

CODE OF TRANSPARENCY & GOOD GOVERNANCE

COLLECTION “ESSENTIALS
OF THE REFORM”



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**Transparency
& good governance,
everybody's
concern!**

Foreword

On the 11 July 2018, the President of the Republic, H.E. Paul Biya enacted law no. 2018/011 relating to the Code of Transparency and Good Governance in Cameroon's public finance management. This instrument reflects the two-fold ambition of the Government to **pursue the modernization of public finance management** commenced in 2007 and peg to international standards thereto, notably those in force within the CEMAC sub-region.

The Code officially and legally introduces the principles of transparency and good governance which are indispensable for a public finance management likely to ensure macro-economic stability as well as a strong and sustainable growth.

These principles spell out the obligation to produce and disseminate exhaustive and reliable information on past, present and future activities of public entities in order to contribute to economic policy decision-making. They also contribute to highlight the risks which may weigh on budget prospects in order to promote a better consideration of the trend of economic conditions in the implementation of public policies. Finally, they help the citizens to obtain necessary information to ensure that authorities comply with their obligations.

The Code also seeks to make public entities more transparent so as to enable them gain a better access to international capital markets. Furthermore, a more stringent supervision by these markets motivates governments to conduct sound economic policies and ensure a greater State financial stability.

The Code of Transparency and Good Governance in Public Finance Management refers to a set of ethical rules which aim at a public finance management in accordance with democratic principles. It is a strong signal to the people, investors and partners. It constitutes the ideological basis of Cameroon's public finance management. In this regard, all laws and regulations having a direct or indirect impact on public finance management shall henceforth be prepared and adopted in accordance with the principles and rules stipulated therein.

The Code of Transparency and Good Governance is built on five main pillars as follows: **clear definition of functions and responsibilities, open budget process, public access to information, guarantee of integrity of actors** and finally, **control and accountability**.



**THE MINISTER
OF FINANCE,
LOUIS PAUL
MOTAZE**

Clear definition of functions and responsibilities

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The respective jurisdictions and responsibilities of the Government and Parliament with respect to the conduct of the budgetary policy, public expenditure and revenue choices as well as budget execution and control shall be clearly spelt out in accordance with the Constitution.

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SECTION 12

The clarification and distribution of roles and responsibilities of entities involved in public finance management help the citizen to better understand the real scope of the action of public authorities. Similarly, a legal and administrative framework which clearly defines the roles and responsibilities of the administration with respect to the collection and use of public resources is appropriate for accountability and good governance. In addition to insisting on the necessary clarification of jurisdictions of the Executive, Legislative and Judiciary, the Code provides new elements which strengthens the responsibility of public entities.

Clarification of roles between the executive, legislature and judiciary

According to the Code, the respective jurisdictions and responsibilities of the Government, Parliament and Audit Jurisdiction with respect to the budgetary policy, choice of public revenue and expenditure, as well as budgetary execution and control, must be clearly defined. The Government prepares the draft budgets each year and executes them subsequent to their adoption by Parliament. Parliament shall deliberate each year, on the draft State budget. Contracts between the Administration and public or private enterprises shall be regularly audited by the Audit jurisdiction and competent parliamentary commissions.

SECTION 11

Collegiality of debates within the Government

The law provides that within the Executive, the responsibilities of the President of the Republic, The Prime Minister, Minister of Finance and other ministers be clearly spelt out and well known. As concerns the major options of budgetary policy, they should be collectively debated by the Government. In prelude to major events which shall mark the budget life of our country, notably the **Budget Guideline Debate** (BGD) or tabling of a finance bill before Parliament, the Government, under the distinguished authority of its head, shall meet to validate documents to be submitted to the other jurisdictions. The Code thus makes it imperative that budget debates within government bodies such as the Cabinet Meeting be conducted in a collegial manner.

SECTION 15 (2)

Clarification of relations between the Administration and public enterprises

The transparency of public finances requires that financial relations between the public entity and public companies be clearly defined. Given that the State is the proprietor of all or a part of public enterprises, provisions relating to the transfer of profits or payment of dividends to it should be clearly stipulated. The annual report of each of these public enterprises should provide information on their patrimony, total amount of profit and their assignment, notably the amount transferred to the State budget. This information should clearly feature in the annual budget documents of the State. Inversely, if the State effects transfers to a public entity, the latter should also appear in the annual budget as well as in budget documents and annual report of the entity concerned.

SECTIONS 6,7 & 8



CLARIFICATION

CABINET MEETING

The Cabinet meeting should be the arena for collective decision-making within the Government. Chaired by the Prime Minister, Head of Government, it should meet to validate framework documents to be tabled before Parliament, to support the Budget Guideline Debate. The finance bill shall also be validated in the Cabinet meeting prior to its tabling before Parliament. Once decisions have been taken under the authority of the Head of the Executive, they are binding on all Ministers.

Open budget processes

Information from budget processes is essential for transparency in public finance. As the main public finance policy instrument, the annual budget helps the State to presents its expenditure plans by indicating the means by which it shall be financed. In this light, irrespective of the level, its processes should provide guarantees of transparency and sincerity in order to ascertain its credit-worthiness.

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[1] An annual budgetary calendar for the preparation of the State budget shall be prepared and made public. This calendar shall envisage notably, within a reasonable timeframe preceding the tabling of the finance law, the publication by the Government of a report on economic assumptions, its major budgetary guidelines and priorities in the medium term as well as its main fiscal choices and budgetary risks for the impending year.

[2] This report shall be subject to a debat in Parliament.

SECTION 14

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Preparation of a budget calendar

The Code provides for the preparation of an annual budget calendar which outlines the key stages of the State budget preparation process. This calendar, which should be strictly respected in order to make it credible, shall be made public. One of the key requirements of this Code is that it provides adequate timeframes in this calendar to enable legislative authorities to examine the finance bill in detail, prior to the elapse of the budget session. In addition, this Code, before the tabling of the finance bill, provide for the organization of a **Budget Guideline Debate** during which the Government shall present to Parliament, a report on the execution of the current budget, a report on economic assumptions, its major guidelines and medium term budget priorities, as well as its main fiscal choices and major budget risks for the following year.

SECTION 14



CLARIFICATION

BUDGET GUIDELINE DEBATE (BGD)

The BGD is organised by Parliament before the budget session, on the basis of documents sent by the Government before 1 July. It helps Parliament to give its opinion on the current budgetary management and on the projections of the State's financing capacities for the future. This is a non-voting debate, open to the public.

Sincere, realistic and exhaustive budgets

The Code of Transparency and Good Governance reaffirms budget principles by recalling the need for the Administration to present realistic, sincere and exhaustive budgets. Revenue and expenditure forecasts should be realistic and fall within the framework of global economic context and trends. The law also stipulates that the surplus or deficit budget balance should be explicitly published as well as the financing capacity or need thereof. The budget must also be drawn up in a medium-term prospect to provide a technical response to the content of development strategies. This is why the law henceforth requires the Government to develop a Medium-Term Budgetary Framework and Medium-Term Expenditure Frameworks that ensure the stability of public finance. In this regard, the Code also requires a greater production of documents to accompany each phase of the budget life cycle, such as the detailed presentation of the nature and budget cost of tax exemptions and waivers as well as loans, advances and guarantees, during the adoption of the annual budget.

SECTION 25

A renewed performance requirement

The quest for performance, bedrock of the public finance reform initiated in 2007, is reaffirmed by the Transparency Code, which requires that the main expenditure and revenue measures be explicitly described, specifying their contribution to economic policy objectives and their consistency with each of the major public policies pursued by the Government. A comparison between the forecasts and realizations, both financial and physical, of the main budgetary programmes which represent public policies shall be made public each year.

SECTION 29

Public access to information

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[1] The administration shall take all necessary measures to publish information on public finance, within the timeframes set by regulation.

[2] Information in [1] above shall be exhaustive and concern the past, present and future as well as cover all the budget and below-the-line budget activities.

[3] A specific instrument at the start of the financial year, shall publish the calendar for the dissemination of information mentioned above.

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The Code of Transparency and Good Governance makes sacred the need to make public, all information on public finances. The publication of exhaustive information on public finance is a legal obligation and a pedagogic action of the State vis-à-vis the citizens.

SECTION 47

Institution of a citizen-based budget

Regular information to the public on the major stages of the budget procedure, their economic, social and financial stakes should be achieved for the purpose of pedagogy and objectivity. Consequently, a **summary budget guide shall be published**, for the entire public during the annual budget. This guide breaks down in a clear and understandable manner, for an uninitiated public, the major revenue and expenditure masses as well as their trend from one year to the other. Competent institutions are also obliged to systematically publish on their internet site, all public finance information and documents. The press, social partners and generally, all actors of the civil society are encouraged to participate in the dissemination of information and public debate on governance and public finance management.

SECTIONS 48 & 49

Information to the public on major public-private contracts

Contracts between the Administration and public or private enterprises, notably enterprises involved in the exploitation of natural resources and concession of public services, should be clear and made public. The Code also targets public-private partners by giving the public access to its establishment process. Like in the case of public contracts, the shortlist award and renegotiation process, likewise all renegotiations should be open and transparent.

These contracts should be regularly controlled by the Audit Bench and competent parliamentary commissions.

SECTIONS 5 & 6 (1 & 2)



CLARIFICATION

TRANSPARENCY IN CONTRACTS ON THE EXPLOITATION OF NATURAL RESOURCES

The Code subjects authorities to subject exploration, production and commercialization rights of natural resources to rules of legality and publicity which guarantees transparency thereto. The purpose of informing the public on contracts relating to the exploitation of natural resources is to ensure that their exploitation shall benefit the entire country. Laws and regulations should guarantee the transparent management of revenue and wealth accumulated within the framework of budget procedure. In this light, adherence into the Extractive Industries Transparency Initiative (EITI) guarantees compliance to the provisions of the Code in the matter. Its goal is to see to the significant contribution of revenue from natural resources into the budget of the State and/or that of other public entities.

Guarantee of integrity of information and actors



[1] Bearers of public authority, elected persons, members of Government or senior public servants shall declare their property at the beginning and at the end of term or function.

[2] A specific law shall precise the terms and conditions and scope of implementation of this principle and spell out the offences and sanctions against illicit acquisition of wealth.

Public finance management entails the respect of rules of ethics and equity, hence the need to put in place a referential of values. In addition, persons charged with the management of public funds by virtue of their position or who have an elective mandate to act in the name of the citizens should show proof of integrity in order to merit the confidence placed on them.

SECTION 51

Independence of statistical bodies

The Code recommends that statistical bodies be granted **technical independence** from public authorities in the collection, processing and dissemination of data and information on public finance. The goal of this independence is to ensure that statistical data on public finances are objective and honest. In return for this independence, the modalities for the preparation and dissemination of these data must be communicated to the public, as well as the code of conduct for the staff of the statistical body. In addition, to give confidence to users of official statistics, it is essential that the practices and procedures of the national statistical body are transparent. In addition, the latter must receive all the basic data it requires, be objective in the compilation of budgetary data, have the right to comment on misinterpretations or misuse of information, and inform the public whether government officials have access to budgetary data prior to their publication.

SECTION 19 (1)



CLARIFICATION

ETHICAL RULES

Considering the provisions of the General Rules and Regulations of the Public Service and special status, each administration should spell out the ethics of their activities and comply with the Code of Transparency and Good Governance.

Declaration of assets

All trustees of public authority, elected representatives, Cabinet members or top State officials shall declare their assets at the beginning and end of their term of office or function. This provision of the Code affirms section 66 of the Constitution which spells out the same obligation and the need to apply law no. 003/2006 on the declaration of assets. In addition, the Code strengthens the legal scope of the declaration of assets by prescribing the institution of sanctions against illicit wealth.

SECTION 51 (1)

Responsibility of each public employee

The obligations of public employees are also governed by ethics which are clear and well known by all. In accordance with the rules of the State of law, there are sanctions against those who irregularly manage public funds. The Code of Transparency and Good Governance goes further in the protection of public wealth by stipulating sanctions for the failure of a State employee to denounce criminal offences that he is aware of. The disciplinary rules and procedures of the Public Service are reinforced as concerns public finance. A specific code of ethics for elected representatives, drawn from the principles of this law shall be established by Parliament.

SECTION 52

Control and accountability

A sound public finance management stipulates the obligation to render account and the need for a continuous control. From this perspective, the Code strengthens the powers of the audit court and Parliament.

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All operations relating to revenue, expenditure and financing of budgets of public administrations shall be subject to a democratic, jurisdictional and administrative control.

SECTION 40

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Greater accountability of public actors

With a better clarification of functions, more demanding procedures and more effective control tools, Public finance management actors are increasingly accountable to the citizens. As such, the Code highlights the obligation on all actors in the expenditure chain to render account.

SECTIONS 47 & 48

Audit jurisdiction: more extensive powers

Public finance, its policies and persons implementing them are subject to an external audit by the audit jurisdiction. The latter, whose powers have been increased, is henceforth called upon to certify the regularity, sincerity and true image of the General Account of the State and judge all actors in public orders. This extension of the scope of the audit jurisdiction reflects the pegging to an international standard which recommends that actions in the area of public finance and actors be judged before an independent and external body from the executive.

The Code requires that the audit jurisdiction should make public all the reports that it forwards to the President of the Republic, Parliament and Government. It is also bound to publish its specific decisions in the Official Gazette and in at least two widely read national newspapers.

SECTION 42

Parliamentary role strengthened

Traditionally, parliamentary control over the State budget is performed during the examination of the initial finance and settlement laws and through commissions. This control which was performed at the end of the budget process shall henceforth take place at the preparatory phase of the finance law, through the BGD. In addition to its traditional functions, Parliament shall henceforth be involved in the budget preparation process, notably through the debate organized therein on elements of macroeconomic and budgetary framework.

SECTIONS 13 & 14



CLARIFICATION

THE AUDIT JURISDICTION

The Audit Bench of the Supreme Court is the Audit jurisdiction in Cameroon. This institution is independent from the Government and Parliament. As an autonomous body with respect to the conduct of its functions, it shall publish its opinions, decisions and reports. Its members shall have the status of magistrates.

TRANSPARENCY & GOOD GOVERNANCE, EVERYBODY'S CONCERN!

The implementation of the Code of transparency and good governance shall give the citizens greater confidence in State action. To achieve the desired transparency and good governance, it is necessary to establish collaboration between the Government, Parliament, Audit jurisdiction and citizens such as to create an inclusive development synergy around good governance. In other words, this collaboration shall be intra and interinstitutional, while still placing the satisfaction of the citizen at the centre of public action.



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