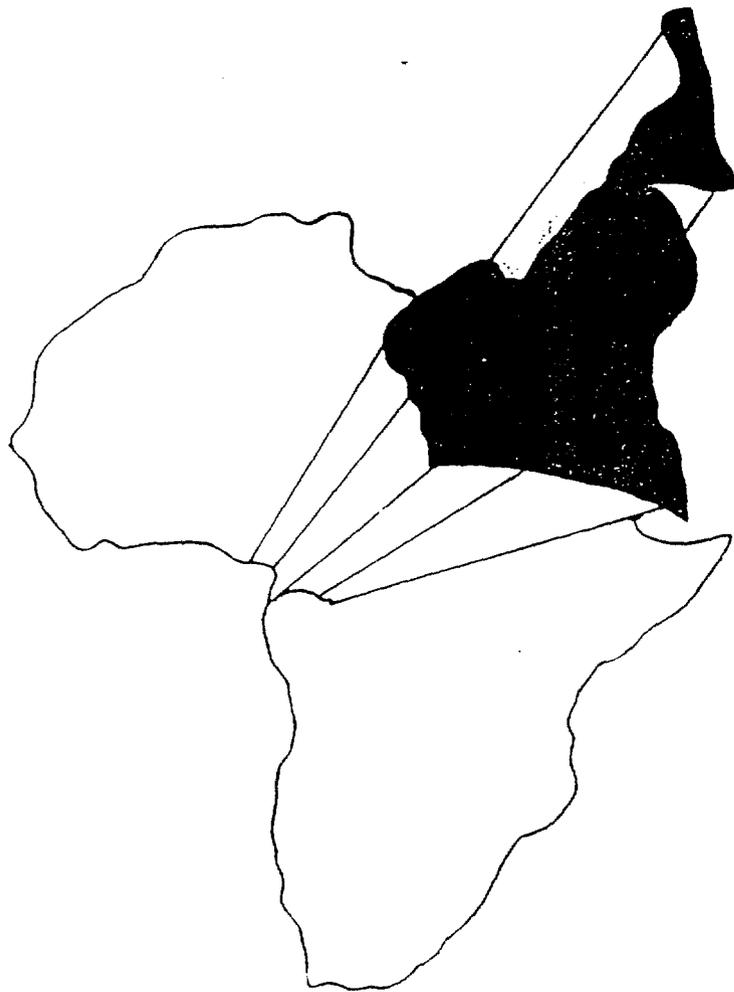


# Assessment of Program Impact (API)

USAID/Cameroon

FY 1993



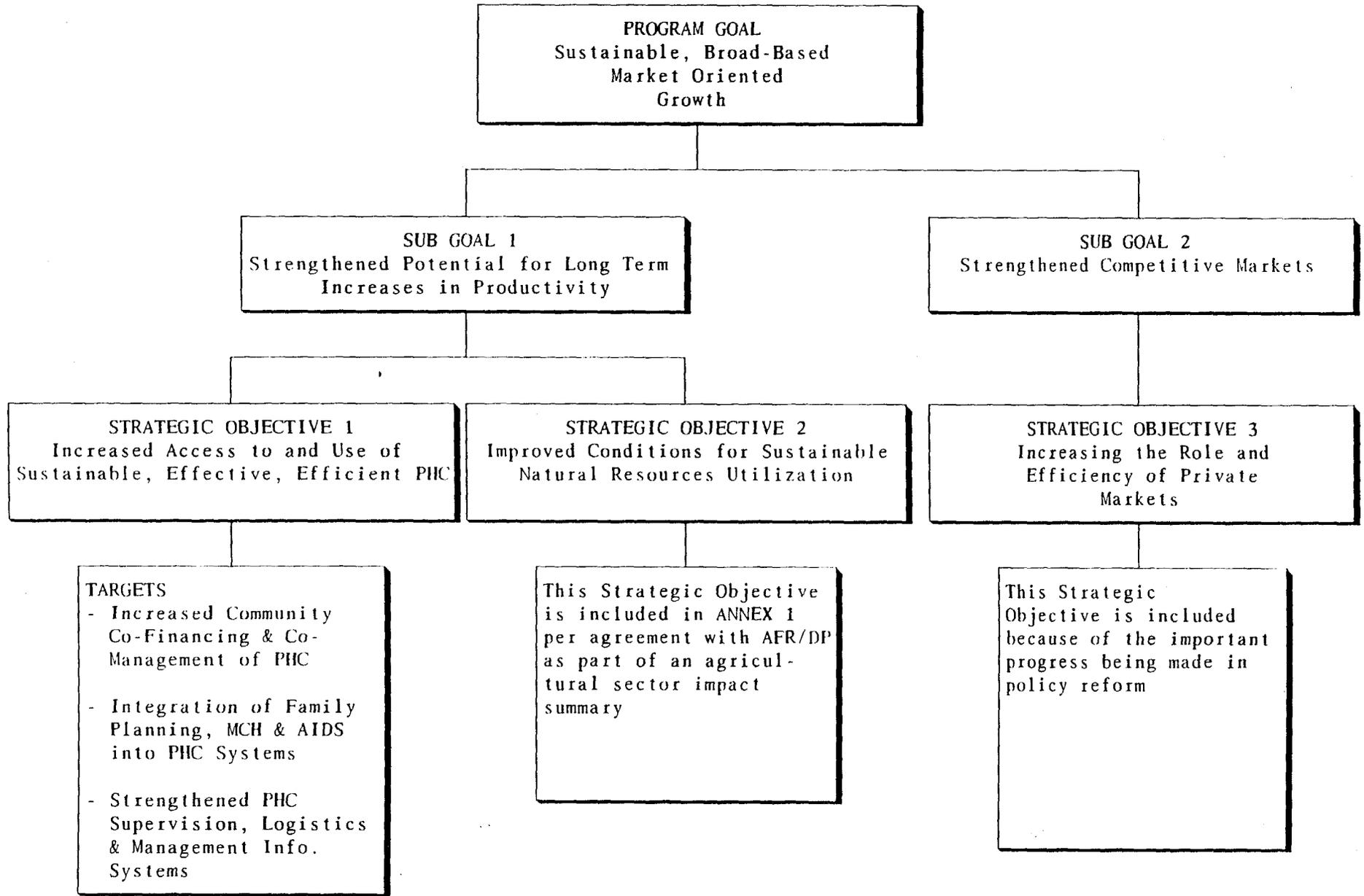
November 15, 1993

## ACRONYMS AND ABBREVIATIONS

ABS	Annual Budget Submission
ACCOSCA	African Confederation of Cooperative Savings and Credit Associations
ADB	African Development Bank
AID/W	Agency for International Development in Washington, D.C.
AIDS	Acquired Immune Deficiency Syndrome
AIDSTECH	AIDS Technical Support (AID/W project)
API	Assessment of Program Impact
ARD	Agriculture and Rural Development Office
ARI	Acute Respiratory Infections
ASR	Agricultural Sector Review
BCCC	Bank of Credit and Commerce Cameroon
BICIC	Banque Internationale pour le Commerce et l'Industrie du Cameroun
BIFAD	Board for International Food and Agricultural Development
BEAC	Banque des Etats de l'Afrique Central (Central Bank of the Central African States)
CamCCUL	Cameroon Cooperative Credit Union League
CAPP	Cameroon Agriculture Policy and Planning Project
CDD	Control of Diarrheal Diseases
CFAF	Franc de la Communauté Financière Africaine (Cameroon currency)
CFD	Caisse Française de Développement
CIAME	Center for the Procurement of Essential Medicines
CMR	Child Mortality Rate
COSA	Health Committee
COSADI	Health District Committee
CPDM	Cameroon People's Democratic Movement
CS	Health Center
CSM	Cameroon Social Marketing Program
CUNA	Credit Union National Association
CUSS	Cameroon University Center for Health Sciences
CYP	Couple Years of Protection
D/G	Democracy and Governance
DFA	Development Fund for Africa
DFMH	Directorate of Family and Mental Health
DHS	Demographic and Health Surveys (R&D/POP Project)
DMPR	Directorate of Preventive Medicine and Rural Health
DPT	Diphtheria, Pertussis, and Tetanus Immunization
EOPS	End-of-project Status
ESF	Economic Support Fund
FAA	Foreign Assistance Act
FOB	Free on Board
FS	Farming System
FSFS	Provincial Health Fund
FSSRP	Fertilizer Sub-Sector Reform Program
GDP	Gross Domestic Product
GNP	Gross National Product
GRC	Government of the Republic of Cameroon
HCRP	Health Constraints to Rural Production Project
HIV	Human Immuno-Deficiency Virus
IBRD	International Bank for Reconstruction & Development
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFI	International Financial Institute
IITA	International Institute for Tropical Agriculture
ILO	International Labor Organization
IMF	International Monetary Fund
IRA	Institute for Agronomic Research
IRZ	Institute for Livestock Research

ITTO	International Tropical Timber Organization
LBA	Licensed Buying Agents
LOP	Life of Project Funding
MCH	Maternal Child Health
MCH/CS	Maternal Child Health/Child Survival Project
MCH/CS II	Maternal Child Health/Child Survival II Project
MINAGRI	Ministry of Agriculture
MINDIC	Ministry of Industrial and Commercial Development
MINPAT	Ministry of Planning and Regional Development
MOPH	Ministry of Public Health
NACS	National AIDS Control Service
NCRE	National Cereals Research & Extension Project
NDI	National Democratic Institute
NEAP	National Environmental Action Plan
NFHP	National Family Health Project
NGO	Non-Governmental Organization
NOIFZ	National Office of Industrial Free Zones
NPA	Non-Project Assistance
NPMB	National Produce Marketing Board (also ONCPB)
NRM	Natural Resources Management
NWCA	North West Cooperative Association
OECD	Organization for Economic Cooperation and Development
OICI	Opportunities Industrialization Center International
ONAPHARM	National Office of Pharmaceuticals
ONCPB	Office National de Commercialisation des Produits de Base (also NPMB)
ONCC	Office National des Chargeurs du Cameroun
OPIC	Overseas Private Investment Corporation
ORT	Oral Rehydration Therapy
PACD	Project Assistance Completion Date
PAGE	Program d'appui a la gestion economique
PHC	Primary Health Care
PHD	Provincial Health Delegate
PRAMS	Program for the Reform of the Agricultural Marketing Sector PREPS Policy Reform in the Export Processing Sector
PRITECH	AID/W Primary Health Care Technology Project
PVO	Private Voluntary Organization
RHDS	Reform of the Health Delivery System Project
ROTREP	Roots and Tubers Research Project
RPHC	MOPH Reorientation of Primary Health Care Policy
SAL	Structural Adjustment Loan
SAP	Structural Adjustment Program
SEMRY	Societe d'Expansion et de Modernisation de la Riziculture a Yagoua
SNH	Societe Nationale de Hydrocarbures
SGBC	Societe Generale de Banque au Cameroun
SIFZ	Special Industrial Free Zone
SNI	Societe Nationale d'Investissements (National Investment Corporation)
TAACS	Technical Advisor in AIDS and Child Survival
UCCAO	Union Central des Cooperatives Agricoles de l'Ouest (Central Agricultural Cooperative Union of the Western Province)
UCD	University Center at Dschang
UDEAC	Customs Union of the Central African States
WID	Women in Development
WOCCU	World Council of Credit Unions, Inc.

USAID/CAMEROON



## SECTION I: SPECIAL FACTORS AFFECTING THE USAID PROGRAM

### BACKGROUND

In March 1992, Cameroon was placed on the USAID watch list to be closely monitored in terms of its economic and political performance, in particular, progress towards comprehensive reforms. The FY 1993 operating year budget for USAID/Cameroon was reduced from \$24 million to \$20 million at that time. In September 1992, the government failed to meet conditionality for a second IMF stand-by facility. During most of 1992 and 1993 there was no IMF agreement in place. In fact, disbursements from the World Bank for the Structural Adjustment Program (SAL) were suspended twice. In October 1992 Cameroon held Presidential elections which were widely criticized as unfair. A report by the National Democratic Institute's international observer team publicly documented the election problems. Shortly after, on November 25, 1992, the U. S. Government suspended \$14 million of USAID/Cameroon's \$20 million operating year budget for FY 1993, pending improvements in political and human rights conditions in the country. These needed improvements were well documented at the time in an Aide-Memoire presented to the Government of Cameroon by the U.S. Government.

Cameroon's economic decline is now in its seventh year. The country's overall financial position is weakening in the face of diminishing oil revenues caused by declining reserves, reduced non-oil tax revenue resulting from tax exonerations and growing delinquencies in an already narrow-based tax and tariff structure. Given the prevailing high level of central government expenditures, the continuing decline in revenue has resulted in an unacceptably high deficit. Due to a lack of investor confidence in the government to quickly and fairly resolve its most egregious political and economic problems, there is virtually no new investment coming into Cameroon. The public investment budget which is minimal is funded with approximately 90% from external sources.

At the same time, Cameroon's political situation is growing more tense and increasingly polarized. The government has repeatedly missed opportunities for serious sustained dialogue with the opposition and, therefore, has resisted appeals to convene a national conference that would serve to reexamine the proposed constitutional reform process and provide for fundamental political reforms embodied in a new constitution. After a formal public debate and the establishment of a Commission to draft the new constitution, there still remain major questions about the draft. The document has been in the President's office since July with no indication that he is finally willing to publicly announce new initiatives resulting in political compromise and reconciliation that could begin to heal a fractured political milieu.

It is widely acknowledged that the needed investment and increased economic activity will not occur until the existing political impasse between the ruling party and opposition groups is resolved. Due to the ongoing political and economic crisis many EC donors, as well as Japan, have either scaled back or terminated selected aid activities in Cameroon.

### USAID

FY 1993 was a year of rethinking strategy and consolidation of USAID's development assistance portfolio. During the first six months of 1993 the political environment remained problematic. The impasse over constitutional reform and national reconciliation continued. In Washington, a new administration was inaugurated and A.I.D initiated a wide ranging reorganization that is already impacting on overseas missions. A number of USAID programs around the world will be either downsized or closed-out during 1994-1995.

In the midst of these uncertainties, A.I.D./W approved USAID Cameroon's Concept Paper at a Washington review held in June, 1993. The key strategic objectives within which the program consolidation would be completed were agreed upon. These objectives included: (a) Health and Population, and (b) Natural Resources Management. The target of opportunity of Democracy and Governance was also approved. The PID for this activity was approved in August and delegation of authority was given for final design and approval in the field. Authority for project paper (PP) approval was also delegated to the field for the Natural Resources Management (CAMPER) project. The proposed private sector-agribusiness strategic objective was "suspended" due to the current political and economic environment in Cameroon. In September this AID/W decision followed by another not to allow disbursement of \$10 million in NPA funds to support private sector and policy reform activities. Finally, the program budget was set at \$11 million for each of the three years of the Concept Paper period (1994-96).

Down-sizing, and perhaps close-out of USAID/Cameroon's assistance program, has become a reality. In October 1993, the Ambassador was notified by cable (State 316701, dated October 16, 1993) to inform the government of the USG's intention to close-out the USAID Mission and assistance program in Cameroon. All design work on the two new projects, D/G and CAMPER, was halted and a draft USAID Mission close-out plan prepared and submitted for review in Washington.

As a result of these special circumstances, USAID was notified that a full-blown API submission would not be expected. Nonetheless, to help the AFR/Bureau capture as much impact of our assistance under the DFA as possible, USAID is providing a complete submission for the Health Strategic Objective. A retrospective look at the impact of the agriculture sector program is provided as Annex I. Strategic Objective 3, Improved Conditions for Private Sector Trade is included because the Mission believes the important progress being made in policy reform must be documented. Strategic Objective 2, Improved Conditions for Sustainable Natural Resource Utilization, has been dropped due to the cancellation of the CAMPER PP design.

## SECTION II: PROGRESS TOWARDS OVERALL PROGRAM GOAL

The economic performance in Cameroon has been impeded by the GRC's inability to address persistent structural deficiencies. As a result, the GRC is no longer able to discharge both its external and internal debt obligations which now reach unacceptable levels. Despite some recent progress in cutting back personnel expenditures, the issue of external adjustment, led by the need for a nominal devaluation, has brought the debate on the overvaluation of the CFAF to the forefront.

### Macroeconomic Indicators

Over the past year, Cameroon's macroeconomic situation has worsened. Most indicators point to an economy in steep decline as evidenced by the real GDP drop (-2.5% in FY 1993) and the 2.6% real consumption decline. A per capita GDP of USD 860 in FY 1993 placed Cameroon among the lower middle income developing countries. Real imports and exports are estimated to have dropped by 4% and 7% in FY 1993 respectively. With the persistent decline in the terms of exchange, the balance of trade has also deteriorated significantly and the current account deficit has increased from 8% to almost 9.4% of GDP. The decline of public investment (less than 3% of GDP), which is 90% financed from external sources, shows clearly why the public sector can no longer be the engine for economic development.

In spite of the foregoing and although unable to reverse the trend of its decreasing non-oil income, the GRC has managed to reduce public expenditures somewhat. Nonetheless, the following major factors have combined to exacerbate Cameroon's economic decline during FY 1993:

- 26% drop in oil revenues resulting from declining oil production and the depletion of Cameroon's modest reserve;
- 3% drop in non-oil tax revenue, in correlation with the GDP decrease (12.7% of GDP) in FY 1993. This situation results from too many tax exonerations and widespread tax delinquency (driven by political tension) in the framework of an already narrow-based tax and tariff structure; and
- Continued delays in the implementation of the Structural Adjustment Program (SAP) in spite of recent internal adjustment measures.

In the area of public finance, the GRC adopted a limited package of measures to increase revenues and control expenditures. The reduction of the public sector wage bill, expected to yield annual savings of CFAF 60 billion, is insufficient to prevent a further deterioration of the GRC financial position over the near term. The overall fiscal deficit (on a commitment basis) which totalled 7% of GDP in FY 1992 rose to 8% of GDP in FY 1993. Wages (42% of expenditures and 62% of revenues) consumed nearly all revenues, while non-wage recurrent expenses have been reduced to the minimal level. Given that oil revenues are expected to drop by another 14 percent, the economic outlook is gloomy. A residual financing gap of 7.5% (CFAF 200 billion) will remain, even under the best of circumstances.

The restructuring of the banking system is largely completed but the liquidity and solvency crisis remains severe. This crisis is mainly explained by the general economic crisis, the withdrawal of bank deposits in anticipation of nominal devaluation and more particularly, the non-fulfillment of GRC debt obligations to the banks and the public sector. The recent imposition of a 3% fee on Bank of France repurchases of CFA notes, and the recently-promulgated limited convertibility of the CFA outside its monetary zone, may correct the present illiquidity of the banking sector. The effect of these measures, however, could be diminished by an increase in foreign exchange transactions in the informal financial sector.

Some progress has been achieved in the reduction of GRC administrative heavy handedness in business decisions. For example, some of the restrictive legislation governing business activities has been cancelled. Unfortunately, efforts to reform, liquidate or privatize public enterprises have been derailed by political interference and by the shortage of investment capital. A new statute for state-owned enterprises (SOEs) should be issued by the end of 1993. Efforts are also being made to extend the wage cuts to SOEs which have been protected from open and free foreign competition, with the intention of bringing such SOEs under the general tax code.

On the legislative front, GRC's achievements during FY 1993 were significant:

- The implementing Decree of the new Cooperative Law was promulgated, followed by nationwide dissemination campaign sponsored by USAID/Cameroon;
- Tariff rates are being harmonized through a UDEAC-sponsored reform across the Central African region, effective January 1994; and
- Monopoly rights for arabica coffee marketing cooperatives were abolished.

Because of declining oil revenue and an increasing debt burden, it will be necessary for the GRC to develop and implement tight fiscal policies that will to enhance competitiveness. Until a new agreement is reached with the IMF and the World Bank on a macroeconomic framework, substantial foreign disbursements or debt relief arrangements are unlikely. Hence, the country's residual financing gap will probably be financed through the accumulation of external and internal arrears. However, the GRC may again be tempted to cover its residual financial gaps by conducting future sales that "mortgage" the disposal of some commodities, such as oil.

## SECTION III: PROGRESS TOWARD STRATEGIC OBJECTIVES

### Strategic Objective 1.0: Sustained Change in Health Status for Target Populations in Three Provinces

#### Overview:

USAID's goal in the health sector is to effect a sustained improvement in health standards for approximately 2.5 million persons living in the Adamaoua, South, and four divisions of the Far North province. USAID will achieve this objective by implementing the GRC's health sector reform program, called the Reorientation of Primary Health Care (RPHC).

Launched in 1989, the RPHC supports the development of a financially sustainable, effective and efficient PHC system to provide basic preventive and curative services to the population. The program comprises the following elements:

- community co-financing of health services through the sale of essential drugs and fees for services at health facilities;
- community co-management of health facilities through the creation of private, non-profit community health associations to administer cost recovery revenues and to enhance preventive and promotive health programs;
- establishment of provincial medical supply systems to make available essential drugs and medical supplies to health facilities, and finance provincial health management systems;
- full integration of preventive and curative services, health supervision, medical supply and health information systems; and
- coordination of public and private sector health services to facilitate health care coverage of the population.

In support of the RPHC program, the GRC has enacted two critical pieces of legislation:

- In December 1990, a drug financing law authorizing public health facilities to establish community-managed revolving fund pharmacies in which all receipts are retained locally; and
- In July 1992, a hospital financing law permitting specially-approved public hospitals to retain 50% of their revenues from fees for services (i.e., hospitalization, infant deliveries, etc) which were formerly remitted to the national treasury.

Since 1990, USAID and the other major health donors (the German, French, Belgian cooperation programs and UNICEF) have been implementing the RPHC program in all ten provinces. Plans have now been developed to implement the program in every division in the country.

#### **Furtherance of Health Policy Reform in FY 1993**

In March 1993, the Ministry of Public Health approved texts which establish a legal framework for the operation of private, non-profit community health associations at the levels of the health center, health

district and the province. The Prime Minister also signed decrees which provide operational guidance for the December 1990 Law on the sale of essential drugs at public health facilities, and the July 1992 Law on the management of revenues generated from fees for services at hospitals. Complementary in design, these decrees and official texts are important because they:

- Provide complete administrative procedures for the operation of community health and health management committees. This allows them to be officially classified as autonomous associations under the GRC's 1990 Law of Association and to be officially recognized by local administrative authorities.
- Authorize community health associations to play roles in the district-based health planning process, and in the budgeting and use of government credits which are provided to MOPH facilities and offices.
- Permit provincial health associations to be established which program excess cost recovery funds to support district health plans and provide subsidies to health facilities in under-populated rural areas.
- Authorize provincial health associations to co-manage, with the MOPH, autonomous medical supply systems within their provinces.

#### **Program Implementation in FY 1993:**

Primary Health Care: Under the RPHC program, in FY 1993 USAID helped the MOPH extend community co-financed and co-managed health services to an additional 450,000 persons in the South, Adamaoua and Far North provinces. This increased basic health care coverage in these provinces from approximately 13% in 1992 to over 30%. Despite the economic crisis, utilization of health facilities remained fairly steady, permitting over 85% of health facilities to post positive income statements and to finance over 50% of the basic, non-salaried, recurrent costs of the provincial medical supply, supervision, and health information systems. As a result, supervisory visits were consistently made (over 70% on schedule), health information reports were regularly submitted (70% on time), and there were relatively infrequent drug stockouts (less than 18%). The end result has been significantly increased childhood vaccination, well child and prenatal care coverage rates compared to the baseline of 1991.

Family Planning and AIDS: During FY 1993, as a result of USAID assistance, the number of health facilities offering family planning information and services increased from 75 to 151 sites. Contraceptive prevalence, as estimated by the indicator couple-years of protection, increased by over 30% since last year. In terms of AIDS control, annual sales of condoms by the Cameroon Social Marketing Program increased from 4.6 to 5.7 million pieces in FY 1993, with approximately 15% of these sold to high-risk individuals. Continued high use of condoms by high-risk persons is expected to result in the plateauing of the Cameroon AIDS epidemic at a much lower rate than neighboring countries. Cameroon's present HIV seroprevalence rate of two percent is one of the lowest in Sub-Saharan Africa.

#### **People Level Impact of the Community Co-financed and Co-managed PHC Program:**

The results of an ongoing household survey\* on the effects of community co-financed and co-managed PHC services in the Adamaoua and South provinces indicate that participating health centers do significantly better in attracting sick people than other health centers. People are directly benefitting from the introduction of cost recovery measures, since these funds are invested in the health facility and have resulted in greatly improved quality of care including the regular availability of low-priced essential drugs. This

\* JLitvack et al, "User Fees Plus Quality Equals Improved Access to Health Care: Results of a Field Experiment in Cameroon." Soc. Sci. Med, pp. 369-381, 1993

finding is supported by the April 1993 external evaluation of the USAID-supported RPHC program in the Far North Province which reported that "the comparison between project-assisted and non-assisted health facilities is dramatic."

From a public health viewpoint, it is beneficial that people are increasingly choosing to use local community co-financed and co-managed health centers. At these centers, people receive proper consultation and diagnosis prior to using drugs which are not given at the local market or the pharmacy. This improves the quality of care. Moreover, by increasing the use of curative care, health facility clients are benefitting in greater numbers from cost-effective preventive and promotive health services.

The study also indicates that poor people in the study area are benefitting equally, or proportionately more, from the introduction of community co-financing and co-management of PHC. The poorest segments of the rural population benefit from the new system because they cannot afford the time and travel cost involved in seeking alternative sources of care. The essential, generic drugs available at the local community co-financed and co-managed health centers are less expensive than those found in a provincial capital.

The lesson learned is that "when a system was set up so that user fees can be reinvested in the collecting facility to improve quality, this resulted in an effective decrease in price for households and therefore utilization rose among all income groups."

Another important result is that private, non-profit community health associations with operational links to the public health sector provide a suitable institutional framework for achieving financial sustainability in the health sector.

Continued expansion of the community co-financed and co-managed program is expected to result in sustainable reductions in infant, child, and maternal mortality rates. These indicators will be measured by the planned national demographic and health survey in 1996.

**Table of Indicators for Strategic Objective 1.0**

<b>Indicators 1.1. - 1.3. Infant, Child, and Maternal Mortality Rates Will Monitor Long-term Changes in Health Status</b>			
	<b>Baseline 1987 (Nat'l Census)</b>	<b>1990 World Bank Report</b>	<b>1996 DHS*</b>
1.1. Infant mortality rate (Infant deaths per 1,000 live births)	88	80	65
1.2. Child mortality rate (Child deaths per 1,000 live births)	155	127	110
1.3. Maternal Mortality rate (Maternal deaths per 100,000 births)	420	NDA**	350

\* Demography and Health Survey

\*\* NDA - No data available

**Target 1.1.\* Sustained Expanded Access to, and Coverage of, Community Co-Financed and Co-Managed Primary Health Care**

**Table of Indicators for Target 1.1.**

**Access to Services**

<b>Indicator 1.1.1. Increased Access to Community Co-financed and Co-managed, Integrated PHC Services in Adamaoua, South, and Four Divisions of Far North Province</b>								
	Province	9/90 Baseline	9/91	9/92	9/93 Actual	9/94 Planned	9/95 Planned	9/96 Planned
Number of community co-financed/co-managed health facilities	South	0	15	15	26	36	46	58
	Adamaoua	0	12	12	27	37	42	47
	Far North	0	0	08	24	42	55	65
Percent of population with access to community co-financed/co-managed PHC.	South	0	15	15	36	55	65	70
	Adamaoua	0	15	15	33	50	65	70
	Far North	0	0	10	21	40	60	70
Population with access to community co-financed/co-managed PHC. (000's)	Total	0	146	261	708	1311	1607	1865

**Comment:** Basic health center services include the availability of essential drugs, curative care, prenatal and well child care, vaccinations, health education, and health center outreach services. The non-salaried recurrent costs of these health centers are financed by sales of drugs and fees for services.

**Utilization of Community Co-financed and Co-managed PHC Services**

<b>Indicator 1.1.2. Increased Utilization of Community Co-financed and Co-managed Health Facilities in South, Adamaoua, and Four Divisions of the Far North Province.</b>						
	Province	9/92 Baseline	9/93 Actual	9/94 Planned	9/95 Planned	9/96 Planned
Utilization rate as measured by percent of facility catchment population visiting facility (as a new case) during one year period	South	29%	33%	25%	25%	25%
	Adamaoua	30%	22%	25%	25%	25%
	Far North	-	18%	20%	20%	25%

**Comment:** Financial analyses indicate that 20% utilization is the minimum level possible for economic viability in South and Adamaoua provinces and 10% utilization is the minimum level for the densely populated Far North Province. Economic viability means funding the costs of essential drugs, supervision, PHC outreach, and maintaining the medical supply and health information systems. In FY 1993, despite the ongoing economic decline, utilization of community co-financed and co-managed PHC services remained considerably above these levels.

## Health Management Systems

<b>Indicator 1.1.3. Regular Supervision Visits from Health District to Health Center Levels Conducted on Schedule in Adamaoua, South, and Four Divisions of Far North Province</b>						
	Province	9/92 Baseline	9/93 Actual	9/94 Planned	9/95 Planned	9/96 Planned
Percent of monthly supervision visits from health district to health center levels conducted on schedule	South	41	83	75	80	80
	Adamaoua	63	54	75	80	80
	Far North	-	85	75	80	80

<b>Indicator 1.1.4. Regular Health Information Reports Submitted by Health Centers to the Provincial Health Delegations in South, Adamaoua and Four Divisions of Far North Province</b>						
	Province	1992 Baseline	9/93 Actual	9/94 Planned	9/95 Planned	9/96 Planned
Percent of monthly health information reports received by prescribed deadline by Provincial Health Delegation	South	82	42	80	80	80
	Adamaoua	76	75	80	80	80
	Far North	-	95	80	80	80

<b>Indicator 1.1.5. Regular Supplies of Essential Drugs in the Medical Supply Systems in South, Adamaoua, and Far North Province</b>					
	Province	1993 Baseline	9/94 Planned	9/95 Planned	9/96 Planned
Percent of drugs and other medical products which are out-of-stock during the year at the provincial medical supply warehouse*	South	17	10	10	7
	Adamaoua	18	10	10	7
	Far North	NDA	15	10	7

\* Based on stock situation at midpoint in year.

**Comment:** Overall, health management systems operated effectively in 1992. The challenge for the next few years will be to improve the quality of both supervision visits and health information reports, and further reduce the rate of drug stockouts at provincial medical supply warehouses and at the health facilities.

## Community Financing of Health Services

<b>Indicator 1.1.6. Community Financing of Basic Non-salaried Recurrent Costs of Provincial Health Management Systems in Adamaoua, South, and Four Divisions of Far North Province</b>						
	Province	1992 Baseline	9/93 Actual	9/94 Planned	9/95 Planned	9/96 Planned
Percent of basic non-salaried recurrent costs of provincial health management systems* covered by cost recovery revenues	South	40	55	75	85	90
	Adamaoua	35	50	75	85	90
	Far North	-	NDA	50	75	85

\* Includes costs of supervision, health information, and medical supply systems

<b>Indicator 1.1.7. Positive Income Statements for Community Co-financed and Co-managed Health Facilities in South, Adamaoua and Four Divisions of the Far North Province</b>					
	Province	1993 Baseline	9/94 Target	9/95 Target	9/96 Target
Percent of community co-financed/co-managed health facilities with positive income statements	South	88	80	85	90
	Adamaoua	70	80	85	90
	Far North	100	90	90	90

**Comment:** During 1993, significant progress was achieved in community financing of PHC services. Approximately half of the non-salaried recurrent costs of managing functional supervision, health information, and medical supply systems for Adamaoua and South provinces were covered by cost recovery revenues. The projected coverage for FY 94 is over 70%. Regarding the coverage of basic non-salaried recurrent costs at health centers, over 85% of health centers have positive income statements (i.e., they can cover their basic recurrent costs - resupply essential drugs, pay the salary of the community drug clerk, maintain the health center refrigerator and the moped, and resupply basic health center and client health forms).

## GRC Funding of Health Services

<b>Indicator 1.1.8. GRC Allocations for Health</b>					
	<b>Budget 90/91</b>	<b>Budget 91/92</b>	<b>Budget 92/93</b>	<b>Budget 93/94</b>	<b>Planned 96/97</b>
MOPH Recurrent Budget (billion FCFA)	22.76	24.36	25.95	24.37	-
Percent of total GRC budget	4.1	4.5	4.5	4.5	7
MOPH investment budget (billion FCFA)	2.5	NDA	3.15	3.15	-
Percent of MOPH Recurrent budget expended (non-salaried)	NDA	15	15	-	50
Percent of MOPH investment budget expended	28	NDA	23.2	-	50
Percent of recurrent MOPH budget allocated to salaries	81	80	NDA	76	65

**Comment:** Under the RPHC Program, health services are co-financed between the State and the community. In addition to important "investment" costs such as health facility construction, major building renovations, and pre-service training of personnel, the State is responsible for the salaries of MOPH personnel which staff health facilities and offices. The GRC must maintain minimum funding of these elements for the co-financed health system to function.

### ***Target 1.2. Increased Demand for Effective and Efficient, Preventive, Curative, and Promotive Health Services***

**Table of Indicators for Target 1.2**

#### **Maternal and Child Health (MCH)**

<b>Indicator 1.2.1. Childhood Vaccination Coverage Against Measles in South, Adamaoua, and Four Divisions of the Far North Province</b>							
	<b>Province</b>	<b>1991 Baseline</b>	<b>9/92 Actual</b>	<b>9/93 Actual</b>	<b>9/94 Projected</b>	<b>9/95 Projected</b>	<b>9/96 Target</b>
Vaccination coverage among children under one year against measles	South	35	46	55	55	60	65
	Adamaoua	37	36	40	55	60	65
	Far North	35	NDA	60	55	60	65

<b>Indicator 1.2.2. Increased Pre-natal Care Coverage for Pregnant Women</b>							
	<b>Province</b>	<b>1991 Baseline</b>	<b>9/92 Actual</b>	<b>9/93 Actual</b>	<b>9/94 Target</b>	<b>9/95 Target</b>	<b>9/96 Target</b>
Percent of pregnant women who enroll in prenatal care	South	20	66	54	65	65	70
	Adamaoua	20	78	46	60	65	70
	Far North	20	NDA	60	70	70	75

<b>Indicator 1.2.3. Well Child Care Coverage for Children Under Five Years of Age</b>							
	<b>Province</b>	<b>1991 Baseline</b>	<b>9/92 Actual</b>	<b>9/93 Actual</b>	<b>9/94 Target</b>	<b>9/95 Target</b>	<b>9/96 Target</b>
Percent of children under 5 years benefitting from well child care	South	20	90	90	80	85	90
	Adamaoua	20	90	51	80	85	90
	Far North	20	NDA	50	60	85	90

Comment: Since the launch of the RPHC program in 1991, new community co-financed and co-managed health centers in the targeted provinces have begun to demonstrate important, sustainable increases in key MCH coverage rates.

**Family Planning Progress:**

<b>Indicator 1.2.4. Indicator Population Growth</b>		
<b>Source: Cameroon National Population Census</b>	<b>1987 Census Baseline</b>	<b>1997 Census Target</b>
Mean Annual Growth Rate	2.9 %	Less than 2.7%
Crude Birth Rate	41 (births per 1000 population)	Less than 38

<b>Indicator 1.2.5. Demand for Family Planning Services</b>		
<b>Source: Cameroon Demographic and Health Survey</b>	<b>1991 DHS Baseline</b>	<b>1996 DHS Target</b>
Total Fertility Rate	5.8 live births	5.5
Contraceptive prevalence rate (CPR) for modern methods	4.3 %	7 %
CPR for long-lasting, clinical methods	3.1 %	4.7 %
Percent of married women who want no more children	12.4	17
Percent of married women who want to delay next birth by 2 years	34.7	45
Percent of women knowing of a modern method	62.9	80
Percent of women knowing a source for a modern method	48.4	60
Percent of women who had ever used a modern method	15	20

**Comment:** The GRC population policy after independence was pro-natalist with no official support for integrating family planning services into the national health system. This began to change in 1989 when the MOPH created the Directorate of Family and Mental Health (DFMH) and started to promote child spacing as part of comprehensive maternal and child health services. Further progress was made by the MOPH in 1991 by developing a family planning service delivery policy and designing in-service and pre-service family planning training programs. In 1992, the GRC formally adopted a National Population Policy. In Fy 93, the MOPH made significant progress integrating family planning into community co-financed and co-managed health facilities, launched the first mass media family planning campaigns, and successfully introduced Norplant on a trial basis into health facilities.

## Family Planning Service Statistics

<b>Indicator 1.2.6. Number of Service Delivery Sites by Type</b>						
	9/91 Baseline	9/92 Actual	9/93 Actual	9/94 Target	9/95 Target	9/96 Target
No. of service sites in public sector	38	56	102	140	170	200
No. of service sites in private sector	12	19	49	70	90	120
Total no. of service sites	50	75	151	210	260	320

<b>Indicator 1.2.7. Range of Services Delivered</b>						
	9/91 Baseline	9/92 Actual	9/93 Actual	9/94 Target	9/95 Target	9/96 Target
No. of service points offering 4 or more methods	40	65	82	120	160	200
No. of service points offering female sterilization	6	6	15	25	30	35
No. of service points offering Norplant	0	0	3	10	20	30

<b>Indicator 1.2.8. Contraceptive Social Marketing</b>						
	FY 91 Baseline	FY 92 Actual	FY 93 Actual	FY 94 Target	FY 95 Target	FY 96 Target
No. of condoms sold (in millions)	3.1	4.6	5.7	6.5	7.5	8.0
No. of pills sold	-	-	-	150,000	200,000	250,000

<b>Indicator 1.2.9. Contraceptive Use Prevalence as Measured by Couple Years of Protection (CYP)</b>						
	9/91 Baseline	9/92 Actual	9/93 Actual	9/94 Target	9/95 Target	9/96 Target
CYP (In 000's)	50	65	85	100	130	170

Comment: USAID's strategy of fully integrating family planning information and services into the MOPH's community co-financed and co-managed PHC program as well into private sector facilities has permitted a rapid expansion in access and use of family planning services. The number of health facilities which offer family planning information and services increased from approximately 75 at the end of FY 1992 to over 150 at the end of FY 1993. In addition, contraceptive prevalence use as measured by the indicator couple years of protection (CYP) increased from approximately 60,000 CYP in FY 1992 to an estimated 85,000 CYP in FY 1993. The contraceptive method mix continues to evolve, reflecting increased use of more effective, longer-lasting methods as evidenced by expanded use of pills, IUDs, and female sterilization.

**AIDS Control and Prevention:**

<b>Indicator 1.2.10. Reported and Projected HIV/AIDS</b>			
	<b>9/90 Baseline</b>	<b>9/93 Actual</b>	<b>9/95 Target</b>
HIV seroprevalence among sexually active population	0.5	2	3
Estimated HIV infections	20,000	32,000	39,000
Estimated cumulative number of AIDS cases	519	2,300*	7,500**

\* Reported      \*\* Estimated

Comment: Using an AIDS/HIV analytical model, the AIDSCAP Project has projected an increase in HIV seroprevalence and number of HIV infections from 1993 to 1995. This increase, however, represents a much lower estimate of future infections and cases than would have been the case in the absence of AIDS/HIV control efforts. Increasing use of condoms by high risk individuals is expected to result in a levelling off of the Cameroon AIDS epidemic at a much lower rate than that experienced by neighboring countries.

<b>Indicator 1.2.11. Promotion of Condoms</b>						
	<b>FY 90 Baseline</b>	<b>FY 91 Actual</b>	<b>FY 92 Actual</b>	<b>FY 93 Actual</b>	<b>FY 94 Target</b>	<b>FY 95 Target</b>
Number of condoms sold through social marketing (000's)	2,100	3,100	4,600	5,700	7,500	8,000
Condom sales per capita	.17	.25	.41	.46	.58	.59
No. of condom service delivery points		NDA	5050	6750	7500	8000
Cost per condom sold	19 cents	NDA	11 cents	10 cents	9 cents	8 cents

Comment: In February 1993, an independent team evaluated the first Cameroon Medium Term (MTP) AIDS Plan (1988-1992). The conclusion was that the major elements of the MTP have been effectively implemented and that the overall impact has been positive. The findings show that the USAID-funded interventions have had a very favorable impact on the success of the program: the condom social marketing program has one of the highest per capita condom sales of any country in Africa, almost 10,000 prostitutes have benefitted from health education and condom promotion in four major cities, and over 90% of hospitals

in Cameroon now have the capability to screen blood for HIV antibodies before transfusion. Although the rate of HIV infection is increasing (now 2 percent of the sexually-active population), HIV seroprevalence in Cameroon is significantly lower than in neighboring countries. The findings also show that there has been a reduction in the number of reported gonorrhoea cases, possibly as a result of increased condom use.

### Strategic Objective 3.0: Increasing the Role and Efficiency of Private Markets

This strategic objective was "suspended" at the concept paper review. However, because of the importance of the policy reforms, USAID has included it in the API submissions.

The Mission's approach to this strategic objective consists of two sequential phases, conveniently labelled "liberalization" and "privatization." This approach is reflected in the Mission's three principal interventions that contribute to this objective, each aimed at reorienting public and private sector roles in selected (target) markets, including those of fertilizer, arabica coffee, export processing, and rural financial markets.

In execution of this two-phased approach, two underlying principles guide the implementation process. The first principle involves minimizing the social costs associated with the reforms. At both the program design and implementation levels, this principle takes the form of phased, as opposed to instantaneous, reforms, strengthening of existing economic operators affected by the reforms, and compensation for personnel displaced by the reforms. The second principle involves an "iterative" approach to program implementation. The Mission relies heavily on both government and private sector feedback to help guide program implementation, forums for which are provided by annual reviews and seminars. Recommendations and conclusions provide a basis for adjustments to program implementation strategy.

"Liberalization", the first of two sequential phases in our strategy involves the creation of liberalized policy regimes and improved regulatory environments for targeted commodities and services. Liberalization efforts initiated and maintained since 1987 continue to be reinforced by accomplishments during the FY 1993 reporting period. Dialogue with the GRC at both the regional and national levels to introduce and refine liberalized market policies for the Mission's target markets continues to produce fruitful results. Promulgation and far-reaching dissemination of a series of new laws and reforms affecting the cooperative sector and both input and output markets have furthered Cameroon's progress towards a market-based economy. An information system to foster market transparency have been put in place, providing local economic operators, including farmers, with national and world market information to better inform their choices in a new era of greater economic self-determination.

"Privatization", the second part of the phased approach involves the transition process in which the private sector assumes its new role in the market. To facilitate this process, the Mission's interventions have been aimed at strengthening existing economic operators through technical assistance and training, providing a flow of information on the nature and implications of reforms, and actively encouraging increased private sector participation. Success of the privatization efforts are measured in terms of private sector participation and competition. Despite the prevailing macroeconomic constraints, movement of the indicators during the reporting period is strongly positive for each of the Mission's target sectors. This demonstrates modest gains at both the participation and efficiency levels.

Below, selected progress indicators at the strategic objective level are presented and discussed, followed by an examination of individual, program-level targets and their associated indicators. Actual data used in evaluating progress towards the strategic objective and associated targets are presented in annotated indicator tables.

**Indicator 3.1. Liberalization and Privatization of Major Factor and Product Markets**

USAID/Cameroon's Fertilizer Sub-Sector Reform Program (FSSRP) and Program of Reform in the Agricultural Marketing Sector - Phase I (PRAMS I) each made highly significant progress during FY 93. These two programs represent the Mission's continuing effort to leverage the progressive liberalization and privatization of Cameroon's principal factor and product markets.

The subsidized fertilizer market in Cameroon has been liberalized and privatized since 1988, with the enactment of legislation to liberalize the market, the withdrawal of the GRC from the marketing system, and the subsequent shift and increase in private sector responsibility for domestic fertilizer marketing stimulated under the FSSRP. During FY 1993, the FSSRP continued to function well in a generally unfavorable economic climate characterized by low purchasing power of farmers and a general lack of liquidity in the banking sector. Despite these obstacles, program activities have led to the continued growth of the private sector fertilizer distribution system which is delivering the right type of fertilizer to the users when and where needed - and at competitive prices. In accordance with the objectives of the FSSRP, subsidies have been progressively reduced, dropping from 66 percent of total delivered cost (TDC) under the former state monopoly system to 16 percent of TDC during the past year. The subsidy, now at 8 percent of TDC, will end effective June 30, 1994. Efficiency gains under the FSSRP are largely responsible for the reduction in CIF costs by an average of 49 percent and for reduction in distribution costs by 27 percent to date. The end result, one of the outstanding successes of the FSSRP, is that, despite the over 85 percent decrease in subsidy since the beginning of the program, retail price increased by only 42 percent.

Under PRAMS I, the GRC implemented numerous substantive liberalization and privatization measures in FY 93. In February, in accordance with PRAMS I, the GRC completely abolished the arabica coffee monopoly buying rights of cooperatives and permitted the introduction of licensed buying agents into the arabica producing region. Also, the GRC eliminated government-approved fixed prices starting with the 1992/93 coffee campaign, thereby allowing farmers to profit from price increases in the world market. Going beyond PRAMS I requirements, the GRC enacted the Implementing Decree to the new liberal Cooperative Law in November 1992. More importantly, the GRC recently completed an ambitious nationwide campaign to disseminate the cooperative law and decree to both private and public sector participants, with financial assistance from USAID. The application decree sets the stage for liberalization and privatization of cooperatives by requiring the return of civil servants from cooperatives to government and by erasing the requirement to limit a cooperative's activities to administrative boundaries (thereby abolishing monopolies). Also, the GRC launched the innovative Arabica coffee Market Information System (AMIS) in September 1993. AMIS has exposed all segments of the Cameroonian population to the concepts of market liberalization and transparency. AMIS has started having spill-over effects as key GRC officials are considering extension of the system into cocoa and robusta coffee and other marketing sub-sectors as well, thereby leading the way to more liberal and transparent marketing practices throughout Cameroon.

Full price liberalization and final government withdrawal from direct marketing activities will be achieved prior to the start of the 1993/94 coffee growing season.

**Indicator 3.2. Decreased Unsubsidized Farm-Gate Fertilizer Price**

This indicator has been slightly modified for easier understanding by eliminating FOB Europe price as a basis for comparison. Farm gate price encompasses all costs associated with getting the fertilizer to the farmer: CIF cost; customs duties; port charges; transportation; handling; plus marketing margins. As such, farm gate price provides the best measure of overall efficiency of the new marketing system created under the FSSRP.

Remarkably, for the fifth consecutive year under the FSSRP, the farm gate price of fertilizer imported under the FSSRP continued its downward trend, partly reflecting continued gains in efficiency. This year, the additional increment of price reduction can be principally attributed to two principal factors: (1) importation of fertilizer in bulk and in shipload lots, and (2) downward adjustment in transportation costs due to both increased competition among transporters and to the general economic recession. This overall downward trend in unsubsidized farm gate price has continued in spite of increased taxation on fertilizer imports where customs duties have increased from four to twelve percent of CIF value since the beginning of the FSSRP.

***Indicator 3.3. Increased Percentage of FOB Price for Arabica Coffee Received by Farmers***

The percentage of the FOB price received by producers increased from 37% in FY 1986 to 50% in FY 1991. In FY 92, producers received 80% of the FOB price as a result of the monopsony conditions under which the 1991-92 campaign was conducted. This unexpectedly high percentage (80%) is explained by the fact that NWCA was under obligation to buy farmers' coffee at the GRC fixed price of FCFA 250 per kg despite the plummeting of world market prices. In FY 93, as a result of monumental reductions of internal marketing costs and an outstanding sales performance in a depressed market, producers received a price equal to 52% of the FOB price. Once payment of proposed end-of-year bonuses is made, the percentage will increase to 58%. Competition has forced NWCA to be more responsive to its producer-members, resulting in more timely payments and an increasing percentage of the FOB price, despite recent low world market prices.

Prior to the start of the 1993-94 coffee season, re-structuring of NWCA as conceived under PRAMS I will have been almost completely achieved with the September decision by NWCA to proceed with the determination of producer prices at the primary society level. This will entail that farmers belonging to the more efficient societies and unions will be receiving higher producer prices than those belonging to inefficient ones. This incentive to satisfy membership and thus lower costs will ensure increased percentage of FOB price for NWCA farmers.

Together, full liberalization and AMIS are expected to generate additional increases in the percentage of FOB price received by farmers after FY 93. Complete price liberalization and increased competition among cooperatives and other private buyers will lead to further efficiencies in the sub-sector, while AMIS, with its emphasis on providing price information to farmers, will be empowering them to better negotiate sale prices with individual buyers and directly benefit from these new efficiency gains.

***Indicator 3.4. Increased Private Sector Employment in Export Processing Sectors***

Five (5) additional companies (after the first three in FY 92) have received approval for Special Industrial Free Zone (SIFZ) status during FY 93, four (4) more companies should be approved by the end of the calendar year. Out of the eight (8) approved companies, seven (7) are operational and they are all involved in agribusiness activities. The seven operational companies have generated a total employment of 1,012.

**Table of Indicators for Strategic Objective 3.0**

**Indicator 3.1. Liberalization/Privatization of Major Factor and Product Markets**

BASELINE/DATE	ACTUAL FY 90	ACTUAL FY 91	ACTUAL FY 92	PLANNED FY 93	ACTUAL FY 93
GRC heavily controls markets for fertilizer, arabica coffee, robusta coffee and cocoa (1987)	Fertilizer market liberalized and privatized	Arabica market fully privatized and partially liberalized	Same as FY 91	Arabica/Fertilizer markets fully privatized and liberalized	Arabica/Fertilizer markets fully privatized and partially liberalized

The subsidized fertilizer market in Cameroon has been liberalized and privatized since 1988, with the enactment of legislation to liberalized the market, withdrawal of the GRC from the marketing system, and subsequent shift and increase in private sector responsibility for domestic fertilizer marketing stimulated under the FSSRP. The subsidy, now at 8 percent of total delivered cost (TDC), will end effective June 30, 1994. In the case of arabica coffee, the market remained fully privatized. The GRC completely abolished the arabica coffee monopoly buying rights of cooperative and permitted the introduction of licensed buying agents into the arabica producing region. The GRC also lifted the ceiling on producer prices, thereby allowing producers to take full advantage of increases in world market prices. An Arabica Coffee Market Information System (AMIS) was launched by the GRC. AMIS has exposed all segments of the Cameroonian population to the concepts of market liberalization and transparency.

**Indicator 3.2. Decreased unsubsidized farm gate fertilizer price**

BASELINE/DATE	ACTUAL FY 90	ACTUAL FY 91	ACTUAL FY 92	PLANNED FY 93	ACTUAL FY 93
FCFA 133,600 (1987)	FCFA 82,858	FCFA 79,960	FCFA 78,111	FCFA 80,000	FCFA 76,570

The farm gate price of fertilizer imported under the FSSRP continued its downward trend, partly reflecting continued gains in efficiency. This year, the additional increment of price reduction can be principally attributed to two principal factors: (1) importation of fertilizer in bulk and in shipload lots, and (2) downward adjustment in transportation costs due to both increased competition among transporters and the general economic recession.

**Indicator 3.3. Increased Percentage of FOB price for Arabica Coffee Received by Producers**

BASELINE/DATE	ACTUAL FY 90	ACTUAL FY 91	ACTUAL FY 92	PLANNED FY 93	ACTUAL FY 93
37% (1985/86)	37%	50%	80%	50%	58%

In FY 93, as a result of monumental reductions of internal marketing costs and an outstanding sales performance by NWCA in a depressed coffee market, producers received a price equal to 52 percent of the FOB price. Once payment of proposed end-of-year bonuses is made, the percentage will increase to 58 percent. No cooperative has paid bonuses since the beginning of the economic crisis in 1986/87. This indicator would probably improve as a result of continued cost reductions within the cooperative structure and nationwide dissemination of FOB prices under AMIS. Also, with the upcoming full price liberalization and the dissemination, under AMIS II, of producer prices offered by potential arabica coffee buyers, farmers will be better prepared to negotiate a sale price directly related to the FOB price.

**Indicator 3.4. Increased Private Sector Employment in Export Processing Zone**

BASELINE/DATE	ACTUAL FY 90	ACTUAL FY 91	ACTUAL FY 92	PLANNED FY 93	ACTUAL FY 93
Zero employment (1990)	0	0	120	N/A	1012

Five additional companies have received approval for Special Industrial Free Zone status during FY 93. Most of these companies are large employers, explaining the sharp increase observed.

**Target 3.1. Liberalization/Privatization of Fertilizer Importation and Distribution Markets**

**Indicator 3.1.1. Reduction in Domestic Fertilizer Distribution Costs**

Distribution costs increased by 13.5 percent during FY 1993. This increase can be attributed to two factors: (1) A new five percent customs duty imposed on all imported goods; and (2) increased handling costs due to local bagging of bulk fertilizers. Despite the resultant increase, an apparently negative outcome when viewed against previous years' progress, both contributing factors were viewed as a positive development. The new minimum tax came as part of the GRC's tax reforms under the SAP, and was administered without adversely affecting the overall farm-level cost; and the local bagging operations helped to provide needed jobs to the Cameroonian market and were accompanied by a larger reduction in CIF costs due to bulk importation. The modest increase in distribution costs due to the above factors was tempered somewhat by lower transportation costs, and according to FSSRP private sector participants, lower profit margins as well.

**Indicator 3.1.2. Reduction in Average Fertilizer Delivery Time**

Delivery time for large orders remained at 4-6 months, probably as low as can be achieved under current conditions. However, the trend noted during FY 1992 of a shifting of marketing risks from distributors to importers continued. This shift has altered the market such that successful importers are required to maintain sufficient stocks for immediate sales, rather than simply importing to fill large orders. This means that effectively, delivery time often corresponds to the time it takes to physically transport the fertilizer to the buyer, a matter of days.

**Indicator 3.1.3. Increased Participation in Domestic Fertilizer Market by Banks, Importers, and Distributors**

The best measure of competition in the fertilizer sub-sector is the level of private sector participation in financing, importation, and distribution activities. Despite the continued acute economic crisis and the ensuing liquidity crisis, participation in the FSSRP by private importers and commercial banks was encouraging, remaining at the same level as FY 1992: three importers and three commercial banks handled all FSSRP transaction (two additional importers also continued sales of stocks imported during FY 1992). A newly incorporated local subsidiary of a U.S. firm imported for the first time, accounting for over half of total imports. A local Cameroonian-owned firm also imported fertilizer for the first time. Significant growth was noted in the distribution sector. Eight companies acted as primary distributors of FSSRP fertilizer, including two new firms, distributing 47% of the fertilizer, as compared to 20% last year. Secondary distribution outlets for the first time were too numerous to count, reflecting the FSSRP's success in creating market opportunities for the private sector.

Table of Indicators for Target 3.1.

**Indicator 3.1.1. Reduction in Domestic Fertilizer Distribution Costs**

BASELINE/DATE	ACTUAL FY 90	ACTUAL FY 91	ACTUAL FY 92	PLANNED FY 93	ACTUAL FY 93
36 CFAF/Kg. (1987)	24.8 CFAF/Kg.	23.6 CFAF/Kg.	22.9 CFAF/Kg	22.9 CFAF/kg	26 CFAF/Kg.

The 13.5 percent increase during FY 1993 can be attributed to two factors: (1) A new five percent customs duty imposed on all imported goods; and (2) increased handling costs due to local bagging of bulk fertilizers.

**Indicator 3.1.2. Reduction in Average Fertilizer Delivery Time**

BASELINE/DATE	ACTUAL FY 90	ACTUAL FY 91	ACTUAL FY 92	PLANNED FY 93	ACTUAL FY 93
12-18 months (1987)	4-6 months	4-6 months	4-6 months	4-6 months	0-6 months

Delivery time for large orders remained at 4-6 months, probably as low as can be achieved under current conditions. However, a shifting of marketing risks from distributors to importers means that effectively, delivery time often corresponds to the time it takes to physically transport the fertilizer to the buyer, a matter of days.

**Indicator 3.1.3. Increased Participation in Domestic Fertilizer Market by Banks, Importers, and Distributors**

BASELINE/DATE	ACTUAL FY 90	ACTUAL FY 91	ACTUAL FY 92	PLANNED FY 93	ACTUAL FY 93
Banks (Active) 0	5	5	7	7	7
Banks (Actual) 0	5	2	4	4	3
Importers (Active) >20	10	10	13	13	12
Importers (Actual) > 5	4	1	4	4	3
Distributors (Active) >15	16	18	25	25	numerous
Distributors (Actual) >15	10	17	25	25	numerous
(1987 data)					

Despite difficult economic conditions, participation in the FSSRP by private importers and commercial banks was encouraging, remaining at the same level as FY 1992. Secondary distribution outlets for the first time were too numerous to count, reflecting the FSSRP's success in creating market opportunities for the private sector.

***Target 3.2. Liberalization/Privatization of Internal and External Marketing of Arabica Coffee***

**Indicator 3.2.1. Increased Competition**

In February, the GRC announced the end of monopoly conditions for the three cooperative associations, giving way to an increase in the number of entities buying coffee from producers. The approximately 70 coffee and cocoa licensed buying agents are now free to enter the arabica producing region. In this first year of open competition, the number of active arabica exporters has increased from the original three (3) to seven (7); ONCC expects more new exporters to appear before the end of the 1992-93 campaign. More buyers and exporters creates greater competition for procurement of coffee at the farm level, resulting in potentially higher prices for farmers. AMIS has begun to ensure transparency in the sub-sector. Dissemination of FOB prices and publication of producer prices offered by the different arabica coffee buyers is expected to help farmers by improving their bargaining power. Although AMIS is only in its first of three phases, its influence has already spread beyond arabica coffee. Key GRC officials have requested MINDIC and USAID to extend AMIS to other commodities such as robusta coffee, cocoa and other cash crops. Overall AMIS has generated great enthusiasm in the agricultural sector and Cameroonians have welcomed the new transparency introduced in the marketing chain. In the past, parastatal marketing boards have always treated world market information as confidential, with market information always being withheld from farmers. With the launching of the second phase of AMIS in November 1993, competition will be promoted with the dissemination of producers prices offered by arabica coffee buyers in Cameroon. With the ensuing transparency, producer prices are expected to reflect changes in world market conditions, thereby permitting producers to take advantage of any future increases in the still-depressed world market.

**Indicator 3.2.2. Reduction in Marketing Cost**

NWCA's marketing costs dropped from FCFA 217 per kg in FY 1992 to FCFA 150 in FY 1993, a decrease of 32 percent. A 50 percent staff reduction was attained by NWCA's 11 affiliated unions and most of the 40 primary societies, resulting in a substantial lowering of internal marketing costs. The creation of a marketing department at the NWCA has led to quicker and better sales performances on the international market, and more transparency within the entire cooperative sector. As a result, for the first time since the onset of the

economic crisis in 86/87, a cooperative (NWCA) will be able to pay bonuses to farmers. NWCA has also reduced its marketing costs by directly exporting its own coffee; it no longer retains the costly export services of the competing cooperative association UCCAO.

### **Indicator 3.2.3. Reduction in Quality Discount of North West Arabica Coffee**

The quality discount or "differential" is the amount in US cents per pound that NWCA sells its arabica coffee above or below the figure quoted on the day of sale in the New York "C" contract. The NWCA differential has moved remarkably well from a weighted average of 27.4 percent below NY "C" in 1989-90 to a more favorable 2.8 percent below the NY "C" in 1992-93. A number of factors have affected the rise in the value of NWCA arabica coffee in relation to the NY "C" Market. These include improved quality of NWCA coffee through improved handling (compared to the years when NWCA was still depending on NPMB to ship its coffee, NWCA coffee no longer remains for many months if not years unshipped, becoming "old crop" and pale). Greater reliability of shipments has improved and real improvement in the preparation of the coffee by farmers and the processing by union factories. Defending itself in the coffee-jungle, NWCA has also improved its marketing skills and its working relationship with its brokers and foreign buyers. The improved perception of the political situation in Cameroon among foreign buyers and unstable coffee situation in other producer countries also caused the Cameroon differential to move upward.

Table of Indicators for Target 3.2.

Indicator 3.2.1. Increased Competition

BASELINE/DATE	ACTUAL FY 90	ACTUAL FY 91	ACTUAL FY 92	PLANNED FY 93	ACTUAL FY 93
State controls 100 percent of internal-external marketing system in North West, and UCCAO has monopoly in West (1989)	State authorizes NWCA to market 40 percent of arabica coffee in North West. West unchanged.	State authorizes NWCA to market 100 percent of arabica coffee in North West. West unchanged.	No change	Monopoly rights abolished throughout Cameroon	Monopoly rights abolished. Launching of AMIS

During FY 1993, monopoly buying rights for arabica coffee exports were abolished, leading to the introduction of private buying agents and to more competition in the sub-sector. With the launching of the second phase of AMIS in November 1993, competition will be promoted with the dissemination of producers prices offered by arabica coffee buyers in Cameroon.

Indicator 3.2.2. Reduction in Marketing Costs

BASELINE/DATE	ACTUAL FY 90	ACTUAL FY 91	ACTUAL FY 92	PLANNED FY 93	ACTUAL FY 93
284 CFAF/Kg. (1987)	284 CFAF/Kg.	241 CFAF/Kg.	217 CFAF/Kg.	200 CFAF/Kg.	150 CFAF/Kg.

NWCA's marketing costs dropped from CFAF 217 per kg in FY 1992 to CFAF 150 in FY 1993, a decrease of 32 percent. A 50 percent staff reduction was attained by NWCA's 11 affiliated unions and most of the 40 primary societies, partly explaining the substantial lowering of internal marketing costs. The creation of a marketing department at the NWCA has led to quicker and better sales performances on the international market, and more transparency within the entire cooperative sector. As a result, for the first time since the onset of the economic crisis in 86/87, a cooperative (NWCA) will be able to pay bonuses to farmers.

Indicator 3.2.3. Reduction in Quality Discount of North West Arabica Coffee

BASELINE/DATE	ACTUAL FY 91	ACTUAL FY 92	PLANNED FY 93	ACTUAL FY 93
27.4% (1990)	8.85%	9.57%	< 10%	2.86%

Data under this indicator have been modified as complete information on NWCA's sales are now available. This is one of the most successful achievements under PRAMS I. The quality discount or "differential" is the

percentage that NWCA sells its arabica coffee above or below the figure quoted on the day of sale in the New York "C" contract. The NWCA differential has moved remarkably well from a weighted average of 27.4 percent below NY "C" in 1989-90 to 2.8 percent below the NY "C" in 1992-93. This is due to consistent improvement in the quality of coffee sold through better processing and handling and to the performance of the newly-created NWCA's marketing department. Farmers are now receiving higher prices for their coffee in relation to the world market price.

**Target 3.3. Increased Role and Efficiency of Community-Level Financial Service Markets**

The Cameroon Cooperative Credit Union League (CamCCUL) has remained a recognized player in the financial markets of Cameroon and has continued to maintain the confidence of its members. The rural savings and credit cooperative movement have grown from 255 credit unions with 76,000 members and 10.9 billion FCFA in share/savings in December 1991 to 260 credit unions with 77,513 members and 11 billion FCFA in March 1993, indicating constant people-level impact. The asset management study conducted August 1993 noted that CamCCUL's biggest challenges will be: (1) to maintain its level of membership; and (2) to improve marketing and commence formal expansion into other urban and rural areas by advertising "resilience" and "asset quality". Improvement and diversification should be supported by: the work on separate legislation for credit unions; the identification and diversification of investment products; the improvement of CamCCUL's capacity to analyze investment opportunities; the improvement of loan quality at credit unions with credit analysis training; and the use of computers to improve the management of credit unions.

Although continued support to CamCCUL through a new project was judged unnecessary, USAID is presently considering short term technical assistance and training in the areas of asset and risk management and investment services. The asset management study was conducted July/August, 1993.

**Technical Self-sufficiency:** CAMCCUL's major contribution has been in the education, training and coaching activities. As a result, the technical proficiency and knowledge of the basics of credit union operations, bookkeeping, audit by the League staff and personal computer skills has greatly improved. They can now handle most of these activities with minimal assistance.

**Regulatory Environment:** CamCCUL provided technical assistance to the Committee that put together the new cooperative law. The dissemination of this new law is underway with USAID assistance. CamCCUL is planning to have a separate law for credit unions.

**Rural Development:** In Cameroon, credit unions have become a central focus for community development work.

**Women in Development:** The issue of gender has become important to the League staff and leadership began understanding the important role of women in Cameroon's economy.

**Transparency:** Credit union philosophy and operating principles are well-grounded on the concept of "transparency". This begins and ends with accountability to members at every level of operation.

**Credit:** Members obtain loans for a variety of purposes. They borrowed 30% of all loan funds in 1991 for education, while 24% was for housing construction or home improvements. Other purposes for which money is lent are trading, farming, health, and consumption. Productive credit (PC) loans, or loans for agricultural and business purposes, represent 22% of all loans granted in 1991. Development loans, or loans used for constructive, positive needs, amounted to 67% of loans; 11% of loans were for consumption purposes.

**Institutional Development:** Phase II Project has "institutionalized" domestic savings and will help carry on post-project credit and savings activities.

Comment: We did not report on indicators for Target 3.3 as this project was finished in FY 1992 and covered in the FY 92 API submission.

**Target 3.4. Increase Efficiency/Diversity of Export Marketing**

**Indicator 3.4.1. Increased Number of New Private Export Investments Undertaken**

A total of eight (8) enterprises have been approved for Special Industrial Free Zone (SIFZ) status. Seven (7) enterprises are fully operational and have invested a total of FCFA 4.032 billion (US\$ 16.1 million). An additional FCFA 64.0 billion (US\$ 256 million) is currently being invested in the process of rendering the last enterprise operational. An additional four (4) enterprises are currently having their applications reviewed.

**Indicator 3.4.2. Reduced Number of Separate GRC Entities Involved in Typical Investment Approval**

All investment approval under the Cameroon Free Zone Regime is carried out by a unique private regulatory body, the National Office of Industrial Free Zone (NOIFZ). The NOIFZ is operating as a one-stop shop for administrative approval.

**Indicator 3.4.3. Reduced Time Required to Approve a Typical Investment Proposal**

The statutory 30-day time limit for application approval by the NOIFZ and MINDIC, as stipulated in the Free Zone Law, has been fully attained.

**Indicator 3.4.4. Reduced Time Required for Goods to Clear Customs**

Despite overall progress in the implementation of the Cameroon Free Zone regime, the time required for goods to clear customs has remained 3-4 weeks.

**Table of Indicators for Target 3.2.**

**Indicator 3.4.1. Increased Number of New Private Export Investments Undertaken**

BASELINE/DATE	ACTUAL FY 90	ACTUAL FY 91	ACTUAL FY 92	PLANNED FY 93	ACTUAL FY 93
14 firms established (1970-1990)	PREPS Project Authorized	0	3	7	8 approval 7 operational 4 advanced in application process

**Indicator 3.4.2. Reduced Number of Separate GRC Entities Involved in Typical Investment Approval**

BASELINE/DATE	ACTUAL FY 90	ACTUAL FY 91	ACTUAL FY 92	PLANNED FY 93	ACTUAL FY 93
30 GRC Entities (1990)	No Change	No Change	2 Entities (NOIFZ) and Ministry of Industrial and Commercial Development	1 Entity (NOIFZ)	1 Entity (NOIFZ)

**Indicator 3.4.3. Reduced Time Required to Approve a Typical Investment Proposal**

BASELINE/DATE	ACTUAL FY 90	ACTUAL FY 91	ACTUAL FY 92	PLANNED FY 93	ACTUAL FY 93
6-18 months (1987)	6-18 months	6-18 months	3 months	1 month	3 months

**Indicator 3.4.4. Reduced Time Required for Goods to Clear Customs**

BASELINE/DATE	ACTUAL FY 90	ACTUAL FY 91	ACTUAL FY 92	PLANNED FY 93	ACTUAL FY 93
4-8 weeks (1990)	4-8 weeks	4-8 weeks	4 weeks	4 weeks	4 weeks

## ANNEX I

### SUMMARY OF USAID SUPPORT TO CAMEROON'S AGRICULTURAL SECTOR

#### Context:

The agricultural sector in Cameroon contributes approximately 24 percent of the total GDP and 27 percent of export revenues. It provides employment for roughly 75 percent of the national work force. Cameroon is blessed with a very strong agricultural resource base -- fertile soils, favorable climate, and a relatively skilled work force. USAID has contributed significantly toward assuring Cameroon's food security. Cross-border trade in agricultural commodities benefits from the country's comparative advantage. Cameroon has already achieved diversification of exports and has considerable growth potential. Without doubt, the agricultural sector remains central to successful economic growth.

USAID Cameroon's program in the agricultural sector is undergoing a major transition. This reflects the cumulation of many years of assistance in food crops research, higher education, and policy/planning. New initiatives in the environment and agribusiness were included in the Mission's FY 1994-1996 Concept Paper.

This overview highlights major accomplishments resulting from USAID's investments over the past 15 years. It also provides a summary of the current status of ongoing and recently completed agricultural projects. The overview does not include agricultural sector programs presented in the policy reform/privatization sector of the API (FSSRP, PRAMS, PREPS). USAID support, from the late seventies to the mid-eighties, to the livestock and fisheries sub-sectors is not included. This is because those programs were not maintained as part of USAID's portfolio following completion of the FY 1990-1994 Country Development Strategy Statement (CDSS).

#### Program, Impact and Current Status:

USAID Cameroon's support to the agricultural sector during the past 15 years has significantly contributed to national and regional food security, private sector/agribusiness development and trade, and the sustainable management of natural resources. Over the same period, USAID Cameroon placed major emphasis on strengthening the capacity of several key GRC institutions and NGOs to provide essential services to the agricultural and rural sectors. Substantial assistance was provided to reinforce sector planning and policy development, food crop technology development and dissemination, human resources development, the privatization of agricultural factor and product markets, and the provision of financial services. USAID projects have considerably reinforced the institutional capabilities of the national agricultural research institution (IRA) in cereals, grain legumes, roots and tubers, and natural resources management research and outreach; the University of Dschang (UDs) in agricultural sector analysis, training, research and outreach; and the planning and policy development departments of three GRC ministries. Large numbers of scientists, analysts, and university faculty have received long-term degree training in the United States, as well as technical training. Essential research and educational facilities have been constructed, equipped and made operational. Table 1 summarizes USAID's institutional strengthening support to GRC agricultural institutions.

This strategy of USAID and other donors during this time period, both for agricultural research and agricultural higher education, focused on the development of "flagship institutions" which could contribute to agricultural sector development priorities, including food security, economic development, and sustainable natural resources management for Cameroon and Central Africa. The creation of a "bilingual, land-grant model, agricultural university center" and "well-equipped, professionally-staffed, state-of-the-art research programs" clearly reflect this strategy. After Nigeria, Cameroon has the most developed national agricultural

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research system in West and Central Africa. Until 1985, the International Seminar for National Agricultural Research (ISNAR) classified Cameroon as the country in Africa most committed to agricultural research, with a government budget of nearly 2 percent of value-added in agriculture. The ISNAR guideline is 1 percent. The University of Dschang, with its modern research and educational facilities and over 100 academic staff with graduate degrees, is one of the best agricultural faculties in West and Central Africa.

USAID's Agricultural Education II project with the University of Dschang was terminated in September 1993, primarily in response to the continued inability of the GRC to pay staff salaries and other recurrent costs (a backlog of almost eight months of accumulated salary arrears to faculty and support personnel). Other major donors (France, Belgium) have also cut back or terminated their assistance to the University. There is no clear indication that the GRC is committed to or able to resolve the University's funding crisis in the near future.

In addition to public sector institutional strengthening, since 1980 rural savings and credit cooperative development have constituted a key element of USAID support to Cameroon's agricultural sector. USAID projects included:

- Credit Union Development; \$1.6 million
- Credit Union Development II; \$3.2 million

These activities resulted in a significant increase in the number of credit unions/groups, membership and financial assets. A study of the evolution of credit unions shows that in 1969 there were 65 groups, 4,000 members and total financial assets of \$60,000. By 1991, shortly before USAID support ended, there were 253 credit unions, 74,718 members (over one third women), and \$42,150,000 in financial assets. Table 2 shows the changes in the key parameters over a five year period (1986-91).

Macroeconomic policy reform and related accomplishments in privatization/liberalization of the fertilizer sub-sector and arabica coffee marketing, cooperative development, and private sector/agribusiness development are discussed in depth in the private sector/policy reform section of this API. Another significant private sector achievement, accumulating more than 15 years of USAID assistance in seed production/marketing, was the transfer in early 1992 of a major food crop seed production/processing facility to an international private sector company (Pioneer Seed). The USAID projects include:

- North Cameroon Seed Multiplication; \$1.5 million
- North Cameroon Seed Multiplication II; \$13.6 million

During the two years of Pioneer's presence in Cameroon, a number of Cameroonian private businesses began to handle staple food crop and vegetable seed distribution. In mid-1993, Pioneer Seed Company announced its intention of terminating its agricultural seeds production/processing operations in Cameroon. Although this represents a setback, the GRC remains committed to pursuing privatization/liberalization of this key agricultural input, and is assessing the feasibility of a joint venture between the Cameroonian private sector and an established African or other international seed company.

Food crop production in Cameroon has increased substantially during the 1980's. Maize production from 300,000 tons in 1980/81 to 600,000 tons in 1987/88, hulled rice from 45,000 tons to 90,000 tons, sorghum and millet from 275,000 tons to 500,000 tons. A key contributor to this increased production is the availability of higher yielding, disease resistant varieties and improved production techniques which were developed under USAID supported research programs. USAID support to agricultural research includes:

- National Cereals Research & Extension, \$7.7 million
- Semi-arid Grain Research & Development, \$6.5 million

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- Bean/Cowpea Collaborative Research Support Program, \$9 million
- National Cereals Research & Extension II, \$36 million
- Tropical Roots & Tubers Research, \$9.2 million

Improved varieties of cassava, sweet potatoes, cocoyams, yams and cowpeas were also developed. Major agricultural and natural resources technologies developed during the past 15 years with USAID support include integrated pest management, soil management, agro-forestry, soil and water conservation, and other agronomic practices. The impact of these technologies on both Cameroon's and the region's agricultural sector has not been fully determined. Nevertheless, it is known that both improved varieties and other technologies developed by Cameroon's agricultural research institute are being utilized in many other West and Central African countries. Furthermore, it is estimated that cowpea storage technologies, developed with support through the bean/cowpea CRSP, can reduce post harvest losses by 50 to 75 percent. Adoption of these technologies will enable this key protein food staple to be made available to consumers during a longer period of the year, and provide an incentive to small farmers for increasing production. The estimated internal rate of return for cowpea research investments (variety development, agronomic practices and post harvest) is 22 percent.

USAID has supported several initiatives, mainly through NGOs/PVOs, to enhance public awareness and knowledge of environmental issues, develop better understanding of select ecosystems, and promote adoption of on-farm natural resources management techniques. Natural resources management activities include:

- Research on and inventory of bio-diversity; \$9 million
- NGO/PVO Natural Resources Management Support; \$6 million

A national network of environmental NGOs has been established, and NGOs have received technical training (agro-forestry, soil/water conservation) and management training (developing feasible project proposals, managing implementation of small-scale community level environmental projects). USAID supported bio-diversity inventory and research in the Korup National Park, implemented by the Wildlife Conservation Society during the past five years, has provided invaluable information on the role of forest elephants in forest ecology, the diversity of fauna in Korup, and wildlife management techniques which can insure sustainable utilization of bio-diversity of global importance. More recently, USAID has coordinated with other bilateral and multilateral donors in providing support to the GRC's Ministry of Environment and Forests in environmental strategy development, national environmental awareness, and environmental education.

Notwithstanding the impressive accomplishments of USAID Cameroon's programs in the agricultural sector during the past 15 years, it should be noted that Cameroon's present economic and political crisis has seriously hampered both program implementation and prospects for program sustainability. In the case of agricultural research, support personnel have not been paid by the GRC for almost 18 months. Researchers, like other GRC civil servants, are now 2 to 3 months behind in salary payments. On a more optimistic note, a multi-donor supported program coordinated by the World Bank is being developed for the restructuring of IRA and the livestock and fisheries research institute (IRZV). This plan will be reviewed by the GRC and the donors in January 1994. As part of the "restructuring", during the past year more than 1,000 research support staff have been dismissed.

USAID's support to agricultural policy and planning activities ended on schedule in late 1993. Unfortunately, due to inadequate GRC and/or donor resources to support these programs, the significant capacity developed with USAID support in agricultural statistics, policy analysis, sector planning and monitoring is

currently under utilized. On the positive side, the quality and relevance of various reports on the agricultural sector developed by GRC ministries reflect the strong capability of Cameroonian analysts, a resource now in place due in large measure to USAID assistance.

**ANNEX I  
(TABLE 1)  
USAID CAMEROON SUPPORT TO AGRICULTURAL INSTITUTIONAL DEVELOPMENT**

<u>Activity</u>	<u>Food Crop Research/Outreach</u>	<u>Higher Education</u>	<u>Policy/Planning Monitoring</u>
<b>1. Human Resource Development</b>			
Number of Trained Personnel			
B.Sc. Degrees	6	0	2
M.SC. Degrees	57	36	34
Ph.D. Degrees	17	10	0
Technical Training	<u>58</u>	<u>36</u>	<u>58</u>
Total Trained Personnel	<u>138</u>	<u>82</u>	<u>94</u>
<b>2. Infrastructure Development</b>			
Number of and Types of Facilities Constructed And Equipped			
Office Buildings	3	0	0
Research Staff Houses	11	0	0
Laboratories	4	0	0
Dormitories	0	2	0
Amphitheater	0	1	0
Teaching Facilities (class rooms, labs, offices, etc.)	0	0	0
Green House/Growth room	2	0	0
<b>3. Institutional Capabilities</b>			
	Design, implement, and evaluate food crop and natural resources management applied research programs	Design, implement, and evaluate research and outreach activities	Conduct economic and policy analyses in the agricultural and livestock sectors
	Promote dissemination of improved technologies through development of extension materials, demonstration plots, and training of extension personnel	Educate/teach Cameroonians to be responsive to the needs of the agricultural sector—both public and private	Collect, analyse, and publish agricultural and livestock data
		Conduct economic and policy analyses	

ANNEX 1  
 (TABLE 2)  
 GROWTH OF THE CAMEROON CREDIT UNION MOVEMENT  
 (1986-91)

Date	Parameter		
	Credit Unions	Membership	Assets *
12/86	223	60,512	\$29,092,857
12/87	231	62,743	\$33,153,571
12/88	237	68,986	\$36,246,429
12/89	240	76,099	\$39,803,571
12/90	249	74,973	\$41,067,857
06/91	253	74,718	\$42,150,000

\* One U.S. Dollar = 280 CFA