of Finance budget sustainability opinion, as required by Decree 2008/0115/PM outlining the terms of application of the 2016 PPP law. These include the unsolicited project for financing, design, construction, exploitation, operation and maintenance of the Bus Rapid Transfer pilot line in Yaoundé proposed by BUNS/ENCIBRA (value of CFAF 56 billion) and the project for the construction and deployment of the technical infrastructure necessary for the implementation of the universal health coverage system (value of CFAF 63 billion), submitted by the Office of the Prime Minister.

Standardisation

For various phases of PPP projects, standard documentation and templates are available. These documents contain the public Call for Expression of Interest notice, the consultation file for the project's Call for Expression of Interest, the letter of expression of interest and the notice of restricted tender, among others.

Communication

CARPA communicates on behalf of the government and the private contractor. CARPA regularly hosts PPP information and awareness days. The target audiences are public entities, decentralised local authorities, business communities and the general Public. The main focus of these information days is on implementation procedures for PPP contracts and the concept of public management. CARPA held an average of one two-day session each year information days between 2010 and 2019. The main projects being implemented are published in CARPA's annual bulletin. Not all of the bulletin issues are posted online. Winning contracts are not posted, but the results of regular monitoring and performance evaluations are posted.

Capacity

Government staff involved in PPP institutions learn as they go, building capacity during the various stages of the PPP project lifecycle. A few also receive training. Between August 2020 and July 2021, about 30 employees from several government agencies participated in a PPP certification programme called Certified Public-Private Partnership Professional. The Asian Development Bank, the European Bank for Reconstruction and Development, the Interamerican Development Bank, the Islamic Bank of Development and the World Bank collaborated on this programme, and the Public–Private Infrastructure Advisory Facility provided funding. Many attendees, including all four from the CARPA technical secretariat, were Certified Public–Private Partnership Professionals.

The number receiving training is inadequate, considering the many institutions involved in Cameroon's PPP process. The current system, in which each public administration intending to launch a PPP must produce the budget, requires all project initiators to have qualified personnel. Even decentralised local authorities require trained personnel to participate in the PPP process. Yet it is impossible to find all the qualified experts needed for the PPP process. An interim solution would be for the Cameroon Cities and Communes Association to set up a technical team whose members could draw for expertise. Giving CARPA

additional power and establishing regional offices to help each legally recognised PPP initiator could be a solution.

The public-private partnership unit: CARPA

Under Decree 2008/035 of January 23, 2008, CARPA, the government's PPP advisor, is tasked with guiding project selection, development and implementation. However, the final decision rests with the prime minister. Notifications and minutes of CARPA's deliberations are sent to the prime minister, who can implement reforms (section 16).

CARPA hires specialists with a proven record of accomplishment on five-year fixed-term contracts that can be renewed once to fulfil its obligations. Specialists include infrastructure project design, study, and management experts needed to conduct technical, financial, legal, environmental and sociological appraisals. CARPA's workforce has extensive experience with financial analysis and risk management technologies. Each specialist in CARPA's technical secretariat has earned the Certified Public–Private Partnership Professional international certification. CARPA also solicits technical assistance from specialised institutes for more challenging projects.

Under Decree 2008/035, CARPA's technical secretariat should consist of a permanent team of 12 experts: two financial engineers, two legal advisers, two civil engineers, two architects/town planners, two technical engineers and two public administration engineers. Concerning its actual staffing, financial engineers, architects/urbanists, technical engineers, and public administration expertise are all needed by CARPA. In actual staffing, however, CARPA lacks adequate numbers of financial engineers, architects/urbanists, technical engineers, and public administration. This shortfall is primarily attributable to its inadequate annual budget of CFAF 400 million, far less than its current annual demands, estimated at CFAF 1.2 billion. In addition, CARPA's premises are too small. Consequently, it spends vast sums on renting space for its capacity-building programmes. Having more space of its own to conduct these programmes could improve CARPA's efficiency.

Recommendations

Although the law specifies a single PPP unit, in practice, several ministries and regulatory agencies act as PPP units, and these institutions shadow the official PPP unit. Some of the most critical PPPs are not under CARPA's oversight. This situation has stunted CARPA's ability to develop financial and personnel capabilities, and as a consequence, CARPA has been operating at less than full capacity since its inception. In the current climate of decentralisation, which has boosted demand for PPP expertise and capacity building, it is critical to expand CARPA's premises to allow it to perform its capacity-building function more efficiently.

7. FUNDING AND MANAGING FISCAL RISK

Budgetary system

Cameroon does not have a separate budget for implementing PPP projects. Each public administration that wants to initiate a PPP project must develop a budget that includes the costs of the PPP process and the costs of taxes and customs duties throughout the investment phase.

The government provides incentives to private investment under Law 2008/009 of July 16, 2008, establishing accounting, financial and tax regimes applicable to PPPs.

Recommendations

Because Cameroon needs a dedicated budget for implementing PPP projects, disparate efforts are undertaken without coordination or expertise. Expanding CARPA's role to include PPP budgeting would help resolve this problem.

8. ACCESS TO FINANCE

Financing public-private partnerships

Cameroon raised CFAF 200 billion ($400 million) to fund infrastructure projects from the CEMAC market through syndication on the Douala Stock Exchange in 2010 (table 10). The operation had 841 subscribers from 10 countries. A total of 20.3 million securities were subscribed, with banks accounting for 77 per cent of the total. This initiative aims to fund infrastructure projects while developing and revitalising national and regional financial markets.

According to the Ministry of Finance (MINFI), as of February 29, 2020, the total amount of securities issued on the capital market amounted to CFAF 2 934.95 billion. CFAF 1 699.6 billion were raised by auction on the open subscription public securities market of BEAC, of which CFAF 273.72 billion of Fungible Treasury bonds (OTA) with 2 to 5-year maturity and CFAF 1 695.89 billion of Fungible Treasury Bills (BTA) with 13-, 26- and 52-weeks maturities. CFAF 795 billion was raised by syndication on the national financial market, CFAF 200 billion in 2010 at a 5.6% net interest rate, CFAF 80 billion in 2013 at a 5.9% net interest rate, CFAF 150 billion in 2014 with 5.5% net interest rate, CFAF 165 billion in 2016 at the interest rate of 5.5% net and CFAF 200 billion in 2018 at 5.6% net interest rate, all with a 5-year maturity, amortizable every quarter after a year of deferral (MINFI 2020: 14–15).

These funds were used primarily to finance the projects shown in table 11.

TABLE 10 Allocation of funds raised on the Central African Economic and Monetary Community market in 2010

Project	Amount		
	CFAF billion	US$ million	Share (%)
Water and energy infrastructures	95	192.3	47.5
Memve'ele dam access roads	11	22.3	5.5
Lom Pangar Reservoir Dam	68.5	138.7	34.25
Douala water supply	8.5	17.2	4.25
Kribi gas plant	7	14.2	3.5
Port infrastructure	21	42.5	10.5
Kribi deep seaport	21	42.5	10.5
Mining projects	30	60.7	15.0
Lomié Cobalt and Nickel Project (Geovic)	30	60.7	15.0
Road infrastructure	42	85.0	21.0
Second Wouri bridge	10	20.2	5.0
Ayos-Bonis Road	10	20.2	5.0
Ring Road	12	24.3	6.0
Penetrants of Kumba	5	10.1	2.5
Acquisition of civil engineering equipment for MATGENIE	5	10.1	2.5
Major agricultural projects	12	24.3	6.0
Improvement of rice and maise production	12	4.0	6.0
Production branches	2	20.2	1.0
Total	200	404.8	100

Source: CAA 2013.

While Cameroon can turn to local and regional (CEMAC) markets for local currency funding, and the domestic debt composition demonstrates access to various debt instruments (figure 4), a dedicated project finance market still needs to be created.

Cameroon's government has access to foreign debt to finance its economy. Cameroon issued CFAF 450.4 billion in Eurobonds for 2015–2025 on the foreign market. Public and publicly guaranteed debt stock was assessed at CFAF 8,424 billion as of December 31, 2019, representing 37.3 per cent of GDP, up from CFAF 5,039 billion, or 30 per cent of GDP, at the end of 2015. This 67 per cent increase over five years came mainly from statutory advances granted by development partners under the Economic and Financial Program and the acceleration of work on critical infrastructure projects.[12]

TABLE 11 Cameroon fundraising in 2021: List of eligible infrastructure projects

Project	Amount (CFAF billion)
Road development and rehabilitation	63.2
Sports	73.5
Water and energy	38.3
Health equipment and other projects	45.0
Total	220

Source: Ministry of Finance 2020.

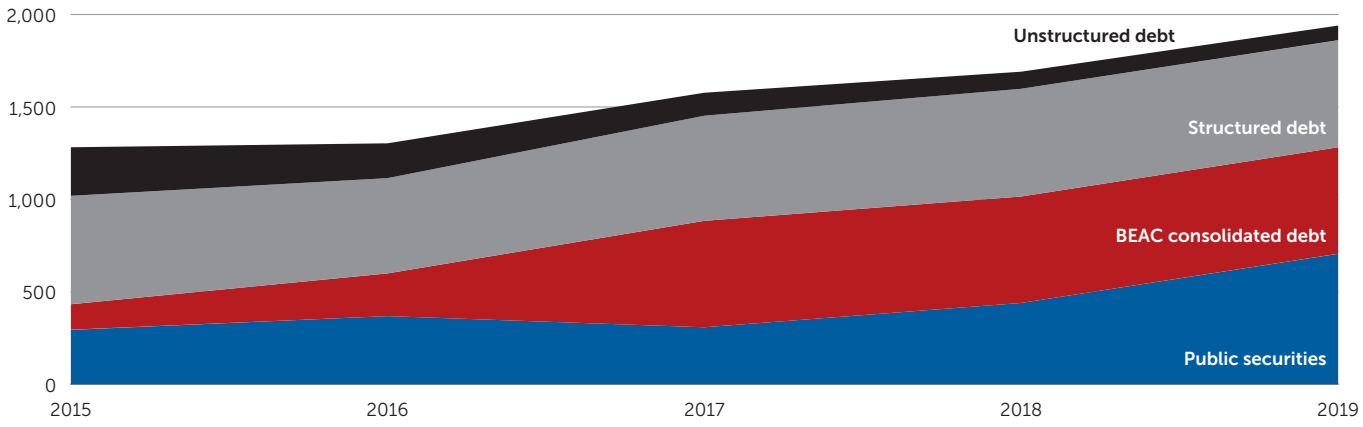
Recommendations

Cameroon does not have a critical challenge in financing its PPP projects, thanks to the government's solid ties with international and local finance sources. These ties should be leveraged and strengthened. However, the domestic financial market alone cannot finance long-term infrastructure projects. Mobilising the domestic private financial market to support long-term infrastructure projects would help to support PPP development. Continuing domestic service debt would be a crucial signal to entice the private sector to participate in PPP projects.

9. TRANSPARENCY AND DISCLOSURE

Two institutions in Cameroon do external auditing: the Ministry of the Supreme State Audit (Côntrole Supérieur de l'Etat, or

FIGURE 4 Trends in Cameroon's domestic debt composition, 2015–2019



Source: Ministry of Finance 2020.

CONSUPE) and the Supreme Court's Audit Bench. The National Anti-Corruption Commission and the National Agency for Financial Investigation are two other administrative organisations with audit duties.

Supreme State Aud it (CONSUPE)

CONSUPE is Cameroon's highest audit institution under Decree 2005/374 of October 11, 2005. CONSUPE is led by a minister delegate and is under the direct authority of the president of the republic. Under article 2 of the decree, CONSUPE is responsible for external audits and specific checks on firms and organisations, including private ones that are of strategic economic or national defence importance. CONSUPE exercises external oversight of public finances on both the administrative and financial levels. However, CONSUPE has yet to audit a PPP project. The recent audit of the Camrail concession was conducted by a group of consultants contracted by MINEPAT. In this regard, it is expected that CONSUPE will be engaged in financial audits more than technical ones.

An influential supreme audit institution requires political support to maintain its independence from the institutions it is tasked with auditing; it also requires adequate resources to carry out its mandate and editorial freedom to publish reports quickly.

As an executive body, CONSUPE is overseen by the republic's president. The executive appoints the minister delegate in charge of state control and the rest of the audit personnel. Thus, the audit body is not independent of the executive branch, meaning Cameroon does not meet the independence requirements for a supreme audit body. CONSUPE personnel include technical executives—government inspectors and controllers – who are chosen by the president of the republic and assistant auditors who are nominated by the minister delegate. Some tasks are assigned to administrative personnel and contractors as well. No employees of CONSUPE appear to have participated in the training sessions conducted by CARPA.

Audit bench of the Supreme Court

Title V of Law 96/06 of January 18, 1996, modifying the constitution of June 02, 1972, establishes a Supreme Court Chamber of Accounts. Under article 41, the Audit Bench controls and decides on public accounts and those of public and semi-public corporations. It is in charge of overseeing the financial legality and budgetary compliance of all state expenditure and revenue operations; judging authorising officers, financial controllers and public accountants, as well as punishing mismanagement by public officials; evaluating the economy, effectiveness and efficiency of the use of public funds; certifying the regularity, sincerity and fidelity of the state's general account; and assisting the legislature.

The Audit Bench supervises and assesses the accounts and documents of the state and its public establishments, decentralised local authorities, and public and semi-public enterprises in the absence of certified or de facto public accountants (Article 2 of Law 2003–005 of April 21, 2003, establishing the powers, organisation and functioning of the Supreme Court's Audit Bench).

National Anti-Corruption Commission (CONAC)

Established by decree on March 11, 2006, CONAC is an independent public agency assisting in the fight against corruption. Its tools include studies and investigations, data collection, project execution control, procurement, identification of causes, solution proposals, report dissemination, and monitoring and evaluation of the government's anti-corruption strategy. CONAC can check for compliance in project execution before awarding contracts, identify causes of corruption and offer solutions to eliminate it. Its members are independent, supporting its efficacy, and they cannot be punished, investigated, arrested or detained for their ideas or actions in the course of their duties.

National Agency for Financial Investigation (NAFI)

NAFI is a government-run financial intelligence agency that reports to the Ministry of Finance and has financial autonomy and decision-making authority in areas under its purview. It has two primary missions: receiving and processing files within its jurisdiction and transmitting them to judicial authorities when the transactions may be subject to a declaration of suspicion under laws against money laundering and the financing of terrorism; and collecting information from judicial authorities and taxable persons.

Recommendations

The institutional arrangements for external auditing are complex and even confusing. Even though CONSUPE is the top auditing institution, there is a risk of overlapping mandates and inefficient audit coverage because various entities with auditing authority need to coordinate their activities within a given framework formally. Because CONSUPE is an executive body overseen by the head of executive power, it meets the generally accepted independence criteria for an audit agency. The Supreme Court's Audit Bench should be given more authority to address this problem. CONAC's role in the PPP process needs to be clarified.

10. PEOPLE FIRST IN PUBLIC-PRIVATE PARTNERSHIPS

A PPP project challenge is ensuring people are prioritised in all project benefits. Successful "people first" PPPs should benefit

low-income residents. Still, as long as private partners are primarily responsible for developing work plans during the bid process and early implementation, effective measures for equitable benefit distribution are unlikely. People-first benefits need to be identified and addressed at each stage of the project cycle: preparation, procurement and contract management.

Inclusive public-private partnerships

People should be at the centre of PPPs. To ensure that, governments must consult the public and explain how PPP initiatives would benefit them. The United Nations Economic Commission for Europe created *Guiding Principles on People-First Public-Private Partnerships* to support the achievement of the Sustainable Development Goals. Externalities should be considered in the planning of PPP projects. The people-first approach focuses on five critical criteria: access and equality; environmental sustainability; economic effectiveness, especially fiscal sustainability; replicability; and stakeholder engagement. Only the first three criteria are considered here concerning Cameroon's PPPs.

Increasing access to essential services

Examples of PPP projects that sought to increase access to essential services while reducing social inequality and injustice are the national water authority SNEC hybrid concession/affermage formula, which aimed to increase clean water access, and the concession contract with AES, which aimed to increase access to electricity. Although the SNEC hybrid concession/affermage model failed to increase clean water availability from 258,752 suppliers in 2008 to 466,302 (it increased them only to 361,838), the project nonetheless demonstrated the government's commitment to putting people first. Similarly, in the second phase of the concession contract with AES, access to electricity increased from 56.8 per cent of the population in 2013 to nearly 63.5 per cent in 2018. Between 2012 and 2022, the price of electricity remained stable, with a lower price for lower usage, which benefited mainly poor households.

Because the water and electricity sectors are generally inclusive, limiting the analysis to those two sectors leaves out crucial information about people-first PPPs. Examining a PPP project's primary objectives can provide a quick sense of whether the access criterion of people-first PPPs has been considered. For example, a project with the primary goal of improving tax collection is less (directly) inclusive than one with the primary goal of building rural roads. An analysis of the primary objectives of projects monitored by CARPA between 2010 and 2020 reveals that less than half (about 45 per cent) of the 67 projects had an inclusive goal. These include projects for the construction or rehabilitation of marketplaces (excluding commercial centres), social housing, hospital equipment, road construction, and water supplies. Of the initiatives deemed inclusive, the PPP process was abandoned for 10 per cent of them, and the contract was signed but not executed for 13 per cent. As a result, only 28 per cent of Cameroonian PPPs followed by CARPA and executed are inclusive.

Ensuring environmental sustainability

Environmental sustainability entails building resilient infrastructure, reducing greenhouse gas emissions and implementing "circular" projects (reduce, reuse and recycle) rather than "linear" projects (take, make and dispose of). Decree 2013/0171/PM sets out the terms and conditions for implementing social and environmental impact assessments when developing projects. Environmental assessments require consultations and public hearings to collect the opinions of affected populations (article 20 [1]). Environmental and social impact assessments must include a description and analysis of the initial state of the site and its physical, biological, socioeconomic and human environment; identification and evaluation of the possible effects of the project on the natural and human environment; and a sensitisation and information campaign for the project, as well as the minutes of meetings with individuals, nongovernmental organisations, labour unions, opinion leaders and other organised groups. For example, Article 21 (1) requires the investor to notify the representatives of these groups about the programme, prepare a project overview and announce the hearing's goals at least 30 days before the meeting. A report on these sessions is to be prepared by an ad hoc panel (article 22).

Achieving economic effectiveness

Economic effectiveness, including fiscal sustainability, entails successfully executing cost-effective and transformative initiatives with a long-term, measurable impact. The following projects achieved economic effectiveness by adhering to deadlines and production cost estimates, managing risk and generally satisfying the expectations of the public partner: (i) supply and exploitation of magnetic resonance imaging (MRI) equipment; (ii) financing, supply and maintenance of dialysis equipment at the Douala General Hospital; modernisation of Customs' information technology system (concession, brownfield); (iv) financing, construction, exploitation and maintenance of three buildings in Okolo (public payment, brownfield); (v) financing, equipment and maintenance of laundry at the Douala General Hospital (public payment, brownfield).

Recommendations

Inclusive PPPs are crucial to reducing poverty. The number of PPP projects that meet inclusion criteria needs to be increased. One way would be to set inclusive PPPs as a percentage of overall PPPs. People should also be encouraged to start PPPs through their local government; local development plans are an excellent place to start.

11. REGIONAL PUBLIC-PRIVATE PARTNERSHIPS

The CEMAC receives financing from the French Development Agency and Expertise France to create regional PPPs. The first phase of this collaboration entails developing a regional PPP strategy, building stakeholder capacity and preparing a community project. Several regional projects are being considered:

- Connecting Cameroon with CEMAC by fibreoptic cable.
- Constructing the Brazzaville–Ouesso–Bangui–Ndjamena corridor.
- Constructing Beloko port (Central African Republic).
- Constructing Dolisie port (Congo).
- Constructing the Lolabe–Campo highway.
- Connecting Gabon to Equatorial Guinea through the Kogo–Akuenam road.

These projects were not initially prepared as PPPs. However, financial constraints in the CEMAC region have led to the projects being reoriented to PPPs with the support of development partners.

12. ASSESSMENT OF OVERALL READINESS FOR PUBLIC-PRIVATE PARTNERSHIPS

Table 12 shows the results of an assessment of the overall readiness for PPP projects in Cameroon and lays out the priority areas for improvement.

TABLE 12 Readiness Scorecard summary for PPP project readiness in Cameroon

Theme	Readiness question	Yes	No	Priority		
				High	Medium	Low
Background environment	Do the country's economic fundamentals and business climate facilitate successful PPPs?		✔	✔		
Experience with the PPP process	Does the government have successful experience implementing PPPs?	✔				
Stakeholder support and ownership	Is there broad support for PPPs from the government, the public, the private sector and other key stakeholders?	✔				
PPP legal and regulatory framework	Does the existing framework facilitate successful PPPs? Are improvements needed in the PPP framework through amendments to existing legislation and regulations or additional legislation or guidelines?		✔	✔		
PPP institutional capacity	Is there a second tier of PPP–related institutions and processes that facilitate the implementation of the law, regulations, rules and policies?		✔	✔		
Funding and managing fiscal risk	Does the government provide funding support to PPPs through debt, equity, grants or guarantees? Does the government effectively identify and manage financial risk associated with PPPs?	✔				
Access to finance	Are project financing structures and sources available to support PPPs?		✔	✔		
Transparency and disclosure	Are PPP-related oversight, audit and disclosure procedures and institutions in place?	✔				
People-first PPPs	Is the PPP legal, regulatory and institutional framework consistent with principles established by the United Nations Economic Commission for Europe International PPP Centre of Excellence regarding people-first PPP projects?		✔	✔		
Regional PPPs	Is the government prepared to identify, develop and manage cross-border PPPs, Programme for Infrastructure Development in Africa Priority Action Plan II PPP projects and other regional PPPs involving benefits for multiple countries?		✔	✔		

NOTES

1. Ministry of Finance 2021.
2. Credit ratings measure the probability that the government will repay its debts on schedule.
3. This section of the report on the business environment in Cameroon is based on analyses of the Worldwide Governance Indicator, the Corruption Perception Index, the Global Competitiveness Index, the Ibrahim Index of African Governance and the Investment Attractiveness Index.
4. Ntongo 2012: 8.
5. Ntongo 2012: 44.
6. Ntongo 2012: 13.
7. World Bank 2017.
8. World Bank 2017.
9. Bondoma 2019: 84.
10. CARPA 2019
11. UNDP 2019: 97.
12. Ministry of Finance 2020: 17.

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