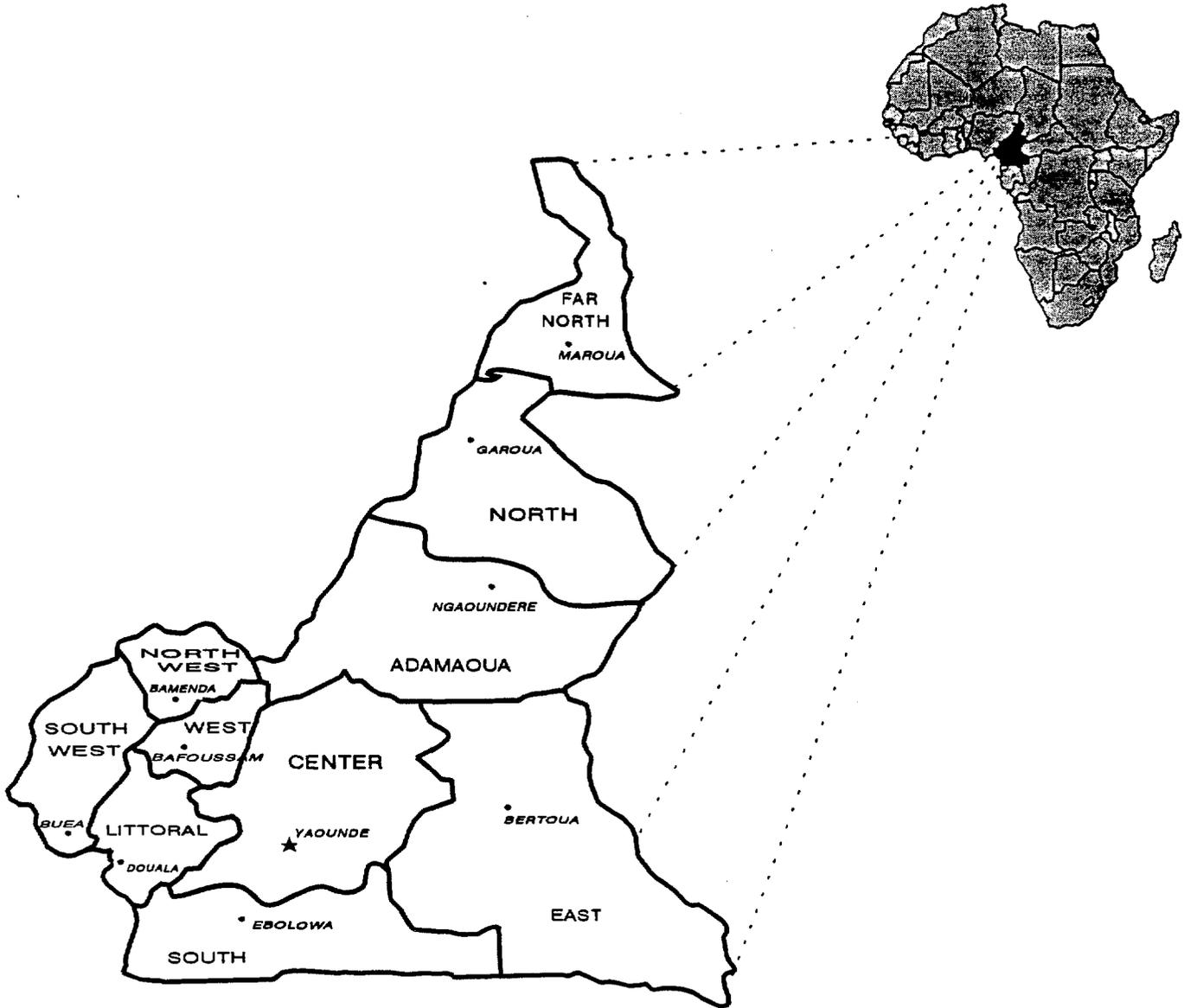


**CAMEROON
CONCEPT PAPER
FY 1994-1996**



U. S. Agency for
International Development
Washington, D.C.
Revised August 1993

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Executive Summary

The wave of political liberalization and economic change that has swept much of the world in the last five years reached Cameroon in 1990. While the country's long term development potential remains significant, current conditions demand that A.I.D. rethink, restructure, and, above all, refocus its portfolio of activities in Cameroon. Comprehensive sector assessments and a detailed macroeconomic analytical study, carried out while this paper was being prepared, permitted USAID to better understand the current developmental constraints and opportunities for broad-based, sustainable, market-oriented economic growth in Cameroon. Resources are simply not available to permit the Mission to address the multiplicity of problems confronting Cameroon. This Concept Paper ties U.S. assistance to three strategic areas where USAID has a comparative advantage to promote sustained economic growth and development in Cameroon.

Uncertain Political and Economic Environments

Political difficulties facing the country make short term development uncertain. On November 25, 1992, the U. S. Government suspended \$14 million of USAID/Cameroon's \$20 million operating year budget for FY 1993, pending improvements in political and human rights conditions in the country. The political environment has since become more stable and many conditions have been met for the lifting of the suspension. There is a debate presently underway throughout the country and across the political spectrum on a new constitution which could lead to more representative and democratic structures. Still, the situation remains uncertain and the suspension continues as of early June, 1993.

The continuing economic decline makes the environment for economic growth equally worrisome. Cameroon is experiencing difficulty in investing for long term growth and is sometimes unable to meet vital short term commitments. Cameroon's current economic difficulties, beginning in the second half of the 1980s, can be attributed in part to three problems: a) poor fiscal management on the part of the government, b) worldwide recession and a severe drop in world market prices for principal exports - oil, coffee and cocoa, and c) overvaluation of its currency, the African Financial Community franc (CFAF). The contraction of the Cameroonian economy is partly a reflection of heavy-handedness, mismanagement, and inefficiency on the part of the public sector, all of which have stifled productive investment in the country. In fact, analysis carried out for this paper indicates that the negative influence of the public sector in the economy - more than falling world prices for Cameroonian commodities - has been a principal cause of economic decline and lack of competitiveness. This lack of competitiveness has brought the debate on the overvaluation of the CFAF to the forefront. Other countries facing world wide recession and currency overvaluation have not been affected as badly as Cameroon. Ghana and Ecuador have been able to adjust to prevailing market conditions by devaluing their currencies in response to the evolving international situation. The result has been enhancement of real prices for producers of export crops, even in the presence of very high inflation rates. In contrast, because its currency is tied to the French franc, Cameroon's economy has witnessed the appreciation of the CFAF vis a vis the U.S.

dollar. Thus, the competitiveness of Cameroon's exports in the world market has been diminished. In dollar terms, costs in Cameroon increased by 50 per cent while costs in Ecuador declined by 40 per cent between 1985 and 1992 (the period of Cameroon's current economic crisis). As long as the CFAF real exchange rate remains artificially high, Cameroon and other African countries in the franc zone will continue to lose competitive ground to countries like Ghana and Ecuador. By all accounts, sustained economic growth cannot be assumed in the near term.

Effects of the Current Political/Economic Environment

In order to face external financial commitments, Cameroon has been forced to increase certain agricultural and industrial activities which do not always favor the sustained exploitation of natural resources, especially forests and fauna. Major declines in world market prices have placed great pressure on exploiting forests to fill the gap in export earnings, to the extent that now even certain "protected" areas are being logged to generate hard currency and jobs. Logging companies, having already exhausted forestry concessions in coastal West African countries, such as the Ivory Coast, are now moving forcefully into the northern and western fringes of Central Africa. Cameroon, in particular, is experiencing increasing pressure on its forests. Experts believe that Cameroon's vast forests will be depleted within ten years if current rates of deforestation are not controlled. Another major source of deforestation and forest degradation in this region of Africa is the clearing of land for agricultural activities, particularly through shifting cultivation. The basic survival of the people and the national economy are heavily dependent upon forest resources and agricultural production in the forest regions. Cameroon's forests are part of the world's second largest contiguous expanse of tropical moist forest, an estimated 2.8 million square kilometers in Central Africa. These forests are of major global importance, serving as an important reservoir of carbon and a source of tremendous biodiversity of potential scientific and medicinal value. They recycle nearly all of the rainfall of the region. Without them, Central Africa would literally dry up. The loss of Central Africa's forests would be catastrophic, not only for the people living in and around them, but deforestation could seriously affect people living hundreds of miles away in the Sahel and in the arid regions of eastern and southern Africa. Slowing deforestation in Central Africa will clearly play a role in any effort to halt global climate change. Where ecosystems are degraded through climate change or unsustainable resource exploitation, local subsistence may no longer be possible, eventually resulting in large scale migration, political instability and debilitating economic consequences. The experience of other regions in Africa, notably the Sahel and the Horn of Africa, illustrates that the nature of foreign assistance in such cases changes from development support to disaster assistance.

The agricultural and natural resources sectors are of crucial importance to Cameroon's economic development, providing employment for about 75 percent of the national work force and contributing approximately 24 percent of GDP and 27 percent of export revenues in 1991/92. The deteriorating economic conditions since the late eighties have adversely affected productive sector investment and trade. The Government of the Republic of Cameroon (GRC) no longer has funds required to develop and maintain key marketing infrastructure including roads, ports and market

collection sites. The deteriorating physical infrastructure increases costs, reduces Cameroon's competitiveness and discourages new agribusiness investments. The banking system is still rebuilding after a severe liquidity crisis sustained in 1988 and 1989, making access to credit by potential investors extremely difficult. Cameroon's political uncertainties also contribute to the reluctance of the private sector to make major new investments.

Serious underfunding of many crucial public sector agricultural institutions and programs is affecting their contribution to Cameroon's economic development. Institutions such as the University of Dschang (UDs), the Institute for Agricultural Research (IRA), the Institute for Livestock and Veterinary Research (IRZV), and the policy/planning services in the Ministry of Agriculture, cannot realize their full potential unless dramatic and effective actions are taken to restructure these institutions and provide adequate funding for highest priority programs.

Finally, the combination of macroeconomic, political and governance issues have contributed to reduced agricultural and natural resources productivity, as well as limited private sector investment and trade. Inappropriate land tenure and weak legal systems, crucial governance issues, severely inhibit investments required for long term sustainable economic growth.

Declining Health Care Services

The fiscal crisis has also had a major impact on the functioning of the Cameroonian primary health care (PHC) system. During the growth years (1961-1986), the GRC allocated as much as six percent of the national budget to the health sector, permitting the procurement of drugs and funding many of the critical recurrent costs associated with delivering rural health services. During this period, infant mortality declined steadily from approximately 150 per 1,000 live births to less than 90 per 1,000 by 1986.

As a result of the economic downturn, beginning in 1986 the Ministry of Public health (MOPH) budget registered a sharp decline, dropping from a high of 26.75 billion CFAF (\$99.1 million) in 1986/87 to 22.76 billion CFAF (\$84.3 million) in 1990/91. Prior to the onset of the economic crisis, more than 30 percent of the health budget was allocated to rural health services. In 1988, the budget for rural health care was cut by 50 percent and health facilities lost most of their operating budgets. The supply of medications to rural facilities, already inadequate, virtually ceased. Insufficient funds were available for supervision, in-service training, and the maintenance of a functional health information system. Health center utilization dramatically declined. As a result, primary health care and rural health services ceased to function in a coordinated, effective fashion.

There has also been a major negative impact on the provision of private health services. Both missionary and private, for-profit health facilities are experiencing serious financial difficulties due to reduced revenues, lower utilization of health facilities, and increasing numbers of clients unable to pay for services. The result has

been a reduction in the quantity and quality of private health services available to the public.

Weaknesses in the health system are manifested in low coverage rates for preventive services. The national vaccination coverage for measles remains under 40 percent, and less than 25 percent of children are completely vaccinated. The oral rehydration therapy (ORT) usage rate is less than 20 percent. Despite the fact that some 100 to 150 private pharmacies stock and sell contraceptives, the national contraceptive prevalence rate is estimated at only four percent. The infant and (under five) child mortality rates are approximately 90 per 1,000 and 160 per 1,000, respectively. Despite significant declines in child and infant mortality rates over the past 40 years, evidence indicates that these rates are reaching a plateau. Furthermore, present infant and child mortality rates are still high compared to other African countries at comparable levels of GDP per capita.

Potential for Long-Term Growth

To improve the regulatory framework for economic growth, the GRC has recently taken significant actions, including promulgation of more liberal trade investment, banking, and labor laws. These measures have been accompanied by important public sector expenditure adjustments, in particular, the reduction in the civil service wage bill, further underscoring the GRC's willingness to undertake policy reform. Even though current expenditure has remained relatively steady since 1986/87 at approximately CFAF 540 billion (\$2.0 billion) annually, the public sector wage bill has been substantially reduced, by nearly 25 percent.

The GRC is placing increased emphasis on natural resources management concerns. A Ministry of Environment and Forests (MINEF) was created in early 1992 and key forestry and land use legislation is being developed for possible approval later this year. In May 1993, the MINEF issued a program of priority environmental management actions to be carried out during the next 18-24 months. Among these are the development of a national environmental action plan (NEAP); the elaboration of a biodiversity strategy, and a marine and coastal resources strategy; environmental awareness and training activities; and the establishment of an environmental information management system.

The GRC is working with the international donor community, including USAID, to seek solutions to the agricultural sector institutional crisis. Measures under consideration include a major streamlining and the eventual merger of the two agricultural research institutions; pursuit of cost recovery for goods and services provided; prioritization of sector programs and activities; provision of adequate core funding from agricultural sector generated revenue; assessment of the feasibility of debt-for-development and endowment funding; and enhancement of GRC/international institutions/donor coordination in implementing programs to avoid duplication and maximize use of facilities and resources. These institutions can continue to play pivotal roles in meeting the needs of farmers, agribusinesses and the general public in agricultural sector production, agribusiness/market development and sustainable natural resources management. The recently enacted cooperative law,

which provides much greater autonomy to cooperatives and restricts government interference, provides renewed hope that these organizations will play an increasing role in adoption of improved technologies, as well as in developing markets.

The commitment of the GRC to private sector development is evidenced by recent regulatory reforms that have helped to create a fostering environment, plus an explicit agricultural policy orientation of liberalization, diversification and market-led growth. The Mission is challenged to facilitate Cameroon's progress towards realization of this great potential. USAID/Cameroon has had substantial and successful experience in private sector/agribusiness development. In the past, USAID has directly or indirectly influenced major policy reforms and achievements, such as:

- Liberalization, increased competitiveness and privatization of select factor and product markets (arabica coffee, fertilizer, seeds);
- A strengthened rural savings and credit cooperative movement with over 70,000 members and assets of approximately \$30 million;
- Establishment of a free trade regime to promote investments for export processing; and
- Reduction in certain business taxes and the streamlining of procedures to obtain business licenses;

Through these reforms, the GRC is beginning to create the conditions necessary to realize Cameroon's obvious potential to become a major producer and exporter of agricultural and agribusiness products.

To improve PHC services, the Ministry of Public Health, with USAID and other donor assistance, initiated a comprehensive reform program in 1989. Known as the "Reorientation of Primary Health Care (RPHC)", this strategy is based on the following principles: community co-financing and co-management of health services, decentralization of health planning and management to the level of the health district, and full integration of preventive and curative services. In support of the RPHC, the GRC has enacted landmark legislation to permit the creation of revolving-fund drug stores at public health facilities and to allow community management of the revenues from service fees at hospitals. Opportunities have been identified for USAID to support the RPHC program and to integrate quality family planning and AIDS control services into the program.

U. S. Assistance Strategy

During the period of the previous CDSS, USAID moved from the large, public sector, institution-building projects of the late seventies and early eighties toward programs that promote market liberalization and private sector initiatives. USAID directly or indirectly influenced major policy reforms and achievements in agricultural marketing, cooperatives, linkages between NGOs and GRC institutions, and development of a primary health care system based on community co-financing and co-management of

health facilities. A solid foundation was laid for an expanded role of the private sector, cooperatives and NGOs, and further progress in health reforms. The current portfolio promotes cost recovery measures and community participation in the primary health care system; privatization of fertilizer importation and distribution; privatization of the marketing of arabica coffee; and support to NGOs in the development of community participation in natural resources management. It also supports policy analysis, agricultural research/outreach, agricultural education, food crop production, as well as AIDS prevention and family planning as integral components of primary health care.

Portfolio Consolidation

Portfolio consolidation was anticipated in the previous CDSS, which stressed greater focus in USAID's assistance program. This consolidation will continue as projects are allowed to come to their PACDs. As Table 4 clearly shows, the bulk of the Mission's ongoing portfolio will be phased out during the FY 1993-95 period, with seven projects ending in FY 1993, ten in FY 1994, and three in FY 1995. By FY 1996, the Mission will have reduced and consolidated its portfolio from the current twenty-six projects to eight, with 80 percent of LOP funding concentrated in just four of them.

Program Goals

Considering Cameroon's present economic/political environment and past development experience, USAID has elaborated a strategy that will meet the needs of the Cameroonian people and is consistent with the Agency's development strategy for Africa, which focuses on health and population, environment, democracy and free markets. USAID/Cameroon's program goal is to **contribute to the establishment of enabling conditions for sustainable, broad-based, market-oriented growth**. The two sub-goals of (1) developing the potential for long-term increases in productivity and (2) strengthening competitive markets to provide a conducive environment for private sector led growth are consistent with the Agency emphasis on activities to promote people oriented, sustainable development, as conveyed in Administrator Brian Atwood's presentation of the A.I.D. budget to Congress on May 12, 1993. The proposed Program Logframe (Table 3) and Objective Tree depict the logical links between goal, sub-goals, strategic objectives, and targets.

Strategic Objectives

The Mission has established **three strategic objectives**: (1) Increased access to and use of financially sustainable, effective and efficient **primary health care**; (2) Improved conditions for sustainable **natural resources utilization**; and (3) Improved conditions for **private sector trade**. Strategic Objectives 1 and 2 are placed under the first sub-goal and are directly tied to increased efficiency and effectiveness in health services, agricultural production and natural resources use. Strategic Objective 3, under the second sub-goal, includes lessening government imposed constraints on private sector development and privatizing public-based economic functions. Increasing competitiveness is a crucial element in fostering private sector investment and trade.

These three Strategic Objectives will be phased in over the 1994/95 fiscal year period.

Targets

Targets have been set under each strategic objective that can be met both within the current portfolio and by new programs. **Health sector** efforts will focus on implementation of a **community co-financed and co-managed** primary health care system which includes the delivery of services in family planning, maternal child health and AIDS. This new health system is based on the principle of decentralization of health planning and management, community administration of cost recovery funds, and accountability of health personnel to the populations they serve. **Agriculture and natural resources** efforts will focus on **increased community and NGO participation** in the management of natural resources and **protection of key ecosystems**; improved agricultural and natural resources policy, planning and monitoring; and increased availability of and access to improved agricultural and natural resources technologies. Future support to research and outreach efforts, beyond the completion of the Mission's existing agricultural research projects, will be provided as an integral component of the Mission's natural resources, agribusiness and agricultural education projects/programs. **Private sector** efforts will focus on creation of an enabling environment for the development of free markets through **improved regulatory environment**, improved market information, **increased investment services**, and improved technical and managerial skills.

Target of Opportunity

Analysis carried out for this paper has confirmed that, in the Cameroonian context, **political and economic development are practically inseparable**. Accordingly, USAID/Cameroon has identified democracy and governance (D/G) as both a cross-cutting issue and as a free-standing target of opportunity. Achieving both sub-goals can be facilitated by redefining and reducing the role of the public sector and by improving democracy and governance. A multifaceted democratic governance project will permit USAID to work with both the private and the public sectors to help create the enabling conditions of the program goal. The target of improved governance is meant to address issues and constraints which affect all USAID programs. USAID's strategy will be to work with local human rights organizations, women's organizations, other NGOs, and GRC institutions to promote a more participatory and prosperous civil society that will help transcend the political and economic problems which have recently plagued the country.

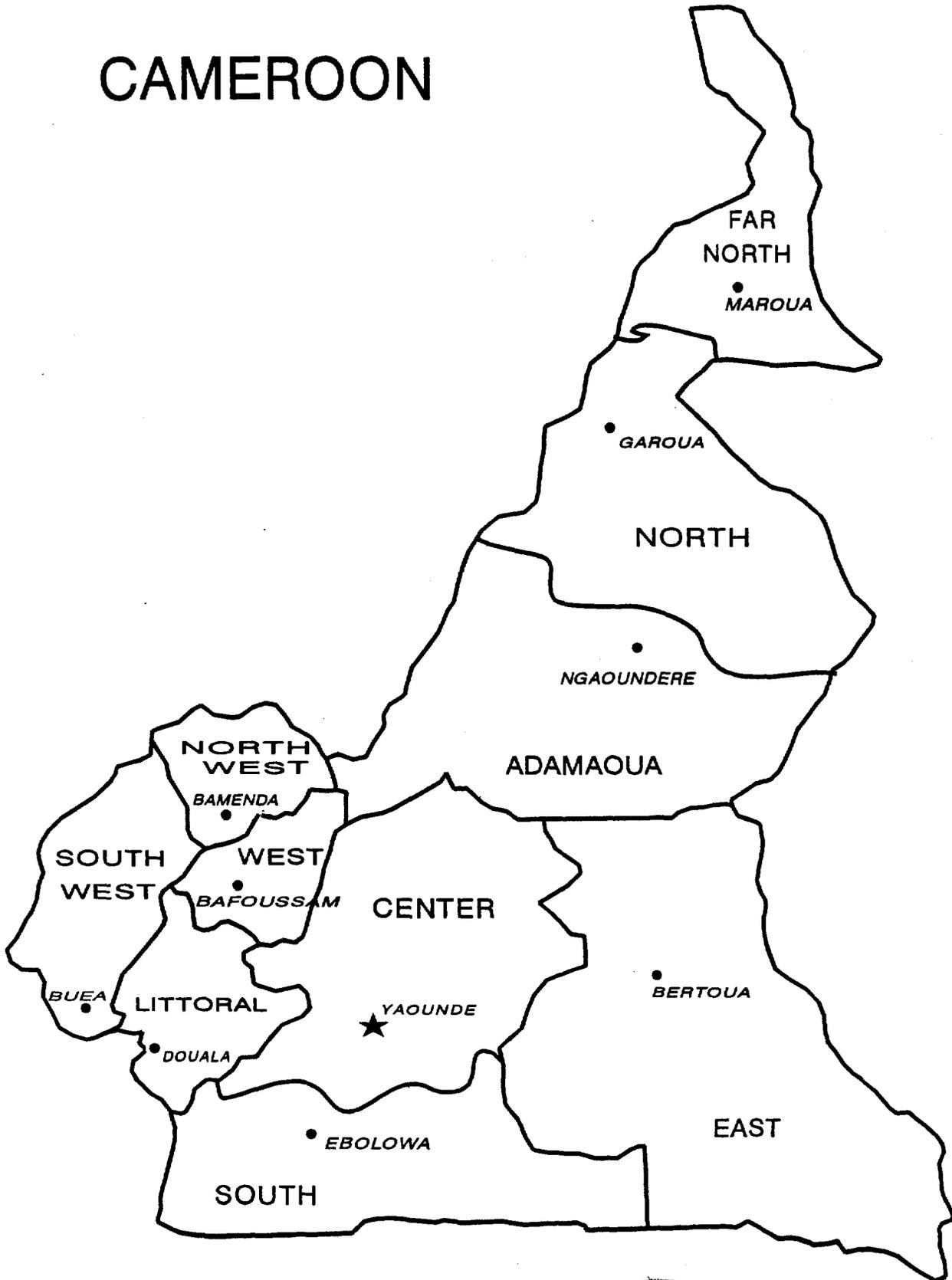
Options

As Cameroon is presently in a state of rapid change, three strategic scenarios -- maintenance, low and medium options -- have been developed to guide programmatic approaches, determine resource levels, and select implementation modalities as political and economic conditions evolve (see Table 2). Both political and economic criteria must be met to permit the Mission to move across options. The democracy and governance initiative can be pursued under any of the three options. In the short term, unless the political and/or economic situations change dramatically, USAID will

continue to implement and rationalize its ongoing project and non-project assistance while shifting the primary focus to health and population. The current program will be oriented to the new strategy outlined in this paper, which will build upon the achievements of USAID's past, and ongoing, projects. USAID is moving forward with the design of a democracy and governance (D/G) project. As economic and political criteria for the low option are met, USAID will move into natural resources activities while maintaining agricultural projects to their PACDs. As conditions permit, USAID will direct resources of the current portfolio toward support of agribusiness and linkage of agricultural production, processing and marketing in Cameroon. If and when economic and political criteria are met for the medium option, USAID will move forward on the design of an agribusiness program.

The current USG aid suspension puts the Mission's FY 1993 OYB at \$6 million, effectively placing the USAID/Cameroon program at the maintenance option. However, the GRC has begun to take the steps necessary to improve political and economic conditions. USAID is optimistic that this will continue and lead to a more stable environment. When and as this happens, the Mission will be prepared to respond with a flexible, yet focused program.

CAMEROON



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Acronyms and Abbreviations

ADB	African Development Bank
A.I.D	U.S. Agency for International Development
AIDS	Acquired Immune Deficiency Syndrome
AIDSTECH	AIDS Technical Support (AID/W project)
AID/W	Agency for International Development/Washington
ANR	Agriculture and Natural Resources Office of USAID/Cameroon
ARD	Agriculture and Rural Development Office of USAID/Cameroon
AREAF	Africa Regional Electoral Assistance Fund
CamCCUL	Cameroon Cooperative Credit Union League
CAMPER	Cameroon Project for Environmental Reform
CAPP	Cameroon Agricultural Policy and Planning Project
CDC	Commonwealth Development Corporation
CDD	Control of Diarrheal Diseases
CDSS	Country Development Strategy Statement
CFAF	African Financial Community (Communauté Financière Africaine) Franc
CFD	Caisse Française de Développement (French Loan Agency)
CICC	Conseil Interprofessionnel du Café et du Cacao
CPDM	Cameroon People's Democratic Movement
CSM	Cameroon Social Marketing Program
DFA	Development Fund for Africa
D/G	Democracy and Governance
EABD	Economic Analysis and Business Development Office of USAID/Cameroon
EAPRI	Economic Analysis and Policy Reform Implementation, Office of USAID/Cameroon
EEC	European Community
EHRD	Education and Human Resources Development Office of USAID/Cameroon
FAC	Fonds d'Aide et Coopération (French Aid and Cooperation Fund)
FAO	Food and Agriculture Organization
FP	Family Planning
FSSRP	Fertilizer Sub-Sector Reform Program
FTE	Full Time Employees
FY	Fiscal Year
GDP	Gross Domestic Product
GNP	Gross National Product
GRC	Government of the Republic of Cameroon
GTE	Governance, Training and Education Office of USAID/Cameroon
GTZ	German Technical Cooperation
HCRP	Health Constraints to Rural Production Project
HIV	Human Immuno-Deficiency Virus
HP	Health and Population Office of USAID/Cameroon
IESC	International Executive Service Corps

IFI	International Financial Institute
IITA	International Institute for Tropical Agriculture
IMF	International Monetary Fund
IRA	Institute for Agronomic Research
ITTO	International Tropical Timber Organization
LOP	Life of Project Funding
MCH	Maternal Child Health
MCH/CS	Maternal Child Health/Child Survival Project
MCH/CS II	Maternal Child Health/Child Survival II Project
MOPH	Ministry of Public Health
NACS	National AIDS Control Service
NCRE	National Cereals Research and Extension Project
NDI	National Democratic Institute
NEAP	National Environmental Action Plan
NFHP	National Family Health Project
NGO	Non-Governmental Organization
NRM	Natural Resources Management
OIC	Opportunities Industrialization Centers
ONCPB	Office National de Commercialisation des Produits de Base
ONCC	Office National du Café et du Cacao
OYB	Operational Year Budget
PACD	Project Assistance Completion Date
PHC	Primary Health Care
PMPD	Program Management and Project Development Office of USAID/Cameroon
PPA	Program Planning and Assessment Office of USAID/Cameroon
PRAMS	Program of Reform in the Agricultural Marketing Sector
PREPS	Program of Reform in the Export Processing Sector
PRITECH	AID/W Primary Health Care Technology Project
PROPARCO	Société de Promotion et de Participation pour la Coopération Economique
PSC	Personal Services Contract
PVO	Private Voluntary Organization
RPHC	MOPH Reorientation of Primary Health Care Policy
SAL	Structural Adjustment Loan
SAP	Structural Adjustment Program
SNI	Société Nationale d'Investissement
UCD	University Center at Dschang
UDEAC	Customs Union of the Central African States
UDs	University of Dschang (former UCD)
UNDP	United Nations Development Program
UNFPA	United Nations Fund for Population Activities
UNICEF	United Nations International Children's Emergency Fund
UNIDO	United Nations Industrial Development Organization
USAID	United States Agency for International Development Mission to Cameroon, also abbreviated as USAID/Cameroon
USG	United States Government

I. Development Challenges and Prospects

A. Overview

USAID has over thirty years of development experience in Cameroon, focusing primarily on agriculture (including livestock) and health, but also in such areas as primary education and transport infrastructure. The current program is concentrated in the areas of primary health care and family planning, agricultural education, food crops research and outreach, liberalization and privatization of agricultural input (fertilizer) and output (arabica coffee) markets, export processing, and agricultural policy and planning.

Working closely with the Government of the Republic of Cameroon (GRC) and other major donors such as the World Bank, USAID has pioneered major advances in agricultural research, agricultural policy reform, and the development of sustainable primary health care systems. Advances in living standards and capital accumulation were dramatic during the seventies, when cocoa and coffee exports commanded a premium. They accelerated markedly from the early to the mid-eighties, when offshore petroleum was discovered.

Beginning in 1986/87, however, export earnings fell sharply, the result both of a fall in world coffee and cocoa prices and of reduced production and lower prices for petroleum. Since its peak in 1985/86, Cameroon's GDP has been contracting in nominal as well as real terms.

Rather than cut public expenditure in the face of these external shocks, the GRC continued to expand public and para-public entities, financing their expansion and maintenance with a combination of external borrowing and petroleum funds. As revenues dwindled and debt service grew, arrears began to mount, leading ultimately to default and failure to comply with adjustment conditionality. Suspension of the World Bank structural adjustment and IMF stabilization programs followed in 1992.

According to economic analysis carried out for this paper¹, the current state of the economy cannot be maintained without massive inflows of external assistance. These needed flows of assistance, however, are currently threatened as external donors -- including the U.S. -- move to cut or suspend their programs in the face of continued human rights violations, flaws in political processes, and mismanagement of the economy.

¹ Development Alternatives, Inc., *USAID/Cameroon Country Program Strategy Paper: Analytical Study*, November 25, 1992.

B. Political and Economic Environments

1. The Political Situation

During 1991 and 1992, opposition parties were given legal status and rapidly began to organize. A first test was held in the country's first multiparty election for the National Assembly in March, 1992. Although it was boycotted by the major opposition party (SDF), this election was widely judged by domestic and international observers alike to be generally free and fair. In fact, despite predictions to the contrary, President Biya's ruling CPDM party did not win a majority of the legislative seats, although it maintained control of the Assembly by forming a coalition with a minor party.

Progress on democratization in Cameroon, however, was set back during the presidential election of October, 1992. Following that election, a USAID-funded team of international election observers from the National Democratic Institute concluded that the process had been "seriously flawed", to the point that the final outcome (reelection of President Paul Biya by a small plurality over his main rival, the SDF's John Fru Ndi) was called into question. The reelection announcement was followed by political disturbances, with violence and atrocities charged to both sides in the areas around Bamenda in the Northwest Province, Douala in the Littoral Province and Ebolowa in the South Province. The government declared a state of emergency in the Northwest Province and placed Fru Ndi under virtual house arrest for ten weeks. There were also reports of systematic beatings and torture of various opposition figures. Due to these actions, on November 25, 1992 USAID suspended all but \$6 million of its FY 93 budget for Cameroon.

After Fru Ndi's release in January 1993, the SDF and its "Union for Change" allies, attempted to persuade the government to declare him the winner of the October election, or to call a new election. These attempts proved fruitless. Several weeks of verbal broadsides followed, including sharp attacks by each side on the other in the pro- and anti-government press; sporadic economic boycotts of products produced by the "pro-government French"; and several relatively peaceful demonstrations against the government.

In mid-March, 1993, following through on a post-election promise, President Biya announced a "Grand National Debate" for May and June, 1993. This would focus on important changes that should be considered in the nation's constitution. The debate was to have the "widest possible participation of all Cameroonians" from all walks of life. As of June 1993, a robust and vigorous "Large Debate" is underway about the future shape of Cameroon's new multiparty democracy. Discussion is taking place in an estimated 60 newspapers and magazines, the government radio and TV and in many well-attended public meetings throughout the country. Views from all parts of the political spectrum are being aired. After this public discussion, the proposed constitution will be voted on either by the National Assembly or through a national referendum. It is anticipated that the new constitution could lead to more representative and democratic governmental structures; as well as a new system of

checks and balances so that power would be divided and spread more equitably among the Executive, Legislative and Judicial branches of government.

One additional violent incident occurred in Bamenda in March, in which two people were killed. This is still under investigation. This incident led the SDF opposition to announce, in early April, its own rival "Sovereign National Conference". Shortly thereafter, four "Union for Change" leaders were again arrested for questioning, but not charged, although accusations were once again made of beatings and torture.

While problems about its leadership, independence and funding base still remain, Cameroon's National Commission on Human Rights and Freedoms is now one year old. An AID-funded (116e grant) review by a U.S. academic specialist has just recommended further assistance and strengthening for this promising organization.

Indeed, there have been setbacks and disappointments in Cameroon's hesitant progress towards full political freedoms and popular participation. Undoubtedly there will be more. However, there is reason for cautious optimism.

2. The Continuing Economic Decline

The continuing contraction of the Cameroonian economy (GDP fell by 10 percent in 1992) is partly the result of the political situation, but more a reflection of heavy-handedness, mismanagement, and inefficiency on the part of the public sector, all of which have stifled investor confidence in the country. Analysis carried out for this paper indicates that the negative influence of the public sector in the economy -- far more than falling world prices for Cameroonian commodities -- has been the principal cause of economic decline and lack of competitiveness.

This lack of competitiveness has brought the debate on the overvaluation of the CFAF to the forefront. Other countries facing world wide recession and currency overvaluation have not been affected as badly as Cameroon. Ghana and Ecuador have been able to adjust to prevailing market conditions by devaluing their currencies in response to the evolving international situation. The result has been enhancement of real prices for producers of export crops, even in the presence of very high inflation rates. In contrast, because its currency is tied to the French franc, Cameroon's economy has witnessed the appreciation of the CFAF vis a vis the U.S. dollar. Thus, the competitiveness of Cameroon exports in the world market have been diminished. In dollar terms, costs in Cameroon increased by 50 per cent while costs in Ecuador declined by 40 per cent between 1985 and 1992 (the period of Cameroon's current economic crisis). As long as the CFAF real exchange rate remains artificially high, Cameroon and other African countries in the franc zone will continue to lose competitive ground to countries like Ghana and Ecuador.

Despite the repayment by France of \$88 million in arrears to the World Bank in December 1992, the Bank has again suspended non-technical assistance to Cameroon. The IMF has also determined that the current macroeconomic framework does not allow the Fund to recommend a new program for Cameroon. This has had a predictable domino effect on relations with bilateral donors. Under the

circumstances, much needed debt relief through a Paris Club rescheduling is a fading possibility.

Domestically, important efforts have been made by the GRC to cut public expenditure. Even though current expenditure has remained relatively steady since 1986/87 at approximately CFAF 540 billion annually², recent measures have substantially reduced the public sector wage bill by nearly 25 percent.

Perhaps even more ominous, however, is the long term trend in capital expenditure, which has fallen steadily each year since 1986/87 from nearly CFAF 700 billion to only about CFAF 120 billion for 1990/91. And, over the same period, the proportion of capital expenditure that is foreign-financed jumped from 18 percent to 87 percent.

To improve the regulatory framework for economic growth, the GRC has recently taken actions including promulgation of more liberal trade investment, cooperative, labor and banking laws. These measures have been accompanied by important public sector expenditure adjustments, including the reduction in the civil service wage bill, further underscoring the GRC's willingness to undertake policy reform. In the absence of further political and economic reform, however, investment from both internal and external sources is not likely to be forthcoming to the extent necessary despite the fact that France, Cameroon's traditional financier of last resort, has been massively increasing its financial support. The extent to which this type of support can be sustained is uncertain. In summary, the country is experiencing difficulty in investing for long term growth and is sometimes unable to meet vital short term commitments. By all accounts, sustained economic growth cannot be assumed in the near term.

C. Selected Development Challenges

1. The Health Sector

The economic crisis has had a major impact on the functioning of the Cameroonian primary health care (PHC) system. As a result of the economic downturn, the budget for rural health care was cut by 50 percent and health facilities lost most of their operating budgets. The supply of medications to rural facilities virtually ceased. Insufficient funds were available for supervision, in-service training, and the maintenance of a health information system. Health center utilization dramatically declined. As a result, the PHC system ceased to function in a coordinated, effective fashion in the country.

Weaknesses in the health system are manifested in low coverage rates for preventive services. The national vaccination coverage for measles remains under 40 percent; the oral rehydration therapy (ORT) usage rate is less than 20 percent; and the national contraceptive prevalence rate is estimated at only four percent. The infant and (under five) child mortality rates are approximately 90 per 1,000 and 160 per

² The current exchange rate is approximately CFAF 290 to one U.S. dollar.

1,000, respectively. The national prevalence of human immuno-deficiency virus (HIV) infection in the adult population is estimated at one percent, but it is increasing. Secretary of State Warren Christopher remarked in his speech on May 20, 1993 to the African- American Institute that "Sustainable development cannot be accomplished without a renewed sense of urgency about population growth rates." With an average annual growth rate of 2.9 percent and a total fertility rate of 5.8 live births per woman, Cameroon's population is projected to increase from 12 million in mid-1991 to 15.5 million by the year 2000.

a. The Reorientation of Primary Health Care Program

In response to the deteriorating economic conditions, the Ministry of Public Health (MOPH), with USAID and other donor assistance, initiated a comprehensive reform program in 1989 to improve PHC services. Known as the "Reorientation of Primary Health Care (RPHC)", this strategy is based on the following principles: community co-financing and co-management of health services, decentralization of health planning and management to the level of the health district, and full integration of preventive and curative services. In support of the RPHC, the GRC has enacted landmark legislation to permit the creation of revolving-fund drug stores at public health facilities and to allow community management of the revenues from service fees at hospitals.

b. Family Planning and AIDS

Since 1990, Cameroon has made significant progress in establishing an institutional framework for the expanded delivery of family planning information and services. With the assistance of USAID and other donors, Cameroon developed a national family planning service delivery policy; included contraceptives on the essential drugs list; launched a nationwide contraceptive social marketing (CSM) program; and, in July 1992, officially adopted a National Population Policy.

Cameroon is in an excellent position to control its AIDS epidemic. In addition to its relatively low HIV seroprevalence rate, Cameroon has a successful national CSM program that sold more than five million condoms in 1992. More importantly, an estimated 15 percent of these condoms are being sold to high risk individuals, retarding the spread of infection in the sexually active population. Cameroon thus has a unique opportunity to stabilize its HIV seroprevalence rate at a level far below those in neighboring countries.

2. The Agricultural and Natural Resources Sectors

Much of Cameroon's current and potential wealth is linked directly to its natural resource base which includes forest resources, biodiversity, and soil and water resources. The agricultural sector contributes about 24 percent of total GDP and 27 percent of export revenues. It provides employment for about 75 percent of the national work force. Food crops, export crops, livestock, forestry and fisheries account for 56, 11, 16, 11, and 1 percent respectively of the agricultural GDP. Cameroon's natural resources are, however, being rapidly and progressively degraded.

lack of assured markets for farmers; and natural resources degradation, resulting from the use of inappropriate agricultural practices.

Many improved food crop production, natural resources management and post-harvest technologies have been or are being developed and disseminated through ongoing USAID-supported agricultural sector projects. Additional research is needed, however, particularly in the areas of resource management, integrated pest management, and post harvest issues. The World Bank provides funding to strengthen the national extension service, and various donors support targeted extension activities through parastatals, GRC institutions and/or NGOs. The recently enacted cooperative law, which provides much greater autonomy to cooperatives and restricts government interference, provides renewed hope that these organizations will play an increasing role in adoption of improved technologies, as well as in developing markets.

c. Accelerating Environmental Degradation

In order to face external financial commitments, Cameroon has resorted to certain agricultural and industrial activities which do not always favor the sustained exploitation of natural resources, especially forests and fauna. Potentially an enormous source of wealth for Cameroon, forest resources occupy over 55 percent of the national territory. The timber sector represented 4 percent of the GDP in 1991 and generated CFAF 32 billion worth of exports and 20,000 jobs. Cameroon's forests are part of the world's second largest contiguous expanse of tropical moist forest, an estimated 2.8 million square kilometers in size. It includes within its boundaries the entire countries of Gabon, Equatorial Guinea and the Congo; most of Cameroon and Zaire; and a small part of the Central African Republic. The livelihoods of tens of millions of people depends heavily upon forest resources and agricultural production in the forest region. Central Africa's forests are also of major global importance, serving as an important reservoir of carbon and a source of tremendous biodiversity of potential scientific and medicinal value.

In contrast to the other major tropical rainforest zones of the world, Central Africa's forests have not yet experienced deforestation on a massive scale. However, deforestation and related natural resources degradation are now rapidly increasing, particularly in the northern regions of Central Africa. Economic stagnation since the late 1980's and early 1990's has placed acute pressure upon Central African economies which once benefitted from substantial income from exports of coffee, cocoa and oil. Growing foreign debts, a scarcity of investment capital, and debilitating political upheavals throughout the region are compounding this economic crisis, and resulting in governments turning increasingly to the forestry sector for generating hard currency and jobs.

Logging companies, primarily expatriate, have exhausted forestry concessions in coastal West African countries such as Ivory Coast and are now moving forcefully to the northern and western fringes of Central Africa. Cameroon, in particular, is currently experiencing intensive and increasing pressure on its forests, with some experts predicting that its natural forests could be depleted within ten years.

Population growth leading to increased demand for new land for agricultural production, livestock grazing and urban development are also a major causes of deforestation. The major source of deforestation and forest degradation in Central Africa is the clearing of land for agricultural activities (USAID Report on Central Africa Global Climate Change and Development, 1993), particularly through the use of slash and burn (shifting cultivation) methods. Forests are cleared and land farmed only for a few years using low input production systems. As natural soil productivity is depleted and weed competition becomes a major problem, farmers move on to another location clearing new land. Key factors which contribute to shifting cultivation include: inappropriate land tenure and other agricultural policies which act as disincentives to long-term investments in land productivity and the unavailability or lack of access to improved sustainable production technologies. The long-term productivity of Cameroon's agricultural sector is seriously threatened by accelerating soil, water and vegetation degradation. The effects are particularly acute in certain regions of the country, e.g., desertification in the North and Far North Provinces and accelerated soil erosion in the West and Northwest Provinces.

African people and economies, including Cameroon, are heavily dependent upon healthy natural and biological resources. Environmental degradation is a particularly severe threat in sub-Saharan Africa precisely because of the fragility of both natural and human systems. Where ecosystems are degraded, for example, through climate change or unsustainable resource exploitation, local subsistence may no longer be possible, eventually resulting in large-scale migration, political instability, and debilitating economic consequences. The experience of other regions in Africa, notably the Sahel and the Horn of Africa, illustrates that the nature of foreign assistance in such cases changes from development support to disaster response. To quote Secretary of State Christopher in his speech to the African-American Institute on May 20, 1993, "Africa's economic future is inseparable from its environmental future. An Africa that is yielding to the desert sands and scrub, and an Africa whose soil is eroding, is an Africa diminishing its capacity to feed itself. An Africa that is losing its forests and renewable water supplies is an Africa that is compromising its ability to meet basic needs for the future."

Cameroon is characterized by the tremendous diversity of its fauna and flora. Over 40 species are identified as globally threatened. Species of international concern include the black rhinoceros, the western lowland gorilla and the African elephant. Poaching and unregulated hunting are a major threat to Cameroon's wildlife.

Environmental degradation issues are already being addressed to some extent through ongoing USAID-supported projects and activities, e.g., agricultural research/outreach; policy/sector planning; higher education; NGO/PVO NRMS; Korup biodiversity protection. USAID is poised to build upon this solid foundation and assume increasing leadership in the NRM/environmental area. The GRC is placing increased emphasis on natural resources management concerns. A Ministry of Environment and Forests was created in early 1992 and key forestry and land use legislation is under development for possible approval later this year. In May 1993, the Ministry of Environment and Forests issued a program of priority environmental actions to be carried out during the next 18-24 months. Among these are the

development of a national environmental action plan (NEAP); the elaboration of a biodiversity strategy, and a marine and coastal resources strategy; environmental awareness and training activities; and the establishment of an environmental information management system. Donor coordination in support of environmental programs has also intensified over the past few months. Appendix D provides a more in depth discussion of environmental degradation.

3. Private Sector and Market Development

The challenges encountered in agribusiness and market development are formidable. Given agriculture's primary importance to Cameroon's economy, the development of agribusiness enterprises and markets for agricultural and agribusiness products represents one of the most effective avenues for broad-based economic growth. As Secretary of State Warren Christopher stated in his speech to the African-American Institute on May 20, 1993, "New trade policies will . . . help African nations to compete in global markets."

Cameroon is blessed with a very strong resource base - fertile soils, abundant rainfall and sunshine, and, importantly, a relatively skilled population. Despite this favorable environment, however, Cameroon has made only limited progress in developing its obvious potential. In assessing the constraints that have limited this progress, the Mission has identified a series of key, limiting factors:

- **High Cost of Production.** Notwithstanding the overvaluation of the CFAF, labor, transportation, and communication costs in Cameroon are particularly high. In addition, the vast array of licenses, permits, fees, official and extra-official taxes imposed on the private sector significantly adds to the costs of operating a business. Finally, Cameroon's rapidly changing regulatory environment has created enormous confusion in the economy's "rules," hindering efficient operation of businesses. These factors place Cameroon in an unfavorable and uncompetitive position on the world market for its products.
- **Dysfunctional Pricing Policies.** Despite significant recent progress in deregulating prices and licensing requirements for imports and exports, the GRC remains very much engaged in the marketing of principal export crops. Slavish and unrealistic adherence to the notion of fixed producer prices for these crops is continued through GRC price decrees, private cartelization, and price guarantees. This practice insulates producers, buyers, and exporters from real market forces, and thereby hinders development of the market.
- **Lack of Market Information.** Market information in Cameroon is presently highly inadequate at all levels. The lack of price information for domestic urban and rural wholesale and retail markets, and on characteristics of regional and European markets, handicaps entrepreneurs searching for market opportunities, and generally constrains the efficient operation of the agribusiness economy.

- **Deteriorating Competitiveness in Agribusiness.** The collapse of commodity prices, coffee and cocoa in particular, in the world market over the last several years badly affected Cameroonian producers. Other exporters of these commodities have been able to adjust to the evolving international situation through fiscal policy (i.e., currency devaluation) to maintain their competitiveness. Cameroon's inability to respond to these external forces has resulted in a decline in competitiveness vis-a-vis other producer nations for both traditional and non-traditional export crops.
- **Over-Participation of the GRC in Agribusiness.** One striking feature of the agribusiness sector in Cameroon is the widespread presence of the GRC in agribusiness enterprises. Despite efforts at privatizing, these enterprises are a major drain on the economy, accounting for massive losses.

The wide-ranging nature of these constraints to agribusiness and market development presents a daunting challenge to the Mission. The commitment of the GRC to agribusiness development is there, as evidenced by recent regulatory reforms that have helped to create a fostering environment, plus an explicit agricultural policy orientation of liberalization, diversification and market-led growth. The Mission is challenged to facilitate Cameroon's progress towards realization of this great potential. USAID/Cameroon has substantial and successful experience in private sector/agribusiness development. When criteria for the medium option are met, the Mission will be well placed to introduce additional interventions in these areas that can further the reform process and thereby expand Cameroon's possibilities for economic growth.

II. U.S. Assistance Strategy

A. Background

During the seventies and into the eighties, public expenditure soared and public sector employment grew apace. While the boom years lasted, Cameroon was considered a model of African development. Plentiful public funds enabled the GRC and USAID to focus attention and resources on large, public-sector projects, including National Cereals Research and Extension (NCRE), the Agriculture Education Project at the University Center of Dschang (UCD), Cameroon Agriculture Policy and Planning (CAPP), Health Constraints to Rural Production (HCRP), and Maternal-Child Health/Child Survival (MCH/CS).

USAID/Cameroon placed major emphasis on strengthening the capacity of several key GRC institutions and non-governmental organizations (NGOs) to provide essential services to the agricultural and rural sectors. Substantial assistance was provided to reinforce capability in the areas of sector planning and policy development, food crop technology development and dissemination, human resource development, the privatization of agricultural factor and product markets, and the provision of financial services. In the health sector, USAID provided long term assistance for the launching of family planning, diarrheal disease control and AIDS prevention programs. In addition, USAID provided ten years of assistance to develop a national capability to control schistosomiasis in the country.

One of the crucial underlying objectives during this period was assuring food security for Cameroon's growing population. The institutional capabilities of the national agricultural research institution (IRA) in cereals, grain legumes, and roots and tubers research and outreach; of the University Center of Dschang (UCD) in agricultural sector analysis, research, training and outreach; and of the Ministry of Agriculture, the Ministry of Livestock, Fisheries and Animal Products, and the Ministry of Plan and Regional Development in planning and policy analysis were all substantially reinforced. Large numbers of scientists, analysts, and university faculty received long-term graduate degree training in the United States. Essential research and educational facilities were constructed, equipped and made operational. Technical programs were successfully established. Overall institutional management systems were improved. A key area of USAID support to non-governmental organizations was the 17 years of assistance provided toward the development of rural savings and credit cooperatives which ended in FY 1992. This intervention created a base for delivery of financial services to over 70,000 people, many of whom were excluded from access to credit through the formal banking sector.

In the mid to late 1980s, with USAID and other donor support, the GRC moved progressively toward market liberalization and the promotion of private sector initiatives. USAID's program for the agricultural sector evolved accordingly. Several important non-project assistance programs were launched, all of them oriented toward the private sector. These included the privatization of fertilizer importation and distribution, along with the gradual elimination of state subsidies; the privatization of

the marketing of arabica coffee; and the establishment of a free trade zone regime as a means of increasing employment, diversifying production, and increasing exports. Following nearly 15 years of support to public sector seed multiplication programs, USAID and the GRC collaborated in the transfer in 1992 of a major food crops seed production/processing facility to a private international company (Pioneer Seed).

A new USAID strategy, approved in 1989, called for (1) the development of an efficient and competitive private sector, (2) increased efficiency in the public sector, and (3) a reduction in the over-extension of the public sector into commercial activities. USAID directly or indirectly influenced major policy reforms and achievements, such as:

- Liberalization, increased competitiveness and privatization of select factor and product markets (arabica coffee, fertilizer, seeds);
- Passage in FY 1992 of a new cooperative law which removes the GRC from direct intervention in the management of cooperatives;
- A strengthened rural savings and credit cooperative movement with over 70,000 members and assets of approximately \$30 million;
- Establishment of a free trade regime to promote investments for export processing;
- Reduction in certain business taxes and the streamlining of procedures to obtain business licenses; and
- Strengthened linkages between NGOs/PVOs and GRC research, training and policy institutions.

A solid foundation has thus been established for the expanded role of the private sector, cooperatives, and NGOs/PVOs in agricultural and rural development.

Since 1989, USAID has been supporting the development of a new primary health care program based on community co-financing and co-management of health facilities. With USAID and other donor support, the GRC has adopted the new PHC program as its chief health strategy and enacted two critical laws in support of health cost recovery and community participation. As a result, USAID has a **solid foundation for further progress in the health sector.**

Also in 1989, USAID began to move toward a greater focus of its assistance program and a consolidation of its project portfolio. Thus the **groundwork was laid for even greater focus and consolidation** by the Mission.

Though the objectives of the 1989 strategy remain valid today, they were conditioned by the assumption of "slow recovery" in the economy, as opposed to "deepening crisis" or "rapid recovery." This assumption was proven wrong as Cameroon moved into the nineties and deterioration of the economy actually accelerated.

B. Impact of the Current Political and Economic Conditions on USAID's Portfolio

Since November 25, 1992, USAID has been operating under a partial suspension of its FY 1993 operating year budget (OYB). The GRC was informed that \$14 million, or 2/3 of the budget, would remain unavailable in FY 1993 until sufficient progress was realized in terms of political developments. Subsequently, certain specified conditions have been met, e.g., the lifting of the state of emergency in the North West Province, the release from virtual house arrest of leading opposition figure Ni John Fru Ndi, as well as the release of many political prisoners detained after the October presidential election. However, additional conditions remain unfulfilled. This suspension is based only on political criteria (not economic), and the situation remains uncertain as of June 1993. Table 1 indicates how the FY 1993 OYB will be allocated under the suspension. When and if the suspension is lifted in FY 1993, a restored budget level will determine further obligations. The Mission has proposed implementing the MCH/CS II Project in FY 1993 with restored funds.

Table 1: Current Suspension Scenario

(FY 93)

Decision Criteria:		USG continues current aid suspension.	USG lifts current aid suspension.
Resource Levels:		DFA Status: Watch List Funding Level: \$6 million	DFA Status: Watch List ³ Funding Level: \$11 million
Project		Obligation (\$000)	Obligation (\$000)
631-0510	Program Development & Support	525	525
698-0463.31	Human Resource Development Assistance	525	525
936-5554.31	Conservation of Biological Diversity	150	150
631-0059	Cameroon Agricultural Policy & Planning	500	500
631-0052	National Cereals Research & Extension II	1,350	1,350
936.5991.31	Data for Decision Making	100	100
936-5972.31	AIDS Control & Prevention	1,300	1,300
631-0084	National Family Health	1,550	1,550
631-0090	Maternal Child Health/Child Survival II	0	5,000
TOTAL		6,000	11,000⁴

³ As of April, 1993, USAID's status has been administratively determined for FY 1993 and FY 1994 to be Watch List.

⁴ This figure is an estimate to be used only for planning purposes.

C. Strategic Options (FY 94 - FY 96)

The proposed future strategy beginning with FY 1994 has three strategic scenarios -- maintenance, low and medium options -- corresponding to various economic and political criteria that USAID considers necessary for each one to work. In short, the decision to move from one option to another, to initiate a new strategic objective, is subject to joint USAID/AID/Washington review and is performance based. For example, under the low option scenario, with fiscal problems continuing and investor confidence remaining low, some of the medium option activities proposed for the agribusiness/private sector strategic objective could not be expected to succeed. Success could be achieved in other areas, however, such as the health or natural resources sectors. While each of the economic and political variables could change independently of one another, they are also intertwined to the point where it is very difficult to sort one from the other. Nevertheless, it is possible to separate them into rough analytic divisions -- as USAID has done for purposes of decision making. The various scenarios of these options for each of the three strategic objectives are stated in the matrices (Tables 2a and 2b).

Table 2a: Three Strategic Scenarios

**Decision Criteria & Resource Levels
(FY 94, 95, 96)**

	Maintenance Option	Low Option	Medium Option
Economic Decision Criteria	No IMF agreement; no SAP in place, no debt relief arrangement, basic economic indicators continue to deteriorate; continued overvaluation of CFAF; inadequate implementation of promulgated business legislation.	No IMF agreement; no SAP in place; no debt relief arrangement; basic economic indicators improve; continued overvaluation of CFAF; no significant implementation of promulgated business legislation or other internal adjustment measures.	IMF agreement & well defined SAP in place; debt relief measures undertaken; downward adjustment in level of CFAF overvaluation; basic economic indicators improve; adequate implementation of promulgated business legislation.
Political Decision Criteria	Aid suspension continues in response to persistent political problems & human rights violations; no effective GRC dialogue with opposition, no constitutional reform or new elections.	Aid suspension lifted in response to improvements in political situation, the process of constitutional reform & human rights; Important differences remain & personality clashes continue, but political problems & disputes under control & generally peaceful.	Clear progress in political freedoms & human rights; constitutional reform proceeds; relatively free elections/referenda are held; legislative & judiciary branches move toward independence; few or no human rights violations; peaceful political dialog & debate flourish.
Resource Levels	<u>DFA Status:</u> Other <u>Funding:</u> \$6 million <u>Staffing:</u> USDH TBD	<u>DFA Status:</u> Watch List <u>Funding:</u> \$14 - 15 million <u>Staffing:</u> USDH 12-14	<u>DFA Status:</u> Watch List <u>Funding:</u> \$18 - 20 million <u>Staffing:</u> USDH 14 -15

Table 2b: Three Strategic Scenarios

Implementation of Strategic Objectives & Target of Opportunity

(FY 94, 95, 96)

	Maintenance Option	Low Option	Medium Option
Health & Population	<p align="center"><u>Implement Strategic Objective 1:</u></p> <p>Extend community co-financed & co-managed PHC services in three provinces; Strengthen FP/MCH/AIDS in public PHC & private health delivery systems</p>	Same as maintenance option.	Same as low option.
Agriculture & Natural Resources	Maintain current agricultural portfolio; proceed with termination of under-funded & completion of fully-funded activities; forgo initiation of natural resources project.	<p align="center"><u>Implement Strategic Objective 2:</u></p> <p>New project initiative focused on NGO-led interventions in environmental education, biodiversity, forest & watershed management; support for national environmental action plan & select policy/planning studies.</p>	Same as low option.
Private Sector/ Agribusiness	Maintain current portfolio; proceed with termination of under-funded & completion of fully-funded activities; forgo initiation of new agribusiness program.	Limited initiatives within existing portfolio focused on reinforcement of past policy & regulatory progress & commercialization of agricultural research technologies; continued joint programming of local currency reflows.	<p align="center"><u>Implement Strategic Objective 3:</u></p> <p>New project & non-project assistance focused on policy & regulatory process; improved market information systems & technical managerial skills; plus active promotion of investment with emphasis on export processing sector-oriented businesses.</p>
Democracy & Governance	<p align="center"><u>Implement Target of Opportunity:</u></p> <p>Small program grants to NGOs, civic, professional, & other private associations only (including human rights groups) for studies, publications, conferences, & training.</p>	New project with maintenance option activities plus legislative institutional strengthening & helping GRC constitutional & human rights reform commissions, judiciary, cooperatives, etc.	Same as low option.

D. Strategy Outline/Logframe

Over the next three years, USAID/Cameroon's strategy will contribute to the **establishment of enabling conditions for "sustainable, broad-based, market-oriented growth"**. USAID/Cameroon has developed a strategy framework that will meet the development needs of the Cameroonian people and is consistent with the Agency's development strategy for Africa which focuses on four key areas: health and population, environment, democracy and free markets. The Clinton administration's development strategy for Africa as presented in Secretary of State Warren Christopher's May 20, 1993 address to the African-American Institute "will provide strong and visible support for the movement to freedom in Africa -- to democracies and free markets. . . will work with the nations of Africa to address the health, environmental and population issues that threaten lives and imperil sustainable development." USAID/Cameroon's program goal statement reflects this policy.

USAID will use two of the four Development Fund for Africa (DFA) strategic objectives as sub-goals in its program logframe:

- **Developing the potential for long-term increases in productivity; and**
- **Strengthening competitive markets to provide a conducive environment for private sector-led growth.**

The two sub-goals are consistent with Agency emphasis on activities to promote people oriented, sustainable development, as conveyed in Administrator Brian Atwood's presentation of the A.I.D. budget to Congress on May 12, 1993. For the first sub-goal, **strengthened potential for increased productivity**, the objectives are directly tied to increased efficiency and effectiveness in health services, agricultural production and natural resources use. The second sub-goal, **strengthened competitive markets**, includes lessening government imposed constraints on private sector development and privatizing public-based economic functions. Increasing competitiveness is a significant element in fostering private sector investment and trade. Achieving both sub-goals will be facilitated by redefining and reducing the role of the public sector and by improving democracy and governance. Democratic governance will permit USAID to work with both the private and the public sectors to help create the enabling conditions of the program goal. (See Table 3).

To pursue these goals leading to the establishment of an enabling environment, program activities will concentrate on **three strategic objectives**:

- 1) **achieving sustained change in the health status for target populations in three provinces;**
- 2) **improving conditions for sustainable natural resources utilization; and**
- 3) **improving conditions for private sector trade.**

Health sector efforts will focus on implementation of a community co-financed and co-managed primary health care system and integration of family planning, maternal child health (MCH) and AIDS services into public PHC and private health delivery systems. This new health system is based on the principle of decentralization of health planning and management, community administration of cost recovery funds, and accountability of health personnel to the populations they serve. **Agriculture and natural resources** efforts will focus on increased community and NGO participation in the management of natural resources and protection of key ecosystems; improved agricultural and natural resources policy, planning and monitoring; and increased availability of and access to improved agricultural and natural resources technologies. **Private sector** efforts will focus on improved regulatory environment, improved market information, increased investment services, and improved technical and managerial skills.

In addition, **Democracy and Governance** is a cross cutting issue and a free-standing target of opportunity. It will be an essential element in Cameroon's sustained economic growth. The target of improved governance is meant to address issues and constraints which affect all USAID programs.

In the short term (FY 1993), unless the political and/or economic situations change dramatically, USAID will continue to implement and rationalize its ongoing project and non-project assistance while shifting the primary focus to health and population. USAID will implement actions necessary to meet Strategic Objective 1 by authorizing and obligating funds to the MCH/CS II Project, if the current suspension is lifted, and by obligating funds to support the National Family Health Project, the AIDS Control & Prevention Project and the Data for Decision-Making Project. USAID is moving forward with the design of a democracy and governance (D/G) project in FY 1993 with obligation planned for FY 1994. Several PD&S-funded D/G activities are planned for FY 1993 and 1994 before the D/G project is implemented. Over the medium term (FYs 1994 & 1995) as funds become available and economic and political criteria for the low option are met, USAID will move into natural resources activities, i.e., the Cameroon Project for Environmental Reform (CAMPER), while maintaining agricultural projects to their PACDs. As conditions permit, USAID will move to implement Strategic Objective 3 by directing resources of the current portfolio toward support of agribusiness and linkage of agricultural production, processing and marketing in Cameroon. If and when economic and political criteria are met for the medium option, USAID will move forward on the design of an agribusiness program.

USAID/Cameroon's proposed Program Logframe (Table 3) and Objective Tree are presented on the following pages. The proposed Program Logframe depicts the logical links between goal, sub-goals, strategic objectives, and targets. The rationale and strategy for each Strategic Objective and the Target of Opportunity are given in Sections E through H on the following pages. Details on targets and indicators can be found in Appendix A.

Table 3: Proposed USAID/Cameroon Country Program Logical Framework

Program Goal	Sustainable, Broad-Based, Market-Oriented Growth		
Sub-Goals	<u>Sub-Goal 1:</u> Developing the potential for long-term increases in productivity		<u>Sub-Goal 2:</u> Strengthening competitive markets to provide a conducive environment for private sector led growth
Strategic Objectives	<u>Strategic Objective 1:</u> Sustained change in the health status for target populations in three provinces	<u>Strategic Objective 2:</u> Improved conditions for sustainable natural resources utilization	<u>Strategic Objective 3:</u> Improved conditions for private sector trade
Targets	<p><u>Target 1.1:</u> Increased demand for effective and efficient preventive, curative and promotive health services</p> <p><u>Target 1.2:</u> Sustained expanded access to and coverage of community co-financed and co-managed PHC</p>	<p><u>Target 2.1:</u> Increased community and NGO participation in the management of natural resources</p> <p><u>Target 2.2:</u> Improved agricultural and natural resources policy, planning, and monitoring</p> <p><u>Target 2.3:</u> Increased availability of and access to improved sustainable agricultural and natural resource technologies</p>	<p><u>Target 3.1:</u> Improved regulatory environment</p> <p><u>Target 3.2:</u> Improved market information</p> <p><u>Target 3.3:</u> Increased investment services</p> <p><u>Target 3.4:</u> Improved technical and managerial skills</p>
Cross-Cutting Issue	Improved governance through popular participation in economic decision making, e.g., through community financing and participation in primary health care, community management of forests and other natural resources, and development/strengthening of private sector trade organizations and cooperatives.		
Target of Opportunity	Improved democratic institutions, policies, and practices through training, advisory services and organization building for public and private institutions		

In addition, current GRC political difficulties and Cameroon's economic environment inhibit both the GRC and the private sector from making crucial investments in market infrastructure, research/outreach, and human resources development. The potential of the agricultural sector is not being fully exploited in a sustainable manner. Unless this trend is reversed, it will mean poorer prospects for achieving long-term economic growth and development.

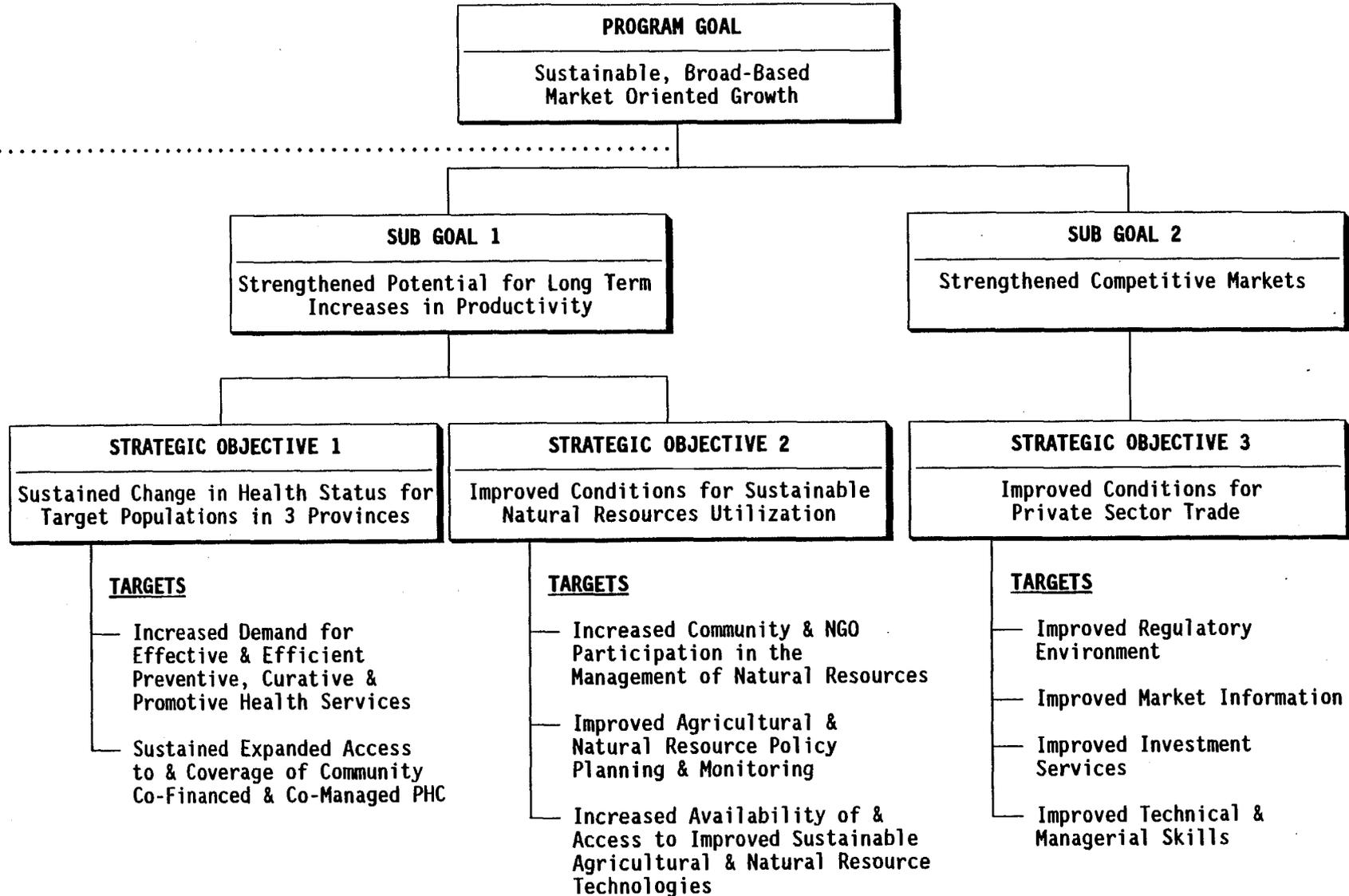
a. Agricultural Sector Institutional Crisis

USAID has provided, in collaboration with other donors, over a decade of support in the development of substantial GRC capacity in agricultural research, policy analysis/sector planning, and agricultural higher education. Several projects are still ongoing. However, the recent financial and political environment has resulted in serious under-funding of many crucial public sector institutions and programs. Sector development programs are increasingly dependent on external funding for their non-personnel operational support and capital investments, research and higher educational institutions have been plagued by employee strikes, and some priority programs are inoperable due to lack of funding. The potential contribution of GRC institutions, such as the University of Dschang (UDs), Institute for Agronomic Research (IRA), the Livestock and Veterinary Research Institute (IRZ) and the policy/planning services in the Ministry of Agriculture, cannot be fully realized unless dramatic and effective actions are taken to restructure these institutions and provide adequate funding for highest priority programs. The GRC is working with the international donor community, including USAID, to seek solutions. Measures under consideration include major streamlining and eventual merger of the two agricultural research institutions; pursuing cost recovery for goods and services provided; prioritizing sector programs and activities; providing adequate core funding from agricultural sector generated revenue; assessing the feasibility of debt-for-development and endowment funding; and enhancing GRC/international institutions/donor coordination in implementing programs to avoid duplication and maximize use of facilities and resources. These institutions can continue to play pivotal roles in meeting the needs of farmers, agribusinesses and the general public in agricultural sector production, agribusiness/market development and sustainable natural resources management.

b. Low Agricultural Productivity

Current yields for many crops, particularly those grown by small-scale farmers, are considerably less than what could be attained utilizing available sustainable production technologies. A related negative economic impact of this is Cameroon's need to import substantial, and increasing, quantities of food commodities which could be competitively produced domestically. Factors contributing to these low crop yields are ineffective agricultural input distribution systems (with the exceptions of the privatization of the fertilizer sector and high value crop seed delivery); poor extension services due to inadequate management, weak linkages with research institutions, and funding constraints; mismanagement and poor organization of many agricultural cooperatives; limited access to credit, other than through informal sources (i.e., rural savings and credit unions, savings clubs/tontines); underdeveloped linkages with and

USAID/CAMEROON OBJECTIVE TREE



TARGET OF OPPORTUNITY & CROSS CUTTING ISSUE: DEMOCRACY & GOVERNANCE

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E. Strategic Objective 1: Health and Population

1. Rationale

As a result of the economic recession, Cameroon's health care system has experienced serious financial problems since 1986. Operating funds for rural health services have been reduced by over 50 percent and the supply of medication to public facilities has virtually ceased. Financial constraints have been exacerbated by poor health planning, lack of quality supervision and health information, and inefficient delivery of services through "vertical," non-integrated health programs. As a result, the bulk of the Cameroonian population does not have access to basic preventive and curative primary health care services.

2. Strategy

Targeting women and children, USAID will support the development of a **financially sustainable, effective and efficient PHC system** to provide basic preventive and curative services to the population. USAID will achieve this objective by collaborating with other donors in the health sector to implement the government's Reorientation of Primary Health Care (RPHC) program, which is based on the following principles:

- Community co-financing of health services;
- Community co-management of health facilities;
- Decentralization of health planning to the level of the health district; and
- Full integration of preventive and curative services.

Broad donor support for the RPHC program will:

- Increase financing in the health sector by implementing comprehensive cost recovery measures;
- Improve efficiency by delivering integrated preventive and curative services, strengthening the link between primary and reference care, improving supervision and health information management, and assuring better coordination between public and private health care facilities; and
- Increase the effectiveness of health services by assuring the local availability of essential drugs and the delivery of key maternal child health and family planning services in every health center and hospital in the country.

In view of the economic situation, the RPHC program represents an appropriate strategy to assure the delivery of health services to the population, as:

- It does not assume that GRC support to the health sector will increase in the near future.
- It increases resources flowing to the health sector by privatizing health financing (i.e., through cost recovery measures).
- It promotes private sector delivery of services (and improved efficiency) by privatizing the sale of drugs at public health facilities (through community health committees); enlisting private sector facilities in a global health coverage strategy; and establishing drug logistics, supervision, and information systems linking the public and private sectors.
- It addresses the issue of providing health care to indigents by helping to establish and implement locally-managed indigent health policies and assuring local availability of affordable and essential drugs.

Consistent with USAID's prior assistance and other donor inputs, the recent Health Sector Assessment recommends continued USAID support to the RPHC through two complementary but distinct projects. The MCH/CS II project will strengthen and expand community co-financed and co-managed health services in the South, Adamaoua, and Far North Provinces. The **National Family Health** project will support the integration of high quality maternal child health, family planning, and AIDS services into community co-financed and co-managed health facilities, as well as those in the private sector.

The next page presents a decision tree for the health and population strategic objective. A series of tables outlining individual targets in detail can be found in Appendix A Part 3.

STRATEGIC OBJECTIVE 1

Health and Population

SUB GOAL 1

Strengthened Potential for Long Term
Increases in Productivity

STRATEGIC OBJECTIVE 1

Sustained Change in Health Status for
Target Populations in Three Provinces

TARGET 1.1

Increased Demand for
Effective & Efficient
Preventive, Curative, &
Promotive Health Services

TARGET 1.2

Sustained Expanded Access
to & Coverage of Community
Co-Financed & Co-Managed PHC

SUB-TARGET 1.1

Increased Community Co-
Financing & Co-Management
of PHC Services

SHARED SUB-TARGET

Introduction of Integrated
FP, MCH & AIDS Control Services
into Public PHC & Private
Health Delivery Systems

SUB-TARGET 1.2

Strengthened PHC
Supervision, Logistics &
Management Information Systems

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F. Strategic Objective 2: Agriculture and Natural Resources

1. Rationale

Sustainable economic growth and development in Cameroon will depend heavily on increasing agricultural productivity and the **sustainable management of Cameroon's natural resources**. The agricultural sector provides employment for approximately 75 percent of the Cameroonian people. It contributes about 24 percent of total GDP and 27 percent of export revenues. The long-term productivity of Cameroon's natural resources is, however, seriously threatened as a result of inappropriate agricultural production practices, extractive logging techniques, and the uncontrolled hunting of wildlife as a source of protein and for revenue from high-value marketable products, i.e., meat, ivory, skins. Soil erosion is increasing and soil fertility is declining in many parts of the country. An estimated 150,000 hectares of forests are lost annually due to forest exploitation and agricultural expansion. Biodiversity is being rapidly reduced due to loss of habitat and unregulated hunting and poaching. Improved agricultural production techniques for many crops are available, but weak extension services and lack of access to inputs, credit, and markets have hindered adoption on a wide scale. Forests in Cameroon are a key factor of the country's resource base and must be guarded as a valuable source of biodiversity and utilized judiciously as a productive element of the national economy. The productivity of Cameroon's soils, the foundation of its economy, also must be maintained.

USAID has chosen to support the management of forests, biodiversity, and other natural resources because of USAID's comparative advantage in natural resources management, the regional and global importance of Cameroon's forest resources, the importance of these resources to Cameroon's long-term economic development prospects, GRC commitment to sustainable resources management, and opportunities for close collaboration with other donors to support certain aspects of the strategic objective. USAID initiatives in both the agricultural/natural resources and agribusiness strategic areas will build upon, and benefit substantially from, the significant existing GRC institutional capacity in agricultural research developed in part with previous USAID support; promote the dissemination of improved agricultural production and sustainable natural resources management technologies; and focus increased attention on sustainable natural resources management, agricultural product processing, marketing and non-traditional export concerns. Future support to research and outreach efforts, beyond the completion of the Mission's existing agricultural research projects, will be provided as an integral component of the Mission's natural resources, agribusiness and agricultural education projects/programs.

2. Strategy

The agriculture and natural resources strategic objective is to ensure the rational, productive and sustainable use of Cameroon's natural resources. It mirrors the two major thrusts of the Agency environment and natural resources theme of (a) improved natural resources management, and (b) improved environmental quality. In this sense, mitigation, conservation and improvement of the environment are

intermingled. The objective also fits well into the Africa Bureau Logical Framework of Environmental Activities, with its five levels ranging from actions that establish conditions to sustainable increases in productivity and income. The objective also reflects the concern that in achieving higher level goals, such as productivity and income, a key step is **promoting changes in people's practices in managing their environments and resources by establishing the necessary enabling conditions and incentives.**

USAID will collaborate with other donors and the GRC to preserve, consolidate and effectively utilize the GRC agricultural sector institutional capacity, which was developed in large part with previous USAID assistance over the past 10-15 years (research/outreach, higher education, policy analysis/sector planning) in addressing the priority problems of the agricultural, agribusiness and natural resources sectors. A combination of project and, under the medium option, non-project assistance is proposed under this strategic objective to address priority needs related to agricultural and natural resources policy reform, planning, technology development and transfer, skills development, market and business development, program monitoring, and impact assessment. The proposed strategy involves the development and implementation of rational agricultural and natural resources policies and investment strategies; the development and dissemination of more productive sustainable agricultural and natural resources management (NRM) technologies; the greater participation of NGOs, communities, cooperatives and small-scale agribusinesses in agricultural production and natural resources management; and the effective monitoring of food security, natural resources use and state, and the impact of agricultural and natural resources policies and investments.

Target 2.1 -- Increased community and NGO participation in the management of natural resources

USAID will provide technical assistance, training, commodities, limited infrastructure development, and operational support for biodiversity assessments, environmental awareness, policy advocacy, natural resources adaptive research and outreach, forest products market studies, community-level forest management, small-medium-scale pilot forest product enterprise development, integrated development efforts for protection and management of key ecosystems.

Target 2.2 -- Improved agricultural and natural resources policies, planning, and monitoring

USAID will provide technical assistance, training, equipment and operational support for data collection and information management, policy analysis, land use and investment planning, and assessments of the impact of agricultural and natural resources sector policies and investments.

Target 2.3 -- Increased availability of and access to improved sustainable agricultural and natural resource technologies

USAID will provide technical assistance, training, commodities and operational support for interventions related to sustainable agricultural and natural resources technology development, information and technology dissemination, and organizational development of cooperatives, NGOs and agribusiness.

Target 2.1 and 2.2 will be addressed primarily through the planned new initiative in natural resources management, e.g., CAMPER. Target 2.3 will be addressed, in large part, through the Mission's ongoing agricultural research/outreach and higher education projects. Limited activities related to this target will be supported under CAMPER given the direct linkage between sustainable agriculture production and biodiversity and tropical forest protection/management. The next page presents a decision tree for the Agriculture/NRM strategic objective. A series of tables outlining program elements, impact indicators, and the implications for USAID/Cameroon's ongoing and future projects and/or non-project assistance programs under three different scenarios can be found in Appendix A Part 4.

STRATEGIC OBJECTIVE 2

Agriculture and Natural Resources

SUB-GOAL 1

Strengthened Potential for Long Term
Increases in Productivity

STRATEGIC OBJECTIVE 2

Improved Conditions for Sustainable
Natural Resources Utilization

TARGET 2.1

Increased Community & NGO
Participation in the
Management of Natural Resources

TARGET 2.2

Improved Agricultural &
Natural Resource Policy
Planning & Monitoring

TARGET 2.3

Increased Availability of & Access to
Improved Sustainable Agricultural &
Natural Resource Technologies

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G. Strategic Objective 3: Private Sector/Agribusiness

1. Rationale

For Cameroon to be able to achieve broad-based and sustainable development, the lead role must be assumed by the private sector. The agribusiness sector is the focus of USAID's private sector efforts for reasons of its importance to the national economy and its long-term development potential.

One of the fundamental lessons from Cameroon's experience in the past decade is the futility of promoting sustainable growth in the agricultural sector through direct involvement in state owned enterprises and highly intrusive regulatory policies. The GRC's limited resources are best used in those areas where governments are most effective - in maintaining roads and public education - rather than in growing bananas and selling coffee, activities that the private sector does well. A more restricted GRC role that includes promulgation of an appropriate policy environment and the provision of infrastructure and market information can contribute to the growth process by creating a nurturing environment for private initiative to prosper.

At this juncture, the issue in Cameroon is no longer whether future agribusiness growth should be market and private sector driven, but rather what donors can do, in concert with the GRC, to bring about the necessary incentive structure for producers, processors, traders, and exporters that will facilitate this growth. In pursuing the longer-term goal of agribusiness development, however, USAID acknowledges that given the current political and economic climate, it is unrealistic to expect significant, measurable growth during the current planning horizon. As such, the Mission Private Sector/Agribusiness strategy focuses on creation of an "enabling environment" for agribusiness development, that is, **"to improve the conditions for private sector trade."**

The Mission's Private Sector/Agribusiness strategy, in its full-fledged form as presented here, only becomes part of the Mission portfolio under the Medium Option strategic scenario. The political and economic conditions that characterize the Maintenance and Low Option scenarios do not provide adequate incentives for the private sector to invest and export, limiting the development potential of the agribusiness sector. Therefore, Mission interventions under these two scenarios are limited to initiatives originating from within the existing portfolio. However, under the Medium Option scenario, where structural adjustment and political reforms will significantly reduce the non-competitiveness of the economy, the development potential of the agribusiness sector is increased to a level where new intervention is warranted.

2. Strategy

The Mission's Private Sector/Agribusiness strategy consists of a series of interventions in four target areas. This array of discrete interventions is designed to address, in a coordinated manner, the principal constraints identified as precluding Cameroon from realizing its agribusiness development potential and becoming an important producer

and exporter of agricultural and agribusiness products. The agribusiness strategy will build upon and fully integrate selective ongoing programs and past accomplishments, i.e., policy reform, cooperative development, privatization of inputs and arabica coffee marketing, rural savings, free trade zone. The Mission's food crops research and agricultural education programs will be reoriented to respond directly to cooperative, agribusiness and market development needs. Close coordination will be ensured between the Mission's activities related to the natural resources management and agribusiness strategic objectives. Portfolio consolidation will be completed as ongoing Mission agricultural research and private sector projects reach their PACDs and the new agribusiness program, under the medium option, is launched.

Target 3.1: Improved Regulatory Environment

In recent years, much progress has been made in improving the regulatory environment, resulting in an economic climate that fosters private initiative and where market forces rather than administrative fiat determine the direction of commercial activity. To facilitate further movement in this direction, USAID interventions will include:

- Reinforcing Progress Made to Date in the Regulatory Environment;
- Deregulating Cross-Border Trade; and
- Reducing the Number of Road Checkpoints.

Target 3.2: Improved Market Information

Market information is presently highly inadequate, and there is no system for collection and dissemination of domestic or international market information. The absence of timely and accurate information severely hampers market performance and efficiency. The Mission can help fill the market information gap through several measures, including:

- Collecting and Disseminating Market Prices;
- Breaking the International Market Wire News Monopoly; and
- Expanding Market News Information.

Target 3.3: Increased Investment Services

The commercial banking system in Cameroon has little experience and limited resources for lending for medium- and long-term investment in the agribusiness sector. Alternative potential investment promotion institutions, such as trade associations and credit unions, either are not sufficiently well developed or lack the technical capability to serve as vehicles for increasing investment services. The resultant scarcity of means with which to pursue investment opportunities critically

constrains agribusiness development. USAID will address this problem from several angles, through:

- Managing Local Currency Reflows;
- Supporting Trade Associations; and
- Working with Credit Unions.

Target 3.4: Improved Technical and Managerial Skills

Training in appropriate technical and managerial skills is necessary to enhance the private sector's ability to meet the challenges of the changing economic climate and to fully take advantage of the new opportunities arising within the context of an emerging market-based economy. The Mission's Private Sector/Agribusiness strategy will contribute to the transfer of such skills by:

- Working with Cooperatives; and
- Activating the International Executive Service Corps.

The next page presents a decision tree for the Private Sector/Agribusiness strategic objective. A series of tables outlining individual targets in detail can be found in Appendix A Part 5.

STRATEGIC OBJECTIVE 3

Private Sector/Agribusiness

SUB-GOAL 2

Strengthened Competitive
Markets

STRATEGIC OBJECTIVE 3

Improved Conditions for
Private Sector Trade

TARGET 3.1

Improved Regulatory
Environment

TARGET 3.2

Improved Market Information

TARGET 3.3

Improved Investment
Services

TARGET 3.4

Improved Technical &
Managerial Skills

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H. Target of Opportunity: Democracy and Governance

1. Rationale

While it is by no means certain, as of this writing USAID believes that a critical mass of Cameroonians is now prepared to move beyond the mixed heritage of autocratic, inefficient and unresponsive government from the past three decades. If so, this can be of enormous importance to Cameroon's chances of realizing its great economic potential in central Africa, as well as provide crucial support to USAID's three new strategic objectives. Hence, USAID proposes to include democracy and governance (D/G) as both a target of opportunity and a cross-cutting issue within the Mission's overall strategy for the next three years.

Important D/G developments in Washington during FY 1992 and 1993 enhanced USAID's ability to play an active role in democracy and governance in Cameroon. These included the establishment of the AREAF (electoral assistance) fund; broadened opportunities and resources for grants under the 116e (human rights) fund; and encouragement to the Mission to conduct D/G studies and assessments.

Taking advantage of these opportunities, USAID and the Embassy encouraged AREAF funding of a \$240,000 program for election observer training, together with a 19-member delegation of international observers for the October 1992 presidential election. The Mission also contracted for a one-month D/G sectoral assessment by a U. S. consultant experienced in this field elsewhere in Africa.

Additionally, 116e grants have been provided for:

- Studies on increased inter-ethnic conflicts in Cameroon,
- A program to develop and implement educational programs for women voters,
- Funds to buy law texts for women's legal aid clinics, and
- Development and distribution of bilingual pamphlets on women's rights.

So far, the D/G activities in the U.S. Mission to Cameroon have been on a small-scale, and most have been reactive. During the past year, the Mission has responded to local opportunities by tapping into the modest regional resources available from AID/W. Now that the first tentative steps have been taken, the dimensions of the need and interest in democracy and governance activities have become clearer, and they appear to be diverse and substantial. There have been setbacks and disappointments in Cameroon's hesitant progress towards full political freedoms and popular participation. However, there is reason for cautious optimism about the success of an innovative USAID program, which can be on line in FY 1994, to support democracy, good government and human rights in this country. This is important, for as Secretary of State Warren Christopher put the issue in a speech on May 20 to the African-American Institute:

At the heart of our new relationship will be an enduring commitment to democracy and human rights. President Clinton has made it clear that promoting democracy and human rights is a pillar of American foreign policy. And that pillar stands just as tall in Africa as it does in every part of the world.

2. Strategy

At the center of its Democracy and Governance effort, USAID plans to sponsor an apolitical forum in which Cameroonian citizens from the business sector, professionals, academics, community representatives and government leaders can deliberate, debate and peacefully explore ways to improve the economic and political development of their country. Through the new forum, USAID proposes to promote a more participatory and prosperous civil society that will help transcend the deep-seated ethnic, political and economic problems which have recently plagued the country. USAID will establish and support an Open Forum for Democracy and Governance, to be managed by a partnership of an American PVO and/or university, together with a Cameroonian NGO and/or academic group. Phase I of project will have the following elements:

- A continuing series of seminars and workshops that will encourage honest and open examination of options in such key areas of national policy as increasing privatization, improving the climate for business investment, enhancing transparency in law making, encouraging free and fair multiparty elections, reducing government regulations, improving land tenure rules, making tax administration both efficient and equitable, strengthening the judiciary, rationalizing the civil service, and promoting investigative journalism.
- Small, competitive grants to fund proposals from qualified researchers to carry out studies in Cameroon that investigate, clarify or develop new information in similar areas of reform and improvement in public and private policy; and
- Grants for training, in-country or abroad (when necessary), for Cameroonians to obtain knowledge and skills from practical courses in subjects related to economic improvement and democratic governance. The emphasis will be on non-degree, short-and medium-term training, either tailor-made or through suitable pre-set courses. Of greatest interest will be training in relevant areas, particularly those closely related to people-level needs. Hence, training will probably be provided in such fields as street law, legal case load management, human rights monitoring, election observer techniques, credit management for private bankers, conducting vulnerability assessments, improving the climate for internal investments, preparing grant proposals, promoting community group dynamics, better management of cooperatives, establishing and using legislative information systems, and the techniques, limits and benefits of lobbying in a democracy.

The Open Forum for Democracy in Governance will complement the Mission's three planned Strategic Objectives. For example, outstanding or promising figures from the

private business (especially agribusiness), natural resources and environmental sectors, as well as such fields as preventive health and family planning, will be given priority in attending Forum seminars and preference in the award of training and research grants. Interested representatives from the donor community, both multilateral (e.g., UNDP, IFT's, ADB) and bilateral (e.g., Canada and Germany) will be encouraged to cosponsor and actively contribute their suggestions, staff and financial resources to the Forum.

To the extent that political conditions permit, assistance in democratic governance will be offered as soon as possible to GRC institutions and organizations. Phase I will consist principally of seminars, research and in-country training, with some technical assistance also offered. Phase II will add a significantly greater technical assistance component (Democratic Governance Advisory Services); additional specialized participant training; and institutional strengthening funding for public and private groups that have proven to be promising and productive partners. Illustrative areas where the Mission anticipates a demand for such services include:

- Promoting transparency and honesty in government,
- Training managers of privatized parastatals,
- Reforming and reorganizing the public service,
- Establishing a legislative reference service in the National Assembly,
- Helping to plan and implement an Electoral Reform Commission,
- Strengthening decentralized local government,
- Assisting free trade and promoting exports,
- Introducing community school boards, and
- Improving communications for the National Commission of Human Rights and Freedoms.

Tentative indicators for measuring the effectiveness of the democratic governance project are given in Appendix A, Part 6.

III. Roads Not Taken

The following sections outline the rationale for not focusing attention in other critical constraints and/or sectors.

A. Exchange Rate Reform

There is very little that USAID/Cameroon can do to address this constraint directly. The issue of nominal devaluation rests with the French Government, while the issue of real devaluation (reduction in real prices and wages) is being addressed within the context of the Government's Structural Adjustment Program (SAP), which is being closely monitored and supported by the IMF and the World Bank.

B. Legal System Reform

The French Development Agency (FAC) is already developing an initiative in this area. Collaboration with USAID is a possibility.

C. Tax Reform

Tax reform is complicated by the need for coordination at the level of the Customs Union of the Central African States (UDEAC) since some of these taxes are common to the UDEAC zone. The World Bank and the IMF have taken a leading role in addressing this constraint in a comprehensive manner. The SAP envisages a restructuring of the entire fiscal system over the medium term.

D. Banking System Reform

The ongoing financial sector reform effort being pursued by the GRC with assistance from the IMF, the World Bank and the Caisse Française de Développement (CFD) is adequately addressing the problem facing the commercial banks. USAID has focussed in the past on improving financial intermediation through activities designed to promote credit union development. Some limited support will be given to credit unions in the future.

E. Basic Education

For many years, the World Bank and UNESCO, together with the French, have taken the lead in providing assistance in this sector. In 1984, USAID signed a loan and grant agreement valued at \$27.6 million toward a \$61 million Support to Primary Education project. The project was designed to increase the quality and quantity of primary school teachers in four provinces and was to become one element in a new National Education Reform Program. Other donors were to provide assistance in such areas as texts, syllabi, and testing. However, USAID and the GRC failed to agree on budgetary priorities and project content for what was to become the U.S. portion of the program. As a result, the Mission abandoned the project in 1986. Since the 1980s, the Bank itself has been involved in a long and unsuccessful attempt

to reach agreement with the GRC on clarifying and centralizing responsibility for educational policy and programs among the diffuse and confusing complex of government ministries and institutions, all highly political, which share responsibility for education in Cameroon. These efforts have been in vain, and the Bank recently suspended further discussions on a \$30 million education sector loan tied to agreement on the reform program. Lacking this crucial component, USAID (along with a number of other donors) has concluded that current prospects for fruitful work in the basic education sector are slim.

F. Ecotourism

A firm GRC commitment for significant policy reform such as privatization of the tourist industry, privatization of the management of parks/reserves, use of revenue from tourism to fund parks/reserves protection/management would be needed. In addition, significant resource levels would be required for infrastructure development (i.e., hotels, roads, telecommunications, visitors' centers), human resources development, park management/protection, and tourism promotion before substantial benefits could be realized. Finally, current economic, security, and political conditions in Cameroon do not, for the foreseeable future, favor the required levels of private sector investments and initiatives in this area.

G. Livestock

The World Bank and other major donors (Germany, European Community) are already actively involved in this sector in supporting policy analysis/planning, research, outreach and production efforts. Over the past several years USAID has had minimal involvement in this sector (limited to discrete policy studies and statistics gathering). USAID livestock programs during the late 70's to mid 80's were largely unsuccessful, and USAID has little comparative advantage in this area.

IV. Management Implications

A. Portfolio Consolidation

This paper proposes a consolidation of USAID's program into three strategic areas with one cross cutting target of opportunity and a reorganization of the Mission in order to concentrate resources on these areas. The Mission currently has 26 separate ongoing activities, although 75 percent of the pipeline is concentrated in just seven of them (NCRE II, National Family Health, Agriculture Education II, PRAMS I, FSSRP, Maternal Child Health, and PREPS). Table 4 shows graphically how the Mission will be down to just 8 projects in FY 1996, with 80 percent of the combined LOP concentrated in four of them.

- By the end of FY 1994, USAID's **health and population** portfolio will consist of two units: the MCH/CS II Project and the National Family Health Project. In addition, the Mission plans to continue to fund a buy-in to the AIDS Control and Prevention Project through FY 1996. This represents a considerable reduction from the eight health-population projects and programs that USAID was implementing at the beginning of 1992.
- A project in **natural resources management**, with an estimated LOP of \$17 million, will be developed for authorization in FY 1994.
- The **Agricultural Education II** Project will be terminated in FY 1993.
- The Mission's **agricultural research** programs (cereals and roots and tubers) will be restructured to place increased emphasis on the dissemination and utilization of improved sustainable agricultural production and storage technologies and processing and marketing of food crops. The National Cereals Research and Extension (NCRE) Project will also be reoriented to develop marketing linkages with the private sector and incorporate additional research elements on natural resources management particularly as relates to biodiversity. The agricultural research projects will be maintained to their PACDs.
- The **Agricultural Policy and Planning** Project will end on December 31, 1993.
- The Mission plans to implement the **Democracy and Governance** Target of Opportunity by developing a new multifaceted Democracy and Governance Project for possible authorization in FY 1994.

Tables 1 and 2 in Appendix B provide detailed obligation, mortgage, pipeline, and expenditure projections grouped by strategic objective.

B. Staffing Implications

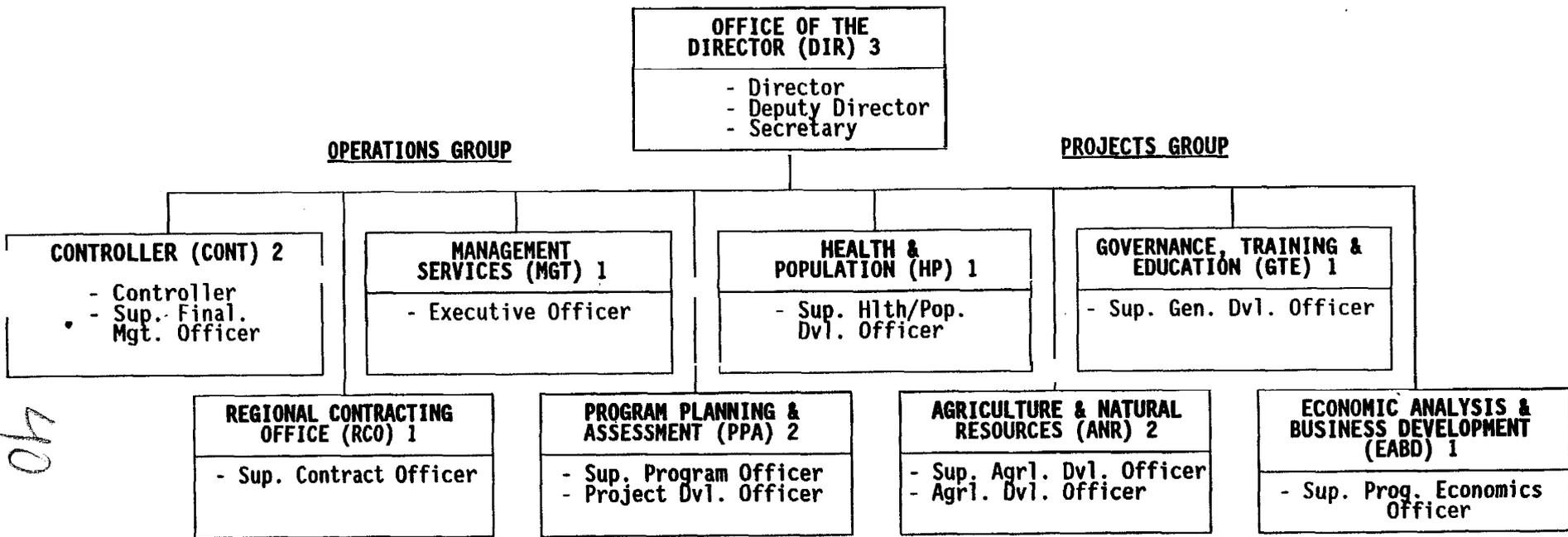
Mission efforts during the past two years to consolidate its portfolio of projects has been paralleled by changes in staff levels and organization. Mission direct hire staff has decreased from 17 FTEs in FY 1990 to the current level of 14. During the same period the number of USAID/Cameroon (i.e., non-centrally-funded) projects has declined from 21 to 17. This consolidation was anticipated in the strategy developed for the current CDSS period (FY 1990-94), a strategy which stressed greater focus in the assistance program. As staff and the number of projects have decreased over time, the Operating Year Budget (OYB) has remained fairly constant: \$22.2 million in FY 1990, \$20 million in FY 1991, \$24 million in FY 1992 and, assuming the suspension is lifted, \$10 - 15 million in FY 1993.

The new organizational plan as depicted on the organization chart on p. 40 contains the following elements:

- The existing Office of Economic Analysis and Policy Reform Initiatives (EAPRI) will be transformed into the Office of Economic Analysis and Business Development (EABD) and one PSC position will be added to act as advisor for the agribusiness/private sector program when activities are initiated under the medium option.
- The existing Office of Agriculture and Rural Development (ARD) will be transformed into the Office of Agriculture and Natural Resources (ANR). An expatriate specialist in forestry or forest ecology will be recruited as a PSC to manage the new FY 1994 natural resources management activity. A Cameroonian project assistant with similar background will be recruited.
- The Mission has already implemented the division of the existing Education and Human Resources Development (EHRD) office into two separate entities, an Office of Governance, Training and Education (GTE) and an Office for Health and Population (HP). A Cameroonian project assistant has been recruited to help implement D/G activities.
- The Office of Program Management and Project Design (PMPD) will be developed into an Office of Program Planning and Assessment (PPA), thus giving appropriate attention to the importance of evaluation and monitoring. This office will work more closely with the Office of the Director to provide leadership in program planning and evaluation oversight of activities.

The Mission plans to decrease direct hire staff from the present 14 FTEs to 12 by the end of FY 1994. Table 5 shows staffing projections for the next three years.

USAID/CAMEROON
PROPOSED ORGANIZATIONAL PLAN
14 FTEs



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TABLE 5: USAID/CAMEROON STAFFING PROJECTIONS

	JUNE 1993	OCT 1993	OCT 1994	OCT 1995	OCT 1996
MISSION ADMIN & PROJECT MANAGEMENT STAFF					
USDH	14	14	12	12	12
USPSC(OE)	5	5	4	4	4
USPSC (PROJ)	8	8	7	7	6
FSNDH	15	13	2	2	2
FSNPSC (OE)	60	53	48	48	48
FSNPSC (PROJ)	4	9	6	6	6
TCNPSC (OE)	1	1	1	0	0
TCNPSC (PROJ)	2	2	1	2	2
TOTALS	109	105	81	81	80

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APPENDIX A: TARGETS AND INDICATORS

1. Performance Monitoring and Evaluation Plan

Development of a detailed monitoring, evaluation, and reporting plan must await specialized TDY assistance from AID/W. However, considerable progress has already been made in identifying appropriate indicators of program impact and success. These indicators are presented in the tabular presentations for each of the ten targets presented in this annex. Additional work must be carried out as well in developing a data collection and verification plan. Reporting will be done annually in the context of the Assessment of Program Impact (API).

2. Monitoring Program Goals and Sub-Goals

Some measures of expected impact at the goal and sub-goal levels have been developed. For the goal of sustainable economic growth, the general measures of GDP and increases in foreign exchange earnings are adopted. These are standard measures available in government documents. Other measures which could possibly be used are:

- rate of privatization of public organizations;
- rate of change in economic policy reform issues;
- increase in value of marketed production;
- increase in ratio of the value of marketed output to total cost;
- increase in total employment by gender;
- perception of government responsiveness and accountability; and
- increased community participation in financing and delivery of health services.

The first sub-goal, **strengthened productivity**, has both an economic and a social dimension; that is, it includes measures of general well-being. Such gauges of productivity, or proxies thereof, in the social and economic domains might consist of the following:

- quality of life (from the UNDP Quality of Life Index, which includes such measures as income and health status, among others);
- increase in value of marketed output as a percent of total labor cost; and
- increase in farm-level and agribusiness productivity.

Strengthened competitive markets, the second sub-goal, is very broad in scope and therefore susceptible to measurement in a number of different ways. A menu of possible indicators, which can be refined in time, might look like the following:

- increase in average real wages in the private sector;
- increase in market share of Cameroon exports by commodity and market;
- decrease in export/import transaction costs;
- value of private sector investment;
- increase in number of firms by market; and
- value of private sector exports as a % of total exports.

It is underscored that, while it is important to track these measures at the goal and sub-goal level, the results which they represent cannot necessarily be considered the direct results of USAID's program.

3. Strategic Objective 1: Health and Population - Targets and Indicators

	Interventions		
	Maintenance Option	Low Option	Medium Option
Target 1.1: Increased demand for effective and efficient preventive, curative and promotive health services.	Strengthen vaccination and MCH services in three targeted provinces; strengthen family planning information and services nation-wide in order to achieve 10 percent contraceptive prevalence rate by 1997; strengthen social marketing program, resulting in increased sales of condoms.	Same as maintenance option.	Same as low option.
Indicators: (1) Modern contraceptive prevalence rate; (2) Couple years of protection from modern contraceptive use; (3) Prevalence rate of long acting and clinical family planning methods; (4) Number of condoms sold to prevent AIDS/STDs by Cameroon Social Marketing program; (5) Vaccination coverage for measles and DPT III vaccines for children and tetanus toxoid for women of reproductive age in targeted area; (6) Per cent of under 5 children receiving well baby care; (7) Per cent of pregnant women receiving prenatal care.			
Background/Rationale: The National Family Health Project will increase the demand for critical preventive, curative and promotive health services by introducing family planning and key MCH services into community co-financed and co-managed health facilities. The project will also introduce these services into private for-profit, religious and para-public health facilities. In addition, support will be provided to the Cameroon Social Marketing Program to promote the community-based distribution of key MCH technologies such as condoms and oral rehydration salts. Finally, USAID will provide support for AIDS control activities linked to ongoing condom social marketing and IEC efforts targeted at high risk groups.			
Policy Agenda: The creation of autonomous organizations to import essential drugs including vaccines and contraceptives for the public sector.			
GRC Commitment: With the official adoption of the Reorientation of PHC Program, the MOPH has made a commitment to deliver comprehensive and fully integrated curative and preventive services to the population. These services include family planning, pre-natal care, diarrheal disease control, vaccinations, and AIDS control. The National Population Policy, enacted in 1992, provides a national framework and consensus for the delivery of these interventions in both the public and private sectors, as well as through community-based and social marketing programs.			
Other Donors: Besides USAID, the United Nations Fund for Population Activities (UNFPA) is the other major donor supporting family planning/maternal child health (FP/MCH) programs in Cameroon. UNFPA has been working closely with USAID to assist the MOPH to expand the delivery of FP/MCH services in the large cities and to launch information, education, and communication programs. In rural areas, the major donors of the Reorientation of PHC Program support the integration of FP/MCH services into community co-financed and co-managed health facilities. Regarding AIDS control, the leading donors are the World Health Organization, the German Technical Cooperation, the French, and the European Economic Community.			

	* Interventions		
	Maintenance Option	Low Option	Medium Option
Target 1.2: Sustained expanded access to and coverage of community co-financed and co-managed PHC.	Extend community co-financed and co-managed PHC services in three targeted provinces	Same as maintenance option.	Same as low option.
<p>Indicators: (1) Percent of population in targeted provinces with access to community co-financed & co-managed health facilities; (2) Utilization rates of community co-financed & co-managed health facilities; (3) Percent of community co-financed & co-managed health centers in which cost recovery revenues are covering essential recurrent costs (other than GRC salaries); (4) Percent of monthly health information reports received by prescribed deadline in targeted area; (5) Percent of required supervision visits from district to health center levels conducted on schedule in targeted area.</p>			
<p>Background/Rationale: The USAID Maternal Child Health/Child Survival (MCH/CS) II Project, obligated in July 1993, will strengthen and expand community co-financed and co-managed health services in the Adamaoua, South, and Far North Provinces. By 1997, these provinces will be providing integrated PHC services to approximately 70 percent of their resident populations. To promote the sustainability of integrated PHC services, the MCH/CS II Project will also strengthen health supervision, logistics, and information systems.</p>			
<p>Policy Agenda: (1) Revision of the MOPH organization chart to create the health district as the functional administrative unit of decentralized planning and management of health services; (2) Adoption of supporting texts for 1990 drug financing law providing specific guidance on management of revolving fund drug stores at public health facilities; (3) Adoption of supporting texts for 1992 hospital financing law establishing procedures for public hospitals to apply for the right to retain 50% of their fees for services and establishing guidelines on the local management of these funds by community health committees; (4) Revision of the present profit-sharing program for consulting physicians to expand profit-sharing to other health workers and involve the community in management of the program.</p>			
<p>GRC Commitment: After two years of pilot testing community co-financing and co-management of health services, the MOPH formerly adopted this program (called the Reorientation of PHC) as national policy in March 1992. According to this new program, within decentralized health districts, each health center will establish a revolving-fund drug store and other cost recovery mechanisms which will permit the funding of the important recurrent costs of delivering preventive and curative services. Community health committees will manage all cost recovery revenues and participate in all health planning and education efforts. To support this new program, the GRC enacted two critical pieces of legislation: a drug financing law in 1990 which authorizes public health facilities to establish community-managed revolving fund drugs stores; and a hospital financing law in 1992 which permits specially approved hospitals to retain 50 percent of their revenues from fees for services (i.e., hospitalizations, deliveries, etc.), funds which were formerly remitted to the national treasury.</p>			
<p>Other Donors: With broad donor support the MOPH's Reorientation of PHC Program is being implemented in large areas of all ten provinces with plans underway to implement the program in every division in the country. The major donors of this effort include the U.S., Germany (GTZ), France, the European Economic Community, UNICEF, and Switzerland.</p>			

4. Strategic Objective 2: Agriculture and Natural Resources - Targets and Indicators

	Interventions		
	Maintenance Option	Low Option	Medium Option
Target 2.1: Increased community and NGO participation in management of natural forests and protection of key ecosystems	No new initiative in natural resources management.	Support environmental awareness, buffer zone development, integrated park/reserve management, community-based forestry, and watershed management; Support adaptive and applied research in forest, biodiversity and watershed management; Support pilot efforts of small to medium-scale forest products enterprises and ecotourism.	Support expanded efforts in integrated park/reserve protection/management, forest and watershed management, forest enterprise development, and ecotourism.
<p>Indicators: (1) Percent and total number of hectares of natural forests managed according to officially approved management plans; (2) Percent, number, and type of land users adopting management practices which increase the quantity and/or quality of vegetative cover; (3) Percent reduction in harvesting and transformation losses; (4) Increase in total value of forest products of "secondary importance species" exported; (5) Knowledge of ecosystems and levels and types of biodiversity increased; (6) Total number of hectares of key ecosystems protected and managed according to officially approved management plans; (7) Percent, number, and type of land users participating in active management practices in support of biodiversity conservation.</p>			
<p>Background/Rationale: Cameroon is the seventh largest exporter of tropical timber in the world and third in Africa. Timber is the fourth most important export for Cameroon after petroleum, coffee and cocoa beans. The sector engages 20,000 persons, represents 9 per cent of industrial production, and provides 4 per cent of GNP. Non-timber forestry products are important for domestic consumption, their export could perhaps be expanded. Cameroon is an A.I.D. focus country for biodiversity, tropical forests, global climate change and elephant conservation efforts. It has a tremendous range of ecosystems and total numbers of flora and fauna species including many endemic to Cameroon. These resources are important not only to Cameroon but to the world for various reasons including their potential scientific contribution. Potential exists for ecotourism. Tropical forests and biodiversity are threatened by clearing for new agricultural lands, exploitive logging, poaching and other factors which contribute to their degradation.</p>			
<p>GRC Commitment: In early 1992, the GRC created a new Ministry of Environment and Forests to improve management of natural resources. The GRC collaborates closely with and provides co-financing to many international conservation organizations and institutions, local NGOs/PVOs and donor supported projects to protect and better manage forests and key ecosystems. The GRC's draft forestry and land use legislation, elephant conservation plan and environmental strategy framework stress the need for increased attention to biodiversity preservation, sustainable forest management and related environmental issues.</p>			
<p>Policy Agenda: (1) National environmental action plan; (2) Forestry policy; (3) Forestry sector and parks/reserves finance; (4) Land tenure and incentives for sound natural resource management; (5) Privatization of management of parks, reserves and protected areas; (6) Establishment of new parks, reserves and protected areas.</p>			
<p>Other Donors: Belgium (training); Canada (forest inventory, forest sector policy reform, institutional development); France (dense forest research, training, forest industries); Germany (forest management, forest industries); Great Britain and Netherlands (forest regeneration research, rural forestry, training); ADB (forest industries, road construction); Canada, Germany, International Tropical Timber Organization, EEC and UNIDO (pilot initiatives in forest products enterprise development); ITTO (forest management and marketing studies); World Bank (forest sector policy reform, biodiversity project under consideration); various donors (environmental strategy development); Great Britain, Germany, Netherlands and EEC (park/reserve management, training).</p>			

	Interventions		
	Maintenance Option	Low Option	Medium Option
Target 2.2: Improved agricultural and natural resources policies, planning, and monitoring	No new initiative in natural resources management.	Support NGO/PVO policy advocacy and environmental awareness activities; Analyze conditions and incentives leading to improved natural resources management (NRM); Support biodiversity surveys; Develop an environmental information and monitoring system (EIS); Assist in design and implementation of a National Environmental Action Plan (NEAP); Support implementation of forestry and land use legislation.	Provide increased levels of (non-project) assistance to support implementation of forestry legislation, the NEAP, expanded land use planning, and land tenure legislation.
Indicators: (1) Forestry and land use legislation approved by GRC; (2) National environmental action plan (NEAP) completed and approved by GRC; (3) Studies and pilot efforts on conditions and incentives leading to improved natural resources management completed; (4) Forest sector generated revenues reallocated to support forestry and biodiversity protection and management; (5) Environmental information and monitoring system developed and operational.			
Background/Rationale: The promulgation and enforcement of sound agricultural and natural resources policies is essential to achieving sustainable economic growth and development. Reliable information on agricultural production and marketing, land use, technology adoption, and resource capability and changes in resource conditions is a prerequisite to sound sector investments and policy formulation.			
Policy Agenda: (1) National environmental action plan; (2) Forestry legislation; (3) land use legislation; (4) Forestry sector and parks/reserves finance; (5) Land tenure and incentives for sound natural resources management.			
GRC Commitment: The GRC has demonstrated its commitment to policy reform and improved investment planning, as evidenced by: (1) liberalization and privatization of the arabica coffee and fertilizer markets; (2) privatization of seed production and distribution (for high value seeds); (3) passage of a cooperative law eliminating state control of these organizations; (4) development of forestry and land use legislation, and a draft environmental strategy framework; (5) establishment of a free trade regime. The GRC endorses the need for further analysis and improved legislation regarding taxes/tariffs, land tenure and other policy and investment issues. It recognizes the need for enhancing data management to improve impact on policy formulation, investment planning, and development.			
Other Donors: Several multi-lateral and bilateral donors support sector policy reform and planning through analysis as well as conditionality tied to release of investment loans or grants. These include the World Bank, IMF and African Development Bank for reforms included in the structural adjustment program (i.e.,); Canada for reforms in the forestry sector and forest inventory; the EEC in the privatization and liberalization of fertilizer and export crop markets. Various donors (FAO, World Bank, France) support the collection and dissemination of agricultural production and marketing statistics, and specialized studies on agricultural sub-sectors, adoption of technologies, and other topics.			

	Interventions		
	Maintenance Option	Low Option	Medium Option
Target 2.3: Increased availability of and access to improved sustainable agricultural techniques	No new initiative in NRM; with existing agricultural sector portfolio supporting adaptive food crop and natural resources management research and outreach, the establishment of pilot small-medium-scale seed/plant cutting production/distribution enterprises, private sector importation and distribution of fertilizer.	Support modestly expanded research and outreach efforts in the areas of soils management, soil and water conservation, agroforestry, integrated pest management, and watershed management particularly in humid forest & key ecosystems.	Same as low option.
Indicators: (1) Percent, number, and type of land users adopting new practices which will positively affect the physical environment used for agriculture; (2) Percent of and total number of hectares covered by improved practices; (3) Increase in yield per hectare due to improved production systems; (4) reduction in soil erosion.			
GRC Commitment: GRC policies and development strategies stress food security, promotion of exports, and sustainable resource management. The GRC provides significant co-financing to a large number of USAID and other donor funded efforts in research, training, extension, policy and planning, and other areas related to attaining these objectives.			
Background/Rationale: Intensification of agricultural production and sustainable management of the natural resources base is essential to sustained agricultural productivity and economic growth. Adoption of improved agricultural production techniques will help reduce the loss of tropical forests (with resultant loss in biodiversity) being cleared for new agricultural land in response to population pressures and the decline in soil fertility under traditional slash and burn, and low input systems of cultivation. It will reduce the degradation of the country's resource base used for agricultural production for both domestic and export markets. This will contribute directly to food security, income generation and balance of trade.			
Policy Agenda: (1) Market liberalization and privatization of agricultural inputs (overlap with SO 3); (2) Land tenure and incentives for sound natural resources management.			
Other Donors: Belgium (food crop and livestock extension; research and training in pest management, soils and livestock); Canada (training, integrated rural development, non-traditional exports, agribusiness); France (crops research and extension, training, livestock); Germany (agroforestry, cooperatives, integrated rural development); Great Britain (agroforestry, integrated rural development); Netherlands (agroforestry, training); ADB (rural development); EEC (fertilizer sector, cooperatives, integrated rural development); World Bank (research, extension, rural development, livestock, non-traditional exports); various donors (environmental strategy development, agricultural sector policy reform and investment planning).			

5. Strategic Objective 3: Private Sector/Agribusiness - Targets and Indicators

	Interventions		
	Maintenance Option	Low Option	Medium Option
Target 3.1: Improved Regulatory Environment	Maintain current portfolio; proceed with termination of under-funded & completion of fully-funded activities; forgo initiation of new agribusiness program.	Become actively involved in codifying, implementing, and monitoring recently revised laws; further liberalize cocoa and robusta coffee marketing; explore potential for alternative dispute resolution system; expand number of licensed traders in commodity exports; end state monopoly on imports of sacks and bags; privatize state-owned agribusiness; conduct constraints analysis.	Assist in identifying, and formulating regulatory reforms to alleviate business constraints; assist in development of alternative dispute resolution system; deregulate and promote cross-border trade with UDEAC countries and Nigeria; reduce number of check points in highways.
<p>Indicators: (1) Number of exporters of robusta coffee and cocoa, exporting over 1,000 tons per year; (2) Numbers of licensed buyers, processors and exporters certified to operate on cocoa and coffee; (3) Official notice removing quantitative restrictions on imports of sacks and bags; (4) Number of potential judges (arbitrators) available for parallel dispute resolution; (5) Regulatory reform achievements during the year; (6) Number of trade associations involved in agribusiness and structure of their memberships; (7) Value and composition of trade with Nigeria and UDEAC countries; (8) Average duration of truck trip from Fombot to Douala.</p>			
<p>Background: The move toward a more liberalized economic environment resulted in the promulgation of several laws and regulations. Despite progress accomplished, there is a continued need for initiating new changes and refine reforms already made to maintain a legal and regulatory environment conducive to the development of private, competitive and efficient markets.</p>			
<p>Policy Agenda: (1) Support elimination of barriers to private sector development; (2) Facilitate deregulation of prices; (3) Privatization and liberalization of coffee and cocoa markets.</p>			
<p>GRC Commitment: The GRC, through the Structural Adjustment Program (SAP) has fully committed itself to the liberalization of the economic environment. On arabica coffee and fertilizer, this has become nearly a reality thanks to the USAID PRAMS-I and FSSRP projects. Several decrees were promulgated: New investment code, new labor code, new cooperative laws. It is expected that these laws will fully be implemented during the next years.</p>			
<p>Other Donors: The World Bank, IMF, and FAC are all seeking liberalization of the economic environment. The promulgation of the new labor code was a condition for the release of the third tranche under the World Bank's SAL. The World Bank is also carrying out a comprehensible study on the tax system. The CFD and USAID coordinate their efforts for the liberalization of coffee market. CFD is also involved in the rehabilitation of commodities such as cotton and vegetable oils. EEC is involved, through the PSIE, in the privatization of the fertilizer marketing in the northern provinces. Canada financed the GEOMAR study on the promotion and diversification of agro-food exports from Cameroon.</p>			

	Interventions		
	Maintenance Option	Low Option	Medium Option
Target 3.2: Improved Market Information	Maintain current portfolio; proceed with termination of under-funded & completion of fully-funded activities; forgo initiation of new agribusiness program.	Support collection and dissemination of wholesale/retail prices of farm products in main markets; sponsor consumption surveys to provide baseline data on impact of adjustment; ensure relaxation of State monopoly on international market news information.	Support dissemination of data on export/import volumes and values, trade and transport costs, external market conditions, trade margins, internal trade flows; develop information packages for national and foreign investors by economic sector; assist trade groups to develop effective market information systems; help identify potential markets & importers for selected product lines.
Indicators: (1) Number of organizations having direct access to international market news wire services; (2) Minutes of radio broadcast per week devoted to prices and market information; (3) List of major markets for agricultural products covered by market news system (international, regional, and domestic); (4) Updated household consumption patterns by income strata for main urban centers made available; (5) Correlation among price series in major surplus and deficit markets.			
Background: Market information is essential for an effective implementation of a private sector strategy. The lack of data poses a severe constraint, not only on the private sector participants but also on the ability of the GRC and donors to effectively monitor and evaluate economic performance under the structural adjustment or other reform measures. Knowledge of international prices, products standards and regulations constitute important constraints regarding the ability of a firm to gain access to, and compete in, foreign markets.			
Policy Agenda: Promote deregulation of internal and external market information system.			
GRC Commitment: A regional project for price dissemination carried out by the FAO is underway. It is expected that GRC will agree to extend this activity nationwide.			
Other Donors: Apart from the Food and Agricultural Organization (FAO) of the United Nations currently involved in the agricultural data collection and dissemination in certain regions, other donors are showing interest in remedying the lack of availability and accessibility of market information.			

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	Interventions		
	Maintenance Option	Low Option	Medium Option
Target 3.3: Increased Investment Services	Maintain current portfolio; proceed with termination of under-funded & completion of fully-funded activities; forgo initiation of new agribusiness program.	Continue assistance to CamCCUL and credit unions; reprogram local currency reflows from PRAMS I and FSSRP to support private sector business activity; support trade associations to improve services to members; provide short-term marketing credit for private exporters of coffee and cocoa.	Enhance savings mobilization in informal financial sector (tontines); provide assistance on privatization of state enterprises: valuation, leasing, divestiture, etc.; explore creation of commodity markets; explore creation of capital market; encourage investment in Industrial Free Zones; Support establishment of financial services in Free Trade Zone; provide technical assistance for creation of a commodities market; Set up investment promotion center; carry out export promotion activities; contract feasibility studies on cost-sharing basis; set up venture capital fund.
<p>Indicators: (1) Value and structure of credit union savings and loans; (2) Current value of revolving funds for commodity marketing and fertilizer marketing (PRAMS & FSSRP); (3) List of SNI parastatal enterprises still operating, under liquidation, and dissolved; (4) Size and structure of membership in voluntary private sector trade associations; (5) Number of loans, users, and volume of short-term lending to commodity exporters under revolving fund; (6) Size and composition of credit union membership, gender disaggregated; (6) Number of enterprises registered under the Industrial Free Zone system; (8) Employment of men and women in firms registered under new investment code; (9) Volume of short-,medium-, and long-term lending by the banking sector to the private sector.</p>			
<p>Background: The formal financial sector in Cameroon is in an extremely weak and precarious state. This is a result of years of poor lending and management practices. Public confidence in the formal financial sector (banks) is low due to the large number of frozen deposit accounts resulting from the closure of major banks in recent years. Under the existing economic and financial crisis facing Cameroon, access to credit has become problematic.</p>			
<p>Policy Agenda: (1) Promote improved access to financial services by supporting creation of wider range of financial instruments; (2) Promote concept of cooperatives as independent business entities.</p>			
<p>GRC Commitment: Reform of the banking sector has been successfully carried out and new cooperative law and its application decrees were issued.</p>			
<p>Other Donors: The CFD, the World Bank and the IMF have supported macro-oriented reforms such as, the liquidation, restructuring and privatization of the commercial banking sector. There are three micro-oriented interventions being pursued by donors which attempt in part to address the problem of access to credit and finance (ex. french PROPARCO whose operations aim at the creation, development, expansion and restructuring of firms; The German DEG has played a pivotal role in the recent establishment of credit agricole du Cameroon).</p>			

	Interventions		
	Maintenance Option	Low Option	Medium Option
Target 3.4: Improved technical and managerial skills	Maintain current portfolio; proceed with termination of under-funded & completion of fully-funded activities; forgo initiation of new agribusiness program.	Help strengthen cooperative management; promote Professional Development Center at University Center of Dschang; continue support for occupational and participant training.	Activate International Executive Service Corps (IESC); Offer business oriented seminars on banking, privatization, new labor code, new investment code, etc; Provide training in public management; Provide training in legal and management techniques; set up endowment for private foundation to conduct economic and business analysis.
Indicators: (1) Number of trainees in the various training programs (gender disaggregated); (2) List business oriented workshops and seminars held; (3) Placement rate in occupational training programs; (4) Registration fees collected from participants in business oriented workshops and seminars; (5) Months of participant training, by field of study, gender disaggregated.			
Background: There is a lack of skills in the area of management and business administration. Since small and medium size enterprises will most likely serve as the basis for growth and development of the private sector, the transfer of knowledge and skills to would-be entrepreneurs is critical.			
Policy Agenda: (1) Promote the concept of cooperatives as private business entities; (2) Foster improvement of skills of small and medium size business entrepreneurs.			
GRC Commitment: The GRC is fully committed to the improvement of managerial skills. The Mission's OIC project support training in many areas. Under the Entrepreneur International (EI), private sector entrepreneurs benefit from customized on-the-job training programs and observational tours in the United States.			
Other Donors: UNDP is financing a project aimed at providing technical assistance and training to recent graduates of higher education or technical schools as well as apprentice artisans in creating their own enterprises. Canada is also sponsoring two pilot activities in entrepreneurial development.			

6. Target of Opportunity: Democracy and Governance - Indicators

Tentative indicators, to be applied two and five years after the start of the project would include:

- Number of favorable mentions of project activities in local media,
- Number of actions taken to reduce regulations and liberalize the climate for private investment by GRC legal, regulatory, and administrative bodies that are fully or partially credited to Forum and other project activities (i.e., seminars, research, training, or other assistance,
- Expansion in membership of NGOs, trade, and professional associations supported by the project,
- Number of times members of the National Assembly or their staffs request information or advice from project staff to research, draft, or amend legislation,
- Number of voters who register for and participate in elections following project-sponsored "get out the vote" campaigns or similar activities,
- Number of participants in project-sponsored seminars who indicate increased job satisfaction, accomplishments, or rewards after receiving some kind of project assistance.



APPENDIX B: Mortgage & Pipeline by Strategic Objective

TABLE B1: USAID/Cameroon MORTGAGE Analysis, \$11M OYB SCENARIO, FY 1993 – FY 1996

Strategic Objective and Associated Activities	PACD	LOP Funding	Through FY 92		FY 93		FY 94		FY 95		FY 96	
			OBL	MORT	OBL	MORT	OBL	MORT	OBL	MORT	OBL	MORT
Increased access and use of primary health care												
631-0072 Reform of the Health Delivery System	04/94	2,600	2,600	0								
631-0067 Health Constraints to Rural Production	08/93	8,133	8,133	0								
936-5969.31 Diarrheal Disease Control (PRITECH II) (1) (8)	09/93	1,117	1,117	0								
631-0056 Maternal-Child Health/Child Survival	04/94	11,500	11,500	0								
631-0091 Cameroon River Blindness	09/94	423	423	0								
936-5600 Innovative Scientific Research (1) (2)	07/96	300	300	0								
936-5991.31 Data for Decision-Making (1) (8)	N/A	100	0	0	100	0						
631-0084 National Family Health	12/96	8,050	5,500	2,550	1,550	1,000	0	1,000	1,000	0		
936-5972.31 AIDS Control & Prevention (AIDSCAP) (1) (8)	09/96	2,650	250	2,400	1,300	1,100	400	700	500	200	200	0
631-0090 Maternal-Child Health/Child Survival II	12/97	18,000	0	0	5,000	13,000	2,100	10,900	3,350	7,550	4,150	3,400
Sub--Total		52,873	29,823	4,950	7,950	15,100	2,500	12,600	4,850	7,750	4,350	3,400
Improved natural resource utilization												
936-5556 Forest Resources Management II (1) (3) (8)	N/A	75	75	0								
631-0058 Roots & Tubers (ROTREP) II	12/94	9,239	9,239	0								
936-5554 Conservation of Biological Diversity (1) (3) (4) (8)	09/93	175	25	150	150	0						
631-0052 National Cereals Research & Extension II (9)	02/95	39,027	34,691	4,336	1,350	2,986	1,650	1,336	0	0		
631-0066 Agriculture Education II (11)	12/97	15,000	4,623	10,377	0	10,377	0	0				
631-0081 Cameroon Project for Environmental Reform (7)	TBD	17,000	0	0	0	0	3,000	14,000	3,350	10,650	3,500	7,150
Sub--Total		60,516	39,339	14,863	1,500	13,363	4,650	15,336	3,350	10,650	3,500	7,150
Improved conditions for private sector trade												
631-0079 OICI II - Vocational Training Center II (8)	03/94	3,200	3,200	0								
631-0063 Program for Reform of Ag Mktg (PA)	09/94	5,500	5,500	0								
631-0068 Program for Reform of Ag Mktg (NPA)	09/94	18,000	18,000	0								
631-0082 Reform of Export Processing Sector (PA)	12/95	3,560	3,560	0								
631-0074 Reform of Export Processing Sector(NPA)	12/95	3,100	3,100	0								
631-0059 Agricultural Policy & Planning (5)	12/93	12,000	9,200	2,800	500	2,300	0	0				
698-0438 Private Enterprise Fund (1) (6)	09/94	816	811	5	(5)	0						
631-0063 Fertilizer Sub-Sector Reform (PA) (10)	09/94	3,000	1,500	1,500	0	1,500	0	0				
631-0064 Fertilizer Sub-Sector Reform (NPA) (10)	09/94	17,000	13,500	3,500	0	3,500	0	0				
Sub--Total		66,176	58,371	7,805	495	7,300	0	0	0	0	0	0
All three strategic objectives												
698-0463 Human Resources Development (1)	09/95	3,925	1,900	2,025	525	1,500	500	1,000	500	500	500	0
631-0510 Program Development and Support	09/95	5,594	3,569	2,025	525	1,500	550	950	550	0	400	0
631-0092 Democracy & Governance I (7)	TBD	6,800	0	0	0	0	2,800	4,000	1,750	2,250	2,250	0
Sub--Total		16,319	5,469	4,050	1,050	3,000	3,850	5,950	2,800	2,750	3,150	0
Grand Total		215,884	133,002	31,668	10,995	38,763	11,000	33,886	11,000	21,150	11,000	10,550

(1) LOP Funding levels for buy-ins and regionally funded projects are the sum of USAID/Cameroon obligations for the period of FY 1992 through FY 1996.

(2) Includes a Limited Scope Grant Agreement (LSGA) with 9/93 PACD and an LSGA with 7/96 PACD.

(3) Natural resources management analytical studies funding.

(4) WCI-Korup funding through 9/93 (\$150,000) and natural resources analytical studies (\$25,000).

(5) Deauthorization eliminating mortgage of this activity is planned for FY 1993.

(6) Deobligation eliminating pipeline for this activity planned for FY 1993.

(7) New activity which has not yet been approved.

(8) Accounting station is in AID/W.

(9) Deauthorization will reduce LOP funding to \$37.691 million.

(10) Deauthorization eliminating mortgage for this activity planned for FY 1993.

(11) Activity will be terminated in FY 1993

TABLE B2: USAID/Cameroon PIPELINE Analysis, \$11M OYB SCENARIO, FY 1993 – FY 1996

Strategic Objective and Associated Activities	PACD	LOP Funding	Through FY 92		FY 93		FY 94		FY 95		FY 96	
			EXP	PIPE	EXP	PIPE	EXP	PIPE	EXP	PIPE	EXP	PIPE
Increased access and use of primary health care												
631-0072 Reform of the Health Delivery System	04/94	2,600	1,829	771	500	271	271	0				
631-0067 Health Constraints to Rural Production	08/93	8,133	7,938	195	195	0	0					
936-5969.31 Diarrheal Disease Control (PRITECH II) (1) (8)	09/93	1,117	867	250	250	0	0					
631-0056 Maternal-Child Health/Child Survival	04/94	11,500	8,277	3,223	2,423	800	800	0				
631-0091 Cameroon River Blindness	09/94	423	137	286	140	146	146	0				
936-5600 Innovative Scientific Research (1) (2)	07/96	300	12	288	160	128	75	53	40	13	13	0
936-5991.31 Data for Decision-Making (1) (8)	N/A	100	0	0	100	0						
631-0084 National Family Health	12/96	8,050	609	4,891	1,700	4,741	2,000	2,741	2,000	1,741	1,741	0
936-5972.31 AIDS Control & Prevention (AIDSCAP) (1) (8)	09/96	2,650	0	250	400	1,150	400	1,150	500	1,150	750	600
631-0090 Maternal-Child Health/Child Survival II	12/97	18,000	0	0	0	5,000	4,000	3,100	4,200	2,250	4,000	2,400
Sub-Total		52,873	19,669	10,154	5,868	12,236	7,692	7,044	6,740	5,154	6,504	3,000
Improved natural resource utilization												
936-5556 Forest Resources Management II (1) (3) (8)	N/A	75	0	75	75	0						
631-0058 Roots & Tubers (ROTREP) II	12/94	9,239	7,737	1,502	750	752	600	152	152	0		
936-5554 Conservation of Biological Diversity (1) (3) (4) (8)	09/93	175	0	25	175	0						
631-0052 National Cereals Research & Extension II (9)	02/95	39,027	27,196	7,494	3,800	5,044	4,000	2,694	1,850	844		
631-0066 Agriculture Education II (11)	12/97	15,000	409	4,214	3,050	1,164	0	1,164	0	1,164	0	1,164
631-0081 Cameroon Project for Environmental Reform (7)	TBD	17,000	0	0	0	0	2,000	1,000	3,500	850	3,500	850
Sub-Total		80,516	35,342	13,310	7,850	6,960	6,600	5,010	5,502	2,858	3,500	2,014
Improved conditions for private sector trade												
631-0079 OICI II - Vocational Training Center II (8)	03/94	3,200	1,320	1,980	1,216	764	554	210				
631-0083 Program for Reform of Ag Mktg (PA)	09/94	5,500	1,710	3,790	2,100	1,690	1,690	0				
631-0068 Program for Reform of Ag Mktg (NPA)	09/94	18,000	11,000	7,000	0	7,000	7,000	0				
631-0082 Reform of Export Processing Sector (PA)	12/95	3,560	824	2,736	1,000	1,736	1,000	736	560	176	176	0
631-0074 Reform of Export Processing Sector (NPA)	12/95	3,100	1,300	1,800	0	1,800	1,800	0				
631-0059 Agricultural Policy & Planning (5)	12/93	12,000	7,313	1,887	2,300	87	87	0				
698-0438 Private Enterprise Fund (1) (6)	09/94	816	361	450	222	223	223	0				
631-0063 Fertilizer Sub-Sector Reform (PA) (10)	09/94	3,000	761	739	371	368	368	0				
631-0064 Fertilizer Sub-Sector Reform (NPA) (10)	09/94	17,000	10,000	3,500	3,500	0						
Sub-Total		66,176	34,589	23,882	10,709	13,668	12,722	946	560	176	176	0
All three strategic objectives												
698-0463 Human Resources Development (1)	09/95	3,925	1,283	617	485	657	1,076	81	500	81	581	0
631-0510 Program Development and Support	09/95	5,594	2,915	654	625	554	700	404	550	404	550	254
631-0092 Democracy & Governance I (7)	TBD	6,800	0	0	0	0	1,600	1,200	2,400	550	2,800	0
Sub-Total		16,319	4,198	1,271	1,110	1,211	3,376	1,685	3,450	1,035	3,931	254
Grand Total		215,884	83,798	48,617	25,537	34,075	30,390	14,685	16,252	9,223	14,111	5,268

- (1) LOP Funding levels for buy-ins and regionally funded projects are the sum of USAID/Cameroon obligations for the period of FY 1992 through FY 1996.
- (2) Includes a Limited Scope Grant Agreement (LSGA) with 9/93 PACD and an LSGA with 7/96 PACD.
- (3) Natural resources management analytical studies funding.
- (4) WCI-Korup funding through 9/93 (\$150,000) and natural resources analytical studies (\$25,000).
- (5) Deauthorization eliminating mortgage of this activity is planned for FY 1993.
- (6) Deobligation eliminating pipeline for this activity planned for FY 1993.
- (7) New activity which has not yet been approved.
- (8) Accounting station is in AID/W.
- (9) Deauthorization will reduce LOP funding to \$37.691 million.
- (10) Deauthorization eliminating mortgage for this activity planned for FY 1993.
- (11) Activity will be terminated in FY 1993.

APPENDIX C: REFORM IN THE HEALTH SECTOR AND OPPORTUNITIES FOR DEVELOPMENT

The Reorientation of Primary Health Care Program

In response to deteriorating conditions, the Ministry of Public Health (MOPH) initiated a health sector reform program in 1989, several years after the onset of the economic crisis. Health sector reform has proven to be a long and complicated process involving operations research, policy formulation, and implementation of new programs in pilot regions. Progress in improving health conditions in pilot zones was already apparent in 1992 and should begin to have nationwide impact over the next five years.

The key element in the MOPH's health sector reform program is the development and adoption of a revised national primary health care strategy. Known as "Reorientation of Primary Health Care (RPHC)," this strategy is based on four main principles:

- Community co-financing of health services;
- Community co-management of public health facilities;
- Decentralization of health planning and management to the level of the health district; and
- Full integration of preventive and curative services.

The RPHC program reflects the fact that the GRC does not presently have, nor is it likely to have in the near future, sufficient budgetary resources to finance health care services. The strategy's cost recovery approach divides the costs of health care between the government and the population. The government is to continue financing health workers' salaries, pre-service training, and other inputs which are still being provided despite the economic recession. The community, for its part, will fund the key non-salaried recurrent costs associated with the delivery of PHC services. In addition, the health system will be made less costly and more efficient by stressing the full integration of health logistics, supervision, and management information systems.

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

- In 1990, a drug financing law authorizing public health facilities to establish community-managed revolving fund pharmacies in which all receipts are retained locally; and
- In 1992, a hospital financing law permitting specially-approved public hospitals to retain 50 percent of their revenues from fees for services (i.e.,

hospitalization, deliveries, etc.), which were formerly remitted to the national treasury.

The passage of these two new laws is a direct reflection -- and a major success -- of USAID policy dialogue with the GRC, and augers well for continued involvement in the health sector. Furthermore, the objectives of the RPHC program -- financial sustainability and local participation -- are clearly consistent with those of the DFA Action Plan.

The RPHC strategy enjoys broad donor support and is being implemented in large areas of all ten provinces, with further plans to implement the program in every division in the country. USAID has provided important support for this new initiative through two major projects: the Maternal Child Health/Child Survival Project (LOP \$11.5 million, PACD 1993) and the Reform of the Health Delivery System Project (LOP \$2.6 million, PACD 1993).

According to a November 1991 evaluation of the MCH/CS Project, despite some operational and management problems, progress has been achieved in mapping health center zones; designing training manuals; organizing and training community health and management communities; and establishing cost recovery, logistics, supervision, and health information systems. As a result, curative and preventive services are now being provided -- a marked improvement over baseline conditions. The major conclusions of the evaluation were (1) that the operational problems encountered can be rectified through improved health systems management, and (2) that decentralization of health services and community co-management and co-financing are appropriate mechanisms for delivering health services. The report recommended that USAID provide follow-on assistance to the MOPH for continuation and expansion of the RPHC program.

Family Planning

Cameroon's strong pro-natalist tradition has hampered the acceptance and use of modern contraceptives. However, since 1990, with the assistance of the USAID National Family Health Project (LOP \$8.05 million, PACD 1996) and other donor support, Cameroon has made significant progress in establishing an institutional framework for the expanded delivery of family planning information and services. Progress has been achieved in the following areas:

- Development of a national family planning service delivery policy. This policy authorizes all health centers and hospitals in the country to include family planning services as part of integrated primary health care. It also authorizes all levels of health care providers (including village health workers and nurse assistants) to participate in the delivery of services. In addition, the policy approves a full range of modern family planning methods, including injectable contraceptives, norplant, and voluntary surgical contraception;
- Inclusion of contraceptives in the MOPH's essential drugs list; and

- Development of a nationwide contraceptive social marketing program, which presently sells two brands of condoms and is preparing to launch oral contraceptives.

In addition to policy measures aimed at expanding access to quality family planning information and services, the Cameroon National Population Commission officially adopted a National Population Policy in July 1992, seeking to establish a national consensus on population issues. The policy outlines a well-conceived, broad-based document which addresses trends in fertility, mortality, and migration; the status of women; educational opportunities; health status; employment; and the environment. The policy also supports reproductive health education and the integration of family planning into primary health care services. Although it does not set specific targets for fertility reduction, the policy does emphasize the need to realign population growth with the availability of resources and establish a clearer link between population and development. The impact of this policy will be to increase both donor and government commitments to family planning, maternal and child health, demographic data collection, primary education, and the environment.

As a result of USAID and other donor support for population programs, both the number of family planning service delivery sites and estimated contraceptive use have doubled since 1990. Establishment under the RPHC Program of community co-financed and co-managed health facilities and functioning logistics and supervision systems will provide further opportunities for expanding family planning services in the country.

Control of Diarrheal Disease

In 1988 the MOPH created a National Control of Diarrheal Diseases (CDD) Program within the Directorate of Preventive and Rural Health. In 1990 the program issued a national CDD policy, which provides case management guidance to health providers and family caretakers and bans the use of anti-diarrheal drugs at health facilities.

USAID has supported the National CDD Program through the R&D/Health PRITECH project (annual funding \$250,000, PACD 1993). In conjunction with the MCH/CS Project, PRITECH has developed a CDD curriculum for service providers who work in community co-financed and co-managed health facilities. PRITECH has also worked closely with the MCH/CS and other PHC projects to design supervision protocols and health information indicators to be used in integrated PHC supervision and health information systems. Finally, PRITECH has assisted the MOPH to train CDD trainers, design educational materials, and develop CDD medical standards.

At the health center level, USAID (and the other major health donors) provide support for CDD, immunization, and other maternal child health interventions as part of the implementation of the integrated RPHC program. The opening of new community co-financed and co-managed health facilities will permit rapid and sustainable increases in the use of oral rehydration therapy by health personnel and family caretakers.

AIDS

In response to a rising number of reported AIDS cases, the GRC established a National AIDS Control Service (NACS) in 1988. With the assistance of the World Health Organization (WHO), the NACS formulated a National Medium Term Plan for AIDS Control for the period 1988-1992. The major objectives of the plan are to: 1) monitor the status of the epidemic; 2) decrease the spread of human immuno-deficiency virus (HIV) through blood transfusions, sexual transmission, maternal-child transmission and injections; and 3) improve the clinical skills of health workers to prevent, treat and counsel HIV/AIDS cases.

Since 1989, USAID has provided support to the NACS through the centrally-managed AIDSTECH Project and through the National Family Health Project. Collectively, this support has provided: technical assistance and commodities to implement a national sentinel surveillance program; technical assistance, supplies, and training to reduce transmission of HIV through blood transfusions; assistance in implementing a program of education, condom distribution, and sexually-transmitted disease treatment targeted for prostitutes and other high risk groups in four major cities; and training of counselors as part of a national HIV/AIDS counseling program. In addition, USAID has provided assistance to the Cameroon Social Marketing program to promote and distribute two brands of condoms in the country.

According to AIDS modeling experts, Cameroon may be in the best position of any African country to control its AIDS epidemic. In addition to having a seroprevalence rate of about one percent, Cameroon has the advantage of having a successful national condom social marketing program that, in its third full year of operation, sold more than five million condoms. More importantly, an estimated 15 percent of these condoms are being sold to high risk individuals, retarding the spread of infection in the sexually active population. Cameroon thus has a unique opportunity to stabilize its HIV seroprevalence rate at a level far below those in neighboring countries.

APPENDIX D: ENVIRONMENTAL DEGRADATION

Degradation of Tropical Forests and Loss of Biodiversity

Potentially an enormous source of wealth for Cameroon, forest resources occupy over 55 percent of the national territory. The timber sector represented 4 percent of the GNP in 1991, and generated CFAF 32 billion worth of exports and 20,000 jobs.

Moreover, Cameroon is characterized by the tremendous diversity of its fauna and flora. It possesses some 297 species of mammals, 848 species of birds and 300 species of anurans. There are 9,000 species of plants with at least 156 endemic species. Revenues from the exploitation of wildlife resources are estimated at 200 million CFAF per year. As Cameroon offers a wide variety of climatic zones, ecosystems, fauna and landscapes, good potential exists for expanded earnings from ecotourism.

Cameroon's forests are part of the world's second largest contiguous expanse of tropical moist forest, an estimated 2.8 million square kilometers in size. It includes within its boundaries the entire countries of Gabon, Equatorial Guinea and the Congo; most of Cameroon and Zaire; and a small part of the Central African Republic. Tens of millions of people depend heavily upon the region's forest resources and agricultural production in the forest region for food, energy, shelter, and employment. These forests are of major global importance, serving as an important reservoir of carbon and a source of tremendous biodiversity of scientific and medicinal value. Accelerating deforestation and forest degradation in Cameroon and other Central Africa countries is threatening this resource. Unless comprehensive measures are taken to ensure the sustainable management of these forests, thereby reversing the resource degradation process, serious economic, political and environmental consequences could result, e.g., global and regional climate change; loss of biodiversity of potential scientific and medicinal value; declines in natural resource productivity required for meeting both subsistence needs and sustained economic growth, along with related social problems--poverty, mass migration, political instability.

Both Cameroon's forest resources and ecosystems are being degraded through exploitative logging, demands for fuelwood, clearing for agricultural activities and other uses, fires and poaching. Deforestation rates are estimated at 150,000 hectares per year, mainly through shifting cultivation, overgrazing, fuelwood collection, commercial and small-scale logging, road construction, and increasing urbanization. Shifting cultivation (slash and burn farming) is considered the greatest single cause of deforestation (75-95,000 hectares annually). It is estimated that perhaps a million hectares of forest have been lost to agriculture during the past decade. Fuelwood consumption is projected to double by the year 2,000. In the northern savannah zone shortages are already developing. Increasing pressure will be felt in the Center, Littoral, West, Northwest and Southwest Provinces where between two-thirds and three-quarters of national fuelwood consumption and marketing take place.

The economic status of the country has also had a negative impact on sustainable forest management. In order to face external financial commitments, Cameroon has been forced to increase certain agricultural and industrial activities which do not always favor the sustained exploitation of natural resources, especially forests and fauna. Major declines in world market prices for Cameroon's traditional exports (coffee, cocoa, petroleum), have placed great pressure on exploiting forests to fill the gap in export earnings, to the extent that now even certain "protected" areas are being logged.

Commercial logging is a major problem since many privately owned companies are interested only in a limited number of species having high market value. Other species felled during logging operations are either under-utilized or abandoned in the forest. Currently of 49 species recognized as commercial, only 30 are used. Of these, three account for almost 60 percent of production. An estimated 25-35 per cent of each felled tree is lost at the logging site. Total wastage from felled trees to sawn products is as high as 65-75 percent. The harvesting rate of forests is estimated at 100 times higher than reforestation. Absence of proper land use planning is a major constraint to sustainable forest management.

Existing forestry legislation and policy is inappropriate and does not encourage the rational management of forest resources. Recently, however, based on analysis supported by the World Bank and Canada, improved forestry legislation has been prepared and is now under consideration by the GRC. The forestry sector is presently characterized by: (a) the granting of short term leases and permits for exploiting concessions with no requirement for adherence to sustainable forest management plans, (b) a lack of transparency in and non competitiveness of awarding concessions, (c) an under-valuation of forest resources, resulting in the subsequent imposition/collection of much lower taxes and fees than are justified, and (d) the awarding of major concessions to commercial firms with little opportunity or incentive for community-based forest management. Furthermore, it is widely believed that considerable corruption exists in the awarding of concessions, in the revenue collection/allocation process, and in the exploitation and exportation of forest products. Strong vested interests are alleged to exist between certain Cameroonian government officials and some expatriate forestry firms. Reliable statistics on forest exports are not available. An unknown level of unrecorded and unregulated exports of forest products also potentially has a significant impact on official government revenue earnings.

Poaching and unregulated hunting are a major threat to Cameroon's wildlife. Cameroon contains populations of over 40 species identified as globally threatened: that is threatened with extinction throughout their range. These include 18 mammals, 16 birds and five reptiles. Threatened species of great international and U.S. congressional concern include the black rhinoceros, the western lowland gorilla and the African elephant (both savanna and forest subspecies).

Wildlife is an important source of protein for Cameroonians. Although precise data is not available at the national level, figures from the Korup area in southwestern Cameroon may be indicative. A 1990 study estimated 25 percent of rural income was

derived from bushmeat, while a 1988 study found that up to 80 percent of the animals killed in the Korup area were used for commercial rather than for subsistence ends. Since the fall in cocoa and coffee prices, bushmeat has become the primary food product worth transporting by foot from remote villages. Poaching in and around parks and protected areas is a lucrative occupation, which attracts both local hunters and cross-border raiders from Chad and Nigeria. Elephants, rhinoceroses, and other large animals are hunted mainly for the ornamental or medicinal value of specific body parts. In spite of Cameroon's subscription to the international ban on trade in ivory, local trade is still permitted.

GRC revenue earned from forest taxes/fees and ecotourism (park entrance fees) is not reallocated in support of forest and park/reserve management and protection. GRC institutions having natural resources management regulatory, research, outreach, and educational mandates are grossly under-funded and, in some instances, lack sufficient numbers of qualified personnel and essential equipment. Many of their priority programs are almost entirely reliant on donor funds for operational and investment costs. Likewise, operational funds for parks and reserves are heavily dependent on non governmental support.

There is generally insufficient knowledge of forest resources. The dynamics of the rainforest and those of the wildlife it shelters are practically unknown, as are the ecological impacts of logging on the complex forest ecosystems. The nearly-completed national inventory of dense forests lacks certain key ecological data which are needed for a better understanding and management of the biosphere. Insufficient research work has been done to date on forest management and silviculture. Several important research efforts are now underway, such as IITA's humid forest program, Great Britain and Netherlands forest regeneration and ITTO activities.

National parks and wildlife reserves are only about 4 to 5 percent of the national territory in Cameroon. There are also approximately 3 percent forest reserves, but they are not protected from logging and other economic activities. Moreover, the protected area system is patchy, and many key ecosystems are not adequately represented. Priority areas for protection include the montane, sub-montane and semi-deciduous forests, the marine system, mangroves, wetlands, coastal forests and the evergreen Cameroon-Congolese forests. The lowland tropical forest biome is the most important in terms of biodiversity, species abundance and endemism. This dense, humid, evergreen forest is a major source of timber exploitation, and logging continues at an increasing rate.

The evergreen Atlantic forest is one of the most endangered of the evergreen forest ecosystems. Much of the area has already been logged and seriously degraded given the proximity and easy access to ports. Parts of the wildlife reserve of Douala-Edea and the Campo reserve have been effectively lost. The Korup National Park (the only park created since independence) is also located in this area. The evergreen Cameroon-Congolese forest only has the Dja wildlife reserve and hunting and trapping are virtually uncontrolled. Three areas (Nki, Boumba Bek, Lake Lobeke) have been proposed to expand the protected area in these forests.

Degradation of Soils, Water and Vegetation

The long-term productivity of Cameroon's agricultural sector (e.g., for food, industrial, export crops, and livestock production) is seriously threatened by accelerating soil, water and vegetation degradation. The effects are particularly acute in certain regions of the country (e.g., desertification in the North and Far North Provinces; accelerated soil erosion and loss of soil fertility in the West and Northwest Provinces).

Increased pressure from agricultural development in the highly populated areas is causing soil erosion and degradation, especially in the West, Northwest, and Far North Provinces. As a result, farmers are expanding out of the valleys in the West and Northwest Provinces and planting food and cash crops on the steep, highly erodible slopes. In the heavily populated areas of the North, excessive or poorly managed fuelwood exploitation and livestock grazing have left the soil surface exposed to erosion by both wind and water.

The traditional use of fallows to restore soil fertility has been reduced in duration, and in some cases eliminated completely, due to increased pressures on land. This has led to faster depletion of soil fertility and increases in soil erosion. The process of soil degradation is further aggravated in some regions by the widespread practice of burning all crop residues in the dry season. This system, known as "ankara", whereby crop residues and weeds are burnt in the soil, results in an initial increase in crop yields. However, severe damage is done to soil texture and soil organic matter is destroyed.

The insufficient availability and/or lack of adoption, particularly by small-scale farmers, of proven sustainable agricultural production technologies (including higher yielding crop varieties, soil and water conservation, integrated pest management, soil fertility management, and agroforestry) contributes to the extensification of agricultural production and use of destructive slash and burn production systems.

APPENDIX E: CONSTRAINTS TO THE DEVELOPMENT OF THE AGRIBUSINESS SECTOR IN CAMEROON

Despite a favorable environmental and human resource base, only limited progress has been made in developing Cameroon's huge agribusiness potential. Reasons for this lack of progress can be attributed to a series of limiting factors. USAID/Cameroon has identified the following five factors as the key constraints to the development of the agribusiness sector in Cameroon

1. High Production Costs

Cameroon is often referred to as a high cost producer country for tropical agricultural products. For example, a box of Del Monte bananas that costs \$12 to produce in Cameroon can reportedly be produced for \$5 in Costa Rica and for \$9 in Togo. Banana exports to France are competitive only thanks to the quota granted under the Lome agreement. Reasons for this are several, but include: high labor, transportation, and communications costs; significant transaction costs imposed by the multitude of required licenses, permits, fees; official and extra-official taxes; and a rapidly changing regulatory environment that has created enormous confusion in the economy's "rules," hindering efficient operation of businesses.

These factors, along with an important overvaluation of the CFAF, place Cameroon in an unfavorable and uncompetitive position on the world market for its products.

2. Dysfunctional Pricing Policies

Much progress has been done in the past few years in deregulating prices and licensing requirements for imports and exports. USAID in particular has been instrumental in advancing the privatization and liberalization of fertilizer and arabica coffee marketing. Nevertheless, the Government remains very much engaged in the export of the two principal export crops from Cameroon, robusta coffee and cocoa, despite the disbanding of ONCPB, the former marketing board, and the actual privatization of exports to licensed operators. ONCC, the state agency created to replace ONCPB in its functions to provide quality control and to monitor the trade, has also assumed the role of setting prices for each export crop marketing season. CICC, the private sector trade organization of cocoa and coffee market operators, is charged with licensing established and new participants in the trade, and enforcing certain standards of conduct. Together with the Ministry of Commerce and Industry (MINDIC), ONCC and CICC announce official producer prices and set margins to apply between different levels of the marketing chain - producers, buyers, processors, exporters. MINDIC's participation provides an official imprimatur and legal sanction to what is basically a private agreement to limit competition and price fixing. Farmers are the least likely to benefit from this marketing scheme.

3. Lack of Market Information

Potential exporters of non-traditional agricultural crops readily identify a dire need for market information concerning prices, import requirements, quality standards, and marketing contacts for those products. There are no public or private organizations in Cameroon furnishing such needed information. Such market information is publicly available in Europe and the United States to potential users, either freely or for modest charges. Accessibility to such information from Cameroon is limited to a few companies and agencies. Those who have information tend to guard it, rather than disseminate it to the general public. In addition, a monopoly granted to the state press, Cameroon Press and Publishing Company (SOPECAM), for the reception of international market news wire services such as Reuters has effectively prevented other businesses from becoming subscribers. In-country dissemination of the same information is also severely restricted by the monopoly privilege, an anachronism in Cameroon's presently liberalized and privatized trading world.

It is not only exporters who lack market information. Internal marketing of agricultural commodities is done in total absence of a public market information system. To be sure, trade has taken and is taking place anyway, and under the circumstances, it is probably working reasonably well. There is a sufficient number of traders to ensure working competition, and transportation and communications between the principal markets and production zones is sufficiently fluid to maintain reasonable flows of price information. Nevertheless, a recurrent complaint from farmers producing all major crops is their ignorance about the price conditions in the final markets, and their suspicions that traders are taking advantage of them. Since farmers have little capability to transport their products beyond walking distance, their lack of market information puts them at a great bargaining disadvantage.

A similar absence of market information exists for potentially promising markets in neighboring countries. Already there is a lively cross-border export trade in food products from Cameroon. Gabon is the principal market for those exports, but Nigeria, Chad and the Central African Republic are also importers of Cameroonian agricultural products. Data on such trade is practically non-existent, and the little data that becomes available is several years obsolete. The main products exported are plantain, fresh cassava, gari, potatoes, tomatoes, onions, cabbage, and carrots.

3. Deteriorating Competitiveness

Cameroon's current economic difficulties in the second half of the 1980s can be attributed in part to the worldwide recession and the severe drop in world market prices for its principal exports - oil, coffee, cocoa. However, other countries facing similar situations have not have not been affected as badly as Cameroon.

The continuing collapse of commodity prices in the world market that started in the mid-80s badly affected producer countries. The New York price for cocoa in 1985 was just over \$1 per pound while in December 1992 the price was only 44 cents per pound. Moreover, while in 1985 Cameroon could get 449 CFAF per dollar, in October 1992 it only get 263. In terms of CFAF the price of cocoa for Cameroon has

therefore declined from 1,008 CFAF per kilogram in 1985 to merely 252 CFAF in October 1992. Finally, the consumer price index in Cameroon has risen by 24 percent in the same period. In terms of real purchasing power, the 1992 price only commands the equivalent of 204 CFAF of the 1985. This is only 20 percent of the purchasing power in 1985. Cameroonian cocoa producers were not, however, getting the world price for cocoa. The marketing board that had the monopoly for marketing Cameroon cocoa in the world market only transferred a portion of the price to producers. The difference was used to pay for administration and marketing costs, and to set up a "stabilization fund" to be used when world prices declined. Unfortunately, due to mismanagement, the stabilization fund was no longer around when it was needed, resulting in partial payment to producers and a large accumulation of arrears.

The ability of countries such as Ghana and Ecuador that have faced similar conditions to better adjust to the prevailing market conditions, can be principally attributed to their ability to devalue their currencies in response to the evolving international situation, the result being enhancement of real prices for producers of export crops, even in the presence of very high inflation rates. In contrast, Cameroon's economy, by virtue of its currency being tied to the French franc, has witnessed the appreciation of the CFAF vis a vis the US Dollar. Cocoa prices in national currency declined both because world prices in dollars dropped and because the lower exchange rate yields fewer CFAF. Stable domestic consumer prices in Cameroon provide little consolation.

The loss of competitiveness in the past seven years vis a vis other competing countries has affected all export crops from Cameroon, non-traditional as well as traditional. Had cocoa maintained the same price it had in 1985, Cameroon still would have lost ground when compared to Ghana and Ecuador. In dollar terms, costs in Cameroon have increased by 50 percent while Ecuador's have declined by 40 percent between 1985 and 1992.

Government Involvement in Agribusiness

One striking feature of the agribusiness sector in Cameroon is the widespread presence of state-owned enterprises. The best known of them were the marketing boards for export crops, wholly-owned and operated by the GRC. In addition, there is a sizeable number of agribusiness enterprises with mixed ownership and management.

Two holding companies coordinate the Government's participation in agribusiness enterprises, the Cameroon Development Corporation (CDC) that owns and manages plantations of rubber, oil palms, bananas, and tea, and the Société National d'Investissement (SNI) with interests in processing and manufacturing.

State agribusiness enterprises have become a major drain on the economy and a burden on the Government's treasury. With very few exceptions, these enterprises have been making massive losses, especially since the late 1980s.

Restructuring of enterprises has been a regular feature of the World Bank and IMF conditionality clauses for disbursements of their loans, and notable progress has been made towards privatizing and restructuring these enterprises: to date, a number of enterprises have been privatized, offered for sale, or are being prepared for sale. Unfortunately, the break up of negotiations with the World Bank and IMF has slowed movement towards divestiture and restructuring of parastatal enterprises, including those in the agribusiness sector. Efforts at privatizing are also slowed down and hindered by other factors such as the need to disentangle many legal issues regarding ownership of land, unclear titles, government arrears, pending taxes, foreign debt, severance settlements, and responsibility for earlier mismanagement. Moreover, the obvious fact that companies are making losses and the uncertain economic and political situation of the country discourage both domestic and foreign potential investors.

Two American companies have become involved recently in the restructuring of the agribusiness sector by taking over operations formerly run by parastatals. Pioneer Seed took over the seed production scheme started by a USAID project in northern Cameroon. Del Monte directly negotiated a management contract with the GRC to market bananas in Europe and improve the production and quality in Cameroon. These cases clearly illustrate the potential for U.S. agribusinesses to become involved in Cameroon, and their ability to compete in both the European and the regional Central African market for agricultural products.

Recent moves away from interventionist policies, accompanied by a stated direction for agribusiness development that includes the important elements of economic liberalization, diversification and market-led growth, suggest that the GRC has a real commitment to develop the agribusiness sector. Thus far, USAID, along with other donors, has been instrumental in the promotion and adoption of the new regulatory environment. Furthermore, the Mission has substantial institutional experience, through the FSSRP, PRAMS I, and Credit Union Programs to assist Cameroon in the realization of the agribusiness potential.

**APPENDIX F: Leslie M. Fox, *Balancing the State/Building a nation: An Assessment of Democratic Governance in Cameroon.*
Executive summary**

This report reviews and assesses the climate and possibilities for an A.I.D. program to promote democratic governance (D/G) in Cameroon. The underlying notion of D/G is that of broadly shared responsibility in the management of public affairs. It implies that there is relative balance among state institutions and between them and civil society; and that an absence of such balance is likely to lead to non-democratic practices and the lack of "good governance." In this regard, three sets of relationships are analyzed in order to determine the extent of balance or equilibrium that exists between and/or among Cameroonian institutions of the state and civil society. This assessment thus looks at the following sets of relationships: 1) among the state institutions of the Executive, National Assembly and Judiciary; 2) between central government and local government; and 3) between state institutions and civil society. The following is a brief summary of the principal findings and conclusions related to this analysis.

1. Cameroon's Constitution: An Imbalance in State Relationships

Cameroon's Constitution provides for, and in fact, the history of the country is an extended lesson in, the acquisition of power on behalf of a strong executive branch, specifically, the Presidency. The 1972 Constitution defined and ensconced a set of relationships between the Executive and the other two branches of government which created a structural imbalance in both the exercise of power and separation of responsibilities. Under the Constitution the President has the right to dissolve the Assembly, and call new elections at any time; to return bills for a "second reading," requiring that they be passed by a majority of the full Assembly; and to govern by decree when the Assembly is not in session. Even under the current multi-party political system, which included legislative elections in 1992, the ruling party and its coalition partner, have been able to set the legislative agenda, preventing most opposition initiatives from coming to a vote. In effect, there has been no change in Executive - Legislative relations from the 30 previous years of one party rule to that under the "new" multi-party system. While the National Assembly is at least a separate branch of government, the Cameroonian court system is part of the Executive branch and thus not even an independent branch of government. The entire court system is subordinate to the Ministry of Justice, thus, making all magistrates in Cameroon little more than civil servants responsible to the Minister of Justice, and ultimately to the President and his party. As the Supreme Court's ruling on alleged "irregularities" in the recent Presidential elections makes clear, cases with a decidedly political dimension have little likelihood of a fair hearing.

One of the objectives of this assessment was "to determine and recommend for USAID consideration, the possibilities and opportunities for governmental transparency, accountability and integrity." The fact is, that until there is a true separation of powers within the institutions of the state, and the executive branch's

power is brought into parity with those of the National Assembly in particular, there can be little increase in any of the attributes associated with good governance. The issue is a structural one, and nothing short of Constitutional reform will right the imbalance that has characterized state relations since independence. A Constitutional Commission formed as a result of the "Tripartite Conference" held in 1991, has not met in nearly one year.

2. Central vs Local Government: Development Participation and Local Governance

Cameroon's system of public administration reflects the same pattern in the centralization of power in state and local government relations, as within those of the state itself. While the "Commune" is supposed to be the focus of development and self-governance at the local level, current policy as embodied in local government law provides very few areas of meaningful decision making, nor much control over the collection and/or retention of revenue for use in the discharge of local government responsibilities. Where central government has encouraged a significant degree of decentralization and self-governance at the local level, is in the area of public service delivery. As central government has disengaged itself from the provision of public services as a result of Cameroon's economic crisis, local communities and the private sector in general, have been permitted to increase their participation in decisions related to the financing and management of such services as health care and primary education.

Communal and municipal administrators have been locally elected for sometime in Cameroon but no elections have taken place since the establishment of the multi-party political system in 1991. Local government elections scheduled for 1991 were postponed by President Biya, and according to law must be held before the end of April 1993. There is a decreasing likelihood of this taking place as currently scheduled due to problems encountered in reopening the voter registration roles. As evidenced during the October 1992 Presidential elections, voter registration and tampering with voter roles was considered a significant irregularity, thus making it a potentially disruptive issue during Municipal elections.

The only way that the current disequilibrium in central - local government relations will be resolved is if a new decentralization policy is formulated and a corresponding local government law is passed which increases the rights of communal and municipal government vis-a-vis central government. As long as the legislative agenda is controlled by the Executive branch as discussed above, it could be some time before meaningful reform is seen. The only area where true self-governance activities are taking place is within that of public service delivery with central government Ministries actually devolving decision making responsibility and authority to local communities. As local involvement in both the management and financing of public services is viewed as "development" participation rather than "political" participation, there is every likelihood that such involvement will increase with or without an economic upturn.

Viewing D/G as a "cross-cutting" strategy in which corresponding interventions (e.g. promoting a policy of public sector decentralization and increasing local

organizational management effectiveness, accountability and transparency) are built into the Mission's sectoral programs, offers, at this point in Cameroonian political development, a realistic means for advancing the principles and practices of democratic governance. This assessment gives particular importance to popular participation, decentralization and local organizations in building self-governance capacity at the grassroots level. These underlying principles of the Development Fund for Africa, which have guided and been a mainstay of A.I.D.'s rural development strategy and practice for several decades, need to be reintroduced into the emerging field of democracy and governance. As a first step then in the design process, this assessment makes that recommendation. In the case of Cameroon, there is a far greater likelihood that the integration of D/G values, principles and practices into such areas as primary health care, community-managed forestry projects, cooperative and credit union development, to name a few, could have as great an impact as a stand-alone D/G activity aimed at changing behavior, if not attitudes, among state institutions, or even those of the civil society.

3. State-Civil Society Relations

Civil society in Cameroon has a number of dimensions and incorporates an enormous range of diversity. A particular dimension that deserves attention is the dichotomy of informal/traditional and formal/modern institutions in civil society. While the latter set of organizations, normally associated with NGOs, is relatively weak in Cameroon, associational life as embodied by traditional associations, is as rich and varied as any where in Africa. These local associations, mainly affiliated around ethnic groups, serve as one of the principal mechanisms for the transmission of information and the advancement of education between groups and from generation to generation. They also have an economic dimension, and are often associated with the informal sector financial institution known as "tontines." The best way to understand these groups is to view them as "mutual aid" societies that provide social comfort and economic assistance in good times and bad. The importance of these traditional, grassroots and informal societies have become even more important in today's Cameroon with the tremendous dislocations caused by the country's economic crisis. Working through these traditional societies and associations, new ideas can be introduced and people can be mobilized to articulate their aspirations and needs, as well as, express and implement their collective will. Reaching them has been, however, problematic but is an area in which the more formalized NGOs can increasingly become involved. While their technical and management capacity is often limited, their knowledge of and linkages with these groups is extensive, and their intentions, for the most part, are unquestioned. If civil society is to fulfill its role as a countervailing force to the state, education must take place at the level where people learn best, i.e., in the context of their daily lives and within the institutions with which they are most familiar.

A number of conclusions result from this analysis of civil society institutions. NGOs as intermediaries between the modern, formal world and the traditional, informal one, are an appropriate means for reaching these local organizations and working with them to build citizenship and a pluralistic society. In order to play such a role however, NGOs will themselves need to be strengthened, both in this intermediary capacity, and as "independent agents" of civil society that advocate policies that are

favorable to their members or clients vis-a-vis government institutions. The immediate focus of such institutional development interventions would be those NGOs with the largest networks linking them to the local grassroots level. Secondly, additional consideration, including further study, should be given to exploring ways to strengthen the informal private sector given its relative strength and vibrancy vis-a-vis those enterprises comprising the formal sector. As pointed out in the body of this assessment, the potential that the independent media could play in the strengthening of civil society, and thus in promoting greater balance with the state, is simply not being realized; although conditions certainly exist for it to do so. The final conclusion of this section, is that the potential for strengthening Cameroonian civil society to act as an equal partner under a system of democratic governance is attainable under the current political climate and feasible from a programmatic perspective. The state has lost its ability to manage civil society in Cameroon. The arbitrary and contradictory actions which are being witnessed today are those of an increasingly impotent, although not powerless, government. Increasingly, inertia and inaction have become substitutes for policy formulation and implementation. Random violence seems to have replaced organized repression, although this is hardly comforting to those who are its object. There is an impression that the cost to the state in trying to reestablish its monopoly of power in societal relations is probably greater than it, or the institutions of civil society, are willing to bear and tolerate. In such a situation, incremental and targeted interventions can hopefully move the process of democratization along in a relatively non-confrontational manner.

APPENDIX G: REFERENCES

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