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**PRELIMINARY ASSESSMENT OF
FIRST YEAR PERFORMANCE OF
THE CAMEROON FERTILIZER
SUBSECTOR REFORM PROGRAM**

JANUARY 1989

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OF THE CAMEROON FERTILIZER SUBSECTOR REFORM PROGRAM**

Submitted to the

**Technical Supervisory Committee
Fertilizer Subsector Reform Program
Government of Cameroon**

**and
USAID/Cameroon
Yaounde**

**By
The AMIS Project
Abt Associates/University of Idaho**

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GLOSSARY OF ACRONYMS

FSSRP - Fertilizer Subsector Reform Program

GRC - Government of the Republic of Cameroon

TSC - Technical Supervisory Committee

ONCPB - Office Nationale de Commercialisation des Produits de Base

UCAL - Union des Cooperatives du Littoral

NWCA - North West Cooperative Association

UCCAO - Union Centrale des Cooperatives Agricoles de l'Ouest

BCCC - Bank of Credit and Commerce Cameroon

BICIC - Banque Internationale pour le Commerce et l'Industrie de Cameroun

BIAO - Banque Internationale pour l'Afrique Occidentale

MINFI - Ministry of Finance

MINPAT - Ministry of Plan and Regional Development

MINAGRI - Ministry of Agriculture

1. INTRODUCTION

This report was prepared in response to a request made to the AMIS Project by USAID/Cameroon for an assessment of fertilizer importation and distribution during the first year's operation of the Fertilizer Subsector Reform Program (FSSRP). It was carried out by the consultant in Cameroon during the period December 1 through December 19, 1988. Because of time constraints and lack of farm-level data, this report constitutes a preliminary assessment of the FSSRP.

The second part of this task is to complete the assessment of the FSSRP's first year operations and to design a system to monitor and evaluate the program over the remaining four years of its life. This work is to be carried out in the February to March 1989 period. The full scope of work covering both efforts will be found in Appendix D.

The information used in preparing this report was collected during a field trip made by a joint Cameroon Government/USAID team from December 4 to 11 and covering the Littoral, West and North West Provinces. The team included the following persons:

M. Felix Nkonabang, Assistant Director, Agricultural Production Section,
Ministry of Agriculture
M. Augustin Fongang, Charge d'Etudes, Ministry of Finance
Dr. Tham Truong, Chief Mission Economist, USAID/Cameroon
Mr. Tjip Walker, USAID/Cameroon
Mr. Richard Abbott, Consultant

The team interviewed all participants in the 1988 FSSRP, including banks, importers, distributors (all cooperatives), and farmers.

All members of the team participated in the collection of information used in this report. The consultant would like to especially note the contribution of Mr. Walker, who compiled the data in the accompanying tables.

The report is organized into two major sections: Section 2 is an overall assessment of the program, while Section 3 is a description of the activities of each of the participants.

2. PRELIMINARY ASSESSMENT OF FIRST YEAR PROGRAM

2.1 Summary

This preliminary assessment of the FSSRP was conducted by the consultant during the month of December 1988, at a time when fertilizer procured through the FSSRP program was still being shipped to distributors. It was however possible to observe movement of fertilizer from the port of Douala through the distribution channels at least to the primary level cooperatives in every province which participated in this first year of the FSSRP.

Conclusions on program performance thus far are presented below, followed by a more detailed discussion of program elements.

- (1) The FSSRP program succeeded in importing a total of 63,000 tons of fertilizer this year. Though the program started later than planned and no contracts were signed between importers and distributors until June 1988, from that point onward the process was carried out relatively efficiently. The fiduciary bank, the commercial banks and the importers carried out their roles effectively, despite some procedural problems and misunderstandings.
- (2) The simplification of procedures for determination of fertilizer needs by the distributors and the placement of orders directly with importers resulted in shortening this process from twelve to eighteen months under the previous MINAGRI/FONADER system to four to six months this year. Almost without exception, distributors felt that the new system worked to their advantage.
- (3) Only cooperatives in the Littoral, West and Northwest Provinces participated as distributors in this year's program. Of the 63,000 tons imported all but 6000 tons are destined for coffee growers. This is not only because coffee growers have been the largest users of subsidized fertilizer in the country, but also because the cooperatives constitute an existing distribution system with which importers are accustomed to working.

- (4) Due to the late start of the program, only in one area did shipments arrive in time for September/October 1988 application by coffee planters. The carryover amount will in most cases be sufficient for the first application on next year's crop in March 1989, but not for the second application in October 1989. This introduces a measure of uncertainty into the size of 1989 fertilizer demand by province.
- (5) The various cooperative/distributors followed different policies in establishing retail (farm level) prices. These policies varied from a uniform price for all types of fertilizer regardless of location, to one involving a schedule of prices reflecting actual costs, including transport to more distant locations, as envisioned in the FSSRP program. In general, the resulting margins were adequate to cover distribution costs of the cooperatives. The weighted average retail price for all types of fertilizer and all locations was 55,400 FCFA per ton (2770 per 50 kg. bag), compared to the 1987 fixed uniform price of 40,000 FCFA per ton (2000 FCFA per 50 kg. bag).
- (6) In the Littoral and North West Provinces where coffee is sold by the cooperatives through the ONCPB, serious problems have been caused by delayed payment by ONCPB for the 1988 crop. Delayed disbursements to prefinance the 1989 crop will only exacerbate the financial problems caused by existing arrears. This lack of liquidity in the cash crop sector has resulted in a reduced capacity to purchase fertilizer by farmers, which in turn can lead to liquidity problems for the coffee cooperatives who have incurred large debts in prefinancing fertilizer under the FSSRP this year. Furthermore, the farmers' need for cash may induce some of them to sell their 1989 crop through other market channels, thereby affecting the financial standing of the cooperatives.
- (7) Three importing firms participated in the program: CAMATREX, a new entry into the Cameroon fertilizer import sector; Aminou, an established firm but new to fertilizer importing; and ADER, the successor company to SEPCAE. Thus FS3PP has attracted new players

while reducing participation of older more risk-averse firms. These three firms all delivered fertilizer to distributors at the port of Douala; none were themselves involved in distribution, though at least one is interested in doing so in the future. A group of import firms who did not participate this year were interviewed and several indicated interest in being involved next year.

- (8) The importation loan facility provided through commercial banks was utilized by all importers since it was a requirement of the FSSRP program for access to the subsidy fund. However it was generally felt that the facility was not useful to them as presently constituted, mainly because the validity period expired too soon. Importers and banks have offered suggestions on procedural changes which would make this element of the program more effective.
- (9) The subsidy fund available to importers/distributors/end users was utilized for all imports. Some minor procedural changes have been proposed to simplify administration of the facility.
- (10) The distribution loan facility has not yet been utilized, though one application is pending (NWCA has an application at BIAO) and another cooperative is considering applying (COOPROVINOUN through BIAO). There was a general lack of understanding of this distribution loan facility by all parties. Better information needs to be disseminated on this loan facility. Additionally, loan procedures will require further study to see if the program can be made more accessible to participants who have weak financial bases.

2.2 Quantities of Fertilizer Imported

A total of 63,000 tons were imported under this year's FSSRP program. Exhibit 1 on the following page shows the amounts handled by each importer broken down by contract, with dates of arrival at Douala indicated. As of December 14, 1988, 78% of the 63,000 tons (i.e. 49,184 tons) were delivered to provincial centers.

Exhibit 1: Fertilizer Import Situation as of December 5, 1988

| Importer | Distributor | Contract Date | Quantity (tons) | Type | Value | Arrival Date | Cleared Customs |
|----------------|--------------------|---------------|-----------------|-----------------|---------------|--------------------------------------|--------------------|
| CAMATREX | UCAL, Littoral | June 2, 1988 | 6000 | NPK 20-10-10 | 510,468,000 | September 27, 1988 | October 10, 1988 |
| | | | 2000 | NPK 12-06-20 | | September 29, 1988 | October 28, 1988 |
| | | | 3500 | Sulf. of Ammon. | | September 27, 1988 | October 10, 1988 |
| | | | 1500 | Urea | | September 7, 1988 | September 23, 1988 |
| | | | ----- | | | | |
| | | | 13000 | | | | |
| Aminou and Co. | UCAL, Littoral | June 2, 1988 | 5000 | NPK 20-10-10 | 312,414,000 | Not yet arrived | |
| | | | 3000 | Sulf. of Ammon. | | Not yet arrived | |
| | | | ----- | | | | |
| | | | 8000 | | | | |
| CAMATREX | UCCAO, West | June 24, 1988 | 5000 | NPK 20-10-10 | 495,500,000 | September 27, 1988 | October 10, 1988 |
| | | | 5000 | NPK 12-06-20 | | September 29, 1988 | October 28, 1988 |
| | | | 5000 | Urea | | September 7, 1988 | September 23, 1988 |
| | | | ----- | | | | |
| | | | 15000 | | | | |
| ADER | UCCAO, West | June 24, 1988 | 5000 | NPK 20-10-10 | 495,500,000 | November 11, 1988 | |
| | | | 5000 | NPK 12-06-20 | | November 11, 1988 | |
| | | | 5000 | Urea | | November 11, 1988 | |
| | | | ----- | | | | |
| | | | 15000 | | | | |
| CAMATREX | COOPROVINOUN, West | | 5000 | Sulf. of Ammon. | 182,425,000 | Partial delivery, September 27, 1988 | October 10, 1988 |
| CAMATREX | NWCA, North West | | 5300 | NPK 20-10-10 | 274,894,500 | October 18, 1988 | November 22, 1988 |
| | | | 1000 | Sulf. of Ammon. | | Not yet arrived | |
| | | | 700 | Urea | | October 18, 1988 | November 22, 1988 |
| | | | ----- | | | | |
| | | | 7000 | | | | |
| TOTAL | | | 63000 | | 2,271,201,500 | | |

Note: The indicated value is the value of the contract between the distributor and the importer and thus does not include the value of the subsidy received by the importer.

The time from contract date to arrival at Douala varies. It ranges from 14 weeks to about 18 weeks, though in one case (the Aminou order for UCAL) the shipment has not yet arrived after 28 weeks. It appears that variations in delivery times were due to unfamiliarity with procedures on the part of both banks and importers, in addition to the difficulty some cooperatives had in arranging payment guarantees.

Exhibit 1 also shows a contract value of 2.271 billion FCFA (US dollars 7.57 million at 300 FCFA to the dollar) for the 63,000 tons imported under the FSSRP in 1988. This figure of 2.271 billion FCFA represents the cost incurred by distributors in importing 63,000 tons of fertilizer. It does not take into account the amount of 2.027 billion FCFA (US\$ 6.8 million) of subsidy received by importers under the FSSRP. (See Section 2.7 and Exhibit 6 below.) It should be pointed out that, under the FSSRP, the distributors' low fertilizer importation costs (i.e. 2.271 billion FCFA instead of 4.298 billion FCFA if subsidies are not taken into account) are passed on to fertilizer end-users via low farmgate prices as they were set in the MINPAT/MINCI May 9, 1988 pricing decree.

2.3 Distribution of Fertilizer

Of the 63,000 tons imported, 58,000 tons were ordered by three coffee cooperative unions: UCCAO, UCAL, and NWCA. The remaining 5000 tons were ordered by COOPROVINOUN, a food crop marketing cooperative. All the cooperative unions took delivery of the fertilizer at the port of Douala and arranged for transport to their member cooperatives, using either their own or hired trucks. The status of distribution as of December 5, 1988 is shown in Exhibit 2 below.

Exhibit 2: Fertilizer Distribution Situation as of December 5, 1988

| Distributor/ Province | Fertilizer Ordered Quantity (tons) | Type | Received At Union Level | Received At Coop Level |
|--------------------------|--|-----------------|-------------------------------|------------------------------|
| UCAL, Littoral | 11000 | NPK 20-10-10 | 6000 | 5582 |
| | 2000 | NPK 12-06-20 | 2000 | 1710 |
| | 6500 | Sulf. of Ammon. | 3500 | 3250 |
| | 1500 | Urea | 1500 | 1499 |
| | ----- | | ----- | ----- |
| | 21000 | | 13000 | 12041 |
| UCCAO, West | 10000 | NPK 20-10-10 | 10000 | 9500 |
| | 10000 | NPK 12-06-20 | 10000 | 7500 |
| | 10000 | Urea | 10000 | 9000 |
| | ----- | ----- | ----- | ----- |
| | 30000 | | 30000 | 26000 |
| COOPROVINOUN, West | 5000 | Sulf. of Ammon. | 170 | 85 |
| NWCA, North West* | 5300 | NPK 20-10-10 | 5314 | 2387 |
| | 1000 | Sulf. of Ammon. | 0 | 0 |
| | 700 | Urea | 694 | 206 |
| | ----- | ----- | ----- | ----- |
| | 7000 | | 6008 | 2593 |
| TOTAL | 63000 | | 49178 | 40719 |

Note: * Figures show deliveries at apex and union levels respectively.

At the time of the field trip, all but about 14,000 tons of the amount contracted for by distributors had reached Douala and had been delivered to the cooperative union level at the various provincial centers. Of this amount roughly 9000 tons had yet to be trucked to the cooperative level, though much of it was being moved during the team's visit.

2.4 Fertilizer Pricing and Distribution Costs

The farm-level target or ceiling prices established by the May 1988 MINPAT/MINCI interministerial decree for the various types of fertilizer generally appear to allow an adequate margin to cover distributors' costs and margins. Indeed, data in Exhibit 3 below shows that UCAL, NWCA and UCCAO sell NPK 20-10-10 to farmers at prices which represent approximately 76 to 83 % of the farmgate target ceiling price set in the May 1988 MINPAT/MINCI pricing

decreed. Data in Appendix A shows that UCAL, NWCA and UCCAO set farmers' prices for NPK 12-06-20 at 79 to 81 % of set farmgate target ceiling prices while farmers' prices for Urea represent 98 to 99% of set prices. Only in the case of Ammonium Sulfate do the farmgate target ceiling prices set in the May 1988 pricing decree appear to be constraining. Data in Exhibit 4 shows that both UCAL and NWCA sell Ammonium Sulfate to farmers at prices which represent 112.4 and 99.5 % respectively of set target ceiling prices.

Exhibit 3: Fertilizer Distribution Costs and Margins, NPK 20-10-10

| | UCAL | | NWCA | | UCCAO | |
|---|---------------------|---------------------------|---------------------|---------------------------|---------------------|---------------------------|
| | Cost (FCFA per ton) | Pct. of Retail Sale Price | Cost (FCFA per ton) | Pct. of Retail Sale Price | Cost (FCFA per ton) | Pct. of Retail Sale Price |
| Fertilizer Cost | 39185 | 75.4 | 39700 | 61.2 | 38410 | 67.4 |
| Distributor's Transport Cost | 6000 | 11.5 | 10000 | 15.4 | 8500 | 14.9 |
| Distributor's Additional Margin | 1815 | 3.5 | 4300 | 6.6 | 0 | 0.0 |
| Transport to Secondary Distributor | 3000 | 5.8 | 4903 | 7.6 | 2442 | 4.3 |
| Secondary Distributor's Margin (includes any further transport) | 2000 | 3.8 | 4000 | 6.2 | 7618 | 13.4 |
| Tertiary Distributor's Margin | NA | 0.0 | 2000 | 3.1 | NA | 0.0 |
| Price to the Farmer | | | | | | |
| Per ton | 52000 | 100.0 | 64903 | 100.0 | 57000 | 100.0 |
| Per 50 kg. bag | 2600 | | 3245 | | 2850 | |
| Ceiling Price | | | | | | |
| Per 50 kg. bag | 3413 | | 3913 | | 3673 | |
| Farmer's Price as Pct. of Ceiling Price | 76.2% | | 82.9% | | 77.6% | |

As will be evident from Exhibits 3 and 4 and Appendix A, the cooperative unions followed different policies in establishing fertilizer prices in their

respective areas. NWCA established a scale of prices for each type of fertilizer in each area of the province, based on actual cost of acquiring and distributing it, as envisioned in the program. UCCAO and UCAL, on the other hand, established uniform prices for all types of fertilizer regardless of location. COOPROVINOUN imported only ammonium sulfate and established different prices for their sections, depending on location.

Exhibit 4: Fertilizer Distribution Cost, Ammonium Sulfate*

| | UCAL | | NWCA | |
|---|---------------------|---------------------------|---------------------|---------------------------|
| | Cost (FCFA per ton) | Pct. of Retail Sale Price | Cost (FCFA per ton) | Pct. of Retail Sale Price |
| Fertilizer Cost | 39185 | 75.4 | 36985 | 66.0 |
| Distributor's Transport Cost | 6000 | 11.5 | 10000 | 17.9 |
| Distributor's Additional Margin | 1815 | 3.5 | 2293 | 4.1 |
| Transport to Secondary Distributor | 3000 | 5.8 | 3722 | 6.6 |
| Secondary Distributor's Margin (includes any further transport) | 2000 | 3.8 | 2000 | 3.6 |
| Tertiary Distributor's Margin | NA | 0.0 | 1000 | 1.8 |
| Price to the Farmer | | | | |
| Per ton | 52000 | 100.0 | 56000 | 100.0 |
| Per 50 kg. bag | 2600 | | 2800 | |
| Ceiling Price | | | | |
| Per 50 kg. bag | 2313 | | 2813 | |
| Farmer's Price as Pct. of Ceiling Price | 112.4% | | 99.5% | |

Note: * COOPROVINOUN has also ordered Sulfate of Ammonium through FSSRP, however cost data is unavailable at this time.

2.5 Financing of Fertilizer Distribution

Financing of fertilizer distribution is being carried out now without benefit of the FSSRP distribution loan facility. Distributors are utilizing either credit granted by the importer or bank loans. These credits are covered by various types of guarantees.

UCCAO, the largest of the coffee cooperatives and the only one licensed to export arabica coffee, is able to finance its fertilizer purchases from its own resources. In the case of its order from CAMATREX, UCCAO arranged to make weekly payments as fertilizer was withdrawn from CAMATREX' Douala warehouse. For the ADER order, the importer required a 30 percent advance payment and Bills of Exchange ("traites") as guarantee for the remaining 70 percent.

NWCA states that they applied to BIAO for an FSSRP distribution loan but the application has not yet been acted upon. The cooperative was however able to arrange a bank guarantee from BIAO to cover about 70 percent of import cost of the first shipment of 6000 tons. At the time of the team's visit, they were experiencing difficulty in arranging credit for import of the remaining 1000 tons of Ammonium Sulfate. NWCA is greatly concerned about the ONCPB coffee payment arrears which is affecting the farmers ability to purchase fertilizer.

UCAL is a recently established cooperative union of 12 cooperatives in the Littoral Province, and as such it does not have the credit standing of the other unions. However we understand that the importer, CAMATREX, granted UCAL a six-month credit for the fertilizer purchase and UCAL was able to arrange a payment guarantee from ONCPB, in return for which UCAL committed itself to turn over 5000 tons of coffee to ONCPB in the event of non-payment.

The situation regarding financing of distribution by COOPROVINOUN is still unclear as it has not yet been possible to arrange a meeting with the responsible individuals in the cooperative.

2.6 Importation Loan Facility

The importation loan facility was utilized for all 1988 imports. FSSRP procedures require importers to go through the revolving credit fund to access the subsidy fund. Three importers -- CAMATREX, ADER, and Aminou -- and two banks -- BICIC and Meridien Bank -- participated. Exhibit 5 below summarizes the situation.

Exhibit 5: Use of Importation Credit Facility as of December 15, 1988

| Importer | Commercial Bank | Importation Loan Amount (F CFA) | Distributor(s) | Date Disbursed | Date(s) Repaid |
|----------|-----------------|---------------------------------|------------------------------|--------------------|--|
| CAMATREX | BICIC | 99,937,500 | UCAL, UCCAO | September 9, 1988 | October 27, 1988, October 31, 1988 |
| CAMATREX | BICIC | 221,127,512 | UCAL, UCCAO, COOPROVINOUN | September 20, 1988 | October 31, 1988 |
| CAMATREX | BICIC | 129,360,000 | UCAL, UCCAO | September 26, 1988 | November 7, 1988 |
| ADER | BICIC | 266,250,000 | UCCAO | November 2, 1988 | November 11, 1988 November 21, 1988 |
| CAMATREX | BICIC | 137,258,488 | NWCA | November 22, 1988 | December 2, 1988 |
| TOTAL | | 853,933,500 | | | |

Section 3.2 and 3.3 of this report detail the experience of individual banks and importers with the program. Some changes in timing of the importation loans have been suggested to make them more useful to importers. Currently loans are disbursed upon presentation of shipping documents and are due 90 days from the earlier of the B/L date or the customs clearance date. It has been suggested that loans become due 90 days from date of actual disbursement.

2.7 Subsidy Program

The use of the FSSRP subsidy fund is indicated in Exhibit 6. In excess of 99 percent of the available funds have been disbursed or earmarked as of mid December 1988. Further details regarding use of the fund will be found in Appendix B.

The Cameroon government's deposit of 2.0 billion FCFA in the 1988 FSSRP subsidy fund combined with interest earnings of approximately 44.2 million FCFA have facilitated the importation of 63,000 tons of fertilizer. As indicated in Appendix B, almost the entirety of the 1988 Subsidy Fund was paid to the three importers -- CAMATREX, Aminou, and ADER. It is worth reiterating that with the subsidy payments importers sell fertilizers to distributors at low cost (2.271 FCFA instead of 4.298 billion FCFA for 63,000 tons) and these low costs are passed on to the farmers through low farmgate prices.

Exhibit 6: Use of Subsidy Fund

| | | | |
|-------------------------|-----------|---------------|---------------|
| ----- | | | |
| STARTING AMOUNT | | | 2,000,000,000 |
| Interest | | | |
| | 04-Apr to | 03-May | 8,707,448 |
| | 04-May to | 03-Jun | 8,997,697 |
| | 04-Jun to | 03-Jul | 8,417,200 |
| | 04-Jul to | 03-Aug | 8,997,697 |
| | 04-Aug to | 03-Sep | 8,997,697 |
| | | | ----- |
| | | | 44,117,739 |
| TOTAL AVAILABLE SUBSIDY | | | 2,044,117,739 |
| Subsidy Disbursed | | 1,618,380,000 | |
| Subsidy Earmarked | | 408,300,000 | |
| | | | ----- |
| TOTAL SUBSIDY USED | | | 2,026,680,000 |
| REMAINING IN ACCOUNT | | | 17,437,739 |
| ----- | | | |

3. ACTIVITIES OF THE PARTICIPANTS

3.1 Fiduciary Bank (BCCC)

The Bank of Credit and Commerce Cameroon (BCCC) was chosen by the Government of the Cameroon (GRC) to manage the Credit Revolving Fund and the Subsidy Fund under the FSSRP.

3.1.1 First Year Operations of the BCCC

Total funds available in the Special Account are as follows:

| | | |
|------------------------|---|--------------------|
| First AID disbursement | - | 1,710,000,000 |
| Second " " | - | <u>484,500,000</u> |
| Total | | 2,194,500,000 |

By joint GRC-USAID agreement, the amount of 2.1945 billion FCFA deposited in the Special Local Currency Account is to be exclusively used to replenish a Credit Revolving Fund. In 1988, the Credit Revolving Fund has two credit lines: one for importation loans and one for distribution loans.

With respect to the FSSRP loan program, 854 million FCFA were transferred from the Special Local Currency Account to the Revolving Credit Fund and were disbursed to commercial banks which in turn made a total of seven importation loans. Ninety-five percent of this amount passed through BICIC and the balance through the Meridien Bank. All these funds have been repaid.

No distribution loans have been disbursed, though one application is pending at a commercial bank.

3.1.2 BCCC Comments on Program

Respective roles of MINFI and TSC/MINPAT

BCCC states that they have a problem with the process whereby the authorization to transfer funds from the Special Local Currency Account to the

Revolving Fund is given by the Secretary General of MINPAT, while the account holder of record is MINFI. Their contention is that to conform to MINFI procedures, as well as to satisfy their internal and external auditors, the authorization must come from MINFI.

Proposed solutions were to have MINFI become a signatory to the management agreement, which would in effect give their approval to actions of the Secretary General of MINPAT, or to have MINPAT delegate authority to MINFI to authorize the transfers. USAID is in full agreement with the latter approach.

Loan disbursement procedures

BCCC claims that there is a procedural problem with the timing of importation loans. Importation loans are disbursed by commercial banks (CB) following submission of shipping documents and approval by the Fiduciary Bank of the loan request. It then becomes due 90 days from the Bill of Lading date or upon customs clearance at Douala, whichever is earlier. Given the fact that shipment from Europe takes only 10 to 12 days, what has been happening is that by the time that shipping documents reach the bank and the loan request is processed, the goods are about to clear customs in Douala. Thus loans have been coming due upon customs clearance and were typically outstanding for only a few weeks. For this reason (as well as the fact that the 30% loan was considered too low), the loans were of little use to the importers. They applied for them only because they were linked to the payment of the subsidy.

It was suggested by BCCC that loans should become due 90 days from actual disbursement. (Alternatively the loans could become due at a fixed time -- such as 45 days -- from customs clearance in Douala).

Earmarking of subsidy

The subsidy is earmarked for 90 days from the date of the sales contract between the importer and supplier and is to be disbursed upon presentation of custom clearance documents by the importer. However it can happen that either because of delays in shipment, or because the contract calls for delivery at a

later date, the earmarking date expires before custom documents can be presented. BCCC says this actually happened in at least one case and it became necessary to extend the expiration date. They would like to find a way to avoid going through this additional procedure.

Interest-bearing account

BCCC is to maintain an interest-bearing account at the Central Bank for funds not immediately needed in the Revolving Credit Fund. These funds are held in 30-day notes. BCCC states that it is difficult to program the use of these funds since they have no advance notice of requirements but must disburse import loans within 5 days of receipt of shipping documents. Thus if funds have to be withdrawn from the interest bearing account at times other than the maturity date, interest is lost on the note.

3.2 Commercial Banks

3.2.1 Banque Internationale pour le Commerce et l'Industrie de Cameroun

The Banque Internationale pour le Commerce et l'Industrie de Cameroun (BICIC) is one of the largest commercial banks in Cameroon with some 34 branches around the country. It has been involved with financing of fertilizer for some years under the old MINAGRI/FONADER program.

Under the FSSRP this year, BICIC financed the import of 57,000 tons of fertilizer, or approximately 90% of all imports under the program. The amounts financed, by importer and distributor, are as shown in Exhibit 7.

Exhibit 7: Imports Financed by BICIC

| <u>Importer</u> | <u>Distributor</u> | <u>Tons</u> | <u>CIF Value</u> |
|-----------------|--------------------|-------------|------------------|
| Camatrex | UCCAO | 15,000 | 887 mill.FCFA |
| Camatrex | UCAL | 13,000 | 714 |
| Camatrex | NWCA | 6,000 | 367.7 |
| ADER | UCCAO | 15,000 | 887.5 |
| Aminou | UCAL | 8,000 | 512.4 |
| Totals | | 57,000 | 3368.6 |

The earmarked subsidy served as guarantee for 50 to 60% of the CIF value of the shipments. As guarantee of payment by importers, in addition to the above, BICIC required a combination of (1) Bills of Exchange (traites) and (2) agreements to turn over payments by distributors for fertilizer as they were made directly to BICIC. In the case of UCAL, the ONCPB guaranteed payment in return for an agreement by the cooperative to turn over a certain tonnage of coffee to the agency.

BICIC had several suggestions to improve the program. Like others, they were concerned about premature expiration of the validity periods for the import loans and subsidies. They felt that the loan validity period should be counted from the B/L date only, dropping mention of the customs clearance date. They also felt that cable notification of shipment should be adequate to trigger the 90 day loan validity period, rather than waiting for receipt by mail of shipping documents. As to the 90 day validity of the subsidy earmarking, BICIC felt that the period should be extended by at least 15 days. To make the distribution credit program more useful, they felt that it should be disbursed immediately upon repayment of the importation credit, rather than have to wait for a further bank approval process.

3.2.2 Meridien Bank

The new owners of the Meridien Bank, who acquired the bank from Chase Bank-Cameroon last year, are expanding operations and increasing their customer base. They first financed the import of fertilizer last year for SEPCAE under the MINAGRI/FONADER program.

Meridien financed one contract under the program this year, the import of 6,000 tons of Ammonium Sulfate by Camatrex for COOPROVINOUN. The CIF value of the shipment was 236 million FCFA, which was the amount of the Letter of Credit opened by Meridien in favor of the supplier -- Comptoir Francais de l'Azote (C.F.A.), Paris. The subsidy granted the importer amounted to 143 million FCFA which the bank treated as guarantee of payment for just over 60% of the CIF value. (The subsidy was fixed at 23,800 FCFA per ton for Ammonium Sulfate in the North West Province.) As guarantee of payment for the balance, the bank held warehouse receipts for the entire tonnage. At the time of the interview, 1500 tons had been released to the cooperative against a guarantee of payment issued by BIAO on behalf of COOPROVINOUN.

3.2.3 Banque Internationale pour l'Afrique Occidentale (BIAO)

BIAO, a large commercial bank with many branches in Cameroon, has been financing fertilizer imports for more than 15 years under previous programs. Management states that they currently finance about 25% of all coffee exports and about 20% of cocoa exports.

Under the FSSRP this year, BIAO's participation was limited to (1) guaranteeing payment by NWCA to the importer (CAMATREX) for approximately 73% of the CIF value of 7000 tons of fertilizer, and (2) the above-mentioned guarantee issued to Meridien on behalf of COOPROVINOUN.

Based on our interviews with the NWCA and BIAO, there appear to have been misunderstandings about the FSSRP on both sides and this lead to lengthy delays in arranging the guarantee. The workshop planned for January 1989 in Dschang should lead to a better understanding of the program by all participants.

3.3 Importers and Potential Importers

Two importers -- CAMATREX and Aminou -- were interviewed at their Douala headquarters. The third importer currently active in the program, ADER, was in the process of moving operations to new quarters in Douala and it proved impossible to arrange a meeting.

3.3.1 CAMATREX

Background

CAMATREX, a joint Cameroon-American venture, was established in March 1988. The new company actively promoted business under FSSRP, to the extent of working closely with the large cooperatives to develop an import program which met their needs, and became the dominant importer for the first year of the FSSRP. CAMATREX does not import fertilizers outside the FSSRP but the Deputy Director General states that the company has plans to do so. He also stated that CAMATREX is interested in becoming directly involved in fertilizer distribution in some parts of the country. CAMATREX employs eight permanent and up to 15 temporary persons at their office and warehouse in the port of Douala.

First Year Operations

Exhibit 8 below lists the imports made during 1988 by CAMATREX by client contract. Contracts were awarded through private tenders in each case. All imports were on behalf of cooperative unions and were distributed to cooperatives who are members of those unions. The further distribution of these shipments is discussed below in Section 3.4.

Exhibit 8: CAMATREX Import Contracts

| <u>Distributor</u> | <u>Contract Date</u> | <u>Tons</u> | <u>Value, 000 FCFA</u> | <u>Arrival Dates</u> |
|--------------------|----------------------|-------------|------------------------|----------------------|
| UCAL | 2 June 88 | 13,000 | 510,468 | 7 - 29 Sept 88 |
| UCCAO | 24 June 88 | 15,000 | 495,500 | 7 - 29 Sept 88 |
| COOPROVINOUN | 8 July 88 | 5,000 | 192,425 | 27 Sept 88 - ? |
| NWCA | 9 July 88 | 7,000 | 274,894 | 18 Oct 88 - ? |
| Totals | | 40,000 | 1,473,287 | |

CAMATREX received importation loans from commercial banks for 30% of the CIF value of these shipments, which amounted to 587,683,500 FCFA. All these loans have been repaid. As of mid-December 1988, subsidies disbursed to CAMATREX amounted to 1,122,880,000 FCFA which covered 34,000 tons of imports. An additional 142,800,000 FCFA have been earmarked for the remaining 6000 tons. The supplier for all these shipments was Comptoir Francais de l'Azote (C.F.A.), Paris.

Comments/Suggestions on the Program

CAMATREX had a number of suggestions for changing the program, some of them the same as those offered by BCCC and BICIC.

(1) Timing of Importation Loan

CAMATREX suggests that importation loans should become due 90 days from date of disbursement rather than from the earlier of the B/L date or date of customs clearance. A discussion of this proposed change appears in Section 3.2.1.

(2) Timing of Subsidy Payment

CAMATREX feels that starting the 90-day earmarking period at the sales contract date was unworkable. The reason is that contracts are typically negotiated at a time when the importer considers price and other terms are the most favorable, and the shipping date or dates may be some time in the future.

It happened several times this year that the subsidy validity expired before it could be used, which led to suspension of loan disbursement by the FB and difficulties for all concerned. CAMATREX suggests that the 90-day period begin with the date of earmarking by the FB.

(3) Distribution Loans

There are several reasons why there have been no applications for distribution loans. The large cooperatives such as members of UCCAO have enough resources of their own and don't need such loans, while the smaller ones who do need them can't put up enough security to qualify. CAMATREX suggests that the distributor should be able to apply for a distribution loan at the same time as the importer applies for an import loan, so that all approvals could be received at the same time. The distribution loan would then be disbursed without delay upon repayment of the import loan.

3.3.2 Aminou

Aminou is an importing firm located in Douala. Established in 1981, the firm imports a variety of goods, though this has not until now included fertilizer. They are also engaged in the distribution of rice within Cameroon. The company has 72 permanent employees, of which 12 are involved in fertilizer importation, and 28 temporary employees.

This year Aminou had one contract, with UCAL, for the import of 5000 tons of NPK 20-10-10 and 3000 tons of Ammonium Sulfate. The value of the contract was 312,414,000 FCFA and that of the import loan 153,740,000 FCFA. As of mid-December the shipment had not arrived at Douala. A subsidy of 265,380,000 FCFA has been earmarked for Aminou. The supplier was Continental Fertilizer Co. of London.

Aminou commented that the importation loan was not useful to them as they could have financed 100% of the import through a commercial bank.

3.3.3 ADER

ADER imported 15,000 tons of fertilizer for the account of UCCAO. The shipment cleared customs at Douala on 11 November 1988. Importation loans totaling 266,250,000 FCFA were disbursed to ADER; all have since been repaid. ADER also received subsidies in the amount of 495,500,000 FCFA.

As of December 16, it had not been possible to arrange a meeting with ADER, nor had the questionnaire left at their office on December 6 been returned.

3.3.4 Other Importers

An invitation was extended to importers who did not participate in this year's program to attend a meeting in Douala to express their views on the program and indicate possible future interest. The following firms attended:

Shell Cameroun
WITCO
Rhone-Poulenc
SOGETA
ADIR
Bela-Nke

In response to questions, various aspects of the FSSRP were explained to the group. Several of the representatives present said their companies would be interested in participating next year. Asked if any of the companies would be interested in establishing distribution networks of their own, in addition to acting as importers, the reply was that no one had experience in this area since fertilizer had always been distributed through cooperatives in the past.

3.4 Distributors

3.4.1 Union des Cooperatives du Littoral

Organization and Activities of the Cooperative

The Union des Cooperatives du Littoral (UCAL) was created in November 1987 when 12 cooperative societies in the Littoral Province agreed to join forces. Its principal activity is to serve as a marketing conduit between its member cooperatives and the ONCPB. In its initial year of operation, UCAL marketed 1,295 tons of robusta coffee. UCAL also contracted for the purchase of fertilizer on behalf of its member cooperatives under the FSSRP. Almost all of UCAL's operating expenses in its first year were provided by subsidies from the government and ONCPB.

The 12 member societies are quite heterogeneous, ranging from a well-equipped 39-year old robusta marketing cooperative with 2000 members that is capable of processing over 1,500 tons of coffee to the point it is ready for export to newer cooperatives with a few hundred members that hull approximately 100 tons of robusta a year. Of the 12 member cooperatives, 9 market robusta coffee, 1 markets cocoa, and the remaining two are of a more general rural development nature. All ten of the marketing cooperatives are located in Mounjo Division, one of four divisions in Littoral Province. As a result, the nine coffee marketing cooperatives, particularly the four largest, find themselves in the unusual situation of competing amongst themselves for the allegiance and patronage of the division's farmers.

The marketing cooperatives also compete with licensed private exporters ("exportateurs agréés") for the purchase of coffee from farmers. And as the exporters are able to pay immediately for the coffee they purchase while the cooperatives must usually wait for financing from ONCPB, it is not surprising that the cooperatives handle only 5 percent of the 60,000 to 80,000 tons of coffee produced in the division. It should be noted that only one of the coffee cooperatives -- COOPLAM -- has all the necessary machinery to hull, calibrate, and sort the beans and prepare them for export. The remaining eight must sell to the private exporters who complete the processing.

Financing and Distribution of Fertilizer

UCAL passed two orders for fertilizer during the year -- one for 13,000 tons of NPK 20-10-10, NPK 12-6-20, Urea, and Ammonium Sulfate through CAMATREX, and one for 8,000 tons of NPK 20-10-10 and Urea through Aminou. Almost all of the CAMATREX order had arrived in the area at the time of the team's visit; the 8,000 tons from Aminou is still forthcoming. As can be seen from Exhibit 9, the 13,000 tons supplied to date have been distributed to UCAL member cooperatives. Moreover, about 69 percent of the available fertilizer has already been sold to farmers, and much of it used for the second fertilizer application for coffee in September and October 1988.

UCAL management states that the amount of the order was determined by combining the estimated requirements reported by the individual cooperatives, and that the Provincial Delegation of Agriculture assisted them in identifying suppliers of fertilizer.

The importer is said to have granted a six-month credit to UCAL for payment of the 822,882,000 FCFA value of the fertilizer. However, as UCAL does not yet have credit standing, it called on the ONCPB for guarantee of payment to the importers. In return UCAL agreed to sell its quota of 5000 tons of coffee exclusively to ONCPB, from which ONCPB would deduct the amount necessary to cover their guarantee of payment if such payment became necessary.

The member cooperatives of UCAL made their own arrangements for transport of fertilizer from Douala to their respective storehouses, or directly to farmers in some cases, using a combination of their own trucks and hired transporters. CAMATREX initially required that the fertilizer be picked up from their Douala warehouse at the rate of at least 500 tons per day. This created some problems for the cooperatives and CAMATREX later agreed to a rate of 300 tons per day.

Exhibit 9: UCAL Distribution Status as of November 30, 1988

| | Fertilizer Types | | | | Total |
|-------------------|------------------|--------------|-------|----------------|-------|
| | NPK 20-10-10 | NPK 12-06-20 | Urea | Sulf. of Amon. | |
| Total Contract(s) | 11000 | 2000 | 4500 | 3500 | 21000 |
| Total Received | 6000 | 2000 | 1500 | 3500 | 13000 |
| Percent | 54.5% | 100.0% | 33.3% | 100.0% | 61.9% |
| Distributed | | | | | |
| COOPACROM | 300 | 394 | 100 | 410 | 1204 |
| COOPAGRIL | 145 | 46 | 143 | 104 | 438 |
| COOPLACARM | 1189 | 228 | 223 | 597 | 2237 |
| COOPLAM | 1940 | 429 | 550 | 1174 | 4093 |
| COOPLAMEL | 1466 | 584 | 187 | 599 | 2836 |
| COOPROCAM | 0 | 0 | 0 | 0 | 0 |
| COOPRODICAM | 106 | 10 | 50 | 60 | 226 |
| COOVENPROVEX | 137 | 10 | 0 | 3 | 150 |
| SOCOPLACACAM | 17 | 0 | 0 | 0 | 17 |
| SOCOPEL Mungo | 209 | 0 | 80 | 171 | 460 |
| Others | 73 | 9 | 166 | 132 | 380 |
| Total Distributed | 5582 | 1710 | 1499 | 3250 | 12041 |
| Percentage | 93.0% | 85.5% | 99.9% | 92.9% | 92.6% |
| Total Stocks | 418 | 290 | 1 | 250 | 959 |

Fertilizer Pricing System

UCAL established a uniform price for all types of fertilizer of 52,000 FCFA per ton (2600 FCFA per 50 kg. sack) delivered to the farmer for the whole province. The pricing system was worked out with the help of the Provincial Delegate of Agriculture based on an average delivered price at Douala of about 39,000 FCFA/ton for all types of fertilizer, plus transport and handling charges and margins for UCAL and the member cooperatives totaling about 13,000 FCFA per ton. UCAL's pricing structure by type of fertilizer is shown in Exhibit 10 on the following page.

Several reasons were given for adopting the uniform pricing policy. The most important was that a uniform price throughout the province for all farmers was seen to be more in line with the cooperative principles of mutual self-help and service rather than profit. A second reason was that a uniform price should discourage usage of Ammonium Sulfate which is widely known to

Exhibit 10: Distributor's Pricing Structure: UCAL, Littoral Province

| | NPK 20-10-10 | | | | NPK 12-06-20 | | | | Urea | | | | Sulfate of Ammonia | | |
|---------------------------------------|--------------|-------|-----------|-------|--------------|-------|---------|-------|---------|-------|---------|-------|--------------------|-------|---------|
| | Average* | Pct. | Imputed** | Pct. | Average | Pct. | Imputed | Pct. | Average | Pct. | Imputed | Pct. | Average | Pct. | Imputed |
| CIF Douala Price, Avg. | 39185 | 75.4 | | | 39185 | 75.4 | | | 39185 | 75.4 | | | 39185 | 75.4 | |
| CIF Doual Price, Actual | | | 39213 | 75.4 | | | 43784 | 77.4 | | | 38783 | 75.2 | | | 36984 |
| Transport to Member Cooperative | 6000 | 11.5 | 6000 | 11.5 | 6000 | 11.5 | 6000 | 10.6 | 6000 | 11.5 | 6000 | 11.6 | 6000 | 11.5 | 6000 |
| UCAL's Margin | 1815 | 3.5 | 1815 | 3.5 | 1815 | 3.5 | 1815 | 3.2 | 1815 | 3.5 | 1815 | 3.5 | 1815 | 3.5 | 1815 |
| Transport/Handling to Farmer | 3000 | 5.8 | 3000 | 5.8 | 3000 | 5.8 | 3000 | 5.3 | 3000 | 5.8 | 3000 | 5.8 | 3000 | 5.8 | 3000 |
| Member Cooperative's Margin | 2000 | 3.8 | 2000 | 3.8 | 2000 | 3.8 | 2000 | 3.5 | 2000 | 3.8 | 2000 | 3.9 | 2000 | 3.8 | 2000 |
| Price to the Farmer | | | | | | | | | | | | | | | |
| Per ton | 52000 | 100.0 | 52028 | 100.0 | 52000 | 100.0 | 56599 | 100.0 | 52000 | 100.0 | 51598 | 100.0 | 52000 | 100.0 | 49799 |
| Per bag | 2600 | | 2601 | | 2600 | | 2830 | | 2600 | | 2580 | | 2600 | | 2490 |
| Ceiling Price | | | | | | | | | | | | | | | |
| Per ton | 68250 | | 68250 | | 65500 | | 65500 | | 52700 | | 52700 | | 46250 | | 46250 |
| Per bag | 3413 | | 3413 | | 3275 | | 3275 | | 2635 | | 2635 | | 2313 | | 2313 |
| Farmer Price as Pct. of Ceiling Price | 76.2% | | 76.2% | | 79.4% | | 86.4% | | 98.7% | | 97.9% | | 112.4% | | 107.7% |

Notes: * The average pricing structure is based on the weighted average Douala CIF price for all types of fertilizer and represents the way UCAL calculated its selling prices.

** The imputed pricing structure calculates the price to the farmer based on actual Douala CIF prices while maintaining all other cost elements the same.

increase soil acidity. A final reason for adopting the uniform price was due to a concern that farmers would find a differentiated price structure daunting, particularly given that uniform pricing of fertilizers prevailed prior to the initiation of the FSSRP.

Nevertheless, uniform pricing does create distortions in the market and provides opportunities for undercutting the price. Indeed, the team found evidence of just this happening. One cooperative, located closer to Douala than Nkongsamba, was selling all fertilizer at 2500 FCFA per bag, undercutting the uniform price by 100 francs a bag. In addition, in setting a uniform price for all types of fertilizer at 2600 FCFA per bag, UCAL is exceeding the 2313 FCFA per bag provincial target ceiling price for Ammonium Sulfate set in the May 1988 MINPAT/MINCI pricing decree by 287 FCFA a bag.

Relationship to Cash Crop Financing

The close relationship between fertilizer marketing and the marketing of cash crops became evident during the meetings at UCAL and its member cooperatives. The principal security for loans all through the marketing chain is coffee. For example, UCAL member cooperatives deliver much of their fertilizer on credit to farmers against future delivery of coffee. UCAL in turn finances its purchase of fertilizer for its members by obtaining a guarantee from ONCPB against the delivery of coffee from member cooperatives.

Payment for exported coffee is the responsibility of ONCPB and when payment is delayed, and it has been this year, the whole marketing structure for both inputs and produce is affected. In the Littoral, coffee exporters - whether it be a cooperative/exporter such as COOPLAM or a local processing/exporting firm which processes and exports coffee for cooperatives - have not been paid for this year's exports. This means that UCAL member cooperatives have not received payment to pass on to their members and to cover operating costs. The farmer, lacking funds to cover costs of maintaining his coffee plantation, may be forced to sell or borrow against the coming crop by dealing with private traders, thus weakening the cooperative movement. The cooperatives' credit standing with commercial banks is also affected.

3.4.2 North West Cooperative Association

Organization and Activities of the Cooperative

The North West Cooperative Association (NWCA) is the apex organization of the export crop marketing cooperatives in the North West Province. That structure is comprised of three tiers: 40 primary societies located throughout the province that purchase arabica and robusta coffee and cocoa from farmers, 11 cooperative unions that process coffee to the point that it is ready for export, and NWCA as the apex which provides financial, audit, mechanical, educational, and input supply services to its member cooperatives. NWCA was established in 1978, but is the direct successor to organizations dating back to the colonial period.

Throughout its life NWCA has been the sole agent licensed by the ONCPB to buy export crops in the North West Province; in short, NWCA has been granted a monopoly. Thus farmers are obliged to sell their coffee or cocoa to the cooperative at the governmentally established prices. The cooperatives process the coffee (hull, calibrate, and sort) and sort the cocoa and then turn the produce over to the ONCPB and receive a commission.

There is a close relationship between NWCA and MIDENO (Northwest Development Authority) in that MIDENO has funded the construction of 59 Farm Service Centers (small warehouses for storage of fertilizer and coffee) at the district/village level and 6 Rural Development Centers (large warehouses) at the cooperative union level. MIDENO also assists with extension services and a credit program to assist maize farmers and coffee farmers (for purchase of coffee pulpers and sprayers).

Financing and Distribution of Fertilizer

NWCA purchased 7000 tons of fertilizer through CAMATREX of which all but about 1000 tons of Ammonium Sulfate had been received as of December 6. The status of distribution of this fertilizer to the various areas is shown in Exhibit 11. A part of this is stored in the large Rural Development Center

warehouses and the balance in Farm Service Center warehouses. A combination of cooperative-owned trucks and hired trucks was used to move the fertilizer from Douala.

Most of the fertilizer will go to coffee growers. However, NWCA reports an increasing demand for fertilizer for food crops. By one estimate about 1250 tons of the 7000 tons ordered will go to food crops (principally maize).

NWCA did not have the financial resources to prepay the importer the full 274,894,500 FCFA cost of the fertilizer and so sought to obtain bank credits.

Exhibit 11: NWCA Distribution Status as of December 6, 1988

| | Fertilizer Types | | | | Total |
|-------------------|------------------|--------------|-------|----------------|-------|
| | NPK 20-10-10 | NPK 12-06-20 | Urea | Sulf. of Amon. | |
| Total Contract(s) | 5300 | 0 | 700 | 1000 | 7000 |
| Total Received | 5314 | | 694 | 0 | 6008 |
| Percent | 100.3% | | 99.1% | 0.0% | 85.8% |
| Distributed | | | | | |
| Bali | 64 | | 0 | | 64 |
| Bamenda Central | 323 | | 30 | | 353 |
| Kom | 473 | | 69 | | 542 |
| Mbengwi | 60 | | 30 | | 90 |
| Moghamo | 271 | | 0 | | 271 |
| Ndop | 84 | | 0 | | 84 |
| Nkambe | 91 | | 0 | | 91 |
| Nso | 500 | | 0 | | 500 |
| Oku-Noni | 0 | | 0 | | 0 |
| Pinyin | 63 | | 0 | | 63 |
| Santa | 458 | | 77 | | 535 |
| Total Distributed | 2387 | | 206 | | 2593 |
| Percentage | 44.9% | | 29.7% | | 43.2% |
| Total Stocks | 2927 | | 488 | | 3415 |

They were able to arrange a credit against the value of the fertilizer from BIAO for 200 million FCFA which was used together with NWCA's own funds to cover payment for all but the 1000 tons of Ammonium Sulfate. For the latter shipment, which had not yet arrived at Douala at the time of the survey, NWCA sought credit from the Meridien Bank. We understand that some difficulty is

being experienced in obtaining this credit despite the fact that ONCPB was willing to offer a guarantee.

NWCA also reports that they applied for a distribution loan under FSSRP through BIAO but the bank has not yet acted on their application.

Fertilizer Pricing System

NWCA established a pricing schedule which conforms to the system envisioned in the FSSRP, that is prices vary by type of fertilizer and by location. Exhibit 12 shows these prices and margins at each level. The farmgate target ceiling prices established by the May 1988 interministerial decree appear adequate to cover distribution costs, except that in the case of Ammonium Sulfate the cooperative claims that the 2800 FCFA per 50 kg bag price does not cover costs.

Relationship to Cash Crop Financing

NWCA sells its fertilizer to member cooperative unions on a cash basis, which makes sales sensitive to farmer income. The fact that the ONCPB has only partially paid farmers for the 1987/88 coffee crop is therefore having a serious impact on fertilizer sales. NWCA management fears that as happened last year some farmers who are short of cash will sell their coffee to other farmers at lower prices, and that sizeable amounts of coffee from North West Province will be sold in the West and Southwest Provinces.

3.4.3 Union Centrale des Cooperatives Agricoles de l'Ouest (UCCAO)

Organization and Activities of the Cooperative

UCCAO is a union of six coffee-producing cooperatives located in six of the ten departments of the West Province. There are over 100,000 farmers belonging to these cooperatives and in the 1987/88 crop year they produced 27,000 tons of Arabica coffee, 12,000 tons of Robusta coffee and 1,500 tons of cocoa. UCCAO's principal activity is the processing and exporting of coffee

Exhibit 12: Distributor's Pricing Structure: NWCA, North West Province

| | NPK 20-10-10 | | | | | | Urea | | | | Sulfate of Ammonia | | | |
|---|--------------|-------|---------|-------|---------|-------|---------|-------|---------|-------|--------------------|-------|---------|-------|
| | Maximum | Pct. | Minimum | Pct. | Average | Pct. | Maximum | Pct. | Minimum | Pct. | Maximum | Pct. | Minimum | Pct. |
| CIF Douala Price | 39700 | 58.4 | 39700 | 66.2 | 39700 | 61.9 | 39285 | 63.4 | 39285 | 65.5 | 36985 | 66.0 | 36985 | 66.0 |
| Transport to Distributor | 10000 | 14.7 | 10000 | 16.7 | 10000 | 15.6 | 10000 | 16.1 | 10000 | 16.7 | 10000 | 17.9 | 10000 | 17.9 |
| Distributor's Margin | 4300 | 6.3 | 4300 | 7.2 | 4300 | 6.7 | 2715 | 4.4 | 6715 | 11.2 | 2015 | 3.6 | 6015 | 10.7 |
| Transport to Secondary Distributor | 8000 | 11.8 | 0 | 0.0 | 4091 | 6.4 | 6000 | 9.7 | 0 | 0.0 | 4000 | 7.1 | 0 | 0.0 |
| Secondary Distributor's Margin (includes any further transport) | 4000 | 5.9 | 4000 | 6.7 | 4000 | 6.2 | 3000 | 4.8 | 3000 | 5.0 | 2000 | 3.6 | 2000 | 3.6 |
| Tertiary Distributor's Margin | 2000 | 2.9 | 2000 | 3.3 | 2000 | 3.1 | 1000 | 1.6 | 1000 | 1.7 | 1000 | 1.8 | 1000 | 1.8 |
| Price to the Farmer | | | | | | | | | | | | | | |
| Per ton | 68000 | 100.0 | 60000 | 100.0 | 64091 | 100.0 | 62000 | 100.0 | 60000 | 100.0 | 56000 | 100.0 | 56000 | 100.0 |
| Per bag | 3400 | | 3000 | | 3205 | | 3100 | | 3000 | | 2800 | | 2800 | |
| Ceiling Price | | | | | | | | | | | | | | |
| Per ton | 78250 | | 78250 | | 78250 | | 52700 | | 62700 | | 56250 | | 56250 | |
| Per bag | 3913 | | 3913 | | 3913 | | 3135 | | 3135 | | 2813 | | 2813 | |

for its member cooperatives. In addition to these activities, its large staff is involved in extension, training and research activities related to coffee. Its requirements for fertilizer are 30,000 to 35,000 tons annually. UCCAO is not only the largest of the three provincial coffee cooperative unions, but it is the only one having the right to export coffee directly rather than through ONCPB.

Financing and Distribution of Fertilizer

This year UCCAO purchased 10,000 tons each of NPK 20-10-20, NPK 12-06-20, and Urea. No Ammonium Sulfate was purchased as farmers tend to use this type on food crops, with which UCCAO is not involved.

UCCAO solicited tenders from suppliers for the fertilizer and received fifteen. Eventually the order was divided equally between CAMATREX and ADER. UCCAO financed the import from its own resources without using bank credits. Payments to CAMATREX were made weekly as fertilizer was withdrawn from the port. ADER required a 30% cash advance payment and "traites" or Bills of Exchange to be held for the balance.

UCCAO is in a good position to finance such purchases. According to the Director General, coffee buyers who deal with UCCAO deposit advance payments for coffee to the cooperative's account and these funds can be used as guarantee of payment for imported fertilizer if necessary.

The six member cooperatives were responsible for transporting fertilizer from the port of Douala using their own trucks. Distribution by cooperative is shown in Exhibit 13.

Inasmuch as UCCAO acts as exporter of its own coffee, there are no problems with the arrears of ONCPB. Farmers receive timely payment for their coffee and generally purchase fertilizer on a cash basis.

Exhibit 13: UCCAO Distribution Status as of December 15, 1988

| | Fertilizer Types | | | | Total |
|-------------------|------------------|--------------|--------|----------------|--------|
| | NPK 20-10-10 | NPK 12-06-20 | Urea | Sulf. of Amon. | |
| Total Contract(s) | 10000 | 10000 | 10000 | 0 | 30000 |
| Total Received | 10000 | 10000 | 10000 | | 30000 |
| Percent | 100.0% | 100.0% | 100.0% | | 100.0% |
| Distributed | | | | | |
| CAPLABAM | 2000 | 3000 | 2000 | | 7000 |
| CAPALHN | 500 | 1000 | 500 | | 2000 |
| CAPLAME | 3000 | 1000 | 3000 | | 7000 |
| CAPLAMI | 1000 | 500 | 500 | | 2000 |
| CAPLANDE | 500 | 500 | 500 | | 1500 |
| CAPLANOUN | 2500 | 1500 | 2500 | | 6500 |
| Total Distributed | 9500 | 7500 | 9000 | | 26000 |
| Percentage | 95.0% | 75.0% | 90.0% | | 86.7% |
| Total Stocks | 500 | 2500 | 1000 | | 4000 |

Fertilizer Pricing System

UCCAO adopted a policy of uniform farmgate prices for all types of fertilizer throughout the province and charges no mark-up for its involvement in purchasing. Thus fertilizers cost 2750 FCFA per 50 kg. bag regardless of type of fertilizer or location of the farmer. As indicated in Exhibit 14 this puts actual retail prices at levels considerably below ceiling prices (and incidentally acts as an inducement for farmers or traders from the North West Province to buy fertilizer here). Member cooperatives receive a sizeable margin varying from 11 to 17% on the sales price.

Exhibit 14: Distributor's Pricing Structure: UCCAO, West Province

| | NPK 20-10-10 | | NPK 12-06-20 | | Urea | | Average | |
|---------------------------------------|--------------|-------|--------------|-------|---------|-------|-------------|-------|
| | Average* | Pct. | Average | Pct. | Average | Pct. | Average | Pct. |
| CIF Doual Price, Actual | 38440 | 69.9 | 37220 | 67.7 | 35340 | 64.3 | 37000 | 67.3 |
| Transport to Member Cooperative | 8500 | 15.5 | 8500 | 15.5 | 8500 | 15.5 | 8500 | 15.5 |
| UCCAO's Margin | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Transport/Handling to Farmer* | 2000 | 3.6 | 2000 | 3.6 | 2000 | 3.6 | 1500 | 2.7 |
| Member Cooperative's Margin* | 6060 | 11.0 | 7280 | 13.2 | 9160 | 16.7 | 8000 400 | 14.5 |
| Price to the Farmer | | | | | | | | |
| Per ton | 55000 | 100.0 | 55000 | 100.0 | 55000 | 100.0 | 55000 | 100.0 |
| Per bag | 2750 | | 2750 | | 2750 | | 2750 | |
| Ceiling Price | | | | | | | | |
| Per ton | 73450 | | 70700 | | 57900 | | | |
| Per bag | 3673 | | 3535 | | 2895 | | | |
| Farmer Price as Pct. of Ceiling Price | 74.9% | | 77.8% | | 95.0% | | | |

Note: * Cooperative transport and margin calculated based on figures contained in CAPLABAM's Financial Report of September 30, 1987.

3.4.4 COOPROVINOUN

This cooperative, located in the West Province at Foubot, was established in January 1987 for the purpose of marketing vegetables produced by its 400 members. It has seven employees and operates from a small office and several sheds adjacent to the Foubot marketplace. Tomatoes represent the largest volume crop; others include maize, macabo, beans, potatoes, and smaller amounts of other vegetables. Using rented trucks, the cooperative transports produce to buyers at various university centers, and the major markets in Yaounde and Douala. Some wholesalers from the major centers also come to the cooperative in their own trucks to purchase produce. Farmers are paid for their produce in two installments, the first in cash at the time of pickup, and the second after the goods are sold.

Under the FSSRP this year, COOPROVINOUN purchased 5000 tons of Ammonium Sulfate, the only type of fertilizer the members want, through CAMATREX. Of this amount, 170 tons had been received by mid-December and half of this had been sold. Although vegetables can be grown year round in the lower well-watered areas, utilization of fertilizer is the greatest during the rainy season when demand for vegetables is highest. The cooperative sells Ammonium Sulfate for cash at 3100 FCFA per 50 kg. bag, which is actually above the target price of 2573 FCFA established for this location. We were told that this price was established with the help of FONADER and that it adequately covers all the cooperative's costs. They also report that there was no noticeable reduction in demand for fertilizer this year, despite the fact that the price increased by more than 50% from the uniform price of 2000 FCFA last year.

It was not possible to get detailed information on the financing and distribution of fertilizer purchase due to the unavailability of management personnel at the time of our visit.

3.4.5 Exporters/Processors

Two coffee processing and exporting firms in the Nkongsamba area were interviewed: CACEP and Gortzounian. These firms clean and sort coffee for coffee planters and for cooperatives who are not licensed to export, and are paid a commission by the National Produce Marketing Board (ONCPB) according to the amount exported. In the past they have sold fertilizer, along with other inputs, as part of the services provided to farmers. The current FSSRP import program has largely supplanted this business, which amounted to about 14,000 tons of fertilizer imports last year for the two firms together.

The financial health of these firms has been greatly impacted by the ONCPB payment arrears, which in the case of CACEP is said to amount to 2.1 billion FCFA.

3.4.6 Farmers/Users

It was not possible in the time available to conduct a survey of farmer reaction to the FSSRP. However, three farmer members of the COPLACARM cooperative (which belongs to the UCAL cooperative union) were interviewed in the Nkongsamba area. These farmers seemed quite well aware of the response in terms of increased yield from the use of fertilizer, though application rates varied. One farmer with about 6 hectares of trees reported using 50 to 70 sacks (2.5 to 3.5 tons) of NPK 20-10-10 each year, while another with 3 ha reported that he used 70 sacks (3.5 tons). Both reported that they used the fertilizer on coffee trees and on interplanted crops such as bananas, plantains, macabo, and vegetables. One farmer commented that she avoided applying fertilizer near vegetables as she was afraid of burning them. Asked if they would continue to purchase fertilizer if the price went up further, the farmer with the lowest rate of application responded that she wouldn't buy less even at higher prices because a lower amount would not have the desired effect. The farmer with the higher rate of application commented that he would purchase less if the price went up. A third farmer stated that he would reduce his purchases at higher prices, but that the price he was paid for his coffee would also be a factor.

This extremely limited sample of farmer reaction to the FSSRP is not intended to be representative. A system of farmer surveys aimed at determining utilization rates, crop responses, elasticity of demand and other factors is to be developed in the next phase of the project.

APPENDICES

Appendix A: Distributor's Average Pricing Structure

| | NPK 20-10-10 | | | | | | NPK 12-06-20 | | | | Urea | | | | Sulfate of Ammonia | | | | | | |
|---|--------------|-------|-------|-------|-------|-------|--------------|-------|-------|-------|-------|-------|-------|-------|--------------------|------|--------|-------|-------|-------|-----------|
| | UCAL | Pct. | NWCA | Pct. | UCCAO | Pct. | UCAL | Pct. | UCCAO | Pct. | UCAL | Pct. | NWCA | Pct. | UCCAO | Pct. | UCAL | Pct. | NWCA | Pct. | COOPROVIN |
| Base CIF Price* | 39185 | 75.4 | 39700 | 61.2 | 38440 | 67.4 | 39185 | 75.4 | 37223 | 65.3 | 39285 | 75.4 | 39285 | 63.9 | 35333 | | 39185 | 75.4 | 36985 | 66.0 | |
| Distributor's Transport Cost | 6000 | 11.5 | 10000 | 15.4 | 8500 | 14.9 | 6000 | 11.5 | 8500 | 14.9 | 6000 | 11.5 | 10000 | 16.3 | 8500 | 14.9 | 6000 | 11.5 | 10000 | 17.9 | |
| Distributor's Additional Margin | 1815 | 3.5 | 4300 | 6.6 | 0 | 0.0 | 1615 | 3.5 | 0 | 0.0 | 1815 | 3.5 | 3275 | 5.3 | 0 | 0.0 | 1815 | 3.5 | 2295 | 4.1 | |
| Transport to Secondary Distributor | 3000 | 5.8 | 4903 | 7.6 | 2442 | 4.3 | 3000 | 5.8 | 2442 | 4.3 | 3000 | 5.8 | 4909 | 8.0 | 2442 | 4.3 | 3000 | 5.8 | 3722 | 6.6 | |
| Secondary Distributor's Margin (includes any further transport) | 2000 | 3.8 | 4000 | 6.2 | 7618 | 13.4 | 2000 | 3.8 | 8835 | 15.5 | 2000 | 3.8 | 3000 | 4.9 | 10725 | 18.8 | 2000 | 3.8 | 2000 | 3.6 | |
| Tertiary Distributor's Margin | NA | 0.0 | 2000 | 3.1 | NA | 0.0 | NA | 0.0 | NA | 0.0 | NA | 0.0 | 1000 | 1.6 | NA | 0.0 | NA | 0.0 | 1000 | 1.8 | |
| Price to the Farmer | | | | | | | | | | | | | | | | | | | | | |
| Per ton | 52000 | 100.0 | 64903 | 100.0 | 57000 | 100.0 | 52000 | 100.0 | 57000 | 100.0 | 52000 | 100.0 | 61469 | 100.0 | 57000 | 38.0 | 52000 | 100.0 | 56002 | 100.0 | |
| Per bag | 2600 | | 3245 | | 2850 | | 2600 | | 2850 | | 2600 | | 3073 | | 2850 | | 2600 | | 2800 | | |
| Calling Price | | | | | | | | | | | | | | | | | | | | | |
| Per ton | 68250 | | 78250 | | 73450 | | 65500 | | 70700 | | 52700 | | 62700 | | 57900 | | 46250 | | 56250 | | 51450 |
| Per bag | 3413 | | 3913 | | 3673 | | 3275 | | 3535 | | 2635 | | 3135 | | 2895 | | 2313 | | 2813 | | 2573 |
| Farmer's Price as Pct. of Calling Price | 76.2% | | 82.9% | | 77.6% | | 79.4% | | 80.6% | | 98.7% | | 98.0% | | 98.4% | | 112.4% | | 99.6% | | |
| All Transport | 9000 | 17.3 | 14903 | 23.0 | 10942 | 19.2 | 9000 | 17.3 | 10942 | 19.2 | 9000 | 17.3 | 14909 | 24.3 | 10942 | 19.2 | 9000 | 17.3 | 13722 | 24.5 | |
| All Margins | 3815 | 7.3 | 10300 | 15.9 | 7618 | 13.4 | 3815 | 7.3 | 8835 | 15.5 | 3815 | 7.3 | 7275 | 11.8 | 10725 | 18.8 | 3815 | 7.3 | 5295 | 9.5 | |

Note: * Base CIF Price is CIF Doual price except in case of UCAL where the Base CIF Price is the weighted average used to set the uniform price.

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Appendix B: Detail of Use of Subsidy Fund

| Importer | Distributor | NPK 20-10-10 | | NPK 12-06-20 | | Sulfate of Ammonia | | ea | Totals | |
|-------------------------|-------------------|---------------|-----------------|---------------|-----------------|--------------------|-----------------|-------------|-----------------|---------------|
| | | Amount (tons) | Subsidy (F CFA) | Amount (tons) | Subsidy (F CFA) | Amount (tons) | Subsidy (F CFA) | | Subsidy (F CFA) | Amount (tons) |
| SUBSIDY DISBURSED | | | | | | | | | | |
| CAMATREX | UCAL | 6000 | 219,600,000 | 2000 | 70,000,000 | 3500 | 83,300,000 | 41,250,000 | 13000 | 414,150,000 |
| | UCCAO | 5000 | 183,000,000 | 5000 | 175,000,000 | | | 137,500,000 | 15000 | 495,500,000 |
| | NWCA | 5300 | 193,980,000 | | | | | 19,250,000 | 6000 | 213,230,000 |
| | CAMATREX Subtotal | 16300 | 596,580,000 | 7000 | 245,000,000 | 3500 | 83,300,000 | 198,000,000 | 34000 | 1,122,880,000 |
| ADER | UCCAO | 5000 | 183,000,000 | 5000 | 175,000,000 | | | 137,500,000 | 15000 | 495,500,000 |
| Total Subsidy Disbursed | | 21300 | 779,580,000 | 12000 | 420,000,000 | 3500 | 83,300,000 | 335,500,000 | 49000 | 1,618,380,000 |
| SUBSIDY EARMARKED: | | | | | | | | | | |
| CAMATREX | NWCA | | | | | 1000 | 23,800,000 | | 1000 | 23,800,000 |
| | COOPROVINOUN | | | | | 5000 | 119,000,000 | | 5000 | 119,000,000 |
| Aminou & Co. | UCAL | 5000 | 183,000,000 | | | | | 82,500,000 | 8000 | 265,500,000 |
| Total Subsidy Earmarked | | | | | | | | | 14000 | 408,300,000 |
| TOTAL SUBSIDY USED | | | | | | | | | | 2,026,680,000 |

Appendix C: List of Persons Contacted

| Individual | Title | Organization |
|--|---|---|
| TECHNICAL SUPERVISORY COMMITTEE | | |
| Mr. OYONO Jean-Marc | President | Ministry of Plan and Regional Development |
| FIDUCIARY BANK | | |
| Mr. Zafar Husain NAQVI | Deputy General Manager | BCCC |
| Mr. R. SELAVARAJU | Manager, Operations and Credit | BCCC |
| COMMERCIAL BANKS | | |
| Mr. Rene HEBRARD | Director of Credit | BICIC |
| Mr. Mohindra P. DHALL | Deputy General Manager | Meridien Bank |
| Ms. Gisele MOULONG | Credit Manager | Meridien Bank |
| | Credit Manager | BIAO |
| IMPORTERS | | |
| Mr. Betru GEBREGZIABHER | Deputy Managing Director | CAMATREX, SARL |
| Mr. AMINOU Adama | Director General | Aminou and Company, SA |
| Mr. Oumarou AMINOU | Deputy Director General | Aminou and Company, SA |
| Mr. Jean BELA-NKE | Director General | Ets. Bela-Nke |
| Mr. IKELLE Philippe | | Shell |
| Mr. NDIGUI Gregoire | | WITCO |
| Mr. FOTSO Andre | | Rhone-Poulenc |
| Mr. FENKAM Emmanuel | | SOGETA |
| Mr. Enoch Epassy | | Adir |
| DISTRIBUTORS | | |
| <u>Littoral Province</u> | | |
| | President | UCAL |
| Mr. Lazare S. DJOUMBI | Director General | UCAL |
| Mr. Jean-Pierre FOGUE | Manager | COOPLACARM |
| Mr. TAFFOU Bernard | Manager | COOPLAM |
| <u>North West Province</u> | | |
| Mr. Achidi ACHU | President | NWCA |
| Mr. Polycarp N. NGWAYI | General Manager | NWCA |
| Mr. John AKWAR | Chief, Farm Support Service | NWCA |
| Mr. Hartmut Hoffmeister | Finance and Accounting Advisor | NWCA |
| <u>West Province</u> | | |
| | Director General | UCCAO |
| Frederic SONWOUA MOLUH | Chief, Purchase Transport and Supply Division | UCCAO |
| Pierre NJOUYEP | Director, Finance and Accounting | |

OTHERS

Littoral Province
Mme. KOLOKO

Provincial Chief of Service,
Agriculture

Provincial Delegation
of Agriculture

M. FOTSO

Divisional Chief of Service,
Cooperation and Mutuality

Divisional Delegation
of Agriculture, Moungo

Mr. Philippe BATAULT
Mr. Sambalis SPYROS

CACEP
"

North West Province
Mr. TATA Thomas

Provincial Delegate,
Agriculture
Adaptive Research Agronomist

Provincial Delegation
of Agriculture
Provincial Delegation
of Agriculture

Mr. YEBIT George

Mr. FONGYEN Adam
Mr. Jonathan TAME
Mr. James MUNANG
Mr. SABUM, M. O.

Deputy Project Manager
Coordinator, PEM Division
PEM Division
PEM Division

MIDENO
MIDENO
MIDENO
MIDENO

Appendix D

Fertilizer Subsector Reform Program

Scope of Work for the Design of a Monitoring and Evaluation System for the Initial Baseline Data Collection

(Note: The present report represents only a portion of the following scope of work. The remaining tasks are to be carried out by two consultants during the February/March 1989 period.)

Purpose: Design a monitoring and evaluation system for the Fertilizer Subsector Reform Program, and help gather initial data urgently needed for the second-year program design and implementation. The system should produce timely information (i.e. data and analysis) on how well the FSSRP responds to fertilizer demand by delivering quality products to the farmer in a timely fashion at a competitive price.

Work Plan: The contractor will provide a team of two specialists in Cameroon to carry out the tasks described above. One marketing specialist is to spend two months in Cameroon and one information system specialist one month. The position titles, qualifications and responsibilities are described below.

It shall be the responsibility of the team leader to coordinate all activities under the GRC Technical Supervisory Committee (TSC) and through this committee to work closely with a network of public and private agencies such as the Ministry of Plan (MINPAT), the Ministry of Agriculture (MINAGRI), the Institute for Agricultural Research (IRA), the Fiduciary Bank (BCCC) and other agencies and other institutions capable of assisting in collection, analysis and reporting of monitoring and evaluating data. It is intended that the contractor will draw on available data collection resources of these agencies and institutions to the maximum extent possible in carrying out their work.

The team is to report to the TSC on accomplishment to date after one month of field work. Prior to departure from Cameroon, a draft final report to include the survey design and a summary of initial data collected following this design, shall be presented and discussed with the committee.

A. Design of a Monitoring and Evaluation System

1. Assess the information requirements for short and long term monitoring and analysis of the Fertilizer Subsector Reform Program (FSSRP). Such an assessment should include, but not be limited to, the following information categories:

(a) Organizational Relationships

- Identify the network of Public Sector Organizations that are directly or indirectly substantively involved in the fertilizer subsector:

- . their understanding of and support for FSSRP
- . their understanding of their role in support of FSSRP
- . their understanding of the roles of other public/private sector organizations and their relationship with those organizations
- . their capacity to perform their role and the tasks required thereunder in terms of structure, financial and human resources, administrative characteristics and incentives
- . The structural and regulatory environment governing the relationship among the agencies.

- Identify and assess Private Sector organizations/associations that are participating the FSSRP, including importers, banks, wholesalers, retailers, cooperatives, and farmers.

- . their understanding/support of the goals, objectives and operations of the FSSRP.
- . their understanding of the roles of other public/private organizations in the FSSRP.
- . their relationship with other public and private organizations involved in FSSRP.
- . their technical and financial capacity to participate in the FSSRP.

- The compatibility of the legal and regulatory environment with project objectives and procedures, particularly in terms of the level and nature of the transaction costs imposed by that environment.

2. Identify the categories of information to be monitored. These must include, but not be limited to, the following:

a. Banking System

- Number of cooperating commercial banks
- Number and size of loans by (1) bank (2) marketing organization
- Repayment status of loans by bank (1) on schedule, (2) delinquent (3) write-off

b. Marketing System

- Number of fertilizer marketing organizations by their geographic areas of operation: (1) importer (sack and bulk), (2) wholesaler (3) retailer.
- Type and volume of fertilizer imported by: (1) sack (2) bulk
- Type of volume of fertilizer distributed by marketing area and timeliness of delivery.
- Type of fertilizer sold by marketing area.
- Type of fertilizer use by marketing area, (1) food producer, (2) coffee, tea, cocoa producer, (3) mixed crop use.
- Price of fertilizer sold by marketing area and by type.
- Marketing cost of fertilizer by marketing area: (1) transportation, insurance, etc., (2) handling, (3) storage, (4) losses, (5) distribution costs, (6) profit margin, taxes, etc.

c. Production System

- Crop yields by marketing area: (1) food crops, (2) tree crops.

d. Economic Impact of Fertilizer Use

- Crop price by marketing area; (1) domestically consumed crops (2) export crops.

3. Conclusions on FSSRP Performance

a. Identify constraints to fertilizer use, e.g. deficiencies in infrastructure, regulatory system, contracts, price information.

b. Identify the primary forces affecting performance, e.g. demand from farmers, entrepreneurial drive of traders, etc.

c. Assess system performance, e.g. pricing efficiency, allocative efficiency, operational efficiency, progressiveness, entrepreneurship, etc.

d. Impact assessment of FSSRP on suppliers, manufacturers, importers, banks, distributors (wholesalers/retailers), users and the GRC.

4. Design a cost effective monitoring and evaluation system that provides sufficient, accurate, timely and usable information to those who need it on the data points outlined in categories 1-3 above. The system must be designed to make maximum use of existing and developing capacity in Cameroonian institutions already engaged in data collection and analysis. The system's structure must be compatible with that of participating institutions. The design must make explicit and clear the TSC's management and coordinating role. It must also identify the strategies, procedures, roles, and tasks of the participating institutions for collecting, processing, analyzing and reporting data and for recommending follow-up actions to address constraints identified.

5. Collect and analyze data identified in the monitoring and evaluation system design as critical for second-year policy and management decision-making. It is assumed that this will include collection of data on variables that bear upon key decisions that must be made during the 12 months following the design of the monitoring and evaluation system. This data collection and analysis actively will continue until the monitoring and evaluation system is fully operational.

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4. Unclassified cable from USAID/Cameroon to AID/W (Yaounde 05790), dated 10 August 1988, Subject: Credit and Subsidy Requirements for Fertilizer Subsector Reform Program - Grant Agreement No. 631-K-601
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8. Letter to H.E. Jean-Marc Oyono, Secretary General, Ministry of Plan and Regional Development, Government of Cameroon, from Mr. Jay Johnson, Director, USAID/Cameroon, on "Proposed Annual Review of Fertilizer Subsector Reform Program", dated November 22, 1988.