REPUBLIQUE DU CAMEROUN
Paix-Travail-Patrie
FONDS ROUTIER
(E.P.A)

REPUBLIC OF CAMEROON
Peace-Work-Fatherland
ROAD FUND
(P.A.C)




ROAD FUND
ANNUAL REPORT
2018

Establishment of Public Administration under the Private Type Technical supervision of the Ministry in charge of roads and the financial supervision of the Ministry in charge of Finance

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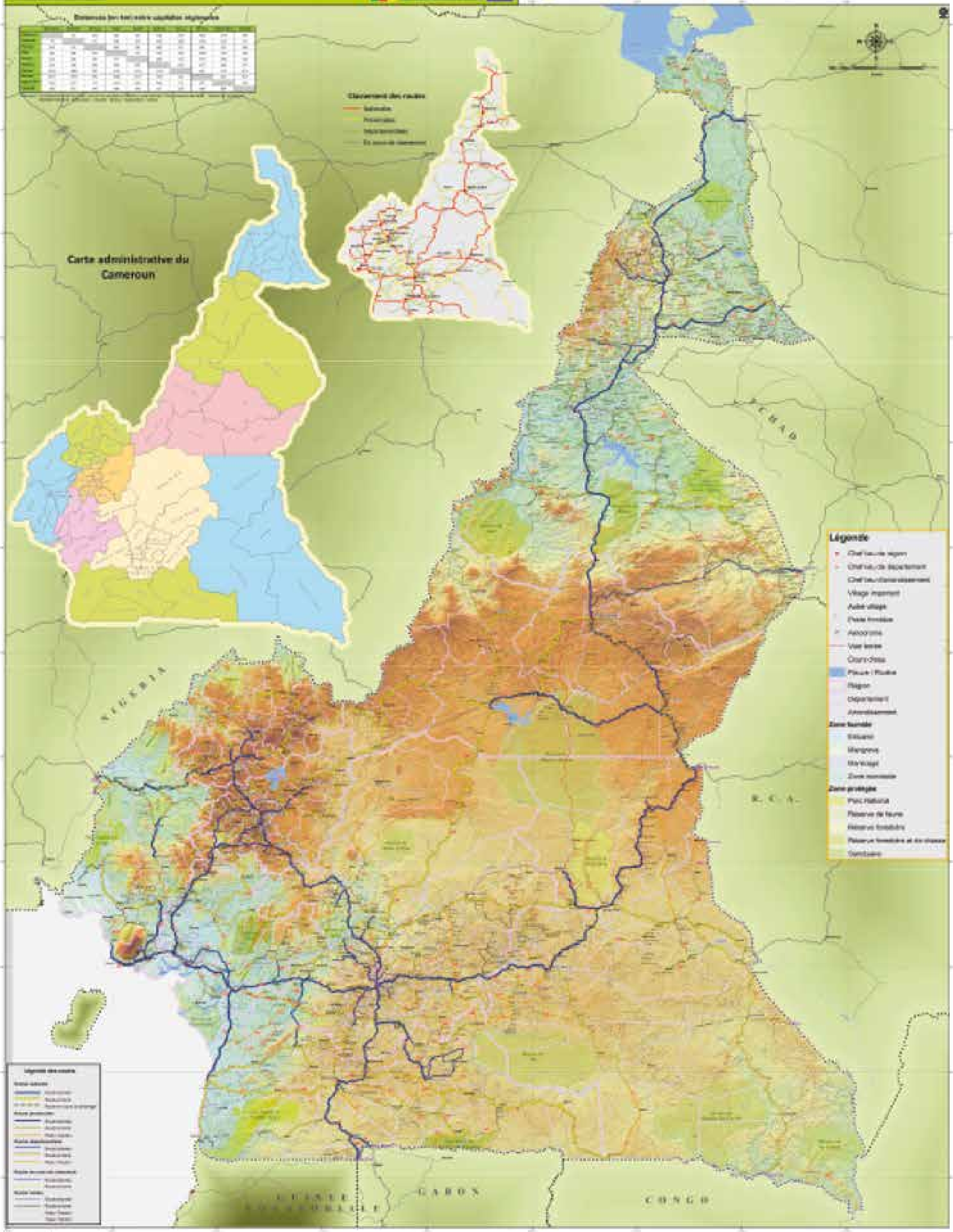
CARTE GÉNÉRALE DES ROUTES DU CAMEROUN

Les routes nationales au Cameroun



FOREWORD

Within the prospects of improving on the comfort and safety of road users, public authorities have deployed sustained efforts geared towards seeking solutions to road maintenance problems in Cameroon, despite the prevailing difficult economic and security situation. Thus, as at 31 December 2018, the contracts committed reached, as was the case in 2017, a satisfactory level of 95%. Yet, the execution level of works remains low due, amongst others, to the lack of updating of studies before launching some road maintenance projects, administrative bottlenecks, counter-performance of contracted companies as well as cash stress witnessed by the Road Fund.

As a stopgap measure to the cash flow problems of the Road Fund, the Ministry of Finance (MINFI) and the Bank of Central African States (BEAC) signed an agreement on 13 August 2018 on a mechanism of automatically debiting the single account of the Public Treasury to the benefit of the account of the Road Fund opened at BEAC. This measure is a significant stride forward as it enables the Road Fund's administration not only to ensure better consistency but also fluidity in payment operations of estimates.

Moreover, on the strength of the publishing of instruments to reorganize the road and highway network, the Road Fund supported council executives in the exercise of their prerogatives of project owners of council road projects financed by its windows. It is in this light that nineteen (19) contracts pertaining to council road maintenance projects were signed during 2018 for a total amount of CFA Francs eight (8) billion. This support will be intensified in 2019, with the transfer of powers made official by the Ministry of Public Works concerning lengthman's operations on paved roads.

Some challenges however have to be met by the Road Fund during 2019 such as the sustainability of its commitments and arrears clearance. In this respect, some actions have to be carried out. First of all, a consistent plea should be addressed to authorizing officers for them to close highly anterior contracts which continue to step up the Fund's commitment level, thereby rendering it unsustainable given the potentially available resources. Then, in consultation with authorizing officers and the Ministry of Finance, generate the implementation of a clearance plan for arrears owed to companies, in a bid to achieving the Road Fund's financial equilibrium. Lastly, continue discussions with key stakeholders for the sustainability of the Road Fund's resources, in line with internationally recognized standards.

This report reviews the activities carried out in 2018. It uncovers seriatim aspects linked to the financing of programmes, governance and provides information on the organization's challenges and prospects.

YAOUBA ABDOULAYE
Chairman of the Management
Committee of the Road Fun

LIST OF ABBREVIATIONS & ACRONYMS

AFC : African Financial Community
AFCON : Africa Cup of Nations
ARMFA: African Road Maintenance Funds Association
CUD : Douala City Council
CUY : Yaounde City Council
C2D : Debt Cancellation and Development Contract
EDF : Engineering and Design Firm
FATA : Financial, Accounting and Technical Audit
GESP : Growth and Employment Strategy Paper
GTC : General Tax Code
HIPC : Heavily Indebted Poor Countries' Initiative
IMS : Integrated Management System
Kfw : KreditAnstalt Für Wiederaufbau
SFC : Specialized Financial Controller
LIW : Labour Intensive Work
LRA : Local and Regional Authorities
MDRI : Multilateral Debt Relief Initiative
MINFI : Ministry of Finance
MINHDU : Ministry of Housing and Urban Development
MINT : Ministry of Transport
MINTP : Ministry of Public Works
MoU : Memorandum of Understanding
NICT : New Information and Communication Technology
NR : National Road
PB : Performance Bond
PBW : Public Building and Works
PCRB : Public Contracts Regulatory Board
PERFED : European Development Fund's Road Maintenance Programme
PNM : Priority Network Maintenance
RF : Road Fund
RFF : Road Fund Functioning
RHP : Road Heritage Protection
RM : Retention Money
RMF : Road Maintenance Fund
RMP : Road Master Plan
RRM : Rural Road Maintenance
RRSP : Road Revenue Securization Programme
RS : Road Safety
RUC : Road User Charge
SAA : Special Appropriation Account
SCDP : Cameroon Petroleum Storage Company
SME : Small and Medium-Sized Enterprises
SONARA : National Refining Company
STADE-C2D : C2D Implementation Support Technical Secretariat
STPP : Special Tax on Petroleum Products
SUAG : Start – Up Advance Guarantee
TSS : Technical Studies and Supervision
URM : Urban Road Maintenance

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GENERAL CONTEXT

1

The Road Fund is deploying itself in a national and international environment which orientates its action and shapes its relationships with other partners. The major construction works of the Government, the national economic situation, cooperation with development partners and partnerships with foreign road maintenance funds, are amongst the many elements that characterized the activities of the Road Fund during the year 2018.

A- INTERNATIONAL AND NATIONAL SITUATION

Almost all Central African countries have embarked on reforms aimed at stabilizing and stimulating their economies. In 2017, CEMAC countries launched a regional strategy to remedy the fiscal and external imbalances recorded following the drop in oil prices. This notably concerns the economies and financial reform programme of CEMAC. With support from the International Monetary Fund (IMF), the African Development Bank (AfDB) and other development partners, the programme has started producing encouraging results. All the countries, except Equatorial Guinea, have embarked on renewed growth, stabilized their reserves and completed their budgetary consolidation. However, it remains true that some additional coordinated efforts still have to be deployed, in spite of the constant existence of major risks. First of all, the slowdown in growth in China – from 6.9 % in 2017 to 6.2 % in 2019 according to prediction – could reduce exports from Central Africa towards this country and curtail its financial commitments in support of infrastructural investments. A new drop in oil prices could undermine the fragile results registered to date by Central African economies, as it was the case after 2014. Insecurity, a major setback to development, remains a main challenge to be overcome in a bid to maintaining strong and sustained growth.

At the national level, the economic situation was marked by a slight upturn in economic activity with a growth rate, for the very first nine months of the year and according to figures published by the National Institute of Statistics (NIS), which stands at 3.9% as against 3.5% over the same period in 2017. Concerning supply, all the branches of activity of the primary sector fared well, except for industrial and export agriculture. The salient event is the continuation of growth in the secondary sector which breaks away from the drop observed during the fourth quarter of 2017. Some branches of activity have boosted growth in this sector. Such is the case with construction activities (PBW) and other manufacturing industries, especially wood processing, the manufacture of beverages, crude oil refining and rubber production. Conversely, the shrinking of "crude oil extraction" and "agribusiness" activities slowed growth in this sector. Lastly, all branches of activity of the tertiary sector recorded positive contributions to growth; this sector was propelled by commerce and repair activities, professional services to companies and transport. For demand, the improvement of economic growth was mainly sustained by final consumption and private investment. This trend was slowed down by a decrease in export volumes and an increase in import volumes.

A for public finance, the 2018 budget was implemented in a context marked by: (i)

the satisfactory conclusion of the second review of the financial programme with the approval of Cameroon's file by the IMF Executive Board; (ii) the adoption of an amended finance law; (iii) the favourable trend of world prices for oil with an increase which reached a year-on-year rate of 35.6% during the first semester; (iv) the improvement of the absorption capacity of external funding. In order to take into account the additional resources obtained thanks notably to the increase in the price of the barrel of oil, an ordinance on the amended finance law was adopted. At the end of the 2018 Financial Year, budget resources were estimated at CFA Francs 4 708.8 billion, representing an increase of CFA Francs 19.3 billion as compared to the ordinance driven by the increase of oil revenue which ought to stand at CFA Francs 463.3 billion. Non oil revenue would have stood at CFA Francs 2 880 billion, including CFA Francs 1912 billion of taxes and duties, CFA Francs 800 billion of customs duties, CFA Francs 168 billion of non fiscal revenue and CFA Francs 1 365.5 billion of loans and donations. As part of the process of improving and accelerating public investment, the Prime Minister set rules governing the maturation process of public investment projects through Decree 2018/4950/PM of 21 June 2018.

At the level of road infrastructure, achievements in terms of road construction and other infrastructure focused, amongst others, on: (i) enhancing the highway network; (ii) tarring the overarching network; (iii) opening up agricultural production basins; (iv) constructing engineering structures; maintaining tarred roads and rehabilitating tarred and earth roads. In this perspective, major projects are ongoing with the following status of implementation:

• Phase 1 of the Yaounde – Douala highway(60 km), executed at 86%;
• Phase 1 of the Edea – Kribi – Lolabe highway (38.5 km + 4km) executed at 70%;
• The Yaounde – Nsimalen highway (rural stretch) executed at 80%;
• Other additional developments to the construction of the second bridge on the Wouri River executed at 71% (access to the bridge).

Other projects concerning construction, upgrading or rehabilitation works of the East and West entrances to the city of Douala, the Mengong – Sangmelima, Kumba – Mamfe, Baleveng – Galim – Bamendjing – Foumbot – Bangante roads, the continuation of the tarring of sub-regional integrating roads that enable the opening up of both production basins and borders with neighbouring countries (Douala – Bangui, Douala – Djamena, Bamenda – Enugu corridors and Sangmelima - Djoum - Congo border), the continuation and completion of the Ring Road at the Ndop - Kumbo, Manki – Mape bridge, Nkolessong – Nding section and the second access road to Bamenda, etc.
Other projects have started. They include the construction the Batchenga-Ntui-Yoko-Lena-Tibati, Olama – Kribi, Douala – Bonepoupa-Yabassi, Ekondo Titi – Kumba, Maroua – Bogo, Awae-Esse-Soa, Mandjou-Ekokan-Batouri roads and rehabilitation works of the Babadjou-Bamenda, Maroua-Mora, Mora-Dabanga-Kousseri, Yaounde-Bafoussam roads.
Despite the globally unstable and uncertain context, Cameroon has been able to lean on its economic diversity to absorb external chocks and ward off internal threats. However, this position remains vulnerable as a result of the weakness of its growth basis and strong exposure to fluctuations in world commodity prices.

A- SOME MILESTONES

On 19 January 2018:
The Minister of Labour and Social Security, during an official ceremony held at the Mont Febe Hotel, presided over the award of labour medals to the staff of the Road Fund.

On 24 January 2018:
The Minister of Finance signed an agreement with BEAC, represented by its National Director, governing the Road Fund's special account at BEAC.

From 19 to 23 February 2018:
Participation of a delegation of the Road Fund at the Annual General Assembly of ARMFA in Addis Ababa, Ethiopia. During this ceremony, the Administrator of the Road Fund was elected to the position of auditor for a two-year period.

From 30 April to 3 May 2018:
Participation of a delegation of the Road Fund in the following ARMFA deliberations:

On 30 April 2018,
joint meeting between ARMFA and the African Union's Economic Commission in Addis Ababa, Ethiopia. On this occasion, the latter gave a favourable opinion for ARMFA to become a specialized organ within the African Union in the area of road maintenance funding.

From 2 to 3 May 2018:
meeting of the Executive Committee of ARMFA in Toliara, Madagascar.

On 19 July 2018:
Election of Mr. Abdoulaye Yaouba, Minister Delegate to the Minister of Finance, as Chairperson on the Management Committee, in replacement of Mr. Paul Elung Che, during an extraordinary session of the Management Committee of the Road Fund.

On 13 August 2018:
Signing between the Minister of Finance and BEAC of amendment No. 1 to the agreement of 24 January 2018 governing the special account of the Road Fund at BEAC. The said addendum enshrines an automatic debiting which enables to credit the Road Fund's account at BEAC on a monthly basis to the tune of CFA Francs 5 billion to cater for its payment obligations.

From 5 to 9 September 2018:
Participation in the Executive Meeting of ARMFA in Mombassa, Kenya, in order to close activities for the 2018 Financial Year.

From 8 to 11 November 2018:
Participation of a delegation of the Road Fund at the third Executive Bureau meeting of the African Road Maintenance Funds Association held in Maputo, Mozambique.

On 19 November 2018:
Renewal of the contract of the Administrator of the Road Fund, Mr. Jean Claude Atanga Bikoe, by the Chairperson of the Management Committee.

C - LEGAL AND REGULATORY FRAMEWORK.

The setting up of the Road Fund in 1996 by Law No. 96/07 of 8 April 1996 to protect the national road heritage, as amended and supplemented by Law No. 2004/021 of 22 July 2004 enabled through the widening of its missions to significantly improve the maintenance framework of Cameroon's road network.

The institutional dispensation of the Road Fund has witnessed huge improvements with the promulgation of important instruments linked to the trend of political development reforms undertaken by the Government. These new instruments had a significant impact on the running of the Road Fund.

Thus, the suatained resolve by public authorities to implement the decentralization policy has enabled, through Decree No. 2012/173 of 29 March 2012 to amend and supplement some provisions of Decree No.2005/239 of 24 June 2005 on the organization and functioning of the Road Fund, to take on board the decentralization process in the institutional framework of the Road Fund with the recognition of government delegates, chairpersons of regions and mayors as full-fledged authorizing officers. Thereafter, Decree No. 2017/144 of 20 April 2017 on road classification ranked the national network traffic roads into four (4) categories: (H) highways for which the project management falls under the responsibility of the State or concession holder, (N) national roads which fall under the responsibility of the State, (R) regional roads which are managed by regions and (C) council roads whose responsibility is incumbent on councils.

The Road Fund, as a public administrative establishment, is governed by Law No. 2018/012 of 11 July 2018 relating to the fiscal regime of the State and other public entities which, in its Article 2, provide that this law applies not only to the State, but also to other moral entities under public law, subject to their specificities such as public establishments as well as regional and local authorities. The promulgation of this law aims at adapting the domestic financial legislation to the harmonized public finance management framework of the CEMAC zone. In fact, its innovative spirit is structured around compelling themes on the part of the Government, such as consolidating the budget policy, facili-

Routine maintenance on a tarred road

tating budget understanding, involving citizens in the budget process, steering public policies, controlling public finance and increasing the role of budget execution stakeholders. These are all measures that ensure an efficient control of public spending in our various administrations and efficiently secure State revenue.

Moreover, the Road Fund is also subject to the provisions of Law No. 2018/011 of 11 July 2018 on the Cameroon Code of Transparency and Good Governance in Public Finance Management which aims at defining the public fund management principles and rules to be observed by the State in its legislation and practices. It is this light that Articles 47 and 48 recommend the publishing of regular information to the public on the major steps of the budget procedure, their economic, social and financial stakes; this information release is made for the purpose of accountability and objectivity.

Apart from this legal arsenal that appeared during the 2018 Financial Year, it is worth underscoring that the Finance Law of the 2018 Financial Year in its Section 38 brought in new developments as to the modalities of collecting resources. In fact, this law has enshrined the Road Fund's resource allocation in the form of a global appropriation to the tune of CFA Francs 60 billion deducted from the Special Tax on Petroleum Products. Consequently, it made no mention of the disbursement of non RUC resources which, from the Road Fund's view point, poses the dual problem of decrease and clarity of the other resources allocated to it.

The public contract sector is not left behind in the trend of reforms that came in during the 2018 Financial Year with the entry into force of Decree No. 2018/366 of 18 June 2018 on the Public Contracts Code. This new instrument helps in facilitating the regulatory climate of public procurement by improving on the performance of the system and easing access to public contracts to all stakeholders. Similarly, to comply with the provisions of the new Code, the Road Fund has, through Decision No. 000064 FR/ADM/DAF/2018, set up a public contract administrative management structure (SIGAMP) whose mission entails project maturation, monitoring the pre and post contract award phase of the internal contract award commission.

In a bid to redefining and re-aligning repayment operations of resources meant for road maintenance funding, on 24 January 2018, the State and the Bank of Central African States signed an agreement governing the Road Fund's special account to redefine the terms of collaboration and modalities of bookkeeping of the Road Fund's account opened at BEAC. An amendment to the said agreement was signed on 13 August 2018 geared towards introducing an automatic debiting of CFA Francs 5 billion per month.

D - OVERVIEW OF MISSIONS AND RESOURCES.

1- Missions

In accordance with Law No. 2004/021 of 22 July 2004 to amend and supplement some provisions of Law No. 96/07 of 8 April 1996 to protect the national road heritage, the setting up of the Road Fund aims at achieving three main objectives:

- **mobilizing financing;**
- **securing resources allocated to road maintenance;**
- **ensuring payment of services provided to the enterprise.**

The Road Fund carries out its activities through two (2) separate and independent windows, namely the ''Maintenance'' window meant for road maintenance and the ''Investment'' window earmarked for rehabilitating and upgrading urban roads. These two windows have the following objectives:

For the ''Maintenance'' window, its role is to ensure the financing and payment of services relating to:

- Routine and periodic maintenance of the priority urban, classified interurban, and rural road network;
- road safety;
- national road heritage protection.

Concerning the ''Investment'' window, it is in charge of ensuring the financing and payment of services relating to:

- upgrading and
- rehabilitation of roads.

2- Resources

In Decree No. 2012/173 of 29 March 2012 to amend and supplement some provisions of Decree No. 2005/ 239 of 24 June 2005 on the organization and laying down the procedures for the functioning of the Road Fund, article 25 spells out the procedures for mobilizing resources. Moreover, with the implementation of Law No. 2018/012 of 15 July 2018 relating to the fiscal regime of the State and other entities, the Road Fund's resources are henceforth repaid to the public treasury.

This provision, which had already been mentioned in the 2017 General Tax Code in its Section 236, spells out that ''the share of the proceeds of the Special Tax on Petroleum Products allocated to the Road Fund shall be deposited by the Treasury in a special account known as ''Road Fund'', opened in the Bank of Central African States (BEAC)''.

Besides, Section 234 provides that '' the proceeds of the Special Tax on Petroleum Products shall be partially allocated to the Road Fund in accordance with the annual ceiling set by the Finance Law''. Law No. 2017/021 of 20 December 2017 relating to the Finance Law of the Republic of Cameroon for the 2018 Financial Year provides that the amount to be deducted on the STPP for the Road User Charge, axle tax, tollgate proceeds, weighing station fines repaid to the Road Fund is set at CFA Francs sixty billion (60 000 000 000) for the 2018 Financial Year.

This ceiling of all resources set at CFA Francs sixty billion (60 000 000 000) thus reduces the resources and does not enable the Road Fund to meet all its needs in terms of road maintenance. Moreover, the identification of the share of each of the resources henceforth becomes impossible.

The resource mobilization mechanism involves several stakeholders including SONARA and SCDP for the Road User Charge, the main funding source of the Maintenance window. These resources are collected from marketers, then deposited in the single account at the Treasury, before being repaid into the Road Fund's special account opened at BEAC. (Confer Section 236 (2) of the 2015 General Tax Code).

Non RUC resources (toll fees, weighing station fines and axle tax) bring, on their part, bring to limelight the Programme for the Securization of Road Revenue (PSRR), which collects them so as to be recorded by the Treasury Central Pay Office. This approach is enshrined in Decree No. 2005/0669/PM of 14 March 2005 instituting the Programme for the Securization of Road Revenue. The PSRR is aimed at fiscal monitoring and securing revenue generated by road usage. To this end, it collaborates with several administrations including the Road Fund. This revenue is made up of: toll fees, road fines and axle tax.

Weighing stations through Order No. 048/CAB/PM of 3 December 1998, are, on their part, managed by the Inter-ministerial Follow-up Committee of Weighing Station Operations (CISOP). The role of this structure is to monitor and coordinate the conduct of weighing station operations across the national territory. To this end, it is in charge, amongst others, of controlling and supervising the management of weighing stations.

E - MANAGEMENT BODIES.

A production station of asphalt concrete

The Road Fund is administered by two bodies. They include the Management Committee and the Administrator.

1- Management Committee.

The Management Committee scrutinizes all issues pertaining to the organization and operation of the Road Fund. Its missions are spelt out in Article 13 (1) of Decree No. 2005/239 of 24 June 2005, as amended and supplemented by Decree No. 2012/173 of 29 March 2012.
The Management Committee is made up of eleven (11) members distributed as follows: Representatives of the State:

- one representative of the Presidency of the Republic;
- one representative of the Prime Minister's Office;
- one representative of the Ministry of Finance;
- one representative of the Ministry of Public Works;
- one representative of the Ministry of Transport.

One (1) representative of Regional and Local Authorities:

Representatives of road users:

- one representative of the Cameroon Employers' Association;
- one representative of the Cameroon Industrialists' Trade Union;
- one representative of the Cameroon Forwarding Agents' Trade Union;
- one representative of the Urban and Inter-Urban Passenger Transporters' Trade Union;
- one representative of the Road Hauliers' Trade Union.

The Administrator of the Road Fund on is part, acts as rapporteur of the said Committee.

Focus on the activities of the Management Committee

During 2018, the Road Fund witnessed a change at the helm of its Management Committee. In fact, following the cabinet reshuffle of 2 March 2018 and the appointment of Mr. Abdoulaye Yaouba as Minister Delegate to the Minister of Finance on 19 July 2018, an extraordinary session of the Management Committee was held with a view to electing and commissioning into office its new Management Committee Chairperson, Mr. Yaouba Abdoulaye, in replacement of Mr. Paul Elung Che.
In addition to this election which was subject to a resolution, the Management Committee carried out other activities, notably:

- the signing on 9 August 2018 of two resolutions relating to the renewal of the term of office of members of the Audit Sub-Committee;
- the adoption on 23 August 2018 of the 2017 annual report of the Road Fund;
- the adoption on 30 August 2018 of the resolution closing the Road Fund's accounts for the 2017 Financial Year;
- the adoption on 31 August 2018 of the resolution pertaining to the adoption of the revised recurrent budget for the 2018 Financial Year;
- the approval on 15 November 2018 of the revised additional programming of the Ministry of Public Works for the 2018 Financial Year;
- the approval on 15 November 2018 of the revised additional programming of the Ministry of Urban Development and Housing for the 2018 Financial Year;
- the adoption on 27 December 2018 of the recurrent and investment budget as well as the budget for Road Fund's audits for the 2019 Financial Year.

2- Administration.

Under the authority and control of the Management Committee before which he is responsible, the Administrator is in charge of the daily management of the Road Fund.

The missions of the Road Fund's Administrator are spelt out in Decree No. 2005/339 of 24 June 2005 in its Article 18 which provides that he ensures the daily management of the Road Fund.
Twenty-five (25) persons make up the staff strength of the Road Fund whose activities are distributed within three divisions and a general administration as follows:

- a General Administration in charge of coordinating services attached to the Administration (the attaché of the Chairperson of the Management Committee, the Internal Audit, Communication and Public Relations, and lastly computer,);
- the Technical Expertise Division which is in charge of monitoring contracts, processing estimates, visiting construction sites, following up guarantees and technical audits;
- the Administration and Finance Division which is competent in account, tax and human resource as well as treasury management;
- the Control of Operations Division which is competent in mobilizing and distributing resources among authorizing officers, controlling commitments of authorizing officers, following up the drafting of programming, the drafting of the recurrent budget and preliminary studies for issuing visas to contracts by the Administrator.

F - FUND MANAGEMENT

The road map is the annual outline of the strategy. The satisfactory implementation of this strategy entails the organization of interventions which generate the development of constructive synergies, enhancement of human resources which, on their part, constitute a creative and innovating force as well as the emergence of a team spirit federating individual efforts to transform them into collective success.

Maintenance works on an urban road

1- The 2018 Road Map

The 2018 road map of the Road Fund is an outline of the 2017-2019 strategic plan currently on its mid-way of implementation. It consists of three main objectives to which programmes are attached. From the review of these programmes, the following status of implementation stems out:

N°	Programmes/ Objectives Guideline	Expectations	Outcomes
1	**P1 : Resource mobilization/** Mobilize all resources meant for financing programmes included in the "Maintenance" and "Investment" windows	Lay the groundwork for reforms pertaining to the transition to a second generation Road Fund	As part of reforms pertaining to budget support by donors, the total disbursement of resources meant for road maintenance cropped in as an indicator for the 2018 Financial Year. It is in this light that the strengthening of the transition process to a second generation Road Fund, a mechanism was devised in 2018 to enable the Road Fund to regularly possess the cash necessary for managing its payment activities (monthly supply by automatically debiting the single treasury account towards the Road Fund's special account opened at the central bank).

N°	Programmes/ Objectives Guideline	Expectations	Outcomes
1.1	O1: Increase resources collected and incite the Treasury Central Pay Office to repay them to BEAC.	Secure the Road Fund's resources.	As in 2017, 00% of resources collected were recorded in the books of the Road Fund at the Public Treasury. The new plan for mobilizing resources introduced by the Finance Law of the 2018 Financial Year did not make it possible to include resources mobilized in 2018 in the account of the Road Fund domiciled at the Treasury Central Pay Office due to the absence a regulatory dispensation spelling out the recording procedures. Moreover, the Road Fund undertook to propose a draft instruction to the Minister of Finance to remedy this situation.
1.2	O2: Identify new resources for the second generation Road Fund.	Obtain the allocation of new resources as well as an increase of Toll Fee and Axle Tax.	The automation process of tollgates witnessed some progress during the 2018 Financial Year with the setting up of an ad hoc commission to finalize the award process of Public-Private Partnership (PPP) contract for fourteen (14) pilot toll gates. The completion of this project will in the long run enable to step up the revenue level derived from toll gates.
2	**P2: Financing of authorizing officers' programmes / Contribute in improving the consumption rate of resources.**	Obtain that programmed contracts be awarded during the prescribed deadline.	95.6% of contracts programmed by authorizing officers were awarded as at 31 December 2018
2.1	O1: Contribute to improving the quality of authorizing officers' programming to obtain their approval by the Management Committee within legal deadlines	Obtain the validation of programmes within deadlines and move towards the award of contracts by anticipation.	2019 maintenance programmes of authorizing officers were prepared and submitted for validation by the Management Committee in December 2018.
2.2	O2: Contribute to increasing the level of commitment of authorizing officers' programming.	Carry out audits (internal, technical, accounting and financial).	Contracts pertaining to technical audits of the maintenance window of the West and South networks were completed and submitted in 2018. The contract for the North network remains under execution for a firm tranche. Accounts for the 2017 Financial Year were certified by auditors and adopted by the Management Committee as well as the report on internal control.
2.3	O3: Improve on deadlines for processing estimates.	Maintain an average processing deadline of fifteen (15) days.	Average deadlines of fifteen (15) days still prevail.

N°	Programmes/ Objectives Guideline	Expectations	Outcomes
3	**P3: Promote governance/** Ensure effective and efficient steering to achieve the objectives of the Road Fund's operational programmes		
3.1	Improve management tools (integrated information system (IIS).	Implement the conclusions of the computer master plan.	La phase 3 de TOMPRO a été réceptionnée. Les nouvelles fonctionnalités sont en cours d'appropriation par le personnel du Fonds.
3.2	Improve on the management of records.	Optimize the electronic management of documents.	The contract for setting up a new electronic management application has been awarded.
3.3	Improve on working and communication conditions.	Build the staff's capacity.	In 2018, some members of staff benefitted from capacity building in the area of contract award, contract litigation management, PPP implementation projects, activity monitoring/evaluation and fiduciary management of projects and programmes

2- The Road Fund and its human resources

At the level of improving the working conditions and recognizing the efforts deployed by the staff of the Road Fund, the State of Cameroon, through the Ministry of Labour and Social Security, awarded labour medals to the deserving members of staff on 20 January 2018. As for the staff strength of the Road Fund, it remained stable at twenty-five (25) all along the 2018 Financial Year.
Moreover, the Road Fund embarked on the capacity building of some members of its staff in the areas of contract award, public-private partnership (PPP) project management, project and programme monitoring/evaluation, litigation management, etc.

3- Action implementation-related constraints

As a key actor of the national road maintenance system, the Road Fund collaborates with various stakeholders of the system. It interacts with the latter in achieving objectives notably linked to its mission as a paying body. Among the dysfunctions that could arise at the level of discussions with stakeholders and which can be transformed into constraints likely to curtail the scope of its action, the following are worth mentioning:
- cash stress resulting from the high volume of payment requests for work done which is largely above the cash mobilized during the 2018 Financial Year. To this end, the removal of ceilings for resources dedicated to the Road Fund seems urgent, given the mismatch between real road maintenance needs and resources pertaining thereto;
- the payment of estimates pertaining to very old contracts budgeted in previous financial years which considerably squeezes out cash available for the current financial

year. In fact, this cash is meant to cater for spendings of the current financial year, with the possibility of stretching out to the next two years at a maximum;

- lack of professionalism on the part of some Public Building and Works (PBW) sector enterprises and delays in the categorization of enterprises does not always enable to award contracts based on the technical and financial ability of enterprises;

- the summons of the Road Fund, represented by its Administrator, as witness or collateral before the courts in relation to the payment of estimates.

G - RISKS ANALYSIS AND MANAGEMENT

During the 2017 and 2018 Financial Years, the legal and regulatory climate of the Road Fund evolved significantly with the promulgation of new instruments, some of which concern roads and others have an impact on the general rules and regulations governing public establishments.

Upon analysis, these instruments of a general and specific nature are today generators of significant risks relating to the mid and long term efficiency of the actions of the Road Fund as part of its missions assigned by Law No. 2004/021 of 22 July 2004 to amend and supplement some provisions of Law No. n°96/07 of 8 April 1996 to protect the national road heritage. As such, we are going to address some (i) institutional, (ii) strategic, (iii) operational and (iv) organizational risks resulting therefrom.

Maintenance works on an urban road

At the institutional level

It is worth mentioning that:

the Road Fund as a public administrative establishment of a special type is subject to the provisions of Law No.2017/010 of 12 July 2017 to lay down the general rules and regulations governing public establishments. This law provides in its Article 17 (1) that the Board of Directors shall compulsorily consist of the representatives of the Presidency of the Republic, the Prime Minister's Office, the technical supervisory authority, the financial supervisory authority and an elected staff representative. It also sets an obligation, in its Article 66, to public establishments to comply with these requirements latest on 12 July 2018. To date, the Road Fund has not complied with this law. However, the instruments are still being reviewed and necessary adjustments are being scrutinized at the Prime Minister's Office;

- **the transition of the Road Fund to a second generation institution remains an incomplete process in spite of the green light from the Head of State. On perusing the required six (6) criteria, contained in the Accra Declaration, namely:**
  - sound legal basis – separate road fund administration, clear rules and regulations;
  - strong oversight – broad based private/public board;
  - an agency which is a purchaser not a provider of road maintenance services;
  - revenues incremental to the budget and coming from charges related to road use and channeled directly to the Road Fund bank account without transiting through the Public Treasury;
  - sound financial management systems, lean efficient administrative structure;
  - regular and independent technical and financial audits.

To date, it stems out that criteria No. 3 and 4 mentioned above are still to be met while criterion No. 1 is to be fine-tuned. The risk linked to financial autonomy (criterion no. 4) is strengthened by Law No. 2017/021 of 20 December 2017 relating to the Finance Law of the Republic of Cameroon for the 2018 Financial Year which provides under Head eight (Section 30) that the amount to be deducted on the Special Tax on Petroleum Products for the Road User Charge, axle tax, tollgate proceeds, weighing station proceeds repaid to the Road Fund is set at CFA Francs sixty billion (60 000 000 000). Yet, during the previous financial years, the finance law set the road user charge, alone at CFA Francs sixty billion (60 000 000 000) without encroaching on tollgate proceeds, weighing station proceeds and axle tax.

- The ceiling set at CFA Francs sixty billion (60 000 000 000) for all resources meant for road maintenance and repaid to the Road Fund in the Finance Law of the Republic of Cameroon for the 2018 Financial Year was done in total disregard of World Bank prescriptions within the framework of support operations to development policies which set the autonomous capacity to mobilize funds at CFA Francs one hundred billion (100 000 000 000) or to a minimum of CFA Francs seventy billion (70 000 000 000)

Overpass – Eastern entrance of Douala

of resources to be transferred to the Road Fund to cover at least 95% of priority road maintenance needs defined by MINTP. Consequently, the Road Fund is unable to meet road maintenance needs estimated in 2018 by MINTP services at close to CFA Francs one hundred and twenty billion (120 000 000 000);

- the General Tax Code of Cameroon enshrined in its Section 234 (new), the suppression of the notion of road user charge as an autonomous resource of the Road Fund. In fact, the new section provides that "The proceeds of the Special Tax on Petroleum Products shall be partially allocated to the Road Fund in accordance with the annual ceiling set by the Finance Law". This section remains silent on the rate of the road user charge per litre and type of product (gas oil or premium grade petrol). Consequently, confusion stems from the definition of road user charge which is the main resource of the Road Fund if we were to go by its governing instruments;

- lastly, consultations held at the Ministry of Finance as part of deliberations to align the special appropriation account to requirements of Law No. 2018/012 of 11 July 2018 relating to the financial regime of the State and other public entities led to the conclusion that the Road Fund is not a special appropriation account (SAA) but rather a public establishment. Consequently, the Road Fund runs the risk of no longer enjoying "revenue allocation" as from the 2020 Financial Year and will have to submit required objective elements during budget conferences to guide the consequential setting of the amount of resources to be capped by the finance law of the financial year concerned.

ii) At the strategic level

It is worth noting that:

- Decree No. 2017/144 of 20 April 2017 on road classification enshrined the division of the national road network into four (4) categories, notably: (i) highways; (ii) national roads, (iii) regional roads and (iv) council roads. Yet, the organic instruments of the Road Fund spell out (in article 5) that the "maintenance" window exclusively concerns routine and periodic maintenance of the priority urban, classified interurban, and rural road network. Also, given the change of denomination and for a road network of more than 121 000 km long, the lack of delimitation of the new priority network underscores the likelihood of lessening the impact of the Road Fund's action. This therefore raises the issue of the scope of the missions of the Road Fund. In fact, the Road Fund faces the risk of being entangled in interventions of all kinds moving from heavy maintenance to virtual rehabilitation on funding from the "maintenance" window at the expense of routine maintenance programming which ought to annually cover at least the tarred road network which stretches over 6110 km;

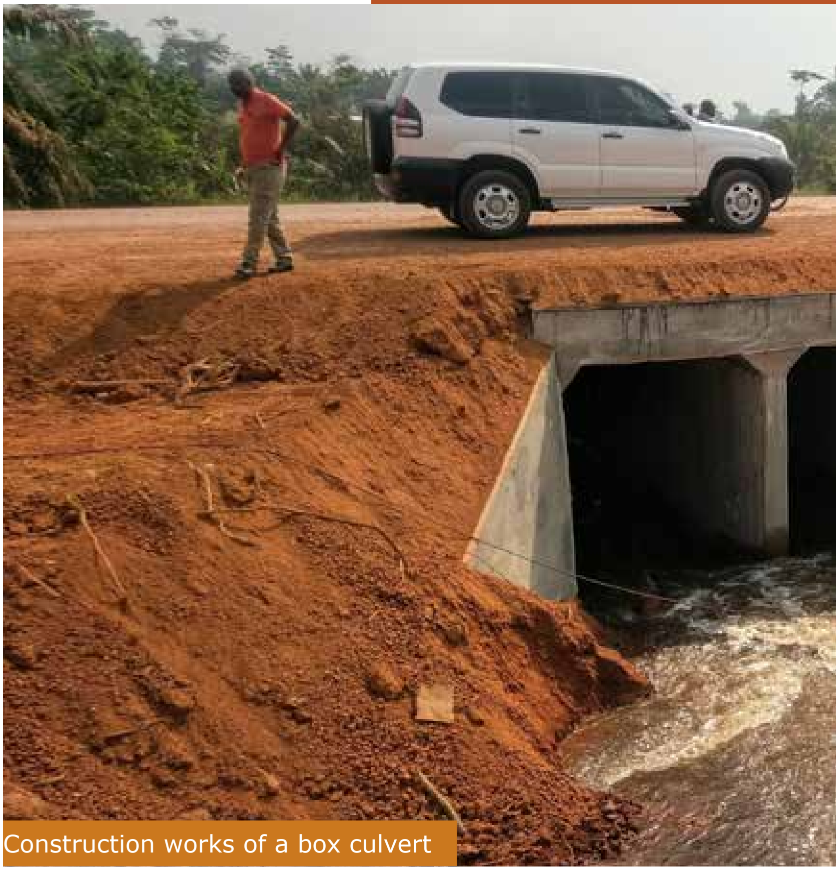
- through correspondence No. 17/B-d/SG/PM of 25 September 2017, the Prime Minister and Head of Government, granted MINTP the possibility to finance rehabilitation works and structural maintenance to the tune of CFA Francs thirty one billion (31 000 000 000) tax inclusive on the basis of resources stemming from the "maintenance" window. This practice is a precedent to the fungibility of the Road Fund's "maintenance" and "investment" windows, thereby calling into question the distinct and independent nature of these two windows. As such, the resources dedicated to maintenance are squeezed out in favour of rehabilitation. This raises the issue of compliance of MINTP programmes with provisions of the Road Fund's regulatory instruments.

iii). At the operational

It should be pointed out that:

- the agreement governing the operation of the special account of the Road Fund opened at BEAC was signed on 24 August 2018 and its amendment No.1 evidenced by an automatic debiting on 13 August 2019. However, this agreement has excluded the availability of resources to the benefit of the Road Fund from its scope of application, thereby rendering the funding by the Road Fund of work under State supervision carried out through MINTP inoperative in accordance with the provisions Article 6 of Decree No. 2014/0004/PM of 16 January 2014;

- Law No. 2018/012 of 11 July 2018 relating to the financial regime of the State and other public entities prescribes budget regulation as a means of preserving the sustainable and sincere character of expenditure commitment plans. However, previously awarded contracts remain a constant cause for concern to the Road Fund. As at 31 December 2018, the Road Fund's commitment level stood at about CFA Francs one hundred and fifty billion (150 000 000 000) for an annual cash allocation by the finance law amounting to CFA Francs sixty billion (60 000 000 000). This situation significantly jeopardizes the provisions of Article 35 of Decree No. 2005/239 of 24 June 2005 on the organization and laying down the procedures for the functioning of the Road Fund according to which commitments can not exceed the amount of its revenue. Also, the risk of the Road Fund's excessive commitments could be validly raised;



Construction works of a box culvert

- unsettled pending estimates and transfer orders at the Public Treasury on the maintenance and investment windows as at 31 December 2018 represent CFA Francs Forty-five billion (45 000 000 000). A clearance plan should be formulated by public authorities for fear of ascertaining the lack of liquidity by the Road Fund concerning its mission of paying body;

- to render payment activities fluid and secure, the Road Fund has acquired a software from BEAC to automatically generate transfer orders referred to as GENDATA. In practice, a major risk has been noticed in capturing back payment data from TOMPORTAIL to the new GENDATA application. It is therefore timely to develop an automatic interface between the two applications to reduce or control risks of poor payments given the volume of payment transactions processed by the Road Fund;

- the Uniform Act relating to accounting law and financial information (AUDCIF) set 1 January 2018 as the compulsory date for all entities within the OHADA space to comply with the revised OHADA stan-

dards. AUDCIF has enacted new provisions relating to accounting standards, book keeping rules, presentation of financial statements and information. Yet, as at 31 December 2018, the Consultant in charge of supporting the Road Fund in the migration process has not been offered a contract. Consequently, the possibility of having accounts not compliant with the new AUDCIF requirements exists as well as their rejection by auditors;

- the advent of specialized financial control at the Road Fund notably required a reorganization of the processing and payment process and circuit of recurrent expenditure. Thus, in accordance with the provisions of Decree No. 2013/159 of 15 May 2013 relating to the special regime of administrative control of public finance, the specialized financial control at the Road Fund especially scrutinizes the formal regularity of all draft expenditure documents initiated by the Administrator of the Road Fund. This prior regularity control concerns commitment, liquidation, scheduling and payment. Moreover, this control should be formalize within seventy-two (72) hours by one of the following sanctions:
    - the visa;
    - the visa with observations, where the control effected results in non substantial irregularities which are likely to be corrected;
    - the visa with reservation, where doubt subsists as to the veracity or effectiveness of the control carried out;
    - the refusal to issue a visa where the control effected reveals that fundamental elements are grossly irregular and contrary to the prevailing laws and regulations.

In practice, the issue of mastering public expenditure control procedures by the Road Fund services nevertheless persists, both at the legal and accounting commitment phase of the expenditure as well as the liquidation or scheduling phases. Upon analysis, this misunderstanding stems from the need to clarify the legal status of the Road Fund. In fact, the management of the Road Fund fluctuates between the obligation to observe rules for executing the State budget to which public administrative establishments are subject and prescriptions from the organic instrument which compel the Road Fund (in its Article 28) to bookkeeping rules applicable to commercial accounting.

Moreover, Decree No 77/41 of 3 February 1977 to determine the powers and organization of financial control services provides (in its Article 1) that financial control services may be set up by presidential orders, notably at the level of public establishments applying administrative accounting. This provision de facto excludes financial control services from the scope of public establishment keeping their books using commercial accounting principles as it is the case with the Road Fund. In practice, this Road Fund's specificity leads in its financial control endeavour to difficulties in the mastery and execution of its budget which draws its management rules from the OHADA prescriptive referential.

This juxtaposition of rules which are at times contradictory as illustrated by those applicable to the execution of the State budget and those falling under the obligations of the organic instrument of the Road Fund, open the way for the non compliance of the Road Fund with execution procedures of its recurrent budget.

Lastly, the delay in formalizing litigation management procedures increases the Road Fund's liability risks in civil and criminal matters.

iv) At the organizational level

It is worth mentioning that:

- the transfer of powers to councils concerning lengthman's works on national and regional roads on the strength of directives from the National Road Council and the recognition of mayors, chairpersons of regions as project managers of maintenance or lengthman's contracts on council and regional roads subject to Decree No. 2017/144 of 20 April 2017 on road classification have lead to an increase in the Road Fund's workload and this requires a reorganization of its staff strength. In fact, in addition to the traditional authorizing officers which include MINTP, MINHDU, MINT and the Administrator of the Road Fund (for operations related to functioning), the Road Fund services should be interlocutors of 384 new authorizing officers (mayors, government delegates and chairpersons of regions) for a staff strength which has remained unchanged, thereby not only increasing the risk of larger workload but also availability of appropriate equipment;
- lastly, from an organizational perspective, the Road Fund is a centralized body located in Yaounde, whereas part of its authorizing officers are found in regional, divisional and council areas. This raises the issue of inefficiency and deterioration of service quality.

The above-mentioned risks are subject to permanent monitoring and advocacy by the Road Fund's management bodies from competent administrations to control or mitigate them.


Rehabilitation works on an interurban road

H – THE ROAD FUND AND ITS PARTNERS

The Road Fund, a major player in the road maintenance sector, works in close collaboration with all stakeholders involved in this sector, thereby taking into account its national, sub-regional and regional environment. These permanent exchanges facilitate information sharing necessary for decision-making, notably concerning resource mobilization, programming projects benefitting from Road Fund financing.

Mobile weighing station

1- Resource mobilization

The Road Fund interacts closely with administrations in charge of finances, institutions legally liable to the Fund, namely the Cameroon Petroleum Storage Company (SCDP) and National Refining Company (SONARA). These administrations and institutions are responsible for collecting and fully repaying the Special Tax on Petroleum Products (STPP) of which a fraction represents the Road User Charge (RUC).

In addition to RUC and in accordance with the application of provisions of Law No. 2004/021 of 22 July 2004 to protect the national road heritage, the other resources of the Road Fund are derived from:

- road tolls or in case of road tolls concessions, concession royalties;
- axle tax proceeds;
- transit tax proceeds;
- proceeds from fines defined by law;
- budget allocations of ministries;
- grants, legacies, subsidies and various forms of assistance from Cameroon's financial partners;
- resources stemming from financial products generated by the placement of possible treasury surpluses;
- all other proceeds directly linked to road access and/or use and which is allocated by the finance law.

As part of collection and repayment operations' monitoring, a working group referred to as the "Follow-up Committee in charge of Mobilizing Resources Allocated to the Road Fund" holds bimonthly and ascertains all the resources mobilized during the period under review.

Furthermore, within the framework of monitoring the reconciliation of data presented during Committee sessions, joint semester missions are carried out at SCDP to ensure coherence between STPP collection and repayment.

2- Programming activities

Concerning the programming and implementation of projects financed by the Maintenance and Investment windows, the Road Fund has embarked on supporting authorizing officers. This support starts immediately with the formulation of programmes with consultations as part of the programming technical workshop which brings together all stakeholders. The objective is to ensure the eligibility and compliance of programmes to be submitted to the Management Committee's approval. The support of the Road Fund is pursued through a periodic monitoring and evaluation mechanism dubbed Technical Follow-up Committee of Authorizing Officers' Programmes (CTSPO).
In fact, the Follow-up Committee for programme implementation is a permanent consultation framework between administrations involved in the chain of expenditure included in the Road Fund's windows. They consist of the following administrations: the Ministry of Public Works, the Ministry of Housing and Urban Development, the Ministry of Transport, the Ministry of Finance and the Road Fund in its entirety. This consultation framework aims at fostering the consumption of resources allocated to the Road Fund under the best efficiency and regularity conditions.

It is within this framework that the Road Fund has included in its 2018 activity programme, a field trip to the Follow-up Committee of Authorizing Officers' Programmes to enable it have fruitful discussions involving stakeholders from various administrations.
The mission was carried out on some project sites financed by the Road Fund in the Centre and South Regions. The projects concerned included: the Mbalmayo - Ebolowa / Ebolowa / Mbalmayo –Akono road works / the bridge on the Akono River constructed under State supervision / the Emana – Monatele / Obala mobile weighing station / Nding – Mbgaba.

At the end of the mission, the following remarks were made by the Follow-up Committee of Authorizing Officers' Programmes:

- road maintenance is faced with problems resulting from difficulties in paying estimates, a situation which increasingly weakens SMEs more exposed and negatively affected by the consequences of payment delays than other big enterprises;
- delays in finalizing amendments pertaining to some projects;
- delays in transferring responsibilities to councils by MINTP, as far as the length-man's system is concerned;
- public project management without adequate logistic resources for an efficient mobilization is a source of administrative weakness and involves risks of collusion (problems of integrity, ethics, mismatch with the intervention framework in relation to the project manager);
- non-respect of time frames for executing works;
- inadequate follow-up of works by the administration;
- the non diligent settlement of compensations which causes disruptions in executing projects and extends deadlines;
- the Road Fund's cash stress leads to inability to satisfy enterprises executing works. In fact, the solicitation level is such

Maintenance works on an urban road

that the Road Fund's capacity can no longer meet the normal payment rhythm, hence the increase in the amount of arrears;

- the needs to seek adjustment procedures in a bid to strike a balance between commitments and payments. In fact, most projects amount to billions of CFA Francs, except for the Akono project and that of MINHDU(Ebolowa road).

From observations, a programming support workshop was planned for the 2019 Financial Year and was held from 16 to

18 October 2018 in Bertoua. This activity witnessed the participation of representatives of authorizing officers, on the one hand and FEICOM, MINDDEVEL and UCCC, on the other, given the stakes linked to decentralization in the road maintenance sector.

3- The African Association of Public Transport (UATP)

Founded on 15 November 2002 in Lome (Togo), the African Association of Public Transport is headquartered in Abidjan, Côte d 'Ivoire.

This association for which the Road Fund is a member, brings together professionals involved in the public transport of passengers and goods by road, railway and waterways (maritime or river) in Sub-Saharan Africa.

It is in this light that during 2018, a meeting of the Executive Committee of UATP was held on 5 April 2018 in Abidjan on the theme: "planning sustainable mobility". Discussions focused on issues pertaining to mobility and management of transport systems.

This meeting enabled to consider and adopt the report of the Executive Committee meeting held on 15 May 2017. On this occasion, an evaluation of the resolutions was carried out and an activity timeframe was drafted and adopted.

On the sidelines of this Executive Committee meeting, several other activities were carried out:

- the international seminar and meeting of the African Platform of Transport Management Authorities held in Cassablanca, Morocco, from 31 January to 1 February 2018, on the promotion of public transport through efficient policies and innovations;
- the Annual General Assembly of the Sub-Saharan Transport Policy Programme (SSATP) which held in Abuja, Nigeria from 2 to 6 July 2018;
- the holding of an expert workshop from 19 to 24 November 2018 in Addis Ababa, Ethiopia, to consider and validate a continent-wide transport policy paper on the main strategic problems of the transport sector in Africa.

4 - ARMFA

During the year 2018, the Road Fund took part in the sixteenth (16th) Annual General Assembly of ARMFA held at Addis Ababa, Ethiopia on 16 February 2018 on the theme "Safeguarding our road asset to achieve our 2063 Agenda".

This meeting paved the way for a change in the Executive Bureau. As such, the Administrator of the Road Fund was elected to the position of auditor for a two-year period. On this occasion, the Focal Point for Southern Africa volunteered to host the next Annual General Assembly slated for March 2019. Similarly, the 2018/2019 ARMFA budget was adopted along with the financial and audit report. Moreover, it was agreed that ARMFA should not only urgently recruit an Executive Secretary but also develop a complete leading-edge web site that includes the Portuguese language.

Thereafter, in accordance with the resolutions of the Executive Committee meeting held in Addis Ababa in prelude to the General Assembly, it was agreed that the very first meeting of the incoming Bureau would be held in Madagascar in the month of Mai 2018. To capitalize on this agenda, a meeting was scheduled on 30 April 2018 in Addis Ababa for the handover ceremony between the incoming and outgoing bureau and another meeting with the African Union's (AU) Department of Infrastructure and Energy to pursue discussions pertaining to ARMFA's bid to becoming a technical and specialized institution within the AU in the area of road maintenance financing. Within the framework of the Executive Bureau meeting held in Madagascar from 28 April to 7 May 2018, deliberations enabled to consider the external financial audit report alongside discussions on the revised ARMFA Rules of Procedure.
Lastly, to close ARMFA activities for the 2018 Financial Year, a meeting of the Executive Committee was held from 5 to 9 September 2018 in Mombassa, Kenya.

5 – Transition to a second generation Fund.

The transition of Sub-Saharan African Road Funds to "second generation" institutions has rather been speedy since the concept started materializing in the early 1990s, and since the setting up of the very first Road Fund of this nature in Zambia. Today, there are thirty-four (34) Sub-Saharan African Road Funds in existence, a figure which ought to increase in the upcoming years on the strength of reforms underway in West and Central Africa.
With the Accra Declaration, the desire to toe the line was increasingly felt. It is in this light that over the past few years, the Road Fund embarked on its transition to a second generation fund. As such, the enacted principles mentioned below have to be fulfilled:

- sound legal basis – separate road fund administration, clear rules and regulations;
- strong oversight – broad based private/public board;
- an agency which is a purchaser not a provider of road maintenance services;
- revenues incremental to the budget and coming from charges related to road use and channeled directly to the Road Fund bank account without transiting through the Public Treasury;
- sound financial management systems, lean efficient administrative structure;
- regular and independent technical and financial audits.

More precisely, these criteria should clarify aspects and items to be considered in this transition. As such, the Road Fund in its transformation process has already implemented some of these criteria. The table below outlines the level of ownership of the principles.

Criterion	Effective	Not yet effective	Observations
Sound legal basis – separate road fund administration, clear rules and regulations	✓ (More or less)		Broad-based instruments oversee and regulate the missions and activities of the Road Fund, but these instruments do not enshrine the administrative and financial autonomy of the Road Fund.
Strong oversight – broad based private/public board	✓		The Management Committee comprises five (5) members from the private sector.
An agency which is a purchaser not a provider of road maintenance services;		✓	Non-existent agency
Revenues incremental to the budget and coming from charges related to road use and channeled directly to the Road Fund bank account without transiting through the Public Treasury		✓	The ceiling at CFA Francs sixty billion set in the Finance Law of the Republic of Cameroon for the 2018 Financial Year for all resources meant for road maintenance and repaid to the Road Fund is done irrespective of World Bank prescriptions within the framework of support operations to development policies which capped the autonomous capacity of the Road Fund to mobilize resources at CFA Francs one hundred billion or a minimum of CFA Francs seventy billion for resources to be transferred to it.
Sound financial management systems, lean efficient administrative structure	✓		
Regular and independent technical and financial audits.	✓		In addition to having an internal auditor, the Road Fund has a Technical Expertise Division which oversees biannual technical audits. The auditor is regularly appointed and approves accounts which are subsequently adopted by the Management Committee.

The transition process of the Road Fund to a second generation institution underway has already led to several inter-ministerial meetings involving direct and/or indirect stakeholders. This series of meetings were aimed at identifying the main reforms to be carried out, given the current legislative and regulatory dispensation of the Road Fund's organization and operation.

I - COMMUNICATION

During the year 2018, the Road Fund's communication activities were built around strengthening of its visibility and brand name.

Concerning the strengthening of its brand name and visibility, the Road Fund went ahead to publish the 2017 Annual Report and distribute it to all its partners. The various other mediums produced, cyber actions carried out as well as the positive media spin offs resulting from events such as the ceremony for awarding labour medals marked the strong presence of the Road Fund in the audio-visual, print/visual and cyber media.
Popularization workshops on the 'Technical Guide for Stakeholders' and support operations to regional and local authorities in council project management also contributed in strengthening the Road Fund's communication drive.

In fact, the popularization workshop of the 'Technical Guide for Stakeholders' held on 27 February 2018 in Garoua brought together several stakeholders of the Road Fund 's operation chain as well as administrative authorities of the Adamawa, North and Far-North Regions. Support operations to regional and local authorities in council project management were on their part deployed in the cities of Mbalmayo, Yabassi, Bangangte and Guider.

In addition to discussions on the contents of the guide, participants to these various meetings were drilled on issues pertaining notably to:

- the involvement of councils in project management related to maintenance works with the prospect of implementing the new road classification which recognizes regions and councils as full-fledged project owners of some parts of the network;
- the threshold amount allocated to the Road Fund's financing of works at the level of councils;
- the territorial governance of councils;
- the targeted communication of information on payments from reliable contacts of the Road Fund from enterprises and service providers;

- clarifications on stakeholders and ceilings set by the public contracts code for public project management.

Concerning the Road Fund's social mobilization, it was effected during festivities marking the celebration of the International Women's Day and International Labour Day.

PROGRAMME FINANCING

2

In accordance with the provisions of organic instruments, the Road Fund's resources are distributed per eligible service provision type following the key defined in a decree signed by the Prime Minister and Head of Government as to road maintenance works. As for investment services notably road rehabilitation and upgrading operations, the Investment window ensures financing.

A- FINANCING OF ROAD MAINTENANCE PROGRAMMES (MAINTENANCE WINDOW)

The national road network is classified into the following four categories: (i) highways, (ii) national roads, (iii) regional roads, and (iv) council roads. The national road network stretches to about 121 424 km including 21 973 km of priority network (6 110 km of tarred roads and 15 863 km of earth roads) and close to 100 241 km of council network (12 055 km represent the priority network and 88 183 km the non priority network[1]).
Moreover, the inventory of national and regional roads has been completed; that for council roads is underway on the strength of an agreement signed between the National Institute of Statistics and the Ministry of Public Works.

• 2018 Road Maintenance Programme.

The road maintenance programme is prepared by authorizing officers upon the notification by the Road Fund of budgets allocated to each service provision type in line with the provisions of Decree No. 2013/7696 of 27 August 2013, signed by the Prime Minister and Head of Government, amending the resources allocated to the Road Fund. These programmes are adopted by the Road Fund's Management Committee during budget sessions and may undergo mid-term adjustments depending on the needs of each authorizing officer.

• Resource Allocation Key.

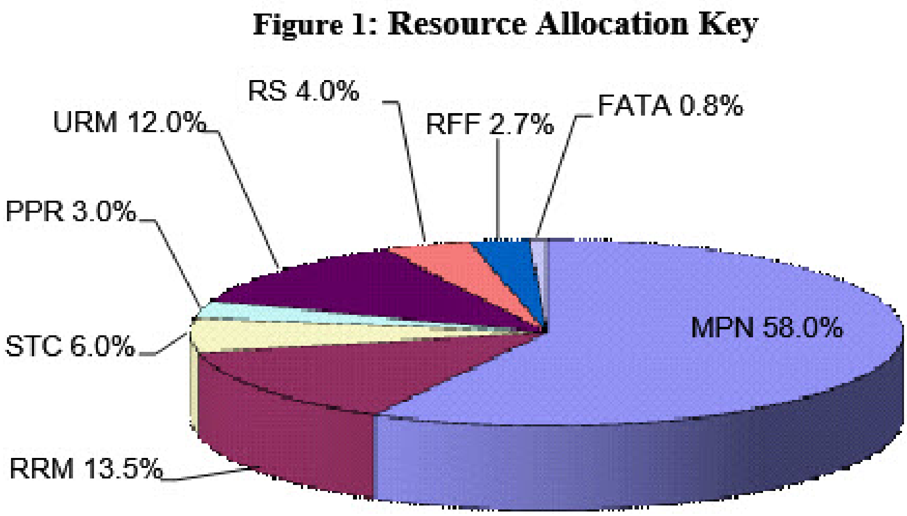
Table 1 below outlines the key to resource allocation per eligible service provision type to financing by the Road Fund's maintenance window.

Table1: Eligible service provision and allocation key.

Service Provision Type	Abbreviation	New allocation Key
Maintenance works of classified inter-urban priority road network.	PNM	Mini 58%
Maintenance works of priority urban roads.	URM	Maxi 12%
Maintenance works and equipment of priority rural roads.	RRM	Maxi 13,5%
Road or geotechnical studies and works control.	STC	Maxi 6%
Road Safety.	RS	Maxi 4%
Routine maintenance of fixed and movable facilities required to protect public roads.	PPR	Maxi 3%
Road Fund's operating expenditure.	RFF	Maxi 2,7%
Financial, accounting and technical audit service provision	FATA	Maxi 0,8%

[1]- Evaluation Report on state of deterioration of the Cameroon road network in 2014-MINTP

Chart 1: Resource Allocation Key.



The resources meant for the maintenance of national and regional roads represent the bulk of road maintenance resources, that is 58% of the entire budget of the Road Fund. As for council roads resulting from the new road classification, they represent 13.5% of the budget allocation for the 2018 Financial Year. Given the proportion occupied by the rural road network as compared to the national road network (82% of the linear) and considering the low rate of resources allocated to its maintenance, it seemed timely to envisage the stepping up of the share of resources allocated to these roads to the tune of 25% of the Road Fund's budget for the 2019 Financial Year.

• Road Fund's commitments for the 2018 campaign

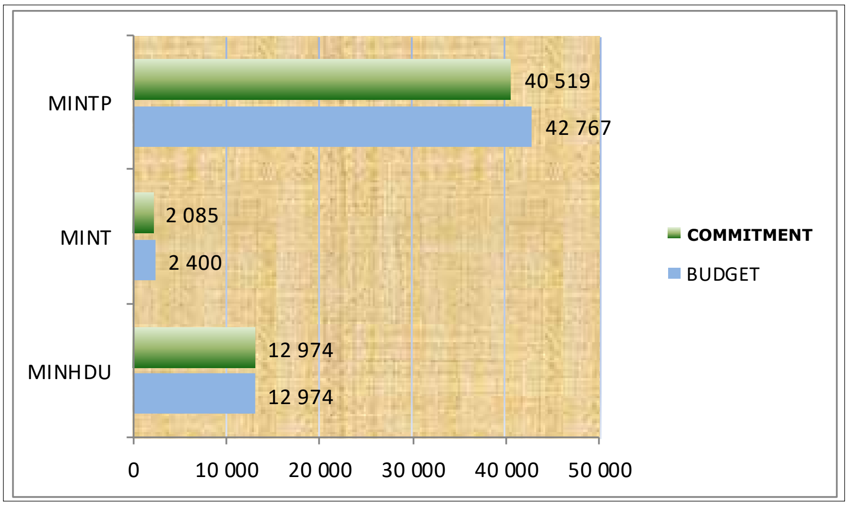
The Road Fund's Management Committee approved authorizing officers' programmes on 27 and 28 December 2017 on the basis of the amount set at CFA Francs 60 billion tax inclusive, an amount to be collected in terms of Road User Charge (RUC) and other resources.

Projects committed by authorizing officers as at 31 December 2018 and validated by the Road Fund on account of the 2018 Financial Year, including previous resources carried forward to the current financial year, stood as follows:

Table 2: Summary of commitments under the 2018 programme per authorizing officer (in millions of CFA F).

Budget		Commitment	Balance	Commitment Rate (in %)
MINHDU	12 974	12 974	0	100,0%
MINT	2 400	2 085	315	86,9%
MINTP	42 767	40 519	2 248	94,7%
TOTAL	**58 141**	**55 577**	**2 563**	**95,6%**

Chart 2: Comparative diagram on budget-commitments per authorizing officer.



The overall commitment rate of contracts has significantly improved over the past three years moving from 66% in 2016 to 87% in 2017 and 96% in 2018. This performance stems from the Road Fund's constant support lent to authorizing officers on the strength of Decree No. 2018/366 of 20 June 2018 on the public contracts code which entrusts them with the entire management of the contract award system falling within their remit.
MINTP recorded a 95% commitment rate, representing a ten point (10) increase as compared to the previous financial year which stood at 85%. This performance is an indicator of the better maturation of projects. It is worth mentioning that the effectiveness of council project management has enabled the commitment of council road contracts for an amount of close to CFA Francs 4.936 billion, thereby representing commitment rate of 61.75% on the CFA Francs 8 billion allocated to council road maintenance.

MINHDU has been constant in its commitment level whose rate fluctuates around 100% over the last two financial years.

The commitment rate of MINT has remained almost constant as it stands at 87%, thereby representing a three (3) point increase as compared to the previous financial year which recorded a rate of 84%.

• Presentation of commitments in number of contracts.

The table below summarizes the level of commitments depending on the number of contracts endorsed for the 2018 maintenance programme:

Table 3: Distribution of contracts per authorizing officer as at 31 December 2018.

Authorizing Officer	Number of contracts	Rate in %	Amount of contracts
MINTP	59	33,1%	12 974
MINHDU	87	48,8%	2 085
MINT	32	18,1%	40 519
Total	**178**	**100%**	**55 578**

A total of one hundred and seventy-eight (178) contracts were registered on account of commitments effected for authorizing officers (contracts, notice to proceed with conditional tranches and amendments) for the 2018 Financial Year. This number recorded a fifty-six (56) point drop in spite of a significantly higher commitment rate as compared to the previous financial year. This drop in the number of contracts denotes a better allotment of contracts, thereby showcasing the consistency of works in each contract at the expense of the number of contracts or procurements signed.

1- 2018 Resource mobilization.

The Finance Law for the 2018 Financial Year has included all the Road Fund's resources (RUC, weighing station fines, toll fees, and axle tax) in a ceiling of CFA Francs sixty billion in contrast with the previous year where RUC alone was capped at CFA Francs sixty billion and the rest of the resources as a supplement.

According to this new approach, cash mobilization to pay for contracted works has hit the mark of 85%, that is CFA Franc fifty one billion out of the expected CFA Francs sixty billion. This performance which is on the increase as compared to the 2017 Financial Year (which amounted to CFA Francs 35 billion out of the expected CFA Francs 71 billion) stems from the introduction in August of a monthly automatic debiting mechanism amounting to CFA Francs five billion from the single account at the Treasury to the Road Fund's special account opened at the Central Bank.

With the pooling of all the Road Fund's resources in a package capped at CFA Francs sixty billion, it was difficult for the Treasury Central Pay Office in charge of recording resources to have accounting documents likely to distinctly identify the amount allocated to each individual resource of the Road Fund (RUC, toll fee, weighing station fines and axle tax proceeds).
This situation lasted all along the financial year, given that Instruction No.00073/MINFI/SG/DGTCFM/DT of 6 June 2011 relating to the recording of the Road Fund's revenue and expenditure - Maintenance window- has become obsolete by virtue of the Finance Law of the 2018 Financial Year.

Consequently, the Road Fund took steps during the 2018 Financial Year for the signing of a new instruction by the Minister of Finance to spell out the resource mobilization mechanism in its deposit account opened at the Treasury Central Pay Office as well as rules for recording the resources concerned.

Table 4: Situation of resources collected and repaid as at 31 December 2018 (in millions of CFA F).

<table>
<tr><th>Resource</th><th>Mobilization (a)</th><th>Payment into Road Fund Treasury Account (b)</th><th>Repayment of resources to BEAC (c)</th><th>% Repayment of resources into the BEAC account (d=c/a)</th></tr>
<tr><td>Road User Charge</td><td>49 509</td><td>0</td><td rowspan="4">51 000</td><td rowspan="5">85%</td></tr>
<tr><td>Weighing station fines</td><td>2 134</td><td>0</td></tr>
<tr><td>Toll fees</td><td>6 198</td><td>0</td></tr>
<tr><td>Axle tax</td><td>2 853</td><td>0</td></tr>
<tr><td>Total</td><td>60 000</td><td>0</td><td>51 000</td></tr>
</table>

As a reminder, the 2017 situation can be subsumed as follows :

Ressources	Mobilisation (a)	Payment into the Road Fund Treasury Account (b)	Repayment of resources to BEAC (c)	% Repayment of resources into the BEAC account
Road User Charge	60 000	00	35 000	49,7%
Weighing station fines	1 925	1 925		
Toll fees	5 925	5 925		
Axle tax	2 591	2 591		
Total	**71 491**	**10 441**	**35 000**	

2- Payment operations

Promptness in processing estimates submitted for payment by the Road Fund is the main factor in appraising its performance.

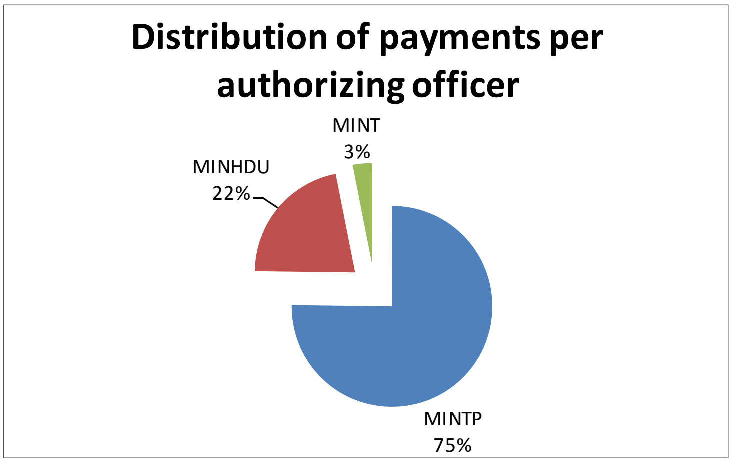
• Payment trends between 2017 and 2018.

A progress of 29.4% is recorded between the 2017 and 2018 Financial Years for payments made for authorizing officers.

Table 5: Comparative trends in payments per authorizing officer between 2017 and 2018 (in millions of CFA Francs).

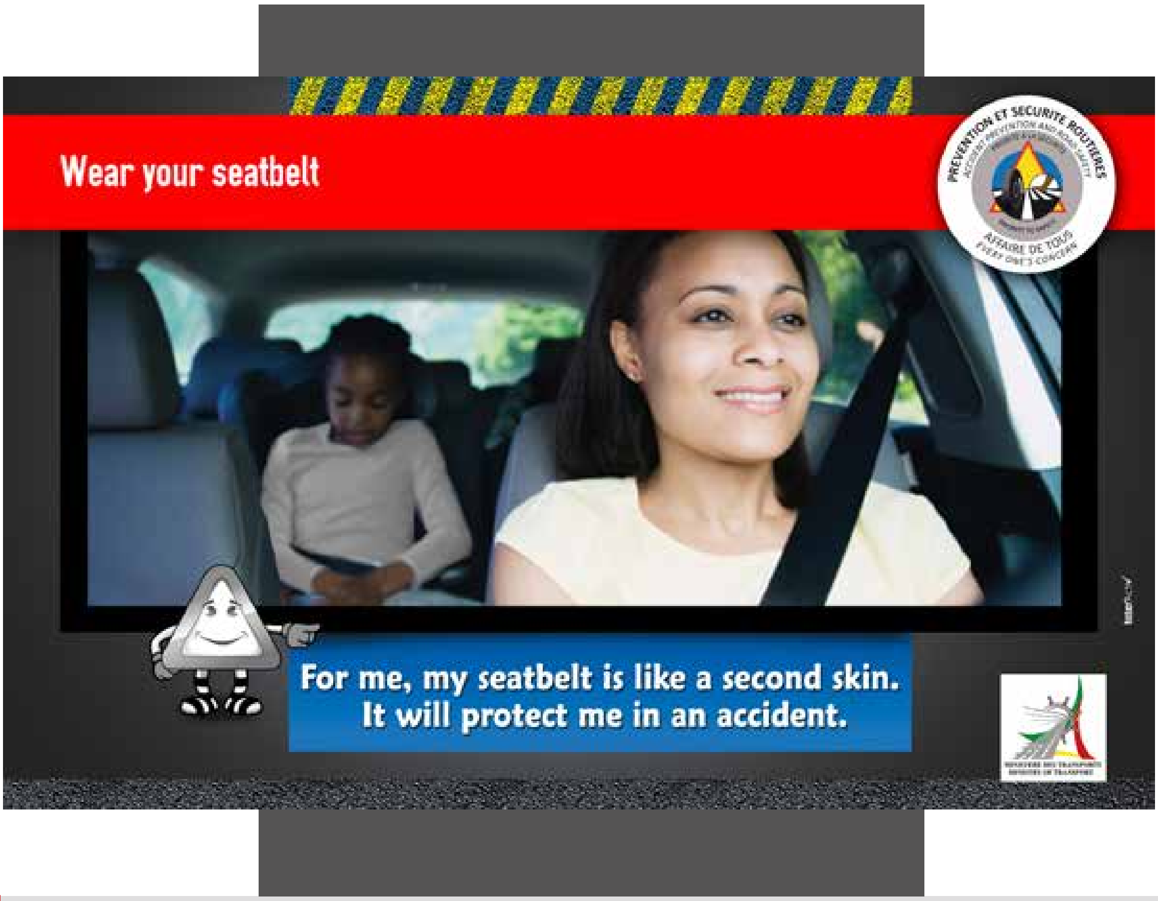
Authorizing officer	2018 Payments (a) (in millions of CFA francs)	2017 Payments (b) (in millions of CFA francs)	Percentage	Gap (c=b-a)	Progress In % (d=c/a)
MINTP (including SEP)	37 181	29 392	75,2%	7 789	21%
MINHDU	10 743	4 761	21,7%	5 982	55,6%
MINT	1 481	714	3,1%	767	51,7%
TOTAL	49 405	34 868	100%	5 485	29,4%

Chart 3: Distribution of payments per authorizing officer.



After a gradual dwindling of the payment level over the previous past five years preceding the 2018 Financial Year, that is CFA Francs 63 billion in 2013, CFA Franc 45 billion in 2014, CFA Francs 48 billion in 2015, CFA Francs 29 billion in 2016 and CFA Francs 35 billion in 2017, the year 2018 seems to be recovery year with an overall payment amount of CFA Francs 49 billion. This situation results from the effectiveness of the mechanism of automatically monthly supplying the Road Fund in liquidity. Beyond this positive trend, the volume of estimates awaiting payment as at 31 December 2018 to the tune of CFA Francs 22.5 billion, remains considerable and likely to mitigate the expected results of the new dispensation.

La progress registered at the payment level led to a consequential increase in the performance of enterprises, hence the greatest request in payments, that is CFA Francs 71.9 billion as compared to the volume of CFA Francs 54 billion recorded in 2017. It is in this light that the satisfaction rate of payment requests registered a 7.3 point decline between 2017 and 2018.



Coverage of payment requests by repaid resources

Heading	2018 (in billions)	2017 Reminder (in billions)	Trends (in billions)
Payment requests	71,9	54	33,1%
Payments made	49,4	34,8	41,9%
Payment satisfaction ratio (Payments/Payment requests)	68,7.%	76,%	7,3 points

3- Other indicators of payment activity.

As other indicators, the volume of operations carried out in terms of deadlines and number of estimates processed can also be underscored.

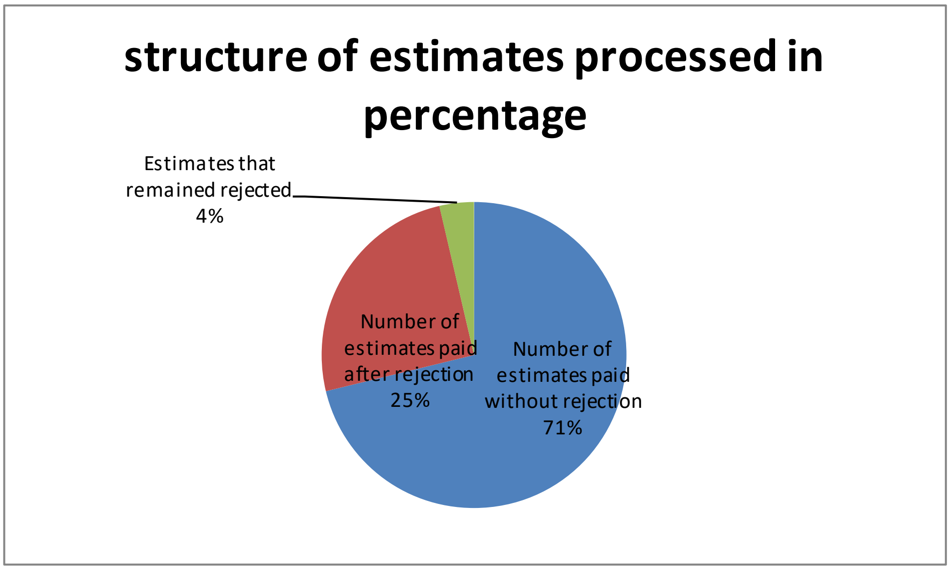
- Statistics on the volume of operations processed

This part deals with the Road Fund's level of activity in terms of processing estimates received for payment and the table below summarizes statistics on the level of activity concerning the estimates number of operations processed.

Table 6: Statistics on the number of operations processed as at 31 December 2018

Number of estimates received	Average number of estimates processed per day	Number of estimates paid without rejection	Number of estimates paid after rejection	Number of estimates that remained rejected	Rejection rate
958	4	682	241	35	29%

Chart 4: Structure of estimates processed in percentage



During the 2018 Financial Year, the Road Fund received a volume of 958 estimates. This number remained constant as compared to the 947 estimates received in 2017. The rejection rate of estimates during processing moved from 5.9% to 29%, that is a 23 point increase. This upswing in the rejection rate could result from the mitigated mastery of Road Fund procedures by new stakeholders (new enterprises, etc.); this increasingly calls on the Road Fund to step up popularization operations of the "Technical Guide for Stakeholders", for an enhanced ownership of its procedures by road maintenance stakeholders.

4 - Situation of penalties

Penalties provided for in Article 168 of the Public Contracts Code are aimed at repairing the damage which the contractor is likely to cause to the project owner by the non observance of contractual execution timeframes or any other technical or security provision contained in the contract. However, the cumulated amount of penalties is set at ten percent (10%) of the basic contract amount inclusive of all taxes, its amendments, if need be.

Thus, as a paying body, the Road Fund withholds and pays back into the Special Appropriation Account (SAA) with respect to public contracts, the proceeds from all types of penalties established during contract implementation. This account is managed by the organ in charge of regulating public contracts (PCRA).

The amount of penalties retained, remitted and paid back to PCRA by the Road Fund for the 2018 Financial Year is outlined as follows:

Table 7: Table of penalties and remission of penalties in 2018 (in millions of CFA Francs).

Authorizing officer	Penalties and remission of penalties in 2018			
	Penalties	Remissions	Balance	%
MINTP	73,95	10,27	**63,68**	70,62
MINHDU	65,11	25,78	**39,33**	43,61
MINT	4,45	17,29	**-12,84**	-14,23
Total	**143,51**	**53,34**	**90,17**	**100,0**

The negative balance of MINT to the tune of CFA Francs -12.84 million can be explained by the fact that in 2018 the amount of remission of penalties of CFA Francs 17.29 million is higher than the penalties which were withheld for the 2018 Financial Year to the tune of CFA Francs 4.45 million. In fact, the remission of penalties observed in the table above concerns previously withheld penalties.

The net amount of penalties repaid stood at CFA Franc 90.17 million as at 31 December 2018 against CFA Francs 210.77 million over the same period in 2017; showing a decrease of CFA Francs 120.6 million in absolute terms and 57.21% in relative value. This significant drop registered as compared to 2017 can be explained by a better monitoring of contract implementation by project owners.

5- Situation of guarantees by signature.

Successful bidders of contracts domiciled at the Road Fund may be granted advance payments, notably start up advance. The latter should however be guaranteed to the tune of one hundred percent (100%) by a commercial bank, insurance company or banking institution approved by the Ministry of Finance. Nevertheless, there remains a risk to mobilize these guarantees when needed, and relatively to the financial situation of each financial institution.

When the beneficiaries of contracts financed by the Road Fund receive advance payments, they are required to produce guarantees such as "the Performance Bond" which ensures the integral performance of contracted services and "the Retention Money" which secures the satisfactory implementation of the said contracts. These guarantees are generally produced in various forms (bank letter, certified cheque or cash).

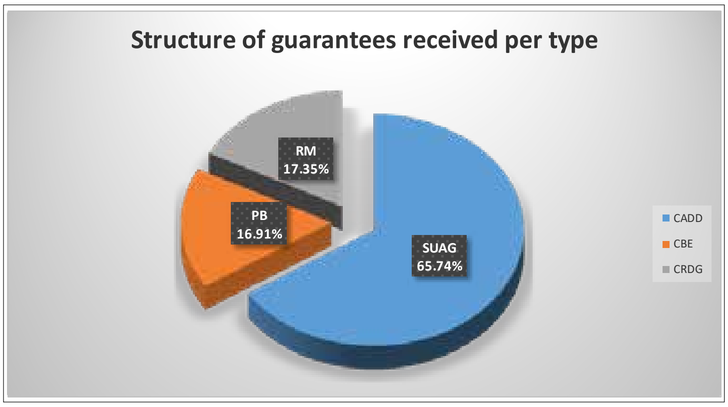
• Guarantees received.

For the 2018 Financial Year under review, the Road Fund received guarantees to the tune of CFA Francs 38.177 billion as against CFA Francs 50.707 billion in 2017, thereby representing a decrease of CFA Francs 12.53 billion in absolute value and 24.71% in relative terms.

Table 8: Situation of guarantees received.

Type of guarantee	2018 Financial Year Number	Value (in millions of CFA Francs)	%
CADD	154	25 098	65,74
CBE	258	6 454	16,91
CRDG	108	6 625	17,35
Total	**520**	**38 177**	**100**

Chart 5: Structure of guarantees received per type



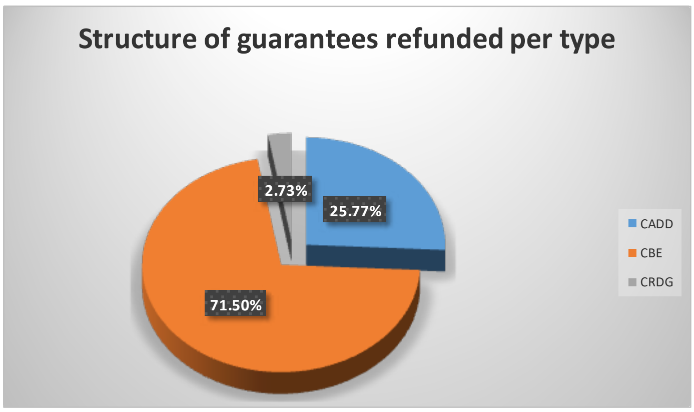
• Guarantees refunded

Refunded guarantees on their part stood at CFA Francs 4.502 billion as at 31 December 2018 as against CFA Francs 3.292 billion over the same period in 2017, thereby representing an increase of CFA Francs 1.21 billion in absolute terms and 36.76% in relative value.

Table 9: Situation of guarantees refunded

Type of guarantee	Refunds for the 2018 Financial Year Number	Value (in millions of CFA Francs)	%
CADD	19	1 160	25,77
CBE	50	3 219	71,50
CRDG	9	123	2,73
Total	**78**	**4 502**	**100**

Chart 6: Structure of guarantees refunded per type



A- ROAD INVESTMENT PROGRAMME FINANCING (INVESTMENT WINDOW)

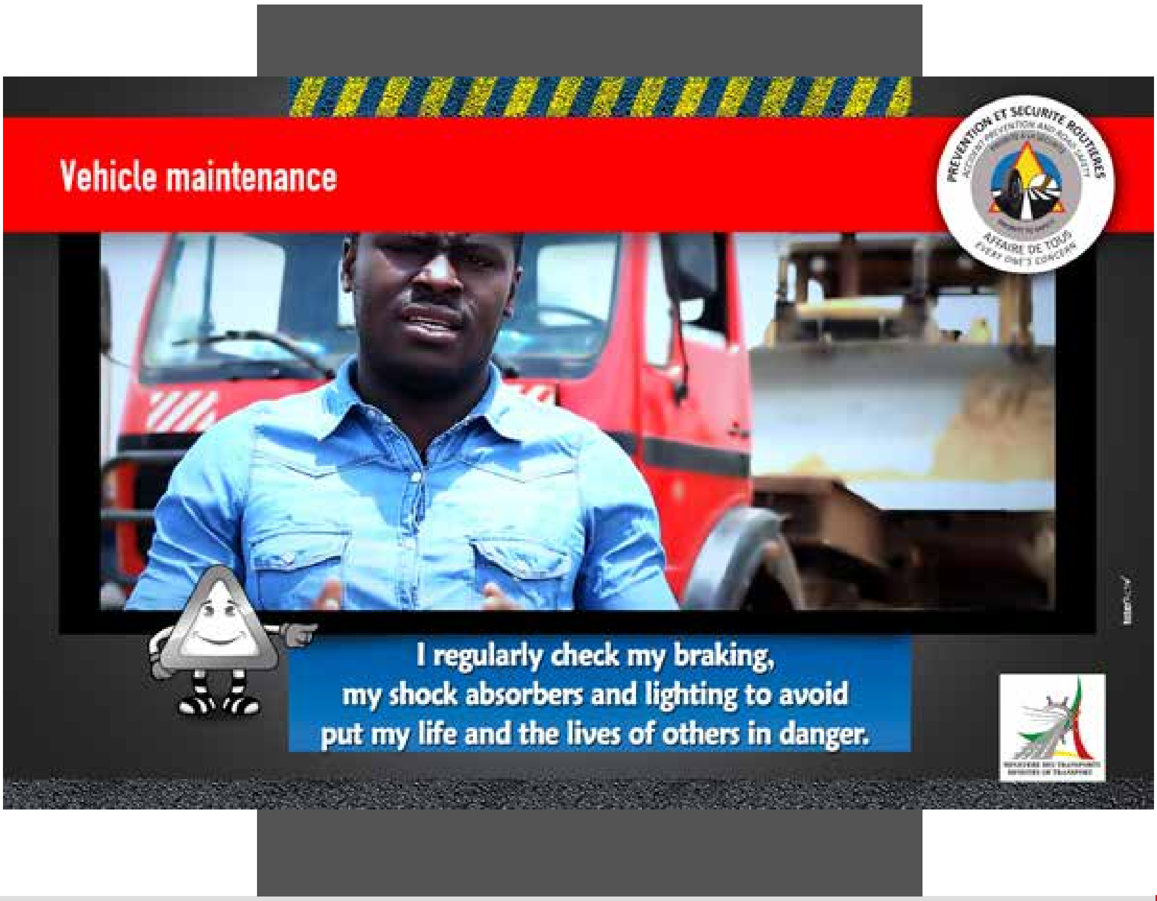
1- Resources of the "Investment" window programme

The Road Fund fulfills its missions of financing the road network rehabilitation and upgrading through the investment window. Though the resources placed at the disposal of the Road Fund reached a peak of CFA Francs 61 billion in 2015, the window witnessed a decline in its resources as the years rolled by down to a threshold of CFA Francs 1.1 billion in 2018.

In fact, on the strength of the 2018 budget regulation, the Government of the Republic of Cameroon opted for the guarantee at the Road Fund's window of estimates pertaining to services rendered. Before 2017, budget appropriations approved by the finance law were immediately committed and secure at the Road Fund whereas services were not yet performed.
The table below gives an overview of the evolution of the annual resources transferred to the investment window over the past five years.

Payments made by the Road Fund per financial year

Programs (in millions of CFA Francs)	2014	2015	2016	2017	2018	Total
Road C2D	-	-	-	-	-	**-**
Urban C2D	-	-	-	-	-	**-**
PIB Resources	29 416	40 924	22 968	532	485	**94 325**
Transfer from the maintenance window	-	-	-	-	-	**-**
Special Emergency Programme	25 041	20 396	3 052	878	653	**50 020**
Total	**54 457**	**61 320**	**26 020**	**1 410**	**1 138**	**144 345**



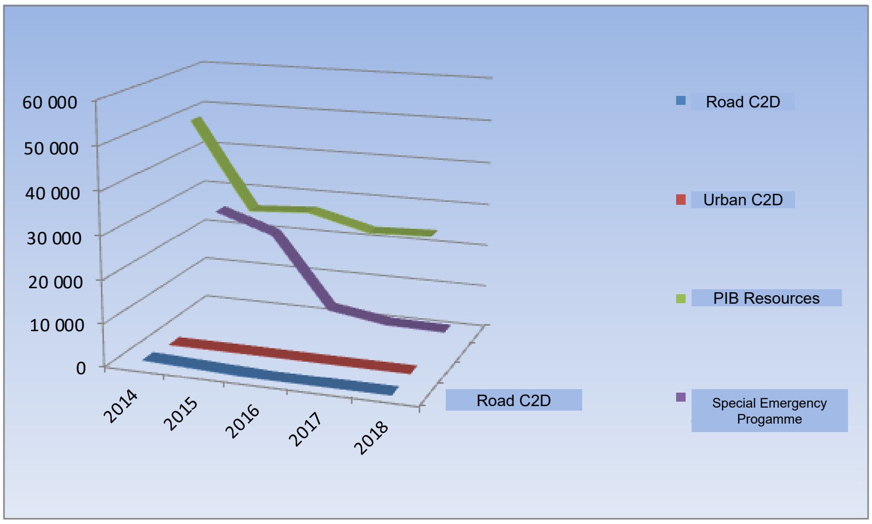
2- Payments of the "Investment" window programme

Payments represent the total sum of transfer orders issued by the Road Fund towards the Public Treasury for the settlement of services rendered by successful bidders of contracts domiciled at the "Investment" window. Over the past five years, payments varied as follows:

Payments made by the Road Fund per financial year

Programs	2014	2015	2016	2017	2018	Total
Road C2D	1 050	546	18	-	-	**1 614**
Urban C2D	64	86	-	-	-	**150**
PIB Resources	50 106	29 789	30 663	27 163	27 661	**165 382**
Special Emergency Programme	25 041	20 396	3 052	878	653	**50 020**
Total	**76 261**	**50 817**	**33 733**	**28 041**	**28 314**	**217 166**

Chart 7: Distribution of payments made by the Road Fund per financial year



Payment trends point to a significant contraction of payments made on the window over the past two years. Thus, payments moved from CFA Francs 76.2 billion in 2014 to only CFA Francs 28.3 billion in 2018, thereby representing a close to 63% drop. This decline can be justified by the fact that some payments are directly made by specialized treasury offices placed at the level of authorizing officers. Payments made in 2018 to the tune of CFA Francs 28.3 billion were covered by transfers to the tune of CFA Francs 1.1 billion received during the 2018 Financial Year, on the one hand, and cash available in account 42xxxx of the Investment Window opened at Treasury Central Pay Office.

3- Estimates pending at the Road Fund due to cash insufficiency as at 31 December 2018

Estimated pending at the Road Fund due to inadequacy of resources stood at CFA Francs 8.666 billion including CFA Francs 3.343 billion for MINTP and CFA Francs 5.323 billion for MINHDU. They have varied over the past two years as follows:

Estimates pending due to cash insufficiency	2017	2018	Var
MINTP	5 798	3 343	(2 455)
MINHDU	112	5 323	5 211
Total	**5 910**	**8 666**	**2 756**

The lack of resources led to a considerable drop in payments and resulted in an exponential increase of the amount of estimates pending at MINHDU. These estimates moved from CFA Francs 112 million as at 31 December 2017 to CFA Francs 5.323 billion over the same period in 2018, thereby representing an upsurge of CFA Francs 5.211 billion. This variation essentially corresponds to the Yaounde-Nsimalen highway construction project (studies and works) for which the Road Fund has not received financing during the financial year under review.

C- FUNCTIONING OF THE ROAD FUND AND AUDIT SERVICES

1- Recurrent resources as at 31 December 2018.

In accordance with Resolution No. 12/FR/PCG/CG/17 of 28 December 2017, the Road Fund's Management Committee, as a deliberative body, adopted the recurrent, investment and audit budget of the Road Fund in revenue and expenditure at CFA Francs 2 848 million for the 2018 Financial Year.

This budget enabled to finance the activities of the Road Fund geared towards implementing its strategic development plan for the 2018 Financial Year. The main objectives of the said programme revolve around the following main lines:

- mobilizing all resources meant for the financing of programmes hosted by the "Maintenance" and "Investment windows;
- contributing to the improvement of the consumption level of dedicated resources and ensuring the effectiveness and quality of interventions on the road network;
- stepping up the contribution of governance in promoting performance.

Also, resources for the 2018 Financial Year are presented as follows:

Heading	Recurrent expenditure	Investment expenditure	Total
Functioning of RF	1 355	265	1 620
Audits	398		398
Construction project	30	800	830
Total	**1 783**	**1 065**	**2 848**

The share of the "Investment" window, in the Road Fund's recurrent and audit budget, stood at CFA Francs 2 018 million for the 2018 Financial Year while that of the "Investment" window stood at CFA Francs 830 million, to finance the construction project of the Road Fund's head office.

2- Implementation of recurrent and capital budget as at 31 December 2018.

The Road Fund's recurrent and investment budget is outlined as follows as at 31 December 2018 (in millions of CFA Francs):

Programme	Objective	2018 Budget	2018 Implementation	Implementation Rate
P1	Mobilizing all resources dedicated to financing programmes hosted by the "Maintenance" and "Investment" windows	24,5	17,1	69
P2	Contributing to the improvement of the consumption level of dedicated resources and guaranteeing the effectiveness and quality of interventions on the road network	100	70	70
P3	Stepping up the contribution of governance in promoting performance.	570,5	348,4	61
P4 « Support »	Routine functioning.	925	681,8	74
Total		**1 620**	**1 117,3**	**70**

Overall, the operating budget witnessed a 5% drop moving from 75% in 2017 to 70% in 2018. Routine operating expenses mainly include staff-related expenditure (salaries and social security contributions), maintenance charges, bank charges, premiums for various insurance policies and charges pertaining to the activities of the Management Committee.

1- Implementation of the budget for audit services as at 31 December 2018.

On its part, the budget for audit services for the 2017 Financial Year evolved as follows (in millions of CFA Francs):

Heading	2018 Budget	Implementation	Percentage
Carrying out Technical Audits from the Investment Window	-	-	-
Information meeting on the recommendations of the Investment Window Auditor	2	1,7	85
Investment Window Total	**2**	**1,7**	**85**
Carrying out Technical Audits from the Maintenance Window	109	109	100
Information meeting on the recommendations of the Maintenance Window Auditor	7	-	-
Maintenance Window Total	**116**	**109**	**93,96**
Financial and Accounting Audits (Maintenance & Investment Windows)	**30**	**28**	**93,33**
Technical & Institutional Audits	**250**	**-**	**-**
Overall Total	**398**	**138,7**	**34,85**

The implementation rate of the 2018 budget for audit services stood at 34.85% as against 53.28% for the previous financial year. This drop in performance can mainly be explained by the unimplemented institutional audit which alone represents 62.81% of the budget for audit services.

D- TRENDS OF MAIN ROAD MAINTENANCE FINANCING ACTIVITY INDICATORS (MAINTENANCE WINDOW).

The mobilization of resources, issuing visas on contracts resulting from authorizing officers' annual programming as well as payment of estimates are the main activities of the Road Fund. This section underscores the trends of some indicators over the past five (5) years.

1- Trends in depositing of resources in the Road Fund's account opened at the Treasury Central Pay Office.

As a reminder, the Road User Charge (RUC), toll fees, weighing station fines and axle tax proceeds represent the essential resources of the Road Fund in compliance with the instruments governing its functioning and organization. The table below outlines all budgetary resources effectively mobilized and deposited in account 42001855 opened at the Treasury Central Pay Office.

Table 10: Situation of resource deposited in the Road Fund's account opened at the Treasury Central Pay Office over the past five years (in millions of CFA Francs).

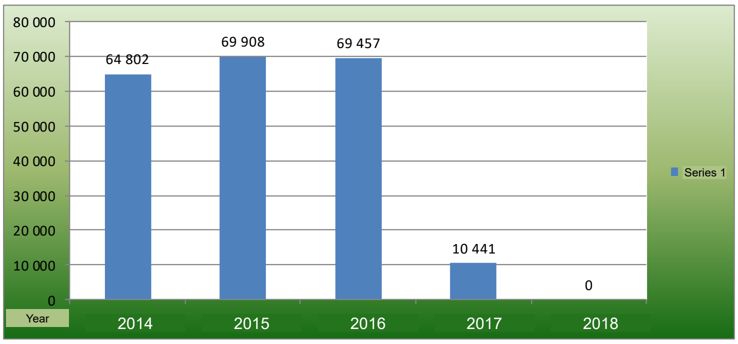
Order No.	Financial Year	RUR		Surplus / Shortfall (b – a)	Deposit rate
		Budget (a)	Deposit at the Treasury Central Pay Office (b)		
1	2014	55 000	55 000	0	100
2	2015	55 000	55 000	0	100
3	2016	60 000	60 000	0	100
4	2017	60 000	0	-60 000	0
5	2018	60 000	0	-60 000	0
Cumul		**290 000**	**170 000**	**-120 000**	**59%**

The amount pertaining to the Road Fund's resources has been capped at a maximum amount of CFA Francs 60 billion irrespective of the nature of resources (RUC, tollgate fee, weighing station fines, axle tax proceeds). Pursuant to the provisions of Law No. 2017/021 of 20 December 2017 on the Finance Law of the Republic of Cameroon for the 2018 Financial Year, the allocation of CFA Francs 60 billion is deducted from proceeds of the Special Tax on Petroleum Products (STPP). Despite the fact that this STPP was repaid to the Public Treasury by legal debtors (SONARA and SCDP), the Road Fund's account opened at the Treasury Central Pay Office witnessed no consequential movements from an accounting perspective. To render these accounts effective, it seems necessary to initially revisit the terms of Instruction No. 11/073/MINFI/SG/DGTCFM/DT of 6 June 2011 on the recording of the Road Fund's revenue and expenditure – Maintenance window.

Table 11: Situation of the deposit of all resources allocated to road maintenance over the past five years (in millions of CFA Francs).

N°	Financial Year	RUC	OTHER RESOURCES			Total	Progress in (%)
			toll fees	weighing station fines	axle tax proceeds		
1	2014	55 000	5 770	2 073	1 959	64 802	1,0
2	2015	60 000	5 707	1 993	2 208	69 908	7,3
3	2016	60 000	5 243	1 636	2578	69 457	0,6
4	2017	0	5 925	1 925	2 591	10 441	-85
5	2018	0	0	0	0	0	-100%
CUMULATIVE AMOUNT	**185 000**	**34 950**	**13 524**	**13 536**	**289 822**		**- 100% (Between 2014 and 2018)**

Chart 8: Trends of resources mobilized and allocated to road maintenance over the past five years.



As in 2017, the mobilization of resources meant for maintenance financing was effective, but the deposit of these resources in the Road Fund's account opened at the Treasury Central Pay Office did not follow suit. This situation resulted in a legal void concerning the new mechanism for recording the Road Fund's resources in its account. In fact, this instruction which outlined the procedure for recording the Road Fund's resources in the account opened at the Treasury Central Pay Office has become obsolete on the strength of provisions of the 2018 Finance Law. This instrument provides for the commitment of the share of STPP allocated to the Road Fund as RUC without spelling out the mechanism pertaining to this new approach.

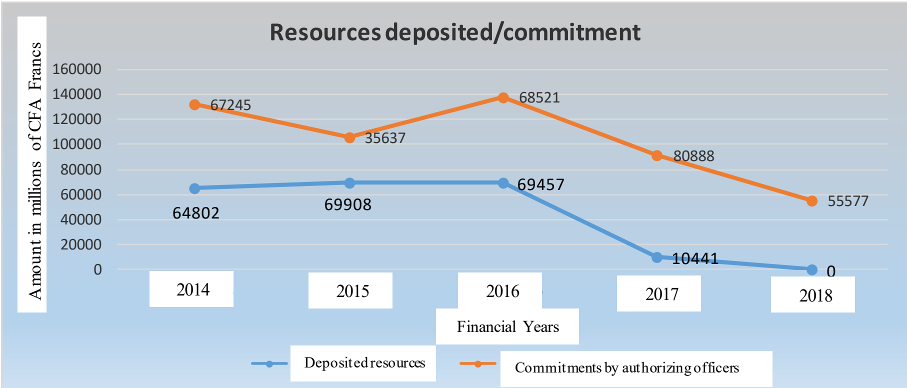
2- Comparative trends of commitment coverage by resources received in the Road Fund's account opened at the Treasury Central Pay Office.

The non coverage of the Road Fund's commitments for the 2018 Financial Year by resources deposited in the account opened at the Treasury Central Pay Office may make the Road Fund unable to manage future commitments taken vis – a – vis third parties.

Table 12: Comparative situation of resources – commitments as at 31 December 2018 (in millions of CFA Francs).

Financial Year	Resources received at the Treasury Central Pay Office	Commitments of authorizing officers	Rate of commitments/received resources
2014	64 802	67 245	103,8
2015	69 908	35 637	55
2016	69 457	68 521	98,6
2017	10 441	80 888	774%
2018	0	55 577	Not committed
Total	**214 508**	**307 868**	**143.5%**

Chart 9: Comparative situation (resources – commitments).



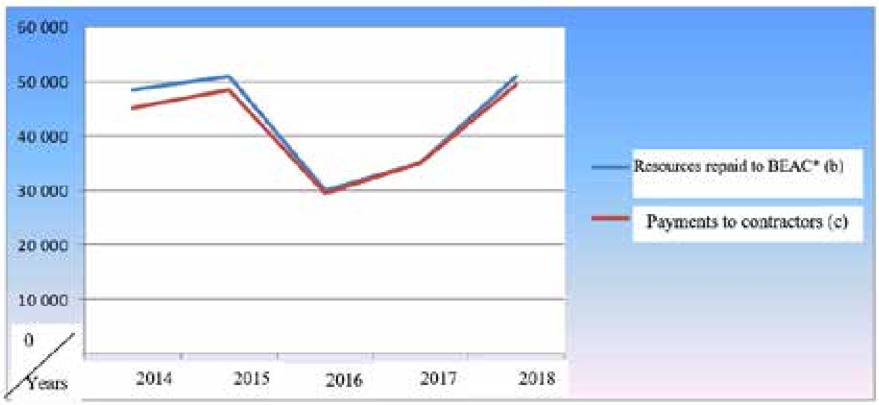
3- Comparative trends of the coverage of payments with received resources

The liquidity of the Road Fund is a key factor in its performance concerning its missions to pay for contracted road maintenance services. This liquidity is appraised through its capacity to cover on time all payment requests submitted to its Maintenance window.

Table 13: Comparative situation of resources collected and payments made to contractors as at 31 December 2018 (in millions of CFA Francs).

Financial year	Resources repaid to BEAC* (b)	Payments to companies (c)	Surplus/Shortfall of repayment in relation to deposited resources (c-b)	Rate of payment of repaid resources (c/b)
2014	48 500	45 021	3 479	93%
2015	51 000	48 500	2 500	95%
2016	30 000	29 383	617	98%
2017	35 000	34 868	132	100%
2018	51 000	49 405	1 595	97%
Total	**215 500**	**207 177**	**8 323**	**96%**

Chart 10: Comparative situation (resources – payments).



The table and chart above reveal that over the past five years, the Road Fund received cash worth CFA Francs 215 billion, in its account opened at BEAC and paid estimate to the tune of CFA Francs 207 billion. The balance represents expenditure relating to technical, accounting and financial audits as well as operating expenses.

CHALLENGES AND PROSPECTS OF THE ROAD FUND

3

The Road Fund continues to operate in a tensed economic situation, even though an improvement could be noted with the signing of an amendment to the agreement governing the Road Fund's special account opened at BEAC between the Ministry of Finance and the National Director of BEAC. This amendment enables to supply the said special account to the tune of CFA Francs 5 billion monthly. Cash stress has remained a permanent hurdle as a result of the previous commitments which have a heavy toll to bear on the cash available for the current financial year.

The automation of tollgates desired by the Government remains one of the avenues likely to improve on road revenue. The future completion of this important project represents an ideal opportunity for the Road Fund.

Besides cash stress, the Road Fund is still confronted with considerable technical challenges, namely: (i) works under the supervision of the administration as concerns notably the supporting documents for expenditure and (ii) the acceleration of decentralization by taking on board RLAs in their role of project managers.

A- CHALLENGES

1- Works under the supervision of the administration

• Setting up the national brigade for works under the supervision of the administration at MINTP

In accordance with Decree No. 2018/461 of 7 August 2018 to organize the Ministry of Public Works, the latter is now equipped with a national brigade for works under the supervision of the administration, empowered to carry out infrastructural projects using direct labour. In the same perspective, the Ministry of Public Works has acquired civil engineering equipment for various contracts and envisages to do same to carry out such works across the national territory.

• Transfer of powers to councils

In 2018, MINTP transferred powers to councils in the area of maintenance works of council roads and service provision using the lengthman's system. As such, councils are henceforth capable of carrying out works using direct labour. The updating of the procedural manual on the use of direct labour by MINTP seems necessary in 2019 to take this new development into account.

All these innovations both at the regulatory and operational levels point to better organization and implementation of the use of direct labour within MINTP.

• Disbursement of funds for works under the supervision of the administration

Amendment No.1 to the agreement governing the operation of the Road Fund's special account signed on 13 August 2018 by the Minister of Finance and the National Director of BEAC does not make provisions for the disbursement of funds for works using direct labour. The Road Fund therefore found itself without cash for this type of works after the signing of the said amendment. The signing of amendment No. 2 would enable to rectify this situation in 2019.

The Road Fund has disbursed for works under MINTP direct labour via an account entitled
"Fonds routier régie MINTP" » a total amount of CFA Francs 1 119 107 536 between 2016 and 2018 for carrying out works by direct labour in accordance with the table below:

Table 14: Disbursement of funds for works under MINTP direct labour between 2016 and 2018.

Disbursement	Period			TOTAL
	2016	2017	2018	
	657 325 124	255 000 000	206 782 412	1 119 107 536

• Supporting documents for expenses related to works under the supervision of the administration

Pursuant to the provisions of Chapter IV of the procedural manual for disbursing resources for works using direct labour, the Road Fund received a pile of supporting documents for a total amount of CFA Francs 826 983 5 99 between 2016 and 2018, on a cumulative transfer of CFA Francs 1 119 107 536. It therefore stems out that there is an unjustified balance of CFA Francs 292 123 937. This balance represents 26.10% of the sums disbursed. Considerable efforts still have to be deployed in 2019 concerning the provision of supporting documents for expenses related to works carried out using direct labour.

2- The RLAs' role as project owners

• Government genuine desire to step up the decentralization process

In acordance with Decree No. 2012/173 of 29 March 2012 to amend and supplement Decree No. 2005/239 of 24 June 2005 to organize and fix the functioning modalities of the Road Fund, council executives, government delegates and regional executives are recognized as the Road Fund's full-fledged authorizing officers.

Within the decentralization context desired by the Government and on the strength of Decree No. n°2017/144 of 24 April 2017 on the classification of roads, the involvement of RLAs in the operation chain has grown in importance in 2018. Thus, it can clearly be anticipated that the Road Fund will be increasingly solicited in the years to come, given that the council road network is denser and allocation of funding for their maintenance is on a clear progression trend.

Considering the Road Fund's availability to ensure satisfactory proximity service level for all these councils, it seems timely to chart a new approach by banking on:
- flexibility of procedures;
- use of new technologies to facilitate exchanges;
- dematerialize some procedures; and,
- capacity building.

• Intercouncil relations to pool resources together

Inter-council relations entail the possibility for several councils to put in common, in synergy, some of their powers when the issues at stake go beyond the capacities of a single council.

In 2018, inter-council relations were implemented to a relatively satisfactory level as far as road maintenance is concerned. In fact, the Minister of Public Works involved mayors in the preparation of the 2018 council roads maintenance programme financed by the Road Fund. Thus, at the end of several consultations with the said mayors, nineteen (19) of them were contacted and designated project bearers for council road maintenance as part of inter-council relations for which sixty-eight (68) councils were effectively involved.

Therefore, the promotion of inter-council relations will be pursued in 2019 thanks to the increased information of mayors. This policy is aimed at fostering further enthusiasm and synergy of actions by all municipal executives likely to be concerned by this process.

In 2019, it will also be important to legally frame inter-council projects through the signing of an inter-council cooperation agreement for each project. As such, several mayors falling under the same division or in close geographical proximity, agree to pool the resources allocated to them for the implementation of road maintenance projects, under the supervision of one of them, formally referred to as the project owner. The said agreement could also outline steps for awarding, implementing and receiving services rendered.

Considering the Road Fund's availability to ensure satisfactory proximity service level for all these councils, it seems timely to chart a new approach by banking on:
- flexibility of procedures;
- use of new technologies to facilitate exchanges;
- dematerialize some procedures; and,
- capacity building.

B- PROSPECTS

1- Improving road revenue collection

Automation of toll gates

The automation project of road tolls in Cameroon dates as far back as 2009. The government intends to render more cost-effective the fourteen (14) toll gates which, out of the existing forty-five (45) across the territory, produce most of road toll proceeds (75%). The toll gates concerned include: Nsimalen, Mbankomo, Tiko, Edea, Boumnyebel, Bayangam, Bafia, Mbanga, Mandjo, Bandja, Matozem, Nkometou, Bafou and Foumbot.

To carry this project to fruition, out of the five (5) groups of enterprises shortlisted in 2017 by MINTP, three (3) submitted their proposals to the Government of the Republic of Cameroon in May 2018. They included the following groups:

- Razel-Bec-Egis Projects,
- Vinci Highway-Sogea Satom-Vinci Concessions, and
- Group Five-Intertoll Africa Limited.

In early 2019, this expected to result in the selection of one group and the signing of a "partnership contract for designing, financing, constructing, equipping, operating and ensuring maintenance of fourteen (14) automated toll gates on some tarred roads of the Cameroon road network".

The completion of this project could lead to the following consequences:

- improved service quality at toll gates;
- optimized road toll revenue;
- increased resources for the Road Fund;
- etc.

« Pont de l'enfance » Yaoundé – Ntui road

CONCLUSION

Maintenance works on an interurban road

During 2018, the salient events that marked the life of the Road Fund could be subsumed from several angles.

At the level of the management of road maintenance programmes, it is worth mentioning that the Road Fund ensured support to municipal executives within the exercise of their prerogatives of project owners of council road projects in accordance with instruments reorganizing Cameroon road and highway network.

At the financial level, by dint of the agreement signed between the Ministry of Finance and the Bank of Central African States (BEAC) on 13 August 2018, the automatic debiting mechanism of the single account of the Public Treasury for the Road Fund's account opened at BEAC was set up. Thus, this mechanism henceforth enables the Road Fund to ensure better consistency and fluidity in the payment operations of estimates.

As for challenges to be overcome, advocacy actions are necessary to clear payment arrears owed to contractors, the volume of which most often lingers around CFA Francs 20 billion. Advocacy actions also ought to be carried out towards authorizing officers for long overdue previous contracts to be closed.

LIST OF TABLES

LIST OF CHARTS

ANNEXES:
The Road Fund and capacity building

Theme	Duration	Number of participants	Institution	Objectives
(in days)	Number of participants	Institution	Objectives	- Strengthen the project-oriented approach in corporate culture; - have an efficient management of information system transformation projects.
New normative dispensation of contract award	03	15	ARMP	- Own new provisions of Decree No.2018/366 of 20 June 2018 on the Public Contracts Code; - know the new architecture of the public contracts system and roles of stakeholders subject to the new code; - get acquainted with sanctions meted out for malpractices.
Irregular and unfair benefits in public companies and establishments in Cameroun	03	01	MAZARS	- Define the notion of benefit in public establishments; - master the irregular and unfair benefits in public companies and establishments to advice the Road Fund's management to shy away from malpractices
Administrative follow –up of contracts and litigation management	04	11	PROSPECT CONSULTING	- Master the legal and institutional dispensation pertaining to the management of contracts financed by the Road Fund; - master the legal regime of litigation pertaining to contracts falling under financed windows and contracts awarded in the capacity of project manager; - optimize the ramifications of technical and financial follow-up of contracts falling under the Road Fund's remit as well as those awarded in the capacity of project manager; - ensure the efficient and effective representation and defence of the Road Fund's interests in court or before any other institution; - identify difficulties commonly encountered in the initiation of various litigations.

Theme	Duration	Number of participants	Institution	Objectives
Capital financing and the PPP mechanism	14	02	CDA CONSULTING	- Master analysis tools of investment projects, financing decisions, regulations and parameters; - learn to manage infrastructure as fixed asset projects; - master the context and guiding principles, strategic classification and choice of public-private partnerships; - understand the PPP mechanism: preliminary conditions, preparation, structuring, contract award, financing, etc.
Monitoring and evaluation of projects and programmes	21	01	SETYM	- Master the process and steps necessary for devising and operating a results-based monitoring and evaluation system; - know the techniques and tools to better plan, follow-up and evaluate project performance results in the short, medium and long terms; - use best practices for data collection and communication performance.
Administrative and fiduciary management of projects and programmes	21	02	SETYM	- Adopt best practices in administrative and fiduciary management ; - know principles of results-based management and needs in monitoring performance indicators both at the level of costs and results as well as efficiency of the administrative processes; - improve understanding of human challenges and develop managerial behaviour.
Contract award, supplies, consultants and works	21	02	SETYM	- Develop a detailed understanding of contract award in line with directives from the World Bank and other donors; - master the new dispensation for awarding contracts adopted by the World Bank in 2016 and inform stakeholders on these new guidelines; - understand activities, procedures, standards and principles underlying contracts for supplies and works as well as selection of consultants; - define and plan all activities of the process of an invitation to tender and request for proposals.

Etablissement Public Administratif de Type Particulier placé sous la tutelle
technique du Ministère en charge des routes
et sous la tutelle financière du Ministère en charge des Finances

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