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Preface

Cameroon is often called a development success story and in many ways it is. In respect to AID's economic policy scoreboard ratings, Cameroon ranks very high as a good economic performer. Its per capita GDP is relatively high and the country's allocation and use of development resources are viewed as sensible and even exemplary. Yet, Cameroon is still a poor country. Even with oil revenue Cameroon meets only one of AID's five Blueprint development benchmarks.

Economic growth on an annual per capita income basis is over the AID benchmark of 2 percent. This enviable fact is attributable almost completely to oil. The less optimistic facts of Cameroon's development follow: Hunger is still a problem. The national nutrition survey of 1978, as well as subsequent regional studies, points to a level of chronic malnutrition for 21-25 percent of the population. Disease and early deaths statistics show an abysmal situation. Infant mortality is estimated at a ratio 105/1000 live births and life expectancy at birth is still far below the 60 years target. While primary school enrollment has moved up to just under the 50% level, this remains more than 40 percentage points below the Agency's target.

Forward

This document is an extension of the Mission's approved 1982 CDSS. It is not intended to be a self-contained document but assumes a familiarity with the approved CDSS of 1982 and the most recent ABS. Nonetheless, because AID has invested over \$100 million in Cameroon since 1982 and a similar amount is recommended for the next five years, a restatement of our program strategy is needed to give the reader an understanding of the proposed program for the next four years. Additionally, this CDSS update suggests the follow-on program for beyond FY 1990. USAID/Cameroon has, since the beginning of this current CDSS period, tried to avoid start-and-stop program implementation and has striven to keep peripheral activities to a minimum. We have made every effort to plan our program within a unified strategy that concentrates on the development of the rural sector. We have proposed several new project starts as well as several project extensions. The Mission has carefully considered the need for these actions and remains convinced that our development strategy could not be satisfactorily carried out without these new projects and extensions.

Agriculture is the key sector in Cameroon. It is also the sector of emphasis for USAID. Therefore, although we have an approved strategy, we are restating that strategy. We want the reader to be fully aware of current conditions and understand the basis of our proposals.

The lack of an adequate health care system is a serious impediment to Cameroon's growth. The current system is wasteful of resources and does not provide the health care needed. Thus a requirement to address this problem exists. We are confident the proposed health program in combination with other donor activities will move the health sector in ways that will ultimately provide the services needed by Cameroon.

Our private sector approach to the Cameroonian setting warrants a word of explanation. We see the greatest opportunities to private sector development, i.e. market development, encouragement of entrepreneurs, encouragement of the private sector as the recognized engine of growth, as best served via the existing portfolio projects. Most of the projects contain a significant private sector development element. Nonetheless, we do foresee the need for a discrete, separate private sector project toward the end of this CDSS update

period which will seek to develop financial (equity) markets. We also foresee this project as providing technical assistance to the GPC in the latter's efforts in dismantling the numerous parastatals. Before designing such an intervention we plan to request AFR, PRF assistance to conduct a thorough Cameroon private sector assessment.

With respect to our plan to broaden our use of participant training, we are doing so because of the way training cuts across sectors, supplementing and reinforcing important development objectives. We believe that trained people offer the best single channel for technology transfer and institutional development. New knowledge and new perspectives gained in a variety of educational programs can also lead both to more informed dialogue about policies and changes in them.

A word, finally, is called for regarding our mode of program implementation. USAID/Cameroon has no ESF or Food-for-Peace; we use exclusively Development Assistance resources. Nor does the DA include program sector assistance. Projects are therefore the primary resource to meet our objectives. This document describes how, when successfully implemented, these projects will fit together so that development objectives will be achieved. We are thus describing both a strategy (the overall plan) and the tactics (projects) needed to meet objectives. We are also describing Cameroonian conditions so that the reader can see that the resources and the proposed use of them are adequate to achieve the objectives.

We have prepared three funding level options for the fiscal years 1988, 1989, and 1990 which reflect restraint consistent with projected AID resources. Our preferred resource level is the high option, showing an average of 14.5% year-to-year increases. The medium option level proposes modest 10.8% increases, while the low option would mean stagnating - and in real terms, declining - levels. Yet, it must be said the mission has striven to provide program level options that in all three cases remain supportive of the Agency's overall development goals and are consonant with Bureau guidance.

Development Strategy: The USAID Cameroon Approach

USAID/Cameroon's overall objective is to meet and exceed over the long term the Agency's general targets for economic growth, nutrition, life expectancy, literacy, and population pressures. Our strategy concentrates on providing assistance to the agricultural, health, and education sectors in rural Cameroon. We have chosen this approach because the majority of Cameroonians live in rural areas and because the Government of Cameroon wants to increase the attractiveness of rural life to decrease rural migration to urban centers.

Our strategy to obtain that objective is largely an indirect one. It is inter sectorial and emphasizes the four pillars: institution building, technology transfer, policy dialogue and private enterprise. This approach is based on an analysis of what the farmer needs to improve production. At one level he (she) requires the necessary technology and inputs to be productive, i.e., tools, seeds, fertilizers etc. At a second level the intellectual skills are necessary to apply new techniques. At a third level the financing to procure those inputs is needed. Fourth, the farmer needs the personal energy i.e. health to make it all work. Finally, the farmer needs an environment in which a profitable return on investment can be made.

Institution building has been the first area of concentration. We are attempting to build four types of institutions: scientific, financial, educational and medical. Scientific institutions involve both health and agriculture. In the agriculture sector AID's primary orientation is adaptive research leading to results that can be applied directly to farmers' fields. The National Cereals Research and Extension and the North Cameroon Seed Multiplication projects are primary examples of how AID sponsored research is being applied by local farmers. Farmers in Northern Cameroon are now receiving improved seeds which have increased yields by 50%.

At the central government level different types of scientific institutions serve the informational needs of the government. These institutions might also be called policy institutions. Typical of this thrust is the development within the Ministry of Agriculture of the capacity to generate and analyze data of relevance to the agriculture sector. Of similar importance is the data on schistosomiasis being generated through the Health Constraints to Rural Production project. Concomitant with the generation of the schisto data

is the capacity being created to generate information on other communicable and water born diseases. Both projects are producing the information needed by policy makers to improve decision making.

Financial institutions are essential to all aspects of modern life whether in suburban U.S.A or rural Cameroon. AID's contribution to growth in this sector has been to support the development of the credit union movement. Starting in North West Province and now expanding nationwide the Credit Union Project has been successful in providing credit to rural people. In fact, it is these credit unions that are now the most reliable source of financing for farmers. Additionally, we propose at the end of this CDSS update period a private sector project to help develop equity market opportunities which would further benefit the rural farmer as well as other small and medium-size entrepreneurs.

Educational institutions are essential to generate a continuing supply of persons capable of utilizing modern technology. The level of required training varies from basic skill for farmers to the most sophisticated intellectual skills for researchers. To meet this need AID is assisting in the development of an agriculture university (the Agricultural Education Project) based on the U.S. land grant model, while simultaneously engaging in the improvement of teacher training institutions for primary school teachers (Support to Primary Education project). These activities cover the spectrum of educational needs of most relevance to the rural sector. Toward the end of this CDSS period we propose a large participant training project to further ensure adequate training for the development needs of the country.

Health is essential for a productive population. To maintain health an institutionalized capacity to deliver appropriate care is required. To date most of AID efforts in the health sector have involved training and research, with heavy emphasis on family planning, via central and regional projects. Now we are proposing to address directly the institutional aspects of health care, particularly primary health care affecting children and mothers. It will not be easy because the health sector of Cameroon has traditionally been a sluggish performer. However, there have been significant improvements over the past four years. This improvement persuades us that the likely gain is worth the risk. We view this sector as being at a point where major improvement in performance can be made and where that performance will result in better rural health and improved lives for rural people.

Technology transfer is our second area of concentration. To some degree all of the institutions mentioned above are also involved in technology transfer. The sectors of concentration are the same: agriculture, education and health. The research institutions are clearly involved in technology be it in adapting high yield seeds to Cameroon conditions or teaching chemical analysis of water. Several AID supported educational institutions are directly involved in making available technologies to Cameroon. At the primary school level the basic skills that are acquired will make the use of higher levels of technology possible. The medical institutions will at one level be transferring specific improved techniques, such as oral rehydration therapy, while at another they will establish an improved system for using the techniques.

Our approach to policy dialogue is largely indirect. First we emphasize training Cameroonians at all levels. Once trained they are effective advocates of basic policies that AID also advocates, such as decentralized operations, privatization, and open market pricing. They are also in a position to advance these policies on a daily basis. Also once trained the same individuals are much more open to dialogue because they more readily understand our position. Finally, they are more effective in implementing a policy change because they understand its intellectual basis, are philosophically committed to it, and they have the cultural skills to adapt it to Cameroonian conditions. Second, we emphasize providing GRC policy makers with the information they need. We are working with the GRC to develop sources of reliable data collection and analysis upon which sound policies can be developed. We are now doing this in both the agriculture and health sectors. In the agriculture sector the Ministry's Department of Studies has become the primary source of information on the sector, widely used by the GRC itself as well as other donors. As such it is becoming an increasingly important actor in the debates over the country's agricultural policy. For example the agriculture section of the Sixth Plan was largely based on data provided by the Department of Studies. That data was only available because of the Agriculture Management and Planning project. Within the health sector the supply of information has been less completely integrated into the system. Nevertheless, it is believed over the course of the proposed AID project that data gathering and analysis will become an important influence. A third positive influence on policy dialogue is our projects. They fund activities and stimulate the GRC to take actions which push development in a direction which we want to go.

The strategic choices outlined and argued for in this paper are largely those of timing and, to a lesser degree, logistics. The strategic approach we are proposing, as well as the program we are recommending, are an extension of the same basic premises that were proposed and accepted in October 1982. Implementation of that program has proceeded successfully because it met the needs of Cameroon, because the GRC supported it, and because of the efforts of the AID personnel involved. Previous successes have resulted in current opportunities. We are recommending that we exploit those opportunities.

The first opportunity is in the health sector. This sector in Cameroon has historically been ineffective in providing equitable services. It is also a sector that must provide a minimum level of services to rural people if this segment of the population is to meet the long term production needs of the country and choose to reside in the agricultural areas of the country. This point in time provides a particularly opportune moment to address those needs.

Currently in the health sector there are sufficient financial and physical resources with which one can make a major improvement in services. Also in place are the trained personnel to deliver the services. Equally important there are sufficient examples of projects that are locally successful in delivering services that the Cameroonians can see that nation wide success is possible. The leadership, in the health sector in particular, as well as the rest of the Government in general, is receptive to changes to improve delivery of services and particularly to improve primary health care. Finally there is effective public pressure to bring about improvement.

There are several alternatives AID could take at this point. The first would be to continue minimal investment in the sector and to rely primarily on regional and centrally funded projects in combination with other donor activities to gradually improve the situation. This approach might work, but it would require quite some time; over the long term services would probably improve but basic policies would be less likely to change. Specifically, changes in favor of cost recovery and family planning policies would not take place. They would not take place because, while other donors are supportive, other donors have neither sufficient interest nor ability to bring significant changes about. They have indicated a willingness to support AID in an effort to bring about the change but we will have to lead. Without a major bilateral project AID would have neither the access nor the leverage to bring about the

changes we believe are desirable, whether those changes be in policies, management or types of services. In the long run, if those policy changes are not made, an effective health system for rural people is a very, very long way off, certainly unlikely to materialize before the end of this Century. If AID does not take the initiative to change policies and get the changes implemented the results we seek will not happen.

The second alternative, a major bilateral project such as the Child Survival/Maternal Child Health (CS MCH), presents significant risks. First, we will be entering a new area which contains serious obstacles. Major elements of the current Cameroonian medical establishment are not interested in a primary health care approach that relies heavily on preventive medicine. While they are unlikely to actively oppose such an approach, in Cameroon passive resistance is frequently a sufficiently strong opponent to preclude success. Secondly, the purely technical challenge of delivering services even within limited areas is a formidable one. Success will come only with great difficulty. Thirdly, improving the management of the system, so that resources are used with reasonable effectiveness, will be difficult. A minimum of three to five years will be required to see the first visible signs of success. An additional five-to-ten years will be required before there is a significant statistical impact on health status. Perhaps another five additional years will be required to thoroughly institutionalized this approach on a self sustaining basis.

The extended length of time required to obtain ultimate success suggests that a more aggressive approach to rural health delivery should be examined. Doing more, and doing it earlier could conceivably lead to earlier success. At a minimum it should provide a greater amount of health care delivery. There are certainly more things to do, such as extending services to more areas, doing more research, and providing more training. However, there are strongly persuasive arguments for not attempting to do more. First, there are not sufficient resources with which to do more. It would mean taking resources from our primary sector, agriculture, and this would be counterproductive. Secondly, a more aggressive program would probably generate significantly greater internal resistance from those who favor set-backs and inaction. Thirdly, while there is more work to do than the system is now doing, an increase in resources alone is not going to get it done. Waste would probably increase much faster than accomplishment. Thus we

do not believe a radical increase in effort is warranted. We prefer an organic approach. That is, we propose starting a bilateral program and providing it with sufficient resources to improve technical performance while at the same time improving management and changing key policies. This approach offers the best chance of ultimate success.

A similar situation exists in the agriculture sector. We plan no change in either our strategic approach or program. We believe that current performance justifies a measured expansion into marketing sector as well as into extension services. These two activities are logical follow-on activities to the Mission's approved agricultural strategy. The proposals are based on clear premises. An increased supply of agricultural inputs is required to generate an increase in production. First, wider distribution of inputs should take place, and secondly, the GRC's current encouragement of private initiatives will be reinforced, and market efficiencies will be introduced and enhanced. With regard to agricultural extension, it is widely recognized that reform, rationalization, consolidation, and modernization are needed. In this sphere AID is already involved in dialogue with the GRC (and the IBRD, FAO and other donors) on the reforms necessary as well as the future framework of a more rational national extension service.

To reinforce Cameroon's growing willingness to promote private enterprise we propose three new initiatives. All are fundable within current budget projections. All support Agency policy priorities. The initiatives are: a PVO umbrella project that would implement small scale activities in both the health and agricultural sectors; a modest private enterprise project to help develop Cameroon's financial (equity) markets and provide TA for privatization of parastatals; and, a general participant training project to more closely focus training as it supports technology transfer and policy dialogue. All three activities are described in the current year ABS new project section.

SUMMARY OF CAMEROON'S ECONOMIC DEVELOPMENT SINCE THE 1960s

The 1960 - 1979 period

Cameroon is relatively well-endowed with natural resources: good soils, mineral wealth, hydro-power potential, adequate rainfall and climate. Cameroon is also blessed with a Government whose stewardship of the country's natural wealth and public revenues exemplifies the kind of restraint and judicious judgement which are seldom found among developing countries. Within such an environment, Cameroon has experienced relatively high economic growth in the 1960s and 1970s. Indeed, GDP grew at average annual growth rates of 4.7 and 5.1 percent during the 1960-70 and 1970-78 periods respectively. The average annual increase of GDP per capita was 2.9 percent for the 1960-78 period, almost 50% above AID's blueprint target for annual per capita income growth.

The growth of the economy in the 1960s and 1970s was fostered mainly by the expansions of the agricultural sector which represented 32 percent of GDP and employed 87 percent of the labor force 1965. The importance of agriculture still remained significant in 1978 as that sector accounted for 32 percent of GDP and provided work for 82 percent of the labor force. Overall the growth of agriculture was estimated at 4.7 percent for the 1965-73 period and at 3.3 percent for the 1970-78 period.

The services sector^{*}, while important (50 and 52 percent of GDP in 1960 and 1978 respectively), played only a limited role in the development of Cameroon in the 1960s and 1970s. That sector grew at average annual rates of 3.6 and 6.0 percent during the 1965-73 and 1970-78 periods respectively. Furthermore, that sector only accounted for 8 and 11 percent of the labor force in 1960 and 1978 respectively.

* The services sector includes construction, electricity/gas/water, transportation/communication, trade, public administration and other services.

The role of the industrial sector in Cameroon's overall economic development in the 1960s and 1970s was not very important, representing only 17 and 16 percent of GDP in 1965 and 1978 respectively, and employing 6 and 7 percent of the labor force in 1965 and 1978 respectively. Average annual industrial growth was estimated at 4.7 percent during the 1965-73 period, and 6.2 percent during the 1970-78 period.

Little recognized, however, was the relatively low rate of increase in agricultural output during the 1960s and 1970s which concealed a more alarming trend in food crop production. The annual rate of increase in per capita food production was estimated at +1.4 percent in 1965, -0.5 percent in 1975 and -2.0 percent in 1983. The decline in the rate of growth in per capita food production was not traceable to a repressive price policy since prices of food crops (mainly plantain, roots/tubers and cereals) were, and still are (except for rice) uncontrolled. That decline was due primarily to low productivity gains experienced by small farmers involved in food crop production. Low productivity in the food crop sector was traceable to a scarcity of appropriate high yield technologies and inputs and a limited private distribution/marketing system. Those problems were exacerbated by the large number of small producers combined with significant rural to urban migration, a relatively inefficient and often unresponsive extension system, and poor road network.

The deterrent to increases in cocoa and coffee production appears to have been caused in large part by insufficient producer incentives stemming from low, government controlled farm gate prices. Producer prices for cocoa, arabica coffee and robusta coffee were, on average, fixed at 53, 76, and 67 percent of FOB export prices for the 1961-72 period respectively. Comparable figures for the 1973-79 period are 33 percent for cocoa, 49 percent for arabica coffee and 40 percent for robusta coffee.

Furthermore, the agricultural problems identified in the two preceding paragraphs were compounded by a lack of well defined agricultural pricing policy which dealt comprehensively with both inputs and outputs as well as a near absence of policy coordination among the various Ministries. The lack of coordination has led to piece-meal policy decisions which often failed to produce desired impacts.

It should be apparent from the above cash/export crop price configurations that the thrust of the GRC's development strategies in the 1960s and 1970s was to tax cash/export crop producers and thus transfer resources from the agricultural sector to other economic sectors (i.e., industry, infrastructure/transport and social services). However, the development of most other economic sectors (other than agriculture) was, during that period, hampered by (1) a limited skill labor force and, (2) an inadequate infrastructure (i.e., road network as well as public and quasi-public institutions).

The 1980-85 period

With the advent of oil production at the beginning of the 1980s, the rate of economic growth in Cameroon accelerated significantly. For the 1980-84 period, GDP grew at an average annual rate of approximately 12 percent. The annual increase in per capita GDP averaged approximately 9 percent during the same period.

With oil production peaking in 1985 and declining thereafter at an estimated annual rate of 5 percent to exhaustion of recoverable reserves sometime in the 1990s, the annual rate of increase in GDP has fallen significantly from the 1980-84 level, i.e., at an estimated rate of 7.7 and 5.5 percent in 1985 and 1986 respectively. By the same token, the annual rate of growth in GDP per capita went from an average 9 percent during the 1980-84 period to 4.4 and 2.3 percent for 1985 and 1986 respectively.

The share of agriculture/livestock/forestry/fishery in GDP fell from 28.7 percent in 1980 to 21.0 percent in 1985. The problems plaguing the rural sector during the early 1980s remained unchanged from those which prevailed in the 1960s and 1970s. In the cash/export crop sectors, even though producer prices were raised by about 40 percent from 1980 to 1986 and price premiums were granted, producers have not responded by increased production up to GRC's expectations.

The performance of the manufacturing sector was fairly dynamic during the 1980-82 period going from 8.8 percent of GDP in 1980 to 11.4 percent in 1982. That sector stagnated somewhat during the 1982-85 period (at the level of 11-12 percent of GDP) because of the 1983 drought-induced shortage of

agricultural raw materials combined with the increase in labor costs, high interest charges on external borrowing and the rising costs of imported inputs associated with an appreciation of the US dollar vis-à-vis the French Franc.

Beside the problems associated with lack of skilled workers and limited social infrastructure, two additional institutional factors also interfered with the expansion of the manufacturing sector. First, there was (and still is) the cumbersome and time-consuming system of administered prices imposed on manufacturing products. Under that system, the GRC sets product prices based on estimated cost of production presented by the manufacturing unit. Second, the GRC's involvement in manufacturing is in itself significant. A 1985 survey showed that the GRC's share of ownership in the manufacturing sector through its holding company SNI (Société Nationale d'Investissements) amounted to approximately 50 percent (of the remaining 50 percent, about 13 percent is in private Cameroonian hands, 25 percent belongs to French interests and 12 percent other foreign investments). Given the level of government ownership, SNI has not always been concerned solely with economic and financial criteria in making decisions but has often been influenced by political/social considerations in what otherwise should be purely business decision making.

The shares of the construction and electricity/gas/water sectors in GDP have been stagnant during the 1980-85 period. That stagnation in the face of a rapid population growth and a significant rural-to-urban migration points to difficulties in the housing sector and increased pressure on social amenities.

The early 1980s also saw the relative reductions in sizes of the transport/communication, trade, and other services sectors. The causes of those economic regressions have not been fully studied. However, it should be noted that a comprehensive system of "administered prices" was (and still is) regulating the provision of most of the services in the transport sector and that the GRC sets price ceilings for consumer products at the retail level. Furthermore, the Government's shares of ownership in transport/distribution was 59.5 percent in 1985; in the hotel/tourism sector, that share was assessed at 82.0 percent in 1985.

The banking sector experienced serious financial difficulties and needed to be restructured. Those difficulties are traceable to excessively complex and restrictive regulations, undercapitalization and extremely high

loan/equity ratio. Its financial viability rests primarily on the GRC support via large cash deposits. GRC's involvement in the banking/insurance sector reached up to 60.2 percent of total ownership. Also in later 1985 these resources began to dry up because of the reduction in oil and cash crop revenues.

The relative importance of the public administration sector in the economy has regressed somewhat during the 1980-85 period. However, recent World Bank's assessment points to a still bloated public labor force and recommends that further hiring of civil servants should be refrained.

Amid all the above achievements, failures and structural changes which characterized the 1980-85 period, GRC's fiscal policy has been hailed as an act of control seldom seen within the African continent. Indeed, the Government has been lauded for its foresight in keeping the bulk of oil revenues outside the normal budgetary process to avoid wasteful excessive public expenditures and heightened expectations. Beside that aspect of fiscal policy, the postponement in using oil revenues for investment purposes within Cameroon constituted a sound financial and economic decision. Indeed, given the shortage of skilled labor and limited infrastructure concomitant with strong economic expansion which characterized the early 1980 Cameroon and the high interest rates which prevailed in international financial markets of that time, the investment of oil revenues inside Cameroon would have yielded much lower returns than the use of oil revenues for investment purposes in foreign financial markets.

While the practice of discretionary uses of oil revenues for extra-budgetary financing introduced elements of uncertainty in the budgetary process and problems of accountability, GRC's management of public finances was basically sound as the central government budget has been slightly in surplus since 1980. On the revenue side, however, there appeared to be too great a reliance on import duties and on taxes/royalties associated with petroleum exports. In the perspective of declining oil revenues, the emphasis should be more on direct taxes (e.g., income tax and turnover tax). It appeared that an improved tax collection system is also needed to curtail tax evasion and to increase tax revenues.

Finally, being a member of the Central African Monetary Area (CAMA), which is part of the Franc CFA (Communauté Financière Africaine) zone, Cameroon has had (and will continue to have) basically passive monetary and exchange rate policies. While argument can be made that the FCFA-French Franc exchange rate with regard to Cameroon is overvalued, there is little prospect for a devaluation.

The 1986-91 period

In the perspective of the post-petroleum era, the foci of all development efforts defined in the 1986-91 Development Plan are, first, the expansion of output and employment in the agricultural/livestock/forestry/fishery sector and, second, the improvement of the standard of living of the entire population, in general, and of the rural population in particular. The challenge confronting the agricultural sector will be, in the second half of the 1980s, enormous because growth in both the food crop sector and the export/cash crop sector has been extremely low since the 1980s.

There is an imminent need to increase agricultural productivity to insure food self-sufficiency in the face of an increasing rural-to-urban migration combined with a rapid overall population growth. Equally, agricultural productivity increases are necessary to provide adequate foreign exchange earnings in the present era of declining oil revenues.

Sufficiently high rates of investment should be sustained in agriculture, agro-industry and other processing industries to create jobs to accommodate the important rural-to-urban migration and the 2.6 percent population growth rate. In the industrial and banking areas where GRC's ownership is important, there is an urgent need for financial rehabilitation to eliminate budgetary drains. There is also the necessity to build up the social infrastructure (roads, schools, hospitals, water systems, water sewage systems) as well as to raise the skills level and welfare of all Cameroonians.

The Government's development strategies in the 1965-85 period have concentrated on the agricultural sector. The strategic differences from the last Five year Development Plan to the present Plan have revolved around the relative degree of emphasis and priority allotted to the agricultural sector vis-à-vis the other economic sectors as well as the level of GRC's direct

involvement in the various economic sectors. The 1986-91 Development Plan strongly reasserts the critical importance of the rural sector in the post-petroleum era. In decreasing order of importance, the priority areas under the Sixth Five Year Plan are:

- the development of the rural sector,
- the upgrading and development of all aspects of the transportation network,
- the development of the manufacturing sector,
- the expansion and upgrading of social services, (including health)
- the building and upgrading of social infrastructure.

Given the above priority areas, the GRC has targeted the average annual growth rate at 6.7 percent for the 1986-91 period and has estimated the implementation cost of the Sixth Plan at approximately FCFA 6,000 billion in current 1985-86 prices (\$17.2 billion at the assumed rate of FCFA 350 per \$US 1). The GRC will support 42.0 percent of total costs; it is estimated that the local private sector will supply 34.7 percent of all funds needed. President Biya has called on public and private foreign investors to provide 16.3 and 7.0 percent respectively. Thus, the need for foreign funds will amount to at least FCFA 1,398 billion (\$4.0 billion) in constant 1985-86 prices during the next five years.

HEALTH SECTOR - Review of Strategy

Health Services Provided in Cameroon

The government health services are highly centralized and each of Cameroon's ten provinces is dependent on the central level allocation of resources. At the central level the Ministry of Higher Education and Scientific Research is responsible for all medical training, the Ministry of Health for paramedical training and the Ministry of Social Affairs for Health and Nutrition education. Since 1983 there has been a conscious effort to decentralize health care and to integrate curative and preventive programs.

Health facilities in Cameroon follow patterns typical of other Central African francophone countries. Large referral hospitals exist in Yaounde and Douala and are staffed with a range of physician specialists. At the provincial level (10), there are smaller, general hospitals, while in many of the departments (49) there are even smaller hospitals. Below the department level is the arrondissement (182) where one normally finds a health center. Health centers can be classified as developed or elementary.

The health center is the patient's entry point for basic medical care. The elementary health center is designed to serve 5,000 people and most elementary health centers are staffed with five persons, including a certified nurse, several nursing assistants and a laborer. A developed health center provides some inpatient facilities, particularly maternity beds for deliveries conducted in the center. The developed center is meant to serve a population of 10,000 and the staff of the center would be comprised of a state certified nurse who is in charge of a staff of 10 - 11. A developed health center can be upgraded to a sub-departmental hospital through the appointment of a doctor.

The next tier of health care consists of department and sub-department hospitals. Normally they are staffed with 3 - 5 physicians and a relatively large nursing and technical staff.

The third and top tier is the central referral and provincial hospitals where services of physician specialists are found. It should be mentioned that the National Social Insurance program (CNPS) also operates health facilities in Yaounde and Douala.

The government provided health services account for 80% of the hospital structures and 60% of the hospital beds in Cameroon. The government provides 70% of the elementary health centers but only 30% of the maternal child health centers respectively. The private, non-profit missions are the main provider of maternal child health centers.

The reviewing the World Bank Health Sector report of October 1985, and other health sector documents one can conclude that:

Government health services are under utilized even where the health infrastructure is relatively well developed. The utilization rates are especially low for preventive and MCH programs. Relatively few patients use the low cost services offered in Government Health Centers. The major reason for poor utilizations is inadequate management which does not provide essential supplies. Utilization rates of services are much higher in the mission facilities, especially for MCH programs. Popular consensus categorizes the services offered by the non-profit sector as very good because of consistency in supply of pharmaceuticals and services.

There is a consensus that recurrent costs of the health sector are under financed. This leads to low quality of services, dissatisfaction among patients and under utilization of facilities. (See Annex I p 16 for a detailed description)

At the national level there is still the problem of over centralization. Most decisions on fiscal and personal matters are made at the national level. There is a lack of internal coordination in the central ministry resulting in fragmentation of responsibility for programs.

Contrastingly the private sector, which is composed mostly of mission health facilities, one sees a vast difference in the quality of health care, especially primary health care. The planning and management functions of the private sector are decentralized. Recurrent costs are offset, though not entirely, through fees; supervision and in-service training are strong components of the health delivery.

Services needed

USAID Cameroon believes, along with other donors, that strengthening the delivery of basic health services with emphasis on child survival; improving the utilization rate at health centers; instituting a cost recovery program and expanding the decision making authority of the provincial delegates for health will greatly improve basic health care services at the health center level. In addition, it is felt that examples of these improvements at the provincial level will serve as evidence to the Ministry that reform along these lines is not only possible but fruitful.

The goal of USAID's efforts in health is to assure that the rural population has access to health centers which provide an acceptable level of basic health services. This will include immunization. It will require in-service training of existing staff, support for cold chain equipment and supplies and a new approach to immunization programs. A shift from the current passive approach to immunizations at centers, occasionally augmented by a mass campaign to an active campaign that promotes immunization services for community outreach is being undertaken. A second area of emphasis using the same clinic personnel is the introduction of oral rehydration salts as the first choice in controlling diarrhea disease. Through operational research studies, appropriate health education materials, containers and home mixtures can be designed and promoted for community use. Thus we anticipate a shift from present practices which use heavy amounts of anti-diarrheal drugs and intervention drips to promotion of ORT and continued breast feeding. In addition health education will provide information to communities on how to improve these resources of water and sanitation practices.

The third area which needs to be addressed is the prenatal care provided through health centers and MCH centers. The average number of prenatal visits in government centers is 0.45 per pregnant women. With improved services such as an assured supply of pharmaceuticals and better trained birth attendants the utilization rate will improve and there will be better health care for the pregnant and lactating women.

Fourthly there is a need for the adoption of a standardized growth monitoring chart and a set of implementable food and nutrition policies. Two major constraints have hampered the development of nutrition policy: a) a lack

of indepth understanding of nutrition problems and b) the diversity of nutrition programs and lack of coordination between ministries and non-governmental Organizations involved in nutrition programs. The "institutional home" for nutrition issues should be the Nutrition Service of the Ministry of Health. This service needs managerial strengthening and adequate funds to provide the required in-service training, design and carryout village activities including the introduction of weaning foods, recognition of nutritional problems, prolonged breast feeding and appropriate foods for pregnant women.

The integration of preventive and curative services at the health center levels means that the centers must have a dependable supply of pharmaceuticals and first aid supplies to treat minor accidents, infections and communicable diseases. The ministry of health's budget for drugs and medical supplies is totally inadequate to meet public demand. Even given an adequate budget, the drug procurement and distribution system will remain a major bottleneck to the availability of essential drugs. The problem has been studied by independent experts and the following major recommendations are being implemented: a) creation of a national pharmaceutical office, b) introduction of a cost-recovery mechanism to replace the present system of distributing "free drugs", c) improving the storage, management and transportation of the public sector drug distribution. d) developing authorized lists of essential drugs for health facilities.

Finally USAID stresses that access to child spacing services should be available through government health facilities. In the context of protecting the health of the new born and the mother, child spacing should be an integral part of the services offered through all health facilities. Sexually transmitted diseases (STD) are very common in rural areas. Family planning services can be an important preventative and curative intervention. Through in-service training of existing staff and continued supervisory support the concept of child spacing can be promoted. Over the course of the next 5 years it is our intention to use the health centers as the entry point to provide contraception services.

Changes from 1982 to 1986

The previous CDSS in October 1982 and the update in February 1984 stated

no major bilateral health initiatives would be undertaken unless significant changes occurred in the health sector. Since that time a number of significant changes have occurred in the Ministry of Health and in the Government's approach to health that have opened up excellent possibilities for development in the health sector. They are described in detail in the Health Sector Assessment (annex 1) and are summarized below.

An important change has been the improvement in leadership in the Ministry of Health over the past four years, which has occurred at all levels of the Ministry. Most dramatic was the creation of a new position, Secretary of State for Health (equivalent to a vice minister) in 1984 with responsibility for preventive health care. Equally important has been the placement of younger, better trained, more service oriented personnel throughout the Ministry. One result has been an increase in the health budget. From 1980 through 1985, per capita expenditures on health increased from \$6.00 to \$12.60. When corrected for inflation (10% throughout the period) this is a 30% increase in real terms, an impressive achievement for a nation whose population grew, during the same period, from 8.9 to 10.4 million persons. Much of the increase went for increased salaries and facility construction. Still there was a significant shift of concentration during this period to communicable, sexually transmitted and water borne diseases with a concomitant attempt to integrate curative and preventive services. These changes in health sector emphasis have begun to have an impact on health in Cameroon. In 1980 in fact mortality was 117/1000 and life expectancy at birth was 50 years. By 1985 those figures had improved to 105/1000 and 52 years. General economic growth (7% during this period) explains some of the changes. However, the GRC's willingness to initiate revision of health policy and to back that revision with budgetary increases has also had an impact.

More important than the appointment of a single individual has been the general improvement in the quality of health care personnel. The National Medical School is now turning out 45 MD's per year, whose training is viewed as reasonably good. Of these new graduates approximately 60% are initially employed in rural practices. Continuing medical education has also provided speciality training in all aspects of preventative medicine for Cameroonian medical personnel. Thus of the 4 Directors of Services dealing with preventative services, all have received advanced training in either Western Europe or North America. One was financed through AID. The training has had

more than a purely technical benefit; it has sensitized the Directors of Services to the importance of preventive health services and most importantly it has given them a standing they previously lacked. Now when facing their colleagues in the Ministries of Plan and Finance they are better prepared to do battle.

Below the level of Director of Service there has been a similar emphasis on training. In addition to expanded GRC training programs for medical personnel at all levels, in one form or another AID itself has financed training in the health sector for 335 persons in the past 10 years. It is estimated that other donors have provided training for 650 additional persons in the health field. This is beginning to have a positive impact on the health system.

Of particular importance to continued momentum in this regard are the 12 Ph.D. candidates in communicable disease being financed by the Health Constraint to Rural Production (regional) project. All twelve of the participants are excelling academically, a clear indication that the GRC provided top level candidates for the program. The GRC has requested an additional 15 participants be placed in the program.

These persons, in addition to those already trained, provide a critical mass of trained personnel who have the capacity to effectively implement integrated, basic health programs in Cameroon. They also provide a group with whom one can have a fruitful policy dialogue.

A number of factors seem likely to maintain the motivation of the health community. Because Cameroon is a comparatively democratic country criticism can be openly expressed and there is a certain response to it. In Cameroon the public is not satisfied with health care. This criticism is expressed in the newspapers, over the radio and by various political personalities, including President Biya. Thus there is pressure to improve performance. At the same time there is an awareness by officials at the Ministries of Plan and Finance that there are not adequate resources with which to provide widespread curative services. This gives impetus to expand and improve the quality of preventative services.

This impetus is clearly reflected in the Sixth Five Year Plan (1986-91) which shows a concerted effort to improve primary health care. There are four areas of emphasis: 1) Preventive Medicine 2) Training 3) Infrastructure and Equipment, and 4) Research and Information. Within these four categories preventative medicine is of highest priority, with maternal and child health given greatest emphasis. The primary goal is to reduce infant mortality from 105 to 78 per 1000 by the year 2000. Programs to accomplish this include a) growth surveillance b) oral rehydration therapy c) immunization against communicable diseases d) health education for women, e) child spacing f) breast feeding and g) supplementary feeding in case of need. The immunization program will concentrate on inoculating children under the age of five against polio, tetanus, tuberculosis, diphtheria, measles and whooping cough. It is also planned to vaccinate all pregnant women against tetanus. Clearly the GRC's Sixth Five Year Plan is in line with AID's Child Survival Strategy.

The new Plan also calls for improved sanitation. Included are projects to improve nutritional hygiene, potable water, housing, substance abuse, and control of prostitution. Major goals are to reduce children suffering from chronic malnutrition from 21% to 10% and to increase to 70% the percentage of the population having access to potable water during the plan period.

Training is also a continuing priority, with emphasis on primary health care delivery. Training of traditional birth attendants and community health workers is also of particular priority. The major goals are to have one nurse for every 1500 persons by 1991 (there is now one for every 2,241) and one doctor for every 10,000 persons (there is now one for every 12,500). These goals seem obtainable.

In terms of equipment and infrastructures, the emphasis will be on redressing the imbalance of health services between regions. Primary and preventive care are emphasized. There is also an intent to establish a pharmaceutical industry. This a worthy goal but perhaps overly ambitious for the next five years. however, the Government's emphasis on increasing the availability of essential medicines is appropriate. This is an area where WHO has been particularly active. USAID will remain alert to steering the industry to the private sector.

Study of the pathology of water borne and sexually transmitted diseases are the major research priorities. Considerable attention will also be given to develop a system of information to improve health planning. While USAID does not at this time plan to be a major source of financing for such an effort we believe our experience in developing such systems for both agriculture and health, in Cameroon and elsewhere in Africa, can be of considerable benefit to the GRC.

The GRC's Sixth Five Year Plan's on health meets with USAID's fundamental concurrence. The Plan's priorities are well conceived and articulated. The goals are reasonable and for the most part obtainable. There is a clear role for USAID, both in terms of inputs as well as general support to the Ministry's programs. That role is described in detail in the Health Sector Strategy Section.

Responsiveness to dialogue with USAID

Over the past two years AID Cameroon has engaged in a very effective policy dialogue with the Ministry of Health. There are a number of indications of the effectiveness of this dialogue. The first is the health section of the Sixth Plan. The Plan clearly articulates priorities and programs fully supported by AID's own Child Survival strategy. Secondly, the Ministry of Health worked very closely with AID in drafting the PID for the CS/MCH (631-0056) project. The Ministry has also taken the initiative to fully clear the proposal with the Ministries of Plan and Finance, thus ensuring support throughout the Government for the project. An illustration of this close supporting relationship between the ministries was the ready acceptance of our recent recommendation that a national oral rehydration therapy program be initiated. The Ministry has worked closely with PRITECH in the program. Finally the attention paid by the Government to fill all available training slots with well qualified participants shows the seriousness which our regional programs are taken. It also does much to ensure that the dialogue will continue to be effective.

Health Sector Strategy

USAID/Cameroon's strategy towards improving the health care delivery system within Cameroon is, for several reasons, an indirect one. First, AID

does not have sufficient resources to fund comprehensive health care. Second, Cameroon is and should be primarily responsible for developing and maintaining its own system. AID does not want to do for Cameroon what Cameroon should do for itself. Third, our strategy is indirect because we can do more that way than via direct interventions.

Underlying this choice of approaches are certain basic Cameroonian realities. The first is that at independence the founding fathers of Cameroon campaigned on a platform of, among other things, free health care. That promise is taken seriously by both the Government of Cameroon and its people. It is still believed in. While there is a growing realization throughout the society that some sort of cost recovery system would improve services the rhetoric of free health care needs to be respected even while attempts are made to modify the policy. The second is that while a significant amount of resources are being devoted to health, and this amount is increasing, much of what is invested brings less of a return than it should. Starting programs to provide new services will in most cases yield less of a return in terms of improved services than improving the efficiency with which current resources are utilized. The third is our belief that to be most effective in Cameroon AID needs to find a place in the system where we can deliver specific improved technical outputs while simultaneously making a quantitative improvement in the total system.

Our strategy for improving health care rests on the observation that the Cameroonians, with the help of ourselves and other donors, have already made significant progress in improving the existing system over the past 5 years. They are now prepared to make another major effort at further improving the system. This effort will require resources and knowledge which AID can to some degree supply. Finally, while risk is involved in expanding our health interventions, there is an excellent chance of success.

We are proposing a four pronged approach composed of 1) training 2) management improvement 3) specific technical interventions and 4) regional centers of excellence. None of these is entirely new. Only one new project, Child Survival/Maternal Child Health, is proposed. It in turn is primarily aimed at improving existing programs.

Training has for some time been a central feature of all aspects of the AID program in Cameroon. This will be continued and, to the degree possible, expanded. Through the numerous regional and centrally funded health projects already being implemented, through AMDP and through the proposed bilateral project we plan to maximize the amount of training available to Cameroon. For the most part this will be in-service training in Cameroon designed to improve specific technical performance. Some U.S. training for the same general purposes will be undertaken. Within the limitations of available resources long term training will be undertaken. The aim here is to ensure a continuing supply of highly trained Cameroonians who are trained in public health and who are prepared to advocate and manage major programs in this sector. Through training we intend to achieve four items. First, to improve performance in specialities of particular relevance to public health. Second, to improve the management of a wide range of public health programs. Third, to place in policy making positions persons who are widely perceived within the Government of Cameroon as competent and who thus can be effective advocates of preventive health care programs. Fourthly, to provide a source of motivation to persons at all levels within the health care system, i.e a benefit to excellent performance is the chance to get additional training which can in some cases lead to promotion.

Management improvement will be primarily addressed through the CS/MCH project. A major effort will be made to improve the management of primary health programs in the South and Adamaoua provinces of Cameroon. By concentrating on these two regions there will be a sufficient concentration of resources that chances of success are excellent. Secondly the areas are broadly representative of conditions throughout Cameroon so that lessons learned should be readily transferable. We anticipate that over the life of the project there will be substantial spread of effect in terms of management improvement.

We also foresee that information that is being generated by other projects, most notably the Health Constraints to Rural Production and Agricultural Management and Planning projects, will be systematically incorporated into the planning process by all involved ministries. The information being generated by the Agricultural Management and Planning project is primarily concerned with the rural sector. Much of the data it generates on rural incomes, labor practices, age distribution, and nutritional

status is very relevant to planning for rural health. The Health Constraints to Rural Production project is specifically targeted against one disease, schistosomiasis. It is generating a large amount of information on that disease and it has the capacity to verify and analyze data. Of considerable importance the project is establishing within Cameroon the capacity to collect and analyze data on specific diseases. This capacity has the capability of improving the GRC's ability to improve preventive programs. An important aim of AID's health program is to see that this capacity is utilized.

The primary vehicle for our third area of concentration, specific technical intervention is again the CS/MCH project. Specific planned interventions include the following: 1) cold chain and immunization equipment to support immunization services, 2) oral rehydration therapy, 3) child growth monitoring, 4) standardized treatment of malaria, and 5) child spacing services. These services will be offered through Government health centers in the two target provinces. The other areas include introducing standardized treatment procedures for most common health problems. This will make management easier. More importantly it will improve the quality of care. Through the offering of child spacing services, in geographic regions that seem most receptive, we plan ultimately to move to a full scale family planning program. We anticipate that the GRC will within 5 years be offering child spacing services in most areas of Cameroon.

Also in terms of technical intervention we will continue to utilize central and regionally funded projects. We have already mentioned the Health Constraints to Rural Production project for its work in controlling schistosomiasis. Another example of this type of assistance is the PRITECH Child Survival project. This project, in conjunction with other donor support (largely from UNICEF), will form the basis of initiating a national program of oral rehydration therapy. The program will involve training of physicians in ORT, providing supplies, and initiating services at selected locations. The project is an excellent way to get the ORT element of the CS/MCH project off to a fast start. Similarly in 1986 when CCCD provided Cameroon with 450,000 doses of measles vaccine it served not only the immediate purpose of vaccinating needy people but helped the long term goal of developing an overall inoculation program against communicable diseases.

The final element in our strategy is to encourage the continued development of regional centers of excellence in providing health care. Through the ASHA program, AID is presently assisting two such centers which are also aided by the Presbyterian Medical Missionary Fund. One is at Ebolowa (South Province) the other at Metet (Central Province). Metet is planning to begin these activities shortly. This area will be the major focus of our efforts in the health sector. The hospital at Ebolowa has been very active in training its staff in preventive medicine and supporting outreach activities. The importance of these hospitals far outweighs AID's financial contributions to them. First, the care they provide under bush conditions is excellent and widely recognized as being clearly superior to that typically offered in Yaounde. That it is identifiably American is an important ancillary benefit. Second, the hospitals do an excellent job of training locally educated Cameroonians to perform most health care functions. Third, they are effective institutions through which new techniques can be introduced, a capability we intend to take full advantage of during the coming five year period. Finally they are concrete examples that the private sector can provide quality care at affordable prices. Fees are kept well within the range that rural Cameroonians can afford, yet those same fees manage to meet approximately 90% of the recurrent costs of running the hospitals. This type of performance is a far more persuasive argument for a cost recovery program than any formal dialogue we could hope to advance with the Ministry. Thus we very much plan on encouraging ASHA to continue its support to these institutions and hopefully, to extend their preventive programs.

At the end of the CDSS period we anticipate that three changes will have been made in the health sector. First, a general improvement in services at Government health centers will have resulted in a 30% increase in utilization. Second, the Government will have adopted a policy that health personnel will be trained and receive supplies to deliver child spacing services through government health facilities. Third, the Government will have a policy of cost recovery for basic health services.

THE AGRICULTURAL SECTOR - REVIEW OF STRATEGY

Because the agricultural sector of the AID/Cameroon program absorbs three out of four dollars of our assistance package, the sector's predominance warrants a description in this CDSS Update. Also of major importance are the facts that most of the Mission's policy dialogue as well as most of the mission's private sector activities take place in the agricultural sector.

USAID Agricultural Sector Support

The AID assistance for the agriculture sector has been progressively focused upon four key elements during the last few years. Major assistance projects in institution building for the agricultural university, improved seeds production, and credit union development play vital roles in the GRC's plan for modernising the agriculture sector. The second key element is the agricultural research and on-farm trials program composed of three closely related projects: cereals crops research*, root and tubers development** and, research on the beans and cowpea group of plants***. The third element, policy analysis, planning and dialogue, has rapidly moved into a prominent place in the Mission program and is supported through the studies and analysis in the Ministry of Agriculture, the agricultural University Center at Dschang, other projects and mission staff work. Assistance to the private sector and market infrastructure forms the fourth and newest element of the AID assistance in agriculture and can be described as being in an advanced stage with regard to inputs including fertilizer. During the next few years assistance for the first two elements will remain relatively constant with Mission staff time turned more towards the discussion and planning of assistance with the third and fourth elements of this comprehensive sector assistance program.

* Through the CGIAR-sponsored International Institute of Tropical Agriculture (ITTA) at Ibadan, Nigeria;

** Through a collaborative mode agreement with the University of Maryland (Eastern Shore) in conjunction with Alabama A&M and Florida A&M Universities;

*** Under a CRSP arrangement with Michigan State University.

Institution building assistance will be composed of three major projects but is also provided in several other projects such as the Agricultural Management and Planning Project which is strengthening the policy analysis and planning capability of the Ministry of Agriculture. The institution building project of most importance, and of great interest not only for Cameroon but within the Africa Bureau Strategy for Development of Research and Faculties of Agriculture, is the assistance to the University Center at Dschang. This project, now in its fourth year, has established a new undergraduate curriculum, has developed a university center master plan, is developing a strengthened faculty and is now turning its attention to the plan of a university research program. The continuing strong support of this project by the GRC is evidence of the generally high regard that is held for this project. The recent project evaluation has determined that the Ministry of Agriculture is looking seriously at the extension links to the university program and the research organizations are also discussing working linkages. It is clear that AID will be providing assistance to this activity well into the 1990's. The objectives we seek to obtain over the next years are the following:

- 1) The administration and management of the University Center at Dschang (UCD) will have been restructured to reflect an organization similar to the one seen on p. 23 of the PP.
- 2) Curricula for the two institutes (ITA & IRA) that have merged to form UCD will have been meshed and will lead to a four-year bachelor's degree.
- 3) All AID-financed construction will have been successfully completed.
- 4) Fifty-five of the faculty and administration will have received long-term training leading to advanced degrees.
- 5) All project-financed equipment will have been purchased and installed in U.S.-financed facilities.

The seeds project has been more of an institution building project than was recognized during the project design and has established a prototype concept for the multiplication of improved seed material. The experience with this project has prompted the Government to give more attention to the policy for the seed industry for Cameroon; an extension of this project is seen as necessary. The establishment of the credit union in the Northwest area has been perhaps the most impressive institution building project in the portfolio. The GRC request for assistance in expanding to a national program demonstrates their high regard for this prototype. At the same time, the reform of the extension service continues to be an important objective; the reform needs seem to be widely acknowledged as a serious problem, yet in spite of technical assistance, conferences and a continuing dialogue the concepts of institutional reform remain a bit vague and still inadequately defined. Nonetheless, we feel a fully defined scope of work for the subsector will be formulated in time to begin the extension project by late FY 1988.

AID assistance in developing the agricultural research program, fully consonant with the Africa Bureau emphasis on developing African agricultural research capabilities, includes institution building in support of research for cereals, roots, tubers, beans and cowpeas. Three closely related projects draw heavily upon linkages with the international and U.S. research centers and are making impressive progress. Seven improved cereals are now in advanced on-farm trials and show promise of raising production by at least 30% within their range of adaptation. While this is an impressive result of the first seven years of work it is at the same time a modest contribution toward the estimated fifty varieties that may be required to meet the range of agro-climatic conditions in the country. The main project, National Cereals Research and Extension, was designed with a ten-year time frame and that long-term perspective continues to be valid as judged by the experience of these projects. The incorporation of beans and cowpeas as well as roots and tubers research was necessary to include important technology for the small, commercial farming systems that are most common in Cameroon. The development of the Testing and Liaison Units with on-farm trials and research feedback provides a dynamic research tool that should prove to be highly effective in evaluating and adapting technology.

Further advances we anticipate obtaining in Agricultural Research during the plan period are the following:

- 1) The graduation of five improved cereal varieties from advanced research station trials to on-farm trials in each seasons program - candidate varieties are expected to show promise of raising farmers yields by 30% or more. The program will progressively increase the agro-climatic zones of coverage to offer improved material for the five major crop zones and of the four major cereals with some choices of short and long season plant/types.
- 2) By 1990 there will be U.S. trained Cameroonian leadership in the research programs for all the major food crops.
- 3) International research linkages will provide for exchange of promising genetic material, improved agronomic techniques, and methods of protection against disease and insects.

In addition through the Tropical Roots and Tubers Research Project the following will be achieved.

- 1) Improved varieties of cocoyam and yams with potential to improved farmers yields by 50% or more and with resistance to root rot and blight complex.
- 2) A seedstock multiplication system that will reduce farmer's cost of seed material by 50% and with the capacity to supply approximately 20% of the farm equipment in the Western provinces.
- 3) The causes and magnitudes of the storage and handling losses for the root and tubers will be established with pilot experimental programs identified for the reduction of losses during on-farm storage and during bulk transport to regional markets.

Policy dialogue is becoming increasingly more important in AID's assistance to the agriculture sector. The studies and analysis supported by the Agricultural Management and Planning Project are providing vital ingredients of this dialogue. The agricultural econor..s work in other projects are also feeding into this process. The dialogue has advanced to the level of inter-ministerial issues with such topics discussed as the role of the private sector, agricultural commodity prices, and the policy questions

relating to fertilizer subsidies. Current planning for the research program in the university project brings the Mission into research policy issues. The Mission has joined the World Bank, FAO, French Aid and others in a dialogue on extension and cooperatives policy and programs. By taking full advantage of past and present experience at the project level and linking the policy dialogue to the planning of future assistance in a time frame that permits full exploration of the issues, the policy dialogue element of the Mission program is playing an increasingly more prominent place in program management.

The Mission is placing greater attention on the role of the private sector and the market infrastructure in the agricultural sector. The IFDC studies of the fertilizer subsector set out the importance of this element and the opportunities for assistance. The GRC interest in this study combined with a number of speeches by the President and Minister of Agriculture and some low-key, recent administrative decisions indicate that the GRC is shifting attention from the parastatals to the private sector. Mission attention has shifted to the market place infrastructure as the institution building, research, and policy analysis elements have become established and have required less time and attention of senior management. The development of promising technology, the training of capable scientists and managers, and the continued priority of the government for expanded agriculture productivity bring this element into a major place in the Mission program. Unless the infrastructure expands to support agricultural growth, the benefits of research, institution building and policy reform will be limited.

The Strategy for the Agriculture Sector

The strategy for future assistance to the agriculture sector, not significantly different from that of the past CDSS period, assigns approximately equal importance to the four program elements: i.e.. policy dialogue, institution building, technology development and private sector/market infrastructure development. The strategy proposes a modest expansion of the scope of assistance by adding the element directed to market infrastructure. This wider scope is possible because of the successful establishment of the institution building and research projects. The expansion also enables the Mission to address complementary elements which will more effectively exploit agricultural modernization: that is, assist in

the formulation of a better set of policies and an expanded market capacity. This strategy shifts the AID program in Cameroon into even closer alignment with the Agency and Africa Bureau statements of policy for assistance to the agriculture sector.

The Mission has concentrated its attention in strategy planning on the aspects of technical assistance, participant training and technology transfer linkages. It is not visualized that AID needs to provide capital resources except in certain cases in support of policy reforms such as the reform of fertilizer markets which will expand the role of the private sector distributor. The performance of the projects in the current portfolio have enhanced the AID reputation and enabled the Mission to take a stronger position in the policy dialogue. Concurrently there has been a strong movement among donors to improve coordination, and this too has drawn the Mission into a wider role in development assistance. However this involvement is also a specialized one focused upon the technical assistance requirement and perceived as an integral part of the large project(s) involving GRC and other donor resources. The joint involvement includes a planned sector analysis to be undertaken with the World Bank in 1987, the continued dialogues on extension and on cooperatives, the joint support of research and university development with the World Bank and several bilateral donors, the increasing frequency of contacts by study teams of many agencies including the Japanese, the European countries and private enterprise firms. The Mission proposes to continue this special focus upon the appropriate technology for the agriculture sector in policy dialogue and project planning.

The policy dialogue element of sector assistance is now shifting to the place of priority for Mission management. This dialogue will be strengthened by the expansion of analytical work that is becoming available from the Agricultural Management and Planning Project, the Agricultural University staff in agricultural economics, the agricultural specialists studies in all projects and the increased mission staff capacity for supporting analytical work. Concurrently there has been a growing collaboration among donors some of whom look to AID for the staff work and continuity of dialogue which their own limited staff cannot undertake.

Under the Agricultural Management and Planning Project we anticipate the following achievements to occur.

- 1) The capacity to collect, tabulate and analyze data should be fully established and providing timely reports to the Minister of Agriculture and other offices of the GRC. This will include trained staff, systems for study planning, execution and reporting and the necessary equipment with maintenance systems.
- 2) A doubling of the number of planning studies as well as improvement in the scope and quality of the analysis as a result of the strengthened data base. An objective of five major studies per year is now visualized.
- 3) Concentration on commodity marketing information with real time reporting of quantities and prices for the fruits, vegetables, roots and cereals.

It should also be noted that the policy analysis and recommendation provided to the GRC in the fertilizer studies, the seminar on extension, as well as the technical assistance in university and research development have been important supporting credentials for our participation in the policy dialogue. A point which has been recently noted although not yet fully exploited is that the AID participation in the policy dialogue offers indirect access to a wide range of experience in other third world countries. The subject matter areas which will receive the most attention in the policy dialogue during the next three years will be:

- fertilizer marketing policy - including incentives for the private sector, agricultural input and commodity prices, and coordination of agriculture policy with commercial, banking and other sectors.

- extension services and administrative reform of the Ministry of Agriculture - this has been mentioned as a goal of the Sixth Plan and has been frequently mentioned as a high priority. This interest must be converted into a plan of action. The mission will continue to provide consultants and suggestions which assist in the formulation of an effective reform program.

- Commodity and input marketing could become critical constraints to the growth rate projected for the agriculture sector. The GRC has apparently decided not to provide additional marketing services by parastatals but there

is little understanding of the private sector capacity or interest in this type of enterprise. It may be that incentives will be needed to ensure that these services match the production capacity of the sector. Policy dialogue must include both analysis and discussion as this subsector is defined and an environment is created for balanced growth.

- Outmigration from the agriculture sector. It is generally recognized that this is a serious problem and improved productivity plus improvements in rural living conditions are needed if the labor and management capability is to be adequate in the agriculture sector. At this stage only the basic principles are known about the options for slowing this outmigration. Mission interventions in health and primary education are designed in part to respond to this by raising the attraction of rural life. The policy dialogue will first focus attention upon studies that might provide a better understanding of the outmigration of the sector and then shift attention to policy and programs that might change this pattern. The Mission's dialogue will be directed to the small commercial farm and its immediate infrastructure.

In the remaining years of the current CDSS period, Mission attention on institution building moves from first to second place. The institution building element of the program will provide continued support for three projects and serious consideration of assistance with reform of the extension services. The three continuing areas include the further development of the agricultural university as it moves from the first five-year phase to a second phase of what is generally acknowledged to be a fifteen year activity. This second phase will continue the teaching staff development, establish the research program and initiate the extension activities. The continuation of the seeds industry development will be directed to the formulation of a national policy for the multiplication and distribution of improved seeds and the development of a prototype structure for the multiplication of foundation and certified seeds with effective backward linkages to the research system and forward linkages to private sector producers. The proposed project to support modernization of input supply and marketing is another option for assisting improved seeds supply. The phase II of Credit Union project will expand a successful regional program in progressive steps intended to provide national coverage. The key factor in this expansion is the capability to expand the staff of qualified personnel. Fortunately the Credit Union recognizes the critical importance of this factor and has designed its program

Over the next four years we anticipate achieving the following

- 1) Triple the number of credit union members bringing the total to about 200,000 by 1990.
- 2) Increase from \$18 million to \$60 million credit unions assets of the credit union move into the Douala area which has a more active entrepreneurial class.

The strategy for support to reform of the extension service has been formulated from a quite different perspective. There are major technical and political dimensions of this reform. The technical arguments are generally recognized but the difficulties in determining an appropriate political approach are delaying the needed action. AID has joined with the World Bank and FAO in a wide ranging dialogue with the government on technical and administrative reforms using seminars and conferences to build a stronger consensus for reform. In recent statements by government officials while discussing the need and options for reform of the parastatal organizations, several references have been made to reform of the field services of the Ministry of Agriculture and other related wings of government. The suggestions are in the direction of a reform which will convert the field agents to technology transfer agents rather than monitors (their current title).

Some fine-tuning of the research strategy may be done after the evaluation of the National Cereals Research and Extension II project scheduled for February 1986 but we foresee no need for a major adjustment in this program for the next several years. This is a long-term effort and the project has become well established in all its major components. The research system is working and turning out some impressive new seed material. The future Cameroonian staff is now in training and they will be taking over the responsibility for this system as they return during the next several years. The validity of strong research linkages between the network of international research organizations and a dynamic national program is well demonstrated by this project. Also, the continued development of the Testing and Liaison Units will receive attention, particularly as they can be linked with other extension or technology transfer services.

The new dimension of the program is currently referred to as private sector and market services development. The mission has gained some experience in this area during the studies of the fertilizer subsector and the implementation of the seeds project. This experience has not only outlined some problems but also has demonstrated that our current knowledge is far from adequate to design a comprehensive strategy for assistance in input supply and commodity marketing. The strategy that has been chosen by the Mission will provide targeted assistance on well-defined problems while concurrently supporting sector level and specialized studies designed to furnish a better understanding of the constraints and the options for assistance. The North Cameroon seeds project is becoming a prototype for a private sector seeds industry and is expected to contribute a great deal to our understanding of the needs of the input market place and the economics of distributing improved seeds.

Thus during the next three years we anticipate achieving the following objectives:

- 1) An integrated system of seed supply will be operating in North Cameroon for multiplication of high performance lines and distribution to approximately 25% of the farmers in the area.
- 2) The system will supply one or more varieties of maize, sorghum, millet, cowpeas and possibly other minor seeds conforming to advertised specifications of quality and germination.
- 3) Fifty modest-scale contract and/or Certified Seed Producers will be fully established as private entrepreneurs within the seed supply system.

Similarly the experience gained in the studies of the fertilizer subsector undertaken by IFDC has provided a basis for both policy reform and market infrastructure development.

The Mission understands that the Sixth Plan places a strong emphasis upon expansion of the private sector service enterprises along with a statement proposing improvement in the quality of parastatal services within an overall reduction of state participation in commercial enterprises. AID proposes to

join other donors in dialogue with the government as this plan goal is first translated to the policy of agriculture, industry, commerce and finance and then is further defined in viable assistance projects. Mission interests are currently focussed upon seeds and fertilizer on the input side and cooperative organization for both input and marketing services. It should be mentioned that the mission has received an urgent invitation to join the cooperative dialogue from the UNDP at the suggestion of the French and European cooperative specialists.

In a few words then, the Mission strategy in the agricultural market infrastructure sub sector is to continue in development of the seeds industry, develop a project (possibly AEPRP) for assistance in building a private sector fertilizer marketing agency, join the policy dialogue on extension and cooperative reform and generally share our knowledge about the agriculture sector with U.S. private sector interests as they explore investment and joint venture possibilities.

PARTICIPANT TRAINING

During the twenty-five years in which AID has made money available for training, over one thousand Cameroonians have completed courses of study. Thirty-four per cent of these were in short-term, technical programs and sixty-six per cent took part in degree programs. Of the latter, the majority (400 of 665) received their degrees as part of training objectives established for bilateral projects in education, health, and agriculture and rural development.

On average, the mission sponsors three individuals each month in short-term courses. With respect to academic participants, at present 80 Cameroonians are enrolled in U.S. universities. Of these, 70 per cent are working on Master's degrees and the remainder on Ph.D.s.

Participant training will continue to be a vitally important part of the Mission's assistance strategy, for several reasons. First, investments in human capital are basic to all other development investments, and are less vulnerable to such things as changes in government policies, variability in international prices, rearrangement of U.S. government priorities, or individual decision makers with conflicting opinions. Second, despite having higher literacy and educational attainments than many African nations, Cameroon lacks individuals with important, critical skills, a deficiency which serves as a continuing constraint to its further development. At present, several hundred Cameroonians are studying abroad, and the flow will no doubt continue for the foreseeable future, because the country needs professionally and technically competent people in all sectors to build its university structure, to assume leadership positions in government and the private sector, and to service and maintain infrastructure. Graduate-level training is available in Cameroon to only a limited degree, so that professional level education remains largely the province of foreign universities. And it is equally true that quality technician-level training is not available in Cameroon sufficient to meet the increasing demand for such specialists. Third, the U.S. has institutions of higher learning and technical training programs which are unsurpassed in many fields of study. Fourth, participant training is something that AID does well and with a relative minimum of internal staffing, supervision, and monitoring and oversight of contractual

arrangements. Fifth, the GRC leadership seeks to broaden its contacts with non-European cultures and is particularly interested in close ties with the United States. American educational programs constitute an especially effective means by which such linkages can be forged and maintained.

As in the past, the Mission will include training in its new projects in the functional areas (e.g., health, agriculture and rural development) in order to supply trained specialists to meet objectives specific to these projects. We anticipate that overall production of such trained personnel by this means will be 10 short-term and 15 academic participants (new starts) per year.

Also, as in the past, the Mission needs to be able to respond to GRC requests for training not linked to bilateral project objectives but important to GRC needs for certain kinds of training. The vehicles that have served to address part of this demand are the African Manpower Development Program and AFGRAD. The amount of AMDP funding is not enough to support much academic training for graduate degrees, and there is the further problem that the Mission's share in AMDP cannot be known in advance. This means that longer-term planning is impossible in a strategic sense. While limited AFGRAD funds are available for academic degrees (15 over 5 years), the choice of universities is restricted and this complicates selection and placement.

The Mission concludes that for the reasons posited earlier, AID should continue to offer support for participant training, and this training should be provided both through its projects in functional areas and through a general participant training project.

A general participant training project, besides enabling the Mission to respond to GRC requests for training and training-related technical assistance that it cannot meet through existing projects, will make it possible to provide additional emphasis on AID priorities not otherwise being given sufficient attention. Projects in functional areas cannot be perfectly responsive to the private sector emphasis, the role of women in development, technology transfer, environmental management and institution building, and still focus on highly specific objectives tied to sector-development needs.

Our strategy calls for a project with both grant and loan funding, with the major part of project costs met through the latter.

The project will deal directly with the two ends of the training continuum: short-term courses to meet persistent as well as suddenly appearing problems requiring specific technical knowledge and skills, and graduate-level training.

Short-term, non-degree training. Participants will be drawn from both the public and private sectors. It is expected that the portion of costs for training private sector candidates will be grant-funded while the remainder will be loan-funded. A number of fields of study have already been identified; for example, accountancy, hotel service specialties, maintenance of refrigeration and airconditioning equipment, repair and upkeep of heavy duty machinery, office services, maintenance and trouble-shooting of computers and automated data systems, and planning, administration and skills training in various specialties in tourism, industrial development, external trade, transportation, finance (customs, taxation, budget, public debt control), audit and inspection, natural resources management, communications and census operations.

Over the 10-year life of the project, it is estimated that 36 Cameroonians will be supported per year for short-term training, twelve of whom will be private sector candidates. The project will set aside 25 per cent of the total annual short-term training openings for female candidates.

Graduate-level training. The project will pay for graduate-level courses in the United States in disciplines critical to Cameroon's continuing development. Analysis of the current labor market and economic growth and development projections show that those branches most likely to need trained (graduate-level) personnel are the mining (including oil) and manufacturing industries, the food processing industries, services and financial industries and commerce (see above listing for many fields in which graduate-level training will also be required). At present, except for limited funds available through AMDP, none of the Mission's projects is assisting with these needs.

There is strong interest in such training opportunities on part of the Cameroon Government. The Mission has completed one review of projected needs for trained workforce through the Sixth Five Year Plan period, and will carry out further studies to refine the list of critical disciplines, priority being

given to those fields which cannot be supplied through existing channels and without which progress in key development sectors will be retarded. Participants will be selected against criteria established by AID and GRC counterparts.

Funds will be made available through this project to enable the Mission to avoid gaps and continue graduate-level training in projects that will be entering second phases but no longer have money under existing funding for new training starts. Also, funds will be used to "head-start" training for anticipated new projects. Here the problem is that the participant training element of most projects is not started until the contractor team is in place. It is not uncommon that advanced academic training lags one to two years behind other project implementation because such things as selection of trainee candidates, evaluation of credentials, government clearances and remedial English language training delay placements on American campuses past the September entry-point of most American graduate-level programs.

Other concerns. Besides providing a rapid and flexible means to deal with requests for training outside of Cameroon, the general participant training project will:

1. Make funds available for technical assistance by experts who will come to Cameroon to conduct a variety of training-related assessments and evaluations, set up special, tailored training programs, advise private and public sector organizations concerning their needs for various kinds of training programs, and help in the design of Cameroonian firms that can develop and market training programs. Over the ten-year life of the project, it is estimated that 16 person-months of such services would be possible each year.

2. Organize a special seminar with several women leaders (some will be former participants). Experience shows regular channels do not produce the quantity and quality of women candidates desired. The purpose of the seminar will be to examine the rate of women participants to date, to sensitize personnel (in the line ministries and others involved in selecting candidates) to the specialized training needs of women, and to find ways to increase their participation in AID-funded training opportunities.

3. Implement an effective follow-up and evaluation of AID participant training operations and of Cameroonians who completed training programs in prior years. The purposes would be (a) to enable the Mission to maintain better records of these individuals, particularly to track their post-training careers to ascertain the role AID-funded training has played; and (b) using recommendations of AID Handbook 10, to find ways to help returned participants keep their training up-to-date and continue to learn and to grow on the job. For example, subscriptions to scholarly journals, textbooks and other material could be purchased, and funds granted for a series of in-country meetings and conferences. Some funds could be reserved, on a limited basis, to send returned participants to professional meetings and symposia outside Cameroon.

PRIVATE SECTOR: THE USAID/CAMEROON APPROACH

The AID program to Cameroon is geared to improving the quality of life in rural Cameroon, emphasizing development of agriculture, education and health, to make the small farmer more productive, educated and healthy. When we speak of the private sector, private enterprise and private initiative for Cameroon, we are referring to the small farmer, who represents three out of four of the working population of Cameroon. The AID/Cameroon private sector strategy is inextricably woven through our project portfolio. We do not propose investing resources and staff positions in the urban, industrialized sector, - often and mistakenly named "the private sector". Urban, industrialized investment would risk the considerable momentum we have presently obtained in our current strategy. Briefly our "no cost" private sector interventions, stemming from our active and planned projects, are geared as follows:

To date the outstanding private sector activity of USAID/Cameroon has been the Credit Union Project. A major client of the credit union has been the small rural entrepreneur, dealing in consumer goods, supplies of rural/village goods and services. The expansion of the project into Southwest province is expected to provide increased benefits as a spur to economic activity. The credit union member education program and management training components of the project are being strengthened to better serve rural clients. The project also provides strong incentives for the development of entrepreneurship.

The Agricultural Management and Planning project is building upon the 1985/1986 studies of farming systems and will further exploit farm census data from various regions. The project will investigate the current commodity marketing potentials for rural entrepreneurs and producer groups. Sector study will be oriented toward those areas adjacent to the new road network and will develop projections for fruit and vegetable production plus the characteristics of commodity flow and consumption with a view to increasing market efficiencies. Using the studies of fruit and vegetable production and marketing potentials initiated in 1985, the project will develop the potentials for producer cooperatives in the marketing of fruits and vegetables as fresh and processed commodities. These studies may include some investigation of the possibilities of cooperative financing.

The North Cameroon Seed Multiplication Project is a major "privatization" candidate. After initiating pilot operations with certified seed multiplication by contract growers in 1986 and 1987, it is planned to fully expand the role of the private seed grower in a vertical integration of the seed production system. This system will serve the needs of the North for maize, sorghum and cowpeas. It is estimated that 50-100 private contract growers will participate in the system, each with 1-10 hectares under contract.

The Agricultural Inputs and Marketing project will deal with elimination of subsidies and with privatization of markets. The project will be designed to implement the recommendations of the IFDC fertilizer study accepted by the GRC and will also propose the expansion of private sector channels for fertilizer importation and distribution. Concurrently with this change in method of fertilizer distribution, the GRC is removing the fertilizer subsidy. It is fortuitous that this policy is being implemented when the cost of fertilizer is low and the farm gate costs are expected to be affected minimally as the subsidies are reduced. The project concept includes the progressive development of the fertilizer distribution system into a farm service network that also provides seed, crop protection, hardware and tools and other farm service needs. This is our premier private sector initiative, but as with our other projects, it is directed at further developing the rural sector.

The Agriculture Education project is developing skills that will further enhance the skills pool in agriculture, linking teaching with research and extension. Since the largest sector in Cameroon's economy is agriculture, the project is most directly supportive of private sector production. Additionally, the introduction of an MBA degree program in agriculture is planned. Lastly the proposed General Participant Training project which would replace training presently carried out through the AMDP project, would provide the training basic to development of the entire economy, including Cameroon's private sector.

USAID/Cameroon's other projects, while not directly linked to agriculture also play important roles in support of private sector development. The OICI Vocational Training project plans to sell training services to the private sector. Our proposed PVO Support project will directly fund small projects by indigenous and US PVO's, primarily designed to increase production by rural peoples.

As supplement to the project components supporting private sector development that are described above, we see two areas in our private sector strategy which call for more direct assistance. We plan to initiate, after a thorough review of Cameroon's private sector, a private sector technical assistance project that would 1) provide assistance toward the establishment of an equity market in Cameroon 2) assist small and medium enterprises gain access to existing credit institutions, and 3) provide technical assistance to the GRC in support of its announced policy to reduce the numbers of parastatal organizations that presently comprise a large segment of the economy. As is characteristic of the Cameroonian Government, we will approach these interventions in a considered manner, after a thorough review of the needs. A three-year project of technical assistance is foreseen as a minimum effort.