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Research Article

Cameroon Government Bonds: An Efficiency Analysis Using a Causal Approach, with a Focus on Financing Universal Health Coverage

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Abstract

The traditional model of health financing in sub-Saharan Africa, reliant on fiscally constrained state budgets, volatile aid flows, and substantial out-of-pocket household expenditures, has reached its limits. While recourse to local and regional financial markets through bond issuances offers a new source of capital, their impact on UHC remains negligible. This reflects the low responsiveness of the health sector to such inflows, compounded by a historically entrenched bias toward heavy infrastructure investment over direct care delivery. This study aims to assess the impact of Cameroon's bond issues on the health sector. More specifically, it seeks, on the one hand, to conduct an in-depth analysis of the efficiency and effectiveness of these issuances in light of the set objectives. On the other hand, it examines the extent to which the rollout of universal health coverage has benefited from these resources. To this end, the research relies on a causal analysis that demonstrates the urgent need to break away from the traditional model of financing healthcare investments. The analysis covers the bond issues launched over the 2010-2023 period. The data was sourced from the Ministry of Finance alongside other market participants. The results demonstrate that Cameroon's multiple bond issuances have not meaningfully benefited the health sector. To effectively advance UHC, Cameroon must urgently reform its health service purchasing mechanisms and adopt a strategic earmarking of its sovereign debt. To this end, this study proposes an innovative "social bonds" architecture to finance UHC mechanisms in Cameroon specifically, and across Africa more broadly.

Keywords

Government Bond, Bond Issuance, Universal Health Coverage, Health Financing, CEMAC, Cameroon

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1. Introduction

In the pursuit of sustainable and inclusive economic development, human capital has now established itself as the cornerstone of long-term growth strategies. At the heart of this human capital, the health of populations no longer represents a mere social variable or an operational expenditure item, but a highly productive macroeconomic investment [1]. It is within this dynamic that the achievement of Universal Health Coverage (UHC) has emerged as an absolute priority for African states, and particularly for Cameroon. However, the operationalization of this ambition is structurally hampered by the major challenge of its financing [2].

The traditional model of health financing in sub-Saharan Africa, characterized by a heavy dependence on general state budgets often burdened by fiscal constraints, volatile multilateral aid, and, more critically, direct household expenditures (which still account for more than 60% of total health spending in Cameroon), has today reached its limits. This system perpetuates financial barriers to accessing care and exposes populations to the risk of catastrophic expenditures [3]. Faced with the urgency of building resilient health systems, the fundamental question is no longer solely one of resource scarcity, but rather one of the quality of public expenditure and the sovereignty of financing mechanisms [4, 5].

It is here that local and regional financial markets come into play, particularly through bond loans. Historically mobilized in the CEMAC to finance heavy physical infrastructure (transport, energy, sports complexes), bond loans have until now marginalized the social sectors [6].

Yet, the recent evolution of the international and regional financial architecture highlights the untapped potential of thematic bonds, and more specifically social bonds [7]. These instruments offer a historic opportunity to channel local institutional and private savings towards structural health investments, guaranteeing both fund traceability and the measurement of their social impact [8].

A bond issuance is therefore an alternative to traditional bank financing. The borrower determines the amount of capital required and divides it into individual bonds instruments comparable to debt securities. These are offered to investors at the time of issuance (primary market) and may subsequently be traded on the secondary market, as they are listed on a stock exchange. The coupon rate (interest rate) is fixed in advance and may be either fixed or variable. The issuer commits to repaying the face value of the securities (the issue price) at a predetermined maturity date, while coupon payments are made periodically throughout the life of the instrument [7].

The Third International Conference on Sustainable Development Financing (FFD3), held in Addis Ababa (Ethiopia) from 13-16 June 2015 and organized by the United Nations (on the eve of the launch of the 2030 Agenda for the SDGs), recommended, among other things, the pursuit of new sources of financing for (African) economies beyond the traditional mechanisms that have reached their limits. Among these innovative financing sources to be mobilized, recourse to financial markets features prominently [6].

The final communique of the FFD3 [9] states, among other things, that “the Conference addressed all sources of financing for sustainable development to ensure that resources go where they are most needed to promote economic prosperity and improve health, education and employment while protecting the environment” [1].

From this standpoint, a central question guides this research: To what extent can bond borrowing, as a market instrument, be structured and optimized to address the financing deficit of the Universal Health Coverage process in Cameroon, while simultaneously ensuring a qualitative improvement in public expenditure?

Advantages of Bond Issuances over Other Forms of Financing.

For any citizen, this mode of financing is far more advantageous than external indebtedness or Foreign Direct Investment (FDI). Both of these alternatives typically impose onerous conditions that ultimately threaten state sovereignty [6].

The first advantage lies in the rapid mobilization of local savings. Unlike the protracted negotiations with bilateral or multilateral Technical and Financial Partners (TFPs), this approach avoids the administrative delays that risk rendering a project obsolete before the first disbursement[2].

The second advantage rests on the use of the CFA Franc. Since both borrowing and repayment are conducted locally in national currency, the State eliminates transfer fees and transaction costs associated with exchange rate fluctuations. This approach preserves the country’s foreign exchange reserves. Furthermore, these resources remain injected into the local economy and directly stimulate domestic activity, rather than financing imports.

The third major advantage lies in the exclusive targeting of projects that are already mature and ready for financing. We emphasize here the requirement for genuine and validated project maturation prior to any fundraising.

Finally, this option enables the immediate and full disbursement of raised funds, allowing for swift deployment. It

[1] In this context, and in Central Africa in particular, after several years of disputes and negotiations, the two CEMAC stock exchanges — the Douala Stock Exchange (DSX) in Douala and the Bourse des Valeurs Mobilières d’Afrique Centrale (BVMAC) in Libreville — ultimately merged, giving rise to a single financial market in line with the political commitments of regional leaders aimed at boosting sub-regional integration. The new-look BVMAC, headquartered in Douala, was formally established on 5 July 2019. Building on this opportunity for financing zone economies, and in the face of the lukewarm or slow uptake by private enterprises of these new financing mechanisms, Governments stepped in to animate this financial market, notably through the issuance of bond loans. The first listing was launched on 13 August 2008, in the form of a bond loan by the Gabonese State.

[2] By way of illustration, as of 15 April 2024, negotiations initiated in 2021 under the Central African statistical harmonisation project, for an amount of 66 billion CFA francs, had still not been concluded.

thereby circumvents the onerous conditions imposed by external donors — requirements that are often complex, arbitrary, and liable to change.

2. Methodology

After more than a decade of practice and over 1,200 billion CFA francs raised through these financing mechanisms, the time has come to take stock. Any large-scale public strategy requires periodic, objective evaluation: to assess progress made, measure outcomes, identify bottlenecks, and chart future directions.

Methodologically, this study adopts a resolutely practical, operational, and accessible approach. Citizens who are at once stakeholders, taxpayers, and the ultimate beneficiaries of development policies deserve to be fully informed.

To meet this requirement for transparency, the analysis draws on a causal efficiency approach, structured around the rigorous examination of the results chain of targeted projects. It aims to answer a central question: In what ways has this mechanism of raising local funds been beneficial for achieving health and social objectives under more favourable conditions than traditional financing modes?

To operationalize this causal approach, the evaluation unfolds through four interconnected links, applied specifically to the deployment of Universal Health Coverage (UHC) [10]:

Inputs: Measuring the responsiveness of local savings collection, the absence of exchange rate costs, and the immediacy of the availability of the financial envelope dedicated to UHC.

Outputs: Verifying the physical implementation of planned investments in the field (rehabilitation of technical platforms, contracting of health facilities, stocking of essential medicines).

Outcomes: Evaluating the direct impact of financing on financial barriers for populations (effective pre-enrolment rate of users, effective access to free care for targeted groups including pregnant women and children under 5 years of age).

Impacts: Establishing the causal link between the exclusive use of these local resources and the overall improvement of public health indicators in Cameroon (a notable reduction in direct out-of-pocket health expenditures by households, and a decrease in maternal and infant mortality).

3. Literature Review: The Emergence of Social Bonds in Africa and their Application to the Social Sectors

The analysis of innovative financing mechanisms for social development in Africa sits at the crossroads of financial macroeconomics, health economics, and public policy. Long confined to the classical channels of Official Development Assistance (ODA) and tax revenues, the financing of social infrastructure is now undergoing a conceptual paradigm shift. The emerging consensus calls for a transition: from aid-dependent finance toward sovereign, market-based finance.

3.1. The Theoretical Framework: From "Social Expenditure" to Investment in Human Capital

On the theoretical level, the justification for financing health through market instruments rests on human capital theory, initially theorized by several researchers [11, 12].

The shift in perception: Traditionally, health expenditures were treated by public accounting systems as consumption or operational expenses with no return. The work of Amartya Sen (1999) [13] on development as freedom, combined with the reports of the WHO Commission on Macroeconomics and Health (2001) [14], overturned this perspective: health is an indispensable prerequisite for the marginal productivity of labour and for long-term economic growth.

The justification for borrowing: Once health expenditures (upgrading of technical platforms, digital infrastructure for UHC) are reclassified as structural investments, recourse to long-term borrowing becomes theoretically legitimate. Health economists emphasize that financing through bond loans respects the principle of intergenerational equity: the health infrastructure built today will benefit future generations; it is therefore economically rational that its cost be smoothed and shared over time through long-maturity mechanisms [15].

3.2. The Institutional Literature: The Rise of Thematic Markets and the ICMA Principles

The institutional literature advanced by the World Bank, the African Development Bank (AfDB) [16], and the International Finance Corporation (IFC) [17] extensively documents the rise of sustainable finance, structured around ESG (Environmental, Social and Governance) criteria.

International standardization: The work of ICMA (International Capital Market Association) through the Social Bond Principles (SBP) constitutes the doctrinal reference. The institutional literature defines the social bond not by the legal nature of the issuer, but by the strict and transparent earmarking of funds (Use of Proceeds) towards well-defined target populations (indigent persons, pregnant women, the informal sector) [18].

The impact dividend: IFC reports highlight that Social Bonds respond to a transformation in the demands of international and local investors (pension funds, insurance companies), who now seek dual returns: financial and socio-economic. The concept of "Quality of Spending" is central: the social bond contractually imposes performance indicators (KPIs) and external auditing, thereby reducing the risks of corruption, budgetary inefficiency, and misappropriation of resources shortcomings frequently documented in the literature on public finances in Africa [6].

3.3. The State of Practice in Africa: Between Pioneers and the Lag of the CEMAC

Although Africa still represents only a marginal fraction of the global sustainable bond market, empirical literature highlights contrasting dynamics across regions.

African pioneers: The work of the United Nations Economic Commission for Africa (ECA) regularly cites South Africa, Nigeria, and Kenya as pioneers of thematic bonds on the continent [19]. The first sovereign Social Bond in Africa demonstrated market appetite for securities earmarked for access to essential services. Similarly, at the multilateral level, the West African Development Bank (WADB/BOAD) has led the way within the WAEMU area by successfully issuing socially oriented bonds to finance food security and access to health [20].

The CEMAC deficit: Conversely, economic literature on BVMAC (the Central African Stock Exchange) and the work of CAMERCAP-PARC highlight a critical gap [21]. To date, the information memoranda of bond loans issued by Cameroon, Gabon, or the Republic of Congo reveal a near-exclusive concentration on "physical capital" (roads, dams, ports) at the expense of "human capital." Researchers attribute this gap to an undervaluation of the profitability of social sectors by state planners and to the absence of local regulatory frameworks that incentivize impact financial products [22].

3.4. The Application of Social Finance to Health and UHC

The specific intersection between social bonds and Universal Health Coverage (UHC) represents the most recent frontier in health economics literature.

The challenge of UHC sustainability: Works on UHC implementation in Africa [23] recall that the principal obstacle to universal health insurance is not the cost of care itself, but rather the inadequacy of the supply of care (obsolete technical platforms) and the weakness of information systems. Without a massive initial investment in the "container" (infrastructure and digital systems), the insurance mechanisms (the "content") collapse under the weight of fraud and inefficiency [24, 25].

Social Bonds as a transitional solution: Authors specializing in public health economics argue that Social Bonds offer the perfect solution for financing what may be termed the "transition costs" of UHC. Unlike taxes, which take time to collect, and international aid, which is fragmented, bond borrowing allows for the immediate mobilization of large volumes of capital to build the national information system, acquire biometric enrolment equipment, and modernize district hospitals. The viability of this model rests, according to the literature, on the establishment of a robust evaluation mechanism in which every franc raised is backed by a gain in health coverage or a reduction in household out-of-pocket expenditures [15].

In sum, the academic and institutional literature validates the shift toward impact finance for social sectors. It demonstrates that thematic bond issuances, far from being a luxury, are an essential sovereignty instrument to compensate for classical budgetary shortfalls. The scientific challenge this study addresses is no longer one of theoretical justification, but of operational design within a nascent financial market such as that of the CEMAC.

4. Results

4.1. Overview of Cameroon's Bond Loans Since 2010

Cameroon's financial history records eight (08) bond issuances, one of which was cancelled in 2017. The total volume of resources effectively raised amounts to 1,213.19 billion CFA francs, against an initial target of 1,050 billion CFA francs — a remarkable oversubscription rate of 115.5%.

The table reveals a striking pattern: capital-raising ambitions remained consistently modest, never exceeding 200 billion CFA francs per operation. This restraint in sharp contrast to the consistent enthusiasm of subscribers, who repeatedly exceeded subscription targets raises a fundamental question. Is this legitimate fiscal prudence, or an implicit acknowledgement of difficulties in managing forward-raised resources effectively?

Table 1. Cameroon's bond loans since 2010, in billions of CFA francs.

No.	Date	Designation	Amount sought	Amount obtained	% recovery	Number of projects
1	2010	ECMR 5,6% (2010-2015)	200	203,00	101,5	13
2	2013	ECMR 5,9% (2013-2018)	50	80,00	160,0	03
3	2014	ECMR 5,50% (2014-2019	150	153,00	102,0	21
4	2016	ECMR 5,50% (2016-2021)	150	165,00	110,0	14
5	2018	ECMR 5,6% (2018-2023)	150	204,21	136,1	38

No.	Date	Designation	Amount sought	Amount obtained	% recovery	Number of projects
6	2022	ECMR 6,25% Net (2022-2029)	200	231,38	115,7	52
7	2023	ECMR-2023/Tranches multiples	150	176,60	117,7	41
		TOTAL	1050	1213,19	115,5	//

Source: CAMERCAP-PARC Compilation [6]

Paradoxically, a country chronically in search of financing fails to fully exploit such manifest opportunities to raise domestic resources to the point where the 2023 target remained lower than that set at the very first issuance in 2010. As a Bantu proverb aptly puts it: "The first steps of a dance never bring sweat" yet even after a decade of experience, Cameroon's bond market ambitions remain curiously timid. How does one explain a trajectory of stagnation, or even regression, where growth and learning should have prevailed?

Macroeconomics draws on the concept of the deflator, a national accounting technique that adjusts economic data by selecting a base year. For the general public, this concept illustrates the loss of purchasing power linked to inflation. By way of illustration, a nominal sum of 10,000 CFA francs in 2010 no longer carries the same purchasing power in 2024; the quantity of goods and services it can acquire has considerably diminished over time.

On this basis, it becomes evident that 200 billion CFA francs in 2023 no longer corresponds at all to 200 billion CFA francs in 2010, due to monetary erosion linked to inflation. To maintain constant purchasing power, the nominal value of 2023 should have been revalued using a deflator (through the inverse weighting of the average inflation rate over the period). In conclusion, the real value of the 2023 envelope is lower than that of 2010. This demonstrates that Cameroon solicited and mobilized, in terms of Purchasing Power Parity (PPP), fewer real resources in 2023 than during its very first operation.

Why does the State hold back on the national bond market when investors are consistently clamouring for more? As UHC's pilot phase demands massive, sustained resources, it is deeply paradoxical to observe financial targets regressing year after year. Does this lack of budgetary ambition not flatly contradict the stated commitment to offering every Cameroonian equitable access to essential healthcare?

4.2. An Attempted Decipherment Through a Specific Analysis of Cameroon's Bond Loans

Across its seven (07) successful capital-raising operations on the BVMAC (Central African Stock Exchange), Cameroon capped total solicitations at 1,050 billion CFA francs, an average of 150 billion per issuance. Given the unique opportunity afforded by a regional domestic financial market, notably access to long-term capital in local currency, free of exchange rate risk, this fiscal restraint speaks to the modesty of the State's ambitions. The country clearly has the capacity to aim far higher.

In order to structure our causal efficiency analysis, it is therefore necessary to identify in a specific manner the characteristics of each bond loan (BL) and the investment objectives assigned to them.

(i) ECMR (5.6%) - 2010-2015. Amount sought: 200 billion CFA francs

The ECMR 5.6% (2010-2015) bond issuance marked Cameroon's debut on the bond market. Led by three financial institutions, the operation outperformed expectations, raising 203 billion CFA francs against an initial target of 200 billion a testament to the State's strong creditworthiness in the eyes of investors.

According to the information memorandum of the Ministry of Finance (MINFI), the funds were allocated to 12 public investment projects validated by MINEPAT, spread across key sectors:

Water and energy: 4 projects.

Road infrastructure and civil engineering works: 4 projects.

Major agricultural projects: 2 projects.

Port infrastructure: 1 project.

Telecommunications: 1 project.

Despite the immediate availability of resources, long-term analysis reveals three major flaws in the results chain:

Major projects at an impasse: The cobalt, nickel, and manganese mining project in Lomie (operated by Geovic) is at a standstill. Yet, with a budget of 30 billion CFA francs, it represented the second largest expenditure item in this fundraising operation[3].

Vague formulations undermining monitoring and evaluation: The agricultural component suffers from a lack of precision in its descriptions. Envelopes such as "mechanization of agricultural value chains" (2 billion) or "development of production value chains" (10 billion) prove too vague to allow for a rigorous evaluation of their effectiveness.

[3] After several attempts at revival — the most recent by Chinese investors in 2022 — the project remains in a state of advanced lethargy, closer to closure than to recovery.

Completed infrastructure that has not yielded returns: Although major energy projects such as the Lom Pangar and Memve'ele dams have been built, their actual impact remains contested. The production facilities are operational, but the Southern Interconnected Grid (SIG) continues to suffer from structural deficiencies, depriving populations and businesses of a stable electricity supply.

(ii) ECMR (5.9%) - 2013-2018. Amount sought: 50 billion CFA francs

Arranged by a single financial institution (SCB Cameroon), the second issuance raised 80 billion CFA francs against an initial target of 50 billion an exceptional oversubscription rate of 160%. This remarkable performance confirms the market's keen interest and renewed confidence in Cameroon's sovereign creditworthiness. Yet the State's operational response to this investor enthusiasm appeared, paradoxically, timid.

The initial envelope was strictly earmarked for three priorities: the Memve'ele dam (23 billion), the Autonomous Port of Kribi (9 billion), and various road works (18 billion). The 30 billion CFA francs generated by oversubscription were ultimately redirected toward equity stakes and the restructuring of public enterprises. A rigorous mid-term review is now overdue, owed to taxpayers, policymakers, and citizen beneficiaries alike.

(iii) ECMR (5.5%) - 2014-2019. Amount sought: 150 billion CFA francs

The ECMR 2014 bond loan is grounded in Presidential Decree No. 2014/131 of 31 March 2014, which authorized the Minister of Finance to issue public securities up to a ceiling of 280 billion CFA francs to finance investments under the 2014 Finance Law.

Despite massive and clearly identified financing needs, the State exercised extreme caution by soliciting only 150 billion CFA francs, barely 53.57% of the authorized ceiling.

Yet, in a sub-regional context then marked by significant banking surplus liquidity, the market responded massively. The operation was concluded by a single arranger (SCB Cameroon), which mobilized 153 billion CFA francs. This contrast highlights the gap between the timidity of public ambitions and the abundance of available local capital.

The official information memorandum distributed this financial windfall across 21 projects, grouped into three major strategic blocks. Ten years on, the operational assessment calls into question the real effectiveness of these allocations.

Energy Block: An Invisible Impact for the Consumer

Allocation: 40.8 billion CFA francs simultaneously injected into the Lom Pangar, Memve'ele, and Mekin dams.

Assessment in 2024: Although the infrastructure has been built, Cameroonian households and businesses are still awaiting the expected results. The energy crisis persists, and the stable availability of electricity remains a daily challenge in the areas served.

Infrastructure Block: Conceptual Ambiguity and Budgetary Fragmentation

The road and development component (some ten projects) suffers from two major methodological biases that undermine its effectiveness:

Imprecision in project descriptions: Formulations such as "Paving of the structural road network" (28 billion) or "Paving of the non-structural road network" (9 billion) lack geographic and technical specifications. Such semantic ambiguity renders monitoring and evaluation, and the measurement of effectiveness, virtually impossible.

The fragmentation trap (program-based budget): In the recent application of the program-based budget approach, the ECMR 2014 financed only the payment credits for the current year, and not the global commitment authorization for the projects. As a result, the contribution of the loan often remained below 20% of the total cost of the works.

Equity Block: The Collapse of Non-Strategic Public Enterprises

The State injected 21.5 billion CFA francs to recapitalize or acquire stakes in five (05) public enterprises. The long-term assessment is mixed:

The sovereign cluster (Stable): EDC and CAMWATER, operating in the highly strategic water and energy sector, maintain their operational balance as best they can despite a complex environment.

The commercial cluster (In terminal decline): The three other structures CAMAIR-CO (air transport), MATGENIE (civil engineering), and CICAM (textiles) are mired in a deep structural crisis. Successive reports of the Technical Commission for the Rehabilitation of Public and Parastatal Enterprises (CTR) confirm their state of financial agony, rendering the return on investment from the 2014 loan almost certainly sterile[4].

(iv) ECMR (5.5%) - 2016-2021. Amount sought: 150 billion CFA francs

As with previous operations, investor confidence in the Cameroonian State's signature remained intact. For an initial solicitation of 150 billion CFA francs, the State mobilized 165 billion CFA francs through four (04) arrangers, representing a success rate of 110%. The portfolio of this loan comprised 14 projects, representing an average allocation of approximately 11.78 billion CFA francs per project. Such an envelope legitimately suggested the complete financing and rapid operationalization of the works through fully secured funding.

The key distinguishing feature of this 2016 loan lies in the maturity status of the selected projects: according to the official information memorandum published at that time, all of the listed infrastructure already bore the explicit designation "under execution."

[4] Technical Commission for the Rehabilitation of Public Enterprises / MINFI. The case of CICAM is particularly dire: the pagne (wax-print fabric) produced for 8 March 2024 — one of the company's flagship products for many years — was subcontracted by CICAM itself to China. Orders for the Labour Day celebrations of 1 May 2024 could not be accepted by CICAM due to lack of production capacity.

Table 2. *Allocation of resources sought in the ECMR (5.5%) - 2016-2021.*

		Number of projects	Amount	%
1	MINEE	5	86 600	57,73
	dont PAEPYS	//	61 500	41,00
2	MINDHU (Yaounde-Nsimalen Motorway)	1	9100	6,07
3	MINTP	5	27 300	18,20
4	State Intervention / MINEPAT	3	27 000	18,00
	Total	14	150 000	100

Source: Compilation CAMERCAP-PARC [6]

The case of the Drinking Water Supply Project for Yaounde and its surroundings from the Sanaga River (PAEPYS)

The Drinking Water Supply Project for the city of Yaounde and its surroundings from the Sanaga River (PAEPYS) constitutes an emblematic case[5]. It received the largest allocation in this issuance and, more broadly, the highest envelope in the history of Cameroon's bond loans, with an initial allocation of 61.5 billion CFA francs (subject to the breakdown of the 15 billion CFA francs collected through oversubscription). While this was in 2016, the official information memorandum already presented this large-scale project as being "under execution."

(v) ECMR (5.6%) - 2018-2023. Amount sought: 150 billion CFA francs

The major distinguishing feature of this fifth bond loan lies in its budgetary presentation format. Unlike previous practice, the official list of projects selected for financing was structured no longer by sector of activity, but according to a geographic allocation approach by region.

Table 3. *Allocation of resources from the ECMR (5.6%) - 2018-2023, by region.*

		Number of projects	Amount in millions of CFA francs	Observation
1	Adamawa	1	500	Below ONE billion
2	Centre	6	48 600	
3	East	3	4 600	Below FIVE billion
4	Far-North	4	5 700	
5	Littoral	5	35 000	
6	North	6	20 500	
7	North-West	4	5 600	
8	West	5	17 000	
9	South	1	9 000	
10	South-West	3	3 500	Below FIVE billion

[5] Launched in 2017 by the Ministry of Water Resources and Energy (MINEE). The future drinking water installations to be supplied from the Sanaga River were designed to deliver 300,000 m^3 of water per day upon commissioning, expandable to 400,000 m^3. The project was finally commissioned in August 2024. Officially, the estimated drinking water demand for the city of Yaounde (as of 2016) stood at 315,000 m^3 per day. The Akomnyada drinking water treatment plant supplies 130,000 m^3 and the Mefou plant supplies 50,000 m^3, for a total of 180,000 m^3 per day. PAEPYS was financed through a loan from Eximbank China, at a total cost of 399 billion CFA francs (USD 736 million), with the following financing split: EXIM BANK China: 85% of total cost; State of Cameroon: 15%. Key technical parameters: Contracting authority: Ministry of Public Procurement (MINMAP); Project owner: Ministry of Water Resources and Energy (MINEE); Project manager: SEURECA/A2PE/BETEM Consortium; EPC contractor (studies, supply and construction): SINOMACH (China). Geotechnical surveys: LABOGENIE. Implementation timeline: 36 months (from 30/12/2016) + 24 months extension (from 01/01/2020). The main difficulties encountered include: (i) irregular disbursements from the lender, incompatible with the pace of fieldwork; (ii) mobilisation of counterpart funds causing payment arrears to contractors and for expropriation compensation, as well as delays in Project Management Unit (PMU) operations; (iii) the tax regime; and (iv) the slow release of rights-of-way [25].

	Number of projects	Amount in millions of CFA francs	Observation
Total	38	150 000	

Source: Compilation CAMERCAP-PARC [6] and authors' analysis

The analysis of the fifth bond loan (BL) highlights major managerial and methodological shortcomings. The shift from a sectoral nomenclature to a regional allocation reveals political biases at the expense of economic efficiency.

The political will to grant "a share" to each region inevitably leads to budgetary scattering. This extreme fragmentation of resources is the primary driver of public expenditure inefficiency.

The micro-credit paradox: The portfolio of this loan includes micro-activities financed at a level of only 500 million CFA francs.

A market anomaly: As the leading economy in the CEMAC, Cameroon has no business approaching the BVMAC for amounts below one billion CFA francs per project. It is equally surprising that arrangers validate such structures.

The performance imperative: The country's economic standing demands higher ambitions. National finance actors must operate at the forefront of international financial engineering and not confine themselves to micro-financing of local scope.

The role of the regulator: Beyond the principle of state sovereignty, the Central African Stock Exchange (BVMAC) must fulfil its gatekeeping role. The regulator should not validate the listing of micro-projects within a national-scale fundraising instrument. Strict supervision is essential to safeguard the economic progress of the sub-region.

The geographic classification of projects rests on a fundamental error of economic analysis, confusing the technical site of production with the actual basin of consumption.

Nationally significant infrastructure: Assigning the Lom Pangar dam (1.5 billion CFA francs) exclusively to the Eastern region, or the Memve'ele dam (9 billion CFA francs) exclusively to the Southern region, is a fundamental misinterpretation.

The primacy of economic analysis: The final product of these infrastructures electrical energy is fed into the Southern Interconnected Grid (SIG) to supply the entire national industrial and social fabric. These strategic investments must be categorized as national projects. Objective economic assessment must take precedence over regional political posturing.

After a decade of operation, it is imperative to conduct an independent and in-depth evaluation of the infrastructure that has absorbed these bond resources. This process must audit the financial, economic, and socio-political dimensions of several particularly budget-intensive mega-projects:

Sports infrastructure: The Olembe Sports Complex in Yaounde (36 billion CFA francs from the BL). The Japoma Sports Complex in Douala (26 billion CFA francs).

Road and motorway infrastructure: The Yaounde-Nsimalen motorway (6.3 billion CFA francs). Phase 1 of the Yaounde-Douala motorway (4.3 billion CFA francs).

(vi) ECMR (6.25%) - 2022-2029. Amount sought: 200 billion CFA francs

Primarily dedicated to the infrastructure sector in accordance with the nomenclature of the Growth and Employment Strategy Document (GESD) the portfolio of this bond loan was spread across 52 projects. With an envelope of 120 billion CFA francs out of the 200 billion programmed (i.e., 60%), the Ministry of Public Works (MINTP) secured the lion's share. At first glance, this massive allocation reflects a genuine political will to prioritize the opening up of territory. However, operational reality calls for a more nuanced assessment.

Thanks to the action of four (04) arrangers, the operation mobilized 231.28 billion CFA francs, displaying a remarkable outperformance of 115.5%. While this result confirms the solid confidence of creditors in the Cameroonian State's signature, it raises a fundamental analytical question: what is the actual efficiency of this debt for the country? Are we in the presence of a genuinely win-win partnership, or does one party bear an asymmetric opportunity cost? If the return on investment is lacking, where does managerial responsibility lie?

Table 4. *Summary of the ECMR (6.25%) 2022-2029 program.*

	Ministry / Sector	Number of projects	Amount sought in billions of CFA francs	Amount raised in billions of CFA francs	Average (millions)
1	MINEPAT / Implementation of PLANUT projects	1	3,5		3 500
2	MINEE	08	23,5		2 937
3	MINTP	34	120		3 529

	Ministry / Sector	Number of projects	Amount sought in billions of CFA francs	Amount raised in billions of CFA francs	Average (millions)
4	MINDHU	6	23		3 833
5	MINT	1	15		15 000
6	MINEPAT / State intervention and counterpart funds	2	15		7 500
	TOTAL	52	200	231	3 846 / 4442

Source: Compilation CAMERCAP-PARC [6] and authors' analysis

It should be noted at the outset that the allocation of 231 billion CFA francs across 52 projects equates to a simple arithmetic average of 4.44 billion CFA francs per project, masking a very high dispersion of envelopes. At the upper extreme, the largest allocation amounts to 17 billion CFA francs, assigned to complementary works as well as reinstatement and bypass roads for Phase 1 of the Yaounde-Douala motorway. At the lower extreme, the financing plan shows a floor of one billion CFA francs per file for ten (10) micro-projects. These are predominantly under the MINTP and bear the generic description "construction works for road A-B."

The statistical analysis of the bond loan reveals a scattering of resources (an average of 3.8 billion CFA francs per project) that resembles budgetary dilution. This fragmentation undermines the efficiency of public expenditure and Gross Fixed Capital Formation (GFCF), particularly given the historically high cost of infrastructure in Cameroon.

The relevance of budgetary programming is undermined by three major flaws:

Vague project descriptions: Headings such as "Implementation of PLANUT projects" (3.744 billion) or "AFCON Works" (10 billion) lack precise performance indicators, rendering the monitoring and quality control of public expenditure impossible.

Commissioning delays: The PAEPYS drinking water project in Yaounde benefited from a State contribution of 3 billion CFA francs. However, its long delays prior to effective commissioning [1] illustrate the economic and social opportunity cost of such financing.

The underfunding trap: Assigning insufficient envelopes (such as 1 billion CFA francs for the northern access road to Yaounde) prevents the completion of works. For road construction, an unfinished project deteriorates rapidly, resulting in a dead loss that would have been avoided by concentrating funds on a limited number of fully secured projects.

Finally, the projects under the Triennial Emergency Plan (PLANUT), overseen by MINTP (11 projects) and MINEPAT (1 project), alone absorbed 25% of the total envelope (52 billion CFA francs). Ten years on, the assessment of this program originally designed to last only three years (2015-2017) remains largely to be conducted.

(vii) ECMR (5.8% to 7.25%) - 2023. Amount sought revised downward: 150 billion CFA francs, multiple tranches

Backed by Decree No. 2023/077 of 6 February 2023 authorizing the Minister of Finance to issue public securities up to a ceiling of 450 billion CFA francs, the State launched the ECMR-2023 loan with an initial target of 150 billion CFA francs. This instrument on the Central African financial market was distinguished by its innovative structure of multiple tranches. The operation raised a total of 176.6 billion CFA francs, broken down by maturity as follows: 79 billion CFA francs at a rate of 5.80%, 61 billion CFA francs at 6.00%, 25 billion CFA francs at 6.75%, and 11.6 billion CFA francs at the ceiling rate of 7.25%.

By sector, the projects to be financed are distributed as follows, in billions of CFA francs:

Table 5. *Allocation of resources from the ECMR-2023.*

	Ministry / Sector	Number of projects	Amount in billions of CFA francs	Average in millions
1	MINEE	07	20,5	2 928
2	MINTP	28	85,5	3 053
3	MINDHU	3	15	5 000
4	MINT	1	14	14 000

	Ministry / Sector	Number of projects	Amount in billions of CFA francs	Average in millions
5	Reconstruction of disaster-affected areas	2	15	7 500
	TOTAL	41	150	3 658

Source: Compilation CAMERCAP-PARC [6] and authors' analysis

The first observation highlights the systemic reproduction of structural weaknesses in Cameroon's budgetary programming. The portfolio of this issuance fragments 150 billion CFA francs across 41 projects, with the Ministry of Public Works (MINTP) appropriating 28 budget lines (68.3% of projects) for an envelope of 85.5 billion CFA francs (57% of the funds). This configuration marks the return of the budgetary scattering logic, which has been regularly criticized for its operational inefficiency. Allocations are characterized by a minimum floor of one (01) billion CFA francs and a maximum ceiling of only eleven (11) billion CFA francs.

As with the previous operation, the average allocation per project remains below the critical threshold of 4 billion CFA francs. Only the Autonomous Port of Kribi is an exception, with the State's contribution from bond loans stabilizing at around 15 billion CFA francs per issuance.

The true distinguishing feature of this program lies in the heterogeneity of expenditure. Of the 28 MINTP projects, 17 depend entirely (100%) on ECMR 2023 resources, while the remaining 11 are recorded merely as supplementary contributions to the 2023 Finance Law (LDF) budget. This configuration raises an imperfect accounting equation: how can one assess the actual efficiency of a marginal contribution of one billion CFA francs from the BL, subsumed within the 16 billion CFA francs allocated to the construction of the Lolabe (Port of Kribi)-Campo expressway? Similarly, what specific impact can be expected from an allocation of 2 billion CFA francs within the 38 billion CFA francs mobilized under the LDF for the rehabilitation in four lots of the Babadjou-Bamenda road? This budgetary intertwining undermines fund traceability and compromises any attempt at rigorous analytical accounting.

At this juncture, a fundamental question arises for decision-makers: is it not time to break definitively with the status quo ("no more business as usual")? In a bid for performance, the management of these bond loans should adhere to strict managerial discipline, modelled on a rigorous project-based logic, in lieu of the results-based approach promised by the program-based budget that has yet to materialize.

In reality, the dogmatic application of the treasury unity principle which consists of merging fundraising proceeds into the overall budgetary mass of the Finance Law strips this innovative financial mechanism of its very specificity and efficiency rationale. By assimilating these funds to ordinary resources, the State transfers to bond loans the structural flaws, limitations, and inefficiencies of its classical budget. Far from issuing a purely negative indictment, this observation aligns with the body of national and international audit reports which, for decades, have firmly condemned the logic of scattering in public procurement.

4.3. Bond Loans and Health in Cameroon

The relationship between bond issuances in Cameroon and the health sector goes to the very heart of the debate on the quality and strategic orientation of public expenditure.

As mentioned above, Cameroon has historically and regularly mobilized public and institutional savings through bond loans on the unified CEMAC financial market (BVMAC). However, the analysis of the allocation of these funds reveals a very specific sectoral reality.

4.3.1. Causal Analysis: The Contribution of ECMR-2023 to Health Programs

An examination of the information memoranda of the various bond issuances by the Cameroonian State (including the ECAM issuance) reveals that the funds raised are almost exclusively directed toward heavy infrastructure investment. The resources primarily finance:

Major energy projects (hydroelectric dams at Nachtigal, Memve'ele).

Transport infrastructure (national roads, bridges, penetration roads).

Urban development and sports infrastructure (linked in particular to recent CAF competitions).

The social sector and the health sector in particular has benefited only marginally, and largely indirectly, from these direct capital-raising operations on financial markets.

The introduction of the multi-tranche ECMR 2023 bond loan (which raised 176.6 billion CFA francs) marked a major theoretical turning point. For the first time, a bond tranche explicitly included an allocation for the seed fund and the sustainability of the UHC Third-Party Payer mechanism [26].

Within the framework of a causal efficiency approach, the impact of this backing may be described as follows:

Table 6. *Causal analysis of the ECMR 2023 oriented towards health programs.*

Chain link	Theoretical mechanism (What was planned)	Operational reality (What was observed)
Inputs	Immediate mobilisation of a portion of the 176.6 billion CFA francs in local currency (CFA franc), without exchange rate charges or conditions imposed by external donors.	Funds were successfully raised, but the treasury unity principle dissolved this envelope into the overall Finance Law, limiting the ring-fencing of liquidity for health.
Outputs	Rapid upgrading of the technical platforms of district hospitals and deployment of the enrolment information system.	Regional Hospital Centres (RHCs) have been made operational and pre-enrolment tools installed, but administrative bottlenecks are slowing down the distribution of cards to users.
Outcomes	Full coverage (100%) of the basic care package with no catastrophic out-of-pocket charges for vulnerable targets (pregnant women, new-borns).	More than 118,000 pregnant women have been enrolled and gave birth under the fee-exemption scheme, validating the social effectiveness of the third-party payer mechanism where funds have reached their destination.
Impacts (Long-term)	A drastic reduction of the 70% direct household expenditures and a decrease in maternal and infant mortality at the national level.	The impact remains localised and fragmented. The sustainability of supply is threatened by delays in the payment of claims to pivot health facilities, reproducing the shortcomings observed in major road infrastructure projects of the past.

Source: Authors, based on the 2024 Cameroon Finance Law [27]

4.3.2. The Paradox of Health Financing in Cameroon

Health in Cameroon is primarily financed by [28]:

The general State budget (Finance Law), of which the share allocated to health often falls short of international commitments (such as the 15% target of the Abuja Declaration).

Direct household payments (out-of-pocket expenditures), which still account for more than 60% of total health expenditure, constituting a major financial barrier for the population.

Support from technical and financial partners (grants and concessional loans).

The absence of the health sector from bond loan portfolios is often explained by the classical public finance view, which perceives health as a "recurrent expenditure" or a "non-productive social sector" in the short term, unlike a road or dam whose economic profitability is more easily quantifiable.

5. The COSUMAF Regulatory Framework in the Face of Social Bonds

Introducing a financing instrument as specialized as a Social Bond dedicated to Universal Health Coverage (UHC) requires a rigorous legal foundation. In the CEMAC, the "Commission de Surveillance du Marché Financier de l'Afrique Centrale (COSUMAF)" serves as the guarantor of savings protection and proper market functioning. An analysis of its regulatory framework reveals a system still under construction: open to innovation, but in need of significant strategic adjustments.

5.1. Current State of the Framework: The COSUMAF GSS Guidelines

Aware of the sub-region's lag in attracting sustainable financing, COSUMAF took a decisive step by formalizing, in collaboration with the International Finance Corporation (IFC), its guidelines relating to the issuance of Green, Social and Sustainability (GSS) bonds [21].

This text transposes the international standards of ICMA (International Capital Market Association) to the sub-regional level [18]:

The principle of financial non-specificity: On the technical level, COSUMAF specifies that the financial structuring of a social bond (rate, maturity, face value) follows the same instruction rules as a classical bond loan by Public Offering (APE).

The Framework and Second Party Opinion (SPO) requirement: To obtain the COSUMAF visa, the issuer (whether the State of Cameroon or a public entity) must attach to the standard file a Social Bond Framework. This document must be reviewed by a qualified independent third party, which issues a "second opinion" confirming that the projects (in this case, UHC infrastructure) genuinely target vulnerable or underserved populations.

Traceability and reporting: The current framework imposes an obligation of annual reporting to COSUMAF and the public, measuring the share of impact directly proportional to the financing raised [21].

5.2. Limitations and Constraints of the Current Framework for Health Financing

Although the COSUMAF guide exists, its concrete application to the health sector faces operational and institutional constraints:

The absence of a green and social taxonomy specific to CEMAC: While the guide lists broad eligible categories (such as "access to essential health services"), there is no precise and contextualized evaluation grid for Central Africa. What qualifies a digital health infrastructure as "social"? The absence of standardized local definitions increases the cost of external certification (SPO), which is often entrusted to expensive international firms.

The fungibility of public funds: The general public finance regulations of CEMAC member states enshrine the principle of treasury unity. Introducing a social bond requires ring-fencing the funds in an escrow account (generally at the BEAC) to prevent them from being used to cover other budgetary deficits. The COSUMAF framework must articulate more clearly with the public debt management rules of Finance Ministries.

5.3. Necessary Reforms to Propel "UHC" Social Bonds

To transform these guidelines into a meaningful operational lever for public health in Cameroon and across the sub-region, four major reforms are essential:

A. A Reform of Public Accounting and Debt Management

A critical step is to enact a joint regulation (UMAC / COSUMAF / BEAC) enabling States to issue bonds whose repayment is backed by dedicated revenue streams (taxes on tobacco, alcohol, or the digital economy) held outside the general budget. This protects the investor and safeguards the quality of health expenditure.

B. Harmonized Fiscal Incentives

COSUMAF must advocate before the CEMAC Council of Ministers for the granting of a total and permanent tax exemption on income from movable capital (IRCM) for all investors (natural and legal persons) who subscribe to social bonds certified "Health/UHC." Such a tax advantage would create a powerful attraction for local savings.

C. Relaxation of COBAC Prudential Rules

COBAC (the banking regulator) must adapt its prudential ratios. By granting a lower risk weighting or preferential treatment in the calculation of the liquidity ratio for commercial banks holding impact Social Bonds, bank treasurers would be massively incentivized to favour public health over ordinary public securities.

D. The Creation of a Pool of Local Evaluation Experts

To democratize the instrument, COSUMAF should establish an accreditation system for audit firms and research centres in Central Africa, institutions such as CAMERCAP-PARC or IRESADE. Building local expertise to deliver Second Party Opinions would substantially reduce the structuring costs of social projects, strengthening both the scientific and financial sovereignty of the sub-region.

The COSUMAF regulatory framework is conceptually ready to accommodate social bonds for health. The keystone of success, however, is no longer a matter of drafting new financial legislation: it is a question of political will the will of States to reform expenditure governance and create the incentives needed for the regional financial market to become the primary engine of health system transformation.

6. Towards a Paradigm Shift: Social Bonds

To meet the major challenges of health system transformation and the deployment of Universal Health Coverage (UHC), the bond issuance mechanism must be reinvented. The evolution of African financial markets is opening a pathway toward sustainable and social bonds.

Rather than limiting loans to road or energy infrastructure, the State or development institutions could structure bond loans specifically dedicated to health.

Improving the quality of expenditure: The principal challenge in Africa and in Cameroon in particular is not always a structural resource deficit, but rather the quality of public expenditure. Redirecting local and regional savings through thematic bond issuances would unlock funding for strategic, sovereign investments.

6.1. Financing Opportunities Through Thematic Bond Loans

Given the scale of investment required to modernize our health system, diversifying financing sources is a strategic imperative. Thematic bond issuances, whether social, green, or sustainability bonds, represent a major opportunity to attract new capital. By directly connecting institutional investor savings to high-impact social projects, this sustainable finance mechanism offers an innovative and credible alternative to traditional financing. It secures long-term resources critical to our ambitions of health sovereignty and universal coverage.

To meet this challenge, our strategy is built around three major pillars[6]: the modernization of community-level infrastructure, the independence of our medical production, and the digitalization of Universal Health Coverage (UHC).

Upgrading of the technical platform: Financing the construction and equipping of district hospitals and Integrated Health Centres (IHC) to ensure quality community-level care.

Pharmaceutical sovereignty: Supporting local production industries for essential medicines to reduce dependence on imports.

[6] These pillars derive from the prerequisites of UHC as defined by the WHO.

UHC infrastructure: Financing interconnected information systems and the enrolment mechanisms necessary for the viability of universal health insurance.

In sum, Cameroonian bond issuances have until now consistently sidelined health in favour of physical infrastructure and energy. Yet they constitute a powerful, sovereign financing lever one that remains profoundly underutilized as a vehicle for building the resilient health system Cameroon needs.

6.2. Mechanism for Structuring Social Bonds Dedicated to Financing UHC Infrastructure in the CEMAC

Structuring a Social Bond in the CEMAC to finance Universal Health Coverage (UHC) represents a major financial innovation. It enables a shift from the traditional grant-window approach (classical budget financing or fragmented international aid) toward a sovereign, performance-driven market logic.

To successfully execute such an issuance on the unified financial market of the BVMAC (Central African Stock Exchange), the structuring must rigorously reconcile the regulatory framework of COSUMAF (the regional regulator) with international standards, notably the Social Bond Principles (SBP) of ICMA (International Capital Market Association).

6.2.1. Example of Countries That Have Financed Health Through Bond Loan Mechanisms

Several Countries, particularly emerging and developing nations, have successfully mobilized thematic bond issuance (social or sustainability bonds) to finance the modernization of their healthcare infrastructure, respond to health crises, or structure their universal health coverage.

(i). Chile: A Leader in Health Infrastructure Through Social Bonds

The Chilean Ministry of Finance is one of the world's most active sovereign issuers in the thematic bond market. Through its sustainable bond reference framework, the country has issued several tranches of social bonds (Social Bonds) on international markets. The capital was contractually allocated to the construction and equipping of regional public hospitals, the expansion of community care networks for low-income households, and the improvement of access to essential health services [29].

(ii). Guatemala: Health Response and Strengthening of the Technical Platform

Guatemala issued a sovereign social bond loan. The resources served to finance, on one hand, the emergency response to public health crises, and on the other, long-term investments for the upgrading of national medical infrastructure and food security in rural areas [30].

(iii). The Philippines: Universal Health Coverage (UHC)

Supported by thematic issuance mechanisms (notably via development bonds from the Asian Development Bank - ADB), the Philippine government backed bond financing to the national Build Universal Health Care program. The funds were used to finance a comprehensive reform of the health sector, including the establishment of interconnected information systems for universal health insurance and the operational deployment of UHC across the archipelago [31].

(iv). Thailand: Diversification and Post-Health-Crisis Recovery

Thailand structured a major thematic bond issuance divided into several components (Green and Social). The social component was specifically earmarked for public health expenditure, the strengthening of care facilities, and support for medical assistance programs for populations affected by economic and health crises [32].

(v). Africa: Towards the First Social Impact Bonds

On the African continent, the trend is accelerating towards the search for innovative instruments. Countries such as South Africa have experimented with Social Impact Bond mechanisms applied to targeted public health programs (such as the fight against tuberculosis) [33].

6.2.2. Architecture of Social Bond'-Type Bond Loan in the CEMAC to Finance UHC

Here are the key steps and architecture of this mechanism:

(i). The Ecosystem of Actors in the CEMAC

To carry this project forward, the issuer (generally the State, through the Ministry of Finance, or a development financial institution such as BDEAC) must surround itself with accredited partners:

The Issuer: The Ministry of Finance (MINFI) in close collaboration with the Ministry of Public Health (MINSANTE) and the UHC managing body.

The Arrangement and Placement Consortium: Composed of stock exchange companies (SDB) accredited by COSUMAF, which structure the information memorandum and syndicate the placement.

The External Evaluator (Second Party Opinion - SPO): An independent specialist firm (e.g., Moody's ESG, ISS ESG), indispensable for certifying the "social" nature and alignment with ICMA principles.

(ii). The 4 Pillars of Structuring (ICMA & COSUMAF Standards)

The success of the loan rests on the transparency and traceability of funds, expressed through four fundamental requirements:

Pillar 1: Use of Proceeds

This is the heart of the Social Bond. Unlike classical loans where funds go to the general treasury, the resources raised here must be strictly segregated (in an escrow account at the BEAC) and earmarked for pre-defined UHC projects.

Physical infrastructure: Rehabilitation and upgrading of the technical platforms of district hospitals and Integrated Health Centres (IHC).

Digital infrastructure: Financing the national information system for UHC (biometric enrolment platform, hospital interconnection, billing management).

Logistics infrastructure: Secured supply chain for essential medicines (purchasing centres).

Pillar 2: Project Evaluation and Selection Process

The issuer must establish a National UHC Portfolio Selection Committee, involving MINFI, MINSANTE, civil society, and health economics experts. This committee filters projects according to strict social impact criteria:

Reduction of the average distance to quality care.

Targeting of vulnerable populations (informal sector, indigent persons, and pregnant women).

Pillar 3: Management of Proceeds

To reassure investors (banks, insurance companies, pension funds in the CEMAC), traceability must be absolute.

Funds are disbursed in tranches, exclusively upon presentation of progress reports on UHC infrastructure.

The quality of expenditure is audited in real time to avoid the crowding-out effect or delivery delays that penalize the socio-economic return of the project.

Pillar 4: Reporting and Impact Measurement

This is the obligation to account, beyond the simple financial report. The issuer commits to publishing annually a social impact report with precise indicators.

(iii). The Fundraising Process

(1) Identification of the UHC project portfolio

Preparatory phase - MINSANTE / Health Economists

Mapping the urgent infrastructure needs (digital and physical) of UHC and assessing the overall financing requirement.

(2) Drafting of the Social Bond Framework

Technical phase

Reference document describing how the loan will comply with ICMA rules. Submission to an independent expert for the Second Party Opinion (SPO).

(3) COSUMAF Instruction and Visa

Regulatory phase

Filing of the approval dossier (information memorandum, SPO, financial characteristics of the security: maturity, interest rate) with the regional regulator to obtain the marketing visa.

(4) Roadshow Campaign and Syndication

Market phase

Presentation of the offer to institutional investors in the CEMAC (CNPS, insurance companies, commercial banks). Promoting the quality-of-expenditure argument: a long-term investment in human capital.

(5) Closing and Listing on the BVMAC

Operational phase

Collection of funds, transfer to the dedicated account, and introduction of the securities to the BVMAC listing to ensure secondary market liquidity.

(iv). Key Success Factors in the CEMAC

For this Social Bond not to be perceived as an ordinary government loan, three levers must be activated:

Tax Incentive: Negotiating with the States of the area a total tax exemption on income from movable capital (IRCM) for subscribers to this specific “Health/UHC” security.

Repayment Guarantee: Backing repayment on a stable and earmarked public revenue stream (for example, a fraction of telecommunications or insurance taxes), held in a dedicated amortization account to reassure on the issuer’s solvency.

Eligibility for BEAC Refinancing: Obtaining from the Central Bank that these bonds be admitted as first-rank collateral for commercial bank refinancing operations, thereby greatly increasing their attractiveness.

Structuring such an instrument would allow Cameroon to demonstrate that it is possible to mobilize local savings in the service of lasting health sovereignty, transforming the cost of UHC into a productive investment for the sub-region.

7. General Conclusion

This efficiency analysis of Cameroon’s bond issuances (EO) over the past decade reveals a striking macroeconomic paradox. Financially, the State’s creditworthiness is beyond question: seven successful operations have raised more than 1,213 billion CFA francs, with the sub-regional market consistently demonstrating its appetite through impressive oversubscription rates. Yet the transition from financial performance to operational effectiveness as measured along the results chain in the field exposes deep structural limitations that corrode the quality of public expenditure.

The causal analysis in this study shows that advance financing instruments all too often revert to the familiar failings of classical budget programming. The chronic fragmentation of resources spread across a multitude of micro-projects, sometimes below one billion CFA francs per budget line, deprives investments of the critical mass necessary for completion. Whether in major energy projects (Lom Pangar, Memve’ele) or road and sports infrastructure, the contrast is stark: capital is available immediately, yet commissioning is chronically delayed. Furthermore, the rigid application of the treasury unity principle dissolves this domestic savings pool into the overall Finance Law envelope, eliminating budgetary traceability and the results-based logic that the program-based budget was supposed to deliver.

The introduction of the multi-tranche ECMR 2023 loan constituted a promising financial innovation, notably through the explicit inclusion of financing for the pilot phase of Universal Health Coverage (UHC). The stakes here are of critical social sensitivity: substituting stable domestic resources for volatile international aid and, above all, breaking the barrier of 70% direct out-of-pocket health expenditures that is asphyxiating Cameroonian households. The initial results of the Third-Party Payer mechanism (fee exemption for pregnant women and children under 5) confirm the potential social effectiveness of the scheme. However, if the delays in hospital payment settlements observed in early 2024 persist, UHC risks suffering the same bottlenecks as past road infrastructure projects.

The time has come for national finance decision-makers to decree a paradigm shift to declare, unequivocally, "no more business as usual." Bond issuances can no longer be managed as blunt instruments of vague budgetary support. To safeguard human capital and make UHC viable, the State of Cameroon must urgently ring-fence health funds through watertight special appropriation mechanisms, break with sectoral fragmentation by pivoting to dedicated Social Bonds, and subject all programming to a rigorous project-based logic. Only through this surge of managerial discipline will Cameroonian sovereign finance fulfil its potential as a genuine lever for sustainable, inclusive, and equitable growth.

8. Recommendations: Towards a "No More Business as Usual" Model

For the bond market to become the true engine of a lasting Universal Health Coverage in Cameroon, a fundamental managerial break is necessary:

Ring-fencing of funds (Autonomous Fund): Resources raised through health-dedicated bond issuances must no longer be absorbed into the general state budget. They must flow directly into a special appropriation account managed by the autonomous UHC body, guaranteeing prompt and direct payment to hospital service providers.

End of fragmented allocation: Rather than simultaneously financing dozens of micro-road projects with no delivery guarantees, the State must issue Social Bonds exclusively dedicated to human capital investment (Health/UHC and Education).

BVMAC gatekeeping role: The sub-regional regulator must require the issuer (Cameroon) to present information memoranda in which the economic and social results chain is clearly auditable, underpinned by binding performance indicators marking a definitive break from the opaque project descriptions of the past.

Abbreviations

AFDB	African Development Bank
BEAC	Bank of Central African States
BVMAC	Central African Stock Exchange
CAMERCAP-PARC	Cameroon Policy Analysis and Research Centre
CAMWATER	Cameroon Water Utilies Corporation
CEMAC	Central African Economic and Monetary Community
CICAM	Cameroon Industrial Cotton Company
CNPS	National Social Insurance Fund
COBAC	Central African Banking Commission
COSUMAF	Central African Financial Market Supervisory Commission
DSX	Douala Stock Exchange
ECA	United Nations Economic Commission for Africa
ECAM	Cameroon Household Survey
ECMR	Cameroon's Bond Loans
EDC	Electricity Development Corporation
ESG	Environmental, Social and Governance
FDI	Foreign Direct Investment
FFD3	Third International Conference on Sustainable Development Financing
ICMA	International Capital Market Association
IFC	International Finance Corporation
IRESADE	Reasearch Institute for Health and Development
MATGENIE	National Civil Engineering Equipemnt Pool
MINDHU	Ministry of Housing and Urban Development
MINEE	Ministry of Water Resources and Energy
MINEPAT	Ministry of Economy, Planning and Regional Development
MINFI	Ministry of Finances
MINMAP	Ministry of Public Contracts
MINSANTE	Ministry of Public Health

MINTP	Ministry of Public Works
ODA	Official Development Assistance
PAEPYS	Water Supply Projet for City of Yaounde and Its Environs from Sanaga River
PLANUT	Three-Year Emergency Plan for Accelerating Economic Growth
PPP	Purchasing Power Parity
SBP	Social Bond Principles
SCB	Commercial Bank of Cameroon
SDG	Sustanaible Development Goal
SIG	Southern Interconnected Grid
TFP	Technical and Financial Partners
UHC	Universal Health Coverage
UMAC	Central African Monetary Union
WADB/BOAD	West African Development Bank
WAEMU	West African Economic and Monetary Union
WHO	World Health Organization

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Barnabe Okouda: Project administration, Validation

Conflicts of Interest

The authors declare no conflicts of interest.

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