

## **Multi-Donor Governance and Anti-Corruption Mission to Cameroon**

### **FINAL REPORT**

#### **MULTI-DONOR GOVERNANCE AND ANTI-CORRUPTION MISSION TO CAMEROON**

##### **DRAFT EXECUTIVE SUMMARY**

At the invitation of the Government of Cameroon and the ‘8 +6’<sup>1</sup> donor group in Yaoundé, a multi-donor<sup>2</sup> anti-corruption assessment exploratory mission visited Cameroon from 17-22 July under the umbrella of the OECD Development Assistance Committee’s Governance Network. Coordination and support for the mission was led by UNDP, in collaboration with other donors represented in Yaoundé. The objective of the mission—the first of its kind facilitated by the OECD DAC’s Governance Network—was to explore partnerships for good governance in Cameroon, including the preparation of a joint corruption assessment as a first step.

A key contextual issue in our brief snap shot in Cameroon at this time concerns the immediate post-HIPC completion era. HIPC completion has contributed to the incentives for significant changes in governance. These changes include important formal institutional measures some directly related to an assault on corruption, such as a new anti corruption commission. Other changes of a broader institutional nature include the introduction of a new criminal procedure code. The government has set out its forward objectives in its second National Programme on Governance, 2006-2010. Other incremental changes have impacted positively on the climate for better governance in Cameroon. From a ‘not taboo’ a decade ago, corruption is now an open topic of everyday conversation. We see some important pressure points emerging too—expressions of discontent within the private sector and within organised groups within civil society.

Despite these advances, we remain uncertain on a number of key issues. The formal institutional reforms are encountering significant delays and implementation problems and some have limited penetration and traction because, according to many, they are circumvented, if not subverted, by the informal ‘rules of the game’. And we note the lack of visible contestation in the political system, despite the presence of opposition parties, a parliament, and no clear demonstration of check and balance institutions (within or external to government) imposing constraints on the executive. Lastly, concerning the international community, we find it hard to identify further incentives for a step-change in better governance that would sustain momentum beyond HIPC completion, although we are clear that international pressure can have a positive catalytic impact, particularly when consistent messages are delivered by the Yaoundé diplomatic community acting with one voice. We consider it important to persist with incremental change on areas such as public financial management and procurement. Beyond aid, we suggest that international anti corruption instruments such as EITI, UNCAC and the OECD Anti Bribery Convention potentially offer leverage.

Despite the uncertainties about the trajectory of future institutional change, we see significant opportunities to work more thoroughly and systematically on the issue of transparency. Evidence from the World Bank indicating that economic, administrative and political transparency in Cameroon lags behind most other countries in Africa supports this focus.

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<sup>1</sup> Comprising 8 EU Ambassadors including the EU Delegate, the Canadian High Commissioner, the US and Japanese Ambassadors, the IMF, UNDP and World Bank representatives.

<sup>2</sup> Led by OECD DAC Secretariat, comprising representatives from capitals from US, UK, Germany, France, Canada, Netherlands, and the World Bank.

Recommendations for further work address the importance of involving multiple stakeholders (within and outside of the state) to improve the climate of change and transparency in anticipation of future changes in the broader institutional set-up.

We propose surveying and exposing corruption in a limited number of sectors, sharing information, promoting public debate, and systematically converting anecdote and hearsay into fact. More in depth political economy analysis is needed too.

We propose that the international donor community invests in a multi donor funded 'Cameroon Transparency Support Facility' to take future work forward. The Facility would provide for a suitably qualified international resident Governance/Anti-corruption Coordinator to support the local donor group, backed-up by a grants scheme.

The objectives of the facility will be to improve the climate of transparency; to operate a grant facility which would be used to finance priority diagnostic and assessment work; to facilitate the mobilisation of diverse stakeholders to be involved in diagnostic work but also in following-up in terms of media attention, public debate and tracking the responsiveness of Government and civil society in addressing particular problems; to provide the anti corruption focal point on behalf of the donors working on specific issues in sectors (such as health and education) for the interface with the 8+6 Group, ensuring coordination of the different governance interventions supported by donors; to map and monitor patterns of corruption through compiling benchmarking reports and studies; to provide the local monitoring point for tracking the implementation of the range of international instruments in the fight against corruption, using GOVNET contacts in capitals for support as necessary; to promote debate about international action on the 'supply side' of corruption such as asset recovery and banking regulation in OECD countries.

## **Section A. Introduction**

1. At the invitation of the Government of Cameroon and the '8 +6'<sup>3</sup> donor group in Yaoundé, a multi-donor<sup>4</sup> anti-corruption assessment exploratory mission visited Cameroon from 17-22 July 2006 under the umbrella of the OECD Development Assistance Committee's Governance Network. Coordination and support for the mission was led by UNDP, in collaboration with other donors represented in Yaoundé. The objective of the mission was to explore partnerships for good governance in Cameroon, including the preparation of a joint corruption assessment as a first step. See Annex 1 for the mission's Terms of Reference.

2. This multi-donor governance anti-corruption mission is the first of its kind facilitated by the OECD. As this initiative progresses there may be broader aid effectiveness lessons, particularly concerning donor harmonisation and mutual accountability. These could be of value to emerging partnership arrangements in other countries and we return to these themes in our recommendations.

3. Improving governance and fighting corruption are perhaps the most critical factors in increasing growth and broad-based development in Cameroon to the levels necessary to significantly reduce poverty. A number of international surveys and indices provide some indication of the scale of the challenge in Cameroon. For example, the Transparency International Corruption Perceptions Index shows a slight improvement in the last two years, but Cameroon still ranked only 137<sup>th</sup> out of 158 countries in 2005. The World Bank's survey "Doing Business" assesses the administrative factors facilitating or impeding

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business activity; in 2006 Cameroon's ranking declined from 147<sup>th</sup> out of 175 countries in the previous year, to 152<sup>nd</sup>, demonstrating that other countries including a number in Africa are improving the business climate while Cameroon is not. Similarly, in the African Governance Report 2005<sup>5</sup> Cameroon appears as one of the most corrupted countries in the region. Freedom House 2006<sup>6</sup> rates the country as Non Free and states that corruption continues to be a significant obstacle to economic growth.

4. During the mission, we had the opportunity of wide ranging discussions with a diverse range of stakeholders, inside and outside of Government, for which we are most grateful. A list of those we met is included at Annex 2. In the short time available, we were not, however, able to make a thorough assessment of corruption and governance in Cameroon. Indeed, we have only scratched the surface of complex multi faceted problem—and we acknowledge there are many gaps in our knowledge and understanding. Nevertheless, the mission found no reason to dispute the overall view that corruption is a profound problem in Cameroon and a fundamental constraint on development, growth and poverty reduction.

## **Section B. Taking Stock, Initial Impressions**

5. The mission saw the need to go beyond the current high level of corruption in Cameroon, in order to explore the context of trajectories and trends in order to better illuminate opportunities and constraints for governance reform and change in Cameroon.

6. As such, a key contextual issue in our snap shot in Cameroon at this time concerns the immediate post-HIPC completion era. Many of our interlocutors agreed that the much delayed HIPC completion—which will reduce external debt service as a percentage of Government revenue from 15.7% in 2001 to just 1% by 2007<sup>7</sup>—had contributed to the incentives for significant changes in governance.

7. These changes include important formal institutional measures some directly related to an assault on corruption, such as a new anti corruption commission, some arrests of senior civil servants and a former Minister on charges of embezzlement, the identification of 40,000 'ghost workers', a provision for the declaration of assets, and, at the international level, signing up to the Extractive Industries Transparency Initiative (significant because on a value basis oil accounted for 7.5% of GDP in 2004<sup>8</sup>).

8. Other changes of a broader institutional nature include the introduction of a new criminal procedure code, establishment of the Chambres des Comptes in the Supreme Court, adoption of a new procurement law and, in part as a result of diplomatic pressure, consideration of an independent electoral commission. All of these formal developments form the essential building blocks for an effective and accountable state. In addition, the Government has set out its forward objectives in its second National Programme on Governance, 2006-2010.

9. The mission also feels it is necessary to acknowledge the incremental changes made over the course of years, if not decades, on the climate for better governance in Cameroon. From a 'not taboo' a decade ago, corruption is now an open topic of everyday conversation. The issue is addressed at the highest level in Presidential speeches and at lower levels, for example by taxi drivers who have euphemistically

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<sup>5</sup> [www.uneca.org](http://www.uneca.org)

<sup>6</sup> [www.freedomhouse.org](http://www.freedomhouse.org)

<sup>7</sup> The World Bank April 12 2006, Report 35801-CM on Debt Relief Grant and Assistance to the Republic of Cameroon under the enhanced Heavily Indebted Poor Countries (HIPC) Debt Initiative.

<sup>8</sup> *Strengthening Transparency in the Oil sector in Cameroon: Why Does it Matter?* Stephane Cosse, IMF Policy Discussion Paper PDP/06/2, 2006

labelled the standard bribe of FCFA1000 to the traffic police as ‘mange-mille’. And the media has progressed in terms of its freedoms over a similar period since the end of formal censorship in 1996.

10. We see important pressure points emerging too—expressions of discontent and outrage—within the private sector and within organised groups within civil society, sometimes via the media, which could be exploited. Civil society has some vibrancy and we see possible opportunities for alliances and coalition-building for better governance.

11. Despite these advances, there is a major degree of uncertainty regarding the future direction and speed of reform arising from a number of key issues.

- Firstly, the formal institutional changes we note above are encountering significant delays and implementation problems. As a consequence the impact of these changes is severely undermined, and the genuine commitment to make these institutions effective has not yet been demonstrated. International experience suggests that there are certainly no ‘magic bullets’ in fighting corruption, particularly where it is entrenched. The global record of Anti Corruption Commissions, for example, is at best mixed as they can only sustain improvements in an environment in which other institutions are improving<sup>9</sup>. Approaches underpinned by national campaigns, have also had less impact than expected.
- Secondly, the necessary reforms at the level of formal institutions may have limited penetration and traction because, according to many, they are circumvented, if not subverted, by the informal ‘rules of the game’. Anecdotes are common place. For example, the independent audit of HIPC funds noted non-compliance with financial management and procurement procedures despite significant safeguards, ring-fencing and international monitoring; or the elimination of potential contractors from tender lists in the forestry sector, despite new procurement rules. During the course of the mission, the USAID Corruption Assessment Methodology was helpful in teasing out some of these broad political-economy dynamics of corruption in Cameroon but we consider more exposure concerning these processes is needed—not just how corruption operates but also more debate about the role of clientelism, patronage, tribe, religion, regional issues and the role of traditional leaders. We take this point up in our recommendations.
- Thirdly, many we spoke with consider that corruption fuels and serves a highly centralised command and control system of the state and all aspects of political, economic and social life are complicit and inhibit reform. A related point concerns a) the lack of visible contestation in the political system, despite the presence of opposition parties, a parliament (which has a Cameroon People’s Democratic Movement majority), a relatively free media, and diverse regional, ethnic and religious concerns and b) no clear demonstration of check and balance institutions (within or external to government) imposing any constraint on the executive (indeed we were told the reverse is true in the justice sector). Many of our interlocutors explained the predictable nature of the state in Cameroon is due to this lack of contestation which corruption serves to further dilute. Parallel informal institutions and informal mechanism of control seem to play a key role in preserving the system. We agree with many of those we spoke to that it is important to acknowledge that any future transition could have a potentially destabilising effect, and new institutional certainty must replace predictability based on corruption. We must therefore proceed with caution and understand better the informal rules of the game.

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<sup>9</sup>Anticorruption Agencies Issue 1, Office of Democracy and Governance, USAID, 2006 and Anti Corruption Commissions: Placebo or Real Medicine?, John R Helivrunn, 2004.

- Lastly, concerning the international community, we find it hard to identify further incentives for a step-change in better governance that would sustain momentum beyond HIPC completion. Nevertheless, we are clear that international pressure can have a positive catalytic impact, particularly when consistent messages are delivered by the Yaoundé diplomatic community acting with one voice.<sup>10</sup> Aid volumes (representing 2% of GDP if debt relief is discounted<sup>11</sup>) may possibly offer less of a lever than in other aid dependent countries,<sup>12</sup> but we consider it important to persist with incremental change on areas such as public financial management and procurement.<sup>13</sup> At the same time, donors acknowledge they face risks in reinforcing patterns of power and that anti corruption objectives must be integrated into sector programming. Beyond aid, we suggest that international anti corruption instruments such as EITI, UNCAC and the OECD Anti Bribery Convention potentially offer leverage. We pick this point up in our recommendations.

12. In concluding this section, and despite the uncertainties about the trajectory of future institutional change we mention above, we see opportunities to work more thoroughly and systematically on the issue of transparency. Evidence from the World Bank indicating that economic, administrative and political transparency<sup>14</sup> in Cameroon lags behind most other countries in Africa supports this focus.

13. Our recommendations (Sections D-F below) for further work address the importance of involving multiple stakeholders (within and outside of the state) to improve the climate of change and transparency in anticipation of future changes in the broader institutional set-up. We also address the need for surveying and exposing corruption, sharing information, promoting public debate, and systematically converting anecdote and hearsay into fact. This latter point is particularly important as we are conscious of the lack of detailed evidence to support many of the impressions we have received from interviews.

## **Further observations from interviews and discussions with different stakeholders**

### ***Government***

14. Ministers we met expressed concern with regard to Cameroon's international reputation, some suggesting that the image of Cameroon as a corrupt country was exaggerated, unfair and an obstacle to attracting foreign investments. While perceptions are difficult to pin down, the latter can be sourced by World Bank data (see paragraph 18) and provides a partnership window to actively advance the governance and anti-corruption agenda. Expressions of commitment made by the Minister of Finance to expose corruption in his and other line Ministries should be followed up, as should those by the Minister for Basic Education, the Minister of Health and of others. We noted a number of initiatives underway (via some ministry anti corruption units for example) and an apparent willingness to go further. However, we also note that in Cameroon's highly centralized system, the clear and explicit direction of the President would be required to move the agenda forward.

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<sup>10</sup> This is the approach advocated by the OECD DAC policy paper (forthcoming) on anti-corruption frontiers.

<sup>11</sup> See *An Arrival and a New Departure: Partnerships in Cameroon after the HIPC Completion Point*, ODI, London, May 2006.

<sup>12</sup> While noting that the US MCA and the EC's EDF 10 potentially offer some governance bonus financing.

<sup>13</sup> World Bank OED evaluations worldwide suggest that PFM projects perform satisfactorily in a variety of governance environments, as measured by CPIA.

<sup>14</sup> See Bellver A, and Kauffmann, D. *Transparenting Transparency: Initial Empirics and Policy Applications*, World Bank Policy Paper, 2005

### *Civil society*

15. The mission considers that civil society freely associates and is able to express itself, although capacity is a constraining factor in some cases. NGOs are proliferating, tackling a diverse range of topics, although possibly fragmenting overall impact. Many of these are potential partners in future assessment work although we heard reports that some NGOs are purely money making operations, and others are reportedly co-opted by Government itself. Faith groups are an influential part of the fabric of Cameroon civil society. The Catholic Church appears well organised and is engaging with the Government on anti-corruption activities mainly through education programmes for integrity, which it is seeking to extend from its own schools to those in the public sector and other sectors, as well as in keeping the topic on the national agenda.

16. We were impressed by the work of Transparency International Cameroon and other anticorruption NGOs. Over 200 NGOs are working together to enhance their impact in an informal network, called *Dynamique Citoyenne*. Several NGOs have conducted anti-corruption activities over the past few years, including monitoring and oversight of government functions (budget analysis, budget tracking and election monitoring), corruption awareness campaigns aimed at teachers and nurses, and studies of the Anticorruption Units in Ministries. These NGOs acknowledge that they need to create greater public awareness of a citizen's legal rights. Some thought Cameroon would benefit from access to information and 'whistleblower' laws. All civil society organisations regard insufficient access to information as a major impediment for their work and for democratic development; the absence of legislation which establishes information as a civic right is hampering their watchdog function.

### *The media*

17. Our impression is that the media is relatively free. A number of independent newspapers, radio and TV stations have developed. However they face similar problems as those faced by NGOs: unpredictable funding, lack of qualified staff and, sometimes, an absence of responsible, fact-based journalism. Corruption is also a problem within the media.

### *Private Sector*

18. Interviews in Douala suggest that a few of the largest foreign investors, which have sufficient power, rarely encounter systematic corruption on issues such as customs, taxes, and regulations. The same applies to those medium sized companies that are protected by political, ethnic or religious affiliation. Other businesses, however, face daily corruption problems with the bureaucracy. We were told that smaller foreign logging companies, for example, have been systematically driven from Cameroon, unable to overcome the challenges they faced despite membership of a professional syndicate. As a response to endemic corruption in the court system, the employers association (GICAM) has set up an informal arbitration arrangement that is binding for members. We were also encouraged to hear the West African Business Association had recently taken the initiative to bring together the ten major tax paying international companies in Cameroon with the 8+6 Ambassadors to discuss corruption.

19. In order to avoid formal transactions—which provide the opportunities for corruption—many firms have outsourced operations such as customs clearance or logistical support to informal 'frontmen' so as to avoid scrutiny. This has depleted Cameroon's fiscal base. In customs, we heard that one foreign operation extorts other firms by providing clearance and imports inspections which in fact duplicate formal government controls. Overall, our limited interviews confirm survey results which suggest the investment

climate in Cameroon in 2006 is not favorable to the private sector from an international perspective, whatever the sector<sup>15</sup>.

### ***PFM and procurement***

20. The public financial management system is critical for the prevention, or facilitation, of corruption in the use of state resources, as well as efficiency and effectiveness of public expenditures. In Cameroon, the PFM system is characterized by strong centralization of the system under the Ministry of Economy and Finance, which exercises extensive ex ante and inspection controls. Furthermore, the checks and balances exercised outside of the executive are very weak. In particular, to date there has been no external audit, with the *Chambre des Comptes* only recently established and with a limited mandate. In addition, there has not been a tradition of transparency in the budget or reporting systems.

21. Some progress has, however, been made in recent years, including publication of monthly budget execution reports, improvement in the comprehensiveness and classification of the budget, development of MTEFs in several sectors, and substantial improvements in the treasury accounting system. In addition, anti-corruption measures in the PFM system include a clamp-down on cashiers demanding bribes in order to pay suppliers, payments through the banking system, exercises to remove ghosts from the payroll and revenue targets in tax and customs. However, much more is required to create an effective PFM system which provides transparency, accountability, efficiency and effectiveness in the use of funds.

22. As a stock-taking, the document called “plateforme de dialogue en matière de gestion des finances publiques au Cameroon” provides a strong synthesized analysis of the PFM system, merging 17 different papers. It was written by the donors to provide the platform for a joint dialogue with the Government on the PFM reform agenda. The document provides a diagnostic of public finance management, and includes customs and revenue collection, procurement and donor aid and technical assistance. It identifies the main strengths and difficulties, and proposes to the Cameroon authorities that there should be a common programme of reform. This paper was sent to the Government in December 2005, but as yet has received no response.

23. Moving ahead with PFM reforms in Cameroon is urgently required if opportunities for corruption are to be reduced. Government ownership of a PFM reform action plan is clearly essential for its legitimacy and success. Coherence and coordination on the part of the IFIs/donors in engaging with the Government on this issue is also necessary. It is understood that the platform analysis is supported by all the IFIs/donor, and that it therefore provides a valuable input to the Government in preparing its action plan, and as a point of departure for coordinated dialogue and IFI/donor support for the action plan.

24. The PFM platform for dialogue includes public procurement, which is a central dimension of the public financial management system and of particular importance in the fight against corruption. Major reform has taken place including the adoption of the Procurement Code in 2004, which conforms to international standards of competition, transparency, efficiency and economy. In addition, the independent procurement regulatory body (ARMP) was established in 2001, together with procurement committees in spending agencies which include independent observers. Independent audits of large contracts have been undertaken for the period up to end 2004. The Country Procurement Assessment Report (CPAR) 2005 applied the OCED-DAC procurement benchmarks and concluded that significant progress has been made in recent years, and that the foundations for an effective public procurement system are in place. The major challenge is now implementation, and within the overall domain of PFM, procurement is relatively

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<sup>15</sup> Enterprise Survey 2001-2006, World Bank.

advanced in that the Government has adopted an implementation plan and some progress is being made. Concerns were expressed that the funding constraints imposed on the ARMP are limiting progress; one consequence has been the delay in completion of 2005 independent audit reports of major contracts. Nevertheless, building the capacity in the public and private sectors is also essential for implementing the new law and procedures and a major component of the plan, which suggests that support for the procurement plan could be an early priority within a broader PFM action plan.

### *Civil service pay*

25. The reduction in public sector pay levels in 1993, by 60-70%, was identified by a number of commentators, both inside and outside the Government, as fueling administrative corruption. At the same time, questions were raised as to whether a pay increase would reverse the corruption that permeates across and down through the public sector, and it was noted that incentives for improved performance would be required. In addition, while efforts have been underway since 2001 to cleanse the payroll, better underlying systems will be required in order to prevent new ghosts finding their way onto the payroll in future. Strengthening of the systems is however planned for next year.

### *Justice sector issues*

26. While there are inherent complications in the Cameroonian justice system due to the fact that eight provinces operate under French civil law and two under English common law, the major problem affecting governance and corruption issues lies not in the existence of proper laws or institutions, but in the lack of judicial independence. The court system is entirely managed and administered by the Ministry of Justice, an element of the Executive branch. Major decisions and functions that should clearly be under the control of the judiciary to ensure independent and effective law enforcement is all determined by the Ministry of Justice instead: the appointment of, magistrates and court administrators; the State Counsel (prosecutor) the judiciary's budget; investigation and prosecutorial decisions; and the enforcement of judicial decisions. An unfortunate by-product of this situation is frequent interference by the Executive branch to influence judicial actions in particular cases, what is known in other countries as "telephone justice." Exacerbating this situation are low salaries for magistrates and court administrators, and case overload, both of which promote rent-seeking and petty bribery to speed up cases, make cases disappear or influence the judicial decision. Moreover, investigative officers or judicial police fall administratively under the Ministry of State Security, not the Justice Ministry, which becomes an additional point of vulnerability to corrupt practices.

27. These flaws in the structure and practice of the justice system have produced a lack of respect for the rule of law in Cameroon. Recent international reports highlight the population's resort to "jungle justice" - vigilanteism - in the absence of an effective and uncorrupted law enforcement system (Reuters, July 21, 2006). What can be done? Transforming the justice system into an independent body that can exercise appropriate checks and balances on the Executive is a long-term enterprise. At the same time, other complementary short-term reforms could be considered, which can reduce corruption and strengthen the rule of law. First, alternative dispute resolution (ADR) techniques are allowed by the Constitution and can be trained and promoted throughout the country as a quicker and more independent approach to judicial remedies. Second, the Association of Magistrates should be re-established, and the country's Bar Association should be strengthened to develop and actively enforce professional standards of conduct, and oppose executive interference in the judicial process. Third, civil and human rights NGOs can exert external pressure on government by establishing Court Watchdogs that monitor the procedures and decisions of the judiciary on a regional level, exposing abuses or misconduct publicly and seeking procedural and administrative reforms to prevent such abuses in the future. Lastly, these NGOs can also conduct programs of public awareness to increase citizen legal literacy, so they will be less vulnerable to police and judicial abuse.

### ***Basic Education sector issues***

28. Not only does the level of spending and wide reach of the basic education system make it a key priority for good governance and fighting corruption; the integrity of the education environment (or lack thereof) has a profound impact on children's ethical development. The rigour with which the fight against corruption is being undertaken in the Ministry of Basic Education is encouraging. The ministry's Anti-Corruption Unit was identified by several civil society organisations as being one of the most effective, and the Minister reported the actions taken to dismiss 13 head teachers and 3 primary inspectors where concrete evidence of corruption was found and to report these cases to the judiciary. Other actions that little-by-little are tackling the problems include adopting improved audit and investigation techniques, improving the security of examination questions, providing clear and accessible regulations, improving transparency in appointments, teaching civic and ethics education in school, and teacher training in good governance and ethical practices in school. Much more needs to be done and there appears to be a strong will to do so in the Ministry.

29. The Catholic Church's 'Education for Integrity' program, is an example of efforts outside the Government to tackle corruption in the education sector, and has piloted 'zero-tolerance' to corruption in a number of its schools. It is now in consultation with the Ministry and other groups to expand this initiative to other schools. This and other initiatives in civil society offer opportunities to bring different approaches and lessons to the public sector.

### ***Forest sector issues***

30. Forest Law Enforcement in Cameroon is slowly improving, although compliance with the law and sanctioning remain inadequate. In 2003, the Government of Cameroon developed a forest environment sectoral programme (FESP) for the conservation and sustainable management of forest resources. Based on that, the Ministry of Forestry and Wildlife in 2005 opted for the EU Action Plan for Forest Law Enforcement, Governance and Trade (FLEGT) and started implementation together with NGOs, the private sector and donors. The core components of the Action Plan are the support for improved governance in wood-producing countries and a licensing that ensures only legal timber enters European markets. Activities include an improved access to laws, a definition of legality in Cameroon, a harmonization of laws and an evaluation of the chain of custody and control systems in the field. Since about 80% of Cameroonian wood goes to the EU, the economic pressure of FLEGT seems to stimulate reforms and organisation in the sector. Logging companies are organized in the GFBC (Groupement de Filière de Bois au Cameroun), which appears active but with limited power. Independent monitoring has also been one of the developments in the sector, involving independent observation of the granting of licences, of inspections, and of GPS images of forests. A suggestion might be to adopt further transparency principles similar to those of EITI within this group respectively the whole forest sector.

### **International instruments and levers**

#### ***UNCAC***

31. Cameroon ratified the United Nations Convention against Corruption on 6 February 2006. The United Nations Office on Drugs and Crime is currently seeking pilot countries which will receive technical assistance to implement UNCAC and will in turn test monitoring methodologies. The mechanisms by which this will be funded are currently being developed. The Secretary-General to the President indicated his firm interest in Cameroon becoming an UNCAC pilot country. This could lever in multi-donor funding and assist Cameroon in upgrading its international reputation.

### ***Extractive Industries Transparency Initiative***

32. Cameroon committed itself to EITI in 2005 and has so far inaugurated a multi-stakeholder committee, which drafted an Action Plan for implementation. In addition, the Government started to publish past audits of the national oil company SNH as well as production, sales and revenue data for the first half of 2005, which it has to update quarterly. The EITI Committee has hired an external auditing firm, which will reconcile payments from the oil industry and revenues received by the Government. The Government has committed to publish the first EITI report by October 2006. Civil society has raised concerns about the participation of civil society in the EITI committee and related processes.

### ***Global Legal Information Network***

33. Cameroon has very recently become a member of this network which provides a data base of laws, regulations, judicial decisions, and other complementary legal sources contributed by governmental agencies and international organizations. GLIN members contribute the official full texts of published documents to the database in their original language. Each document is accompanied by a summary in English and subject terms selected from the multilingual index to GLIN. All summaries are available to the public, and public access to full texts is also available in participating jurisdictions. Provided that this database is comprehensive and is publicly accessible, it could enhance legal transparency and security.

### ***Donor Coordination***

34. Efforts are underway to strengthen the aid relationship between the government and international partners following the conclusion of the independent ODI study<sup>16</sup> that the current situation is characterised by a basic lack of trust. It is the view of the mission that coordination among international partners in its dialogue and engagement with the Government is one of the factors critical in building the relationship and improving impact in the post-HIPC completion period.

35. This is particularly so in the area of governance and anti-corruption, and the establishment of the 8+6 group at the diplomatic level in late 2005 has been a major development in this regard. Through its regular meetings it has discussed, with Government, the ODI review, written a joint letter to the Government regarding a long running court case involving illegal logging, and also approved this mission. Its role in providing a coordinated diplomatic engagement will become even more crucial now that debt relief has been granted, where international influence may be felt most through the need to attract foreign investment and in strengthening Cameroon's international reputation.

36. At the technical level, the CMB (Comité Multi-Bailleurs) coordinates donor engagement across the development agenda. It generally meets every two weeks, with the chairmanship rotating and the French representative providing rapporteur services. The CMB has informal governance sub-groups which undertake detailed work on public financial management issues, (which prepared a joint analysis adopted by the CMB that was then presented to Government as the platform for dialogue on PFM reform, mentioned already in Paragraph 21), on elections and on decentralisation.

37. A new initiative of the French Government and Transparency International, which includes a National Integrity System (NIS) study<sup>17</sup> of corruption in Cameroon, could make a major contribution to

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<sup>16</sup> *An Arrival and a New Departure: Partnerships in Cameroon after the HIPC Completion Point*, ODI, London, May 2006

<sup>17</sup> The NIS approach developed by TI provides a framework with which to analyse both the extent and causes of corruption in a given national context, as well as the adequacy and effectiveness of national anti-corruption efforts. The NIS consists of the key institutions, laws and practices that

this agenda, and its integration into the collective action of the international partners is very important in order to avoid a parallel process.

### **Section C. Principles underpinning any further multi donor anti corruption work**

38. The second broad objective of the mission was to plan for further assessment. Before doing so, a number of operating principles should be established to guide further work. We wish to highlight the importance of:

- collective donor understanding and strategic action of the group of donors on the ground. We feel this is particularly important because coherent and consistent joint donor work is likely to maximise the impact of limited donor finance currently available to Cameroon. We must also keep in mind the principles in the *2005 Paris Declaration on Aid Effectiveness*, particularly the reduced transaction costs derived from harmonised approaches.
- linking cross-cutting concerns about corruption into sectors and mainstreaming governance in current donor interventions. Our discussions confirm the limitation of talking about corruption in the abstract; most traction is likely on issues which resonate with everyday concerns: health, education, justice & policing, the investment climate. Existing donors' interventions provide a valuable entry point to start addressing governance challenges in the different sectors.
- related to this, we advocate a 'problem-solving' or 'issues-based' approach. This should be based on a limited set of priority concerns, although broader contextual background analysis may help.
- acknowledging existing initiatives as important to the collective donor action agenda (e.g. PFM, procurement);
- establishing clear links to the National Governance Programme as the overarching governance framework for Cameroon and to the ongoing National Integrity System (NIS) study.
- the need to think through how to engage local partners in further assessments so they take ownership of the diagnosis of their own governance and corruption problems and how to support them more effectively in their efforts to improve governance.

### **Section D. Recommendations:**

39. We suggest that the engagement and support for this agenda be taken forward on two complementary tracks, involving (i) joint assessment in key areas, and (ii) support for civil society and strengthening understanding of causes of corruption.

40. The first of these tracks involves a process of joint assessment be undertaken, which must be owned by those on the ground—Government, civil society and donors. The core of the process would build on the National Integrity System (NIS) study to carry out a number of sector specific assessments in the areas identified as entry points at this stage. In particular, we recommend, subject to a clear indication from the Government of its engagement and commitment to further the fight against corruption, a positive response is made to Ministers who indicated interest in assessing corruption in Ministries of Finance (covering expenditure and revenue), Basic Education and Health, and that interest of other key Ministers in this regard is also tested (e.g. Justice, Higher Education). Support in these areas would be consistent with

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contribute to integrity, transparency and accountability in a society, including also media, civil society, private sector and international institutions.

the ‘issues-based’ approach mentioned above. The work would involve surveys aimed at exposing the nature and costs of corruption with the objective of establishing a baseline against which progress can be measured. It would also involve in-depth sectoral analysis to assess major institutional deficiencies and vulnerabilities to corruption, their impact on service delivery and procedures and institutions that are prone to reforms. Local research institutions and specialised advocacy groups (such as TI) are possible partners.

41. Secondly, we recommend that several steps commence in parallel. These would include working with civil society to support development of coalitions and capacity, and gaining deeper insights into how corruption and the system of governance operate. A more detailed and shared contextual analysis of the underlying causes of corruption in Cameroon would be useful for identifying targeted anti-corruption efforts, exposing further entry points and providing the understanding necessary to engage on this agenda. We propose an analysis of the overall political economy context that takes into account lessons learned and best practice assessment approaches (particularly the DFID and OECD DAC Power and Drivers of Change approach and USAID’s Corruption Assessment Methodology). This approach would go beyond an analysis of symptoms, to an understanding of the underlying causes of corruption, which in the short term will contribute to improved design of proposed anti-corruption interventions. In the medium term, this may assist in identifying entry points for further positive changes in governance. We leave it to the international diplomatic and aid community in Yaoundé to consider how plans for this study could be shared with Government. Experience from other countries suggests this needs careful handling.

42. The mission team will work on terms of reference for the assessment and analytical work (paras 38 and 39 above) in the coming weeks.

#### **Section E. Further entry points for the international community**

43. In undertaking this further analytical work, there are a number of important process issues to consider. One option would be to propose a further mission to lead new studies with local counterparts. We have significant doubts about this approach, however, on two fronts. First, further work of a complex and analytical nature is unlikely to be either feasible or credible in the eyes of Cameroonians. Secondly, a ‘parachute-in/parachute-out’ approach would miss opportunities to meet a critical gap we identified above: building multi-stakeholder alliances towards action on transparency. For this reason, we propose a multi-donor funded facility in which further diagnostic and analytical work (recommended in Section D paras 38 and 39 above) would be grounded.

#### **Section F. Summary Proposal for a ‘Cameroon Transparency Support Facility’**

44. We propose that the CMB jointly pursue an initiative to support the strengthening the climate for governance reform in Cameroon with a specific focus on building alliances through work on transparency, working under the overall guidance of the “8+6” group. The CMB, or a sub group, could take day-to-day responsibility for this work, depending on how coordination mechanisms are reconfigured to support the next phase of the PRSP and in particular how government and civil society will participate. As a first step it is recommended that an inventory be collated of all the ongoing and planned support by the donors in the areas of governance and anti-corruption. This work would be supported by a modest (between \$US 750,000 and \$US 1,000,000) multi-donor grant-based facility, initially over a two year period, hosted by UNDP in Cameroon<sup>18</sup>. The Facility would provide for a suitably qualified international resident Governance/Anti-corruption Coordinator to support the CMB in this work, supported by a grants scheme.

45. The objectives of the facility are:

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<sup>18</sup> We propose the mechanism used to manage the 2006 ODI aid effectiveness study, hosted by UNDP to which both donor countries and Government contributed funds.

- To improve the climate of transparency by support to information provision; ensuring access to analytical work exposing corruption and governance challenges; promoting public advocacy and public debate, particularly by working with the media; analysing follow-up policy options and solutions, as illustrated in Figure 1 below. This would also entail promoting transparency of donor activities—facilitating access to reports and studies produced by donors and any other information regarding donor activities on the ground.

**Figure 1. A Virtuous Circle of Transparency**



Source: World Bank Global Monitoring Report 2006

- To operate a grant facility which would be used to finance priority diagnostic and assessment work outlined above. A cross-cutting task will be to convert anecdote and hearsay into fact. Expertise from the GOVNET and elsewhere could be called down and funded from the grant facility to undertake surveys etc. Flexibility will be paramount and it will be critical to respond to opportunities as and when they emerge. On the other hand, the risk of small project proliferation should be avoided, mainly by limiting activities to multi-stakeholder transparency work as opposed to generic capacity building programmes.
- To facilitate the mobilisation of diverse stakeholders to be involved in diagnostic work but also in following-up in terms of media attention, public debate and tracking the responsiveness of Government and civil society in addressing particular problems. Supporting embryonic alliances and coalitions for change as they emerge would also be a central follow-up objective.
- To provide the anti corruption focal point on behalf of the donors working on specific issues in sectors (such as health and education) for the interface with the 8+6 Group, ensuring coordination of the different governance interventions supported by donors.
- To map and monitor patterns of corruption, and the performance of institutions and systems that impact on corruption, over time through compiling benchmarking reports and studies. This could include the development of appropriate indicators to provide a baseline and allow future monitoring of performance of key institutions and systems.

- To provide the local monitoring point for tracking the implementation of the range of international instruments in the fight against corruption, using GOVNET contacts in capitals for support as necessary. These include EITI (some important work is underway); the OECD Anti Bribery Convention; FLEGT; UNCAC; the anti corruption aspects of the Africa Peer Review Mechanism should Cameroon become involved; OECD Guidelines for Multinational Enterprises; the OECD Risk Awareness Tool for Multinational Enterprises in Weak Governance Zones.
- To promote debate about international action on the ‘supply side’<sup>19</sup> of corruption such as asset recovery and banking regulation in OECD countries. We see this last point as a matter of credibility—and mutual accountability—for the international community to more explicitly acknowledge and work on the interface between commercial interests in OECD countries and corruption in Cameroon.
- To consider further opportunities for promoting transparency in sectors important to the international community. Issues raised by Ambassadors in discussion with the mission include: the electoral process, economic governance, state capture and the disconnects between government and society.

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<sup>19</sup> See OECD DAC GOVNET Principles for Donor Action on Anti-Corruption.