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INTERNATIONAL DEVELOPMENT ASSOCIATION

**Corporate Governance and Financial Performance of
State Owned Enterprises in Cameroon**

October 2018

Governance Global Practice
Africa Region



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Approximate Currency Equivalents and Exchange Rate

Exchange rate in effect on June 18, 2018

Unit of Currency

Franc CFA

“Financial Community of Africa” (« Communauté Financière Africaine »)

US\$ 1.00: 564.53 FCFA

Fiscal Year

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

| | |
|----------|---|
| AES | AES Corporation – Cameroon Power Company |
| ALUCAM | Aluminum of Cameroon (<i>Compagnie Camerounaise de l'Aluminium</i>) |
| ARMP | Public Procurement Regulatory Agency (<i>Agence de Régulation des Marchés Publics</i>) |
| CAMAIR | Cameroon Airlines Corporation |
| CAMTEL | Cameroon Telecommunications |
| CAMWATER | Cameroon Water Utilities Corporation |
| CAMRAIL | Cameroon Rail System |
| CDC | Cameroon Development Corporation |
| CEM | Country Economic Memorandum |
| CEMAC | Central African Economic Community |
| CLGG SA | Maritime Cargo and Freight Company |
| CNIC | Cameroon Shipyard and Industrial Engineering Company (<i>Chantier naval et industriel du Cameroun</i>) |
| CSPH | Fuel prices stabilization Fund (<i>Caisse de Stabilisation des Prix des Hydrocarbures</i>) |
| CTR | Technical Committee for Restructuring (<i>Comité Technique de Restructuration</i>) |
| CTPL | Privatization Commission (<i>Commission Technique de Privatization et de Liquidation</i>) |
| DSCE | Growth and Employment Strategy Paper (<i>Document de Stratégie pour la Croissance et l'Emploi</i>) |
| DPC | Division of Shares and Contributions (<i>Division des Participations et des Contributions</i>) |
| ENE0 | Eneo Cameroon S.A. – Energy of Cameroon |
| EPAs | Autonomous Public Agencies (<i>Etablissements Publics Administratifs</i>) |
| FCFA | West and Central African Financial Community Franc (<i>Franc de la Communauté Financière Africaine</i>) |
| GCI | Global Competitiveness Index |

| | |
|-----------|---|
| GDP | Gross Domestic Product |
| GFS | Government Finance Statistics |
| GOC | The Government of Cameroon |
| IFMIS | Integrated Financial Management Information System |
| IMF | International Monetary Fund |
| KPDC | Kribi Power Development Company |
| OECD | Organization for Economic Co-operation and Development |
| OHADA | Organization for the Harmonization of Corporate Law in Africa (<i>Organisation pour l'harmonisation du droit des affaires en Afrique</i>) |
| PEFA | Public Expenditure and Financial Accountability |
| PER | Public Expenditure Review |
| PIP | Public Investment Program |
| PPP | Public-private partnership |
| PSO | Public Service Obligations |
| QFA | Quasi-Fiscal Activities |
| SCPs | Public-Owned Companies (<i>Sociétés à Capitaux Publics</i>) |
| SEMs | Semi-Public Companies (<i>Société d'économie Mixte</i>) |
| SODECOTON | Cotton Development Company (<i>Société de Développement du Coton</i>) |
| SOEs | State-owned enterprises |
| SONARA | National Refining Company Ltd. (<i>Société Nationale de Raffinage SA</i>) |
| SNH | National Hydrocarbon Corporation (<i>Société Nationale des Hydrocarbures</i>) |
| SOPECAM | Company Press and Publishing Cameroon (<i>Société de Presse et d'Éditions du Cameroun</i>) |
| SSA | Sub-Saharan Africa |

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ACKNOWLEDGEMENTS

This report has been prepared by a team led by Kjetil Hansen under the guidance of Manuel Vargas (Practice Manager, GGOAC). Team members include Gilles Veillot (Consultant – Legal Issues), Pablo Goulemot (Consultant – Financial Performance), Patrick Koupgang (Consultant) and Olivier Maxime Nkouna Kouam (Consultant). Mr. Arturo Navarro (consultant) prepared the initial version of the excel based SOE Monitoring Tool. The report benefitted from valuable comments and advice from Elisabeth Huybens (Country Director, AFCC1), Mazen Bouri (Program Leader), Rick Emery Tsouck Ibounde (Sr Economist, GMTA1), Celestin Niamien (Sr Financial Management Specialist, GGOAC). The team would also like to thank the peer reviewers, Natalia Manuilova (Sr Financial Management Specialist, GGOEE), Sunita Kikeri (Lead Financial Sector Specialist, GFCFN), and Immanuel Steinhilper (Sr. Public Sector Specialist, GGOAP) for their very valuable insights. The research, mission organization, preparation of the report and dissemination counted with valuable administrative support from colleagues at the Yaoundé country office, including Monique Mogue Kamga and Salome Nadege Abomo Amougou (Team Assistants, AFCC1).

The team would like to extend its sincere gratitude to the staff in the Ministry of Finance of Cameroon for their excellent collaboration and willingness to share information and provide advice. In particular Mr. Valery Martial Zang (Director, DPC), Mr. Andre Essomba (Deputy Director, DPC) and Mme Ova Owono Marie Noelle (Deputy Director, CTR), as well as various technicians throughout the ministry of finance and the National Statistics Institute who provided the first dataset for the SOE monitoring tool.

I. Executive summary

- This study analyzes the corporate governance framework and financial performance of state-owned enterprises (SOE) in Cameroon**, with reference to the standards of the Organization for Economic Cooperation and Development (OECD) and the World Bank SOE Toolkit on the governance of public companies. It covers: an analysis of the financial performance and fiscal risks posed by SOEs; the legal framework for SOE corporate governance; the oversight and ownership function; the monitoring of the fiscal risk and performance monitoring; selection of management and boards; transparency and disclosure of information and; the control environment. In addition, three structurally important loss-making SOEs are analyzed in some detail. Each chapter includes options for reform, and a draft action plan is annexed to the report, to be discussed and endorsed by the authorities.
- The parastatal sector (SOEs and Public Agencies) in Cameroon is large and its presence is felt throughout the entire economy.** Over 160 parastatal companies (82) and agencies (84) deliver essential services in key sectors such as energy, oil and gas, agriculture, finance, and transport. The total revenues of all commercial companies in which the state held a share reached 17 percent of GDP in 2016 and, these companies held assets worth 20 percent of GDP. Strictly defined state-owned enterprises (SOE defined as where government hold all or a majority of shares) generated 1.2 Trillion FCFA in revenues in 2016 (7 percent of GDP) while companies in which government hold a minority interest generated slightly more revenue 1.3 Tn FCFA (8 percent of GDP).
- Majority government owned companies are loss-making while companies which are majority private sector owned are profitable.** Government controlled SOEs have lost a cumulative 200 Bn FCFA between 2014-16 while those with a minority government share made over 230 Bn FCFA in profits over the same period. This holds true across all economic sectors. Performance agreements/contracts do not seem to have improved the financial performance of SOEs and should be reviewed.
- High and increasing debt and poor performance of fully and majority owned SOEs poses significant fiscal risks.** The parastatal sector cost the authorities on average approximately 15 percent of non-oil revenues in transfers and arrears over the last three years. SOE debt stayed relatively stable at 11 percent of GDP as of end 2016. The full fiscal impact of the SOE sector could be very significant in case of a crisis, creating unsustainable pressure on an already constrained budget. It is therefore urgent to put in place a system to assess, manage and reduce fiscal risks from SOEs.
- The institutional set-up for oversight and monitoring of public enterprises is fragmented, including a multitude of institutions with overlapping mandates.** Several institutions are tasked with SOE monitoring and oversight, yet none have produced a comprehensive analysis in recent years. An outdated web-based monitoring tool is in disuse and no single database with SOE financial information exists. There is no sharing of information between institutions. The recent move to centralize data gathering and analysis through an inter-ministerial group has produced good results, and government should continue this effort and build on it to further strengthen data collection and relevant analysis and risk monitoring.
- SOE boards and senior management continue to be dominated by civil servants.** Board nomination process lacks transparency and criteria for selection. Board performance is rarely evaluated. Remuneration practices have been opaque and open to abuse in the past. An effort to rein in such abuses is currently underway, and government should set clear remuneration criteria and demand full transparency from SOEs on their benefits to senior management to avoid such practices in the future.

7. **The government has begun substantial reforms to increase transparency and strengthen corporate governance practices of SOEs.** In late 2016 an "SOE platform/group" of all government agencies involved in SOE oversight was established. The work of this group of agencies have significantly increased data availability and transparency. The legal framework was updated in 2017 with the passing of two framework laws for SOEs and EPs. A comprehensive reform strategy was also elaborated in 2018 and has begun implementation. Several legal instruments have been prepared, including a new Decree to regulate the remuneration of SOE management and board members, and a Ministerial Circular that clarifies and strengthens the standards for the publication and submission of financial and operational information.

8. **Despite recent improvements in monitoring by the Ministry of Finance, SOE Transparency remains weak.** The establishment of a central SOE monitoring platform has resulted in more data availability. However, the lack of a centralized system for data collection, verification and treatment makes the available data very unreliable, with significant errors and omissions, thereby complicating monitoring efforts.

9. **Policy recommendations and options for reforms:** The first set of immediate/short term reforms (within 6 months) are aimed at increasing the availability and reliability of financial and operational data and transparency of SOEs and the state, which is an essential starting point for deeper reforms. The second set of reforms (within 12 months) are aimed at clarifying the ownership and oversight arrangements, mapping and calculating public service obligations, evaluate performance agreements and begin exploring options for ownership diversification. Longer term reforms include legal reforms and deeper strategic thinking about the purpose and form of state ownership in Cameroon. A more detailed (proposed) action plan is outlined in Annex 1.

Immediate/short term reforms (within 6 months):

- Put in place a centrally managed SOE database. The lack of a centralized system has led to incomplete information with significant data errors, which reduces the reliability and usefulness of current monitoring efforts. Incomplete or erroneous information also makes it difficult for the state as owner to take good decisions regarding their portfolio of companies.
- Strengthen SOE transparency and clarify reporting requirements. Current requirements are too general, and compliance remains uneven. Most companies provide only the most basic financial information, and many fail to submit complete financial statements to the state. In addition to late and incomplete financial reporting, very few companies provide analytical or operational reports, making it difficult for the authorities or the public to understand and interpret their performance. Government should urgently provide companies with more detailed guidance regarding their reporting obligations, including the expected content and format of reporting.
- Strengthen central SOE performance monitoring. The state should continue to strengthen their annual SOE report (Livre Vert) including through broader coverage and deeper analysis. A separate aggregate annual SOE report should be prepared and published, and should include an analysis of all relevant operational and financial information, in addition to company compliance with corporate governance standards (reporting, staff selection and remuneration, etc)

Medium term reforms (within 12 months):

- Strengthen fiscal risk monitoring. Building on current efforts, a more detailed fiscal risk statement should be prepared and annexed to the annual budget. The risk statement should include different scenarios based on relevant risk variables (ie old price, transport costs, staffing costs, agricultural product prices, etc) and public financing needs under each scenario.
- Clarifying current institutional arrangements for SOE oversight and Monitoring: the oversight

model in Cameroon is complex, with overlapping mandates and lack of clarity. Experience from other countries shows that centralizing data collection, monitoring and state representation has strengthened the state ownership function and made the state a more active and informed owner of companies.

- Review performance agreements: current performance agreements have not worked in achieving their objectives of improving company performance. Such agreements should be operational and focused on results and should include a system to independently assess company targets and monitor performance on an annual basis.
- Strengthen Board and senior management selection and remuneration criteria: a vast majority of SOEs have little or no private sector members on their boards or senior management. This can compromise the quality of corporate management and performance, stemming from a lack of practical business experience or sector expertise. Many SOEs could benefit from more practical private sector experience on their boards and in management.
- Explore options for ownership diversification: Companies with a higher share of private ownership outperform those with majority government ownership. Government may want to explore possibilities for partial privatization in some companies or sectors to increase corporate discipline and performance. Social service may still be delivered through such companies, if these are clearly and predictably defined, costed and compensated for.
- Calculate the cost of public service obligations, reserve funding for them in the national budget and ensure regular compensation to SOEs for these loss-making activities. Late payment or a lack of compensation can compromise SOEs financial situation and lead to an erosion of their assets and service quality over time.

Longer term reforms (12-18 months):

- Prepare an SOE Policy. An SOE policy should outline the justification for state ownership in certain sectors and should set out clear policy objectives and general performance targets, which can then be used to assess company performance. The policy should also include an overview of corporate governance standards for SOEs, including transparency and reporting requirements, remuneration, board and management selection and performance, etc.
- Strengthen the legal framework: Given significant weaknesses and gaps in the most recent SOE framework laws, there is a need to prepare detailed implementing regulations and ensuring consistency amongst national legislation, OHADA standards and individual company bylaws
- Conduct reviews of individual SOEs or sectors in which SOEs play an important role. Such reviews should look at the reasons for poor performance and prepare costed restructuring plans, including realistic assessments for necessary public funding for subsidies or recapitalization. Company specific reviews should also assess operational and service delivery performance in addition to financial performance. Sector wide reviews should also benchmark performance with comparable private sector companies and explore the potential for increased private sector investment.

II. State Owned Enterprises and Public Agencies in Cameroon

This chapter provides an overview of the parastatal sector in Cameroon including a presentation of the various categories of companies and agencies, the size and sectoral composition of the sector, and a general analysis of the performance trends of SOEs in recent years, by sector and by share of ownership. The chapter also includes a brief assessment of the impact of performance agreements on the financial performance of SOEs. Finally, the chapter includes an analysis of the fiscal impact and risks associated with SOE debt, transfers to SOEs and arrears. The analysis is based on data from three sources: (i) the budget department (DPC) report on SOEs annex to the Annual Budget (Green Book); (ii) a dataset from the Technical Committee on Restructuring (CTR) and ; (iii) a dataset compiled by the World Bank team for the purposes of this study and using more detailed data from SOE tax returns and audited financial statements (See Annex 6 for a detailed description of the variables of each dataset).

a. Background

10. **State owned enterprises (SOEs) were first created in Cameroon at the time of independence** as a result of the transfer of basic utilities and services previously provided by the colonial power. A second wave of SOE creation happened in the 1970s on the justification that the private sector was inefficient and unable to finance the investments needed for accelerated growth. A third wave came with the large surplus from oil exports in the late 1970s, generated mainly by the National Petroleum Company (SNH). By the late 1980s over 200 public enterprises were operating in all sectors of the economy. It is estimated that SOEs contributed to around 20 percent of gross domestic product (GDP) and over 20 percent of gross public investment, while subsidies were around 4 percent of GDP.

11. **Like many countries, Cameroon has a long and complex history of SOE management and SOE reforms.** In 1986, following the deterioration of the macro-economic situation and the sharp decline in revenues, government launched an economic reform program with a focus on SOE restructuring and privatization. Privatization has been only partially successful; by 1991 the size of the public enterprise sector had declined 15 percent of GDP, but subsidies and transfers represented 12 percent of GDP in 1991. By 1994, SOE debt had increased to around US\$ 1 Billion, and nearly all public enterprises in which the state was the majority shareholder accumulated losses, with the exception of three monopolies in Energy (SONEL), Cement (CIMENCAM), and Petroleum production (SNH). Restructuring of SOEs has also seen modest results. Performance Agreements which were signed with the 25 largest SOEs in the late 1980s and early 90s showed disappointing results as overall performance did not improve, and the performance contracts essentially transferred debt from public enterprises to the central government, but without benefitting creditors since government was subsequently unable to cover this debt due to low revenue.

12. **State owned enterprise reform has recently come back onto the PFM reform agenda, driven in large part by an increasingly difficult fiscal situation.** Government now has an SOE reform agenda, supported by several donors, including the IMF, AfDB and World Bank. Government has recently moved to strengthen SOE corporate governance and oversight and monitoring. Two new framework laws were passed in 2017, replacing the previous 1999 law, several pieces of supportive legislation are underway, and an SOE reform action plan has been approved and is under implementation. A joint SOE monitoring platform was established in 2017 to strengthen data collection and analysis of SOE performance.

b. The SOE and EPA Sector in Cameroon

13. **The Public Enterprise sector in Cameroon includes several categories of State Owned Enterprises and Public Agencies.**

14. **State-Owned Enterprises** are incorporated entities of a commercial or industrial nature and comprise the following sub-categories.

- Societe a Capital Public (SCP) are corporations in which the state holds 100 percent of shares.
- Societe d'Economie Mixte (SEM) are companies in which the state is a majority shareholder along with the private sector.

15. **Companies in which the state holds a minority of shares are not considered state-owned companies under the new 2017 legislation.** Nevertheless, the state as shareholder monitors these companies in the same manner as SOEs. Some SOEs continue to be listed as EPICs (*entreprises public de caractere industrielle et commercial*), EP (*etablissements publics*), and SD (*societies de developpement*) which were legal categories under previous legislation. These companies are in the process of being reclassified under the legal categories defined by the 2017 legislation.

16. **Public Agencies** are incorporated entities of a non-commercial or non-industrial nature, and comprise the following sub-categories¹:

- Administrative Public Agencies (*Etablissements public à caractère administratif*)
- Social Public Agencies (*Etablissements public à caractère Social*)
- Health/Hospital Public Agencies (*Etablissements public à caractère hospitalier*)
- Cultural Public Agencies (*Etablissements public à caractère culturel*)
- Scientific Public Agencies (*Etablissements public à caractère scientifique*)
- Technical Public Agencies (*Etablissements public à caractère technique*)
- Professional Public Agencies (*Etablissements public à caractère professionnel*)
- Economic and Financial Public Agencies (*Etablissements public à caractère économique et financier*)
- Special Public Agencies (*Etablissements public à caractère spécial*)

c. The Size of the SOE sector and Public Agencies

17. **As of 2017 there were approximately 82 SOEs of all categories² (33 fully state owned, 21 majority state-owned, 28 minority state owned) in Cameroon.** The largest number of companies are in the Agriculture (16) and Services Sectors (13), followed by Oil and Gas (10), Transport (9) and Banking (9). SOEs generated revenues of nearly 15 percent of GDP and held assets of 21 percent of GDP in 2016, which is slightly above the Sub-Saharan African average (Table 1 and Figure 1). The companies operating in the oil and gas sector are the largest as measured by revenue (5.3 percent of GDP in 2016), followed by manufacturing (3 percent) and public utilities (2 percent of GDP), closely followed by agriculture (1.9 percent).

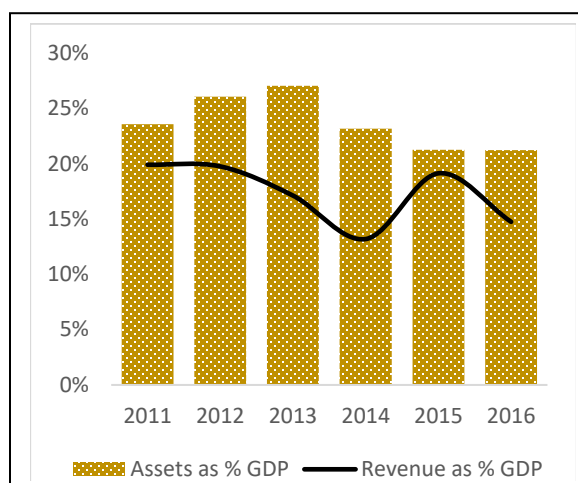
¹ These categories for EPAs did not exist prior to the 2017 legislation.

² Numbers vary by year, due to the lack of a centralized database of SOEs and Public Agencies.

Table 1: Size of Commercial SOE Sector

| Primary Sector | Revenue as % GDP (2016) | # Companies |
|---------------------|-------------------------|-------------|
| Media | 0.1% | 4 |
| Tourism | 0.1% | 5 |
| Services | 0.2% | 13 |
| Telecoms | 0.5% | 1 |
| Transport | 0.7% | 9 |
| Banking and Finance | 1.1% | 9 |
| Agriculture | 1.9% | 16 |
| Utilities | 2.0% | 7 |
| Manufacturing | 3.0% | 8 |
| Oil and Gas | 5.3% | 10 |
| Grand Total | 14.7% | 82 |

Figure 1: SOE Assets and Revenue in percent of GDP



Source: 2017 Government Green book on SOEs, World Bank survey on SOEs and author's calculations

18. **In addition to the commercial SOEs, there are over 80 autonomous government agencies operating in all sectors.** These agencies range in form from purely regulatory agencies (energy regulator and public procurement regulator), to schools, hospitals, research centers, investment promotion agencies, etc, but also housing finance institutions, the Cameroon debt management agency, and a number of funds (the roads fund, social security fund, petroleum stabilization fund, etc). As with SOEs the largest number of Public Agencies are found in the Agriculture sector, closely followed by Education (universities and schools) and the Health sector (mainly hospitals). See Table 2.

Table 2: Public Agencies (EPAs) by Sector (2016)

| Sector | # Agencies |
|---------------------|------------|
| Agriculture | 16 |
| Banking and Finance | 4 |
| Education | 15 |
| Health | 14 |
| Industry | 7 |
| Oil and Gas | 1 |
| Public Sector | 13 |
| Security Sector | 2 |
| Social Security | 2 |
| Telecoms | 3 |
| Transport | 4 |
| Utilities | 2 |
| Grand Total | 83 |

19. **In 2016, over 75% of the corporations (65) making up the public sector were financially autonomous and commercially oriented.** The SOEs analyzed for this report belong to this group, excluding financial companies and agencies (7 corporations), due to both the specific nature of their activity and their relatively low significance in the State portfolio (7% of total revenue and 5% of total assets). Commercial SOEs cover most sectors of the economy. Oil & Gas, Agriculture, Utilities (including telecommunications) and Manufacturing are the sectors most heavily represented in the State portfolio of SOEs both in number of companies and in revenue. The role of SOEs is relatively important in agricultural exports (notably cotton, palm oil, and rubber). SOEs are also operating in key network infrastructure sectors, notably in energy, transportation, and telecommunications. Cameroon Telecommunications (CAMTEL) holds a monopoly in national telephone landlines, the international gateway, and internet infrastructure. In the oil and gas sector state companies dominate extraction, refining, storage, and distribution.

20. **The commercial SOE sector is highly concentrated.** The five largest corporations account for 57%

of the total revenue, and the ten largest count for 74% of total revenue. This is reflected in the gap between the average revenue (billion CFA 47) and median revenue (billion CFA 8) of SOEs (table 3).

Table 3: SOE Sector Concentration

| 2015 Non-financial SOEs | All SOEs | State over 50% | State under 50% | 2015 Non-financial & Non-Oil&Gas SOEs | All SOEs | State over 50% | State under 50% |
|-------------------------|----------|----------------|-----------------|---------------------------------------|----------|----------------|-----------------|
| Turn over 5 largest | 1608 | 1 159 | 912 | Turn over 5 largest | 956 | 423 | 825 |
| Turn over 10 largest | 2071 | 1 344 | 1204 | Turn over 10 largest | 1263 | 537 | 1013 |
| Turn over total | 2817 | 1498 | 1319 | Turn over total | 1676 | 633 | 1 043 |
| 5 largest/total | 57% | 77% | 69% | 5 largest/total | 57% | 67% | 69% |
| 10 largest/total | 74% | 90% | 91% | 10 largest/total | 75% | 85% | 97% |

Source: 2017 Government Green book on SOEs, World Bank survey on SOEs and author's calculations

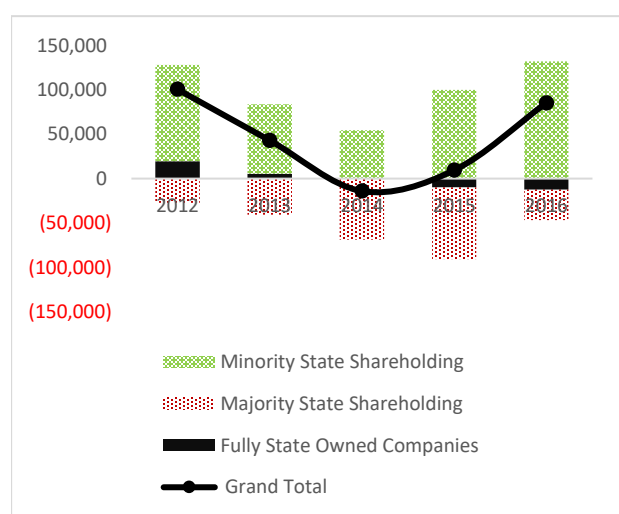
21. **Commercial SOEs are significant purveyors of employment:** the top 17 commercial Public Agencies and State controlled SOEs employed 37 000 persons in 2016 (source 2017 Government Green book on SOEs), providing about 14% of all public-sector jobs (including civil servants)³. One SOE, the Cameroon Development Corporation, is the largest employer in the country, with 20 000 employees.

d. Financial Performance of Commercial SOEs

22. **Overall, the financial performance of commercial SOEs (including commercial Public Agencies) is poor.** But the picture is mixed: SOEs with minority State ownership are profitable whereas State controlled SOEs are not (Figure 2).

Overall, SOEs with majority state ownership were loss-making between 2012–2016. Just in the last three years (2014-16) these SOEs lost a cumulative 200 Bn FCFA (0.38 percent of GDP on average). Mixed ownership companies in which the state held minority shares made over 230 Bn in profits over the same period. The three largest lossmaking SOEs were Sonara (oil refinery), Sodecoton (cotton), and CDC (agro-industry). The largest profits were posted by the two minority state held oil and gas sector SOEs: COTCO (oil transportation, 5% government share) and COT S.A (oil terminal , 44% government share), followed by the brewery SABC (10% government share). See figure 3 and 4 below for a list of the ten least and most profitable SOEs over 2014-16.

Figure 2: SOE sector cumulative profit & loss 2014-16 (FCFA)



| Profit/Loss (Mn FCFA) | 2012 | 2013 | 2014 | 2015 | 2016 |
|-----------------------------|----------------|---------------|-----------------|--------------|---------------|
| Fully State Owned Companies | 19,568 | 5,586 | 549 | (10,049) | (12,559) |
| Majority State Shareholding | (27,384) | (40,785) | (68,752) | (80,640) | (34,115) |
| Minority State Shareholding | 108,383 | 78,229 | 54,107 | 100,101 | 131,979 |
| Grand Total | 100,568 | 43,030 | (14,096) | 9,411 | 85,305 |

³ Estimated to be 250 000 in 2015 (source: IMF)

Figure 3: 10 largest cumulative losses (2014-16)

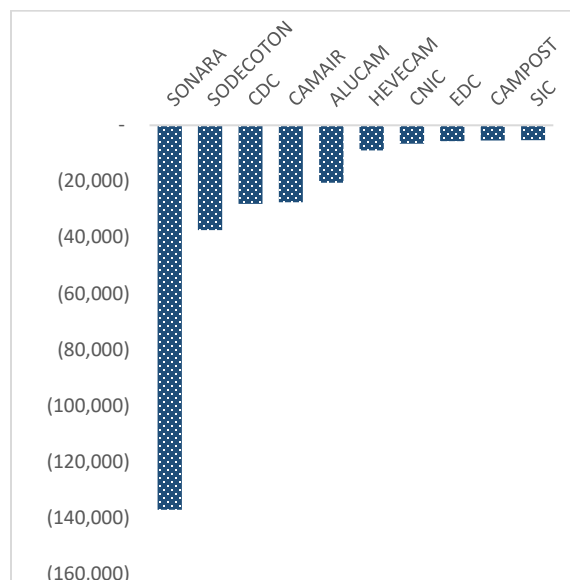
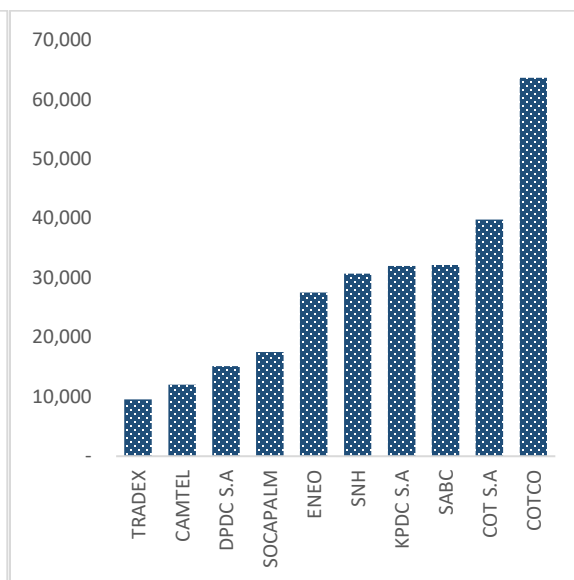


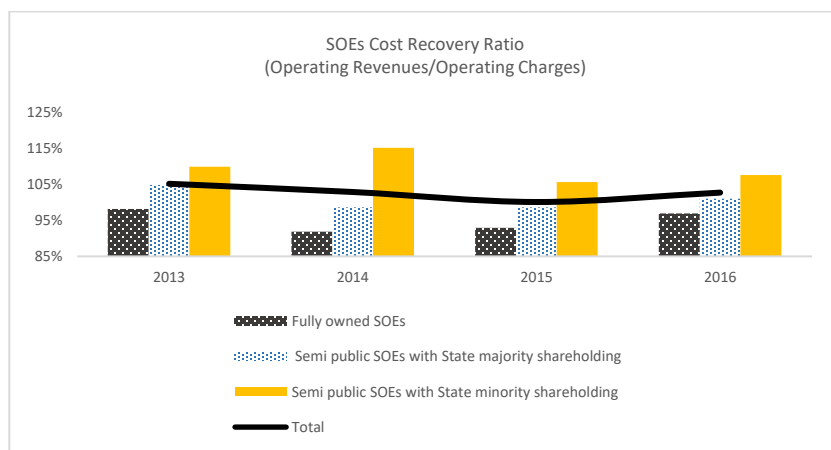
Figure 4: 10 largest cumulative profits (2014-16)



Data: Ministry of Finance (Livre Vert) and authors' calculations

23. **This discrepancy reflects a sustained difference in the profitability of operations** (before taking into account other factors such as costs related to debt). The lower profitability of State controlled SOEs reflects several factors, including higher labor costs due to higher wages and/or excess staffing, slow and inefficient public procurement practices (until 2017), a frequent lack of investment in the updating of production equipment which results in higher production costs. Social pricing is also a factor, as the State imposes prices below production costs for some of the goods and services of the SOE's it controls, particularly in the Oil & Gas and the agriculture sectors, without fully offsetting the impact on the SOEs' profit and loss (P&L) (see figure 5).

Figure 5: Cost Recovery Ratio of SOEs (2013-16)



Source: 2017 Government Green book on SOEs, World Bank survey on SOEs and author's calculations

24. **The consolidated data masks significant differences between SOEs:** some are high performers with a strong autonomous financing capacity, while others are low performers with serious financing issues.

In some cases, the accumulation of negative retained earnings has resulted into negative equity value⁴. The State agencies monitoring the SOEs have produced in 2017 an analysis of high and low performers, appended to the 2018 Budget Act ("Loi de Finances"). It is based on the analysis of financial ratios and does not take into account the benchmarking of the SOE performance against comparable companies operating within similar environments. It also ignores some important SOEs, such as CAMAIR, the national Airline, and Camtel, the national telecoms company, whose tax arrears were ten times larger than its modest profit in 2016 and whose total debts were 3 percent of GDP in 2016.

25. The list of high risk SOEs identified by Ministry of Finance is as follows:

Table 4: High Risk SOEs

| Company name | Activity | % of equity held by the State | Revenue in CFA billions | P&L in CFA billions | Financial Debt in CFA billions | Equity to capital ratio | Operating margin | Debt Ratio | Personnel costs/ Operating Profit | Personnel Costs/ Revenue |
|--|--------------------------|-------------------------------|-------------------------|---------------------|--------------------------------|-------------------------|------------------|------------|-----------------------------------|--------------------------|
| | | 2016 | 2016 | 2016 | 2016 | 2016 | 2016 | 2016 | 2016 | 2016 |
| A- SOEs listed in the Appendix to the 2018 Budget Act | | | | | | | | | | |
| ALUCAM | Industry (Aluminium)* | 100% | 102,60 | - 1,87 | 52* | 0,44 | 2,90% | 44,40% | 6,50% | 6,80% |
| CAMPOST | Services, Post office | 100% | 3,63 | - 4,10 | 33,94 | -65,85 | -115,70% | 2,10% | 155,00% | 215,70% |
| CDC | Agriculture | 100% | 60,00 | - 12,15 | 51,00 | 0,66 | 19,50% | 52,80% | 32,90% | 45,70% |
| CICAM | Industry, Cotton Textile | 100% | 15,40 | - 0,80 | 1,70 | 0,31 | -0,80% | 67,40% | 22,50% | 22,20% |
| CNIC | Shipyards | 100% | 7,80 | - 1,43 | 40,77 | -0,5 | -15,60% | 92,30% | 53,80% | 64,40% |
| CRTV | Radio Television | 100% | 1,94 | - 5,87 | 18,57 | -2,09 | -365,70% | 113,60% | 48,90% | 667,40% |
| EDC | Power | 100% | 4,90 | 0,76 | 127,00 | 0,49 | 37,50% | 94,80% | 47,30% | 32,10% |
| MAETUR | Real estate | 100% | 3,50 | 0,07 | 13,22 | 0,23 | 10,40% | 72,50% | 18,10% | 33,90% |
| SHNC | Tourism | 100% | 0,96 | - 0,13 | 4,79 | -0,36 | -12,00% | 116,50% | 29,90% | 34,30% |
| SODECOTO | Agriculture | 100% | 107,07 | - 7,45 | 97,82 | -0,04 | -1,70% | 81,70% | 9,70% | 11,60% |
| SONARA | Oil refining* | 100% | 510,16 | - 31,02 | 705,49* | -3,44 | -0,70% | 95,30% | 2,10% | 2,40% |
| UTAVA | Aerial crop spraying | 100% | 0,60 | - 0,43 | 2,27 | -2,06 | -66,10% | 111,60% | 27,40% | 46,20% |
| B- SOEs not listed in the Appendix to the 2018 Budget Act | | | | | | | | | | |
| CAMAIR | Airline** | 100% | 42,05 | - 10,00 | 53,4* | -1,55 | -23% | 72% | 73% | 17,90% |

*: includes current liabilities

**: 2015 data

SOE Presence in Public Utilities and Agriculture Sectors.

26. The following section provides a brief analysis of SOE presence and performance in two economic sectors, one which is relatively well performing (Utilities) and generally profitable and one which has been consistently loss making in recent years (Agriculture).

27. **Five sectors (utilities, transport, agriculture, services and industry) host 53 of the 65 financially autonomous and commercially oriented SOEs.** The SOEs in these sectors contribute 90% of the total revenue of this group. The utility sector hosts 7 SOEs, in the telecoms, power and water subsectors⁵. In 2016, these companies accounted for half the total assets held by commercial SOEs and 24% of their total operating revenue.

Table 5: Utility Sector SOEs

⁴ OHADA rules mandate that whenever the shareholders' equity becomes less than 50% of the company's capital, the company must remedy this situation within two fiscal years or be wound up.

⁵ Financial statements are available for all companies but EDC over the 2013-2016 period, with a gap for CAMTEL and CAMWATER in 2014.

| Company | Company Full Name | Sub sector | State ownership |
|----------|---------------------------------------|------------------|-----------------|
| CAMTEL | Cameroon Telecommunications | Telecoms | 100% |
| CAMWATER | Cameroon Water Utilities Corporation | Water | 100% |
| CDE | La Camerounaise des Eaux | Water | 43.1% |
| DPDC | Dibamba Power Development Corporation | Power generation | 44% |
| EDC | Electricity Development Corporation | Power | 100% |
| ENEO | The Energy of Cameroon | Power | 44% |
| KPDC | Kribi Power Development Corporation | Power | 44% |

28. **SOEs in the utility sector are consistently profitable.** Their operational margins are high, ranging from 10% to 57% in 2016 and their cost recovery rates (operating costs/operating income) exceed 100%, and in the case of the Electrical generation companies can reach over 200%. Their net profit is in line with the operating one over the period, with one outlier, ENEO, in 2015 (accounting loss of CFA billion 21, which degrades the consolidated net profit of the whole group).

Figure 6. Operating and Net P&L Utility Sector

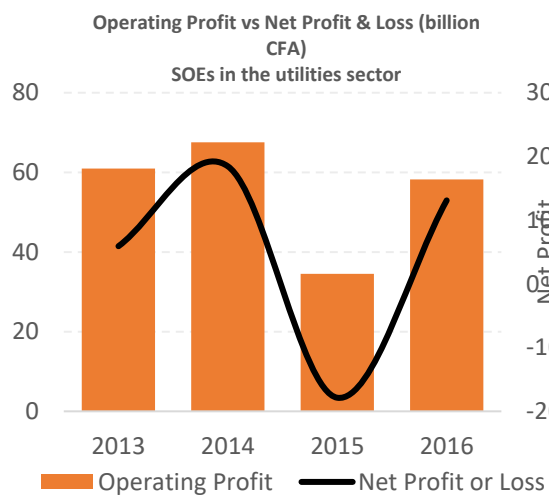
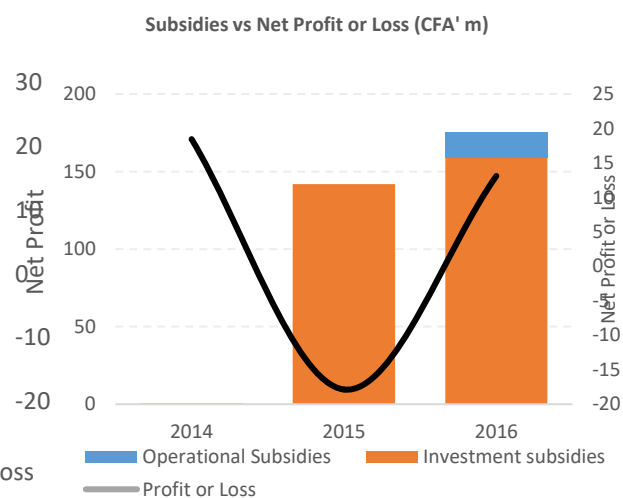


Figure 7: Subsidies vs Net P&L Utility Sector

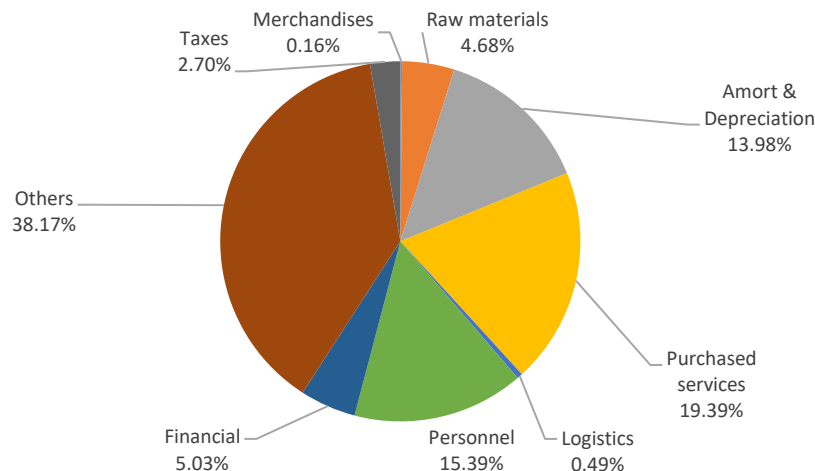


Note: operating profit = operating revenue – operating subsidies – operating cash costs

Source: 2017 World Bank collected data on SOEs and author's calculations

29. **Utilities receive about 80% of the total investment subsidies granted by the State to SOEs since 2015.** CAMWATER is the major beneficiary receiving about 80% of total investment subsidies. This focus is consistent with the capital-intensive nature of the utilities business, which is reflected in the cost breakdown of the sectoral SOEs, with a significant share of amortization and depreciation costs (14% of total operating costs).

Figure 8: Utility SOE Cost Breakdown (% of total)



Source: 2017 World Bank collected data on SOEs

30. **The agriculture sector hosts 10 SOEs and held 10 percent of the total assets of commercial SOEs and 12 percent of their total operating revenue in 2016.** Three of these companies are fully state owned, one is a majority state owned, and government hold minority shares in the remaining five companies. Sodecoton was the largest in terms of income/turnover (over 100 billion CFA), followed by CDC (60 Bn) and Socapalm (47 bn). The SOEs in the agriculture sector are significant purveyors of employment: CDC employs over 20 000 staff, about 60 percent of the total workforce of fully owned SOEs.

Table 6: Agriculture Sector SOEs⁶

| Company | Company Full Name | State ownership |
|-----------|---|-----------------|
| ANAFOR | Agence Nationale D'appui Au Developpement Forestier | 100% |
| CDC | Cameroon Development Corporation | 100% |
| CTE | Cameroon Tea Estate | 10% |
| HEVECAM | Heveas du Cameroun | 10% |
| PHP | Société des Plantations du Haut Penja | 24.4% |
| SAFACAM | Société Africaine Forestière et Agricole du Cameroun | 31% |
| SEMRY | Société d'Expansion et de Modernisation de la Riziculture de Yagoua | 100% |
| SOCAPALM | Société Camerounaise du Palmier a Huile | 14% |
| SODECOTON | Société de Développement du Coton du Cameroun | 59% |
| SOSUCAM | Société Sucrière du Cameroun | 21% |

31. **Overall, the agriculture sector SOEs were unprofitable over the 2014-2016 period.** Of the four largest SOEs of the group, which account for over 90 percent of total assets, only one (SOCAPALM) has run

⁶ Financial statements for the period 2014-2016 are available for all companies but ANAFOR, CTE and SAFACAM (no data available but 2014) and SEMRY (2014 data was not made available).

an operating profit over all years⁷. CDC and SODECOTON, which are among the three largest SOEs in the sector, have consistently run operating and net losses since 2014. Their cost recovery rate is under 100 percent and degrading since 2014. The agricultural sector had the highest net loss of any sector in 2016, driven by CDC (-12 Bn FCFA), Sodecoton (-7.4 Bn FCFA) and Hevecam (-4.4 Bn FCFA). CDC and SODECOTON had the second and third highest cumulative losses of all SOEs over the last three years, behind the oil refinery SONARA.

Figure 9: Operating profit vs net P&L Agriculture Sector

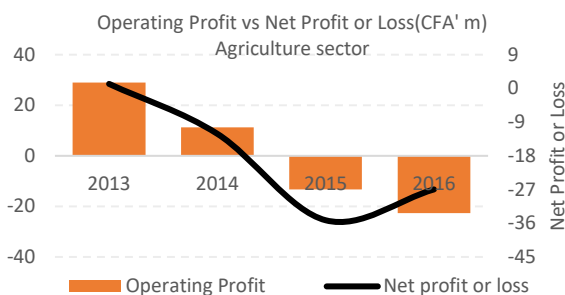
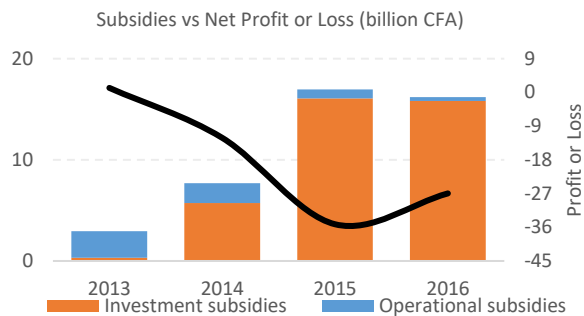


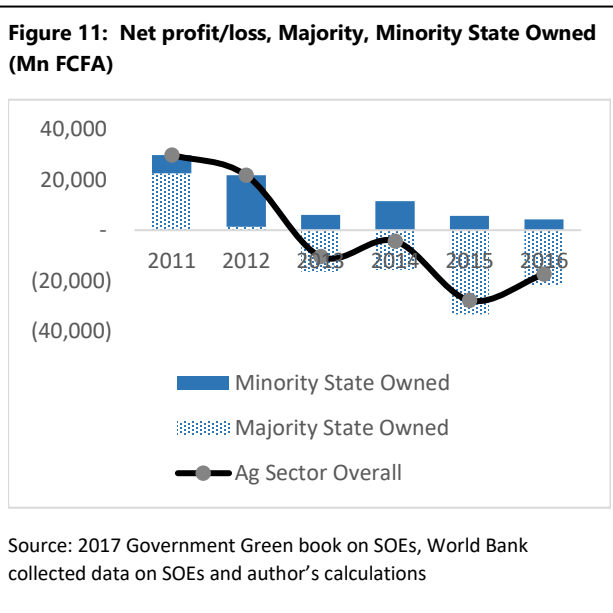
Figure 10: Subsidies vs net P&L Ag Sector



Source: 2017 Government Green book on SOEs, World Bank collected data on SOEs and author's calculations

32. Majority private sector-controlled companies in the agriculture sector have been profitable.

As a group, privately controlled SOE have been profitable every year between 2011-16. Conversely, majority government held agriculture companies were loss making every year since 2013 (Figure 11). The investment subsidies received by SOEs in this sector represent less than 10 percent of the total granted by the State. Some of them are granted to compensate the beneficiary SOEs for the public service projects they have carried out at the State's request. CDC and SEMRY absorb 95 percent of the investment subsidies. The operating subsidies received by SOEs in this sector account for less than 3 percent of the total granted to SOEs, SODECOTON and CDC being the main beneficiaries. SOEs in this sector hold 9 percent of the total debt of commercial SOEs and 7 percent of their total financial debt. The total debt of SOEs in the sector accounts for 71 percent of their total liabilities.



Source: 2017 Government Green book on SOEs, World Bank collected data on SOEs and author's calculations

Public service obligations.

33. The state requires companies in the agricultural sector to carry out development or public

⁷ Another majority private owned (79%) sugar processing company (SOSUCAM) is also included in the Livre Vert as having been profitable in all years.

service projects in rural areas, such as:

- a. Road maintenance
- b. Inclusion on the payroll of teaching and medical staff
- c. Training and supervision of researchers and farmers
- d. Building of schools and hospitals
- e. Care and hosting of security forces.

34. The cost of these projects is borne by the SOEs and not systematically repaid by the State.

The SOE's most impacted are the ones from the agriculture sector: SODECOTON, PAMOL, CDC, UNVDA and SEMRY. The state also sets prices for some of the goods and services provided by the SOEs. These prices have for social reasons been kept unchanged for extensive periods of time (the appendix to the Budget Act mentions decades. They do no longer cover the production costs of some of the goods and services socially priced. That is the case for food stuffs such as palm oil CDC, PAMOL), rice (SEMRY), cotton (SODECOTON), postal services (CAMPOST), housing (SIC and MAETUR). All the associated companies are low performing SOEs with significant profitability and financing issues. As noted above, the agriculture sector SOEs with majority state ownership have experienced some of the largest cumulative losses in recent years.

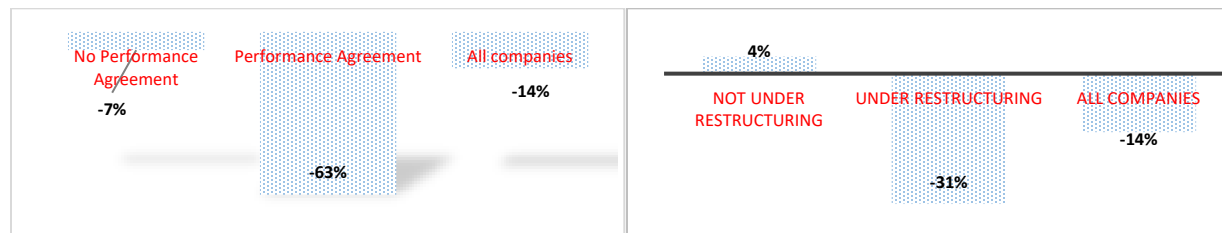
35. The operating subsidies provided by the State are unlikely to offset the impact of social pricing on the SOE's P&L. Operating subsidies provided to SOEs in the agriculture sector from 2014 to 2016 amounted to 0,38 percent of their total operating costs (source: Database). CAMPOST, SIC and MAETUR do not appear to have benefitted from operating subsidies over the same period.

Do performance agreements lead to improved performance of SOEs in Cameroon?

36. Performance Agreements are regularly used by governments to improve SOE performance.

Such agreements normally set financial and operational performance targets and include agreed sanctions or rewards for performance levels. They also include agreements on government subsidies and/or compensation for public service obligations. Around thirty SOEs and EPAs have performance agreements in place as of mid-2017, with most agreements signed between 2012-13⁸. Based on an analysis of 14 companies with performance agreements for which data is available, the observation is that these companies perform worse than the overall SOE sector as measured by the net margin. (figure 12 below). The average net margin for all categories of SOEs over the period was -16 percent, while for those with performance agreements in place it was -63 percent, and for companies without performance agreements the average was -11 percent. Also, those companies undergoing restructuring under the auspices of CTR perform worse on average than other SOEs.

Figure 12: cumulative average net margin for SOEs with Performance Agreements and SOEs under restructuring

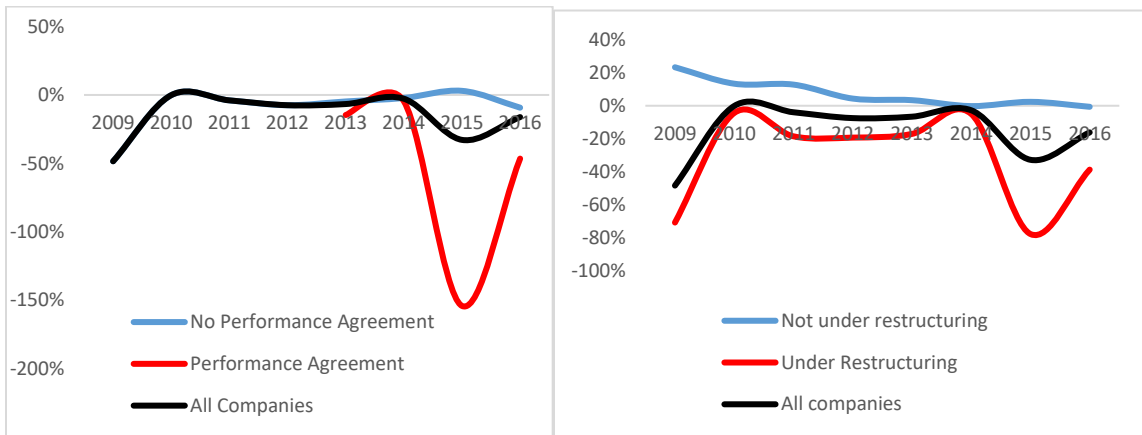


Source: 2017 Government Green book on SOEs, World Bank collected data on SOEs and author's calculations

⁸ See annex 4 for a full list of SOEs and EPAs with Performance Agreements

37. **Weaker financial results for these companies could be expected since the SOEs with the worst performers would be the ones targeted by the state for performance contracts.** Also, many of the SOEs with performance agreements are SOEs with public service obligations that require support from the state in terms of subsidies. The nature of these types of companies means that they cannot expect to attain financial performance ratios that would be comparable to other companies operating in the same sectors. Nevertheless, companies with performance agreements should in theory move towards break-even over time, as government subsidies should cover their loss-making activities. As can be seen in figure 13 below, companies that signed performance agreements in 2013 (red line) saw an initial slight improvement in performance the year following signature, then an overall worsening before picking back up in 2016. Interestingly, the overall trend in performance seems to mirror the overall performance of companies without performance agreements, and the group of SOE as a whole, suggesting that other exogenous factors may be behind company performance trends. Companies under restructuring seem to follow this same trend.

Figure 13. Average net margin: SOEs with Performance Agreements, SOEs under restructuring 2009-2016



Source: 2017 Government Green book on SOEs, World Bank collected data on SOEs and author's calculations

38. **The impact of performance agreements in Cameroon therefore seems to be limited at best.** The reasons for this could be many. International experience with performance agreements show that performance targets are often determined by SOEs themselves, and that they are “soft” targets that represent no real change from past performance. In addition, agreed targets and reforms are often not respected by either party (company of government), monitoring of performance agreement goals is irregular and late, and sanctions for non-compliance are rarely enforced (World Bank, 1998). These findings are confirmed by past experience in Cameroon (World Bank, 1996) and a review of current performance agreements (see box 1 below).

Box 1: What’s in a Performance Agreement?

Two performance agreements were reviewed: (i) Imprimerie Nationale 2016-2018 Contrat Plan and (ii) Laboratoire National Vétérinaire (Lanavet) second amendment to a 2013 Performance Agreement). In addition, two performance agreement evaluation reports were reviewed (PAMOL and an EPA).

The performance agreements (and amendments) focused on investment rather than operational performance and business processes. Most of the objectives set are related to the procurement and installation of technical equipment and other tangible assets. One of the two performance agreements (Imprimerie Nationale) sets operational (HR, marketing and sales) and financial objectives. The financial objectives are quantified under the form of projected financial statements. Other objectives are not quantified, and no quantitative targets are set. The need to reduce the headcount is mentioned without any target set. The Pamol initial agreements dealt with investment only. Only one agreement sets up a steering committee and plans for an evaluation meeting halfway through the 4 year program.

The evaluation report placed strong emphasis on the timely execution of the procurement program and on compliance with budget and procurement procedures, including the funds provided by the State. The evaluation did not include any real benchmark of the beneficiary’s performance against the operational and financial objectives initially set in the agreement. LANAVET losses the year following the signing of the contrat plan were three times the ones of the previous year, with a stable revenue and significantly increased operating costs. After two years, its shareholders’ equity has decreased from CFA billion 5,9 to CFA billion -0,07.

In sum, the format of the PAs reviewed and the kind of governance and oversight framework they implement do not seem conducive to an improvement of performance. In contrast, the 2018 turn-around plan produced by technical and operational consulting teams for Huileries Garoua (a SODECOTON subsidiary) and the turn-around plan prepared in September 2017 for SODECOTON address both investment and business process (organizational, HR, marketing) issues and include a significant number of recommendations with quantitative KPIs and targets. It is not known whether they might translate into a performance agreement.

e. **Fiscal and contingent liability risks**

39. **Fiscal risks are deviations from an expected forecast, and subsequent financing needs over and above what was planned** (IMF 2009). Research from IMF shows that SOEs are a significant and common source of fiscal risks, with government bailouts of troubled SOEs costing 3 percent of GDP on average and 15 percent of GDP in the most extreme cases (IMF 2016). Fiscal risks stemming from SOEs relates to their need for government financing in cases where public corporations are unable to cover losses or other unforeseen events. Fiscal risk management therefore requires government to understand the main sources of risk related to its SOE portfolio. This would include having a clear idea of possible risk outcomes under different scenarios, including the probability of the risks materializing. Prudent risk management includes risk analysis and measurement (IMF, 2016⁹). See table 7. below for the main elements of a fiscal risk management framework.

Table 7: Fiscal Risk Management Framework

⁹ Policy Research Working Paper (7538)

| | |
|--|--|
| Step 1: Identify and quantify risks | <ul style="list-style-type: none"> • Identify Sources of Risk • Calculate fiscal exposure • Estimate likelihood of realization |
| Step 2: Decide whether to mitigate risks | <ul style="list-style-type: none"> • Direct controls and limits on exposures • Regulations, incentives and other indirect measures • Transfer and risk sharing mechanisms |
| Step 3: Decide whether to provision for risks | <ul style="list-style-type: none"> • Expense fiscal costs in the budget • Budget contingencies • Set aside financial assets in buffer funds |
| Step 4: Decide whether to accommodate residual risks | <ul style="list-style-type: none"> • Take into account in setting debt objectives |

Source: IMF 2016

40. **Quantitative estimates of fiscal risks could involve assessments of the total potential loss (for example, the face value of a guarantee), and/or the expected fiscal impact.** Risks may be classified into categories (e.g., probable, possible, and remote) based on judgments about their likelihood. The segmentation of public corporations according to risk can be done through a composite indicator (ie a combination of business ratios, weighted by coefficients) or a simple count of the number of indicators on which the enterprise exceeds an established (safe) threshold. The government can also stipulate that a public corporation be considered a high-risk entity if a particular indicator reaches a level that imposes an unacceptable fiscal risk (IMF 2016).

41. **Public enterprises and agencies in Cameroon constitute a significant and growing fiscal risk due to various contingent liabilities.** Risks sources stem from poor performance, caused by weak corporate governance practices, and in some cases macro-economic factors. Many SOEs have high and increasing debt levels, increasing subsidies, and continuous build-up of arrears between SOEs and between the state and SOEs.

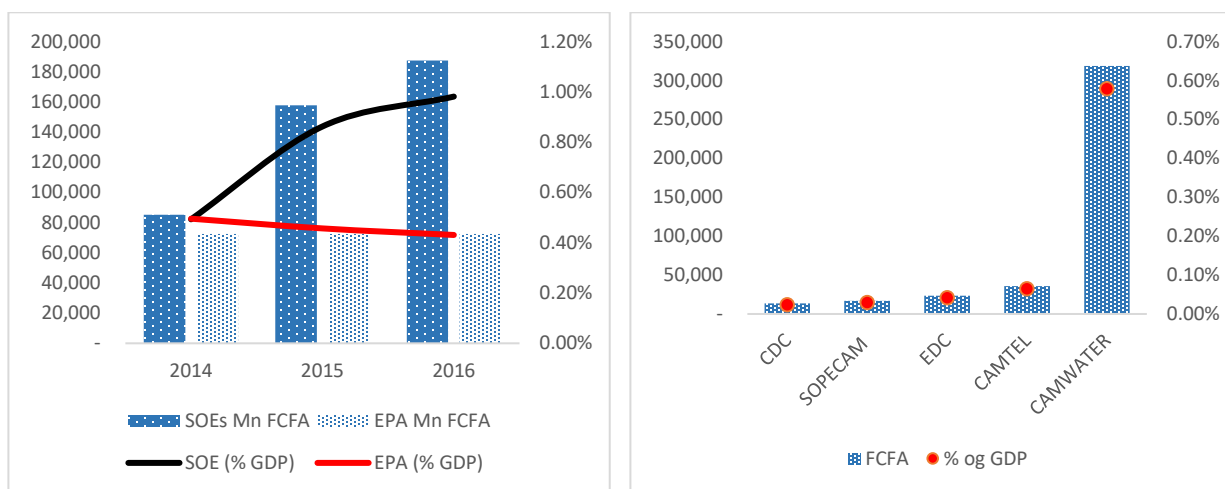
42. **Public enterprises and agencies in Cameroon are financed in a multitude of ways.** Financing includes direct subsidies for operations, capital subsidies for investments, recapitalizations/capital increases, government guarantees for commercial loans taken directly by the enterprises and on-lending whereby government contracts loans which are subsequently transferred to public enterprises. In addition, SOEs repeatedly build up fiscal arrears with the state which are subsequently written off or settled through debt netting exercises. The state regularly build-up arrears with SOEs though non-payment of their bills for services or compensation for public service obligations. These cross arrears between the state and SOEs, and amongst SOEs are then settled through lengthy accounting and matching exercises culminating in a signed agreement (avenant). In the energy sector, government and ENEO are currently negotiating the 12th agreement. The previous agreement which covered the year 2017 (avenant 11) was valued at 54 Bn FCFA.

Subsidies:

43. **Total subsidies to SOEs and EPAs have increased faster than budget and economic growth in recent years.** Government subsidies to commercial SOEs increased from FCFA 82 billion in 2014 to FCFA 187 billion in 2016 (nearly 1 percent of GDP) (Figure). Cameroon’s water utility (CAMWATER) was the largest beneficiary of these subsidies, followed by the public radio and television company (CRTV), the telecoms company (CAMTEL), and the company in charge of managing public assets in the energy sector (EDC). Subsidies to autonomous public agencies (EPAs) stayed stable at just over 72 billion CFA per year, equal to half a percent of GDP and 28 billion for other public agencies. The ten largest beneficiaries of these transfers

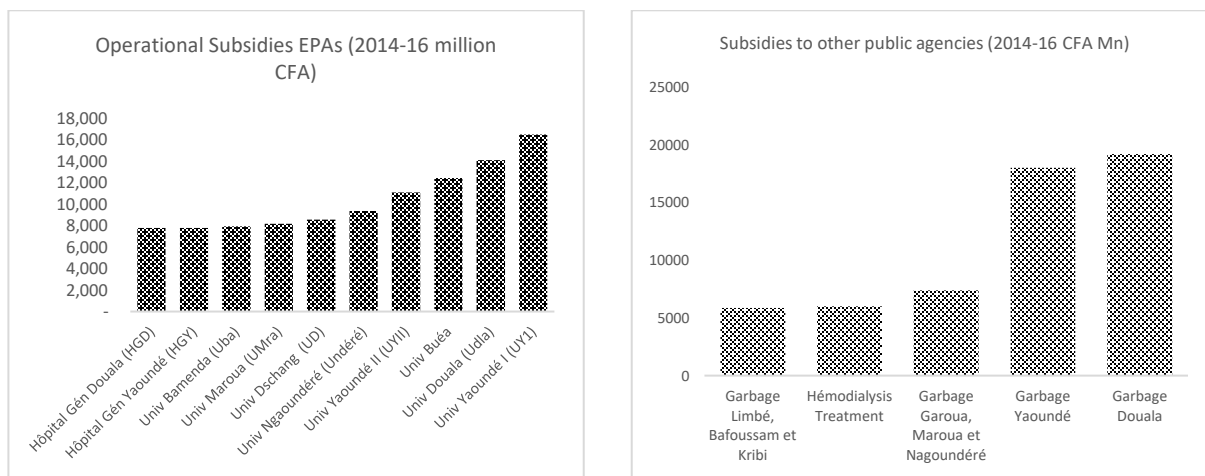
were eight regional universities and the hospitals of Yaounde and Douala (Figure). Subsidies to other public agencies mainly benefitted garbage collection agencies and a dialysis treatment center (Figure 15).

Figure 14: Subsidies to SOEs and % GDP, Largest SOE Recipients of Subsidies (CFA Million and % GDP)



Source: BOOST, CTR and author's calculations.

Figure 15: Subsidies to EPAs and Other Public Agencies 2014-16 (CFA million)

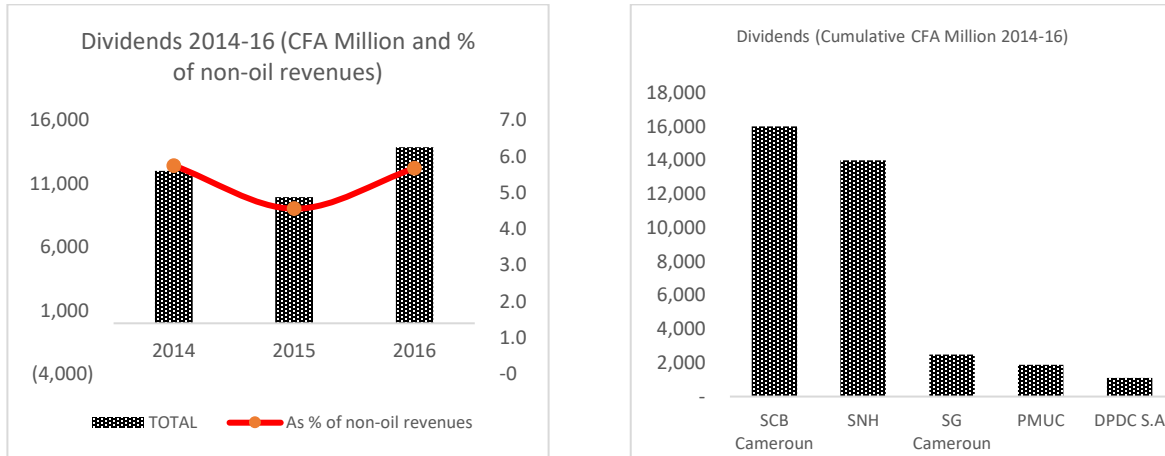


Source: 2017 Government Green book on SOEs, World Bank collected data on SOEs and author's calculations

Dividends and taxes:

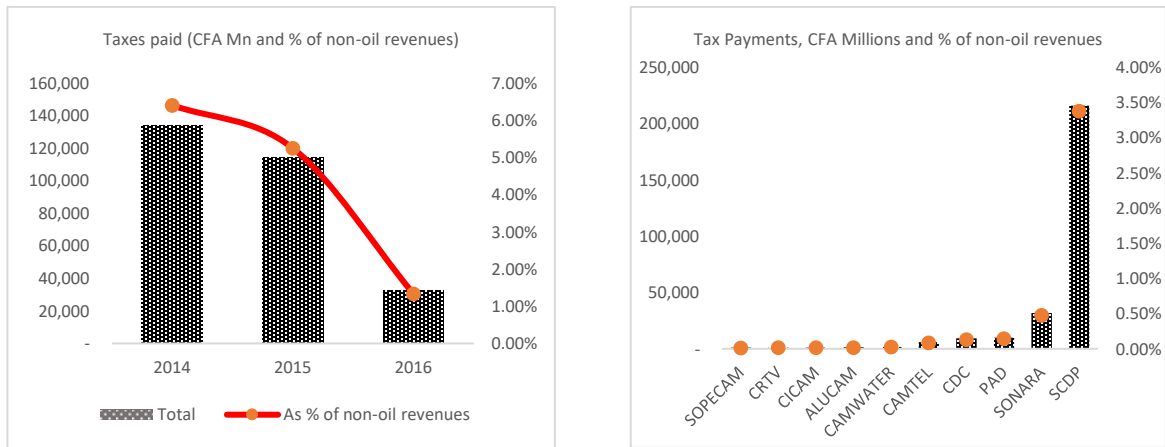
44. **Transfers from SOEs to the state come mainly from Dividends and Tax contributions.** Few SOEs pay dividends to the GOC: Between 2014-16 only five SOEs paid dividends. In 2016 total dividends were FCFA 13.8 billion, equivalent to 0.57 percent of non-oil revenue (Figure 16). During the same period, taxes paid by SOEs decreased from FCFA 133 billion in 2014 to FCFA 32 billion in 2016 (from 6.4 to 1.3 percent of government revenue). On average, taxes paid by SOEs totaled 4.3 percent of non-oil revenue in 2014-16, while subsidies to commercial SOEs constituted 7.7 percent of non-oil revenue and subsidies to EPAs and other agencies were around 4.3 percent of non-oil revenues.

Figure 16: Dividends (CFA Million and % of non-oil revenues, Dividends by SOE (Cumulative in CFA million 2014-16)



Source: DPC (Livre Vert) and author's calculations.

Figure 17: Taxes paid 2014-16 (CFA Million and % of non-oil revenues), Taxes paid by SOE (CFA million and % of non-oil revenues)



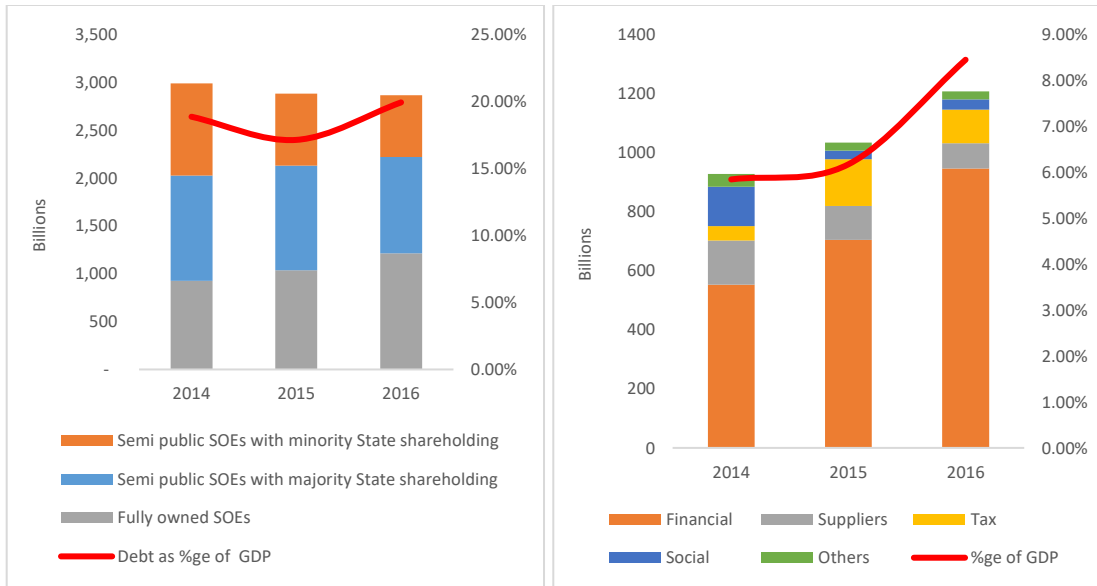
Source: 2017 Government Green book on SOEs, World Bank collected data on SOEs and author's calculations

SOE Debt.

45. **The total level of SOE's debt has remained stable from 2014 to 2016 at about CFA billion 3,000 (figure 18).** This stability masks significant disparities as the debt of fully owned SOEs has increased by 31%, from billion CFA 926 (5.8% of GDP) to billion CFA 1212 (8.5% of GDP) (Figure 19). Over the same period, the debt of semi-public SOEs has decreased from CFA billion 2,260 (13% of GDP) to CFA billion 2,044 (11.5% of GDP).

Figure 18: Debt of Commercial SOEs (2014-16)

Figure 19: Debt of Fully State Owned SOEs (2014-16).

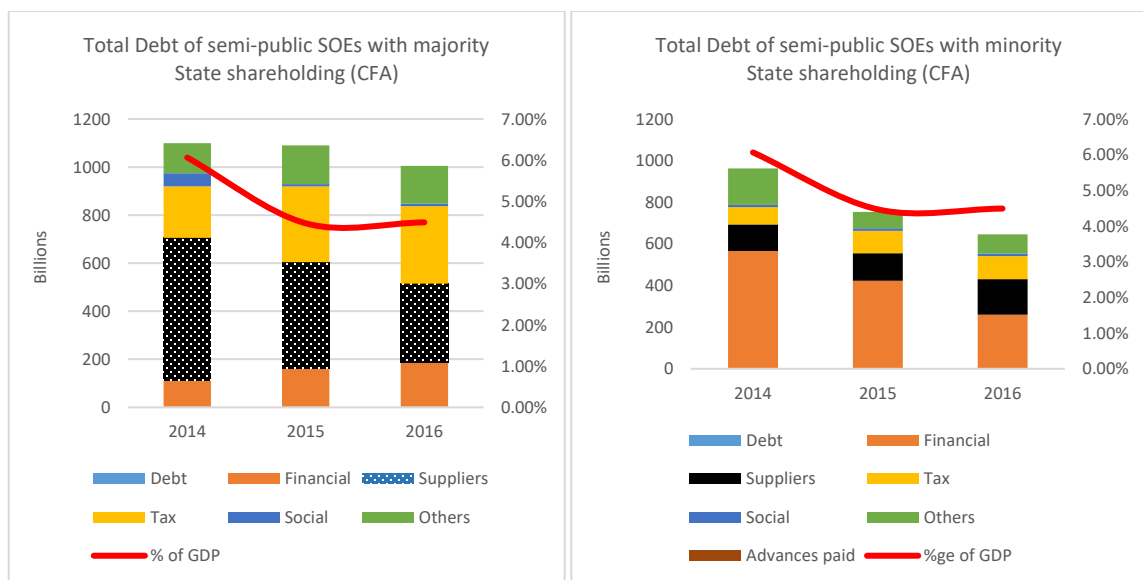


Source: 2017 Government Green book on SOEs, World Bank collected data on SOEs and author's calculations

46. **The increase in the debt of fully owned SOEs is primarily driven by that of financial debt.** Over 75% of the debt is currently financial (CFA billion 945), up from 60% (CFA billion 550) in 2014. Semi-public SOEs with majority State shareholding have also increase their financial debt from 10% (CFA billion 110) of total debt in 2014 to 15% (CFA billion 185) in 2016. There is a strong probability that the State guaranteed the new stock of financial debt, increasing its direct exposure to the SOE's financial risk.

47. The debt of semi-public SOEs with majority State shareholding has decreased by 9% (CFA billion 95), with a 45% (CFA billion 267) decrease in suppliers arrears, and increases in both the financial and the tax debts. Tax arrears have increased by 50% (CFA billion 110) and the financial debt by 75% (CFA billion 75).

Figure 20: Debt of semi-public SOEs with majority and minority state shareholding



Source: 2017 Government Green book on SOEs, World Bank collected data on SOEs and author's calculations

48. **The debt of semi-public SOEs with minority State shareholding has decreased by 33% (CFA billion 320), with a 54% (CFA billion 305) reduction in financial debt.** Total debt represented 85% of all SOEs liabilities in 2015, ranging from 86% for fully owned ones to 86% for semi-public ones. This high debt level has a direct impact on the private sector. As SOEs build up arrears with their own suppliers to maximize their operating cash, they pass part of their financing need onto them and degrade their solvency: in some SOEs, the average period to settle suppliers invoices exceeds 2 years.

49. **SOEs also have significant debts and outstanding claims or accounts receivables from the GOC and other parties, mainly other SOEs.** Outstanding claims or accounts receivables increased from 4 to 6 percent of GDP between 2014 and 2016. While there is no information about how long overdue these claims were or how much is paid as planned, written off, or dealt with through lengthy and cumbersome debt settlement or netting exercises referred to above, such high levels of outstanding claims can significantly complicate the management of company finances and lead to cash shortages. Some companies have taken expensive short-term loans to deal with cash shortages.

50. **The GOC could eventually be required to provide additional support to cover these claims,** which they continue to do in the energy sector (ENEO), where quarterly meetings take place between ENEO and treasury to settle outstanding electricity payments by the state for its own consumption and that of several SOEs. The increase in outstanding claims between 2014 and 2016 suggests that they continue to build up. While the GOC is only legally required to cover the debt for which it has issued explicit guarantees, the historical record shows that governments are likely to bail out failing SOEs, covering their entire debt (IMF 2016). This is also the assumption of the authorities, who in their fiscal risk assessment in the Livre Vert used total SOE debt as their fiscal exposure to SOEs.

51. **The net fiscal impact of the SOE sector has worsened between 2014 and 2016.** The net fiscal cost of SOEs and public agencies was on average 13.5 percent between 2014-16, reaching 18 percent of non-oil revenues in 2016. This estimate includes all transfers between the GOC and SOEs and public agencies for which we have data, including subsidies and capital transfers to SOEs and public agencies as well as dividends and taxes paid by SOEs to the GOC, and including the taxes and fees owed by SOEs to the government. It also included outstanding payments from the government to SOEs. Taxes owed by SOEs to

the GOC (i.e, the fiscal debt) contributed the most to the negative fiscal balance, reaching 22 percent of public revenues in 2016 (FCFA 438 billion). As of the end of 2016, the largest tax debt was held by SONARA (FCFA 297 billion, 1.5 percent of GDP), followed by CAMTEL (FCFA 64 billion, 0.35 percent of GDP). Arrears of this magnitude pose a significant fiscal risk to the GOC, and, taken together with the large and growing debt of SOEs the full fiscal impact could be much higher.

Options for reform:

52. The options for reform outlined below aim to improve the performance of the SOE portfolio and help mitigate the fiscal risk they pose to the state budget. They are separated into short term/immediate reforms and medium to longer term reforms. Nevertheless, government could begin implementing them all immediately and in parallel.

Short Term/Immediate actions:

- **Conduct technical audits/reviews of individual SOEs or sectors in which SOEs play an important role.** Such reviews should look at the reasons for poor performance and prepare costed restructuring plans, including realistic assessments for necessary public funding for subsidies or recapitalization. Company specific reviews should also assess operational and service delivery performance in addition to financial performance. Sector wide reviews should also benchmark performance with comparable private sector companies and explore the potential for increased private sector investment.
- **Review performance agreements:** performance agreements have not worked in achieving their objectives of improving company performance. Government should review performance under recent and existing agreements to determine the reasons for weak performance and restructure performance agreements where necessary. Performance agreements should be operational and focused on results and should include a system to independently assess company targets and monitor performance on an annual basis.
- **Calculate the cost of public service obligations, reserve funding for them in the national budget and ensure regular compensation to SOEs.** Many SOEs seem to suffer from late payment or a lack of compensation, and this is compromising their financial situation and leading to an erosion of their assets and service quality over time.

Medium Term reforms:

- **Explore options for ownership diversification:** Companies with a higher share of private ownership outperform those with majority government ownership. Government may want to explore possibilities for partial privatization in some companies or sectors as a way to increase corporate discipline and performance. Social service may still be delivered through such companies, provided that these are clearly and predictably defined, costed and compensated for.

III. Legal and Regulatory framework

This chapter provides an assessment of the legal framework for SOE corporate governance in Cameroon, including a comparison of the recently passed SOE framework laws (2017 Laws) with the previous law it replaced (1999 Law). It is based on an analysis of the main legal texts and these are assessed based on good international practice as outlined in the OECD guidelines on the Corporate Governance of SOEs and the World Bank SOE Toolkit and relevant OHADA standards.

a. Main laws and regulations on corporate governance of SOEs

53. **Many issues pertaining to SOE governance can be regulated through legal instruments - and could potentially fall within a review of the legal and regulatory framework applicable to SOEs.** For practical reasons, it is, therefore, necessary to first determine a set of fundamental issues that will serve as a benchmark to assess how the legal system rates in terms of governance. Based on a cross-reading of the OECD Guidelines on the Corporate Governance of State Owned Enterprises, and of the World Bank Toolkit on Corporate Governance of SOEs¹⁰, the following dimensions were retained for the purpose of the present review:

- Are clear ownership rules legally defined?
- Are the functions of the State as a shareholder clearly and adequately defined?
- What are the corporate norms applicable to SOEs? Are they similar or do they compare to private sector rules? Do they ensure the application of proper standards in terms of: board nomination¹¹ and operation; company management and performance monitoring; business, financial and accounting transparency, and disclosure; and management of conflict of interest?
- Are SOEs subject to other laws applicable to the private sector, in particular as regards competition, bankruptcy, labor, procurement and listing in the stock exchange?

54. **The issues outlined above can be regulated through various instruments, from the Constitution to specific SOE laws, as well as general corporate laws, specialized laws and sectoral laws - sometimes a mix of the above.** In the case of Cameroon, SOEs are primarily governed¹² through: (i) a law setting a general status for SOEs; (ii) general corporate law, as set in the OHADA Act on commercial corporations (*Acte Uniforme Révisé Relatif au Droit des Sociétés Commerciales et du Groupement d'Intérêt Economique* - the « OHADA Act »)¹³, and (iii) SOEs' corporate bylaws (which may, in some cases, regulate certain governance dimensions individually for each SOE). In addition, some specific laws (e.g., pertaining to privatization, public-private partnerships, competition or securities markets) and sectoral laws (e.g., pertaining to power, water or transport) may apply to the operation of SOEs and impact their legal regime.

55. **Until 2017, the main text governing SOEs was *Loi n°99/016 du 22 décembre 1999 portant statut général des établissements publics et des entreprises du secteur public et parapublic* (the « 1999 Law »).** The 1999 Law applied to both « public establishments » (établissements publics) and « companies

¹⁰ Details on those instruments and methodology used are provided in Box/Annex 1.

¹¹ The term « board » refers to the board of directors throughout this report, and the terms « board member » and « director » are used interchangeably.

¹² Except for an obligation to declare assets that applies to general managers of SOEs, the Constitution of Cameroon does not expressly refer to SOEs.

¹³ In theory, all other OHADA laws also apply; on this issue, see below, in particular on bankruptcy.

with public capital » which could be fully (*sociétés à capital public*) or partially (*sociétés à capital mixte*) owned by the State - the main difference between establishments and companies being that the latter carried activities of an « industrial, commercial or financial nature ». In July 2017, two new laws were passed in replacement of the 1999 Law, this time setting a status for each the public establishments and public companies: (i) Loi N° 2017/010 portant statut général des établissements publics; and (ii) Loi N° 2017/011 portant statut général des entreprises publiques (the « 2017 Law »¹⁴). Given its recent adoption, there is probably not sufficient evidence on how this new regime may impact the governance of SOEs in Cameroon¹⁵. Therefore, it was decided to first briefly review the SOE legal framework under the 1999 Law and its implementation, before reviewing the new framework under the 2017 Law.

56. **Definition of « SOEs » and scope.** Defining what SOEs are is done at country level and there is no unanimous definition of SOEs worldwide: both concepts and denominations can vary. For the purpose of governance assessments, it is still necessary to delimitate what SOEs are - as setting specific rules of governance will only be relevant to certain types of entities. Three criteria are commonly retained to characterize SOEs: (i) control by the State; (ii) legal and financial autonomy; and (iii) a business purpose (i.e., generating the bulk of their revenues from selling goods and services on a commercial basis). Those criteria allow to distinguish SOEs from other public agencies that carry out public policy functions at arms' length from government line departments and may earn a significant share of their own revenues. The 1999 Law distinguished between public establishments and companies with public capital (with « industrial, commercial or financial » activities). It should be noted, however, that some entities qualified as public establishments seemed to carry a commercial activity. This means that the regime applicable, may, in some cases rest on a political decision rather than a strict economic criteria.

57. **Two distinct regimes were adopted as part of the 2017 Law:** one for State enterprises (« *entreprises publiques* » or « SEs » regulated under Loi N° 2017/011) and one for public establishments (« *établissements publics* » regulated under Loi N° 2017/010). While both are said to operate under a certain level of autonomy, the main difference is that SEs carry an activity of « an industrial or commercial nature ». Public establishments may nevertheless also have an « economic or financial » purpose. The distinction with a commercial activity in this case is not defined - which could generate some uncertainty on the regime applicable to certain public bodies. Practice under the 1999 Law showed that the qualification of « state enterprise » vs. « public establishment » could sometimes depend on a political decision - that a given public body should be established as one or the other without any clear criteria. This can have significant implications in terms of governance. Among others, under the new framework, public establishments are said to act « on behalf of » the State or a public institution - which should not be the purpose of a public enterprise. Also, there are no shares in public establishments and, as a result, no shareholders' meetings. Powers are shared among the board and management. The board is composed exclusively of representatives from concerned ministries. More generally, a number of rules that generally apply to corporations are not defined for public establishments, for example on the preparation of audited financial statements or with respect to related party transactions. On the other hand, public establishments are said to be subject to the Public Procurement Code, whereas this was removed for public enterprises. The purpose of this review is the law targeting State enterprises - Loi N°2017/011 (hereafter the « 2017 Law ») - not public establishments. This is with the understanding that all bodies that qualify as SOEs (control by the State; legal and financial autonomy; and a business purpose) should in principle be governed by the same governance regime.

¹⁴ For the purpose of governance assessments, it is commonly agreed that SOEs are State owned entities with a business purpose. For this reason, the main purpose of this study is Law 2017/011. On this issue, see para. __ and __ below.

¹⁵ The 2017 Law actually provides for a one year period for companies to comply.

58. **The 2017 Law defines a State enterprise as « an economic body with legal and financial autonomy, with an industrial and commercial activity and in which the State is the majority or sole owner. »** These include « public capital corporations » (*sociétés à capital public*) in which the State and/or public entities are the sole shareholder, and « mixed capital corporations » (*sociétés d'économie mixte*) in which the State and/or public entities are the majority shareholder. Unlike the 1999 Law, corporations in which the State is a minority shareholder are no longer covered by the SOE framework law, but would instead be covered by commercial law. In terms of legal regime, a number of provisions common to all SEs are set in the Law (Title I - Chapter II). Among others, it is provided (Art 10) that SEs are established as companies limited by shares (*sociétés anonymes*) and governed by the OHADA law on commercial corporations (*Acte Uniforme relatif au droit des sociétés commerciales et du groupement d'intérêt économique* - hereafter the « OHADA Act »)¹⁶ and the 2017 Law. The Law also contains a number of rules specific to public capital corporations (Title II). As regards mixed capital corporations (Title III), reference is simply made, again, to OHADA rules, « subject to the provisions of the 2017 Law » (Art 76). Several references are also made in the 2017 Law to the possibility of specific provisions in some SE's bylaws. Similar to the 1999 Law, no rules of articulation and precedence are set. As discussed below, this articulation makes it difficult to determine the precise regime applicable.

b. Ownership policy

59. **Neither the 1999 Law, nor the 2017 Laws provide for an ownership policy.** No rationale is provided for the State ownership in SE's (which could be economic, strategic, or public interest reasons, etc.) and there is no clear statement on the role the State plans to play in the governance of SEs. The institutional framework for the management of State ownership is similar to the previous system. Shares of SEs are held by the Ministry of Finance. At the same time, SEs are subject to a double control - or « *tutelle* »: the financial control is exercised by MoF and the 'technical' control by the « ministerial departments » which are responsible for « the sector in which the SE operate.» This notion of *tutelle* results in a certain ambiguity on the precise scope and modalities of State ownership, including State's functions as a shareholder and the monitoring of/reporting on the performance of SEs. These issues are discussed further below.

60. **Shares of SOEs are held by the Ministry of Finance (« MoF ») but no clear institutional set up is established to manage the holdings.** The 1999 Law referred to the notion of « *tutelle* ». This notion, however, was ambiguous. It was defined in the Law as a power for the State to define policies in the sector in which SOEs operate - rather than a control over the SOE itself. On the other hand, several provisions of the Law provided for a power of control either by the MoF (*tutelle financière*) or by line ministries (*tutelle technique*) and both got to appoint a representative as a board member. In addition, sector regulators were in charge of defining and monitoring specific sector policies including in areas here SOEs are major operators, including in Energy, Telecoms and Transport. This combination makes it difficult to figure what the role of the State should be, exactly and has caused some confusion on its role as shareholder (see below).

c. Main provisions with respect to shareholders functions.

61. **Applicable rules. Art 3 of the 1999 Law provided that the establishment and operation of SOEs was governed by « laws, regulations and customs governing companies limited by shares (*sociétés anonymes*)¹⁷, subject to the provisions of this law ».** The 1999 Law also referred in many

¹⁶ No reference is made here to other OHADA texts.

¹⁷ As defined in the OHADA laws since Cameroon joined in 1995.

instances to the SOEs' bylaws. However, no clear rules of precedence were set. In practice, the combined application of provisions from the 1999 Law, the OHADA Act and corporate bylaws - which can all contain rules pertaining to shareholding - may raise questions of consistency and overall legibility of the legal system proposed.

Box 2 - SOE governance regulation through corporate bylaws

In 2017, a new law was passed to regulate the governance of SOEs in Cameroon (*Loi N° 2017/011 portant statut général des entreprises publiques*, the « 2017 Law »). While introducing some changes, the 2017 Law is fairly similar to the previous general law governing SOEs, (*Loi n°99/016 portant statut général des établissements publics et des entreprises du secteur public et parapublic*, the « 1999 Law »).

A common feature of those two general laws is the reference made to possible additional sources to govern SOEs. The first is general corporate law: the 1999 Law referred to laws applicable to companies limited by shares; the 2017 Law refers to the OHADA Act on commercial corporations (*Acte Uniforme Révisé Relatif au Droit des Sociétés Commerciales et du Groupement d'Intérêt Economique* - the « OHADA Act » - the OHADA Act was in fact already applicable when the 1999 Law was adopted). The other possible source is SOEs' corporate bylaws: both the 2017 and the 1999 Law provide that some issues should be set in SOE's individual bylaws. However, neither the 2017 Law nor the 1999 Law set clear rules of articulation or precedence between those sources.

The review of a sample of SOEs' corporate bylaws shows that the practice in term of regulation through bylaws was not uniform. It also provides confirmation that the concomitant application of several sources (general SOE law, corporate law and SOE bylaws) can make it difficult to precisely determine the applicable rules.

A few illustrations are provided below.

- Several SOEs seem to still be operating under bylaws adopted before the 1999 Law and not updated since. For example, according to information gathered, the current SNH bylaws were adopted in 1980, PAMOL bylaws in 1996 and CAMTEL bylaws in June 1999 (before the Law was adopted).
- Some SOEs have bylaws adopted after the 1999 Law was passed - but without a clear reference to this Law or to the OHADA Act. SCDP bylaws, for example, refer to the integration of provisions from the OHADA Act only - not of the 1999 Law. On the other hand, SIC bylaws refer to *Loi sur les Sociétés Anonymes*, not the OHADA Act, and to the 1999 Law, but as regards liquidation only.
- Some SOEs adopted or updated their bylaws after the 1999 Law was passed and seem to have drawn most of their provisions directly from this Law. This applies to CAMPOST, an SOE where the State was the sole shareholder and where a 5 members college was named to replace the shareholders' meeting. In directly taking over a number of provisions from the Law, the bylaws did not clarify some operational aspects and whether OHADA prescriptions should apply. This applies, for example to the interaction between the 5 members college and the board - or to related-party transactions.
- Last, some SOEs seem to have drawn from both the 1999 Law and the OHADA Act - although not in a consistent manner. CICAM bylaws, for example, seem to have drawn some provisions directly from the Law, but sometimes not in their entirety, e.g., to set the powers of the board. On some issues, such as third-party transactions, the bylaws seem to go over the prescriptions of the 1999 Law, but not as far as the OHADA Act, while at the same time referring to the « applicable laws ». Another example is SODECOTON which adopted rather extensive bylaws. Many provisions seem to be directly drawn from the OHADA Act. In addition, the bylaws often include a direct reference to the 1999 Law. This suggests that both should apply and again raises the question of consistency where they might differ.

The above examples show that in the case of Cameroon, corporate bylaws generally did not represent an instrument of clarification of the legal governance regime, at least under the 1999 Law. At the time of this report, it seems that most SOEs have not updated their bylaws on the basis of the 2017 Law.

62. Under the 1999 law, MoF was designated as the holder of the shares (Art 6) and the powers of the shareholders' meeting were defined in Articles 30 to 35. It was specified (Art 30) that when the State is the sole shareholder, the shareholders' meeting would be replaced by a 5 members college (collège),

with composition to be set by the bylaws and to include at least a representative of MoF and of the line ministry on charge of technical oversight (*tutelle technique*). The reference to corporate bylaws results in a certain lack of visibility on the applicable regime (as rules of representation may vary from one SOE to the other). As regards powers, this college was to: (i) approve the auditors report; (ii) approve yearly financial statements; (iii) approve any «sharing out of distributable benefits»; (iv) designate and terminate the company's auditors; and (v) decide on members' compensation.

63. **Two powers typically assigned to shareholders' meetings were not listed here:** the designation of board members and the approval of contracts entered into between board members and the company. Where there were several shareholders, the shareholders' meeting was to be composed of representatives of the shareholders - but details were not provided in the 1999 Law. The powers of the shareholders' meetings were similar to those of companies limited by shares (and an indicative list of powers was provided). In both cases, it is reasonable to assume that the OHADA Act applied in addition to the Law - although this is difficult to confirm in lack of clear rules of articulation. The result is a somewhat unclear regime. Information gathered on the practice under the 1999 Law actually reveals that a number of SOEs apparently did not have a formal shareholders' meeting - with the board de facto exercising all control functions.

64. **In parallel, the 1999 Law also provided on many occasions for a direct control by the Ministry of Finances - and some occasions by the entity in charge of tutelle technique.** This included for example: the provision of any documents pertaining to the SOE's operation that must be made available to the shareholders or board members (Art 8), the ability for MoF to request external audits (Art 9); the provision of the yearly audit reports (Art 11), the ability to convene the board in case of failure by its president to do so (Art 42), information on any sanction imposed on the company's president (Art 49), information on the company's budget, and operational action plan (Art 52, 53), and yearly financial statements (Art 54). As such, the concept of *tutelle* seemed to partly overlap with the State's role as shareholder and at times with its role as board member. This created an overall ambiguity on the architecture for State ownership.

65. **In the new SOE framework law MoF is designated as the holder of the shares (Art 12) just like in the 1999 law.** Articles 16 to 23 define rules governing shareholders' meeting. Additional rules are provided for « public capital corporations » (Art 33 to 41).

66. **As regards powers of the shareholders' meeting in companies where there are several shareholders,** reference is made (Art 22) to rules applicable to companies limited by shares (so to the OHADA Act) and an indicative list of powers is provided. These include «the approval or rejection of transactions entered into with the company's managers » (« *dirigeants sociaux* »). While the approval of related party transactions was not expressly mentioned under the 1999 Law (so this is a useful confirmation), the wording retained raises questions: it does not include transactions concluded with shareholders and it is not certain whether this includes transactions with board members (« *administrateurs* »). The OHADA Act, on the other hand, refers to all such transactions (Art 483 et seq.). But it is not clear if both the 2017 Law and OHADA Act should apply here. This is an illustration of how the concomitant application of the 2017 Law and OHADA Act may sometimes result in ambiguities. On a separate note, the shareholders' meeting is also said to approve the remuneration of board members. As indicated, practice under the 1999 Law showed that important benefits and remuneration were granted to board members and managers, sometimes in excess of legally defined thresholds.

67. **In the 2017 law where the State is the sole shareholder** it is provided (Art 33) that the shareholders' meeting is replaced by a 5 members college (*collège*), with composition to be set by their bylaws and to include at least a representative of MoF and of the line ministry in charge of technical control

(*tutelle technique*). This provision is similar to the 1999 Law. However, unlike the 1999 Law, the specific powers of this *collège* are not defined. The question is, therefore, raised of whether and how OHADA rules apply. On a separate note, Art 33-3 provides that: « each administration names its representative at the shareholders meeting under modalities set in the bylaws. » Overall, it is therefore not clear how things should work in practice where the State is the sole shareholder. As discussed, the practice under the 1999 Law showed that shareholders' meetings were not always put in place.

68. **As regards the role of the *Ministères de tutelle***, Art 4 (2017 law) provides that the goal of technical *tutelle* is to « ensure the conformity of board decisions to laws and regulations and to sectoral policies orientations » - and that of financial *tutelle* to « ensure that board decisions with a financial implications are legal, that financial commitments are sustainable, and that performance plans are consistent with sectoral programs. » Another Article (Art 8) provides that « the State... intervenes in SOEs' management through its representative at the board, whereas Article 9 provides that *tutelles*, « in association with the board » participate in SEs' performance monitoring - and that they shall receive a copy of « all documents pertaining to SEs' life », including financial statements and auditors' reports. Like under the 1999 Law, the delineation of functions - shareholder, board member and *tutelle* - appears rather blurry.

69. **Last, two articles assign certain powers to the President of the Republic.** Art 121 provides that in « strategic public capital corporations » (which are not defined) specific provisions are included in the bylaws designed to submit the company's organizational chart and the nomination of « Managers and similar » (also not defined) to the approval of the President of the Republic. Art 122 furthermore provides that the allocation of profits is subject to the President of the Republic's prior approval. These provisions represent a significant departure from a standard balance of corporate powers.

d. Main corporate norms

70. **Transparency and Reporting:** Like the 1999 law, relatively few details are provided in the 2017 Law regarding transparency and reporting. Companies should (Art 9) provide *tutelles* with « all documents and information relating to the SEs' life » and the « Ministers concerned » must, in turn, prepare a report to the President of the Republic. A general obligation is also provided (Art 24) for SEs to publish a yearly note on their financial situation - but its exact content is not defined.

71. **Conflict of interest.** Articles 18 through 22 dealt with incompatibilities and restrictions. Limitations were set on the number of mandates one may hold as board member (Art 19-1) or president of the board (Art 20) - and incompatibilities set with various public positions (member of the Government, member of Parliament). A general prohibition of loans to board members was also provided for (Art 22). In addition, board members were required to report any interest in a business in a relationship with the SOE (Art 19-2). However, no procedure was defined for the review and approval, or non-approval, of such contracts. No provision was included either as regards other forms of agreements that could represent a risk of conflict of interest (e.g., agreements between the SOE and shareholders). As such, the 1999 Law set principles that were less precise and stringent than the OHADA Act.

72. **In the 2017 law, a specific procedure is set (Art 49, 50) for the approval of related party transactions.** It provides that directors must disclose any direct or indirect interest in a transaction « in relation to » the company. Loans and guarantees to directors and managers are also prohibited. As mentioned above, the OHADA Act provides for a more extensive definition of related party transactions (including those involving shareholders) and for a detailed procedure to follow. So the question is raised of whether the provisions of the 2017 Law are indicative only and whether the OHADA Act should apply.

e. Application of other laws

73. **Competition.** No reference is made in either the 1999 or the 2017 Law to the application of competition rules to SOEs. To the extent that they are not expressly excluded, it could be deduced that they apply - including « *Loi n°98/013 du 14 juillet 1998 relative à la concurrence* » which defines a series of infringements. These, however, pertain mostly to antitrust issues - and do not specifically address the issue of government subsidies. In addition, a number of SOEs still operate in regulated sectors - which are governed by specific laws¹⁸ and where regular competition rules may not be operative for legal or practical reasons. In the power sector, for example, the main utility, ENEO, although partially privatized (the State is a minority shareholder) operates on a quasi-monopoly situation for distribution. Transmission is also operated on a monopoly basis by a company, SONATREL, the creation of which was actually provided for under the electricity law of 2011¹⁹. This also applies to the urban water sector, where the public utility, CAMWATER, also operates on a monopoly basis. In any case, information gathered for this study suggests that no case of infringement to competition rules by SOEs has been brought to justice. This suggests that there is no practice of subjecting SOEs to competition rules as of today.

74. **Procurement.** Article 4-3 of the 1999 Law provided that texts pertaining to public procurement were applicable to SOEs, subject to exceptions provided under special texts. Subjecting SOE to public procurement rules for their own supply can be debated. It can introduce a certain level of transparency - but also involve excessively burdensome rules for companies operating on a commercial basis. In practice, the application of public procurement rules to SOEs was identified as a significant bottleneck. Another issue is whether SOEs are subject to fair procurement rules as suppliers, i.e., whether they may benefit from preferential treatment in public contracts owing to their specific status (State as shareholder). SOEs are in principle subject to the Procurement Code as suppliers - so in theory not treated on a preferential basis.

75. **Article 119 of the 2017 Law provides that SEs are not subject to the public procurement Code** but that the board shall ensure that the principles of fair competition and treatment of « candidates », transparency and fairness of prices are complied with. The Law provides that a specific board decision should set the internal procurement rules, including establishment of a procurement commission. In July 2018, government issued a Decree²⁰ to guide SOEs in their procurement. The decree requires SOEs to set up a procurement commission, whose role is mostly to review procurement packages, open bids, carry the bid analysis and recommend attribution. The decree also sets internal and external processes - and details procurement arrangement per types of contracts.

76. **Labor.** Article 16 of the 1999 Law provided that « SOE personnel, civil servants seconded to the SOE, are governed by labor legislation during the term of their assignment, subject to the provisions of the Civil Service Statute as regards retirement, promotion and the end of secondment ». This suggests that the standard in SOEs is the application of labor law (applicable in private companies), with the exceptions mentioned above. It appears that this principle was complied with in practice but that many civil servants seconded to SOEs may have been paid twice (by the SOE and by their home administration). Article 25 of the 2017 Law provides that: « SE personnel may be composed of directly recruited staff, civil servants seconded to the SE and seasonal staff ». Civil servants seconded to the SE are said to be governed by labor legislation during the term of their assignment, subject to the provisions of the Civil Service Statute as regards retirement, promotion and the end of secondment. Like under the 1999 Law, this suggests that the standard in SOEs is the application of labor law. Article Art 60 also provides for specific powers to the board in terms of employment. Practice under the 1999 Law showed that the board would generally

¹⁸ Including a number of directives from CEMAC.

¹⁹ *Loi N° 2011/022 du 14 décembre 2011 régissant le secteur de l'électricité au Cameroun.*

²⁰ *Decret No 2018/355 of 12 June 2018: Règles Communes applicables aux marchés des entreprises publics*

approve hiring and termination of personnel from a certain level (*Sous-Directeur*).

77. **Taxes and Customs.** Article 15 of the 1999 Law provided that the tax and customs regime for SOEs was governed by the tax Code, the customs Code and the Code for indirect taxes. In practice, it appears that SOE were subject to the regular tax regime. Article 118 of the 2017 Law provides that: « without prejudice to any exceptions granted » the tax and customs regime for SEs is defined under the tax Code, the customs Code and the budget act. The exact scope and practical implications of this provision are hard to define. Information gathered for this study suggests that the reference to possible exceptions made under the 2017 is probably for the purpose of public private partnerships, whereby a specific tax regime may be granted.

78. **Bankruptcy.** The 1999 Law defined a specific regime for the dissolution and liquidation of SOEs. The process described under the 1999 Law departed significantly from private sector type of bankruptcy proceedings, to the extent that: (i) it can only be engaged in the case where equity is lower than 50 percent of the share capital and is not open to creditors; and (ii) it only deals with liquidation and dissolution - not continuation. Under the OHADA act on bankruptcy proceedings (*Acte uniforme portant organisation des procédures collectives d'apurement du passif*) any creditor can in principle request the start of bankruptcy proceedings, if the debtor is unable to meet its obligations²¹. Information gathered shows that in practice, the State sometimes intervened in the last resort to provide financial support and avoid default. A protocol was also set by CTR (*Comité Technique de Réhabilitation des Entreprises Publiques*), for the admission to - and launch of - a financial restructuring process for SOEs. Rules for the clearing of debts were set individually for each SOE - depending on the creditors and amount of debts. State intervention was primarily targeted towards the clearing of cross public debts - whereas the State would typically not intervene as regards debt owed to private creditors.

79. **The 2017 Law defines a similar regime for the dissolution and liquidation of SEs.** The 2017 Law provides (Art 86) that the liquidation may only take place on a voluntary basis and shall then occur in accordance with the 2017 Law. In practice, this means that SEs are not subject to bankruptcy (at least as per the 2017 Law). The question could be raised of whether these rules could apply to the financial restructuring of SEs. From a technical point of view, however, the liquidation procedure set under the 2017 Law seems to only apply in case of dissolution, whereas financial restructuring could be considered apart from dissolution.

80. **Listing on the stock exchange.** This issue is not addressed under either the 1999 or the 2017 Laws. Rules pertaining to listing are defined in a series of texts governing all corporations willing to list stock, including SOEs.

Critical assessment of the SOE legal framework under the 2017 Law

81. A number of issues raised as regards the 1999 Law also apply to the 2017 Law. The new legal framework also raises some specific issues.

- **There is no clear ownership policy** that would define the main parameters of State ownership of/participation in SOEs.
- **The creation and operation of SOEs are said to be governed by a mix of provisions stemming from 2017 Law, the OHADA Act and the SE bylaws.** Without clear rules of articulation and precedence, it is sometimes difficult - in fact, virtually impossible - to confirm the exact rules applicable. This creates an overall confusion on the regime. An illustration of this

²¹ Or when « the debtor's assets are not sufficient to cover its due liabilities », as per the OHADA Act. It is interesting to note that this text is deemed applicable to State owned enterprises if they qualify as a « private law corporate entity ». This may be difficult to confirm in the case of SOEs in Cameroon.

potential for confusion is provided in Box 2 with an analysis of some bylaws. The resulting risk is that the decision on which rules apply would then be made by political instances or by the SOEs themselves - which, in all cases, go against the good governance principle of a balance between State control and lack of political interference.

- **The overall regime applicable to the State as shareholder is unclear.** Where the State is the sole shareholder, the shareholders' meeting is supposed to be replaced by a 5 members college the composition and functions of which are not defined. Practice under the previous law showed that this sometimes led to a confusion of functions between shareholders meeting and the board. The reference to *tutelle*, a role that could overlap with both shareholder's and board's functions is also a factor of confusion.
- **The approval of certain decisions by the President of the Republic could be questioned from a strict corporate governance point of view.** As regards the approval of the nomination of managers, an argument can be made that this will strengthen the management's authority and ability to operate without interference from the line ministry or MoF. On the other hand, the risk is that managers then become political appointees - with no liability before the board, which would normally be the case. The approval of allocation of profits is probably an even more significant departure - as this is typically a decision to be made by the shareholders based on a business evaluation/proposal by the board.
- **The conditions and process for the selection, appointment, termination and remuneration of board members and managers are not detailed** - in particular on such issues as selection criteria and process, nomination and termination process, and remuneration.
- **The powers of the board could be clarified on two specific issues:** human resources and disposal of assets.
- **The modalities of control over SOEs and of disclosure (information to be published and/or publicly disclosed) lack precision** - including as regards institutions involved, nature and scope, timing and instruments.
- **There is currently no instrument specifically devoted to performance monitoring of SOEs.**
- **The rules pertaining to conflict of interest are currently illegible** - due to the possible conflict between the 2017 Law and provisions of the OHADA Act.

Box 3. Comparing the 1999 and 2017 SOE Framework laws

Scope: both the 1999 Law and the 2017 Law govern companies in which the State is a majority shareholder. Corporations in which the State is a minority shareholder were included under the 1999 Law but are no longer covered under the 2017 law.

Applicable rules: both the 1999 Law and the 2017 Law refer to general corporate law (so in principle OHADA rules) and SOEs' corporate bylaws as possible additional sources to govern SOEs. But rules of articulation and precedence were set in neither laws which can result in some confusion on the exact regime applicable.

Ownership policy: neither the 1999 Law nor the 2017 Law provide for such a policy (which would typically define the rationale for State ownership, the State's role in the governance of SOEs, how the State will implement this policy, and the respective roles and responsibilities of those government offices involved in its implementation).

Shareholder's functions: shares are held by the Ministry of Finance under both laws. Both also refer to the notion of *tutelle* - which is not clearly defined but involves a financial control by the Ministry of Finance and a technical control by the line ministry. The 1999 Law included additional provisions in this respect, such as mandatory information and specific powers set in the favor of the Ministry of Finance. Those provisions were not taken over in the 2017 Law. This does not clarify the exact role of *tutelle*, which seems, like under the 1999 Law, to partly overlap with shareholder's functions. Similarly, both laws state that in case the State is the sole shareholder, the shareholder's meeting is replaced by a 5-members college. The 1999 Law provided for a list of powers for this college, whereas the 2017 Law provide they will be set in the bylaws. In both cases, however, the practical implications of the substitution are difficult to measure. Last, a notable change introduced in the 2017 Law as regards shareholder's functions pertains to the power assigned to the President of the Republic to approve the allocation of profits.

Corporate governance norms: the concomitant application of instruments (law, OHADA, bylaws) creates some confusion, both under the 1999 Law and the 2017 Law.

- **Regarding boards,** both laws set general rules of designation but do not establish a detailed selection process. Under the 1999 Law, board members were to be designated in the bylaws in SOEs where the State is the sole shareholder (those were to be created by a Presidential decree); under the 2017 Law, they are named by the President of the Republic. Under both laws, the termination of board members is deemed possible - although the possibility of a termination without cause (and practical modalities) are somewhat unclear. As regards board powers, both laws provide for a relatively standard - but indicative list, here again raising the question of concomitant application of OHADA rules.
- **Regarding company management,** both laws provided for nomination by the board without defining a clear selection process. In addition, the 2017 Law provides that in « strategic » SOEs, an approval by the President of the Republic should be set in the bylaws. Under the 1999 law, termination required an unanimous decision ; this was not taken over in the 2017 law. On performance, the 1999 Law included a reference to possible « performance contracts » - without, however, defining a scope or process for the latter. This concept is no longer mentioned in the 2017 Law.
- **On transparency and disclosure,** neither laws contain very detailed provisions, other than a general reference to the recruitment of auditors and to the publication in a legal gazette of a yearly note - on "assets, debts and summary of accounts » (1999 Law) or their « financial situation » (2017 Law). While the 2017 Law provides that the control by auditors is not a limit to « the control exercised by other competent State bodies », neither laws expressly refer to other institutions that could be involved, such as the Supreme Audit Court (*Chambre des Comptes*) or the Parliament.
- **On conflict of interest,** both laws contain very general provisions - including the obligation to disclose any interest in a transaction « in relation to » the company - without defining a clear review/approval procedure. This is less precise and extensive than OHADA prescriptions, here again raising a question of articulation with the latter.
- **Application of other laws,** both the 1999 Law and the 2017 Law set a specific regime for the dissolution and liquidation of an SOE which significantly departs from private sector (OHADA) rules, as they cannot be initiated by creditors. Both laws also provide that labor law is applicable to SOE (except on some aspects for civil servants seconded to SOEs) and that their tax regime is based on applicable tax laws. A notable evolution of the 2017 law, however, pertains to procurement, as SOEs are no longer subjected to the public procurement code, as was the case under the 1999 Law.

Options for Reform

- **Adopt an ownership policy** - to define the main parameters of State ownership (rationale, objectives, ownership entity and institutional framework, rules guaranteeing transparency and effectiveness, operational autonomy, method of control and interaction, including performance contracts, issue of public service obligations, subventions, etc.)
- **Clarify the classification of all SOEs and Public Establishments:** this could be done through the adoption of a decree to establish a list of all public establishments and state enterprises to be updated annually.
- **Relation between the 2017 Law, OHADA rules and bylaws.** As indicated, this is a main source of confusion in the new framework. A clarification on a « systemic level » may be complex, at it would probably require amending the Law. Another option, however, could be to issue directives/guidelines to operationalize a number of issues and, where appropriate, bring clarification on how things should work. Individual bylaws would then need to be made consistent.
- **Adopt directives to clarify corporate organization where the State is the sole shareholders (shareholders' meeting, board)** - unless those would be clarified in the ownership policy.

IV. Institutional Framework: Oversight and Ownership Arrangements

This chapter assesses how the state organizes itself as an owner of companies. It looks at the various institutions involved, their mandate and their performance where possible. The data and information used in this chapter comes from structured interviews with the main institutions presented, as well as reviews of documents, data and advice produced by these institutions.

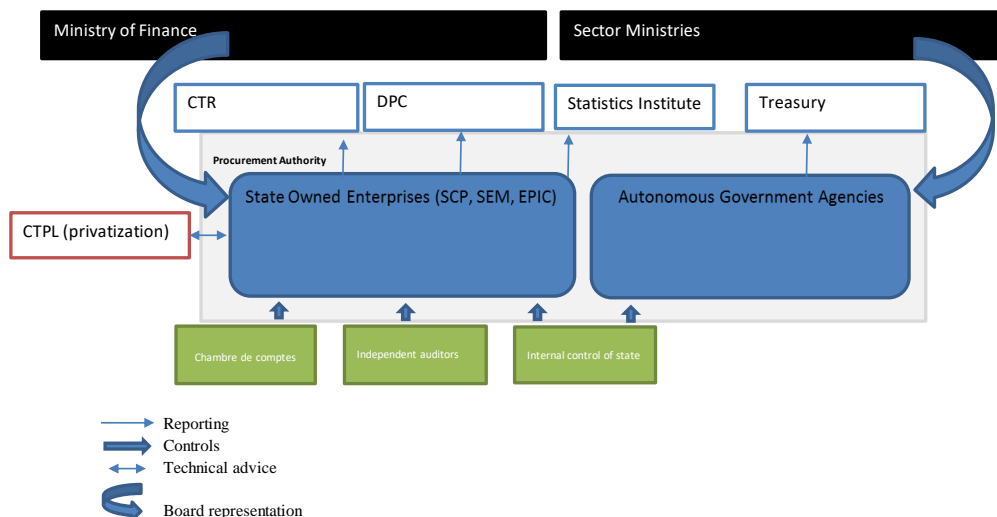
a. A hybrid model of SOE oversight and monitoring

82. **Clear reporting and decision-making lines is essential for the state to be an active and informed owner.** Good international practice generally recommends a centralized SOE unit for data collection, performance monitoring and coordination. In Cameroon multiple institutions are involved in oversight and monitoring, with unclear or sometimes overlapping roles, leading to complex principal-agent relations which weakens accountability and results in poor information flow, long delays in decision making and a general sclerosis of the system which again can affect the performance of companies. As a result, the state appears as a passive advisor rather than a proactive and informed owner. The state regularly interferes in operational matters, preventing companies from operating as competitive businesses in the market, and accountability for results is weak. Often, SOEs themselves are better informed than the state and able to set the terms for their interaction with the government, which is a classic case of an asymmetric information relationship often seen in SOE-state relations.

83. **Cameroon has a dual oversight model for SOE oversight and monitoring, with Ministry of Finance and Sectoral Ministries both participating on SOE boards.** Monitoring of the SOE portfolio is

carried out by two units in the ministry of finance. The Division of Shares and Contributions (*Division des Participations et de Contributions - DPC*) which is part of the Budget Department, and the Technical Committee for Restructuring (*Comite Technique de Restructuration - CTR*) which is directly under the minister and which reports to a ministerial commission to SOE restructuring. A third unit, the Privatization Commission (*Commission Technique de Privatization et de Liquidation - CTPL*) is in charge of the technical preparation for privatization and liquidation of SOEs. In addition, the state investment fund (*Societe national d'investissement – SNI*) is a shareholder in several SOEs, and is seen by many as having an oversight role as well.

Figure 21. Overview of SOE oversight institutions



84. **The Division of state Participation and Contributions (Division de Participation et Contributions - DPC).** DPC is placed under the Budget Department. It is charged with (i) monitoring of shares held by the state in corporations (ii) monitoring of state shares in international financial institutions IFIs), (iii) management of state support to autonomous public institutions, (iv) monitoring of restructuring or liquidation of public enterprises, (v) the centralization of administrative accounts of public agencies (vi) evaluation and provisioning of the state contributions to international organizations (vii) evaluation and control of projects and funds allocated to local governments, and (viii) consolidation of budgetary information of local governments and public agencies. DPC has four sub-divisions (cellules): (i) Public Agencies (ii) International Organizations (iii) Local governments and (iv) public enterprises. The sub-division in charge of SOE monitoring is responsible for centralizing data on SOEs and producing regular analytical reports on the SOE portfolio. The main output from the unit is the *Livre Vert* which is produced annually. There is no central database on SOEs, but rather a set of excel sheets compiled specifically for the annual reporting exercise.

85. **The Restructuring Commission (Commission Technique de Rehabilitation - CTR).** CTR is in charge of monitoring a sub-set of SOEs under restructuring or otherwise subject to increased monitoring²². A number of SOEs (33 as of 2017) have performance agreements in place (*contrat programmes*). CTR produces an annual report to the minister with analysis of company performance and classifies companies

²² 16 of the 28 SCPs and 4 of the 10 SEMs

into several categories: (i) well performing companies with capacity to access capital markets without state guarantees (ii) low risk companies requiring increased monitoring (iii) high risk poorly performing companies requiring government support. Neither the report nor any other data on SOEs are publicly available. The CTR does not have a website and there is no mention of SOEs on the Ministry of Finance's website. CTR is relatively well staffed, with 34 well qualified technical staff in total, all of whom seem well qualified. The technical specialists are organized into groups of 2-3 people working collectively on a group of companies.

86. **The Technical Commission for Privatization and Liquidation** (Commission Technique de Privatisation et Liquidation – CTPL). CTPL is in charge of the privatization and liquidation of state owned enterprises. It has privatized or liquidated 20 companies between 1990 and 2015. The CTPL itself accompanies the privatization process only part of the way, including through preliminary technical studies, valuations, audits etc and through the initial stages of the bidding process, with the Presidency taking over the latter stages of the process, including negotiations with the private sector. The privatization program begun in the 1980s was moderately successful in the early years but has since stalled. While the number of SOEs has been reduced from around 120 to around 80 through divestiture and mostly liquidation, their weight in the economy has remained constant between 1990 and 2015. The privatization commission has been working on the same pipeline of six companies since the second phase of the program which began in early 2000s, notably Sodecoton, CDC, Camtel, SCDP, Camtainer, and CAMAIR-CO. Of these companies, only the tea production business of CDC was privatized, and Camtainer is currently in the process of being liquidated. A few international bids were launched, with moderate interest from private sector companies, but negotiations with government were not successful. The privatization commission cites problems related to the public service obligations of many of the SOEs and rigid price regulations as constraining factors.

87. **Line ministries are in charge of technical oversight of SOEs operating in their sectors.** The line ministries are also involved in the selection of SOE management and they nominate board members subject of the approval of the President.

f. Fiscal Risk and Performance Monitoring

88. **Fiscal risk monitoring has improved somewhat in the last year but remains weak.** In its most recent Livre Vert, prepared by the SOE Platform and annexed to the 2018 Government Budget, there is a section on Budgetary Risks from SOEs, including a list of high risk SOEs. The report identifies companies with an equity value of less than half of its initial capital, which requires shareholders to make a decision on whether to liquidate according to OHADA commercial standards²³. As of end 2016 a total of 14 SOEs have either negative equity or a ratio of equity to initial capital of less than 50 percent. The report organizes SOEs in four categories (i) highly loss-making (ii) loss-making (iii) profitable and (iv) strongly profitable. Profit/loss trends of a company is an important indicator of fiscal risk; however, several other risk factors merit some analysis. To begin with, looking at past losses is not necessarily the best indicator of future risks. It would be important for government to understand possible future outcomes and financing needs under various scenarios. This would require the use of some tools to assess possible future financing needs. Various tools and methods exist for assessing SOE fiscal risks, including company specific analyses that take into account factors of particular importance to each company or sector, such as oil prices, interest rates,

²³ OHADA UNIFORM ACT RELATING TO COMMERCIAL COMPANIES AND ECONOMIC INTEREST GROUPS:

ARTICLE 664

Where, owing to losses recorded in the summary financial statements, the shareholders' equity capital of the company falls below half of the company's authorized capital, the board of directors or the managing director, as the case may be, shall be bound, within four months following the approval of the accounts that showed the losses, to convene the extraordinary general meeting to take a decision as to whether or not the company should be wound up prematurely.

ARTICLE 665: *Where the winding up of the company is not pronounced, the company shall be bound, no later than at the close of the second fiscal year following the one during which the losses were recorded, to reduce its capital by an amount at least equal to the amount of the losses that have not been charged to the reserves where, within such time limit, the shareholders' equity has not been reconstituted up to a value at least equal to half of the registered capital.*

foreign currency fluctuations, etc. These can be easily adapted to needs and country capacity.

89. **Performance monitoring of SOEs has improved with the establishment of an inter-ministerial working group on SOE monitoring.** The working group has worked on producing the annual SOE report (Livre Vert), which is annexed to the annual budget and which provides some performance data on SOEs. The latest report for the 2018 budget is a significant improvement on previous reports (see box 8 below for an overview of information included in the report), and now includes some limited yet useful information on SOE financial performance. The platform is made up of DPC, CTR, CTPL and the statistics institute, which collects and maintains a dataset on SOE tax returns. In addition to the Livre Vert, CTR has recently produced on-demand reports for government and donor partners on some of the companies under their purview.

90. However, there is significant scope for improving the nascent performance monitoring by increasing the timeliness and reliability of data, and for deepening the analysis and broadening the information used in assessing SOE performance, including operational information and information on the full fiscal impact of the SOE sector.

b. Towards a centralized SOE oversight model

91. **The authorities have recently started moving towards a more centralized model for SOE monitoring.** This trend is very encouraging, and it makes sense to centralize limited capacities in this manner. Most OECD countries have set up centralized SOE units in recent years, and experience shows that countries with central units tend to have stronger ownership functions and better performing SOEs. However, the Cameroonian authorities may wish to build on and strengthen the emerging collaborative SOE platform in the short term before deciding on whether to create a new unit. Political considerations and disagreements around the mandate, powers and reporting lines of such a new unit could jeopardize the modest progress on SOE monitoring in recent years. Efforts at improving SOE oversight should focus on function rather than form.

Box 4: Responsibilities of central SOE Units:

- Mapping of state owned enterprises and agencies. This should include details on all categories of SOEs and EPAs, including subsidiaries and shareholdings. Information should be maintained on boards, structures, plans, budgets and operational and financial performance. A centralized database should be developed and continuously updated, with the appropriate control and verification protocols to avoid significant errors and omissions.
- Fiscal Risk Assessment: SOEs and Public Agencies should be classified into groups based on performance and financial viability, informing oversight and their level of autonomy, borrowing limits, etc. This data should be used to strengthen the Fiscal Risk Statement annexed to the Budget.
- Performance Monitoring: An ownership unit should develop templates for continuous monitoring of financial and operational performance. Appropriate targets and indicators should be developed. Performance monitoring should take place on a quarterly basis for structurally important or underperforming companies.
- Investment Project Feasibility and Financial Sustainability: SOE units should work in coordination with the public investment management unit to review major public investment projects to be managed by SOEs and public agencies.
- Calculating Public Service Obligations (PSO) and Quasi-Fiscal activities (QFA): PSO/QFAs analysis should be undertaken and costs and subsidies calculated on this basis. The unit should work closely with relevant regulatory agencies in this regard.
- Support to Boards and Management: development of selection and evaluation criteria for board and senior management, including monitoring of compliance. The unit should support the development of practical tools and guidelines to help improve board and management performance.

Source: Adapted from World Bank 2016 (Assessing Fiscal Risks from the Public Corporation Sector – Mozambique)

Options for reform

Strengthen the Institutional Framework for Ownership and Oversight by

- Clarifying the responsibilities amongst various oversight agencies (central monitoring, line ministries, etc) and the tasks of each institution (database management; fiscal risk assessment; performance monitoring; support to boards and management). Government should adopt guidelines or implementing regulations to clarify the modalities of control over SOEs as outlined in the SOE framework laws, including on approval of budgets, investments, board and management nomination, divestment/privatization, subsidies, etc.
- Combining scarce technical skills into a centralized SOE function with increased powers to pressure SOEs to conform with government directives on transparency and reporting. Given the complexities involved in creating new institutions and making them work for the purpose intended, the authorities should build on the positive experience of the recently created SOE monitoring platform and strengthen their technical capacity for the purely technical aspects of data collection and analysis. Once this is firmly in place, government may want to re-examine the current ownership and oversight model.
- Strengthen fiscal risk monitoring. Building on current efforts, a more detailed fiscal risk statement should be prepared and annexed to the annual budget. The risk statement should include different scenarios based on relevant risk variables (ie old price, transport costs, staffing costs, agricultural product prices, etc) and public financing needs under each scenario.

V. SOE Board of Directors and Executive Management

This chapter looks at the formal rules and current practices related to the nomination, appointment, remuneration, evaluation and replacement of senior SOE Management and Board directors. It is based on the analysis of existing legal texts and responses from Cameroonian SOEs to a questionnaire on current corporate governance practices (See Annex 3 for the responses to the questionnaire).

a. Boards of Directors

92. **The Board of Directors plays a central function in the governance of a company, and bears the ultimate responsibility for its stewardship and performance.** An effective board must comprise highly qualified and competent directors capable of exercising objective, independent judgment to guide strategy development and monitor management (World Bank Toolkit). The way the board is selected is therefore of critical importance. Moreover, board members must have a common understanding of their responsibilities and must be given the autonomy to exercise their responsibilities, while being held to account for results.

93. **Board nomination and operation under the 1999 legislation.**

Under the 1999 legislation the board was governed by Articles 36 to 47 of the 1999 Law. Boards were to be composed of 3 to 12 members, designated by the shareholders' meeting (based on the proportion of shares held), or, in case the State was the sole shareholder, in accordance with the bylaws (Art 36). Except for a general provision that provides that board members were designated « owing to their quality and competence » (Art 18), no procedure was set to establish criteria and a selection mechanism. The practice observed under the 1999 Law confirms the absence of a standardized mechanism for nominating board members based on technical criteria. Termination was said to occur « due to the loss of the quality that warranted their selection » or by revocation « due to a serious fault or act incompatible with their duties » (Art 39) - and to follow the same form as designation, so presumably by the shareholders' meeting. It is not clear how things were to work in SOEs where the State was the sole shareholder. A list of relatively standard powers was assigned to the board (Art 41). No reference was made here to the approval process for contracts entered into between board members and the SOE - although the list was said to be non-exhaustive (on this issue, see below on conflict of interest). The Board was also said to be in charge of approving performance contracts. Last, the MoF and the line ministry

Box 5: Key Responsibilities of a Conventional Board

- To review and guide corporate strategy, major plans of action, risk policy, annual budgets, and business plans; set performance objectives; monitor implementation and corporate performance; and oversee major capital expenditures, acquisitions, and divestitures.
- To set periodic review and monitor the effectiveness of the company's governance practices and make changes as needed.
- To select, define compensation of, monitor, and, when necessary, replace key executives; oversee succession planning.
- To set policy for key executive and board remuneration in line with the longer-term interests of the company and its shareholders.
- To ensure a formal and transparent board nomination and selection process.
- To monitor and manage potential conflicts of interest of management, board members, and shareholders, including misuse of corporate assets and abuse in so-called related-party transactions.
- To ensure the integrity of the SOE's accounting and financial reporting systems (including independent audit) and the operation of control systems such as risk management and financial and operational control; uphold compliance with the law and relevant standards.
- To oversee disclosure and communications.

Source: OECD 2004.

(*tutelle technique*) were said to retain certain specific powers, in particular a prior approval of « any sale of assets ».

94. **The lack of board selection criteria and an open selection process has led to most boards being populated by civil servants.** While most board members seem to have strong academic qualifications, very few companies seem to have board members with practical experience from the private sector. Of the 25 respondents, 14 companies reported having only civil servants on their board, and private sector board members were on average 1 to 8 civil servants. Only two companies have board presidents from the private sector, with the remainder being either civil servants (18) or academics (5). The 1999 SOE law included rules that forbid board members to represent the state on more than two boards or to serve more than two consecutive mandates. Also, members could not occupy the post of chairman on more than one board; board chairmen could not simultaneously be a member of government, an MP, director general or deputy director general of an SOE. In practice, many SOE boards functioned in breach of these rules. On a 2016 sample of 33 SOEs, over 66 percent companies were non-compliant with these provisions with 14 SOEs having board chairmen which were senior members of government (42 percent), 7 where board chairmen served on more than one SOE (21 percent), and 27 having served more than two consecutive mandates (81 percent), some serving continuously since 1960. On the latest survey carried out for this report during 2018, the duration of board chairmen ranged from 1 year to 36 years, with an average of just over 10 years.

95. **SOE board members received on average benefits and remuneration above those of private sector companies or other similar functions in the public sector.**

In order to attract capable board members willing to invest their time and expertise in the work for the board, some compensation is necessary. However, board member fees should be commensurate with the work load and in line with private sector companies or similar public-sector institutions. Salaries and benefits of SOE management and boards were regulated by decrees from 1978, 1987 and the 1999 SOE framework law. According to Law 99/016, company boards have the mandate to set the salary and benefit packages for the company president and vice president while board fees and benefits were regulated by decree 78/462 of 24 October 1978. Board members should not be remunerated for their participation on SOE boards, with the exception of the chairman. However, board members could receive compensation through sitting fees and other benefits. Compliance with the previous legislation is weak, and many SOEs reportedly set their own remuneration levels for senior management and staff. An analysis carried out for the World Bank indicates that SOE boards were generously compensated through a series of benefits including vehicles, gasoline grants, annual and monthly salaries and sitting fees for their committee and board work. Average SOE board fees were 583,000 FCFA per session while EITI committee members are paid 300,000 FCFA. As a way of comparison civil servants monthly base pay ranges from 150,000 to 190,000 FCFA for managers and 85,000 to 123,000 FCFA for technicians. Private sector boards in Cameroon pay around 150,000 FCFA for committee work and 75,000 FCFA for board meetings.

Box 6: Principles for developing board remuneration policies:

- SOEs should be grouped according to their characteristics so that fees may be comparable by SOE size and industry, given the wide differences by industry, particularly in financial and nonfinancial sectors.
- Compensation practices of private sector boards provide a benchmark, although there may be a preference for applying a “public sector discount,” in recognition of the public nature of SOEs.
- Remuneration should be competitive and commensurate with the directors’ responsibilities and accountabilities.
- Care must be taken to ensure that the packages are not set so high that they jeopardize the independence of directors.
- All nonexecutive board members should be paid the same amount.
- Remuneration structures should be kept simple, with both fixed and variable components. They should be structured in a way that provides incentives for taking on additional responsibilities, for example, the chairmanship of a committee.

Source: World Bank Toolkit

96. **The authorities are currently working on legislation to guide the remuneration of Board**

Directors and Senior Management for SOEs and EPAs, replacing the previous 1987 Legislation. Many countries have chosen to let SOEs determine their own remuneration levels for Board and Senior Management, while setting general principles to be followed, and demanding detailed annual reporting on remuneration policies and practices. For example, Norway's policy on SOE remuneration specifies that SOEs should be competitive but not market leading²⁴. Malaysia includes a specific provision that SOEs compensation should be set at the 50 percentile for similar peer group companies (WB toolkit).

97. **Board nomination and operation under the 2017 legislation:** Article 77 provides that board members should be designated « based on their quality and competence » and Article 78 sets some incompatibilities (member of parliament, magistrate). No details are provided on the qualifications required nor on the selection process. Otherwise, the operation of boards in « public capital corporations » is regulated under Articles 42 to 68 of the 2017 Law. Boards should be composed of 3 to 12 members (Art 42). Where the State is the sole shareholder, board members are named by the President of the Republic (Art 43). Where other public bodies are the sole shareholders, board members are named in accordance with their bylaws (Art 44). For SEs established jointly by the State and other public bodies, board members are named in accordance with their bylaws (Art 45), based on the proportion of shares held²⁵. In addition, Art 46 provides that where the « public capital corporation » has several shareholders, directors are designated by the shareholders' meeting. These provisions seem to overlap. They are also, here again, an illustration of the unclear relation between the Law of 2017, bylaws and OHADA rules. The same applies to the termination of directors. Article 48 lists a series of possible causes. Termination without cause is not mentioned. This, however, is possible according to the OHADA Act (Art 433). Where directors are named by the President of the Republic, it is reasonable to assume that termination would also be subject to the President's decision or approval- although this is not specified. Remuneration is provided for the chairman of the board (Art 55) and a compensation for other directors. Exceptional compensation for specific tasks or mission is also provided (Art 59).

98. **As regards the powers of the board (Art 56 to 60), reference is also made to OHADA - and it calls for a similar observation.** In particular, the power to name and revoke the chairman and the company's management (Art 57) needs to be balanced with the powers assigned to the President of the Republic (Art 121). The power assigned to the board to « authorize the recruitment and termination of employees » (Art 60) may also seem rather large. The approval of third party transactions is discussed below (see, conflict of interest).

b. Executive Management

99. **Company management and performance monitoring under the 1999 Law.** The general manager was to be designated by the Board by a two-third majority (Art 47) - and could not at the same time be the President of the Board (Art 21). The general manager was said to be responsible before the Board and could be terminated (Art 49) - although an unanimous decision of members present was required (which seems onerous). Information gathered on the practice shows that the termination of managers by the board was actually very rare. As regards performance, reference was made to the possibility of a contract being entered into between the State and the SOE. No details were provided in the Law on those performance contract and information gathered shows that such contracts were quite rare and did not follow a unified procedure. Last, overall management and performance monitoring was assigned to the

²⁴ <https://www.regjeringen.no/contentassets/4391143c1f0a472faa0b3975e00e3c78/guidelines-for-remuneration.pdf>

²⁵ *There seems to be a material mistake in Art 45 as it refers to the designation of shareholders, not directors.*

MoF (Art 8) - here again raising questions on the exact scope of this power and delineation with the functions of shareholder.

100. **Company management and performance monitoring under the 2017 law:** management is covered under Articles 69 to 78. The general manager and the deputy are said to be proposed by the majority or sole shareholder and named by the board (Art 70). Again, this needs to be balanced with Article 121. It is not specified whether the function of general manager should be separate from chairman of the board (under the 1999 Law, they were; under the OHADA Act, those are joined - see Art 462 - which is not considered best practice in terms of SOE governance). A list of possible causes for termination is provided (Art 73) - although performance is not listed. Another provision (Article 75), however, provides that the board may sanction the general manager, including suspension. Under the OHADA Act, the termination of the chairman/general manager is possible without cause. Here again the question is raised of how those rules relate - and whether Article 121 may apply to termination. As regards the powers of the general manager, reference is made (Art 72) to the OHADA Act - and an indicative list is provided. Among others, the power to recruit and terminate employees is mentioned « subject to the powers of the board ». The delineation of duties on this important issue is, therefore, not entirely clear. As regards performance monitoring, both the financial and technical *tutelle* are said to « participate in the performance monitoring of SEs » (Art 9). No specific instrument, however, is provided for (such as performance contracts, which were mentioned in the 1999 Law; those are actually still mentioned in the 2017 law on public establishments).

101. **A majority of SOEs report that no performance system is in place to evaluate the board as a whole or any of its members.** Only 4 companies report having any kind of performance evaluation in place.

Options for Reform

102. **Strengthen Board and Management Selection:** While board members and senior management seem to be well qualified academically, it will be important to ensure the right mix of skills for each company, and to put in place the right incentive framework for good performance. In this regard it would be helpful to

- Adopt directives (in the form of implementing regulations or a ministerial directive) for the selection, appointment, termination and remuneration of directors and managers. This could include: more detailed selection criteria and selection process, confirmation of the nomination and termination process (and for both, of the role of the President of the Republic) and the adoption of remuneration guidelines.
- Also, adopt Human Resources directives - and clarify board competence in this respect. This could include confirmation of managerial autonomy, rules applicable to hiring, promotion and termination, objectives and transparency, etc.
- Put in place a performance assessment framework including regular performance monitoring of senior managers, board members and the board.
- Develop guidelines and tools for SOE managers and board members to help them understand their role better, and the standards expected of them as guardians and managers of public companies

VI. Transparency and Disclosure

a. Current and recent practices

103. **Having reliable and timely financial and operational information is essential for informed decision making** on the part of management, the board of directors and on the part of government in its role as owner/shareholder of companies. It is also important for potential investors, lenders as well as citizens as the ultimate owners of state owned companies. A lack of information will reduce the ability of the authorities to act as an informed and strategic owner, resulting in higher risk to the government. Without detailed and reliable information, it is difficult to assess company and board performance, set targets and allocate capital efficiently. Although most public enterprises in Cameroon are not listed on a stock exchange, they are public companies in the purest sense and should therefore be even more transparent than listed companies.

104. **The OECD Guidelines on Corporate Governance of SOEs include specific provisions with regards to Disclosure and Transparency**, noting that SOEs *"should observe high standards of transparency and be subject to the same high-quality accounting, disclosure, compliance and auditing standards as listed companies"* (OECD, 2015). Ensuring access to all materially relevant information of SOEs, and compliance with such standards requires very clear guidance from government towards their companies regarding the specific information they are required to share, how, by when, and even in which format. Many OECD countries have issued specific regulations or policies on SOE reporting and transparency which help to guide all stakeholders on their transparency requirements.

105. **Disclosure standards and practices were weak under the 1999 regime.** Relatively standard provisions were contained in the 1999 Law in this respect, including the obligation to prepare and approve yearly budget and action plan (Art 41, 51, 52, 53), as well as financial statements to be audited by an external auditor (Art 11). The sale of assets was to occur in compliance with the privatization law (Art 5) - and SOEs were said to be subject to the public procurement Code (Art 4). Relatively little was said, however, on public disclosure SOEs - other than the obligation for SOEs to prepare a yearly note on assets, debts and summary of accounts (Art 8-3) - to be published in a legal gazette. In practice, it appears that this obligation was not systematically complied with. Most SOEs

Box 7: OECD Guidelines on Disclosure and Transparency

A. SOEs should report material financial and non-financial information on the enterprise in line with high quality internationally recognized standards of corporate disclosure, and including areas of significant concern for the state as an owner and the general public. This includes in particular SOE activities that are carried out in the public interest. With due regard to enterprise capacity and size, examples of such information include:

- A clear statement to the public of enterprise objectives and their fulfilment (for fully-owned SOEs this would include any mandate elaborated by the state ownership entity);
- Enterprise financial and operating results, including where relevant the costs and funding arrangements pertaining to public policy objectives;
- The governance, ownership and voting structure of the enterprise, including the content of any corporate governance code or policy and implementation processes;
- The remuneration of board members and key executives;
- Board member qualifications, selection process, including board diversity policies, roles on other company boards and whether they are considered as independent by the SOE board;
- Any material foreseeable risk factors and measures taken to manage such risks;
- Any financial assistance, including guarantees, received from the state and commitments made on behalf of the SOE, including contractual commitments and liabilities arising from public-private partnerships;
- Any material transactions with the state and other related entities;
- Any relevant issues relating to employees and other stakeholders

B. SOEs' annual financial statements should be subject to an independent external audit based on high-quality standards. Specific state control procedures do not substitute for an independent external audit.

C. The ownership entity should develop consistent reporting on SOEs and publish annually an aggregate report on SOEs. Good practice calls for the use of web-based communications to facilitate access by the general public.

Source: OECD (2015)

surveyed reported that they publish information as required by law (in a legal gazette), and all companies report using their website to share information with the public. However, a brief review of SOE websites showed that very limited information is published. Very few companies published their financial statements and/or annual reports (Societe Generale, SNH, SNI). Nearly all companies surveyed (22 out of 25) report sharing their audited financial statements and Board Reports with the ministry of finance as required by law. Ministry of finance reports that approximately 80 percent of companies had submitted either their audited financial reports or their tax returns for the preparation of the 2018 Livre Vert.

106. As indicated above, control was exercised primarily the MoF and no reference was made to a control by other external parties, such as the Supreme Audit Court (*Chambre des Comptes*) or Parliament - and those did not seem to be involved in practice either. The practice also shows a rather uneven application of these provisions depending on the SOEs - with various bodies involved in business planning processes (management only, involvement of *tutelles*, board, etc). Similarly, the obligation to prepare and disclose financial statements and a yearly note on assets was not systematically complied with.

107. **Relatively few details are provided in the 2017 Law regarding transparency and reporting.** As indicated, SEs should (Art 9) provide *tutelles* with « all documents and information relating to the SEs' life » and the « Ministers concerned » must, in turn, prepare a report to the President of the Republic. A general obligation is also provided (Art 24) for SEs to publish a yearly note on their financial situation - but its exact content is not defined. Otherwise, the Law provides for a non-limitative list of powers assigned to the shareholders' meetings and to the board. It is reasonable to assume that the OHADA Act applies here by default - but this is subject to the same questions as above. It is interesting to note that the sale of assets is also subject to a specific control by the board (Art 112, 113). Unlike the 1999 Law, no reference is made to the privatization law in this respect²⁶, nor to detailed arrangements on how this control should apply. An indicative list of duties is also provided for the general manager, including the preparation of the annual budget and financial statements - and here too, the OHADA Act should probably apply by default. Last, a section (Art 79 to 81) is dedicated to the control of SOEs including through the recruitment of external auditors whose mandate should be exercised as defined under the OHADA Act. It is specified, however, that the role of external auditors is not a limit to « the control exercised by other competent State bodies, in compliance with applicable laws and regulations ». The scope and practical implications of this provision are unclear. Similar to the 1999 Law, no reference is made here to a control by other external parties, such as the supreme audit court (Cour des comptes) or Parliament. Overall, the modalities of control over SEs could be clarified.

108. **There is no central repository or database of information on SOEs.** CTR operates an old database software (SISEP) which is used to enter basic information on each company, including information on board and management, as well as key financial information from financial statements. The system then calculates some basic financial ratios which is then used for performance monitoring. CTR reports having problems with the now outdated software and have not been able to update the database in the last 3-4 years. A basic summary table has been compiled in its place, but the information in these tables appears incomplete and includes many obvious errors and omissions, and in many cases differs significantly from the figures presented in the Livre Vert for the same companies. The system is also unable to transfer the information into excel format for treatment and use, instead producing PDF files which then needs manual re-entry.

109. **DPC prepares a general overview of SOEs performance and subsidies which is annexed to the annual budget (Livre Vert).** The document includes basic information on each company's initial capital, its net equity position as of the previous year, total turnover, net profit/loss dividends paid, assets, balance

²⁶ Article 85, however, refers to the « partial sale » of the SE which should comply with privatization laws. The articulation between these provisions is not very clear.

brought forward. Over the last couple of years it also includes information on debt with and without government guarantees, and staffing numbers broken down in three categories (*Cadres, Agents de Maitrise, Agents ou Ouvriers*) as well as some basic ratios (debt. The report also includes data on SOE liabilities to service providers for 2014-16. However, the document is presented as a series of tables without any analysis of trends or any risk rating related to company performance or contingent liability risks. The table also includes figures on subsidies allocated to EPAs for the following year. Figures from prior years are not updated to include actual expenditures.

b. [Recent improvements on SOE reporting](#)

110. **SOE Disclosure and Transparency has improved significantly in the last couple of years with the establishment of the Platform for SOE oversight.** As noted above, the consolidated SOE statement in the national budget (Livre Vert) has become much more detailed, and even included some limited fiscal risk assessment. However, the report is not comprehensive, and does not cover all the issues that a complete SOE report should cover. Best practice on SOE reporting require such reports to include a comprehensive overview of all SOEs by category, their financial and operational performance, their corporate governance arrangements (management and board composition) as well as all transfers between the SOEs and the state, including tax arrears and debt levels. The tables produced by CTR and DPC are not comprehensive and include limited analysis of SOE performance (except net profit/loss information). See below in box 8 the content of the last SOE report (Livre Vert).

Box 8: Content of the Livre Vert in the 2018 Budget

| Issue/Topic Covered | Observation |
|---|--|
| I. Legal Framework | |
| List of SOEs in conformity with new Legislation | The table includes the breakdown of shares held by Central Government, Public Entities, Private Sector |
| List of SOEs whose legal statute needs revision | The EPIC table includes information on whether the corporation subject to public or private accounting |
| II. Financial Reporting | |
| SOEs having submitted certified financial reports | |
| EPIC having submitted certified financial reports | |
| SD having submitted certified financial reports | |
| SOEs having submitted their tax returns in place of certified financial reports | |
| EPIC having submitted their tax returns in place of certified financial reports | |
| SOEs, EPIC and SD who did not submit any report | |
| III. Overview of SOEs in Cameroon | |
| (i) Personnel | Table includes information on the company's share capital and staffing numbers by three categories (Management; Technical; Agent or general staff) |
| (ii) Financial Performance | Table includes information from the last three years on: initial share capital, assets; net income carried forward; contingency provisions; net equity; net profit/loss; revenue; value added; personnel costs; operational costs; operating result; cash flow; dividend payments; subsidies received; receivables from the state |
| (iii) Debt | Table includes information on Financial Debt; debts to service providers; fiscal debt; social debt; other debt |
| IV. Presentation of Companies in which the state is minority shareholder | |
| List of minority holdings with information on shares held | |
| List of minority holdings who did not submit their financial reports | |
| V. Analysis of SOEs posing a fiscal risk to the state | |
| Methodology | This section outlines some basic criteria for analysis and a "risk ratio" which classifies companies into highly loss-making, loss making, profitable, highly profitable. |
| Results of analysis | Table presents 'risk ratio' for each company, along with Operating Margin; Debt/Equity; and two measures of the weight of personnel costs whose calculations are unclear |
| Analysis of high risk SOEs | Table presents some basic performance information for the 17 companies identifies as high fiscal risk due to their deteriorating performance and high debt levels. Data includes: Revenues; Operational Result; Net Result; Equity; Net Result after tax; Debt in current franc CFA A separate table includes Debt further broken down by: Financial Debt; Debt/payables to service providers; Fiscal Debt: Social Debt: Other Debt A third table includes a list of companies under the four "risk ratios" A short analytical section includes some basic analysis on the sources of fiscal risk and the figures on the full contingent liabilities for which the state is responsible |
| VI. Dividends paid to the state | In all, 12 companies have paid dividends in the last three years |
| VII. Subsidies | Lists all beneficiaries of subsidies for restructuring |
| VIII. Autonomous Public Agencies and other subsidized entities | Tables include list of EPAs and other institutions receiving subsidies and the amount of subsidies for the last three years |

Options for reform:

111. Having reliable and timely information from SOEs is a 'sine-qua-non' for effective government oversight and active ownership. The reform options presented below are intended to strengthen SOE Transparency and Reporting. All are urgent and immediate priorities:

- Put in place a centrally managed database with safeguards to ensure complete and reliable information, from which all other users would draw.
- To ensure clarity around the exchange and publication of information, government should adopt detailed guidelines on disclosure and publication of financial and operational information including: type of information to prepare, beneficiary institutions, type and timing of reports including format

(e.g., excel-based information to the MoF) as well as disclosure modalities (e.g., publication on SOE websites, etc).

- Government should require SOEs to prepare operational reports that provide some analysis that explains financial performance.
- SOEs should also be required to report on compliance with corporate governance standards, including management and board selection, composition and remuneration.
- On the basis of reliable and comprehensive financial and operational information from SOEs, the central monitoring unit should prepare an annual SOE report, presenting the results of the entire SOE portfolio during the previous year, including a materially comprehensive and relevant analysis with all basic business metrics, and including information on financial relations with the state, including transfers and subsidies received from the state, arrears, and SOE compliance with corporate governance standards and government policy on issues such as senior management remuneration, board composition, etc.

VII. Audits and control of State Owned Enterprises.

This chapter looks at the internal and external control environment for SOEs. It is based on the corporate governance questionnaire, stakeholder interviews and a review of the latest audit report of the supreme audit institution (Chambre de Comptes).

c. Internal control framework

112. **Effective internal controls allow management to understand what is happening in the company and to determine whether their instructions are complied with** (World Bank, 2015). Internal controls aim to safeguard assets against unauthorized use, to maintain proper accounting records, and to ensure the reliability of financial information. The main actors in the control environment include, in addition to Board of Directors and Senior Management – (i) audit committees, (ii) internal audit units, and the finance department. Together, these actors are responsible for ensuring that business processes are conducted in accordance with rules and thereby mitigating the potential for misconduct, and to detect any misconduct taking place.

113. **Nearly all SOEs surveyed report having an internal control system in place (21 out of 24), in the form of a dedicated internal audit department.** The chief of internal audit is nominated either by the Board or by the company Director, and reports to these on a quarterly or monthly basis. Internal control is a separate function in a majority vast of the respondents (15 out of 21). In six cases the functions are combined under one unit. Sixteen SOE reported having internal whistleblower procedures in place while 8 did not. The work of internal audit units of SOEs is not known

d. External audit

114. **An independent external audit of a company's financial statements is considered standard practice in the private sector.** In Cameroon, external independent audits are not required by law but can be requested by the board or by the minister of finance, except for companies in which the state holds less than 25 percent of shares. A financial controller (*contrôleur financier*) is designated by the minister of finance for all EPAs. For SCPs and SEMs, one or several OHADA certified *commissaires aux comptes* are appointed. The *commissaires aux comptes* report to the company board and the minister of finance and their mandate

includes the verification of the figures reported by the companies' management and accountants. The *commissaires* can at any moment request information from the board on any aspect of material importance to the companies' performance and corporate governance. A failure to respond within two months in a satisfactory manner should trigger a special report by the *commissaire* to the company board and ministry of finance. The *commissaires* submit to the company board and ministry of finance on an annual basis (i) a report on company accounts and (ii) a special report on company compliance with corporate governance requirements. *Commissaires aux comptes* are required to be independent of any influence by the company under their purview and as such are forbidden to accept any contracts from the SOE concerned, although this is not respected in practice.

115. **The supreme audit institution (chambre de comptes – chamber of accounts - of the supreme court) has a mandate to audit the accounts of SOEs and public agencies.** In its latest annual report (2015) the chambre de comptes notes that just 5 of the 63 (8 percent) public and semi-public enterprises submitted their reports as required by the OHADA uniform act. In the last three years (2012-13-14) a total of 21 out of 428 accounts were submitted. The division in charge of control and ruling on the reports of accountants of public establishments issued 17 rulings for 2014, down from 32 in 2013. Rulings on specific cases are outlined in some detail in the 2015 report, but the cases date from the 2004 and 2005 accounts. The chambre de comptes report also provides some interesting analysis and findings regarding the viability of some SOEs (notably hotel SOHLI), including an analysis of poor financial management and significant uncollected arrears (mostly from Camair-Co), exorbitant operational costs, a general degradation of its equipment and infrastructure due to a lack of investment, etc. This nascent performance audit work is important and could be greatly beneficial to the authorities in their SOE reform efforts.

116. During our interview with *chambre des comptes*, members expressed their concern with what they see as inconsistencies in the current legal framework. A 2013 Decree on Controle Administrative reduced the mandate of the Audit Chamber in providing independent oversight of SOEs, by reserving this role for the internal control institution of the government. The audit chamber feels that this is inconsistent with the constitution which gives them power to audit all publicly funded institutions and not just public institutions in the strict sense.

Options for reform:

117. In order to strengthen the audit and control framework for SOEs, government should:

- Clarify the mandates of the internal and external control organs regarding SOE audit and controls
- Strengthen the capacity and financing of *Chambre de Comptes* in conducting external financial audits of SOEs and EPAs and explore new and modern audit methods including performance and value for money audits.

VIII. Individual Analysis of Selected SOEs

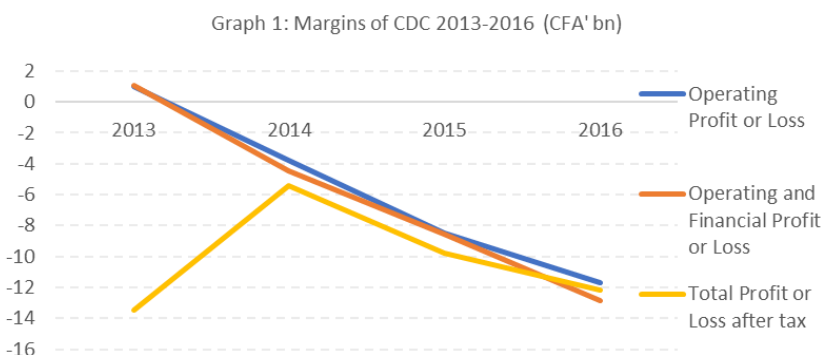
This chapter provides an illustrative company level analysis of three structurally important and poor performing SOEs: Cameroon Development Corporation (agro-industry); Sodecoton (agro-industry); and Sonara (oil refinery). The analysis is based on the financial data collected for the SOE monitoring tool and prepared as part of the SOE Sector Review and other relevant documents.

a. Cameroon Development Corporation (CDC)

118. **The Cameroon Development Corporation is a fully State owned Agro-Industrial Complex that grows, processes and markets tropical export crops.** Currently, its plantations cover a total of approximately 42,000 Hectares of land, 38,000 Hectares is mature and of production stage. The corporation constitutes a workforce of over 22,036 employees, including temporary workers, making it the second highest employer after the State. Its major products include banana, semi-finished rubber, palm oil and palm kernel oil. Some of its prices are set by the State with the objective to maximize social welfare.

119. **CDC has run losses each year of the period reviewed from 2013 to 2016.** The company has not been able to adjust its cost to the evolution of its revenue: its operational loss increases from year to year, with a recovery rate (Operating Costs/Operating Revenue) decreasing from 94% in 2013 to 83% in 2016.

Figure 22: CDC Profit/Loss margins 2013-16



120. While the 2013 loss appears to be the result of an exceptional non-recurring cost unrelated to the normal activity of the company, the losses of the following years are reflective of its ordinary business (See figure 22)

Table 8 CDC P&L Statement 2013-2016 (CFA billions)

| P&L | 2013 | 2014 | 2015 | 2016 |
|--|----------------|---------------|---------------|----------------|
| Revenue of sales | 58 677 | 55 311 | 57 563 | 59 539 |
| Other operating Revenues | 16 946 | 13 201 | 9 672 | 12 258 |
| Operating subsidies | 5 | 0 | 750 | 0 |
| Financial Revenue | 220 | 0 | 465 | 0 |
| Exceptional non recurring revenue | 1 479 | 258 | 0 | 2 116 |
| Total Revenue | 77 329 | 68 769 | 68 451 | 73 914 |
| Merchandises | 0 | 0 | 0 | 0 |
| Materials and consumables | 7 033 | 6 123 | 5 588 | 5 705 |
| Other operating costs | 32 049 | 31 677 | 31 524 | 39 047 |
| Personnel | 24 305 | 24 854 | 26 424 | 27 485 |
| Amortization and depreciation | 11 279 | 11 026 | 12 907 | 11 281 |
| Financial costs | 154 | 717 | 534 | 1 159 |
| Exceptional non recurring costs | 15 322 | 642 | 139 | 127 |
| Tax on profits or income | 664 | 552 | 1 096 | 1 262 |
| Total Costs | 90 806 | 75 590 | 78 213 | 86 065 |
| Operating Margin | 299 | -5 720 | -9 554 | -12 982 |
| Financial Profit or Loss | 66 | -717 | -69 | -1 159 |
| Profit or loss on exceptional non recurring operations | -13 842 | -384 | -139 | 1 990 |
| Total Profit or Loss | -13 477 | -6 821 | -9 762 | -12 151 |

121. The **cumulated** losses over the 4 year period have amounted to CFA billion 40,8, leading to a significant degradation of its balance sheet.

Table 9: CDC Balance Sheet 2013-2016 (CFA billions)²⁷

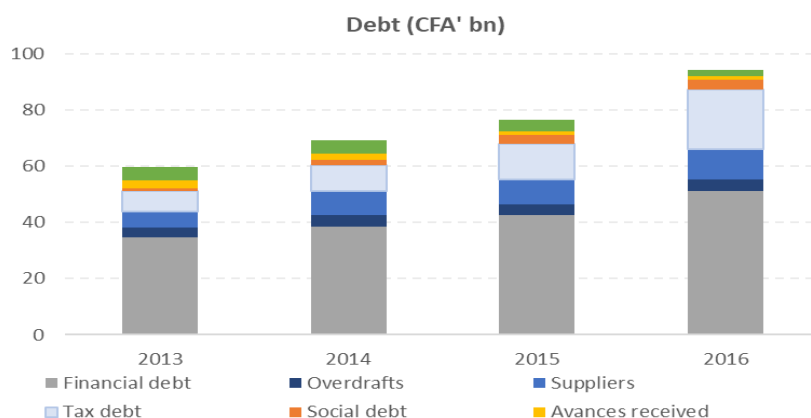
| Balance Sheet | 2013 | 2014 | 2015 | 2016 |
|-----------------------------------|----------------|----------------|---------------|----------------|
| Net Assets | 124 389 | 126 039 | | 123 877 |
| Total Fixed Assets | 106 963 | 106 506 | | 104 400 |
| Intangible assets | 4 | 5 | | 1 |
| Tangible assets | 105 791 | 106 037 | | 104 222 |
| Technical equipment | 27 | 22 | | 11 |
| Financial assets | 97 | 380 | | 149 |
| Total working capital | 17 313 | 19 420 | | 19 408 |
| Inventories | 12 382 | 13 674 | | 10 919 |
| Receivables | 4 931 | 5 746 | | 8 489 |
| a- From clients and customers | 2 773 | 2 629 | | 5 233 |
| b- from the State | 0 | 0 | | 1 842 |
| Other receivables | 1 930 | 2 354 | | 459 |
| Liabilities | 70 998 | 79 144 | 92 392 | 100 447 |
| Financial Debt | 34 604 | 38 363 | 42 537 | 51 124 |
| Loans | 34 378 | 38 363 | 42 537 | 41 439 |
| Current Liabilities | 32 821 | 36 576 | 46 071 | 45 165 |
| Suppliers debt/arrears | 5 555 | 8 758 | 9 094 | 10 925 |
| Tax debt/arrears | 7 503 | 9 119 | 12 492 | 21 116 |
| Other debt | 4 643 | 4 690 | 4 288 | 2 481 |
| Overdrafts & short term fin. debt | 3 572 | 4 204 | 3 784 | 4 158 |
| Shareholders Equity | 49 483 | 8 176 | 33 447 | 23 430 |
| Capital | 15 626 | 0 | 35 719 | 35 719 |
| Reserves | 41 330 | 8 036 | -7 909 | -9 524 |
| Investment Subsidies | 0 | 5 549 | 5 638 | 7 772 |
| Profit or loss of the year | -13 477 | -5 409 | -9 762 | -10 537 |

122. **As the company could not autonomously cover its financing needs, it has resorted to external financing.** The most important source of this financing has been financial debt, which increases at a compounded rate of 13% per year over the period, from CFA billion 35 to CFA billion 51. CDC has also

²⁷ NB: assets data for 2015 is missing from the database

financed its operating cash-flow by increasing its arrears with suppliers by an average of 20% per year from 2013 to 2016. Over the period they have doubled from CFA billion 5.5 to CFA billion 10.8 .

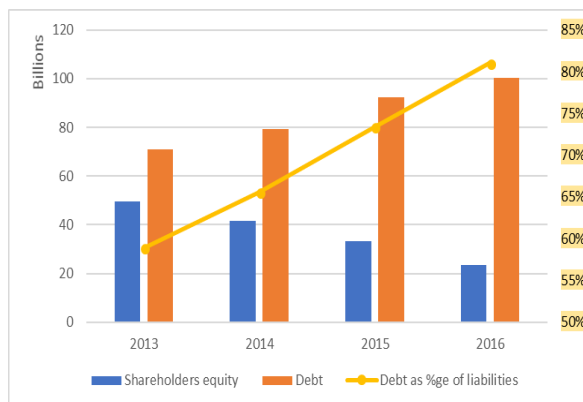
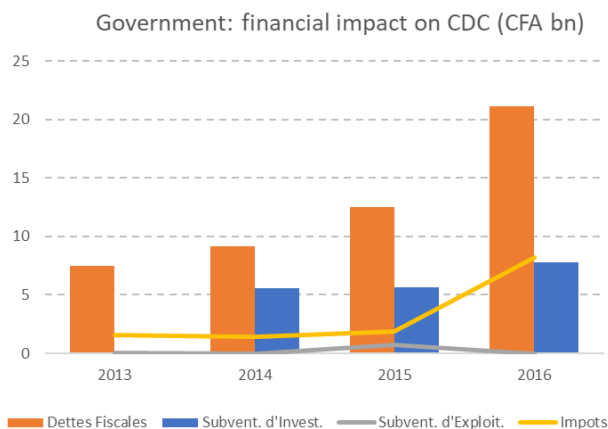
Figure 23: Evolution of CDC debt 2014-2016



123. **An additional source of cash-flow has been the increase in the tax arrears with the State:** the tax debt has increased by an average 40% per year, from CFA billion 7 in 2013 to CFA billion 21 in 2016. The State has also contributed financing under the form of investment subsidies for a cumulated amount of CFA billion 7.7, starting in 2014, and a one shot operating subsidy of CFA billion 0,75 in 2015 (about 1.3% of revenue).

Figure 24: Financial flows between State and CDC

Figure 25: CDC debt vs shareholders equity (CFA Bn)



124. **The destination of the investment subsidy is unclear as the company does not seem to have increased its net assets over the period.** It has not been possible to check, based on the data made available, whether this investment subsidy was a compensation for the public interest projects the company carries out on behalf of the State and at its request.

125. **The increase in CDC's debt has coincided with a decrease in its shareholders' equity.** The debt grew from from CFA billion 71 in 2013 to CFA billion 100 in 2016, while the shareholder's equity decreased from CFA billion 49 to CFA billion 23, primarily as a consequence of retained negative earnings. As a result, the share of total debt in the company's liabilities has increased from 58% to 81% and that of financial debt

has increased from 28% to 41%.

126. **CDC's financial situation is very fragile.** Its solvency ratio (debt to equity) is 428%, meaning that further borrowing, even short term one, will require the guarantee of the State. Its current ratio (working capital /current liabilities) is 33%, meaning that even if the company managed to collect all its receivables and dramatically reduce its inventory, it would still not be able to repay the amounts owed to suppliers and to the State.

127. **The company's ability to repay its current financial debt is uncertain.** Its interest covering ratio (EBIT/Interest) is a negative 8.44. The financial debt is made up of banking loans for a little over 80%. Assuming (no cash flow statement was available) that their maturity is no longer than 10 years, it means that the debt service without interest is at least CFA billion 4 per year.

Conclusion:

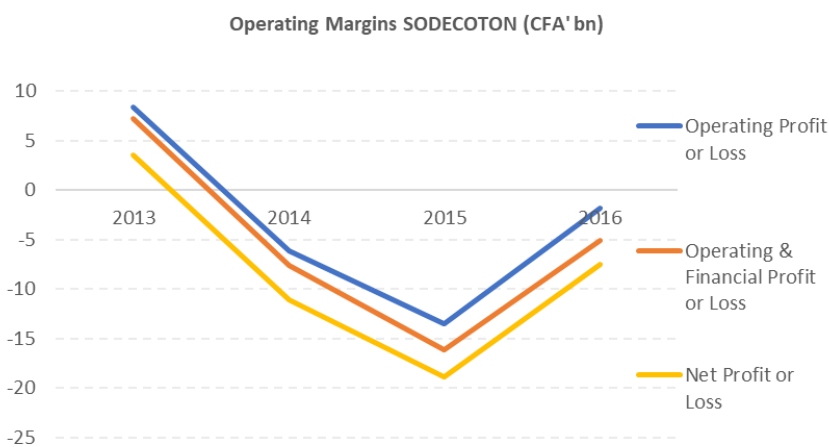
128. **The company's solvency and operating sustainability is uncertain.** The State holds a key role in determining the financial future of the company. As a shareholder, it has the ability to increase the company's capital, improving its debt ratios. As tax collector, it has to decide whether to keep financing the company by letting it run tax arrears. It also has the ability to act directly on the company's operating sustainability, both by increasing the set prices it imposes to CDC for the sale of some of its products and services, and by fully compensating the company for the public projects it carries out at the State's request.

b. **Société de Développement du Coton de Cameroun (SODECOTON)**

129. **SODECOTON is a Cameroonian state enterprise created in 1974 to develop the cotton sector.** Its mission is to organize the production and sale of cotton-fiber, cottonseed oil and cottonseed cake throughout the territory. SODECOTON works in partnership with about 250 000 Cameroonian producers, and employs directly about 1 800 staff and indirectly about 3000 workers. The state holds 59 percent of shares in the company while 41 percent is held by private sector investors.

130. **SODECOTON has started running losses over the second year of the period reviewed (2013-16).** These losses have increased in 2014-15 and been significantly reduced in 2016. The company's cost recovery rate (Operating Costs/Operating Revenue) decreased from 110% in 2013 to slightly over 100% in 2014, 94% in 2015 and slightly above 100% in 2016. (See graph 1)

Figure 26: Operating Margins SODECOTON (FCFA Billion)



131. **The increase in the cost of materials purchase seems to have been a factor in this degradation.**

A steep increase in miscellaneous costs appears to have contributed significantly too, as they experience a steep increase in the two years the company runs increasing losses, before being brought back to normal in 2016, as its operating margin improves.

Table 10: SODECOTON Operating costs

| | 2013 | 2014 | 2015 | 2016 |
|---------------------------------|--------|--------|--------|--------|
| Cost of materials | | | | |
| In CFA billions | 59 747 | 67 346 | 78 355 | 74 326 |
| As % of sales revenue | 56% | 69% | 66% | 71% |
| "Other charges" | | | | |
| In CFA billion | 4 194 | 7 739 | 12 501 | 3 228 |
| As % of total operating costs | 4% | 7% | 9% | 3% |
| As % of total operating revenue | 4% | 8% | 10% | 3% |
| Operating margin | 11 117 | 594 | -8 169 | 2 949 |

132. **Personnel costs appear to have been kept stable**, while other operating cost (transport, external services, other purchases apart from materials) remained stable as a portion of operating revenue.

Table 11: SODECOTON P&L Statement 2013-2016 (CFA billions)

| P&L (highlights) | 2013 | 2014 | 2015 | 2016 |
|-----------------------------|----------------|----------------|----------------|----------------|
| Merchandises | 1 593 | 1 675 | 1 746 | 1 241 |
| Sale of goods | 105 848 | 96 967 | 118 432 | 104 482 |
| Sale of services | 1 284 | 1 062 | 672 | 930 |
| Revenue | 109 341 | 100 177 | 121 434 | 107 078 |
| Operating Subsidies | 1 305 | 477 | 116 | 356 |
| Financial Revenue | 191 | 66 | 80 | 22 |
| Total Revenue | 163 469 | 118 236 | 129 577 | 127 000 |
| Merchandises | 77 | 235 | 135 | 151 |
| Materials and consummables | 59 747 | 67 346 | 78 355 | 74 326 |
| Other operating costs | 44 701 | 49 995 | 59 138 | 49 523 |
| Personnel | 11 060 | 11 506 | 11 774 | 12 463 |
| Total Costs | 159 886 | 129 318 | 148 460 | 134 466 |
| Profit or Loss | 3 583 | -11 082 | -18 884 | -7 465 |

133. **The cumulated losses over the 4 year period have amounted to CFA billion 33.8**, leading to a significant degradation of its balance sheet.

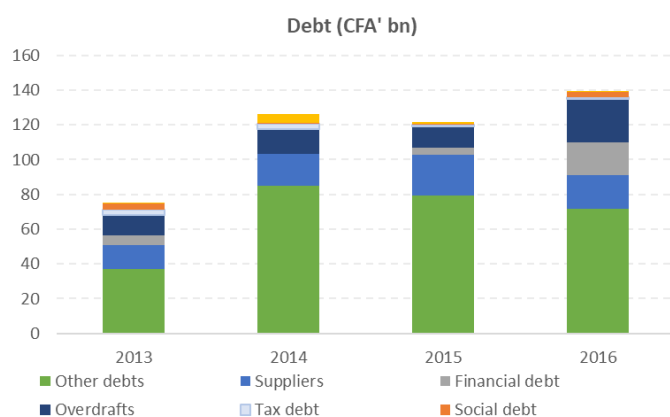
Table 12: SODECOTON Balance Sheet 2013-2016

| Balance Sheet | 2013 | 2014 | 2015 | 2016 |
|---------------------------------|----------------|----------------|----------------|----------------|
| Net Assets | 114 000 | 158 543 | 131 343 | 139 157 |
| Total Fixed Assets | 30 078 | 29 341 | 27 781 | 25 719 |
| Intangible assets | 110 | 82 | 71 | 50 |
| Tangible assets | 29 675 | 28 495 | 27 058 | 24 945 |
| Technical equipment | 3 473 | 3 832 | 3 980 | 3 701 |
| Financial assets | 228 | 376 | 228 | 265 |
| Total working capital | 82 809 | 127 686 | 101 618 | 109 320 |
| Inventories | 36 641 | 48 496 | 38 673 | 41 138 |
| Receivables | 46 138 | 79 189 | 62 945 | 68 181 |
| a- From clients and customers | 3 751 | 2 198 | 2 468 | 2 559 |
| b- from the State | 0 | 0 | 0 | 0 |
| Other receivables | 41 805 | 76 499 | 59 524 | 65 490 |
| Liabilities | 76 437 | 128 551 | 124 381 | 140 114 |
| Financial Debt | 5 758 | 0 | 3 848 | 19 184 |
| Loans | 5 477 | 0 | 3 848 | 3 172 |
| Current Liabilities | 58 965 | 114 006 | 108 073 | 96 018 |
| Suppliers debt/arrears | 13 795 | 18 030 | 23 711 | 19 358 |
| Tax debt/arrears | 3 237 | 2 981 | 810 | 717 |
| Other debt | 36 869 | 85 016 | 79 255 | 71 589 |
| Overdrafts and short term finan | 11 713 | 14 546 | 12 460 | 24 911 |
| Shareholders Equity | 37 563 | 22 155 | 8 257 | -18 092 |
| Capital | 4 529 | 23 643 | 23 643 | 23 643 |
| Reserves | 29 412 | 9 556 | 3 497 | -34 270 |
| Investment Subsidies | 38 | 38 | 0 | 0 |
| Profit or loss of the year | 3 583 | -11 082 | -18 884 | -7 465 |

134. **As the company could not autonomously cover its financing needs it has resorted to external financing.** The most important source of this financing has been "Other debt", which increases at a compounded rate of 25% per year over the period, from CFA billion 37 to CFA billion 71. The available data does not provide a detail of the nature of this debt.

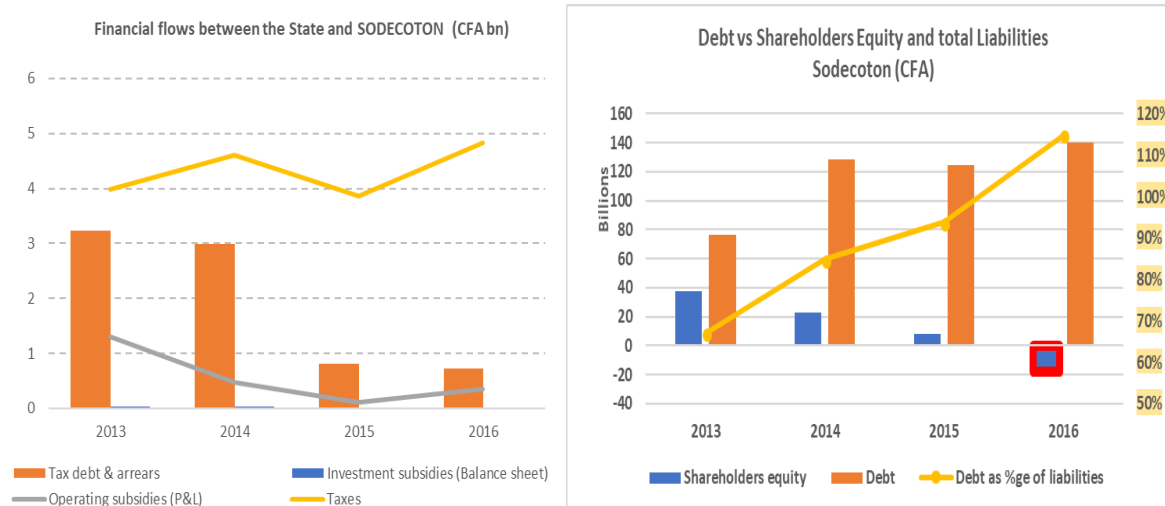
135. **A second source of financing has been financial debt.** SODECOTON had very little financial debt in 2015 (about CFA billion 5.7). By 2016, this debt had grown threefold to CFA billion 19. SODECOTON has also financed its operating cash-flow by increasing its arrears with suppliers by almost 50% between 2013 to 2015, from CFA billion 13.8 to CFA billion 23.7. These arrears have started to decrease slightly in 2016, to CFA billion 19.

Figure 27: Evolution of SODECOTON debt 2014-2016



136. **The company did not increase tax arrears as way to generate cashflow over the period** SODECOTON did in fact reduce its arrears with the State by over 75% from CFA billion 3.2 to CFA billion 0.8. The net balance of the financial flows between the State and SODECOTON during the period is significantly in favor of the State, as SODECOTON as paid about CFA billion 17.5 in current taxes and CFA billion 2.4 in past due ones. The State has provided the company with CFA billion 2.2 in operating subsidies, of which over half were received during the first year. Investment subsidies are non significant over the period.

Figure 28: Financial flows between State and SODECOTON **Figure 29: Debt vs Shareholders Equity and Liabites**



137. The increase in **SODECOTON’s debt** has coincided with a decrease in its shareholders’ equity, which decreased from CFA billion 37.6 to CFA billion - 19, primarily as a consequence of retained negative earnings.

138. **By 2016, SODECOTON shareholders equity has become negative**, which, if it is not remedied within 2 years, should, under OHADA rules, make the company unsustainable and bound to wind itself up. SODECOTON debt ratio (debt to total liabilities) is 120% and its financial debt to equity ratio is – 106%, meaning that the company should find it impossible to secure any additional financial debt without the State’s guarantee. While its current ratio (working capital /current liabilities) is 94%, which reduces the risk of short term cash problems, the company’s ability to repay its current financial debt is uncertain. Its interest covering ratio (EBIT/Interest) is a negative 0.53.

Conclusion:

139. **While the company seems to be in the process of improving its operation margin, the degradation of its financial structure from 2014 to 2016 is extremely significant.** While it has not been possible to analyze the company’s cash flow statements, or its analytical activity reports, its long-term solvency is uncertain. From a legal standpoint, it needs in theory to be recapitalized in the short run, as it is currently running negative shareholders equity.

c. Société National de Raffinage (SONARA)

Background:

140. **SONARA was established in 1973, to help cater for the country's needs in refined petroleum products.** Its industrial installations were inaugurated in 1981, the year it started its refining operations. SONARA is a topping reforming refinery producing the following petroleum products: butane, gasoline, jet fuel, kerosene, fuel oil, distillate, fuel oil. It sells its production to the SCDP (Société Camerounaise des Dépôts Pétroliers), which serves as a wholesale distributor throughout the country. In 2014 SONARA produced 75% fuel and gas consumed domestically.

141. **SONARA owns and operates one refinery, in Limbe, 60 km west of Douala.** The Limbe refinery has a theoretical capacity of 2,100,000 tons/year or about 850,000 barrels per day. It was conceived at first to treat light crude (Arabian light) whereas Cameroon produces heavy crudes, meaning that there is a mismatch between the existing refining tool and the crudes locally produced and available. SONARA imports the crude it refines through the Douala Port. The Port congestion results in repeated disruptions in SONARA's supply.

142. **An investment plan, endorsed in 2010, envisions the building of an additional refining unit in Limbe,** increasing SONARA's capacity by 1,400,000 tons/year and enabling it to treat heavy crude oil. The building of a pipeline between the Port and the Limbe Production site is also being considered (it would shield SONARA' supply from most of the disruptions associated with the Port congestion).

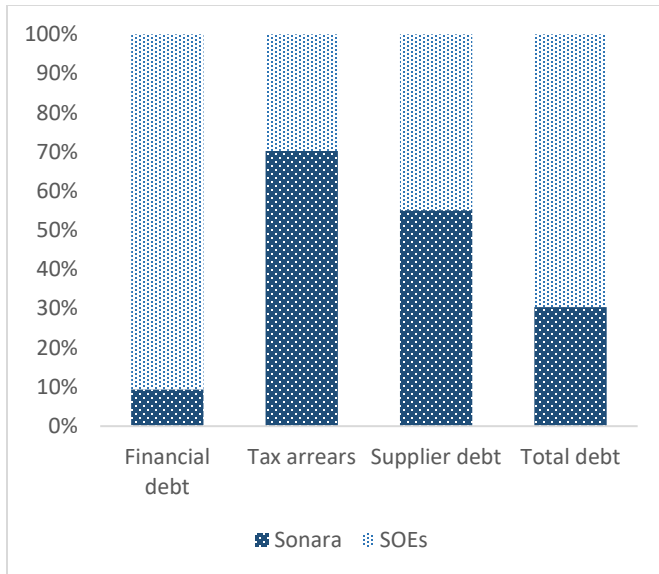
143. SONARA is a State-owned company with 80.29% of the shares held by the State or public entities:

- National Hydrocarbons Company (Société Nationale des Hydrocarbures): 29.91%
- Stabilization Fund of Hydrocarbons Prices (Caisse de Stabilisation des Prix des Hydrocarbures) : 20.81%
- National Investment Fund (Société Nationale d'Investissement) : 18.62%
- Ministry of Finance (Ministère des Finances) : 10.95%
- The remaining 19.71% are held by the Total Group, a French oil company.

Significance in the SOE Portfolio:

144. **SONARA is a significant contributor to the risks originating from Cameroon SOEs.** In 2016, it accounted for 70% of the total tax arrears of the 27 SOEs listed in the Government's Green Book as being controlled by the State with a shareholding equal or greater than 50%. SONARA also accounts for over 50% of the total supplier debt of the same SOEs, and 30% of the total debt. A review of the 2016 financial statements available (which cover only 12 SOEs vs the 27 listed in the Green Book) indicates that SONARA accounts for 40% of the total short-term banking loans held by these 12 SOEs.

Figure 30: Share of SONARA in SOE Debt Portfolio (2016)



Source: Government Green Book and author's calculations, 2016 fiscal year.

The State imposed structure of domestic prices for petroleum products

145. SONARA's profitability is heavily dependent on the structure of domestic prices for the products it sells. Up to 2008, fuel prices were adjusted to reflect the actual cost of oil. These adjustments were suspended following protests in Feb 2008 and fuel prices were lowered. The Government has kept them frozen from 2008 to 2014. In 2014, it allowed for a 14% increase, reduced to 10% by the end of 2015, after threats of strikes. Over the same period, oil prices, which account for about 80%²⁸ of a standard refinery cash costs of a refinery, have fluctuated significantly:

Figure 31: Fixed Price of Super Gasoline (FCFA)

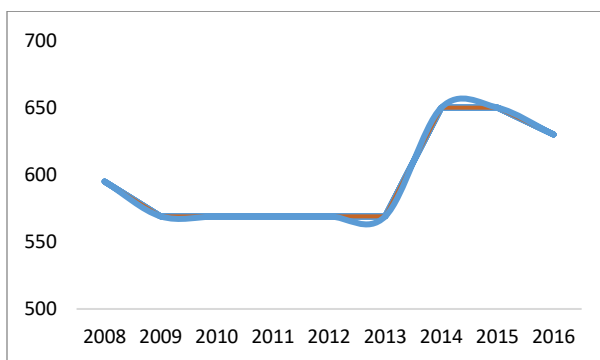
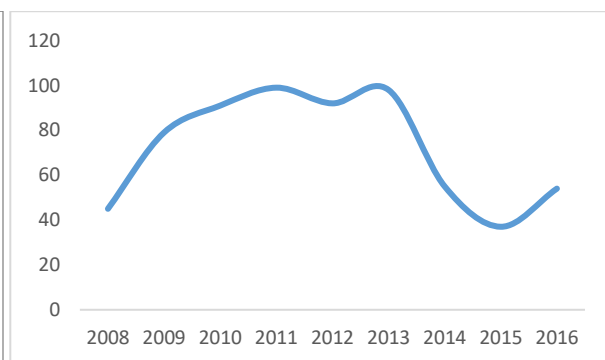


Figure 32: Oil prices per barrel (US\$)



Source: World Bank

146. **Government's policy since 2008 has been to compensate SONARA for the difference between the prices based on the actual price of oil and the administratively fixed prices.** IMF analysis²⁹ indicate that from 2008 to 2014 the prices based on the actual price of oil have been systematically higher than the administratively fixed prices, triggering the need for a compensation that the State has not been able to

²⁸ Standard and Poors Global ratings, "Key Credit Factors for the Oil Refining and Marketing Industry", March 2014

²⁹ Appendix, Cameroon Country report, March 2016

always provide, due to budget constraints.

Table 13. 2014-2016 Summary of SONARA Financial Statements (2014-16)

| P&L in XAF billions | 2014 | 2015 | 2016 |
|--------------------------------|----------------|----------------|----------------|
| Merchandises | 0 | 0 | 60 501 |
| Sale of goods | 809 425 | 578 395 | 441 532 |
| Sale of services | 0 | 0 | 0 |
| Revenue | 817 010 | 585 082 | 510 159 |
| Other operating Revenues | 4 762 | -1 701 | 76 894 |
| Financial Revenue | 9 970 | 9 641 | 14 139 |
| Total Revenue | 831 742 | 593 022 | 601 192 |
| Merchandises | 6 258 | 0 | 60 208 |
| Materials and consummables | 733 298 | 495 163 | 400 709 |
| Other operating costs | 74 098 | 78 130 | 103 075 |
| Personnel | 10 624 | 11 129 | 12 438 |
| Amortization and depreciation | 8 188 | 6 918 | 14 315 |
| Financial costs | 44 389 | 35 813 | 35 347 |
| Other costs | 8 987 | 12 683 | 6 122 |
| Total Costs | 885 842 | 639 837 | 632 216 |
| Profit or Loss | -54 100 | -46 815 | -31 024 |
| in %ge of GDP | -0,34% | -0,28% | -0,22% |

| Balance Sheet in XAF billions | 2014 | 2015 | 2016 |
|--|------------------|----------------|----------------|
| Net Assets | 1 033 123 | 899 365 | 739 829 |
| Total Fixed Assets | 440 272 | 461 962 | 428 024 |
| Intangible assets | 519 | 1 480 | 1 968 |
| Tangible assets | 288 092 | 326 482 | 357 354 |
| Technical equipment | 43 445 | 38 524 | 33 123 |
| Financial assets | 150 929 | 133 273 | 67 906 |
| Total working capital | 548 353 | 391 850 | 283 039 |
| Inventories | 109 075 | 74 293 | 99 777 |
| Receivables | 439 278 | 317 557 | 183 262 |
| a- From clients and customers | 77 897 | 115 882 | 91 085 |
| b- Others including the State | 355 347 | 199 938 | 88 190 |
| Liabilities | 1 038 702 | 951 760 | 818 929 |
| Financial Debt | 96 668 | 104 109 | 98 037 |
| Current Liabilities | 763 867 | 707 846 | 623 977 |
| Suppliers debt/arrears | 536 262 | 369 377 | 263 472 |
| Tax debt/arrears | 191 343 | 293 037 | 297 012 |
| Other debt | 32 487 | 40 918 | 44 796 |
| Overdrafts and short term financial debt | 177 860 | 137 135 | 96 472 |
| Shareholders Equity | -5 579 | -52 394 | -79 100 |
| Capital | 23 000 | 23 000 | 32 540 |
| Reserves | 25 521 | -28 579 | -80 616 |
| Investment Subsidies | 0 | 0 | 0 |
| Profit or loss of the year | -54 100 | -46 815 | -31 024 |

147. **SONARA financial statements are available for 2014, 2015 and 2016.** These years coincide with a significant increase in the administered prices of most petroleum products, including fuel and gas (15% in 2014, reduced to 10% in 2016). They also overlap with a period during which international oil prices were at their lowest since 2009.

SONARA's profitability over the 2014-2016 period

148. **These favorable factors have allowed SONARA to improve its operating profitability over the period.** The company has been increasingly able to recover its operating cash costs over the period: by 2016, revenues from sales cover about 100% of the operating costs cashed out (that is without taking amortization and depreciation). While SONARA's total operating profit (taking into account amortization and depreciation) is negative, it has improved over the period. As seen on the graph, the operating profit improves from a loss of 10 Bn FCFA to a loss of 4 Bn FCFA.

Figure 33: Sonara Margins (2014-16)

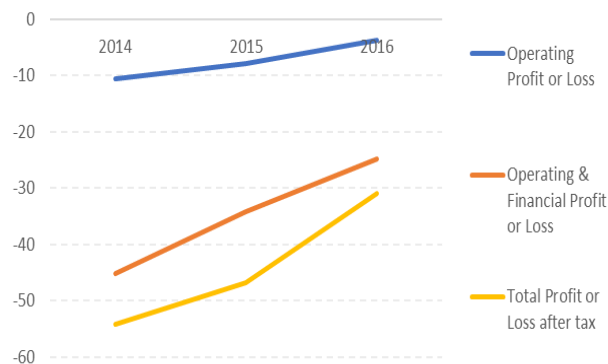
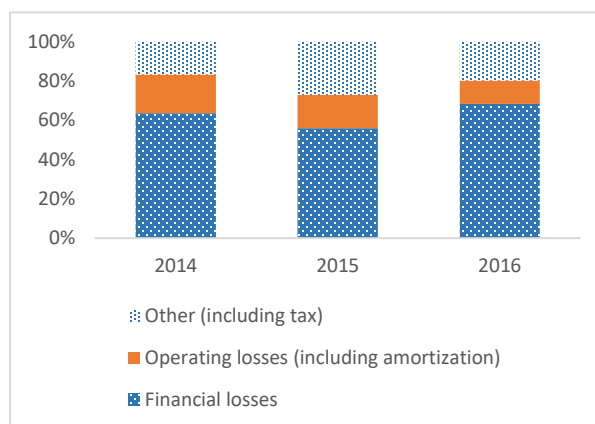
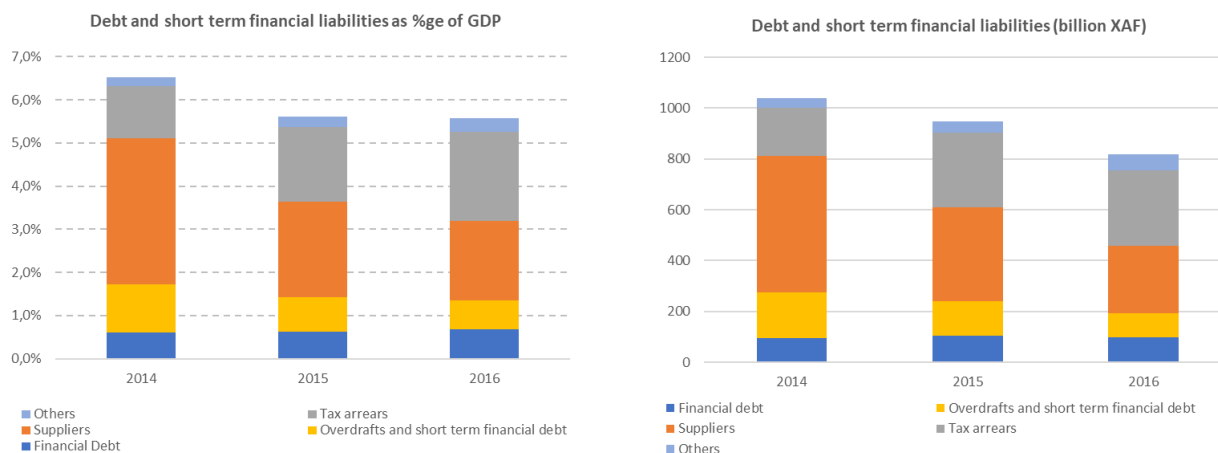


Figure 34: Sonara operating and financial losses (2014-16)



149. **This is without considering the impact of financial operations and taxation.** Once these are included, SONARA's total profit or loss over the period remains strongly negative, even though it improves from - 54 Bn FCFA (0.3% of GDP) in 2014 to - 31 Bn FCFA (0.2% of GDP) in 2016. Financial operations (mainly interest charges) are the main contributor to the company's losses, their net loss making up to 68% of the company's total loss in 2016 (vs 63% in 2014 and 57% in 2015). This reflects the significance of SONARA's accumulated debt, which accounts for XAF billion 1040 in 2014 and decreases to XAF billion 819 in 2016.

Figure 35: Evolution of SONARA's debt in FCFA Bn and percent of GDP (2014-16)

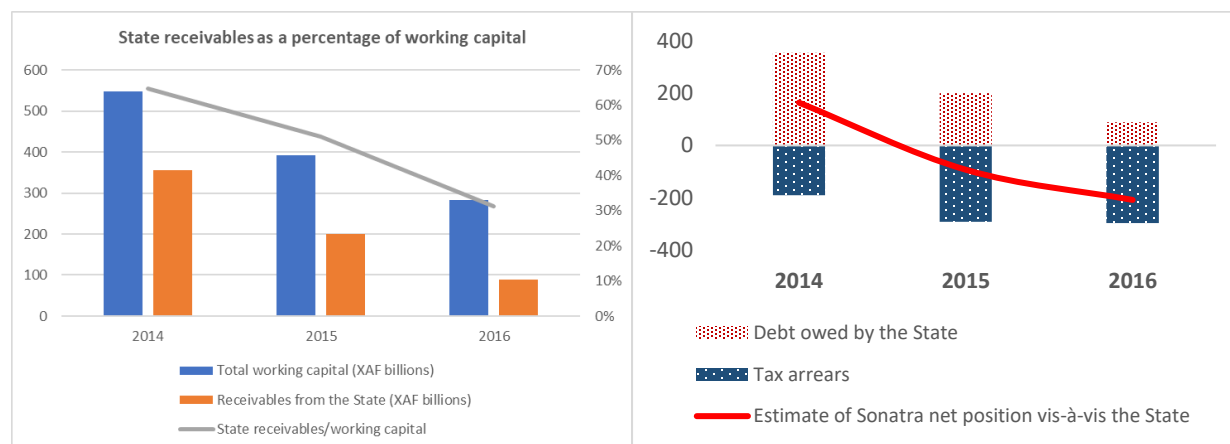


150. **Most of SONARA's debt is short term: financial debt over one year makes up less than 10% of it.** This short term debt is not backed up by an equivalent amount of receivables: the ratio of receivables vs short term debt and liabilities ("quick ratio") is 51% in 2014 and decreases to 21% in 2016. Were SONARA

able to cash in all its outstanding receivables, it would still be unable to face its short term debts. The data available about the make-up of each category of debt is scarce, as the company has not published its financial report. The debt sustainability studies prepared by the IMF and the World Bank and included in IMF's reports³⁰, provide some information, based on detailed budgetary analysis and conversations with Government officials. It tends to indicate that the current level of SONARA's debt is to a large extent a consequence of the subsidy mechanisms implemented in 2008 to compensate SONARA for the difference between the administratively set prices of petroleum products and the actual cost of its supply in crude oil³¹.

The State has failed to fully compensate the company, as the amounts committed in the State budget have been less than the amount of the subsidy calculated for the year. It has not always been able to fully pay the amounts committed in the State budget. This is reflected in the amount owed by the State to the company, which is accounted for under "other receivables"³². It represented 60% of SONARA's working capital in 2014. SONARA has made up for this shortfall by building up its arrears to suppliers and to the State itself.

Figure 36: Evolution of SONARA' net position vis-à-vis the State (FCFA Mn)



151. **At the beginning of the period, SONARA was a net creditor of the State**, meaning that the total amount owed by the State exceeded the company's tax arrears by about XAF billion 164. SONARA and the State have taken advantage of the relatively favorable conditions of the 2014-2016 period, to reduce the State's debt. As the improvement in the costs of crude oil removed the necessity for the State to fund operating subsidies, the resources available have been applied to debt reduction instead. The State's debt decreased from XAF billion 355 in 2014 to XAF billion 88 in 2016 (minus 75%).

152. This reduction in the amounts owed by the State to the company was not matched by an equivalent reduction of the company's tax arrears. SONARA kept accumulating tax arrears: from 2014 to 2016 the increased from about XAF billion 200 to XAF billion 300 (plus 50%). As a result, the State has become a net creditor of SONARA and was owed by the company a net balance of about XAF billion 210 in 2016.

³⁰ March 2016 IMF country report, June 2017 and July 2018 IMF reviews under the extended credit facility arrangement

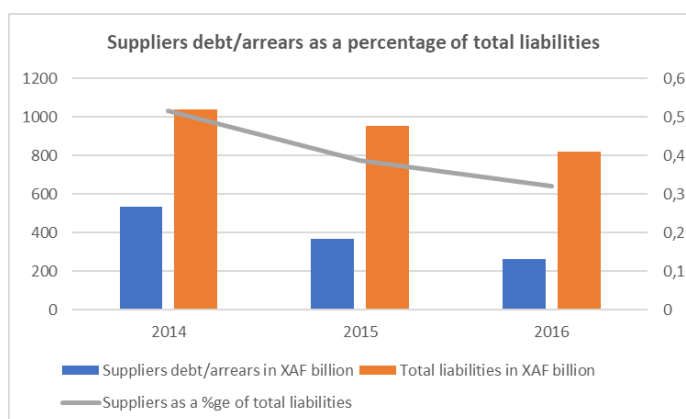
³¹ This is confirmed by Cameroon Minister of Finance, Mr. Alamine Ousmane Mey, in a statement quoted in the June 13, 2013 Jeune Afrique issue In 2013, confirming that the amount of the subsidy due for that fiscal year was about XAF billion 400 vs XAF billion 220 provided for in the State's budget.

³² The financial statements do not show any amount under the specific Receivables from the State account.

Evolution of SONARA's debt vis-à-vis its suppliers

153. **SONARA has taken advantage of the improvement in its financial position vis-à-vis the State to reduce its debt vis-à-vis its suppliers**, bringing it down from XAF billion 536 in 2014 to XAF billion 263 in 2016 (minus 51%). This is a positive evolution as it contributes to reduce the mark-up charged by suppliers on crude prices to account for the risk of lack of, or delay in, payment and thus decreases SONARA's costs. The reduction in this debt also reduces the part of SONARA's (and Cameroon's) debt that is exposed to Forex risks, as the suppliers' debt is in currency.

Figure 37: SONARA arrears as percentage of total liabilities (2014-16)

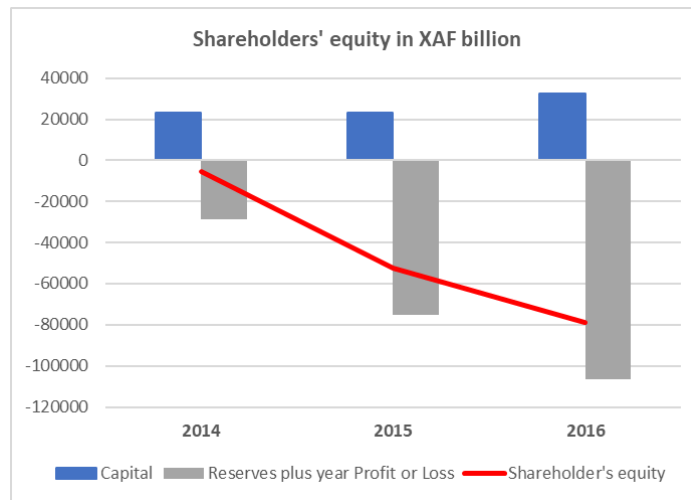


SONARA's financial fragility and the need for recapitalization

154. **While the reduction and restructuring of the debt has improved the structure of SONARA's balance sheet, the financial situation of the company is remains critically fragile.** Its shareholders equity is negative, and decreasing, as a consequence of the accumulation of its successive losses and in spite of a 2016 XAF billion 9,750 increase in capital³³. Under OHADA rules, were SONARA a non State owned company, it would have to be wound up.

³³ This capital increase did not translate into an inflow of cash: part of the State's debt was converted into new equity. While this contributed to the decrease in the State's debt, it did not improve SONARA's cash position.

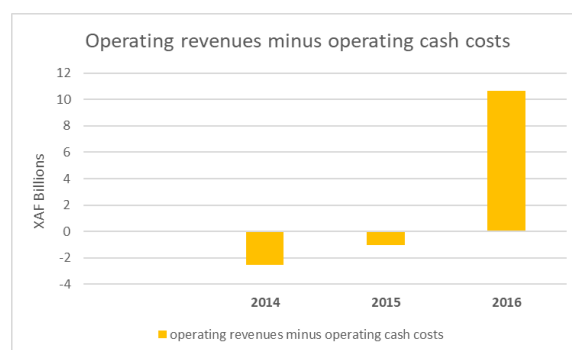
Figure 38: SONARA Shareholder's equity 2014-16 (FCFA Mn)



155. **The company is in urgent need of recapitalization.** Converting its tax debt into equity (basically swapping the debt to the State with newly issued shares), would enable it to improve its balance sheet structure by restoring a positive equity and reducing the share of debt in total liabilities. Assuming that it had been done at the end of the 2016 fiscal year, it would have brought the net shareholders' equity up to XAF billion 218 from XAF billion -79) and reduced the share of debt in total liabilities to from 110% to 75%.

156. **However, such recapitalization would not improve the cash position of the company.** This depends on the company's ability to generate operational cash, to borrow and to receive cash contributions from its shareholders through cash increases in equity. While the improvement in market conditions has enabled SONARA to generate operational cash from 2014 to 2016. In 2016 operational revenues exceeded operating cash costs by FCFA billion 10.6. This remains insufficient to cover the interest of the existing debt.

Figure 39: SONARA available liquid assets 2014-16 (FCFA Nn)



157. **The ability of the company to borrow will remain limited, even after a non-cash recapitalization.** With a debt representing up to 110 percent (75 percent in the case of a non-cash recapitalization) of the total equity, SONARA is unlikely to be able to borrow without the State's guarantee, and in any case the company would not be able to service the additional debt based on its operational profits. A significant recapitalization under the form of cash contributions is the only way to restore its financial viability. The amount of this recapitalization depends to a large extent on the financing required to build a new pipeline to circumvent Douala congestion and a new plant allowing for the refining of local

crude. While both projects are frequently referred to in SONARA's public statements and press releases, no data is available regarding their cost nor financing.

Conclusion

158. **The improvement of SONARA's financials during the 2014-16 period was heavily dependent on the temporary suspension of the need for subsidies but is insufficient to restore its financial and economic viability.** While a recapitalization could temporarily restore SONARA's financial viability, its benefits would be short-lived without an amendment of the subsidies framework. Based on the State's limited ability to compensate the company for the difference between the administratively set prices of petroleum's product and the actual cost of its supply in crude oil, an increase in the prices of crude oil would very likely result in a renewed degradation of SONARA's operational profitability, new losses and a further worsening of its already severe financial distress.

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Annex 1: Draft SOE Reform Action Plan

| Area of Action | In the 12 months after the validation of the Action Plan | In the 24 months after the validation of the Action Plan | Expected results 3 years after the validation of the Action Plan |
|---|--|---|--|
| Institutional framework and financial oversight | | | |
| Creation of a central monitoring mechanism | <ul style="list-style-type: none"> • Prepare work task description for each Plateforme Member institution, starting with database management. | <ul style="list-style-type: none"> • Adopt a new ordinance governing the oversight of the SOE sector. • Establish the role of financial oversight in the new order in a comprehensive and clear manner. • The Strategic Plan of the approved and defining: <ul style="list-style-type: none"> ○ The mandate and the detailed functions ○ The detailed organization chart and job descriptions ○ The personnel, equipment and the necessary budgets ○ The training needs, and ○ The expected progress and achievements over 3 years. • Preparation of guides and manuals of procedure on: <ul style="list-style-type: none"> ○ The working procedures of the DGE/EP ○ Procedures for coordination between the DGE/EP, the Treasury, Tax Dept, etc, to share information regularly on the guarantees, debt repaid, and other debts significant. • DGE/EP staffed, in accordance with the recommendations of the Strategic Plan. • Training program for the staff of the DGE/EP. • The functions of oversight (DGE/EP): <ul style="list-style-type: none"> ○ Census of all SOE and Public Agencies. ○ Development of a National Strategy for SOE. ○ The regular publication of information on the SOE web site of the MF (annual reports aggregated). ○ Participation of the DGE/EP to the discussions on the budgets grants from the SOE. ○ Regular monitoring of SOE fiscal risk through a model of evaluation adapted to the context of Cameroon. ○ Follow-up of SOE audits. ○ Participation in the appointment of directors. | <ul style="list-style-type: none"> • DGE/EP operational and ensuring the Financial oversight of SOE. • Annual reports on the implementation of the National Strategy for businesses and public institutions. • Government seminars and stakeholders organized on the National Strategy for businesses and public institutions. • Comprehensive legal framework defining the financial oversight for all categories of companies and public institutions. |
| Financial information, management and follow up on fiscal risk and performance | | | |
| Financial information and database | <ul style="list-style-type: none"> • Preparation of Decree on SOE Transparency and Financial Reporting, including content, format, platforms and deadlines for reporting. • Identification of needs for the current database of the DGE/EP. • Establish a clear protocol for the collection, treatment, verification and management | <ul style="list-style-type: none"> • Initiate the development of a model of financial analysis for analysis to diagnostic sectoral levels and individual SOE. • Analysis of the financial statements of the most important SOE conducted by the DGE/EP. • Census and assessment by the DGE/EP: <ul style="list-style-type: none"> ○ Of the workforce and wage bill of SOE ○ Liabilities quotas (e.g., SOE guarantees) ○ Of arrears and cross-debts of EEP by the DGE/EP ○ SOE debt in commercial banks and | <ul style="list-style-type: none"> • Annual aggregated reports on SOE e portfolio • Effective monitoring of the financial performance of SOE. • Database of financial information on SOE complete and updated. • All SOEs publish their annual operational and financial report on their own website |

| Area of Action | In the 12 months after the validation of the Action Plan | In the 24 months after the validation of the Action Plan | Expected results 3 years after the validation of the Action Plan |
|--|--|--|--|
| | <p>of SOE data, including the institutions responsible for each step of the process</p> <ul style="list-style-type: none"> • Complete SOE dataset • Verification of design and agreement on SOE Monitoring Dashboard • Prepare template for Annual SOE report • Prepare SOE fiscal risk analysis for annual budget | <ul style="list-style-type: none"> ○ Mapping of public service obligations across all SOEs • Establish a plan to reconcile most important SOE and government cross-debts • Development of a web-based platform for the collection, transmission and publication of financial information • Largest SOEs publish their annual operational and financial report on their own website | |
| Management and follow-up on fiscal risks | <ul style="list-style-type: none"> • Responsibilities of the DGE/EP regarding the budget estimates of businesses and public agencies defined and applied. • Methodology for monitoring and analysis of fiscal risk defined and adopted by the DGE/EP. | <ul style="list-style-type: none"> • DGE/EP participates in the preparation and follow up of the implementation of the budget • Action Plan to improve the application of the rules in the field of fiscal, financial and accounting management (regulation of public finance management, regulatory OHADA) • Annual report on SOE related fiscal risks under different scenarios. • Analysis of existing cross debts existing cross of SOE initiated by the DGE/EP. • Establish clear budgetary rules creating incentives to the follow-up of finance of public enterprises (e.g. targets of deficits including SOE). • Establish criteria of SOE financial performance | <ul style="list-style-type: none"> • Regular contribution to the preparation of the budget of the EEP. • Dividend policy defined and applied. • Efficient SOE Budget monitoring. • Cross-debts resolved. • Monitoring of the performance criteria of the SOE • Sustainability analysis of SOE with a low financial performance |
| Performance contracts | <ul style="list-style-type: none"> • Take stock of performance targets and results under existing performance contracts (impact evaluation?) | <ul style="list-style-type: none"> • Introduction of new performance contract model (short, limited # targets, measurable indicators). • Training of the staff of the DGE/EP in the design and monitoring of performance contracts. • Identification of a limited number of SOEs to pilot new performance contracts. | <ul style="list-style-type: none"> • Regular independent evaluation of the performance contracts put in place and identification of actions to improve their operation. |
| Transparency and reporting | | | |
| Transparency | <ul style="list-style-type: none"> • Adopt, publish on the web site of the MF the complete list of SOEs annually | <ul style="list-style-type: none"> • Annual reports, Full Financial Reports and 2018-19 SOE audits published and available on the website of the Ministry of Finance and SOEs own websites. • Publication by the DGE/EP of a complete annual report on the portfolio of the SOE and their fiscal risk. • Identify and publish a list of the members including the chairpersons of the GA and BD and senior managers of SOE. | <ul style="list-style-type: none"> • Annual publication of reports and audits of Commissioner for accounts and of the Court of Accounts for all SOE on the website of the MF and/or on their own web sites. • Identify and publish by SOE remuneration/benefits of members and Chairpersons of the GA and BD and senior managers of SOE. |
| Audit | <ul style="list-style-type: none"> • Allocation of a budget line for inspections and special audits of companies and public agencies. • Require annual audits by external auditors /auditors for the strategic EPA. • Inventory of SOE Audits | <ul style="list-style-type: none"> • Follow-up to the recommendations of the audits by the DGE/EP. • Strengthen the framework of public accounting and financial controllers and clarify their role. • Control of Strategic EPA by external auditors in collaboration with the Chamber of Auditors. • Regular discussions between the DGE/EP and the auditors of the SOE and the Court of Auditors. • Training for the BD and the directors of SOE on the role of the Commissioner to the accounts and the objectives of the audits. | <ul style="list-style-type: none"> • The Chamber of Auditors reinforced (strengthening of the workforce, technical support, training and technical capacity-building and hardware). • Finance at least one annual SOE performance audit by Chambre de Comptes |

| Area of Action | In the 12 months after the validation of the Action Plan | In the 24 months after the validation of the Action Plan | Expected results 3 years after the validation of the Action Plan |
|---|---|--|---|
| Other reforms | | | |
| Update of the SOE legal framework of | <ul style="list-style-type: none"> • Compilation of all the texts which states the statutes of SOEs for a detailed legal review. | <ul style="list-style-type: none"> • Detailed legal review: <ul style="list-style-type: none"> ○ Of the overall texts (orders) and decrees. ○ SOE statutes (including to identify gaps in relation to the framework of OHADA and national legislation). • Establish the role of the State as shareholder and the financial supervision in the new order. • Establish criteria for the creation of new SOE including the requirement for a study of financial viability and define the methodology and the canvas type of the said study. | <ul style="list-style-type: none"> • SOE legal framework updated adopted and promulgated. • Harmonized SOE statutes of the EEP with the new legal framework. • Entered into force legal requirements of transparency which: publication of full financial statements, the reports of the Court of Auditors, and management reports of the SOE. |
| General Assemblies (GA), Board of Directors (BD) and Directors General (DG) | <ul style="list-style-type: none"> • Require that the minutes of the meetings of GA and BD are communicated to the DGE/EP. | <ul style="list-style-type: none"> • Determine and publish professional criteria for the selection of members including the chairpersons of the GA and BD. • Establish more advisory procedures and strengthen the role of the DGE/EP in the appointment of directors. • Production of guides and manuals for the training of new administrators. • Clarify the role of the GA and the BD for the SE to avoid duplications. • Adoption and publication of harmonized rules for the determination of the Pay / Benefits of Members of the GA and BD including presidents and the DG of the SOE. • Define criteria for the performance of the GA and BD including presidents and DG of the SOE | <ul style="list-style-type: none"> • Report on the follow-up of the performance of the GA and BD including presidents and DG of the SOE. |
| Explore opportunities for ownership diversification | <ul style="list-style-type: none"> • Conduct sectoral and individual SOE reviews | <ul style="list-style-type: none"> • Identify SOEs with potential for partial or full privatization • Determine necessary continued public service obligations (PSO) • Quantify PSO costs and include in national budget | <ul style="list-style-type: none"> • Launch process of partial privatization of select companies |

Annex 2: List of SOEs (2016)

| | Company | Full Name | Legal Category | Primary Sector | State Share | Public Entities Share | Private Share |
|----|-------------------|--|----------------|---------------------|-------------|-----------------------|---------------|
| 1 | Acep | Agence de Crédit pour l'Entreprise Privée au Cameroun | SEM | Banking and Finance | 0 | 15 | 85 |
| 2 | ADC | Les Aéroports du Cameroun | SEM | Transport | 63 | 8 | 29 |
| 3 | ALUBASSA | Société Aluminium de Bassa | SCP | Manufacturing | 12.65 | 87.35 | 0 |
| 4 | ALUCAM | Compagnie Camerounaise de l'Aluminium | SEM | Manufacturing | 86.4 | 6.94 | 13.6 |
| 5 | ANAFOR | Agence Nationale d'Appui au Développement Forestier | SCP | Agriculture | 100 | 0 | 0 |
| 6 | AYABA HOTEL | AYABA HOTEL | SCP | Tourism | 100 | 0 | 0 |
| 7 | BC-PME | Banque Camerounaise des Petites et Moyennes Entreprises | SCP | Banking and Finance | 100 | 0 | 0 |
| 8 | BICEC | Banque Internationale du Cameroun pour l'Épargne et le Crédit | SEM | Banking and Finance | 17.5 | 0 | 82.5 |
| 9 | CAMPOST | Cameroon Postal Services | SCP | Services | 100 | 0 | 0 |
| 10 | CAMRAIL SA | Cameroon Railway Corporation | SEM | Transport | 13.53 | 0 | 86.47 |
| 11 | CAMSHIP | Cameroon Shipping Lines | SEM | Transport | 5.27 | 7.07 | 87.66 |
| 12 | CAMSHIP CIC | Cameroon Shipping Lines Investment Corporation | SEM | Banking and Finance | 5.07 | 15.06 | 79.87 |
| 13 | CAMTAINER | Société Nationale de Transport et de Transit du Cameroun | SEM | Transport | 0 | 53 | 47 |
| 14 | CAMTEL | Cameroon Telecommunications | SCP | Telecoms | 100 | 0 | 0 |
| 15 | CAMWATER | Cameroon Water Utilities Corporation | SCP | Utilities | 100 | 0 | 0 |
| 16 | CDC | Cameroon Development Corporation | SCP | Agriculture | 100 | 0 | 0 |
| 17 | CHC.SA | Cameroon Hotels Corporation | SEM | Tourism | 66.7 | 28.96 | 4.34 |
| 18 | CICAM | Cotonnière Industrielle du Cameroun | SCP | Agriculture | 25 | 75 | 0 |
| 19 | CIMENCAM | Les Cimenteries du Cameroun | SEM | Manufacturing | 0 | 43.08 | 56.92 |
| 20 | CLGG SA | Consignations et Logistiques du Golfe de Guinée | SEM | Transport | 8 | 0 | 92 |
| 21 | CNIC | Chantier Naval et Industriel du Cameroun | SEM | Transport | 38.9 | 56.56 | 4.54 |
| 22 | COT S.A | Cameroon Oil Terminal S.A | SEM | Oil and Gas | 0 | 44 | 56 |
| 23 | COTCO | Cameroon Oil Transportation Company | SEM | Oil and Gas | 0 | 5.17 | 94.83 |
| 24 | CPE | Cameroon Publi-Expansion | EPIC | Media | | | |
| 25 | CRTV | Cameroon Radio Television | EPIC | Media | 100 | 0 | 0 |
| 26 | DPDC S.A | Dibamba Power Development Corporation | SEM | Utilities | 44 | 0 | 56 |
| 27 | DSX | Douala Stock Exchange | SEM | Banking and Finance | 0 | 23 | 77 |
| 28 | ECAM PLACAGES S.A | Compagnie d'Exploitation Industrielle des Bois du Cameroun | SEM | Agriculture | 0 | 30 | 70 |
| 29 | EDC | Electricity Development Corporation | SCP | Utilities | 100 | 0 | 0 |
| 30 | EDEATECH | Technopole du Cameroun | SEM | Services | 5 | 30 | 65 |
| 31 | ENEO | The Energy of Cameroon | SEM | Utilities | 44 | 0 | 56 |
| 32 | HEVECAM | Hévéas du Cameroun | SEM | Agriculture | 10 | 0 | 90 |
| 33 | HEVECAM | Hévéas du Cameroun | SEM | Agriculture | 10 | 0 | 90 |
| 34 | HYDRAC | Hydrocarbures-Analyse-Contrôle | SEM | Oil and Gas | 0 | 97.1 | 2.9 |
| 35 | HYDRO MEKIN | Mekin Hydroelectric Development Corporation | SCP | Utilities | 100 | 0 | 0 |
| 36 | IBC | Aciers et métaux industriels | SEM | Manufacturing | 0 | 51 | 49 |
| 37 | IN | Inprimerie National | EPIC | Media | 100 | 0 | 0 |
| 38 | KPDC S.A | Kribi Power Development Corporation | SEM | Utilities | 44 | 0 | 56 |
| 39 | LABOGENIE | Laboratoire National du Génie Civil | SCP | Services | 100 | 0 | 0 |
| 40 | LANAVET | Laboratoire National Vétérinaire | EPIC | Services | 100 | 0 | 0 |
| 41 | MAETUR | Mission d'Aménagement et d'Équipement des Terrains Urbains et Ruraux | EPIC | Services | 100 | 0 | 0 |

| | | | | | | | |
|----|---------------|---|------|---------------------|-------|-------|-------|
| 42 | MAGZI | Mission d'Aménagement et de Gestion des Zones Industrielles | EPIC | Services | 100 | 0 | 0 |
| 43 | MAISCAM SA | Société Camerounaise de Maïserie | SEM | Agriculture | 0 | 11.48 | 88.52 |
| 44 | MATGENIE | Parc National de Matériel de Génie Civil | SCP | Services | 100 | 0 | 0 |
| 45 | MIDENO | Mission de Développement du Nord-Ouest | EPIC | Services | | | |
| 46 | MIDEPECAM | Mission de Développement de la Pêche Artisanale et Maritime | EPIC | Agriculture | 100 | 0 | 0 |
| 47 | MIDIMA | Mission de Développement Intégré des Monts Mandaras | EPIC | Services | | | |
| 48 | MIPROMALO | Mission de Promotion des Matériaux Locaux | EPIC | Services | | | |
| 49 | PAD | Port Autonome de Douala | SCP | Transport | 100 | 0 | 0 |
| 50 | PAK | Port Autonome de Kribi | SCP | Transport | 100 | 0 | 0 |
| 51 | PECTEN CAM | PECTEN CAMEROON S.A | SEM | Oil and Gas | 0 | 20 | 80 |
| 52 | PERENCO | PERENCO CAMEROON S.A | SEM | Oil and Gas | 0 | 20 | 80 |
| 53 | PMUC | Pari Mutuel Urbain Camerounais | SEM | Services | 15 | 0 | 85 |
| 54 | SABC | Société Anonyme des Brasseries du Cameroun | SEM | Manufacturing | 0 | 10 | 90 |
| 55 | SAFACAM | Société Africaine Forestière et Agricole du Cameroun | SEM | Agriculture | 20 | 11 | 69 |
| 56 | SCB CAMEROUN | Société Commerciale de Banque du Cameroun | SEM | Banking and Finance | 49 | 0 | 51 |
| 57 | SCDP | Société Camerounaise des Dépôts Pétroliers | SEM | Oil and Gas | 0 | 51 | 49 |
| 58 | SEMC | Société des Eaux Minérales du Cameroun | SEM | Manufacturing | 17.48 | 56.8 | 25.68 |
| 59 | SG - CAMEROUN | Société Générale Cameroun | SEM | Banking and Finance | 25.6 | 0 | 74.4 |
| 60 | SGHC | Société des Grands Hôtels du Cameroun | SEM | Tourism | 0 | 89.5 | 10.5 |
| 61 | SHNC | Société Hôtelière du Nord Cameroun | SEM | Tourism | 3.1 | 89.25 | 10.8 |
| 62 | SIC | Société Immobilière du Cameroun | SEM | Services | 86 | 0 | 14 |
| 63 | SIC CACAO S.A | Société Industrielle Camerounaise du Cacao | SEM | Agriculture | 0 | 15 | 85 |
| 64 | SNH | Société Nationale des Hydrocarbures | EPIC | Oil and Gas | 100 | 0 | 0 |
| 65 | SNI | Société Nationale d'Investissement du Cameroun | EPIC | Banking and Finance | 100 | 0 | 0 |
| 66 | SOCAPALM | Société Camerounaise du Palmier à Huile | SEM | Agriculture | 14 | 0 | 86 |
| 67 | SOCATRAL | Société Camerounaise de Transformation de l'Aluminium | SEM | Manufacturing | 0 | 93.43 | 6.55 |
| 68 | SOCAVER | Société Camerounaise de Verrerie | SEM | Manufacturing | 20.16 | 52.9 | 26.98 |
| 69 | SODECOTON | Société de Développement du Coton du Cameroun | SEM | Agriculture | 59 | 0 | 41 |
| 70 | SODEPA | Société de Développement et d'Exploitation des Productions Animales | SCP | Agriculture | 66.67 | 33.33 | 0 |
| 71 | SOHLI | Société Hôtelière du Littoral | SEM | Tourism | 89 | 0 | 0 |
| 72 | SONARA | Société Nationale de Raffinage | SEM | Oil and Gas | 11 | 69.34 | 19.7 |
| 73 | SONATREL | Société Nationale de Transport de l'Electricité | SCP | Utilities | 100 | 0 | 0 |
| 74 | SOPECAM | Société de Presse et d'Éditions du Cameroun | SCP | Media | 100 | 0 | 0 |
| 75 | SOSUCAM | Société Sucrière du Cameroun | SEM | Agriculture | 15 | 6 | 79 |
| 76 | SOTRAMAS | Société de Transformation du Manioc de Sangmélina | SEM | Agriculture | 0 | 100 | 0 |
| 77 | SRC | Société de Recouvrement des Créances du Cameroun | EPIC | Banking and Finance | 100 | 0 | 0 |
| 78 | STECY | Société de Transport d'Équipements Collectifs de Yaoundé | SEM | Transport | 0 | 54 | 46 |
| 79 | TOTAL EP S.A | Exploration et Production Cameroun | SEM | Oil and Gas | | | |
| 80 | TRADEX | Société de Trading et d'Exportation de Pétrole Brut et de Produits Pétroliers | SEM | Oil and Gas | 0 | 54 | 46 |
| 81 | UNVDA | Upper Nun Valley Development Authority | SD | Services | 100 | 0 | 0 |

| | | | | | | | |
|----|-------|--|------|-------------|-----|---|---|
| 82 | UTAVA | Unité de Traitements Agricoles par Voie Aérienne | EPIC | Agriculture | 100 | 0 | 0 |
|----|-------|--|------|-------------|-----|---|---|

Annex 3: List of EPAs

| N° | Name |
|----|---|
| 1 | Académie Nationale de Football (ANAFoot) |
| 2 | Agence de Promotion des Investissements (API) |
| 3 | Agence de Promotion des Petites et Moyennes Entreprises (APME) |
| 4 | Agence de Promotion des Zones Economiques (APZE) |
| 5 | Agence de Régulation des Marchés Publics(ARMP) |
| 6 | Agence de Régulation des Télécommunications (ART) |
| 7 | Agence de Régulation du Secteur de l'Electricité (ARSEL) |
| 8 | Agence d'Electrification Rurale (AER) |
| 9 | Agence des Normes et de la Qualité (ANOR) |
| 10 | Agence du Service Civique National de Participation au Développement (ASCNPD) |
| 11 | Agence Nationale de Radioprotection (ANRP) |
| 12 | Agence Nationale de technologie de l'Information (ANTIC) |
| 13 | Autorité Portuaire Nationale (APN) |
| 14 | Bureau Central des Recensements et des Etudes (BUCREP) |
| 15 | Bureau National de l'Etat Civil (BUNEC) |
| 16 | Caisse Autonome d'Amortissement (CAA) |
| 17 | Caisse de Développement de la Pêche Maritime CDPM) |
| 18 | Caisse de Développement de l'Elevage du Nord (CDEN) |
| 19 | Caisse de Stabilisation des Prix des Hydrocarbures (CSPH) |
| 20 | Caisse des Dépôts et Consignations (CDEC) |
| 21 | Caisse Développement de l'Elevage du Nord-Ouest (CDENO) |
| 22 | Caisse Nationale de la Prévoyance Sociale (CNPS) |
| 23 | Cameroon Civil Aviation Authority(CCAA) |
| 24 | Centrale Nationale d'Approvisionnement en Médicaments et Consommables Essentiels (CENAME) |
| 25 | Centre de Documentation Juridique(CDJ) |
| 26 | Centre de Formation des Administrateurs Municipaux(CEFAM) |
| 27 | Centre Hospitalier de Recherche en Chirurgie (CHRACERH) |
| 28 | Centre Hospitalier Universitaire (CHUY) |
| 29 | Centre International de Référence Chantal BIYA (CIRCB) |
| 30 | Centre National de Réhabilitation des Personnes Handicapés (CNRPH) |
| 31 | Centre Pasteur du Cameroun (CPC) |
| 32 | Chambre d'Agriculture, des Pêches, de l'Elevage et des Forêts (CAPEF) |
| 33 | Chambre de Commerce, de l'Industrie, des Mines et de l'Artisanat (CCIMA) |
| 34 | Comité de Gestion FAO/PAM |
| 35 | Comité National Anticorruption (CONAC) |
| 36 | Commission des Marchés Financiers (CMF) |
| 37 | Conseil d'Appui à la Réalisation des Contrats de Partenariat (CARPA) |
| 38 | Conseil National des Chargeurs du Cameroun (CNCC) |
| 39 | Crédit Foncier du Cameroun (CFC) |
| 40 | Croix Rouge Camerounaise (CRC) |
| 41 | Ecole des Faunes |
| 42 | Ecole Internationale des Forces de Sécurité (EIFORCES) |
| 43 | Ecole Nationale d'Administration et de Magistrature (ENAM) |
| 45 | Ecole Nationale des Eaux et Forêts (ENF) |
| 46 | Ecole Nationale Supérieure des Postes et Télécommunications (ENSPT) |
| 47 | Ecole Nationale Supérieure des Travaux Publics (ENSTP) |
| 48 | Fonds de Développement des Filières Cacao et Café |
| 49 | Fonds d'Equipeement et d'Intervention Intercommunale (FEICOM) |
| 50 | Fonds National de l'Emploi (FNE) |
| 51 | Fonds Routier |
| 52 | GCE Board |
| 53 | Hôpital Général de Douala (HGD) |

| | |
|----|---|
| 54 | Hôpital Général de Yaoundé (HGY) |
| 55 | Hôpital Gynéco-Obstétrique et Pédiatrique de Douala (HGOPD) |
| 56 | Hôpital Gynéco-Obstétrique et Pédiatrique de Ngoussou (HGOPY) |
| 57 | Hôpital de Référence de Sangmélina (HRS) |
| 58 | Institut de Recherche Agricole pour le Développement (IRAD) |
| 59 | Institut de Recherches médicales des Plantes Médicinales (IMPM) |
| 60 | Institut National de la Cartographie (INC) |
| 61 | Institut National de la Jeunesse et Sport (INJS) |
| 62 | Institut National de la Statistique (INS) |
| 63 | Institut National du Travail Social (INTS) |
| 64 | Institut Supérieur Management Public (ISMP) |
| 65 | Laboratoire National de Contrôle de Qualité des Médicaments et d'Expertise (LANACOME) |
| 66 | Limbe Nautical Arts and Fisheries Institute (LINAFLI) |
| 67 | Mission de Régulation et des Approvisionnements des Produits de Grande Consommation (MIRAP) |
| 68 | Mission d'Etudes pour l'Aménagement de l'Océan (MEAO) |
| 69 | Mission d'Etudes pour l'Aménagement du Nord (MEADEN) |
| 70 | Observatoire National sur les Changements Climatiques |
| 71 | Office du Baccalauréat (OBC) |
| 72 | Office National des Anciens Combattants (ONACAM) |
| 73 | Office National des Zones Franches Industrielles (ONZFI) |
| 74 | Office National du Cacao et du Café (ONCC) |
| 75 | Palais des Congrès (PC) |
| 76 | South West Development Authority (SOWEDA) |
| 77 | Université de Bamenda (Uba) |
| 78 | Université de Buea |
| 79 | Université de Douala |
| 80 | Université de Dschang |
| 81 | Université de Maroua (UMra) |
| 82 | Université de Ngaoundéré |
| 83 | Université de Yaoundé I |
| 84 | Université de Yaoundé II |

Annex 4: Responses to Corporate Governance Questionnaire

| | FEICOM | SCDP | SONARA | CDC | SODECOTON | CAMPOST | ENEO | EDC | CAMWATER | SNI | CRTV |
|---|--------|------|--------|------|-----------|---------|------|------|----------|------|------|
| STRUCTURE DU CAPITAL DE L'ENTREPRISE | | | | | | | | | | | |
| Pourcentage (%) de la société détenue officiellement par chacune des entités suivantes | | | | | | | | | | | |
| Etat / Ministères: | 100% | 0% | 11% | 100% | 25% | 100% | 44% | 100% | 100% | 100% | 100% |
| Banques publiques / institutions financières: | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Entreprises publiques étrangères : | 0% | 0% | 20% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Autres entreprises publiques : | 0% | 51% | 69% | 0% | 75% | 0% | 0% | 0% | 0% | 0% | 0% |
| Secteur privé - Institutions financières: | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Autres entreprises du secteur privé : | 0% | 49% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Management de l'Entreprise : | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Autres employés de l'Entreprise: | 0% | 0% | 0% | 0% | 0% | 0% | 5% | 0% | 0% | 0% | 0% |
| Autres personnes / Famille: | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Autre (Indiquer) : | 0% | 0% | 0% | 0% | 0% | 0% | 51% | 0% | 0% | 0% | 0% |
| B. CONSEIL D'ADMINISTRATION ET ASSEMBLÉE GÉNÉRALE | | | | | | | | | | | |
| 1. Veuillez fournir la description du Conseil d'Administration: | | | | | | | | | | | |
| Nombre total de membres du conseil 1: | 12 | 11 | 11 | 12 | 6 | 11 | 12 | 12 | 12 | 12 | 12 |
| Nombre de membres du conseil d'administration non-exécutif 2: | | 11 | 0 | 11 | 1 | 11 | 0 | 11 | 12 | 12 | 0 |
| Nombre de membres exécutifs 3 : | 12 | 0 | 11 | 1 | 5 | 0 | 0 | 1 | 0 | 0 | |
| Nombre de membres indépendants du conseil d'administration 4: | 0 | 0 | 0 | 0 | 0 | 11 | 3 | 0 | 0 | 0 | 12 |
| Age moyen des membres du conseil d'administration : | 51 | 49 | 52 | 56 | 55 | 48 | | 54 | 47 | 60 | 50 |
| Durée moyenne de service des membres du conseil : | 6 | 2 | 9 | 9 | 2 | 7 | 4 | 4 | 0 | 10 | |
| Nombre de membres du conseil d'administration siégeant depuis 5 ans ou plus : | 5 | 3 | 4 | 4 | 1 | 5 | 1 | 9 | 0 | 6 | |
| Nombre d'année de service du Président : | 19 | 5 | 24 | 3 | 1 | 8 | 6 | 10 | 12 | 15 | |
| 2. Veuillez indiquer le nombre de membres du conseil d'administration de chacun des groupes suivants 5 : | | | | | | | | | | | |

| | | | | | | | | | | | |
|---|----|----|---|----|---|----|----|----|----------------------------|----|-----|
| President : | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Experts ou membres ayant de l'expérience : | | 0 | 8 | 10 | 5 | 9 | 12 | 10 | 10 | 11 | 10 |
| Représentants de syndicats ou d'employés : | 1 | 0 | 0 | 1 | 0 | 1 | 1 | 1 | 1 | 0 | 1 |
| Représentants d'actionnaires du secteur privé: | | 4 | 2 | 0 | 0 | 0 | 8 | 0 | 0 | 0 | N/A |
| 3. Veuillez indiquer le nombre de membres du conseil ayant le niveau de formation suivant 6 : | | | | | | | | | | | |
| Licence ou plus en en économie / affaires / comptabilité / droit: | 12 | 0 | 7 | 10 | 6 | 11 | 7 | 9 | 12 | 11 | 11 |
| Licence plus/Ingénieur / autre domaine technique: | 0 | 11 | 4 | 8 | 0 | 0 | 5 | 3 | 0 | 0 | 1 |
| Aucun diplôme universitaire du tout: | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 |
| 4. Veuillez indiquer le nombre d'experts membres du conseil d'administration (ou membres ayant de l'expérience) avec le profil suivant : | | | | | | | | | | | |
| Secteur privé / Business : | 0 | 5 | 2 | 0 | 0 | 0 | 8 | 3 | 0 | 0 | 0 |
| Secteur public / fonctionnaire : | 12 | 5 | 6 | 10 | 6 | 10 | 4 | 8 | 9 | 12 | 12 |
| académicien: | 0 | 0 | 1 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 |
| Comptable : | 0 | | 1 | 2 | 1 | 0 | 2 | 0 | 0 | 0 | 0 |
| Juriste: | 0 | | 1 | 5 | 0 | 0 | 1 | 0 | 0 | 0 | 0 |
| Autre / veuillez préciser : | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 2- From CTD; 1-Engineer | 0 | 0 |
| 5. Veuillez indiquer le profil du président du Conseil d'Administration: | | | | | | | | | | | |
| Secteur privé / Business : | | | | | | | | | | | |
| Secteur public / fonctionnaire : | X | X | X | | X | | X | | | X | X |
| académicien: | | | | | | X | | X | X | | X |
| Comptable : | | | | | | | | | | | |
| Juriste: | | | | | | | | | | | |
| Autre / veuillez préciser : | | | | X | | | | | | | |
| 6. Le Président du Conseil d'Administration est-il également Directeur Général de l'Entreprise? | | | | | | | | | | | |
| Oui | | | | | | | | | | | |
| Non | X | X | X | X | X | X | X | X | X | X | X |

7. Combien de membres du Conseil sont membres d'autres Conseils et de combien d'autres conseils?

| | | | | | | | | | | | |
|----------------------|----------|----------|----------|---------------|----------|-----|-----|-----|-----|-----|-----|
| Pas d'autres Conseil | | | | | | N/A | N/A | N/A | N/A | N/A | N/A |
| 1 - 3 Conseils | True - 1 | True - 2 | True - 4 | 7 True - 7 | True - 1 | | | | | | |
| 4 - 6 Conseils | | | | | True - 5 | | | | | | |
| 7 - 10 Conseils | | | | True | | | | | | | |
| Plus de 10 Conseils | | | | | | | | | | | |

8. Combien de fois le conseil s'est-il réuni au cours du dernier exercice budgétaire ?

| | | | | | | | | | | | |
|----------------------|---|---|---|---|---|---|---|---|---|---|---|
| Officiellement | 5 | 2 | 4 | 3 | 5 | 4 | 3 | 3 | 5 | 2 | 3 |
| Informellement | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Nombre total de fois | 5 | 2 | 4 | 3 | 5 | 4 | 0 | 3 | 5 | 2 | 3 |

9. Quel était le nombre moyen de membres participant aux réunions du Conseil?

| | | | | | | | | | | | |
|--|---|----|---|----|---|----|----|----|---|---|---|
| | 8 | 11 | 9 | 11 | 6 | 11 | 10 | 12 | 8 | 8 | 7 |
|--|---|----|---|----|---|----|----|----|---|---|---|

10. Combien de membres du Conseil se sont fait représenté aux réunions du Conseil? Et avec quelle fréquence ?

| | | | | | | | | | | | |
|---------------------------------|---|---|-------|---|---|---|---|-------|---|-------|---|
| Jamais : | | | | | X | | | | | | |
| Rarement (plus de 1 - 5 fois) : | | X | X - 3 | X | | X | X | X - 2 | X | X - 2 | X |
| Parfois (plus de 6 - 10 fois) : | X | | | | | | | | | | |
| Toujours (plus de 10 fois) : | | | | | | | | | | | |

11. Combien de temps à l'avance les membres du conseil sont-ils informés des réunions du conseil?

| | | | | | | | | | | | |
|---------------------|---|---|--------|---|---|---|---|---|---|---|---|
| Moins de 10 jours : | | | | | | | | | | | |
| 10 - 19 jours : | X | X | | X | | X | | | X | | |
| 20 - 29 jours : | | | X - 29 | | | | | X | | X | X |
| 30 jours ou plus : | | | | | X | | X | | | | |

12. L'information suivante est-elle distribuée aux membres du conseil avant les réunions du conseil?

| | | | | | | | | | | | |
|--|---|---|---|---|---|---|---|-----|-----|-----|-----|
| États financiers: | X | X | X | X | X | X | X | X | X | X | X |
| Rapports d'audit : | | X | X | X | X | X | X | | X | X | N/A |
| Transactions entre parties liées et conflits d'intérêts: | | X | X | X | X | | X | N/A | N/A | N/A | N/A |
| Compensation managériale /évaluation: | | | X | | | | X | N/A | N/A | X | N/A |

| | | | | | | | | | | | |
|---|---|---|-------|-------|-------|-------|---|-----|---|-----|---|
| Stratégie de l'entreprise : | X | X | X | X | X | X | X | X | X | X | X |
| Planning de relève (Succession Plan): | | X | | X | | X | | N/A | X | N/A | |
| 13. Combien de temps à l'avance les documents du Conseil sont transmis aux membres ? | | | | | | | | | | | |
| Moins de 10 jours | | | | | | | | | | | |
| 10 - 19 jours | X | X | X -14 | X -14 | X -15 | X -15 | X | X | X | X | X |
| 20 - 29 jours | | | | | | | | | | | |
| 30 jours ou plus | | | | | | | | | | | |
| 14. En général, le Conseil est-il satisfait de la fréquence, de la rapidité et de la qualité des documents fournis au Conseil? | | | | | | | | | | | |
| Fréquence d'information : | 1 | 2 | 2 | 1 | 2 | 1 | 2 | 1 | 2 | 1 | 2 |
| L'actualité des informations: | 1 | 2 | 1 | 1 | 2 | 1 | 2 | 1 | 2 | 1 | 2 |
| Qualité de l'information : | 1 | 2 | 1 | 1 | 2 | 1 | 2 | 1 | 2 | 1 | 2 |
| 15. Le Conseil a-t-il des sous-comités (ou des structures similaires) exclusivement composés de membres ? Veuillez cocher Oui /Non ci-dessous et décrire leur composition. | | | | | | | | | | | |
| Comité d'audit : | 0 | 4 | 0 | 1 | 0 | 0 | 1 | 0 | 0 | 1 | 0 |
| Comité de nomination: | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 1 | 0 | 0 |
| Comité de rémunération : | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 1 | 0 |
| Gouvernance d'entreprise : | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 1 | 1 | 0 |
| Comité de régulation des marchés : | 0 | 4 | 1 | 0 | 1 | 0 | 1 | 0 | 1 | 1 | 0 |
| Comité ad hoc : | 0 | 0 | 1 | 0 | 0 | 1 | 1 | 0 | 0 | 1 | 1 |
| Aucun comité: | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| 16. Le Conseil a-t-il engagé des consultants externes pour obtenir des conseils au cours des deux dernières années? | | | | | | | | | | | |
| Oui | X | X | X | X | X | X | X | | | | |
| Non | | | | | | | | X | X | X | X |
| Le Conseil n'est pas légalement autorisé à le faire | | | | | | | | | | | X |
| 17. Si oui, le Conseil dispose-t-il d'un budget spécifique pour l'embauche de ces consultants? | | | | | | | | | | | |
| Oui | | | X | X | | | X | X | | | |

| | | | | | | | | | | | |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Non | X | X | | | X | | | X | X | X | X |
| 18. Comment les membres du Conseil sont-ils rémunérés pour leurs services? (Plusieurs entrées possibles) | | | | | | | | | | | |
| Président: | Mensuel | Mensuel | Mensuel | Mensuel | Mensuel | Session | Mensuel | Session | Session | Session | Session |
| Directeurs non-exécutifs: | RAS | RAS | RAS | Session | Session | N/A | 1 | N/A | N/A | N/A | N/A |
| Cadres indépendants: | RAS | RAS | RAS | Session | Session | N/A | N/A | N/A | N/A | N/A | N/A |
| Administrateurs : | RAS | Session | Session | Session | Session | Session | Session | Session | Session | Session | Session |
| Tout ce qui precede: | | | | | | | | | | | |
| 19. Quel est le montant annuel moyen reçu par chaque membre du Conseil dans chacun des cas suivants: groupes? | | | | | | | | | | | |
| Président: | 5E+06 | 4E+07 | 5E+07 | 1E+07 | 2E+07 | 2E+06 | | 5E+06 | 1E+07 | 3E+07 | |
| Directeurs non-exécutifs: | | | | 2E+06 | 2E+06 | | | | | | |
| Cadres indépendants: | | | | 5E+05 | 2E+06 | | | | | | |
| Administrateurs : | 3E+06 | 2E+07 | 9E+06 | 2E+06 | 6E+05 | 1E+06 | | 3E+06 | 1E+07 | 2E+06 | |
| Tout ce qui precede: | | | | | | | | | | | |
| 20. Combien de membres du Conseil d'administration ont subi une formation sur la tenue des Conseils d'Administration? | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 21. Qui évalue la performance du Conseil d'Administration? | | | | | | | | | | | |
| Tutelle technique : | | | X | | | | | | | | |
| Assemblée Générale: | | | | X | | X | | | | | |
| Conseil d'entreprise lui - même : | | | | | | | X | | | | |
| Aucune évaluation formelle en place : | | X | | | X | | | X | X | | X |
| 22. Qui est ce qui est évaluée? | | | | | | | | | | | |
| Conseil dans son ensemble : | | | | | | X | | | X | | |
| Membres du conseil d'administration : | | | | | | | | | | | |
| Les deux ci-dessus : | X | X | X | X | | | X | | | | |
| 23. Comment la performance individuelle des membres du Conseil est-elle évaluée? (Plusieurs entrées possibles) | | | | | | | | | | | |
| Grâce aux commentaires individuels du président du conseil d'administration : | | | | X | | | | | | | |

| | | | | | | | | | | | |
|--|---|---|---|---|---|---|---|---|---|---|---|
| Grâce aux commentaires individuels des actionnaires : | | | | | | X | | | | | |
| Par l'entremise d'un comité spécial du conseil : | | | | | | X | | | | | |
| Grâce à un système formel d'évaluation du rendement au sein du conseil : | | | | | | | | | | | |
| Grâce aux commentaires de la haute direction : | | | X | | | | | | | | |
| A travers le nombre de sessions suivies : | | | | | | | | | | | |
| Par la réalisation des objectifs de l'entreprise : | | | | | X | | X | | | | |
| Grâce à l'auto-évaluation : | | | | | | | | | | | |
| Aucun processus d'évaluation en place : | | X | | X | | | | X | X | X | |
| Projet d'introduction d'un système d'évaluation des performances en cours : | | | | | | | | | | | |
| 24. L'assemblée générale a-t-elle pris la décision, au cours des deux dernières années, de retirer l'une des membres du conseil pendant leur mandat ? | | | | | | | | | | | |
| Président du conseil d'administration: | | | | | | | | | | | |
| Le Conseil tout entier: | | | | | | | | | | | |
| Quelques membres du Conseil : | | | | | | | | | | | |
| Aucune décision de retrait n'a été prise : | X | X | X | X | X | X | X | X | X | X | X |
| 25. Existe-t-il une politique spécifique ou un document en place au sein du Conseil précisant le cadre de gestion des conflits d'intérêts¹³ ou de transactions entre parties liées¹⁴; | | | | | | | | | | | |
| Oui | | | | | | X | | | | | |
| Non | X | X | X | X | | | X | X | X | X | X |
| 26. Y a-t-il eu des transactions entre parties liées au cours des deux dernières années? | | | | | | | | | | | |
| Oui | X | | | | | | X | | | | |
| Non | | X | X | X | X | X | | X | X | X | X |
| 27. Qui approuve les transactions entre parties liées? | | | | | | | | | | | |
| Assemblée Générale | X | X | | | | | X | | | | |
| Conseil d'Administration | X | X | | | | X | X | | X | | |
| Autre (veuillez préciser) | | | | | | | | | | | |
| C. OBJECTIFS DE GESTION DE L'ENTREPRISE ET | | | | | | | | | | | |

28. Qui fixe les objectifs commerciaux et non commerciaux 15 de l'Entreprise?

| | | | | | | | | | | |
|----------------------------|---|---|---|---|---|---|---|---|---|---|
| Entité Propriétaire | | | | | | | | X | | |
| Ministère de tutelle : | X | | | | | | | | | |
| Assemblée Générale: | | X | | | | | | | | |
| Conseil d'Administration : | | X | | X | X | X | X | | X | X |
| Directeur Général | X | X | | X | | | | | X | X |
| Le haut management | | | X | | | | | | | |

29. L'entreprise prépare-t-elle un plan d'affaires stratégique?

| | | | | | | | | | | |
|-----|---|---|---|---|---|---|---|---|---|---|
| Oui | X | X | X | | X | X | | X | X | X |
| Non | | | | X | | | X | | | |

30. Qui est impliqué dans le processus de planification stratégique? (Plusieurs entrées possibles)

| | | | | | | | | | | |
|--------------------------|---|---|---|---|---|---|---|---|---|---|
| Entité Propriétaire | | | | | X | X | | X | X | X |
| Ministère de tutelle | X | | X | | X | | | X | X | X |
| Assemblée générale | | | X | | | | X | | | |
| Conseil d'Administration | X | X | X | X | X | X | | X | X | X |
| Directeur général | X | X | X | X | X | X | | X | X | X |
| Le haut Management | | X | X | | X | X | | X | X | X |

31. Qui dans l'entreprise prépare le budget annuel?

| | | | | | | | | | | |
|---------------------------|---|---|---|---|---|---|---|---|---|---|
| Directeur Général | | | X | | | | | X | X | |
| La haute direction | | | | | | | | | X | X |
| Département fonctionnel | X | X | X | X | X | X | X | X | X | X |
| Autre (veuillez préciser) | | | | | | | | | | |

32. Veuillez préciser le mois où le budget annuel est généralement préparé.

| | | | | | | | | | | |
|--|--|-----|-----|-----|-----|-----|-----|------|-----|------|
| | | Nov | Nov | Oct | Nov | Oct | Oct | Sept | Oct | Sept |
|--|--|-----|-----|-----|-----|-----|-----|------|-----|------|

33. Veuillez énumérer les principaux éléments couverts dans le budget annuel.

Pas possible de renseigner ici.

34. Quel organisme approuve les éléments suivants?

| | | | | | | | | | | |
|---------------------------|---|---|---|---|---|---|---|---|---|---|
| Objectifs de l'entreprise | 3 | 2 | 3 | 3 | 3 | 3 | 2 | 3 | 3 | 3 |
| Plan stratégique | 3 | 2 | 3 | 3 | 3 | 3 | 2 | 3 | 3 | 3 |

| | | | | | | | | | | |
|--|-------|-------|-------|--------|-------|-------|-------|------|----|-------|
| Budget annuel | 3 | 3 | 5 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Objectifs financiers | 3 | 2 | 3 | 3 | 3 | 3 | 2 | 3 | 3 | 3 |
| Tarification du produit | 0 | CSPH | 4 | 3 | 1 | 3 | 3 | 3 | 0 | 4 |
| Embauche et départ du personnel | 3 | 2 | 4 | 3 | 3 | 3 | 3 | 3 | 3 | 4 |
| Augmentation de salaire | 3 | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Prime basée sur la performance | 3 | 2 | 4 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| 35. L'entreprise a-t-elle la possibilité de fixer de façon indépendante les salaires des gestionnaires et des employés? | | | | | | | | | | |
| Oui | | X | | | | X | | | X | |
| Non | X | | X | X | X | | X | X | | X |
| 36. Veuillez préciser ce qui suit: | | | | | | | | | | |
| Nombre de postes de direction dans l'entreprise | 9 | 11 | 12 | 7 | 7 | 8 | 4 | 5 | 8 | 107 |
| Age moyen des membres de la haute Direction | 52 | 56 | 55 | 55 | 48 | 41 | 48 | 44 | 50 | 48 |
| Durée de service du Directeur Général | 8 ans | 5 ans | 5 ans | 1,5 an | 3 ans | 4 ans | 8 ans | 1 an | 15 | 2 ans |
| 37. L'entreprise dispose-t-elle d'un mécanisme formel de suivi de la performance? | | | | | | | | | | |
| Oui | X | X | X | X | X | X | X | X | X | |
| Non | | | | | | | | | | X |
| Prévoit de le mettre en place | | | | | | | | | | |
| 38. Sur quelle base le rendement de la haute direction est-il évalué? (Plusieurs entrées possibles) | | | | | | | | | | |
| Grâce aux retours individuels du directeur général | X | X | X | | | X | | | X | |
| Grâce à la révision du conseil | | X | X | | | X | | X | X | |
| Sur la base de la réalisation des objectifs et des cibles de l'entreprise | X | X | X | | X | X | X | X | X | |
| Grâce aux commentaires individuels des actionnaires | | X | X | | | X | | | X | |
| Grâce à un système formel d'évaluation des performances | | X | | | X | | | | | |
| Grâce à la rétroaction des pairs | | X | | | | | | | | |
| Grâce à l'auto-évaluation | | X | | | | | | X | | |
| Aucune évaluation effectuée | | | | X | | | | | | |

| | | | | | | | | | | |
|--|--------------------------|------------|-------------|---------|---|-------------|---------|-------------|------------|---------|
| Prévoit l'introduction de l'évaluation des performances | | | | | | | | | | X |
| D. CONTRÔLE INTERNE | | | | | | | | | | |
| 39. L'entreprise a-t-elle une fonction de contrôle interne? | | | | | | | | | | |
| Oui | X | X | X | X | X | X | X | X | X | X |
| Non | | | | | | | | | | |
| 40. Si oui, quelles sont ses principales fonctions? (Plusieurs entrées possibles) | | | | | | | | | | |
| Assurer l'exhaustivité et l'exactitude de l'information financière | X | X | | | | X | X | X | X | X |
| Atténuer les conflits d'intérêts | X | | | | | X | X | | X | X |
| Vérifier le respect des normes et réglementations légales | X | X | | | X | X | X | X | X | X |
| Vérifier le respect des documents internes / statuts / normes | X | | | X | X | X | X | X | X | X |
| Vérifier les transactions entre parties liées | X | | | | | X | X | | X | X |
| Autre (veuillez préciser) | | | | | | | | | | |
| 41. A qui le responsable du contrôle interne reporte-t'il ? Et à quelle fréquence? | | | | | | | | | | |
| Président du Conseil | | | | | | | | | | |
| Conseil dans son ensemble | | | | | | | | | | |
| Directeur général | | Semestriel | Trimestriel | Mensuel | | Mensuel | Mensuel | Trimestriel | Semestriel | Mensuel |
| La haute direction | | | | | | Trimestriel | | | | |
| Autre (veuillez préciser) | Mensuel / Comité d'Audit | | | | | | | | | |
| 42. L'entreprise dispose-t-elle d'une unité ou d'un département d'audit interne distinct ? 17 | | | | | | | | | | |
| Oui | X | X | X | X | X | X | X | X | X | X |
| Non | | | | | | | | | | |
| 43. Si oui, quelles sont ses principales fonctions? (Plusieurs entrées possibles) | | | | | | | | | | |
| Evaluateur indépendant des contrôles internes et de la conformité | X | | X | X | | | X | X | X | X |
| Vérification de l'information fonctionnelle | X | X | | X | | | X | X | X | X |
| Assistance au Management | | X | | X | X | | X | X | X | X |
| Policier | | | | | | | | | | |

| | | | | | | | | | | |
|--|-----|---------------------------|------|----------------------|------|-----|-----|---|-----|------|
| Soutien à l'auditeur Etatique | | | | X | X | | X | | X | X |
| Soutien à un auditeur externe | | X | | X | | | X | | X | X |
| Consulte pour améliorer l'efficacité opérationnelle | X | X | | X | | | X | X | X | X |
| Autre (veuillez préciser) | | X /Evaluation des Risques | | | | | | | | |
| 44. A qui le chef du service d'audit interne reporte-t'il et à quelle fréquence? | | | | | | | | | | |
| Président du Conseil | | | | | | | | | | |
| Conseil dans son ensemble | | | | | | | | | | |
| Comité d'Audit | Sem | | Trim | | | Sem | | | | |
| Directeur général | Sem | Sem | Trim | Men | Trim | | Men | | Sem | Trim |
| La haute direction | | | | | | | | | | |
| Autre (veuillez préciser) | | | | Financial Department | | | | | | |
| 45. Qui nomme et révoque le chef du service d'audit interne? | | | | | | | | | | |
| Assemblée générale | | | | | | | | | | |
| Conseil d'Administration | | | X | | | X | X | X | X | X |
| Comité d'Audit | | | | | | | | | | |
| Directeur Général | X | X | | X | X | X | | | X | |
| La haute direction | | | | | | | | | | |
| 46. La même personne dirige-t-elle les services de Contrôle interne et d'Audit interne? | | | | | | | | | | |
| Oui | | | X | | | | | | | |
| Non | X | X | | X | X | X | X | X | X | X |
| 47. L'entreprise éprouve-t-elle des difficultés à passer du système de comptabilité unifié aux standards internationaux de comptabilité ? | | | | | | | | | | |
| Oui | X | X | | X | X | | | | | |
| Non | | Flase | X | | | X | X | | X | X |
| 48. Des procédures de dénonciation sont-elles en place pour protéger les employés ou d'autres acteurs / actionnaires ? 18 | | | | | | | | | | |
| Oui | | X | X | X | X | X | X | | X | X |
| Non | X | | | | | | | X | | |
| E. TRANSPARENCE ET DIVULGATION | | | | | | | | | | |

49. L'entreprise s'octroie t'elle les services d'un cabinet d'audit externe ? 19

| | | | | | | | | | | |
|-----|---|---|---|---|---|---|---|---|---|---|
| Oui | X | X | X | | X | X | X | X | X | X |
| Non | | | | X | | | | | | |

50. Dans la négative, quelles sont les raisons de ne pas recruter une entreprise d'Audit externe ? (Multiple entrées possibles)

| | | | | | | | | | | |
|------------------------------|--|--|--|---|--|---|--|--|--|--|
| Aucune obligation légale | | | | | | X | | | | |
| Audit de l'Etat suffisant | | | | X | | | | | | |
| Pas de valeur supplémentaire | | | | | | | | | | |
| Manque de ressources | | | | | | | | | | |
| Autre (veuillez préciser) | | | | | | | | | | |

51. L'entreprise a-t-elle des politiques de divulgation de données écrites, en plus des exigences légales?

| | | | | | | | | | | |
|-----|---|---|---|---|---|---|---|---|---|---|
| Oui | X | X | X | X | | | | | X | |
| Non | | | | | X | X | X | X | | X |

52. L'entreprise divulgue-t-elle les informations suivantes à l'entité propriétaire et au grand public? (plusieurs entrées possibles) :

L'information financière

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|-----|-----|---|
| États financiers | X | X | X | X | X | X | X | X | X | X |
| Rapports d'audit | X | X | X | X | X | X | X | X | X | X |
| Rapports du Conseil d'Administration | X | X | X | X | X | X | X | X | X | X |
| Toutes les éventuelles conditions / risques | | X | X | X | X | X | X | N/A | X | X |
| La situation financière de l'entreprise | X | X | X | X | X | X | X | N/A | N/A | X |

Informations financières /non financières

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|-----|---|
| Objectifs de l'entreprise et stratégie | X | X | X | X | X | X | X | X | X | X |
| Conformité avec le code de gouvernance d'entreprise | | X | X | X | X | X | X | X | N/A | X |
| Organigramme | X | X | X | X | X | X | X | X | X | X |
| Informations biographiques sur les membres du conseil | | X | X | X | X | X | X | | X | X |
| Rémunération des membres du conseil | X | X | X | X | X | X | X | | | |
| Informations biographiques sur la haute direction | | X | X | X | X | | X | | X | X |

| | | | | | | | | | | |
|--|---|-----------------|---|---|-------------------|---|-----------------|-----|-----|-----|
| Rémunération de la haute direction | X | X | X | X | X | X | X | | X | X |
| Importantes transactions entre parties liées | | X | X | X | X | X | X | | X | X |
| Les autres informations | | | | | | | | | | |
| Articles ou acte fondateur | X | X | X | X | X | X | X | X | X | |
| Résolutions de l'assemblée générale annuelle | | X | X | | | X | X | X | | |
| 53. Si non, qu'est-ce qui empêche l'entreprise de divulguer des informations supplémentaires? (entrées multiples possible) | | | | | | | | N/A | N/A | |
| Aucune obligation légale | | | | | | X | X | | | X |
| Pas de valeur ajoutée | | | | | | | X | | | |
| Aucune demande | | | | X | | | | | X | |
| Manque de ressources | | | | X | | | | | | |
| 54. Quelles méthodes l'entreprise utilise-t-elle généralement pour diffuser des informations au Public? (Plusieurs entrées possibles) | | | | | | | | | | |
| Site Web d'entreprise | X | X | X | | X | X | X | X | X | X |
| Journaux / journaux locaux | X | X | X | X | X | | X | X | X | |
| Autre (veuillez préciser) | | Journal Interne | | | Affichage Interne | | Journal Interne | | | |
| F. PROTECTION DES ACTIONNAIRES | | | | | | | | | | |
| 55. L'entreprise a-t-elle un code d'éthique ? | | | | | | | | | | |
| Oui | X | X | X | X | | X | X | X | X | |
| Non | | | | | | X | | | | X |
| 56. La société a-t-elle un pacte d'actionnaires, des directives ou règlements spécifiques régissant les relations entre actionnaires majoritaires et minoritaires ? | | | | | | | | | | |
| Oui | | | | | | X | | | | |
| Non | X | X | X | X | X | | X | X | X | X |
| 57. Comment les actionnaires sont-ils informés de l'assemblée générale annuelle? (Plusieurs entrées possibles) | | | | | | | | N/A | N/A | N/A |
| Avis dans la presse | X | X | | X | | | | | | |
| Avis envoyé par courrier | | X | X | X | X | X | | X | | |
| Annonce sur le site de l'entreprise | | | | | | | | | | |
| Par l'intermédiaire des succursales | | | | | | | | | | |

| | | | | | | | | | | |
|--|---|---|---|----------------------|---|---|-----|---|---|-----|
| Autre (veuillez préciser) | | | | | | | | | | |
| 58. A quelle date les actionnaires sont-ils informés de la date de la réunion? | | | | | | | N/A | | | N/A |
| Moins de 10 jours | | | | | | | | | | |
| 10 - 19 jours | X | | X | | X | X | | X | | |
| 20 - 29 jours | | X | | | | | | | | |
| 30 jours ou plus | | | | X | | | | | | |
| 59. Quelle information les actionnaires reçoivent-ils avant la réunion? (Entrées multiples possible) | | | | | | | | | | |
| Ordre du jour de la réunion | X | X | X | X | X | X | | X | | |
| États financiers | X | X | X | X | X | X | | X | | |
| Rapport d'audit | X | X | X | X | X | X | | X | | |
| Informations financières non financières | X | X | X | X | X | X | | X | | |
| Rapport annuel | X | X | X | X | X | X | | X | | |
| Autres documents / veuillez préciser | X | | X | Projet de résolution | | X | X | X | X | X |
| Aucune de ces réponses | | | | | | | | | | |
| 60. Comment les résultats de la réunion sont-ils répartis entre les actionnaires? (entrées multiples possible): | | | | | | | | | | |
| Par mail | | | X | | X | X | | | | |
| Par email | | | | | | | | | | |
| Publié dans la presse | | X | | | | | | X | | |
| Publié sur le site de l'entreprise | X | | | | | | | | | |
| Disponible sur demande | | X | | X | | | | | | |
| Pas distribué du tout | | | | | | | X | | | X |
| 61. Comment les résultats de la réunion sont-ils diffusés auprès du grand public? (entrées multiples possible) | | | | | | | | | | |
| Publié dans la presse | | X | X | | X | | | X | | |
| Annonce sur le site de l'entreprise | | | | | X | | | X | | |
| Disponible sur demande | X | | | | | X | | | | |
| Autre (veuillez préciser) | | | | | | | | | | |
| Non diffusé au public | | | | X | | | | | | X |

| | | | | | | | | | | |
|---|---|------------------------|---|---|---|--------------------------|------|---|---|---|
| 62. Les actionnaires ont-ils déjà intenté une action en justice contre l'entreprise? | | | | | | | N/A | | | |
| Oui | | | | | | | | | | |
| Non | X | X | X | X | X | X | | X | X | X |
| G. GOUVERNANCE D'ENTREPRISE | | | | | | | | | | |
| 63. Etes-vous familier de la politique de la Gouvernance d'Entreprise pour les Entreprises ou Etablissements publics ? | | | | | | | N/A | | | |
| Oui | X | X | X | X | X | | | X | X | X |
| Non | | | | | | | X | | | |
| 64. Au cours des deux dernières années, l'entreprise a-t-elle pris des mesures spécifiques visant à améliorer la Gouvernance d'entreprise? (plusieurs entrées possibles) | | | | | | | None | | | |
| Création de comités auprès du conseil d'Administration | X | X | | | | X | | X | X | X |
| Formalisation des fonctions et des responsabilités du conseil | | | X | | | | | | X | X |
| Mise en place de l'audit interne | X | X | | | | X | | X | X | X |
| Amélioration de la divulgation des données et de la transparence | | X | X | X | | X | | | X | X |
| Amélioration de la documentation interne | | X | X | X | | X | | X | X | X |
| Autre (veuillez préciser) | | X / Creation fo CLCCPE | | | | Cartographie des risques | | | | |
| Aucune mesure spécifique entreprise | | | | | | | | | | |
| 65. Quelles ont été les principales raisons d'entreprendre les mesures susmentionnées? (Plusieurs entrées possibles) | | | | | | | None | | | |
| Exigences légales / réglementaires | | X | X | | | X | | | X | X |
| Changement de propriétaire / base d'actionariat | | | | | | | | | X | |
| Besoin d'attirer des investissements externes | | X | X | | | | | | X | |
| Nécessité d'améliorer l'efficacité des opérations | X | X | X | X | | X | | | X | X |
| Nécessité d'améliorer la coordination des parties prenantes | | X | X | X | | | | | X | X |
| Améliorations requises par les actionnaires | | X | X | | | | | | X | X |
| Améliorations requises par le conseil | | X | X | | | | | | X | X |

| | | | | | | | | | | | |
|--|---|---------|------|---|---|--|--------|----------------------------------|---|---|--|
| Autres (veuillez préciser) | | | | | | | | X/ Improve company's performance | | | |
| 66. L'Entreprise prévoit-elle entreprendre l'une des mesures suivantes au cours des deux prochaines années? (Plusieurs entrées possibles) | | | | | | | Aucune | | | | |
| Etablir des comités du conseil | | Done | | | | | | | X | X | |
| Etablir un système de vérification interne | | Done | Done | | X | | | X | X | X | |
| Améliorer la documentation interne | | Ongoing | Done | X | X | | | X | X | X | |
| Améliorer les procédures de divulgation des informations | | X | | X | | | | X | X | X | |
| Obtenir le soutien du conseil sur les questions de gouvernance d'entreprise | | X | | | X | | | | X | X | |
| Autre (veuillez préciser) | | | | | | | | | | | |
| Aucune mesure particulière prévue | | | | | | | | Internal Mecanism of Evaluation | | | |
| 67. La société a-t-elle désigné un responsable de la Gouvernance d'Entreprise ou un(e) secrétaire de la société responsable uniquement des pratiques de Gouvernance d'entreprise au sein de l'Entreprise? | | | | | | | | | | | |
| Oui | | | | | | | | | | | |
| Non | X | X | X | X | X | | X | X | X | | |
| Prévoit de l'introduire | | | | | | | | | X | X | |
| 68. Quels sont les principaux objectifs que les améliorations de la Gouvernance d'entreprise dans votre entreprise devraient viser? Atteindre? | | | | | | | | | | | |
| Attirer des investissements externes | | X | X | | X | | | X | X | X | |
| Améliorer l'efficacité opérationnelle | X | X | X | X | X | | X | X | X | X | |
| Améliorer la coordination des actionnaires | | X | X | | X | | | | X | | |
| Améliorer la capitalisation | | X | X | X | X | | | X | X | | |
| Améliorer le système de contrôle interne | X | X | X | X | X | | | X | X | X | |
| Améliorer l'image publique | X | X | X | X | X | | | X | X | X | |
| Conforme aux lois / règlements | X | X | X | | X | | | X | X | X | |
| Autre (veuillez préciser) | | | | | | | | | | | |

69. A votre avis, quelle est l'importance de la Gouvernance d'entreprise pour votre entreprise?

| | | | | | | | | | |
|-----------------|---|---|---|---|---|--|---|---|---|
| Très important | X | X | X | | X | | X | X | X |
| Important | | | | X | | | X | | |
| Assez important | | | | | | | | | |
| Pas important | | | | | | | | | |

70. Selon vous, quel est le statut actuel de la Gouvernance d'entreprise dans votre entreprise?

| | | | | | | | | | |
|---------------------------|---|---|---|---|---|--|---|---|---|
| Bien développé | | | | | | | | X | |
| Suffisamment développé | | X | X | X | X | | | X | |
| Sous-développé | X | | | | | | X | | X |
| Pauvre/ Inexistant | | | | | | | | | |
| Critique | | | | | | | | | |
| Autre (veuillez préciser) | | | | | | | | | |

71. Selon vous, quel est le statut actuel de la gouvernance d'entreprise dans les Entreprises d'Etat?

| | | | | | | | | | |
|---------------------------|---|---|---|---|---|--|---|---|---|
| Bien développé | | | | | | | | | |
| Suffisamment développé | | X | X | X | | | | X | |
| Sous-développé | X | | | | X | | X | | X |
| Pauvre/ Inexistant | | | | | | | X | | |
| Critique | | | | | | | | | |
| Autre (veuillez préciser) | | | | | | | | | |

72. Selon vous, qu'est-ce qui entrave l'amélioration de la Gouvernance d'entreprise dans les Entreprises/Etablissements publics? en général?

| | | | | | | | | | |
|---|---|---|---|---|---|--|---|---|---|
| Manque de connaissances et d'expérience | X | X | X | | X | | X | X | X |
| Insuffisance de motivation économique pour le faire | | X | | | | | | | X |
| Déficiences dans le cadre juridique des entreprises publiques | | | | | | | X | X | X |
| Absence d'une large base d'actionnaires | | X | X | | X | | | | X |
| Manque de ressources financières | | | | X | X | | X | | X |

| | | | | | | | | | | |
|---|-------|-----------------------|-----------------------|--------------------------|-----|--|--------------------------|--------|-------|-----|
| Absence de système de contrôle interne efficace | | | | | X | | | X | X | X |
| Manque de soutien de la part des actionnaires | | | | | | | | | X | X |
| Manque de soutien de la part du conseil | X | | | | | | | | X | X |
| Manque de responsabilité managériale | X | X | | | X | | | | X | |
| Résistance interne du personnel clé | | | | | X | | | X | X | X |
| H. INFORMATIONS FINANCIÈRES GÉNÉRALES | | | | | | | | | | |
| 73. Veuillez fournir les informations suivantes sur les six plus gros prêts²¹ de l'Entreprises (y compris les prêts à court terme, les prêts à moyen terme et les lignes de crédit renouvelables) : | | | | | | | | | | |
| Solde | ##### | ##### | ##### | ##### | N/A | | N/A | ##### | ##### | N/A |
| Taux d'intérêt (à l'émission du prêt) | 0.06 | Libor +6% | 0.06 | 0.08 | | | | 0.02 | 0.07 | |
| Type de taux d'intérêt après l'émission (variable / fixe) | | | | | | | | Fixe | Fixe | |
| Maturité (au moment de l'émission) | | | | | | | | 20 ans | 7 ans | |
| Devise d'émission du prêt | FCFA | USD | FCFA | FCFA | | | | USD | FCFA | |
| 74. L'Entreprise reçoit-elle des subventions, des dons ou d'autres catégories de paiements de l'Etat? Si oui, veuillez décrire la nature : | YES | YES /Sub. D'équilibre | YES /Sub. D'équilibre | YES /Sub. D'exploitation | Yes | | Yes/ Sub. Fonctionnement | Yes | No | Yes |
| 75. L'Entreprise a-t-elle un avantage financier par rapport à d'autres ? Par exemple, des allègements fiscaux ou des prêts gouvernementaux à des taux d'intérêt inférieurs au taux du marché ? | No | Yes | No | Yes | No | | No | No | No | No |

Annex 5: Companies and Agencies with Performance Agreements

| | Raisons sociales | Activités Principales (secteur) | Tutelle Technique | Statut juridique | Date de signature contrat plan | Contrat plan | | |
|---|------------------|---|-------------------|------------------|--------------------------------|--------------|------------------|-------------------------|
| | | | | | | Début | Clôture présumée | Avenant au contrat plan |
| 1 | MAETUR | Réaliser ou de faire réaliser, sous sa responsabilité, les opérations d'aménagement ou d'équipement de terrains en vue de la promotion immobilière et de l'habitat sur toute l'étendue de la République | MINDAF | EPIC* | 12/8/2013 | 2013 | 2015 | 2016 |
| 2 | ANAFOR | Appuyer la mise en œuvre du programme national de développement des plantations forestières privées et communautaires | MINFOF | SCP | 26/09/2014 | 2015 | 2017 | |
| 3 | MATGENIE | Assurer l'acquisition, le renouvellement, la mise en location, le montage, l'assemblage et la vente de matériels destinés à la réalisation des travaux et à l'entretien des ouvrages dans le secteur des BTP | MINTP | SCP | 28/06/2013 | 2013 | 2015 | |
| 4 | SIC | Assurer la mise en œuvre de la politique de logement définie par les pouvoirs publics | MINDUH | SEM | 8/7/2013 | 2013 | 2015 | 2016 |
| 5 | PAMOL | Créer, exploiter et développer toutes activités agricoles notamment l'hévéaculture et le palmier à huile | MINADER | SEM | 12/4/2012 | 2013 | 2015 | |
| 6 | SODEPA | Assure l'acquisition, la création, l'administration, l'exploitation et le développement de toutes entreprises d'élevage, de production des denrées animales nécessaires à l'élevage et de transformation des productions animales notamment les abattoirs, les entrepôts frigorifiques et les ateliers de conditionnement | MINEPIA | SCP | 28/06/2013 | 2013 | 2015 | 2016 |
| 7 | LANAVET | Assurer l'analyse des prélèvements d'origine animale, la production et la fourniture à titre onéreux des produits biologiques, l'étude et la surveillance épizootologie des maladies transmissibles ou non, la formation et le recyclage des cadres et des techniciens de laboratoire | MINEPIA | EPIC | 26/07/2013 | 2013 | 2015 | 2016 |
| 8 | SOPECAM | Assurer la recherche et la mise à disposition d'informations à l'usage de tous les publics, à l'intérieur comme à l'extérieur du Cameroun, par tous les moyens | MINCOM | SCP | 7/6/2013 | 2013 | 2015 | 2016 |

| | | | | | | | | |
|----|-----------|---|----------|------|------------|------|------|------|
| | | appropriés, en particulier l'édition et l'agence de presse | | | | | | |
| 9 | LABOGENIE | Apporter au MINTP, un appui pour les contrôles périodiques auprès des laboratoires privés de génie civil agréés, en vue de respecter des prescriptions techniques | MINTP | SCP | 19/08/2013 | 2013 | 2015 | 2016 |
| 10 | UNVDA | Créer, acquérir, exploiter et développer toutes activités agricoles notamment la culture du riz, du soja et d'autres cultures annuelles | MINADER | SD* | 28/06/2013 | 2013 | 2015 | |
| 11 | SEMRY | Assurer l'acquisition, la création, l'administration, l'exploitation et le développement de toutes entreprises agricoles et de transformation de ses produits, et notamment de culture de riz, d'usinage du paddy et utilisation des produits | MINADER | SD | 5/9/2013 | 2013 | 2015 | 2016 |
| 12 | HGY | Dispenser des soins médicaux et paramédicaux de très haut niveau et servir de support pédagogique à pour la formation du personnel technique et administratif | MINSANTE | EPA | 8/11/2013 | 2013 | 2015 | 2016 |
| 13 | CPC | Concourir à la mise en œuvre de l'ensemble des examens biologiques et chimiques à visés diagnostique, thérapeutique et prophylactique chez l'homme | MINSANTE | EP* | 17/06/2013 | 2013 | 2015 | 2016 |
| 14 | MIDENO | Agir en tant que maître d'œuvre, pour le compte de l'Etat, dans le cadre de la réalisation du projet de développement rural des hauts-plateaux du nord-ouest | MINADER | EPIC | 25/10/2013 | 2013 | 2015 | 2016 |
| 15 | MIPROMALO | Valoriser l'emploi des matériaux locaux en vue de réduire les coûts de réalisation des équipements nationaux | MINRESI | EPIC | | 2015 | 2017 | |
| 16 | LANACOME | Contrôle de qualité des médicaments et expertise médicamenteuse | MINSANTE | EPA | | 2015 | 2017 | |
| 17 | INC | Assure l'exécution des travaux relatifs à la cartographie et à la télédétection ainsi que des travaux géographiques sur l'ensemble du territoire national | MINRESI | EPA | 6/9/2013 | 2013 | 2015 | 2016 |
| 18 | SODECAO | Promouvoir le développement de la cacaoculture par l'encadrement des agriculteurs, la réalisation des plantations de démonstration, l'intensification de la lutte phytosanitaire, la transformation de l'environnement socioéconomique | MINADER | EPIC | 28/06/2013 | 2013 | 2015 | 2016 |
| 19 | GENEEMA | Assurer le développement et la vulgarisation du machinisme agricole | MINADER | EPIC | 14/01/2014 | 2015 | 2017 | |

| | | | | | | | | |
|----|-------------------|--|----------|------|------------|------|------|------|
| 20 | MIDEPECAM | Assurer le support technique et logistique des artisans-pêcheurs | MINEPIA | EPIC | 10/7/2014 | 2015 | 2017 | |
| 21 | MEADEN | Développer de manière durable et harmonieuse la Région du nord-Cameroun | MINEPAT | EPA | 28/06/2013 | 2013 | 2015 | 2016 |
| 22 | Office Céréaliier | Créer un stock régulateur et de sécurité alimentaire permettant de stabiliser les prix d'une campagne à l'autre, afin de lutter contre la famine | MINADER | EPIC | 1/9/2014 | 2015 | 2017 | |
| 23 | CHUY | Dispenser des soins médicaux et paramédicaux de haut niveau et servir de support pédagogique pour la formation dans le domaine de la santé | MINSANTE | EPA | 31/10/2013 | 2013 | 2015 | 2016 |
| 24 | SOWEDA | Agir en tant que maître d'œuvre pour le compte du Gouvernement dans le cadre de la réalisation du projet de développement intégré du Sud-ouest du Cameroun | MINADER | EP | 14/12/2015 | 2016 | 2018 | |
| 25 | UTAVA | Appliquer la politique du gouvernement en matière de traitements agricoles par voie aériennes | MINADER | EPIC | 23/09/2014 | 2015 | 2017 | |
| 26 | MAGZI | Procéder à tous actes nécessaires à la réalisation des opérations d'aménagement et de gestion des zones industrielles dont elle aura obtenu la concession | MINIMIDT | EPIC | 28/06/2013 | 2013 | 2015 | 2016 |
| 27 | IMPM | Elaborer et exécuter des programmes de recherche fondamentale et appliquée ainsi que d'assurer le développement de la recherche dans toutes les disciplines médicales en vue de l'amélioration des conditions de santé par une meilleure connaissance des aspects pathologiques, thérapeutiques, préventifs et nutritionnels des populations | MINRESI | EP | 11/9/2014 | 2015 | 2017 | |
| 28 | IRAD | Assurer la conduite des activités de recherche visant la promotion du développement agricole dans les domaines des production végétale, animale, halieutique forestière et de l'environnement, ainsi que des technologies alimentaires et agro-industrielles | MINRESI | EPA | 16/06/2013 | 2013 | 2015 | 2016 |
| 29 | ARNP | Protéger les personnes, les biens et l'environnement contre les effets de rayonnements ionisants | MINRESI | EPA | 14/06/2013 | 2013 | 2015 | 2016 |
| 30 | CNRPH | Cœuvrer dans la politique gouvernementale en matière de réhabilitation et de reconversion des personnes handicapées | MINAS | EPA | 15/01/2016 | 2016 | 2018 | |

| | | | | | | | | |
|----|--------------------|---|----------|-----|------------|------|------|------|
| 31 | Palais des Congrès | Louer les salles et espaces en vue de l'organisation des manifestations à caractère administratif, politique, économique et socioculturel, promouvoir les activités récréatives | MINCULT | EPA | 30/01/2015 | 2015 | 2017 | |
| 32 | HGOPY | Dispenser des soins gynécologiques, obstétricaux et pédiatriques de qualité. Contribuer à la formation professionnelle et au perfectionnement du personnel technique dans le domaine de la gynécologie, de l'obstétrique et de la pédiatrie | MINSANTE | EPA | 24/05/2013 | 2013 | 2015 | 2016 |
| 33 | HGD | Dispenser des soins médicaux et paramédicaux de très haut niveau et servir de support pédagogique à pour la formation du personnel technique et administratif | MINSANTE | EPA | 6/6/2013 | 2013 | 2015 | 2016 |

Annex 6: Financial Data: Sources, Coverage and Limitations

The financial data used in this report come from the following three sources:

1. **The Budget Department's Annual SOE report (Livre Vert) annexed to the Annual Budget statement.** The 2016 Livre Vert includes general financial information on 84 State Owned Enterprises of all categories (SCP, EPIC, SD, SEM). It does not include information on EPAs. Prior years Livre Vert includes approximately the same number of companies. The Livre Vert dataset is the broadest available set on SOEs in Cameroon, but the information contained in it is relatively limited, although the number of variables has increased in the last couple of years. Sources for the data are SOE Financial Reports; reports of the financial controllers appointed by the Ministry of Finance (Commissaire aux Comptes) and interim financial statements provided by the SOE to the Ministry of Finance.
2. **The technical committee on SOE restructuring (Comite Technique de Rehabilitation - CTR)** compiles a dataset on approximately 20+ companies under restructuring for the years 2014-15-16. The variables included in the CTR dataset is slightly larger than the Livre Vert dataset, including a breakdown of debts and arrears, subsidy transfers, value added, staff costs, investments by the company, taxes paid, etc. Sources of data are similar to the Livre Vert. A list of companies and variables is included below.
3. **A dataset compiled for the purpose of the SOE Diagnostic.** Given the limited data/variables available in the aforementioned datasets and their limited analytical range, it was decided to prepare a more extensive and detailed dataset including all variables available in company financial statements (balance sheets and income statement). The team was able to collect detailed financial information on 58 companies for the four years 2013-2016. Sources for the data were SOE tax returns (obtained from the national institute of statistics) and Financial Statements (obtained from DPC and CTR). On this basis, a Monitoring Tool/Dashboard was prepared to allow for easy analysis at sector and company levels. For some companies and years, over financial 260 variables were available. From these, over 40 basic financial ratios were calculated.

All three data sources have major shortcomings and limitations in terms of data reliability. The team has observed many cases of significant differences between the various datasets. Some of these differences are due to obvious data entry errors (numbers in millions instead of thousands, positive numbers vs negative), while others have been more difficult to identify and confirm (ie whether empty cells mean a zero value or whether data is missing, large differences in arrears between Liver Vert and CTR dataset). The team conducted extensive cross checking and triangulating of information where feasible. This points to the larger problem of SOE governance and oversight in Cameroon. A comprehensive, reliable and updated Dataset will be essential for good analysis.

Use of data: as a result of the data reliability issues outlined above the team had to make some judgement calls in cases where it proved difficult to confirm data with the authorities.

Table 1: List of Companies by dataset.

| List of Companies by Dataset | | | |
|------------------------------|-------------------|---------------------|-----------|
| | Livre Vert | SOE Monitoring Tool | CTR |
| 1 | Acep | ACEP CAMEROUN | ADC |
| 2 | ADC | ADC SA | ALUCAM |
| 3 | ALUBASSA | ALUBASSA | ANAFOR |
| 4 | ALUCAM | ALUCAM | CAMAIR-CO |
| 5 | ANAFOR | ANAFOR | CAMPOST |
| 6 | AYABA HOTEL | ART | CAMTEL |
| 7 | BC-PME | AYABA HOTEL | CAMWATER |
| 8 | BICEC | CAMAIRCO | CDC |
| 9 | CAMAIR | CAMPOST | CFC |
| 10 | CAMPOST | CAMRAIL | CHC |
| 11 | CAMRAIL SA | CAMTEL | CICAM |
| 12 | CAMSHIP | CAMWATER | CNIC |
| 13 | CAMSHIP CIC | CDC | CRTV |
| 14 | CAMTAINER | CDE | EDC |
| 15 | CAMTEL | CFC | LABOGENIE |
| 16 | CAMWATER | CHOCOCAM | LANAVET |
| 17 | CBC | CICAM | MAGZI |
| 18 | CDC | CIMENCAM | MATGENIE |
| 19 | CENEEMA | CLGG SA | PAD |
| 20 | CFC | CMCA | PAMOL |
| 21 | CHC.SA | CNIC | SCDP |
| 22 | CICAM | COMETAL SA | SEMRY |
| 23 | CIMENCAM | CPC | SIC |
| 24 | CLGG SA | CRTV | SODECOTON |
| 25 | CNIC | CTE | SODEPA |
| 26 | COT S.A | DPDC | SONARA |
| 27 | COTCO | DSE | SONATREL |
| 28 | CPE | ECAM PLACAGE | SOPECAM |
| 29 | CRTV | EDC | SRC |
| 30 | DPDC S.A | ENEO | UNVDA |
| 31 | DSX | HEVECAM | |
| 32 | ECAM PLACAGES S.A | HOTEL MONT FEBE | |
| 33 | EDC | HYSACAM | |
| 34 | EDEATECH | IN | |
| 35 | ENEO | KPDC | |
| 36 | HEVECAM | LABOGENIE | |
| 37 | Hotel Montfebe | LABOREX CAMEROUN | |
| 38 | HYDRAC | LANAVET | |
| 39 | HYDRO MEKIN | MAGZI | |
| 40 | IBC | ONZFI | |
| 41 | IN | PAD | |
| 42 | KPDC S.A | PHP | |
| 43 | LABOGENIE | SABC | |
| 44 | LANAVET | SAFACAM | |
| 45 | MAETUR | SCDP | |
| 46 | MAGZI | SEMC | |
| 47 | MAISCAM SA | SEMRY | |
| 48 | MATGENIE | SGBC | |
| 49 | MIDENO | SIC CACAO | |
| 50 | MIDEPECAM | SNH | |
| 51 | MIDIMA | SNI | |
| 52 | MIPROMALO | SOCAPALM | |
| 53 | OC | SOCATRAL | |
| 54 | PAD | SOCAVER | |

| | | | |
|----|---------------|--------------------|--|
| 55 | PAK | SODECOTON | |
| 56 | PECTEN CAM | SOHLISA(HOTELSAWA) | |
| 57 | PERENCO | SONARA | |
| 58 | PMUC | UTAVA | |
| 59 | PP Plc | | |
| 60 | SABC | | |
| 61 | SAFACAM | | |
| 62 | SCB CAMEROUN | | |
| 63 | SCDP | | |
| 64 | SEMC | | |
| 65 | SEMRY | | |
| 66 | SG - CAMEROUN | | |
| 67 | SGHC | | |
| 68 | SHE | | |
| 69 | SHNC | | |
| 70 | SIC | | |
| 71 | SIC CACAO S.A | | |
| 72 | SNH | | |
| 73 | SNI | | |
| 74 | SOCAPALM | | |
| 75 | SOCATRAL | | |
| 76 | SOCAVER | | |
| 77 | SODECAO | | |
| 78 | SODECOTON | | |
| 79 | SODEPA | | |
| 80 | SOHLI | | |
| 81 | SONARA | | |
| 82 | SONATREL | | |
| 83 | SOPECAM | | |
| 84 | SOSUCAM | | |
| 85 | SOTRAMAS | | |
| 86 | SPM MBANGA | | |
| 87 | SRC | | |
| 88 | STECY | | |
| 89 | TOTAL EP S.A | | |
| 90 | TRADEX | | |
| 91 | UNVDA | | |
| 92 | UTAVA | | |

Table 2: List of Financial Variables and Ratios by Dataset

| LIST OF FINANCIAL VARIABLES BY DATASET (Grey Highlights added by WB Team) | | | |
|---|--|------------------------------|--|
| | SOE monitoring tool | CTR Dataset | Livre Vert |
| 1 | Company | Company | Company |
| 2 | Company Full Name | Year | Full Name |
| 3 | Primary Sector | Forme Jur. | Legal Category |
| 4 | Secondary Sector | Capital | Primary Sector |
| 5 | Forme Juridique | Chiffre d'Affaires | State Share |
| 6 | Year | Valeur Ajoutée | Public Entities Share |
| 7 | GovOwn | Résultat Net | Private Share |
| 8 | Public Entities | Total Bilan | Year |
| 9 | Ownership type | Effectifs | Capital Social |
| 10 | Charges à répartir sur plusieurs exercices | Masse Salariale | Immobilisations |
| 11 | Primes de remboursement des emprunts | Invest.réalisé | Report a Nouveau |
| 12 | Frais d'établissement | Impôts Versés | Provisions Financieres pour Risques et Charges |
| 13 | Total Charges Immobilisées BRUT | Dividendes | Capitaux Propres |
| 14 | Frais de recherche et de développement | Subventions Reçues | Resultat Apres Impot |
| 15 | Concessions, brevets, licences, marques, procédés, logiciels, droits et valeurs similaires | Autres Transferts | Chifres d'Affaires |
| 16 | Fonds commercial | Créances sur l'Etat | Valeur Ajoutee |
| 17 | Autres Immobilisations Incorporelles | Créances sur les Tiers | Charges de Personnel |
| 18 | Immobilisations incorporelles en cours | Total Creances | Charges d'Exploitation |
| 19 | Avances et acomptes (immobilisations incorporelles) | Dettes à Court Terme | Resultat d'Exploitation |
| 20 | Total Immobilisations Incorporelles BRUT | Dettes à Long et Moyen Terme | Capacite d'Autofinancement |
| 21 | Terrains | Dettes Fiscales | Dividendes Verses a l'etat |
| 22 | Constructions | Dettes Sociales | Subventions Effectivement Recues |
| 23 | Installations techniques, matériels, et outillage industriels | Autres Dettes | Creances sur l'Etat |
| 24 | Matériel | Total Dettes | Dette Financiere |
| 25 | Matériel de Transport | GDP | Dette Fournisseurs |
| 26 | Autres Immobilisations corporelles | Revenue/GDP | Dette Fiscal |
| 27 | Immobilisations corporelles en cours | Salary/GDP | Dette Sociales |
| 28 | Avances et acomptes (immobilisations corporelles) | Investment/GDP | Autres Dettes |
| 29 | Immobilisations Corporelles BRUT | Tax/GDP | Total Debts |
| 30 | Participations | Subsidies/GDP | Dettes |
| 31 | Créances rattachées à des participations | Other Transfers/GDP | <i>RATIO DE DEFAILLANCE</i> |
| 32 | Titres immobilisés de l'activité de portefeuille | Subsidies/Revenue | <i>MARGE D'EXPLOITATION</i> |
| 33 | Autres titres immobilisés | Dividends/GDP | <i>TAUX D'ENDETTEMENT</i> |
| 34 | Prêts | Salary/Revenue | <i>MAIN D'ŒUVRE DIRECT</i> |
| 35 | Autres Immobilisations financières | Fiscal debts/GDP | <i>POIDS DE LA MAIN D'ŒUVRE</i> |
| 36 | Immobilisations financières BRUT | LT&MT Debts/GDP | Net Profit Margin |
| 37 | TOTAL ACTIF IMMOBILISE BRUT | ST Debts/GDP | ROA |
| 38 | Actif H.A.O. | Social Debts/GDP | Debt/Equity |
| 39 | Matières premières et autres approvisionnements | Other debts/GDP | Equity/Initial Capital |
| 40 | En cours de production [biens et services] (d) | Debt/GDP | GDP |
| 41 | Produits intermédiaires et finis | Creances to revenues | GDP Growth |
| 42 | Marchandises | Creances Etat/GDP | Revenue as % GDP |

| | | | |
|----|--|--------------------|-----------------------|
| 43 | Stocks et en-cours BRUT | Other Creances/GDP | Net Profit/Loss % GDP |
| 44 | Avances et acomptes versés sur commandes | | Assets as % GDP |
| 45 | Créances Clients (b) et Comptes rattachés (e) | | Debts as % of GDP |
| 46 | Creance Etat | | Fiscal debts/GDP |
| 47 | Creance Personnel | | Dette Fin/GDP |
| 48 | Autres Creances | | Dette Fourn/GDP |
| 49 | Capital souscrit - appelé, non versé | | Other debt/GDP |
| 50 | Total Créances | | Dette Social/GDP |
| 51 | TOTAL ACTIF CIRCULANT BRUT | | Subsidies/GDP |
| 52 | Actions propres | | Dividends/GDP |
| 53 | Autres titres | | Creances/GDP |
| 54 | Valeurs mobilières de placement | | Value Added/GDP |
| 55 | Instruments de trésorerie | | |
| 56 | Disponibilités | | |
| 57 | Charges constatées d'avance (3) | | |
| 58 | TOTAL ACTIVITES DE TRESORERIE | | |
| 59 | ECARTS DE CONVERSION ACTIF | | |
| 60 | TOTAL ACTIF BRUT | | |
| 61 | Charges à répartir sur plusieurs exercices | | |
| 62 | Primes de remboursement des emprunts | | |
| 63 | Frais d'établissement | | |
| 64 | Total Charges Immobilisées | | |
| 65 | Frais de recherche et de développement | | |
| 66 | Concessions, brevets, licences, marques, procédés, logiciels, droits et valeurs similaires | | |
| 67 | Fonds commercial | | |
| 68 | Autres Immobilisations Incorporelles | | |
| 69 | Immobilisations incorporelles en cours | | |
| 70 | Avances et acomptes (immobilisations incorporelles) | | |
| 71 | Total Immobilisations Incorporelles NET | | |
| 72 | Terrains | | |
| 73 | Constructions | | |
| 74 | Installations techniques, matériels, et outillage industriels | | |
| 75 | Matériel | | |
| 76 | Materiel de Transport | | |
| 77 | Autres Immobilisations corporelles | | |
| 78 | Immobilisations corporelles en cours | | |
| 79 | Avances et acomptes (immobilisations corporelles) | | |
| 80 | Immobilisations Corporelles NET | | |

| | | | |
|-----|--|--|--|
| 81 | Participations | | |
| 82 | Créances rattachées à des participations | | |
| 83 | Titres immobilisés de l'activité de portefeuille | | |
| 84 | Autres titres immobilisés | | |
| 85 | Prêts | | |
| 86 | Autres Immobilisations financières | | |
| 87 | Immobilisations financières NET | | |
| 88 | TOTAL ACTIF IMMOBILISE NET | | |
| 89 | Actif H.A.O. | | |
| 90 | Matières premières et autres approvisionnements | | |
| 91 | En cours de production [biens et services] (d) | | |
| 92 | Produits intermédiaires et finis | | |
| 93 | Marchandises | | |
| 94 | Stocks et en-cours NET | | |
| 95 | Avances et acomptes versés sur commandes | | |
| 96 | Créances Clients (b) et Comptes rattachés (e) | | |
| 97 | Creance Etat | | |
| 98 | Creance Personnel | | |
| 99 | Autres Creances | | |
| 100 | Capital souscrit - appelé, non versé | | |
| 101 | Total Créances NET | | |
| 102 | TOTAL ACTIF CIRCULANT NET | | |
| 103 | Actions propres | | |
| 104 | Autres titres | | |
| 105 | Valeurs mobilières de placement | | |
| 106 | Instruments de trésorerie | | |
| 107 | Disponibilités | | |
| 108 | Charges constatées d'avance (3) | | |
| 109 | TOTAL ACTIVITES DE TRESORERIE NET | | |
| 110 | ECARTS DE CONVERSION ACTIF | | |
| 111 | TOTAL ACTIF NET | | |
| 112 | Charges à répartir sur plusieurs exercices | | |
| 113 | Primes de remboursement des emprunts | | |
| 114 | Frais d'établissement | | |
| 115 | Total Charges Immobilisées | | |
| 116 | Frais de recherche et de développement | | |
| 117 | Concessions, brevets, licences, marques, procédés, logiciels, droits et valeurs similaires | | |
| 118 | Fonds commercial | | |

| | | | |
|-----|---|--|--|
| 119 | Autres Immobilisations Incorporelles | | |
| 120 | Immobilisations incorporelles en cours | | |
| 121 | Avances et acomptes (immobilisations incorporelles) | | |
| 122 | Total Immobilisations Incorporelles NET | | |
| 123 | Terrains | | |
| 124 | Constructions | | |
| 125 | Installations techniques, matériels, et outillage industriels | | |
| 126 | Matériel | | |
| 127 | Matériel de Transport | | |
| 128 | Autres Immobilisations corporelles | | |
| 129 | Immobilisations corporelles en cours | | |
| 130 | Avances et acomptes (immobilisations corporelles) | | |
| 131 | Immobilisations Corporelles NET | | |
| 132 | Participations | | |
| 133 | Créances rattachées à des participations | | |
| 134 | Titres immobilisés de l'activité de portefeuille | | |
| 135 | Autres titres immobilisés | | |
| 136 | Prêts | | |
| 137 | Autres Immobilisations financières | | |
| 138 | Immobilisations financières NET | | |
| 139 | TOTAL ACTIF IMMOBILISE NET | | |
| 140 | Actif H.A.O. NET | | |
| 141 | Matières premières et autres approvisionnements | | |
| 142 | En cours de production [biens et services] (d) | | |
| 143 | Produits intermédiaires et finis | | |
| 144 | Marchandises | | |
| 145 | Stocks et en-cours | | |
| 146 | Avances et acomptes versés sur commandes | | |
| 147 | Créances Clients (b) et Comptes rattachés (e) | | |
| 148 | Creance Etat | | |
| 149 | Creance Personnel | | |
| 150 | Autres Creances | | |
| 151 | Capital souscrit - appelé, non versé | | |
| 152 | Total Créances | | |
| 153 | TOTAL ACTIF CIRCULANT NET | | |
| 154 | Actions propres | | |
| 155 | Autres titres | | |
| 156 | Valeurs mobilières de placement | | |
| 157 | Instruments de trésorerie | | |

| | | | |
|-----|---|--|--|
| 158 | Disponibilités | | |
| 159 | Charges constatées d'avance (3) | | |
| 160 | TOTAL ACTIVITES DE TRESORERIE | | |
| 161 | ECARTS DE CONVERSION ACTIF | | |
| 162 | TOTAL ACTIF NET | | |
| 163 | Obligataires convertibles (<1 an) | | |
| 164 | Autres obligataires (<1 an) | | |
| 165 | Emprunts et dettes auprès établissements de crédits (<1 an) | | |
| 166 | Emprunts et dettes financières divers (<1 an) | | |
| 167 | Dettes A Moins d'un An | | |
| 168 | Obligataires convertibles | | |
| 169 | Emprunts | | |
| 170 | dettes auprès établissements de crédits | | |
| 171 | Emprunts et dettes financières divers | | |
| 172 | Dettes A Plus d'un An | | |
| 173 | Provisions financières pour risques et charges | | |
| 174 | Total Dettes Financieres et Ressources Assimilees | | |
| 175 | Dettes circulantes H.A.O. et ressources assimilées | | |
| 176 | Avances et acomptes reçues sur commandes en cours | | |
| 177 | Dettes sur immobilisations et Comptes rattachés | | |
| 178 | Dettes Fournisseurs et Comptes rattachés (g) | | |
| 179 | Dettes fiscales | | |
| 180 | Dettes sociales | | |
| 181 | Autres dettes | | |
| 182 | Provisions pour risques | | |
| 183 | Total Passif Circulant | | |
| 184 | Banques, credits d'escompte | | |
| 185 | Banques, credits de tresorerie | | |
| 186 | Banques, decouverts | | |
| 187 | Total Instruments de Tresorerie | | |
| 188 | Produits constatés d'avance | | |
| 189 | Ecarts de conversion Passif | | |
| 190 | TOTAL PASSIF | | |
| 191 | Capital | | |
| 192 | Fonds de Dotation Etat | | |
| 193 | Primes d'émission, de fusion, d'apport, | | |
| 194 | Ecart de réévaluation | | |
| 195 | Ecart d'équivalence | | |
| 196 | Réserves: | | |

| | | | |
|-----|--|--|--|
| 197 | Réserve légale | | |
| 198 | Réserves statutaires ou contractuelles | | |
| 199 | Reserves Indisponibles | | |
| 200 | Reserves Libres | | |
| 201 | Réserves réglementées | | |
| 202 | Autres Reserves | | |
| 203 | Report à nouveau (j) | | |
| 204 | Total Primes et Reserves | | |
| 205 | Résultat de l'exercice [bénéfice ou perte] | | |
| 206 | Subventions d'investissement | | |
| 207 | Droits du Concedant | | |
| 208 | Provisions réglementées | | |
| 209 | Total Autres Capitaux Propes | | |
| 210 | Total Capitaux | | |
| 211 | Total Capitaux + Passif | | |
| 212 | Ventes de marchandises | | |
| 213 | Autres Ventes de Merchandises | | |
| 214 | Total Produits Marchandises | | |
| 215 | Production vendue [biens] | | |
| 216 | Sevices vendue | | |
| 217 | Production stockée (b) | | |
| 218 | Production immobilisée | | |
| 219 | Total Produits Matieres | | |
| 220 | Produits accessoires | | |
| 221 | Chiffre d'affaires | | |
| 222 | dont à l'exportation: | | |
| 223 | Subventions d'exploitation | | |
| 224 | Autres produits | | |
| 225 | Reprises sur provisions (et amortissements), transferts de charges | | |
| 226 | Transferts de charges | | |
| 227 | Total des Produits d'exploitation | | |
| 228 | Revenus Financiers | | |
| 229 | D'autres valeurs mobilières et créances de l'actif immobilisé | | |
| 230 | Autres intérêts et produits assimilés | | |
| 231 | Différences positives de change | | |
| 232 | Reprises sur provisions | | |
| 233 | Transfers de charges | | |
| 234 | Produits nets sur cessions de valeurs mobilières de placement | | |
| 235 | Total des Produits Financiers | | |
| 236 | Total des Produits des Activites Orinaires | | |

| | | | |
|-----|--|--|--|
| 237 | Produits Sur opérations de gestion | | |
| 238 | Produits Sur opérations en capital | | |
| 239 | Reprises sur provisions et transferts de charges | | |
| 240 | Produits HAO | | |
| 241 | Total Produits Exceptionnels | | |
| 242 | Total General des Produits | | |
| 243 | Achats de marchandises | | |
| 244 | Variation des stocks marchandises | | |
| 245 | Total Achats Marchandises | | |
| 246 | Achats de matières premières et autres approvisionnements | | |
| 247 | Variation des stocks Matieres | | |
| 248 | Total Achats Matieres | | |
| 249 | Autres achats | | |
| 250 | Variation de stocks autres | | |
| 251 | Transports | | |
| 252 | Services extérieurs | | |
| 253 | Impôts, taxes et versements assimilés | | |
| 254 | Autres charges | | |
| 255 | Charges de Personnel | | |
| 256 | Charges sociales | | |
| 257 | Total Autres Charges d'Exploitation | | |
| 258 | Charges d'exploitation avant Amortissements et aux provisions | | |
| 259 | Dotations aux amortissements et aux provisions | | |
| 260 | Total des charges d'exploitation | | |
| 261 | Dotations aux amortissements et provisions | | |
| 262 | Intérêts et charges assimilées | | |
| 263 | Différences négatives de change | | |
| 264 | Charges nettes sur cessions de valeurs mobilières de placement | | |
| 265 | Total del charges financieres | | |
| 266 | Total des charges des activites ordinaires | | |
| 267 | Charges Sur opérations de gestion | | |
| 268 | Charges Sur opérations en capital | | |
| 269 | Dotations aux amortissements et aux provisions (HAO) | | |
| 270 | Charges HAO | | |
| 271 | Total Charges Exceptionnelles | | |
| 272 | Impôts sur les bénéfices | | |
| 273 | Total des charges | | |
| 274 | Marge Brute Sur Marchandises | | |
| 275 | Marge Brute Sur Matieres | | |
| 276 | Valeur Ajoutée | | |

| | | | |
|-----|--|--|--|
| 277 | Excedent Brut de Exploitation | | |
| 278 | Resultat de Exploitation | | |
| 279 | Resultat Financiere | | |
| 280 | Resultat Activites Ordinaires | | |
| 281 | Bénéfice ou perte | | |
| 282 | EBIT | | |
| 283 | EBITDA | | |
| 284 | Operating Profit after Tax | | |
| 285 | Current Ratio | | |
| 286 | Quick Ratio | | |
| 287 | Inventory Turnover | | |
| 288 | Asset Turnover | | |
| 289 | Gross Profit Margin w Subsidy | | |
| 290 | Operating Profit Margin w Subsidy | | |
| 291 | Net Profit Margin w Subsidy | | |
| 292 | Charges de Personnel/Total des Charges w Subsidy | | |
| 293 | Cost Recovery w Subsidy | | |
| 294 | Gross Profit Margin | | |
| 295 | Operating Profit Margin | | |
| 296 | Net Profit Margin | | |
| 297 | Cost Recovery | | |
| 298 | Operating ROA | | |
| 299 | ROA | | |
| 300 | ROE | | |
| 301 | Leverage Ratio | | |
| 302 | Liabilities to Equity | | |
| 303 | Interest Cover | | |
| 304 | Financial Debt to Equity | | |
| 305 | Passif Circulant to Equity | | |
| 306 | Creances Clients / Dettes Fournisseurs | | |
| 307 | Dettes Fiscales / Passif Circulant | | |
| 308 | Subventions d'exploitation to revenue ratio | | |
| 309 | 50% test | | |
| 310 | Total Actif (% GDP) | | |
| 311 | Creances (% GDP) | | |
| 312 | Total Passif (% GDP) | | |
| 313 | Dettes Financieres(% GDP) | | |
| 314 | Passif Circulant (%GDP) | | |
| 315 | Dettes fiscales (% GDP) | | |
| 316 | Dettes Fournisseurs (% GDP) | | |
| 317 | Autres (% GDP) | | |

| | | | |
|-----|-----------------------------------|--|--|
| 318 | Instruments de Tresorerie (% GDP) | | |
| 319 | Equity (% GDP) | | |
| 320 | Subventions d'exploitation (%GDP) | | |
| 321 | Bénéfice ou perte (% GDP) | | |
| 322 | EBITDA (% GDP) | | |

Annex 7: SOE Monitoring Tool

One major challenge in improving SOE oversight and monitoring in Cameroon is the lack of complete and verifiable data from SOEs. Many SOEs do not submit data to the Ministry of Finance, and the authorities lack a central database and a system in place to ensure timely data entry, data cleaning and comprehensiveness. The result is that DPC and CTR are operating with two separate datasets, with significant differences between them, as a result of weak data management leading to errors and omissions. CTR is operating an outdated software that is not fully utilized and is in need of an upgrade.

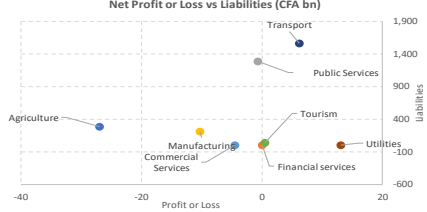
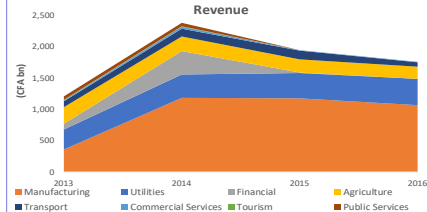
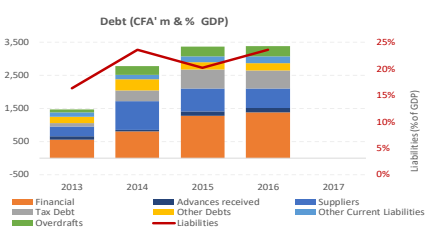
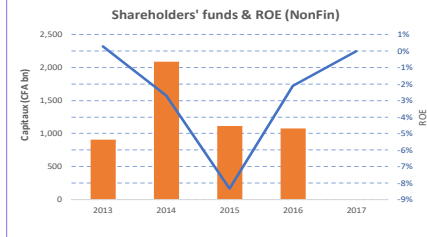
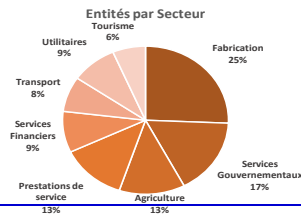
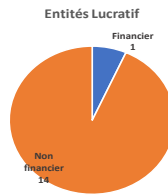
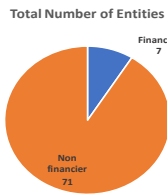
It was therefore decided to prepare an easy to use and easy to manage SOE monitoring tool based on a simple Excel platform with some Visual Basics coding to generate automatic tables and graphs for a number of standards business metrics. The purpose of the tool is to facilitate the analysis of SOE financial performance by creating a set of automatically generated tables and graphs based on a background dataset input table.

The tool includes three categories of Dashboards (i) an overall SOE sector page (ii) a Page/Sheet for the main Economic Sectors (Transport, Agriculture, Energy, etc) and (iii) a Company Level Sheet:

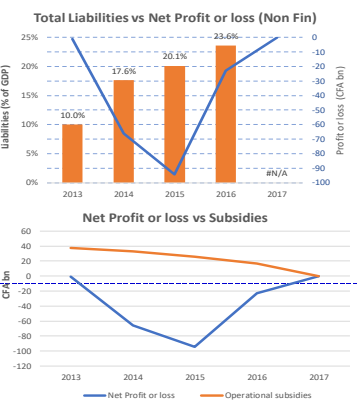
- i. **Overall SOE Sector sheet:** An overall summary sheet for the SOE sector presents the number of companies, by category, by sector (5 largest sectors), loss making companies and profitable ones. It also provides information on debt levels of the SOE sector including its composition, revenue trends and net profit/loss, and several of the main financial indicators over the last 3-5 years.
- ii. **Sector Specific Sheets:** separate dashboards were generated for the five largest economic sectors: (i) Agriculture (ii) Utilities (iii) Manufacturing (iv) Transport and (v) Services. The sector dashboards provides an overview of all SOEs in the given economic sector and a snapshot of their performance, including: profit/loss; operating subsidies; investment subsidies; Tax debt; suppliers arrears; operating margin; cost recovery; personnel costs as a share of total costs; current ratio; interest coverage ratio; total liabilities as a share of GDP; ROA; ROE. It also provides sector aggregative figures for all the main elements form the income statement and balance sheet.
- iii. **Company Specific Sheets:** the company specific dashboard provides the user with a detailed overview of the Income Statement and Balance Sheet for a given company over the last 5 years. In addition, the user can easily understand company performance on the main business metrics, such as net margin, operating margin, cost recovery margin, EBIT, EBITDA, and relations with the government such as subsidies received, arrears, etc.

Figure 1: SOE Sector Dashboard

| State-Owned Companies | | | | | | | | | | |
|-----------------------|----|---------------|---------------------------|--------------------|--------------------------|----|------------------------|----|---------------------|---|
| Entités | | Profit-making | | Type d'institution | | | Secteurs (8) | | | |
| Total | 78 | 15 | Capital Publique | 32 | Entreprises par secteur: | | | | | |
| Financier | 7 | 1 | Societes d'economie mixte | 37 | Agriculture | 10 | Tourisme | 5 | Utilitaires | 7 |
| Non financier | 71 | 14 | EPAs | 9 | Fabrication | 20 | Transport | 6 | Services Financiers | 7 |
| | | | | | Services Gouvernementaux | 13 | Prestations de service | 10 | | |



| Summarized Financial Statements | | | | | |
|---------------------------------|------------------|------------------|------------------|------------------|----------|
| | 2013 | 2014 | 2015 | 2016 | 2017 |
| Profit or Loss | 2,978 | -59,159 | -93,524 | -22,735 | 0 |
| Non-Financial | -1,204 | -65,998 | -94,232 | -22,735 | 0 |
| Financial | 4,182 | 6,839 | 707 | 0 | 0 |
| Operational Subsidies | 37,568 | 36,059 | 26,036 | 16,774 | 0 |
| Non-Financial | 37,218 | 32,861 | 26,036 | 16,774 | 0 |
| Financial | 350 | 3,198 | 0 | 0 | 0 |
| Working Capital | 1,467,131 | 2,132,252 | 959,100 | 1,464,702 | 0 |
| Non-Financial | 760,675 | 1,407,074 | 938,733 | 1,464,702 | 0 |
| Financial | 706,456 | 725,177 | 20,367 | 0 | 0 |
| Total Liabilities | 2,384,404 | 3,741,042 | 3,399,563 | 3,390,078 | 0 |
| Non-Financial | 1,465,742 | 2,793,997 | 3,379,787 | 3,390,078 | 0 |
| Financial | 918,662 | 947,045 | 19,777 | 0 | 0 |
| Current Liabilities | 1,499,755 | 2,406,129 | 1,806,486 | 1,686,289 | 0 |
| Non-Financial | 822,937 | 1,723,623 | 1,799,525 | 1,686,289 | 0 |
| Financial | 676,818 | 682,506 | 6,961 | 0 | 0 |
| Financial Debt | 758,199 | 998,329 | 1,295,195 | 1,387,551 | 0 |
| Non-Financial | 560,752 | 801,807 | 1,282,379 | 1,387,551 | 0 |
| Financial | 197,447 | 196,522 | 12,816 | 0 | 0 |
| Shareholders' funds | 994,558 | 2,185,285 | 1,119,783 | 1,077,502 | 0 |
| Non-Financial | 910,632 | 2,090,692 | 1,115,955 | 1,077,502 | 0 |
| Financial | 83,925 | 94,592 | 3,829 | 0 | 0 |



| Summarized Financial Statements | | | | | |
|----------------------------------|----------------|----------------|------------------|------------------|----------|
| | 2013 | 2014 | 2015 | 2016 | 2017 |
| Profit or Loss | 5,913 | 18,450 | -17,866 | 13,103 | 0 |
| Utilitaires | 5,913 | 18,450 | -17,866 | 13,103 | 0 |
| Transport | -11,825 | -12,413 | -4,367 | 6,155 | 0 |
| Tourisme | 831 | 220 | 584 | 470 | 0 |
| Fabrication | 4,166 | -55,954 | -26,898 | -10,307 | 0 |
| Agriculture | 1,209 | -12,123 | -35,198 | -26,960 | 0 |
| Operational Subsidies | 1,923 | 0 | 16,411 | 0 | 0 |
| Utilitaires | 1,923 | 0 | 16,411 | 0 | 0 |
| Services gouvernementaux | 273 | 1,337 | 93 | 3 | 0 |
| Agriculture | 2,622 | 1,952 | 866 | 356 | 0 |
| Transport | 16,664 | 14,323 | 24,775 | 0 | 0 |
| Prestations de service | 15,735 | 15,249 | 93 | 3 | 0 |
| Total Assets | 769,337 | 971,874 | 1,200,636 | 2,302,619 | 0 |
| Utilitaires | 769,337 | 971,874 | 1,200,636 | 2,302,619 | 0 |
| Fabrication | 586,937 | 1,451,186 | 925,943 | 1,627,292 | 0 |
| Agriculture | 482,593 | 503,181 | 131,343 | 401,343 | 0 |
| Transport | 295,099 | 418,319 | 268,577 | 180,852 | 0 |
| Prestations de service | 172,963 | 195,214 | 106,386 | 150,147 | 0 |
| Total receivables | 134,869 | 179,349 | 342,633 | 598,349 | 0 |
| Utilitaires | 134,869 | 179,349 | 342,633 | 598,349 | 0 |
| Fabrication | 87,106 | 526,301 | 323,063 | 321,893 | 0 |
| Agriculture | 95,639 | 125,670 | 62,945 | 105,349 | 0 |
| Transport | 34,865 | 102,210 | 25,618 | 79,305 | 0 |
| Prestations de service | 77,392 | 76,320 | 24,397 | 32,327 | 0 |
| Total Liabilities | 514,352 | 703,669 | 1,288,720 | 1,566,107 | 0 |
| Utilitaires | 514,352 | 703,669 | 1,288,720 | 1,566,107 | 0 |
| Fabrication | 252,277 | 1,280,091 | 1,412,616 | 1,284,539 | 0 |
| Agriculture | 202,666 | 254,907 | 245,160 | 282,802 | 0 |
| Prestations de service | 208,614 | 171,599 | 161,510 | 213,176 | 0 |
| Transport | 249,850 | 354,957 | 267,552 | 38,064 | 0 |
| Total Current Liabilities | 186,409 | 938,242 | 1,040,454 | 951,713 | 0 |
| Fabrication | 186,409 | 938,242 | 1,040,454 | 951,713 | 0 |
| Utilitaires | 207,234 | 298,988 | 378,001 | 430,439 | 0 |
| Agriculture | 120,342 | 170,344 | 167,333 | 152,635 | 0 |
| Prestations de service | 172,986 | 145,174 | 111,816 | 120,227 | 0 |
| Transport | 104,775 | 147,097 | 98,117 | 26,314 | 0 |

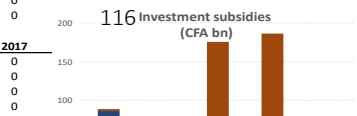
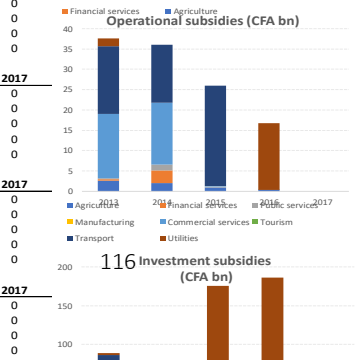
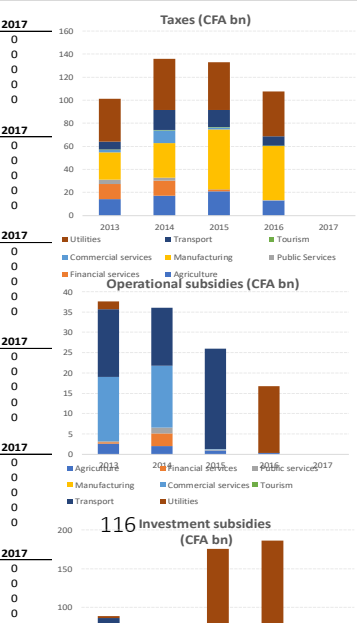
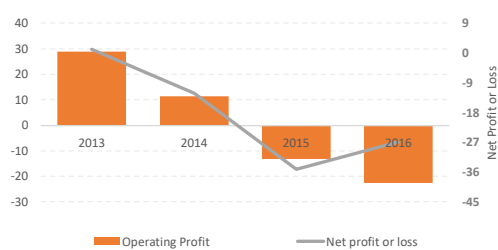


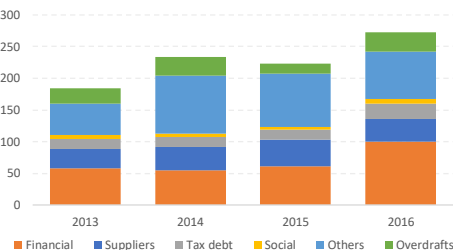
Figure 2: Sector Dashboard (Agriculture)

| Sector Data | | | | | | | | | | | |
|-------------|--------------------|----------|----------------------|-------------------------|----------------------|---------------------|--------------------|--------|-------------------|--------|----------|
| Sector | Agriculture | | Number of subsectors | | 2 | Number of companies | | 10 | Year | | 2016 |
| | Net Profit or Loss | | Operating Subsidies | | Investment subsidies | | Tax Debt | | Suppliers Arrears | | |
| | CFA' m | Var. (%) | CFA' m | % of Revenue | Var. (%) | CFA' m | Var. (%) | CFA' m | Var. (%) | CFA' m | Var. (%) |
| ANAFOR | -- | -- | NA | -- | -- | NA | -- | NA | -- | NA | -- |
| CDC | -12,151 | -24.5% | 0 | 0.0% | -100.0% | 7,772 | 37.9% | 21,116 | 69.0% | 10,925 | 20.1% |
| CTE | -- | -- | NA | -- | -- | NA | -- | NA | -- | NA | -- |
| HEVECAM | -4,457 | 1.1% | 0 | 0.0% | -- | 0 | -- | 114 | 41.5% | 3,304 | -44.4% |
| PHP | -- | -- | NA | -- | -- | NA | -- | NA | -- | NA | -- |
| SAFACAM | 716 | -60.4% | 0 | 0.0% | -- | 0 | -- | 715 | -39.5% | 155 | -89.3% |
| SEMRY | -3,603 | 6.5% | 0 | 0.0% | -- | 8,063 | -22.9% | 1,390 | 80.4% | 2,423 | 55.0% |
| SOCAPALM | -- | -- | NA | -- | -- | NA | -- | NA | -- | NA | -- |
| SODECOTON | -7,465 | 60.5% | 356 | 0.3% | 208.0% | 0 | -- | 717 | -11.6% | 19,358 | -18.4% |
| 0 | -- | -- | NA | -- | -- | NA | -- | NA | -- | NA | -- |
| | Operating Margin | | Cost Recovery | Personnel / Total Costs | Current Ratio | Interest Cover | Liabilities (% of) | ROA | ROE | | |
| ANAFOR | -- | -- | -- | -- | -- | -- | -- | -- | -- | | |
| CDC | -16.2% | 83.3% | 38.0% | 39.5% | -8.4x | 0.7% | -9.8% | -41.5% | | | |
| CTE | -- | -- | -- | -- | -- | -- | -- | -- | | | |
| HEVECAM | -11.2% | 98.3% | 31.9% | 628.4% | -2.1x | 0.2% | -4.5% | -4.4% | | | |
| PHP | -- | -- | -- | -- | -- | -- | -- | -- | | | |
| SAFACAM | 10.2% | 126.2% | 26.7% | 70.6% | 8.9x | 0.0% | 2.7% | 11.0% | | | |
| SEMRY | 0.0% | 0.0% | 12.3% | 259.5% | 0.0x | 0.0% | -27.5% | -13.6% | | | |
| SOCAPALM | -- | -- | -- | -- | -- | -- | -- | -- | | | |
| SODECOTON | -1.9% | 92.3% | 10.1% | 93.8% | -0.5x | 1.0% | -5.4% | -9.8% | | | |
| 0 | -- | -- | -- | -- | -- | -- | -- | -- | | | |

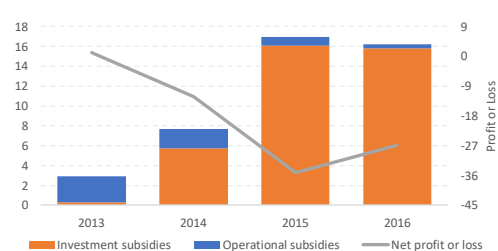
Operating Profit vs Net Profit or Loss (CFA billion)



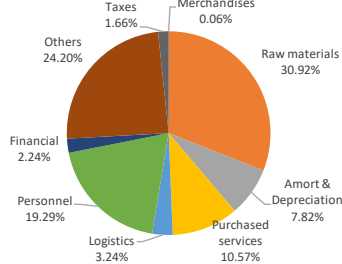
Debt (CFA billion)



Subsidies vs Net Profit or Loss (billion CFA)



Costs Breakdown (% of Total)



| COMPTE DE RESULTAT | 2013 | 2014 | 2015 | 2016 | 2017 | Var (abs) | Var (%) | CAGR |
|-----------------------------------|----------------|----------------|----------------|----------------|----------|----------------|--------------|----------------|
| Chiffre d'affaires | 262,689 | 233,521 | 208,521 | 193,709 | 0 | -14,812 | -7.1% | -9.7% |
| Ventes de marchandises | 60,957 | 56,289 | 1,914 | 1,463 | 0 | -451 | -23.6% | -71.2% |
| Production vendue [biens] | 198,290 | 161,695 | 204,666 | 190,290 | 0 | -14,375 | -7.0% | -1.4% |
| Services vendue | 1,502 | 14,188 | 672 | 930 | 0 | 258 | 38.4% | -14.8% |
| Subventions d'exploitation | 2,622 | 1,952 | 866 | 356 | 0 | -509 | -58.8% | -48.6% |
| Autres | 94,107 | 46,845 | 38,539 | 49,753 | 0 | 11,214 | 29.1% | -19.1% |
| TOTAL GENERAL DES PRODUITS | 359,419 | 282,318 | 247,925 | 243,818 | 0 | -4,108 | -1.7% | -12.1% |
| Achats | 87,801 | 90,258 | 84,696 | 83,882 | 0 | -814 | -1.0% | -1.5% |
| Marchandises | 1,266 | 424 | 135 | 151 | 0 | 15 | 11.4% | -50.8% |
| Matières Premières | 86,535 | 89,834 | 84,561 | 83,731 | 0 | -829 | -1.0% | -1.1% |
| Autres Charges | 167,166 | 159,719 | 164,337 | 154,978 | 0 | -9,358 | -5.7% | -2.5% |
| Transports | 11,871 | 11,293 | 11,361 | 8,770 | 0 | -2,590 | -22.8% | -9.6% |
| Services Extérieurs | 36,389 | 36,880 | 30,600 | 28,617 | 0 | -1,983 | -6.5% | -7.7% |
| Personnel | 57,417 | 53,157 | 50,192 | 52,226 | 0 | 2,034 | 4.1% | -3.1% |
| Charges Financières | 3,005 | 3,620 | 4,002 | 6,061 | 0 | 2,060 | 51.5% | 26.3% |
| Autres | 100,238 | 40,845 | 30,089 | 25,856 | 0 | -4,233 | -14.1% | -36.3% |
| TOTAL DES CHARGES | 358,210 | 294,441 | 283,124 | 270,778 | 0 | -12,346 | -4.4% | -8.9% |
| BENEFICE OU PERTE | 1,209 | -12,123 | -35,198 | -26,960 | 0 | 8,238 | 23.4% | -381.5% |

| BILAN | 2013 | 2014 | 2015 | 2016 | 2017 | Var (abs) | Var (%) | CAGR |
|--------------------|---------|---------|---------|---------|------|-----------|----------|--------|
| ACTIF IMMOBILISE | 297,630 | 291,163 | 27,781 | 222,205 | 0 | 194,424 | 699.8% | -9.3% |
| dont: | | | | | | | | |
| Incorporelles | 2,548 | 2,556 | 71 | 1,516 | 118 | 1,445 | 2,048.8% | -15.9% |
| Corporelles | 287,914 | 284,275 | 27,058 | 219,634 | 0 | 192,576 | 711.7% | -8.6% |
| Financières | 3,551 | 3,629 | 228 | 488 | 0 | 259 | 113.7% | -48.4% |
| ACTIF CIRCULANT | 175,632 | 206,176 | 101,618 | 165,859 | 0 | 64,241 | 63.2% | -1.9% |
| Stocks et en-cours | 79,963 | 80,506 | 38,673 | 60,510 | 0 | 21,838 | 56.5% | -8.9% |
| Créances | 95,639 | 125,670 | 62,945 | 105,349 | 0 | 42,404 | 67.4% | 3.3% |

Figure 3: Company Dashboard

