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1818 H Street NW

Washington DC 20433

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**CAMEROON—Transport Sector Technical  
Assistance Project  
(Credit 2703-CM)  
Implementation Completion Report**



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Transport Sector Technical Assistance Project [TSTA] - Cameroon - Credit  
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IMPLEMENTATION COMPLETION REPORT

REPUBLIC OF CAMEROON

TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT

(CREDIT 2703-CM)

February 14, 2000

Transport Group 2  
Africa Region

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### CURRENCY EQUIVALENTS

Currency Unit	=	CFA Franc (FCFA)
US\$ 1 1995	=	518.6
1997	=	541.1
1999	=	630.0

### WEIGHTS AND MEASURES

Metric System

### FISCAL YEAR

July 01 - June 30

### ABBREVIATIONS AND ACRONYMS

BMZ	=	Bundesministerium für Zusammenarbeit (German Ministry for Cooperation)
CAMAIR	=	Cameroon Airlines
CAMSHIP	=	Cameroon Shipping Lines
CAMTAINER	=	<i>Société Nationale de Transport et de Transit du Cameroun</i> (Cameroon Container Transport and Freight Forwarder Company)
CAS	=	Country Assistance Strategy
CNCC	=	<i>Conseil National des Chargeurs du Cameroun</i> (Cameroon National Shippers' Council)
EU	=	European Union
FAC	=	<i>Fonds d'Aide et de Coopération</i> (French Cooperation Fund)
GNP	=	Gross National Product
GOC	=	Government of Cameroon
IDA	=	International Development Association
IMF	=	International Monetary Fund
LABOGENIE	=	<i>Laboratoire National de Génie Civil</i> (National Road Laboratory)
MATGENIE	=	<i>Parc National de Matériels de Génie Civil</i> (Equipment Pool)
MINT	=	<i>Ministère des Transports</i> (Ministry of Transport)
MINTP	=	<i>Ministère des Travaux Publics</i> (Ministry of Public Works)
ONPC	=	<i>Office National des Ports du Cameroun</i> (Cameroon National Port Authority)
PE	=	Public Enterprise
REGIFERCAM	=	<i>Régie Nationale des Chemins de Fer du Cameroun</i> (Cameroon National railway Corporation)
SAC	=	Structural Adjustment Credit
SAR	=	Staff Appraisal Report
SOCAMAC	=	<i>Société d'Aménagement et de Manutention du Cameroun</i> (Port Handling Co. of Cameroon)
SOTUC	=	<i>Société de Transport Urbain du Cameroun</i> (Urban Public Transport Company)
TSP	=	Transport Sector Project
TSTAP	=	Transport Sector Technical Assistance Project

Vice President:	Jean-Louis Sarbib, AFRVP
Country Director:	Serge Michailof, AFC07
Sector Manager:	Maryvonne Plessis-Fraissard, AFTT2
Team Leader:	Abdelghani Inal, AFTT2

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**IMPLEMENTATION COMPLETION REPORT**  
**REPUBLIC OF CAMEROON**  
**TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**  
**CREDIT 2703-CM**

**PREFACE**

This is the Implementation Completion Report (ICR) for the Transport Sector Technical Assistance Project in Cameroon, for which Credit 2703-CM in the amount of SDR 6.9 million (US\$9.7million equivalent) was approved on June 29, 1995, and made effective on December 19, 1995.

The original closing date was June 30, 1998. The credit was extended for one year and closed on June 30, 1999. Ninety-one percent of the credit was disbursed and the last disbursement was made on December 22, 1999. The balance of SDR 0.62 million (US\$0.85 million) was cancelled. Co-financing for the project was provided by the European Union (EU), French Cooperation Fund (FAC), and Bundesministerium fur Zusammenarbeit (German Ministry for Cooperation, BMZ).

The ICR was prepared by Elizabeth Rankin (Consultant), Farida Khan (Operations Analyst) of the Transport Unit 2, Africa Region, Kingson Aparo, (Transport Specialist and previous Task Team Leader for the Project), and was reviewed by Abdelghani Inal (Senior Highway Engineer, Task Team Leader). It is based on materials in the project files. The outcome of the project is rated satisfactory.

Preparation of this ICR was begun during IDA's final supervision/completion mission in May 1999. The Borrower contributed to the ICR by preparing its own evaluation of project implementation (a summary is attached to the ICR as Appendix B) and by commenting on the draft ICR. Comments were requested from the co-financiers, the World Bank's Cameroon Country Team, the team that appraised and supervised the Project, and their comments are incorporated in this ICR.

**IMPLEMENTATION COMPLETION REPORT**  
**REPUBLIC OF CAMEROON**  
**TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**  
**(CREDIT 2703-CM)**

**EVALUATION SUMMARY**

**Introduction**

1. Cameroon's per capita income declined dramatically since the mid-1980s and began to recover only recently. In 1999 it was estimated at US\$650 (half of what it was in the mid-80s). From a negative growth rate in the early 1990s Cameroon's GNP improved to register a 5% growth during 1997-98. Buoyed by oil production, the Government had failed to introduce fiscal and economic reforms and improve public sector management. Weak management and institutions caused the transport sector to have a negative impact on economic performance. The Transport Sector Technical Assistance Project (TSTAP) was preceded by a comprehensive Transport Sector Strategy Memorandum in 1994 to develop the framework for a new transport reform program and to address sector issues. No technical assistance (TA) was envisioned but rather a hybrid transport sector adjustment project to support structural reforms. The TA program, initially conceived as part of the planned transport adjustment project, became a separate operation in 1994. It replaced the adjustment project because resources were required for further sector work and reforms were needed to strengthen the basis for the proposed reform programs. An investment project, the Transport Sector Project (TSP), was approved later in May 1996.

**Project Objectives**

2. The *main project objectives* were to support Government efforts to: (a) launch the transport sector reform program, which would result in the creation of a new private civil aviation company, private operation of rail services, liquidation of the urban bus company, sale of public shares in the Cameroon Shipping Lines (CAMSHIP) and in the Cameroon Container Transport and Freight Forwarder Company (CAMTAINER), restructuring of the Ministry of Transport (MINT), and reform of the regulatory framework for air, urban, and maritime transport; and (b) continue preparation of the subsequent phases which would result in: (i) restructuring of the Ministry of Public Works (MINTP); execution by contract of most of the road maintenance work program; and implementation of a pluri-annual programming system, as well as a sustainable financing mechanism for road maintenance; (ii) restructuring and down-sizing of the port authority; implementation of an efficiency-driven organization for dredging; and (iii) an improved customs' institutional framework; overhaul of the customs' computerized information system; and implementation of a new international transit system.

3. To achieve these objectives, the project provided for consultants' services to launch the transport sector reform program, mainly for: (a) preliminary analysis for the privatization, sale or concession of the airline, railway company, shipping company, CAMSHIP and CAMTAINER, and for liquidation of the urban bus company; (b) a study to prepare restructuring of MINT; (c) revision of the regulatory framework for urban, air, and maritime transport, including a study of regional logistical costs, and seminars. The project also provided assistance in the *preparation of the subsequent phases* of the transport sector reform program

4. The project objectives were *ambitious*. The program embraced all aspects of the transport sector, changing the regulatory frameworks for air, road, railway and maritime transport; privatizing of PEs; restructuring of MINT, MINTP, and other public agencies; introducing a road fund, maintenance programming and execution of works by contractors; developing local capacity; and preparing new investment programs for roads, railway, and ports. The project overestimated the Government's institutional capacity to implement these reforms according to the agreed timetable. The project underestimated the complexity of the program, the social aspects of downsizing the public sector supposed to be addressed by the planned adjustment project, and the need for incentives.

5. Three *risks* were identified during appraisal: (a) delays in execution because of weak institutional capacity; (b) proceeding with studies ahead of effective commitment to PE reform; and (c) lack of fairness and transparency in the privatization process. The first risk did materialize, especially due to the lengthy procurement procedures and implementation delays. The second risk materialized in the opposition to the privatization of CAMAIR, and long delays in the port sector reforms. However the rapid liberalization of urban transport should be mentioned. The social aspects were not addressed by the project and this led to delays in decision making and implementation. These risks were mitigated by the revision of the institutional framework for privatization, as part of the Structural Adjustment Credit III (SACIII approved in June 1998); introduction of the port sector reforms and establishment of the road maintenance fund as prerequisites for disbursements; agreement with the IMF for inclusion of the cost of social aspects into the State's operational budget; and preparation of a separate railway concession project.

### **Implementation Experience and Results**

6. **Achievement of objectives.** The project objectives were *substantially* achieved, with the exception of the privatization of CAMAIR. Because these objectives relate specifically to individual project components, the following discussion of the achievements and shortfalls of the project objectives and of the subsequent phases of the transport sector reform program identifies these as "O" or "P".

(a) Railway activities previously managed by the PE, REGIFERCAM (undergoing liquidation), were effectively devolved to the private sector despite several difficulties during the implementation and preparation of the need to prepare the railway concession project. CAMRAIL has been operating the railway since April 1, 1999.

(O)

(b) Liberalization of urban transport and liquidation of the urban public bus company,



SOTUC, were achieved, with increased competition and cost reductions in urban transport services in the major cities--Douala and Yaounde. (O)

- (c) In maritime transport, increased efficiency and cost reductions were reported by shippers; this is mainly the result of the implementation of a new law that: (i) eliminates the protection of national vessels by abolishing cargo sharing; (ii) dissolves the Government-owned National Shippers' Council (CNCC); and (iii) abolishes certain levies initially imposed on exports and imports as a mechanism for financing CNCC. Privatization of CAMSHIP was achieved and that of CAMTAINER as well, given its majority ownership by CAMSHIP. (O)
- (d) Although the reforms of the port sector are not yet completed, the measures taken thus far have produced some reductions in port transaction costs and in clearing times. (P)
- (e) The Road Maintenance objective, supported by SACIII, was fully achieved. The project is expected to increase efficiency, reduce road maintenance costs, and secure funds for maintenance. (P)
- (f) Restructuring of MINT and MINTP has been slow and is continuing as part of the TSP and SAC III projects. (O) and (P)
- (g) Improvements in the customs clearance systems, notably through the establishment of the single clearing window (the Guichet Unique) at the Douala port and an autonomous Douala Port Authority, are expected to be achieved with the support of the EU, the French Cooperation Fund and the SACIII project. (P)
- (h) The privatization/liquidation of the civil aviation company was not achieved. In terms of regulatory reform, air transport was only partially liberalized ;domestic air transport was liberalized and the civil aviation code was revised, introducing "open skies" but in practice, regional and long-haul services are still governed by bilateral accords. (O)
- (i) Improvement of the international transit system was only partially achieved. It is in progress with support from the EU. International transit transport still suffers from costly and time-consuming road blocks and checks by gendarmes. (O)

7. The flexibility of project design made it possible to establish a sector-wide environmental protection action plan and a framework for systematically taking into account environmental impact mitigation, particularly as this pertains to road maintenance contracts. This aspect of the project was only a second phase objective.

#### **Summary of Findings, Future Operations, and Key Lessons Learned**

8. Overall, the *project achieved most of its objectives* and had a positive impact on transport sector restructuring, management and operations, private sector development, public expenditures, and the environment. The outcome is rated *satisfactory*. Borrower performance was *satisfactory*, despite the difficult dialogue and outstanding issues on procurement. Bank performance was also *satisfactory*, however, its overestimation of Government institutional capacity and preparedness to implement an ambitious program of reforms was mitigated by staff responsiveness and the addition of incentives through follow-up projects (TSP, SACIII, and railway concession).

9. Sustainability of the project is rated *likely*. This is particularly true for those

activities and entities privatized or restructured: urban transport, railway transport, port, and road funding and maintenance. However, the sustainability of the results depends largely on the country's economy. The achievements should be reinforced and extended. The ongoing projects TSP, SACIII, and railway concession aim to accomplish this.

#### 10. Key lessons

- (a) *Implementation of distinct phases of separate sub-sector reforms, each targeting a set of priority objectives, are more realistic than the implementation of an integrated program with multiple and complex objectives.* The project supported a reform program that was prepared in accordance with an integrated approach, but with very ambitious objectives and complex implementation requirements. The implementation schedule should have been better tailored to the country context.
- (b) *Structural reforms could not have been implemented without incentives.* In the absence of the added leverage of the structural adjustment program and the railway concession project to the TSP, it is doubtful that the TSTAP would have achieved what it did.
- (c) *The budgetary and social impact of privatization, including severance payments, should be addressed during project preparation* using a participatory process that includes both affected staff and union leaders. This aspect was not addressed and led to project implementation delays.
- (d) *The delegation of task management to the field is positive overall.* However, significant local pressure was experienced by the field Task Manager, who was a Cameroonian national, and had to play the dual role of Bank representative as well as an informal Government representative, particularly when issues of intense local interest arose. The role of arbitrator had to be assumed often. Local sensitivities can become a major issue and an irritant, and placing a national in this position can cause problems. This issue will need to be addressed more fully in subsequent projects, particularly in light of the Bank's continued decentralization efforts. Another issue that arose from moving team leadership to the field was the lack of pertinent information in the Headquarters files. It is important that files be sent by the field office to Headquarters systematically in order to maintain files properly.
- (e) *Involvement of senior management (from the Bank and the Government) in the process of reform implementation is crucial.* The Project benefited from the timely intervention of senior management, both from the Bank and the Government, at critical times, especially during and after the mid-term review.
- (f) *Continuity in Bank support strategy through successive projects (investments and macroeconomic or sectoral adjustments) is essential for supporting the different phases of reforms and for consolidating those achieved under the project.* The ongoing SACIII, TSP, and railway concession project are the beginning of this continuity.
- (g) *Political sensitivity about some reforms, such as the air transport reform, suggest that they may be more efficiently discussed in the context of the on-going regional reform program of air transport in West and Central Africa.*

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**PART 1. PROJECT IMPLEMENTATION ASSESSMENT**

**Background**

1. Cameroon Per Capita income has declined dramatically since the mid-eighties and has only recently begun to recover. In 1999 it was estimated at US\$650/annum (half of what it was in the mid-eighties). From a negative growth rate in the early 1990s Cameroon's GNP improved to register a 5% growth during 1997-98. Buoyed by oil production, the Government had failed to introduce fiscal and economic reforms and improve public sector management. Weak management and institutions caused the transport sector to have a negative impact on economic performance. The Government, with the support of donors, developed an overall transport sector reform program to strengthen the sector institutions and address the financial issues.

2. The context in which the Project was implemented reflects a much improved economic situation brought about by the January 1994 CFA franc devaluation and the Government's economic program, supported by the IMF Standby Arrangement (approved in March 1994) and IDA Economic Recovery Credit (approved in June 1994). The IDA Third Structural Adjustment Credit (SACIII, approved in June 1998) focuses on the implementation of economic and structural reforms in five key sectors: transport, public utilities, agro-industry, financial sector and forestry. Due to the difficult dialogue with the Borrower, SACIII was designed, in part, to support implementation of some of the reforms included in the Transport Sector Technical Assistance Project (TSTAP).

3. The Bank Group has contributed extensively to Cameroon's transport sector over the past three decades by financing three port, four railway, and six road projects, in addition to two currently being implemented. IDA transport sector financing totals about US\$565 million equivalent, of which 75% was for roads. Five transport sector memoranda provided the analyses for project preparation. The TSTAP was preceded by a comprehensive Transport Sector Strategy Memorandum, completed in 1994, that provided the framework for the new program. No technical assistance (TA) was envisioned but rather a hybrid Transport Sector Adjustment Project to support structural reforms. The TSTAP became a separate operation in 1994, replacing the adjustment project, because resources were required for further sector work and reforms were needed to strengthen the basis for the proposed program. The TA program, initially conceived as part of the Transport Sector Project (TSP) became a separate operation in 1994.

## A. STATEMENT/EVALUATION OF OBJECTIVES

### A.1 Project Objectives

4. The *main project objectives* were to support Government efforts to: (a) launch the transport sector reform program, which would result in the creation of a new private civil aviation company, private operation of rail services, liquidation of the urban bus company, sale of public shares in Cameroon Shipping Lines (CAMSHIP) and in Cameroon Container Transport and Freight Forwarder Company (CAMTAINER), restructuring of the Ministry of Transport (MINT) and reform of the regulatory framework for air, urban, and maritime transport; and (b) continue preparation of the subsequent phases which would result in: (i) restructuring of the Ministry of Public Works (MINTP); execution by contract of most of the road maintenance work program; and implementation of a pluri-annual programming system, as well as a sustainable financing mechanism for road maintenance; (ii) restructuring and down-sizing of the port authority; implementation of an efficiency-driven organization for dredging; and (iii) an improved customs institutional framework; overhaul of the customs computerized information system; and implementation of a new international transit system.

5. These objectives were consistent with the Government's sector reform program (to be implemented in several phases) that sought to: (i) enable the sector to contribute to development instead of being a constraint on economic growth; (ii) improve the regulatory framework, mobilize and allocate resources to maintain the transport infrastructure; and (iii) increase competition and make the sector more efficient.

6. To achieve these objectives the project provided for consultants' services to launch the transport sector reform program, mainly for: (a) preliminary analysis for the privatization of the airline, railway company, shipping company, and for liquidation of the urban bus company; (b) preparation of a concession agreement to operate rail services; (c) preparation of a management contract, including deferred privatization option to privatize national air services; (d) assistance for the sale of public shares in CAMSHIP and CAMTAINER; (e) services of the liquidator of the urban bus company; (f) financial audits of the public enterprises (PEs) to be privatized and a study of the legal obligations of these PEs; (g) a study to prepare restructuring of MINT; (h) revision of the regulatory framework for urban, air, and maritime transport, including a study of regional logistical costs and seminars.

7. The project also provided assistance for preparation of the subsequent phases of the transport sector reform program: (a) consultants' services to prepare restructuring of (i) MINTP to shift toward management of road maintenance by contract; (ii) the port authority; (iii) the MINTP equipment pool (MATGENIE) and the National Road Laboratory (LABOGENIE); (b) assistance to implement a new international transit system and to improve customs procedures; (c) establishment of a simplified road taxation system, creation of a road fund, definition of a mechanism for financing rural roads maintenance, creation of a road database and road-maintenance programming system; preparation of a mitigation plan to address environmental issues in road maintenance, preparation of the investment and annual road maintenance programs; (d) engineering

studies on dredging and a priority investment program for REGIFERCAM; (e) local capacity building, training and support for the Transport Interministerial Coordination Unit, and consultants' services to strengthen the unit in charge of overall privatization in the Ministry of Economy and Finance.

## **A2. Evaluation of Objectives and Risks**

8. The project objectives were *ambitious*. The program embraced all the transport sector aspects, changing the regulatory frameworks for air, road, railway, and maritime transport; privatizing of PEs; restructuring of MINT, MINTP, and other public agencies; introduction of a road fund, maintenance programming, and execution of works by contractors; developing local capacity, and preparing new investment programs for roads, railway, and ports. The project overestimated the Government's institutional capacity to implement these reforms according to agreed timetable. The project underestimated the complexity of the program, the social aspects of downsizing the public sector, and the need for incentives. Medium-size private civil works contractors and transport companies to take over the functions of the privatized PEs were supported by the European Union (EU).

9. Three *risks* were identified during appraisal: (a) delays in execution because of weak institutional capacity; (b) proceeding with studies ahead of effective commitment to PE reform; and (c) lack of fairness and transparency in the privatization process. The first risk did materialize, especially due to the lengthy procurement procedures and implementation delays. The second risk materialized in part in the opposition to the privatization of CAMAIR and long delays in the port sector reforms. However, the rapid liberalization of urban transport should be mentioned. The social aspects, which were planned to be supported by the adjustment operation, were not addressed by the project, which led to delays in decision making and implementation. These risks were mitigated by the revision of the institutional framework for privatization as part of the SACIII project; introduction of the port sector reforms and the establishment of a road-maintenance fund as a prerequisite for disbursements; agreement with the IMF for inclusion of the cost of social aspects in the State's operational budget; and preparation of a separate railway concession project.

## **B. ACHIEVEMENT OF OBJECTIVES**

10. The project objectives were *substantially* achieved, with the exception of the privatization of CAMAIR. The number of objectives set for the overall sector reform program, of which TSTAP is a part, was large. The role of the TA was to set in motion a number of key activities that related directly to individual project components. A discussion of the achievement and shortfalls of the main project objectives and of the subsequent phases of the transport sector reform program. Objectives for the project the project are flagged as "O" and those for the second phase as "P".

(a) Railway activities previously managed by the PE, REGIFERCAM, were effectively commissioned to the private sector despite difficulties encountered during implementation and preparation of the railway concession project. REGIFERCAM is in the process of liquidation. CAMRAIL has been operating the railway since April 1, 1999. Although reductions in transport costs have not yet been realized, it is expected that an

improved road network will establish competition that would result in reasonable cost reductions in rail and road transport. (O)

(b) Liberalization of urban transport and liquidation of SOTUC, the urban public bus company, were achieved, with increased competition and cost reductions in transport services in the major cities-- Douala and Yaounde. However, difficulties were encountered in the appointment of a liquidator for the bus company and the payment of severance packages became a serious issue that is still being addressed in the context of the macroeconomic reform program. (O)

(c) In maritime transport, increased efficiency and cost reductions were realized by shippers, mainly as a result of the implementation of a new law which: (i) eliminates the protection of national vessels by abolishing cargo sharing; (ii) dissolves the Government-owned National Shippers' Council (CNCC), which is to be replaced by a private entity that will be established, financed, and managed by the shippers themselves; and (iii) abolishes certain levies initially imposed on exports and imports as a mechanism to finance CNCC. The establishment of a private national shipping line through the sale of Government shares in CAMSHIP (and of CAMTAINER which was majority-owned by CAMPSHIP) has led to increased competition. (O)

(d) Although the port sector reforms have not yet been completed, the measures taken so far have led to some reduction in port transaction costs and in savings in clearing times. With the support of SACIII, EU, and FAC, it is expected that by the end of 2001 port clearing times will be down by more than 75% to an acceptable level of 7 days for imports and 2 days for exports, and that port transaction costs will be brought down to a competitive level with the best performing ports along the West African Coast line. The port dredging activities were privatized. (P)

(e) The objective for Road Maintenance, supported by SACIII, was fully achieved. The project is expected to increase efficiency, reduce road maintenance costs, and secure funds for maintenance. (P)

(f) Restructuring of MINT and MINTP was slow and continues under the TSP and SAC III. (O) & (P)

(g) Improvements in the customs clearance systems, notably through the establishment of the single clearing window (*Guichet Unique*) at the Douala port and the autonomous Douala Port Authority, will be achieved with support from the EU, FAC, and SACIII. (P)

(h) The privatization/liquidation of the civil aviation company was not achieved. In terms of regulatory reforms, air transport was only partially liberalized; domestic air transport was liberalized and the civil aviation code was revised, introducing open skies, but in practice, regional and long-haul services are still governed by bilateral accords. (O)

(i) Improvement of international transit system was only partially achieved, It is in progress with the support from the EU. International transit transport still suffers from costly and time-consuming roadblocks and checks by gendarmes. (O)

11. One significant achievement, that was a second phase program objective (P) was the success in establishing a sector-wide environmental protection action plan and a

framework for systematically taking into account environmental impact mitigation, particularly in road maintenance contracts.

## **C MAJOR FACTORS AFFECTING THE PROJECT**

12. **Factors subject to Government control.** Among the major factors that affected project implementation were weak institutional capacity and cumbersome administrative procedures. Implementation of this ambitious and complex reform program was delayed already by five months after credit effectiveness. Serious procurement delays and the sole-source contract for dredging initiated by the Government led to a one-year impasse with the Bank before the Government reverted to international competitive bidding. Discrepancies in the management of the Special Account(SA) led to suspension of its replenishment for close to a year. The Government failed to take timely decisions on some reforms, such as CAMAIR, the port, the railway privatization process, and the appointment of the liquidator for SOTUC. During the mid-term review the extent of Government sensitivities about liberalization, privatization, and structural reforms became apparent and it was realized that these could not be adequately addressed in the context of a strictly sectoral operation and that more incentives were needed. Less ambitious and separate programs and projects, like the program for the road sector with MINTP and others for transport with MINT and its PE, would have been implemented with fewer difficulties and not overburdened the Government's capacity.

13. The issue of severance payments to workers was not addressed in the project because planned in the expected adjustment transport project. Worker hostility to privatization became apparent when a number of labor unions offered resistance to privatization of CAMAIR and REGIFERCAM, for example. About 2000 employees were to be retired as a result of the privatization - liquidation - restructuring - reform process but no facility had been designed to deal with the underlying social and financial consequences of the reforms. Since severance packages were costly, the Government was reluctant to proceed with privatization until adequate financial arrangements could be made. It should be noted that the Bank at the time was not authorized to finance redundancies. To its credit, when this issue arose Bank staff made commendable efforts to solve the problem by organizing participatory meetings with those affected and seeking ways to resolve the impasse. Eventually it was agreed with the IMF that the social costs would be integrated into the State's operational budget.

14. **Factors subject to implementing agencies' control.** Institutional capacity limitations of the numerous implementing agencies and the lack of commitment of many PEs slowed project implementation. Despite the procurement issues and delays, discrepancies in the management of the SA, difficulties in recruiting consultants, and a difficult dialogue, the project achieved most of its objectives.

15. The April 1997 mid-term review, decentralization of the Bank project task management to the field, introduction of transport sector reforms in the SACIII project, and preparation of a separate project for railway privatization combined to sharpen the implementation strategy, strengthened the donor coordination, contributed to improvements in the participatory process, the dialogue with the Bank, and the decision-making process.

16. **Costs and delays.** The project achieved most of its objectives within the original financial provisions. An amount of SDR 621,156.21 (9% of the Credit amount) was cancelled, mainly due to the variation of the FCFA exchange rates and payment of project preparation costs through the TSP and the railway concession project.

#### D. PROJECT SUSTAINABILITY

17. Sustainability of project achievements is *highly likely*. This is particularly true for those activities or entities that were successfully privatized or restructured (maritime transport, CAMSHIP, urban transport, SOTUC, railway transport, REGIFERCAM, LABOGENIE, and contracted maintenance, MATGENIE). The completion of the privatization process and the irreversible takeover by the private sector are good signs of sustainability. The liquidation of SOTUC was completed and urban bus transport is now operated by the private sector under new legislation. CAMRAIL, the new private company is trusted by the banking sector and several donors are providing investment funds for the Cameroon railway system. Significant involvement of the private sector, demonstrated government commitment, and continuity of the reforms through the TSP, SACIII, and the railway projects are good indications for sustainability of the on-going reforms in the port, road, and railway sectors. The *Guichet Unique* is managed by the private sector; CNCC has been dissolved, and a new shipper's council is being established to serve the interests of shippers; majority private sector representation in the *Comité de Coordination et d'Orientation* of the Douala port has been achieved; and the newly created *Port Autonome de Douala* will be commercially managed.

18. The road fund and the road maintenance program are likely to be sustained given: (i) the establishment of a road user fee in the Finance Law; (ii) demonstrated private sector capacity to carry out maintenance contracts; and (iii) majority representation of road users in the fund's management board. The TSP is extending the sustainability of road maintenance to rural and urban roads.

#### E. BANK PERFORMANCE

19. Bank performance is rated *satisfactory overall*. However four shortcomings are noted below:

(a) The timeframe for full implementation of both large and complex privatization and restructuring programs was overly optimistic. By including part of the reform program in the TSP, SACIII, and the railway project, some of these shortcomings were mitigated.

(b) Privatization of CAMAIR was simply a "non-starter," which the Bank pushed to the exclusion of other options or solutions. The result was an aborted dialogue on the subject, and a failed objective.

(c) The project design did not take account of the social issues associated with redundancies resulting from the privatization/liquidation and restructuring. As a result, during project implementation the team was placed in the awkward position of having to manage damage control with both staff identified as redundant and labor unions, as well as with the Government, by advocating financial support for payment of severance packages.



The issue was eventually addressed by the Bank through the macroeconomic dialogue.

(d) While procurement delays are largely attributable to the heavy bureaucracy of the Borrower, the Borrower accused the Bank's team for delays in providing its non-objections. The problem was resolved in part by placing the Task Manager in the field, but this generated other issues as such as pressures on the Task Manager, who was a Cameroonian, lack of coordination with Headquarters staff, and an inadequate filing system.

20. Nevertheless, Bank staff was diligent in implementation and dealt with a multitude of issues on a meager supervision budget. The complexity of the project did not dampen their attention to detail. It is a testament to the Team that during this period over 60 different issues, identified in the project files, were addressed. The mid-term review was a positive milestone, as it identified key stumbling blocks and put the project back on track in those areas where it could have been derailed. Three minor drawbacks can be noted in the transfer of project management to the field: (a) pressures on the Task Manager because he was a Cameroonian national; (b) poor attention to the transfer of key project documentation and files to Headquarters; and (c) lack of appropriate back-up staff at Headquarters to support the field-based team.

21. In terms of overall supervision implementation progress was adequately reported. Problems were identified in a timely fashion and adequately assessed, and development impact and performance ratings in the Form 590 and PSR were accurate. Legal covenants were enforced and remedies exercised. The Bank, the Borrower, implementing agencies, and co-financiers met regularly and worked well together. A key positive factor was the coherence of donor programs in the transport sector and the railway project. This brought about added leverage and synergy, particularly in the context of SACIII.

22. However, despite coordination among donors (FAC, EU and BMZ) at the start of the project and between donors and the Government, progress in implementation was too slow. Also, the differences in donors' procedures contributed to the delays. The regular coordination meetings held after the mid-term review, helped to expedite progress in the latter stages of the project

## F. BORROWER PERFORMANCE

23. Borrower performance is rated *satisfactory overall*. However, shortcomings in procurement and initial hesitation in taking decisions, as in the case of CAMAIR, the port reforms, and liquidation of SOTUC, made dialogue with the Bank difficult throughout implementation. The contradictions became apparent as the Cameroonian bureaucracy or "hierarchy" consistently ignored agreements reached with donors at the ministerial level. Other key deficiencies, including slow and tedious procedures for consultant selection and inefficient procurement processing and bid tendering, also hampered the project.

24. Staff of the executing units, however, worked tirelessly to move the project forward. Like their counterparts in the Bank, they dealt expertly with numerous issues that arose during implementation. Borrower Performance during implementation at times was unsatisfactory, while that of the implementing agencies was satisfactory. The Government

and the implementing agencies complied with all the covenants/commitments in the Development Credit Agreement. The required institutional changes were made. Management and staffing was satisfactory and the provision of counterpart funds was adequate. Increased efficiencies and cost reductions were realized. All other fiduciary requirements were satisfied, including the submission of progress reports, accounting statements, and audit reports to the Bank. TA, mainly for the preparation of studies, was appropriately used.

#### **G. ASSESSMENT OF OUTCOME**

25. Project objectives and implementation of project components were *substantially realized*. However, the objective of full privatization, liquidation, liberalization, and restructuring of all the entities identified, within a 2-3 year period proved overly optimistic. Government's commitment to the process was misread along with the state of "preparedness" of each PE, market conditions, and the budgetary and social implications of privatization. Project design did not adequately assess these risks or their possible impact on project implementation. It is, therefore, not surprising that not all the objectives were achieved.

26. No formal economic analysis was prepared for the project, as none was required for this type of a program, although financial analyses were conducted for the enterprises to be privatized. For this ICR, therefore, the economic analysis is limited to assessing the outcome of the following specific benefits:

(a) Use of a competitive bidding process was expected to lead to greater fairness and transparency in the preparation and execution of the privatization programs. Although this was largely realized, problems arose that led to significant delays in the implementation of some project components. The Government, for example, defied Bank requirements by concluding a sole source contract for the dredging of the Douala port channel. This was only one manifestation of an extremely difficult dialogue with the port management, until it was replaced in 1998. Distortions in the call for bids and in the capital structure and transfer of shares to the privatized company were also noted, while the Government maintained that the process was transparent.

(b) Privatization/liquidation was expected to curb Government subsidies to the PEs; this has been substantially achieved as there is currently no registered direct subsidy to most of the PEs; as shown in the Table below.

Enterprises	Subsidies: FCFA (million) (in 1994)	Subsidies: FCFA (million) (in 1999)
CAMTAINER	-	-
MATGENIE	159	-
CAMRAIL	85,613/a	90,965/a
CAMSHIP	N/A	N/A
ONPC	14,865	0
CAMAIR	N/A	N/A
SOTUC	1,600/b	0
LABOGENIE	2,473	209
CNCC	1,000/b	0

a/ includes asset sales

b/ approximately

Note: The Government will continue to subsidize railway passenger activities under the new concession agreement.

(c) With respect to road maintenance, the TSTAP established the framework for a sustainable financing system, adequate road management, and private execution of maintenance. The road fund is in operation for the second year, and on an annual disbursement basis, the funding for road maintenance by the road fund is now higher than the aggregated funding from all the road sector donors. Works are being carried out by private contractors on a competitive basis. An improvement in the road network is expected very soon along with lower vehicle operating costs.

(d) Port restructuring was not achieved under this TA project, but it has been included in the SAC III program. Meanwhile, in February 1996 port costs decreased because of a 37% reduction in Douala port tariffs, and the National Port Agency of Cameroon (ONPC) was granted a tax-free status on tariffs. However no parallel reductions in port surcharges occurred. A decrease in ship waiting time by about 3 days was realized that would have a direct impact on both transport costs and port competitiveness.

(e) Little or no reduction has occurred in transit costs; as police and gendarme personnel continue to carry out time-consuming and costly checks on all major roads.

(f) The Bank's project files (March 1994) show an estimated the cost for the proposed transport restructuring/privatization program in the range of 94 billion 94 FCFA with the project and 62 billion 62 FCFA without the project, for the years 1994 and 1995. No annual assessment of the "with project" and "without project" case was made and it was not possible to do a re-assessment.; However, it is worth noting that the "with project" case did not include any estimate of the social costs, especially for the severance payments/packages.

27. The project outcome is judged as *satisfactory* overall, even though the time frame

for full privatization/restructuring under the TSTAP was overly optimistic in light of the local social and political sensitivities, the novelty of the reform approach, and the significant budgetary impacts in a constrained economic environment. The experience with TSTAP lends credence to the phased approach where follow up of a number of objectives has been incorporated into subsequent programs, both sectoral and macroeconomic, confirming further that the Bank's integrated program approach is appropriate for the transport sector.

28. This project is not an easy one to assess because the integrated approach, which was used as the framework, the planned implementation in phases, and the concomitant support for the reform program from the TSP, SACIII, and the railway concession project make it difficult to separate out the achievements and outcomes of the TSTAP project. In light of the complexity of this project, its multiple objectives, and its linkages with other projects, it is recommended that on completion of the TSP, SAC III, and the railway project, an analysis of the four projects be undertaken together in the form of a sector ICR or that a new transport sector memorandum be prepared.

#### **H. FUTURE OPERATIONS**

29. A number of follow-on projects are currently underway as part of the long-term transport sector program. In addition to SACIII, the Bank is or will plan to provide support to the program through two other operations, i.e., the Transport Sector Project (US\$60.7 million) and the Railway Concession Project (US\$22.0 million). The latter project, with a total cost estimated at US\$85.0 million, is to be presented to the Bank's Board in the second quarter of the year 2000 and will be supported by a number of co-financiers.

30. Given the success of the reforms in the sector, future operations should aim at pursuing the overall goal of improving transport sector performance and efficiency by consolidating and sustaining the achievements of the reforms and implementing the much needed rehabilitation of the existing transport infrastructure, especially rural roads. It is recommended that the Bank's future program lay emphasis on the following aspects that are reflected in the Government's medium-term action plan: promotion of private sector involvement in infrastructure; rural transport development and implementation of the environmental action plan; training, especially for the staff of regulatory bodies; improvement of the international transport corridors; and privatization of air transport.

#### **I. KEY LESSONS LEARNED**

31. The most significant lessons learned from the project are the following:

(a) *Implementation of distinct phases of separate sub-sector reforms, each targeting a set of priority objectives, is more realistic than the implementation of an integrated program with multiple objectives.* The project supported a reform program that was prepared in accordance with an integrated approach, but with very ambitious objectives and complex implementation requirements. Program implementation proved difficult, if not impossible, under a TA project, even with phased implementation. The implementation schedule should have been better tailored to the country context. Phased

implementation evolved more in response to issues that arose during implementation than as a well-prepared and planned initiative.

(b) *In the absence of incentives, structural reforms could not have been implemented.* Without the added leverage of the structural adjustment program and the railway concession project to the TSP, it is doubtful that the TSTAP would have achieved what it did. As a result, the lines between the projects are somewhat blurred, although the joint macro-micro approach has proved very effective.

(c) *The budgetary and social impact of privatization, including severance payments, should be addressed during project preparation.* The project triggered awareness, both within the Government and the Bank, of the budgetary and social impact of privatization and set the pace for credible solutions that are being replicated in other sectors. It showed that social impact mitigation, including severance payments, should be an integral part of project design and that privatization and restructuring strategies, including staff redundancies, need to be prepared using a participatory process that should include both affected staff and union leaders.

(d) *The delegation of project task management to the field is positive overall.* However, significant local pressure was experienced by the field Task Manager, who was a Cameroonian national, and had to play the dual role of Bank representative and an informal Government representative on issues of particular local interest. The role of an arbitrator was often assumed. Local sensitivities can become a major issue and an irritant, and placing a national in this position can cause problems. This issue will need to be addressed more fully in subsequent projects, particularly in light of the Bank's continuing decentralization efforts. Another issue that arose from moving the team leadership to the field was the lack of pertinent information in the Headquarters files. It is important that the field office send files to Headquarters so those files are maintained adequately.

(e) *Involvement of senior management (from the Bank and the Government) in the process of reform implementation is crucial.* The Project benefited from the timely intervention of senior management, both from the Bank and the Government, at a critical time. The presence of the two sector Directors (Transport 2 and Environment) during the mid-term review and the continued support of the Ministers of Transport and Public Works during the last two years of the project proved very beneficial.

(f) *Continuity in Bank support strategy, through successive projects (investments and macroeconomic or sectoral adjustments), is essential for supporting the different phases of reforms and for consolidating those achieved under the project.* The on-going SACIII, TSP, and railway concession project are the beginning of this continuity.

(g) *Political sensitivity to some reforms suggest that these, such as the air transport reform, would be more efficiently discussed through the on-going regional reform program of air transport in West and Central Africa.*

**Table 1: Summary of Assessments**

	<u>Substantial</u>	<u>Partial</u>	<u>Negligible</u>	<u>Not applicable</u>
<b><u>A. Achievement of Objectives</u></b>				
Macro Policies		X		
Sector Policies		X		
Financial Objectives	X			
Institutional Development		X		
Physical Objectives				X
Poverty Reduction				X
Gender Issues				X
Other Social Objectives		X		
Environmental Objectives	X			
Public Sector Management	X			
Private Sector Development	X			
	<u>Likely</u>		<u>Unlikely</u>	<u>Uncertain</u>
<b><u>B. Project Sustainability</u></b>	X			
	<u>Highly Satisfactory</u>		<u>Deficient</u>	<u>Satisfactory</u>
<b><u>C. Bank Performance</u></b>				
Identification			X	
Preparation Assistance			X	
Appraisal			X	
Supervision			X	
	<u>Highly Satisfactory</u>		<u>Deficient</u>	<u>Satisfactory</u>
<b><u>D. Borrower Performance</u></b>				
Preparation			X	
Implementation			Mixed	
Covenant Compliance			X	
	<u>Highly Satisfactory</u>	<u>Satisfactory</u>	<u>Unsatisfactory</u>	<u>Highly Satisfactory</u>
<b><u>E. Assessment of Outcome</u></b>		X		

**Table 2: Related Bank Loans/Credits**

<b>Loan/credit title</b>	<b>Purpose</b>	<b>Year of approval</b>	<b>Status</b>
<b>1. Preceding operations</b>			
First Highway Project	Construction of trunk roads	1975	Completed
First Douala Port Project		1976	Completed
Second Highway Project	Construction of trunk roads	1978	Completed
Second Railway Project		1978	Completed
Third Highway Project	Construction of trunk roads	1982	Completed
Third Railway Project		1979	Completed
Feeder Roads Project	Establish an efficient institutional framework for planning, developing, and maintaining feeder roads	1977	Completed
Fourth Highway Project	Improve the Government's capacity to maintain roads, promote small- and medium-scale contractors; control vehicle loads, and improve road-maintenance planning.	1979	Completed
Fourth Railway Project			
Fifth Highway Project	Assist the Government in reconstructing the Edéa-Yaoundé section of the Douala-Edéa-Yaoundé Road, improve the Government's capacity for road rehabilitation and transportation planning and coordination, and lay the foundation of a maintenance and rehabilitation program for the country's paved road network.	1982	Completed
Sixth Highway Project		Date???---	Completed
<b>2. Following operations</b>			
Transport Sector Project	Roads Investment program	1996	On-going
Third Structural Adjustment Credit (SAC III)	Adjustment program, a major part of which is related to the transport sector, particularly port reforms	1998	On-going

**Table 3: Project Timetable**

<b>Steps in the Project Cycle</b>	<b>Date actual/latest estimate</b>
Identification (Executive Project Summary)	
Preparation	
Pre-appraisal	10/30/94
Appraisal	2/27/95
Negotiations	3/15/95
Board presentation	4/11/95
Signing	6/29/95
Effectiveness	12/19/95
Project completion	6/30/99
Credit closing	9/30/99

**Table 4: Credit Disbursements: Cumulative Estimated and Actual  
(US\$ million)**

	<b>FY96</b>	<b>FY97</b>	<b>FY98</b>	<b>FY99</b>
Appraisal Estimate	4.86	9.12	10.2	
Actual	3.06	4.96	6.92	8.84
Actual as % of Estimate	63%	54%	68%	91%
Date of Final Disbursement: 12/22/1999				



**Table 5: Key Indicators for Project Implementation**

<b>I. Key implementation indicators in SAR/President's Report</b>	<b>Estimated</b>	<b>Actual</b>
<b>Support to Institutional Development</b>		
Strengthening of the unit in charge of privatization in MINEFI	Apr. 1996	June 1997
Financial advisor for the privatization of air services	Dec. 1996	Feb. 1996
Financial advisor for the privatization of railway services	Apr. 1997	Nov. 1997
Financial advisor for the privatization of CAMSHIP/CAMTAINER	Nov. 1995	May 1995
Liquidator of SOTUC	Oct. 1995	Dec. 1994
Assistance to the liquidation monitoring committee	Jan. 1996	Apr. 1995
Reorganization of operational and financial management of ONPC	Sept. 1996	Aug. 1996
Technical assistance for restructuring of MATGENIE	June 1997	Oct. 1996
Technical assistance for restructuring of LABOGENIE	June 1996	Dec. 1996
Support for coordination of road-maintenance activities	Apr. 1996	May 1995
<b>Institutional Development Studies</b>		
Financial and operational evaluation of CAMAIR	July 1994	Jun. 1994
Restructuring of MINTP	Sept. 1995	Dec. 1998
Restructuring of MINT	Sept. 1995	Oct. 1996
Study of dredging reorganization	Nov. 1995	Oct. 1996
Study of a Road Fund	June 1995	June 1995
Support for organization and financing of rural road maintenance	Dec. 1995	Apr. 1995
Study of the road taxation system	June 1995	Jun. 1994
Institutional study of urban transport	Mar. 1994	Jan. 1994
Capability of local consultants	June 1995	Jun. 1997
Reduction of transport costs at Douala port	Dec. 1995	Canceled
<b>Policy Support</b>		
Assistance for the liberalization of urban transport	July 1995	Mar. 1995
Study of the costs of the international chain of transport	Jan. 1996	Aug. 1996
Transport sector review and short-term missions of experts	June 1994	Not done
<b>Project Implementation and Preparation</b>		
Audit of the computerized customs information system	Feb. 1996	Not done
Relocation of the computerized customs information system	Feb. 1996	Not done
Study of the insurance system	Dec. 1995	Not done
Earth road maintenance programming study	Sept. 1995	May 1996
Paved road maintenance programming study	June 1995	Nov. 1996
Environmental considerations in road maintenance works	Sept. 1995	Nov. 1997
Detailed engineering studies of a road maintenance priority program	Nov. 1995	June 1997
Analysis of dredging materials	Oct. 1995	Jan. 1997
Study of the relocation of the dry dock	Dec. 1995	Feb. 1997
Study of the port dredger's rehabilitation	Oct. 1995	canceled
Continuation of computerization of vehicle certification	June 1996	Not done
Pilot operation to monitor loads on trucks	Oct. 1995	Dec. 1997
Project accountant in TICU	Dec. 1995	Nov. 1996
Audit of public enterprises	Dec. 1995	Canceled
Project audits	June 1998	Submitted
Establishment of project accounting	Dec. 1995	Mar. 1996

**Table 6: Key Indicators for Project Operations**

Key operating indicators <sup>1</sup>	Actual	Projected
Complete port institutional reforms and transfer industrial and commercial activities to the private sector		December 2000
Reduce clearing times at Douala port to 7 days for imports and 2 for exports		June 2000
Establishment of single window ( <i>Guichet Unique</i> ) at the Douala port	January 1999	
Consolidate road maintenance operations and the road fund	June 1999	
Complete MINTP restructuring and reduce staffing to less than 2000		June 2000
Update the Transport Sector Strategy		June 2000

**Table 7: Studies included in the Project**

Studies	Purpose as Defined at Appraisal/Redefined	Status	Impact of Study
	Review of the role and organization of MINT aimed at strengthening planning, regulatory, and policy preparation capability.	completed	MINT reorganized as recommended by study; restructuring on-going
	Review of the role and organization of MINTP with focus on planning, programming, managing, and supervising road-maintenance works.	completed	MINTP reorganized as recommended by study; restructuring well advanced
	Establishment of a road maintenance fund; and harmonization and simplification of the road taxation system	completed	Road Fund functioning, but road-taxation system not simplified
	Review of urban transport institutions and preparation of action plans for road safety.	completed	Urban Transport operated by private sector; road safety plan not defined due to lack of institutional clarity in MINTP of
	Port dredging reorganization.	completed	Multi-year contract being concluded
	Assessment of capability of local consultants in transport and public works	completed	Being applied but further studies and training needed to streamline road maintenance execution under the Road Fund financing
	Reduction of transport costs at Douala port.	completed	Being implemented as part of on-going port reforms
	Preliminary analysis of operational and financial management of CAMAIR; preparation of the privatization of airports; and evaluation of CAMAIR personnel.	canceled	CAMAIR staff were opposed to the study stalled; but the two major airports are under private management
	Rehabilitation of LABOGENIE and MATGENIE.	completed	LABOGENIE and MATGENIE restructured, but not yet privatized

<sup>1</sup> None was identified in President's Report; indicators in this table are drawn from the Borrower's operational plan

**Table 8A: Project Costs**

Project Components	Total Project Cost Estimate	IDA-only Estimate	Actual IDA costs
	(US\$ million)		
1. Goods	1.2	0.2	0.22
2. Consultant Services and Studies			
(a) Support to Institutional Development	9.6	2.8	2.68
(b) Institutional Development Studies	1.4	0.1	0.10
(c) Policy Support	0.5	0.1	0.08
(d) Project Implementation and Preparation	4.5	3.3	2.79
3. Training and Seminars	1.5	0.8	0.74
4. Operating Costs	0.5	0.3	0.36
Base Costs	19.2		
Physical Contingencies	0.4		
Price Contingencies	0.6		
PPF		2.1	1.76
Special Account			0.10
<b>TOTAL</b>	<b>20.2 *</b>	<b>10.2</b>	<b>8.84</b>

**Table 8B: Project Financing**

Source	SAR Estimate	Revised Estimate (US\$ million)	Actual
IDA	10.2	10.2	8.8
EU	7.3	7.3	7.3
FAC	2.2	2.2	2.2
BMZ	0.5	0.5	0.5
<b>Sub-Total</b>	<b>20.2</b>	<b>20.2</b>	<b>18.8</b>
Government of Cameroon *	3.7	3.7	3.7
<b>TOTAL</b>	<b>23.9</b>	<b>23.9</b>	<b>22.5</b>

*Note: \* Includes US\$3.7 million in taxes, duties, and salaries of local counterpart staff.*

**Table 9: Economic Costs and Benefits**

**Not Applicable**

**Table 10: Status of Legal Covenants**

Agreement Text Reference	Covenant Class	Status	Fulfillment Date		Description of Covenant	Comment
			Original	Revised		
Text Reference 4.01 (b)	01	C	12/31/96		Have the records and accounts, including those of the Special Account, audited and furnish a certified copy of the project audits.	Complied with
Text Reference 4.01 (c)	01	CD			Have the Special Account audited and furnish a certified copy of the project audits.	Complied with Delay.
Text Reference 6.01 (b)	10	C	09/20/95		Furnish a project implementation plan.	Complied with
Text Reference 6.01 (c)	01	C	12/18/95		Enter a multi-year contract with an auditing firm.	Complied with
Schedule 4 Para 2	04	C			The Borrower shall designate local counterparts to consultants under terms of reference and with qualifications satisfactory to the Association.	Complied with for the most important studies.
Schedule 4 Para 4 (a)	09	C	08/31/96	10/4/96	Furnish a report covering progress in all aspects to be reviewed during the mid-term review.	Complied with
Schedule 4 Para 4 (a)	09	C	11/30/96		Carry out a mid-term review.	Complied with.
C = Complied with		CD = Compliance after delay				

**Table 11: Compliance with Operational Manual Statements**

Statement number and title	Describe and comment on lack of compliance
1. OD 10.60 Accounting, Financial Reporting, and Auditing	The audit reports were submitted with minor delays.
2. OD 12.20 Special Accounts	Received with minor delays.
3. OP 12.30 Statements of Expenditure	Received with minor delays.

**Table 12: Bank Resources: Staff Inputs**

Stage of the Project Cycle	Actual	
	Weeks	US\$ (000)
Through Appraisal	23.0	55.7
Appraisal -- Board	5.4	14.3.9
Board -- effectiveness	N/A	N/A
Supervision	115.4	235.1
Completion	10	18.0
<b>TOTAL</b>	<b>153.8</b>	<b>323.1</b>

**Table 13: Bank Resources: Missions**

Stage of Project Cycle	Month /Year	No. of Persons	Days in Field	Specialized staff skills Represented <u>a/</u>	Implementation Status	Performance rating <u>b/</u> Development Objectives	Types of problems
Through Appraisal							
Appraisal through Board approval							
Board approval through effectiveness							
Supervision 1	06/95	4		2 HE, PS, TE	S	S	--
Supervision 2	03/96	5		3 PSS, RS, PM, PE??? (explain below in footnote a/)	S	S	--
Supervision 3	06/96	6		TE, PM, RS, PSS, EN, SPE	S	S	--
Supervision 4	10/96	2		STE, POO	S	S	--
Supervision 5 Mid-Term Review/a	04/97	3		SM, SOO, STE	U	S	Project mgt, Procurement
Supervision 6	02/98	2		SOO, STE	S	S	
Supervision 7	06/98	2		SOO, SRS	S	S	
Supervision 8	05/99	1		SOO	S	S	Final mission

a/ Key to Specialization

HE = Highway Engineer

PSS = Private Sector Spec.

EN = Environment

SM = Sector Manager

PS = Procurement Specialist

RS = Railway Specialist

STE = Sr. Transport Economist

SOO = Sr. Operations Officer

TE = Transport Economist

PM = Project Management

POO = Project Operations Officer

SRS = Sr. Railway Specialist

SPE = Sr. Port Specialist

b/ Key to Performance Rating

S = Satisfactory

HS = Highly Satisfactory

U = Unsatisfactory

a/ after the mid-term review, supervision was continuous in the Field as Task Management was moved to the field

## Status of Transport Sector TA Program Objectives

Categories	Appraisal Objectives	Completion status
<u>Civil Aviation</u>	To liberalize air transport, establish air safety and security in line with international standards. Revision of law	In process; domestic market liberalized by the 1993 law but not in practice; new Civil Aviation law enacted in December 1998 (allows for open skies on regional and long haul and establishes an autonomous civil aviation authority to enforce safety oversight and other safety regulations/standards);the law is not yet being implemented
CAMAIR	Privatize CAMAIR for greater efficiency	Aborted
<u>Railway Regulation</u> REGIFERCAM	Revision of price structure to promote competition with road transport Privatize railway services for greater efficiency	Not achieved; Government's attempts to re-align the competition between rail and road proved inappropriate. Competition is expected to increase in the coming years as a result of improved road conditions and privatization of REGIFERCAM, which was achieved in 1998
<u>Urban Transport</u> SOTUC - public bus company	Liquidation	Accomplished in March 1998 However all severance payments have not yet been made
Regulatory framework	Preparation of new regulations to encourage the private sector and improve efficiency	Completed; new regulatory framework enacted in 1998 allowing only the private sector to operate the urban transport, and this is currently being implemented.
<u>Maritime</u> CAMSHIP and CAMTAINER	Privatize CAMSHIP and CAMTAINER	Completed in 1996 with the sale of Government shares in CAMSHIP; CAMTAINER also privatized as Government shares were owned by CAMSHIP.
Regulatory framework	Liberalize access to industry and increase competition in maritime transport	Completed. New maritime transport law enacted in 1997 that liberalized maritime transport, abolished cargo sharing originally intended to protect national vessels, and abolished some levies initially intended to finance CNCC (also dissolved, and to be replaced by a private entity established
Port Activities	Contracting dredging by international competitive bidding (ICB)	Completed. The Government finally used ICB despite initial sole-source contracting
Access channel		
Port reforms	Restructure ONPC and the port to promote competitiveness and greater involvement of the private sector.	On-going; new port law enacted in December 1998; autonomous port of Douala established, and ONPC expected to be dissolved and replaced by a newly established National Port Authority. Its role would be limited to regulation and environmental oversight
Port costs	Reduce port costs and transaction times	On-going as part of implementation actions under the new port Law of December 1998; ship waiting time decreased from 8 to 5 days; port transaction costs reduced by about 37%
Port investments	Involve private sector and align port investments to economic needs	
<u>Transit</u>	Implementation of a system under custom bonds	On-going with EU support; no significant progress achieved
Regional transit		
Customs system	Complete overhaul to reduce clearance times and improve revenue collection	In progress; a new single window established to expedite customs clearance and port handling
Improvement		
<u>Road Maintenance</u> Maintenance	Implementation of new strategy to improve efficiency and sustainability; State to disengage itself progressively from road maintenance execution	Completed, though still needs refinements; road maintenance is being contracted to the private sector and financed by a road-user fee, managed by an independent road fund, with majority private participation.
Sector institutions	Improve capacity and efficiency of sector ministries to ensure proper policy formulation, planning and supervision;	In progress; MINTP and MINT reorganized to perform their new roles better. Though not yet privatized, MATGENIE and LABOGENIE were restructured; staff reductions are being pursued in MINTP, MATGENIE, and LABOGENIE.
Environment	Mitigate environmental impact of road maintenance	Completed; new guidelines built into procurement documents; a new transport sector environmental action plan adopted

## **RAPPORT DU GOUVERNEMENT et PREMIER DRAFT**

### **I INTRODUCTION**

Dans le cadre de sa nouvelle politique des transports, et des travaux publics, le Gouvernement a mis en place entre 1992 et 1999, un vaste Programme Sectoriel des Transports (PST) dont l'objectif global est d'assurer une meilleure efficacité et un développement durable et cohérent du secteur pour permettre à celui-ci de mieux contribuer à la croissance de l'économie du pays, à la réduction de la pauvreté et à la protection de l'environnement.

Compte tenu de sa complexité, le Programme Sectoriel des Transports (PST) a été scindé en deux phases à savoir : i) le Projet de Préparation de la Réforme des Transports (PPRT) et ii) le projet Sectoriel des Transports (PST).

Le Projet de Préparation de la Réforme des Transports (PPRT) dont le coût est estimé à un peu plus de 20 millions de dollars, est financé par plusieurs bailleurs de fonds, à savoir ; l'IDA, l'UE, le FAC la CFD et la BMZ, ainsi que par le Gouvernement du Cameroun. Les différents accords de financement sont en vigueur et le projet exécuté est aujourd'hui clôturé en ce qui concerne les aspects financés par le crédit IDA 2703-CM.

Le PPRT devait se réaliser sur trois (3) ans à compter de 1995.

Le présent rapport est la contribution du Gouvernement au rapport final du projet. Après un bref rappel des objectifs du projet ; le rapport présente succinctement les principaux résultats atteints avant d'en faire une analyse domaine par domaine. La situation financière du projet suit, et l'état de mise en œuvre des dispositions contractuelles est rappelé dans un tableau.

L'ensemble du projet est ensuite résumé sur trois (3) tableaux synthèses dont l'un donne les résultats attendus et réellement atteints, un deuxième donne le plan de passation des marchés et un troisième donne l'état détaillé des engagements ou contrats passés sur le PPRT.

### **II OBJECTIF DU PPRT**

L'objectif est d'aider le Gouvernement dans la préparation et la mise en œuvre de son programme de Réforme du Secteur des Transports et dans la poursuite de la préparation des prochaines phases notamment d'investissements (routes et infrastructures des transports). Le programme de réforme devant consister à mettre en place une planification stratégique, créer une nouvelle compagnie aérienne privée, privatiser le transport ferroviaire, liquider la SOTUC, privatiser CAMSHIP et CAMTAINER, restructurer le MINT et MINTP, libéraliser les transports aérien, maritime, urbain, développer un système de programmation pluriannuelle de l'entretien routier, privatiser les travaux d'entretien routier, restructurer le Port, organiser le dragage pérenne du chenal du Wouri,



réduire les coûts et délais de passage portuaire des marchandises, faciliter le transit.

### **III PRINCIPAUX RESULTATS ATTEINTS**

Des résultats importants ont été atteints sur tous les points, sauf en ce qui concerne la CAMAIR, dont l'atteinte des objectifs poursuivis peut être considérée comme mitigée.

Le PPRT a aidé le Gouvernement à confirmer son engagement à faire les réformes du secteur.

#### **1. Adoption de la stratégie**

Le Gouvernement a adopté en 1996, une politique sectorielle des travaux publics et des transports accompagnée d'une matrice d'actions qui vise :

- i) le désengagement de l'Etat des activités qui peuvent être mieux prises en main et rentabilisées par le secteur privé,
- ii) la libéralisation du transport maritime et réforme du secteur portuaire, libéralisation du transport urbain et du transport aérien,
- iii) restructuration privatisation/liquidation de; SOTUC, SOCAMAC, CAMAIR, MATGENIE, LABOGENIE, CAMSHIP, CAMTAINER, CNCC, de la gestion des aéroports (ADC), concession de l'exploitation du transport ferroviaire et liquidation de la Regifercam, pour alléger le poids de ces entreprises sur le budget de l'Etat.

Des résultats substantiels ont été obtenus sur ces réformes :

- i) les Ministères des Travaux Publics et des Transports ont été restructurés à travers les plans d'organisation des effectifs (POE) pour se consacrer à leur nouveau rôle de définition de politique, de planification, de programmation, de budgétisation et de contrôle (confère décret n°96/225 du 1<sup>er</sup> octobre 1996 et n°96/259 du 19 octobre 1996).
- ii) **En matière de libéralisation**

#### **Entretien routier**

La privatisation des travaux de l'entretien des routes principales est effective ; le taux de privatisation est de l'ordre de 100%. Ce secteur est actuellement en effervescence. Plusieurs centaines de PME de l'entretien routier ont vu le jour . Le dernier appel d'offres de cantonnement a obtenu 700 achats de dossier et 400 soumissions. L'impact des routes réhabilitées et entretenues se fait déjà sentir au niveau des transporteurs et des opérateurs économiques.

Un mécanisme de financement pérenne des travaux d'entretien routier dit « Fonds Routier » a été mis en place par Décret n°98/162 du 26 août 1998. Le fonctionnement de ce mécanisme à ce jour a redonné confiance aux opérateurs et PME du secteur qui petit à petit, oublient les impayés et les retards de paiement de l'époque. Il n'y a plus

accumulation de la dette intérieure.

Une loi portant protection du patrimoine routier a été adoptée cf. n°96/07 du 08 avril 1996 et ses textes d'application élaborés. Des contrôles de charges ont lieu sur la route Douala – Yaoundé et Yaoundé – Ayos depuis 1997. Ces contrôles se traduisent déjà par une baisse significative des surcharges.

### iii) **Location du matériel de génie civil**

La libre activité de location du matériel de génie civil a été confirmée, et le MATGENIE restructuré en conséquence pour être privatisé.

### iv) **Protection de l'environnement**

Des directives ont été élaborées et ont été mises en place ; une Cellule de protection de l'environnement créée au sein du MINTP. La protection de l'environnement fait désormais partie intégrante des projets routiers.

### **Pistes rurales**

Une proposition de stratégie a été élaborée et est en cours d'expérimentation avec l'aide des bailleurs de fonds intégrant la participation des populations bénéficiaires à l'entretien routier. Une Cellule des pistes rurales a été mise en place. Une phase expérimentale pour la mise en œuvre de la stratégie a eu lieu et un important programme de réhabilitation des pistes rurales basé sur les résultats atteints sur le terrain est désormais en cours de mise en œuvre.

### **Contrôle géotechnique**

En ce qui concerne les prestations géotechniques, Labogénie a été restructuré et son rôle drastiquement réduit à celui d'un laboratoire de référence pour le compte de l'Administration. L'activité géotechnique a été libéralisée et plusieurs laboratoires privés sont créés.

### **Programmation des travaux d'entretien routier**

Une Cellule de programmation a été créée à la Direction des Routes et un système de programmation des travaux d'entretien routier a été mis en place.

### **Transport routier inter urbain**

Le transport routier inter urbain a de tout temps été exécuté par le privé, le PPRT n'a cependant pas permis d'améliorer ses conditions d'efficacité en matière de fiscalité, de gestion, de sécurité, de formation des transporteurs, et d'allègement des contrôles.

### **Transport routier urbain**

Les activités de la SOTUC ont été arrêtées, la SOTUC liquidée. Le décret n°97/075/PM a libéralisé le transport routier urbain de personnes.

Cependant, ce secteur souffre de l'état de la voirie, des mesures fiscales contraignantes, du flou institutionnel et d'un cadre réglementaire inachevé. La réforme n'a pas réussi à

améliorer les activités de ce sous-secteur bien au contraire, se déplacer en ville est devenu un véritable calvaire. L'insuffisance de l'offre de transport a donné lieu à la forme de transport par moto (2 roues), qui est très dangereuse au point de vue sécurité. La réforme n'a pas pu diminuer les contrôles de police qui se sont plutôt multipliés. Le nouveau cadre réglementaire inachevé a accentué le désordre.

### **Transport ferroviaire**

Les activités de transport ferroviaire ont été concédées à un opérateur privé, CAMRAIL ; la REGIFERCAM est en cours de liquidation, un programme de réhabilitation des routes de dessertes des gares ferroviaires susceptibles d'être fermées est en cours de mise en œuvre. Un programme de réhabilitation du matériel et du système de communication a été convenu avec les principaux bailleurs de fonds. Avec la réforme, l'activité ferroviaire semble reprendre.

### **Transit**

Des mesures de facilitation du transit ont été mises en place. Une convention a été signée entre le Tchad et la RCA ; cette convention instaure la vignette spéciale, le sauf conduit international pour les véhicules et quatre (4) points de contrôle des véhicules. Un important programme de réhabilitation des itinéraires routiers de transit convenu avec les bailleurs de fonds et dans le cadre sous régional a été arrêté et est en cours de mise en œuvre.

### **Transport aérien**

#### ***i) Gestion des aéroports***

La gestion des principaux aéroports a été confiée à un opérateur privé (ADC). Cependant, il n'est pas encore tout à fait noté une amélioration dans la gestion des aéroports. Les différentes conventions passées avec l'ASECNA et la CAMAIR connaissent des difficultés d'application.

#### ***ii) Activité de transport aérien***

Une loi portant régime de l'Aviation Civile a été promulguée cf. loi n°98/029 du 24 décembre 1998. Cette loi libéralise les services aériens et institue une autorité aéronautique. Elle permet la chartérisation de la destination Cameroun, confirmée par décret.

### **Transport maritime**

La loi 97/022 du 30 décembre 1997 libéralise le transport maritime, supprime les attestations de réservation, les commissions et la redevance CNCC, abolit la répartition des cargaisons et induit la réforme de cette structure. L'application de cette loi se traduit déjà, de l'avis même des opérateurs, par une réduction du taux du fret maritime de 15 à 20% et une plus grande fréquentation du port par les compagnies maritimes.

Un comité de facilitation du transport maritime a été mis en place par décret n°97/715/PM du 29 décembre 1997 avec notamment un sous-comité du guichet unique. L'objectif de ce

comité est de réduire les délais de passage des marchandises au Port de Douala à 7 jours à l'importation et 2 jours à l'exportation à l'horizon 2002.

La loi 95/09 du 30 janvier 1995 facilite l'accès à l'industrie des transports maritimes et para maritimes. Son application se traduit par une éclosion de petits transitaires, agents maritimes et commissionnaires en Douane au niveau du Port de Douala.

### **Secteur portuaire**

La loi n°98/021 portant organisation du secteur portuaire a été promulguée le 24 décembre 1998, créant ainsi l'Autorité Portuaire Nationale, les Organismes Portuaires Autonomes et prévoyant le transfert au secteur privé des activités commerciales et industrielles dans chaque port. Elle institue des Comités Consultatifs d'Orientation auprès de chaque organisme portuaire autonome. Les différents décrets organisant ces structures ont été pris. Le Comité Consultatif pour le Port de Douala a été constitué et s'est déjà saisi du dossier des tarifs portuaires.

Un plan d'actions de réduction des délais et des coûts a été adopté de même que le statut du guichet unique sous forme de GIE. Un manuel des procédures de passage de marchandises au Port de Douala. Une stratégie de dragage pérenne du chenal.

Le port s'est désengagé des travaux de dragage, à travers, dans un premier temps, un contrat de gré à gré avec la SDCA (Société de Dragage de la Côte d'Afrique), qui a porté la profondeur du chenal de -5,4m à -6,5m, dans un deuxième temps, un appel d'offres international a été lancé pour le maintien de cette profondeur et son amélioration jusqu'à -7m.

Une stratégie de réhabilitation des infrastructures et équipements au port de Douala a été préparée et en cours de mise en œuvre. Les résultats au niveau des armateurs et des compagnies maritimes sont appréciables, car l'accès au Port de Douala a ainsi été amélioré, le nombre de bateaux qui y accoste a augmenté.

### **APPRECIATION GENERALE**

Préalablement à la signature du PPRT en 1995, la Banque Mondiale a modifié plusieurs fois la stratégie à suivre, ce qui a entraîné du temps perdu entre 1990 et 1995.

Cela a sans doute eu pour cause, la grande résistance au changement de certains fonctionnaires et membres du Gouvernement camerounais, mais aussi aux trop nombreux changements des experts du bailleur de fonds. En particulier, à la Banque Mondiale les changements d'experts n'ont pas toujours été judicieux. Par contre, un projet comme celui des chemins de fer qui a concerné une seule équipe d'experts a beaucoup mieux fonctionné que le projet routier qui a connu des dizaines d'experts.

Il faut aussi rappeler que les premières évaluations du secteur ont eu lieu dès 90-91 par l'audit du chemin de fer (en décembre 1990) puis d'un séminaire sur la stratégie de l'entretien routier (1991), d'une évaluation du secteur routier (en juin-juillet 1992), un séminaire sur le transport maritime (réforme CNCC) en 1993, un séminaire sur le transport

urbain en 1994, et enfin une table ronde et une évaluation du secteur portuaire (1997) .

Les experts ont aussi développé de grandes idées dont certaines étaient tout simplement inapplicables. A titre d'exemple, à l'époque, il fallait à tout prix supprimer le CNIC (Chantier Naval et Industriel du Cameroun), alors qu'aujourd'hui, bien qu'aucun bailleur de fonds classique n'y ait apporté des fonds, cette société d'Etat gagne beaucoup d'argent dans la réparation des plates formes off-show. Autre exemple, il était clair 90/91 que les six premiers projets routiers étaient des échecs et les experts ont continué à discuter sans réelles solutions concrètes pour stopper la dégradation du réseau routier. De plus, l'absence d'activité d'entretien routier a complètement démotivé les cadres et agents camerounais du secteur ; ce qui peut être facilement constaté aujourd'hui dans les services provinciaux.

Le recourt systématique aux experts internationaux n'a pas toujours permis de trouver des solutions aux problèmes locaux. On est même parfois arrivé à estimer que le crédit IDA a servi à financer les consultants internationaux qui, malheureusement n'ont pas été d'un grand apport pour faire avancer les réformes. Celles-ci, étant avant tout une question de volonté politique beaucoup plus qu'une question de richesse de CV et d'expérience internationale.

## FINAL EVALUATION OF THE TRANSPORT REFORM PREPARATION PROJECT

### Summary of Report from the Government

The Transport Reform Preparation Project (PPRT), launched in 1992, was designed to assist the Government with:

- (i) Preparation and implementation of its Transport Sector Reform Program, which called for: adoption of strategic planning; creation of a new, private sector airline; privatization of the rail transport system; dismantling of SOTUC; privatization of CAMSHIP and CAMTAINER; reorganization of the Ministry of Transport and the Ministry of Public Works; and liberalization of air, maritime, urban, etc. transport.
- (ii) Continuation of preparations for the next investment steps (roads and transport infrastructure): development of a multi-year road maintenance programming system; privatization of road maintenance works; restructuring of the port; organization of continuous dredging of the Wouri Channel; reduction of port freight charges and freight transit times; and facilitation of transit in general.

Major progress was seen on all these fronts, except that of CAMAIR. The project enabled the Government to achieve the following results:

- ❖ Reform of the Ministry of Transport and the Ministry of Public Works, enabling them to focus on their new roles: policy formulation, planning, programming, budgeting, and oversight.
- ❖ Rail transport: These activities were handed over on a concession basis to a private operator, CAMRAIL, and REGIFERCAM is in the course of being dismantled.
- ❖ SOTUC: This corporation was dismantled under Decree 97/075/PM, which liberalized urban road passenger transport. Unfortunately, liberalization has not improved taxation, management, security, or transport operator training in the subsector, or simplified checks and controls.
- ❖ CAMSHIP/CAMTAINER:
  - (i) Maritime transport was liberalized by Law 97/022, which eliminated hold reservation certification, commissions, and the fee payable to CNCC (*Conseil national des chargeurs du Cameroun*). In the opinion of operators, introduction of this legislation has already reduced maritime freight rates by 15-20%. A One-Stop Window subcommittee was formed with a mandate to reduce freight transit times in the Port of Douala.
  - (ii) The Port Sector Organization Law, which came into force on December 24, 1998, created the National Port Authority and the Autonomous Port Enterprises, and made provision for transfer of port commercial and industrial activities to the private sector. SDCA (*Société de dragage de la Côte d'Afrique*) has taken over dredging operations and has increased the depth of the [Wouri] Channel from 5.4 to 6.5 meters.
- ❖ Road Maintenance: All road maintenance works are now being carried out by private firms. A Road Fund, created under Decree 98/162 of August 26, 1998, is now in full operation.
- ❖ Civil engineering equipment leasing is now a reality.
- ❖ An Environmental Protection Unit has been formed within the Ministry of Public Works.
- ❖ A Rural Roads Unit has been created and a major program for the rehabilitation of rural roads is being launched
- ❖ A Road Maintenance Works Planning Unit has been set up within the Roads Department.
- ❖ Geotechnical activities have been liberalized.

**Republic of Cameroon**  
**Transport Reform Preparation Project (Cr. 2703 CM)**  
**Supervision Mission**  
**(May 24-31, 1999)**  
**Aide-Mémoire**

**Introduction**

1. Mr. Kingson Apará, World Bank Senior Operations Officer and Task Manager, visited Cameroon May 24-31, 1999 to conduct a supervision mission in connection with the Transport Reform Preparation Project (Cr. 2703-CM). The purpose of the mission was to assess the status of the Project and ascertain what needed to be done to ensure that credit closure would proceed smoothly and that the Government's contribution to the final evaluation report (implementation completion report) would be submitted on time.

The mission worked with staff from the Coordination Unit and wishes to thank Cameroonian officials for the warm welcome extended to it.

The Bank will send confirmation to the Government of the content of the aide-mémoire left by the mission after the mission has left.

**Financial status of the Project**

2. On April 30, 1999 the credit was opened in the amount of SDR 6,540,206. Of this amount, SDR 5,630,749 were disbursed. At project closure the credit is expected to amount to SDR 6,747,000, in which case the remaining SDR 153,000 could be cancelled. The mission asked the Project Coordination Unit to take the necessary steps to ensure that project activities which are under way or about to begin are completed prior to project closure, scheduled for June 30, 1999. The mission reminded the Unit that following project closure, until closure of the credit account, the Bank will be unable authorize withdrawals in respect of services completed prior to project closure. Plans for project activities and disbursements were updated during the mission.

**Project budget**

3. The TSP midterm supervision mission decided to strengthen existing TSP structures by establishing a special unit within the TSP Coordination Unit to monitor PUER, setting up teams to monitor the rural road component of TSP in the three provincial offices of MINTP in question, and strengthening contracting procedures within MINTP. Once these structures are functioning the operating budget originally approved by IDA will have to be increased. The relevant budget supplement has been submitted to IDA for non-objection.

**Financial management of the Project**

4. The mission was pleased to note that the auditing process is up to date. The most recent special account audit reports for the current fiscal year are to be furnished to the World Bank by December 31, 1999 and will indicate project status as of the project account closure dates. Project officials should take all necessary steps to ensure that the special account is closed and that any surplus is returned to IDA.

IDA has given its non-objection to financing the amendment to the master contract with the auditing firm Akintola Williams & Co. under Credit 2703-CM. **Since the services covered by the amendment will not have been provided in full prior to project closure, the Coordination Unit should recommend alternative arrangements to IDA for ensuring that the audit reports will be prepared once the services have been provided. The same is true for the following contracts:**

- **Support for financial and accounts management (RIQUIER)**
- **Program officer for the TSP Unit (Enongene)**
- **Establishment of a transport database (SNC-LAVALIN)**
- **Contract with the financial analyst (Raffic)**

The mission observed that only 10 percent of the taxes generated under the Project have been paid. It wishes to underscore the importance of collecting them more rapidly, since they represent the bulk of the Government's contribution to the Project.

#### **Additional measures to ensure smooth project closure**

5. This component of the mission focused on (i) the status of compliance with the legal covenants contained in the Credit Agreement, (ii) arrangements to ensure that the Government submits its contribution to the final report on project execution (implementation completion report) in a timely manner, (iii) arrangements to ensure the sustainability of project achievements (plans for future operation), and (iv) Y2K certification of project computer and electronic systems.

#### ***Status of compliance with legal covenants***

6. Those responsible for project coordination should see to it that audit reports prepared upon project completion are submitted to IDA by December 31, 1999 at the latest (see paragraph 4 above). The final quarterly activity reports and final project report should reach IDA by August 31, 1999.

#### ***Arrangements concerning the implementation completion report***

7. Bank management should provide the Board of Executive Directors with an implementation completion report, accompanied by the borrower's final evaluation, within six months of project closure. In accordance with the General Conditions, the Government is required to prepare its own final evaluation report on the project and to help the Bank prepare the implementation completion report.

8. The Government's final evaluation report should normally not exceed 10 pages. If it is longer, the government should attach a summary. The report should include the following components:

- an assessment of the project objective, design, implementation, and operation experience;
- an evaluation of the borrower's own performance during the evolution and implementation of the project, with special emphasis on lessons learned that may be relevant in the future;
- an assessment of the performance of the Bank and any cofinanciers during the evolution and implementation of the project, including the effectiveness of the relationships among the borrower, the Bank, and cofinanciers, with particular emphasis on lessons learned.



***Support for preparation of the final report***

9. The Government is required to assist the Bank in preparing the implementation completion report. This support generally consists of:

- providing the Bank with all necessary information on the economic, financial, social, institutional, and environmental conditions in which the project was implemented, and on the implementation and operation results (according to the timing specified in the Credit Agreement);
- providing feedback on the quality of the Bank's contribution, from project identification to implementation;
- participating in the final mission and in relevant discussions among the Bank, the implementing agencies, and cofinanciers; and
- providing comment on the Bank staff's draft ICR within two months of receiving it. In this connection, the Bank will make every effort to provide the draft ICR by August 31, 1999.

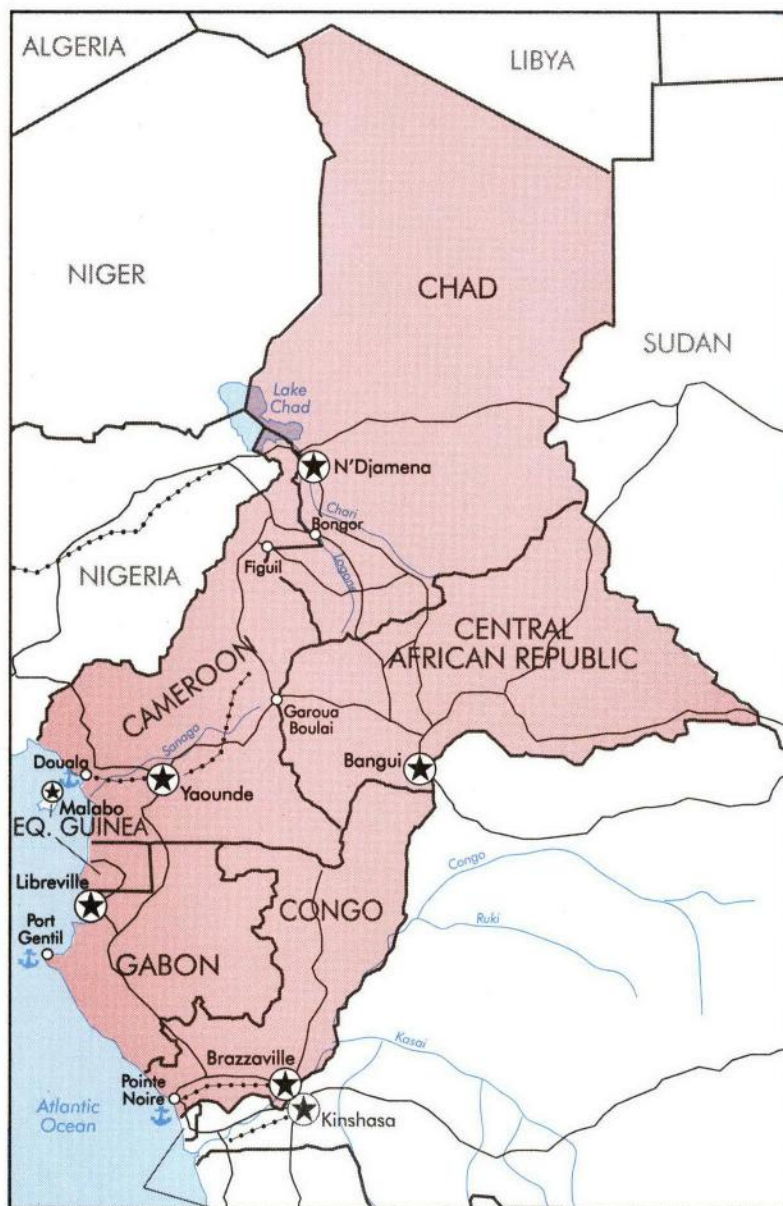
***Preparation of a plan for future operation of the project***

10. Appropriate steps should be taken to guarantee project sustainability and ensure that full advantage will be taken of project achievements following project closure. The plan should be furnished to IDA along with the Government's final evaluation report.

***Y2K compliance***

11. A plan of action should be developed to ensure that project computer and electronic systems are Y2K compliant. IDA and the Coordination Unit have already agreed on the steps to be taken and on the terms of reference for external support.

# UDEAC REGIONAL POLICY REFORM PROGRAM TRANSPORT FACILITATION COMPONENT Infrastructure Communication Links



H. Sibus

H 3-318


Binyam Reja


07/14/2000 03:23 PM

Extn: 85630 OEDST  
Subject: Re: CAMEROON: Transport Sector Technical Assistance Project (Credit 2703-CM)  
OED: Review of Implementation Completion Report

For filing.

----- Forwarded by Binyam Reja/Person/World Bank on 07/14/2000 03:23 PM -----

  
Abdelghani Inal  
06/13/2000 01:00 PM

Extn: 34830 AFTT2  
To: Ridley Nelson cc: Serge Michailof, Prem C. Garg, Frannie A. Leautier, Maryvonne Plessis-Fraissard, Binyam Reja  
Subject: Re: CAMEROON: Transport Sector Technical Assistance Project (Credit 2703-CM)  
OED: Review of Implementation Completion Report 

I have the following comments on OED's Evaluation Summary.

1. The ICR and OED ratings are the same, except for Institutional development rated Partial by the ICR and Substantial by OED. We agree that the achievements are substantial, but they are only partial by subsector and only part of the subsectors were reformed totally or partially. For this reason, the ICR rated the achievement as Partial.
2. The ICR provided all assessments of achievements of project objectives and its impact on the performance and organization of the transport sector from all available and effective data and information. It's too early to assess the reforms impacts as they are still under implementation and their effect will take time. It should be said that:
  2. (i) the reforms completed by enacting laws are now under implementation and their achievements and impacts could be effective and appraised seriously only two or three years later with data for the same period; the ICR provided qualitative assessment as of now, but we do not have yet data for significant period to conclude on the progress made. This is the case for the urban transport, and the road maintenance fund; in addition for the road fund, contractors have not yet confidence on the Government for contracting out road maintenance with its agencies. Confidence is coming progressively and realistic assessment could be done only three years later.
  2. (ii) most of the reforms have not yet been completed, like the maritime transport, included port reform. Laws have been enacted, but their implementation needs two or three years. Concession of the container terminal, reform of the custom procedures, reorganization of the port authority and agencies, etc, are still under process supported by the ongoing adjustment project. It's not realistic to assess the achievements and impact now. We have monthly data for example for the time the containers stay in the port of Douala, but these data are not yet significant as all the reforms have not yet been put in place.
  2. (iii) the railway was privatized a year ago, but the new company is still reorganizing its services and the important needed investments have not yet started for several reasons. The railway concessioning credit was unable to be presented to the Board for environmental reasons opposed by IFC. Political issues with Tchad and RCA had a negative impact on transit transport by rail. Therefore we can not assess the results of the concessioning under these conditions, even though we have the monthly data on railway traffic.

2. (iv) the ICR said clearly (para. 28) that the Project achievement was very difficult to assess because of concomitant support from several projects of which three projects are still under implementation (PST, SACIII and Railway concessioning). The report recommended that an analysis be undertaken after completion of these projects to assess the results of the four projects.

3. The ICR is presented in the old format: this is allowed by the Guidelines for all projects closed by June 30, 1999. This is the case for this Project and ICR.

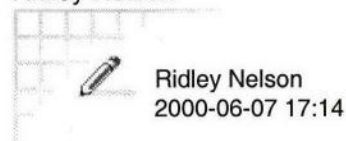
4. Actual total costs by component is not provided in Table 8: we have the actual total cost, and the actual costs by component for IDA Credit. We did not have the detailed data from the other donors. But this changes nothing to the report consistency.

5. ICR rating tables are inconsistent with the text: assessments A, B, and E in the Table 1 are perfectly consistent with the text. Unfortunately an inversion of columns occurred for the assessments C and D.

I hope that the elements above change OED's comments on the ICR.

Regards

Ridley Nelson



Extn: 35153 OEDST

Sent by: Adala T. Bruce-Konuah

To: Serge Michailof cc: Prem C. Garg, Frannie A. Leautier, Maryvonne Plessis-Fraissard, Abdelghani Inal, Binyam Reja  
Subject: CAMEROON: Transport Sector Technical Assistance Project (Credit 2703-CM)  
OED: Review of Implementation Completion Report

Attached for your review is OED's Evaluation Summary for the above project. This form contain's OED's ratings and comments on the ICR. Any comments you may have should reach me no later than c.o.b. June 14, 2000.

Ridley Nelson  
Acting Manager  
Sector and Thematic Evaluations Group



# ICR Review - Evaluation Summary

Operations Evaluation Department

Date Created: 06/04/2000 06:27:50 PM  
 Last Updated: 06/07/2000 11:11:24 AM  
 Status: Open

1. Project Data:		ES Date Posted:	
PROJ ID: P035599 OEDID: C2703		Appraisal	Actual
Project Name: Transport Sector Technical Assistance Project	Project Costs (US\$M)	23.9	22.5
Country: Cameroon	Loan/Credit (US\$M)	10.2	8.84
Sector, Major Sect.: Transportation Adjustment, Transportation	Cofinancing (US\$M)	10.0	10.0
L/C Number: C2703; CP861; LP152			
	Board Approval (FY)		95
Partners involved: EU, FAC, BMZ	Closing Date	06/30/98	06/30/99
Prepared by:	Reviewed by:	Group Manager:	Group:
Binyam Reja	John R. Heath	Ridley Nelson	OEDST

## 2. Project Objectives and Components

### a. Objectives

The main objectives of the project were to support government efforts to:

1. **launch the transport sector reform program**, which would result in the:
  - creation of a new private civil aviation company,
  - private operation of rail services,
  - liquidation of the urban bus company,
  - sale of public shares in the Cameroon Shipping Lines (CAMSHIP) and in the Cameroon Container Transport and Freight Forwarder Company (CAMTAINER),
  - restructuring of the Ministry of Transport (MOT), and
  - reform of the regulatory framework for the air, urban, and maritime transport.
2. **continue preparation of the subsequent phases** which would result in the:
  - restructuring of the Ministry of Public Works (MOPW) -- contract out most of the road maintenance work program; and implement pluri-annual programming system, as well as a sustainable financing mechanism for road maintenance;
  - restructuring and downsizing of the port authority -- implement an efficiency-driven organization for dredging; and
  - improved customs' institutional framework -- overhaul the custom's computerized information system; implement a new international transit system.

### b. Components

To achieve these objectives the project provided consultant services for

1. preliminary analysis for the privatization, sale or concessioning of the airline, railway company, shipping company, CAMSHIP and CAMTAINER, and for liquidation of the urban bus company;
2. study to prepare the restructuring of MOT;
3. revision of regulatory framework for urban, air, and maritime transport; and
4. preparation of the subsequent phases of the transport sector reform program.

### c. Comments on Project Cost, Financing and Dates

The project was approved on December 19, 1995 and closed on June 30, 1999 a year later than originally scheduled. US\$0.85 million was canceled at closing.

**3. Achievement of Relevant Objectives:****The project achieved most of its objectives:**

- Railway activities are being devolved to private operators under a concessioning arrangement. The public enterprise operator, REGIFERCAM is in the process of liquidation. The efforts are expected to be finalized under the follow-on Railway Concessioning project.
- The liberalization of urban transport and liquidation of SOTUC, the urban public bus company, were achieved.
- The privatization of CAMSHIP and CAMTAINER was achieved.
- Restructuring of MOT and MOPW was slow and is continuing as part of the Transport Sector Project and the Third Structural Adjustment Credit.
- With respect to road maintenance, the project established a framework for sustainable financing, adequate road management, and private execution of maintenance.
- The reform of the port sector has not been fully achieved. Efforts at restructuring the port sector are continuing under the SAC III project.
- The privatization/liquidation of the civil aviation company was not achieved.
- Improvement of the international transit system was only partially achieved.

**4. Significant Outcomes/Impacts:**

The project had a positive impact on transport sector restructuring, management and operations, private sector development, public expenditure, and the environment

**5. Significant Shortcomings (including non-compliance with safeguard policies):**

The project had the following shortcomings:

- failure to take account during appraisal the social issues associated with redundancies resulting from the privatization and restructuring of transport agencies and operators.
- difficulties in procurement process.
- Deficient financial management of the project. Discrepancies in the management of the Special Account led to the suspension of its replenishment for close to a year.

6. Ratings:	ICR	OED Review	Reason for Disagreement/Comments
<b>Outcome:</b>	Satisfactory	Satisfactory	
<b>Institutional Dev.:</b>	Partial	Substantial	The achievements in sector restructuring and privatization/liquidation warrants a "substantial" rating.
<b>Sustainability:</b>	Likely	Likely	
<b>Bank Performance:</b>	Satisfactory	Satisfactory	
<b>Borrower Perf.:</b>	Satisfactory	Satisfactory	
<b>Quality of ICR:</b>		Unsatisfactory	

**7. Lessons of Broad Applicability:**

The following lessons with broad applicability emerge from the project:

1. The budgetary and social impact of privatization, including severance payments, should be addressed during project preparation.
2. Involvement of senior management (from the Bank and the government) in the process of reform implementation is crucial.
3. Continuity in Bank support strategy through successive projects is essential for supporting the different phases of reforms and for consolidating those achieved under the project.

**8. Audit Recommended?**  Yes  No

**Why?** To assess and draw lessons from the reforms undertaken to promote private sector participation in the transport sector.

**9. Comments on Quality of ICR:**

The ICR could have provided a more comprehensive assessment of achievements of project objectives and its impact on the performance and organization of the transport sector. The ICR is presented in the old format. Actual total cost by component is not provided in Table 8A. ICR rating tables are inconsistent with the text.

---

To: Romayne D. Pereira





# ICR Review - Evaluation Summary

Operations Evaluation Department

<b>1. Project Data:</b>		<b>ES Date Posted:</b> 06/29/2000	
<b>PROJ ID:</b> P035599 <b>OEDID:</b> C2703		<b>Appraisal</b>	<b>Actual</b>
<b>Project Name:</b> Transport Sector Technical Assistance Project	<b>Project Costs (US\$M)</b>	23.9	22.5
<b>Country:</b> Cameroon	<b>Loan/Credit (US\$M)</b>	10.2	8.84
<b>Sector, Major Sect.:</b> Transportation Adjustment, Transportation	<b>Cofinancing (US\$M)</b>	10.0	10.0
<b>L/C Number:</b> C2703; CP861; LP152			
	<b>Board Approval (FY)</b>		95
<b>Partners involved:</b> EU, FAC, BMZ	<b>Closing Date</b>	06/30/98	06/30/99
<b>Prepared by:</b>	<b>Reviewed by:</b>	<b>Group Manager:</b>	<b>Group:</b>
Binyam Reja	John R. Heath	Ridley Nelson	OEDST

## 2. Project Objectives and Components

### a. Objectives

The main objectives of the project were to support government efforts to:

1. **launch the transport sector reform program**, which would result in the:
  - creation of a new private civil aviation company,
  - private operation of rail services,
  - liquidation of the urban bus company,
  - sale of public shares in the Cameroon Shipping Lines (CAMSHIP) and in the Cameroon Container Transport and Freight Forwarder Company (CAMTAINER),
  - restructuring of the Ministry of Transport (MOT), and
  - reform of the regulatory framework for the air, urban, and maritime transport.
2. **continue preparation of the subsequent phases** which would result in the:
  - restructuring of the Ministry of Public Works (MOPW) -- contract out most of the road maintenance work program; and implement pluri-annual programming system, as well as a sustainable financing mechanism for road maintenance;
  - restructuring and downsizing of the port authority -- implement an efficiency-driven organization for dredging; and
  - improved customs' institutional framework -- overhaul the custom's computerized information system; implement a new international transit system.

### b. Components

To achieve these objectives the project provided consultant services for

1. preliminary analysis for the privatization, sale or concessioning of the airline, railway company, shipping company, CAMSHIP and CAMTAINER, and for liquidation of the urban bus company;
2. study to prepare the restructuring of MOT;
3. revision of regulatory framework for urban, air, and maritime transport; and
4. preparation of the subsequent phases of the transport sector reform program.

### c. Comments on Project Cost, Financing and Dates

The project was approved on December 19, 1995 and closed on June 30, 1999 a year later than originally scheduled. US\$0.85 million was canceled at closing.

**3. Achievement of Relevant Objectives:**  
**The project achieved most of its objectives:**

- Railway activities are being devolved to private operators under a concessioning arrangement. The public enterprise operator, REGIFERCAM is in the process of liquidation. The efforts are expected to be finalized under the follow-on Railway Concessioning project.
- The liberalization of urban transport and liquidation of SOTUC, the urban public bus company, were achieved.
- The privatization of CAMSHIP and CAMTAINER was achieved.
- Restructuring of MOT and MOPW was slow and is continuing as part of the Transport Sector Project and the Third Structural Adjustment Credit.
- With respect to road maintenance, the project established a framework for sustainable financing, adequate road management, and private execution of maintenance.
- The reform of the port sector has not been fully achieved. Efforts at restructuring the port sector are continuing under the SAC III project.
- The privatization/liquidation of the civil aviation company was not achieved.
- Improvement of the international transit system was only partially achieved.

**4. Significant Outcomes/Impacts:**  
 The project had a positive impact on transport sector restructuring, management and operations, private sector development, public expenditure, and the environment

**5. Significant Shortcomings (including non-compliance with safeguard policies):**  
 The project had the following shortcomings:

- failure to take account during appraisal the social issues associated with redundancies resulting from the privatization and restructuring of transport agencies and operators.
- difficulties in procurement process.
- Deficient financial management of the project. Discrepancies in the management of the Special Account led to the suspension of its replenishment for close to a year.

6. Ratings:	ICR	OED Review	Reason for Disagreement/Comments
<b>Outcome:</b>	Satisfactory	Satisfactory	
<b>Institutional Dev.:</b>	Partial	Substantial	The achievements in sector restructuring and privatization/liquidation warrants a "substantial" rating.
<b>Sustainability:</b>	Likely	Likely	
<b>Bank Performance:</b>	Satisfactory	Satisfactory	
<b>Borrower Perf.:</b>	Satisfactory	Satisfactory	
<b>Quality of ICR:</b>		Satisfactory	

**7. Lessons of Broad Applicability:**  
 The following lessons with broad applicability emerge from the project:

1. The budgetary and social impact of privatization, including severance payments, should be addressed during project preparation.
2. Involvement of senior management (from the Bank and the government) in the process of reform implementation is crucial.
3. Continuity in Bank support strategy through successive projects is essential for supporting the different phases of reforms and for consolidating those achieved under the project.

**8. Audit Recommended?** ● Yes ○ No  
**Why?** To assess and draw lessons from the reforms undertaken to promote private sector participation in the transport sector.

**9. Comments on Quality of ICR:**

The ICR is satisfactory. Actual total cost by component is not provided in Table 8A.

Binyam Reja

07/14/2000 03:23 PM

Extn: 85630 OEDST  
Subject: Re: CAMEROON: Transport Sector Technical Assistance Project (Credit 2703-CM)  
OED: Review of Implementation Completion Report

For filing.

----- Forwarded by Binyam Reja/Person/World Bank on 07/14/2000 03:23 PM -----



Abdelghani Inal  
06/13/2000 01:00 PM

Extn: 34830 AFTT2  
To: Ridley Nelson cc: Serge Michailof, Prem C. Garg, Frannie A. Leautier, Maryvonne Plessis-Fraissard, Binyam Reja  
Subject: Re: CAMEROON: Transport Sector Technical Assistance Project (Credit 2703-CM)  
OED: Review of Implementation Completion Report

I have the following comments on OED's Evaluation Summary.

1. The ICR and OED ratings are the same, except for Institutional development rated Partial by the ICR and Substantial by OED. We agree that the achievements are substantial, but they are only partial by subsector and only part of the subsectors were reformed totally or partially. For this reason, the ICR rated the achievement as Partial.
2. The ICR provided all assessments of achievements of project objectives and its impact on the performance and organization of the transport sector from all available and effective data and information. It's too early to assess the reforms impacts as they are still under implementation and their effect will take time. It should be said that:
  2. (i) the reforms completed by enacting laws are now under implementation and their achievements and impacts could be effective and appraised seriously only two or three years later with data for the same period; the ICR provided qualitative assessment as of now, but we do not have yet data for significant period to conclude on the progress made. This is the case for the urban transport, and the road maintenance fund; in addition for the road fund, contractors have not yet confidence on the Government for contracting out road maintenance with its agencies. Confidence is coming progressively and realistic assessment could be done only three years later.
  2. (ii) most of the reforms have not yet been completed, like the maritime transport, included port reform. Laws have been enacted, but their implementation needs two or three years. Concession of the container terminal, reform of the custom procedures, reorganization of the port authority and agencies, etc, are still under process supported by the ongoing adjustment project. It's not realistic to assess the achievements and impact now. We have monthly data for example for the time the containers stay in the port of Douala, but these data are not yet significant as all the reforms have not yet been put in place.
  2. (iii) the railway was privatized a year ago, but the new company is still reorganizing its services and the important needed investments have not yet started for several reasons. The railway concessioning credit was unable to be presented to the Board for environmental reasons opposed by IFC. Political issues with Tchad and RCA had a negative impact on transit transport by rail. Therefore we can not assess the results of the concessioning under these conditions, even though we have the monthly data on railway traffic.

2. (iv) the ICR said clearly (para. 28) that the Project achievement was very difficult to assess because of concomitant support from several projects of which three projects are still under implementation (PST, SACIII and Railway concessioning). The report recommended that an analysis be undertaken after completion of these projects to assess the results of the four projects.

3. The ICR is presented in the old format: this is allowed by the Guidelines for all projects closed by June 30, 1999. This is the case for this Project and ICR.

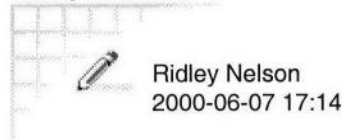
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I hope that the elements above change OED's comments on the ICR.

Regards

Ridley Nelson



Extn: 35153 OEDST

Sent by: Adala T. Bruce-Konuah

To: Serge Michailof cc: Prem C. Garg, Frannie A. Leautier, Maryvonne Plessis-Fraissard, Abdelghani Inal, Binyam Reja  
Subject: CAMEROON: Transport Sector Technical Assistance Project (Credit 2703-CM)  
OED: Review of Implementation Completion Report

Attached for your review is OED's Evaluation Summary for the above project. This form contain's OED's ratings and comments on the ICR. Any comments you may have should reach me no later than c.o.b. June 14, 2000.

Ridley Nelson  
Acting Manager  
Sector and Thematic Evaluations Group



# ICR Review - Evaluation Summary

Operations Evaluation Department

Date Created: 06/04/2000 06:27:50 PM  
 Last Updated: 06/07/2000 11:11:24 AM  
 Status: Open

1. Project Data:		ES Date Posted:	
PROJ ID: P035599 OEDID: C2703		Appraisal	Actual
<b>Project Name:</b> Transport Sector Technical Assistance Project	<b>Project Costs (US\$M)</b>	23.9	22.5
<b>Country:</b> Cameroon	<b>Loan/Credit (US\$M)</b>	10.2	8.84
<b>Sector, Major Sect.:</b> Transportation Adjustment, Transportation	<b>Cofinancing (US\$M)</b>	10.0	10.0
<b>L/C Number:</b> C2703; CP861; LP152			
	<b>Board Approval (FY)</b>		95
<b>Partners involved:</b> EU, FAC, BMZ	<b>Closing Date</b>	06/30/98	06/30/99
<b>Prepared by:</b>	<b>Reviewed by:</b>	<b>Group Manager:</b>	<b>Group:</b>
Binyam Reja	John R. Heath	Ridley Nelson	OEDST

## 2. Project Objectives and Components

### a. Objectives

The main objectives of the project were to support government efforts to:

1. **launch the transport sector reform program**, which would result in the:
  - creation of a new private civil aviation company,
  - private operation of rail services,
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  - restructuring of the Ministry of Transport (MOT), and
  - reform of the regulatory framework for the air, urban, and maritime transport.
2. **continue preparation of the subsequent phases** which would result in the:
  - restructuring of the Ministry of Public Works (MOPW) -- contract out most of the road maintenance work program; and implement pluri-annual programming system, as well as a sustainable financing mechanism for road maintenance;
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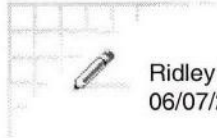
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2. study to prepare the restructuring of MOT;
3. revision of regulatory framework for urban, air, and maritime transport; and
4. preparation of the subsequent phases of the transport sector reform program.

### c. Comments on Project Cost, Financing and Dates

The project was approved on December 19, 1995 and closed on June 30, 1999 a year later than originally scheduled. US\$0.85 million was canceled at closing.



Ridley Nelson  
06/07/2000 05:14 PM

Extn: 35153                      OEDST

Sent by: Adala T. Bruce-Konuah

Subject: CAMEROON: Transport Sector Technical Assistance Project (Credit 2703-CM)  
OED: Review of Implementation Completion Report

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Ridley Nelson  
Acting Manager  
Sector and Thematic Evaluations Group



# ICR Review - Evaluation Summary

Operations Evaluation Department

Date Created: 06/04/2000 06:27:50 PM  
 Last Updated: 06/07/2000 11:11:24 AM  
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PROJ ID: P035599 OEDID: C2703		Appraisal	Actual
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L/C Number: C2703; CP861; LP152			
	Board Approval (FY)		95
Partners involved: EU, FAC, BMZ	Closing Date	06/30/98	06/30/99
Prepared by:	Reviewed by:	Group Manager:	Group:
Binyam Reja	John R. Heath	Ridley Nelson	OEDST

## 2. Project Objectives and Components

### a. Objectives

The main objectives of the project were to support government efforts to:

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### c. Comments on Project Cost, Financing and Dates

The project was approved on December 19, 1995 and closed on June 30, 1999 a year later than originally scheduled. US\$0.85 million was canceled at closing.



### 3. Achievement of Relevant Objectives:

#### The project achieved most of its objectives:

- Railway activities are being devolved to private operators under a concessioning arrangement. The public enterprise operator, REGIFERCAM is in the process of liquidation. The efforts are expected to be finalized under the follow-on Railway Concessioning project.
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- Restructuring of MOT and MOPW was slow and is continuing as part of the Transport Sector Project and the Third Structural Adjustment Credit.
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- Improvement of the international transit system was only partially achieved.

### 4. Significant Outcomes/Impacts:

The project had a positive impact on transport sector restructuring, management and operations, private sector development, public expenditure, and the environment

### 5. Significant Shortcomings (including non-compliance with safeguard policies):

The project had the following shortcomings:

- failure to take account during appraisal the social issues associated with redundancies resulting from the privatization and restructuring of transport agencies and operators.
- difficulties in procurement process.
- Deficient financial management of the project. Discrepancies in the management of the Special Account led to the suspension of its replenishment for close to a year.

6. Ratings:	ICR	OED Review	Reason for Disagreement/Comments
<b>Outcome:</b>	Satisfactory	Satisfactory	
<b>Institutional Dev.:</b>	Partial	Substantial	The achievements in sector restructuring and privatization/liquidation warrants a "substantial" rating.
<b>Sustainability:</b>	Likely	Likely	
<b>Bank Performance:</b>	Satisfactory	Satisfactory	
<b>Borrower Perf.:</b>	Satisfactory	Satisfactory	
<b>Quality of ICR:</b>		Unsatisfactory	

### 7. Lessons of Broad Applicability:

The following lessons with broad applicability emerge from the project:

1. The budgetary and social impact of privatization, including severance payments, should be addressed during project preparation.
2. Involvement of senior management (from the Bank and the government) in the process of reform implementation is crucial.
3. Continuity in Bank support strategy through successive projects is essential for supporting the different phases of reforms and for consolidating those achieved under the project.

### 8. Audit Recommended? Yes No

**Why?** To assess and draw lessons from the reforms undertaken to promote private sector participation in the transport sector.

### 9. Comments on Quality of ICR:

The ICR could have provided a more comprehensive assessment of achievements of project objectives and its impact on the performance and organization of the transport sector. The ICR is presented in the old format. Actual total cost by component is not provided in Table 8A. ICR rating tables are inconsistent with the text.

---

To: Serge Michailof  
cc: Prem C. Garg  
Frannie A. Leautier  
Maryvonne Plessis-Fraissard  
Abdelghani Inal  
Binyam Reja

# THE WORLD BANK GROUP

<b>ROUTING SLIP</b>		<b>DATE:</b> June 7, 2000	
<b>NAME</b>			<b>ROOM. NO.</b>
Mr. Ridley Nelson, Acting Manager, OEDST			H 3-381
	URGENT		PER YOUR REQUEST
	FOR COMMENT		PER OUR CONVERSATION
	FOR ACTION		NOTE AND FILE
√	FOR APPROVAL/CLEARANCE		FOR INFORMATION
√	FOR SIGNATURE		PREPARE REPLY
	NOTE AND CIRCULATE		NOTE AND RETURN
<b>RE: CAMEROON—Transport Sector Technical Assistance Project (Credit 2703-CM) Implementation Completion Report</b>			
<b>REMARKS:</b>			
<p style="text-align: center;">This ICR has passed the OED's Panel review and requires your approval before being sent to the Region.</p>			
<b>FROM</b> <i>BR</i> Binyam Reja, OEDST		<b>ROOM NO.</b> H 3-365	<b>EXTENSION</b> 85630

**OED ICR Review - Evaluation Summary**  
 Operations Evaluation Department

Date Created: 06/04/2000 06:27:50 PM  
 Last Updated: 06/07/2000 11:07:49 AM  
 Access Delegation List:  
 Status: Open

1. Project Data:		ES Date Posted:	
PROJ ID: P035599 OEDID: C2703		Appraisal	Actual
Project Name: Transport Sector Technical Assistance Project	Project Costs (US\$M)	23.9	22.5
Country: Cameroon	Loan/Credit (US\$M)	10.2	8.84
Sector, Major Sect.: Transportation Adjustment, Transportation	Cofinancing (US\$M)	10.0	10.0
L/C Number: C2703; CP861; LP152			
	Board Approval (FY)		95
Partners involved: EU, FAC, BMZ	Closing Date	06/30/98	06/30/99
Prepared by: Binyam Reja <i>BR</i>	Reviewed by: John R. Heath	Group Manager: Ridley Nelson <i>RN</i>	Group: OEDST

**2. Project Objectives and Components**

**a. Objectives**

The main objectives of the project were to support government efforts to:

1. **launch the transport sector reform program**, which would result in the:
  - creation of a new private civil aviation company,
  - private operation of rail services,
  - liquidation of the urban bus company,
  - sale of public shares in the Cameroon Shipping Lines (CAMSHIP) and in the Cameroon Container Transport and Freight Forwarder Company (CAMTAINER),
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  - reform of the regulatory framework for the air, urban, and maritime transport.
2. **continue preparation of the subsequent phases** which would result in the:
  - restructuring of the Ministry of Public Works (MOPW) -- contract out most of the road maintenance work program; and implement pluri-annual programming system, as well as a sustainable financing mechanism for road maintenance;
  - restructuring and downsizing of the port authority -- implement an efficiency-driven organization for dredging; and
  - improved customs' institutional framework -- overhaul the custom's computerized information system; implement a new international transit system.

**b. Components**

To achieve these objectives the project provided consultant services for

1. preliminary analysis for the privatization, sale or concessioning of the airline, railway company, shipping company, CAMSHIP and CAMTAINER, and for liquidation of the urban bus company;
2. study to prepare the restructuring of MOT;
3. revision of regulatory framework for urban, air, and maritime transport; and
4. preparation of the subsequent phases of the transport sector reform program.

**c. Comments on Project Cost, Financing and Dates**

The project was approved on December 19, 1995 and closed on June 30, 1999 a year later than originally scheduled. US\$0.85 million was canceled at closing.

**3. Achievement of Relevant Objectives:**  
**The project achieved most of its objectives:**

- Railway activities are being devolved to private operators under a concessioning arrangement. The public enterprise operator, REGIFERCAM is in the process of liquidation. The efforts are expected to be finalized under the follow-on Railway Concessioning project.
- The liberalization of urban transport and liquidation of SOTUC, the urban public bus company, were achieved.
- The privatization of CAMSHIP and CAMTAINER was achieved.
- Restructuring of MOT and MOPW was slow and is continuing as part of the Transport Sector Project and the Third Structural Adjustment Credit.
- With respect to road maintenance, the project established a framework for sustainable financing, adequate road management, and private execution of maintenance.
- The reform of the port sector has not been fully achieved. Efforts at restructuring the port sector are continuing under the SAC III project.
- The privatization/liquidation of the civil aviation company was not achieved.
- Improvement of the international transit system was only partially achieved.

**4. Significant Outcomes/Impacts:**  
 The project had a positive impact on transport sector restructuring, management and operations, private sector development, public expenditure, and the environment

**5. Significant Shortcomings (including non-compliance with safeguard policies):**  
 The project had the following shortcomings:

- failure to take account during appraisal the social issues associated with redundancies resulting from the privatization and restructuring of transport agencies and operators.
- difficulties in procurement process.
- Deficient financial management of the project. Discrepancies in the management of the Special Account led to the suspension of its replenishment for close to a year.

6. Ratings:	ICR	OED Review	Reason for Disagreement/Comments
<b>Outcome:</b>	Satisfactory	Satisfactory	
<b>Institutional Dev.:</b>	Partial	Substantial	The achievements in sector restructuring and privatization/liquidation warrants a "substantial" rating.
<b>Sustainability:</b>	Likely	Likely	
<b>Bank Performance:</b>	Satisfactory	Satisfactory	
<b>Borrower Perf.:</b>	Satisfactory	Satisfactory	
<b>Quality of ICR:</b>		Unsatisfactory	

**7. Lessons of Broad Applicability:**  
 The following lessons with broad applicability emerge from the project:

1. The budgetary and social impact of privatization, including severance payments, should be addressed during project preparation.
2. Involvement of senior management (from the Bank and the government) in the process of reform implementation is crucial.
3. Continuity in Bank support strategy through successive projects is essential for supporting the different phases of reforms and for consolidating those achieved under the project.

**8. Audit Recommended?**  Yes  No  
**Why?** To assess and draw lessons from the reforms undertake to promote private sector participation in the transport sector.

**9. Comments on Quality of ICR:**

The ICR could have provided a more comprehensive assessment of achievements of project objectives and its impact on the performance and organization of the transport sector. The ICR is presented in the old format. Actual total cost by component is not provided in Table 8A. ICR rating tables are inconsistent with the text.

Proj ID :	OED ID :	C2703	Group: 10
Country:	Cameroon		
Project Description:	Transport Sector Tech Assist		
Sector:	03 / Transport		
Subsector:	03.00 / Other Transport		
Lending Instrument Type:	TAL		
L/C:	C2703		
Original IDA/IBRD Commitments:	10,200,000	(\$US)	
Total Cancellations:	0	(\$US)	

Key Dates	ORIGINAL	ACTUAL
Approval		4/11/95
Signing/Agreement		6/29/95
Effectiveness	9/27/95	12/19/95
Closing	6/30/98	6/30/99
ICR Receipt in OED		4/14/00

EVALUATOR NAME: Reja

EVALUATOR SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_

Please confirm the above information, sign and date this sheet and return a phot to Helen Sioris when the EVM/Regional memo/PIF packet is submitted to OED Direct

\*\*\*\*\* TO BE COMPLETED BY EVALUATION OFFICER \*\*\*\*\*

\* Date of Review: \_\_\_\_\_  
 \* ( mm / dd / yy )

\* Name of Reviewer: \_\_\_\_\_

\* Type of Evaluation: PCR Review  PAR Review

\* If this is a PAR Review, are there major differences in the judgements from those made in the PCR Review?

\* Yes  No

\* If Yes, please discuss in detail on page 26 of the PIF

	ORIGINAL	LATEST
Date of Physical Completion	(mm/dd/yy)	(mm/dd/yy)

\* Total Project Cost (\$US mill) \_\_\_\_\_

\* Applicable Disbursement Profile: \_\_\_\_\_  
 \* (see note 11 in the PIF, page 31)

\* Number of Supervision Missions: \_\_\_\_\_

\*\*\*\*\*

J. Health

Project	470
Project Type	ICR
Loan Credit	CR 2703
Project ID	P035599
Country	CAMEROON - Transport Sector Technical Assistance
Prepared by	REJA B.
Date Received by Panel	6/5/00
Assigned to	John Health
Date Assigned	6/5/00
Review Completed	
Comments	Upon completing your review, please return the package to Geri for logging and forwarding to the corresponding task manager. The originating task manager would be expected to resubmit the final package for your initials within the prescribed 7 working days from this date.

Correct inconsistency in Bank/Borrower performance rating - ICR different from ES/PIF.

JH

Pilar,  
Urgent - please forward

JH



**OED ICR Review - Evaluation Summary**  
Operations Evaluation Department

Date Created: 06/04/2000 06:27:50 PM  
Last Updated: 06/04/2000 08:58:15 PM  
Access Delegation List:  
Status: Open

1. Project Data:		ES Date Posted:	
PROJ ID: P035599 OEDID: C2703		Appraisal	Actual
Project Name: Transport Sector Technical Assistance Project	Project Costs (US\$M)	23.9	22.5
Country: Cameroon	Loan/Credit (US\$M)	10.2	8.84
Sector, Major Sect.: Transportation Adjustment, Transportation	Cofinancing (US\$M)	10.0	10.0
L/C Number: C2703; CP861; LP152			
	Board Approval (FY)		95
Partners involved: EU, FAC, BMZ	Closing Date	06/30/98	06/30/99
Prepared by:	Reviewed by: ✓	Group Manager:	Group:
Binyam Reja	Heath	Ridley Nelson	OEDST

**2. Project Objectives and Components**

**a. Objectives**

The main objectives of the project were to support government efforts to:

1. **launch the transport sector reform program**, which would result in the:
  - creation of a new private civil aviation company,
  - private operation of rails services,
  - liquidation of the urban bus company,
  - sale of public shares in the Cameroon Shipping Lines (CAMSHIP) and in the Cameroon Container Transport and Freight Forwarder Company (CAMTAINER),
  - restructuring of the Ministry of Transport (MOT), and
  - reform of the regulatory framework for the air, urban, and maritime transport.
2. **continue preparation of the subsequent phases** which would result in the:
  - restructuring of the Ministry of Public Works (MOPW) -- execution of contract of most of the road maintenance work program; and implementation of pluri-annual programming system, as well as a sustainable financing mechanism for road maintenance;
  - restructuring and downsizing of the port authority -- implementation of an efficiency-driven organization for dredging; and
  - improved customs' institutional framework -- overhaul of the custom's computerized information system; implementation of a new international transit system.

**b. Components**

To achieve these objectives the project provided for consultant services for

1. preliminary analysis for the privatization, sale or concessioning of the airline, railway company, shipping company, CAMSHIP and CAMTAINER, and for liquidation of the urban bus company;
2. study to prepare the restructuring MOT;
3. revision of regulatory framework for urban, air, and maritime transport; and
4. preparation of the subsequent phases of the transport sector reform program.

**c. Comments on Project Cost, Financing and Dates**

The project was approved on December 19, 1995 and closed on June 30, 1999 a year later than originally scheduled. US\$0.85 million was canceled at closing.

**3. Achievement of Relevant Objectives:**

The project achieved most of its objectives:

- Railway activities are being devolved to private operators under a concessioning arrangement. The public enterprise operator, REGIFERCAM is in the process of liquidation. The efforts are expected to be finalized under the follow-on Railway Concessioning project.
- The liberalization of urban transport and liquidation of SOTUC, the urban public bus company, were achieved.
- The privatization of CAMSHIP and CAMTAINER was achieved.
- Restructuring of MOT and MOPW was slow and is continuing as part of the Transport Sector Project and the Third Structural Adjustment Credit.
- With respect to road maintenance, the project established a framework for sustainable financing system, adequate road management, and private execution of maintenance.
- The reform of the port sector ~~has~~ not been fully achieved. Efforts at restructuring the port sector are continuing under the SAC III project. *has*
- The privatization/liquidation of the civil aviation company was not achieved.
- Improvement of the international transit system was only partially achieved.

**4. Significant Outcomes/Impacts:**

The project had a positive impact on transport sector restructuring, management and operations, private sector development, public expenditure, and the environment

**5. Significant Shortcomings (including non-compliance with safeguard policies):**

The project had the following shortcomings:

- failure to take account during appraisal the social issues associated with redundancies resulting from the privatization and restructuring of transport agencies and operators.
- difficulties in procurement process.
- Deficient financial management of the project. Discrepancies in the management of the Special Account led to the suspension of its replenishment for close to a year.

6. Ratings:	ICR	OED Review	Reason for Disagreement/Comments
<b>Outcome:</b>	Satisfactory	Satisfactory	
<b>Institutional Dev.:</b>	Partial	Substantial	The achievements in sector restructuring and privatization/liquidation warrants a "substantial" rating.
<b>Sustainability:</b>	Likely	Likely	
<b>Bank Performance:</b>	Satisfactory	Satisfactory	} Explain difference
<b>Borrower Perf.:</b>	Satisfactory	Satisfactory	
<b>Quality of ICR:</b>		Satisfactory	

**7. Lessons of Broad Applicability:**

The following lessons with broad applicability emerge from the project:

1. The budgetary and social impact of privatization, including severance payments, should be addressed during project preparation.
2. Involvement of senior management (from the Bank and the government) in the process of reform implementation is crucial.
3. Continuity in Bank support strategy through successive projects is essential for supporting the different phases of reforms and for consolidating those achieved under the project.

**8. Audit Recommended?**  Yes  No

**Why?** To assess and draw lessons from the reforms undertaken to introduce private sector participation in the transport sector.

*promote*

**9. Comments on Quality of ICR:**

The ICR could have provided a more comprehensive assessment of achievements of project objectives and its impact in the performance and organization of the transport sector. The ICR is presented in the old format. Actual total cost by component is not provided in Table 8A.

9  
on

**This PIF has not been posted**

OED ID :	C2703
Type :	ES
Country :	Cameroon
Project Description :	Transport Sector Tech Assist
Sector :	TX / Transportation
Subsector :	TT / Transportation Adjustment
Lending Instrument :	Technical Assistance
L/C :	C2703

**Problems**

-----  
ERRORS

\* These must be fixed before the PIF can be posted \*

<u>Section</u>	<u>Question</u>	<u>Error</u>
A1	3.9	No answer

Bank and Borrower Performance rating  
do not check with ICR — This error is  
repeated in ES.

**Operations Evaluation Department**  
**PROJECT INFORMATION FORM**

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**A1. General Project Information**

OED ID : C2703  
 Type : ES  
 Country : Cameroon  
 Project Description : Transport Sector Tech Assist

Sector : TX / Transportation  
 Subsector : TT / Transportation Adjustment  
 Lending Instrument : Technical Assistance  
 L/C : C2703

3. Key Dates

	Original	Latest
Departure of Appraisal Mission		02/27/1995
Approval		04/11/1995
Signing/Agreement		06/29/1995
Effectiveness	09/27/1995	12/19/1995
Physical completion	06/30/1998	06/30/1999
Closing	06/30/1998	06/30/1999
ICR receipt in OED		04/14/2000
Review date		06/05/2000
ES posting or PAR approval		

1. Reviewer:

2. Do you agree with the assigned primary Sector and Subsector?  Yes  No

Sugg. Sector:

Sugg. Subsector:

4. Key Amounts (\$US million)

Original Commitment	10.2
Total Cancellation	0
Total project cost	
Original	23.9
Latest	22.5

5. Cofinanciers

	First	Second	Third
Name	European Union	French Cooperation Fund	German Ministry for
Original Commitment (\$US million)	7.3	2.2	0.5
Total Cancellation (\$US million)	0	0	0

6. Distribution of latest cost among component types (\$US million):

Physical	1.2
Technical assistance	17.6
Balance of payments	0
Line of credit	0
Other	3.7

7. Applicable disbursement profile (no. of years):

8. Number of supervision missions:

9. Name(s) of primary author(s) of ICR (indicate if not known):

10. Names of managers

	At entry	At exit
Task manager	NA	Abdelghani Inal
Division chief	NA	Maryvonne Plessis-Frissard
Department director	NA	Serge Michailof

**A2. Project Objectives Evaluation**

<p>1. Were the project objectives substantially revised during implementation? <input style="width: 100px;" type="text" value="No"/></p> <p>If Yes, did the Board approve the revised objectives as part of a formal restructuring? <input style="width: 100px;" type="text"/></p> <p>Date of Board approval <input style="width: 100px;" type="text"/></p> <p><b>Note:</b> If objectives were substantially revised, base the ratings in sections B1 and B2 on the revised objectives.</p>	<p>3. Did the project include a monitoring and evaluation system for the implementation phase? <input style="width: 100px;" type="text" value="No"/></p> <p>If Yes, rate the extent to which the system met each of the following five criteria for a good M&amp;E system:</p> <p>Clear project and component objectives verifiable by indicators <input style="width: 100px;" type="text"/></p> <p>A structured set of indicators <input style="width: 100px;" type="text"/></p> <p>Requirements for data collection and management <input style="width: 100px;" type="text"/></p> <p>Institutional arrangements for capacity building <input style="width: 100px;" type="text"/></p> <p>Feedback from M&amp;E <input style="width: 100px;" type="text"/></p>		
<p>2. Taking into account the country's level of development and the competence of the implementing agency, to what extent did the project design have the following characteristics:</p> <p>Demanding on Borrower / Implementing Agency <input style="width: 100px;" type="text" value="Substantial"/></p> <p>Complexity <input style="width: 100px;" type="text" value="Substantial"/></p> <p>Riskiness <input style="width: 100px;" type="text" value="Substantial"/></p>			
<p>4. For this particular project, rate the importance of the project's objectives:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; border: none;">                 Physical <input style="width: 100px;" type="text" value="Not Applicable"/>                  Financial (interest rates; pricing / tariff policies; cost recovery) <input style="width: 100px;" type="text" value="High"/>                  Economic                  Macro-economic policies (fiscal; monetary; trade) <input style="width: 100px;" type="text" value="Substantial"/>                  Sector policies <input style="width: 100px;" type="text" value="High"/> </td> <td style="width: 50%; border: none;">                 Institutional <input style="width: 100px;" type="text" value="High"/>                  Social <input style="width: 100px;" type="text" value="Not Available"/>                  Environmental <input style="width: 100px;" type="text" value="Not Available"/>                  Private sector development <input style="width: 100px;" type="text" value="High"/>                  Other (specify): <input style="width: 150px;" type="text"/> <input style="width: 100px;" type="text"/> </td> </tr> </table>		Physical <input style="width: 100px;" type="text" value="Not Applicable"/> Financial (interest rates; pricing / tariff policies; cost recovery) <input style="width: 100px;" type="text" value="High"/> Economic Macro-economic policies (fiscal; monetary; trade) <input style="width: 100px;" type="text" value="Substantial"/> Sector policies <input style="width: 100px;" type="text" value="High"/>	Institutional <input style="width: 100px;" type="text" value="High"/> Social <input style="width: 100px;" type="text" value="Not Available"/> Environmental <input style="width: 100px;" type="text" value="Not Available"/> Private sector development <input style="width: 100px;" type="text" value="High"/> Other (specify): <input style="width: 150px;" type="text"/> <input style="width: 100px;" type="text"/>
Physical <input style="width: 100px;" type="text" value="Not Applicable"/> Financial (interest rates; pricing / tariff policies; cost recovery) <input style="width: 100px;" type="text" value="High"/> Economic Macro-economic policies (fiscal; monetary; trade) <input style="width: 100px;" type="text" value="Substantial"/> Sector policies <input style="width: 100px;" type="text" value="High"/>	Institutional <input style="width: 100px;" type="text" value="High"/> Social <input style="width: 100px;" type="text" value="Not Available"/> Environmental <input style="width: 100px;" type="text" value="Not Available"/> Private sector development <input style="width: 100px;" type="text" value="High"/> Other (specify): <input style="width: 150px;" type="text"/> <input style="width: 100px;" type="text"/>		

**B1a. Outcomes — Relevance**

1. Indicate the relevance of each of the project's objectives in terms of the Bank's / Borrower's current country or sectoral objectives:

Physical	<input type="text" value="Not Applicable"/>
Financial (interest rates; pricing / tariff policies; cost recovery)	<input type="text" value="Substantial"/>
Economic	
Macro-economic policies (fiscal; monetary; trade)	<input type="text" value="Substantial"/>
Sector policies	<input type="text" value="Substantial"/>
Institutional	<input type="text" value="Substantial"/>
Social	<input type="text" value="Not Available"/>
Environmental	<input type="text" value="Not Available"/>
Private sector development	<input type="text" value="High"/>
Other (specify):	<input type="text"/>

2. Summary Rating of Relevance

Rate the extent to which, as a whole, the project's goals were consistent with the Bank's / Borrower's strategies, taking account of the relevance and relative importance of each of the project's objectives:

Average rating (weighted by scores on relative importance)

If your overall rating differs from the average rating, please comment on reasons for this difference:

**B1b. Outcomes — Efficacy**

1. Indicate the extent to which each of the following objectives was in fact accomplished:

Physical	<input type="text" value="Not Applicable"/>
Financial (interest rates; pricing / tariff policies; cost recovery)	<input type="text" value="Substantial"/>
Economic	
Macro-economic policies (fiscal; monetary; trade)	<input type="text" value="Substantial"/>
Sector policies	<input type="text" value="Substantial"/>
Institutional	<input type="text" value="Substantial"/>
Social	<input type="text" value="Negligible"/>
Environmental	<input type="text" value="Modest"/>
Private sector development	<input type="text" value="Substantial"/>
Other (specify):	<input type="text"/>

2. Summary Rating of Efficacy

Rate the efficacy of the project, taking account of the relative importance of the objectives and the extent to which they were accomplished:

Average rating (weighted by scores on relative importance)

If your overall rating differs from the average rating, please comment on reasons for this difference:



**B1b. Outcomes — Efficacy (cont'd)**

3. Rate the extent to which each of the following factors affected the achievement of this project's objectives:

World markets / prices	<input type="text" value="No Effect"/>	Performance of contractors / consultants	<input type="text" value="Negative"/>
Natural events	<input type="text" value="Not Applicable"/>	War / civil disturbance	<input type="text" value="Not Applicable"/>
Cofinancier(s) performance	<input type="text" value="Positive"/>	Other (specify):	<input type="text"/>

**B1c. Outcomes — Efficiency**

1. Is an **Economic Rate of Return (ERR)** available for this project?  Yes  No

If No, is a **Financial Rate of Return (FRR)** available?  Yes  No

If a rate of return is available, provide the following information (in percent):

	Point Value	Range	Weighted Average	Coverage / Scope
At Appraisal <input checked="" type="radio"/> Not Available <input type="radio"/> Not Applicable	<input type="text"/>	From : <input type="text"/> To : <input type="text"/>	<input type="text"/>	<input type="text"/>
At Completion <input checked="" type="radio"/> Not Available <input type="radio"/> Not Applicable	<input type="text"/>	From : <input type="text"/> To : <input type="text"/>	<input type="text"/>	<input type="text"/>

2. Was another measure of efficiency provided?  Yes  No

If Yes, then answer the following:

Measure used

Coverage / scope of measure

Comparison to appraisal estimate

3. If no measure of efficiency was provided for this project, would it have been reasonable to expect one?  Yes  No

If Yes, explain:

4. Rate the quality of the ex-post economic analysis according to the following criteria:

Soundness of analysis	<input type="text"/>	Overall rating of quality of analysis	<input type="text"/>
Conduct of sensitivity / risk analysis	<input type="text"/>	Average rating	<input type="text"/>
Consideration of institutional constraints to achieving results	<input type="text"/>	If your overall rating differs from the average rating, please comment on reasons for this difference:	
Extent to which benefits accrue to target population	<input type="text"/>	<input type="text"/>	
Consideration of environmental externalities	<input type="text"/>		
Consideration of fiscal impact	<input type="text"/>		
Consideration of alternatives to meeting objectives	<input type="text"/>		

**B1c. Outcomes — Efficiency (cont'd)**

5. Summary Rating of Efficiency

Rate overall to what extent the project accomplished its goals efficiently:

Average rating:

If your overall rating differs from the average rating, please comment on reasons for this difference:

**B1d. Outcomes — Summary**

1. SUMMARY OUTCOME RATING

Rate the project's outcome (i.e., the extent to which it achieved relevant objectives), taking account of its relevance, efficacy, and efficiency:

Average rating:

If your overall rating differs from the average rating, please comment on reasons for this difference:

**B2. Sustainability**

1. Rate the project's sustainability in terms of the following:

Technical viability	<input type="text" value="Not Applicable"/>	Policy environment	<input type="text" value="Positive"/>
Financial viability	<input type="text" value="Positive"/>	Institution / management effectiveness	<input type="text" value="Positive"/>
Economic viability	<input type="text" value="Positive"/>	Local participation	<input type="text" value="Not Available"/>
Social conditions	<input type="text" value="Negative"/>	Other (specify):	<input type="text"/>
Environmental concerns	<input type="text" value="Positive"/>		<input type="text"/>
Government commitment	<input type="text" value="Positive"/>		<input type="text"/>

2. SUMMARY SUSTAINABILITY RATING

Rate the probability of maintaining the project's relevant development achievements generated or expected to be generated:

Average rating:

If your overall rating differs from the average rating, please comment on reasons for this difference:

**B3. Institutional Development**

1. Was this project directed primarily toward Institutional Development?  Yes  No

2. If not, did the project contain components with significant Institutional Development objectives?  Yes  No

3. Did the project's Institutional Development activities include each of the following:

Establishment of a new organization	<input type="text" value="Yes"/>
Elimination of an existing organization	<input type="text" value="Yes"/>
Restructuring / privatizing of an organization	<input type="text" value="Yes"/>

4. For this particular project, rate the relevance of the following Institutional Development objectives:

**National capacity**

Economic management	<input type="text" value="Substantial"/>
Civil service reform	<input type="text" value="Substantial"/>
Financial intermediation	<input type="text" value="Not Applicable"/>
Legal / regulatory system	<input type="text" value="High"/>
Sectoral capacity	<input type="text" value="High"/>
Other (specify):	<input type="text"/>

**Agency capacity**

Planning / policy analysis	<input type="text" value="Substantial"/>
Management	<input type="text" value="Modest"/>
Skills upgrading	<input type="text" value="Modest"/>
MIS	<input type="text" value="Substantial"/>
Other (specify):	<input type="text"/>

**NGO Capacity**

5. For this project, rate the extent to which each of the following ID objectives was achieved:

**National capacity**

Economic management	<input type="text" value="Substantial"/>
Civil service reform	<input type="text" value="Substantial"/>
Financial intermediation	<input type="text" value="Not Applicable"/>
Legal / regulatory system	<input type="text" value="Substantial"/>
Sectoral capacity	<input type="text" value="Substantial"/>
Other (specify):	<input type="text"/>

**Agency capacity**

Planning / policy analysis	<input type="text" value="Substantial"/>
Management	<input type="text" value="Modest"/>
Skills upgrading	<input type="text" value="Modest"/>
MIS	<input type="text" value="Substantial"/>
Other (specify):	<input type="text"/>

**NGO Capacity**

**Overall ID Efficacy**

6. SUMMARY INSTITUTIONAL DEVELOPMENT IMPACT RATING

Rate the extent to which, as a whole, the project resulted in improvement of the country's/sector's ability to effectively use its human, organizational, and financial resources:

Average rating

If your overall rating differs from the average rating, please comment on reasons for this difference:

**C1. Bank Performance**

1. To what extent did each of the following apply during project identification / preparation:

Involvement of government	<input type="text" value="Substantial"/>	Overall rating on identification / preparation	<input type="text" value="Satisfactory"/>
Involvement of beneficiaries	<input type="text" value="Negligible"/>	Average rating	<input type="text" value="Satisfactory"/>
Project consistency with Bank strategy for country	<input type="text" value="Substantial"/>	If your overall rating differs from the average rating, please comment on reasons for this difference:	
Grounding in economic and sector work (ESW)	<input type="text" value="Substantial"/>	<input type="text"/>	
Other (specify):	<input type="text"/>		

2. Indicate how well the Bank took account of the following during project appraisal:

Technical analysis (inc. alternatives)	<input type="text" value="Substantial"/>	Overall rating on appraisal	<input type="text" value="Unsatisfactory"/>
Financial analysis (inc. funding provisions, fiscal impact)	<input type="text" value="Substantial"/>	Average rating	<input type="text" value="Unsatisfactory"/>
Cost-benefit analysis (incl.ERR)	<input type="text" value="Substantial"/>	If your overall rating differs from the average rating, please comment on reasons for this difference:	
Institutional capacity analysis	<input type="text" value="Modest"/>	<input type="text"/>	
Social and stakeholder analysis	<input type="text" value="Negligible"/>		
Environmental analysis	<input type="text" value="Modest"/>		
Risk assessment (inc. adequacy of conditionalities)	<input type="text" value="Substantial"/>		
Incorporation of M&E indicators	<input type="text" value="Not Available"/>		
Incorporation of lessons learned	<input type="text" value="Substantial"/>		
Readiness for implementation	<input type="text" value="Modest"/>		
Suitability of lending instrument	<input type="text" value="Substantial"/>		

3. Considering the identification / preparation and appraisal processes discussed above, rate the overall quality of the project at the time of Board approval (Quality at Entry):

4. Indicate the adequacy of Bank project supervision in the following areas:

Reporting on project implementation progress	<input type="text" value="Substantial"/>	Overall rating on supervision	<input type="text" value="Satisfactory"/>
Identification / assessment of implementation problems	<input type="text" value="Substantial"/>	Average rating	<input type="text" value="Satisfactory"/>
Use of performance indicators	<input type="text" value="Substantial"/>	If your overall rating differs from the average rating, please comment on reasons for this difference:	
Enforcement of Borrower provision of M&E data	<input type="text" value="Substantial"/>	<input type="text"/>	
Advice to implementing agency	<input type="text" value="Substantial"/>		
Enforcement of loan covenants / exercise of remedies	<input type="text" value="Substantial"/>		
Flexibility in suggesting / approving modifications	<input type="text" value="Substantial"/>		
Other (specify):	<input type="text"/>		

**C1. Bank Performance (cont'd)**

5. SUMMARY RATING OF BANK PERFORMANCE

Rate the Bank's overall performance, taking account of identification / preparation, appraisal, and supervision activities:

Average rating

If your overall rating differs from the average rating, please comment on reasons for this difference:

**C2. Borrower Performance**

1. Rate the Borrower / Implementing Agency performance on the preparation of this project:

2. Rate the extent to which government / implementing agency performance on the following dimensions supported project implementation:

**Dimensions generally subject to government control**

Macro policies / conditions	<input type="text" value="Substantial"/>	Administrative procedures	<input type="text" value="Negligible"/>
Sector policies / conditions	<input type="text" value="Substantial"/>	Cost changes	<input type="text" value="Not Available"/>
Government commitment	<input type="text" value="Substantial"/>	Implementation delays	<input type="text" value="Modest"/>
Appointment of key staff	<input type="text" value="Modest"/>	Other (specify):	
Counterpart funding	<input type="text" value="Substantial"/>	<input type="text"/>	<input type="text"/>

**Dimensions generally subject to implementing agency control**

Management	<input type="text" value="Substantial"/>	Use of technical assistance	<input type="text" value="Substantial"/>
Staffing	<input type="text" value="Modest"/>	Beneficiary participation	<input type="text" value="Negligible"/>
Cost changes	<input type="text" value="Not Available"/>	Other (specify):	
Implementation delays	<input type="text" value="Modest"/>	<input type="text"/>	<input type="text"/>

**C2. Borrower Performance (cont'd)**

<p>3. Summary Rating of Borrower Performance on Project Implementation</p> <p>Overall rating <input style="width: 100px;" type="text" value="Unsatisfactory"/></p> <p>Average rating <input style="width: 100px;" type="text" value="Unsatisfactory"/></p> <p>If your overall rating differs from the average rating, please comment on reasons for this difference:</p> <div style="border: 1px solid black; height: 80px; width: 100%;"></div>	<p>5. SUMMARY RATING OF BORROWER PERFORMANCE</p> <p>Overall rating <input style="width: 100px;" type="text" value="Satisfactory"/></p> <p>Average rating <input style="width: 100px;" type="text" value="Satisfactory"/></p> <p>If your overall rating differs from the average rating, please comment on reasons for this difference:</p> <div style="border: 1px solid black; height: 80px; width: 100%;"></div>
<p>4. Rate Borrower compliance with loan covenants / commitments:</p> <p><input style="width: 100px;" type="text" value="Satisfactory"/></p>	

**D. Special Themes**

<p>1. Indicate whether each of the following social concerns was a major project emphasis:</p> <table style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 80%;">Gender related issues</td><td style="width: 20%;"><input style="width: 80%;" type="text" value="No"/></td></tr> <tr><td>Settlement / resettlement</td><td><input style="width: 80%;" type="text" value="No"/></td></tr> <tr><td>Beneficiary participation</td><td><input style="width: 80%;" type="text" value="No"/></td></tr> <tr><td>Community development</td><td><input style="width: 80%;" type="text" value="No"/></td></tr> <tr><td>Skills development</td><td><input style="width: 80%;" type="text" value="No"/></td></tr> <tr><td>Nutrition and food security</td><td><input style="width: 80%;" type="text" value="No"/></td></tr> <tr><td>Health improvement</td><td><input style="width: 80%;" type="text" value="No"/></td></tr> <tr><td>Other (specify):</td><td><input style="width: 80%;" type="text"/></td></tr> </table>	Gender related issues	<input style="width: 80%;" type="text" value="No"/>	Settlement / resettlement	<input style="width: 80%;" type="text" value="No"/>	Beneficiary participation	<input style="width: 80%;" type="text" value="No"/>	Community development	<input style="width: 80%;" type="text" value="No"/>	Skills development	<input style="width: 80%;" type="text" value="No"/>	Nutrition and food security	<input style="width: 80%;" type="text" value="No"/>	Health improvement	<input style="width: 80%;" type="text" value="No"/>	Other (specify):	<input style="width: 80%;" type="text"/>	<p>3. Was this a Poverty Targeted Intervention? <input type="radio"/> Yes <input checked="" type="radio"/> No</p> <p>Did the project place a major emphasis on poverty alleviation? <input type="radio"/> Yes <input checked="" type="radio"/> No</p> <p>If Yes:</p> <p>Did it emphasize broad-based growth with labor absorption? <input type="radio"/> Yes <input type="radio"/> No</p> <p>Did it emphasize human development (education, health, or nutrition)? <input type="radio"/> Yes <input type="radio"/> No</p> <p>Did it emphasize the provision of a social safety net? <input type="radio"/> Yes <input type="radio"/> No</p>
Gender related issues	<input style="width: 80%;" type="text" value="No"/>																
Settlement / resettlement	<input style="width: 80%;" type="text" value="No"/>																
Beneficiary participation	<input style="width: 80%;" type="text" value="No"/>																
Community development	<input style="width: 80%;" type="text" value="No"/>																
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Health improvement	<input style="width: 80%;" type="text" value="No"/>																
Other (specify):	<input style="width: 80%;" type="text"/>																
<p>2. Did the project have an unintended or unexpected effect on social concerns, regardless of the project's objectives?</p> <p><input style="width: 100px;" type="text" value="No"/></p> <p>If Yes, was the effect positive or negative?</p> <p><input style="width: 100px;" type="text"/></p>	<p>4. Indicate whether each of the following environmental concerns was a major project emphasis:</p> <table style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 80%;">Natural resource management</td><td style="width: 20%;"><input style="width: 80%;" type="text" value="No"/></td></tr> <tr><td>Air / water / soil quality</td><td><input style="width: 80%;" type="text" value="No"/></td></tr> <tr><td>Urban environmental quality</td><td><input style="width: 80%;" type="text" value="No"/></td></tr> <tr><td>Other (specify):</td><td><input style="width: 80%;" type="text"/></td></tr> </table>	Natural resource management	<input style="width: 80%;" type="text" value="No"/>	Air / water / soil quality	<input style="width: 80%;" type="text" value="No"/>	Urban environmental quality	<input style="width: 80%;" type="text" value="No"/>	Other (specify):	<input style="width: 80%;" type="text"/>								
Natural resource management	<input style="width: 80%;" type="text" value="No"/>																
Air / water / soil quality	<input style="width: 80%;" type="text" value="No"/>																
Urban environmental quality	<input style="width: 80%;" type="text" value="No"/>																
Other (specify):	<input style="width: 80%;" type="text"/>																

**D. Special Themes (cont'd)**

5. Did the project have an unintended or unexpected effect on environmental concerns, regardless of the project's objectives?

No

If Yes, was the effect positive or negative?

7. Rate the priority of the project for audit

High

8. Rate the priority of the project for impact evaluation

Low

6. Indicate whether each of the following private sector development (PSD) concerns was a major project emphasis:

Improvement in legal or incentive framework designed to foster PSD (e.g., trade, pricing)

Restructuring / privatization of public enterprises

Financial sector development

Direct government financial and / or technical assistance to the private sector

Other (specify):

**E. Rating of ICR**

1. Rate the quality of the ICR by the following characteristics:

<b>Analysis</b>		<b>Future operation of project</b>	
Coverage of important subjects	<input type="text" value="Unsatisfactory"/>	Plan for future project operation	<input type="text" value="Unsatisfactory"/>
Ex-post economic analysis	<input type="text" value="Not Applicable"/>	Performance indicators for the project's operational phase	<input type="text" value="Not Available"/>
Soundness of analysis		Plan for monitoring and evaluation of future operation of the project	<input type="text" value="Not Available"/>
Internal consistencies	<input type="text" value="Satisfactory"/>		
Evidence complete / convincing	<input type="text" value="Unsatisfactory"/>		
Adequacy of lessons learned	<input type="text" value="Satisfactory"/>	<b>Borrower / cofinancier inputs</b>	
Aide-memoire of the ICR mission	<input type="text" value="Satisfactory"/>	Borrower input to ICR	<input type="text" value="Satisfactory"/>
		Borrower plan for future project operation	<input type="text" value="Not Available"/>
		Borrower comments on ICR	<input type="text" value="Satisfactory"/>
		Cofinancier comments on ICR	<input type="text" value="Not Available"/>

2. SUMMARY RATING OF ICR

Rate the quality of the ICR:

Average rating

If your overall rating differs from the average rating, please comment on reasons for this difference:

**E. Rating of ICR (cont'd)**

3. Rate the quality of borrower participation in the project completion process on the following:

Analysis	<input type="text" value="Satisfactory"/>	Focus on lessons learned	<input type="text" value="Satisfactory"/>
Concern with development impact	<input type="text" value="Satisfactory"/>	Self-evaluation	<input type="text" value="Satisfactory"/>
Internal consistency	<input type="text" value="Satisfactory"/>	Evaluation of Bank	<input type="text" value="Satisfactory"/>
Evidence to justify views	<input type="text" value="Satisfactory"/>		

**F. Summary of Ratings**

1. SUMMARY OF RATINGS

	ICR	ES
Outcome	<input type="text" value="Satisfactory"/>	<input type="text" value="Satisfactory"/>
Sustainability	<input type="text" value="Likely"/>	<input type="text" value="Likely"/>
Institutional Development efficacy / impact	<input type="text" value="Modest"/>	<input type="text" value="Substantial"/>
Bank performance	<input type="text" value="Satisfactory"/>	<input type="text" value="Satisfactory"/>
Borrower performance	<input type="text" value="Satisfactory"/>	<input type="text" value="Satisfactory"/>
ICR quality		<input type="text" value="Satisfactory"/>

2. Explain any differences between OED ratings and those in the ICR:

The achievements in sector restructuring and privatization warrant a "substantial" rating for institutional development impact.

**G. Overall Judgements / Miscellaneous Comments**

1. Enter any overall judgements or rationales and miscellaneous comments below.

Both rated unsat in ICR



# THE WORLD BANK GROUP

<b>ROUTING SLIP</b>		<b>DATE:</b> June 5, 2000	
<b>NAME</b>			<b>ROOM. NO.</b>
Mr. Ridley Nelson, Chair, ICR Panel Review			H3-381
<input type="checkbox"/>	URGENT	<input type="checkbox"/>	PER YOUR REQUEST
<input type="checkbox"/>	FOR COMMENT	<input type="checkbox"/>	PER OUR CONVERSATION
<input type="checkbox"/>	FOR ACTION	<input type="checkbox"/>	NOTE AND FILE
<input checked="" type="checkbox"/>	FOR APPROVAL/CLEARANCE	<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FOR SIGNATURE	<input type="checkbox"/>	PREPARE REPLY
<input type="checkbox"/>	NOTE AND CIRCULATE	<input type="checkbox"/>	NOTE AND RETURN
<b>RE: CAMEROON—Transport Sector Technical Assistance Project (Credit 2703-CAM) Implementation Completion Report (ICR)</b>			
<b>REMARKS:</b>			
<p style="text-align: center;">Please find attached for panel review the above-mentioned ICR together with the Project Information Form, and a draft Evaluation Summary from the Manager, OEDST, to the Country Director concerned.</p>			
<b>FROM</b>		<b>ROOM NO.</b>	<b>EXTENSION</b>
Binyam Reja, OEDST <i>BR</i>		H3-365	85630

# OFFICE MEMORANDUM

DATE: March 2, 2000

TO: Board Operations Division, Corporate Secretariat

FROM: Serge Michailof, ~~Country Director~~, AFC07

EXTENSION: 81779

SUBJECT: **Cameroon - Transport Sector Technical Assistance Project (Cr.2703-CM)**  
**Implementation Completion Report.**

This is to confirm that I have cleared the Implementation Completion Report dated February 14, 2000, for Cameroon Transport Sector Project Technical Assistance Project (Cr.2703-CM) for distribution to the Board.

Thank you.

Attachment: ICR cover page.

Cc: Helen Sioris, OED.

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**DECLASSIFIED**

**JUN 24 2022**

**WBG ARCHIVES**

**Report No20044**

**IMPLEMENTATION COMPLETION REPORT  
REPUBLIC OF CAMEROON  
TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT  
(CREDIT 2703-CM)**

**February 14, 2000**

**Transport Group 2  
Africa Region**

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## CURRENCY EQUIVALENTS

Currency Unit	=	CFA Franc (FCFA)
US\$ 1 1995	=	518.6
1997	=	541.1
1999	=	630.0

## WEIGHTS AND MEASURES

Metric System

## FISCAL YEAR

July 01 - June 30

## ABBREVIATIONS AND ACRONYMS

BMZ	=	Bundesministerium fur Zusammenarbeit (German Ministry for Cooperation)
CAMAIR	=	Cameroon Airlines
CAMSHIP	=	Cameroon Shipping Lines
CAMTAINER	=	<i>Société Nationale de Transport et de Transit du Cameroun</i> (Cameroon Container Transport and Freight Forwarder Company)
CAS	=	Country Assistance Strategy
CNCC	=	<i>Conseil National des Chargeurs du Cameroun</i> (Cameroon National Shippers' Council)
EU	=	European Union
FAC	=	<i>Fonds d'Aide et de Coopération</i> (French Cooperation Fund)
GNP	=	Gross National Product
GOC	=	Government of Cameroon
IDA	=	International Development Association
IMF	=	International Monetary Fund
LABOGENIE	=	<i>Laboratoire National de Génie Civil</i> (National Road Laboratory)
MATGENIE	=	<i>Parc National de Matériels de Génie Civil</i> (Equipment Pool)
MINT	=	<i>Ministère des Transports</i> (Ministry of Transport)
MINTP	=	<i>Ministère des Travaux Publics</i> (Ministry of Public Works)
ONPC	=	<i>Office National des Ports du Cameroun</i> (Cameroon National Port Authority)
PE	=	Public Enterprise
REGIFERCAM	=	<i>Régie Nationale des Chemins de Fer du Cameroun</i> (Cameroon National railway Corporation)
SAC	=	Structural Adjustment Credit
SAR	=	Staff Appraisal Report
SOCAMAC	=	<i>Société d'Aménagement et de Manutention du Cameroun</i> (Port Handling Co. of Cameroon)
SOTUC	=	<i>Société de Transport Urbain du Cameroun</i> (Urban Public Transport Company)
TSP	=	Transport Sector Project
TSTAP	=	Transport Sector Technical Assistance Project

Vice President:	Jean-Louis Sarbib, AFRVP
Country Director:	Serge Michailof, AFC07
Sector Manager:	Maryvonne Plessis-Fraissard, AFTT2
Team Leader:	Abdelghani Inal, AFTT2

**IMPLEMENTATION COMPLETION REPORT  
REPUBLIC OF CAMEROON  
TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT  
(CREDIT 2703-CM)**

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**IMPLEMENTATION COMPLETION REPORT**  
**REPUBLIC OF CAMEROON**  
**TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**  
**CREDIT 2703-CM**

**PREFACE**

This is the Implementation Completion Report (ICR) for the Transport Sector Technical Assistance Project in Cameroon, for which Credit 2703-CM in the amount of SDR 6.9 million (US\$9.7million equivalent) was approved on June 29, 1995, and made effective on December 19, 1995.

The original closing date was June 30, 1998. The credit was extended for one year and closed on June 30, 1999. Ninety-one percent of the credit was disbursed and the last disbursement was made on December 22, 1999. The balance of SDR 0.62 million (US\$0.85 million) was cancelled. Co-financing for the project was provided by the European Union (EU), French Cooperation Fund (FAC), and Bundesministerium fur Zusammenarbeit (German Ministry for Cooperation, BMZ).

The ICR was prepared by Elizabeth Rankin (Consultant), Farida Khan (Operations Analyst) of the Transport Unit 2, Africa Region, Kingson Aparo, (Transport Specialist and previous Task Team Leader for the Project), and was reviewed by Abdelghani Inal (Senior Highway Engineer, Task Team Leader). It is based on materials in the project files. The outcome of the project is rated satisfactory.

Preparation of this ICR was begun during IDA's final supervision/completion mission in May 1999. The Borrower contributed to the ICR by preparing its own evaluation of project implementation (a summary is attached to the ICR as Appendix B) and by commenting on the draft ICR. Comments were requested from the co-financiers, the World Bank's Cameroon Country Team, the team that appraised and supervised the Project, and their comments are incorporated in this ICR.

**IMPLEMENTATION COMPLETION REPORT**  
**REPUBLIC OF CAMEROON**  
**TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**  
**(CREDIT 2703-CM)**

**EVALUATION SUMMARY**

**Introduction**

1. Cameroon's per capita income declined dramatically since the mid-1980s and began to recover only recently. In 1999 it was estimated at US\$650 (half of what it was in the mid-80s). From a negative growth rate in the early 1990s Cameroon's GNP improved to register a 5% growth during 1997-98. Buoyed by oil production, the Government had failed to introduce fiscal and economic reforms and improve public sector management. Weak management and institutions caused the transport sector to have a negative impact on economic performance. The Transport Sector Technical Assistance Project (TSTAP) was preceded by a comprehensive Transport Sector Strategy Memorandum in 1994 to develop the framework for a new transport reform program and to address sector issues. No technical assistance (TA) was envisioned but rather a hybrid transport sector adjustment project to support structural reforms. The TA program, initially conceived as part of the planned transport adjustment project, became a separate operation in 1994. It replaced the adjustment project because resources were required for further sector work and reforms were needed to strengthen the basis for the proposed reform programs. An investment project, the Transport Sector Project (TSP), was approved later in May 1996.

**Project Objectives**

2. The *main project objectives* were to support Government efforts to: (a) launch the transport sector reform program, which would result in the creation of a new private civil aviation company, private operation of rail services, liquidation of the urban bus company, sale of public shares in the Cameroon Shipping Lines (CAMSHIP) and in the Cameroon Container Transport and Freight Forwarder Company (CAMTAINER), restructuring of the Ministry of Transport (MINT), and reform of the regulatory framework for air, urban, and maritime transport; and (b) continue preparation of the subsequent phases which would result in: (i) restructuring of the Ministry of Public Works (MINTP); execution by contract of most of the road maintenance work program; and implementation of a pluri-annual programming system, as well as a sustainable financing mechanism for road maintenance; (ii) restructuring and down-sizing of the port authority; implementation of an efficiency-driven organization for dredging; and (iii) an improved customs' institutional framework; overhaul of the customs' computerized information system; and implementation of a new international transit system.

3. To achieve these objectives, the project provided for consultants' services to launch the transport sector reform program, mainly for: (a) preliminary analysis for the privatization, sale or concession of the airline, railway company, shipping company, CAMSHIP and CAMTAINER, and for liquidation of the urban bus company; (b) a study to prepare restructuring of MINT; (c) revision of the regulatory framework for urban, air, and maritime transport, including a study of regional logistical costs, and seminars. The project also provided assistance in the *preparation of the subsequent phases* of the transport sector reform program

4. The project objectives were *ambitious*. The program embraced all aspects of the transport sector, changing the regulatory frameworks for air, road, railway and maritime transport; privatizing of PEs; restructuring of MINT, MINTP, and other public agencies; introducing a road fund, maintenance programming and execution of works by contractors; developing local capacity; and preparing new investment programs for roads, railway, and ports. The project overestimated the Government's institutional capacity to implement these reforms according to the agreed timetable. The project underestimated the complexity of the program, the social aspects of downsizing the public sector supposed to be addressed by the planned adjustment project, and the need for incentives.

5. Three *risks* were identified during appraisal: (a) delays in execution because of weak institutional capacity; (b) proceeding with studies ahead of effective commitment to PE reform; and (c) lack of fairness and transparency in the privatization process. The first risk did materialize, especially due to the lengthy procurement procedures and implementation delays. The second risk materialized in the opposition to the privatization of CAMAIR, and long delays in the port sector reforms. However the rapid liberalization of urban transport should be mentioned. The social aspects were not addressed by the project and this led to delays in decision making and implementation. These risks were mitigated by the revision of the institutional framework for privatization, as part of the Structural Adjustment Credit III (SACIII approved in June 1998); introduction of the port sector reforms and establishment of the road maintenance fund as prerequisites for disbursements; agreement with the IMF for inclusion of the cost of social aspects into the State's operational budget; and preparation of a separate railway concession project.

### **Implementation Experience and Results**

6. **Achievement of objectives.** The project objectives were *substantially* achieved, with the exception of the privatization of CAMAIR. Because these objectives relate specifically to individual project components, the following discussion of the achievements and shortfalls of the project objectives and of the subsequent phases of the transport sector reform program identifies these as "O" or "P".

(a) Railway activities previously managed by the PE, REGIFERCAM (undergoing liquidation), were effectively devolved to the private sector despite several difficulties during the implementation and preparation of the need to prepare the railway concession project. CAMRAIL has been operating the railway since April 1, 1999.

(O)

(b) Liberalization of urban transport and liquidation of the urban public bus company,



SOTUC, were achieved, with increased competition and cost reductions in urban transport services in the major cities--Douala and Yaounde. (O)

- (c) In maritime transport, increased efficiency and cost reductions were reported by shippers; this is mainly the result of the implementation of a new law that: (i) eliminates the protection of national vessels by abolishing cargo sharing; (ii) dissolves the Government-owned National Shippers' Council (CNCC); and (iii) abolishes certain levies initially imposed on exports and imports as a mechanism for financing CNCC. Privatization of CAMSHIP was achieved and that of CAMTAINER as well, given its majority ownership by CAMSHIP. (O)
- (d) Although the reforms of the port sector are not yet completed, the measures taken thus far have produced some reductions in port transaction costs and in clearing times. (P)
- (e) The Road Maintenance objective, supported by SACIII, was fully achieved. The project is expected to increase efficiency, reduce road maintenance costs, and secure funds for maintenance. (P)
- (f) Restructuring of MINT and MINTP has been slow and is continuing as part of the TSP and SAC III projects. (O) and (P)
- (g) Improvements in the customs clearance systems, notably through the establishment of the single clearing window (the Guichet Unique) at the Douala port and an autonomous Douala Port Authority, are expected to be achieved with the support of the EU, the French Cooperation Fund and the SACIII project. (P)
- (h) The privatization/liquidation of the civil aviation company was not achieved. In terms of regulatory reform, air transport was only partially liberalized ;domestic air transport was liberalized and the civil aviation code was revised, introducing "open skies" but in practice, regional and long-haul services are still governed by bilateral accords. (O)
- (i) Improvement of the international transit system was only partially achieved. It is in progress with support from the EU. International transit transport still suffers from costly and time-consuming road blocks and checks by gendarmes. (O)

7. The flexibility of project design made it possible to establish a sector-wide environmental protection action plan and a framework for systematically taking into account environmental impact mitigation, particularly as this pertains to road maintenance contracts. This aspect of the project was only a second phase objective.

### **Summary of Findings, Future Operations, and Key Lessons Learned**

8. Overall, the *project achieved most of its objectives* and had a positive impact on transport sector restructuring, management and operations, private sector development, public expenditures, and the environment. The outcome is rated *satisfactory*. Borrower performance was *satisfactory*, despite the difficult dialogue and outstanding issues on procurement. Bank performance was also *satisfactory*, however, its overestimation of Government institutional capacity and preparedness to implement an ambitious program of reforms was mitigated by staff responsiveness and the addition of incentives through follow-up projects (TSP, SACIII, and railway concession).

9. Sustainability of the project is rated *likely*. This is particularly true for those

activities and entities privatized or restructured: urban transport, railway transport, port, and road funding and maintenance. However, the sustainability of the results depends largely on the country's economy. The achievements should be reinforced and extended. The ongoing projects TSP, SACIII, and railway concession aim to accomplish this.

#### 10. Key lessons

- (a) *Implementation of distinct phases of separate sub-sector reforms, each targeting a set of priority objectives, are more realistic than the implementation of an integrated program with multiple and complex objectives.* The project supported a reform program that was prepared in accordance with an integrated approach, but with very ambitious objectives and complex implementation requirements. The implementation schedule should have been better tailored to the country context.
- (b) *Structural reforms could not have been implemented without incentives.* In the absence of the added leverage of the structural adjustment program and the railway concession project to the TSP, it is doubtful that the TSTAP would have achieved what it did.
- (c) *The budgetary and social impact of privatization, including severance payments, should be addressed during project preparation* using a participatory process that includes both affected staff and union leaders. This aspect was not addressed and led to project implementation delays.
- (d) *The delegation of task management to the field is positive overall.* However, significant local pressure was experienced by the field Task Manager, who was a Cameroonian national, and had to play the dual role of Bank representative as well as an informal Government representative, particularly when issues of intense local interest arose. The role of arbitrator had to be assumed often. Local sensitivities can become a major issue and an irritant, and placing a national in this position can cause problems. This issue will need to be addressed more fully in subsequent projects, particularly in light of the Bank's continued decentralization efforts. Another issue that arose from moving team leadership to the field was the lack of pertinent information in the Headquarters files. It is important that files be sent by the field office to Headquarters systematically in order to maintain files properly.
- (e) *Involvement of senior management (from the Bank and the Government) in the process of reform implementation is crucial.* The Project benefited from the timely intervention of senior management, both from the Bank and the Government, at critical times, especially during and after the mid-term review.
- (f) *Continuity in Bank support strategy through successive projects (investments and macroeconomic or sectoral adjustments) is essential for supporting the different phases of reforms and for consolidating those achieved under the project.* The ongoing SACIII, TSP, and railway concession project are the beginning of this continuity.
- (g) *Political sensitivity about some reforms, such as the air transport reform, suggest that they may be more efficiently discussed in the context of the on-going regional reform program of air transport in West and Central Africa.*

**IMPLEMENTATION COMPLETION REPORT**  
**REPUBLIC OF CAMEROON**  
**TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**  
**(CREDIT 2703-CM)**

*Definition.*  
**PART 1. PROJECT IMPLEMENTATION ASSESSMENT**

**Background**

1. Cameroon Per Capita income has declined dramatically since the mid-eighties and has only recently begun to recover. In 1999 it was estimated at US\$650/annum (half of what it was in the mid-eighties). From a negative growth rate in the early 1990s Cameroon's GNP improved to register a 5% growth during 1997-98. Buoyed by oil production, the Government had failed to introduce fiscal and economic reforms and improve public sector management. Weak management and institutions caused the transport sector to have a negative impact on economic performance. The Government, with the support of donors, developed an overall transport sector reform program to strengthen the sector institutions and address the financial issues.
2. The context in which the Project was implemented reflects a much improved economic situation brought about by the January 1994 CFA franc devaluation and the Government's economic program, supported by the IMF Standby Arrangement (approved in March 1994) and IDA Economic Recovery Credit (approved in June 1994). The IDA Third Structural Adjustment Credit (SACIII, approved in June 1998) focuses on the implementation of economic and structural reforms in five key sectors: transport, public utilities, agro-industry, financial sector and forestry. Due to the difficult dialogue with the Borrower, SACIII was designed, in part, to support implementation of some of the reforms included in the Transport Sector Technical Assistance Project (TSTAP).
3. The Bank Group has contributed extensively to Cameroon's transport sector over the past three decades by financing three port, four railway, and six road projects, in addition to two currently being implemented. IDA transport sector financing totals about US\$565 million equivalent, of which 75% was for roads. Five transport sector memoranda provided the analyses for project preparation. The TSTAP was preceded by a comprehensive Transport Sector Strategy Memorandum, completed in 1994, that provided the framework for the new program. No technical assistance (TA) was envisioned but rather a hybrid Transport Sector Adjustment Project to support structural reforms. The TSTAP became a separate operation in 1994, replacing the adjustment project, because resources were required for further sector work and reforms were needed to strengthen the basis for the proposed program. The TA program, initially conceived as part of the Transport Sector Project (TSP) became a separate operation in 1994. ✓

## A. STATEMENT/EVALUATION OF OBJECTIVES

### A.1 Project Objectives

4. The *main project objectives* were to support Government efforts to: (a) launch the transport sector reform program, which would result in the creation of a new private civil aviation company, private operation of rail services, liquidation of the urban bus company, sale of public shares in Cameroon Shipping Lines (CAMSHIP) and in Cameroon Container Transport and Freight Forwarder Company (CAMTAINER), restructuring of the Ministry of Transport (MINT) and reform of the regulatory framework for air, urban, and maritime transport; and (b) continue preparation of the subsequent phases which would result in: (i) restructuring of the Ministry of Public Works (MINTP); execution by contract of most of the road maintenance work program; and implementation of a pluri-annual programming system, as well as a sustainable financing mechanism for road maintenance; (ii) restructuring and down-sizing of the port authority; implementation of an efficiency-driven organization for dredging; and (iii) an improved customs institutional framework; overhaul of the customs computerized information system; and implementation of a new international transit system.

5. These objectives were consistent with the Government's sector reform program (to be implemented in several phases) that sought to: (i) enable the sector to contribute to development instead of being a constraint on economic growth; (ii) improve the regulatory framework, mobilize and allocate resources to maintain the transport infrastructure; and (iii) increase competition and make the sector more efficient.

6. To achieve these objectives the project provided for consultants' services to launch the transport sector reform program, mainly for: (a) preliminary analysis for the privatization of the airline, railway company, shipping company, and for liquidation of the urban bus company; (b) preparation of a concession agreement to operate rail services; (c) preparation of a management contract, including deferred privatization option to privatize national air services; (d) assistance for the sale of public shares in CAMSHIP and CAMTAINER; (e) services of the liquidator of the urban bus company; (f) financial audits of the public enterprises (PEs) to be privatized and a study of the legal obligations of these PEs; (g) a study to prepare restructuring of MINT; (h) revision of the regulatory framework for urban, air, and maritime transport, including a study of regional logistical costs and seminars.

7. The project also provided assistance for preparation of the subsequent phases of the transport sector reform program: (a) consultants' services to prepare restructuring of (i) MINTP to shift toward management of road maintenance by contract; (ii) the port authority; (iii) the MINTP equipment pool (MATGENIE) and the National Road Laboratory (LABOGENIE); (b) assistance to implement a new international transit system and to improve customs procedures; (c) establishment of a simplified road taxation system, creation of a road fund, definition of a mechanism for financing rural roads maintenance, creation of a road database and road-maintenance programming system; preparation of a mitigation plan to address environmental issues in road maintenance, preparation of the investment and annual road maintenance programs; (d) engineering

studies on dredging and a priority investment program for REGIFERCAM; (e) local capacity building, training and support for the Transport Interministerial Coordination Unit, and consultants' services to strengthen the unit in charge of overall privatization in the Ministry of Economy and Finance.

## A2. Evaluation of Objectives and Risks

8. The project objectives were *ambitious*. The program embraced all the transport sector aspects, changing the regulatory frameworks for air, road, railway, and maritime transport; privatizing of PEs; restructuring of MINT, MINTP, and other public agencies; introduction of a road fund, maintenance programming, and execution of works by contractors; developing local capacity, and preparing new investment programs for roads, railway, and ports. The project overestimated the Government's institutional capacity to implement these reforms according to agreed timetable. The project underestimated the complexity of the program, the social aspects of downsizing the public sector, and the need for incentives. Medium-size private civil works contractors and transport companies to take over the functions of the privatized PEs were supported by the European Union (EU).

9. Three *risks* were identified during appraisal: (a) delays in execution because of weak institutional capacity; (b) proceeding with studies ahead of effective commitment to PE reform; and (c) lack of fairness and transparency in the privatization process. The first risk did materialize, especially due to the lengthy procurement procedures and implementation delays. The second risk materialized in part in the opposition to the privatization of CAMAIR and long delays in the port sector reforms. However, the rapid liberalization of urban transport should be mentioned. The social aspects, which were planned to be supported by the adjustment operation, were not addressed by the project, which led to delays in decision making and implementation. These risks were mitigated by the revision of the institutional framework for privatization as part of the SACIII project; introduction of the port sector reforms and the establishment of a road-maintenance fund as a prerequisite for disbursements; agreement with the IMF for inclusion of the cost of social aspects in the State's operational budget; and preparation of a separate railway concession project.

## B. ACHIEVEMENT OF OBJECTIVES

10. The project objectives were *substantially* achieved, with the exception of the privatization of CAMAIR. The number of objectives set for the overall sector reform program, of which TSTAP is a part, was large. The role of the TA was to set in motion a number of key activities that related directly to individual project components. A discussion of the achievement and shortfalls of the main project objectives and of the subsequent phases of the transport sector reform program. Objectives for the project the project are flagged as "O" and those for the second phase as "P".

(a) Railway activities previously managed by the PE, REGIFERCAM, were effectively commissioned to the private sector despite difficulties encountered during implementation and preparation of the railway concession project. REGIFERCAM is in the process of liquidation. CAMRAIL has been operating the railway since April 1, 1999. Although reductions in transport costs have not yet been realized, it is expected that an → private?

improved road network will establish competition that would result in reasonable cost reductions in rail and road transport. (O)

(b) Liberalization of urban transport and liquidation of SOTUC, the urban public bus company, were achieved, with increased competition and cost reductions in transport services in the major cities-- Douala and Yaounde. However, difficulties were encountered in the appointment of a liquidator for the bus company and the payment of severance packages became a serious issue that is still being addressed in the context of the macroeconomic reform program. (O)

(c) In maritime transport, increased efficiency and cost reductions were realized by shippers, mainly as a result of the implementation of a new law which: (i) eliminates the protection of national vessels by abolishing cargo sharing; (ii) dissolves the Government-owned National Shippers' Council (CNCC), which is to be replaced by a private entity that will be established, financed, and managed by the shippers themselves; and (iii) abolishes certain levies initially imposed on exports and imports as a mechanism to finance CNCC. The establishment of a private national shipping line through the sale of Government shares in CAMSHIP (and of CAMTAINER which was majority-owned by CAMPSHIP) has led to increased competition. (O)

(d) Although the port sector reforms have not yet been completed, the measures taken so far have led to some reduction in port transaction costs and in savings in clearing times. With the support of SACIII, EU, and FAC, it is expected that by the end of 2001 port clearing times will be down by more than 75% to an acceptable level of 7 days for imports and 2 days for exports, and that port transaction costs will be brought down to a competitive level with the best performing ports along the West African Coast line. The port dredging activities were privatized. (P)

(e) The objective for Road Maintenance, supported by SACIII, was fully achieved. The project is expected to increase efficiency, reduce road maintenance costs, and secure funds for maintenance. (P)

(f) Restructuring of MINT and MINTP was slow and continues under the TSP and SAC III. (O) & (P)

(g) Improvements in the customs clearance systems, notably through the establishment of the single clearing window (*Guichet Unique*) at the Douala port and the autonomous Douala Port Authority, will be achieved with support from the EU, FAC, and SACIII. (P)

(h) The privatization/liquidation of the civil aviation company was not achieved. In terms of regulatory reforms, air transport was only partially liberalized; domestic air transport was liberalized and the civil aviation code was revised, introducing open skies, but in practice, regional and long-haul services are still governed by bilateral accords. (O) ?

(i) Improvement of international transit system was only partially achieved, It is in progress with the support from the EU. International transit transport still suffers from costly and time-consuming roadblocks and checks by gendarmes. (O)

11. One significant achievement, that was a second phase program objective (P) was the success in establishing a sector-wide environmental protection action plan and a

framework for systematically taking into account environmental impact mitigation, particularly in road maintenance contracts.

## C MAJOR FACTORS AFFECTING THE PROJECT

12. **Factors subject to Government control.** Among the major factors that affected project implementation were weak institutional capacity and cumbersome administrative procedures. Implementation of this ambitious and complex reform program was delayed already by five months after credit effectiveness. Serious procurement delays and the sole-source contract for dredging initiated by the Government led to a one-year impasse with the Bank before the Government reverted to international competitive bidding. Discrepancies in the management of the Special Account(SA) led to suspension of its replenishment for close to a year. The Government failed to take timely decisions on some reforms, such as CAMAIR, the port, the railway privatization process, and the appointment of the liquidator for SOTUC. During the mid-term review the extent of Government sensitivities about liberalization, privatization, and structural reforms became apparent and it was realized that these could not be adequately addressed in the context of a strictly sectoral operation and that more incentives were needed. Less ambitious and separate programs and projects, like the program for the road sector with MINTP and others for transport with MINT and its PE, would have been implemented with fewer difficulties and not overburdened the Government's capacity.

13. The issue of severance payments to workers was not addressed in the project because planned in the expected adjustment transport project. Worker hostility to privatization became apparent when a number of labor unions offered resistance to privatization of CAMAIR and REGIFERCAM, for example. About 2000 employees were to be retired as a result of the privatization - liquidation - restructuring - reform process but no facility had been designed to deal with the underlying social and financial consequences of the reforms. Since severance packages were costly, the Government was reluctant to proceed with privatization until adequate financial arrangements could be made. It should be noted that the Bank at the time was not authorized to finance redundancies. To its credit, when this issue arose Bank staff made commendable efforts to solve the problem by organizing participatory meetings with those affected and seeking ways to resolve the impasse. Eventually it was agreed with the IMF that the social costs would be integrated into the State's operational budget.

14. **Factors subject to implementing agencies' control.** Institutional capacity limitations of the numerous implementing agencies and the lack of commitment of many PEs slowed project implementation. Despite the procurement issues and delays, discrepancies in the management of the SA, difficulties in recruiting consultants, and a difficult dialogue, the project achieved most of its objectives.

15. The April 1997 mid-term review, decentralization of the Bank project task management to the field, introduction of transport sector reforms in the SACIII project, and preparation of a separate project for railway privatization combined to sharpen the implementation strategy, strengthened the donor coordination, contributed to improvements in the participatory process, the dialogue with the Bank, and the decision-making process.

16. **Costs and delays.** The project achieved most of its objectives within the original financial provisions. An amount of SDR 621,156.21 (9% of the Credit amount) was cancelled, mainly due to the variation of the FCFA exchange rates and payment of project preparation costs through the TSP and the railway concession project. ✓

#### D. PROJECT SUSTAINABILITY

17. Sustainability of project achievements is *highly likely*. This is particularly true for those activities or entities that were successfully privatized or restructured (maritime transport, CAMSHIP, urban transport, SOTUC, railway transport, REGIFERCAM, LABOGENIE, and contracted maintenance, MATGENIE). The completion of the privatization process and the irreversible takeover by the private sector are good signs of sustainability. The liquidation of SOTUC was completed and urban bus transport is now operated by the private sector under new legislation. CAMRAIL, the new private company is trusted by the banking sector and several donors are providing investment funds for the Cameroon railway system. Significant involvement of the private sector, demonstrated government commitment, and continuity of the reforms through the TSP, SACIII, and the railway projects are good indications for sustainability of the on-going reforms in the port, road, and railway sectors. The *Guichet Unique* is managed by the private sector; CNCC has been dissolved, and a new shipper's council is being established to serve the interests of shippers; majority private sector representation in the *Comité de Coordination et d'Orientation* of the Douala port has been achieved; and the newly created *Port Autonome de Douala* will be commercially managed. ?

18. The road fund and the road maintenance program are likely to be sustained given: (i) the establishment of a road user fee in the Finance Law; (ii) demonstrated private sector capacity to carry out maintenance contracts; and (iii) majority representation of road users in the fund's management board. The TSP is extending the sustainability of road maintenance to rural and urban roads. }

#### E. BANK PERFORMANCE

19. Bank performance is rated *satisfactory overall*. However four shortcomings are noted below:

(a) The timeframe for full implementation of both large and complex privatization and restructuring programs was overly optimistic. By including part of the reform program in the TSP, SACIII, and the railway project, some of these shortcomings were mitigated. ✓

(b) Privatization of CAMAIR was simply a "non-starter," which the Bank pushed to the exclusion of other options or solutions. The result was an aborted dialogue on the subject, and a failed objective. } ✓

(c) The project design did not take account of the social issues associated with redundancies resulting from the privatization/liquidation and restructuring. As a result, during project implementation the team was placed in the awkward position of having to manage damage control with both staff identified as redundant and labor unions, as well as with the Government, by advocating financial support for payment of severance packages. ✓



The issue was eventually addressed by the Bank through the macroeconomic dialogue. ✓

(d) While procurement delays are largely attributable to the heavy bureaucracy of the Borrower, the Borrower accused the Bank's team for delays in providing its non-objections. The problem was resolved in part by placing the Task Manager in the field, but this generated other issues as such as pressures on the Task Manager, who was a Cameroonian, lack of coordination with Headquarters staff, and an inadequate filing system. ✓

20. Nevertheless, Bank staff was diligent in implementation and dealt with a multitude of issues on a meager supervision budget. The complexity of the project did not dampen their attention to detail. It is a testament to the Team that during this period over 60 different issues, identified in the project files, were addressed. The mid-term review was a positive milestone, as it identified key stumbling blocks and put the project back on track in those areas where it could have been derailed. Three minor drawbacks can be noted in the transfer of project management to the field: (a) pressures on the Task Manager because he was a Cameroonian national; (b) poor attention to the transfer of key project documentation and files to Headquarters; and (c) lack of appropriate back-up staff at Headquarters to support the field-based team. ✓

21. In terms of overall supervision implementation progress was adequately reported. Problems were identified in a timely fashion and adequately assessed, and development impact and performance ratings in the Form 590 and PSR were accurate. Legal covenants were enforced and remedies exercised. The Bank, the Borrower, implementing agencies, and co-financiers met regularly and worked well together. A key positive factor was the coherence of donor programs in the transport sector and the railway project. This brought about added leverage and synergy, particularly in the context of SACIII. ✓

22. However, despite coordination among donors (FAC, EU and BMZ) at the start of the project and between donors and the Government, progress in implementation was too slow. Also, the differences in donors' procedures contributed to the delays. The regular coordination meetings held after the mid-term review, helped to expedite progress in the latter stages of the project. ✓

## F. BORROWER PERFORMANCE

23. Borrower performance is rated *satisfactory overall*. However, shortcomings in procurement and initial hesitation in taking decisions, as in the case of CAMAIR, the port reforms, and liquidation of SOTUC, made dialogue with the Bank difficult throughout implementation. The contradictions became apparent as the Cameroonian bureaucracy or "hierarchy" consistently ignored agreements reached with donors at the ministerial level. Other key deficiencies, including slow and tedious procedures for consultant selection and inefficient procurement processing and bid tendering, also hampered the project. ✓

24. Staff of the executing units, however, worked tirelessly to move the project forward. Like their counterparts in the Bank, they dealt expertly with numerous issues that arose during implementation. Borrower Performance during implementation at times was unsatisfactory, while that of the implementing agencies was satisfactory. The Government ✓

and the implementing agencies complied with all the covenants/commitments in the Development Credit Agreement. The required institutional changes were made. Management and staffing was satisfactory and the provision of counterpart funds was adequate. Increased efficiencies and cost reductions were realized. All other fiduciary requirements were satisfied, including the submission of progress reports, accounting statements, and audit reports to the Bank. TA, mainly for the preparation of studies, was appropriately used.

#### G. ASSESSMENT OF OUTCOME

25. Project objectives and implementation of project components were *substantially realized*. However, the objective of full privatization, liquidation, liberalization, and restructuring of all the entities identified, within a 2-3 year period proved overly optimistic. Government's commitment to the process was misread along with the state of "preparedness" of each PE, market conditions, and the budgetary and social implications of privatization. Project design did not adequately assess these risks or their possible impact on project implementation. It is, therefore, not surprising that not all the objectives were achieved.

26. No formal economic analysis was prepared for the project, as none was required for this type of a program, although financial analyses were conducted for the enterprises to be privatized. For this ICR, therefore, the economic analysis is limited to assessing the outcome of the following specific benefits:

(a) Use of a competitive bidding process was expected to lead to greater fairness and transparency in the preparation and execution of the privatization programs. Although this was largely realized, problems arose that led to significant delays in the implementation of some project components. The Government, for example, defied Bank requirements by concluding a sole source contract for the dredging of the Douala port channel. This was only one manifestation of an extremely difficult dialogue with the port management, until it was replaced in 1998. Distortions in the call for bids and in the capital structure and transfer of shares to the privatized company were also noted, while the Government maintained that the process was transparent.

(b) Privatization/liquidation was expected to curb Government subsidies to the PEs; this has been substantially achieved as there is currently no registered direct subsidy to most of the PEs; as shown in the Table below.

Enterprises	Subsidies: FCFA (million) (in 1994)	Subsidies: FCFA (million) (in 1999)
CAMTAINER	-	-
MATGENIE	159	-
CAMRAIL	85,613/a	90,965/a
CAMSHIP	N/A	N/A
ONPC	14,865	0
CAMAIR	N/A	N/A
SOTUC	1,600/b	0
LABOGENIE	2,473	209
CNCC	1,000/b	0

a/ includes asset sales

b/ approximately

Note: The Government will continue to subsidize railway passenger activities under the new concession agreement. ✓

(c) With respect to road maintenance, the TSTAP established the framework for a sustainable financing system, adequate road management, and private execution of maintenance. The road fund is in operation for the second year, and on an annual disbursement basis, the funding for road maintenance by the road fund is now higher than the aggregated funding from all the road sector donors. Works are being carried out by private contractors on a competitive basis. An improvement in the road network is expected very soon along with lower vehicle operating costs.

(d) Port restructuring was not achieved under this TA project, but it has been included in the SAC III program. Meanwhile, in February 1996 port costs decreased because of a 37% reduction in Douala port tariffs, and the National Port Agency of Cameroon (ONPC) was granted a tax-free status on tariffs. However no parallel reductions in port surcharges occurred. A decrease in ship waiting time by about 3 days was realized that would have a direct impact on both transport costs and port competitiveness.

(e) Little or no reduction has occurred in transit costs; as police and gendarme personnel continue to carry out time-consuming and costly checks on all major roads.

(f) The Bank's project files (March 1994) show an estimated the cost for the proposed transport restructuring/privatization program in the range of 94 billion 94 FCFA with the project and 62 billion 62 FCFA without the project, for the years 1994 and 1995. No annual assessment of the "with project" and "without project" case was made and it was not possible to do a re-assessment.; However, it is worth noting that the "with project" case did not include any estimate of the social costs, especially for the severance payments/packages.

27. The project outcome is judged as *satisfactory* overall, even though the time frame

for full privatization/restructuring under the TSTAP was overly optimistic in light of the local social and political sensitivities, the novelty of the reform approach, and the significant budgetary impacts in a constrained economic environment. The experience with TSTAP lends credence to the phased approach where follow up of a number of objectives has been incorporated into subsequent programs, both sectoral and macroeconomic, confirming further that the Bank's integrated program approach is appropriate for the transport sector.

28. This project is not an easy one to assess because the integrated approach, which was used as the framework, the planned implementation in phases, and the concomitant support for the reform program from the TSP, SACIII, and the railway concession project make it difficult to separate out the achievements and outcomes of the TSTAP project. In light of the complexity of this project, its multiple objectives, and its linkages with other projects, it is recommended that on completion of the TSP, SAC III, and the railway project, an analysis of the four projects be undertaken together in the form of a sector ICR or that a new transport sector memorandum be prepared.

#### H. FUTURE OPERATIONS

29. A number of follow-on projects are currently underway as part of the long-term transport sector program. In addition to SACIII, the Bank is or will plan to provide support to the program through two other operations, i.e., the Transport Sector Project (US\$60.7 million) and the Railway Concession Project (US\$22.0 million). The latter project, with a total cost estimated at US\$85.0 million, is to be presented to the Bank's Board in the second quarter of the year 2000 and will be supported by a number of co-financiers.

30. Given the success of the reforms in the sector, future operations should aim at pursuing the overall goal of improving transport sector performance and efficiency by consolidating and sustaining the achievements of the reforms and implementing the much needed rehabilitation of the existing transport infrastructure, especially rural roads. It is recommended that the Bank's future program lay emphasis on the following aspects that are reflected in the Government's medium-term action plan: promotion of private sector involvement in infrastructure; rural transport development and implementation of the environmental action plan; training, especially for the staff of regulatory bodies; improvement of the international transport corridors; and privatization of air transport.

#### I. KEY LESSONS LEARNED

31. The most significant lessons learned from the project are the following:

(a) *Implementation of distinct phases of separate sub-sector reforms, each targeting a set of priority objectives, is more realistic than the implementation of an integrated program with multiple objectives.* The project supported a reform program that was prepared in accordance with an integrated approach, but with very ambitious objectives and complex implementation requirements. Program implementation proved difficult, if not impossible, under a TA project, even with phased implementation. The implementation schedule should have been better tailored to the country context. Phased

implementation evolved more in response to issues that arose during implementation than as a well-prepared and planned initiative.

(b) *In the absence of incentives, structural reforms could not have been implemented.* Without the added leverage of the structural adjustment program and the railway concession project to the TSP, it is doubtful that the TSTAP would have achieved what it did. As a result, the lines between the projects are somewhat blurred, although the joint macro-micro approach has proved very effective.

(c) *The budgetary and social impact of privatization, including severance payments, should be addressed during project preparation.* The project triggered awareness, both within the Government and the Bank, of the budgetary and social impact of privatization and set the pace for credible solutions that are being replicated in other sectors. It showed that social impact mitigation, including severance payments, should be an integral part of project design and that privatization and restructuring strategies, including staff redundancies, need to be prepared using a participatory process that should include both affected staff and union leaders.

(d) *The delegation of project task management to the field is positive overall.* However, significant local pressure was experienced by the field Task Manager, who was a Cameroonian national, and had to play the dual role of Bank representative and an informal Government representative on issues of particular local interest. The role of an arbitrator was often assumed. Local sensitivities can become a major issue and an irritant, and placing a national in this position can cause problems. This issue will need to be addressed more fully in subsequent projects, particularly in light of the Bank's continuing decentralization efforts. Another issue that arose from moving the team leadership to the field was the lack of pertinent information in the Headquarters files. It is important that the field office send files to Headquarters so those files are maintained adequately.

(e) *Involvement of senior management (from the Bank and the Government) in the process of reform implementation is crucial.* The Project benefited from the timely intervention of senior management, both from the Bank and the Government, at a critical time. The presence of the two sector Directors (Transport 2 and Environment) during the mid-term review and the continued support of the Ministers of Transport and Public Works during the last two years of the project proved very beneficial.

(f) *Continuity in Bank support strategy, through successive projects (investments and macroeconomic or sectoral adjustments), is essential for supporting the different phases of reforms and for consolidating those achieved under the project.* The on-going SACIII, TSP, and railway concession project are the beginning of this continuity.

(g) *Political sensitivity to some reforms suggest that these, such as the air transport reform, would be more efficiently discussed through the on-going regional reform program of air transport in West and Central Africa.*

**Table 1: Summary of Assessments**

	<u>Substantial</u>	<u>Partial</u>	<u>Negligible</u>	<u>Not applicable</u>
<b><u>A. Achievement of Objectives</u></b>				
Macro Policies		X		
Sector Policies		X		
Financial Objectives	X			
Institutional Development		X		
Physical Objectives				X
Poverty Reduction				X
Gender Issues				X
Other Social Objectives		X		
Environmental Objectives	X			
Public Sector Management	X			
Private Sector Development	X			
	<u>Likely</u>	<u>Unlikely</u>		<u>Uncertain</u>
<b><u>B. Project Sustainability</u></b>	<u>X</u>			
	<u>Highly Satisfactory</u>	<u>Deficient</u>		<u>Satisfactory</u>
<b><u>C. Bank Performance</u></b>				
Identification			X	
Preparation Assistance			X	
Appraisal			X	
Supervision			X	
	<u>Highly Satisfactory</u>	<u>Deficient</u>		<u>Satisfactory</u>
<b><u>D. Borrower Performance</u></b>				
Preparation			X	
Implementation			Mixed	
Covenant Compliance			X	
	<u>Highly Satisfactory</u>	<u>Satisfactory</u>	<u>Unsatisfactory</u>	<u>Highly Satisfactory</u>
<b><u>E. Assessment of Outcome</u></b>		X		

Table 2: Related Bank Loans/Credits

Loan/credit title	Purpose	Year of approval	Status
<b>1. Preceding operations</b>			
First Highway Project	Construction of trunk roads	1975	Completed
First Douala Port Project		1976	Completed
Second Highway Project	Construction of trunk roads	1978	Completed
Second Railway Project		1978	Completed
Third Highway Project	Construction of trunk roads	1982	Completed
Third Railway Project		1979	Completed
Feeder Roads Project	Establish an efficient institutional framework for planning, developing, and maintaining feeder roads	1977	Completed
Fourth Highway Project	Improve the Government's capacity to maintain roads, promote small- and medium-scale contractors; control vehicle loads, and improve road-maintenance planning.	1979	Completed
Fourth Railway Project			
Fifth Highway Project	Assist the Government in reconstructing the Edéa-Yaoundé section of the Douala-Edéa-Yaoundé Road, improve the Government's capacity for road rehabilitation and transportation planning and coordination, and lay the foundation of a maintenance and rehabilitation program for the country's paved road network.	1982	Completed
Sixth Highway Project		Date???	Completed
<b>2. Following operations</b>			
Transport Sector Project	Roads Investment program	1996	On-going
Third Structural Adjustment Credit (SAC III)	Adjustment program, a major part of which is related to the transport sector, particularly port reforms	1998	On-going

*Railway restructuring?*

**Table 3: Project Timetable**

<b>Steps in the Project Cycle</b>	<b>Date actual/latest estimate</b>
Identification (Executive Project Summary)	
Preparation	
Pre-appraisal	10/30/94
Appraisal	2/27/95
Negotiations	3/15/95
Board presentation	4/11/95
Signing	6/29/95
Effectiveness	12/19/95
Project completion	6/30/99
Credit closing	9/30/99

**Table 4: Credit Disbursements: Cumulative Estimated and Actual  
(US\$ million)**

	<b>FY96</b>	<b>FY97</b>	<b>FY98</b>	<b>FY99</b>
Appraisal Estimate	4.86	9.12	10.2	
Actual	3.06	4.96	6.92	8.84
Actual as % of Estimate	63%	54%	68%	91%
Date of Final Disbursement: 12/22/1999				



**Table 5: Key Indicators for Project Implementation**

<b>I. Key implementation indicators in SAR/President's Report</b>	<b>Estimated</b>	<b>Actual</b>
<b>Support to Institutional Development</b>		
Strengthening of the unit in charge of privatization in MINEFI	Apr. 1996	June 1997
Financial advisor for the privatization of air services	Dec. 1996	Feb. 1996
Financial advisor for the privatization of railway services	Apr. 1997	Nov. 1997
Financial advisor for the privatization of CAMSHIP/CAMTAINER	Nov. 1995	May 1995
Liquidator of SOTUC	Oct. 1995	Dec. 1994
Assistance to the liquidation monitoring committee	Jan. 1996	Apr. 1995
Reorganization of operational and financial management of ONPC	Sept. 1996	Aug. 1996
Technical assistance for restructuring of MATGENIE	June 1997	Oct. 1996
Technical assistance for restructuring of LABOGENIE	June 1996	Dec. 1996
Support for coordination of road-maintenance activities	Apr. 1996	May 1995
<b>Institutional Development Studies</b>		
Financial and operational evaluation of CAMAIR	July 1994	Jun. 1994
Restructuring of MINTP	Sept. 1995	Dec. 1998
Restructuring of MINT	Sept. 1995	Oct. 1996
Study of dredging reorganization	Nov. 1995	Oct. 1996
Study of a Road Fund	June 1995	June 1995
Support for organization and financing of rural road maintenance	Dec. 1995	Apr. 1995
Study of the road taxation system	June 1995	Jun. 1994
Institutional study of urban transport	Mar. 1994	Jan. 1994
Capability of local consultants	June 1995	Jun. 1997
Reduction of transport costs at Douala port	Dec. 1995	Canceled
<b>Policy Support</b>		
Assistance for the liberalization of urban transport	July 1995	Mar. 1995
Study of the costs of the international chain of transport	Jan. 1996	Aug. 1996
Transport sector review and short-term missions of experts	June 1994	Not done
<b>Project Implementation and Preparation</b>		
Audit of the computerized customs information system	Feb. 1996	Not done
Relocation of the computerized customs information system	Feb. 1996	Not done
Study of the insurance system	Dec. 1995	Not done
Earth road maintenance programming study	Sept. 1995	May 1996
Paved road maintenance programming study	June 1995	Nov. 1996
Environmental considerations in road maintenance works	Sept. 1995	Nov. 1997
Detailed engineering studies of a road maintenance priority program	Nov. 1995	June 1997
Analysis of dredging materials	Oct. 1995	Jan. 1997
Study of the relocation of the dry dock	Dec. 1995	Feb. 1997
Study of the port dredger's rehabilitation	Oct. 1995	canceled
Continuation of computerization of vehicle certification	June 1996	Not done
Pilot operation to monitor loads on trucks	Oct. 1995	Dec. 1997
Project accountant in TICU	Dec. 1995	Nov. 1996
Audit of public enterprises	Dec. 1995	Canceled
Project audits	June 1998	Submitted
Establishment of project accounting	Dec. 1995	Mar. 1996

**Table 6: Key Indicators for Project Operations**

Key operating indicators <sup>1</sup>	Actual	Projected
Complete port institutional reforms and transfer industrial and commercial activities to the private sector		December 2000
Reduce clearing times at Douala port to 7 days for imports and 2 for exports		June 2000
Establishment of single window ( <i>Guichet Unique</i> ) at the Douala port	January 1999	
Consolidate road maintenance operations and the road fund	June 1999	
Complete MINTP restructuring and reduce staffing to less than 2000		June 2000
Update the Transport Sector Strategy		June 2000

**Table 7: Studies included in the Project**

Studies	Purpose as Defined at Appraisal/Redefined	Status	Impact of Study
	Review of the role and organization of MINT aimed at strengthening planning, regulatory, and policy preparation capability.	completed	MINT reorganized as recommended by study; restructuring on-going
	Review of the role and organization of MINTP with focus on planning, programming, managing, and supervising road-maintenance works.	completed	MINTP reorganized as recommended by study; restructuring well advanced
	Establishment of a road maintenance fund; and harmonization and simplification of the road taxation system	completed	Road Fund functioning, but road-taxation system not simplified
	Review of urban transport institutions and preparation of action plans for road safety.	completed	Urban Transport operated by private sector; road safety plan not defined due to lack of institutional clarity in MINTP of
	Port dredging reorganization.	completed	Multi-year contract being concluded
	Assessment of capability of local consultants in transport and public works	completed	Being applied but further studies and training needed to streamline road maintenance execution under the Road Fund financing
	Reduction of transport costs at Douala port.	completed	Being implemented as part of on-going port reforms
	Preliminary analysis of operational and financial management of CAMAIR; preparation of the privatization of airports; and evaluation of CAMAIR personnel.	canceled	CAMAIR staff were opposed to the study stalled; but the two major airports are under private management
	Rehabilitation of LABOGENIE and MATGENIE.	completed	LABOGENIE and MATGENIE restructured, but not yet privatized

<sup>1</sup> None was identified in President's Report; indicators in this table are drawn from the Borrower's operational plan

**Table 8A: Project Costs**

Project Components	Total Project Cost Estimate	IDA-only Estimate	Actual IDA costs
1. Goods	1.2	0.2	0.22
2. Consultant Services and Studies			
(a) Support to Institutional Development	9.6	2.8	2.68
(b) Institutional Development Studies	1.4	0.1	0.10
(c) Policy Support	0.5	0.1	0.08
(d) Project Implementation and Preparation	4.5	3.3	2.79
3. Training and Seminars	1.5	0.8	0.74
4. Operating Costs	0.5	0.3	0.36
Base Costs	19.2		
Physical Contingencies	0.4		
Price Contingencies	0.6		
PPF		2.1	1.76
Special Account			0.10
<b>TOTAL</b>	<b>20.2 *</b>	<b>10.2</b>	<b>8.84</b>

**Table 8B: Project Financing**

Source	SAR Estimate	Revised Estimate (US\$ million)	Actual
IDA	10.2	10.2	8.8
EU	7.3	7.3	7.3
FAC	2.2	2.2	2.2
BMZ	0.5	0.5	0.5
<b>Sub-Total</b>	<b>20.2</b>	<b>20.2</b>	<b>18.8</b>
Government of Cameroon *	3.7	3.7	3.7
<b>TOTAL</b>	<b>23.9</b>	<b>23.9</b>	<b>22.5</b>

Note: \* Includes US\$3.7 million in taxes, duties, and salaries of local counterpart staff.

**Table 9: Economic Costs and Benefits**

**Not Applicable**

**Table 10: Status of Legal Covenants**

Agreement Text Reference	Covenant Class	Status	Fulfillment Date		Description of Covenant	Comment
			Original	Revised		
Text Reference 4.01 (b)	01	C	12/31/96		Have the records and accounts, including those of the Special Account, audited and furnish a certified copy of the project audits.	Complied with
Text Reference 4.01 (c)	01	CD			Have the Special Account audited and furnish a certified copy of the project audits.	Complied with Delay.
Text Reference 6.01 (b)	10	C	09/20/95		Furnish a project implementation plan.	Complied with
Text Reference 6.01 (c)	01	C	12/18/95		Enter a multi-year contract with an auditing firm.	Complied with
Schedule 4 Para 2	04	C			The Borrower shall designate local counterparts to consultants under terms of reference and with qualifications satisfactory to the Association.	Complied with for the most important studies.
Schedule 4 Para 4 (a)	09	C	08/31/96	10/4/96	Furnish a report covering progress in all aspects to be reviewed during the mid-term review.	Complied with
Schedule 4 Para 4 (a)	09	C	11/30/96		Carry out a mid-term review.	Complied with.

C = Complied with                      CD = Compliance after delay

**Table 11: Compliance with Operational Manual Statements**

<b>Statement number and title</b>	<b>Describe and comment on lack of compliance</b>
1. OD 10.60 Accounting, Financial Reporting, and Auditing	The audit reports were submitted with minor delays.
2. OD 12.20 Special Accounts	Received with minor delays.
3. OP 12.30 Statements of Expenditure	Received with minor delays.

**Table 12: Bank Resources: Staff Inputs**

<b>Stage of the Project Cycle</b>	<b>Weeks</b>	<b>Actual</b>	<b>US\$ (000)</b>
Through Appraisal	23.0		55.7
Appraisal -- Board	5.4		14.3.9
Board -- effectiveness	N/A		N/A
Supervision	115.4		235.1
Completion	10		18.0
<b>TOTAL</b>	<b>153.8</b>		<b>323.1</b>

**Table 13: Bank Resources: Missions**

Stage of Project Cycle	Month /Year	No. of Persons	Days in Field	Specialized staff skills Represented a/	Implementation Status	Performance rating b/ Development Objectives	Types of problems
Through Appraisal							
Appraisal through Board approval							
Board approval through effectiveness							
Supervision 1	06/95	4		2 HE, PS, TE	S	S	--
Supervision 2	03/96	5		3 PSS, RS, PM, PE??? (explain below in footnote a/)	S	S	--
Supervision 3	06/96	6		TE, PM, RS, PSS, EN, SPE	S	S	--
Supervision 4	10/96	2		STE, POO	S	S	--
Supervision 5 Mid-Term Review/a	04/97	3		SM, SOO, STE	U	S	Project mgt, Procurement
Supervision 6	02/98	2		SOO, STE	S	S	
Supervision 7	06/98	2		SOO, SRS	S	S	
Supervision 8	05/99	1		SOO	S	S	Final mission

a/ Key to Specialization

HE = Highway Engineer

PSS = Private Sector Spec.

EN = Environment

SM = Sector Manager

PS = Procurement Specialist

RS = Railway Specialist

STE = Sr. Transport Economist

SOO = Sr. Operations Officer

TE = Transport Economist

PM = Project Management

POO = Project Operations Officer

SRS = Sr. Railway Specialist

SPE = Sr. Port Specialist

b/ Key to Performance Rating

S = Satisfactory

HS = Highly Satisfactory

U = Unsatisfactory

a/ after the mid-term review, supervision was continuous in the Field as Task Management was moved to the field

## Annex 1

### Status of Transport Sector TA Program Objectives

Categories	Appraisal Objectives	Completion status
<u>Civil Aviation</u>	To liberalize air transport, establish air safety and security in line with international standards. Revision of law	In process; domestic market liberalized by the 1993 law but not in practice; new Civil Aviation law enacted in December 1998 (allows for open skies on regional and long haul and establishes an autonomous civil aviation authority to enforce safety oversight and other safety regulations/standards);the law is not yet being implemented
CAMAIR	Privatize CAMAIR for greater efficiency	Aborted
<u>Railway Regulation</u> REGIFERCAM	Revision of price structure to promote competition with road transport Privatize railway services for greater efficiency	Not achieved; Government's attempts to re-align the competition between rail and road proved inappropriate, Competition is expected to increase in the coming years as a result of improved road conditions and privatization of REGIFERCAM, which was achieved in 1998
<u>Urban Transport</u> SOTUC - public bus company	Liquidation	Accomplished in March 1998 However all severance payments have not yet been made
Regulatory framework	Preparation of new regulations to encourage the private sector and improve efficiency	Completed; new regulatory framework enacted in 1998 allowing only the private sector to operate the urban transport, and this is currently being implemented.
<u>Maritime</u> CAMSHIP and CAMTAINER	Privatize CAMSHIP and CAMTAINER	Completed in 1996 with the sale of Government shares in CAMSHIP; CAMTAINER also privatized as Government shares were owned by CAMSHIP.
Regulatory framework	Liberalize access to industry and increase competition in maritime transport	Completed. New maritime transport law enacted in 1997that liberalized maritime transport, abolished cargo sharing originally intended to protect national vessels, and abolished some levies initially intended to finance CNCC (also dissolved, and to be replaced by a private entity established
Port Activities Access channel	Contracting dredging by international competitive bidding (ICB)	Completed. The Government finally used ICB despite initial sole-source contracting
Port reforms	Restructure ONPC and the port to promote competitiveness and greater involvement of the private sector.	On-going; new port law enacted in December 1998; autonomous port of Douala established, and ONPC expected to be dissolved and replaced by a newly established National Port Authority. Its role would be limited to regulation and environmental oversight
Port costs	Reduce port costs and transaction times	On-going as part of implementation actions under the new port Law of December 1998; ship waiting time decreased from 8 to 5 days; port transaction costs reduced by about 37%
Port investments	Involve private sector and align port investments to economic needs	
<u>Transit</u> Regional transit	Implementation of a system under custom bonds	On-going with EU support; no significant progress achieved
Customs system Improvement	Complete overhaul to reduce clearance times and improve revenue collection	In progress; a new single window established to expedite customs clearance and port handling
<u>Road Maintenance</u> Maintenance	Implementation of new strategy to improve efficiency and sustainability; State to disengage itself progressively from road maintenance execution	Completed, though still needs refinements; road maintenance is being contracted to the private sector and financed by a road-user fee, managed by an independent road fund, with majority private participation.
Sector institutions	Improve capacity and efficiency of sector ministries to ensure proper policy formulation, planning and supervision;	In progress; MINTP and MINT reorganized to perform their new roles better. Though not yet privatized, MATGENIE and LABOGENIE were restructured; staff reductions are being pursued in MINTP, MATGENIE, and LABOGENIE.
Environment	Mitigate environmental impact of road maintenance	Completed; new guidelines built into procurement documents; a new transport sector environmental action plan adopted

## **RAPPORT DU GOUVERNEMENT et PREMIER DRAFT**

### **I INTRODUCTION**

Dans le cadre de sa nouvelle politique des transports, et des travaux publics, le Gouvernement a mis en place entre 1992 et 1999, un vaste Programme Sectoriel des Transports (PST) dont l'objectif global est d'assurer une meilleure efficacité et un développement durable et cohérent du secteur pour permettre à celui-ci de mieux contribuer à la croissance de l'économie du pays, à la réduction de la pauvreté et à la protection de l'environnement.

Compte tenu de sa complexité, le Programme Sectoriel des Transports (PST) a été scindé en deux phases à savoir : i) le Projet de Préparation de la Réforme des Transports (PPRT) et ii) le projet Sectoriel des Transports (PST).

Le Projet de Préparation de la Réforme des Transports (PPRT) dont le coût est estimé à un peu plus de 20 millions de dollars, est financé par plusieurs bailleurs de fonds, à savoir ; l'IDA, l'UE, le FAC la CFD et la BMZ, ainsi que par le Gouvernement du Cameroun. Les différents accords de financement sont en vigueur et le projet exécuté est aujourd'hui clôturé en ce qui concerne les aspects financés par le crédit IDA 2703-CM.

Le PPRT devait se réaliser sur trois (3) ans à compter de 1995.

Le présent rapport est la contribution du Gouvernement au rapport final du projet. Après un bref rappel des objectifs du projet ; le rapport présente succinctement les principaux résultats atteints avant d'en faire une analyse domaine par domaine. La situation financière du projet suit, et l'état de mise en œuvre des dispositions contractuelles est rappelé dans un tableau.

L'ensemble du projet est ensuite résumé sur trois (3) tableaux synthèses dont l'un donne les résultats attendus et réellement atteints, un deuxième donne le plan de passation des marchés et un troisième donne l'état détaillé des engagements ou contrats passés sur le PPRT.

### **II OBJECTIF DU PPRT**

L'objectif est d'aider le Gouvernement dans la préparation et la mise en œuvre de son programme de Réforme du Secteur des Transports et dans la poursuite de la préparation des prochaines phases notamment d'investissements (routes et infrastructures des transports). Le programme de réforme devant consister à mettre en place une planification stratégique, créer une nouvelle compagnie aérienne privée, privatiser le transport ferroviaire, liquider la SOTUC, privatiser CAMSHIP et CAMTAINER, restructurer le MINT et MINTP, libéraliser les transports aérien, maritime, urbain, développer un système de programmation pluriannuelle de l'entretien routier, privatiser les travaux d'entretien routier, restructurer le Port, organiser le dragage pérenne du chenal du Wouri,



réduire les coûts et délais de passage portuaire des marchandises, faciliter le transit.

### **III PRINCIPAUX RESULTATS ATTEINTS**

Des résultats importants ont été atteints sur tous les points, sauf en ce qui concerne la CAMAIR, dont l'atteinte des objectifs poursuivis peut être considérée comme mitigée.

Le PPRT a aidé le Gouvernement à confirmer son engagement à faire les réformes du secteur.

#### **1. Adoption de la stratégie**

Le Gouvernement a adopté en 1996, une politique sectorielle des travaux publics et des transports accompagnée d'une matrice d'actions qui vise :

- i) le désengagement de l'Etat des activités qui peuvent être mieux prises en main et rentabilisées par le secteur privé,
- ii) la libéralisation du transport maritime et réforme du secteur portuaire, libéralisation du transport urbain et du transport aérien,
- iii) restructuration privatisation/liquidation de; SOTUC, SOCAMAC, CAMAIR, MATGENIE, LABOGENIE, CAMSHIP, CAMTAINER, CNCC, de la gestion des aéroports (ADC), concession de l'exploitation du transport ferroviaire et liquidation de la Regifercam, pour alléger le poids de ces entreprises sur le budget de l'Etat.

Des résultats substantiels ont été obtenus sur ces réformes :

- i) les Ministères des Travaux Publics et des Transports ont été restructurés à travers les plans d'organisation des effectifs (POE) pour se consacrer à leur nouveau rôle de définition de politique, de planification, de programmation, de budgétisation et de contrôle (confère décret n°96/225 du 1<sup>er</sup> octobre 1996 et n°96/259 du 19 octobre 1996).
- ii) **En matière de libéralisation**

#### **Entretien routier**

La privatisation des travaux de l'entretien des routes principales est effective ; le taux de privatisation est de l'ordre de 100%. Ce secteur est actuellement en effervescence. Plusieurs centaines de PME de l'entretien routier ont vu le jour . Le dernier appel d'offres de cantonnage a obtenu 700 achats de dossier et 400 soumissions. L'impact des routes réhabilitées et entretenues se fait déjà sentir au niveau des transporteurs et des opérateurs économiques.

Un mécanisme de financement pérenne des travaux d'entretien routier dit « Fonds Routier » a été mis en place par Décret n°98/162 du 26 août 1998. Le fonctionnement de ce mécanisme à ce jour a redonné confiance aux opérateurs et PME du secteur qui petit à petit, oublient les impayés et les retards de paiement de l'époque. Il n'y a plus

accumulation de la dette intérieure.

Une loi portant protection du patrimoine routier a été adoptée cf. n°96/07 du 08 avril 1996 et ses textes d'application élaborés. Des contrôles de charges ont lieu sur la route Douala – Yaoundé et Yaoundé – Ayoules depuis 1997. Ces contrôles se traduisent déjà par une baisse significative des surcharges.

### iii) **Location du matériel de génie civil**

La libre activité de location du matériel de génie civil a été confirmée, et le MATGENIE restructuré en conséquence pour être privatisé.

### iv) **Protection de l'environnement**

Des directives ont été élaborées et ont été mises en place ; une Cellule de protection de l'environnement créée au sein du MINTP. La protection de l'environnement fait désormais partie intégrante des projets routiers.

### **Pistes rurales**

Une proposition de stratégie a été élaborée et est en cours d'expérimentation avec l'aide des bailleurs de fonds intégrant la participation des populations bénéficiaires à l'entretien routier. Une Cellule des pistes rurales a été mise en place. Une phase expérimentale pour la mise en œuvre de la stratégie a eu lieu et un important programme de réhabilitation des pistes rurales basé sur les résultats atteints sur le terrain est désormais en cours de mise en œuvre.

### **Contrôle géotechnique**

En ce qui concerne les prestations géotechniques, Labogénie a été restructuré et son rôle drastiquement réduit à celui d'un laboratoire de référence pour le compte de l'Administration. L'activité géotechnique a été libéralisée et plusieurs laboratoires privés sont créés.

### **Programmation des travaux d'entretien routier**

Une Cellule de programmation a été créée à la Direction des Routes et un système de programmation des travaux d'entretien routier a été mis en place.

### **Transport routier inter urbain**

Le transport routier inter urbain a de tout temps été exécuté par le privé, le PPRT n'a cependant pas permis d'améliorer ses conditions d'efficacité en matière de fiscalité, de gestion, de sécurité, de formation des transporteurs, et d'allègement des contrôles.

### **Transport routier urbain**

Les activités de la SOTUC ont été arrêtées, la SOTUC liquidée. Le décret n°97/075/PM a libéralisé le transport routier urbain de personnes.

Cependant, ce secteur souffre de l'état de la voirie, des mesures fiscales contraignantes, du flou institutionnel et d'un cadre réglementaire inachevé. La réforme n'a pas réussi à

améliorer les activités de ce sous-secteur bien au contraire, se déplacer en ville est devenu un véritable calvaire. L'insuffisance de l'offre de transport a donné lieu à la forme de transport par moto (2 roues), qui est très dangereuse au point de vue sécurité. La réforme n'a pas pu diminuer les contrôles de police qui se sont plutôt multipliés. Le nouveau cadre réglementaire inachevé a accentué le désordre.

### **Transport ferroviaire**

Les activités de transport ferroviaire ont été concédées à un opérateur privé, CAMRAIL ; la REGIFERCAM est en cours de liquidation, un programme de réhabilitation des routes de dessertes des gares ferroviaires susceptibles d'être fermées est en cours de mise en œuvre. Un programme de réhabilitation du matériel et du système de communication a été convenu avec les principaux bailleurs de fonds. Avec la réforme, l'activité ferroviaire semble reprendre.

### **Transit**

Des mesures de facilitation du transit ont été mises en place. Une convention a été signée entre le Tchad et la RCA ; cette convention instaure la vignette spéciale, le sauf conduit international pour les véhicules et quatre (4) points de contrôle des véhicules. Un important programme de réhabilitation des itinéraires routiers de transit convenu avec les bailleurs de fonds et dans le cadre sous régional a été arrêté et est en cours de mise en œuvre.

### **Transport aérien**

#### ***i) Gestion des aéroports***

La gestion des principaux aéroports a été confiée à un opérateur privé (ADC). Cependant, il n'est pas encore tout à fait noté une amélioration dans la gestion des aéroports. Les différentes conventions passées avec l'ASECNA et la CAMAIR connaissent des difficultés d'application.

#### ***ii) Activité de transport aérien***

Une loi portant régime de l'Aviation Civile a été promulguée cf. loi n°98/029 du 24 décembre 1998. Cette loi libéralise les services aériens et institue une autorité aéronautique. Elle permet la chartérisation de la destination Cameroun, confirmée par décret.

### **Transport maritime**

La loi 97/022 du 30 décembre 1997 libéralise le transport maritime, supprime les attestations de réservation, les commissions et la redevance CNCC, abolit la répartition des cargaisons et induit la réforme de cette structure. L'application de cette loi se traduit déjà, de l'avis même des opérateurs, par une réduction du taux du fret maritime de 15 à 20% et une plus grande fréquentation du port par les compagnies maritimes.

Un comité de facilitation du transport maritime a été mis en place par décret n°97/715/PM du 29 décembre 1997 avec notamment un sous-comité du guichet unique. L'objectif de ce

comité est de réduire les délais de passage des marchandises au Port de Douala à 7 jours à l'importation et 2 jours à l'exportation à l'horizon 2002.

La loi 95/09 du 30 janvier 1995 facilite l'accès à l'industrie des transports maritimes et para maritimes. Son application se traduit par une éclosion de petits transitaires, agents maritimes et commissionnaires en Douane au niveau du Port de Douala.

### **Secteur portuaire**

La loi n°98/021 portant organisation du secteur portuaire a été promulguée le 24 décembre 1998, créant ainsi l'Autorité Portuaire Nationale, les Organismes Portuaires Autonomes et prévoyant le transfert au secteur privé des activités commerciales et industrielles dans chaque port. Elle institue des Comités Consultatifs d'Orientation auprès de chaque organisme portuaire autonome. Les différents décrets organisant ces structures ont été pris. Le Comité Consultatif pour le Port de Douala a été constitué et s'est déjà saisi du dossier des tarifs portuaires.

Un plan d'actions de réduction des délais et des coûts a été adopté de même que le statut du guichet unique sous forme de GIE. Un manuel des procédures de passage de marchandises au Port de Douala. Une stratégie de dragage pérenne du chenal.

Le port s'est désengagé des travaux de dragage, à travers, dans un premier temps, un contrat de gré à gré avec la SDCA (Société de Dragage de la Côte d'Afrique), qui a porté la profondeur du chenal de -5,4m à -6,5m, dans un deuxième temps, un appel d'offres international a été lancé pour le maintien de cette profondeur et son amélioration jusqu'à -7m.

Une stratégie de réhabilitation des infrastructures et équipements au port de Douala a été préparée et en cours de mise en œuvre. Les résultats au niveau des armateurs et des compagnies maritimes sont appréciables, car l'accès au Port de Douala a ainsi été amélioré, le nombre de bateaux qui y accoste a augmenté.

### **APPRECIATION GENERALE**

Préalablement à la signature du PPRT en 1995, la Banque Mondiale a modifié plusieurs fois la stratégie à suivre, ce qui a entraîné du temps perdu entre 1990 et 1995.

Cela a sans doute eu pour cause, la grande résistance au changement de certains fonctionnaires et membres du Gouvernement camerounais, mais aussi aux trop nombreux changements des experts du bailleur de fonds. En particulier, à la Banque Mondiale les changements d'experts n'ont pas toujours été judicieux. Par contre, un projet comme celui des chemins de fer qui a concerné une seule équipe d'experts a beaucoup mieux fonctionné que le projet routier qui a connu des dizaines d'experts.

Il faut aussi rappeler que les premières évaluations du secteur ont eu lieu dès 90-91 par l'audit du chemin de fer (en décembre 1990) puis d'un séminaire sur la stratégie de l'entretien routier (1991), d'une évaluation du secteur routier (en juin-juillet 1992), un séminaire sur le transport maritime (réforme CNCC) en 1993, un séminaire sur le transport

urbain en 1994, et enfin une table ronde et une évaluation du secteur portuaire (1997) .

Les experts ont aussi développé de grandes idées dont certaines étaient tout simplement inapplicables. A titre d'exemple, à l'époque, il fallait à tout prix supprimer le CNIC (Chantier Naval et Industriel du Cameroun), alors qu'aujourd'hui, bien qu'aucun bailleur de fonds classique n'y ait apporté des fonds, cette société d'Etat gagne beaucoup d'argent dans la réparation des plates formes off-show. Autre exemple, il était clair 90/91 que les six premiers projets routiers étaient des échecs et les experts ont continué à discuter sans réelles solutions concrètes pour stopper la dégradation du réseau routier. De plus, l'absence d'activité d'entretien routier a complètement démotivé les cadres et agents camerounais du secteur ; ce qui peut être facilement constaté aujourd'hui dans les services provinciaux.

Le recourt systématique aux experts internationaux n'a pas toujours permis de trouver des solutions aux problèmes locaux. On est même parfois arrivé à estimer que le crédit IDA a servi à financer les consultants internationaux qui, malheureusement n'ont pas été d'un grand apport pour faire avancer les réformes. Celles-ci, étant avant tout une question de volonté politique beaucoup plus qu'une question de richesse de CV et d'expérience internationale.

# FINAL EVALUATION OF THE TRANSPORT REFORM PREPARATION PROJECT

## Summary of Report from the Government

The Transport Reform Preparation Project (PPRT), launched in 1992, was designed to assist the Government with:

- (i) Preparation and implementation of its Transport Sector Reform Program, which called for: adoption of strategic planning; creation of a new, private sector airline; privatization of the rail transport system; dismantling of SOTUC; privatization of CAMSHIP and CAMTAINER; reorganization of the Ministry of Transport and the Ministry of Public Works; and liberalization of air, maritime, urban, etc. transport.
- (ii) Continuation of preparations for the next investment steps (roads and transport infrastructure): development of a multi-year road maintenance programming system; privatization of road maintenance works; restructuring of the port; organization of continuous dredging of the Wouri Channel; reduction of port freight charges and freight transit times; and facilitation of transit in general.

Major progress was seen on all these fronts, except that of CAMAIR. The project enabled the Government to achieve the following results:

- ❖ Reform of the Ministry of Transport and the Ministry of Public Works, enabling them to focus on their new roles: policy formulation, planning, programming, budgeting, and oversight.
- ❖ Rail transport: These activities were handed over on a concession basis to a private operator, CAMRAIL, and REGIFERCAM is in the course of being dismantled.
- ❖ SOTUC: This corporation was dismantled under Decree 97/075/PM, which liberalized urban road passenger transport. Unfortunately, liberalization has not improved taxation, management, security, or transport operator training in the subsector, or simplified checks and controls.
- ❖ CAMSHIP/CAMTAINER:
  - (i) Maritime transport was liberalized by Law 97/022, which eliminated hold reservation certification, commissions, and the fee payable to CNCC (*Conseil national des chargeurs du Cameroun*). In the opinion of operators, introduction of this legislation has already reduced maritime freight rates by 15-20%. A One-Stop Window subcommittee was formed with a mandate to reduce freight transit times in the Port of Douala.
  - (ii) The Port Sector Organization Law, which came into force on December 24, 1998, created the National Port Authority and the Autonomous Port Enterprises, and made provision for transfer of port commercial and industrial activities to the private sector. SDCA (*Société de dragage de la Côte d'Afrique*) has taken over dredging operations and has increased the depth of the [Wouri] Channel from 5.4 to 6.5 meters.
- ❖ Road Maintenance: All road maintenance works are now being carried out by private firms. A Road Fund, created under Decree 98/162 of August 26, 1998, is now in full operation.
- ❖ Civil engineering equipment leasing is now a reality.
- ❖ An Environmental Protection Unit has been formed within the Ministry of Public Works.
- ❖ A Rural Roads Unit has been created and a major program for the rehabilitation of rural roads is being launched
- ❖ A Road Maintenance Works Planning Unit has been set up within the Roads Department.
- ❖ Geotechnical activities have been liberalized.

**Republic of Cameroon**  
**Transport Reform Preparation Project (Cr. 2703 CM)**  
**Supervision Mission**  
**(May 24-31, 1999)**  
**Aide-Mémoire**

**Introduction**

1. Mr. Kingson Apará, World Bank Senior Operations Officer and Task Manager, visited Cameroon May 24-31, 1999 to conduct a supervision mission in connection with the Transport Reform Preparation Project (Cr. 2703-CM). The purpose of the mission was to assess the status of the Project and ascertain what needed to be done to ensure that credit closure would proceed smoothly and that the Government's contribution to the final evaluation report (implementation completion report) would be submitted on time. ? →

The mission worked with staff from the Coordination Unit and wishes to thank Cameroonian officials for the warm welcome extended to it.

The Bank will send confirmation to the Government of the content of the aide-mémoire left by the mission after the mission has left.

**Financial status of the Project**

2. On April 30, 1999 the credit was opened in the amount of SDR 6,540,206. Of this amount, SDR 5,630,749 were disbursed. At project closure the credit is expected to amount to SDR 6,747,000, in which case the remaining SDR 153,000 could be cancelled. The mission asked the Project Coordination Unit to take the necessary steps to ensure that project activities which are under way or about to begin are completed prior to project closure, scheduled for June 30, 1999. The mission reminded the Unit that following project closure, until closure of the credit account, the Bank will be unable authorize withdrawals in respect of services completed prior to project closure. Plans for project activities and disbursements were updated during the mission.

**Project budget**

3. The TSP midterm supervision mission decided to strengthen existing TSP structures by establishing a special unit within the TSP Coordination Unit to monitor PUER, setting up teams to monitor the rural road component of TSP in the three provincial offices of MINTP in question, and strengthening contracting procedures within MINTP. Once these structures are functioning the operating budget originally approved by IDA will have to be increased. The relevant budget supplement has been submitted to IDA for non-objection.

**Financial management of the Project**

4. The mission was pleased to note that the auditing process is up to date. The most recent special account audit reports for the current fiscal year are to be furnished to the World Bank by December 31, 1999 and will indicate project status as of the project account closure dates. Project officials should take all necessary steps to ensure that the special account is closed and that any surplus is returned to IDA.

IDA has given its non-objection to financing the amendment to the master contract with the auditing firm Akintola Williams & Co. under Credit 2703-CM. **Since the services covered by the amendment will not have been provided in full prior to project closure, the Coordination Unit should recommend alternative arrangements to IDA for ensuring that the audit reports will be prepared once the services have been provided. The same is true for the following contracts:**

- **Support for financial and accounts management (RIQUIER)**
- **Program officer for the TSP Unit (Enongene)**
- **Establishment of a transport database (SNC-LAVALIN)**
- **Contract with the financial analyst (Raffic)**

The mission observed that only 10 percent of the taxes generated under the Project have been paid. It wishes to underscore the importance of collecting them more rapidly, since they represent the bulk of the Government's contribution to the Project.

#### **Additional measures to ensure smooth project closure**

5. This component of the mission focused on (i) the status of compliance with the legal covenants contained in the Credit Agreement, (ii) arrangements to ensure that the Government submits its contribution to the final report on project execution (implementation completion report) in a timely manner, (iii) arrangements to ensure the sustainability of project achievements (plans for future operation), and (iv) Y2K certification of project computer and electronic systems.

#### *Status of compliance with legal covenants*

6. Those responsible for project coordination should see to it that audit reports prepared upon project completion are submitted to IDA by December 31, 1999 at the latest (see paragraph 4 above). The final quarterly activity reports and final project report should reach IDA by August 31, 1999.

#### *Arrangements concerning the implementation completion report*

7. Bank management should provide the Board of Executive Directors with an implementation completion report, accompanied by the borrower's final evaluation, within six months of project closure. In accordance with the General Conditions, the Government is required to prepare its own final evaluation report on the project and to help the Bank prepare the implementation completion report.

8. The Government's final evaluation report should normally not exceed 10 pages. If it is longer, the government should attach a summary. The report should include the following components:

- an assessment of the project objective, design, implementation, and operation experience;
- an evaluation of the borrower's own performance during the evolution and implementation of the project, with special emphasis on lessons learned that may be relevant in the future;
- an assessment of the performance of the Bank and any cofinanciers during the evolution and implementation of the project, including the effectiveness of the relationships among the borrower, the Bank, and cofinanciers, with particular emphasis on lessons learned.



***Support for preparation of the final report***

9. The Government is required to assist the Bank in preparing the implementation completion report. This support generally consists of:

- providing the Bank with all necessary information on the economic, financial, social, institutional, and environmental conditions in which the project was implemented, and on the implementation and operation results (according to the timing specified in the Credit Agreement);
- providing feedback on the quality of the Bank's contribution, from project identification to implementation;
- participating in the final mission and in relevant discussions among the Bank, the implementing agencies, and cofinanciers; and
- providing comment on the Bank staff's draft ICR within two months of receiving it. In this connection, the Bank will make every effort to provide the draft ICR by August 31, 1999.

***Preparation of a plan for future operation of the project***

10. Appropriate steps should be taken to guarantee project sustainability and ensure that full advantage will be taken of project achievements following project closure. The plan should be furnished to IDA along with the Government's final evaluation report.

***Y2K compliance***

11. A plan of action should be developed to ensure that project computer and electronic systems are Y2K compliant. IDA and the Coordination Unit have already agreed on the steps to be taken and on the terms of reference for external support.

Document of  
**The World Bank**

**Report No. T-6559-CM**

**TECHNICAL ANNEX ✓**

**TO THE**

**MEMORANDUM AND RECOMMENDATION  
(REPORT NO. P-6559-CM)**

**ON A**

**PROPOSED CREDIT**

**IN THE AMOUNT EQUIVALENT TO SDR 6.9 MILLION**

**TO THE REPUBLIC OF CAMEROON**

**FOR A**

**TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**

**MARCH 23, 1995**

## CURRENCY EQUIVALENTS

(as of March 2, 1995)

Currency Unit	=	CFA Franc (CFAF)
US\$1	=	CFAF 515
CFAF 1 million	=	US\$1,942

## WEIGHTS AND MEASURES

Metric System

## ABBREVIATIONS AND ACRONYMS

ASECNA	=	Agence pour la Sécurité Aérienne en Afrique et de Madagascar (Air Safety Agency for Africa and Madagascar)
BMZ	=	Bundesministerium für Zusammenarbeit (German Ministry for Cooperation)
CAMAIR	=	Cameroon Airlines
CAMSHIP	=	Cameroon Shipping Lines
CAMTAINER	=	Société Nationale de Transport et de Transit du Cameroun (Cameroon Container Transport and Freight Forwarder Company)
CAR	=	République Centrafricaine (Central African Republic)
CAS	=	Country Assistance Strategy
CFD	=	Caisse Française de Développement (French Development Agency)
CIF	=	Cost, Insurance, Freight
CNCC	=	Conseil National des Chargeurs du Cameroun (Shippers' Council)
CNIC	=	Chantier Naval et Industriel du Cameroun (Cameroon Dockyard)
CNPS	=	Caisse Nationale de Prévoyance Sociale (National Social Security Fund)
DMN	=	Developing Maritime Nations
DGTC	=	Direction Générale des Grands Travaux du Cameroun (General Directorate for Large Works of Cameroon)
DPO	=	Deferred Privatization Option
ERC	=	Economic Recovery Credit
ESOP	=	Employee Stock Ownership Program
EU	=	European Union
FAC	=	Fonds d'Aide et de Coopération (French Cooperation Fund)
FOB	=	Free on Board
FY	=	Fiscal Year
GDP	=	Gross Domestic Product
GOC	=	Government of Cameroon
IBRD	=	International Bank for Reconstruction and Development
ICAO	=	International Civil Aviation Organization
IDA	=	International Development Association
IMF	=	International Monetary Fund
IRU	=	International Road Union
LABOGENIE	=	Laboratoire National de Génie Civil (National Road Laboratory)
MATGENIE	=	Parc National de Matériel de Génie Civil (Equipment Pool)
MC	=	Management Contract

MINEFI	= Ministère de l'Economie et des Finances (Ministry of Economy and Finance)
MINT	= Ministère des Transports (Ministry of Transport)
MINTP	= Ministère des Travaux Publics (Ministry of Public Works)
OECF	= Overseas Economic Cooperation Fund
ONPC	= Office National des Ports du Cameroun (Cameroon National Port Authority)
PE	= Public Enterprise
PIP	= Public Investment Program
PPF	= Project Preparation Facility
PSO	= Public Service Obligation
REER	= Real Effective Exchange Rate
REGIFERCAM	= Régie Nationale des Chemins de Fer du Cameroun (Cameroon Railways)
SAC	= Structural Adjustment Credit
SAL	= Structural Adjustment Loan
SAP	= Structural Adjustment Program
SAR	= Staff Appraisal Report
SME	= Small and Medium Enterprise
SNH	= Société Nationale d'Hydrocarbures (National Oil Company)
SNI	= Société Nationale d'Investissement (State Holding Company)
SOCAMAC	= Société d'Aménagement et de Manutention du Cameroun (Port Handling Company of Cameroon)
SOTUC	= Société de Transport Urbain du Cameroun (Urban Public Transport Company)
SSATP	= Sub-Saharan African Transport Policy Program
TICU	= Transport Interministerial Coordination Unit
TIR	= Transit International Routier (International Road Transit)
TIPAC	= Transit Inter-États des Pays de l'Afrique Centrale (Central African Countries Regional Transit)
TSAC	= Transport Sector Adjustment Credit
TSP	= Transport Sector Project
UDEAC	= Union Douanière et Economique de l'Afrique Centrale (Central Africa Customs and Economic Union)
UNCTAD	= United Nations Conference on Trade and Development

#### **FISCAL YEAR**

July 1 - June 30

**REPUBLIC OF CAMEROON**  
**TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**  
**TECHNICAL ANNEX**  
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**REPUBLIC OF CAMEROON**  
**TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**  
**TECHNICAL ANNEX**

**SECTION A: DETAILED PROJECT DESCRIPTION**

1. Chapter I presents the country background to place the proposed project in the context of past and current economic adjustment. Chapter II presents the transport sector issues. Chapter III presents the reform program prepared by the Government, as of end-1994, to address these issues. Chapter IV proposes a strategy for IDA assistance to the transport sector in Cameroon based on lessons learned from Bank Group involvement in Cameroon. Chapter V provides the project description.

**I. Country Background**

**Economic Background**

2. Cameroon is among the countries with the greatest development potential in the region. Until 1985, its economic growth averaged 7 percent per year sustained by abundant natural resources (tropical forests, petroleum, bauxite, natural gas, fertile agricultural land, and a largely favorable climate). Agriculture was the main source of growth and foreign exchange earnings until 1978, when oil production began and became the corner stone of economic growth.

3. The favorable economic indicators, and the sudden flow of oil revenues concealed Cameroon's mounting structural problems. The traditional growth sectors, particularly agriculture, were neglected and their productivity declined. The multitude of public enterprises (PEs) created during this period were inefficient and eventually became bankrupt while draining huge resources from the State budget. The banking sector practiced imprudent lending by becoming overly dependent on oil revenues and large Government deposits. The investment in public infrastructure was not selected to respond to priority or social needs and was not followed by proper maintenance. The long-term debt increased from less than 20 percent of Gross Domestic Product (GDP) in 1976 to about 50 percent in 1992.

4. In addition to the structural problems, Cameroon suffered from two major shocks. Firstly, as a result of a sharp decline in export prices by petroleum in 1986, followed by cocoa and coffee, the external terms of trade fell by more than 55 percent from 1985 to 1989. Secondly, the real effective exchange rate (REER) started to appreciate following the US dollar and Nigerian Naira depreciation in 1985-1986, and continued as Cameroon's inflation rate consistently remained above those of its main trading partners. It is estimated that the REER appreciated by more than 40 percent from 1985 to 1989. Real GDP fell by an average of 3.4 percent a year from 1986 to 1989, and real per capita income dropped by almost 40 percent during the same period.

5. In 1988, the Government launched an adjustment program with support of the IMF and the World Bank. However, the program was not implemented consistently and its main objectives were not attained. While some progress was made in diminishing government intervention in the economy, reducing price controls on domestically traded goods, lifting a number of quantitative restrictions on imports, and rationalizing the incentives framework, the fundamental structural problems of the economy remained unaddressed. As a result, external competitiveness continued to decline, external and internal imbalances worsened, and the economic and financial situation did not improve. Tax revenues deteriorated while total current expenditures remained unchanged, thus shifting the primary

fiscal situation from a surplus in 1989, to a deficit of 2 percent of GDP in 1992. Key macro-economic data are presented in Schedule 1.

6. Political uncertainties and weak social indicators aggravate the picture. Attempts to establish a national political consensus have thus far failed. The country is now facing major problems of poverty, unemployment, illiteracy and population growth. A fourth of the urban population lives below the poverty threshold. Unemployment is high among urban women and youth, and has worsened with the contraction of the economic activity. In rural areas, poverty and unemployment are rising due to the decline in agriculture. Malnutrition is recurrent among rural women and children, especially in the north. Adult female illiteracy is high. Health care delivery is poor. High fertility rates and population growth (3.3 percent per annum), and the scarcity of resources allocated to health and education have worsened conditions for the poor.

### **Economic Prospects**

7. A major change occurred on January 1994, when the Government of Cameroon, along with its partner countries in the CFA zone, decided to adjust the parity of the CFA Franc from CFAF 50 per French Franc (FF) to CFAF 100 per FF. To take advantage of the positive effects of the devaluation, the Government, with the assistance of the IMF and IDA, began implementing a program of economic measures and structural reforms. The program, supported by an IMF Standby Arrangement (approved on March 14, 1994) and an IDA Economic Recovery Credit (ERC, Cr. No. 2627-CM, approved on June 10, 1994), covers three key areas: (a) redimensioning of the public sector and improved public resource management; (b) an improved incentives framework for the productive sectors; and (c) targeted poverty alleviating measures.

8. In conjunction with the effects of the devaluation, the program is expected to end the recession and result in positive real growth, provided it is successful in achieving its objectives. Real GDP growth is projected to average about 5 percent per annum from 1995/96 onwards, primarily as a result of improved performance in the tradable sector, sustained by increased investment levels as confidence is reestablished. Public sector investments are projected to recover gradually from 2.2 percent of GDP in 1992/93 to about 4 percent in 1996/97. As a result of reforms of the trade regime, the financial system and the public enterprise (PE) sector, and as the public finance situation is brought under control, private investment is expected to rise from 8.7 percent of GDP in 1992/93, to about 12-13 percent in 1996/97. Due to a serious external debt overhang, most of the increase in investments will have to be financed by domestic savings, which will need to increase from 9.8 percent of GDP in 1992/93 to about 20 percent in 1996/97. Private savings will be stimulated by the recovery of economic growth and an improved external trade position. Public sector savings are projected to turn around substantially, as tax reform and expenditure control translate into improved fiscal balances.

### **Country Assistance Strategy**

9. The Country Assistance Strategy (CAS) for the medium term was formulated in conjunction with the preparation of the ERC. The CAS's objectives are: (a) to redimension, focus, and improve the public sector through: (i) a stronger mobilization and more efficient use of public resources, the downsizing and reorganization of the civil service, and the divestiture and restructuring of PEs; and (ii) improved macroeconomic management in such areas as institutional reforms of the public procurement system, environmental protection and the rational use and management of natural resources; (b) to increase productive capacity through: (i) reform of the legal and regulatory environment, aimed at deregulation and liberalization; (ii) maintenance and development of basic infrastructure; (iii) support



to human resources development; and (iv) strengthening the financial sector; and (c) to focus interventions on poverty alleviation, including improvements in the delivery of social services to low-income groups. To be consistent with the strategy, the lending portfolio, suffering from major implementation problems, was restructured in 1993 to focus implementation on immediate priorities and to reduce undisbursed IBRD balances. Following the devaluation of the CFA Franc, Bank Group financial support to help implement the CAS is on IDA terms.

10. The proposed project is consistent with the CAS, and will help achieve its objectives by preparing: (a) privatization/liquidation of transport PEs and restructuring sector ministries; (b) liberalization of air, urban and maritime transport, and through privatization of road maintenance and dredging execution; and (c) the use of labor-based methods in road maintenance.

### **Public Enterprise Reform and Private Sector Development**

11. Since 1989, the Government of Cameroon has implemented reforms to promote private sector development. These reforms include: (a) tax and tariff reforms to introduce a value added tax, simplify the tariff structure to only four rates, reduce rates, and eliminate exemptions benefiting certain goods and companies; (b) trade reform to abolish all remaining quantitative restrictions on merchandise imports; and (c) legal reform with the adoption of a new labor code which makes the employer-employee relationship more flexible, as well as a new investment code.

12. The current institutional framework for privatization proved inoperative during the previous PE reform initiated under the first Structural Adjustment Program (SAP). Laws related to privatization are too numerous, of varying authority, and often both overlapping and conflicting. An Interministerial Committee, consisting of about 13 Ministers, chooses the enterprise to be privatized, the method of privatization, the sale price, the buyer, and follows up on the privatization. The large number of ministers in the Committee makes it highly politicized and hardly efficient. A Technical Commission (the Commission) prepares the evaluation of companies, the issuance of tenders, and preliminary negotiations with potential buyers. The final decision is taken by the Head of State, who can be involved in the decision-making process at any step of the procedure. The Prime Minister is given the authority to define the procedures for privatization and liquidation, but needs approval by the Head of State. Moreover, outside the system is the state holding company SNI, which controls many state-owned enterprises. The procedures lack transparency. Bidding is more an exception than the regular procedure. Bidding outcomes can be modified or a procedure other than bidding can be chosen to give preference to civil servants, employees of the enterprise to be privatized or liquidated, or to farmers in the case of agricultural enterprises.

13. In addition to the unsatisfactory institutional framework, lack of political commitment has hindered the implementation of a coherent privatization/liquidation program. The Commission has not formulated a comprehensive strategy defining clearly the PEs to be privatized and the ones to remain in the State portfolio, and the policy measures necessary to monitor PEs and improve their management. Too much focus was placed on rehabilitation, which mainly consisted of financial restructuring, with the State taking care of PEs' operational losses and debt through performance contracts, rather than on addressing the causes of the losses -- e.g. overstaffing, inefficient management, political interference with management. No priority guidelines were established to determine the enterprises to be placed under performance contracts. The Commission has not been able to monitor the design and the implementation of all these contracts.

14. As of end-1993, of the first 15 PEs designated in 1990 for privatization, 5 had been privatized, 5 were in the process of being privatized, 3 had been liquidated, and 2 were on stand-by for privatization. Since 1990, the Interministerial Committee had designated 8 more enterprises for privatization, but only 4 operations were underway. Sixty-four PEs were in different stages of liquidation. Of these, 25 were administrative liquidations in which the Government had become responsible for the payment of the debt. Six were banks that had been liquidated under the program for reforming the banking sector. Thirty-three were in the SNI portfolio and the liquidation was dealt with directly by SNI. One hundred and twenty PEs remained in the State portfolio. Twenty-five performance contracts were signed, and 5 were being negotiated. The Commission had scheduled diagnostic studies for 27 PEs, but only three studies had already begun. Of the 120 PEs, only 27 were introduced in the Management Information System set up by the Mission to monitor the PE sector.

15. The Declaration of Policy adopted by the Government in June 1994, as a condition for Board presentation of the ERC, emphasizes the need for State retrenchment from commercial activities. The objective for public enterprise reform is to divest all the PEs currently engaged in production as well as in commercial activities. The Declaration specifies that the Government should list at least 10 PEs every year to be privatized or liquidated. Fifteen enterprises were listed in July 1994. They included the national airline, the railways, the urban bus company, the national shipping line, and the national freight forwarder. The Government also intends to gradually bring private equity participation into the State oil monopoly. To enhance the performance of enterprises not yet undergoing privatization, and improve efficiency and transparency, the Government intends to develop private equity participation and management contracts.

16. To ensure an expeditious, efficient and transparent State divestiture, the Government is currently revising the institutional framework for PE Reform as intended in the 1994 Declaration of Policy. The Ministry of Economy and Finance has been mandated to implement this reform. In this respect, a powerful, autonomous unit would be established within the Ministry. This unit would be staffed with a small team of professionals well known for their integrity and experience in business management. The revised institutional framework would be established under a proposed Structural Adjustment Credit (SAC), under preparation.

17. **Domestic Debt.** The settlement of Government domestic debt is a priority for the economy. A substantial amount of the debt service and arrears are simply not paid, causing economic decline through serious illiquidity of the banking system, as well as low returns on private investment. Based on the preliminary outcomes of an on-going analysis of the domestic debt, the Government domestic debt accounts for 75 percent of the total domestic public sector debt, which amounts to about US\$4 billion and accounts for about 45 percent of the external debt, 50 percent of GDP and six times the 1993-1994 budgetary receipts. The Government and IDA are currently working on the definition of a strategy to settle the domestic debt.

## II. Transport Sector Issues

18. **Sector Performance.** Weak management of institutions, and an unsatisfactory regulatory framework have caused the transport sector to have a major negative impact on the overall economy. The Government gave priority to investment and to protection of PEs. As a result, transport infrastructure has lacked maintenance and PEs have drained scarce State resources. The consequences are a lack of competitiveness within the transport sector, the running down of existing assets, and a lack of resources for investment.

19. **Weak Sector Management and Institutions.** Sector ministries are overstuffed and have interfered negatively with PE management and decisions on staffing, operations and investments. Ministries' responsibilities overlap. The Government institutions involved are the Ministry of Public Works (MINTP), with about 6,700 employees, and the Ministry of Transport (MINT), with about 880 employees. MINTP runs an inefficient, unaccountable road maintenance system driven by force account. MINT's role is to oversee transport PEs, but instead, it has interfered with their management, hindering both their autonomy and performance. MINT initiates and supervises regulations for road, rail, air, and transit and maritime transport. It also oversees the Shippers' Council (CNCC), which controls the distribution of Cameroon's maritime traffic under the United Nations Conference on Trade and Development (UNCTAD)'s Code of Conduct (40-40-20), negotiates liner conference tariffs, and represents Cameroonian shippers' interests.

20. The functions of the Directorate of Large Works of Cameroon (DGTC), which has about 150 employees, overlap with those of the other sector institutions. DGTC reports to the Prime Ministry. It prepares and supervises large works, including roads. DGTC has given priority to investment to the detriment of maintenance. Road investment has not been coordinated between DGTC and MINTP. DGTC has not achieved its objective of reducing construction costs and making enterprises comply with contractual time stipulations. The Government has thus far rejected IDA's recommendation to give full management responsibility in the road subsector to MINTP, and to stop DGTC's involvement as executing agency for large road works. DGTC also procures contracts above about US\$100,000 equivalent for ministries, and about US\$365,000 for PEs. DGTC serves as a secretariat to the National Tender Board on procurement decisions. The country procurement review carried out by IDA in 1993, qualified the local procurement procedures as critically deficient because of little transparency in bid evaluation and award of contracts, resulting in long procurement processing and high costs. IDA and the Government of Cameroon agreed on a revised national procurement code in December 1994. Thresholds for DGTC's involvement would be above US\$1 million for works, US\$0.6 million for goods, and US\$0.4 million for consultants. Implementation of the new code is part of the macro-economic reform supported by the proposed SAC.

21. **Unsatisfactory Regulatory Framework.** The current framework is an obstacle to effective competition in some transport subsectors and is dysfunctional overall:

- (a) Civil Aviation: Domestic fares on routes serviced by CAMAIR are regulated and subsidized. Other domestic companies were authorized in 1994 to operate regular or charter flights in Cameroon. Regional and international air cargo services are not developed, although the market does exist. High aviation fuel prices in Cameroon due to local taxes impede civil aviation development.
- (b) Railway: The transport component of the price structure for petroleum products does not promote competition and does not encourage petroleum companies to use the railway to transport these products within the country despite its comparative advantage, especially for transport towards the Northern regions.
- (c) Urban Transport: The Government has decided to liquidate SOTUC, the urban bus company, which held the monopoly on urban transport with more than seven-seat vehicles. The regulation needs to be revised accordingly.
- (d) Interurban Road Transport: A bureau of freight was created in 1994 to control the distribution of transit traffic to Chad and the Central African Republic between

Cameroonian, Chadian and Central African transporters. This is likely to reduce sector efficiency and increase transport costs. The road taxation system is complex and cumbersome, with about 15 taxes collected at different stages, by different institutions.

- (e) **Maritime transport:** The negotiations of tariffs between shipping lines and the shippers' council have kept tariffs at the same official level for several years, although they have decreased in the rest of the world on average by an annual 4 percent between 1980 and 1992, and by an annual 7 percent since 1989. These negotiations and unofficial rebates proposed by the shipping lines cause lack of transparency in the transport market. The current regulation protects the national shipping lines, and its application causes delays and increases costs of international maritime transport, thereby impeding the country's competitiveness (see background note on maritime transport regulation in sub-Saharan countries in Schedule 2).

22. ***Non-Performing Transport Sector Public Enterprises.*** Seven PEs are under the jurisdiction of MINT: the national airline (CAMAIR), with about 1,600 employees; the railway company (REGIFERCAM) with about 4,000 employees, operating about 1,000 km of railways; the urban bus company (SOTUC) with about 1,050 employees, operating bus lines in Yaoundé and Douala; the national shipping line (CAMSHIP) with about 280 employees, including 80 sailors; the national freight forwarder and road transport company (CAMTAINER) with about 200 employees; the National Port Authority (ONPC) with about 1,000 employees, managing Cameroon's main port at Douala and three secondary ports, and the national dockyard (CNIC) with about 130 employees, operating a maritime workshop and dry-dock. Two PEs fall under the jurisdiction of MINTP: the equipment pool for road maintenance (MATGENIE) with about 400 employees, and the road laboratory (LABOGENIE) with about 530 employees, which controls the norms and standards of road and building construction, and carries out research.

23. Seven out of nine transport sector PEs are bankrupt and drain huge resources from the State budget. The transport sector PEs' debts and arrears severely constrain the State Treasury. At the end of FY93, direct subsidies needed to cover transport PEs' deficit amounted to US\$55 million, equivalent to 8 percent of the State revenues. About US\$240 million of subsidies had been allocated to transport sector PEs between FY90 and FY92, of which 84 percent to CAMAIR. As of 1994, the total domestic debt for the nine sector PEs is estimated at CFAF 122 billion, US\$236 million equivalent (Table 1). This accounts for about 24 percent of the total debt of the 34 major PEs in Cameroon, 6 percent of the total domestic debt and 3 percent of the gross domestic product. REGIFERCAM, CAMSHIP and SOTUC are the most important debtors to the State among transport PEs. Transport PEs owe US\$74 million to the State, which amounts to 19 percent of the total PE debt due to the State. SOTUC, MATGENIE, ONPC and LABOGENIE are the most important creditors of the State among transport PEs. The State owes US\$93 million to these enterprises which accounts to 22 percent of the total State's debt due to PEs. Schedule 3 presents the key data which measure the importance of the transport sector PEs among the PE sector.

**Table 1: FY94 Short-term Debt of Transport Public Enterprises (CFAF billion)**

	SOTUC 1994	CAMSHIP 1994	ONPC 1994	CAMAIR 1994	REGIFER- CAM 1994	LABO- GENIE 1994	MAT- GENIE 1994	CAM- TAINER 1993	TOTAL
Arrears on salaries	5.0	0.0	0.1	0.5	0.3	1.9	2.7	0.0	10.5
Fiscal arrears	4.7	0.2	0.0	5.1	4.0	1.3	1.0	0.0	16.3
Arrears on Social Security	4.6	0.0	0.6	13.7	8.0	2.3	2.2	0.0	31.4
Bank overdrafts and arrears	6.7	0.0	0.0	8.9	6.8	1.8	0.2	0.0	24.4
Local suppliers	3.6	1.1	2.7	3.6	2.0	1.2	0.8	1.9	16.9
External suppliers	0.0	0.7	0.0	3.5	0.0	0.0	0.0	0.0	4.2
Other debt and arrears	0.3	0.0	11.5	6.3	0.0	0.0	0.5	0.0	18.6
<b>Total</b>	<b>24.9</b>	<b>2.0</b>	<b>14.9</b>	<b>41.6</b>	<b>21.1</b>	<b>8.5</b>	<b>7.4</b>	<b>1.8</b>	<b>122.2</b>

24. In 1993/94, **CAMAIR** had an estimated debt of about US\$78 million, with arrears of about US\$55 million, and a negative net worth of US\$20 million, against assets of US\$50 million. On the basis of projected operating losses and debt service requirements, the company would need an annual US\$10 million subsidy to continue, and still be unable to renew its equipment when it reaches the end of its economic life in five years. Financial and operational management is poor and lacks transparency. Fraud is widespread. The company is overstaffed by about 800 employees. **CAMAIR** operates one B-747, and three short haul carriers (B-737) for regional and domestic flights. A company profile of **CAMAIR** and key financial data are presented in Schedule 4.

25. Several attempts to restructure the company failed because the Government interfered with management, in particular with respect to staffing decision. The company maintains the presidential fleet without being paid for the service, and civil servants use **CAMAIR** without the Government paying for all tickets. The agreements under the performance contract concluded between the Government and **CAMAIR** as part of the Structural Adjustment Loan (SAL) conditionalities were largely unfulfilled. The agreement to prepare a sale and lease-back arrangement for **CAMAIR**'s long haul carrier (B-747), signed by the Minister of Finance under the SAL, was rescinded by the President of Cameroon. Despite the appointment, in October 1992, of a Director-General from Air France, which is a minority shareholder (25 percent), the situation has not improved. Since 1992, when Air France purchased UTA, the former French airline which serviced Cameroon, Air France's participation and technical assistance entail a conflict of interest as the airline competes with **CAMAIR** on the Douala-Paris line.

26. **REGIFERCAM**'s long-term debt (mostly in foreign currency) stood at about US\$75 million equivalent on June 30, 1994. Arrears to various bilateral donors, suppliers, and local banks amount to about US\$40 million equivalent. Arrears to the Social Security system amount to about US\$15 million. During FY93, the enterprise incurred an operating loss, before subsidies, of about US\$20 million (down from about US\$52 million in 1988). Growth of log and timber traffic in 1994 has improved the cash-flow situation but the long-term situation remains the same because of the importance of the debt. The company plays an important role in domestic freight and transit transport. Logs, wheat and flour, petroleum products, cotton, and transit goods are the largest items using railway services. In addition, the company provides passenger services to and from Northern Cameroon (at 620 km from Yaoundé and 880 km from Douala), which is linked to other regions by an earth road in poor condition. A company profile of **REGIFERCAM** and key financial data are presented in Schedule 5.

27. The company made substantial efforts within the framework of the performance contract signed with the Government under the SAL in 1989. The management has been more commercially oriented and has full autonomy to set tariffs and negotiate contracts. The number of employees was reduced from 6,350 to about 4,000. REGIFERCAM concluded agreements with the State on compensation for operating unprofitable passenger transport services under public service obligations. Some auxiliary activities were privatized. But Government still interferes with some management and procurement decisions, therefore limiting the potential for further efforts which would be required in view of the still weak financial situation of the company.
28. SOTUC, which owns 229 buses (107 in Yaoundé and 122 in Douala), has been unprofitable since 1988. In 1994, only about half of its buses were operational, and this number was rapidly dwindling because of lack of maintenance. In FY93, SOTUC's net loss amounted to about US\$7 million equivalent, with a turnover of US\$4 million. By June 30, 1993, its negative net worth amounted to about US\$56 million equivalent, against assets with a book value of US\$12 million. Its arrears to banks, employees, suppliers, the Treasury, and the Social Security system amount to about US\$45 million. The Government's policy of maintaining a high number of staff, insisting on operating uneconomic routes, and setting preferential tariffs for certain segments of the population has been the principal cause of SOTUC's failure. It would have cost the State about US\$7 million annually to continue operating SOTUC over the next few years. A performance contract signed under the SAL was never implemented. In 1994, because salaries had not been paid for more than one year, the company had been *de facto* taken over by its employees who ran the buses for their own account. A company profile of SOTUC and key financial data are presented in Schedule 6.
29. Before devaluation, SOTUC's market share was less than 5 percent of total urban transport, which is very low compared, for example, to 22 percent in Conakry and 41 percent in Abidjan for similar public bus transport. The police and military accounted for 28 percent of SOTUC's passengers, but only 8 percent of its revenues. Students also paid reduced fares or no fare at all. The Government has never compensated SOTUC for the full deficit caused by public service. Between 1986 and 1991, passenger volume dropped from 152,000 per day to 44,000, a decline of 70 percent in five years. Most urban trips are done by private vehicles, by taxis or by foot. Until 1994, the taxi fleet was estimated at about 5,000 in Yaoundé and 5,500 in Douala. It is now shrinking and the condition of vehicles is deteriorating quickly after the devaluation. Transport tariffs cannot be increased because the revenue per capita decreased significantly following salary reductions in 1993. The cost of spare parts and new vehicles is now too expensive for owners to maintain or renew the fleet. The share of the population walking is now estimated at around 40 percent.
30. CAMSHIP's principal problem is a lack of competitiveness. Accordingly, it has been unable to capture its full quota of Cameroon's merchandise trade under the UNCTAD's Code of Conduct, despite the 34% participation of German shareholders, and was technically bankrupt until 1993. Until FY89, CAMSHIP made profits of about US\$6 million on sales of about US\$80 million. In 1991, its operating loss reached US\$4.4 million, which increased to US\$6 million before taxes in 1992. Its working capital was negative by US\$1 million in 1991. CAMSHIP owns two vessels and charters ships for petroleum and clinker. Its vessels generate an annual loss of about US\$1.5 million as they are more costly to operate than modern ships (US\$14,000 daily versus US\$8,000). In June 1993, net equity stood at below 75 percent of the company's initial capital, thus implying bankruptcy. The company's liquidation value was estimated at US\$20 million in 1993, below its cash-flow of US\$32 million, calculated on a net present value basis of 20 years at the 20 percent annual interest rate prevailing in Cameroon.

31. CAMSHIP's debt was substantially restructured in an amount of US\$21 million in a convention concluded with the State in September 1993. The Government agreed to: (a) transfer to the State the additional US\$11 million debt incurred in the purchase, arranged by the Government, of two vessels at above market value; and (b) reschedule over eight years the remaining bilateral debt due by CAMSHIP, and assume that debt. As a result, the June 30, 1994, balance sheet shows a profit. However, this agreement was not signed by the private shareholders of CAMSHIP, who do not agree to participate in the capital increase as intended in the agreement. In addition, the company remains burdened by its lead share (27 percent, US\$2.6 million) in a real estate holding (SIMAR) created by the Government to build a maritime office building, which has substantial arrears on its mortgage payments (US\$13 million). The mortgage banks could call the entire loan balance. Besides being a financial burden on the State Treasury, the company impacts adversely on the maritime sector's efficiency and competitiveness and on the country's economy. This is because application of quotas to shippers under the UNCTAD's Code of Conduct results in high transport costs due to the absence of competition between shipping lines servicing Cameroon. In addition, delays in transport operations arise from cumbersome procedures created by the efforts of Cameroonian authorities to allocate its full quota of traffic to CAMSHIP. A company profile and key financial data are presented in Schedule 7.

32. CAMTAINER is heavily leveraged with an 87/13 debt/equity ratio, and has insufficient revenues to meet debt service obligations. As a result of competition with other companies and its overdesign at its creation, CAMTAINER has been unable to recover the cost of the initial investment and is unprofitable. In early-1995, its foreign partners (45% German and Danish institutional investors) agreed to debt-relief to improve the company's cash-flow. A company profile and key financial data are presented in Schedule 8.

33. ONPC breaks even, but at much too high costs and tariffs, and without providing efficient services. Expenditures are estimated at one third above the normal level for the services rendered, because of overstaffing and past over-investment. ONPC's management lacks both autonomy and accountability. ONPC has been unable to maintain the access channel, whose depth was reduced from 7.2 m after rehabilitation in 1989, to 5.4 m in 1992. Lack of maintenance has resulted in the need for more rehabilitation. The investment policy has not been based on financial return and capacity to service the debt. ONPC is considering an unrealistic five-year US\$275 million investment program, the equivalent of 40% of overall Government investment, to finance a new dredger, a new container terminal, the rehabilitation of the channel and construction of calibration dikes, the rehabilitation of the Douala port infrastructure, the renovation of secondary ports, and the construction of two deep-sea ports. This plan is supported by the Government for political reasons, but the financing is not available for its most important components. In FY93, salaries increased by 12 percent, although port traffic remained the same than in FY92. Early 1995, the Government has contracted out the management of a secondary port to a private investor.

34. ONPC's tariffs are set arbitrarily and do not reflect costs. Analytical accounting is being implemented to provide the basis for a more accurate calculation of tariffs. ONPC increased its tariffs for ships by 100 percent to 300 percent after devaluation, and intends to increase its other tariffs on goods. ONPC revenues totaled US\$33 million after devaluation, down from US\$48 million before devaluation, and were obtained from ships (piloting, tug boat services, occupation of berth space) for about US\$18 million, from goods for US\$8 million, from renting-out warehouses and port space for about US\$6 million, and from non-port activities, such as the production and sale of ice, utilities and other items. The operating results ranged between positive and negative during FY89-94. However, until 1993, ONPC experienced serious liquidity shortages due to outstanding revenues on port tariffs collected by customs, transferred to the Treasury, and partially from the Treasury to ONPC. A

substantial portion of ONPC's costs were derived from short-term bank lending to cover these dues, amounting to about 30 percent of ONPC's revenues. At the end of 1993, the Ministry of Economy and Finance agreed to let ONPC collect these revenues itself. A company profile and key financial data are presented in Schedule 9.

35. With Overseas Economic Cooperation Fund (OECF) financing approved in 1987, ONPC intends to modernize its container terminal. The project includes the provision of two ship-to-shore cranes, four yard cranes and other equipment, as well as infrastructure rehabilitation. Total investment cost, including the provision of spare parts during three years, is estimated at US\$16 million. The type of management has not yet been confirmed. Operation and annual maintenance costs are estimated at US\$2.2 million and would entail a significant increase, ranging from 26 percent to 38 percent, in the container tariff. The economic rate of return of the investment is below 10 percent, and would not be above this threshold until the year 2005, when Douala is expected to regain its 1985/1986 business level. ONPC's and Government's decision to proceed with the investment was the main reason the Bank closed the Third Douala Port Project and canceled its undisbursed balance of about US\$1.8 million. In 1992, the Government, ONPC, OECF and the Bank agreed to the project implementation schedule and the need for improvement in dredging execution to maximize the benefits of the project. As a result, the channel depth increased from -5.4 m to -5.9 m in 1993.

36. CNIC is subsidized by using the dry-dock without amortizing it in its accounts, and not paying a lease to the State as the owner. It is reasonably well managed, but tends to seek Government's assistance and favored treatment for work orders. Its development plan is not consistent with its financial capacity to service the debt, and CNIC expects the Government to cover the financing gap. In 1994, CNIC's tariffs became more competitive because of the devaluation. The balance sheet has continually improved since the creation of the dockyard, and showed profits for FY94. A company profile and key financial data are presented in Schedule 10.

37. MATGENIE has faced a liquidity crisis for several years because of accumulating Government debts for services rendered in road construction and maintenance. In 1993, the Government's outstanding debt amounted to US\$25 million. The company was overstaffed by about one third. Unpaid salaries for more than one year led to low morale and strikes. MATGENIE's management and Government did not move to improve the situation until 1994, when a new manager was appointed and a restructuring plan prepared. The plan was implemented in September 1994 with a new administrative chart and staff reduction by about 50 percent, equivalent to 40 percent of the total salary bill. Also, the management reduced salaries by 10 percent in January 1995. A company profile and key financial data are presented in Schedule 11.

38. Although LABOGENIE monopolized road laboratory works in Cameroon until recently, its financial performance has deteriorated. Arrears from the Government, which was the only client, amount to US\$7 million. Due to external donor pressure, the market was opened to competition, and LABOGENIE has benefited from externally-financed contracts, reducing its dependency on Government financing. However, the volume of road construction works has severely decreased, thereby strengthening the need for restructuring the company. Although LABOGENIE's staff was reduced from 821 to 526 in 1991, the company remains overstaffed. With the Bank's assistance under the Sixth Highway Project (Loan 2584-CM), financial management and commercial orientation have improved. A company profile and key financial data are presented in Schedule 12.

39. *Ill Conceived Investments.* Sector investments were oversized and did not take recurrent costs into account. The Public Investment Program (PIP) has not reflected sector priorities or been based on



economic criteria and availability of local funds. For example, a new airport built in Yaoundé for 1.5 million passengers per year is used by less than 100,000 passengers. In Maroua, the airport's rehabilitation is incomplete due to a lack of funds. Meanwhile, the main airport in Douala, with about 400,000 passengers per year, is not maintained and is deteriorating. In 1992-1993, the Government sought financing for a new four-lane expressway between Yaoundé and the new airport, while it lacked the funds to maintain the road network. The port authority of Douala intends to build a new container terminal equipped with expensive, sophisticated cranes, while the access channel to the port is insufficiently dredged. To improve port access, the port authority envisages the construction of dikes at a very high cost. In addition to these investments in the port of Douala, the Government is still considering the construction of two deep-sea ports, which would undercut the investments in the port of Douala. A 6 billion CFA dry-yard, purchased in 1988, is used well below its capacity because the demand for ship repair is low, and the dry-yard is located in shallow waters which limit its operating capacity. Finally, several investments in the transport sector were begun but not completed for lack of financing, resulting in the loss of what had been executed.

40. Although subject to lengthy discussions between the Bank and the Government, the PIP for the transport sector is still far from being an effective programming tool. The economic or financial justification of projects is not provided. Data are not regularly updated and do not reflect actual execution of projects. Reform in this area is expected to be implemented under the proposed SAC.

41. ***Lack of Maintenance of Existing Infrastructure.*** During the past ten years, priority given to investments has resulted in neglect of transport infrastructure maintenance. In addition, several weaknesses hamper maintenance:

- (a) Poor management. Procedures do not exist to establish consistent annual objectives and monitor the performance of maintenance units. This results in inefficient use of force account for routine and periodic road maintenance, and the maintenance of the access channel to the port of Douala.
- (b) Weak institutions. The institutional framework has never encouraged accountability within the institutions responsible for maintenance, nor from these institutions to the Government, nor from the Government to infrastructure users.
- (c) Poor funding procedures. The local budget for road maintenance is insufficient, and, with the State budget crisis, barely allows for payment of salaries to civil servants. The port does not have a specific funding procedure for the maintenance of the channel and gives priority to the payment of salaries.
- (d) Inadequate donor strategy. Until recently, donor assistance focused on investments rather than maintenance.

42. Although ONPC's (National Port Authority) dredging crew has technical capacity, the current institutional framework in which ONPC's dredging department operates, and the technical constraints of its dredger, make it impossible for ONPC to satisfactorily perform such dredging. The dredging performance has rapidly declined since 1988 when the contract with foreign expertise was terminated. This contract provided for rehabilitation and maintenance of the 22 km long access channel through the Wouri river, from the sea to the port of Douala. Heavy siltation of the Wouri river has reduced the depth of the channel from -7.5 m after rehabilitation, to about -5.4 m at the end of 1992. Shipping lines are forced to enter and depart with reduced loads, and to spend costly idle time at the quay or at

the channel entrance awaiting high tides. CAMSHIP's vessels depart with about 3,000 tons below load capacity. In 1993 and 1994, following the dredger's overhaul and donor pressure, the channel depth was increased to about -5.9 m, but is still well below the minimum of -6.5 m needed for satisfactory port performance.

43. The low productivity of road maintenance is caused by inefficient planning and management, slow budgeting and payment procedures, non performing force account teams, defective equipment and, for the past two years, a lack of financing. MINTP has insufficient knowledge of the status of the road network or the actual cost of maintenance. The 3,700 km of paved road network is mostly in fair condition because it is relatively recent and has been well maintained with German assistance until 1992, but is now beginning to deteriorate. The 22,000 km of earth road network is now mostly in poor to very poor condition. The 25,000 km of rural road network, which has not been maintained for several years because of lack of financing, is now in very poor condition, and will need to be rehabilitated or rebuilt. During FY93, only some 6,000 km of the 51,000 km road network were maintained, while maintenance almost ceased in FY94. In 1990-1991, the availability rate of equipment leased by MATGENIE to the Department of Highway Maintenance was only 56 percent. The rate has since decreased because of MATGENIE's lack of maintenance of equipment.

44. The weak fiscal situation and priority given by the Government to the payment of salaries and to the service of the external debt are the reasons for the lack of financing for road maintenance. In 1993/1994, total government revenue amounted to US\$650 million against US\$1,245 million of planned expenditure. Salaries and the service of the external debt accounted for US\$1,000 million, 50 percent more than Government revenue. Although the Government has acknowledged that road maintenance is the second priority after salaries in the allocation of resources, it has been unable to make the necessary resources available. In 1985/1986, about US\$100 million, excluding salaries of MINTP staff, were allocated from local and external resources to the road subsector for road maintenance and rehabilitation. In 1991, this allocation was reduced to about US\$27 million. That year, the shortfall in the annual volume of maintenance works (i.e., the difference between road maintenance expenditure necessary to maintain the entire network of 51,000 km and the amount actually spent) was estimated at US\$144 million. In 1992-1993, the actual amount spent for road maintenance was about US\$10 million. Salaries amounted to about US\$7 million in 1993-1994. In comparison, the fiscal revenues collected from the transport sector were estimated at US\$130 million in 1993-1994, about 20% of government revenue. US\$60 million (46 percent) were collected from taxes specific to the transport sector, of which US\$53 million from taxation on petroleum products. Detailed data on road maintenance budget and performance are presented in Schedule 13.

45. **Lack of Competitiveness.** The costs caused by weak port management, protection of the national shipping line, together with the inadequate legal, fiscal, and regulatory framework, and poorly maintained infrastructure, aggravate Cameroon's lack of competitiveness in transit transport, both within the country, as well as to and from the neighboring hinterland (Chad and Central African Republic-CAR). Before devaluation, the cost of road transport was high (about four times the cost in Pakistan and twice the cost in France) and hindered the competitiveness of export products of the Central African countries. The many cumbersome customs regulations to control evasion of customs duties cause delays in transit. In spite of these regulations, about half of the customs revenues are lost because of fraud and an inefficient bureaucracy. Financial transactions associated with clearing and transiting import freight into and out of the region significantly increase the cost of transit transport. Transaction costs paid by transit and transport operators to customs and police agents to ease transit operations range between 6 percent and 29 percent of land transport for a 15-ton container in transit to CAR and Chad. According to IMF data, the cost of regional non-factor services on imports in 1992-

1993 was 16 percent for Cameroon, 39 percent for Chad and 31 percent for the Central African Republic.

46. The main obstacles in the transit chain are summarized below:

- (a) Freight-forwarders charge 1.25 percent of the shipment's value to shippers to cover posting a bond, although the actual cost of the bond charged by a bank is 0.25 percent per quarter.
- (b) Premiums for transport insurance must be paid to local insurance companies which have insufficient resources and competence to settle damages, and are also often paid to foreign companies.
- (c) The signature of customs documents by the Minister of Finance is compulsory for transit of "sensitive" goods (textiles, alcoholic beverages, goods produced in Cameroon at higher than world market prices).
- (d) Customs escorts are compulsory for transit transport until the border, at the cost of the importer, to ensure that goods exit Cameroon.

47. Lack of security in the port of Douala also impedes Cameroon's competitiveness for transit traffic and increases port transit costs. Port facilities and areas are openly accessible to non-authorized persons, as check points are not efficiently manned. The presence of the administrative offices of Customs in the center of the port generates uncontrolled traffic. Police do not effectively control the port area. Pilferage is common during unloading of general merchandise, and containers selected by Customs for inspection are often found vandalized thereafter. Although ONPC is legally empowered to protect the port against theft and disorder, it shifts the responsibility to the Government. The port handling companies have made their own private arrangements at additional costs for the goods.

### **III. Transport Sector Reform Program**

48. The Government has developed an overall transport sector reform program to complete the adjustment of the sector institutions and address the financial issues in the sector. This program has been extensively discussed between the Government, IDA, and other donors. The program seeks to enable the sector to resume its contribution to development instead of being a constraint to the country's economic growth. It is a phased program, aimed at improving mobilization and allocation of resources, maintenance of transport infrastructure, and the overall efficiency of the sector. These objectives would be achieved through State divestiture from transport operations, increased competition, more focused institutions, and an improved regulatory framework. The program is described in paragraphs 49 to 69. Benefits expected from the program are described in para. 70. Program implementation and priorities are described in para. 71. Some issues still require Government decisions for their resolution. Such resolution is being pursued as part of the dialogue between the Government and IDA covering the ongoing preparation of IDA projects in the transport sector (see para. 76).

49. *Civil Aviation.* The Government has agreed to privatize both the domestic and international air transport operations in Cameroon. The agreed strategy consists of the winding-down of CAMAIR and the creation of a new company for the provision of air services. One of the following options, or a combination of both, would be used to transfer control and ownership of the new company to the

private sector: (a) capitalization of the new company by a group of private investors with full management control; or (b) management contract with deferred privatization option as a mechanism to improve the airline performance and generate private sector involvement. There is a potential for private provision of air services, both by national investors or in partnership with foreign carriers. In 1994, a national air carrier, which initially operated as subcontractor for CAMAIR, and a charter company for local services were authorized to operate in Cameroon. South African Airways has also hinted at possible cooperation. However, if the private sector were not interested in participating in the ownership of the new company, the Government would divest the aviation related assets and auction the traffic rights to domestic/regional air carriers. The detailed strategy, the timetable for the privatization of air services, and key financial data after privatization are presented in Schedule 14. Benefits resulting from this privatization are presented in Schedule 17. Bidding for the selection of the private strategic partner is expected to be launched before the end of 1995. Privatization is expected to be completed within two years after the selection of the strategic partner.

50. An outright liquidation of CAMAIR would be politically unacceptable. The Government attaches great importance to CAMAIR as the national flag carrier, not only because it services domestic routes, but also because it puts Cameroon on the map regionally and internationally. The Government also considers that Cameroon, a country with a population of 12 million, needs a domestic air service. The Government recognizes that a solution needs to be found, which would be compatible with political constraints, to stop subsidizing air services. IDA's position is that Cameroon is entitled to an air service provided that it is efficient, not subsidized, and operates on market principles, preferably with a majority of private shareholders. Following the detailed studies carried out on CAMAIR with PPF financing, the Government requested that concrete proposals be presented, which resulted in the strategy mentioned above. The following options were also considered but rejected: (a) elimination of budget support, which would be difficult to enforce because the Government is likely to find ways of continuing to subsidize the company by using off-budget accounts, such as oil revenues, or by cutting spending in vital sectors; and (b) execution of another performance contract, which was unsuccessfully attempted under the SAL (1989).

51. In order to increase the efficiency for the provision of air transport services in Cameroon, and to promote private sector participation, the regulatory framework should be revised before completion of privatization:

- (a) to deregulate the domestic passenger market, including the Yaoundé-Douala route, to open competition between domestic carriers;
- (b) to open the cargo market, both in the local and international segments, through more flexibility in the use of charter flights to allow for competition and competitive rates;
- (c) to gradually adjust domestic fares, in line with market rates, through planned price increases with the domestic carriers;
- (d) to use explicit and efficiency-driven subsidies in the case of social routes; and
- (e) to establish a jet-fuel price policy in line with international standards.

52. **Railway.** The Government has agreed to separate the ownership of the infrastructure and railway operations by creating a new private company to commercially operate railway services for freight through a concession agreement. The core shareholders of the new operating company would

be selected following international bidding procedures. The Government has still to choose the conditions of operations for passenger services from four options: (a) include the services in the concession agreement as public service obligations; (b) contract an agreement with a private company distinct from the concessionary company for freight; (c) replace rail passenger services by bus services and contract a private company for the operation of these services; and (d) stop providing passenger services while maintaining the roads accessing the villages along the railway track. Maintenance costs are being estimated. The detailed strategy, the timetable for the privatization of railway operations, key financial data after privatization and a preliminary risk analysis for both Government and private investors are presented in Schedule 15. Benefits resulting from the privatization are presented in Schedule 17. Bidding for the selection of the private majority shareholder of the concessionary company is expected to be launched before the end of 1995. A decision on passenger services has to be taken before completing bidding documents.

53. Revision of the regulatory framework is needed to accompany the privatization of railway operations:

- (a) The transport component of the price structure for petroleum products should be revised to promote competition between transport modes and encourage petroleum companies to use the less expensive mode of transport.
- (b) The railway transit procedures should be improved. The reform will be implemented as part of the UDEAC Transport Reform Program (see paras. 58-59).

54. **Urban Transport.** The Government has agreed to liquidate SOTUC, the public urban bus company and liberalize urban transport. A liquidator is being appointed, whose terms of reference seek the completion of liquidation within six months, once the procedure has begun. On February 22, 1995, the General Assembly of shareholders officially announced SOTUC's liquidation, and services were stopped. Benefits to the Cameroonian economy resulting from the liquidation, are presented in Schedule 17. The conditions of access to the industry, related to vehicle insurance, vehicle certification, taxation of activity and vehicle safety are being revised accordingly. A consultant has been selected to prepare the revised regulation which is expected to be implemented before July 1, 1995.

55. **Interurban Transport.** The Government is studying simplification of the taxation system for road transport, through the creation of a road tax collected by one institution only (thus replacing several taxes collected at different stages, by several institutions), as well as a road user charge, clearly identified in the price of petroleum products, to be used to finance road maintenance through a Road Maintenance Fund (see paras. 63-64). The Ministry of Economy and Finance has not yet agreed to such a simplification, or to the implementation arrangements, but has agreed to the principle of a Road Maintenance Fund. Arrangements for the creation of the Fund are being studied in detail, and the Fund is expected to be created before the next dry season in October 1995. A presidential decree was recently taken to remove illegal road controls by the administration (police, customs, etc.). MINT is envisaging the creation of a committee which would follow up on the compliance with the decree to prevent the reappearance of the controls. Toll roads were created in 1993, but revenues have been far lower than expected because of fraud, estimated at 50 percent. A decision on their privatization or removal will be taken as part of the simplification of the road taxation system. The existing weighing bridges on the Douala-Yaoundé road are being rehabilitated. They will be used in a first phase to monitor truck overloading, and in a second phase to fine overloaded trucks. A pilot operation is being prepared by MINTP.

56. **Maritime Transport.** The Government has agreed to privatize CAMSHIP, the national shipping line, and to privatize or liquidate CAMTAINER, the national road carrier and freight forwarder. The timetable for the privatization of both companies, and key financial data after privatization are presented in Schedule 16. Benefits to the Cameroonian economy resulting from the privatization are presented in Schedule 17. Access to the maritime industry by Cameroonian shipping lines was liberalized at the end of 1994. However, the Government is still reluctant to fully liberalize maritime transport. The 1994 law suppresses CAMSHIP's monopoly, but maintains the application of the Code of Conduct and the protection of Cameroonian shipping lines. The decree defining the modalities of application of the law has still to be prepared. As an immediate step of the liberalization process, the manner in which the Code of Conduct is applied should be reviewed in order to comply with the clauses of the Code. Accordingly, the quota system would be applied to the Liner Conference traffic and no more to the entire Cameroonian maritime traffic. Terms and conditions for freight transport outside of the Liner Conference traffic, and currently contracted-out to CAMSHIP (clinker and petroleum products), should also be reviewed to decide whether or not these contracts should be abolished and retendered. Although the Government has not yet agreed to this step which reduces the protection of the Cameroonian shipping lines, its implementation is required to set up an acceptable regulatory framework in parallel to the privatization of CAMSHIP. Further steps in the liberalization process should be coordinated at the regional level, as part of the Trade and Transport component of the Sub-Saharan Africa Transport Policy Program (SSATP), which involves Sub-Saharan African countries and most of the donors involved in transport in this area. The Trade and Transport component aims at establishing a new maritime transport policy for Sub-Saharan African countries. The preparation of this new policy is still at the studies stage (Schedule 2). Studies are expected to be completed, and recommendations discussed, during a regional seminar of SSATP countries and donors in 1996.

57. To be consistent with the sector policy, the role of CNCC, the Shippers' Council, will have to be revised as part of the decree defining the application of the 1994 law on maritime transport. As a first step, CNCC should control a posteriori the application of the Code of Conduct. Financing of CNCC by a 0.3 percent surcharge on import/export by sea and waivers paid by shipping lines to transport freight toward Africa should be stopped, and CNCC should be financed from the State's budget. Further steps will be defined as part of the Trade and Transport SSATP component. The role of CNCC was discussed by CNCC, public and private shippers, CAMSHIP, and the Cameroonian Administration during a seminar, and during several meetings of a committee created to follow up on recommendations made during this seminar. However, the committee's recommendations maintain the current role of CNCC and financing means while adding the roles of economic observer of the transport sector and strengthening the services to shippers.

58. **Transit Transport.** Within the Union of Central African States (UDEAC) framework, the 1989 Joint EU-World Bank initiative launched a transit transport facilitation program in the Central Africa subregion. The obstacles to trade and facilitation prevalent throughout the UDEAC customs were analyzed by the UDEAC countries during preparation of the transport component of the UDEAC Regional Policy Reform Program (Report No. 11296-AFR dated April 30, 1993) in collaboration with the EU and IDA. In joint workshops held in November 1991, and in March and December 1993, the UDEAC countries agreed to a Program of Regional Reforms to improve transit conditions. National Transit Committees were created in the six UDEAC countries to draw up plans to: (a) simplify customs documents and devise a system of regional transit under customs bonds (TIPAC); (b) review the criteria for establishing bonded customs centers; (c) redefine transit requirements for intermodal transport (rail/road, rail/river) and containers; and (d) improve road transport conditions and

regulations (maintenance of international itineraries, trucking liabilities, vehicle inspection, and cost recovery).

59. The TIPAC mechanism is a procedure whereby goods travel duty free across the border under customs bonds, accompanied by a bill of lading, with the liability for possible loss of customs duties held by the transport operator. The Manual of Procedures for the TIPAC was adopted by the UDEAC countries in March 1993. The mechanism is similar to the transit system in Europe (TIR), where this liability is guaranteed and surveyed by the International Road Union (IRU). For the liability to be credible to customs in UDEAC countries, the bill of lading and the transporter must be covered by a regional insurance policy which would reimburse customs for lost duties should the transport operator or the importer abuse the mechanism by evading import duties. The insurance policy would be funded from the sale of vouchers attached to the bill of lading. The regional insurance policy is being designed and candidate institutions are being identified to manage the insurance policy. EU financing is available to provide assistance for the implementation of the TIPAC starting mid-1995. TIPAC implementation is expected to be completed two years after commencement of the assistance. An action plan and a timetable are provided in Schedule 18.

60. The policy measures to be implemented to complement the TIPAC system are the following:

- (a) streamline road transport regulations to harmonize national and UDEAC transport regulations and vehicle standards; harmonize the structure of road user charges; enforce control of truck overloading to prevent road deterioration;
- (b) seek legal registration of customs agents, forwarding agents, and international road transporters, and agree to and enforce criteria underlying the approval of such registration;
- (c) harmonize and liberalize freight insurance in UDEAC.

61. As most of the obstacles to transit transport occur in Cameroon, the success of this program depends to a large extent on the willingness of the Cameroonian authorities to take the necessary measures. In addition to the measures to be taken at the regional level, the following measures had to be taken by Cameroon:

- (a) Improve its custom declaration mechanism and the computerized procedures: An audit of the computerized system was carried out in 1993, and proposed scenarios for its rehabilitation. A second audit should start soon with PPF financing which should provide elements for the decision on one of the scenarios and prepare for its implementation. A comprehensive audit of the customs services will be carried out by the French Ministry of Cooperation in March 1995, to define a plan for improving customs' performance and efficiency.
- (b) Remove the requirements of domiciled invoices and import licenses in Chad and the Central African Republic: The measure was taken in 1994.
- (c) Shorten the list of sensitive goods which require a customs clearance for transit: (on going);

- (d) Limit road controls by the administration to those specified in the UDEAC legislation. A presidential decree was taken in 1993 to apply the measure.
- (e) Remove requirements for customs escorts for transit goods through Cameroon. No progress has been made.

62. The physical component of the transport component of the UDEAC reform program consists of: (a) rehabilitation and maintenance of international road itineraries to CAR and Chad, as agreed by the UDEAC Steering Committee in June 1993; improvement of the customs facilities in Douala and at border crossings with CAR and Chad; (c) rehabilitation of the computerized customs declaration system in Douala, and provision of a modern telecommunication system; and (d) provision of international trucking facilities at Douala port. The rehabilitation of the Cameroon-CAR road itinerary, which is part of component (a), and provision of a modern telecommunication system are being executed with EU financing. Detailed engineering studies are underway.

63. **Road Maintenance.** The Government has agreed to a new strategy for road maintenance to improve its efficiency and its sustainability:

- (a) To adjust the road maintenance program to management and financing capacity: A priority network of about 20,000 km has been identified based on: economic importance (traffic flows); consistency of the network and needs for links between urban centers and regions of agricultural production; communication between administrative centers; and regional equity.
- (b) To disengage itself from maintenance execution: Periodic maintenance and rehabilitation of all paved roads, as well as periodic maintenance of earth roads, and progressively routine maintenance of earth and paved roads would be contracted-out to private contractors, including the local construction industry, small contractors, village workers, and communities, using labor-intensive methods and local materials, where possible.
- (c) To improve planning and programming capacity: A pluri-annual maintenance programming system is being established using as criteria the existing level of service of the priority road network, and also climatological, geographical and geotechnical parameters. The system is being defined under an IDA-financed study for earth roads, and German-financed study for paved roads.
- (d) To focus MINTP's role on planning, programming and budgeting, supervising works and controlling objectives: External audits of technical and financial performance and procurement procedures would be carried out to ensure accountability. MINTP restructuring is being defined accordingly under a PPF-financed on-going study.
- (e) To encourage development of small and medium contractors by providing training in technical and financial management; by creating a stable market; by defining policies to eliminate present constraints to private sector participation; by revising procurement regulations; and by establishing a rapid payment system because small contractors do not have sufficient working capital to prefinance expenditures for works: The new framework and procedures are being defined with PPF financing.



- (f) To ensure sustainability of road maintenance financing and transparency and accountability in the use of funds. A Road Maintenance Fund would be used as a mechanism to achieve these objectives. The mechanism is being defined under a PPF-financed on-going study.

64. The strategy is expected to be implemented before the 1995 dry season (period when road maintenance works are carried out). Subject to approval by the Minister of Finance, the Government intends to submit the creation of the Road Maintenance Fund to the National Assembly in June 1995, during discussions on the FY96 budget. Implementation of the new strategy is being tested under EU financing. A road maintenance program amounting to about US\$26 million is being contracted out to 38 small and medium enterprises (SMEs). The bidding procedure is on going. SMEs which had been preselected, received a training on procurement and management of road works. Lessons learned from this project will be used to prepare the application of the new strategy on the entire priority network. *Caisse Française de Développement* also intends to contract-out a rural road maintenance program to SMEs to start at the end of 1995.

65. **MATGENIE.** The Government has agreed to retrench on its equipment rental activity. A PPF-financed study is being revised to review the feasibility of splitting MATGENIE into four separate entities, located in four different regions. This option would make it easier to progressively privatize MATGENIE in accordance with the financial capacity of local investors. Both direct privatization through sale of public participation in the entities, or privatization of management could be considered. This option would also introduce an element of competition among the four entities. In addition, the Government agreed to liberalize entry to the activity. The initial option recommended by the study was to create a new company, the management of which would be privatized through a management contract, and transform MATGENIE into a holding company. This option is being reviewed to demonstrate its sustainability, which was unclear in the draft study. Although liquidation of MATGENIE and sale of the equipment was considered, the option was not retained as the road maintenance organization and financing still need to be sustained before local investors can be expected to invest in equipment rental, and supply the full equipment required for road maintenance. The new set-up is expected to be implemented before the 1995 dry season and the start of the execution of the road maintenance program.

66. The number of items of equipment needed for the maintenance of the priority network is estimated at 941. Depending on the capacity of private entrepreneurs to provide their own equipment, the number of items of equipment to be provided by MATGENIE in the future ranges from 130 to 190. The number of employees is estimated at 300, against 385 after the 1994 restructuring. Currently, MATGENIE owns 734 items of equipment of which 33 percent are operational, 42 percent need heavy repairs, and 25 percent should be scrapped.

67. **LABOGENIE.** A study is being carried out with EU financing to define the future legal statute of LABOGENIE and the potential participation of private investors in the company. The study will also review market conditions and propose a strategy to prevent the continuation of the current monopoly by either a new private or public entity. A first breach was made in the monopoly when LABOGENIE was authorized to participate in bids under EU-financed projects for the control of works in association with only one of the consulting firms per short list.

68. **Port Activities.** The Government is defining a new strategy for port operations. Two studies are under preparation:

- (a) to define an efficient organization to ensure sustainable performance of dredging. In particular, the study will consider the privatization of the activity. The study is expected to be completed in June 1995, and the recommendations implemented before the end of 1995.
- (b) to restructure the port authority to reduce operating costs, and to revise tariffs on the basis of the analytical accounting recently implemented: The study will provide recommendations regarding contractual relationships with private port operators which need to be revised to provide investment incentives, and to encourage their commitment to the development of Cameroonian ports. Recommendations are expected to be implemented before March 1996.

The two studies, and the implementation of the recommendations, are critical to improve port performance. A decision also needs to be taken as part of the restructuring process, regarding the type of management of the new container terminal built with OECF financing. IDA's strategy is that no investment should be carried out in the port sector before the decisions on the dredging organization, the port restructuring, and the management of the container terminal are implemented.

69. **Institutions.** As mentioned above, MINTP's role would be to program, manage and supervise road maintenance works, most of which will be contracted to private contractors. MINTP would become autonomous in procurement decisions on maintenance works below a certain amount to ensure efficient management of small and medium-size contractors for road maintenance. A PPF-financed study is being carried out to prepare MINTP's shift toward this new role. Restructuring is expected to be implemented before the end of 1995. MINT would focus on sector strategy, policy formulation and transport regulation. A French-financed study is underway to prepare MINT restructuring accordingly. The restructuring will be implemented to accompany the privatization of transport PEs.

70. ***Benefits Expected for the Transport Sector Reform.***

- (a) Privatization and liquidation of priority public enterprises: After privatization, CAMAIR, REGIFERCAM, CAMSHIP and CAMTAINER are expected to generate profits due to a more autonomous and commercially-oriented management, cost-cutting, and financial restructuring resulting in greater competitiveness. Subsidies should be stopped resulting in savings for the Treasury. In addition, after privatization, the enterprises will generate fiscal revenues which they have not done for several years. Financial forecasts indicate that accumulated savings for the Treasury three years after privatization/liquidation compared to the without privatization/liquidation scenario, would amount to US\$60 million, and would be equivalent to the additional cost borne by the State for the restructuring (see Schedule 17).
- (b) Road maintenance: Focusing MINTP on planning, programming and budgeting, supervising works and controlling objectives, and privatizing road maintenance execution would make the road organization more efficient. Such reorganization, and revised procurement procedures, payment and financing mechanisms would improve road maintenance sustainability. The rate of return of the maintenance program for the priority network is estimated at above 200 percent on paved roads, and around 100 percent on earth roads.

- (c) **Transit:** The rehabilitation of the computerized customs declaration system in Douala would improve customs revenues by reducing fraud. The new procedures to be implemented to accompany the rehabilitation would make the system more efficient, and save time in the transit of goods through the port. Implementation of the transport component of the UDEAC Program of Regional Reforms, including the TIPAC system, would make transit procedures more efficient, and reduce the cost of non-factor services on transit goods.
- (d) **Port restructuring and rehabilitation:** The objective of the restructuring is to reduce ONPC's expenditures by about 30 percent. Tariffs would be adjusted accordingly. Dredging reorganization would result in better efficiency and save waiting-time for the ships entering the channel or leaving the port. Rehabilitation and maintenance of the channel to a depth of 6.50 m would provide a 13 percent economic rate of return.
- (e) **Regulatory framework:** Progressive liberalization of maritime transport, simplification of the road taxation system, revision of the transport component of the price structure for petroleum products, as well as other measures mentioned above would result in a reduction of transport costs and greater competitiveness of the country's economy. As an example, in Côte d'Ivoire, liberalization of maritime transport for bananas cut prices of maritime transport by half.

71. **Implementation of the Transport Sector Reform Program.** The program would be implemented through a continuous process consisting of several phases defined in accordance with priority issues and with the capacity of local resource mobilization. On the basis of the sector analysis, the order of priority for the phases would be as follows:

- (a) Privatize/liquidate the transport sector PEs to reduce the drain on the State Treasury caused by subsidies needed to cover their constant deficit. Priority PEs to be privatized or liquidated are the national airline, the railway company, the shipping line, and the urban bus company because of the amount of subsidies that they need and/or their inefficiency. Revise the regulatory framework for air, maritime and urban transport. Restructure MINT.
- (b) Improve the dredging of the access channel to the port of Douala and restructure the port authority. Improve road maintenance management and execution. Restructure MINTP. Improve the computerized customs information system and its environment.
- (d) Privatize MATGENIE and LABOGENIE. Implement further steps in the liberalization process of maritime transport and revise the role of the Shippers' Council. Improve transit transport facilitation. Privatize the dockyard.
- (e) Execute new investments.

Phase (a) would eliminate subsidies to PEs and free resources for subsequent financing of infrastructure maintenance and investment. Phase (b) would reduce the cost of transport for international trade and increase Cameroon's competitiveness. Phase (c) would strengthen the sustainability of phases (a) and (b). Phase (d) would be implemented after sector restructuring is completed. An implementation schedule is proposed in Schedule 19. It defines the steps to monitor the progress in the implementation of the phases of the strategy which have been agreed by the

Government, in the preparation of other phases for which an agreement is still sought, and in the implementation of recommendations established during the preparation phase.

#### **IV. Lessons Learned and Strategy for IDA Assistance to the Transport Sector in Cameroon**

72. **Structural Adjustment.** Experience in PE restructuring under the Structural Adjustment Program (SAP) underlines the importance of state divestiture from PEs in commercial sectors, and implementing a satisfactory institutional framework to ensure such divestiture. Performance contracts used to restructure PEs under the SAP failed because of a lack of commitment from both Government and PEs. Privatization and liquidation operations launched at the same time also failed for the same reason, and because of an unsatisfactory institutional framework (see paras. 12-13).

73. **Projects in the Transport Sector.** Over the past 20 years, the Bank Group has contributed to transport sector development in Cameroon, with 13 projects totaling US\$500 million equivalent. Projects were mostly in the highway (75 percent of the amount lent), railway, and port subsectors. Ten projects were audited after completion. Five transport sector memoranda provided the sector analysis to prepare the projects.

74. Although the audit reports observed that the Bank's objectives for the sector had been "consistent, sound and transparent, improving efficiency and strengthening self-financing operations", it concluded that while, generally, all physically measurable targets were successfully met, no comparable success was registered in the areas of financial performance, maintenance activities, and institution building. The audits attributed the poor institutional and financial performance of the transport sector to the Government's lack of commitment to genuine change and, more importantly, to the lack of a coherent sector program. The audits underlined that the Bank had advocated a comprehensive program, and that its absence had meant that individual subsector operations were neither integrated nor additive. The 1989 audit of the Feeder Roads, Highway IV, and Railway projects concluded that an overall sectoral approach was overdue, and recommended preparation of an action program pursuing a coherent approach of sector investment planning and PE reform, and the adoption of this program by Government and donors as a basis for integrated sector financing.

75. **Transport Sector Reform Program.** The lessons learned from past experience have led to IDA contributing to the preparation of a Transport Sector Reform Program, described in the chapter above, which places transport sector development and investment in a policy-based, sectorwide framework supported by Government and donors. The preparation of this program is a critical contribution to Cameroon's efforts to restore the performance of its economy and competitiveness. The Government and IDA have carried out joint economic and sector work to analyze issues in the transport sector in order to devise action plans and priorities to restore sector efficiency (Transport Sector Memorandum, dated June 30, 1993, Report No. 11430-CM). The process for sector analysis, and the preparation of the Transport Sector Reform Program, aimed at internalizing the rationale for reform and recommendations by broadly involving Government institutions and staff, private operators and donors. To marshal the necessary understanding and political commitment needed to implement the proposed reforms, a Transport Interministerial Group was created to represent all Government organizations involved in the transport sector. Several seminars were organized to discuss with the private sector the reform in the road maintenance, port, transit and maritime subsectors. The Government also called several donor meetings to discuss sector issues and proposed action plans. The outcomes of these discussions are being reflected in a draft declaration of sector policy being prepared as part of the preparation of subsequent IDA projects in the transport sector.

76. *IDA's Assistance Strategy to the Transport Sector.* According to the priorities mentioned above (para. 71), IDA would assist the Government in implementing phase (a) of the transport sector reform program through the proposed Transport Sector Adjustment Credit (TSAC), scheduled for FY96. As execution of the TSAC begins, IDA would participate with other donors in the Transport Sector Project (TSP), scheduled for FY96 to assist the Government in implementing phases (b) and (c). In addition to the support to the implementation of the elements of the transport sector reform included in these two phases, TSP would support the execution of the road maintenance program, rehabilitation of the access channel to the port of Douala, and rehabilitation of the computerized customs information system. However, the content of the project needs to be reappraised to take into account the different progress in the definition of the reform in phases (a) and (b) of the program. Reappraisal may result in splitting TSP into subprojects to be implemented at different times.

## V. Project Description

77. *Objectives.* With the assistance of the proposed project, the Government intends to: (a) launch the transport sector reform program which would result in the creation of a new private civil aviation company, private operation of rail services, liquidation of the urban bus company, sale of public shares in CAMSHIP and CAMTAINER, restructuring of MINT, and reform of the regulatory framework for air, urban, and maritime transport; and (b) continue preparation of the subsequent phases which would result in: (i) restructuring of MINTP; execution by contract of most of the road maintenance work program; and implementation of a pluri-annual programming system and a sustainable financing mechanism for road maintenance; (ii) restructuring and down-sizing of the port authority; implementation of an efficiency-driven organization for dredging; and (iii) improved customs institutional framework, overhaul of customs computerized information system, and implementation of a new international transit system. Expected results and timing for project activities, which will be used as performance indicators for the project, are provided in Schedule 20.

78. *Launching the Transport Sector Reform Program.* This component would include:

- (a) Preliminary analysis for the privatization of the airline, railway company, shipping company and for the liquidation of the urban bus company (completed with PPF financing).
- (b) Railroad: Preparation of a concession agreement for the operation of rail services. The description of the main features of the concession agreement and terms of reference for the consultant, who will prepare the concession agreement and assist the Government in its implementation, are in project files.
- (c) Civil Aviation: Preparation of the privatization of the national airline. The privatization strategy and terms of reference of the Financial Advisor, who will prepare the privatization and assist the Government in its implementation, are in project files.
- (d) Maritime Transport: Provision of financial and legal advisors for privatizing or liquidating the national shipping line, and the national freight forwarder and road transport company. Terms of reference of the financial advisor are in project files.
- (e) Urban Transport: (i) Provision of the services of a liquidator for the urban bus company. The calendar of the liquidation, the terms of reference of the liquidator, of the committee which will monitor the liquidation, and of the assistance to the

committee are available in the project file; (ii) Assistance to the privatization of urban transport and review of the regulatory framework after liquidation of SOTUC, including a seminar on urban transport institutions and liberalization. Terms of reference for both activities are in project files.

- (f) Financial audits of enterprises to be privatized and study of legal obligations of these enterprises towards their creditors.
- (g) Transport Institutions: Review of the role and organization of MINT to strengthen its planning, regulatory, and policy preparation capacity. Terms of reference of the study are available in the project files. The study will be financed by *Ministère Français de la Coopération* (FAC).
- (h) Reform of the regulatory framework for urban, air and maritime transport, including a study of regional logistic costs and seminars.
- (i) Strengthening of the unit in charge of overall privatization in the Ministry of Economy and Finance.

79. ***Preparing the Subsequent Phases of the Transport Sector Reform Program.*** This component would include:

- (a) Road Maintenance: (i) Pluri-annual programming studies for earth roads and paved roads maintenance. Terms of reference are available in the project files. The studies have started under PPF financing for earth roads, and German cooperation financing for paved roads. (ii) Preparation of a mitigation plan to address environmental issues in road maintenance including a seminar. (iii) Preparation of the progressive State retrenchment from road maintenance execution including privatization of MATGENIE and LABOGENIE. A draft study is available in the project files for MATGENIE, and is on going with EU financing for LABOGENIE. The project will provide legal and financial advisors to prepare the implementation of recommendations. (iv) Review of the role and organization of MINTP to focus on planning, programming, managing and supervising road maintenance works. The study has started under PPF financing. (v) Study of the creation of a Road Maintenance Fund. Terms of reference are available in project files. (vi) Support to the organization and financing of rural roads maintenance. (vii) Implementation of a road data bank. (viii) Monitoring of bridges' condition. (ix) Appointment of a local coordinator for road maintenance activities. Terms of reference are in the project files. (x) Training in road maintenance management (planning, budgeting, programming, procurement, works supervision). (xi) Creation of a road documentation unit. (xii) Detailed engineering studies of a priority road maintenance program
- (b) Port: (i) Assistance to the reorganization of operational and financial management. (ii) Study of dredging reorganization. (iii) Analysis of dredging materials. (iv) Study of the localization of the dry-dock. (v) Engineering design for the rehabilitation of the dredger. Terms of reference for these studies are available in the project files. (vi) Study to reduce transport costs at the port of Douala.

- (c) **Transit Facilitation:** (i) Support to improvement of the computerized system for customs declaration and relocation of the system. (ii) Assistance in setting up a TIPAC customs duty guarantee system, including the provision of telecommunication equipment, and study related to the insurance system. Terms of reference for activities (i) are in the project files, and are being prepared for activity (ii).
- (d) **Maritime Transport:** (i) Assistance in restructuring of the Shippers' Council. Preliminary meetings were held in Cameroon to discuss the role of the Shippers' Council with shippers. (ii) Preparation of maritime transport liberalization.
- (e) **Road Transport:** (i) Study for the harmonization and simplification of the road taxation system. (ii) Plan of action for road safety. (iii) Continuation of the computerization of vehicle certification started under the Sixth Highway Project (Loan No. 2584-CM, closed on October 30, 1993). (iv) Pilot operation to monitor loads of trailers using weigh bridges rehabilitated under the Sixth Highway Project.
- (f) **Rail transport:** (i) Feasibility study of a program of railway track rehabilitation. (ii) Feasibility study of the railway telecommunication program. (iii) Study on access roads to the railway stations.
- (g) **Local capacity building** with a review of the capacity of local consultants in transport and the establishment, within the Transport Interministerial Coordination Unit, of a training program for young professionals in MINT and MINTP.
- (h) **Project management, auditing and accounting.**
- (i) **Provision of assistance to the Transport Interministerial Coordination Unit.** The unit was established in 1992. It has diligently helped the Government prepare the reform program as secretariat of the Interministerial Committee created in this respect. The assistance will include short-term missions of experts, local staff under contract, office equipment, and mission expenditures.

80. **Technical Assistance, Training and Seminars.** The credit would finance 495 person-months of consulting services for policy support, support to institutional development, institutional development studies, and support to project preparation and implementation (Table 2) at a cost of about US\$8.7 million. Consulting services would consist of studies (286 person-months) and short-term missions (209 person-months), including services purchased for assisting the Government to privatize or liquidate PEs.

**Table 2: Person-Months by Type of Technical Assistance and Subsector**

Subsector	Support to Institutional Development	Institutional Development Studies	Policy Support	Project Implementation and Preparation	Total
Civil Aviation	40	13			53
Railway	23			11	34
Urban Transport	16	3	4		23
Road Transport		1		52	53
Maritime Transport	16				16
Road Maintenance	21	21		76	118
Ports	10	5		10	25
Transit and Facilitation			8	32	40
Sector Management	67	3	4	59	133
Total	193	46	16	240	495

81. Terms of reference of most project activities were agreed *during negotiations*. When appropriate, they will be revised to indicate that transfer of know-how is expected in the core output, and evaluation of consultants by the counterparts, and of the counterparts by consultants should be made. Performance of consultants will be reviewed to determine how assignments' objectives were achieved and how well consultants were able to transfer skills and know-how to their counterparts, and to strengthen the local agencies to which they were assigned.

82. *During negotiations*, the Government provided an assurance that counterparts would be designated before the start of major consulting assignments, with qualifications and terms of reference acceptable to IDA, and would remain in post until the completion of the activity. These counterparts will be responsible for preparing seminars related to project activities and for presenting papers on the conclusions and recommendations of studies. Terms of reference will detail tasks to be carried out by the counterpart staff as part of their training. Consultants' proposals should include the time necessary to train counterparts during execution of studies, and the corresponding budget. This process has already started under studies financed by PPF funds.

83. The list of studies to be financed by the project was *agreed at negotiations*. It is provided in Schedule 21. The list would be regularly reviewed and updated, if necessary in the course of Bank supervision missions, and in light of studies' outcomes already known, and of developments in the sector. Terms of reference of consulting activities will be included in the Project Implementation Plan.

84. Two seminars would be held on environmental considerations in road maintenance and on urban transport institutions and liberalization. Training would be provided on road maintenance management (planning, budgeting, programming, procurement and supervision of road maintenance works). FAC will finance a training program to be defined on transport-related activities. EU will finance training for administrative and private users of the regional guarantee system of customs duties. Studies included in the project will define training needs to be included in the proposed TSP. The guidelines for preparing training activities were agreed *during negotiations*. Draft guidelines are provided in Schedule 22.



## SECTION B: PROJECT COSTS AND ADMINISTRATION

### I. Project Costs

85. Total project costs, including price contingencies and taxes are estimated at US\$23.9 million. The costs, net of taxes and duties, are estimated at US\$20.2 million with a foreign exchange component of US\$14.2 or 70 percent. The Government would bear the cost, estimated at US\$3.7 million, of taxes and duties levied on consulting services and goods. The Government will also finance the salary of the four civil servants working in the Transport Interministerial Coordination Unit, estimated at US\$ 16,000 per year, and provide offices for the unit. In the current budgetary situation, where the Government is barely able to finance its civil servants, service the country's external debt and allocate scarce remaining resources to priority maintenance, no other contribution to the project would be requested from the Government. Detailed project costs are provided in Schedule 23. A summary breakdown of the project costs net of taxes is given below.

Table 1: Estimated Project Costs

Component	Total Costs (US\$ million)
1. Goods	1.9
2. Consultants' Services and Studies	
(a) Support to Institutional Development	11.7
(b) Institutional Development Studies	1.7
(c) Policy Support	0.6
(d) Project Implementation and Preparation	5.6
3. Training and Seminars	1.8
4. Operating Costs	0.6
Total	23.9

### II. Procurement

#### Employment of Consultants

86. In order to ensure the satisfactory execution of the project, the Borrower agreed *during negotiations* that qualifications, experience, and terms and conditions of employment of consultants shall be satisfactory to IDA. Such consultants will be selected in accordance with principles and procedures satisfactory to IDA on the basis of the *Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency*, published by the Bank Group in August 1981 (the Consultant Guidelines). Procurement procedures are indicated in Schedule 21. The model letter of invitation issued by the Bank Group shall be used. For complex, time-based assignments, the Borrower will employ such consultants under contracts, using the standard form of contract for consultants' services issued by the Bank Group, with such modifications as shall have been agreed by IDA. Where no relevant standard contract documents have been issued by the Bank Group, the Borrower will use other forms agreed with IDA prior to launching the bids.

85. Following the recommendations of the Country Procurement Assessment Report issued in April 1994, which concluded that procurement practices in Cameroon were inadequate, and to enable a satisfactory procurement process, the following measures were agreed *during negotiations*:

- (a) Short-lists shall be a minimum of 3 and a maximum of 6 firms with no more than two firms from the same country.
- (b) The practice of requesting bid and performance securities shall be discontinued.
- (c) Quality shall be the main criterion for the selection of consultants.

### **Procurement of Goods**

87. *During negotiations*, the following procedures were agreed. Goods estimated to cost the equivalent of US\$80,000 or less per contract, up to an aggregate amount equivalent to US\$210,000, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures acceptable to IDA, including: (i) bids are opened in public in the presence of bidders or their representatives; (ii) there will be no negotiation with bidders between bid opening and contract award; (iii) bid evaluation and post-qualification criteria will be defined in precise quantitative and monetary terms; and (iv) award will be made to the lowest evaluated responsive bidder.

### **88. Review by IDA of Procurement Decisions:**

- (a) With respect to each contract estimated to cost the equivalent of US\$50,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the *Guidelines for Procurement under IBRD Loans and IDA Credits* published by the Bank in May 1992 shall apply. Where payments for such contracts are to be made out of a Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract, required to be furnished to IDA pursuant to said paragraph 2 (d), shall be furnished to IDA prior to the making of the first payment out of such Special Account in respect of such contract.
- (b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of a Special Account, said procedures shall be modified to ensure that the two conformed copies of the contract, together with the other information required to be furnished to IDA pursuant to said paragraph 3, shall be furnished to IDA as part of the evidence to be furnished showing that such payment was made exclusively for eligible expenditures.
- (c) The provisions of the preceding subparagraph (b) shall not apply to contracts on account of which withdrawals are to be made on the basis of statements of expenditure.

89. **Modification of Waiver of the Terms and Conditions of Contracts.** Before agreeing to any material modification or waiver of the terms and conditions of a contract that would increase its cost by more than 10 percent of the original price (10 percent would be specified for the purpose of para. 4 of Appendix 1 to the Bank Group's Guidelines), the Borrower should specify the reasons thereof and seek IDA's no objection for the proposed modification.

## Procurement Times

90. Procurement times for project activities up to contract signing were agreed *during negotiations*, in particular all contracts must be signed within the original bid validity period.

### III. Disbursements

91. Schedule B details the amount to be disbursed from the credit per category. The percentage of expenditures to be financed is 100 percent of the cost net of taxes and duties for consultants' services, training and seminars, and operating costs, and 100 percent of the foreign expenditures and 75 percent of the local expenditures for goods.

92. To facilitate disbursements and to ensure that funds are available on time to finance the costs of services to be provided under the project, the Government will establish a Special Account in a commercial bank on terms and conditions acceptable to IDA. The Special Account will be managed by the Transport Interministerial Coordination Unit. The authorized amount of the Special Account is CFAF 130 million; requests for replenishing the account will be submitted to IDA monthly or at such intervals as IDA shall specify.

93. Disbursements will be made against standard Bank documentation, except for contracts of less than US\$50,000 for consultants and goods, for which certified statements of expenditure would be used. These statements of expenditure will be subject to review by supervision missions and periodic financial audits. The minimum application size for payments directly from the credit account will be US\$50,000.

### IV. Accounting and Auditing

94. **Accounting.** The Transport Interministerial Coordination Unit will maintain records and accounts adequate to reflect, in accordance with sound accounting practices, the operations, resources and expenditures in respect of the Project. Accounting procedures are defined in a manual prepared by the unit, to be part of the Project Implementation Plan (para. 98) and to be agreed by IDA. The project includes financing for hiring a qualified accounting firm, acceptable to IDA, to establish a computerized accounting system for the proposed TSP when required. Such system is not needed for the present project because of the small number of contracts.

95. **Auditing.** The signature of a three-year contract with the project auditors is *a condition of credit effectiveness*. *During negotiations*, the Borrower agreed to:

- (a) have the records and accounts referred to in the preceding paragraph for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to IDA;
- (b) furnish to IDA as soon as available, but in any case not later than six months after the end of each such year, a certified copy of the report of such audit by said auditors, of such scope and in such detail as IDA shall have reasonably requested;
- (c) furnish to IDA such other information concerning said records and accounts and the audit thereof as IDA shall from time to time reasonably request; and

- (d) without any limitation to the provisions of paragraphs (a) through (c) above, have the records and accounts of the Special Account audited in accordance with paragraphs (a) through (c) above: (i) every four months during the first twelve months after the Effective Date; and (ii) every six months during the second twelve months after the Effective Date; and furnish such audits to IDA at the latest within two months following the end of the period audited.

96. For all expenditures with respect to which withdrawals from the Credit Account were made on the basis of statements of expenditure, the Borrower shall:

- (a) maintain or cause to be maintained, in accordance with paragraph 94, records and accounts reflecting such expenditures;
- (b) retain, until at least one year after IDA has received the audit report for the fiscal year in which the last withdrawal from the Credit Account or payment out of the Special Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (c) enable IDA's representatives to examine such records; and
- (d) have the records and accounts of the statements of expenditure audited in accordance with paragraph 95 above: and ensure that the report of such audits contains a separate opinion by said auditors as to whether the statements of expenditure submitted during the period preceding such audit, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

## SECTION C: IMPLEMENTATION AND MONITORING

### I. Organization and Management

97. The Ministry of Economy and Finance will be responsible for the privatization/liquidation component of the project. MINT and MINTP will be responsible in their subsectors for preparing subsequent phases of the reform program including investments, in consultation with other interested Government agencies. The existing Transport Interministerial Coordination Unit which helped the Government prepare the reform program, will continue to assist MINT and MINTP, and will manage the credit under supervision of MINEFI.

98. A Project Implementation Plan will be prepared to help the project coordinator implement and monitor the project. The plan would include all project procedures agreed with IDA, standard bidding documents for consultants, the list of consulting services to be procured and the type of procurement, detailed project costs, the terms of reference of the studies and support services to be carried out, and standard forms for progress reports. An outline of the Project Implementation Plan was agreed *during negotiations*, and the plan should be completed as *a condition of credit effectiveness*. Most terms of reference for critical project activities other than PPF-financed activities, have been agreed by the Government (i.e., financial advisors for the privatization of REGIFERCAM, CAMAIR, CAMSHIP and CAMTAINER, liquidator of SOTUC, and port studies). Letters of invitation, including terms of reference, and short-lists for these activities are being reviewed by IDA.

### II. Implementation Schedule

99. The implementation schedule of the project was agreed *during negotiations*. It is provided in Schedule 24. It was prepared on the assumption that the credit would become effective in May 1995. The project would be executed over a 30-month period, and the credit would be closed by June 30, 1998.

### III. Reporting and Monitoring

100. The content and timing of progress reports were agreed *during negotiations*. A standard form of progress report was prepared during appraisal and is available in project files. The final form would be included in the Project Implementation Plan. Progress reports would be prepared quarterly and in advance of each Bank supervision mission. The reports would review progress on financial execution and studies. The Borrower would submit an Implementation Completion Report to IDA no later than six months after the closing date of the credit.

#### **IV. Supervision Plan**

101. Bank staff input into the supervision of the project would take the following form:
- (a) Portfolio management. Procurement documents, terms of reference and reports (progress, final, studies, financial statements) would be reviewed at Bank headquarters.
  - (b) Field supervision. Missions would review the progress of technical assistance and studies in the three broad project areas of policy support, institutional development, and project preparation and implementation. Missions would monitor the impact of project activities and discuss action plans for implementing study recommendations.
102. A supervision plan for the 1995-1998 Bank fiscal years is proposed in Schedule 25.

#### **V. Mid-term Review**

103. Not later than November 30, 1996, the project coordinator in the Transport Interministerial Coordination Unit should prepare and hold a mid-term review of the project execution. The review would be organized in collaboration with the Administration, public enterprises, IDA's supervision mission, and representatives of donor agencies involved in the transport sector. The review process would include progress in meeting project's objectives, overall project performance against established and agreed key performance indicators, implementation of study recommendations, and performance of consultants under the Project. The mid-term review would provide the opportunity for IDA to assess the Government's continued commitment to the project's objectives and the reform in the transport sector. *During negotiations*, the Borrower agreed to the carrying-out of a mid-term review and to its objectives.

**REPUBLIC OF CAMEROON**  
**TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**  
**Schedule 1: Central Government Operations and Other Macro-Economic Data**

	1985	1989	1990	1991	1992
<u>Indices 1985=100</u>					
GDP (real)	100.0	96.6	89.6	84.2	79.3
GDY (real)/capita	100.0	61.5	54.9	53.8	45.4
Petroleum export value (CFA)	100.0	32.2	38.6	44.4	34.8
Real Effective Exchange Rate	100.0	142.9	154.5	151.9	162.9
Terms of Trade	100.0	42.5	40.3	44.4	38.0
<u>In Percent of GDP</u>					
Gross Domestic Investment	24.9	16.5	14.7	12.6	10.7
Gross Domestic Savings	35.9	14.7	12.4	12.8	9.9
Government revenues		16.9	14.5	16.1	17.2
Overall Budget Deficit	-3.4	-5.0	-8.6	-9.5	-6.9
Total Outstanding Debt (includ. arrears)	29.0	41.5	46.7	51.9	60.0
<u>In Percent of Exports</u>					
Debt Service Due	22.9	33.8	31.7	19.5	38.0

Calendar years refer to preceding fiscal year, e.g., 1985 = July 1, 1984 - June 30, 1985.

**REPUBLIC OF CAMEROON**  
**TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**  
**Schedule 2: Maritime Transport Regulation and Development**  
**in sub-Saharan African Countries\***

**Maritime Transport Regulation**

1. The creation of the United Nations Conference on Trade and Development (UNCTAD) in 1964 resulted in the sensitization of developing maritime nations (DMNs) to the impact on their economic development of foreign dominance in their shipping trade. In 1974, DMNs succeeded in persuading the United Nations General Assembly to adopt the United Nations Convention on a Code of Conduct for Liner Conferences which was ratified and entered into force in 1983.
2. The shipping policies adopted by most West and Central African countries are essentially characterized by cargo reservation and flag discrimination. Typically, the policies empowered these nations to ensure that liner conference cargo was shared on a 40-40-20 basis, i.e., 40 percent being transported by national shipping lines, 40 percent by shipping lines of the partner countries, and 20 percent by outsiders. Although the Code of Conduct does not cover bulk and non-conference cargo, most African countries apply the Code to such cargoes as well. Nigeria, for example, reserves 50 percent of both liquid and dry bulk cargo and all non-conference cargo to and from the country for Nigerian shipping lines. Other "flag-discrimination practices" include the reservation of specific commodities (e.g., cocoa, cotton, bauxite) for national carriers. Other countries have tried to exclude certain flags from their entire shipping trade.
3. Indirect controls were implemented, which were detrimental to foreign shipping lines and subsidized the operation of national carriers until such a time as they would be capable of competing with foreign shipping lines on their own. These controls included currency regulations, insistence on selling on C.I.F (Cost, Insurance, Freight) and buying on F.O.B. (Free on Board) basis, the creation of freight bureaus to enforce the cargo sharing formula, the use of slot-charter arrangements, discriminatory freight taxes, import license controls, and preshipment inspection.
4. Shippers' councils were entrusted with the enforcement of the cargo sharing regulation. They were given conflicting missions: (a) to encourage the development of national shipping lines, one instrument being tariffs' increase; and (b) to protect the interests of shippers by assisting them in their dealings with shipowners and by participating in freight rates negotiations to resist the continuous increase practiced by shipping conferences in the early 1970s.
5. These policies have failed to develop African shipping lines. Most of the companies have gone bankrupt and have disappeared, or sold their traffic rights to the foreign shipping lines, for whose replacement they were created. The profits from such sales range from between 10 to 20 percent of the freight value. The only shipping lines that continue to operate their own vessels or charter vessels are in Nigeria, Côte d'Ivoire, Ghana, Cameroon and Togo. Reasons for failure are

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\* Source: *Shipping Services In West and Central African Countries. An SSATP Working Paper.* Okechukwu C. Iheduru, dated June 1, 1994



poor productivity, high operating costs, overstaffing, weak management, and interference from the State.

## Recent Development

6. The structure and organization of the shipping trade in West and Central Africa are changing from near-control by maritime conferences for more than 75 years to their near disappearance, the development of independent shipping lines and the concentration of the industry in maritime consortia. Conferences started to dismantle in 1992 when two major European shipping lines withdrew membership following fines imposed on them by the European Community for allegedly engaging in price-fixing and unfair trading practices. Independent lines developed because they were able to adapt quickly to the changing technology while conference shipping lines had to rationalize their services. Following their withdrawal from conferences, shipping lines embarked in a merging program which is resulting in the creation of three major consortia operating in West and Central Africa.

7. *European Union.* The maritime legislation in West Africa has been the object of substantial criticism by the European Union (EU). This is because effective implementation of the Liner Code requires bilateral agreements to ensure that the shipping companies of the importing and exporting countries obtain their 40 percent share. The EU considers that such bilateral agreements result into unequal treatment between EU shipping lines. For example, a Belgian conference member would only be able to compete for 20 percent of the traffic between France and Côte d'Ivoire, which is not allowed under the Treaty of Rome. Consequently, in 1986, the EU issued a Regulation calling on Member States to annul their bilateral agreements, which were to be replaced, if at all, by agreements granting shipping lines of *all* Member States to compete for the 40 percent of traffic to which they each lay claim under the Liner Code of Conduct (so-called "communitarisation" of traffic rights). In addition, in 1991, the EU issued heavy fines against a number of European Lines for having participated in restrictive practices in their West Africa -- Europe trade. As a result, these lines have now left the conference.

8. *Sub-Saharan Africa Transport Policy Program.* Maritime transport regulation and development were discussed during a Round Table organized in Cotonou (Benin) in 1992. The Round Table was attended by almost all West and Central African countries, donors and the major shipping lines. It recommended that six studies be carried out. These studies are expected to be completed in 1995 under the umbrella of the Trade and Transport component of the Sub-Saharan Africa Transport Policy Program (SSATP), coordinated by a committee of representatives of the main financing agencies, the Economic Commission for Africa (United Nations) and the World Bank:

- (a) **New Maritime Transport Policy:** This study aims at establishing a new policy to facilitate structural and technological change in maritime transport in the sub-region, taking into account the statutory obstacles to the establishment of a regional framework enabling economic operators to contribute to the development of transport services in the sub-region as a whole, and improve interstate cooperation. The study will also include an analysis of the restriction on

investments in the transport chain, and propose a framework to facilitate investments and joint-ventures at the regional level.

- (b) **Audit of the Ministerial Conference of the West and Central African States on Shipping:** This study will evaluate the organization and its objectives, as well as capabilities of the sub-regional agencies responsible for inter-state cooperation in the area of maritime transport and ports in West and Central Africa.
- (c) **Comparison of the Costs of International Chains of Transport:** The study will analyze the impact of the costs of the transport chains on the competitiveness of principal export products of the region.
- (d) **Maritime Transport Data Bank/Transport Monitoring System:** The objective is to develop such a bank/system at the national and sub-regional levels.
- (e) **Redefinition of the Role of Shippers' Councils:** This study will assess the missions of the shippers' councils, with a view to improving their services to users, including an analysis of constraints and options.
- (f) **National Shipping Lines:** This study will assess, within a regional framework, national shipping lines, and draft options for their viability.
- (g) **Transport Facilitation Plans:** This study will examine the status of transport facilitation and prepare plans of action in coordination with UNCTAD's sub-regional programs.
- (h) **Human Resource Management:** This study will define measures and provide training to strengthen human resource management as well as basic education to facilitate adaptation of personnel to the changing maritime environment.

9. *Maritime transport in Côte d'Ivoire and Senegal.* In the context of recent Bank adjustment operations, Côte d'Ivoire and Senegal have undertaken reforms of their maritime transport legislation to bring it more into line with the UNCTAD Code of Conduct of which they are signatories. In both countries, as of March 1, cargo sharing will be applied only to companies that are members of conferences in accordance with the dispositions of the Code. Hence, outsiders -- that is companies that are not conference members -- will be able to load import and export cargoes without prior authorization of shippers' councils.

10. At the same time, restrictions with respect to bulk transport are also being liberalized. Restrictive legislation has been a problem in Côte d'Ivoire where SITRAM, the state-owned shipping company, has had an exclusivity with regard to certain categories of bulk and refrigerated traffic, notably bananas, pineapples, wheat, etc. This exclusivity has now been reduced to 50 percent, as a first step towards full liberalization.

**REPUBLIC OF CAMEROON**  
**TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**  
**Schedule 3: Importance of Transport Sector Public Enterprises**  
**in the Overall Public Enterprise Sector**

**Table 1: Revenues and Subsidies (CFAF million)**

Sector	1989-1990				1990-1991				1991-1992			
	Revenues	Profit/loss before subsidies	Subsidies	Profit/loss after subsidies	Revenues	Profit/loss before subsidies	Subsidies	Profit/loss after subsidies	Revenues	Profit/loss before subsidies	Subsidies	Profit/loss after subsidies
Agro-Industry	58,966	-20,276	7,471	-12,805	59,598	-17,116	1,517	-15,599	60,466	-16,477	7,114	-9,363
Utilities	91,077	10,368	0	10,368	92,093	10,189	0	10,189	91,590	5,482	0	5,482
Transport	104,594	-27,998	54,969	26,971	100,214	-43,687	26,862	-16,825	91,718	-36,186	42,342	6,156
CAMAIR	33,502	-12,036	50,621	38,585	34,295	-21,146	15,482	-5,664	29,954	-23,989	38,718	14,729
CAMSHIP	20,044	-715	0	-715	17,786	-1,620	0	-1,620	16,594	-1,560	0	-1,560
CAMTAINER	998	19	0	19	1,210	-25	0	-25				
CNCC	1,648	-351	0	-351	1,612	-302	0	-302				
CNC	622	-202	0	-202	1,099	103	0	103	1,536	62	0	62
REGIFERCAM	24,367	-9,556	2,897	-6,659	20,649	-14,137	11,010	-3,127	21,179	-4,343	2,462	-1,881
SOTUC	3,817	-4,494	500	-3,994	3,810	-4,693	0	-4,693	2,466	-4,389	727	-3,662
CNPC	12,858	2,932	0	2,932	12,964	364	0	364	12,340	89	0	89
LABOGENE	2,304	-1,855	951	-904	2,555	-550	370	-180	4,982	-263	435	171
MATGENE	4,434	-1,740	0	-1,740	4,234	-1,681	0	-1,681	2,667	-1,793	0	-1,793
Petroleum	105,293	17,566	0	17,566	93,733	18,653	0	18,653	86,160	13,020	0	13,020
Others	12,755	-23,624	0	-23,624	107,070	-18,034	85,153	67,119	3,225	-198	95	-103
Total	372,685	-43,964	62,440	18,476	452,708	-49,995	113,532	63,537	333,159	-34,359	49,551	15,192

Source: Committee for the restructuring of public enterprises and public enterprises' financial statements.

**Table 2: Public Enterprises' Domestic Debt**

Creditor	Total PE Debt	Transport PE Debt
Government (general)	109.5	38.2
Government (onlent loans)	118.3	6.6
Other PEs	27.3	2.8
Private suppliers	19.6	18.3
Social Security System	79.0	31.4
State Debt Recovery Agency	75.3	-
Banks	62.4	24.4
Insurance	9.6	-
Total	501.0	121.7

**REPUBLIC OF CAMEROON**  
**TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**  
**Schedule 4: CAMAIR - A Company Profile**

**The Company**

1. Cameroon Airlines (CAMAIR) is a corporation (*Société Anonyme*). Its main stockholder is the Cameroon Government (75%). The remainder being owned by Air France. It has a capital of CFAF 5.250 million (US\$9.5 million), although its negative net worth is around CFAF 11,000 million (US\$20 million). In 1993, it was operating four aircraft (one 747-200 Combi, and three 737-200), with a staff of about 1,600 employees. It carried about 350,000 passengers, half of them on its domestic network, and generated a turnover of about CFAF 32,542 million (US\$59 million).

**Current Situation**

2. Since its inception in 1971, when Cameroon left Air Afrique, CAMAIR has continuously generated losses. Inadequate structure, along with a very thin market have been the major reasons (inadequate fleet, insufficient capital, overstaffing of up to 2,150 employees, etc.), but significant management errors and Government interference have also heavily contributed to its poor performance. A few actions have been taken but have remained insufficient to remedy the situation. The attempted restructuring of the airline in 1990 through a Performance Contract under the SAL had very limited success. In fact, in depth structural actions have not been taken while the airline still faces Government interference within its day-to-day operations. As a consequence, the airline permanently shows annual losses of about 20% of its turnover, while it is still over-staffed by 50%, and while its situation may even further deteriorate after the CFAF devaluation. Furthermore, the airline will soon have to replace its aging fleet (principally, its two 737s which are 22 years-old, the other 737 having been acquired in 1985, and the 747 in 1981).

**REPUBLIC OF CAMEROON**  
**TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**  
**Schedule 4: CAMAIR - A Company Profile**

**Table 1: Key Financial Data**  
*Exchange Rate: US\$1 = CFAF550 (post-devaluation rate)*

<b>RESULTS</b>	<b>1991/92</b> (in million CFAF)	<b>1992/93</b>	<b>1991/92</b> (in million US\$)	<b>1992/93</b>
1. Revenues	29 784	32 452	54.2	59.0
of which:				
Passengers (million FCFA)	26 670	25 456	48.5	46.3
Long-haul	16 863	15 517	30.7	28.2
Africa	5 903	6 203	10.7	11.3
Local	3 904	3 736	7.1	6.8
2. Net Result	-15 878	-6 310	(28.9)	(11.5)
3. Subsidies	30 607	256	55.6	0.5
4. Net profit after subsidies	14 729	-6 054	26.8	(11.0)
<b>BALANCE SHEET</b>	<b>1991/92</b> (in million CFAF)	<b>1992/93</b>	<b>1991/92</b> (in million US\$)	<b>1992/93</b>
<b>ASSETS</b>				
Fixed Assets	14 759	11 627	26.8	21.1
of which aircraft	10 348	7 421	18.8	13.5
Current Assets	12 842	16 026	23.3	29.1
of which administrative debt	10 348	7 421	18.8	13.5
<b>Total Assets</b>	<b>27 601</b>	<b>27 653</b>	<b>50.2</b>	<b>50.3</b>
<b>LIABILITIES</b>				
Short-term Liabilities	24 972	33 078	45.4	60.1
Long-term Debt	6 003	5 553	10.9	10.1
<b>Total Liabilities</b>	<b>30 975</b>	<b>38 631</b>	<b>56.3</b>	<b>70.2</b>
Capital Stock	5 250	5 250	9.5	9.5
Reserves & Provisions	6 854	5 315	12.5	9.7
Retained Earnings	(30 207)	(15 478)	(54.9)	(28.1)
Net Profit (or loss)	14 729	(6 065)	26.8	(11.0)
<b>Total Net Worth</b>	<b>(3 374)</b>	<b>(10 978)</b>	<b>(6.1)</b>	<b>(20.0)</b>

**REPUBLIC OF CAMEROON**  
**PROJECT FOR THE PREPARATION OF TRANSPORT SECTOR REFORM**  
**Schedule 4: CAMAIR Main Terms of the Operating Contract**

**Composition of the Managing Board**

1. To be composed exclusively of company executives nominated by the Operator.

**Autonomy of the Managing Board**

2. Managing Board to have full autonomy to take all decisions to manage the company in accordance with the policy and objectives approved by the Supervisory Board. In particular, Managing Board to have the right, in conformity with the corporate law, to:
  - (a) Dismiss personnel;
  - (b) Take disciplinary measures and exercise all recourse of the law, including court action, to sanction acts of fraud or professional misconduct;
  - (c) Close flight routes;
  - (d) Ground airplanes.
3. Government to undertake to abide strictly by the terms of the law and the company statutes in its relationship with the enterprise, and to abstain from interfering, either through the Supervisory Board, or directly through members of the personnel, in the management or operations of the airline.

**Objectives of the Operating Contract**

4. Create the conditions to privatize the company, possibly at the end of Year-2 of the Management Contract, or, if such a privatization is not possible, prepare a liquidation. Present a detailed action plan at the end of Year 1 to either privatize or liquidate. Implement the plan in order to complete privatization or liquidation by the end of Year 2.
5. Achieve the performance criteria to be set in terms of financial results (including cash flow and gross margin on sales) and productivity (such as ratio of number of passenger-miles to number of personnel).

**Remuneration of the Operating Company**

6. To consist of a fixed part and a variable part which will be based on the achievement of the operating objectives.

**REPUBLIC OF CAMEROON**  
**TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**  
**Schedule 5: REGIFERCAM - A Company Profile**

**The Company**

1. *Institutional and Economic Framework.* REGIFERCAM is a public corporation functioning under special Government regulations last modified in 1991. Rail infrastructure is owned by the State, but REGIFERCAM is responsible for maintenance and renewal. Regulations specify that REGIFERCAM operates on a commercial basis, in active competition with other modes of transport, and freely determines configuration and tariffs. Deficits caused by passenger rail services operated under a Public Service Obligation (PSO) are compensated by Government. Goods transportation accounts for 70% of REGIFERCAMs revenue, where rail transportation maintains a competitive advantage over road transportation for petroleum products, containers, cereals, and part of the traffic of land-locked Chad. Passenger rail service is not competitive with road transport, which uses more economical, high capacity intercity buses.

2. *Rail Facilities and Equipment.* Two railway lines exist, of which a single-track line of 913 km from Douala to Ngaoundéré, which is active for both passenger and freight traffic, and a line of 160 km from Douala to Nkongsamba, which is marginal. Rolling stock is adequate, although there is a backlog of maintenance. The track is generally in good condition, but the telecommunications system is inadequate and needs updating.

3. *Management.* The technical and operation management of REGIFERCAM is quite satisfactory; financial management is weak. REGIFERCAM has signed a Performance Contract with the Government for the FY89-FY93 period. Traffic forecasts on which the contract was based did not materialize, mainly due to the depressed macroeconomic situation. Financial objectives of the contract were not reached. A staff rationalization program was included in the contract, and has been fully implemented. Total staff was reduced from 6350 in 1989, to 3800 at present, but the ratio of staff costs to revenue (44%) is still too high, and the staff should be brought down to about 3000, about 35% of revenue.

**Recommended Action**

4. *Restructuring.* The current Performance Contract of REGIFERCAM has not resulted in the expected efficiently gains, as costs have not been controlled adequately allowing the wage bill to remain high while revenue declined. REGIFERCAM should therefore be restructured along the following lines: rail transport services would be managed and operated by a private operator, through a concession agreement. The concession agreement would allow the private operator full freedom to determine service configuration and tariffs, lower operating costs, maintain equipment and infrastructure and use its own procurement methods. REGIFERCAM would be transformed in a holding company and own all infrastructure, part of the rolling stock, which would be leased to the operating company at market rates. REGIFERCAM would charge a flat fee to the private operator for the right to operate the transport services. REGIFERCAM would continue to service existing debts and arrears, and proceed with staff reductions with the exception of those retained by the private operator.

**Table 1: REGIFERCAM (US\$ million) as of June 30, 1993 (unaudited) and 1992**

	1993	1992
<b>Source of Funds</b>	(22.9)	(22.4)
Capital and Reserves	62.3	65.6
Fixed asset Revaluation	134.7	138.9
<b>Total net worth</b>	<b>174.1</b>	<b>182.1</b>
<b>Long-term debts</b>		
- Donors	43.6	39.5
- Banks	18.6	18.4
<b>Total long-term debt</b>	<b>62.2</b>	<b>57.9</b>
<b>Arrears on long-term debts</b>		
- Donors	5.6	5.6
- Banks	8.5	10.3
Other (Social security, etc.)	11.8	13.6
<b>Total arrears</b>	<b>25.9</b>	<b>29.5</b>
<b>Total Net Worth and Liabilities</b>	<b>262.1</b>	<b>269.4</b>
<b>Application of Funds</b>		
Infrastructure and Superstructure	260.5	267.0
Other	2.3	2.8
<b>Total Assets</b>	<b>262.8</b>	<b>269.8</b>
<b>Working Capital</b>	<b>(0.7)</b>	<b>(0.4)</b>

5. REGIFERCAM's capital is seriously depleted, and the company relies entirely for its long term financing on borrowings, subsidies, arrears on long-term debt, banks and creditors. Working capital is in chronic deficit, and the situation is deteriorating. Currently, REGIFERCAM does not have access to new sources of capital, whether public or private.

**Table 2: Income Statement - June 1993 (unaudited) and 1992**

Revenue	34.1	39.2
Salaries	15.2	17.7
Finance charges	3.7	3.9
Other	11.0	12.8
<b>Total operating costs</b>	<b>29.9</b>	<b>34.4</b>
Cash flow from operations	4.3	4.8
Depreciation	14.5	15.8
<b>Net loss on operations</b>	<b>(10.2)</b>	<b>(11.0)</b>

6. REGIFERCAM's cash-flow for 1993 was barely sufficient to cover operational costs, but did not cover depreciation and debt servicing. In spite of an adequate regulatory framework, revenue has been declining because of competition from the road sector and the downturn of the economy in Cameroon. Production costs are high due to the high wage bill (44% of revenue), and debt servicing (11% of revenue).



**REPUBLIC OF CAMEROON**  
**TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**  
**Schedule 6: SOTUC - A Company Profile**

**The Company**

1. SOTUC is a mixed ownership (*Société d'Economie Mixte*) company: 55% is owned by the government, with Renault Véhicules Industriels (RVI), a wholly owned subsidiary of Renault of France, (21% of the shares), and the two cities of Yaoundé and Douala (12% each) being the other shareholders. The company employs 1,050 people and operates a total fleet of 190 buses in Yaoundé and Douala.

**Current Situation**

2. *The company is financially bankrupt.* 1992/93, the company made a loss of CFAF 3,962 million (US\$7.2 million at post-devaluation exchange rates) on revenues of CFAF 2,296 million. At the end of FY1992/93, its negative net worth was CFAF 30,904 million (US\$55.8 million) against a balance sheet total of CFAF 6,774 million. CFAF 22,363 million (US\$40.7 million) of debt are in arrears, including debt to the local commercial banks and payments to CNPS, the state pension fund, which has sued the company for recovery of its claims. The personnel has not been paid since January 1993. The company has operated without any liability insurance since 1988, being unable to pay insurance premiums.

3. *Its role as provider of a public service has eroded* in the face of increasing competition from private taxis. The number of passengers transported has declined from 152,000 in 1986, to 44,000 in 1991. The market share of the company is now estimated at less than 5%, as 35 to 40% of the urban population walk to work.

4. *Since 1989, successive restructuring plans have failed.* Various measures were taken as part of those plans, including personnel reduction, tariff reforms, acquisition of new equipment, signing of performance contracts, restructuring of the debt, involvement of a technical consultant in the management. In spite of all these measures, the company has continued to generate substantial losses and to be increasingly short of cash.

5. *The company has no cash to pay for the maintenance of its equipment.* It is estimated that it performs only 10% of what would be required for normal maintenance. Buses that break down can not be repaired and are "cannibalized" to supply spare parts to the buses which still run. At the current rate of depletion of the bus fleet, it is estimated that the company will have to cease operations in 3 years for lack of equipment.

**Recommended Action**

6. *The immediate liquidation of the enterprise is the only viable solution.* An outright privatization of the company is unrealistic as most bus routes cannot be run profitably with the type of equipment now being used. On the basis of a thorough analysis of the situation and market by Bank consultants, it is recommended to grant concessions to private operators for the most profitable bus routes, sell some of the buses to them through competitive bidding, and sell the remaining buses through international bidding to potential private or public buyers in the region. The concession for other bus routes for which the buses are not suitable should be granted to private operators who will then use minibuses. A traffic plan study to confirm urban transport demand will also be carried out.

**Table 1: SOTUC - Key Financial Data**

Millions of currency unit	1993	
	CFAF	US\$
<b>SOURCE OF FUNDS</b>		
<b>Capital and Reserves</b>		
Capital	3,100	5.6
Accumulated losses	(34,004)	(61.8)
Total Net Worth	(30,904)	(56.2)
Provision for Future Losses	578	1.1
<b>Long-Term Debt</b>		
Donors	11,296	20.5
Long-Term Debt in Arrears	5,827	10.6
Total Long-Term Debt	17,123	31.1
<b>Short-Term Liabilities</b>		
Bank Overdraft	4,040	7.3
CNPS	3,480	6.3
Personnel	879	1.6
Tax Arrears	4,445	8.1
Suppliers Moratorium	3,475	6.3
Other Suppliers	1,599	2.9
Other Current Liabilities	2,059	3.7
Total Short-Term Liabilities	19,977	36.3
Total Liabilities and Net Worth	6,774	12.3
<b>APPLICATION OF FUNDS</b>		
Buses	3,244	5.9
Accounts Receivable	1,991	3.6
Unpaid Capital	1,271	2.3
Other Assets	268	0.5
Total Assets	6,774	12.3
<b>INCOME STATEMENT</b>		
Revenues	2,296	4.2
<b>Operating Expenses</b>		
Personnel	1,825	3.3
Finance Charges	1,444	2.6
Other Costs	833	1.5
Total Operating Expenses	4,102	7.5
<b>Cash-Flow from Operations</b>		
Allowance for Depreciation	2,163	3.9
Reintegration of Provisions	(7)	0.0
Net Loss	(3,962)	(7.2)

**REPUBLIC OF CAMEROON**  
**TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**  
**Schedule 7: CAMSHIP - A Company Profile**

**Table 1: FY92 Balance Sheet (CFAF '000)**

<u>Assets</u>		<u>Liabilities</u>	
<b><u>Fixed Assets</u></b>	11,340	<b><u>Total Equities</u></b>	1,778
- Vessels	7,750	- Equity	6,136
<b><u>Current Assets</u></b>	11,267	- Accrued Results	(4,494)
		<b><u>Non-current Liabilities</u></b>	14,765
		- Long-term debt	6,885
		- Arrears	6,233
		<b><u>Current Liabilities</u></b>	6,064
<b>Total Assets</b>	<b>22,607</b>	<b>Total Liabilities</b>	<b>22,607</b>

**REPUBLIC OF CAMEROON**  
**TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**  
**Schedule 8: CAMTAINER - A Company Profile**

**FY94 Income Statement (CFAF million)**

<b><u>Revenues</u></b>	
Transportation	435
Transit	617
<u>Other</u>	<u>227</u>
<b>Total</b>	<b>1,279</b>
<b><u>Expenses</u></b>	
Materials and supplies consumed	347
Transport consumed	13
Other services consumed	336
Other charges	832
Payroll expenses	265
Taxes	28
Interest	110
Depreciation	179
Provisions	<u>242</u>
<b>Total</b>	<b>2,352</b>
Profit/Loss before tax	(1,073)
Tax	11
<b>Net Profit/loss</b>	<b>(1,084)</b>

**REPUBLIC OF CAMEROON**  
**TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**  
**Schedule 9: ONPC. A Company Profile**

**Table 1: 1992-1993 Balance Sheet (CFAF million)**

Assets		Liabilities	
Current Assets	6,643	Current Liabilities	12,148
Non-current Assets	64,547	Non-current Liabilities	19,832
		- Long-term Debt	13,727
		Total Equities	39,210
		- Equipment Subsidy	19,657
<b>Total Assets</b>	<b>71,190</b>	<b>Total Liabilities</b>	<b>71,190</b>

**Table 2: Income Statement (CFAF million)**

	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94
Revenues from port activities	11 664	11 831	12 811	12 731	12 089	13,063	16,728
Other revenues	65	93	47	233	251	86	378
<b>Total revenues</b>	<b>11 729</b>	<b>11 924</b>	<b>12 858</b>	<b>12 964</b>	<b>12 340</b>	<b>13,149</b>	<b>17,106</b>
Goods and materials	1 295	1 180	1 326	1 397	1 364	1,352	1,986
Transport services	139	112	116	134	103	182	339
Other services	696	402	495	546	451	822	1,155
Salaries	4 566	4 147	4 147	3 912	3 883	4,350	4,077
Taxes	45	115	115	54	55	24	21
Other expenditures	168	240	240	349	393	771	442
Operating loss/profit	<b>4 820</b>	<b>6 419</b>	<b>6 419</b>	<b>6 572</b>	<b>6 091</b>	<b>5,648</b>	<b>9,148</b>
Interest income	+ 5	+ 3	+ 3	+ 26	+ 24	165	71
Interest expenses	-1 875	-1 410	-1 410	-1 510	-1 661	-987	-1,603
Non-operating loss/profit	+ 1 697	+ 2 885	+ 2 885	+ 185	+ 422	+330	-509
Increase in value of cession	- 37	1	1	2	3	5	-8
Cash-flow	4 611	7 898	7 898	5 280	4 873	5,161	7,069
Depreciation	3 626	3 843	3 843	4 189	4 329	4,187	5,874
Provisions	132	1 123	1 123	726	455	281	372
<b>Net Profit/loss</b>	<b>+ 853</b>	<b>- 73</b>	<b>+ 2 932</b>	<b>364</b>	<b>89</b>	<b>693</b>	<b>823</b>
Operating Profit/loss	- 778	+ 336	+ 130	+ 181	- 211	358	1,332
Non-operating Profit/loss	+ 1 668	- 505	+2 801	+ 181	+ 303	330	-506
Profit/loss on cession of assets	+37	+96	+ 1	+ 2	- 3	5	-3

1. Depreciation accounts for 32 per cent of revenues. In 1993, salaries accounted for 33 per cent of revenues and had increased for the first time since 87/88. In 1994, salaries had decreased by 6 percent and accounted for 24 percent of revenues.
2. The financial ratios are analyzed hereafter:
  - (a) Solvency and financial autonomy are sound. The long-term debt to equity ratio is correct in comparison of a maximum acceptable ratio of 0.5. The current ratio allows for contracting additional long-term debt.
  - (b) The return on equity is very low, but this is not an important factor for a port. The cash-flow seems sufficient.
  - (c) The operating profit ranges between 43 and 54 percent of revenues, which is enough because of the significant percentage required for depreciation of assets.
  - (d) The interest coverage ratio ranges between 3 and 3.5 and should increase.

**Table 3: Net Profit/Loss per Port (CFAF million)**

	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93
ONPC	+ 853	- 73	+ 2 932	+ 364	+ 89	+ 693
Douala	+ 1 002	- 23	+ 2 196	+ 411	+ 43	+ 602
Garoua	- 62	- 56	+ 87	- 51	- 30	- 40
Kribi	+ 25	+ 22	+ 230	- 24	+ 17	+ 79
Limbe/Tiko	- 112	- 16	+ 419	+ 28	+ 59	+ 52

**REPUBLIC OF CAMEROON**  
**TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**

**Schedule 10: CNIC - A Company Profile**

1. The dockyard uses one 10,000-ton and two smaller (500 tons and 1,000 tons) dry-yards. The 10,000-ton dry-yard was purchased in 1988. The other two are much older. The 10,000 ton dry-yard is located along berth nb. 14 in the Douala port container terminal, at 3.7 km from the workshop. CNIC is owned 30 percent by foreign private investors and 70 percent by Cameroonian public enterprises:

- (a) ONPC, the national port authority: 20%;
- (b) SNI, the State holding company: 15%;
- (c) SNH, the national petroleum company: 10%;
- (d) CNCC, the shippers' council: 10%; and
- (e) CAMSHIP, the national shipping line: 10%.

2. Before devaluation, the return on the dockyard activity was estimated at about 15 percent, which is insufficient in view of the assets placed at its disposal almost free of charge. These assets include the US\$11 million dry-yard, the workshop and the use of a berth in the port of Douala for about US\$50,000 per year). CNIC is seeking Government's financing for the relocation of the dock, including the construction of a new berth and dredging, and for the rehabilitation of the workshop. The cost of these investments is estimated at above US\$10 million. The return after investment would drop to 10 percent. After devaluation, CNIC became more competitive and its revenues increased. Thus, the return of the activity is expected to be higher than the above estimates. CNIC competes with Abidjan, Côte d'Ivoire, and Capetown, South Africa, both at about 3,000 km from Douala. The market consists of petroleum offshore companies and local or regional shipowners.

**Table 1: 1992-1993 Balance Sheet (CFAF '000)**

<b>Assets</b>		<b>Liabilities</b>	
<b><u>Current assets</u></b>	805	<b><u>Current liabilities</u></b>	582
Accounts receivable	689	<b><u>Total equities</u></b>	534
<b><u>Non-current assets</u></b>	311	Accrued results	-369
Fixed assets	288	Equity	800
Other assets	23	Others	105
<b>Total assets</b>	<b>1,116</b>		<b>1,116</b>

**Table 2: 1992-1993 Income Statement (CFAF '000)**

<b><u>Revenues</u></b>	1149
. Sales	1,103
. Other revenues	46
<b><u>Operating Expenses</u></b>	1,058
. Salaries	361
. Materials and supplies consumed	410
. Services consumed	270
. Taxes	7
<b><u>Operating income</u></b>	150
. Other expenses	31
. Interest expenses	11
. Depreciation and provisions	108
<b><u>Net Operating Income</u></b>	-59
<b><u>Net non-operating Income</u></b>	-34
<b><u>Net income before tax</u></b>	-63



**Table 3: Financial Forecast without Investment**

Assumptions	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Local Inflation (%)				12,50	17,70	11,70	6,25	5,75	5,25	4,75	4,25	4,00	4,00
Foreign Inflation (%)				3	3	3	3	3	3	3	3	3	3
Devaluation (%)					100								
Growth of activity (%)				3	3	3	3	3	3	3	3	3	3

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Overhaul PBC	57	136	20	23	28	32	35	39	42	45	48	52	56
Overhaul PBE	130	270	208	331	468	497	527	559	593	629	668	708	751
Overhaul GBC	23	955	216	250	303	349	382	416	451	487	523	560	600
Overhaul GBE	641	71	526	837	1.184	1.256	1.333	1.414	1.500	1.591	1.688	1.791	1.900
Works for the local industry	23	39	17	20	24	27	30	33	36	38	41	44	47
Transit and agency	107	34	50	58	70	81	88	96	104	113	121	130	139
Others	113	30	50	58	70	81	88	96	104	113	121	130	139
<b>Total revenues</b>	<b>1.094</b>	<b>1.535</b>	<b>1.087</b>	<b>1.577</b>	<b>2.148</b>	<b>2.323</b>	<b>2.484</b>	<b>2.653</b>	<b>2.830</b>	<b>3.016</b>	<b>3.210</b>	<b>3.414</b>	<b>3.631</b>
Salaries	329	296	382	350	424	488	534	582	631	681	731	783	839
Materials and supplies	302	526	382	567	779	839	895	954	1.016	1.082	1.151	1.223	1.300
Transport consumed	17	21	16	19	22	26	28	31	33	36	39	41	44
Other services consumed	341	331	262	319	399	452	491	533	575	619	663	709	758
Taxes	7	17	8	9	11	13	14	15	17	18	19	21	22
Others	51	64	50	35	42	48	53	58	63	68	73	78	0
<b>Total operating expenses</b>	<b>1.005</b>	<b>1.215</b>	<b>1.060</b>	<b>1.299</b>	<b>1.678</b>	<b>1.866</b>	<b>2.016</b>	<b>2.173</b>	<b>2.335</b>	<b>2.503</b>	<b>2.675</b>	<b>2.855</b>	<b>3.047</b>
Operating income	89	320	27	278	470	458	468	480	495	513	535	559	585
Interest expenses	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating income after interest	89	320	27	278	470	458	468	480	495	513	535	559	585
Depreciation	79	63	57	72	81	50	106	61	82	70	82	87	100
Provisions	0	196	50	50	50	50	50	50	50	50	50	50	50
<b>Net operating income</b>	<b>10</b>	<b>61</b>	<b>-80</b>	<b>156</b>	<b>339</b>	<b>358</b>	<b>312</b>	<b>369</b>	<b>363</b>	<b>393</b>	<b>403</b>	<b>422</b>	<b>435</b>
Net non-operating income	94	0											
<b>Net income before tax</b>	<b>104</b>	<b>61</b>	<b>-80</b>	<b>156</b>	<b>339</b>	<b>358</b>	<b>312</b>	<b>369</b>	<b>363</b>	<b>393</b>	<b>403</b>	<b>422</b>	<b>435</b>

PBC:small Cameroonian vessels; GBC:large Cameroonian vessels; PBE:small foreign vessels; GBE:large foreign vessels.

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Stocks (nb. of months)	1,7	2	2	2	2	2	2	2	2	2	2	2
Clients (number of days)	135	135	100	75	45	45	45	45	45	45	45	45
Suppliers (nb. of months)	4,5	4,5	3	2	2	2	2	2	2	2	2	2
Stocks (CFAF million)	74	64	94	130	140	149	159	169	180	192	204	217
Accounts receivable (CFAF million)	567	402	432	441	286	306	327	349	372	396	421	448
Accounts payable (CFAF million)	330	329	165	151	200	219	236	253	271	289	309	329
Short-term financing needs	311	136	362	420	226	236	250	265	281	298	316	335
Annual Variation		-175	225	59	-194	10	14	15	16	17	18	19

Discount ratio for liquidation	20%
Internal rate of return (IRR)	14,63%
Devaluation ratio	100%

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Operating income	320	27	278	470	458	468	480	495	513	535	559	585
Lease due to ONPC	25	25	50	50	50	50	50	50	50	50	50	50
Investment	23	110	100	200	200	200	200	200	200	200	200	200
Variation of short-term financing needs		-175	225	59	-194	10	14	15	16	17	18	19
Residual value												<u>3.624</u>
<b>Cash-Flow (CF)</b>	<b>322</b>	<b>117</b>	<b>3</b>	<b>261</b>	<b>502</b>	<b>308</b>	<b>316</b>	<b>330</b>	<b>347</b>	<b>368</b>	<b>391</b>	<b>3.940</b>
Annual CF discounted at 20%			3	181	291	149	127	111	97	86	76	636
Actual CF discounted at 20%			1.755									
Annual CF discounted at TRR			3	199	333	178	160	145	133	123	115	
Actual CF discounted at IRR			2.396									1.006

Table prepared before the January 1994 devaluation on the basis of the preliminary 92-93 financial statements.

**REPUBLIC OF CAMEROON**  
**TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**  
**Schedule 11: MATGENIE - A Company Profile**

**Table 1: 1992-1993 Balance Sheet (CFAF '000)**

Assets		Liabilities	
<b><u>Current assets</u></b>	8,383	<b><u>Current liabilities</u></b>	5,618
Inventories and other current assets	1,341	<b><u>Non-current</u></b>	5,941
Accounts receivable	7,042	<b><u>liabilities</u></b>	281
<b><u>Non-current assets</u></b>	3,457	<b><u>Total equities</u></b>	930
Technical Assistance	972	Equipment subsidy	-9,261
Fixed Assets	2,418	Accrued results	3,313
Other Assets	67	Equity	5,299
		Others	
<b>Total assets</b>	<b>11,840</b>		<b>11,840</b>

**Table 2: 1992-1993 Income Statement (CFAF '000)**

<b><u>Revenues</u></b>	1,631
Leasing of equipment	1,316
Sale of spare parts	267
Other revenues	39
Equipment subsidy	9
<b><u>Operating Expenditures</u></b>	2,306
Salaries	1,993
Materials and supplies consumed	30
Transport consumed	7
Other services consumed	109
Sale of stocks	162
Taxes	5
<b><u>Operating income</u></b>	-675
. Other expenses	1,098
. Interest expenses	362
. Depreciation	736
. Provisions	564
<b><u>Net Operating Income</u></b>	-2,336
<b><u>Net non-operating income</u></b>	1,232
<b><u>Net income before tax</u></b>	-1,104

**REPUBLIC OF CAMEROON**  
**TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**  
**Schedule 12: LABOGENIE - A Company Profile**

**Table 1: 1992-1993 Balance Sheet (CFAF '000)**

Assets		Liabilities	
<b><u>Current assets</u></b>	4,892	<b><u>Current liabilities</u></b>	7,291
Accounts receivable	4,847	<b><u>Non-current liabilities</u></b>	0
<b><u>Non-current assets</u></b>	1,963	<b><u>Total equities</u></b>	-436
Fixed Assets	198	Equipment subsidy	1,935
Other Assets	1,765	Accrued results	-3,223
		Equity	59
		Others	793
<b>Total assets</b>	<b>6,855</b>		<b>6,855</b>

**Table 2: 1992-1993 Income Statement (CFAF '000)**

<b><u>Revenues</u></b>	719
Net sales	755
Other revenues	-31
Operating subsidy	5
<b><u>Operating Expenditures</u></b>	1,332
Salaries	1,133
Materials and supplies consumed	98
Transport consumed	7
Other services consumed	80
Taxes	14
<b><u>Operating income</u></b>	-613
Other expenses	336
Interest expenses	314
Depreciation and provisions	190
<b><u>Net operating income</u></b>	-1,453
<b><u>Net non-operating income</u></b>	975
<b><u>Net income before tax</u></b>	-483

**REPUBLIC OF CAMEROON**  
**TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**  
**Schedule 13: Road Maintenance Budget and Performance**

**A. Road Maintenance Budget**

	89/90	Actual expend.	90/91	Actual expend.	91/92	Actual expend.	92/93	Actual expend.	93/94	Actual expend.
Operating Budget										
Salaries	10,020	100%	8,546	121%	8,314	117%	8,984	98%	8,439	N/A.
Maintenance expenditures	5,757	100%	6,052	100%	7,492	100%	7,500	98%	10,800	N/A.
Other expenditures										
Sub-total	16,646	99%	15,246	112%	16,362	108%	16,876	98%	19,839	N/A.
Investment Budget	4,404	96%	9,620	77%	8,343	44%	4,915	73%	4,910	N/A.
Total	21,050	99%	24,866	98%	24,705	87%	21,791	92%	24,749	N/A.

The percentage of actual expenditures is not yet available for the 93/94 fiscal year.

**B. Earth Road Maintenance Performance**

	Regraveling (km)	Grading (km)
1982/83	430	12,549
1983/84	617	28,429
1984/85	746	28,160
1985/86	696	25,596
1986/87	444	26,549
1987/88	1,392	15,819
1988/89	1,933	17,369
1989/90	788	20,400
1990/91	784	12,902
1991/92		
1992/93	75	4,483

**REPUBLIC OF CAMEROON**  
**TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**  
**Schedule 14: Strategy, Timetable and Key Financial Data for the Privatization of Air Services**

**I. STRATEGY**

1. The Government of Cameroon (GOC) is planning to restructure and privatize the national flag carrier (CAMAIR), in order to achieve the following objectives: (a) make domestic and international air transport service more efficient; (b) reduce government involvement; and (c) promote private sector participation in the aviation industry. Given the present difficulties of Camair's financial situation, together with the need for the continuation of the provision of air transport services by a national flag carrier, the GOC is considering a two-fold strategy: (i) the legal and financial restructuring of CAMAIR, and (ii) the privatization of a restructured CAMAIR. For the privatization strategy, the GOC will explore the use of innovative mechanisms for attracting foreign investors, such as the capitalization of the company, the use of a management contract (MC) with deferred privatization options (DPO), or any other mechanism that could attain the desired objectives.

**A. Background**

4. Cameroon Airlines (CAMAIR) is a corporation under the Cameroonian civil legislation (*Société Anonyme*) created by Law No. 71/LF/4 on June 4, 1971. The airline has currently the following ownership structure: (i) The GOC holds 75 %, and (ii) Air France holds the remaining shares<sup>1</sup>. The airline operates five aircrafts: (a) one B-747-200 combi (1981), (b) two B-737-200 (1972), (c) one B-737-200 (1985), and (d) one Dash - 8 (1986). Following is the distribution and structure of its traffic markets during the period 1993/94 (June 30 to July 01):

**Table 1: CAMAIR Traffic Markets (Passengers)**  
1993/94 (estimates)

<i>Traffic Markets</i>	<i>No. passengers</i>	<i>% of total</i>	<i>load factor</i>
Long Haul (Douala - Paris)	59,720	20.60 %	51.00 %
Regional (Africa West, Central and East - inc. Johannesburg)	98,871	34.10 %	70.00 %
Domestic (Douala, Yaoundé, Ngaoundéré, Maroua, Garoua)	131,268	45.30 %	32.00 %
<b>Total</b>	<b>289,859</b>	<b>100.00 %</b>	<b>49.00 %</b>

*Source: CAMAIR - Commercial Director (July 1994)*

5. Since its origin in 1971, when Cameroon left Air Afrique (joint venture airline between several African countries), the company has suffered from an inadequate structure (i.e., inadequate fleet and route structure, insufficient working capital, overstaffing, etc.) that has contributed to a poor financial performance. Government interference, administrative malpractices and management errors have added difficulties to successful achievements in the airline operations. Estimated debt and arrears as of June 30, 1994, were CFA 42,100 millions (equivalent to approx. US\$77.0 million). Of this total, approximately 70 to 75 % is related to government agencies<sup>2</sup> (CNPS - social security and pensions, ASECNA C - airport and air navigation

<sup>1</sup> Source: Ernst & Young - Fiscal Audit April 30, 1994

<sup>2</sup> Or has been assumed by the GOC, from private creditors, under the Performance Contract Agreement (08/24/90)

authority, tax authorities, etc.). The market value of the aviation related assets<sup>3</sup> was estimated at approximately US\$50 million in 1993. The labor force consists of 1612 employees (down from 2105 in 1992), and it is estimated that with a total of 900 employees, the airline could be run as efficiently at present. Under present circumstances (status quo scenario - no change), operating and financial losses of the airline are estimated to be between US\$8.0 and 10.0 million per year.

**Table 2: Strengths and weaknesses of CAMAIR**

<i>Strengths</i>	<i>Weaknesses</i>
1. Aviation related assets are fully paid.	1. Total debt and arrears are approx. US\$77 million
2. Exclusive traffic rights to 38 countries. Only 15 been used at present.	2. Non attractive domestic market (airfares are regulated and there is a need to service social routes - Northbound markets)
3. Relatively low cost labor force. Government willingness to help in the reduction of employees (1612 to 900).	3. Overstaffing and high termination benefits agreement under the 1990 performance contract.
4. High costs maintenance overhaul (D checks) have being made to the aircrafts. Next D checks are planned for 1999.	4. Lack of adequate Management Information Systems (i.e., accounting, inventory, yield management, treasury, etc.)
5. Attractive Regional markets (Africa) with relatively weak competition.	5. Past experience of administrative malpractices (ticket collection, free fares, etc.)
6. Possibility of developing a B-737 regional maintenance center (provide services to other airlines)	6. Low utilization rate (operations hours/block hours) of the B-747-200.
7. Aircraft well-maintained under ATLAS, Air France standards	7. Poor passenger terminal facilities at Douala (main commercial market in Cameroon).
8. GOC decision to solve Camair's government related debt and implement restructuring mechanisms that eliminates interference with day to day operations.	8. Cameroon traffic market has not yet recovered from last CFA devaluation (January 1994)

## **B. The Proposed concept for the Restructuring and Privatization of CAMAIR**

### **6.2. Conceptual framework of the restructuring/privatization proposal.**

**Basic premise<sup>1</sup> (hypothesis):** Given Camair's present condition (i.e., negative net worth, lack of information systems, lack of availability to audited financial statements and relevant accounts, overstaffing, etc.), and the situation of the African airline market (i.e., region with the slowest growth potential in the ICAO/IATA forecasts), the GOC considers it unrealistic to expect the privatization of CAMAIR as it is, through a public bidding process. Therefore, a restructuring process will be initially used before successful implementation of the privatization strategy<sup>4</sup>.

#### **Principles:**

Separate the issue of the settlement of past debt and arrears from the air transport operations (continuity of domestic and international services).

Improve airline operations management and increase the productivity ratios of the company (ASK<sup>5</sup> per employee, RPK<sup>6</sup> per employee, yield, etc.). Reduce the operating losses, trim the labor force,

<sup>3</sup> Aircraft and other aviation-related equipment are fully owned (and depreciated) by CAMAIR. There are no debt or lease related obligations with the aircraft.

<sup>4</sup> However, privatizing CAMAIR as it is (without restructuring) will be a preferred option, if possible.

<sup>5</sup> ASK (average seat kilometer)

open new routes in the regional markets, abandon unprofitable routes, and start generating profits in a given period (e.g., 24 months).

Privatize through an international bidding process, a controlling block of shares of a restructured CAMAIR (legal and financially). Preferably, the controlling interest should be sold to a consortium representing private Cameroonian interests and a major regional and/or international carrier.

### 6.3 *Proposed Strategy* for the restructuring and privatization of CAMAIR.

Complete the legal and financial restructuring of CAMAIR. Privatize the management and ownership of the restructured airline through the use of the following options (one of them or a combination of both): (a) immediate capitalization of the airline by a group of private investors with full management control of the company (*management and immediate ownership*); or (b) use of a management contract, with deferred privatization options as a mechanism to improve the airline's performance and generate private sector involvement (*management and subsequently ownership*).

#### Phase I:

### 6.4 *Legal and financial restructuring* of CAMAIR.

(a) Creation of a new commercial company (e.g., CAMAIR II) to provide air transport services to Cameroon under an operational agreement (i.e., concession or license on traffic rights, lease of office space and maintenance facilities, etc.) with CAMAIR (and/or the GOC). CAMAIR II will be initially incorporated with a relatively low paid-in capital (step 1), as a new company under the ownership of Ministry of Finance. Aviation related assets and traffic rights will be transferred to CAMAIR II in order to continue the provision of air transport services to Cameroon. The transfer of aircraft-related assets will be done through a capital increase (i.e., capitalization of CAMAIR II, step 2) in order to provide the new company with the necessary equity base to develop operations and access working capital finance.

(b) Isolation of CAMAIR from the operational aspects of air transport services (i.e. liquidation process). A senior officer<sup>7</sup>, with relevant experience (i.e., the liquidator of CAMAIR), will receive a mandate from Camair's general assembly to negotiate, restructure, transfer or cancel existing debt and arrears. The mandate will also include the termination of redundant staff, and the divestiture of unprofitable assets. It will be executed in a given period of time (e.g., one to two years). During the restructuring period of CAMAIR (i.e., from one month to 24 months), the GOC, together with an advisory team (i.e., legal advisors and financial advisors) will prepare the privatization of the airline operations according to the following steps:

- (a) Transfer the aviation related assets and traffic rights to CAMAIR II and proceed with the dissolution of CAMAIR. Appropriate legal mechanisms will have to be implemented for the transfer of traffic rights, in order to minimize the consultation process with each signing country in Cameroon's bilaterals.
- (b) Terminate Camair's employees. Approximately 900 employees will be rehired by CAMAIR II (for these employees an employee stock ownership program - ESOP - will be developed based on the use of their termination benefits). The remaining 700 employees will be laid off and their termination benefits paid. The GOC intends to apply a labor restructuring process similar to the one used for the liquidation of the Airport Authority of Cameroon and the creation of a new corporation, *Aéroports du Cameroun*.

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<sup>6</sup> RPK (revenue passenger kilometer)

<sup>7</sup> This person should be a relatively high ranking officer from the airline, the GOC or from the private sector, who could act and negotiate as the liquidator.

**Table 3: Proforma Initial Balance Sheet - CAMAIR II**

<i>Assets (US\$ millions)</i>		<i>Liabilities (US \$ millions)</i>	
Aircraft	47.0	IATA (airlines compensation)	8.0
Ground Handling Equipment	1.0	Tickets sold (not flown)	10.8
Spare parts	1.0	Other Commercial Debt	11.2
Trade Mark	1.0		
		<b>Total Liabilities</b>	<b>30.0</b>
<b>Total Assets</b>	<b>50.0</b>	<b>Net Equity</b>	<b>20.0</b>

*(only for illustrations purposes)*

*Source: Mach 2000 asset valuation / CAMAIR June 30, 1994 financial statements (non audited)*

- (c) Establish the "fair value" of CAMAIR II in order to determine the price of the shares to be privatized. Equity participation to be sold to a private consortium formed by Cameroonian private investors and the strategic partner (major regional and/or international carrier - management contractor). Given the need of CAMAIR II to maintain Cameroonian nationality (51%), and the reduction of public sector participation, a group representing private Cameroonian interest would be needed to implement the strategy.

**Table 4: CAMAIR II ownership structure under the proposed concept (after the restructuring period)**

<i>Investors Group</i>	<i>Proposed Participation</i>
Ministry of Transport	20 - 25 %
Cameroonian Private Investors	20 - 25 %
Strategic Partner (i.e., air carrier)	40 - 50 %
ESOP	0 - 10 %
<b>Total</b>	<b>100 %</b>

*Consortium = Cameroonian private Investors + Strategic partner (approx. 60 - 75 %)*

## **Phase II:**

6.5 Option (a): Privatization of CAMAIR II through a capitalization strategy. Subscription of a capital increase in the equity of CAMAIR II by a group of strategic investors (i.e. the consortium). Using the illustration figures from Table 3, if the strategic group were to subscribe 50 % of CAMAIR II equity, the required amount would be US\$20.0 million. This option has the following advantages: (i) it generates private sector participation immediately after the restructuring phase, (ii) if the amount subscribed by the strategic investor is 50% or more, it would automatically provide the management control to the new investors (i.e., in principle, no management contract will be needed under this scenario), (iii) prospective investors will be more willing to inject capital in a company that they will be controlling (i.e., capitalization), than a cash disbursement to the GOC through the acquisition of existing shares in CAMAIR II, and (iv) it would provide CAMAIR II with needed working capital for the improvement of operations (i.e., information management systems, aircraft upgrades, etc.).

In order to increase the attractiveness of the transaction (i.e., capital increase) to the prospective investors, contributions other than cash could be considered for the equity subscription. Payment in kind, for the



subscription of capital, such as the use of airline related assets (i.e., aircraft, equipment, etc.), airline-related services (i.e., reservation systems, yield management systems, ground handling services, etc.), and the provision of management services would facilitate the flow of foreign investment.

6.6. Option (b): Privatization of CAMAIR II through the use of a Management Contract (with deferred privatization options).

Development of a management contract (MC) for the air transport operation of CAMAIR II for an initial pre-determined period (e.g., 24 months). The MC would have the following features:

Base management contract with performance and evaluation criteria as well as incentive mechanisms. The main objective of the MC will be to improve the productivity and profitability ratios (reduce operational losses and generate profit) of the airline operation. The MC will be targeted to select private contractors with expertise in the industry, and preferably in the Africa Region (i.e., international or regional air carriers - strategic partner). The management team will *de facto* have the potential to become future shareholder of CAMAIR II.

Deferred privatization options. The MC will additionally include privatization options such as:

(i) *Purchase option* for a given number of shares (i.e. see Table 4) in CAMAIR II at a pre-determined value (or price formula). This price formula would be based on a technical and accounting audit of the net assets to be transferred to CAMAIR II (i.e., audit by a recognized international firm). The price formula and corresponding share values will be developed by the Financial Advisor in coordination with the GOC. The option would expire at the end of the pre-determined period, but it could be exercised at any moment during such period.

(ii) Use of *profit sharing* mechanisms against the value of a share at a future conversion date. The incentives in the MC should be linked to profit generation (loss reduction). Instead of paying cash to the management team for the profit sharing bonus, the payment could be made in kind (shares) as part of the purchase option participation.

(iii) *Right of first refusal* in the event of an offer to purchase a controlling interest by a third party, during the life of the MC, on the remaining shares not included in the initial purchase option.

**Initial subscription of capital.** An initial percentage of CAMAIR II equity could be subscribed by the management contractor (i.e., management team), in order to provide working capital to the new company through an equity increase, therefore having a participation in CAMAIR II from the start of operations. This feature could also be used to develop an objective selection criteria among prospective bidders (i.e., management contractors), by allowing the amount of initial capital for a subscription to be determined by the bidder (e.g., minimum of 5% to a maximum of 50%). The highest initial capital increase offered by any given contractor will become the winning bid. The use of this mechanism will contribute to a more expeditious privatization of the restructured airline<sup>8</sup>.

The use of this type of MC (*MC + deferred privatization options*), could provide strategic partners (air carriers) with a low-cost and low-risk alternative to explore the business opportunity of the airline operation in Cameroon. The contractor (management team) will have the opportunity to manage the airline operation (i.e., restructure routes, improve ratios, train personnel, etc.), before making an important investment commitment. The GOC will benefit from an air transport service run by an experienced management team

<sup>8</sup> In theory, a 50 % initial subscription by the MC will eliminate the need to use deferred privatization options, thus privatizing CAMAIR II from the start of operations. Given the airline industry situation, and the economic conditions of Cameroon, this option could be difficult to implement in the beginning, but will, nevertheless, be preferable to any deferred option.

(that has the additional incentive of future ownership), and by concentrating its efforts on the settlement of debt and arrears, the reduction of labor force, and divestiture of unprofitable assets in CAMAIR.

Table 5 illustrates a sample restructuring plan for the airline operations in Cameroon, which could be used as an indication for the development of the Base management contract.

**Table 5: Base Management Contract  
Performance Criteria (for illustration purpose)**

<i>Criteria</i>	<i>Unit</i>	<i>Business Plan</i>
<b>Marketing:</b>		
Load factor long haul market (passenger and cargo)	% capacity	60 % (p)
Load factor regional market (passenger and cargo)	% capacity	75 % (p)
Yield regional market (passenger)	CFA/ seat	125,000
Revenue volume total system (passenger)	RPK	50.0 MM
<b>Finance:</b>		
Operating profit Regional routes	% revenues	15 %
Crew cost per operational hour	CFA/hour	90,000
<b>Technical</b>		
Punctuality index	%	88 %
ratio of aircraft utilization - B 747-200	% oper./block	65 %

**Privatization Process.**

**6.7. Option (a): Capitalization strategy**

The award of the equity increase subscription in CAMAIR II will be done through an international bidding process with public announcements. The bidding criteria will be developed by a Financial Advisor in coordination with the GOC. Criteria such as the following could be used for the award process: (i) highest bid for the capital subscription (e.g., base price + premium), (ii) bid with the highest % of cash contribution, etc. The consortium (para. 6.3.b) should be structured previous to the award of the equity subscription.

**6.8 Option (b): Management Contract + DPO**

The award of the MC + deferred privatization options will be done through an international bidding process with public announcements. The bidding criteria will be developed by a Financial Advisor in coordination with the GOC. Criteria such as the following could be used for the award process: (i) premium to be paid over the recommended base price (price formula), (ii) level of economic incentives proposed in the MC, (iii) initial equity increase subscription through the contribution in kind to the equity of CAMAIR II (i.e., aviation related assets and/or services). *De facto*, the award of the MC + deferred privatization option will be an advance sale of a controlling participation in CAMAIR II. The consortium (para. 6.3.b) could be structured previous to the award of the MC and/or during the restructuring period<sup>9</sup>.

Conversion of the purchase option (in the MC) into ownership during the pre-determined period by the selected management contractor (and/or consortium). In case the purchase option is not exercised by the contractor, the GOC would then proceed to privatize through open bidding for a restructured CAMAIR (CAMAIR II).

<sup>9</sup> To be determined by the Financial Advisor in coordination with the GOC prior to the award process.

In the event that no bidders are interested in CAMAIR II, other divestiture strategies will have to be developed and implemented (i.e., liquidation of the company, auctioning of the international traffic rights, sale of the aircraft related assets, and spin-off of the domestic operations).

Note: The use of a "privatization trust concept" or similar would be explored by the Financial Advisor as a mechanism to increase the comfort of the prospective management contractors (i.e., future shareholders in CAMAIR II) in the future actions of the GOC with respect to their shares in CAMAIR II.

### C. Legal framework and process of the "proposed concept"<sup>10</sup>

7. A preliminary legal assessment of the "proposed concept" has been done for the preparation of the "proposed concept". The major legal procedures could be summarized as follows:

- (a) Incorporation of CAMAIR II as a separate legal entity under the law of Cameroon. CAMAIR II will be a limited liability company (i.e., *société anonyme*) and the majority of its capital will be held by Cameroonian shareholders (i.e., 51%). The right to use or the ownership of the key airline related assets (i.e. traffic rights, aviation related assets, building and offices, contracts, name) will be transferred from CAMAIR to CAMAIR II.
- (b) Transfer of the selected employees to CAMAIR II, either by continuing the current labor agreements or by terminating them and initiating new labor agreements (re-hiring process). A selection procedure similar to the one used for the privatization of ADC (i.e. *Aéroports du Cameroun*) could also be applied.
- (c) Capitalization of CAMAIR II and/or development of the Management Contract, including the performance criteria, evaluation criteria, and management incentives.
- (d) Documentation of the Purchase Option (deferred privatization options) on CAMAIR II shares. This could be granted by the agreement between the management contractor and the shareholder of CAMAIR II (i.e., the GOC) of a unilateral promise of sale. It could be provided in the promise of sale that the number of shares covered by the option and the option itself would not be subject to negotiation.
- (e) Development of the "privatization trust concept" for the shares to be sold at a later date to the management contractor and other private investors (i.e., Cameroonian investors).

<sup>10</sup> This preliminary legal assessment applies to both option (a) and (b), with the exemption that in option (a) there might not be a need for a management contract (i.e., if equity subscribed by the consortium-strategic investor is equal or above 50%).

**REPUBLIC OF CAMEROON**  
**TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**  
**Schedule 14: Strategy, Timetable and Key Financial Data for the Privatization of Air Services**

**II. TIMETABLE**

Action	Résultat attendu	1994												1995												1996											
		N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O
Revue par le Gouvernement des termes de référence du conseiller financier	Accord transmis à l'IDA	■																																			
	Non-objection de l'IDA	■																																			
Préparation de la lettre d'invitation à soumissionner	Projet de lettre transmis à l'IDA	■																																			
	Non-objection de l'IDA	■																																			
Appel d'offres	Soumissions reçues par le Gouvernement													■																							
Analyse des offres	Proposition d'attribution													■																							
	transmise à l'IDA													■																							
	Non-objection de l'IDA													■																							
	Signature du contrat													■																							
Plan de restructuration légale et financière de CAMAIR														■																							
Plan d'entreprise de CAMAIR II														■																							
Principe de répartition du capital entre actionnaires														■																							
Définition d'un programme de participation des employés au capital														■																							
Étude de l'option de contrat de gestion avec option de privatisation différée	Décision du Govt sur l'option de privatisation													■																							
	Étude de l'option													■																							
Préparation du dossier d'appel d'offres	Projet de dossier transmis à l'IDA													■																							
	Non-objection de l'IDA													■																							
Programme de marketing														■																							
Salle d'information														■																							
Appel d'offres														■																							
Analyse des offres	Proposition d'attribution													■																							
	Signature du contrat													■																							
Création de CAMAIR II														■																							
Transfert des actifs à CAMAIR II														■																							
Demarrage de l'exploitation														■																							
Liquidation de CAMAIR														■																							
Revue par le Gouvernement des titres pour l'évaluation du personnel de la CAMAIR	Accord transmis à l'IDA	■																																			
	Non-objection de l'IDA	■																																			
Préparation de la lettre d'invitation à soumissionner	Projet de lettre transmis à l'IDA	■																																			
	Non-objection de l'IDA	■																																			
Appel d'offres	Soumissions reçues par le Gouvernement													■																							
Analyse des offres	Proposition d'attribution													■																							
	transmise à l'IDA													■																							
	Non-objection de l'IDA													■																							
	Signature du contrat													■																							
Evaluation du personnel														■																							
Licenciement du personnel en sursurnuméraire														■																							

**III. KEY FINANCIAL DATA**  
**Income Statements for the New Company**  
**After Devaluation (CFAF million)**

	1994-1995	1995-1996	1996-1997
<b><u>Revenues</u></b>	43,236	44,297	39,194
Passengers	35,499	36,320	30,841
Royalties	390	390	390
Other revenues	2,850	2,850	2,850
Handling	2,880	2,950	3,026
Sales aboard	475	494	494
Interest income	990	990	990
Additional revenues	152	303	603
<b><u>Operating Expenses</u></b>	27,580	26,400	23,633
Fuel	7,480	7,140	6,113
Lodging of crew	440	400	400
Maintenance	7,800	7,000	6,600
Airport taxes	4,050	4,050	3,600
Services to passengers	3,060	3,060	2,550
Handling	4,750	4,750	4,370
Depreciation	3,000	1,700	0
Leasing	200	200	210
Insurance	900	800	700
Cost of sales	4,000	4,000	2,880
Administrative overheads	2,760	2,530	1,840
Interest expenses	327	242	242
Other depreciation	500	500	500
Salaries	8,250	6710	6,270
Provision for investment	500	500	250
<b><u>Total expenses</u></b>	48,022	43,582	36,525
<b><u>Net income</u></b>	(4,786)	715	2,669
<b><u>% of revenues</u></b>	-11,07%	1,61%	6,81%

**REPUBLIC OF CAMEROON**  
**PROJECT FOR THE PREPARATION OF THE TRANSPORT SECTOR REFORM**  
**Schedule 15: Strategy, Timetable and Key Financial Data for the**  
**Privatization of Rail Services**

**I. STRATEGY**

1. Le Gouvernement de la République du Cameroun a décidé, dans le cadre de la politique de restructuration et de privatisation des entreprises publiques du secteur des transports, de concéder l'exploitation du chemin de fer camerounais à une société concessionnaire privée. Le present document présente: (a) les caractéristiques générales retenues pour la concession d'exploitation ferroviaire; et (b) les principales modalités de mise en oeuvre de la concession (structuration de la société concessionnaire, procédure de choix de l'actionnaire de référence, calendrier prévisionnel de la mise en concession).

**A. Caracteristiques generales de la concession d'exploitation ferroviaire**

3. Les conditions de l'exercice de l'activité ferroviaire par le concessionnaire et les relations entre l'Etat et le concessionnaire seront définies par une convention de concession signée entre l'Etat et le concessionnaire dont les caractéristiques générales sont présentées ci-après. Au titre de la concession le concessionnaire assurera: (a) l'exploitation technique et commerciale de services de transport ferroviaire; (b) l'exploitation, la maintenance, le renouvellement et l'aménagement des infrastructures ferroviaires existantes; et (c) la gestion domaniale courante du domaine public ferroviaire. Le concessionnaire exercera son activité sur une base commerciale, à ses frais et risques et périls.

4. **Services de transport ferroviaire.** Le concessionnaire exploitera des services de transport ferroviaire de marchandises et de voyageurs dits commerciaux, et, éventuellement, à la demande explicite de l'Etat, d'autres services de transport ferroviaire de voyageurs dits services exploités à titre d'obligation de service public. La nature, la configuration, l'organisation technique et commerciale des services dits commerciaux seront librement arrêtées par le concessionnaire, en référence à ses objectifs de rentabilité. Les éventuels services voyageurs exploités à titre d'obligation de service public - notamment les services de desserte locale omnibus - feront l'objet de conventions signées entre l'Etat et le concessionnaire qui en définiront la configuration et la tarification et qui prévoiront le versement par l'Etat au concessionnaire d'une contribution pour obligation de service public permettant de couvrir le déficit engendré par lesdits services. Dans une formule variante, qui est brièvement décrite au paragraphe 13 ci-dessous, l'exploitation de la totalité des services ferroviaires voyageurs serait assurée par une société spécialisée, distincte du concessionnaire et les seuls services de transport exploités par le concessionnaire seraient les services marchandises; le Gouvernement arrêtera prochainement sa décision en ce qui concerne le choix éventuel de cette variante.

5. **Utilisation des infrastructures ferroviaires par d'autres opérateurs de transport ferroviaire.** L'utilisation des infrastructures ferroviaires exploitées par le concessionnaire sera ouverte, sur décision de l'Etat, à d'autres opérateurs de transports ferroviaires après une période initiale d'exclusivité accordée au concessionnaire pour une durée d'environ cinq ans. L'utilisation des infrastructures s'effectuerait dans le cadre de conventions particulières signées entre le concessionnaire et l'opérateur et l'opérateur verserait au concessionnaire un péage d'utilisation des infrastructures.

6. **Infrastructures ferroviaires.** Les infrastructures ferroviaires existantes, qui sont et resteront propriété de l'Etat, seront mises à la disposition du concessionnaire. Le concessionnaire organisera l'utilisation et assurera l'exploitation et la maintenance des infrastructures ferroviaires et supportera directement les charges correspondantes. Le concessionnaire assurera la maîtrise d'ouvrage (par délégation de l'Etat) et la maîtrise d'oeuvre des opérations de renouvellement et d'aménagement de infrastructures ferroviaires existantes et en assurera le financement (l'Etat pouvant donner sa garantie financière pour certains financements). Les opérations de renouvellement et d'aménagement d'infrastructures seront soumises à l'agrément de l'Etat; en fin de concession, la partie non amortie des investissements sera remboursée au concessionnaire par l'Etat. Les infrastructures nouvelles de développement (création de lignes nouvelles) seront décidés par l'Etat qui en fixera les conditions de réalisation; leur éventuelle intégration à la concession s'effectuerait par avenant à la convention de concession.

7. **Matériels ferroviaires.** En début de concession, le concessionnaire sélectionnera parmi les matériels existants de la REGIFERCAM les matériels nécessaires à son exploitation<sup>1</sup>; ces matériels seront pris en location par le concessionnaire auprès de l'Etat dans le cadre de contrats de location à caractère commercial. Les matériels supplémentaires dont le concessionnaire aura besoin en cours de concession - soit au titre du renouvellement du matériel existant, soit pour faire face au développement du trafic - seront acquis ou loués librement par le concessionnaire, sans intervention ni garantie financière de l'Etat; toutefois, l'Etat bénéficiera d'un droit de préemption sur les ventes de matériels par le concessionnaire (afin notamment de garantir, en fin de concession, la pérennité de l'exploitation ferroviaire).

8. **Personnel.** Le personnel du concessionnaire sera régi par les dispositions du code du travail applicables aux salariés du secteur privé. En début de concession le concessionnaire sélectionnera les personnels qu'il reprendra parmi les personnels existants de la REGIFERCAM.

9. **Redevance de concession.** Le concessionnaire versera à l'Etat une redevance de concession en contrepartie de la mise à disposition des infrastructures ferroviaires existantes et du droit d'exploiter les services. Les modalités de détermination de la redevance (montant forfaitaire annuel, pourcentage du chiffre d'affaires du concessionnaire,..) auront à être arrêtées.

10. **Durée de la concession.** La concession sera de type "glissant", avec une durée initiale de 20 ans (durée approximative d'amortissement des matériels ferroviaires) et possibilité de prolongation, d'accord parties, pour des périodes successives de cinq années, à décider à l'issue de chaque période quinquennale. La convention de concession fixera par ailleurs les conditions de reprise de l'exploitation ferroviaire par l'Etat en cours de concession et de déchéance du concessionnaire en cas de manquement grave.

11. **Dispositions fiscales.** La société concessionnaire sera soumise aux dispositions fiscales de droit commun. Toutefois, les carburants utilisés dans les locomotives et autres engins sur rail seront acquis en franchise des taxes et droits perçus par l'Etat en contrepartie des coûts d'utilisation, de maintenance et de renouvellement des infrastructures routières.

12. **Suivi d'exécution de la concession et règlement des litiges.** Le suivi d'exécution de la concession s'effectuera par un Comité de suivi associant représentants de l'Etat (Ministères chargés des

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<sup>1</sup> La pertinence des choix du concessionnaire en la matière sera présentée dans le projet de Plan d'entreprise préparé par les candidats (voir paragraphe 16 ci-dessous).

Finances et des Transports) et représentants du concessionnaire. Le concessionnaire fournira à titre de compte rendu d'activité divers documents à identifier dans la convention de concession. Un auditeur indépendant désigné par le comité de suivi effectuera un audit annuel de la concession (examen des comptes du concessionnaire, opinion sur le respect par les parties des clauses de la concession). Les différends et litiges seront tranchés par une commission arbitrale selon les règles de conciliation et d'arbitrage de la Chambre de commerce internationale.

13. **Variante d'organisation de l'activité voyageurs.** Ainsi qu'indiqué au paragraphe 3 ci-dessus, le Gouvernement arrêtera prochainement une décision en matière d'organisation de l'activité ferroviaire voyageurs. En variante de l'organisation dans laquelle les services ferroviaires voyageurs sont exploités par le concessionnaire, l'Etat pourrait décider de confier l'exploitation desdits services à une société spécialisée, distincte du concessionnaire. Dans cette variante - qui serait notamment justifiée par le fait que l'activité voyageurs revêt pour l'essentiel le caractère de service public (par opposition au caractère exclusivement commercial de l'activité marchandises) - les services ferroviaires voyageurs seraient exploités par une société distincte dans le cadre d'un contrat d'affermage. Dans ce schéma, et compte tenu du fait qu'une organisation de la traction des trains voyageurs par un parc de locomotives distinct du parc des locomotives affecté à la traction des trains marchandises ne serait actuellement pas économique, le rôle du concessionnaire en matière de services voyageurs consisterait à (i) mettre les infrastructures ferroviaires à la disposition de la société spécialisée pour l'exploitation des services voyageurs et assurer le dispatching des trains voyageurs; et (ii) assurer la traction des trains voyageurs (autres que ceux réalisées en rames automotrices). La société d'exploitation des services voyageurs verserait alors au concessionnaire un péage pour l'utilisation des infrastructures (calculé sur la base des charges supplémentaires supportées par le concessionnaire en raison du trafic voyageurs) et, d'autre part, une redevance pour la traction des trains voyageurs (calculée sur la base des kilomètres x locomotives parcourus).

## **B. Modalités de mise en oeuvre de la concession**

### **Structuration de la société concessionnaire**

14. La société concessionnaire sera une société anonyme par actions, de droit camerounais, avec siège social à Douala. Un actionnaire de référence possédera au minimum 51% du capital de la société (actions A) et s'engagera à conserver ce pourcentage minimal du capital pendant une durée d'au moins sept ans après le début de la concession; pour la moitié au moins, les actions A devront être détenues par des personnes physiques de nationalité camerounaise ou des sociétés de droit camerounais; la participation de fournisseurs de matériels ferroviaires ou d'entreprises de travaux ferroviaires dans l'actionnariat de référence sera interdite. L'actionnaire de référence disposera de la majorité des sièges au Conseil d'Administration. La partie du capital de la société concessionnaire autre que celle possédée par l'actionnaire de référence (actions B) sera destinée à être souscrite par des personnes physiques ou morales de nationalité camerounaise. Au sein de cette partie, cinq % au minimum du capital de la société concessionnaire sera réservée pour le personnel actuel de la REGIFERCAM. L'Etat s'engage à ne pas détenir, directement ou par l'intermédiaire de sociétés publiques, un pourcentage du capital total de la société excédant 15%. Dans une période intérimaire, une partie des actions B pourrait, dans l'attente de leur placement auprès de personnes physiques ou morales de nationalité camerounaise, faire l'objet d'un portage, dans des conditions restant à déterminer.



## **Procédure de choix de l'actionnaire de référence de la société concessionnaire**

15. L'actionnaire de référence sera choisi par appel à la concurrence internationale selon une procédure en trois étapes, telle qu'esquissée ci-dessous. L'ensemble de la procédure sera placée sous la responsabilité de la structure de pilotage.

16. **Prospection et présélection de candidatures.** Les actionnaires de référence potentiels feront l'objet d'une prospection intense. Un avis d'appel de candidatures sera publié dans la presse nationale et dans la presse internationale spécialisée; des réunions de présentation seront organisées au Cameroun et une mission de prospection se rendra dans divers pays étrangers (Europe occidentale, Amérique du Nord, Afrique du Sud). Les critères techniques, commerciaux et financiers de qualification seront communiqués aux candidats qui seront invités à présenter leur dossier de demande de qualification. L'ensemble des candidats répondant aux critères de qualification seront présélectionnés.

17. **Etape intermédiaire de sélection.** Un dossier de consultation sera transmis à l'ensemble des candidats présélectionnés. Le dossier comportera (i) des éléments à caractère informatif sur le contexte économique général et l'activité ferroviaire au Cameroun; (ii) les éléments de définition du cadre contractuel et réglementaire de l'activité future de la société concessionnaire (et en particulier le projet de convention de concession); et (iii) la définition du contenu et des modalités de présentation des offres. Les offres présentées à cette étape par les candidats comporteront pour l'essentiel: (a) un plan d'entreprise prévisionnel de la société concessionnaire pour une période de cinq ans (perspectives d'activité et politique commerciale, programme d'investissements, politique du personnel, projections financières); et (b) leurs commentaires et suggestions sur le projet de convention de concession. Les offres seront discutées avec chacun des candidats qui pourront, à l'issue de ces discussions, réviser leurs propositions. Les candidats ayant présenté un plan d'entreprise jugé - le cas échéant après révision - acceptable seront alors invités à présenter leur offre pour l'étape finale de sélection.

18. **Etape finale de sélection.** A l'issue de l'étape intermédiaire de sélection, le Gouvernement arrêtera la rédaction définitive de la convention de concession (en tenant compte, le cas échéant, des suggestions présentées antérieurement par les candidats) et demandera aux candidats ayant franchi l'étape intermédiaire de sélection de présenter leurs propositions financières en matière de redevance de concession. Les offres seront ouvertes publiquement et le candidat ayant proposé la redevance de concession la plus élevée sera définitivement désigné comme actionnaire de référence de la société concessionnaire.

## **II. TIMETABLE**

19. La durée totale du processus de mise en concession, est estimé à environ 23 mois à partir de sa mise en route se décomposant en:

trois mois pour le recrutement du consultant chargé de fournir un appui à la structure de pilotage de la mise en concession;

16 mois pour le processus proprement dit de choix de l'actionnaire de référence de la société concessionnaire; et

quatre mois pour la préparation de la reprise effective de l'exploitation par le concessionnaire.

Un chronogramme prévisionnel des principales étapes est présenté et brièvement commenté ci-dessous.

21. **Choix de l'actionnaire de référence de la société concessionnaire.** Le processus de choix de l'actionnaire de référence de la société concessionnaire proprement dit prendrait environ 16 mois, soit :

- sept mois et demi pour la phase de prospection et présélection des candidatures;
- sept mois et demi pour l'étape intermédiaire de sélection; et
- un mois pour l'étape finale de sélection.

22. **Préparation de la reprise de l'exploitation par le concessionnaire.** Cette période, d'environ quatre mois, correspond à la création effective de la société concessionnaire, à la sélection du personnel à reprendre par le concessionnaire, à la mobilisation par la société des financements initiaux nécessaires au démarrage de l'exploitation et à la préparation technique de la reprise d'exploitation.

**REPUBLIC OF CAMEROON**  
**TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**  
**Schedule 15: Strategy, Timetable and Key Financial Data for the Privatization of Rail Services**

<b>II. TIMETABLE FOR THE PRIVATIZATION OF RAIL SERVICES</b>																																																	
		1994				1995					1996					1997																																	
		N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A																		
<b>Action</b>	<b>Résultat attendu</b>																																																
<b>RECRUTEMENT DU CONSULTANT D'APPUI</b>																																																	
Revue par le Govt des ides du consultant pour l'appui à la mise en concession	Accord transmis à l'IDA																																																
	Non-objection de l'IDA																																																
Préparation de la lettre d'invitation à soumissionner	Projet de lettre transmis à l'IDA																																																
	Non-objection de l'IDA																																																
Appel d'offres	Soumissions reçues par le Govt																																																
Analyse des offres	Proposition d'attribution transmise à l'IDA																																																
	Non-objection de l'IDA																																																
Négociation du contrat	Projet de contrat transmis à l'IDA																																																
	Non-objection de l'IDA																																																
	Signature du contrat																																																
<b>CHOIX DE L'ACTIONNAIRE DE REFERENCE DE LA SOCIETE CONCESSIONNAIRE</b>																																																	
<i>Prospection et pré-sélection des candidatures</i>																																																	
Préparation de la campagne de prospection																																																	
Campagne de prospection																																																	
Préparation des dossiers de préqualification	Transmission des dossiers à l'IDA																																																
	Non-objection de l'IDA																																																
Préparation des dossiers de candidatures par les candidats potentiels																																																	
Présélection des candidats	Proposition de présélection à l'IDA																																																
	Non-objection de l'IDA																																																
<i>Etape intermédiaire de sélection</i>																																																	
Préparation des dossiers de consultation y compris projet de convention de concession	Transmission des dossiers à l'IDA																																																
	Non-objection de l'IDA																																																
Préparation de l'offre par les candidats																																																	
Discussion des offres initiales avec les candidats																																																	
Préparation des offres révisées par les candidats																																																	
Sélection des offres révisées	Proposition de sélection à l'IDA																																																
	Non-objection de l'IDA																																																
<i>Etape finale de sélection</i>																																																	
Préparation des offres financières par les candidats sélectionnés																																																	
Sélection de la société concessionnaire																																																	
<b>PREPARATION DE LA REPRISE DE L'EXPLOITATION PAR LE CONCESSIONNAIRE</b>																																																	

### III. KEY FINANCIAL DATA

Two options for the privatization of rail services are presented in the operating accounts and the Financing plans here-below :

- **Option (a):** freight and passenger transport are run separately by two different operators, by the freight operator contracted-out to operate passenger transport through a separate entity.
- **Option (b):** one single private operator owns and maintains equipment for both freight and passenger transport. This would generate economies of scale, but would introduce the risk of penalizing the freight sector because of debt dues by the Government for unpaid subsidies to the passenger sector.

The financing plan of the private operator assumes low financial charges, based on loans with a 2% interest rate. Higher financial charges would deter any private investor. Passenger transport would require grants for new investments, if any. Consequently, no financial costs and depreciation were considered in the passenger transport operating accounts.

Privatizing railways being a new experience in Africa, the potential private investors will analyze the risks of such an operation. In order to attract enough investors to stimulate competition, and thus, to obtain the best conditions for the concession of rail services operation to private investors, public owner needs to mitigate the risks of the concession. These risks are both **commercial** (declining market, resulting in lower revenues than expected) and **political** (inflation, devaluation of the currency, political instability). An analysis of the **commercial risks** of the concession is carried out here-below, to measure the potential impact of these risks for the concessionary company, as well as for the State. It demonstrates the need for a careful design of the concession agreement to mitigate these risks, and thus enhance the chances for the success of the privatization.

#### (1) OPERATING ACCOUNTS AND FINANCING PLAN OF THE CONCESSIONNAIRE.

##### - **Option (a): Freight Transport and Passenger Transport Completely Separated.**

Operating Accounts - Freight Transport										
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
<b>Total turnover</b>	21300	23110	24266	24945	25669	26439	27232	28049	28891	29757
- Traffic (MTK)	710	710	710	710	710	710	710	710	710	710
- Price/TK	30	32.6	34.2	35.1	36.15	37.2	38.4	39.5	40.7	41.9
<b>Total Expenses</b>	12418	13475	14154	14553	14978	15625	16106	16595	17092	17617
- Fixed costs	7787	8450	8878	9129	9397	9877	10185	10496	10810	11147
- Variable costs	4631	5025	5276	5423	5581	5748	5921	6098	6281	6470
<b>Operating surplus</b>	8882	9636	10112	10393	10691	10814	11126	11455	11799	12140
Financial costs	391	563	723	803	803	803	803	803	803	803
Depreciations	1009	1629	2669	3462	3562	3662	3762	3862	3962	4062
<b>Net Operat. Income</b>	7482	7244	6521	5928	6127	6150	6362	6590	6835	7076

source : EDS-Eurexcel Feasibility study (December 1994)

Operating Accounts - Passenger Transport										
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
<b>Total turnover</b>	4720	5121	5377	5527	5688	5859	6035	6216	6402	6594
<b>Total Expenses</b>	6427	6971	7323	7525	7743	8032	8276	8525	8780	9046
- Fixed costs	3110	3372	3541	3640	3745	3915	4035	4157	4280	4412
- Variable costs	3317	3599	3782	3885	3998	4117	4241	4368	4500	4634
Financial costs	0	0	0	0	0	0	0	0	0	0
Depreciations	0	0	0	0	0	0	0	0	0	0
<b>Net Operating Income</b>	-1707	-1850	-1946	-1998	-2055	-2173	-2241	-2309	-2378	-2452

source: EDS-Eurexcel Feasibility study (December 1994)

- Option (b): Freight Operator to Manage the Equipment and its leasing for Passenger Transport.

Operating Accounts - Freight Transport										
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
<b>Total turnover</b>	21300	23110	24266	24945	25669	26439	27232	28049	28891	29757
- Traffic (MLK)	710	710	710	710	710	710	710	710	710	710
- Price/TK	30	32.6	34.2	35.1	36.15	37.2	38.4	39.5	40.7	41.9
<b>Total Expenses</b>	14707	15958	16761	17233	17736	18473	19040	19617	20205	20824
- Fixed costs	8306	9013	9469	9736	10022	10528	10856	11188	11523	11881
- Variable costs	6401	6945	7293	7497	7714	7945	8184	8429	8682	8943
<b>Operating surplus</b>	6592	7353	7705	7913	8133	8165	8392	8633	8885	9133
Financial costs	391	563	723	803	803	803	803	803	803	803
Depreciations	1009	1629	2669	3462	3562	3662	3762	3862	3962	4062
<b>Net Operating Income</b>	5192	4961	4114	3448	3569	3501	3628	3768	3921	4069
Fees from Pass Transp.	2290	2283	2407	2480	2558	2649	2734	2822	2914	3007

source: EDS-Eurexcel Feasibility study (December 1994)

Operating Accounts - Passenger Transport										
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
<b>Total turnover</b>	4720	5121	5377	5527	5688	5859	6035	6216	6402	6594
<b>Total Expenses</b>	4138	4488	4712	4844	4985	5184	5342	5502	5667	5839
- Fixed costs	2591	2809	2950	3033	3120	3264	3364	3465	2098	3678
- Variable costs	1547	1679	1762	1811	1865	1920	1978	2037	3569	2161
Financial costs	0	0	0	0	0	0	0	0	0	0
Depreciations	0	0	0	0	0	0	0	0	0	0
<b>Net Operating Income</b>	582	633	665	683	703	675	693	714	735	755
Fees from Pass Freight	2290	2283	2407	2480	2558	2649	2734	2822	2914	3007

## Financing Plan for the Private Operator

The financing plan of the private investor is based on the hypothesis of a medium level of traffic, with an operating fee adjusted to obtain a Rate of Return after 10 years of 20%.

**TABLEAU DE FINANCEMENT - CONCESSIONNAIRE MARCHANDISES**

EMPLOIS	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Frais financiers	391	563	723	803	803	803	803	803	803	803
Investissements	9732	8430	14620	10100	2000	2000	2000	2000	2000	2000
Achat d'actifs	8744									
Redevance	2140	2408	2604	2765	2925	3086	3264	3424	3603	3781
BFR	6375	542	346	363	214	227	242	249	257	264
<b>Total</b>	<b>27382</b>	<b>11943</b>	<b>18293</b>	<b>14031</b>	<b>5942</b>	<b>6116</b>	<b>6309</b>	<b>6476</b>	<b>6663</b>	<b>6848</b>
<b>RESSOURCES</b>										
E.B.E	8882	9636	10112	10393	10691	10814	11126	11455	11799	12140
Fonds propres	10000									
Emprunts	9625	3465	6000	4000						
<b>Total</b>	<b>28507</b>	<b>13101</b>	<b>16112</b>	<b>14393</b>	<b>10691</b>	<b>10814</b>	<b>11126</b>	<b>11455</b>	<b>11799</b>	<b>12140</b>
Solde	1125	1158	-2181	362	4749	4698	4817	4979	5136	5292
Solde cumulé	1125	2283	102	464	5213	9911	14728	19707	24843	30135
CASH Position	-8875	1158	-2181	362	4749	4698	4817	4979	5136	5292
CASH cumulé	-8875	-7717	-9898	-9536	-4787	-89	4728	9707	14843	20135
T.R.I					-17%	0%	9%	14%	18%	20%

source: EDS-Eurexcel Feasibility study (December 1994)

### (2) RISK ANALYSIS AND EVALUATION OF THE OPERATING FEE.

The financing plan of the private operator was established using the most probable value scenario for costs and benefits. The main factor of risk for the private operator is related to the level of traffic that is expected, which directly affects the Rate of Return on his investment. The feasibility study evaluated the average traffic for the next ten years at 710 MTK, with a possible variation of +/- 160 MTK (23% of the average traffic). Consequently, the risk for the private operator is substantial, and needs to be shared with the public authority. This is to be achieved by the careful determination of an appropriate operating fee, paid by the private investor to the Government for operating the railway freight services.

In order to determine the most incentive fee for both the private investor and the Government, a risk analysis using Monte-Carlo techniques is presented below, using simple hypothesis (operating costs slightly correlated to the level of traffic as most of them are fixed ; levels of traffic for each year correlated one to another ; the working capital requirements are correlated to the level of traffic...). The level of traffic, and consequently the Operating Surplus, (*Excédent Brut d'Exploitation* in the Financing plan above), follows a normal probability distribution, between 550 MTK and 870 MTK. The impact of the risk has been measured on:

- the Rate of Return of the private operator and
- the level of the operating fee.

Three scenarios have been considered :

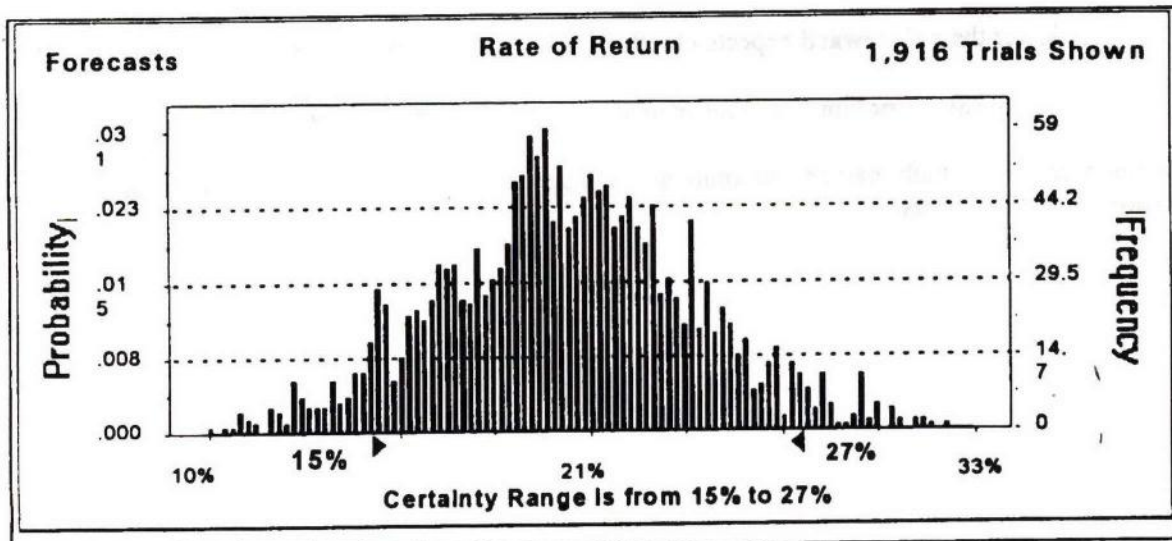
1. The fee is fixed by the contract at a certain level (see Financing plan).
2. The fee is adjusted each year, as a function of traffic, to guarantee a Rate of Return of 20% after 10 years for the private contractor.
3. The fee is related to the level of traffic, so that any variation on the traffic level will be passed half on the Fee and, consequently, half on the surplus of the private operator.

**First Scenario: The fee is fixed.**

The simulation showed that the Rate of Return could vary from 6% to 34%, with a 30% probability of being under 15%. As a result, the risk for the private operator is too important and is likely to deter any investor from getting involved in the concession. The probability of having a rate of return greater than 15% needs to be at least 90% (especially in Africa), to attract the private sector.

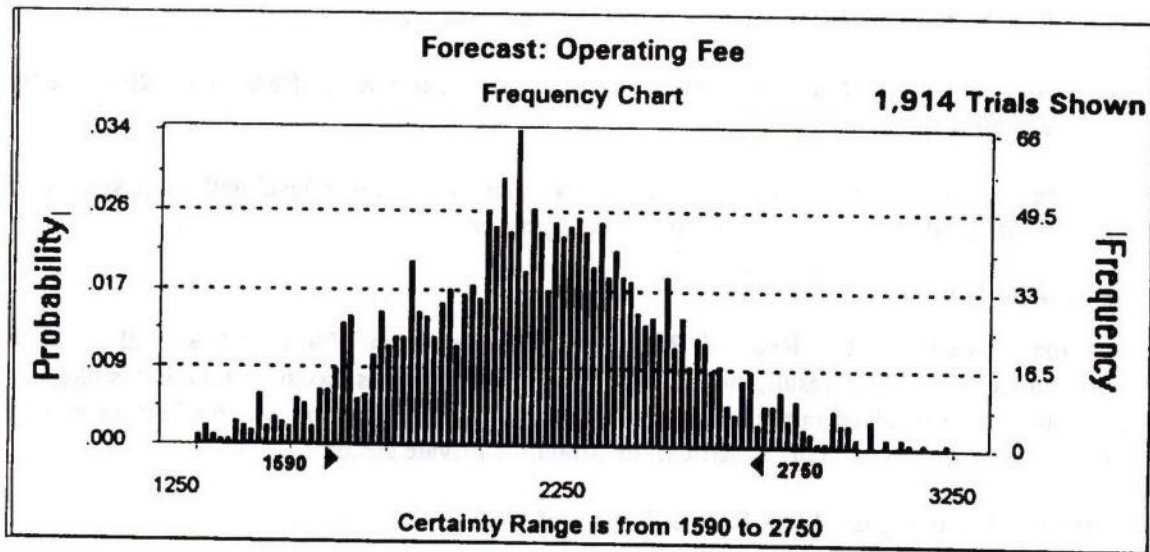
**Second Scenario: The Fee is adjusted to a Rate of Return of 20%.**

The level of Fee varies between CFA 900 million and CFA 3,360 million. The risk is transferred to the Government, who could perceive a very low fee. More, this option doesn't reward the private operator for achieving a performant management and commercial policy, as he would get the same rate of return independently from its return. With no incentive, the former public monopoly would then become a private monopoly.



**Third Scenario: The fee is a linear function of the traffic.**

The probability of having a rate of return greater than 15% is now more 95%.



This scenario is a compromise between the previous ones, as each variation on the traffic is equally shared by the operating fee and by the Operating surplus (i.e the Rate of Return). This will :

- mitigate the risks for both the private operator and the Government (see diagrams),
- thus, lower the risk reward expected by the private operator for making the initial investment,
- keep the incentive for him to serious management and dynamic commercial policy.

This method can help both parties determining the appropriate operating Fee, in accordance with their expectations in terms of risks.



**REPUBLIC OF CAMEROON**  
**TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**  
**Schedule 16: Key Financial Data and Timetable for the Privatization of CAMSHIP**  
**and CAMTAINER**

**Table 1: CAMSHIP. Cargo share: 35%. Devaluation on January 12, 1994.**

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Total import COWAC (tons)	628.314	532.481	513.844	479.160	436.275	419.042	407.937	404.062	407.092	417.473	435.216	456.977	477.541	496.642
% CAMSHIP	28,25%	29,06%	26,315	35,00%	35,00%	35,00%	35,00%	35,00%	35,00%	35,00%	35,00%	35,00%	35,00%	35,00%
Freight Rate (CFAF)	29.599	32.899	35.800	32.988	32.988	33.482	33.985	34.494	35.012	35.537	36.070	36.611	37.160	37.718
Total export COWAC (tons)	484.854	482.950	460.262	451.517	450.162	462.317	481.734	501.967	523.050	545.018	567.908	590.625	613.069	636.365
% CAMSHIP	32,47%	26,62%	23,25%	35,00%	35,00%	35,00%	35,00%	35,00%	35,00%	35,00%	35,00%	35,00%	35,00%	35,00%
Freight (CFAF)	22.393	22.689	22.600	23.000	23.345	23.695	24.051	24.411	24.778	25.149	25.526	25.909	26.298	26.692
Nb. of liner trips	45	39	37	48	48	48	48	48	48	48	48	48	48	48
Cost per trip (CFAF million)	125	128	128	115	117	118	120	122	124	126	128	130	131	133
Nb. of vessels owned (scenario 1)	2	2	2	2	2	2	2	2	2	2	2	2	2	2
Nb. of vessels owned (scenario 2)	2	2	2	2	2	2	2	0	0	0	0	0	0	0
Cost per owned vessel (CFAF million)	673	838	781	781	793	805	817	829	841	854	867	880	893	906
Nb. of vessels chartered (scenario 1)	2	1	1	2	2	2	2	2	2	2	2	2	2	2
Nb. of vessels chartered (scenario 2)	2	1	1	2	2	2	2	4	4	4	4	4	4	4
Cost per vessel chartered (CFAF million)	569	706	720	720	731	742	753	764	776	787	799	811	823	836
Total import MEWAC (tons)	210.837	81.760	78.898	73.572	66.988	64.342	62.637	62.042	62.507	64.101	66.825	70.166	73.324	76.257
% CAMSHIP	15,27%	35,86%	45,45%	45,00%	45,00%	45,00%	45,00%	45,00%	45,00%	45,00%	45,00%	45,00%	45,00%	45,00%
Liner traffic (tons)	15.260	17.554	24.152	33.108	30.144	28.954	28.186	27.919	28.128	28.845	30.071	31.575	32.996	34.316
Slot traffic (tons)	16.936	11.769	11.708	0	0	0	0	0	0	0	0	0	0	0
Slot freight rate (CFAF)	6.631	6.631	6.703	6.703	6.804	6.906	7.009	7.114	7.221	7.329	7.439	7.551	7.664	7.779
Liner freight rate (CFAF)	44.550	46.514	46.000	46.000	46.690	47.390	48.101	48.823	49.555	50.298	51.053	51.819	52.596	53.385
Total export MEWAC (tons)	400.347	423.702	404.365	396.682	395.492	406.170	423.229	441.005	459.527	478.827	498.938	518.896	538.614	559.081
% CAMSHIP	28,55%	27,76%	25,14%	35,00%	35,00%	35,00%	35,00%	35,00%	35,00%	35,00%	35,00%	35,00%	35,00%	35,00%
Liner traffic (tons)	13.481	14.622	14.441	57.879	57.462	57.700	57.670	57.892	57.875	100.630	107.668	114.654	121.555	128.718
Slot traffic (tons)	31.590	22.333	20.288	14.000	14.000	17.500	23.500	29.500	36.000	0	0	0	0	0
Timber traffic(tons)	69.244	80.684	66.960	66.960	66.960	66.960	66.960	66.960	66.960	66.960	66.960	66.960	66.960	66.960
Slot freight rate (CFAF)	6.631	6.631	6.703	6.703	6.804	6.906	7.009	7.114	7.221	7.329	7.439	7.551	7.664	7.779
Timber freight rate (CFAF)	27.452	22.190	23.530	26.700	27.101	27.507	27.920	28.338	28.764	29.195	29.633	30.077	30.529	30.986
Liner freight rate (CFAF)	33.000	35.190	32.500	22.500	22.838	23.180	23.528	23.881	24.239	24.602	24.972	25.346	25.726	26.112
Nb. of liner trips	13	17	19	36	36	36	36	36	36	54	54	54	54	54
Cost of liner trip (CFAF million)	55	51	51	44	45	45	46	47	47	48	49	50	50	51
Cost of slot trip (CFAF)	64	85	69	38	39	50	70	90	113	0	0	0	0	0
Cost of timber trip (CFAF)	778	931	883	866	879	892	906	919	933	947	961	976	990	1.005
Nb. of chartered vessels for liner and slot traffic	1	1	1	2	2	2	2	2	2	3	3	3	3	3
Cost of chartered vessel (CFAF)	321	447	450	450	457	464	471	478	485	492	499	507	515	522
Nb. of chartered vessels for timber	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Cost of chartered vessel (CFAF)	557	765	765	725	736	747	758	769	781	793	805	817	829	841

Fiscal year closed on June 30	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Slot Far East + UK (CFAF million)	185	257	161	154	149	150	154	159	165	173	183	194	205	217
Petroleum products (CFAF)	4,054	3,673	4,605	4,700	4,771	4,842	4,915	4,988	5,063	5,139	5,216	5,295	5,374	5,455
Clinker (CFAF)	1,148	979	790	900	979	1,009	1,024	1,039	1,055	1,070	1,087	1,103	1,119	
Other revenues (CFAF)	531	337	275	220	259	289	307	325	342	358	374	388	404	416
Nb. of vessels owned for slot	0	0	0	0	0	1	1	1	1	1	1	1	1	1
Cost per vessel owned (CFAF million)	0	0	0	0	0	0	774	786	797	809	821	834	846	859
Nb. of vessels chartered for petroleum	2	2	2	2	2	1	1	1	1	1	1	1	1	1
Cost of chartered vessel (CFAF million)	2631	2296	2600	2600	2639	2200	976	991	1005	1021	1036	1051	1067	1083
Nb. of vessels chartered for clinker	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cost of chartered vessel (CFAF million)	45	43	28	26	25	25	26	27	28	29	31	33	35	37
Annual growth of import (%)				-6,75	-,95	-3,95	-2,65	-0,95	0,75	2,55	4,25	5,00	4,50	4,00
Annual growth of export (%)				-1,90	-0,30	2,70	4,20	4,20	4,20	4,20	4,20	4,00	3,80	3,80

**Table 2: CAMSHIP. Income Statement- Scenario 1: Renewal of owned vessels**

(CFAF million)	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Revenues	18.045	16.595	16.459	19.766	19.502	19.693	20.039	20.516	21.117	22.597	23.620	24.732	25.847	26.976
Operating costs other than for vessels	(7.789)	(7.401)	(7.442)	(8.769)	(8.900)	(9.044)	(9.198)	(9.356)	(9.519)	(10.571)	(10.571)	(10.731)	(10.893)	(11.058)
Operating costs for chartered vessels	(5.434)	(4.811)	(5.135)	(6.265)	(6.359)	(5.976)	(5.582)	(5.666)	5.751	(6.329)	(6.424)	(6.521)	(6.619)	(6.718)
Operating costs for self-owned vessels	(1.345)	(1.676)	(1.562)	(1.562)	(1.585)	(1.609)	(1.658)	(1.658)	(1.683)	(1.708)	(1.734)	(1.760)	(1.786)	(1.813)
Overhead expenses	(2.135)	(2.031)	(2.294)	(1.933)	(1.962)	(1.991)	(2.021)	(2.052)	(2.082)	(2.114)	(2.145)	(2.178)	(2.210)	(2.243)
Simar	(112)	(112)	(112)	(112)	(132)	(147)	(157)	(166)	(174)	(183)	(190)	(198)	(206)	(212)
Operating income	1.230	563	9870	1.125	564	925	1.447	1.618	1.907	1.849	2.555	3.345	4.133	4.932
Interest expenses	(747)	(713)	(265)	(192)	(306)	(264)	(222)	(182)	(141)	(101)	(61)	(20)	(10)	(10)
Other expenses and revenues	195	169	175	(150)	(150)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	0	0
Foreign exchange loss	(256)	(198)	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation of foreign exchange loss	(150)	(151)	(147)	0	0	0	0	0	0	0	0	0	0	0
Depreciation of vessels	(958)	(955)	(843)	(589)	(589)	(589)	(589)	(869)	(1.149)	(1.149)	(560)	(560)	(560)	(560)
Depreciation of containers	(337)	(333)	(278)	(27)	(150)	(250)	(330)	(410)	(410)	(410)	(260)	(160)	(80)	(150)
Other depreciation	(395)	(220)	(181)	(201)	(230)	(221)	(252)	(185)	(205)	(225)	(245)	(265)	(265)	(265)
Surplus Almak and depreciation					375	(150)	(150)	(75)						
Other non-operating revenues	(200)	279	2.779	17	18	18	19	19	1.420	20	22	22	25	25

**Table 3: CAMSHIP. Income Statement- Scenario 2: Self owned vessels non renewed**

(CFAF million)	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Revenues	18.045	16.595	16.459	19.766	19.502	19.693	20.039	20.516	21.117	22.597	23.620	24.732	25.847	26.976
Operating costs other than for vessels	(7.789)	(7.401)	(7.442)	(8.769)	(8.900)	(9.044)	(9.198)	(9.356)	(9.519)	(10.571)	(10.571)	(10.731)	(10.893)	(11.058)
Operating costs for chartered vessels	(5.434)	(4.811)	(5.135)	(6.265)	(6.359)	(5.976)	(5.582)	(7.195)	(7.302)	(7.904)	(8.023)	(8.143)	(8.265)	(8.389)
Operating costs for self-owned vessels	(1.345)	(1.676)	(1.562)	(1.562)	(1.585)	(1.609)	(1.658)	0	0	0	0	0	0	0
Overhead expenses	(2.135)	(2.031)	(2.294)	(1.933)	(1.962)	(1.991)	(2.021)	(2.052)	(2.082)	(2.114)	(2.145)	(2.178)	(2.210)	(2.243)
Simar	(112)	(112)	(112)	(112)	(132)	(147)	(157)	(166)	(174)	(183)	(190)	(198)	(206)	(212)
Operating income	1.230	563	9870	1.125	564	925	1.447	1.748	2.038	1.989	2.690	3.482	4.272	5.073
Interest expenses	(747)	(713)	(265)	(192)	(306)	(264)	(222)	(182)	(141)	(101)	(61)	(20)	(10)	(10)
Other expenses and revenues	195	169	175	(150)	(150)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	0	0
Foreign exchange loss	(256)	(198)	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation of foreign exchange loss	(150)	(151)	(147)	0	0	0	0	0	0	0	0	0	0	0
Depreciation of vessels	(958)	(955)	(843)	(589)	(589)	(589)	(589)	(589)	(589)	(589)	(589)	0	0	0
Depreciation of containers	(337)	(333)	(278)	(27)	(150)	(250)	(330)	(410)	(410)	(410)	(260)	(160)	(80)	(150)
Other depreciation	(395)	(220)	(181)	(201)	(230)	(221)	(252)	(185)	(205)	(225)	(245)	(265)	(265)	(265)
Surplus Almak and depreciation					375	(150)	(150)	(75)						
Other non-operating revenues	(200)	279	2.779	17	18	18	19	19	1.420	20	22	22	25	25

(CFAF million)	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
IMPACT OF THE DEVALUATION	RATE 100%			1.865	1.255	1.479	1.146	1.180	2.702	1.361	2.099	2.873	3.642	4.307
NET INCOME BEFORE TAX	(1.617)	(1.559)	1.153	1.847	562	1.273	849	1.211	4.441	1.738	3.945	5.632	7.584	8.981
Tax	192	184	181	217	215	217	327	466	1.710	669	1.519	2.168	2.920	3.458
NET INCOME AFTER TAX	(1.809)	(1.743)	972	1.630	348	1.057	522	745	2.731	1.069	2.426	3.464	4.664	5.523

(CFAF million)	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
IMPACT OF THE DEVALUATION	RATE			1.865	1.255	1.479	1.146	789	2.029	685	1.421	2.193	2.960	3.623
	100%													
NET INCOME BEFORE TAX	(1.617)	(1.559)	1.153	1.847	562	1.273	849	410	3.076	369	2.572	4.255	6.202	7.594
Tax	192	184	181	217	215	217	327	226	1.184	249	990	1.638	2.388	2.924
NET INCOME AFTER TAX	(1.809)	(1.743)	972	1.630	348	1.057	522	185	1.892	121	1.582	2.617	3.814	4.670

### STATEMENT OF CASH-FLOWS

INTERNAL RATE OF RETURN

7,35%

(CFAF million)	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Net income after tax	972	1.630	348	1.057	522	185	1.892	121	1.582	2.617	3.814	4.670
Depreciation and SIMAR	1.561	929	819	819	1.241	1.534	1.839	1.784	1.065	985	905	975
Provisions	232	(71)	159	159	41	(71)	159	60	41	(71)	159	60
Interest expenses	265	192	306	306	222	182	141	101	61	20	10	10
Investment	(150)	(150)	(150)	(900)	(650)	(5.150)	(1.150)	(250)	(250)	(250)	(250)	(1.000)
Variation of short-term financing needs		752	752	605	(117)	(86)	(117)	(179)	(224)	(246)	(246)	(249)
Residual value												10.975
Due to State from 1993 convention	(3.032)											
IMPACT OF DEVALUATION		(1.169)	650	(528)	(206)	(4.368)	(3.880)	792	634	441	545	9.732
CASH-FLOW before debt service	(152)	561	2.884	1.142	1.054	(7.775)	(5.117)	2.428	2.908	3.496	4.937	25.173
Debt service (Interest + Capital)	(318)	(1042)	(1.319)	(993)	(950)	(910)	(868)	(828)	(788)	(442)	(120)	(120)
CASH-FLOW after debt service	(470)	(481)	1.565	149	104	(8.685)	(5.985)	1.600	2.120	3.054	4.817	25.053
Short-term financing needs	3.381	7.399	6.021	4.941	5.148	5.307	5.528	5.905	6.339	6.816	7.295	7.780

### STATEMENT OF CASH-FLOWS

INTERNAL RATE OF RETURN

13,70%

(CFAF million)	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Net income after tax	972	1.630	348	1.057	522	745	1.892	121	1.582	2.617	3.814	4.670
Depreciation and SIMAR	1.561	929	819	819	1.241	1.254	1.839	1.784	1.065	985	905	975
Provisions	232	(71)	159	159	41	(71)	159	60	41	(71)	159	60
Interest expenses	265	192	306	306	222	182	141	101	61	20	10	10
Investment	(150)	(150)	(150)	(900)	(650)	(650)	(1.150)	(250)	(250)	(250)	(250)	(1.000)
Variation of short-term financing needs		752	752	605	(117)	(104)	(117)	(179)	(224)	(246)	(246)	(249)
Residual value												10.975
Due to State from 1993 convention	(3.032)											
IMPACT OF DEVALUATION		(1.169)	650	(528)	(206)	(161)	59	232	74	(119)	(15)	3.827
CASH-FLOW before debt service	(152)	561	2.884	1.142	1.054	1.195	3.602	2.256	2.632	3.223	4.667	14.219
Debt service (Interest + Capital)	(318)	(1042)	(1.319)	(993)	(950)	(910)	(868)	(828)	(788)	(442)	(120)	(120)
CASH-FLOW after debt service	(470)	(481)	1.565	149	104	285	2.734	1.428	1.844	2.781	4.547	14.099
Short-term financing needs	3.381	7.399	6.021	4.941	5.148	5.338	5.559	5.936	6.371	6.849	7.328	7.813

**REPUBLIC OF CAMEROON**  
**TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**  
**Schedule 16: Key Financial Data and Timetable for Privatization of CAMSHIP and**  
**CAMTAINER**

**II. CAMTAINER. Key Financial Data**  
**With Conversion of Arrears**

<i>Cash-flow statement</i>	Jun. 93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	Jun. 03
Cash-Flow before debt	42	334	182	87	181	-221	303	531	266	298	315	1888
Own resources	0											
Interest expenses	0	-31	-16	-8	-2	0	0	0	0	0	0	
Arrears DEG/IFU (93-94)	290	0										
Debt service	-293	-234	-347	-77	-49	0	0	0	0	0	0	
Net cash-flow	39	69	-181	2	130	-221	303	531	266	298	315	1888
<i>Balance Sheet</i>	Jun. 93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	
Fixed assets	341	388	431	602	737	1254	1210	948	979	994	1027	
Accounts receivable and inventories	1299	1332	1770	1939	2059	2174	2284	2390	2492	2587	2685	
Minimum cash	150	152	199	228	243	253	262	274	287	298	312	
Cash in excess	39	291	297	305	434	213	517	1048	1314	1611	1927	
Total assets/liabilities:	2029	2163	2697	3074	3473	3895	4273	4661	5072	5490	5951	
Equities	777	946	1138	1462	1819	2151	2445	2751	3085	3430	3815	
Mid-term debt	183	119	126	49	0	0	0	0	0	0	0	
Accounts payable	1072	1097	1433	1563	1655	1744	1828	1910	1987	3060	2136	
Net income/equity	81%	89%	90%	97%	100%	100%	100%	100%	100%	100%	100%	

**REPUBLIC OF CAMEROON  
TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**

**Schedule 17: Benefits Resulting from the Privatization of Transport Public Enterprises**

**Impact of Restructuring on the Treasury**

		CFAF (millions)	US\$ (million)	%
1994-1995	Impact on Treasury of Restructuring (a)	94,352	171.5	
	Impact on Treasury without restructuring (b)	62,492	113.6	
	Net "Investment" in restructuring (c) = (a) - (b)	31,860	57.9	
1996-1998	Impact on Treasury of Restructuring (d)	27,297	49.6	
	Impact on Treasury without restructuring (e)	60,369	109.7	
	Net payback on investment during 1996-98 (f) = (e) - (d)	33,072	60.1	
1994-1998	Net payback as % of investment (g) = (f) : (c)			103.7
	Impact on Treasury without restructuring during 1994-98	122.861	223.3	

**REPUBLIC OF CAMEROON**  
**TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**  
**Impact of State Treasury of Restructuring Vs. Not Restructuring**  
**(Post Devaluation)**

	US\$ Million							
	1994	1995	Total 1994/95	1996	1997	1998	Total 1996/98	Total 1994/96
<b>FOR ALL TRANSPORT SECTOR PEs COMBINED</b>								
With Restructuring	(93.6)	(78.0)	(171.5)	(22.0)	(17.3)	(10.4)	(49.6)	(221.2)
Without Restructuring	(79.9)	(33.7)	(113.7)	(63.4)	(25.9)	(20.5)	(109.8)	(223.4)
Net Impact on State Treasury	(13.7)	(44.3)	(57.9)	41.4	8.6	10.1	60.1	
Yr. Payback as a % of Initial Net Restructuring Cost							103.8%	
<b>FOR EACH OF THE FOUR LARGEST PEs OF THE SECTOR</b>								
<b>AMAIR</b>								
With Restructuring (High Case)	(25.1)	(38.1)	(63.3)	(3.5)	(2.0)	(2.0)	(7.5)	(70.8)
Without Restructuring	(20.5)	(9.3)	(29.8)	(9.9)	(10.7)	(12.0)	(32.6)	(62.4)
Net Impact on State Treasury	(4.6)	(28.8)	(33.5)	6.4	8.7	10.0	25.1	
Yr. Payback as a % of Initial Net Restructuring Cost							75.0%	
<b>OTUC</b>								
With Restructuring (High Case)	(11.3)	(19.4)	(30.8)	(3.1)	(2.7)	(2.6)	(8.5)	(39.2)
Without Restructuring	(2.6)	(9.4)	(12.0)	(38.8)	(2.7)	(2.6)	(44.1)	(56.1)
Net Impact on State Treasury	(8.7)	(10.1)	(18.8)	35.7	0.0	0	35.7	
Yr. Payback as a % of Initial Net Restructuring Cost							190.1%	
<b>EGIFERCAM</b>								
With Restructuring (High Case)	(33.3)	(24.3)	(57.6)	(10.1)	(7.7)	4.4)	(22.1)	(79.7)
Without Restructuring	(32.0)	(20.5)	(52.5)	(11.8)	(9.9)	(6.9)	(28.6)	(81.1)
Net Impact on State Treasury	(1.3)	(3.9)	(5.1)	1.7	2.2	2.5	6.5	
Yr. Payback as a % of Initial Net Restructuring Cost							126.0%	
<b>AMSHIP/SIMAR</b>								
<b>AMSHIP</b>								
Net Impact of Restructuring Already Initiated by Govt.	(21.3)	7.7	(13.6)	(1.0)	(0.8)	1.5	(0.2)	(13.8)
Net Impact of SIMAR Restructuring (Note 1)	0.0	(2.2)	(2.2)	(2.2)	(2.1)	(2.1)	(6.4)	(8.6)

Note 1: SIMAR, a 27% real estate subsidiary of CAMSHIP, is insolvent; CAMSHIP is liable for its pro rata share of SIMAR debt.

**REPUBLIC OF CAMEROON**  
**TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**  
**Impact of State Treasury of Restructuring Vs. Not Restructuring**  
**(Post Devaluation)**

	CFAF Million							
	1994	1995	Total 1994/95	1996	1997	1998	Total 1996/98	Total 1994/96
<b>FOR ALL TRANSPORT SECTOR PEs COMBINED</b>								
With Restructuring	(51,460)	(42,892)	(94,352)	(12,075)	(9,498)	(5,724)	(27,297)	(121,649)
Without Restructuring	(43,948)	(18,544)	(62,492)	(34,851)	(14,224)	(11,294)	(60,369)	(122,861)
Net Impact on State Treasury	(7,512)	(24,348)	(31,860)	22,776	4,726	5,570	33,072	
Yr. Payback as a % of Initial Net Restructuring Cost							103.8%	
<b>FOR EACH OF THE FOUR LARGEST PEs OF THE SECTOR</b>								
<b>AMAIR</b>								
With Restructuring (High Case)	(13,832)	(20,958)	(34,790)	(1,910)	(1,110)	(1,111)	(4,131)	(38,921)
Without Restructuring	(11,290)	(5,098)	(16,388)	(5,434)	(5,887)	(6,609)	(17,930)	(34,318)
Net Impact on State Treasury	(2,542)	(15,860)	(18,402)	3,524	4,777	5,498	13,799	
Yr. Payback as a % of Initial Net Restructuring Cost							75.0%	
<b>OTUC</b>								
With Restructuring (High Case)	(6,221)	(10,697)	(16,918)	(1,713)	(1,484)	(1,452)	(4,649)	(21,567)
Without Restructuring	(1,442)	(5,152)	(6,594)	(21,343)	91,484	(1,452)	(24,279)	(30,873)
Net Impact on State Treasury	(4,779)	(5,545)	(10,324)	19,630	0	0	19,630	
Yr. Payback as a % of Initial Net Restructuring Cost							190.1%	
<b>EGIFERCAM</b>								
With Restructuring (High Case)	(18,321)	(13,384)	(31,705)	(5,538)	(4,218)	(2,396)	(12,152)	(43,857)
Without Restructuring	(17,619)	(11,255)	(28,874)	(6,485)	(5,452)	(3,782)	(15,719)	(44,593)
Net Impact on State Treasury	(702)	(2,129)	(2,831)	947	1,234	1,386	3,567	
Yr. Payback as a % of Initial Net Restructuring Cost							126.0%	
<b>AMSHIP/SIMAR</b>								
<b>AMSHIP</b>								
Net Impact of Restructuring Already Initiated by Govt.	(11,716)	4,217	(11,716)	(548)	(413)	845	(116)	(11,832)
<b>SIMAR (Note 1)</b>								
Net Impact of SIMAR Restructuring	0	(1,202)	(1,202)	(1,187)	(1,177)	(1,168)	(3,532)	(4,734)

Note 1: SIMAR, a 27% real estate subsidiary of CAMSHIP, is insolvent; CAMSHIP is liable for its pro rata share of SIMAR debt.

**REPUBLIC OF CAMEROON**  
**TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**  
**Schedule 18: Action Plan and Timetable for the Transit Component of the UDEAC**  
**Transport Reform Program**

**To be implemented from a date to be determined**

1st quarter	2nd quarter	3rd quarter	4th quarter
<p>Meeting of the Regional Committee</p> <p>.Agreement on international itineraries</p> <p>.Assessment of National Committees</p> <p>.Distribution of Manual of Procedures for TIPAC, training and discussion</p> <p>Missions of specialized consultants</p>	<p>Starting technical assistance provided to the National Committees</p> <p>Analysis of proposals</p> <ol style="list-style-type: none"> <li>1. Facilitation: TIPAC logbook</li> <li>2. Telecommunication               <ol style="list-style-type: none"> <li>2.1 Definition of messages</li> <li>2.2 Choice of technical alternative</li> <li>2.3 Procedures</li> </ol> </li> <li>3. Preparation of the guarantee system. Professionals aspects.</li> <li>4. Implementation of the guarantee system. Customs aspects</li> <li>5. Technical agreement of vehicles</li> <li>6. Harmonization of transport regulatory framework</li> <li>7. Road user charge.</li> </ol>	<p>Choice of the type of logbook and guarantee documents.</p> <p>. Analysis of proposals made by specialized consultants and technical assistants</p> <p>. Adjustment of national regulatory frameworks</p>	<p>Meeting of the Regional Committee</p> <p>Choice of one or two pilot international itineraries to implement the TIPAC system on the basis of the outcomes of tasks carried out during the third quarter</p>

5th quarter	6th quarter	7th quarter	8th quarter
	<p>Meeting of the Regional Committee</p> <p>. Assessment for the implementation of the customs duty guarantee system</p> <p>.Timetable for further steps</p>	<p>.Progressive extension to the entire UDEAC</p>	<p>Meeting of the Regional Committee</p> <p>. Assessment for the implementation of the customs duty guarantee system</p> <p>.Analysis of the need for complementary measures</p> <p>.Study of arrangements to be included in the UDEAC legal documents</p>



**REPUBLIC OF CAMEROON**  
**TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**  
**Schedule 19: Implementation Schedule of Transport Sector Reform Program**

	1994				1995												1996												1997											
	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D		
<b>SOTUC</b>																																								
Appointment of liquidator	■																																							
Cessation of activities	■																																							
Completion of liquidation					■																																			
<b>CAMSHIP/CAMTAINER</b>																																								
Appointment of the financial advisor	■																																							
Preparation of bidding documents for the sale of shares	■				■																																			
Bidding procedure for the sale of shares					■																																			
Completion of sale of shares or liquidation					■																																			
<b>CAMAIR</b>																																								
Appointment of the financial advisor	■																																							
Draft management contract	■				■																																			
Draft settlement plan of debts and arrears	■				■																																			
Draft plan for termination of redundant staff	■				■																																			
Completion of bidding documents					■																																			
Bidding procedure for the selection of the strategic partner					■																																			
Final plan for settlement of debts and arrears					■																																			
Termination of redundant staff					■																																			
Creation of the new company					■																																			
Transfer of assets					■																																			
Signature and effectiveness of the management contract					■																																			
Liquidation of existing Camair					■																																			
<b>REGIFERCAM</b>																																								
Appointment of the financial advisor	■																																							
Draft concession agreement	■				■																																			
Draft settlement plan of debts and arrears	■				■																																			
Prequalification					■																																			
Completion of bidding documents					■																																			
Bidding procedure for the selection of the concessionary company					■																																			
Final plan for settlement of debts and arrears					■																																			
Signature and effectiveness of the concession agreement					■																																			
Termination of redundant staff					■																																			
<b>ROAD MAINTENANCE</b>																																								
<i>Road maintenance programming</i>																																								
Establishment of a priority network	done in 1993																																							
Earth road maintenance programming study	■				■																								■											
Paved road maintenance programming study	■				■																								■											
<i>Road rehabilitation</i>																																								
Preparation of bidding documents	■				■																								■											
Bidding procedure	■				■																								■											
Execution of maintenance works	■				■																								■											
<i>Road fund</i>																																								
Bidding procedure for the study	■				■																								■											
Execution of the study	■				■																								■											
Implementation of the road fund	■				■																								■											
<i>External audits of financial and technical performance and procurement procedures</i>					■																								■											
<b>MATGENIE (Equipment pool)</b>																																								
Completion of restructuring study	■				■																								■											
Implementation of restructuring	■				■																								■											
Privatization	■				■																								■											
<b>LABOGENIE (Road Laboratory)</b>																																								
Restructuring study	■				■																								■											
Implementation of restructuring	■				■																								■											
Privatization	■				■																								■											
<b>RESTRUCTURING OF MINISTRY OF PUBLIC WORKS</b>																																								
Execution of study	■				■																								■											
Implementation of restructuring	■				■																								■											

**REPUBLIC OF CAMEROON**  
**TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**  
**Schedule 19: Implementation Schedule of Transport Sector Reform Program**

	1994				1995												1996												1997												
	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D			
<b>RESTRUCTURING OF MINISTRY OF TRANSPORT</b>																																									
Execution of study																																									
Implementation of restructuring																																									
<b>PORT</b>																																									
<i>Assistance to the restructuring of the Port authority</i>																																									
Bidding procedure																																									
Implementation of assistance and recommendations																																									
<i>Study of dredging organization</i>																																									
Bidding procedure																																									
Execution of study																																									
Implementation of the new organization																																									
<i>Rehabilitation of the channel</i>																																									
Bidding procedure																																									
Execution of works																																									
<i>Dredger rehabilitation</i>																																									
Bidding procedure for study																																									
Execution of study																																									
Bidding procedure for works																																									
Execution of works																																									
<b>TRANSIT</b>																																									
<i>Customs' computerized information system</i>																																									
Bidding procedure for audit																																									
Execution of audit																																									
Relocation of the system																																									
<b>TRANSPORT REGULATORY FRAMEWORK</b>																																									
<i>Maritime transport</i>																																									
Law liberalizing access to maritime industry in Cameroon																																									
Regional logistic cost study																																									
Procurement of consultant																																									
Execution of study																																									
Definition of policy																																									
By-laws revising the maritime regulatory framework and the role of the Shippers' Council																																									
<b>TRANSPORT REGULATORY FRAMEWORK</b>																																									
<i>Air transport</i>																																									
Law liberalizing domestic air transport																																									
Revision of jet-fuel price policy																																									
<i>Urban transport</i>																																									
Law liberalizing urban transport																																									
<i>Road and rail transport</i>																																									
Removal of illegal road controls																																									
Creation of the committee for the monitoring of road controls																																									
Start of operation of weighing bridges																																									
Revision of price structure for petroleum products																																									
<i>Transit</i>																																									
Remove requirements of domesticated invoices and import licenses in Chad and CAR																																									
Shorten the list of sensitive goods subject to customs clearance for transit																																									
Remove requirement for customs escort for transit goods																																									

**REPUBLIC OF CAMEROON**  
**TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**  
**Schedule 20: Expected Results and Timing for Key Projects Activities**

Government Objectives	Sector	Expected Results	Timing Targets	Responsible Agency	
Implementation of the first phase of the Transport Sector Reform Program: Privatization or liquidation of priority transport sector public enterprises.	CAMAIR	Creation of a new civil aviation company. Privatization of this company through: a management contract with deferred privatization option or option. Selection of the management team	December 1996	Ministry of Finance and MINT	
	REGIFERCAM	Privatization of railway services for the concession agreement. Selection of the concessionary company.	April 1997	Ministry of Finance and MINT	
	SOTUC	Company liquidated.	October 1995	Ministry of Finance and MINT	
	CAMSHIP	Sale of public participation in the equity or liquidation.	November 1995	Ministry of Finance and MINT	
	CAMTAINER	Sale of public participation in the equity or liquidation. Adoption of restructuring plan.	October 1995 November 1995	Ministry of Finance and MINT	
	MINT	Adoption of restructuring plan. MINT restructured to focus on planning, regulation and policy.	November 1995 June 1996	Ministry of Civil Service and MINT	
Preparation of following phases of the Transport Sector Reform Program	Road Maintenance	Adoption of restructuring plan. MINTP restructured by shifting road maintenance execution from force account to private contractors. Bids launched for execution of the road maintenance work program. Pluri-annual road maintenance programming system implemented in MINTP. Sustainable financing mechanism for road maintenance.	November 1995 June 1996 November 1995 September 1995 July 1995	Ministry of Civil Service and MINTP MINTP idem idem	
	Port	Decision on organization for dredging. Operational and financial restructuring of the management of the Port Authority. Implementation of an efficiency-driven organization for dredging.	December 1995 June 1996 July 1995	MINT and ONPC idem idem	
	Transit facilitation	Customs computerized information system relocated in a safe environment. Bids launched for system rewriting/purchase.	February 1996 January 1996	Ministry of Finance idem	
	MATGENIE	Company restructured and prepared for privatization.	June 1996	Ministry of Finance and MINTP	
	LABOGENIE	Company restructured and prepared for privatization.	June 1996	Ministry of Finance and MINTP	
	Maritime transport		Legal documents approved for the restructuring of the Shippers' Council. Legal documents approved for the liberalization of maritime transport.	December 1995 June 1995	MINT MINT
		Urban transport	Legal documents approved for the liberalization.	June 1995	MINT
	Air transport	Legal documents approved for the liberalization.	June 1995	MINT	
	Road and rail transport	Legal documents approved for the liberalization.	June 1995	MINT	
	PIP	Promulgation of the "Loi de Finances" including a Public Investment Program for public works and transport.	September 1995 September 1996 September 1997	Ministry of Finance, MINT and MINTP	

**REPUBLIC OF CAMEROON**  
**TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**  
**Schedule 21: List of Project Activities and Procurement Procedures**

Activity	Cost US\$'000	Donor	Procurement Method
<b>Support to Institutional Development</b>			
Strengthening of the unit in charge of privatization in MINEFI	212	IDA *	SS
Strengthening of the unit in charge of privatization in MINEFI	215	IDA *	SL
Financial advisor for the privatization of CAMAIR	913	IDA	SL
Financial advisor for the privatization of CAMSHIP and CAMTAINER	266	IDA	SL
Financial advisor for the privatization of REGIFERCAM	589	IDA	SL
Liquidator of SOTUC	187	IDA *	SL
Assistance to the monitoring committee for the liquidation of SOTUC	65	IDA *	SS
Financial and operational management of ONPC	267	IDA	SL
Restructuring of MATGENIE	129	IDA	SL
Restructuring of LABOGENIE	129	IDA	SL
Support to the coordination of road maintenance activities	26	IDA *	SS
Support to the organization and financing of rural road maintenance	71	IDA	SL
Support to the restructuring of CNCC	43	IDA	SL
Short-term assistance to the TICU	137	IDA	SS
Assistance to MINT	815	FAC	
Support to implementation of TIPAC	1,671	EU	
Assistance to regional committees	308	EU	
Assistance to national committees	3,493	EU	
Support to the coordination of road maintenance activities	177	EU	
Restructuring of MATGENIE	214	EU	
Restructuring of LABOGENIE	146	EU	
Sub-total	10,073		
<b>Institutional Development Studies</b>			
Restructuring of MINTP	399	IDA *	SL
Organization of dredging	90	IDA	SL
Creation of a Road Fund	57	IDA *	SL
Simplification and harmonization of the road tax system	143	IDA *	SL
Capability of local transport consultants	13	IDA	SS
Operational and financial management audit of CAMAIR	270	IDA *	SS
Institutional study of urban transport	66	IDA *	SL
Plan of action for road safety	35	IDA *	SL
Restructuring of MINT	251	FAC	
Reduction of Douala port costs	143	FAC	
Sub-total	1,467		
<b>Policy Support</b>			
Support to urban transport privatization and liberalization	84	IDA *	SS
Regional logistic costs study	155	IDA	SL
Transport sector review	87	IDA *	SS
Legal adviser for the liberalization of air transport	58	FAC	
Legal adviser for the liberalization of maritime transport	96	FAC	
Sub-total	480		

Activity	Cost US\$'000	Donor	Procurement Method
<b>Project Preparation</b>			
Support to the improvement of the customs computerized information system	159	IDA	SL
Relocation of the customs computerized information system	319	IDA	SL
Study of insurance system and organization of the TIPAC	159	IDA	SL
Establishment of a programming system for earth road maintenance	583	IDA*	SL
Mitigation plan for environmental issues in road maintenance	20	IDA	SL
Engineering studies of a priority earth road maintenance program	298	IDA	SL
Engineering studies of a priority paved road maintenance program	638	IDA	SL
Feasibility studies of the program of rehabilitation of the railway track	60	IDA	SL
Feasibility studies of the railway telecommunication program	152	IDA	SL
Continuation of computerization of vehicle certification	652	IDA	
Pilot operation for monitoring loads of trucks	187	IDA	
Engineering study for the rehabilitation of ONPC's dredger	53	IDA	SL
Study for the relocation of the dry-yard	126	IDA	SL
Analysis of dredging materials	42	IDA	SL
Audit of transport public enterprises	441	IDA	SL
Establishment of project accounting	68	IDA	SL
Project audits	114	IDA*	SL
Project accountant in the Transport Interministerial Coordination Unit	11	IDA	SS
Monitoring of bridges' condition	102	FAC	
Creation of a road data base	75	FAC	
Establishment of a programming system for paved road maintenance	523	BMZ	
Sub-total	4,782		
<b>Training and seminars</b>			
Road maintenance initiative	7	IDA*	SS
Supervision of road maintenance works	288	IDA	SL
Procurement for road maintenance	185	IDA	SL
Transport Interministerial Coordination Unit	93	IDA	
Environmental issues in road maintenance	96	IDA	SL
Young professionals program	163	IDA	SS
Training for the civil aviation sector	62	FAC	
Training for the maritime sector	94	FAC	
Training for the meteo sector	19	FAC	
Other training	47	FAC	
Seminar on the liberalization of urban transport	96	FAC	
Seminar of MINT restructuring	57	FAC	
Implementation of TIPAC	370	EU	
Sub-total	1,577		
<b>Goods</b>			
Vehicles	111	IDA	LCB
Computers	101	IDA	LCB
Creation of a road documentation center	90	FAC	Shopping
Office supplies	103	FAC	
Telecommunication equipment	899	EU	
Sub-total	1,304		
<b>Operating Costs</b>			
Road-show for the privatization	81	IDA	SS
Support staff in Coordination Unit	54	IDA	SS
Operating costs of TICU under PPF	99	IDA*	Shopping
Operating costs of TICU after project launch	207	IDA	Shopping
Support staff in TICU	80	FAC	
Sub-total	521		
<b>TOTAL</b>	<b>20,203</b>		
Costs include physical and price contingencies			
SL: Short-list; SS: Direct contracting; LCB: Local competitive bidding			
IDA*: Activities completed or on-going under PPF financing.			

**REPUBLIC OF CAMEROON**  
**TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**

**Schedule 22: Guidelines for Preparing Training Activities**

1. **Participation of Local Counterparts in Studies.** Training activities should aim at making trained staff capable of using in their position the experience gained through participation in studies. This objective will be included in the terms of reference of consultants. Training will be carried out either through the execution of specific tasks by the local counterparts according to terms of reference, or through more formal training carried out by the consultants to explain the methodology and tasks carried out under the study. A report will be prepared by the counterparts for tasks executed by them. Consultants' proposals should include the time necessary to train counterparts during execution of studies, and the corresponding budget. Training efficiency will be assessed during the discussions and seminars held during project execution, where counterparts will have to present conclusions and recommendations of studies. Counterparts will also have to prepare summaries of studies. The project coordinator will monitor resources allocated to training.

2. **Preparation of Training Activities.** During project execution, training activities should aim at increased staff productivity and ability to deliver services. Training will be defined after identifying tasks and responsibilities that ministry staff or group of staff are not able to execute or fulfill because of lack of competencies. The training program should be designed to respond to:

- (a) Individual staff needs. Such training activities should be limited because of their cost and the difficulty of clearly identifying training requirements and priorities.
- (b) Group needs. This maximizes the productivity of resources invested in the program, and should be the priority.

3. Training sites should be first in the country of the Borrower, either on the work site, or in local training centers. When training requirements cannot be achieved in the country, training should be considered in a regional training center, and, as a last resort, in another continent. In the latter case, it should be clearly demonstrated that the training is in accordance with project objectives, and does not interfere with work execution and responsibilities of trained staff during project execution.

4. Training plans will be prepared for one year, and submitted to the Bank as well as their cost, for no-objection at least one month before they start. Per diem will be paid on the basis of UNDP tariffs. The Government will bear the balance in excess with actual expenditures.

**REPUBLIC OF CAMEROON**  
**TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**  
**Schedule 23: Detailed Project Costs**

**1. Base Costs**

Project Component	CFA million				US\$'000			
	Local	Foreign	Taxes	Total	Local	Foreign	Taxes	Total
1. Goods	113	482	251	845	219	936	487	1,642
2. Consultant Services and Studies								
(a) Support to Institutional Development	1,250	3,728	821	5,798	2,427	7,238	1,595	11,259
(b) Institutional Development Studies	180	546	119	845	349	1,060	232	1,641
(c) Policy Support	47	189	39	275	92	367	76	535
(d) Project Implementation and Preparation	889	1,423	382	2,693	1,726	2,763	741	5,230
3. Training and Seminars	221	564	130	915	430	1,095	252	1,777
4. Operating Costs	129	128	47	304	250	248	92	590
<b>Total</b>	<b>2,829</b>	<b>7,059</b>	<b>1,790</b>	<b>11,678</b>	<b>5,493</b>	<b>13,707</b>	<b>3,475</b>	<b>22,675</b>

**2. Costs Including Contingencies**

Project Component	CFA million				US\$'000			
	Local	Foreign	Taxes	Total	Local	Foreign	Taxes	Total
1. Goods	134	538	283	955	260	1,045	549	1,854
2. Consultant Services and Studies								
(a) Support to Institutional Development	1,354	3,833	856	6,043	2,630	7,442	1,662	11,734
(b) Institutional Development Studies	192	564	125	881	373	1,095	242	1,710
(c) Policy Support	51	196	41	287	99	380	79	558
(d) Project Implementation and Preparation	978	1,485	406	2,869	1,899	2,883	789	5,571
3. Training and Seminars	238	573	134	946	463	1,113	260	1,836
4. Operating Costs	138	131	50	319	268	254	98	619
<b>Total</b>	<b>3,086</b>	<b>7,319</b>	<b>1,895</b>	<b>12,299</b>	<b>5,992</b>	<b>14,211</b>	<b>3,679</b>	<b>23,882</b>

**REPUBLIC OF CAMEROON**  
**TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**  
**Schedule 24: Implementation Schedule**

Activity	Start of Activity *	End of Activity
<b>Support to Institutional Development</b>		
Strengthening of the unit in charge of privatization in MINEFI	April 1995	April 1996
Financial advisor for the privatization of air services	January 1995	December 1996
Financial advisor for the privatization of railway services	January 1995	April 1997
Financial advisor for the privatization of CAMSHIP/CAMTAINER	January 1995	November 1995
Liquidator of SOTUC	December 1994	October 1995
Assistance to the liquidation monitoring committee	January 1995	January 1996
Reorganization of operational and financial management of ONPC	April 1995	September 1996
Restructuring of MATGENIE	April 1995	June 1997
Restructuring of LABOGENIE	April 1995	June 1996
Support to coordination of road maintenance activities	April 1995	April 1996
<b>Institutional Development Studies</b>		
Financial and operational evaluation of CAMAIR	December 1993	July 1994
Restructuring of MINTP	June 1994	September 1995
Restructuring of MINT	March 1995	September 1995
Study of dredging reorganization	March 1995	November 1995
Study of a Road Fund	February 1995	June 1995
Support to organization and financing of rural road maintenance	April 1995	December 1995
Study of the Road taxation system	June 1994	December 1994
Study of road safety	March 1994	September 1994
Institutional study of urban transport	October 1993	March 1994
Capability of local consultants	April 1995	June 1995
Reduction of transport costs at Douala port	June 1995	December 1995
<b>Policy Support</b>		
Assistance to the liberalization of urban transport	February 1995	July 1995
Study of the costs of the international chain of transport	March 1995	January 1996
Seminars on the restructuring of CNCC	January 1993	December 1994
Transport sector review and short-term missions of experts	March 1991	June 1994
<b>Project Implementation and Preparation</b>		
Audit of the computerized customs information system	June 1995	February 1996
Relocation of the computerized customs information system	July 1995	February 1996
Study of the insurance system	April 1995	December 1995
Earth road maintenance programming study	June 1994	September 1995
Paved road maintenance programming study	January 1995	June 1995
Environmental considerations in road maintenance works	April 1995	September 1995
Detailed engineering studies of a road maintenance priority program	June 1995	November 1995
Analysis of dredging materials	March 1995	October 1995
Study of the relocation of the dry-dock	March 1995	December 1995
Study of the port dredger's rehabilitation	March 1995	October 1995
Continuation of computerization of vehicle certification	March 1995	June 1996
Pilot operation to monitor loads of trucks	June 1995	October 1995
Project accountant in TICU	April 1995	March 1997
Audit of public enterprises	April 1995	December 1995
Project audits	April 1995	June 1998
Establishment of project accountings	September 1995	December 1995

\* includes procurement

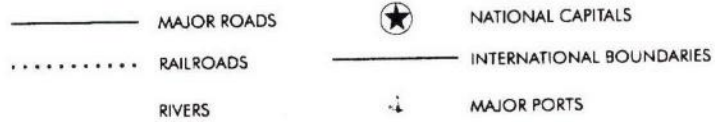
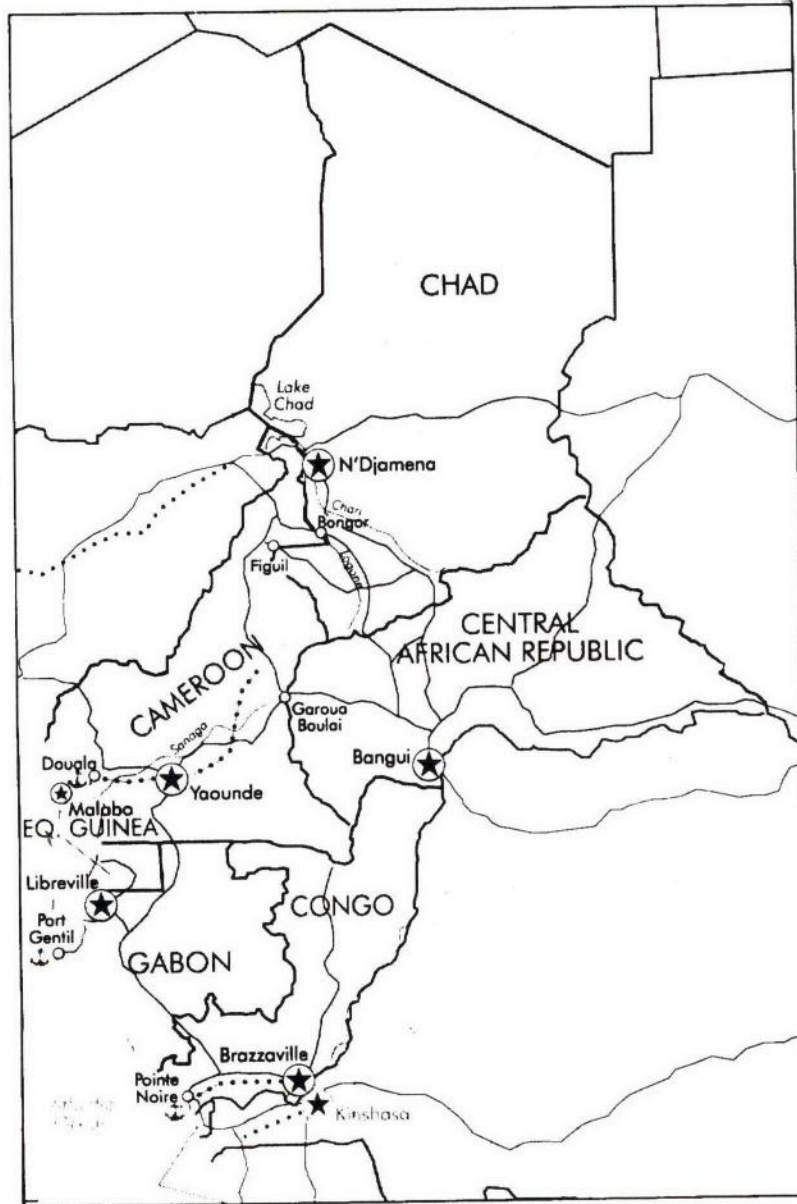


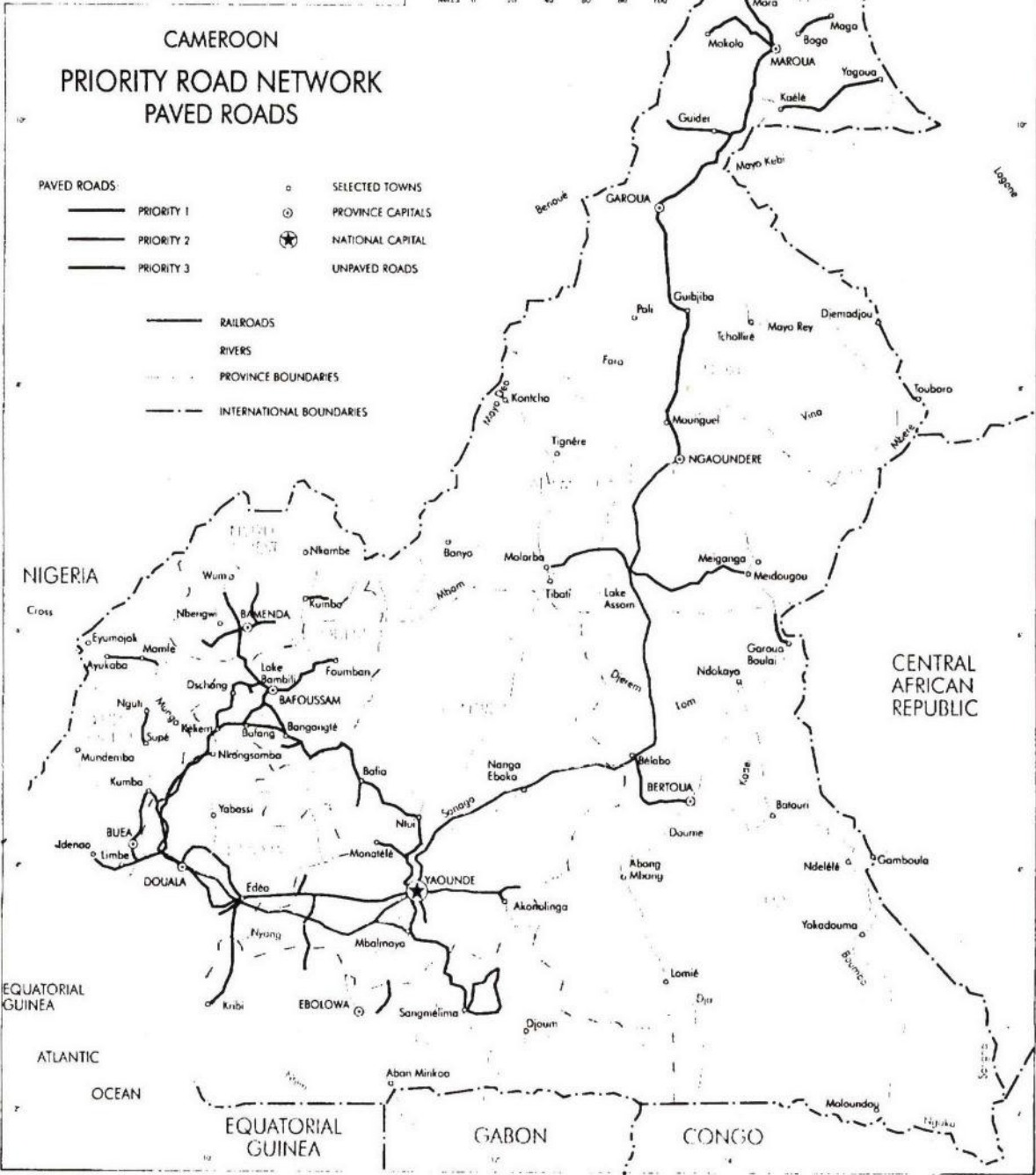
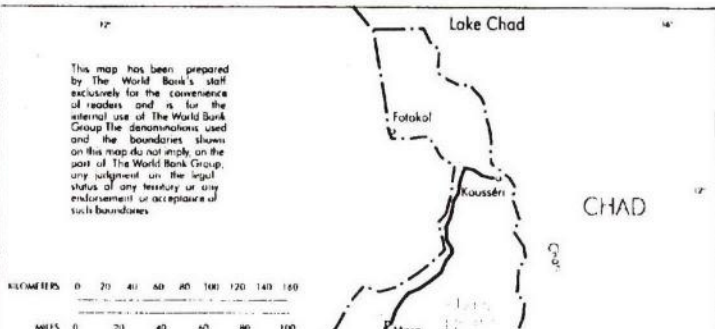
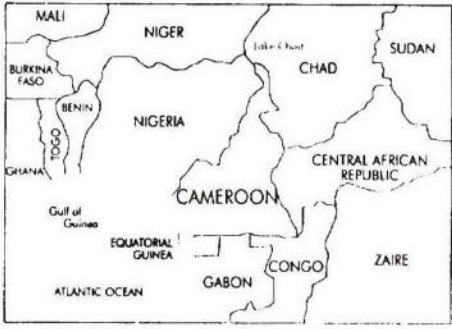
**REPUBLIC OF CAMEROON**  
**TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**  
**Schedule 25: Supervision Plan**

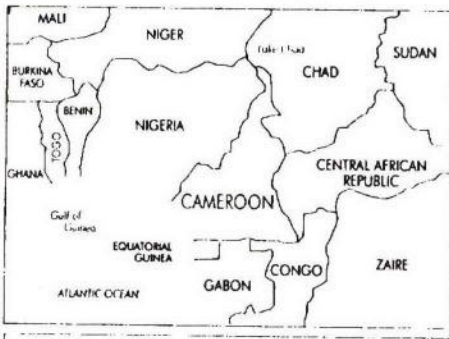
	Activity	Skill	Staff- Headquarters	Weeks Mission
1995 Semester 1	Procurement	Privatization specialist	0.5	
	Review of activities' progress	Port specialist	0.5	1.0
		Road maintenance specialist	0.5	1.0
		Civil aviation specialist	0.5	
		Railway specialist	0.5	
		Transit transport specialist	0.5	
		Project management	5.0	1.0
1995 Semester 2	Procurement	Privatization specialist	0.5	
	Review of activities' progress	Port specialist	0.5	
		Road maintenance specialist	0.5	
		Civil aviation specialist	0.5	1.0
		Railway specialist	0.5	1.0
		Transit transport specialist	0.5	
		Project management	5.0	1.0
1996 Semester 1	Procurement	Privatization specialist	0.5	
	Review of activities' progress	Port specialist	0.5	1.0
		Road maintenance specialist	0.5	1.0
		Civil aviation specialist	0.5	
		Railway specialist	0.5	
		Transit transport specialist	0.5	
		Project management	5.0	1.0
1996 Semester 2	Review of activities' progress	Privatization specialist	0.5	
		Port specialist	0.5	
		Road maintenance specialist	0.5	
		Civil aviation specialist	0.5	1.0
		Railway specialist	0.5	1.0
		Transit transport specialist	0.5	
		Project management	3.0	1.0
1997 Semester 1	Review of activities' progress	Project management	3.0	1.0
<b>TOTAL</b>			<b>33.0</b>	<b>13.0</b>

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# UDEAC REGIONAL POLICY REFORM PROGRAM TRANSPORT FACILITATION COMPONENT Infrastructure Communication Links

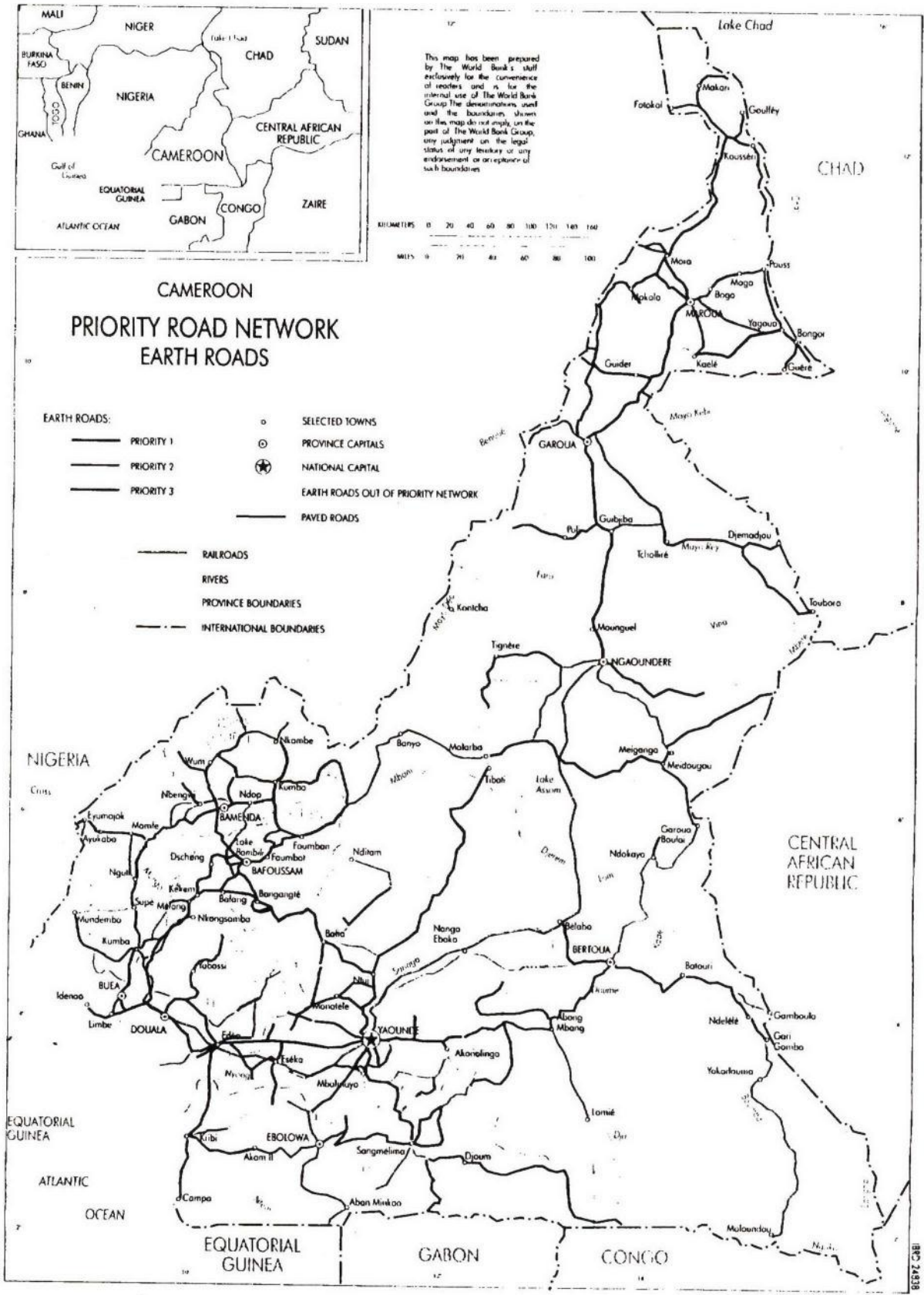






### CAMEROON PRIORITY ROAD NETWORK EARTH ROADS

- EARTH ROADS:**
- PRIORITY 1
- PRIORITY 2
- PRIORITY 3
- SELECTED TOWNS
- ⊙ PROVINCE CAPITALS
- ★ NATIONAL CAPITAL
- EARTH ROADS OUT OF PRIORITY NETWORK
- PAVED ROADS
- RAILROADS
- RIVERS
- PROVINCE BOUNDARIES
- INTERNATIONAL BOUNDARIES



June 1983

BR 2438

**END**

END

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**Cameroon - Transport Sector Technical Assistance**

**Credit/Loan/Guarantee No.:** C2703

**Borrower:** REPUBLIC OF CAMEROON

**Other Parties:**

**Sector:** TT - Infrastructure & Urban Development/Transportation Sector

**Lending Instrument:** TAL - Technical Assistance Loan

**Program Objective:** EN - Environment

**Environment Rating:** C - No Environmental Assessment

**Development Credit Agreement**

CONFORMED COPY

CREDIT NUMBER 2703 CM

Development Credit Agreement

(Transport Sector Technical Assistance Project)

between

REPUBLIC OF CAMEROON

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 29, 1995

CREDIT NUMBER 2703 CM

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated June 29, 1995, between REPUBLIC OF CAMEROON (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Association to assist in the financing of the Project;

(B) by agreement dated March 23, 1995 (the FAC Grant Agreement), the Minister of

Cooperation of the French Republic through the Fonds d'Aide et de Cooperation has agreed to make a grant (the FAC Grant) to the Borrower in an approximate aggregate principal amount equivalent to \$1,400,000 to assist in financing parts of the Project on the terms and conditions set forth in the FAC Grant Agreement;

(C) by agreement dated April 9, 1994 (the EU Grant Agreement), the European Union (EU) has agreed to make a grant (the EU Grant) to the Borrower in an approximate aggregate principal amount equivalent to \$ 6,800,000 to assist in financing parts of the Project on the terms and conditions set forth in the EU Grant Agreement;

(D) by agreement dated November 3, 1994 (the BMZ Grant Agreement), Bundesministerium fur Zusammenarbeit (BMZ) has agreed to make a grant (the BMZ Grant) to the Borrower in an approximate aggregate principal amount equivalent to \$500,000 to assist in financing parts of the Project on the terms and conditions set forth in the BMZ Grant Agreement;

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing, to extend the Credit to the Borrower upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

#### ARTICLE I

##### General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985, with the last sentence of Section 3.02 deleted (the General Conditions) constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement and the following additional terms have the following meanings:

- (a) "MINEFI" means the Ministry of the Borrower responsible for economy and finance;
- (b) "MINT" means the Ministry of the Borrower responsible for transport;
- (c) "MINTP" means the Ministry of the Borrower responsible for public works;
- (d) "CTS" means the Comite Technique de Suivi des Programmes Economiques within MINEFI comprising representatives of the Borrower's ministries concerned with the execution of adjustment reforms and programs;
- (e) "Transport Interministerial Coordination Unit" means the unit established by the Borrower, under the umbrella of the CTS, to assist MINT and MINTP in the preparation and execution of the Transport Sector Reform Program;
- (f) "Transport Sector Reform Program" means the comprehensive midterm reform program which the Borrower is formulating and intends to execute over a three-year period in the transport sector in order to enable said sector to resume its contribution to economic development;
- (g) "Project Implementation Plan" means the guidelines for Project implementation, including, inter alia, monitoring indicators, sample bidding documents and terms of reference for consulting services, as referred to in Section 6.01 (b) of this Agreement;
- (h) "Special Account" means the account referred to in Section 2.02 (b) of this



Agreement;

(i) "Project Preparation Advance" means the project preparation advances granted by the Bank and the Association to the Borrower pursuant to an exchange of letters dated March 19, 1990, October 19, 1990, September 28, 1993, September 30, 1993, April 21, 1994 and April 26, 1994 between the Borrower and the Bank and the Association; and

(j) "CFA Franc" or "CFAF" means Franc de la Communaute Financiere en Afrique Centrale, the currency of the Borrower.

#### ARTICLE II

##### The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to six million nine hundred thousand Special Drawing Rights (SDR 6,900,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Credit.

(b) The Borrower may, for the purposes of the Project, open and maintain in CFAF a special deposit account in a commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

(c) Promptly after the Effective Date, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and pay to the Bank and itself the amount required to repay the principal amount of the Project Preparation Advance withdrawn and outstanding as of such date and to pay all unpaid charges thereon. The unwithdrawn balance of the authorized amount of the Project Preparation Advance shall thereupon be canceled.

Section 2.03. The Closing Date shall be June 30, 1998 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Borrower shall pay to the Association a commitment charge on the principal amount of the Credit not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent (1/2 of 1%) per annum.

(b) The commitment charge shall accrue: (i) from the date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or canceled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date and at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next date in that year specified in Section 2.06 of this Agreement.

(c) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Borrower; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one percent ( $3/4$  of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Commitment charges and service charges shall be payable semiannually on March 15 and September 15 in each year.

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each March 15 and September 15 commencing September 15, 2005 and ending March 15, 2035. Each installment to and including the installment payable on March 15, 2015 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever (i) the Borrower's gross national product per capita, as determined by the Association, shall have exceeded \$790 in constant 1985 dollars for five consecutive years, and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the terms of repayment of installments under paragraph (a) above by requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid. If so requested by the Borrower, the Association may revise such modification to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

(c) If, at any time after a modification of terms pursuant to paragraph (b) above, the Association determines that the Borrower's economic condition has deteriorated significantly, the Association may, if so requested by the Borrower, further modify the terms of repayment to conform to the schedule of installments as provided in paragraph (a) above.

Section 2.08. The currency of the French Republic is hereby specified for the purposes of Section 4.02 of the General Conditions.

### ARTICLE III

#### Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end, shall carry out the Project through MINEFI, MINT and MINTP, under the overall coordination of the CTS, with due diligence and efficiency and in conformity with appropriate administrative, financial and engineering practices and with due regard to environmental factors, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Borrower and the Association shall otherwise agree, the Borrower shall carry out the Project in accordance with the Project Implementation Plan and the Implementation Program set forth in Schedule 4 to this Agreement.

Section 3.02. Except as the Association shall otherwise agree, procurement of the goods and consultants' services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.03. Without limitation upon the provisions of Article IX of the General

Conditions, the Borrower shall:

(a) prepare, on the basis of guidelines acceptable to the Association, and furnish to the Association not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Association, a plan designed to ensure the continued achievement of the Project's objectives;

(b) afford the Association a reasonable opportunity to exchange views with the Borrower on said plan; and

(c) thereafter, carry out said plan with due diligence and efficiency and in accordance with appropriate practices, taking into account the Association's comments thereon.

#### ARTICLE IV

##### Financial Covenants

Section 4.01. (a) The Borrower shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower shall:

(i) have the records and accounts referred to in paragraph (a) of this Section including those for the Special Account for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;

(ii) furnish to the Association, as soon as available, but in any case not later than six months after the end of each such year, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and

(iii) furnish to the Association such other information concerning said records, accounts and the audit thereof as the Association shall from time to time reasonably request.

(c) Without any limitation to the provisions of paragraph (b) of this Section, the Borrower shall:

(i) have the records and accounts for the Special Account audited in accordance with said paragraph (b) every four months during the first twelve months after the Effective Date and every six months during the second twelve months after the Effective Date; and

(ii) furnish to the Association, not later than two months after the end of the period audited, a certified copy of the report of any such audit.

(d) For all expenditures with respect to which withdrawals from the Credit Account were made on the basis of statements of expenditure, the Borrower shall:

(i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;

(ii) retain, until at least one year after the Association has received the audit for the fiscal year in which the last withdrawal from the Credit Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

(iii) enable the Association's representatives to examine such records; and

(iv) ensure that such records and accounts are included in the audits referred to in paragraphs (b) and (c) of this Section and that the report of any such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year (or such other period referred to in paragraph (c) of this Section), together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

#### ARTICLE V

##### Remedies of the Association

Section 5.01. Pursuant to Section 6.02 (h) of the General Conditions, the following additional event is specified, namely, that:

(a) Subject to paragraph (b) of this paragraph:

(i) the right of the Borrower to withdraw the proceeds of any grant or loan made to the Borrower for the financing of the Project shall have been suspended, canceled or terminated in whole or in part, pursuant to the terms of the agreement providing therefor; or

(ii) any such loan shall have become due and payable prior to the agreed maturity thereof.

(b) Paragraph (a) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Association that:

(i) such suspension, cancellation, termination or prematuring is not caused by the failure of the Borrower to perform any of its obligations under such agreement; and

(ii) adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

Section 5.02. Pursuant to Section 7.01 (d) of the General Conditions, the following additional event is specified, namely that the event specified in paragraph (a) (ii) of Section 5.01 of this Agreement shall occur, subject to the proviso of paragraph (b) of that Section.

#### ARTICLE VI

##### Effective Date; Termination

Section 6.01. The following events are specified as additional conditions to the effectiveness of the Development Credit Agreement within the meaning of Section 12.01 (b) of the General Conditions:

(a) the Borrower shall have entered into a multi-year contract with an auditing firm employed in accordance with the provisions of Section II of Schedule 3 to this Agreement; and

(b) the Borrower shall have furnished to the Association the Project Implementation Plan satisfactory to the Association.

Section 6.02. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

#### ARTICLE VII

##### Representative of the Borrower; Addresses

Section 7.01. The Minister of the Borrower at the time responsible for economy and finance is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Ministry of Economy and Finance  
Yaounde  
Republic of Cameroon

Cable address: Telex:

MINEFI 8260 KN  
Yaounde

With copy to:

Caisse Autonome d'Amortissement  
Yaounde  
Republic of Cameroon

Telex:

8858 KN

For the Association:

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address: Telex:

INDEVAS 197688 (TRT),  
Washington, D.C. 248423 (RCA),  
64145 (WUI) or  
82987 (FTCC)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF CAMEROON

By/ s/ Jerome Mendouga

Authorized Representative

## INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Edward V. K. Jaycox

Regional Vice President  
Africa

## SCHEDULE 1

## Withdrawal of the Proceeds of the Credit

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Credit, the allocation of the amounts of the Credit to each Category and the percentage of expenditures for items so to be financed in each Category:

Amount of the  
Credit Allocated % of  
(Expressed in Expenditures  
Category SDR Equivalent) to be Financed

(1) Goods 140,000 100% of foreign  
expenditures and  
75% of local  
expenditures

(2) Consultants' 100%  
services and  
studies for:

(a) Support to 1,880,000  
institutional  
development

(b) Institutional 70,000  
development  
studies

(c) Policy support 70,000

(d) Project 2,210,000  
implementation  
and preparation

(3) Training and seminars 540,000 100%

(4) Operating costs 210,000 100%

(5) Refunding of Project 1,410,000 Amount due pur-  
Preparation Advance suant to Section  
2.02 (c) of this  
Agreement

(6) Unallocated 370,000

---

TOTAL 6,900,000

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower;

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower; provided, however, that if the currency of the Borrower is also that of another country from the territory of which goods or services are supplied, expenditures in such currency for such goods or services shall be deemed to be "foreign expenditures"; and

(c) the term "operating costs" means mission travel and subsistence allowances for local staff, salaries of local staff employed on a contractual basis, operation and maintenance of vehicles and equipment, and office supplies, all related to the Project.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures for goods and services under contracts not exceeding \$50,000 equivalent, under such terms and conditions as the Association shall specify by notice to the Borrower.

#### SCHEDULE 2

##### Description of the Project

The objectives of the Project are to assist the Borrower in the preparation of its Transport Sector Reform Program.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Association may agree upon from time to time to achieve such objectives:

##### Part A: Institutional Development

##### 1. Support to the following activities:

(a) Civil Aviation: preparation of the privatization of the national airline (CAMAIR), including the provision of financial and legal advisors' services.

(b) Railroad: preparation of a concession agreement for the operation of rail services, presently operated by REGIFERCAM.

(c) Urban Transport: preparation of the liquidation of the urban bus company (SOTUC), including the provision of services of a liquidator and technical assistance to the monitoring committee.

(d) Maritime Transport: (i) preparation of the privatization/liquidation of the national shipping line (CAMSHIP) and the national freight forwarder and road transport enterprise (CAMTAINER), including the provision of financial and legal advisors' services; and (ii) preparation of CNCC restructuring.

(e) Road Maintenance: (i) preparation of the progressive State retrenchment from road maintenance execution; (ii) coordination of road maintenance activities; and (iii) support to the rural roads maintenance organization and financing.

(f) Port: preparation of the reorganization of the port authority concerning its operational and financial management.

(g) Transit Facilitation: preparation of the establishment of the TIPAC customs duty guarantee system.

(h) Ministry of Economy and Finance: strengthening the services in charge of privatization in the Ministry.

(i) Strengthening the technical capabilities of the Transport Interministerial Coordination Unit.

## 2. Carrying out studies:

(a) Review of the role and organization of MINT aiming at strengthening its planning, regulatory and policy preparation capability.

(b) Review of the role and organization of MINTP with a focus on planning, programming, managing and supervising road maintenance works.

(c) (i) Establishment of a road maintenance fund; and (ii) harmonization and simplification of the road taxation system.

(d) (i) Review of urban transport institutions; and (ii) preparation of a plan of actions for road safety.

(e) Port dredging reorganization.

(f) Assessment of the capability of local consultants in transport and public works.

(g) Reduction of transport costs at Douala port.

(h) (i) Preliminary analysis of operational and financial management of CAMAIR; (ii) preparation of the privatization of airports; and (iii) evaluation of CAMAIR personnel.

(i) Rehabilitation of LABOGENIE and MATGENIE.

## Part B: Policy Support

Support to privatization/liberalization, including an update of the regulatory framework, for:

(a) urban transport;

(b) air transport;

(c) maritime transport; and

(d) the transit sector of international trade.

## Part C: Support to Project Preparation and Implementation

(a) Carrying out: (i) financial audits for the following public enterprises: CAMAIR, REGIFERCAM, SOTUC, CAMSHIP and CAMTAINER; and (ii) a study of legal obligations of said enterprises towards their creditors.

(b) Road Maintenance: (i) carrying out pluri-annual programming studies for earth and paved roads maintenance; (ii) preparation of a mitigation plan to address environmental issues in road maintenance; (iii) implementation of a road data bank; (iv) monitoring of bridges condition; (v) coordination of all externally-financed road maintenance activities; (vi) creation of a road documentation unit; and (vii) carrying out engineering studies for a priority road maintenance program.



(c) Port: (i) carrying out a study on the location of the dry dock; (ii) engineering design for the rehabilitation of the dredger; and (iii) analysis of dredging materials.

(d) Transit Facilitation: (i) support to the improvement of the computerized system for customs declaration and the relocation of said system; and (ii) carrying out a study to define insurance organization for the TIPAC regional customs duty guarantee system.

(e) Rail Transport: carrying out: (i) a feasibility study for track rehabilitation; (ii) a feasibility study on a program of telecommunications; and (iii) a study on access roads to the railway stations.

(f) Road Transport: (i) on-going computerization of vehicle certification; and (ii) monitoring of trucks load for protecting road assets.

(g) Strengthening the administrative and financial management capabilities of the Transport Interministerial Coordination Unit.

(h) Carrying out a program of training and seminars related to: (i) road maintenance, transport management and to the implementation of the TIPAC customs duty guarantee system; and (ii) MINT and MINTP young professionals.

\* \* \*

The Project is expected to be completed by December 31, 1997.

#### SCHEDULE 3

### Procurement and Consultants' Services

#### Section I. Procurement of Goods

##### Part A: Bidding

Items or groups of items for goods estimated to cost the equivalent of \$80,000 or less per contract, up to an aggregate amount equivalent to \$210,000, may be procured under contracts awarded on the basis of competitive bidding, advertised locally in accordance with procedures satisfactory to the Association consistent with the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1992 (the Guidelines), including the following:

(a) all bids shall be opened in public, allowing bidders or their representatives to attend;

(b) precise quantitative and monetary criteria shall be used in bid evaluation;

(c) there shall be no negotiation between bid opening and contract award; and

(d) contracts shall be awarded to the lowest evaluated responsive bidder.

##### Part B: Review by the Association of Procurement Decisions

#### 1. Review of invitations to bid and of proposed awards and final contracts:

(a) With respect to each contract estimated to cost the equivalent of \$50,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Association pursuant to said paragraph 2 (d) shall be furnished to the Association prior to the making of the first payment out of the Special Account in respect of such

contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Association pursuant to said paragraph 3 shall be furnished to the Association as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 5 to this Agreement.

(c) The provisions of the preceding subparagraph (b) shall not apply to contracts on account of which withdrawals from the Credit Account are to be made on the basis of statements of expenditure.

2. The figure of 10% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

## Section II. Employment of Consultants

1. In order to assist the Borrower in carrying out the Project, the Borrower shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Association. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Association on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981 (the Consultant Guidelines). All letters of invitation packages, including short lists, terms of reference, letters of invitation and evaluation criteria, and evaluation reports and draft contracts, shall be subject to prior review by the Association. For complex, time-based assignments, the Borrower shall employ such consultants under contracts using the standard form of contract for consultants' services issued by the Bank, with such modifications as shall have been agreed by the Association. Where no relevant standard contract documents have been issued by the Bank, the Borrower shall use other standard forms agreed with the Association.

2. Without limitation upon the provisions of paragraph 1 of this Section, the Borrower shall ensure that:

(a) short lists shall include at least three consulting firms or individual consultants, but no more than six, with no more than two from the same country;

(b) neither a bid security nor any other guaranty of similar nature shall be requested; and

(c) quality shall be the main criterion for selection.

### SCHEDULE 4

#### Implementation Program

1. In addition to its role of supervision of economic programs, MINEFI shall be responsible under the Project for activities related to privatization and liquidation of public enterprises. MINT and MINTP shall be responsible for Project activities related respectively to transport and public works. The Transport Interministerial Coordination Unit shall continue to assist MINT and MINTP in the preparation and execution of reforms in the transport sector and shall have overall responsibility under the supervision of MINEFI for Project administration and bookkeeping. The head of said Unit shall have qualifications and experience satisfactory to the Association.

2. The Borrower shall ensure that all its departments or agencies responsible for

carrying out the Project or any part thereof shall comply with the procedures included in the Project Implementation Plan.

3. Prior to the starting of major assignments by consultants employed in accordance with the provisions of Section II of Schedule 3 to this Agreement, the Borrower shall designate local counterparts to said consultants, under terms of reference and with qualifications satisfactory to the Association.

4. (a) The Borrower shall:

(i) not later than November 30, 1996, carry out jointly with the Association a midterm review to assess the progress made in the execution of the Project and promptly thereafter implement the recommendations of said midterm review as they shall have been agreed upon with the Association; and

(ii) three months prior to such review, furnish a report to the Association covering progress in all aspects to be received during the midterm review.

(b) The midterm review shall cover, inter alia: (i) progress in meeting Project's objectives; (ii) overall Project performance against established and agreed key performance indicators; (iii) progress in implementing study recommendations; and (iv) the performance of the consultants under the Project.

#### SCHEDULE 5

#### Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1), (2), (3) and (4) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Credit allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to CFAF 130,000,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Association shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to CFAF 65,000,000 until the aggregate amount of withdrawals from the Credit Account plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of SDR 1,900,000.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Association has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Association a request or requests for deposit into the Special Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the Special Account, the Borrower shall furnish to the Association requests for deposits into the Special Account at such intervals as the Association shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Association the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures.

All such deposits shall be withdrawn by the Association from the Credit Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account, the Borrower shall, at such time as the Association shall reasonably request, furnish to the Association such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Association shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Association shall have determined that all further withdrawals should be made by the Borrower directly from the Credit Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

(b) if the Borrower shall have failed to furnish to the Association, within the period of time specified in Section 4.01 (b) (ii) and (c) (ii) of this Agreement, any of the audit reports required to be furnished to the Association pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

(c) if, at any time, the Association shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Credit Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Credit allocated to the eligible Categories, minus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligible Categories shall follow such procedures as the Association shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Association shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association: (A) provide such additional evidence as the

Association may request; or (B) deposit into the Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Association shall otherwise agree, no further deposit by the Association into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

(c) The Borrower may, upon notice to the Association, refund to the Association all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Association made pursuant to paragraph 6 (a), (b) and (c) of this Schedule shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

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**Report No. P-6559-CM**

**MEMORANDUM AND RECOMMENDATION**  
**OF THE**  
**PRESIDENT OF THE**  
**INTERNATIONAL DEVELOPMENT ASSOCIATION**  
**TO THE**  
**EXECUTIVE DIRECTORS**  
**ON A**  
**PROPOSED CREDIT**  
**IN THE AMOUNT EQUIVALENT TO SDR 6.9 MILLION**  
**TO THE REPUBLIC OF CAMEROON**  
**FOR A**  
**TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**

**MARCH 23, 1995**

## CURRENCY EQUIVALENTS

(as of March 2, 1995)

Currency Unit	=	CFA Franc (CFAF)
US\$1	=	CFAF 515
CFAF 1 million	=	US\$1,942

## WEIGHTS AND MEASURES

Metric System

## ABBREVIATIONS AND ACRONYMS

ASECNA	=	Agence pour la Sécurité Aérienne en Afrique et de Madagascar (Air Safety Agency for Africa and Madagascar)
BMZ	=	Bundesministerium für Zusammenarbeit (German Ministry for Cooperation)
CAMAIR	=	Cameroon Airlines
CAMSHIP	=	Cameroon Shipping Lines
CAMTAINER	=	Société Nationale de Transport et de Transit du Cameroun (Cameroon Container Transport and Freight Forwarder Company)
CAR	=	République Centrafricaine (Central African Republic)
CAS	=	Country Assistance Strategy
CFD	=	Caisse Française de Développement (French Development Agency)
CIF	=	Cost, Insurance, Freight
CNCC	=	Conseil National des Chargeurs du Cameroun (Shippers' Council)
CNIC	=	Chantier Naval et Industriel du Cameroun (Cameroon Dockyard)
CNPS	=	Caisse Nationale de Prévoyance Sociale (National Social Security Fund)
DMN	=	Developing Maritime Nations
DGTC	=	Direction Générale des Grands Travaux du Cameroun (General Directorate for Large Works of Cameroon)
DPO	=	Deferred Privatization Option
ERC	=	Economic Recovery Credit
ESOP	=	Employee Stock Ownership Program
EU	=	European Union
FAC	=	Fonds d'Aide et de Coopération (French Cooperation Fund)
FOB	=	Free on Board
FY	=	Fiscal Year
GDP	=	Gross Domestic Product
GOC	=	Government of Cameroon
IBRD	=	International Bank for Reconstruction and Development
ICAO	=	International Civil Aviation Organization
IDA	=	International Development Association
IMF	=	International Monetary Fund
IRU	=	International Road Union
LABOGENIE	=	Laboratoire National de Génie Civil (National Road Laboratory)
MATGENIE	=	Parc National de Matériel de Génie Civil (Equipment Pool)
MC	=	Management Contract
MINEFI	=	Ministère de l'Economie et des Finances (Ministry of Economy and Finance)

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MINT	= Ministère des Transports (Ministry of Transport)
MINTP	= Ministère des Travaux Publics (Ministry of Public Works)
OECD	= Overseas Economic Cooperation Fund
ONPC	= Office National des Ports du Cameroun (Cameroon National Port Authority)
PE	= Public Enterprise
PIP	= Public Investment Program
PPF	= Project Preparation Facility
PSO	= Public Service Obligation
REER	= Real Effective Exchange Rate
REGIFERCAM	= Régie Nationale des Chemins de Fer du Cameroun (Cameroon Railways)
SAC	= Structural Adjustment Credit
SAL	= Structural Adjustment Loan
SAP	= Structural Adjustment Program
SAR	= Staff Appraisal Report
SME	= Small and Medium Enterprise
SNH	= Société Nationale d'Hydrocarbures (National Oil Company)
SNI	= Société Nationale d'Investissement (State Holding Company)
SOCAMAC	= Société d'Aménagement et de Manutention du Cameroun (Port Handling Company of Cameroon)
SOTUC	= Société de Transport Urbain du Cameroun (Urban Public Transport Company)
SSATP	= Sub-Saharan African Transport Policy Program
TICU	= Transport Interministerial Coordination Unit
TIR	= Transit International Routier (International Road Transit)
TIPAC	= Transit Inter-États des Pays de l'Afrique Centrale (Central African Countries Regional Transit)
TSAC	= Transport Sector Adjustment Credit
TSP	= Transport Sector Project
UDEAC	= Union Douanière et Economique de l'Afrique Centrale (Central Africa Customs and Economic Union)
UNCTAD	= United Nations Conference on Trade and Development

FISCAL YEAR

July 1 - June 30



REPUBLIC OF CAMEROON  
TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT  
CREDIT AND PROJECT SUMMARY

**Borrower:** Republic of Cameroon

**Implementing Agencies:** Ministry of Economy and Finance  
Ministry of Public Works  
Ministry of Transport  
Transport Interministerial Coordination Unit

**Beneficiary:** Not Applicable

**Poverty:** Not Applicable

**Amount:** SDR 6.9 million (US\$ 10.2 million equivalent)

**Terms:** Standard IDA terms with a maturity of 40 years

**Commitment Fee:** 0.50% on undisbursed credit balances,  
beginning 60 days after signing, less any waiver

**Onlending Terms:** Not Applicable

**Financing Plan:** See Schedule A

**Net Present Value:** Not Applicable

**Staff Appraisal Report:** None

**Maps:** IBRD No. 24837 and 24838 (Priority Road Network)  
IBRD No. 24029 (UDEAC Infrastructure Communications Network)

# REPUBLIC OF CAMEROON

## TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT

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**MEMORANDUM AND RECOMMENDATION OF THE PRESIDENT  
OF THE INTERNATIONAL DEVELOPMENT ASSOCIATION  
TO THE EXECUTIVE DIRECTORS  
ON A PROPOSED CREDIT TO THE REPUBLIC OF CAMEROON FOR A  
TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**

1. I submit for your approval the following memorandum and recommendation on a proposed development credit to the Republic of Cameroon for SDR 6.9 million, the equivalent of US\$10.2 million, on standard IDA terms with a maturity of 40 years, to help finance a transport sector technical assistance project.

2. **COUNTRY BACKGROUND.** Unaddressed structural problems in the country's economy have prevented Cameroon from reaching its development potential. Until 1985, Cameroon's economic growth averaged 7 percent per year, sustained by abundant natural resources (tropical forests, petroleum, bauxite, natural gas, fertile agricultural land, and a largely favorable climate), and favorable export prices for petroleum, cocoa and coffee. However, several structural problems developed during this period. The traditional growth sectors, agriculture in particular, were neglected and their productivity declined. The multitude of public enterprises created during this period were inefficient and eventually became bankrupt while draining huge resources from the State budget. The banking sector practiced imprudent lending by becoming overly dependent on oil revenues and large government deposits. The investment in public infrastructure was not selected to respond to economic priorities or social needs and was not followed by proper maintenance. The long-term debt increased from less than 20 percent of the Gross Domestic Product (GDP) in 1976, to about 50 percent in 1992. In addition, Cameroon suffered from two major shocks. First, as a result of a sharp decline in export prices of petroleum in 1986, followed by declines in cocoa and coffee export prices, the external terms of trade fell by more than 55 percent from 1985 to 1989. Second, the real effective exchange rate started to appreciate following the US dollar and Nigerian Naira depreciation in 1985-1986, and continued to appreciate as Cameroon's inflation rate consistently remained above the inflation rates of its main trading partners.

3. In 1988, the Government launched an adjustment program with support from the IMF and the World Bank. However, the program was not implemented consistently and its main objectives were not attained. While some progress was made in diminishing government intervention in the economy, reducing price controls on domestically traded goods, lifting a number of quantitative restrictions on imports, and rationalizing the incentives framework, the fundamental structural problems of the economy remained unaddressed. As a result, external competitiveness continued to decline, external and internal imbalances worsened, and the economic and financial situation did not improve. Tax revenues deteriorated, while total current expenditures remained unchanged, thus shifting the primary fiscal balance from a surplus in 1989 to a deficit of 2 percent of GDP in 1992.

4. A major change occurred in January 1994, when the Government of Cameroon, along with its partner countries in the CFA zone, decided to adjust the parity of the CFA Franc from CFAF 50 per French Franc (FF) to CFAF 100 per FF. To take advantage of the positive effects of the devaluation, the Government, with IMF and IDA assistance, began implementing a program of economic measures and structural reforms. The program, supported by an IMF Standby and an IDA Economic Recovery Credit (ERC, Cr. No. 2627-CM, June 10, 1994), covers three key areas: (a) redimensioning of the public sector and improved public resource management; (b) improving the incentives framework for the productive sectors; and (c) targeting of poverty alleviation measures. In conjunction with the effects of the devaluation, the program is expected to end the recession and result in positive real growth. Real GDP growth is projected to average about 5 percent per annum from 1995/96. Public sector investments are projected to

recover gradually from 2.2 percent of GDP in 1992/93 to about 4 percent in 1996/97. Private investment is expected to rise from 8.7 percent of GDP in 1992/93 to about 12-13 percent in 1996/97. Public sector savings are projected to turn around substantially, as tax reform and expenditure control translate into improved fiscal balances.

5. Redimensioning of the public sector and improving public resource management would be achieved by privatizing/liquidating priority public enterprises, improving performance of enterprises not yet undergoing privatization, and implementing a strategy to settle the domestic debt. The Declaration of Policy adopted by the Government in the context of the ERC emphasized the need for State retrenchment from commercial activities. In July 1994, the Government listed 15 public enterprises for privatization or liquidation including the national airline, the railways, the urban bus company, the national shipping line and the national container transport and freight forwarder company. The Government is currently revising the institutional framework for Public Enterprise (PE) reform. The Ministry of Economy and Finance has been mandated to carry out this reform. The settlement of Government domestic debt is a priority for the economy. Based on the preliminary outcomes of an on-going analysis of the domestic debt, the Government domestic debt accounts for 75 percent of the total domestic public sector debt, which amounts to about US\$4 billion and accounts for about 45 percent of the external debt, 50 percent of GDP and six times the 1993-1994 budgetary receipts. The Government and IDA are currently working on a revised definition of the institutional framework for PE reform and on the strategy to settle the domestic debt.

6. **TRANSPORT SECTOR BACKGROUND AND ISSUES.** The transport sector is managed by three Government institutions. The Ministry of Public Works (MINTP), with about 6,700 employees, is responsible for road maintenance. The Ministry of Transport (MINT), with about 880 employees, initiates and supervises transport regulations. MINT also oversees the Shippers' Council (CNCC), which controls the distribution of Cameroon's maritime traffic under the United Nations Conference on Trade and Development's (UNCTAD) Code of Conduct, negotiates liner conference tariffs, and represents Cameroonian shippers' interests. The Directorate of Large Works of Cameroon (DGTC), with about 150 employees, reports to the Prime Ministry. It prepares and supervises large works, including roads, and procures contracts above about US\$100,000 equivalent for ministries, and about US\$365,000 for PEs. The country procurement review carried out by IDA in 1993 qualified the local procurement procedures as critically deficient because of little transparency in bid evaluation and award of contracts, resulting in long procurement processing and high costs. IDA and the Government of Cameroon agreed on a revised draft national procurement code in December 1994.

7. The transport sector contains nine PEs. Seven PEs are under the jurisdiction of MINT: *CAMAIR* (Cameroon Airlines), with about 1,600 employees; *REGIFERCAM* (*Régie Nationale des Chemins de Fer*), with about 4,000 employees, operating about 1,000 km of railways; *SOTUC* (*Société des Transports Urbains du Cameroun*), with about 1,050 employees, operating bus lines in Yaoundé and Douala; *CAMSHIP* (Cameroon Shipping Lines), with about 280 employees, including 80 sailors; *CAMTAINER* (*Société Nationale de Transport et de Transit du Cameroun*), with about 200 employees; *ONPC* (*Office National des Ports du Cameroun*), with about 1,000 employees, managing Cameroon's main port at Douala and three secondary ports, with most port operations contracted out to private operators, and *CNIC* (*Chantier Naval et Industriel du Cameroun*), with about 130 employees, operating a dry-dock. Two PEs fall under the jurisdiction of MINTP: *MATGENIE* (*Parc National de Matériel de Génie Civil*), with about 400 employees, an equipment pool for road maintenance; and *LABOGENIE* (*Laboratoire National de Génie Civil*), with about 530 employees, which controls the norms and standards of road and building construction, and carries out research.

8. In the past, weak management and institutions have caused the transport sector to have a negative impact on the overall economy. MINT and MINTP lack technical and managerial competence. Ministerial interference with public enterprises' management has limited their autonomy and hampered their performance. Priority has been given to oversized investments without consideration to economic justification and recurrent costs. Customs procedures are cumbersome and penalize transit traffic to and from Chad and the Central African Republic. As a result of weak management, transport infrastructure has lacked maintenance, and loss-making PEs have drained scarce State resources. The road network is rapidly deteriorating and insufficient dredging impedes the access of large ships to Douala, the main port of Cameroon. In 1993, direct subsidies to cover transport PEs' deficit amounted to US\$55 million, equivalent to 8 percent of the State revenues. About US\$240 million of subsidies had been allocated to transport sector PEs between FY90 and FY92, of which 84 percent to CAMAIR. The total domestic debt for the nine sector PEs is estimated at US\$230 million as of 1994. This accounts for about 24 percent of the total debt of the 34 major PEs in Cameroon, 6 percent of the total domestic public sector debt and 3 percent of the gross domestic product. Seven of the nine PEs are technically bankrupt. The consequences for the economy are high transport costs, running down of existing assets, and lack of resources for investment. Road transport costs, transport costs for international trade, and port tariffs are excessively high. The road network and railway tracks need costly rehabilitation.

9. **TRANSPORT SECTOR REFORM PROGRAM.** Since 1990, the Government has undertaken to reform the transport sector. Progress, erratic and slow at first, has accelerated recently, and is overall satisfactory. In the earlier phase, supported under the IBRD's Structural Adjustment Loan (SAL, Ln. No. 3089-CM, June 1989), top-level commitment was insufficient, and effective restructuring did not take place. Since 1992, the pace of reform picked up. A performance contract was signed with the railway company which resulted in the dismissal of about 2,000 employees, contracting-out of some maintenance works, and tariff autonomy. SOCAMAC, the national stevedore, has been privatized. In October 1994, following the appointment of a new management team, MATGENIE was restructured and 400 employees were dismissed, reducing the salary bill by 40 percent. In addition, salaries were cut by 10 percent in January 1995. CAMSHIP has been financially restructured and earned profits in FY94. Airport management was privatized in 1994. In order to shift from carrying out road maintenance by force account to execution by contracts, the Government agreed to a new road maintenance policy in 1993. This policy is being tested for earth road maintenance with European Union financing. In early 1995, the Government contracted out the management of a secondary port to a private investor. On February 22, 1995, SOTUC's General Assembly decided to liquidate the company and all services have been stopped pending the liquidation. This phase has consolidated a constituency for reform in the transport sector and has proved that results can be achieved and sustained. Yet, the importance of the sector in the economy and the current daunting magnitude of the issues call for scaling up the Government's effort to restore financial viability and to solve the sectoral policy and institutional issues, with a coordinated, coherent set of actions on the domestic debt crisis.

10. The Government, with the support of donors involved in the transport sector has developed an overall transport sector reform program to complete the adjustment of the sector institutions and address the financial issues in the sector. The program seeks to enable the sector to resume its contribution to development instead of being a constraint to the country's economic growth. It is aimed at improving mobilization and allocation of resources, maintenance of transport infrastructure and the overall efficiency of the sector. These objectives would be achieved through State divestiture from transport operations, increased competition, more focused institutions to improve their effectiveness, and an improved regulatory framework. The program would be implemented in three phases over a three-year period. The first phase of the program would privatize or liquidate five major transport PEs with most impact on the Treasury, i.e., the national airline, railways, shipping line, urban bus company and container transport and freight

forwarder company. MINT's role would be revised to focus on planning, regulation and policy. The regulatory framework for air, maritime and urban transport would be revised to develop competition and entry of private operators in the subsectors. The subsequent phases would downsize the port authority and implement an efficiency-driven organization for dredging execution, reorganize road maintenance, and improve customs procedures for local and international transit. MINTP's role would be revised to shift from carrying out road maintenance by force account to management of road maintenance by contracts. The State would divest from MATGENIE in parallel with the progressive contracting out of road maintenance. Investment in the sector, with an initial focus on maintenance and rehabilitation, would resume once implementation of the reforms has begun.

11. **LESSONS LEARNED FROM PREVIOUS BANK/IDA INVOLVEMENT.** IBRD and IDA have financed six highway projects, three port projects, four railway projects and two structural adjustment operations in Cameroon. Physical achievements of the transport projects lacked sustainability because of lack of disciplined management, weak institutional capacity and insufficient local financing for their maintenance. This experience, and lessons from other countries, show that sustainable transport sector development should be integrated with and based on a sustainable macroeconomic framework, as well as on a long-term strategy with sector reform phased according to priority of issues and local resource mobilization capacity. In the PE sector, results of performance contracts signed under the SAL were largely unsatisfactory. This experience, and the deteriorating performance of PEs, justify a major policy emphasis on State divestiture through privatization or liquidation. Weak reform implementation in Cameroon also shows the need for strong, up-front actions on adjustment.

12. **PROJECT OBJECTIVES.** With the assistance of the proposed project, the Government intends to: (a) launch the transport sector reform program, which would result in the creation of a new private civil aviation company, private operation of rail services, liquidation of the urban bus company, sale of public shares in CAMSHIP and CAMTAINER, restructuring of MINT and reform of the regulatory framework for air, urban, and maritime transport; and (b) continue preparation of the subsequent phases which would result in: (i) restructuring of MINTP; execution by contract of most of the road maintenance work program; and implementation of a pluri-annual programming system, as well as a sustainable financing mechanism for road maintenance; (ii) restructuring and down-sizing of the port authority; implementation of an efficiency-driven organization for dredging; and (iii) an improved customs institutional framework; overhaul of the customs computerized information system; and implementation of a new international transit system.

13. **PROJECT DESCRIPTION.** The project provides for consultants' services for launching the transport sector reform program (US\$4.8 million): (a) preliminary analysis for the privatization of the airline, railway company, shipping company and for the liquidation of the urban bus company (carried out with PPF financing); (b) preparation of a concession agreement to operate rail services; (c) preparation of a management contract, including deferred privatization option to privatize national air services; (d) assistance to the sale of public shares in CAMSHIP and CAMTAINER; (e) services of the liquidator and assistance to the monitoring committee for the liquidation of the urban bus company; (f) financial audits of PEs to be privatized and study of legal obligations of these enterprises towards their creditors, of the type of guarantee provided by the Government, and of the amount owed by other entities, either public or private, to these enterprises; (g) study to prepare MINT restructuring; and (h) revision of the regulatory framework for urban, air and maritime transport, including a study of regional logistic costs and seminars. In addition to these sectoral activities, the project will provide consultants' services to strengthen the unit in charge of overall privatization in the Ministry of Economy and Finance.

14. The project will also provide assistance in the preparation of the subsequent phases of the transport sector reform program (US\$19.1 million): (a) consultants' services to prepare restructuring of: (i) MINTP, to shift toward management of road maintenance by contract (on-going with PPF financing); (ii) the port authority, to reduce expenditures and separate dredging execution from port management; (iii) MATGENIE and LABOGENIE (US\$1.8 million); (b) assistance to implement a new international transit system including telecommunication equipment for the transit system, and to improve the customs procedures, as part of a medium-term comprehensive transit and customs reform being planned with French and EU aid (US\$8.8 million); (c) establishment of a simplified road taxation system (carried out with PPF financing); creation of a road fund; definition of a mechanism for financing rural road maintenance; creation of a road data bank; preparation of a mitigation plan to address environmental issues in road maintenance; establishment of a pluri annual road maintenance programming system (on-going with PPF financing); services of a coordinator for all externally-financed road maintenance activities, the preparation of the investment program in the sector and the annual road maintenance budgets; establishment of a system to monitor bridge conditions; detailed engineering studies of a priority road maintenance program; and creation of a road documentation unit (US\$3.2 million); (d) engineering study for the rehabilitation of ONPC's dredger; relocation study of the dry-dock; analysis of dredging material (US\$0.3 million); (e) feasibility studies of an on-going priority program of investment for REGIFERCAM (US\$0.3 million); (f) training or seminars on procurement and supervision of road maintenance works, on the procedures for the new international transit system, on the road maintenance initiative (carried out with PPF financing), on the new sector policy, and on environmental considerations in road maintenance (US\$1.4 million); (g) preparation of a plan to improve road safety and institutional study of urban transport (both carried out with PPF financing), continuation of the computerization of vehicle certification and of the monitoring of trucks' load started under the Sixth Highway Project (Loan No. 2584-CM closed on October 30, 1993) (US\$1.1 million); (h) local capacity building with a review of the capacity of local consultants in transport and the establishment, within the Transport Interministerial Coordination Unit, of a training program for young professionals (US\$0.2 million); and (i) project audits, implementation of a project management system, vehicles, computers, support staff under contract with the Transport Interministerial Coordination Unit, and short-term experts and training to strengthen the unit (US\$2.0 million).

15. **PROJECT SUSTAINABILITY.** Project sustainability depends on satisfactory implementation of the transport sector reform program. A detailed implementation schedule and timing targets have been established to monitor execution. With the project's assistance, the Government is expected to meet these targets, which are prerequisites for further IDA support planned in the short term through the proposed Transport Sector Adjustment Credit (TSAC) and Transport Sector Project (TSP) under preparation (FY96).

16. **PROJECT FINANCING.** The project cost, including taxes, is estimated at US\$23.9 million. IDA would finance US\$10.2 million, French Cooperation US\$2.2 million, European Union US\$7.3 million, German Cooperation US\$0.5 million. The Government would bear the cost, estimated at US\$3.7 million, of taxes and duties levied on consulting services and goods. The Government will also finance the salary of the four civil servants working in the Transport Interministerial Coordination Unit, estimated at an annual US\$16,000, and provide offices for the unit. In the current budgetary situation, where the Government is barely able to finance its civil servants, service the country's external debt and allocate scarce remaining resources to priority maintenance, no other contribution to the project would be requested from the Government.

17. **PROJECT IMPLEMENTATION.** The Ministry of Economy and Finance will be responsible, for the privatization/liquidation component of the project. The overall institutional framework for privatization is being revised as part of the preparation of a proposed Structural Adjustment Credit (SAC, FY95), to



ensure satisfactory implementation of this component. MINT and MINTP will be responsible in their subsectors for preparing the subsequent phases of the reform program, including investments, in close collaboration with other interested Government agencies. The existing Transport Interministerial Coordination Unit, which has diligently assisted the Government in the preparation of the reform program, will continue to assist MINT and MINTP, and will administer the credit under supervision of MINEFI. Almost all technical assistance to be provided under the proposed project is of a short-term nature and is designed to strengthen national capacity to manage the transport sector. Technical assistance will not, therefore, be long-term substitute for local staff.

18. **RATIONALE FOR IDA INVOLVEMENT.** The project is consistent with the Country Assistance Strategy (CAS) discussed by the Board on June 16, 1994, in conjunction with the ERC. The CAS focuses on three areas: (a) redimensioning, focusing and improving the public sector; (b) increasing productive capacity; and (c) strongly focused interventions to alleviate poverty. The project will help achieve the CAS's objectives by preparing: (a) the privatization/liquidation of transport PEs, and the restructuring of sectoral ministries; (b) liberalization of air, urban and maritime transport, and privatization of road maintenance and dredging execution; and (c) the use of labor-based methods in road maintenance. IDA's involvement in the privatization and liquidation process is also vital in ensuring fairness and transparency. While the preparation of the reform program would be supported by the proposed project, implementation of the reforms would be supported by the proposed TSAC and TSP. The proposed project is part of the Regional Program for Transport Policy Reform in the Customs Union of Central African Countries (UDEAC), which IDA has supported since its inception, along with other donors.

19. **AGREED ACTIONS.** *During negotiations*, the Government agreed to: (a) project objectives; (b) expected results and timing for key project activities; (c) procurement procedures, including standard times for procurement steps; (d) disbursement, accounting, auditing and reporting procedures; (e) detailed content of the project and implementation schedule; (f) outline of the Project Implementation Plan; (g) guidelines for preparing training activities; and (h) arrangements for evaluation of consultants' and counterparts' performance during project execution. *Conditions for effectiveness* are: (a) signature of a pluri-annual contract with an auditing firm acceptable to IDA for project audits; and (b) completion of the Project Implementation Plan.

20. **ENVIRONMENTAL ASPECTS.** The project's environmental classification is C, as the project will only finance consulting services with no environmental impact. Environmental issues in the port sector have been studied. The project will include a study and a seminar on environmental issues in road maintenance. Engineering studies will address environmental issues related to sector investments.

21. **PROGRAM OBJECTIVE CATEGORIES.** *Public Enterprise Reform and Private Sector Development.*

22. **PARTICIPATORY APPROACH.** Most stakeholders in the transport sector have participated in the preparation of the transport sector reform program. Several seminars were organized in the maritime, port, road transport and road maintenance subsectors to discuss policy reforms with private and public actors. The proposed privatization/liquidation of CAMAIR, REGIFERCAM and SOTUC was discussed with the employees of these enterprises.

23. **PROJECT BENEFITS.** By selecting candidates through a competitive bidding process, and by clearly defining objectives in their terms of reference, greater fairness and transparency can be expected from the use of financial advisors in the preparation and execution of the privatization program, as well as from the use of a liquidator for the urban bus company. Completion of the privatization/liquidation

program would curb subsidies to PEs concerned. More efficient road maintenance, port authority restructuring, and improvement of transit and facilitation prepared under the project would reduce transport costs and improve the country's competitiveness.

24. **RISKS.** The risks are of: (a) delays in execution because of weak institutional capacity; (b) proceeding with studies ahead of effective commitment to PE reform; and (c) lack of fairness and transparency in the privatization process. Decisions taken by the Government within the context of the ERC (to privatize/liquidate the priority transport PEs), the recent Government reorganization, which strengthens the institutions in charge of privatization, and the revision of the institutional framework for privatization supported by the proposed SAC would mitigate these risks. Effective implementation in February 1995 of the Government's decision to stop SOTUC's services and Government agreement on terms of reference for critical activities supported by the project demonstrate Government's commitment. Clear indicators and detailed timetables have been defined to closely monitor the implementation of transport reform. The donor-supported integrated approach, whereby investment projects are undertaken after successful reform implementation, should impel the Government to take actions to implement the reform according to the agreed timetable. Public advertising, carefully designed procedures, audits, and the inputs of financial advisors would help reduce the risk of lack of fairness and transparency.

25. **RECOMMENDATION.** I am satisfied that the proposed Credit would comply with the Articles of Agreement of the Association and recommend that the Executive Directors approve it.

Lewis T. Preston  
President  
by Sven Sandstrom

Washington, D.C.  
March 23, 1995

Attachments

**REPUBLIC OF CAMEROON**  
**TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**  
**ESTIMATED COSTS AND FINANCING PLAN**

**Estimated Project Costs**  
(US\$ million equivalent)

Project Components	Local Cost	Foreign Cost	Total Cost	Foreign as % of total
1. Goods	0.2	0.9	1.2	81
2. Consultant Services and Studies				
(a) Support to Institutional Development	2.4	7.2	9.6	75
(b) Institutional Development Studies	0.3	1.1	1.4	75
(c) Policy Support	0.1	0.4	0.5	80
(d) Project Implementation and Preparation	1.7	2.8	4.5	62
Subtotal				71
3. Training and Seminars	0.4	1.1	1.5	72
4. Operating Costs	0.3	0.2	0.5	50
Base Costs	5.5	13.7	19.2	71
Physical Contingencies	0.1	0.3	0.4	75
Price Contingencies	0.4	0.2	0.6	70
<b>TOTAL</b>	<b>6.0</b>	<b>14.2</b>	<b>20.2 *</b>	<b>70</b>

\* excluding US\$3.7 million of taxes and duties, and salaries of local counterparts.

Note: Components may not add up to total because of rounding.

**Financing Plan**  
(US\$ million equivalent)

Sources	Local	Foreign	Total
International Development Association (IDA)	3.7	6.5	10.2
European Union (EU)	1.6	5.7	7.3
Fonds d'Aide et de Coopération (FAC)	0.6	1.5	2.2
Bundesministerium für Zusammenarbeit (BMZ)	0.1	0.4	0.5
Sub-Total	6.0	14.2	20.2
Government *	3.7	0.0	3.7
<b>TOTAL</b>	<b>9.7</b>	<b>14.2</b>	<b>23.9</b>

\* consisting of US\$3.7 million of taxes and duties, and salaries of local counterparts.

Note: Components may not add up to total because of rounding.

REPUBLIC OF CAMEROON  
TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT  
PROCUREMENT METHOD AND DISBURSEMENTS

A. Procurement Method  
(US\$ million equivalent)

Project Element	Procurement Method			Total Cost
	LCB	Other	N.B.F.	
1. Goods	0.2 (0.2)		1.1 <sup>a</sup>	1.3 (0.2) <sup>c</sup>
2. Consultant Services and Studies				
(a) Support to Institutional Development		2.8 (2.8)	6.8 <sup>a</sup>	9.6 (2.8)
(b) Institutional Development Studies		0.1 (0.1)	0.4 <sup>c</sup>	0.5 (0.1)
(c) Policy Support		0.1 (0.1)	0.2 <sup>c</sup>	0.3 (0.1)
(d) Project Implementation and Preparation		3.3 (3.3)	0.7 <sup>d</sup>	4.0 (3.3)
3. Training and Seminars		0.8 (0.8)	0.7 <sup>a</sup>	1.5 (0.8)
4. Operating Costs		0.3 (0.3)	0.1 <sup>c</sup>	0.4 (0.3)
5. Refinancing of PPF				
(a) Support to Institutional Development		0.3 (0.3)		0.3 (0.3)
(b) Institutional Development Studies		1.0 (1.0)		1.0 (1.0)
(c) Policy Support		0.2 (0.2)		0.2 (0.2)
(d) Project Implementation and Preparation		0.5 (0.5)		0.5 (0.5)
(e) Training and Seminars		0.0 (0.0)		0.0 (0.0)
(f) Operating Costs		0.1 (0.1)		0.1 (0.1)
6. Unallocated		0.5		0.5
<b>TOTAL</b>	<b>0.2 (0.2)</b>	<b>10.0 (10.0)</b>	<b>10.0</b>	<b>20.2 (10.2)</b>

Note: Figures in parentheses are the respective amounts financed by the IDA credit.

LCB is local bidding, and NBF is not-IDA financed.

a/ Financed by EU and FAC.

c/ Financed by FAC.

b/ Financed by EU.

d/ Financed by FAC and Germany.

e/ Vehicles and computers.

**REPUBLIC OF CAMEROON**  
**TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**  
**PROCUREMENT METHOD AND DISBURSEMENTS**

**B. Disbursement by Category**

Category	Amount of Credit (US\$ million equivalent)	Percent of Expenditures to be Financed
1. Goods	0.2	100% of foreign expenditures 75% of local expenditures
2. Consultant Services and Studies		
(a) Support to Institutional Development	2.8	100%
(b) Institutional Development Studies	0.1	100%
(c) Policy Support	0.1	100%
(d) Project Implementation and Preparation	3.3	100%
3. Training and Seminars	0.8	100%
4. Operating Costs	0.3	100%
5. Refunding of PPF	2.1	Amount due
6. Unallocated	0.5	
<b>TOTAL</b>	<b>10.2</b>	

**C. Estimated IDA Disbursement Schedule**  
(US\$ million equivalent)

	IDA Fiscal Year			
	1995	1996	1997	1998
Annual	1.5	6.7	1.8	0.2
Cumulative	1.5	8.2	10.0	10.2

**REPUBLIC OF CAMEROON  
TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT  
STATUS OF BANK GROUP OPERATIONS IN CAMEROON**

**Summary Statement of Loans and IDA Credits  
(as of February 28, 1995)**

Loan or Credit No.	Fiscal Year	Borrower	Purpose	Amount in US\$ million (less cancellation)			Closing Date
				Bank	IDA	Undis- bursed	
<b>Credits</b>							
30 Credits Closed					387.00		
C26270	1994	CAM	ERC		75.00	1.32	06/30/95
C26840	1995	CAM	Hlth/Fert/AIDS Contr.		43.00	43.00	06/30/01
					118.00	44.32	
<b>Loans</b>							
43 Loans closed				904.86			
L29120	1988	CAM	Cocoa Rehab.	61.70		20.13	12/31/95 (R)
L30140	1989	CAM	Livestock Sector Dev.	21.00		7.62	06/30/95
L31850	1990	CAM	Agric. Ext. Training	21.00		13.12	03/31/97
L33880	1992	CAM	Food Security	23.00		18.19	06/30/99
				126.70		59.05	
			<b>TOTAL *</b>	<b>1,031.56</b>	<b>505.00</b>		
			of which repaid	407.28	33.15		
			<b>TOTAL held by Bank &amp; IDA</b>	<b>624.28</b>	<b>471.85</b>		
			Amount sold	8.45			
			of which repaid	8.45			
			<b>Total undisbursed</b>			<b>103.37</b>	

\* Total approved, repayments, and outstanding balance represent both active and inactive loans and credits.  
(R) indicates formally revised Closing Date.

The Net Approved and Bank Repayments are historical values, all others are market values.

The signing, effectiveness, and closing dates are based on the Loan Department official data and are not taken from the Task Budget file.

**REPUBLIC OF CAMEROON**  
**TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**  
**STATUS OF BANK GROUP OPERATIONS IN CAMEROON**

**List of Closed SALs and Secals**

Loan or Credit No.	Fiscal Year	Borrower	Purpose	Amount in US\$ million (less cancellation)			Closing Date
				Bank	IDA	Undis- bursed	
C25760-CM	1994	Cameroon	SAC		50.00	0.00	06/30/1994
C25761-CM	1994	Cameroon	SAC		51.00	0.00	03/24/1995
C26271-CM	1995	Cameroon	ERC		32.80	0.00	12/20/1995
L30890-CM	1989	Cameroon	SAL I	100.00		0.00	06/30/1994 (R)
<b>Total</b>				<b>100.00</b>	<b>133.80</b>	<b>0.00</b>	

**REPUBLIC OF CAMEROON  
TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**

**STATUS OF BANK PORTFOLIO**

The quality of the portfolio in Cameroon was poor until 1994, when it improved substantially as a result of the restructuring exercise. The main objectives of the restructuring were to downsize projects which were too large, and to cancel those with insoluble implementation problems. Within the agricultural portfolio, the Livestock Development Project was downsized to concentrate on the eradication of the tsetse fly in the Central Highlands. The project component for feed manufacturers and pig and poultry manufacturers was canceled. The Cocoa Rehabilitation Project is the only problem project in the portfolio. Its performance has not improved over the last year, despite attempts to restructure it. It has been rated highly unsatisfactory both with regard to progress towards development objectives and implementation status. The Bank has informed the Government that no extension is envisaged of the Closing Date of June 30, 1995. Within the infrastructure portfolio, the review of the projects indicated serious management problems, but it was decided to let the projects close on time during the course of the year. In one of the projects, a significant resettlement issue was identified which the Government will have to resolve before new projects can be processed in the sector. All other projects in the active portfolio are rated satisfactory with respect to development objectives and implementation status.



REPUBLIC OF CAMEROON  
TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT  
STATUS OF BANK GROUP OPERATIONS IN CAMEROON

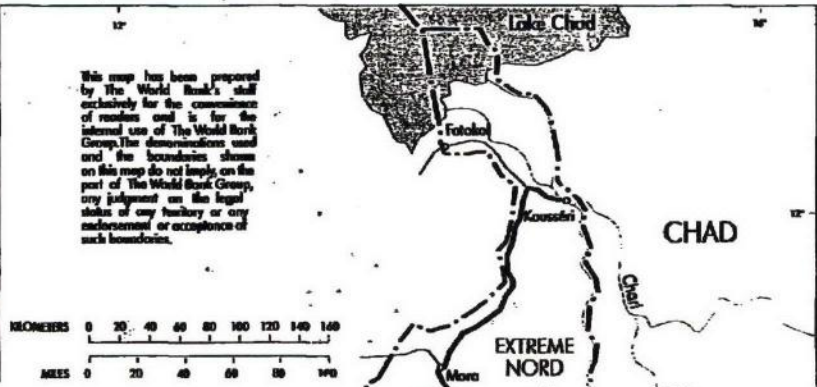
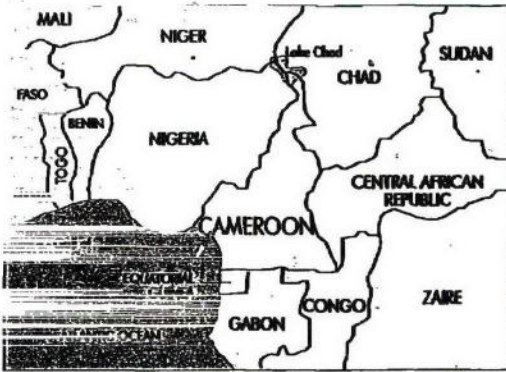
Summary of IFC Investments  
(as of February 28, 1995)

Fiscal Year	Obligor	Type of Business	Original Gross Commitments US\$ million		
			Loan	Equity	Total
1975	Bata Société Anonyme Camerounaise	Shoes		0.38	0.38 <sup>a</sup>
1976/78	S.A.P.A. Cameroun	Palm Oil & Rubber		1.38	1.38 <sup>a</sup>
1979	Alucam Compagnie Camerounaise de l'Aluminium Pechiney-Ugine	Aluminum Smelting	7.00	0.93	7.93
1981	Société Camerounaise de Minoteries	Flour Milling	1.12	0.19	1.31 <sup>a</sup>
1982	Société Sucrière du Cameroun	Sugar Plantation & Manufacturing	1.44		1.44 <sup>a</sup>
1981/1982	Société Camerounaise de Verrerie Manufacturing	Glass container	1.70	0.10	1.80 <sup>a</sup>
1983/1984	Société Agro-Pastorale et Industrielle du Cameroun (SAFICAM)	Agribusiness	0.69	0.26	0.95 <sup>a</sup>
1985	Société des Palmeraies la Ferme Suisse	Palm Oil	1.98	0.56	2.54
1986/93	Cotonnière Industrielle du Cameroun (CICAM)	Textiles	6.46		6.46
1986	Société Industrielle Laitière du Cameroun (SILAC)	Dairy Products	2.28	0.57	2.85 <sup>a</sup>
1987	Prestige Bottling Co.	Soft Drink	2.73	0.30	3.03
1988	Société des Plantations Nouvelles du Penja (SPNP)	Banana Plantation	1.91	0.36	2.27
1992	Pecten Cameroon Co.	Petroleum	60.00 <sup>b</sup>		60.00
1994	Société de Production	Food and agribusiness	1.01		1.01
1994	United Transport Cameroon	Industrial services	1.11		1.11
<b>Total gross commitments</b>			<b>89.43</b>	<b>5.03</b>	<b>94.46</b>
<b>Less repayments and cancellations</b>			<b>52.14</b>	<b>3.54</b>	<b>55.68</b>
<b>Total commitments now held by IFC</b>			<b>37.29</b>	<b>1.49</b>	<b>38.78</b>

<sup>a</sup> Investments sold, canceled or written-off

<sup>b</sup> Includes US\$30.00 million of participation.

**MAP SECTION**

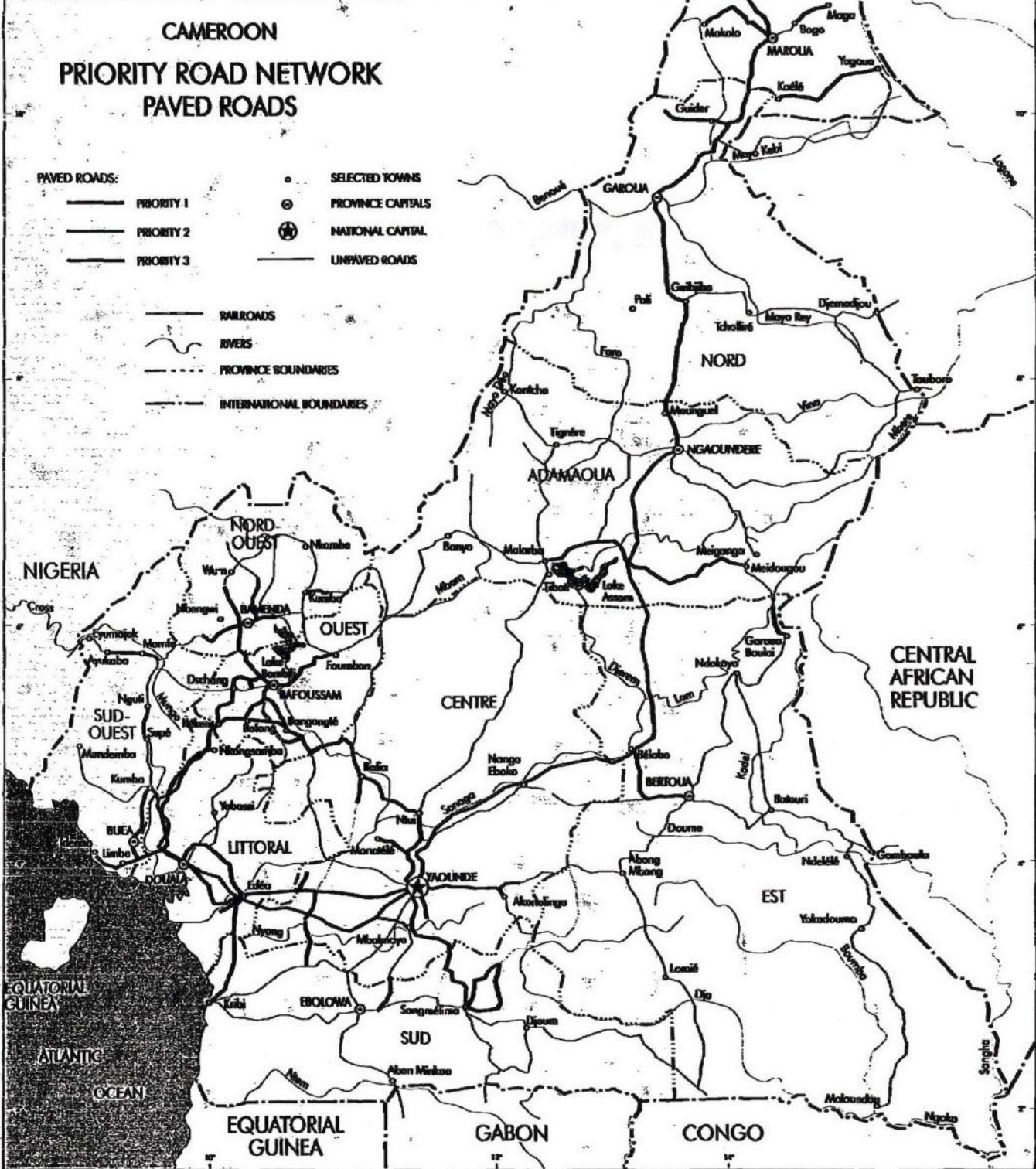


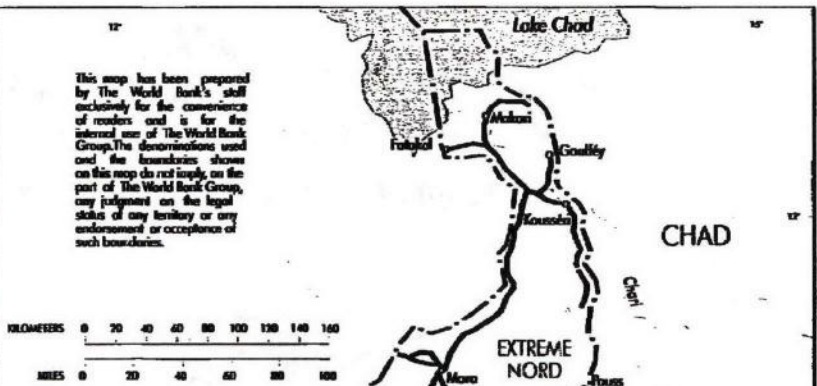
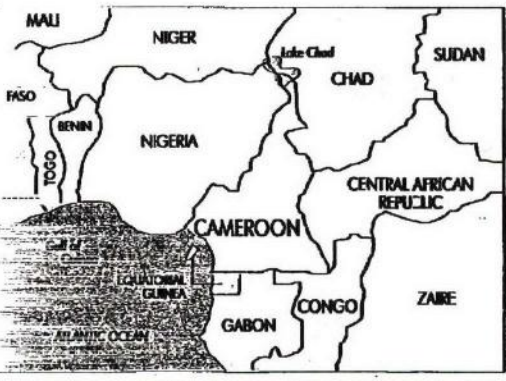
## CAMEROON PRIORITY ROAD NETWORK PAVED ROADS

- PAVED ROADS:**
- PRIORITY 1
  - PRIORITY 2
  - PRIORITY 3
- UNPAVED ROADS:**

- RAILROADS
- RIVERS
- PROVINCE BOUNDARIES
- INTERNATIONAL BOUNDARIES

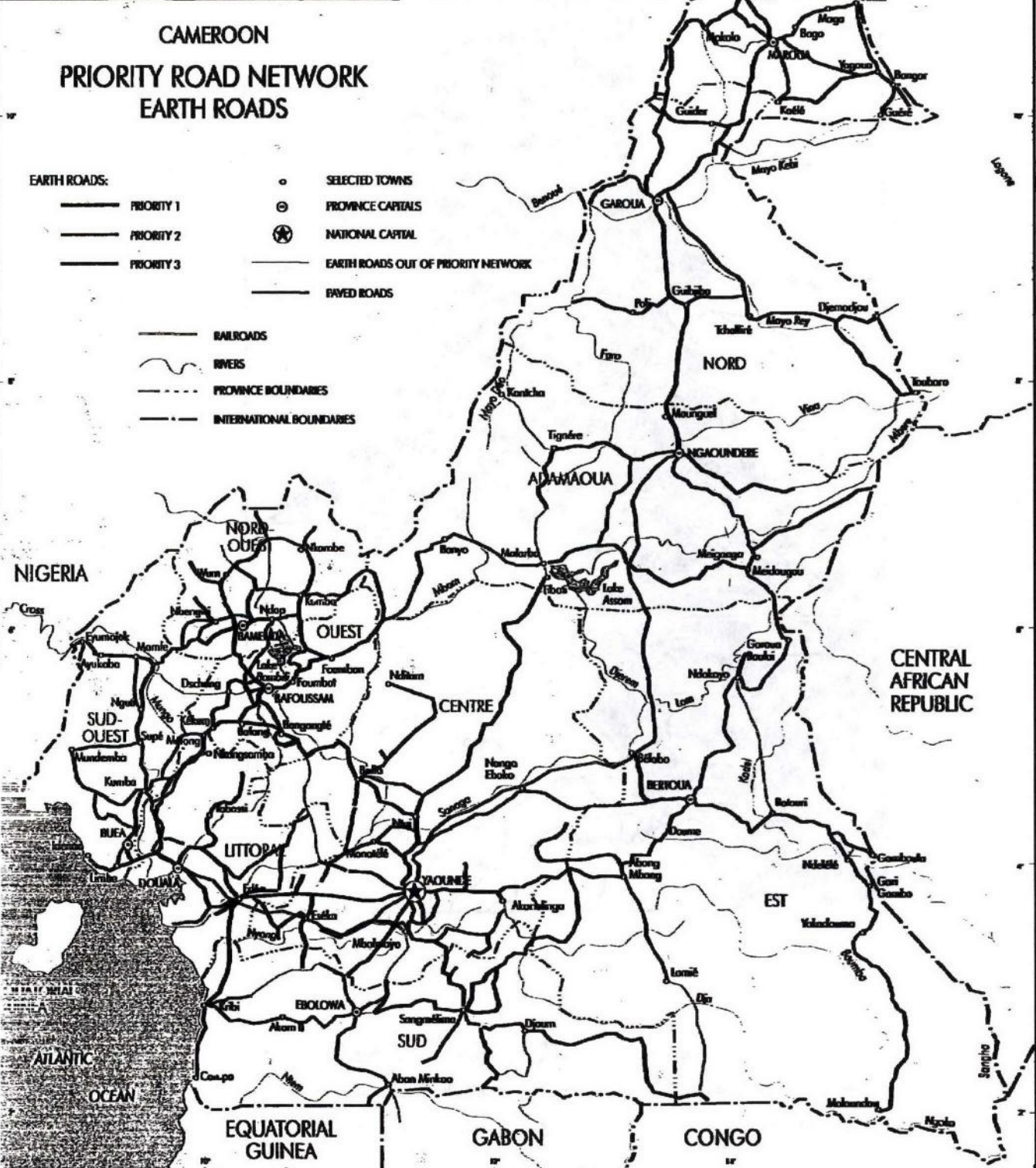
- SELECTED TOWNS
- PROVINCE CAPITALS
- NATIONAL CAPITAL



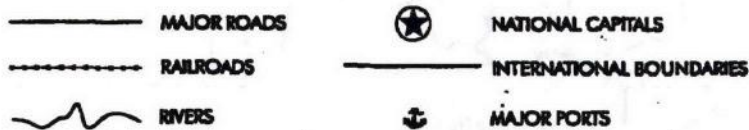
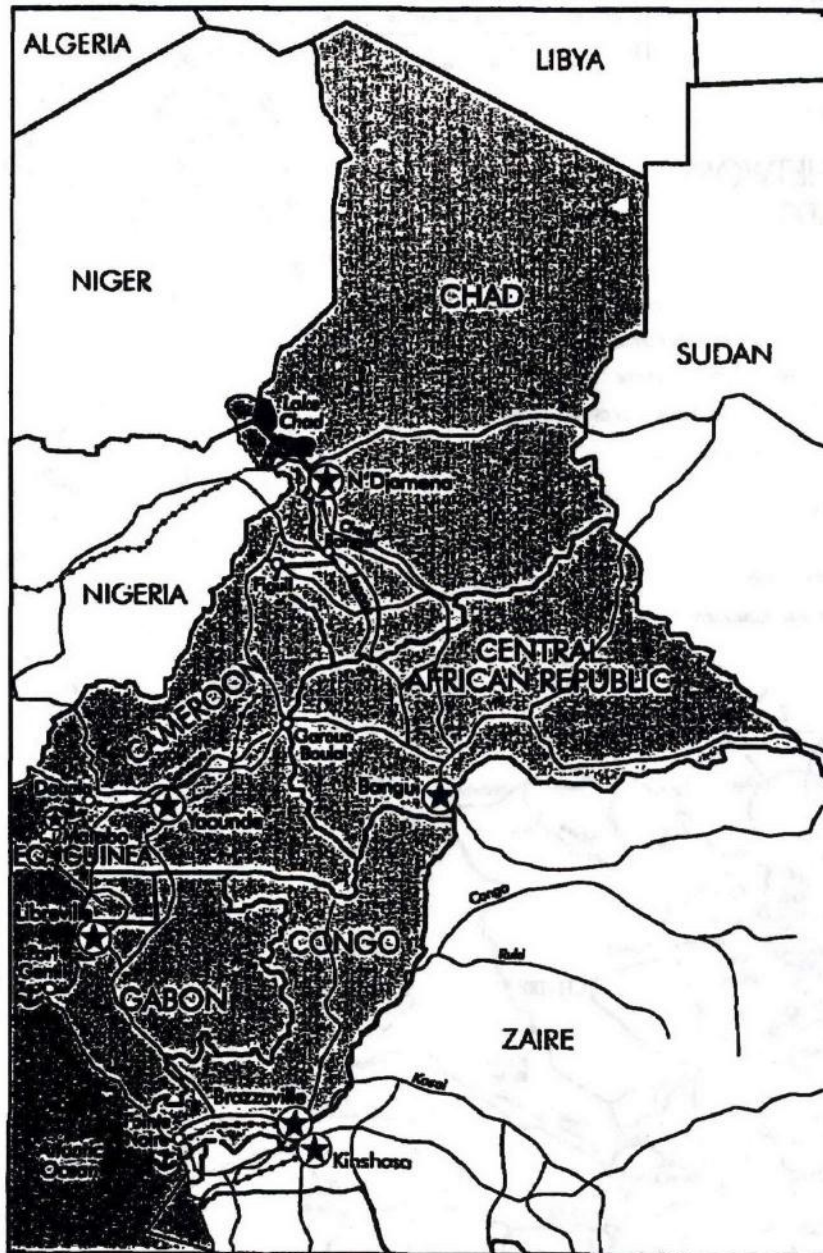


## CAMEROON PRIORITY ROAD NETWORK EARTH ROADS

- EARTH ROADS:**
- PRIORITY 1
  - PRIORITY 2
  - PRIORITY 3
  - EARTH ROADS OUT OF PRIORITY NETWORK
  - PAVED ROADS
- Other Symbols:**
- SELECTED TOWNS
  - PROVINCE CAPITALS
  - NATIONAL CAPITAL
  - RAILROADS
  - RIVERS
  - PROVINCE BOUNDARIES
  - INTERNATIONAL BOUNDARIES



**UDEAC  
REGIONAL POLICY REFORM PROGRAM  
TRANSPORT FACILITATION COMPONENT  
Infrastructure Communication Links**



END

**END**



# Record Removal Notice

<b>File Title</b> Transport Sector Technical Assistance Project [TSTA] - Cameroon - Credit 2703, Credit P861 - Loan P152 - P035599 - Implementation Completion Report		<b>Barcode No.</b>  1748629		
<b>Document Date</b> June 7, 2000	<b>Document Type</b> Directory			
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		<table border="1"><tr><td><b>Withdrawn by</b> Ann May</td><td><b>Date</b> June 22, 2022</td></tr></table>	<b>Withdrawn by</b> Ann May	<b>Date</b> June 22, 2022
<b>Withdrawn by</b> Ann May	<b>Date</b> June 22, 2022			



ICR/PIF COVER SHEET

Run Date: 4/14/00

Proj ID :	OED ID :	C2703	Group: 10
Country:	Cameroon		
Project Description:	Transport Sector Tech Assist		
Sector:	03 / Transport		
Subsector:	03.00 / Other Transport		
Lending Instrument Type:	TAL		
L/C:	C2703		
Original IDA/IBRD Commitments:	10,200,000	(\$US)	
Total Cancellations:	0	(\$US)	

Key Dates	ORIGINAL	ACTUAL
Approval		4/11/95
Signing/Agreement		6/29/95
Effectiveness	9/27/95	12/19/95
Closing	6/30/98	6/30/99
ICR Receipt in OED		4/14/00

EVALUATOR NAME: Reja

EVALUATOR SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_

Please confirm the above information, sign and date this sheet and return a photocopy to Helen Sioris when the EVM/Regional memo/PIF packet is submitted to OED Director.

\*\*\*\*\* TO BE COMPLETED BY EVALUATION OFFICER \*\*\*\*\*

\* Date of Review: \_\_\_\_\_  
 \* ( mm / dd / yy )

\* Name of Reviewer: \_\_\_\_\_

\* Type of Evaluation: PCR Review  PAR Review

\* If this is a PAR Review, are there major differences in the judgements from those made in the PCR Review?  
 \* Yes  No

\* If Yes, please discuss in detail on page 26 of the PIF

	ORIGINAL	LATEST
Date of Physical Completion	(mm/dd/yy)	(mm/dd/yy)
Total Project Cost (\$US mill)	_____	_____
Applicable Disbursement Profile: (see note 11 in the PIF, page 31)	_____	
Number of Supervision Missions:	_____	

\*\*\*\*\*

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JUL 11 2022

**WBG ARCHIVES**

Report No20044

**IMPLEMENTATION COMPLETION REPORT**  
**REPUBLIC OF CAMEROON**  
**TRANSPORT SECTOR TECHNICAL ASSISTANCE PROJECT**  
**(CREDIT 2703-CM)**

**February 14, 2000**

**Transport Group 2**  
**Africa Region**

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