

Good Practice Sheet

Country Cameroon



■ Making Poverty Reduction Strategies Work ■ October 2005

Name

Identification of Good Practice

A participatory and transparent mechanism to manage HIPC funds

Contribution to the PRS Process

To ensure the efficient implementation of poverty-oriented programs and projects financed through HIPC funds in the context of public budgets and administration in Cameroon.

Change Process

A new quality of (public) transparency has been created by the special mechanism for the management and the monitoring of the use of HIPC funds in Cameroon regarding the use of and control over public funds, especially HIPC funds, via the institutionalised participation of representatives of civil society organizations (CSOs) in two national committees that steer and monitor the use of HIPC funds and the implementation of the PRSP. This results in a level of access to information on the management of public funds by national CSOs that is entirely new in Cameroon. Measures include on-the-job capacity building, which has had a direct impact on the quality of its contributions to the process; increased awareness on the part of national CSOs as to the impor-

tance and scope of approaches and tools for an independent analysis of the national budget and its execution (e.g. tools for budget tracking); as well as a political dialogue between high-level government representatives, representatives of civil society organizations and donors on issues such as the programming, budgeting and monitoring of the execution of programs and projects oriented to poverty reduction.

Stakeholders

At the core of the mechanism is a tripartite committee composed of representatives from seven CSOs (the three religious communities of Cameroon, two NGO representatives, a microfinance institution representative and a representative from the private sector), five donor representatives (at the ambassadorial level: Canada, France, Germany, Japan, the European Union as well as the multilateral donors as observers: the World Bank, the IMF and the UNDP), and representatives of the most important sectoral ministries (at ministerial level). The committee is chaired by the Minister of Finance and has two support organs at its disposal.

Although the committee has a consultative role, it is difficult for the government to ignore decisions taken by this committee. Its mandate is to contribute to the definition of programs and projects to be funded through HIPC funds, and to monitor the overall implementation of HIPC funds.

Approach

HIPC funds must be transferred by the government to a special account at the Central Africa Regional Central Bank (BEAC), a mechanism that enhances transparency in the process. This allows for an ex ante control of funds to be used in the context of HIPC (and the PRSP) (the



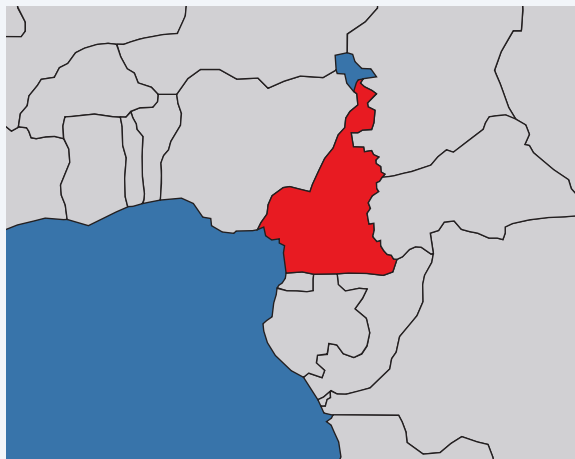
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government actually owes about 80 billion FCFA on this account). On the basis of a computerised system that monitors the use of HIPC funds, the committee decides on advances of 25 billion FCFA to be transferred to the government. Only if the government can prove that an advance has been used to finance HIPC programs and projects will a new advance be transferred. This allows for an effective monitoring of the use of HIPC resources. All programs and projects to be financed through HIPC are screened by the committee. For this purpose, sectoral working groups have been set up that check their direct contribution to poverty reduction, advise on approaches and mechanisms to be used in project implementation, check the costing, and look for synergies with other donor-financed programs already in place. This process allows programs and projects geared towards effective poverty reduction to be selected.



Transparency in terms of what government actions will be financed through HIPC allows for well-focused external analysis of their implementation and impact. In November 2003, for example, a national NGO analyzed the implementation and the impact of selected programs in the field of health, education, transport and

rural development. Its report was published in the form of a special edition of a monthly journal, and was submitted to all parliamentarians during their annual budget session. Regular external audits permit a financial analysis of HIPC implementation and provide direct insight into the problems that need to be solved in order to enhance the efficiency of the implementation of public funds in Cameroon, as well as to prepare the country for budget support.

The HIPC committee functions as a platform for dialogue between representatives of government, civil society and donors on all issues that appear in this process.

Outputs and Impacts

The negative side of the output, according to donors' perception, is the slow use of HIPC funds through government. On the positive side, misuse of HIPC funds has been avoided. Priority has been given to the quality of expenses, not their quantity, as the mechanism ensures that HIPC funds are used as intended by the HIPC initiative. Recent misuse of other public funds as reported by the IMF in 2003 and 2004 confirms this approach – at least as far as the situation of public finance in Cameroon is concerned.

In terms of benefits, the mechanism guarantees that HIPC funds are used for the purpose of poverty reduction.

Donors' Contribution

On the donor side, the leading agents are French Cooperation, German Cooperation (GTZ and the German Embassy) as well as Canadian Cooperation. Most of the donor statements are elaborated by the economic and financial advisor of French Technical Cooperation (SCAC) and the German PRSP advisor. Biweekly meet-

ings of a large group of donors (the multi-donor group for monitoring PRSP implementation) are used to exchange information, to develop common positions and to jointly finance and implement initiatives, supporting the government and groups of CSOs in the process.

Lessons Learned

In principle, this mechanism is replicable in other countries that are known to suffer from recurrent problems of corruption and governance. However, this will need a high level of political commitment and a realistic view of the state of public finance systems, especially in Africa.

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Annexes

Additional bibliography

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Paper by Gerald Schmitt, PRSP Advisor Cameroon, GTZ.

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