

Rationale and Context

1. Following the 2007 PEFA, Cameroon adopted a PFM Master Plan covering the period 2009 – 2015 which includes 10 pillars (budget formulation, revenues and tax, donors financed projects, budget execution, accounting, treasury and debt management, internal and external control, human resources management, IFMIS, and institutional framework). The midterm review (June 2012) of the PFM Master Plan undertaken by the Bank took stock of progress made so far and proposed new areas for reforms in light of the CEMAC PFM Directives adopted in December 2011. This midterm review concluded that about 20% of the actions initially planned were implemented, mainly under the budget preparation pillar, 38% were ongoing and the remaining 42% in the accounting, external and internal audit as well as information systems pillars had not yet been started.

2. The recent operationalization of the performance-based budget approach with the 2013 budget law was identified as the main concrete action initiated in the PFM reform agenda. As result, Cameroon is one of the pioneers among the sub-Saharan French speaking countries in the preparation and execution of its annual budget using the program budget approach. However, the impact of the performance-based budget is yet to be assessed.

3. Using a sequenced approach, the Authorities intend to embark on a second step which will consolidate the performance-based budget approach initiated in 2013. This step which relates to the monitoring of the performance¹ of line ministries aims to assess the impact of their programs on service delivery to the beneficiaries' population.

4. The monitoring of a performance-based budget requires establishing new concepts such as management accounting discussions, and the need to coordinate various technical departments' actions, tasks and programs using tailored management control tools. These tools, to be managed by Management Accountants² and Program Managers mainly comprise: (i) a legal framework for management control, (ii) a ministerial charter for management accounting discussions between the Ministry of Finance and line ministries, (iii) technical guidelines on management accounting, (iv) as well as annual and in year performance report templates.

5. When in place, these tools will contribute to (a) enabling a better understanding of the costs/benefits of each program, (b) providing decision makers with performance monitoring instruments; and (c) better transparency and clarity of the Government's actions.

¹ On this level 3 of the PFM reform, see Jack Diamond report "guidelines for sequencing PFM reform", July 2012. This level aims to assess the VFM in public spending whereas level 1 and 2 address respectively the basics and the macro stability.

² As of today, the few Management Controllers appointed in the line ministries were neither trained nor equipped to perform their new duties. Also their positioning in the organogram of their respective line ministries is not yet clarified.

6. This is why a “just-in-time” Technical Assistance is necessary to introduce these management accounting tools to support and complement the performance-based budget approach. Other critical issues affecting budget execution are being addressed using other instruments with donor support as described in Annex 1.

General objective

7. The strategic objective of the proposed “just-in-time” Technical Assistance is to support the implementation of the performance-based budget approach by the introduction of the management accounting tools within line ministries.

Specific objective

- Create a pool of expertise on the management accounting,
- Promote the accountability and the transparency.

Risk to achieving the objective

8. The risk to achieving the objective is **moderate** (after taking into account the mitigation measures) given the political commitment from the Authorities to overcome the challenges and to successfully implement performance-based budget approach. The below table summarizes the key risks and mitigation measures.

<i>Risks identified</i>	<i>Mitigating measures</i>	<i>Risk Rating</i>
Weak ownership from the line ministries and change management. Currently MINFI and MINEPAT are leading the performance based budget reform agenda while the line ministries in charge of actually implementing are playing a secondary role. This situation combined with change management challenge posed by the development of new technical tools such as management accounting and the integration of a new player (Management Accountant) could hamper the success of the TA.	A committee comprising of pilot line ministries ³ , MINFI and MINEPAT staff will be set up with the view of creating synergy and common interest on the reforms. It is expected that this team will benefit from experience of their peers in countries where the same reforms have been implemented.	M
Adequacy of the existing budget information system (PROBMIS) to support the implementation of the management accounting tools.	A short assessment of PROBMIS will be carried out as part of the TA to complement the IFMIS review of the CEMAC countries performed by the Bank ⁴ .	M

Client ownership and Partner

³ Selection of pilot line ministries will be made based on their commitment and interest in the reforms as well as donors’ intervention in the sectors as to leverage on existing instruments to support the reforms promoted under this TA.

⁴ This review aims at analyzing the gaps between CEMAC PFM Directives and the existing IFMISs in CEMAC countries. In Cameroun, this review shows the management accounting tools are managed on Excel.

9. The proposed “just-in-time” TA is substantiated by a formal request sent by the Ministry of Finance on August 11, 2013 to the donor community (See Annex 3). Given the complementarity of the existing instruments, three donors (the French Development Cooperation, the World Bank and GIZ) have agreed to support the implementation of the TA using a well-coordinated and sequenced approach.

Link to analytic PFM review and Country Partnership Strategy (CPS)

10. The activities proposed in this just-in-time Technical Assistance are mentioned as an area of priority in the revised country PFM master plan. They are aligned with the Bank’s approach which is to stay engaged in the PFM sector through TA as described in the CAS progress report. It is worth noting that it is expected that the new CPS may include a PFM operation.

Description of the activities and expected outputs

11. The activities are designed as a coherent and sequenced package covering the stock take of the situation, the development of the tools and their operationalization in pilot line ministries. They are summarized as follows:

Phase	Donor	Outputs	Period	Expected outcome
Phase I: <ul style="list-style-type: none"> • Stock Take in Cameroun • Benchmark mission in countries implementing similar reforms⁵ 	World Bank / Bank France Cooperation	<ul style="list-style-type: none"> • Diagnosis report on the implementation of the reform in the context of Cameroun. • Legal framework for management control including the positioning of the Management Accountants • Ministerial management charter 	November	The conceptual framework of the management accounting is adopted.
Phase II: Development of the tools	World Bank	<ul style="list-style-type: none"> • Technical guidelines for management accounting including dash board • Management protocol • Training modules • Annual and in year performance report templates⁶ including detailed procedures on the data 	November December	The management accounting tools are adopted by the key players.

⁵ This will include a mission of the committee (MINFI, MINEPAT, line ministries) with the view to build the consensus on an adapted approach for Cameroun.

⁶ It is expected that these reports will be made publicly available on the Cameroonspending.org – website developed with the support of World Bank to foster budget transparency

		collection/review.		
Phase III: Operationalization of the tools in pilot line ministries under the leadership of MINFI and MINEPAT	GIZ / World Bank	Enforcement of outputs of the Phase II in 3 pilot ministries (Forest, Transport, and Agriculture ⁷) including MINFI and MINEPAT as evidenced by the publication of in year and annual performance reports. <ul style="list-style-type: none"> • Hands-on support to the line ministries • Training for the benefit of the end users including (Parliament, SCO) 	January / December 2014	The management accountants of the pilot ministries actually implement the new approach.

Resources

12. The Bank's component will be led by AFTMW team (Ousmane Kolie – WB TTL), in close collaboration with Jean Michel Dumont (French Development Cooperation) and Julien Cesana (GIZ). The team will be complemented by experienced consultants whose CVs will be approved by the Government. The oversight of the TA will be performed by a committee to be put in place under the leadership of the Head of the PFM reform Division.

Milestones

13. The activities are designed to be implemented in FY14 starting from November 2013 in line with the table presented above.

Key contacts

- Ousmane Kolie M. – WB TTL (mkolie@worldbank.org / + 237 73 44 28 28)
- Jean Michel Dumont – French Cooperation (jmichel.dumont@yahoo.fr / +237 95 84 09 44)
- Julien Cesana – GIZ (julien.cesana@giz.de / + 237 77 11 92 03)
- Cyrill Edou – Government's focal point (cyredou@hotmail.com / +237 99 50 12 26)
- Martial Laurent – EU Program Manager (martial_laurent@yahoo.com / +237 94 17 49 07).

⁷ The Bank has 2 ongoing operations and 2 in the pipeline in the agriculture and transport sectors. This just in time TA will link up the projects' Monitoring & Evaluation systems and the line ministries management control tools. GIZ has a residential Technical Advisor and an investment operation in the Forest Ministry that could support the implementation of the reform.

Annex 1: Mapping of donor's intervention to address budget execution shortcomings

(Source: French Cooperation)



Mapping of donor's
intervention

Annex 2: ToR and CV of the proposed consultant



ToR French version



CV

Annex 3: Letter from the Ministry of Finance requesting the TAS



Letter from MINFI

Annex 4: Breakdown of the budget

Detailed budget Phase I & II (WB)			
Fees	Nbr of days	Daily fees \$	Amount
Consultant 1	30	560	16,800
Sub total			16,800
Per diem & Hotel			
Consultant 1	24	297	7,128
Sub total			7,128
Flight costs	Nbr of trips		
Paris - Yaounde - Paris	2	4,000	8,000
Visa fees	2	200	400
Transport Yaounde	12	120	1,440
Sub total			9,840
Total			33,768