

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** **2017**

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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# FOREWORD

**T**he Road Fund continued to accomplish its missions despite the particularly difficult economic and security situation. Thus, as at 31 December 2017, the contracts committed reached a satisfactory level of 95% for some authorizing officers as against 65% recorded in 2016. This level of commitment is however in contrast with the low execution rate of committed contracts.

In view of improving the performance of road maintenance, some approaches have been implemented, amongst which is structural maintenance and these new approaches already display visible results on some of our major roads. They will be supplemented in the coming years by another, notably the management of road maintenance per service level.

Concerning the payment of contractors for services rendered, the Ministry of Finance signed an agreement with the Bank of Central African States (BEAC). This measure aims at consolidating governance and security in the management of the Road Fund's payment operations.

On a different note, the year 2017 was marked by the publishing of important instruments by public authorities, pertaining to the reorganization of our road and highway network. It notably concerns the new road classification, the numbering and inventory of national and regional roads, which recognized mayors and presidents of regional councils as having the status of contracting authority.

However, the thorny issue of cash stress still lingers on. In fact, the threshold of estimates awaiting payment due to lack of cash to the tune of CFA Francs 19 billion was reached during the 2017 Financial Year, thereby having a negative impact on the value of the signature of the Fund as well as on an entire section of the national economic and social fabric.

This issue brings back to limelight the problem of funding sustainability. In fact, the transformation of the Road Fund into a second generation Fund is without an iota of doubt the adequate institutional architecture likely to enable it to have increased financial autonomy and more significant leeway to finance road projects and pay for maintenance services. This is the reason why hope has crystalized on the successful outcome of current consultations underway on this essential issue.

This report reviews the activities carried out in 2017 within the remit of the Road Fund; namely, programming, issuing visas to contracts, processing and payment of estimates. It also gives an overview of the running of the Fund as well as prospects for the 2018 Financial Year.



**Paul ELUNG CHE**

Chairman of the Management Committee  
of the Road Fund

# 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
MINH DU	: 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 Securitization 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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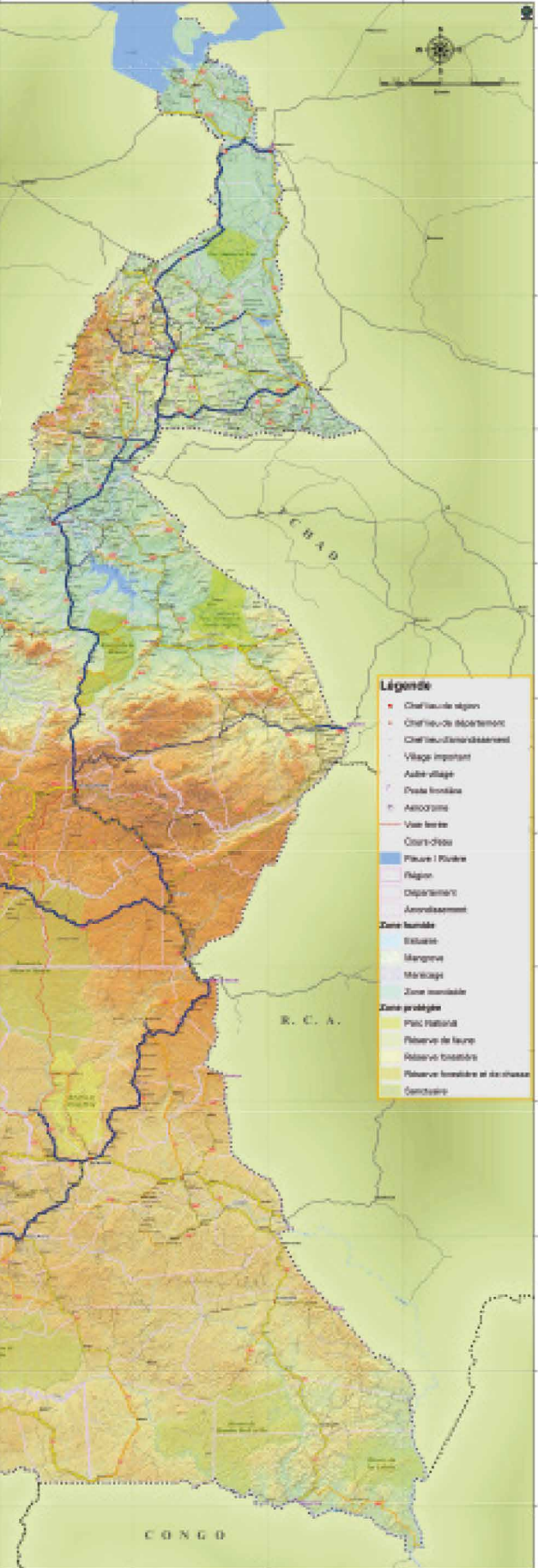
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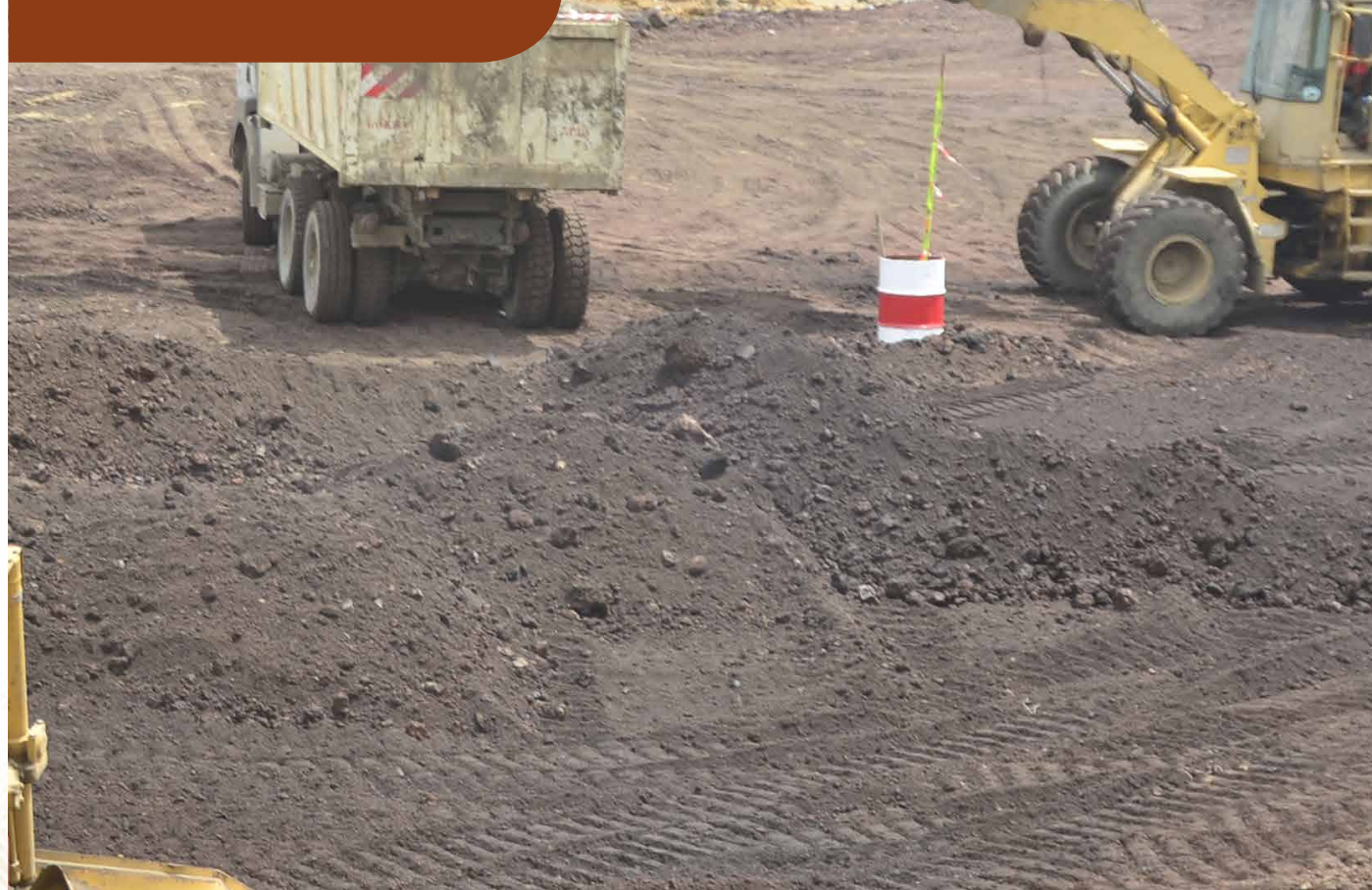






# 1

## GENERAL CONTEXT



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 Fund during the year 2017.



## A- INTERNATIONAL AND NATIONAL SITUATION



**T**he extraordinary summit of CEMAC Heads of State held on 23 December 2016 in Yaounde, in the presence of the Director General of the International Monetary Fund (IMF) and the French Minister for the Economy and Finance enabled us to carry out a diagnosis of the economic situation of the CEMAC Zone and to envisage solutions to sustainably resolve them. Thus, to implement the twenty-one (21) measures, all based on monetary stability and consolidation of the macro-economic balance, the support of the IMF appeared necessary amongst others for the sake of credibility, competence and transparency. Concerning Cameroon, an economic and financial programme accompanied by an “extended credit facility” was signed in June 2017.

This agreement came in a context where international economic prospects are characterized, according to the IMF, by the continuous strengthening of the global financial system thanks to exceptional cushioning policies, improvement of regulations and resumption of economic growth. The solidity of banks in a good number of developed countries continues to improve, whereas a majority of systemically important companies are readjusting their operational models and renewing with profitability.

The upturn in global economic activity has

boosted trust in financial markets, thereby alleviating threats having a heavy toll on financial stability in the short term. This recovery was therefore steady, with world growth which, in 2016, was at the lowest since the global financial recession. At 3.2 %, it ought to move to 3.6 % in 2017 and reach 3.7 % in 2018. To temper this optimistic trend, it has been underscored that the recovery will not be complete: if basic prospects improve, growth remains weak in many countries, and inflation remains below the objective set in most advanced countries.

Countries exporting basic commodities, oil in particular, are hard hit whereas they continue to adjust to a sharp drop in foreign earnings. Moreover, if the factors having an impact on short term prospects are more or less balanced, deterioration risks remain preponderant in the medium term. The cyclical stepping up of global economic activity therefore offers an ideal opportunity to tackle major priorities, namely enhancing potential production while ensuring that the spill-over of growth should be widely shared and increase resilience in the face of deterioration risks. A new multilateral impetus is also necessary to address common issues pertaining to an integrated global economy.

En Afrique subsaharienne, la croissance du PIB  
In Sub-Saharan Africa, real GDP growth ought







to gradually witness an upswing, after the slowdown recorded in 2016. Countries exporting basic commodities, including oil, are particularly hit by the protracted adjustment of the drop in export revenue. Growth is envisaged at 2.6% as against a rate of 1.4% recorded in 2016. The projection for 2018 stands at 3.4%.

In the CEMAC zone, recession continues, world oil prices have continued to drop. Since oil exports represent about 60% of total exports, the drop in oil prices registered since 2014 pull the performance of economies downwards, thereby increasing the fragile nature of these States. However, the implementation of expansionist national budget policies, coupled with an accommodating monetary policy have contributed in significantly reducing currency reserves in 2016, to the point of threatening the stability of the CFA Franc. To redress this trend, programmes have been implemented here and there, with support from the IMF. According to latest projections from BEAC, a slight improvement of the situation is perceptible even if it remains a cause for concern. Thus, the economic growth rate was estimated at 0.2% at the end of 2017 as was the case in 2016. The projection for 2018 is estimated at 3.2%.

At the national level, due to the diversification of its economy, Cameroon has been resilient to external shocks. Thus, growth was maintained at a satisfactory level despite the sharp drop in oil prices and other basic commodities. Growth has however slowed down, moving from 5.7% in 2015 to 4.5% in 2016.

From a sectoral standpoint, it stems out, according to the Government, that in the primary sector, progress in the activity was being confirmed, with a rate of 6.8% in 2016 as against 5.3% in 2015, under the impetus of the “agricultural” branch which enjoys the dynamism of the “industrial and export agriculture” component. This sector accounts for 15.3% of the GDP.

The secondary sector witnessed a slight decline to 3.2% in 2016, after a growth rate of 9.6% in 2015. This decrease is due to the drop in activity relating to the production and distribution of electricity, water and extractive industries. On the contrary, the continuation of major road infrastructural and engineering works fostered the dynamism noticed in the PBW branch. This sector accounts for 24.5% in the GDP.

The tertiary sector grew to 4.5% in 2016 as against 3.4% in 2015. This performance was registered in all the branches, which also enjoyed the diversification effect of the supply

of telecommunications services with priority to financial inclusion and innovations. This sector accounts for 52.1% in the GDP.

Concerning demand, final consumption continued to sustain economic growth with a progress rate of 3.6% in 2016, after the 5.2% registered in 2015. Private final consumption spending slowed down in line with the increase in the prices of consumer goods. Public expenditure on its part dropped to 3.5% in connection with the streamlining undertaken. Concerning prices, inflation remained under control with a rate of 0.9% in 2016 as against 2.7% in 2015.

Investments recorded a growth rate of 7.5% in 2016 after registering - 0.3% in 2015 and account for 1.9 point in GDP growth. In this improvement, public investments witnessed a considerable increase (11.2% in 2016 after registering - 0.6% in 2015), as a result of the effective start of investments programmed in the Three-year Emergency Growth Acceleration Plan (PLANUT). Private investments on the other hand, increased to 6.4% in 2016 after regressing to 0.2% in 2015. At the level of public finance, the year 2017 was marked by a rather particular context with the signing of an economic and financial programme with the IMF, the second year of implementation of Economic Partnership Agreements {EPA}, the disruptions of activities recorded in the North West and South West Regions, the continuation of the fight against Boko Haram and insecurity in the East Region. Budget expenditure was however brought under control with a drop of 8.4% year over year, due to Government's resolve to reduce State expenditure. At the end of the first quarter of 2017, the internal revenue achievement rate stood at 46.9% and that of appropriation consumption stood at 47.1%. Globally speaking, internal budget revenue amounted to CFA Francs 1 473.9 billion, an increase of CFA Francs 83.1 billion.

At the level of road infrastructure in 2016, the density of the tarred network stood at 0.30 km for 1000 inhabitants as against 0.27 km in 2015 and the portion of the network in good surface shape stood at 17.2% as against 10% in 2015. This evolution can be explained by the construction of new tarred roads and the rehabilitation of tarred and earth roads. Similarly, major projects were pursued with, amongst others, the under-mentioned status of implementation as at 30 June 2017:

- Phase 1 of the Yaounde – Douala highway (60 km) executed at 39%;





Routine maintenance on a tarred road

- Phase 1 of the Edea – Kribi – Lolabe highway (38.5 km) executed at 38.5%;
- The Yaounde – Nsimalen highway (rural stretch) executed at 70%;
- The second bridge on the Wouri River executed at 95%.

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 or are about to start. They include the construction the Batchenga-Ntui-Yoko-Lena-Tibati, Olama – Kribi roads and rehabilitation works of the Babadjou-Bamenda, Maroua-Mora, Mora-Dabanga-Kousseri, Yaounde-Bafoussam roads.

On the strength of a more flexible institutional framework, results-based works under supervision have entered their operational phase with the first projects implemented on the Road

Fund's financing. Given the demand, it seems necessary to very quickly embark on the much heralded professionalism of this activity in order to enable contracting authorities to keep a minimum intervention package and possess the required means.

Despite the globally difficult context essentially due to external factors, as exemplified by the volatile nature of the prices of commodities meant for export, insecurity at the borders as a result of the terrorism threat, the consequences however seem under control, hence the progress recorded by most of the results displayed. 2018 prospects look better, given the streamlining efforts undertaken and the priority accorded to growth vectors. The road being the main means of movement of persons and goods, road infrastructures are required to benefit from greater attention through the finalization of projects started, an increase in momentum for those just starting and the sustained maintenance of existing capital to offer the expected service level to users. To this effect, the announced start of projects relating to the management of road maintenance per service level translates the willingness of public authorities to do all in their power to meet demand, whereas road transport activity registered an increase of close to 20% between 2015 and 2016.



## B-SOME MILESTONES



From 11 to 13 January 2017:

Inter-ministerial consultation to re-visit instruments in view of transforming the Road Fund into a second generation institution. These deliberations were conducted by the Prime Minister's Office. Apart from the Prime Minister's Office mentioned earlier, the following institutions were in attendance: CONA-ROUTE, authorizing officers from MINHDU and MINT, MINFI (DGI and DGTCFM), MINEPAT and the Road Fund.



From 11 to 18 February 2017:

Participation of a delegation of the Road Fund at the General Assembly meeting of the African Association of Public Transport (UAPT) and at the conference on the future of public transport in Africa held at Johannesburg, in South Africa.

From 15 to 19 April 2017:

Working visit of a delegation of the Malagasy Road Maintenance Fund. Among the items on the agenda of this visit, there was: (i) a meeting between the Road Fund (RF) of Cameroon and the Road Maintenance Fund of Madagascar (FMR) in order to better unravel each other's economic model; (ii) an audience with the Secretary of State at the Ministry of Public Works in charge of Roads; (iii) a visit of a toll gate.

From 22 to 23 March 2017:

Organization of a workshop for the presentation of the study on the system for collecting and transferring financial resources held at Ebolowa. This workshop, in addition to the Road Fund and the National Institute of Statistics, brought together participants from administrations involved in the collection and transfer chain of targeted resources.





From 4 to 7 May 2017:

Holding at Douala of the Executive Committee meeting of ARMFA during which participants examined issues linked to the running of the Association. These deliberations brought together close to twenty Directors General of African Road Funds and their collaborators. Top on the discussions featured the preparation of the 16th Annual General Assembly and the running of ARMFA.

From 27 to 30 July 2017:

Holding in Zimbabwe of the Executive Committee of ARMFA. These deliberations were taking place prior to the preparation of the general assembly scheduled for Addis-Ababa in Ethiopia.

From 1 to 9 September 2017:

Organization in Douala of a workshop on the popularization of the technical guide for stakeholders. This consultation brought together the Road Fund and stakeholders in the western road network grouping the South West, West, North West and Littoral Regions.

From 27 to 28 December 2017 :

Holding of sessions of the Management Committee in view of the approval of programmes of authorizing officers and the adoption of the recurrent and investment budget of the Road Fund for the 2018 Financial Year.





## C- LEGAL AND REGULATORY FRAMEWORK

The Road Fund is a public administrative establishment (PAE) of a special type not only because of its management bodies, remuneration and benefits paid to its staff, but also the rules for keeping its accounts. It is endowed with legal personality and autonomous management. It was set up following the advent of 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; it is moreover governed by Law No. 99/016 of 22 December 1999 on the general rules and regulations of public establishments and enterprises of the public and semi-public sector.

On the strength of the reform undertaken by the Government aimed at putting an end to the confusion on the operation of public enterprises and public establishments, the Road Fund is since the year 2017 governed by Law No. 2017/010 of 12 July 2017 on the general rules and regulations of public establishments. The above-mentioned instrument repeals Law No.99/016 of 22 December 1999 by making a formal distinction between public establishments and public enterprises on the one hand and by instituting better oversight of their respective management modes, on the other.

### **Included amongst the major innovations brought in by the law on public establishments are:**

- precision on the various categories of public establishments (financial, administrative, social, economic and financial, hospital, cultural, special, etc.);
- compulsory admission in its board of directors of a staff representative - Article 17 of the Law on establishments;
- the type of accounting kept by public establishments (budgetary, general and analytical);
- coherence between policies and programmes of administrations and sub-programmes implemented by public establishments as well as the good management of the latter through audits in order to ensure rules of good governance.

The Road Fund is placed under the financial supervision of the Ministry in charge of Finance and under the technical supervision of the Ministry in charge of Roads. The roles devolved to each of these supervisory authorities are spelt out in the new law of 12 July 2017.

Its organization and functioning are defined by Decree No.2005/239 of 24 June 2005, as amended and supplemented by Decree No.2012/173 of 29 March 2012. This decree provides that the book-keeping of the Fund is done in accordance with the rules governing commercial accounting. It is consequently subjected to rules enacted by the OHADA Uniform Act which since January 2017 have witnessed several reforms with the adoption of OHADA Uniform Act pertaining to Accounting Law and Financial Information.



## D- OVERVIEW OF MISSIONS AND RESOURCES

### 1. Missions

The Road Fund ensures the financing of programmes for the protection of the national road heritage, road safety, road network maintenance as well as road rehabilitation and upgrading operations within the framework of its two windows.

The Road Fund carries out its activities through two (2) separate and independent windows, namely the “Maintenance” and “Investment” windows. These two windows have the following objectives:

- For the “Maintenance” window, its role is to ensure the financing and payment of services provided to the enterprise relating to:
  - 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 provided to the enterprise relating to:
  - upgrading and
  - rehabilitation of roads.

Specifically, the Road Fund was set up to achieve the undermentioned three essential objectives:

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

### 2. Resources

Article 25 of Decree No.2005/239 of 24 June 2005 spells out the resources of the Road Fund as follows:

#### As for the “Maintenance” window:

- Road User Charge (RUC);
- road tolls or in case of road tolls concessions, concession royalties;
- budget allocations of ministries meant to put money into the emergency line on account of emergency interventions;
- resources stemming from financial products generated by the placement of possible treasury surpluses;
- axle tax proceeds;
- transit tax proceeds;
- proceeds from fines.

#### For the “Investment” window:

- grants, legacies, subsidies and various forms of assistance from Cameroon's financial partners;
- budget allocations from ministries;
- all financing other than from the Maintenance window.

With the coming into force of Law No.2007/006 of 26 December 2007 relating to the Fiscal Regime of the State, on the one hand, and Instruction No.00073/MINFI/SG/DGTFCM/DT of 6 June 2011 relating to the recording of revenue and expenditure of the Road Fund on account of the maintenance window, the mobilization of resources is done at the account of the Road Fund opened at the Treasury Central Pay Office, on the other hand. The mobilization process of the said resources involves several stakeholders, notably:

The RUC, a fraction of the special tax on petroleum products and main source of funding of the Maintenance window, is collected by the institutions legally liable to the Fund (SONARA and SCDP) from the marketers, then deposited at the Public Treasury, and thereafter in the Road Fund account domiciled at BEAC.

Conversely, non RUC resources (toll fees, fines, axle tax, etc.) are collected through the Programme for the Securitization of Road Revenue, recorded by the Treasury Central Pay Office, after their transfer by the Central Accounting Agency of the Treasury.

The abovementioned resources are paid back into a single account at the Treasury for the Road Fund. It is in this light that the Republic of Cameroon requested the opening in the books of the Bank of Central African States, on behalf of the Public Treasury, of a special account meant to ensure the management of resources allocated to the “Maintenance” window of the Road Fund through the signing of an agreement governing the running of the special account of the Road Fund domiciled at BEAC for the payment of suppliers and service providers.



## E- MANAGEMENT BODIES

The Road Fund is administered by two bodies: a Management Committee headed by a chairperson and an Administration managed by an Administrator.



Visit of the Nomayos weighing station by a delegation from the National Road Maintenance Fund of DRC

### 1. Management Committee.

The Management Committee scrutinizes all issues pertaining to the organization and operation of the Fund. Its missions are spelt out in Article 13 of Decree No. 2005/239 of 24 June 2005.

The Management Committee meets once every quarter in ordinary session on the convening of its Chairperson, and in extraordinary session as often as required for the smooth functioning of the Road Fund.

As such, for the past two years now and in a bid to improve on the governance of the Fund, members of the Management Committee adopt a calendar for the holding of sessions at the beginning of the financial year.

The Management Committee is made up of eleven (11) members, including five (5) representatives of the State, one representative of local and regional authorities and five (5) representatives of road users, distributed as follows:

#### **Representatives of the public sector:**

- one representative of the Presidency of the Republic;
- one representative of the Prime Minister's Office;
- one representative of the Ministry in charge of Finance;

- one representative of the Ministry in charge of Roads;
- one representative of the Ministry in charge of Transport.

#### **Representative of Local and Regional Authorities:**

- one representative of Local and Regional 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 Haulers' Trade Union.

#### **Amongst the numerous activities carried out in 2017 by the Management Committee, those outlined below are worth mentioning:**

- the adoption on 28 December 2017 of the report on internal control for the third quarter of 2017;
- the signing on 18 July 2017 of the resolution to review the staff rules and regulations of the Road Fund;



- the approval on 22 August 2017 of the balance sheet and accounts of the Road Fund for the 2016 Financial Year;
- the adoption on 9 October 2017 of the report on the internal control for first semester of 2017;
- the signing of the resolution of 18 July 2017 relating to the authentication of certificates/diplomas of the staff of the Road Fund;
- the authorization of advancements in incremental positions of 18 July 2017 for the staff of the Road Fund;
- the signing on 18 July 2017 of the resolution to review the internal rules and regulations;
- the adoption on 26 December 2017 of the budget of the Road Fund for the 2018 Financial Year;
- the approval on 27 December 2017 of programming of authorizing officers for the 2018 Financial Year;
- the adoption on 28 December 2017 of the action plan of the Management Committee for the 2018 Financial Year;
- the adoption on 28 December 2017 of the action plan of the audit sub-committee for the 2018 Financial Year.

## 2. Administration.

The Road Fund is headed by an Administrator recruited through a public call for candidacies for a three-year term possibly renewable twice.

The Administrator is responsible for the operational implementation of the actions approved by the Management Committee; his missions are spelt out in Article 18 of Decree No.2005/239 of 24 June 2005, as amended and supplemented by Decree No. 1012/ 173 of 29 March 2012.

To accomplish its missions, the Road Fund depends on a staff strength of twenty-five {25} employees. Its activities are carried out on a daily basis through three (3) operational divisions and a general administration. These services are as follows:

- The Technical Expertise Division which is in

charge monitoring contracts, processing estimates, visiting construction sites, following up bonding 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.
- A General Administration in charge of coordinating services is made up of services attached to the Administrator (communication and public relations, computer,) and a host of other services having an operational relationship with the Management Committee (internal audit).



Workshop on the popularization of the technical guide to stakeholders in the western road network



## 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 strategies, 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.



### 1. 2017 Programme of activities.

The 2017 programme of activities, stemming out of the 2017-2019 three-year strategic plan under completion, consists of three main objectives to which programmes are attached. An outline of the programme of activities unveils the following results:

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 Fund	Emphasis is laid of the transition process to a second generation Fund on the strength of the authorization of public authorities and under the coordination of the Prime Minister's Office. An inter-ministerial benchmarking mission was organized in a bid to obtain consensus on the modalities to set up a second generation Road Fund.
1.1	O1: Increase resources collected and incite the Treasury Central Pay Office to repay them into BEAC.	Secure the Road Fund's resources.	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 2017 Financial Year did not make it possible to include resources mobilized in 2017 in the account of the Road Fund domiciled at the Treasury Central Pay Office.



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.	Conclusions on the performance study of the collection and repayment system of resources allocated to the Road Fund were presented in 2017. This study enabled to appraise the level of resource leakages. Measures were taken by Government to ensure the optimization of resources pertaining thereto. It is in this light that the automation process of fourteen (14) toll gates was launched with the preselection of companies and setting up of a Follow-up Committee
2	P2: Financing of authorizing officers' programmes / Contribute in improving the consumption rate of resources.	Obtain that programmed contracts be awarded during the said period.	87% of contracts programmed by authorizing officers were awarded as at 31 December 2017
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.	The validation of authorizing officers' programmes was effective on 28 December 2017.
2.2	O2: Contribute to increasing the level of commitment of authorizing officers' programming.	Carry out audits (internal, technical, accounting and financial).	Technical audits of the investment window were carried out whereas the audits of the maintenance window are still being carried out.
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.
3	P3: Promote governance/ Ensure the effective and efficient steering to achieve the objectives of the Road Fund's operational programmes		
3.1	Improve management tools (integrated information system (IIS)).	Work out and operationalize the master plan.	Un schéma directeur informatique a été élaboré dans le but de réorganiser sur cinq ans et de façon efficace le système d'information. La phase 3 de TOMPRO a été réceptionnée et les fonctionnalités mises en exploitation.
3.3	Improve on the management of records.	Optimize the electronic management of documents.	A service provision is planned and the award of contracts is underway.
3.3	Improve on working and communication conditions.	Build the staff's capacity.	The 2017 training programme has been adopted and it is being fully implemented

## 2. The Road Fund and its human resources.

The staff strength of the Road Fund remained stable at twenty-five (25) employees during the 2017 Financial Year.

Concerning the performance of social dialogue, the year 2017 was marked by the completion of the honorary labour medals award process. This event was materialized by orders signed by the Minister of Labour and Social Security awarding medals to twenty (20) employees out of the twenty-five (25) workers of the Road Fund for services rendered to the Nation. This very year was crowned by the reconstitution of advancements owed to members of staff since the setting up of the Road Fund. Moreover, the Management Committee, on the proposal of the Administrator of the Road Fund, validated the general rules and regulations governing the staff as well as the revised bylaws.

As part of the continuous capacity building of its staff, the Administration of the Fund pursued the implementation of the biennial capacity building plan of its staff begun in 2016. It is in this light that several senior members of staff and supervisors, were drilled on themes such as 'Novelties on the reforms of the OHADA Accounting Law', "Economic study and evaluation of road projects", "Introduction to the HDM software", "Budget planning and management", "Leadership and communication", "Electronic management of documents and records" (see annexe 1).

## 3. Action implementation-related constraints.

The Road Fund, in accomplishing its missions as paying organization, does not work in isolation but rather leans on several stakeholders of the



system. Any dysfunction in its various interactions with these stakeholders may develop into constraints likely to curtail the scope of its action. Amongst these constraints, the following are worth mentioning:

- Cash stress resulting from the transit of resources through the Public Treasury may erode the trust capital built so far among users and partners. To this end, the transition of the Road Fund to a second generation Fund may reverse this trend and guarantee greater financial autonomy.
- The payment of some projects budgeted in previous financial years which squeezes out cash available for the current financial years.
- An approximate synergy amongst the various stakeholders (authorizing officers, MINFI, MIN-

MAP, enterprises, EDF, Banks and the Road Fund), thereby giving an impression of conflict of some responsibility.

- The need to match some provisions of the public contracts code with the specificities of contracts pertaining to road maintenance works, notably the award of contracts by anticipation.
- Delays in awarding contracts, low rate of commitments and implementation of projects, the major consequence of which being the under-utilization of resources allocated to the Road Fund.
- Lack of professionalism on the part of some Public Building and Construction (PBW) sector Enterprises. The categorization of enterprises would enable to award contracts based on the technical and financial ability of enterprises.
- Two windows with different modus operandi.



Maintenance works on an urban road



## G- RISKS MANAGEMENT AND INTERNAL CONTROL



Maintenance works on an urban road

The Road Fund which is endowed with a road financing, rehabilitation and maintenance mission in Cameroon, paid 880 estimates pertaining to road maintenance works for an amount of CFA Francs 34.1 billion during the 2017 Financial Year. Moreover, over the same period, the Road Fund collected and secured CFA Francs 6 billion corresponding to non road user charge legal resources used for funding contracts included in its Maintenance window. Lastly, it processed and managed to guarantee the financing of 667 draft contracts for a global amount of CFA Francs 80.4 billion, in terms of commitments including CFA Francs 69.2 billion for MINTP, CFA Francs 9.2 billion for MINHDU and CFA Francs 2 billion for MINT.

Given the significant volume of financial flows to manage, and guided by the objectives of securing payments to service providers and mastering the risk of waste of resources and its heritage, the Road Fund has introduced (i) a risk management system and (ii) an internal control system which notably aim at:

- ensuring compliance with laws and regulations;
- implementing resolutions and guidelines set by the Management Committee;
- preventing and detecting errors, omissions, irregularities and fraud;
- ensuring the reliability of financial information.

### 1. Risk Management System.

A risk is defined as the probability that an event likely to have an impact on the achievement of the objectives of an entity should arise. The said impact may have a positive or negative financial incidence. At the Road Fund, the risk management system hovers around a risk mapping designed in 2014 and updated on a yearly basis. The design and updating of the said mapping is the result of a process involving the entire management and organized around the following three main activities:

#### a- Risk Identification and Updating.

On the strength of the strategic development plan of the Road Fund which set its objectives by the 2017-2019 horizon, an array of risks likely to prevent the Road Fund from achieving its objectives has been identified. The said risks are either:

- strategic and focus on the management process (planning, devising means and steering performance);
- operational and concerning mainly business processes (resource mobilization; management of programmes, contracts and estimates, pay-



ment of contractors) and support processes (human resource management, fixed asset management, records management, etc.);

- regulatory instruments pertaining to laws and decrees governing the running of the Road Fund.

### **b- Risk Evaluation.**

The risks identified above are subjected to an evaluation depending on their probability of occurrence and financial impact in case they produce some. They are generally classified from 1 to 4. The chart obtained constitutes the risk mapping of the Road Fund from which an annual audit plan is worked out and implemented.

### **c- Risk Control.**

Risk control at the Road Fund is based on an efficient internal control system, adequate organization, efficient integrated information system, administrative, accounting and financial procedural manual, staff information on risks through the dissemination of reports on internal control, a periodic review of residual risks by the internal audit and constant monitoring of managers on new occurrences likely to impact on the smooth running of the institution.

## **2. Internal Control System.**

The internal control system at the Road Fund is organized at three levels of risk control:

### **a- First Line of Risk Control: Managers.**

As first line of risk control, managers of operational divisions (Division of Technical Expertise, Control of Operations Division and Administration and Finance Division), assume and manage risks. At the Road Fund, they also have the responsibility of implementing corrective measures enabling to address the deficiencies of identified processes and controls during self-control or control carried out by auditors and internal audit.

As such, the introduction of efficient internal control mechanisms and daily implementation of risk management and control procedures is the responsibility of managers of divisions. They perform a permanent risk control. To this end, they rely on formalized administrative, accounting and financial procedures and an integrated management system (TOM<sup>2</sup>PRO-TOM<sup>2</sup>FR-TOM<sup>2</sup>PAIE) which helps to increasingly secure payment operations by facilitating the integra-

tion of professional processes of the Road Fund (management of programming, contracts, guarantees, estimates and payments). Thus, managers represent the first line of risk control.

### **b - Second Line of Risk Control: The Specialized Financial Controller.**

By Order No. 003/MINFI of the Minister of Finance dated 9 March 2016, the Road Fund was endowed with a Specialized Financial Controller (SFC) to specially strengthen the control of the establishment's recurrent expenditure and revenue. It is under the remit of the Ministry in charge of Finance and exercises an independent and permanent control on the Road Fund's operations.

As such, in compliance with Circular No. 001/C/MINFI of 28 December 2016 on Instructions relating to the implementation of Finance Laws, follow-up and control of the implementation of the Budget of the State, public administrative establishments, local and regional authorities and other subsidized bodies for the 2017 Financial Year, the Specialized Financial Controller shall be responsible for:

- controlling and issuing visas to all legal and accounting commitment acts of the recurrent budget issued by the Administrator and having financial incidence;

- controlling the regularity of draft acts. This regularity control is carried out on commitments, liquidations, payment orders and payments.

The regularity control carried out a priori by the Specialized Financial Controller of the Road Fund on any draft act is sanctioned by a visa with a remark or reservation, or a visa refusal when the fundamental elements of the *raison d'être* of the control are clearly irregular and contrary to the laws and regulations.

### **c- Third line of Risk Control: Audits and Auditors.**

#### **i. Internal Audit.**

The internal audit exercises periodic scrutiny of the internal control system through a posteriori investigations and verifications. It notably relies on (i) residual risk mapping updated annually and from which an audit plan is worked out and implemented (2) a manual of audit procedure used as a dashboard in the conduct of internal audit missions.

While carrying out its missions independently, the internal audit offers assurance to governance bodies on the efficiency of governance, risk management and internal control as well as





on the achievement of the risk management and control objectives through the first and second lines of control.

During the 2017 Financial Year, the internal audit examined nine management processes sanctioned by the production of quarterly and annual reports on the status of internal control. The said reports are subjected to the scrutiny of the Audit Sub-Committee and Management Committee, as a last resort. It entails, amongst other, the management processes of contracts, estimates, cash flows, procurements and guarantees.

## **ii. Mission of the Auditor.**

The auditor plays the role of legal controller. He or she also conducts periodic control. His/her role consists in certifying that annual accounts are regular, faithful and give a true picture of the company's results, financial situation and property.

Article 31 (2) of the organic instruments of the Road Fund provide that the accounts of the Road Fund are verified annually by an auditor appointed by the Minister in charge of Finance in accordance with the texts in force.

Thus, in compliance with this provision, and as from the 2016 Financial Year and for a period of two (2) years, the AXYS et KPMG Audit Firms were chosen as substantive and alternate auditors, respectively by Decision No. 000740/MINFI of 16 November 2016 of the Ministry in charge

of Finance. After auditing the accounts for the 2016 Financial Year, the auditors suggested that an advocacy be embarked upon by the Road Fund for MINFI to reconsider the suppression of the reference to the Road User Charge (RUC) enshrined in the 2017 Finance Law.

## **iii. Technical Audits.**

The organic instruments of the Road Fund make provisions for at least two technical, accounting and financial audits yearly conducted by independent audit firms recruited on competitive basis by the Administrator, after the favourable opinion of the Management Committee.

Concerning the technical audit of the "Maintenance" window, its contract was divided into three separate lots to facilitate the conduct of the audit according to the "as work progresses" approach. Lots 1 and 3, for the South and West networks, were awarded to SAFEGE and COMETE International / C&A Associés. Reports on these works were handed over on 3 August 2017 and 20 December 2017, respectively.

Lot 2, for the North network, was declared unsuccessful in 2015, and has been subjected to a new restricted invitation to tender on 21 April 2016 and was awarded in April 2017 to SAFEGE International/ SAFEGE Central Africa. The service order has been issued for the effective start of work slated in January 2018.

Lastly, for the technical audit of the "Investment" window, the contract pertaining thereto



was split into two lots, namely Lot 1 relating to the audit of works financed with the “Debt Cancellation and Development Contract (C2D)” resources and Lot 2 relating to the audit of works financed with other resources (HIPC, PIB, etc.). Both lots were awarded to COMETE International – C & A Associés. Provisional reports of Lot 2 were handed over on 24 January 2017 whereas that of Lot 1 was handed over on 28 July 2017. Two strong recommendations stemming from the auditors’ reports focus on (i) the need to effectively award, by way of emergency, contract negotiated directly whose works have an impact on the economic activities of the stretch concerned. Moreover, (ii) project owners should not hesitate to mete out sanctions provided in contracts to defaulting companies, in a bid to compel them to comply with their contractual obligations.

### 3. Steering of the Internal Control Mechanism.

In addition to the governance bodies which are the Management Committee and the Administrator and which are responsible for steering the Road Fund’s internal control mechanism, an Audit Sub-Committee was set up by Decision No. 0003/PCG/CG/ADM/FR/14 of 15 January 2014. It is notably responsible for: (i) exercising functional authority over internal audit organization, activities and functioning; (ii) expressing its prior opinion on all issues falling under the Management Committee and relating to technical, accounting and financial audits; (iii) initiating inquiries into any issue relating to the Fund’s functioning; (vi) deciding on any file assigned to it by the Management Committee.

Within the framework of the Audit Sub-Committee, Management Bodies are not only (i) briefed on internal control activities and risk prevention measures by quarterly reports on internal control, but also (ii) informed on the follow-up of recommendation stemming from internal and external audits. They may give guidelines deemed necessary on the implementation of the internal control mechanism. Four (4) ordinary sessions were held during the 2017 Financial Year, to review the quarterly report on internal control submitted to by the Administrator.

### 4. Production and Control of Accounting, Financial and Budgetary Information.

Generated from the TOMPORTAIL integrated information system, the quality of financial information devolves on two main actors, whose tasks and duties are distinguished as follows: accounting and financial information falls under the remit of the Administration and Finance Division which applies OHADA accounting standards and principles.

As for budgetary information, it is produced by the Division of Operations Control, which implements legal provisions concerning publication related to budget implementation.

Beyond the first level of controls carried out within each division, monthly consolidations are made between accounting and budgetary data as well as bank and cash consolidations whereas an inventory of stocks and fixed assets is carried out annually. This quality control enables to produce reliable reporting at regular interval.



## H- THE ROAD FUND AND ITS ENVIRONMENT

The Road Fund has close ties with all the stakeholders, those working in the road maintenance and rehabilitation sector. Permanent exchanges favour the sharing of information necessary for decision-making, notably concerning resource mobilization, programming projects benefitting from Road Fund financing, collaboration with enterprises of the road sector and the African Road Maintenance Funds Association.



### 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 repaying the Special Tax on Petroleum Products (STPP).

### 2. Programming activities.

Concerning the programming and implementation of projects financed by the Maintenance and Investment windows, for a few years now, the Fund has embarked on supporting authorizing officers. An approach enshrined by Circular No. 003/PM of 27 September 2016 on the main guidelines of public finance reforms for the 2016-2019 three-year period.

This support starts immediately with the formulation of programmes with consultations within the framework of a programming technical workshop which brings together stakeholders. 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).

### 3. Collaboration with stakeholders of the road sector.

A regional popularization and ownership workshop on the technical guide for stakeholders in the West network was held on 18 August 2017 at the Sawa Hotel in Douala under the chairmanship of the Governor of the Littoral Region. This workshop witnessed the participation, in the capacity of partner administrations, of MINTP, MINH DU, MINT and MINMAP, and,



as partners' organizations and bodies, of the United Councils and Cities of Cameroon (CVUC), corporate associations and service providers. As for the technical aspect of deliberations, thematic papers were aimed at improving understanding on:

- roles of stakeholders;
- networks for processing files (programming, contracts, estimates);
- eligibility of projects;
- main stakeholders within the framework of collaterals;
- public contracting authority and works under supervision of the administration.

Amongst the prospects in the ownership approach, action plans have been worked out on a participatory basis to convey the message on the availability and contents of the guide beyond the communication channels already retained including the website of the Road Fund.

## 4. Transition to a second generation Fund.

The drop in performance of road maintenance noticed over the past few years can be explained, amongst others, by (i) the various Fund's cash stress, (ii) non observance of the annual programme schedules for implementing road maintenance works and (iii) non observance of the specifications assigned to companies. This situation has imposed an in-depth reflection on the main funding mechanism of road maintenance which the Road Fund represents for Cameroon. It seems that the improvement of performance will undoubtedly be achieved with the transition to a second generation Road Fund which fulfills the following criteria:

1. solid legal foundation-administrative autonomy, precise rules and regulations;
2. funding body, and not a body providing road maintenance services;
3. strict control function – public-private board of directors;
4. revenue incremental to budget allocation, coming from road user charge and directly channelled into the Road Fund's bank account;
5. sound financial management system, less cumbersome and efficient administrative structure;
6. regular financial and technical audits.

The transition of the Road Fund to a second generation Fund underway has already triggered several inter-ministerial consultations involving direct and/or indirect stakeholders.

The various meetings were aimed at identifying the main reforms to be carried out given the Fund's legislative and regulatory framework, organization and operation.

For a common understanding of the main criteria falling under the remit of the second generation Road Fund, an inter-ministerial mission has been authorized by the Management Committee of the Road Fund to contact some experienced African countries in this domain. This mission was in charge of getting hold of best practices, implications of a second generation Fund in the global road maintenance policy as well as the importance of reforms to be carried out by all stakeholders involved in the approach.

It therefore primarily entails a diagnosis of the Cameroon Road Fund as far as the observance of the criteria of a second generation Fund is concerned. Thereafter, it had to do with grasping, in the host countries where the mission was taking place, best practices, legal and regulatory dispensation, organizational set up as well as the impact of the latter in relation to the unfulfilled criteria by the Cameroon Road Fund. The operational goal of the mission was to come up with recommendations geared towards meeting the missing criteria.

## 5. ARMFA.

During the year 2017, the Road Fund of Cameroon in its capacity as second Vice-President, hosted the annual Executive Committee meeting of the African Road Maintenance Funds Association.

Moreover, it should be pointed out that the African Union has given a favourable opinion to ARMFA's bid to becoming a specialized institution within the AU in the area of road maintenance financing, following the approval of the proposal by Heads of State. As such, collaboration is already underway and the 2018 plan of action is awaited.



## I- COMMUNICATION

The Road Fund has a set of tools and channels that enable it to build its image. During the year 2017, communication actions were notably implemented in: (i) publishing and distributing the 2016 annual activity report, (ii) disseminating information in the area of road maintenance in particular and road infrastructure in general using its internet web site, (iii) organizing an ownership workshop on the results of the performance study of the collection and repayment

of resources allocated to the Fund, (v) organizing a popularization and dissemination workshop on the technical guide meant for stakeholders of the West network. These workshops provided an excellent opportunity to communicate on the Fund. Lastly, the members of staff mobilized themselves around the Fund's values through the celebration of the International Women's Day and the International Labour Day.



The Administrator talking to the media





# 2

## PROGRAMME FINANCING.



The Road Fund ensures the financing of programmes pertaining to national road heritage protection, road safety, road network maintenance through a window dubbed “Maintenance” window, on the one hand, and road rehabilitation and upgrading operations as well as urban roads through the “Investment” window, on the other.



# A- FINANCING OF ROAD MAINTENANCE PROGRAMMES (MAINTENANCE WINDOW)



Maintenance works on an urban road

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 rural network (12 055 km represent the priority network and 88 183 km the non priority network ).

This network has witnessed an evolution in its classification on the strength of Decree No. 2017/144 of 20 April 2017 signed by the President of the Republic. Henceforth, the classification of road will be divided into four categories: (i) highways, (ii) national roads, (iii) regional roads, (iv) rural roads.

Moreover, an inventory of national and regional roads was enshrined in Decree No. 2017/145 of 20 April 2017 and Decree No.2017/8389/PM of 5 September 2017 signed by the President of the Republic and the Prime Minister and Head of Government, respectively. As for the inventory of rural roads, it is still being carried out.

## • 2017 Road Maintenance Programme.

Decree No. 2013/7696, signed by the Prime Minister and Head of Government, allocates the Fund's resources per service provision type based on a well defined allocation key. The approval process of authorizing officers' programmes by the Road Fund's Management Committee provides that after the resources have been allocated, the Road Fund's administration notifies the amount of available appropriations to authorizing officers to enable them establish an annual programming to be submitted to the Management Committee's approval.

This programming may undergo mid-term adjustments depending on the needs of each authorizing officer.

## • Resource Allocation Key.

The key to resource allocation per eligible service provision type is summarized in the table below:

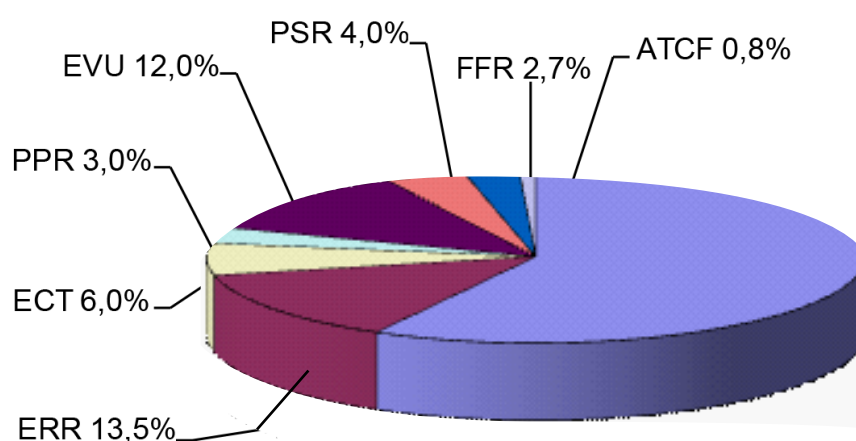
<sup>2</sup> Evaluation Report on state of deterioration of the Cameroon road network in 2014-MINTP



Table1: Eligible service provision and allocation key.

Service Provision Type	Abbreviation	New allocation Key
Maintenance of classified inter-urban priority road network.	ERP	Mini 58%
Maintenance works of priority urban roads.	EVU	Maxi 12%
Maintenance works and equipment of priority rural roads.	ERR	Maxi 13,5%
Road or geotechnical studies and works control.	ECT	Maxi 6%
Road Safety.	PSR	Maxi 4%
Routine maintenance of fixed and movable facilities required to protect public roads.	PPR	Maxi 3%
Road Fund operating expenditure.	FFR	Maxi 2,7%
Financial, accounting and technical audit service provision	ATCF	Maxi 0,8%

Chart 1: Resource Allocation Key.



The priority inter-urban network made up of four categories of the new classification carries the day on the allocation key with at least 58% of resources mobilized by the Road Fund. The maintenance of council roads ("rural roads" in the above mentioned decree) is financed to the tune of 13.5%, a percentage which remains relatively inadequate given the increasing importance and size of this network.

Moreover, the new road classification which aims at inducing a redefinition of powers on rural roads no longer matches the allocation key defined by the decree of 2015 signed by the Prime Minister on the allocation of the Road Fund's resources. It therefore appears necessary to revisit this decree, thereby taking on board new aspects of the updated road classification, notably the part concerning resources to be allocated to Local and Regional Authorities.

## • Road Fund's commitments for 2017.

The Road Fund's Management Committee approved authorizing officers' programmes and adopted the recurrent budget through resolutions No.12, 13, 14 and 15 /FR/PCG/CG/2017 of 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.

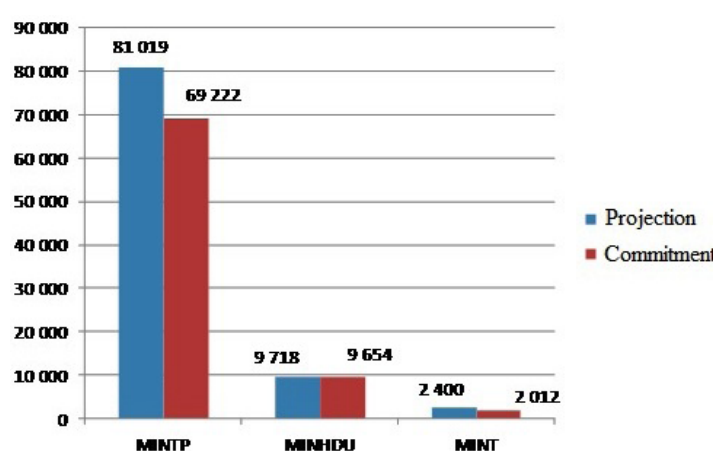
Commitments made by authorizing officers and approved by the Road Fund in line with this budget, including previous resources carried forward to the current financial year, stood as follows, as at 31 December 2017:



Table 2: Summary of commitments under the 2017 programme per authorizing officer (in millions of CFA F).

Authorizing officer	Allocation		Engagements	Taux d'engagement en %
	Basic allocation	Carried forward from previous years		
MINTP	48 300	32 719	69 222	85,4
MINH DU	7 200	2 517	9 654	99,3
MINT	2 400	00	2 012	83,9
<b>TOTAL</b>	57 900	35 237	80 888	86,8
	<b>93 137</b>			

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



The overall commitment rate stood at 87% as against 66% for the previous financial year, thereby recording a twenty-one (21) point increase. This sharp increase can be justified, amongst others, by the implementation of contract award by anticipation which is gradually being mastered by the various stakeholders.

MINTP recorded an 85% commitment rate, representing a twenty point (20) increase as compared to the previous financial year which stood at 65%. This performance is an indicator of the maturation of projects for better contract award anticipation.

Le MINH DU committed 99% of its budget, representing a five (5) point significant increase as compared to the previous financial year which recorded a rate of 94%. It has been noticed that

there has been a constant progress in MINH DU's commitment rate over the past four (4) years and it can stabilize itself at around 100% in 2018. MINT has committed 84%, representing a fifty-one (51) point increase as compared to the previous financial year which recorded a rate of 33%. The mastery of needs in the area of road safety and maturation of projects in n-1 year are the levers on which this progress is based.

#### • Presentation of commitments in number of contracts.

The presentation of commitments using the criteria of number of contracts endorsed by the Road Fund is summarized in the table below:



Table 3: Distribution of contracts per authorizing officer as at 31 December 2017.

Authorizing officer	Number of contracts	Rate in %	Amount of contracts (in millions of CFA Francs)
MINTP	125	53,4%	69 222
MINHDI	89	38%	9 654
MINT	20	8,6%	2 012
Total	234	100%	80 888

The Road Fund committed 234 contracts (contracts, notice to proceed with conditional tranches and amendments) for the 2017 Financial Year. This number recorded a fifty-one (51) point drop but the commitment rate was significantly higher than that of the previous year. This could show that the allotment of works is more and more consistent (heavy periodic maintenance works) and the dispersal of resources observed is no longer the order of the day.

Consultation frameworks between the Road Fund and authorizing officers enabled to step up the implementation of programmes in line with the contract award procedure by anticipation authorized by MINMAP. This procedure, aims at aligning the implementation of contract to the annual road maintenance campaign, has witnessed remarkable evolution given the results mentioned above. One could therefore project into 2018 to achieve the objective of the Road Fund to award all contracts on 30 June of the year n latest.

## 1. 2017 Resource mobilization.

Resources allocated to the Road Fund include the Road User Charge (RUC), toll fees, fines and axle tax. Resource mobilization is paid into the Road Fund's account domiciled at the Treasury Central Pay Office following the terms of 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.

The repayment of resources into the account opened at Central Bank is operated by deduction in the centralization account domiciled at the Treasury Central Pay Office.

The recording of resource in the Road Fund's account opened at the Treasury Central Pay Office has evolved since 1 January 2017 on the strength of the finance law and circular on the implementation of the budget for the 2017 Financial Year. Consolidated monthly non RUC resources, namely resources stemming from toll fees, weighing station fines and axle tax are recorded, as in the past, by the accounting service of the Treasury Central Pay Office, after transmission of the situation of operations to be transferred by the Central Accounting Office of the Treasury.

Conversely, resources stemming from the Special Tax on Petroleum Products (STPP) are no longer recorded as it used to be the case prior to 2017, following a report co-signed by representatives of the institutions legally liable to the Fund (SONARA and SCDP), the treasury and budget administration, the tax administration and the Road Fund. But they should normally be recorded after the issuance of a commitment order by the Directorate General of the Budget in favour of the various authorizing officers. Yet, the process has not been clearly defined in the circular on state budget implementation for the 2017 Financial Year. It is in this light that the Road User Charge for the 2017 Financial Year was not mobilized into the Road Fund's account domiciled at the Treasury Central Pay Office.



Table 4: Situation of resources collected and repaid as at 31 December 2017 (in millions of CFA F).

Resource	Mobilization (a)	Payment into Road Fund Treasury Account (b)	Repayment of resources to BEAC (c)	% Repayment of resources into the BEAC account (d=c/a)
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		
<b>TOTAL RESOURCES</b>	<b>70 441</b>	<b>10 441</b>	<b>35 000</b>	

As a reminder, the 2016 situation can be subsumed as follows:

Resource	Mobilization (a)	Payment into Road Fund Treasury Account (b)	Repayment of resources to BEAC (c)	% Repayment of resources into the BEAC account
Road User Charge	60 000	60 000	30 000	43%
Weighing station fines	1 636	1 636		
Toll fees	5 243	5 243		
Axle tax	2 578	2 578		
<b>TOTAL RESOURCES</b>	<b>69 457</b>	<b>69 457</b>	<b>30 000</b>	

For the 2017 Financial Year, the amount of resources repaid in the Road Fund's account opened at BEAC stood at CFA Francs 35 billion, that is, 50.9% of the CFA Francs 60 billion representing the overall amount earmarked for the same financial year. It however stems out that there was an increase to the tune of 16% in the resource repayment to BEAC, as compared to the 2016 Financial Year where they stood at CFA Francs 30 billion. This amount, which nevertheless remains below expectations, had a negative impact on road maintenance during the 2017 Financial Year, with an important balance of pending estimates of more than CFA Francs 19 billion as at 31 December 2017. The inadequacy of resources, rather indispensable for carrying out works, during the last two months of the year underway, led to remarkable inactivity of companies on the field.

## 1. Payment operations.

Ensuring diligent payment of contractors being one of the main missions of the Road Fund, the evolution of this indicator as years roll by seems to be a relevant criterion for appraising its performance.

### • Payment trends between 2016 and 2017.

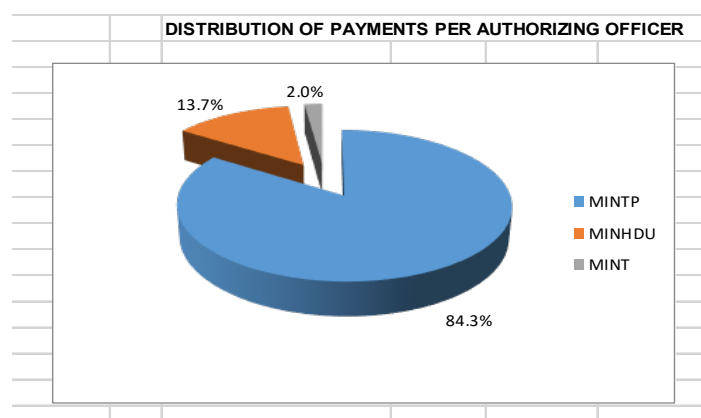
This section analyzes payments made during the 2016 and 2017 Financial Years by highlighting their progress level per authorizing officer.



Table 5: Comparative trends in payments per authorizing officer between 2016 and 2017.

Authorizing officer	2016 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)	22 444	29 392	84,3%	6 948	31%
MINH DU	5 672	4 761	13,7%	-911	-16,1%
MINT	1 267	714	2,0%	-553	-43,7%
<b>TOTAL</b>	<b>29 383</b>	<b>34 868</b>	<b>100%</b>	<b>5 485</b>	<b>18,7%</b>

Chart 3: Distribution of payments per authorizing officer.



The payment volume has considerably dwindled over the past five years. In fact, moving from CFA Francs 63 billion in 2013 to CFA Francs 35 billion in 2017, it was noticed over this period that there was a reduction by half of the cash

put at the disposal by the Ministry of Finance. As a result, the balance of pending estimates stood at CFA Francs 19 billion during the transitional period between the 2017 and 2018 Financial Years.

Coverage of payment requests by repaid resources

Heading	2017 (in billions)	2016 Reminder (in billions)	Trends
Payment requests	54	38	-24%
Payments made	34.8	29	+17%
<b>Payment satisfaction ratio (Payments/ Payment requests)</b>	<b>63.0%</b>	<b>76.0%</b>	<b>-13 POINTS</b>

### 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.

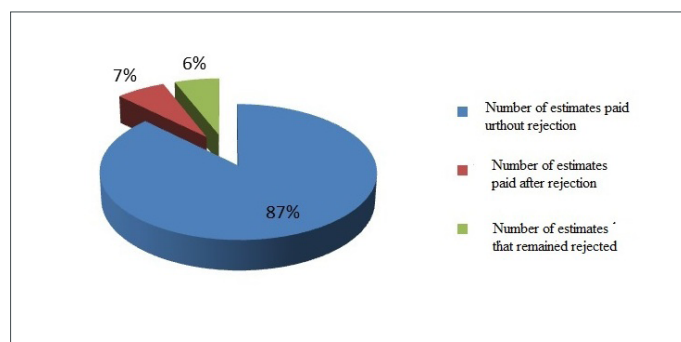
The table below gives statistics on the number of operations processed as at 31 December 2017:



Table 6: Statistics on the number of operations processed.

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
947	4	818	62	56	5,9%

Chart 4: Structure of estimates processed in terms of number.



It stems out from the above graph and the situation of the 2017 Financial Year that the activity recorded a significant drop of 16%, that is, 947 estimates in 2017 as against 1128 estimates received in 2016. In fact, this decrease is due to the fact that enterprises no longer systematically produce monthly estimates. It is also worth noting that 880 estimates were paid in 2017 as against 1102 in 2016.

### Statistics on payment timeframes.

Statistics on payment timeframes as at 31 December 2017 are presented in table below:

Table 7: Distribution of estimates paid without rejection per timeframe interval.

Heading	2016 annual average	2017 annual average
Average number of estimates processed	1004	818
Average processing timeframe (in days)	15	11
Average payment timeframe (in days)	16	66
<b>Average processing and payment timeframe (in days)</b>	<b>31</b>	<b>78</b>

The centralization of the treasury of the State and Public Administrative Establishments gives rise to waiting time for crediting the Fund's accounts. In a bid to appraise the impact of this centralization on payment delays, it seems timely to break down these payment timeframes while taking into account the share of the delay pertaining to the Road Fund's diligent services

and the incidence of centralization on the overall payment deadlines. To this end, the average processing timeframe has moved from 15 to 11 days; that is an improvement of four (4) days; whereas the incidence on centralization has moved from 16 to 66 days (+ 50 days) in 2017. In a detailed manner, the timeframes have evolved as follows:



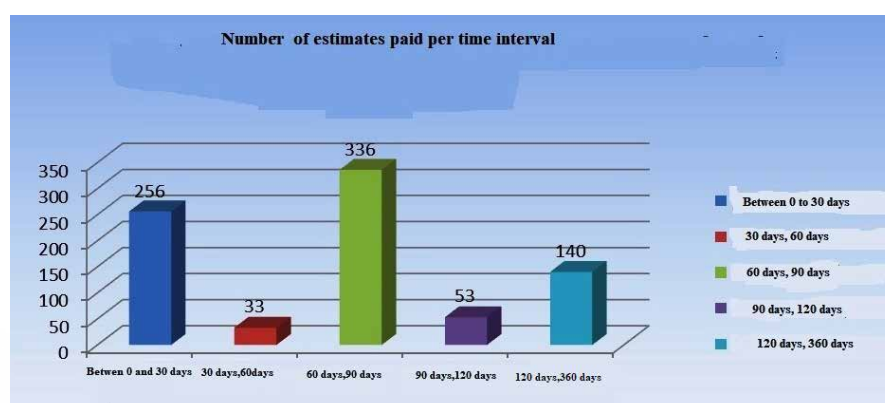
Table 8: Number of estimates processed and paid per timeframe interval

Processing and payment timeframe	Number of estimates paid per timeframe interval	Relative Value
[Between 0 and 30 days]	256	31%
[30 days, 60 days]	33	4%
[60 days, 90 days]	336	41%
[90 days, 120 days]	53	6%
[120 days, 360 days]	140	17%
<b>Total</b>	<b>818</b>	<b>100%</b>

On analyzing the table above, it emerges that 31% of estimates received during the 2017 Financial Year were paid during the month in which they were received as against 17% to more than 120 days. The Road Fund's objective which is to

be able to pay estimates within a fifteen (15) day time limit following their reception was not achieved in 2017. Improvements are awaited during the 2018 Financial Year.

Chart 5: Number of estimates paid per timeframe interval



As such, this centralization has not only adversely affected the Fund's activity but also and more especially that of enterprises.

## 4. Situation of penalties.

The Public Contracts Code of Cameroon provides in Article 89 that in case the contractual timeframes set by the contract are exceeded or failure to observe some special technical provisions contained in the contract, the contractor shall be liable for penalties after prior formal notice. In any case, the cumulative amount of penalties should in no case whatsoever exceed ten percent (10%) of the amount of the basic contract inclusive of all taxes, with its amendments, if need be, under penalty of cancellation.

As a paying body, the Road Fund is bound to withhold and pay back into the Special Appropriation Account (SAA) with respect to public contracts, proceeds from fines and all types of penalties established during public contracts implementation. The said account is managed by the body in charge of regulating public contracts (PCRB).

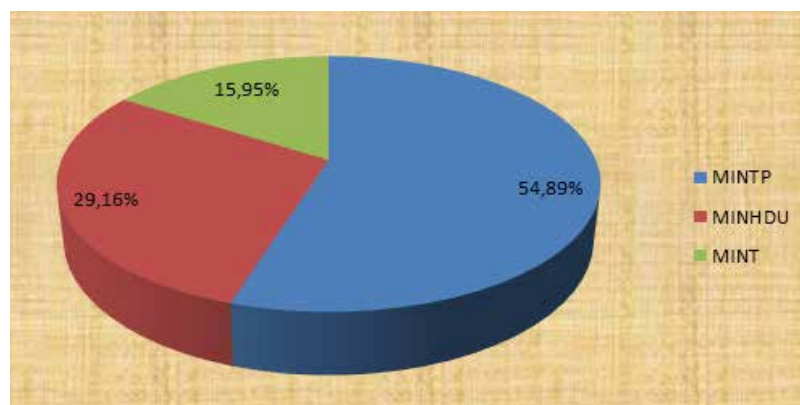
The amount of penalties paid back by the Road Fund for the 2017 Financial Year on account of road maintenance works is as follows per authorizing officer:



Table 9: Table of penalties in 2017.

Authorizing officer	Penalties repaid in 2017	
	Amount (in millions CFA Francs)	%
MINTP	115,70	54,89
MINHDU	61,46	29,16
MINT	33,61	15,95
<b>Total</b>	<b>210,77</b>	<b>100,0</b>

Chart 6: Penalties withheld for the 2017 Financial Year.



The amount of penalties paid dropped from CFA Francs 244.5 million at the same period last year to CFA Francs 210.77 million as at 31 December 2017, showing a decrease of CFA Francs 33.73 million in absolute terms and 13.80% in relative

value. Though witnessing a slight decrease as compared to 2016, the level of 2017 highlights the rigour and strong resolve of MINTP to improve on the monitoring of contract implementation by successful bidders.

## 5. Situation of guarantees by signature.

Advance payments may be granted to successful bidders of contracts whose financing is domiciled in one of the windows of the Road Fund. Such advance payment should however be guaranteed to the tune of one hundred percent (100%) by a banking institution governed by Cameroon law or a first category financial institution approved in accordance with the instruments in force.

Besides this start-up advance guarantee, each contractor is bound to provide a “final guarantee” securing the integral performance of contracted services as well as “retention money” (RM) for the contract’s performance bond. These guarantees are generally produced in various forms (bank letter, certified cheque, cash).

### • Guarantees received.

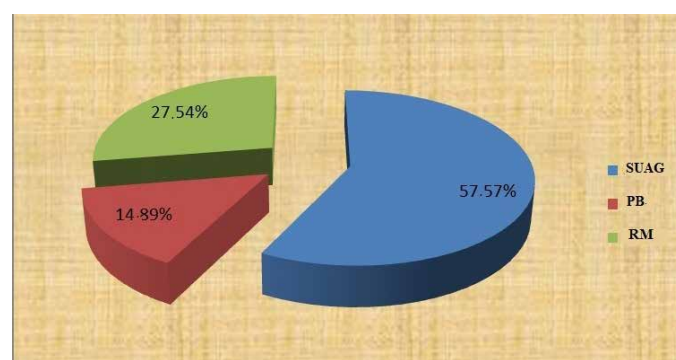
For the 2017 Financial Year, the table below presents in absolute value and percentage the Start-Up Advance Guarantee (SUAG), the Performance Bond (PB) and Retention Money (RM) received by the Road Fund. The guarantees received in 2017 stood at CFA Francs 50.707 billion as against CFA Francs 25.225 billion in 2016, thereby representing an increase of CFA Francs 25.482 billion in absolute value and 101% in relative terms. This increase can be explained not only by the renewed impetus witnessed in the road maintenance landscape boosted by the activities of MINTP, but also by contracts for the maintenance of urban roads awarded by MINHDU in prelude to the 2019 Africa Cup of Nations.



Table 10: Situation of guarantees received.

Type of guarantee	2017 Financial Year		%
	Number	Value (in millions of CFA Francs)	
CADD	113	29 192	57,57
CBE	200	7 552	14,89
CRDG	107	13 963	27,54
<b>Total</b>	<b>420</b>	<b>50 707</b>	<b>100</b>

Chart 7: Structure of guarantees received per type.



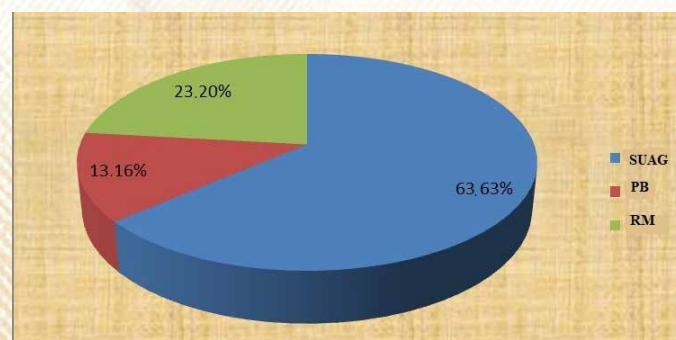
#### • Guarantees refunded.

Contrary to guarantees received, some contracts committed during the previous periods saw their guarantees being refunded.

Table 11: Situation of guarantees refunded.

Type of guarantee	Refunds for the 2017 Financial Year	
	Number	Value (in millions of CFA F)
CADD	29	2 095
CBE	88	433
CRDG	14	764
<b>Total</b>	<b>131</b>	<b>3 292</b>

Chart 8 : Structure of guarantees refunded per type



A volume of 131 guarantees representing CFA Francs 3.292 billion were refunded in 2017 as against 139 last year amounting to CFA Francs 9.380 billion; that is a drop of 5.76% in number and 64.9% in financial value. The start-up advance guarantees represent an important portion with an amount of CFA Francs 2.095 billion, that is 63.63% of the total value of guarantees refunded.



## B- ROAD INVESTMENT PROGRAMME FINANCING ( INVESTMENT WINDOW).



Construction works of a box culvert

### 1. Investment window programmes.

Pursuant to Decree No. 2005/239 of 24 June 2005, as amended and supplemented by Decree No. 2012/173 of 29 March 2012, the Road Fund was endowed with the mission of financing the road network rehabilitation and upgrading through the investment window.

The resources of the “Investment” window are made up the budgetary allocations of ministries (authorizing officers), grants, legacies, subsidies and various forms of assistance given by Cameroon’s financial partners. The budgetary allocations of ministries which represent the essential of financing of this window are directly included in the Road Fund’s account opened at Treasury Central Pay Office on the basis of disbursement decisions and commitment orders. The above-mentioned account is activated in decrease by the payment of estimates received from various service providers in which the contracts are included.

The provisions of Article 26 paragraph 3 of the abovementioned decree enshrines the requirement of specific agreements clearly indicating amongst others the mode of transfer of funds, the contracting authority and exact nature of

works for any project eligible for the “Investment” window.

On the strength of available information, three types of programmes are financed by the Road Fund through the “Investment” window. They are notably:

- Road and urban C2D allocation agreements;
- PIB and HIPC projects;
- Special Emergency Programme (SEP).

The road and urban C2D allocation agreements opened on 2 March 2007 was endowed with a budget of CFA Francs 75 billion each. The objectives assigned to these programmes were notably to improve the road network and urban roads.

The remainder of the abovementioned agreements stands at CFA Francs 344 million for the road C2D and CFA Francs 510 million for urban C2D, respectively. The authorization of donors was requested for the payment of some estimates forwarded to the Road Fund after the closing date of the said agreements.

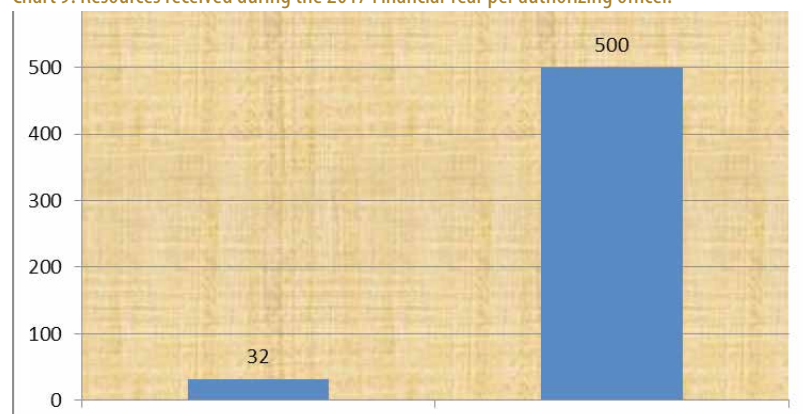


## 2. Resources received on account of PIB resources

Table 12: Resources received from other projects (in millions of CFA Francs).

	Resources for financial years prior to 2017	Resources for the 2017 Financial Year	Cumulative resources
MINTP	215 083	20 200	235 283
MINHDU	106 830	20 724	127 554
<b>Total</b>	<b>321 913</b>	<b>40 924</b>	<b>362 837</b>

Chart 9: Resources received during the 2017 Financial Year per authorizing officer.



The above chart shows that the resources received for financing projects with the PIB moved from CFA Francs 22.968 billion in 2016 to CFA Francs 532 million in 2017 for a cumulative amount which stood at CFA Francs 386.337 billion as at 31 December 2017. We can notice a marked reduction of resources put at the disposal of the Investment Window to the tune of -97.96 %. This significant reduction observed can be explained by cash flow-related economic difficulties confronting the State of Cameroon. The resources received in 2017 especially financed works to open up the Golf to Mbankolo – Yaounde neighbourhoods for an amount of CFA F 500 million.

### Major project financed by the investment window (PIB).

For the 2017 Financial Year, the “Investment” window did not receive any resources. Yet, the projects whose financing were already channelled to the Road Fund and which witnessed some activity during the period under review can be uncovered as follows:



Authorizing officers	Title of the project	Resources mobilized during the 2017 Financial Year (in millions of CFA F)	Cumulative resources as at 31 December 2017 for active contracts (in millions of CFA F)
MINTP	OBALA-BATCHENGA-NKOLESSON ROAD		35 936
	MENGONG - SANGMELIMA	-	16 976
	ZOETELE-NKOLYOP ROAD	-	13 711
	NDOP-KUMBO TARRING PROJECT	-	13 383
	CONSTRUCTION WORKS OF THE ACCESS ROAD TO BAMENDA TOWN	-	5 795
MINHDU	YAOUNDE – NSIMALEN HIGHWAY	-	22 280
<b>TOTAL</b>		-	<b>108 081</b>

### Resources earmarked for the special emergency programme

During 2013, The Head of State authorized the deduction of CFA Francs 100 billion from resources lodged in the “Maintenance Window” for the rehabilitation of some roads and structures of the national network through the implemen-

tation of the Special Emergency Programme (SEP). The remaining amount of this allocation stands at CFA Francs 3.5 billion to cover expenses committed on the rehabilitation project of the Obala-Bouam road - Lot 3 Nding-Mbgaba-Bouam whose initial allocation stood at CFA Francs 20 billion.

### Summary of resources received at the investment window as at 31 December 2017.

Table 13: Summary of resources received (in millions of CFA Francs)

Programmes	Resources received		Cumulative resources	Rate in %
	Prior to 2017	2017		
C2D routier	78 615	-	78 615	11,97
C2D urbain	72 491	-	72 491	11,03
Ressources BIP et PPTE	385 805	532	386 337	58,83
Transfert du guichet Entretien	22 830	-	22 830	03,48
Programme spécial d'urgence	95 594	878*	96 472	14,69
<b>Total</b>	<b>655 335</b>	<b>1 410</b>	<b>656 745</b>	<b>100</b>

(\*) This resource corresponds to part of the Maintenance Window resources that were used for the provision of services pertaining to the Special Emergency Programme lodged at the Investment Window.

The resources received at the “Investment” window during the 2017 Financial Year stood at CFA Francs 532 million as against CFA Francs 26.020 billion in 2016, that is a downward variation of CFA Francs 25.488 billion in absolute value and 97.96 % in relative terms. This drop can mainly

be explained by the cash stress crisis confronting the State of Cameroon.

As at 31 December 2017, the cumulative amount of resources received since the opening of the “Investment” window in 2007 stands at CFA Francs 656.745 billion.



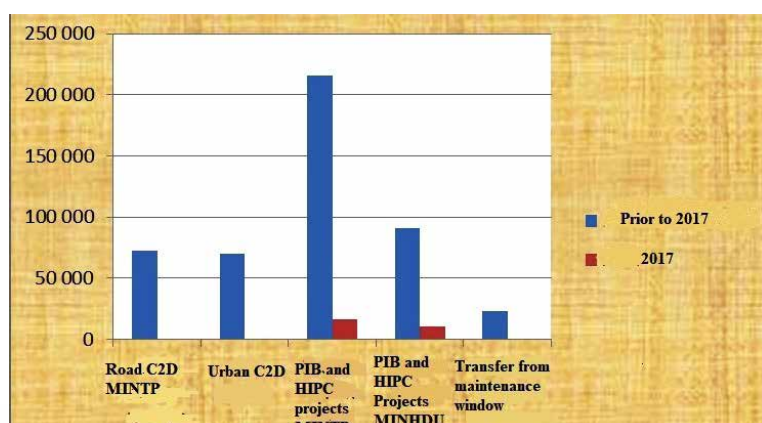
### 3. Payments made.

#### Summary of payments made as at 31 December 2017.

Table 14: Summary of payments made (in millions of CFA Francs).

Programmes	Paiements effectués		Total payments	Rate in %
	Prior to 2017	2017		
Road C2D – MINTP	72 755	-	72 755	14,57
Urban C2D	70 164	-	70 164	14,05
PIB and HIPC Projects MINTP	215 368	16 332	231 700	46,40
PIB and HIPC Projects MINH DU	91 036	10 831	101 867	20,40
Transfer from Maintenance Window	22 830	-	22 830	4,58
<b>Total</b>	<b>472 153</b>	<b>27 163</b>	<b>499 316</b>	<b>100</b>

Chart 10: Summary of payments made.



Cumulative payments made through the Investment Window stood at CFA Francs 499.316 billion as at 31 December 2017. Payments for the period under review stood at CFA Francs 27.163 billion as against CFA francs 30.663 billion at the same period last year, that is, a reduction of CFA Francs 3.5 billion in absolute value and 11.41% in relative terms.

#### Payments pending at the Treasury Central Pay Office as at 31 December 2017.

Concerning estimates pending at the Treasury Central Pay Office until the end of 2017, they stand at CFA Francs 16.422 billion including CFA Francs 10.7 billion for MINTP and CFA Francs 5.722 billion for MINH DU.

In fact, whereas the Road Fund, on its part, is busy processing estimates and issuing transfer orders, effective payments fall under the remit of the Treasury Central Pay Office. Moreover, it is worth underscoring that services provided through the Investment Window were settled with resources from the Maintenance Window within the framework of the Special Emergency Programme to the tune of CFA Francs 878 million.

#### Estimates pending at the Road Fund due to cash insufficiency as at 31 December 2017.

Estimates pending at the Road Fund due to inadequacy of resources stood at CFA Francs 5.91 billion as at 31 December 2017 including CFA Francs 5.798 billion for MINTP and CFA Francs 112 million for MINH DU. In 2016, the volume of estimates pending stood at 4.686 billion including CFA Francs 4.674 billion for MINTP.

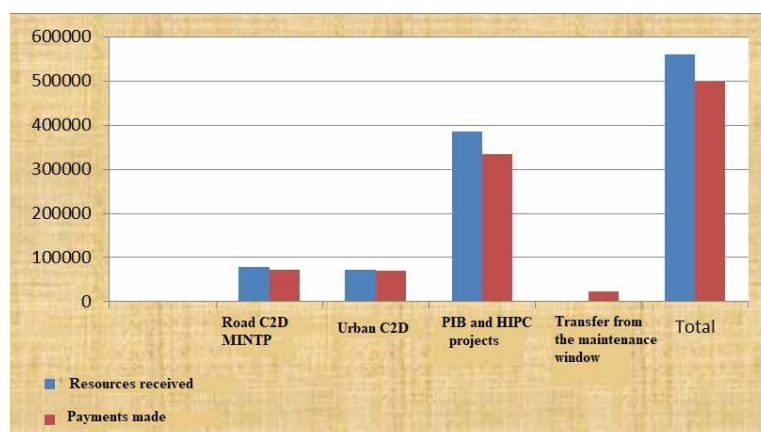


## Comparison of resources received / payments made.

Table 15: Comparison of resources / payments (in millions of CFA Francs).

Programmes	Resources received	Payments made	Consumption rate in %
Road C2D – MINTP	78 615	72 755	92,55
Urban C2D	72 491	70 164	96,79
PIB and HIPC Projects	386 337	333 567	86,30
Transfer from Maintenance Window	22 830	22 830	100,00
<b>Total</b>	<b>560 273</b>	<b>499 316</b>	<b>89,12</b>

Chart 11: Comparison of resources / payments.



The overall consumption rate of the resources of the Investment Window moved from 84% in 2016 to 89.12% in 2017, thereby representing a five (5) point improvement.

## C- FUNCTIONING OF THE ROAD FUND AND AUDIT SERVICES

### 1. Recurrent resources as at 31 December 2017.

In accordance with its organic instruments and to finance its programmes (strategy and support), the Road Fund is authorized to receive the following resources to cover its recurrent expenses and audit services:

- 2.7% and 0.8% of the resources of the Maintenance Window; and 1% of payments on projects hosted by the “Investment” Window.

The programme of activities of the Road Fund for the 2017 Financial Year is based on the (2016-2019) strategic plan adopted in 2016 by the Management Committee. It falls squarely in line with the provisions of Law No. 2007/006 of 26 December 2007 relating to the Financial Regime of the State, and it is built following the

results-based management concept. 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. The above-mentioned objectives lean on the “support” programme bringing together routine operating activities necessary for achieving the said strategic objectives.

Resources for the 2017 financial Year are presented as follows:



## Operating resources stemming from the Maintenance Window.

Table 16: Contributions for covering recurrent expenditure from the Maintenance Window (in millions of CFA Francs).

Heading	Type	Resource estimate	Allocation rate	Road Fund's Quota
Maintenance Window	Operation	60 000	2,7%	1 620
	Audits		Max 0,8%	480
<b>Total Resources of Maintenance Window</b>				<b>2 100</b>

The quota of the Maintenance Window in the financing of the Road Fund's recurrent budget and audit services stands at CFA Francs 2 100 million for the 2017 Financial Year.

## Operating resources stemming from the Investment Window.

Table 17: Contributions for covering recurrent expenditure from the Investment Window (in millions of CFA Francs).

Sources of financing	Road Fund's quota		
	Prior to 2017	2017 Financial Year	Cumulative amount as at 31/12/2017
BIP & PPTE	2677	6,80	2 683,80
C2D	620	0,00	620,00
Ressources de placement	201	0,00	201,00
<b>Total</b>	<b>3 498</b>	<b>6,80</b>	<b>3504,80</b>

The operating expenses allocated to the Road Fund and stemming from projects whose payment is guaranteed by the Treasury Central Pay Office stood at CFA Francs 6.8 million for the 2017 Financial Year.

## 2. Implementation of the recurrent budget as at 31 December 2017.

The recurrent budget of the Road Fund stood as follows as at 31 December 2017:

Programmes	Objectives	2017 Budget (in millions of CFA F)	2017 Implementation	Implementation rate
P1	Mobilizing all resources dedicated to financing programmes hosted by the "Maintenance" and "Investment" windows	105	77,5	74
P2	Contributing to the improvement of the consumption level of dedicated resources and guaranteeing the effectiveness and quality of interventions on the road network	69,6	65,6	94
P3	Stepping up the contribution of governance in promoting performance.	436,4	309	71
P4 « Support »	Routine functioning.	859	651	75
<b>Total</b>		<b>1 470</b>	<b>1 103</b>	<b>75</b>



Overall, the operating budget was implemented at 75% in 2017 as against 84.5% in 2016, that is, a drop of 9.5%. The routine operating budget (P4 "Support" excluding audit services) for the 2017 Financial Year was globally implemented at 75% of estimates as against 89.9% in 2016, that is, a streamlining of impacts for economizing 14%. 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.

For their part, programmes (P1, P2 and P3) were implemented at 74% in 2017 as against 76.5% in 2016. The drop in performance to the tune of 2.5 points can be explained mainly by the number of sessions of the working group on RUC, of which six (6) were held out of the twelve (12) budgeted for the 2017 Financial Year.

### 3. Implementation of the budget for audit services as at 31 December 2017.

The budget for audit services for the 2017 Financial Year evolved as follows:

Heading	2017 Budget (in millions of CFA F)	Implementation	Percentage
Carrying out Technical Audits from the Investment Window			
Information meeting on the recommendations of the Investment Window Auditor	23,10	23,10	100,00
<b>Investment Window Total</b>	<b>23,10</b>	<b>23,10</b>	<b>100,00</b>
Carrying out Technical Audits from the Maintenance Window	220,00	109,90	49,95
Information meeting on the recommendations of the Maintenance Window Auditor	13,50	3,80	28,15
<b>Maintenance Window Total</b>	<b>233,50</b>	<b>113,7</b>	<b>48,69</b>
Financial and Accounting Audits (Maintenance & Investment Windows)	52,70	28,00	53,13
<b>TOTAL GENERAL</b>	<b>309,30</b>	<b>164,80</b>	<b>53,28</b>

The implementation rate of the budget for audit services for the 2017 Financial Year stood at 53.28 as against 19.5% for the previous financial year. This increase in performance can be explained by:

- (i) The carrying out of technical audits "as work progresses" under the Maintenance Window by the companies 'Groupement SAFEGE' Central Africa/SAFEGE (Lot 1) and COMETE International / C&A Associés (Lot 3).



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

Mobilized resources, payment volumes as well as commitments resulting from annual programming are the main activity indicators. This section aims at presenting the trends of these indicators over the past five (5) years.



### 1. Trends in mobilizing resources.

The Road User Charge (RUC), toll fees, weighing station fines and axle tax proceeds represent the essential resources of the Road Fund. The

table below presents the Road User Charge (RUC) mobilized (deposited in account 42 opened at the Treasury Central Pay Office in comparison with the threshold amount determined by the successive finance laws.

Table 18: Situation of resource mobilization over the past five years (in millions of CFA Francs).

Order No.	Financial Year	RUC (in millions of CFA F)		Surplus / Shortfall (b - a)	Mobilization rate
		Forecast (a)	Mobilization (b)		
1	2013	55 000	55 000	0	100
2	2014	55 000	55 000	0	100
3	2015	55 000	55 000	0	100
4	2016	60 000	60 000	0	100
5	2017	60 000	00	0	00
<b>CUMUL</b>		<b>285 000</b>	<b>225 000</b>	<b>0</b>	<b>79%</b>

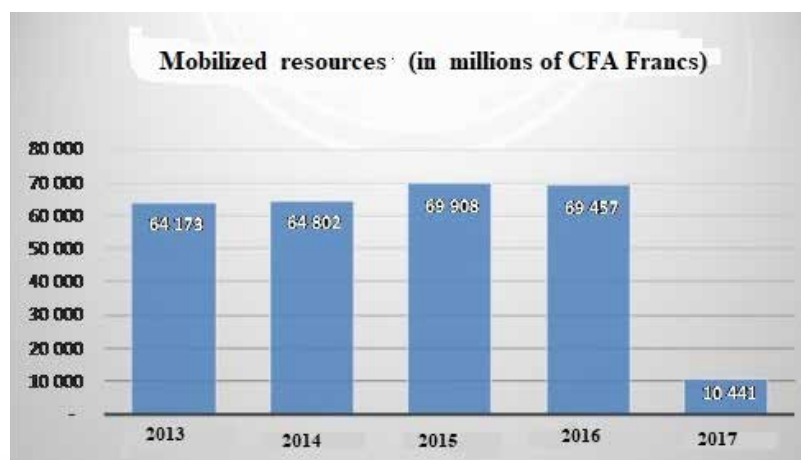
The amount of RUC remained capped at CFA Francs 60 billion subject to Law No. 2016/18 of 14 December 2016 on the Finance Law of the Republic of Cameroon for the 2017 Financial Year. This amount was integrally mobilized by the Public Treasury as early as August 2017. Conversely, repayment in the Road Fund's account at the Treasury Central Pay Office did not follow suit.



Table 19: Situation of the mobilization of all resources allocated to road maintenance over the past five years (in millions of CFA Francs).

N°	Financial Year	RUC (in millions of CFA F)	OTHER RESOURCES			TOTAL	Progress in (%)
			TOLL FEES	WEIGHING STATION FINES	AXLE TAX PROCEEDS		
1	2013	55 000	5195	2369	1609	64 173	1,4
2	2014	55 000	5 770	2 073	1 959	64 802	1,0
3	2015	60 000	5 707	1 993	2 208	69 908	7,3
4	2016	60 000	5 243	1 636	2578	69 457	0,6%
5	2017	00	5 925	1 925	2 591	10 441	-85%
<b>CUMUL</b>		<b>225 000</b>	<b>29 025</b>	<b>11 599</b>	<b>10 945</b>	<b>279 381</b>	<b>-84% (entre 2013 et 2017)</b>

Chart 12: Trends of resources mobilized and allocated to road maintenance over the past five years.



The 2017 Financial Year was marked by the absence of RUC mobilization as a result of the provisions of the Circular of MINFI on the implementation of the State budget for the 2017 Financial Year which henceforth provides for the commitment of resources allocated to the Road Fund by the Directorate General of the Budget before being channeled to the Road Fund's account. The annual output of mobilized resources on the increase since 2013 declined in 2017 given the prevailing situation. As such, only resources relating to tool fees, weighing station fines and axle tax proceeds to the tune of CFA Francs 10.44 billion were mobilized.



## 2. Comparative trends of commitment coverage by mobilized resources.

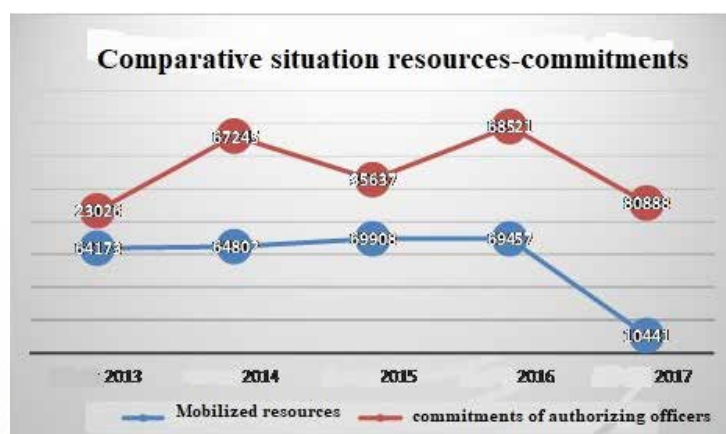
The commitments taken for the 2017 Financial Year to the tune of CFA Francs 80 billion did not obtain the necessary coverage by mobilized resources in the Road Fund's account opened at

the Treasury Central Pay Office. It worth specifying that the equilibrium of this indicator (commitments/mobilized resources) is a pledge for subsequently taking commitments undertaken by the Road Fund into account.

Table 20: Comparative situation of resources – commitments as at 31 December 2017 (in millions of CFA Francs).

Financial Year	Mobilized resources	Commitments of authorizing officers	Commitment/Mobilization rate in %
Année 2013	64 173	23 026	35,9
Année 2014	64 802	67 245	103,8
Année 2015	69 908	35 637	55
Année 2016	69 457	68 521	98,6
Année 2017	10 441	80 888	774
<b>Total</b>	<b>278 781</b>	<b>275 317</b>	<b>98,8%</b>

Chart 13: Comparative Situation (resources – commitments).



The “commitments/ mobilized resources” ratio stood at -922% for the 2017 Financial Year. This ratio stems from the fact that resources from the Special Tax on Petroleum Products allocated to the Road Fund were not committed and included in the Road Fund's account as provided for by the circular on the implementation of the State budget for the 2017 Financial Year.



### 3. Comparative trends in payments coverage by mobilized resources.

The liquidity of the Road Fund is appraised by the balance of the payments coverage by resources received.

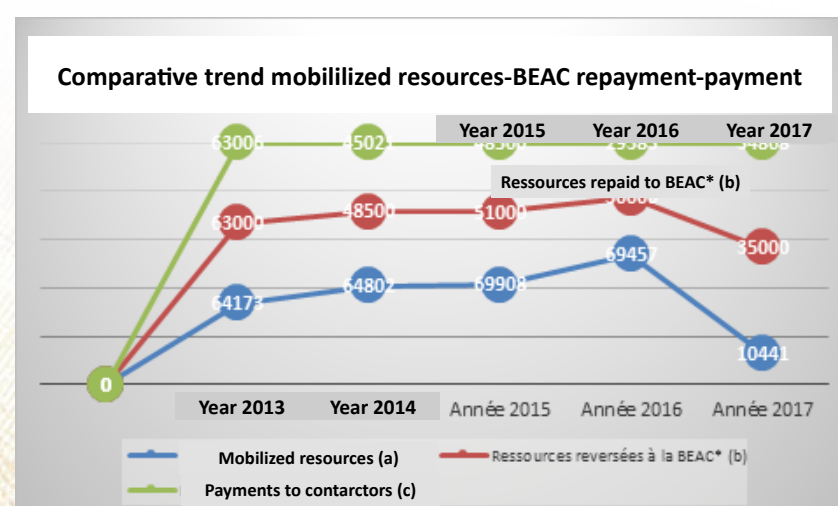
Table 21: Comparative situation (resources - resources received and payments to contractors) as at 31 December 2017 (in millions of CFA Francs).

Financial Year	Mobilized Ressources (a)	Ressources repaid to BEAC* (b)	Payments to contractors (c)	Surplus/short fall compared to mobilized resources (a-c)	Payment in % of mobilized resources (c/a)	Surplus/ short-fall compared to resources received (**) (b-c)	Payment in % of resources repaid (c/b)** %
2013	64 173	63 000	63 006	1 167	98,2	-6	100,0
2014	64 802	48 500	45 021	19 781	69,5	3 479	92,8
2015	69 908	51 000	48 500	21 408	69,4	2 500	95,0
2016	69 457	30 000	29 383	40,074	42,3	617	42,30
2017	10 441	35 000	34 868	-26 098	397	26 230	91
<b>Total</b>	<b>278 781</b>	<b>231 500</b>	<b>217 778</b>	<b>-56 332</b>	<b>68,03</b>	<b>-33743</b>	<b>94</b>

(\*) Here, It concerns resources repaid by the Treasury Central Pay Office during the 2016 Financial Year in the Road Fund's account domiciled at BEAC, accumulated to the balance of this account as at 31/12/2017

(\*\*) It should be noted that the surpluses are used in financing (i) the recurrent budget and financial, accounting and technical audits, (ii) settling penalties to the Public Contracts Regulatory Board (ARMP), etc.

Chart 14: Comparative situation (resources – payments).



It emerges from this graph that payments made to contractors remained below mobilized resources as the years roll out. The gap registered between resources and payments is less significant as compared to the repayment level in the BEAC account, for resource repayments into the BEAC account, does not take annual mobilization rate into account but rather the balance of the Road Fund's account at the Treasury Central Pay Office.



# 3

## CHALLENGES AND PROSPECTS OF THE ROAD FUND



The Road Fund has been accomplishing its missions within a particularly difficult economic context. This situation exposes the Road Fund to a series of financial-related constraints such as cash stress and loss of autonomy.

At the technical level, the weak capacity of local Building and Construction Sector enterprises remains a stumbling block to the smooth performance of works entrusted to them by contracting authorities. It is in this light that in 2017, significant developments were recorded in the operationalization of works under supervision

of the administration, on the one hand, and the categorization process of enterprises of the sector, on the other hand.

The diversification of resources continues to be a cause for concern in all consultation frameworks pertaining to road maintenance. The Head of State has thus instructed the suppression, as soon as possible, of the handling of cash and collection of: (i) proceeds from toll gates; and (ii) weighing station fines.



# A- IMPROVING ROAD REVENUE COLLECTION

## 1. Automation of toll gates.

Toll gates are used as a means to collect toll fees. Weighing station fines are on their part collected in weighing stations. These resources allocated to road maintenance are subjected to securization enshrined since 1993 in the laws and regulations of the Republic of Cameroon. Yet, despite the thorough territorial coverage by structures

involved in the resource collection and recovery process, the essentially manual and obsolete system has a lot of shortcomings which results in loss of resources.

To put an end to this situation, the Government envisages in the short and medium terms to dematerialize the modalities for collecting these resources at the level of toll gates.

### In the short term:

It is envisaged to automate the current toll gates and weighing stations. As such, the Ministry of Finance has set up a committee in charge of making proposals for the modernization of recovery modalities of toll fees and weighing station proceeds in Cameroon.

The general objective is aimed at reducing to a maximum the rate of loss of revenue derived from road tolls. Specifically, it entails making proposals geared towards:

- modernizing and dematerializing modalities for the payment of toll fees and weighing station fines;
- securing and guaranteeing the integral recovery of the said revenue;
- securing toll gate facilities (control and surveillance camera);
- devising an adequate traffic and offence control mechanism;
- undertaking all steps necessary for supporting the automation of road tolls;
- improving on the legal framework for the management of road tolls.

The solutions advocated are based on strong requirements such as:

- the suppression of cash handling;
- the flexibility of the solution with openings to several methods and instruments of payments (paving the way for a wide array of solutions);
- the strict limitation and supervision of exceptional or particular cases exempted from paying toll fees (the police, army, forces of law and order, medical ambulances, local inhabitants, etc.);
- the streamlining of traffic to avoid waiting in long queues at toll points;
- the traceability of operations to ease the recovery by the State and /or repayment by businessmen/women of the proceeds of the fees collected;
- the reliability and adaptation of the technical mechanism to local realities (energy, bad weather, introduction or low technological culture);
- the optimization of the operational cost of the solution;
- the availability of after-sales and routine maintenance services.

The said committee has made wide-ranging proposals to top hierarchy. These proposals could pave the way for a rapid automation of the collection of the said resources.



## In the long term:

It is envisaged to build and operate fourteen (14) automated toll gates on some tarred roads of the Cameroon road network. To carry this project to fruition, five (5) groups of enterprises were shortlisted in 2017, following a public request for expression of interest launched on 15 June 2016.

The service provision consists in:

- designing;

- constructing;
- equipping, operating and;
- ensuring the maintenance of the said infrastructures.

The contract could be awarded in early 2018, thereby opening the way for the effective automation of toll gates.

## 2. Resource optimization.

Mechanisms for mobilizing resources allocated to the “Investment” window of the Road Fund involve several stakeholders with various profiles. And this multiplicity of institutional stakeholders does not always encourage the desired synergy; on the contrary, it negatively affects the Fund’s action. To this end, a study was ordered and carried out in 2016 to optimize the resource collection and repayment mechanism.

In a bid to own the results of this investigative and analytical work, a workshop was organized by the Road Fund with the strong involvement of the National Institute of Statistics (NIS) on 22 and 23 March 2017 at Ebolowa in the presence of the Administrator and Director General of NIS. Participants from the administrations involved in the chain of collection and repayment of the targeted resources displayed ownership of the terms of the study which illustrated the strengths, weaknesses and risks of the collection and repayment system of the said resources.

Corrective measures aimed at optimizing this performance have thus been suggested. The

papers presented focused on problems encountered in areas such as:

- the Road User Charge (RUC);
- proceeds from toll gates;
- proceeds from weighing station fines and
- axle tax proceeds.

**At the end of deliberations, some recommendations were made. They were as follows:**

- evaluation of the Road User Charge (RUC) based on road maintenance needs;
- automation of road tolls and weighing stations, and
- making the payment of axle tax on a yearly basis as well as its linking to the payment of the windscreen licence.

The implementation of these reforms should enable the State to increasingly mobilize resources to meet the ever growing needs in the area of road maintenance.



## B- CHALLENGES

### 1. Works under the supervision of the administration.

Works under supervision of the administration represent government's strategic option in the area of road maintenance. They pave the way for emergency interventions, thereby avoiding long market award procedures.

#### Trends in commitments of works under supervision of the administration between 2016 and 2017.

The table below represents the trends in commitments of works under supervision of the administration between 2016 and 2017.

Elements	2016 Financial Year		2017 Financial Year	
	Number	Commitments	Number	Commitments
Rural roads	2	377 237 082	4	647 522 492
Main roads	21	3 332 401 511	12	1 084 735 367
<b>Total</b>	<b>23</b>	<b>3 709 638 593</b>	<b>16</b>	<b>1 732 257 859</b>

In 2017, a significant slowdown in works under supervision of the administration was recorded. The drop registered in terms of the number and amount of committed contracts over a year can be explained by the withdrawal of some projects in 2016 and their carrying forward to 2017, on the one hand, and government's resolve to concentrate its emergency actions on roads where they will have maximum efficiency, on the other hand.

#### Performance of contracts under supervision of the administration.

Concerning performance proper in 2017, several emergency interventions were made. As such, thirty-five (35) main roads were subjected to projects under supervision of the administration. Works effectively started on seventeen (17) main

roads distributed across the national territory.

The interest granted to works under supervision of the administration shows Government's resolve to maintain, as soon as possible, some main road to keep a satisfactory service level for the comfort and safety of users.

#### Difficulties encountered with works under supervision by the administration.

Works under supervision of the administration are however marked by some difficulties for MINTP to produce supporting documents for all the projects having obtained advance payments from the Fund. The following table presents the situation of amount justified between 2016 and 2017.

Year	Advance payment	Dépenses (B)	% (B/A)	Balance	Amount justified (C)	% (C/B)
(A)	Spending (B)	533 552 000	82%	123 773 124	452 186 697	52%
2017	405 000 000	342 391 870		62 608 130		
<b>Total</b>	<b>1 062 325 124</b>	<b>875 943 870</b>		186 381 254		



82% of the amounts made available was spent. Yet, only 52% of spending was justified. These figures reveal a relatively average level of justification. Consequently, it is desirable that the competent services of the authorizing officer should be mobilized to address the situation.

In the same vein, given the difficulties encountered in works under supervision of the administration, it seems necessary to proceed, as soon as possible, with the revision of the procedural manual of works carried out under supervision of the administration, so as to squarely tackle issues pertaining to:

- provisions relating to public procurement;
- documents constituting the supporting paperwork;
- project management;
- standardization of prices and cost estimate.

## 2. Categorization of the Building and Construction Sector Service providers.

In view of proceeding to qualification initiated by Order No.16/PM of 1 February 2016 to determine the modalities for the categorization of public building and construction sector service providers, the Prime Minister and Head of Government prescribed that access to public procurements as from 2018 will be opened only to authorized enterprises. In order to prepare enterprises for the implementation of this process, the PCRB has promised multi-faceted forms of support.

This decision by the Head of Government indicates that a categorization certificate shall be required as early as 2018 from service providers of the Public Building and Construction (PBW) sector. This categorization certificate will provide information on the turn over, work experience, level of expertise, logistic and technical capacities of the enterprise.

On the strength of the data bank of the NIS, the PCRB evaluates at about one thousand (1 000) the number of service providers listed across the entire national territory in the Public Building and Construction (PBW) sector.



Mobile weighing station

## CONCLUSION



The year 2017 witnessed some salient events for the Fund, among which featured the introduction of new approaches aimed at offering more comfort and safety to road users, the publishing of important instruments by public authorities on the reorganization of our road and highway network as well as the signing of an agreement between the Ministry of Finance and the Bank of Central African States (BEAC), in a bid to consolidating governance in the Fund's payment operations.

At the financial level, the year ended with an important volume of estimates pending payment due to insufficient cash. This situation had a negative impact on small and medium-sized enterprises, in particular, and on road maintenance, in general. It therefore seems essential for the Road Fund to acquire this institutional architecture that will enable it to have real financial autonomy in order to efficiently ensure the financing of projects and payment of road maintenance services.



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## ANNEXES

### Annexe I

Table 1: The Road Fund and capacity building

Theme	Duration (days)	Number of participants	Institution	Objectives
Planning, budgeting and monitoring and evaluation of projects and programmes on MS projects	14	1	ISADE	Understand the context of project management in a multi-donor situation using tools and methods advocated by the Project Management Institute (PMI);
Economic evaluation of road projects and initiation to the HDM software	21	2	FOHROM	Know principles for designing a road project; Master the methods used in the economic study of road projects; Master the essential functionalities of the HDM software; Be capable of determining the optimal investment and maintenance strategy; Know how to compare the different variables of a road project and establish works programming.



# Annexes

Theme	Duration (days)	Number of participants	Institution	Objectives
Governance and information systems management	14	01	CIFOPE	Understand information systems, their components, processes, usages. Understand and analyze the trades of the organization. Align and manage information systems with organization strategy. Support change during the modification of processes or introduction of new services. Understand the requirements of safety, risks and control. Acquire best practices and information systems management tools
Management and human resource development	14	01	SETYM	Understand the stakes of the human resource function; Own the main functionalities of RH management software; Master skills, perfection techniques and improve collaborators' performance; Develop methods and tools for team cohesion which favour belonging to the organization
Prince2 Foundation & Practitioner	5	1	OO 2 Formations	Acquaint oneself with the PRINCE2 project management method to be able to apply it in the computerized management of the Road Fund's projects.
Leadership role and responsibility of the manager	11	1	SETYM	Brain storm on the type of governance that we want to institute in our organization or administrative unit; Develop a common approach that enables to better understand and grasp the manifestations of individual components in the exercise of his/her role of manager. Develop abilities to facilitate the integration of employees into the company and mobilize them to continue to attain the mission and objectives assigned to it.

Theme	Duration (days)	Number of participants	Institution	Objectives
Public communication, communication plan and crisis management	14	1	SETYM	<ul style="list-style-type: none"> <li>-develop abilities necessary for devising a communication strategy meant for the target public</li> <li>- equip the participant with design, implementation and monitoring tools of communication plan;</li> <li>-recognize the constituent parameters of a crisis and implement a detection and warning system;</li> <li>-manage the communication of a crisis unit.</li> </ul>
How to efficiently review the risk management process of your organization	14	1		<p>Have a general understanding of risk management and its interaction with internal audit,</p> <p>Be able to develop one's own approach to audit based on risks while determining how to successfully conduct an audit of the risk management process of an entity;</p> <p>Be able to evaluate whether risk management can be used as a basis for working out an annual audit plan;</p> <p>Make relevant recommendations to management in order to improve on the risk management process</p>
Contract management: monitoring the implementation of contracts (administrative, technical and financial management), dispute prevention and resolution	14	1	ISADE	<ul style="list-style-type: none"> <li>- build the capacities of African executive staff for an efficient management of contracts,</li> <li>-Develop skills in dispute prevention and resolution.</li> </ul>
Intensive accounting techniques (SYSCOHADA/IFRS)	14	1	IMA	<p>Identify practical application difficulties of SYSCOHADA and solutions to address them;</p> <p>Present the accounting principles of the SYSCOHADA and IFRS referential;</p> <p>Present evaluation and recording rules for specific operations;</p> <p>Master changes brought in drafting financial statements in accordance with the new presentation model.</p>



# Annexes

**Table 2: The Road Fund and public sector stakeholders**

Nature of the relationship	Actions	Objectives targeted
a) Authorizing officers /Road Fund	- holding discussion meetings on the implementation of projects hosted by the two windows.	- share information; - report on the status of implementation of projects; - look for solutions to difficulties encountered.
b) CONAROUTE / Road Fund	- Participation in Board sessions.	- Communicate on the Road Fund's activities; - ensure consistency between road maintenance and investment programmes.
c) Working group on optimizing resource repayment	- holding monthly sessions.	Validate the monthly RUC amount
d) RRSP / Road Fund	- Participation in sessions of the working group in charge of validating statistics on resource mobilization.	Secure resources.







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