DFM

DECENTRALIZATION: FINANCE & MANAGEMENT PROJECT

Managed by
Associates in Rural Development, Inc.

In collaboration with
Syracuse University • Metropolitan Studies Program/Maxwell School of Citizenship & Public Affairs
Indiana University • Workshop in Political Theory & Policy Analysis

Sponsored by
Agency for International Development

ECONOMIC POLICY REFORM IMPACT ASSESSMENT OF USAID-SUPPORTED REFORM INITIATIVES IN CAMEROON, 1987-1994

FINAL REPORT

Decentralization: Finance and Management Project
Associates in Rural Development, Inc.

Contract No. DHR-5446-Z-00-7033-00

Prepared by:

John H. Eriksen, Team Leader
Peter Bloch

Prepared for:

The United States Agency for International Development
Mission to Cameroon
Office of Economic Analysis and Policy Reform Implementation

March 1994

ACKNOWLEDGMENTS

This report reviews the accomplishments and assesses the impacts of three USAID-supported economic policy reform initiatives in Cameroon. They included the Fertilizer Sub-Sector Reform Program (FSSRP), the Program of Reform in the Agricultural Marketing Sector-- Phase I (PRAMS I), and the Program of Reform in the Export Processing Sector (PREPS).

Information for the assessment was gathered in Cameroon in February and March 1994. The assessment team conducted interviews with policy process participants--i.e., government officials, USAID Mission representatives, program staff and consultants, private sector businessmen, and members and officers of two major cooperatives. The consultants also reviewed an impressive body of secondary source materials--i.e., project files, government documents, reports from other donor agencies, and USAID Mission records--available on the specific reform programs and the macroeconomic performance of the Cameroonian economy.

The Scope of Work which governed the assessment is presented in Annex A. The assessment team's itinerary is contained in Annex B and a listing of the persons contacted is in Annex C. To assist the reader in understanding the sequences of events in the design and implementation of the three programs, chronologies of the major steps in the evolution of each program are presented in Annex D. And, finally, a complete bibliography of the documents and reports reviewed by the assessment team is contained in Annex E.

During the assessment, many hours were devoted to in-depth interviews with process participants in many locations. The many respondents who interacted with team members were most helpful, open and often quite frank in their opinions abouth the policy processes. The authors are most appreciative of their kind assistance with the assessment, while in no way holding them responsible for this final product.

Finally, the assessment team would like to offer a special vote of appreciation to the USAID Mission Director, his staff, and, particularly, to the members of the Mission's Economic Analysis and Policy Reform Implementation Office for their outstanding attention to collecting and preparing relevant program documents and reports for the assessment team, to arranging a very interesting field trip, and to providing the logistical support which so greatly facilitated the team's work in Cameroon.

CONTENTS

ACRONYMS AND ABBREVIATIONS

AEP	Agricultural Education Program
AID	Agency for International Development in Washington, D.C.
AMIS	Arabica Market Information System
API	Assessment of Program Impact
ARD	Associates in Rural Development, Inc. of Burlington, Vermont
BCCC	Bank of Credit and Commerce Cameroon
BCD	Banque Camerounaise de Développement/Cameroon Development Bank
BIAO	Banque Internationale pour l'Afrique Occidentale/International Bank of West Africa
BICIC	Banque Internationale pour le Commerce et l'Industrie du Cameroun/Cameroon International Bank for Commerce and Industry
CamAir	Cameroon Airlines
CamBank	Cameroon Bank
CAMTOR	A coffee processing firm having industrial free zone regime status
CDC	Commonwealth Development Corporation of the United Kingdom
CDC	Cameroon Development Corporation
CDSS	Country Development Strategy Statement
CFAF	Franc de la Communauté Financière Africaine (African Financial Community Franc)
CFD	Caisse Française de Développement (French Development Loan Agency)
CICC	Conseil Interprofessionel du Cacao et du Café (Interprofessional Council for Cocoa and Cofdfee)
CIF	Cost, Insurance and Freight
CPPC	An export processing firm having industrial free zone regime status
CRTV	Cameroon Radio and Television
DFA	Development Fund for Africa
EAPRI	Economic Analysis and Policy Reform Implementation Office of USAID/Cameroon
EC	European Community
ECAM-PLACAGES	A plywood manufacturing firm having industrial free zone regime status
ESF	Economic Support Fund
FAC	Fonds d'Aide et Coopération (French Aid and Cooperation Fund)
FAO	Food and Agriculture Organization of the United Nations
FOB	Free on Board
FONADER	Fonds National de Développement Rural/National Fund for Rural Development
FSSRP	Fertilizer Sub-Sector Reform Program
FY	Fiscal Year
GDP	Gross Domestic Product
GNP	Gross National Product
GRC	Government of the Republic of Cameroon

HEVECAM	Hevea Cameroun/Cameroon Rubber Company
IBRD	International Bank for Reconstruction and Development/The World Bank
ICA	International Coffee Agreement
ICO	International Coffee Organization
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFZR	Industrial Free Zone Regime
ILO	International Labor Organization
IMF	International Monetary Fund
INTELSAT	International Telecommunication Satellite
IPC	Investment Promotion Center
LBA	Licensed Buying Agent
LOP	Life of Project Funding
LPG	Loan Portfolio Guarantee
MAGZI	Mission d'Aménagement et de Gestion des Zones Industrielles
MAETUR	Mission d'Aménagement et d'Equipement des Terrains Urbains et Ruraux
MIDENO	Mission de Développement de la Province du Nord-Ouest
MINAGRI	Ministry of Agriculture
MINDIC	Ministry of Industrial and Commercial Development
MINPAT	Ministry of Planning and Regional Development
NCRE	National Cereals Research and Extension Project
NGO	Non-governmental Organization
NOIFZ	National Office of Industrial Free Zones
NOTACAM	Nouvelle Tannerie du Cameroun/New Cameroon Tannery, a firm having industrial free zone regime status
NPA	Non-Project Assistance
NPMB	National Produce Marketing Board (also the Office National de Commercialisation des Produits de Base--ONCPB)
NWCA	North West Cooperative Association
ONCC	Office National du Cacao et du Café (National Office for Cocoa and Coffee)
ONCPB	Office National de Commercialisation des Produits de Base (also National Produce Marketing Board--NPMB)
OPIC	Overseas Private Investment Corporation
PACD	Project Assistance Completion Date
PLANTECAM-MEDICAM	Export processor of medicinal plants, a firm having industrial free zone regime status
PRAMS I	Program of Reform in the Agricultural Marketing Sector--Phase I (PRAMS I)
PREPS	Program of Reform in the Export Processing Sector

6

PROLEG	Produits Légumineux/Exporter of fresh and frozen green beans. a firm having industrial free zone regime status
PROPALM-BOIS	A wood and forest products exporting firm having industrial free zone regime status
PVO	Private Voluntary Organization
RCF	Revolving Credit Fund
REGIFERCAM	Régie National de Chemins de Fer du Cameroun/Cameroon National Railroad
SAL	Structural Adjustment Loan
SAP	Structural Adjustment Program
SCB	Société Camerounaise des Banques
SFID	An export processing firm having industrial free zone regime status
SGBC	Société Générale des Banques au Cameroun
SIC-CACAOS	A cocoa export processing firm having industrial free zone regime status
SNEC	Société Nationale des Eaux du Cameroun
SNI	Société Nationale d'Investissement
SODECAO	Société de Développement de Cacao
SODECOTON	Société de Développement de Coton
SONEL	Société Nationale d'Electricité du Cameroun
SOTUC	Société des Transports Urbains du Cameroun
TSC	Technical Supervisory Committee
TSG	The Services Group
UCCAO	Union Centrale des Coopératives Agricoles de l'Ouest (Central Agricultural Cooperative Union of the West Province)
UCD	University Center at Dschang
USAID	United States Agency for International Development Mission in Yaounde, Cameroon

EXECUTIVE SUMMARY

I. INTRODUCTION

Given the decision by the United States Government to terminate its development assistance program in Cameroon, the United States Agency for International Development (USAID) Mission in Yaounde was encouraged to document the legacy of its assistance efforts in health, agriculture and economic policy reform. This assessment deals with USAID's efforts with economic policy reform and development of the private sector. It attempts to determine how USAID has met the objectives set out for the Development Fund for Africa [DFA) and Mission's CDSS 1990/1994.

The assessment addresses itself to three program/project activities--i.e., the Fertilizer Sub-Sector Reform Program (FSSRP); the Program of Reform in the Agricultural Marketing Sector (PRAMS I); and Policy Reform in the Export Processing Sector (PREPS)--which were designed to contribute to the Mission's strategic objective of increasing the role and efficiency of the private sector in Cameroon.

In the assessment, a clear distinction has been maintained between the *accomplishments* and *impacts* of the programs in question. We have defined *accomplishments* as those outputs directly attributable to the provision and/or application of USAID program/project resources. In the case of economic policy reform efforts, an activity's accomplishments can often be redefined as opportunities presented to specific beneficiary groups through removal of a government restriction, a change in the structure of a market, or formulation of a new incentive system. In these situations, the *impacts* of the program are the actions taken by *independent* economic actors in response to the new opportunities presented. Impacts may be measured by indicators such as increased farm family incomes, changes of economic affiliation, and increased quality or quantity of processed exports.

After reviewing the macroeconomic situation in Cameroon (Section II) and setting the Structural Adjustment Program (SAP) and DFA/CDSS frameworks for reforms (Section III), Section IV details the *documented legacy* of USAID's work on the three policy reform activities. It outlines and discusses the key constraints to be addressed, the policy reform objectives to be attained, and the actual accomplishments recorded to date for each program.

Section V presents the assessment team's conclusions with respect to the impacts of the reforms undertaken at the macroeconomic, sectoral and beneficiary levels. These impacts are seen as the *living legacy* of Mission efforts in economic policy reform. The major factors which influenced program/project impacts and implementation are discussed. Finally, there is an assessment on the sustainability of the economic reform packages.

Section VI of the report presents the key lessons the assessment team believes are to be learned from USAID/Cameroon's experiences with policy reform.

II. FINDINGS

A. The FSSRP Program

The FSSRP's purposes were to:

- Liberalize the importation and distribution of fertilizer;
- Progressively eliminate subsidies on fertilizer; and
- Promote the expansion of the private sector in the financing, importation and distribution of fertilizer.

FSSRP's stated objective was to "ensure timely availability of fertilizers for export and food crops at the lowest possible cost to farmers and government". The strategy adopted to achieve this objective was to support the liberalization and privatization of the fertilizer importation and distribution system.

Major FSSRP accomplishments are:

- Liberalization of the fertilizer import and distribution system is virtually complete;
- Privatization of the fertilizer import and distribution system has made great progress;
- The farmgate cost of fertilizer has declined annually since the beginning of FSSRP;
- The cost to the government of fertilizer distribution has decreased dramatically; and
- Delivery of fertilizer is more timely than under the previous system, and orders take less time to arrive.

B. The PRAMS I Program

The goal of PRAMS I was to promote, without undue social costs, the introduction of private, competitive market forces at all levels of the arabica coffee market chain. Three-fold purpose of PRAMS I was to:

- Remove marketing impediments and pricing constraints in the arabica coffee subsector;

9

- Strengthen the North West Cooperative Association's (NWCA) capacity to compete with other cooperative and private sector traders and processors: and

- Establish an institutional environment for autonomous and accounting marketing cooperatives.

The PRAMS I accomplishments are:

- Elimination of all Government of the Republic of Cameroon (GRC) controls over the arabica coffee marketing chain with the complete dissolution of the National Produce Marketing Board (NPMB);

- Discontinuance of all GRC-managed stabilization fund activities with respect to arabica coffee;

- Elimination of pan-regional pricing and the implementation of full price liberalization in the arabica coffee subsector starting in crop year 1993/1994;

- Elimination of the cooperative arabica coffee marketing monopolies in Cameroon in 1993 and authorization for all licensed buyers to operate anywhere arabica coffee is available for sale in Cameroon;

- Authorization of all licensed cooperative and private buyers of arabica coffee in Cameroon to set their own prices based on competitive market conditions;

- Authorization for all licensed arabica coffee buyers, processors and exporters in Cameroon to sell to their coffee to any foreign buyer;

- Establishment of the Arabica Market Information System (AMIS) which provides for transparency in the market by transmitting world and local buyer prices directly to arabica coffee producers as the base for improved decision-making on their parts;

- Establishment of a more transparent internal system for transmitting internal cost and margin data from the apex, union and society levels of the NWCA to cooperative members as the base for improved decision-making and member empowerment;

- Development of a new NWCA Marketing Department which has dramatically increased cooperative receipts from arabica coffee sales;

- Promulgation and implementation of a liberalized national cooperative law that reduced GRC involvement in arabica coffee cooperatives to registration of societies and quality control in coffee marketing;

- Introduction of NWCA procedures and member training programs directed at improving the quality of the arabica coffee exported: and

- Development of field-tested models of successful policy reform implementation for consideration by decision-makers seeking to initiate policy reforms for the robusta coffee and cocoa subsectors.

C. The PREPS Program

The goal of the PREPS program was to assist Cameroon to increase investment, employment and production and to expand markets in the export processing sector. The purpose of PREPS was to support the development and implementation of a privately-managed Industrial Free Zone Regime (IFZR) which would operate efficiently and in strict adherence with the intent and provisions of the Cameroonian IFZR Law. The PREPS program was designed to *enable implementation* of reforms enacted under the new IFZR through a nine member National Office of Industrial Free Zones (NOIFZ) Board of Directors with majority private sector representation. The main thrust of that IFZR was to liberalize policies related to the export processing sector and, thereby, reduce the GRC's involvement in the sector.

The accomplishments of the PREPS program are:

- Promulgation and dissemination of the law creating the Cameroon IFZR (January 1990) and the Implementing Regulations for the IFZR (December 1990);

- Establishment of the NOIFZ;

- Granting of industrial free zone status to nine private sector firms through February 1994;

- Reduction in the number of separate GRC agencies having direct roles in processing and approval of investment proposals: and

- Reduction in the time needed for firms to secure IFZR status.

11

III. CONCLUSIONS: IMPACTS AND SUSTAINABILITY OF THE REFORMS

In reviewing the three program/project activities, it is important to recognize that the three policy processes shared certain characteristics:

- All were directed at helping a willing--but struggling--government implement public policy reforms in the same general areas--i.e., market liberalization and facilitation of greater private sector participation in economy;
- All envisioned the transfer of responsibilities for major economic activities from the public sector to the private sector;
- All emphasized participatory approaches to policy formulation and implementation of the desired reforms; and
- All used a judicious mix of USAID non-project and project assistance to achieve the desired results.

A. Factors Influencing Reform Implementation

- The GRC was searching for both financial resources and new ideas in the face of an accelerating economic crisis;
- The specific policy reforms supported by USAID were seen by key decision-makers to be economically sound and socially desirable;
- The three reform processes were supported by--and, indeed, helped to create--an appropriate macroeconomic and legal framework which set the context for the particular reforms undertaken;
- The realization of the improved macroeconomic and legal framework was strongly supported by the donor community and the specific reform processes initiated with USAID resources were actively supported by key donors and, in no case, were they actively resisted by a major donor;
- The successful reform processes were directed by working groups of government officials, USAID staff and private sector personnel who were well-trained, experienced, and, for the most part, highly motivated;
- The most successful reform processes had tightly-focused policy agendas--i.e., they were focused on a limited number of crucial and interrelated reform actions and did not disperse effort and resources over several unrelated activities;

- The reform processes in design and implementation were iterative, flexible and consultative;

- The reform processes in most cases tailored technical assistance and other inputs addressing issues identified jointly and agreed to by senior government officials;

- Process outputs were seen to have direct utility to senior government policy makers and to private sector decision-makers;

- The reform processes tailored implementation activities to local financial and personnel capacities and thereby, increased prospects for their sustainability; and

- The processes recognized the need for inter-ministerial participation and collaboration at the national and regional levels and better communications between public and private sector agents.

B. Impacts of Policy Reforms

The major impacts of the policy reforms are:

- Farmers have proven themselves highly responsive to the new commodity and input price relationships they are facing;

- Reforms have improved resource allocations based upon clearer market signals;

- Reforms have raised farmer incomes and improved prospects for greater increases in the medium-term;

- Farmers are responding to greater empowerment in the cooperative structure and differential commodity prices;

- The demonstration effects of successful policy reforms within the arabica coffee and fertilizer subsectors have had positive impacts on the prospects for progressive liberalization of other commodity chains--"filières"--particularly robusta coffee and cocoa--and with regard to other input procurement and distribution systems;

- Effective elimination of the subsidy on fertilizers and abolition of the Fonds National de Développement Rural (FONADER) and the NPMB generated significant budgetary savings for the GRC; and

- The activities of export processing firms within the IFZR have increased investment in the sector, generated export revenues, and created new jobs.

C. Sustainability of Reforms

The assessment team believes that the potential threats to sustainability of the economic policy reforms are:

- If the economic deterioration continues and the political stalemate continues to paralyze prospects for increased investment, the government may become so weakened as to preclude actual implementation of the new reform policies and/or enforcement of new legislation:

- Gains from the recent devaluation, which have improved the profitability of enterprises in all three reform areas, could be neutralized if the GRC's cannot control inflationary pressures and cost increases in the economy;

- If the gains of reforms and devaluation can be consolidated, the increased potential for extraction of economic rents in all three reform areas may provide powerful incentives for the present regime to reverse the policy reforms in the self-interest of a privileged elite;

- The predominance of foreign-owned firms in fertilizer importation--and under the IFZR--presents an opportunity for opponents of the reforms to reimpose constraints by resort to nationalistic arguments;

- Major private sector operators who benefitted from the privileged relationships in the past may attempt to re-institute monopsonistic market conditions for fertilizer and arabica coffee--or, more probably, prevent extension of the policy reforms to other input or commodity chains--under the guise of "gradual, phased reforms", "morality in dealing with the farmers" and/or "the need to maintain proper professional behavior";

- If cooperatives find that they cannot compete under the new rules in liberalized markets, they may appeal to the GRC for relief from competition and special concessions due to their quasi-social role on behalf of rural people; and

- If world prices for the major export commodities continue to trend downward, there may be no incentives for producers to maintain arabica coffee production or export processing firms to remain in business despite the policy reforms already in place.

The assessment team believes there are several factors make it unlikely that policy reforms in the fertilizer and arabica coffee sectors can be easily reversed. They include:

Short-Term Factors

- The GRC has had to absorb devastating financial losses from its interventions in the economy and cannot afford to incur further debts from economic mismanagement in its straitened fiscal position;

- The conditionalities attached to disbursement of financial assistance under existing IMF Stand-By Arrangement and World Bank SAP agreements will be an important brake on any future GRC backsliding on liberalization and privatization reforms;

- The Ministry of Industrial and Commercial Development (MINDIC) appears to be a major positive force in pushing to extend reform activities in the fertilizer and arabica coffee subsectors to other major commodity chains--"filières",

- Elements of the local business community which oppose the reforms do not appear to have yet figured out an effective strategy to reverse them in light of the demonstration effects of successful reforms in the fertilizer and arabica coffee sectors and the push for similar reforms in other commodity chains by senior GRC decision-makers; and

- The major French development assistance agencies now appear to be supporting the extension of policy reforms similar to those adopted for fertilizer and arabica coffee in both agricultural input and export commodity--i.e., robusta coffee and cocoa--marketing chains and the French government has taken two essential actions aimed at preserving the benefits of the recent CFAF devaluation and reinforcing pressures for structural adjustment.

Longer-Term Factors

- Devaluation has increased the potential profitability of all export-oriented commodity enterprises in Cameroon, even with no significant changes in world prices;

- Policy reforms have already created new interest groups with vital economic and financial stakes in the liberalized market system;

- The position of farmers within the commodity chains has changed dramatically during the reform process for three basic reasons: first, farmers have been increasingly sensitized to the relationships between world prices and the producer prices they receive; second, many now realize that they have better prospects for increasing their incomes in the improved market environment; and, third, they have been empowered by recent revisions in the cooperative law and are now more aggressive in demanding better performance from their organizations; and

- Greater transparencies in pricing and internal cost accounting systems will make it much more difficult for the GRC and/or private sector operators antagonistic to increased competition to use the tired old arguments of the "paternalistic" past to reimpose controls in the liberalized market environment.

IV. LESSONS TO BE LEARNED FROM THE USAID/CAMEROON EXPERIENCE

- Policy reform and, particularly, implementation of privatization activities are very labor intensive, particularly at the "grass-roots" level;

- Sectoral and cross-cutting approaches to policy reform are not inherently antagonistic and can often be synergistic;

- The sequencing of policy reforms with respect to output and input pricing within a commodity chain--"filière"--is extremely important to achieving both increased production and increased use of key inputs;

- Successful policy change tends to be evolutionary, not revolutionary;

- Successful policy change requires the involvement and support of a cadre of strongly committed senior government policy makers who see the process as one that will be useful to them;

- When attempting to initiate and implement policy changes, it is vital to minimize the number of institutions directly involved;

- Major policy changes must be based not on generalities or unverified hypotheses but on collection and analysis of solid field data; the more complicated the policy changes, the more important reliable data and high-quality analysis become in the process;

- The distinctions made between top-down and bottom-up approaches to policy formulation were often artificial--i.e., successful policy change requires support and commitment at both the "grassroots" and senior policy levels;

- Policy agendas need to be sharply focused and implementation activities need to flow logically from the specific reforms to be attained;

- A successful policy-change process usually requires the support of more than one major donor--i.e., when USAID is one of these, it is critical that the Mission coordinate closely with all other relevant donors at all stages of design and implementation;

- A judicious combination of non-project and project assistance can be an effective and flexible tool in designing and implementing policy reform programs particularly when combined with the power of an idea whose time has come; and

- Although these lessons would apply to most change efforts, it is important to remember that policy reform activities take place within highly specific geographic, social and sectoral contexts, thus, USAID Missions should approach each collaborative opportunity as an individual case calling for its own particular design.

I. INTRODUCTION

A. Purpose of the Assessment

Given the recent decision by the United States Government to terminate its development assistance program in Cameroon by the end of 1994, the United States Agency for International Development (USAID) Mission in Yaounde was encouraged to document the legacy of its presence in the country. As a result, the Mission has contracted for three independent impact assessments of the major program activities under its Country Development Strategy Statement (CDSS) of Fiscal Years (FY) 1990/1994. These assessments are to focus on USAID's efforts to initiate, guide and support development activities in the areas of health, agriculture, and economic policy reform.

This assessment of USAID efforts with respect to development of the private sector in Cameroon attempts to determine how USAID has met the objectives set out for the Development Fund for Africa (DFA) and Mission's CDSS. The effects of Cameroon's economic recession and political instability on USAID's ability to carry out its program and meet its stated objectives are also considered.

The objective of this impact assessment is to document and analyze the overall impacts of USAID-supported economic policy reform interventions directed at increasing the role of the private sector in the Cameroonian economy. The assessment specifically addresses itself to the three program/ project activities of the Mission--i.e., the Fertilizer Sub-Sector Reform Program (FSSRP); the Program of Reform in the Agricultural Marketing Sector (PRAMS I); and the Policy Reform in the Export Processing Sector (PREPS)--which were designed to contribute to the Mission's strategic objective of increasing the role and efficiency of the private sector in Cameroon.

B. Methodologies Used

1. Definition of Key Terms

As stated in the assessment team's Scope of Work (Annex A), this report was commissioned by USAID/Cameroon to provide an independent assessment of the impacts of three economic policy reform programs in Cameroon.

To discharge this commission, the assessment team has tried to maintain a clear distinction between the *accomplishments* and *impacts* of the programs in question. We have defined *accomplishments* as those outputs directly attributable to the provision and/or application of USAID program/project resources--e.g., cash grants, technical assistance, policy dialogue with specialists, and participant training.

18

In the case of economic policy reform efforts, an activity's accomplishments can often be identified as opportunities presented to specific beneficiary groups through removal of a government restriction, changes in the structure of a market, or formulation of a new incentive system--i.e., farmers are given the opportunity to buy fertilizer at more appropriate prices or on a more timely basis through creation of more competitive market conditions; cooperatives are permitted to sell their processed commodities directly to foreign buyers; qualified private sector firms are given the opportunity to operate enterprises under the new rules of an industrial free zone regime.

In these situations, the *impacts* of the program are the actions taken by *independent* economic actors in response to the new opportunities presented by successful policy reforms. Impacts may be measured by indicators such as increased farm family incomes, changes of economic affiliation, increased quality or quantity of processed exports, etc..

2. *Methodology*

In producing this assessment, the consultants conducted a comprehensive review of documentation available on each of the three activities. They also had opportunities to interview many of the key players involved in the reform efforts over the past seven years. Finally, the consultants were able to observe a range of activities while visiting program/project implementation sites in the Centre, West, North West and Littoral provinces of Cameroon and observing a PRAMS I Intra-Annual Review session.

3. *Organization of the Report*

Section II of the assessment presents an overview of the evolution of Cameroon's overall macroeconomic framework during the period 1987/1994. This covers the entire period devoted to the design and implementation of USAID's 1990/1994 CDSS and the three program/project activities assessed.

Section III sets the Mission's economic reform activities with the Government of the Republic of Cameroon (GRC) in the context of AID's DFA Program and the Mission's own CDSS. It reviews the analytical bases for the design and implementation of the FSSRP, PRAMS I and PREPS policy reform interventions and identifies the key constraints thought to hinder sustained, broad-based and market-led economic growth in Cameroon.

Section IV details what might be termed the *documented legacy* of USAID's work on the three policy reform activities undertaken in Cameroon. For each of the activities, it outlines and discusses the key constraints to be addressed, the policy reform objectives to be attained, and the actual accomplishments recorded to date.

Section V presents the assessment team's conclusions with respect to the impacts of the reforms undertaken at the macroeconomic, sectoral and beneficiary levels. This is seen by the team as the *living legacy* of Mission efforts in economic policy reform. The major factors which influenced program/project impacts and implementation are discussed. Finally, there is an assessment on the sustainability of the economic reform packages.

Section VI of the report presents the key lessons the assessment team believes are to be extracted from USAID/Cameroon's experiences with policy reform. The intention here is to draw out lessons to be learned in pursuit of AID's strategic objective of promoting sustained, broad-based and market-led economic growth and agribusiness development in developing countries.

II. BACKGROUND

A. Physical Setting

Cameroon has an abundance of natural resources and a benign climate. Within its area of 475,000 square kilometers, Cameroon has several distinct agro-ecological zones: the Northern Plain, with a Sudano-Sahelian climate and 500 to 1,200 millimeters of rainfall per year; the Adamaoua Plateau, with a Guinean climate and 1,200 to 1,600 millimeters of rainfall and an average altitude of 1,100 meters; the Western Highlands, with 2,000 to over 3,000 millimeters of rainfall; the Southern/Southeastern Plateau, with a humid forest climate and 1,600 to 2,000 millimeters of rainfall; and the Coastal Lowlands, with a humid climate and over 3,000 millimeters of rainfall.

Cameroon's natural resources are rich and accessible. Many of the agricultural areas of the country have very fertile soils of volcanic origin; those on steep slopes, however, are eroding at an accelerating rate. Natural forest covers nearly 200,000 square kilometers of territory and contains both unique flora and fauna to be preserved and valuable tropical woods to be exploited. While the rate of exploitation is increasing, there is no immediate danger to forest's overall integrity. Water resources are ample, with a great deal of hydroelectric and irrigation potential. Petroleum and natural gas deposits exist in commercial quantities off the coast. Oil fields have been in production since 1977, but current production areas are likely to be exhausted by the end of the decade. Other minerals include bauxite and iron ore. And, finally, the country's deep water port at Douala provides easy and consistent access to major world shipping routes.

B. Socio-Economic Context

The wide variety of climatic zones enables an equally diverse agricultural sector. Food crops range from millet and sorghum in the drier north, to maize, cassava and potatoes in the central area and highlands, and plantains, roots and tubers in the humid southern zones. Export crops vary as well. There is substantial cotton production in the north, tea and arabica coffee production in the uplands of the West and Northwest Provinces, and an assortment of humid tropical crops--e.g., robusta coffee, cocoa, rubber, palm oil, bananas and timber--in the southern lowlands.

Seventy percent of Cameroon's twelve million people are involved in the agricultural sector, including crops, livestock, hunting and fishing. Even though there is apparently no scarcity of cultivable land--only 2.3 million hectares are cultivated out of a possible 15 million--and in spite of large and growing urban unemployment, since independence there has been a high rate of rural/urban migration. The latter phenomenon has been especially high among men, notably among those men with some education.

Cameroon's human resources are more developed than are those of most countries in sub-Saharan Africa. The country has high literacy--68 percent in the 1980s--and high educational enrollment rates--over 100 percent of the age class in primary schools because of the many over-age students and 23 percent of the age class for the secondary level. Girls have virtually equal access to education at the primary level but somewhat less access at the secondary level. The acute economic crisis of the last eight years has threatened further progress in human resource development through pressure on education budgets. It has also exposed an overemphasis on expenditures for higher education.

C. Major Constraints to Broad-based Economic Growth

1. Market Constraints

The economic decline of Cameroon since the mid-1980s demonstrates the limits to and the vulnerability of an economic growth strategy based almost entirely on natural resource extraction. Along with Côte d'Ivoire, Cameroon was highly regarded by development agencies during the 1970s and early 1980s. Both countries produced unprocessed commodities for export, primarily to developed countries. When commodity prices were buoyant and petroleum-based revenues were expanding fast enough to cover all claims, Cameroon could afford an inappropriate set of economic policies. When petroleum, coffee and cocoa prices began a period of persistent decline in 1986, there was little in the way of counter-cyclical economic activity to prevent the entire economy from being affected.

Unlike Côte d'Ivoire, Cameroon does not have a significant market share in any of its major export crops, except for cocoa. But, even here, USAID/Cameroon's Country Development Strategy Statement (USAID, 1989, p.8)) states that more cocoa could have been sold in world markets if production had increased over the last decade because of the desirable characteristics of Cameroon's cocoa variety. This means that Cameroon could have adopted an output expansion policy based upon a highly elastic demand for its coffee and cocoa.

In spite of a set of unusually favorable conditions--e.g., abundant hydroelectric power potential, good port facilities, diversified agricultural base--that should have led to comparative advantage in value-added processing of domestic raw materials, Cameroon has thus far been unsuccessful in developing a dynamic, profitable resource-based manufacturing sector. This is primarily due to a set of policies that has dissipated Cameroon's chances to add value to products in its extractive industries.

2. *Policy Constraints*

Membership in the Franc Zone and its Recent Consequences

Until January 1994, Cameroon suffered from increasing overvaluation of the CFA Franc (CFAF) as the U.S. dollar, in which world commodity prices are denominated, weakened against the French Franc (FF) and hence, because of the fixed FF/CFAF parity relationship, against the CFAF. This meant that Cameroonian exports were increasingly uncompetitive in world markets and foreign imports had an advantage over Cameroonian products in domestic markets. The fall in export prices after 1986 was, therefore, not compensated by an offsetting fall in the exchange rate for nearly ten years. However, the 50 percent CFAF devaluation of January 1994 (where the French Franc/CFAF parity as changed from French Franc 1.00 = CFAF 50 to CFCA 100, coming a decade after it should have for Cameroon may yet dynamize the economy's tradeables sectors and make it more responsive to the world market.

"Planned Liberalism"

The GRC has been involved in the economy in two ways: first, by direct participation in productive activities through public enterprises or partially-owned parastatal companies; and, second, by promulgating government rules and regulations that circumscribe all legal economic activity, whether public or private. Both elements of this policy focus were originally motivated by mistrust of the potential excesses of capitalism. In theory, the altruism of public servants was to safeguard the people's interest against rapacious entrepreneurs.

The parastatal sector dominated Cameroon's modern economy. In good times, this was not perceived to be a serious problem. Parastatal losses were made up by government subsidies, which were ascribed to social, rather than economic, activity. When the economic climate worsened with the drop of commodity prices, however, the subsidies become more difficult to maintain and resource scarcity suggested that fundamental economic choices finally had to be made. Insofar as the mounting government debt included a foreign exchange component, it also became necessary to ask international financial institutions--i.e., the World Bank and the International Monetary Fund (IMF) for assistance. These institutions inevitably identified parastatals as one of the major contributors to the weakening of the Cameroonian economy.

Government regulation of private companies was systematic and comprehensive, often blurring the distinction between public and private enterprises altogether. The state was involved in every aspect of business life, from complex regulations for incorporation through price controls and a burdensome labor code, to rules about how enterprises could go out of business. Moreover, the government frequently insisted on an equity share in significant companies, especially those with substantial foreign ownership. All of these rules and regulations resulted in inherently high costs of production and a lack of competitiveness in both domestic and export markets.

A Poorly-designed Fiscal Policy

The period of rapid growth that Cameroon experienced before 1986 provided enormous financial resources for the government, especially after 1978 when substantial petroleum exports began. The GRC's original plan was to save a large proportion of the petroleum revenues in extra-budgetary accounts to provide funds for long-term development. Unfortunately, these accounts were not sufficiently insulated from being accessed to make up for government revenue shortfalls when petroleum and other commodity prices collapsed in the mid-1980s. Thus, instead of providing a steady flow of capital investment resources, the extra-budgetary accounts made it possible for the GRC to pay its recurrent operating costs and subsidize insufficient parastatals for a period and thereby avoid fiscal responsibility of its economic mismanagement and pressures of macroeconomic readjustments.

In this regard, the GRC had used too much of the petroleum revenue bonanza to increase recurrent expenditures, especially the civil service wage bill. This meant that, when the economic boom ended abruptly, the fiscal imbalance was that much more difficult to solve. Finally, the GRC passed the burden of its mismanagement on to the non-governmental economy by simply not paying its bills to local suppliers and not reimbursing subsidies to loss-making parastatals.

The ready access of the GRC and parastatals to the credit available in the banking system meant that it was easier for the GRC to reduce its bank deposits and to accumulate arrears with the banks than to apply fiscal discipline by either reducing expenditures and subsidies to parastatals or by increasing revenues. This was facilitated by government participation in ownership of the major banks. The result was a liquidity crisis in the banking sector which continues to the present time and is an additional constraint to private economic activity. Text Table 1 presents a summary of key macroeconomic indicators for Cameroon.

Text Table 1
Macroeconomic Indicators for Cameroon
(Billions of 1988/1989 CFA Francs)

Macroeconomic Indicator	1988/89	1990/91	1991/92	1992/93	1993/94
Gross Domestic Product	3,341	2,909	2,749	2,669	2,608
Consumption	2,849	2,536	2,468	2,410	2,322
Investment	552	366	302	286	291
Exports	555	487	441	410	401
Petroleum	247	277	229	200	162
Non-Petroleum	308	210	213	211	239
Imports	520	390	379	364	381
Trade Balance	35	97	62	46	20
Current Account Balance	-213	-184	-220	-250	-276
Government Revenues	563	470	472	437	471
Government Expenditures	7[illegible]	702	644	650	638
Real Growth Rates (year on year)					
GNP		-12.9	-5.5	-2.9	-2.3
Consumption		-11.0	-2.7	-2.4	-3.7
Investment		-33.7	-17.5	-5.3	1.7
Exports		-12.3	-9.4	-7.0	-2.2
Imports		-25.0	-2.8	-4.0	4.7
Government Revenues		-16.5	0.4	-7.4	7.8
Government Expenditures		-4.0	-8.3	0.9	-1.8
Indicators as percentage of GDP:					
Trade Balance	1.05	3.33	2.26	1.72	0.77
Current Account Balance	-6.38	-6.33	-8.00	-9.37	-10.58
Government Expenditures	21.88	24.13	23.43	24.35	24.46

25

III. REMOVING THE CONSTRAINTS

A. Cameroon's Structural Adjustment Program (SAP)

By the late 1980s, the international financial community recognized that market and policy constraints would doom Cameroon to economic stagnation or worse. It united, therefore, behind a program to assist the GRC with fundamental structural adjustment. Cameroon's first SAP was negotiated in 1989 and was supported by a Structural Adjustment Loan (SAL) from the World Bank and a Stand-By Arrangement with the IMF. The World Bank was to provide up to $ 150 million in financial resources to the GRC in return for significant progress on:

- liberalization of internal trade, prices and export marketing;
- liberalization of external trade;
- management reform of public sector and parastatal enterprises;
- control of public sector expenditures;
- revision of legislation affecting labor, investment, forestry and cooperatives; and
- civil service reforms.

Text Table 2 presents the conditionalities attached to financial disbursements under the SAL.

The first two tranches under the SAL were disbursed in 1989 and 1991, respectively. As of March 1994, all conditionalities for the release of the third tranche of the SAL had been met. But, as the GRC had previously defaulted on the conditions of the IMF Stand-By Arrangement and had had its privileges under that agreement revoked, the World Bank in early March 1994 was awaiting approval of a new IMF Stand-By Arrangement before releasing the third tranche SAL funds.

The new Stand-By Arrangement was approved on 14 March 1994. This approval opened the way for the international community to provide funding to Cameroon which is estimated to be about US $ 2.5 billion. The remaining $ 50 million from the third tranche of the SAP has now been released, and Cameroon is now preparing for a Paris Club meeting on further debt rescheduling.

Text Table 2
The Structural Adjustment Program

First Tranche : $ 50 million with disbursement on the effective date of th[illegible] in November 1989.
Second Tranche : $ 50 million with anticipated release date in March 1990. [illegible] release date was June 1991.

Conditions Precedent:

1. Adoption of the 1990/1991 finance budget with reduced expenditures and increas[illegible] revenues.
2. Establishment of a monitoring system for the public investment program.
3. Public enterprise reform, including signature of performance contracts with SODECAO, HEVECAM, ONCPB, SONEL, SNEC and Office Céréalier.
4. Banking system reform with liquidation of CAMBANK, BCD and FONADER and restructuring of SCB, SGBC, BIAO and BICIC.
5. Fixing of 1989/1990 producer prices with minimum state subsidy and establishment of a marketing surplus distribution system for primary export commodities.
6. Implementation of price and trade liberalization measures (elimination of most quantitative import restrictions, price controls, restricted access to trade and monopolies) and improved production and export incentives framework (a new Investment Code).
7. Adequate funding by the GRC to implement the SAP.

Third Tranche : $ 50 million with anticipated release date in December 1990. Actual release date was March 1994.

Conditions Precedent:

1. Adoption of the 1991/1992 finance budget with reduced expenditures and increased revenues.
2. A plan for civil service restructuring with revision of personnel benefits and allowances, new organizational and structural plans for eight ministries.
3. Continued public enterprise reform with performance contracts for CAMAIR, MATEUR, MAGZI, REGIFERCAM, SODECOTON, CDC, SOTUC, CRTV and MINDENO.
4. Banking system reform with liquidation of CAMBANK, BCD and FONADER; restructuring of SCB, SGBC, BIAO and BICIC; and an action plan for the restructuring of SNI.
5. Reduced role for the ONCPB and progressive private marketing of export crops.
6. Revision of the Forest Code for rational exploitation and conservation of resources.
7. Continued implementation of price and trade liberalization measures (elimination of the remaining quantitative import restrictions and price controls) and improved production and export incentives in the framework of a new Labor Code.
8. Adequate funding by the GRC to implement the SAP.

B. USAID/Cameroon Strategy to Address Key Growth Constraints

1. The DFA Framework

Presidential approval of the Initiative to End Hunger in Africa in June 1987 and the inauguration of the DFA later in that year presented AID with both new challenges and new opportunities for providing development assistance in Africa. The Initiative linked the alleviation of hunger in the region to the achievement of more positive rates of economic growth. Approval of the DFA by the U.S. Congress showed its clear intent that AID should no longer conduct business as usual in Africa. Rather, AID--and USAID Missions in Africa--were encouraged to take advantage of the greater flexibility offered by the DFA to find new ways of making development assistance to the region more coherent and effective.

The overall goal stated for the DFA was "to encourage economic growth that is broad-based, market-oriented, and sustainable." This goal was chosen to reflect the underlying hypotheses that "increased growth in African countries themselves is the only way to meet Africa's tremendous human needs on a continuing basis; improving the incomes of individual Africans is fundamental to raising low standards of living throughout the region; and increased growth is also needed to enable both public and private sectors to provide needed social services" (AID, May 1989, p.7).

In support of the overall goal, AID stated that it intended to use the increased flexibility afforded by the DFA to make a number of changes in the way it did business on the continent. First, there was an intention to concentrate available development resources on African countries which were proving themselves to be serious about economic reforms--e.g., were designing and/or implementing structural adjustment programs in collaboration with the IMF, World Bank and AID. Second, AID undertook to systematically review the problems of individual countries and tailor its assistance programs accordingly. And, third, the Agency expressed the desire to work more collaboratively with other donors and private voluntary organizations (PVOs) in the design and implementation of its programs.

While recognizing the difficulties inherent in trying to demonstrate concrete results in a short time frame, AID committed itself to strengthening its performance-based programming. The intention was to make U.S. development assistance as effective as possible by focusing available resources on those issues which were deemed to be of critical importance to the prosperity of Africa and to track progress in meeting performance targets.

In order to facilitate design and implementation of a workable strategy to support the overall goal, AID adopted four strategic objectives:

- improving the management of African economies by redefining and reducing the role of the public sector and increasing its efficiency;
- strengthening competitive markets to provide a healthy environment for private sector-led growth;
- developing the potential for long-term increases in productivity in all sectors; and
- improving food security.

The DFA Action Plan developed for the period FY 1989/1991 emphasized AID's intention to focus its limited assistance where it could make a difference, to address causes as well as symptoms of underdevelopment, and to help the countries of sub-Saharan Africa deal with the key problems which had to be solved on a sustainable basis if the benefits of U.S. development assistance were to be shared as broadly as possible. The Plan stressed the importance of the political environment as well as the economic one, the role of the private sector as well as the public sector, and the short term as well as the long run.

Under the first strategic objective, AID saw itself working in concert with other donors to:

- improve stability in African economies through better management of debts and better fiscal and monetary policies;

- reduce government involvement in production and marketing of goods and services; and

- improve equity and efficiency in providing key public goods particularly in the areas of family planning, health, education and transportation.

Under the second strategic objective, AID focused on liberalizing commodity and factor markets.

Attainment of the third strategic objective was seen to require:

- better conservation of the natural resources upon which productivity depends;

- development of new technologies which would permit these resources to be used more efficiently; and

- improvement of job-related skills outside as well as in the agricultural production sector itself.

Finally, for attainment of the fourth strategic objective, AID believed that it had to address four specific concerns:

- finding ways to use food aid so as to reduce inter-annual instability in food supply and, perhaps, prices;

- increasing the capacity of donors and African countries to anticipate serious droughts and other emergencies and to provide timely and effective assistance when emergencies occurred;

29

- finding ways in the short term to increase incomes through targeted welfare programs to those most in need; and

- increasing agricultural production and utilization.

This then was the regional policy framework set out under the DFA and in 1989 it constituted the relevant set of "marching orders" for USAID Missions in Africa.

2. *The CDSS 1990/1994*

In the period leading up to the design of USAID/Cameroon's CDSS 1990/1994--i.e., from the beginning of Cameroon's economic crisis in 1986 until 1989--it had become increasingly evident to USAID/Cameroon that:

- GRC resource constraints were having serious adverse effects on the implementation and impact USAID's on-going projects;

- the Cameroonian economy could not be expected to return to a sustainable growth path without major structural reforms; and

- existing distortions within the economy would continue to prevent USAID programs from achieving their stated objectives.

As a result and in line with the DFA framework, the Mission stated that the goal of its new development assistance strategy would be to assist the GRC to return the Cameroonian economy to a position of sustained, broad-based economic growth. But, to achieve this goal, USAID/Cameroon insisted that three strategic objectives had to be met. They were:

- development of a market-oriented private sector;

- reduction in the over-extended role of the public sector; and

- increased efficiency in the public sector.

The development of a market-oriented private sector was given the highest priority among the three objectives. This was so because program strategists within the Mission believed that development of a viable, market-oriented private sector in Cameroon was the key to--and the only available alterative for--providing economic growth and increased employment in the country over the short and medium-term--i.e., the CDSS period. Given the level of resources anticipated for Mission use over the CDSS period, it was felt that concentration on development of a viable private sector was the best strategic "fit" for the USAID development assistance program.

In opting to concentrate USAID resources in this area over the CDSS period, the Mission explicitly recognized that facilitating the expansion of the private sector in Cameroon would require parallel efforts to reduce and/or eliminate the role of the government--and its affiliated parastatal agencies--in the regulation, majority capitalization and/or operation of commercial enterprises. Under the CDSS, therefore, USAID resources were to be used to liberalize those government policies, rules and regulations which were identified as major constraints to development of a viable private sector and to facilitate the transfer of responsibilities for procurement, production and marketing of commercial goods and services from public sector agencies to private economic operators.

Improving the efficiency of the public sector was ranked third as a CDSS objective largely because the Mission recognized the difficulties inherent in realizing meaningful changes with the resources available during the CDSS period. On the one hand, the Mission recognized a clear need to reduce the overall size of the Cameroonian bureaucracy and to reduce personnel costs relative to other operating expenditures in a situation where the wage bill represented 80 to 90 percent of total operating costs. On the other hand, the Mission appreciated the hard political reality that the approximately 180,000 civil servants and 30,000 parastatal employees constituted the effective political base of the regime in power and that they could be expected to resist any reforms which seriously threatened their status and/or survival as a privileged socio-economic group.

In this regard, the Mission already had evidence of the intractability of this group in opposing or derailing most of the public sector reforms which had been proposed since 1986. Despite the extreme economic and budgetary crisis evident by 1989 and the pressures exerted by the World Bank and the IMF during the negotiation of Cameroon's SAP, the GRC had yet to fulfill its commitments to curtail civil services benefits and to reform the parastatals. "Reforms" vis-a-vis the latter had been effectively limited to the signing of unremarkable performance contracts which did nothing to affect changes in the underlying incentive system within the para-public sector.

Given the perceived difficulties with attaining the objective of increased efficiency in the public sector through a broad-based frontal attack requiring a large scale commitment of USAID resources, Mission strategists elected to pursue the objective on a smaller scale and within the framework of the existing USAID project portfolio. It was believed that the limited resources available would generate greater leverage when targeted in this way. The Mission, therefore, attempted to improve efficiencies within the Institute of Agronomic Research and the University Center of Dschang (UCD) through the National Cereals Research and Extension Project (NCRE) and the Agricultural Education Project (AEP) respectively. This is a topic of a separate impact assessment being carried out by the Mission.

3. *Use of Non-Project and Project Assistance in Private Sector Development*

Under the CDSS 1990/1994, USAID/Cameroon proposed to implement its development assistance program through a mix of project, non-project (NPA) and counterpart-funded activities. This decision represented a major strategic departure for the Mission in that, prior of 1989, the entire USAID program had been a portfolio of traditional project assistance allocated between a number of sectors. Post-1989, all of the Mission's program would be designed and implemented under the new and broader financing framework.

NPA funding as cash transfers in U.S. dollars was seen by the Mission to have a number of distinct advantages in the Cameroonian context. They included:

- cash transfers would be disbursed fairly rapidly;
- cash transfers would be conditioned upon the GRC's performance with regard to implementing the specific conditionalities under the SAP;
- the size of the proposed NPA program--US $ 65 million--would be large enough to encourage the GRC to perform under the SAP;
- USAID would maintain control over the use of the cash transferred and could direct its use to service Cameroon's external debt, thereby providing some immediate relief to the country's liquidity crisis;
- the cash transfers would generate a projected equivalent of US $ 65 million in local currency as counterpart funds; and
- counterpart funds would be mutually controlled and programmed by USAID and the GRC as local currency funding to support program implementation and to fund project assistance-type activities, which in the past would have had to be funded with appropriated DFA dollars.

4. *Private Sector Development within the Mission Strategy*

Since 1987, USAID/Cameroon has designed and implemented a private sector development initiative within the DFA framework and guided, after 1989, by the CDSS 1990/1994. The three major activities under the initiative--i.e., FSSRP, PRAMS I and PREPS --address the different aspects of private sector development--i.e., reform of factor, product, and export processing operations, respectively--but share several common characteristics.

Reforms undertaken were important but discrete pieces of Cameroon's overarching structural adjustment program. The approach to all activities was deliberately structured to have a "liberalization" component and a "privatization" component. All activities were directed at eliciting greater participation in planning and implementation from genuine private sector agents--e.g., individuals, firms, cooperatives, independent banking institutions. And, all activities were designed to take advantage of the full range of financial modalities available under the DFA.

The Cameroonian SAP discussed in Section II of this report provided a rational economic framework within which the major policy reform objectives of USAID activities were clearly articulated and nested as components. Examples of this type of coordination can be clearly seen as follows:

- the specific FSSRP fertilizer initiative is a component of the larger SAP initiative for the phased elimination of all government subsidies on agricultural inputs and government withdrawal from direct involvement in input procurement and distribution;

- the PRAMS I initiatives were designed and are being implemented as a demonstration of the benefits to be derived from removing constraints to private sector production, processing and marketing of a major revenue-producing, export commodity--i.e., arabica coffee--in line with the SAP's larger program for liberalizing and restructuring other major export commodity chains--e.g., robusta coffee, cocoa, cotton, palm oil--in Cameroon; and

- the PREPS initiative for creation of an industrial free zone regime is a component in a larger effort to modernize Cameroon's national investment code, attract greater private investment in Cameroonian enterprises, and generally facilitate greater private sector participation in the local economy.

In execution of USAID's two-pronged approach to policy reform, two underlying principles have guided the design and implementation processes. The first principle was to minimize the social costs associated with the specific reforms undertaken. In design and implementation, observation of this principle has taken the form of phased, as opposed to instantaneous, reforms, efforts to strengthen existing economic operators affected by the reforms, and providing compensation for personnel displaced by the reforms.

The second principle involved an "iterative" approach to program implementation. In this regard, the Mission has relied heavily on feedback from both government and private sector operators to help guide program implementation. This participatory effort has been facilitated by annual activity reviews, seminars, workshops, and the daily interactions between these operators, USAID staff and technical assistance specialists.

Under the Mission's design strategy, "liberalization" was seen to involve the creation of improved policy regimes and regulatory environments for targeted commodities and services. "Liberalization" efforts initiated and maintained since 1987 have accomplished many of their initial objectives. Dialogue with government officials at both the regional and national levels have introduced and refined reform policies for the markets originally targeted under the CDSS and the SAP. Promulgation and dissemination of a series of new laws and implementation decrees affecting the cooperative sector and both input and output markets has been a major factor in Cameroon's progress toward a more market-based economy. Several systems have been put in place to increase the transparency of market transactions and provide economic operators, including farmers, with firm, national and world-level information to better inform their choices in allocation of the resources they command and the commodities they offer for sale.

"Privatization" in the Mission's phased approach was taken to involve the transition process by which the private sector assumes its new role in a market. To facilitate this process, the Mission has directed its interventions at strengthening existing economic operators through technical assistance and training, providing a flow of information on the nature and implications of the reforms undertaken, and actively encouraging increased private sector participation in all aspects of the reform activities.

Finally, as per the decision taken in 1989, all three of the private sector economic reform initiatives--i.e., FSSRP, PRAMS I, and PREPS--have been structured to benefit from the new mix of project, NPA and counterpart funding available under the DFA.

IV. IMPLEMENTING THE PRIVATE SECTOR DEVELOPMENT STRATEGY

A. The FSSRP Program

1. Key Constraints Addressed by the Program

There were three principal reasons behind the GRC's decision to liberalize and privatize the fertilizer subsector:

- the financial burden on the government caused by large subsidies on fertilizer used for coffee;
- the poor reliability and high cost of the fertilizer distribution system under the government monopoly; and
- the non-optimal use of fertilizers due to the insulation of both input demand and output supply from market forces.

By 1987, the GRC was spending about CFAF 6 billion per year to subsidize the importation and distribution of 64,000 metric tons of fertilizers for use primarily in coffee production. Another 40,000 tons of unsubsidized fertilizer were imported annually for use on a variety of crops, including cotton in the north and bananas, oil palm and pineapples in the south. The subsidy represented about one per cent of government expenditures. This cost, in "normal" years, was more than compensated by the government revenues generated by implicit and explicit taxation of coffee exports. The collapse of world coffee prices in the mid-1980s reduced the scope for surplus extraction on coffee exports, and exposed the public burden represented by the fertilizer subsidy.

The distribution system was unnecessarily complicated and costly in both time and money. A parastatal company--i.e., the Fonds National de Développement Rural (FONADER)--had overall responsibility for the system from the estimation of fertilizer demand to the management of and payment for import and distribution arrangements. Nine or more other government departments had responsibility for parts of the system--a situation guaranteed to be problematic. Delays in delivery were frequent, so that farmers sometimes were unable to apply fertilizer at the appropriate times during the crop year.

Many people familiar with the old system argue that the administered system of output and input prices led to uneconomic fertilizer use by coffee farmers. While the intent of the fertilizer subsidy was to encourage the application of fertilizer to coffee plants, there is plenty of evidence that much of the fertilizer made available for coffee under the public system was diverted to other crops, especially maize and vegetables.

The subsidy, therefore, "leaked" from its intended target crop and thus had less effect than hoped on coffee production--although perhaps a greater positive impact on agricultural incomes if fertilizer use on other crops was more profitable than on coffee. It may still have maintained coffee production in spite of low producer prices, however, insofar as access to subsidized fertilizer was conditioned on coffee sales. In such as situation, maintenance of coffee plantings may have become the main accommodation in a farmer strategy to get cheap fertilizer for other crops. All this is speculation, however, since there were no means by which market forces could signal fertilizer demand by crop: the price and quantity of supply were fixed. It should be recognized, however, that if the fertilizer subsidy had less of a positive impact on coffee production than the government intended, its removal would logically have less of a negative impact on coffee production than the government feared.

Overall, it is clear that the GRC's principal motivation in accepting the FSSRP was budgetary. Apart from the direct savings due to subsidy elimination, the dissolution of FONADER and the liberalization of input markets were conditions of release of the funds of the second and third tranches of the World Bank's SAL. The problems of the distribution system were serious, but key players in the government were in a position to benefit from the old system so that their support was, at best, half-hearted. The possibly inappropriate use of fertilizer might have been a concern to some, but the performance indicators used by FONADER and government planners were limited to the determination of how much fertilizer was distributed, to whom and under what conditions.

2. *Strategic Reform Objectives*

The FSSRP's purpose was to support the GRC's effort to:

- liberalize the importation and distribution of fertilizer;
- progressively eliminate subsidies on fertilizer;
- promote the expansion of the private sector in the financing, importation and distribution of fertilizer; and
- provide technical and other assistance to support the program's objectives.

FSSRP's stated objective was to "ensure timely availability of fertilizers for export and food crops at the lowest possible cost to farmers and government." The strategy adopted to achieve this objective was to support the liberalization and privatization of the fertilizer importation and distribution system. The indicators of the degree of achievement of this objective include:

- fertilizer delivery time and timely availability;
- fertilizer use by crop;

- farmgate cost of fertilizer; and

- cost to the government.

The indicators of the degree of success of strategy implementation include:

- size of the subsidy as a percentage of the farmgate price;

- distribution costs; and

- the extent of involvement of private sector in the fertilizer importation and distribution system.

Liberalization involved the progressive elimination of the subsidy on fertilizer, the decontrol of prices to the farmgate level, and the freeing of individual importers to determine the quantities of fertilizers they wish to handle.

Privatization was to be accomplished through the liquidation of FONADER, the abolition of the government's monopoly control of import and distribution, and the encouragement of private importers, distributors and financial intermediaries.

While reducing or eliminating the role of the state could be accomplished by the stroke of a pen--i.e., abolishing FONADER, eliminating the illegal monopoly--liberalization and privatization could not be seen as a simple, one-step process. The establishment of the liberalized, privatized system through the FSSRP required some provision of financial resources because, due to the illiquidity and conservative lending practices of the banking sector, it would have been difficult for potential importers to obtain credit to finance fertilizer imports. In addition, there was a perceived need to engage in active encouragement of the private sector, whose previous activities in the sector had been limited, and also essentially without risk.

The FSSRP grant agreements were signed by the GRC and USAID in September 1987. USAID was to provide non-project assistance--eventually totaling U.S. $ 13.5 million--in return for a series of policy reforms and technical assistance--eventually totalling U.S. $ 1.5 million--for assessments, special studies, and advisory services. The NPA cash grant was to be used to retire GRC external debt, and the equivalent CFAF counterpart funds were used to create a revolving credit fund (RCF) to enable private-sector participants in the program to finance their activities.

The design of the program assumed that the withdrawal of the state could be immediate, but that both privatization and liberalization would require a transitional period, during which the subsidy would gradually be reduced and private importers, distributors and banks would be attracted to the system. The key elements of the program were:

- a Technical Supervisory Committee (TSC) composed of representatives from government departments with a continuing interest in the program. The TSC was responsible for establishing annual subsidy rates and for monitoring the progress of subsidy removal;

- a fertilizer subsidy fund, financed by the government, to be accessed by importers to assist them in paying for fertilizer;

- the RCF mentioned above, financed by counterpart funds to provide affordable, accessible credit for fertilizer imports and distribution;

- a fiduciary bank, selected from among the existing private commercial banks, to manage the fertilizer subsidy fund and the RCF.

- commercial banks, to whom importers were required to apply for loans, for up to one-half of the value of fertilizer imports, in order to qualify for subsidy funds.

Distributors, which could be cooperatives, public or private firms or individuals, would solicit bids from importers. Once the latter received orders they would apply for a commercial bank loan. The bank would in turn request that the fiduciary bank lend it an equivalent amount from the RCF and release the relevant amount from the subsidy fund. Once the fertilizer arrived in Cameroon's main port of Douala, distributors would pay the importers. They could also access RCF funds via commercial bank loans if they wished.

Several elements of the program changed over time, primarily involving the participation of the commercial banks and the RCF. The most significant deviation from plans was the reluctance of the banks to lend money to importers and distributors without full security. In this situation, the RCF ended up being used only for loans the importers were required to take out in order to have access to the subsidy fund. Eventually, the TSC eliminated the requirement that importers take out such a loan in order to widen the scope of possible financing arrangements. In an effort to find a good use for the RCF, it was envisaged that it could include medium-term loans for investment in partial onshore processing of fertilizer, such as blending and bagging operations or storage facilities. In the final analysis, it was fortunate that the system generated sufficient incentives to private importers and distributors that it could become essentially self-financing.

3. *Accomplishments to Date*

The accomplishments of the FSSRP are very impressive. The quantifiable indicators, as reported in the Mission's FY 1993 API report (USAID, November 1993), are summarized in Text Table 3 below. They show that the FSSRP was, as a recent impact assessment noted, extremely successful in liberalizing and privatizing the fertilizer distribution system and, in the process, increasing competition and reducing marketing costs.

Text Table 3
FSSRP Impact Indicators

Indicator	Baseline Case (1987)	FY 1990	FY 1991	FY 1992	FY 1993
Liberalization/privatization of fertilizer market	The GRC heavily controls market for fertilizer	Market privatized and partly liberalized	Same	Same	Market nearly fully liberalized
Subsidy rate	66 %	20 %	17 %	15 %	8 %
Decreased unsubsidized farmgate fertilizer price	CFAF 133.600	82.858	79.960	78.111	76.570
Reduction in domestic fertilizer distribution costs	CFAF 36 per kilogram	24.8	23.6	22.9	26
Reduction in average fertilizer delivery time	12 to 18 months	4 to 6 months	4 to 6 months	4 to 6 months	0 to 6 months
Increased participation in domestic fertilizer market by banks, importers and distributors	Banks (active) 0	5	7	7	7
	Banks (actual) 0	5	4	4	3
	Importers (active) >20	10	13	13	12
	Importers (actual) >5	4	4	4	3
	Distributors (active) >15	16	25	25	>25
	Distributors (actual) >15	10	25	25	>25

Source: *USAID/Cameroon. (November 1993). Assessment of Program Impact (API), FY 1993.*

- **Liberalization of the fertilizer import and distribution system is virtually complete.**

The retail price of fertilizer is uncontrolled; FONADER is dissolved, and the subsidy has been all but eliminated and will be after June 1994. Complete market liberalization required two years more than originally foreseen, but this still represents a major success.

- **Privatization of the fertilizer import and distribution system has made great progress.**

There are many more distributors of fertilizers than there were before FSSRP. They are more diverse in terms of size, organizational structure, and location. Among importers, there has been less success. In the past, FONADER contracted with private firms to import fertilizers, so that in some sense the actual businesses importing fertilizer did not need to be privatized. One can more easily talk of FSSRP having eliminated the protection of a small group of privileged private firms and thereby opening the market to stronger competition. In fact, primarily because of the reluctance of the banks to grant credit to importers, all the principal importers since the beginning of the program have been foreign-owned companies. Among banks, the effect has been somewhat different than originally envisaged: they essentially grant letters of credit to very creditworthy--read foreign--companies rather than providing access to the RCF.

One should remember, however, that liberalization and privatization, however laudable, were not the objectives of FSSRP, but rather the means chosen to achieve FSSRP's objective--to "ensure timely availability of fertilizers for export and food crops at the lowest possible cost to farmers and government." There are some indicators of accomplishment that suggest that FSSRP was, in fact, extremely successful in this effort as well.

- **The farmgate cost of fertilizer has declined annually since the beginning of FSSRP.**

The key cost indicator shown in the API (Text Table 3 above) is the delivered cost of fertilizer, gross of the subsidy. This cost is the sum of CIF cost as determined by the world market and internal distribution costs as determined in part by tax and trade policy and in part by efficiency of intermediaries in bringing the fertilizer from the ship to the farmgate. As Table 4 shows, the delivered cost of fertilizer decreased every year since the program began.

Most of the decrease came in the first year (1988/1989), due primarily to an approximately 40 per cent drop in the average CIF cost per metric ton of fertilizer. There is no clear explanation for this drop, either in documentation available to the team or in the memories of participants in the program. CIF price data from FONADER sources suggest that import prices in the last year of the government monopoly were much closer to 1989/1990 prices than to the figure given in the table. Nevertheless, there has been a further aggregate drop in the average fertilizer price of 15 per cent over the period 1989/1990 to 1992/1993 due to approximately equal decreases in CIF and distribution costs.

40

Text Table 4
Cameroon Fertilizer Cost Structure
1987/1988 to 1992/1993
(Current CFA Francs)

Indicator	Public Control	Under FSSRP					Net % Shift
	1987/ 1988	1988/ 1989	1989/ 1990	1990/ 1991	1991/ 1992	1992/ 1993	
CIF Cost of Fertilizer	97,600	56,031	58,031	55,133	54,463	50,064	-48.7
Distribution Cost	36,000	29,723	24,827	24,827	23,648	26,506	-26.4
Delivered Cost	133600	86,235	82,858	79,960	78,111	76,570	-42.7
Retail Price	45,000	54,597	57,828	58,926	62,227	63,901	42.0
Unit Subsidy	88,600	31,638	25,030	21,034	15,884	12,669	-85.7
Subsidy as % of delivered cost	66.3	36.7	30.2	26.3	20.3	16.5	-75.1

Source: *Adapted from Abbott, R.D. and E.K. Dey. (October 1993). "Privatization of Fertilizer Marketing in Cameroon--A Fifth-Year Assessment of the Fertilizer Sub-Sector Reform Program--Technical Report." AMIS/Abt Associates Inc., Bethesda, Maryland.*

Notes: 1. *The large drop in CIF cost from 1987/1988 to 1988/1989 was a major contributor to the FSSRP progress figures.*
2. *The average retail price for fertilizer rose at approximately 7 percent per year.*
3. *The decline in average distribution cost of fertilizer bottomed out by 1989/1990.*

Incomplete 1993/1994 data cannot be used to compare with previous years because they refer to only one type of fertilizer--i.e., NPK 20-10-10--which is one of the more expensive of the types that make up the "average" cost of fertilizers shown in the time-series table. They are, however, useful to demonstrate the impact of devaluation and other simultaneous policy measures, as can be seen in Text Table 5 below. The CIF cost doubles, but the delivered cost only rises by 75 percent because of a much smaller increase in distribution costs. Indirect effects of devaluation, especially on transport costs, plus policy changes such as the reduction in the rate of duty from 7 to 5 percent and an increase in port charges, combine to raise distribution costs significantly for the first time since the beginning of FSSRP.

- **The cost to the government of fertilizer distribution has decreased dramatically.**

The GRC has saved up to CFAF 6 billion per year by eliminating the fertilizer subsidy, although the savings would have been less had consumption of subsidized fertilizer dropped as much as it did during the early 1990s due to the drop in producer prices of coffee. In addition, the government no longer has to subsidize the operating costs of FONADER. The fertilizer subsidy elimination alone amounts to a savings of approximately one per cent of government expenditure and more than that percentage of government revenue.

- **Delivery of fertilizer is more timely than under the previous system, and orders take less time to arrive.**

It is unquestionable that the elimination of the bureaucratic procedure of the old system led to an immediate reduction in delivery time, and thus a reduced risk of late arrival of the fertilizer. The latest result, the possibility as of 1993 of instantaneous delivery to the retail channel, is the result of the broadening of the distribution network so that inventories are held at all levels of the system. Now, distributors are no longer placing large orders for subsequent importation but rather buy directly from importers' stocks in Douala, forcing importers to maintain stocks throughout the year.

Text Table 5
The Effect of CFAF Devaluation on NPK 20-10-10 Fertilizer Costs for 1993/1994
(in CFAF per metric ton)

Cost	Pre-Devaluation	Post-Devaluation
CIF Cost of NPK 20-10-10	58,000	116,000
Distribution Cost	25,460	30,000
Delivered Cost	83,460	146,000
Retail Price Net of Subsidy	76,060	138,600
Subsidy as % of Delivered Cost	8.9	5.1
Percent Increase in Delivered Cost	---	75.0

- **More efficient allocation of fertilizer as a production input**

Increased prices for fertilizer--coupled with falling prices for coffee--forced farmers to evaluate more closely their allocation of both purchased inputs and family labor resources. Following the sharp drop in coffee producer prices in December 1989, farmers began a significant shift toward use of more fertilizer on food crops and away from use on their coffee trees. This shift occurred even as the aggregate consumption of fertilizer declined sharply.

Several factors accounted for this reallocation of fertilizer. First, the changing composition of the distribution network--i.e., the marked shift from distribution exclusively through coffee cooperatives to a diverse set of entrepreneurs that now includes a number of independent input dealers who also sell seeds and pesticides--suggests increased use of fertilizers outside the arabica and robusta coffee subsectors. Second, the mix of fertilizer types available has shifted toward composite fertilizers--i.e., NPK 20-10-10 and NPK 12-6-20. These composite fertilizers are preferred--and recommended by extension agents--for food crops, and have increased their market shares at the expense of nitrogen fertilizers--e.g., urea and ammonium sulfate. Finally, farm-level studies commissioned by the FSSRP, along with agricultural census data, indicate a clear tendency away from coffee and toward food crop production.

With the recent devaluation of the CFAF, however, the relative profitabilities of export crops versus those crops marketed only in the domestic market may be changing. Such a shift in profitabilities over the medium-term may cause farmers to once again reassess their allocations of resources between competitive crop enterprises.

In addition to the shift away from coffee production, the liberalized and privatized fertilizer market saw an increase in the market share of urea--a fertilizer that is cheaper per unit of nitrogen but more expensive per unit of product--at the expense of ammonium sulfate (21 % N), a less cost-effective fertilizer. This shift demonstrates an increased awareness of the value of the nutrients offered by the different types of fertilizer.

B. The PRAMS I Program

1. Key Constraints Addressed by the Program

The 1989 World Bank Agricultural Sector Review and other studies produced during the PRAMS I design identified the following major constraints in the agriculture sector in Cameroon:

- The inappropriate policy environment was seen as preventing the sector from resuming its pre-petroleum role as the primary engine of growth in the economy. Policies in the areas of pricing and marketing of export crops, input subsidies and state monopolies in the production and distribution of private goods were sighted as being the most important impediments to growth.

4

- Government intervention in the pricing and marketing of major export crops had resulted in severe distortion of market signals and heavy taxation of agricultural exports.

- The lack of an open competitive market environment had resulted in lower prices and reduced incentives to producer of export crops.

- Low producer prices and ambiguous quality incentives had resulted in lower quality export crops.

- The legislative framework for the cooperative movement needed to be modified to enable cooperatives to more effectively play their roles in the marketing of smallholder production.

A subsequent analysis of marketing arrangements in the arabica coffee sector (Oakerson, Gellar and Wynne, 1990) validated these general findings and further concluded that a period of capacity building was required to prepare the cooperatives to operate under a fully competitive market structure.

Having postulated this matrix of constraints, the 1989 Agricultural Sector Review recommended the following policy interventions:

- marketing and pricing policy reforms aimed at eliminating price rigidities;

- distributing more efficiently the gains and losses associated with fluctuations in world market prices;

- encouraging competition among marketing agents;

- minimizing state intervention in commodity chains operations;

- maintaining production incentives; and

- encouraging higher quality in output.

These recommendations were incorporated into the SAP negotiated between the World Bank and the GRC and were supported by an IMF Stand-by arrangement and a World Bank SAL.

Following AID approval of USAID/Cameroon's CDSS in 1989, Mission staff aimed at defining and evaluating how the Mission's economic policy reform portfolio might be structured so as to support implementation of the SAP. It was concluded that a series of NPA inventions under a Program of Reform in the Agricultural Marketing Sector (PRAMS) would be the most appropriate because such a program would:

- directly support the CDSS strategic objectives of reducing the overextended role of the public sector and developing a more efficient and competitive private sector;

- support the Mission's on-going agricultural input market (FSSRP) and cooperative development (Credit Union Development Project) efforts: and

- initiate policy reform activities in an area where the Mission believed it had a comparative advantage.

The Mission decided in 1989 that the first phase of PRAMS would focus on reforms in arabica coffee marketing. This initiative was to be followed by second phase effort to initiate reforms in the robusta coffee and cocoa markets. The path was chosen because it was in accord with the priorities set by the SAP and because projected world prices for arabica coffee and Cameroon's comparative advantage in arabica coffee indicated that it could still be produced at a profit even at significantly higher output levels.

For these reasons as well as the Mission's considerable credibility with the GRC in supporting policy transition, the policy dialogue aimed at defined the nature and phasing of reforms in arabica coffee marketing was highly successful and the reforms eventually agreed upon went significantly further than was thought possible when the SAP was being negotiated. Moreover, the Mission was able to convince the GRC that liberalization of the subsector could be carried out in such a way as to minimize the social costs of transition to a system of full market competition.

2. *Strategic Reform Objectives*

The goal of PRAMS I, including its NPA and project assistance components, was to promote, without undue social costs, the introduction of private, competitive market forces at all levels of the arabica coffee market chain.

Toward this end, the three-fold purpose of PRAMS I was to:

- remove marketing impediments and pricing constraints in the arabica coffee subsector;

- strengthen the North West Cooperative Association's (NWCA) capacity to compete with other cooperative and private sector traders and processors; and

- establish an institutional environment for autonomous and accounting marketing cooperatives.

45

In line with the stated goal and purposes of PRAMS I, resources devoted to the liberalization and privatization of the arabica coffee marketing chain were to have engendered the following specific accomplishments and conditions:

- elimination of the GRC-managed arabica coffee stabilization fund;
- authorization of both cooperative and private buyers involved in arabica coffee marketing in the North West and West Provinces to set their own prices based on market forces independent of government supervision or control--i.e., arabica coffee prices were to be determined by competitive market forces;
- establishment of a graduated tax structure for arabica coffee tied to world market prices was to be in place to provide economic operators with incentives to produce more and higher quality arabica coffee;
- elimination of the cooperative marketing monopolies in the North West and West Provinces and authorization for all licensed buyers to operate anywhere arabica coffee is available for sale in Cameroon--i.e., coffee marketing and processing agents in the North West and West Provinces were to have greater ease of entry to the arabica coffee market so as to foster competition at all levels of the marketing chain;
- authorization of all qualified private buyers, processors, and exporters to sell arabica coffee beans or products to any foreign buyer;
- establishment of a transparent system for allocating an International Coffee Organization (ICO) quota certification to guarantee arabica coffee producers access to world markets, if the International Coffee Agreement (ICA) is renewed;
- authorization for the NWCA to export arabica coffee directly to foreign markets with no government intervention and without technical assistance;
- the NWCA was to have been repaid for all arrears by the National Product Marketing Board (NPMB);
- the transfer of all coffee hulling and conditioning equipment and other assets owned by or under the custody of the NPMB's Bamenda Office to the NWCA --i.e., the NWCA was to enjoy unencumbered use of physical assets transferred to it by the NPMB;
- the NWCA's revised institutional arrangements were to provide maximum feasible incentives to increase the quality of arabica coffee production, processing and marketing;

- the NWCA was to be fully participating in the arabica coffee market in the North West Province on a sustainable basis and without subsidy;

- issuance of a GRC interim statement of policy outlining objectives regarding cooperatives in the North West Province in lieu of a revised cooperative law--i.e., the membership and structure of cooperatives, cooperative unions and associations were to be determined by individual and group choice based on economic and social objectives and not by government-imposed requirements;

- the membership of cooperatives, cooperative unions and associations were to be reviewing and approving annual budgets with full access to their organization's books and records; and

- promulgation and implementation of a liberalized cooperative law that reduces GRC involvement in the formation, management, and dissolution of cooperatives nation-wide--i.e., the GRC's role in cooperative development was to be limited to registering cooperatives and ensuring that the provisions of a liberalized cooperative law were being carried out--e.g., that annual audits were being performed.

Under PRAMS I, a total of U.S. $ 18 million in NPA was provided. This funding was to have been disbursed in four tranches as the GRC met specific and phased conditionalities over the life of the program. In addition, it was estimated that the total cost of project assistance to PRAMS I would be U.S. $ 8.5 million (GRC and USAID contributions combined) of which USAID would fund not more than U.S. $ 4 million; later increased to U.S. $ 5.5 million.

Since the PRAMS I design process was completed with the signing of the NPA program and project assistance agreements, two important changes have been made affecting program/project implementation:

- In recognition of the fact that the GRC was still refusing to implement full arabica coffee price liberalization at the beginning of 1993 without reassurances that farmers would not be disadvantaged in their dealings with coffee buyers under such a liberalized system, USAID agreed to provide funding and technical assistance for design and implementation of an arabica market information system (AMIS). This system was designed in three phases to provide all participants in the arabica coffee marketing chain with, first, full and complete weekly information on world prices for the type of coffee produced in Cameroon--i.e., New York "C" prices; second, weekly information on the unit prices being offered by cooperative and other private sector coffee buyers to arabica coffee producers in Cameroon; and, third, weekly reports on actual arabica coffee prices being received by coffee producers in West and North West Provinces.

- Due to the decision to terminate the entire USAID development assistance program in Cameroon by the end of 1994, the PRAMS I PACD was changed from 30 September 1994 to 30 June 1994. Importantly for this assessment report, this action reduced the program implementation period by three months just at the time when essentially all of the PRAMS I liberalization/privatization reforms had been accomplished and the initial impacts of these reforms were beginning to be fully expressed in the local economy.

3. *Accomplishments to Date*

This section presents a list of the major accomplishments of PRAMS I as documented by the Mission and attested to by the assessment team. The documented legacy of PRAMS I accomplishments includes:

- **Elimination of all GRC controls over the arabica coffee marketing chain with the complete dissolution of the NPMB.**

- **Discontinuance of all GRC-managed stabilization fund activities with respect to arabica coffee.**

- **Elimination of pan-regional pricing and the implementation of full price liberalization in the arabica coffee subsector starting in crop year 1993/1994.**

- **Elimination of the cooperative arabica coffee marketing monopolies in Cameroon in 1993 and authorization for all licensed buyers to operate anywhere arabica coffee is available for sale in Cameroon.**

- **Authorization of all licensed cooperative and private buyers of arabica coffee in Cameroon to set their own prices based on competitive market conditions;**

- **Authorization for all licensed arabica coffee buyers, processors and exporters in Cameroon to sell to their coffee to any foreign buyer.**

- **Establishment of the AMIS which provides for transparency in the market by transmitting world and local buyer prices directly to arabica coffee producers as the base for improved decision-making on their parts.**

- **Establishment of a more transparent internal system for transmitting internal cost and margin data from the apex, union and society level of the NWCA to cooperative members as the base for improved decision-making and member empowerment.**

- **Development of a new NWCA Marketing Department which has dramatically increased cooperative receipts from arabica coffee sales.**

- **Promulgation and implementation of a liberalized national cooperative law that reduced GRC involvement in arabica coffee cooperatives to registration of societies and quality control in coffee marketing.**

- **Introduction of NWCA procedures and member training programs directed at improving the quality of the arabica coffee exported.**

- **Development of field-tested models of successful policy reform implementation for consideration by decision-makers seeking to initiate policy reforms for the robusta coffee and cocoa subsectors.**

C. The PREPS Program

1. Key Constraints Addressed by the Program

When PREPS was designed in 1989 and 1990, Cameroon was seen to suffer from a variety of legal, regulatory and institutional obstacles that were rendering the products of its export processing sector increasingly uncompetitive in international markets. This phenomenon was occurring despite the fact that the country's natural resource endowments appeared favorable to greater competitiveness in and development of value-added export processing.

In PREPS design, eight primary constraints were identified as major obstacles in development of export processing industries in Cameroon. They were:

- the excessive regulatory environment imposed by the GRC;
- complicated and costly customs procedures;
- overvaluation of the CFA Franc;
- limited private sector access to credit;
- limited private sector access to export markets;
- inadequate road infrastructure and the high costs of road transport;
- the inadequate and high cost telecommunications system; and
- an inadequate legal system.

While it was recognized that installation of an industrial free zone regime in and of itself could not alleviate all of these constraints, it was hoped that a IFZR would address "the vast majority of the obstacles currently impeding export growth and diversification" (USAID, August 1990).

Under an IFZR, it was anticipated that the number of permits that had to be obtained and the number of procedures that had to be followed in establishing and operating an export-oriented firm would be greatly reduced. The intention was to replace the 24 independent procedural steps required to establish an export firm with a single application form. Moreover, PREPS intended to create a single "one-stop" shop--i.e., the National Office for Industrial Free Zones (NOIFZ)--for approval of investments. NOIFZ approval procedure was to eliminate the involvement of the 20 ministries, offices and agencies that had been required for investment approvals in the past. In addition, the IFZR legislation--passed in January 1990--was to reduce the time required for approval of IFZR investment from the previous six to 24 months to 30 days.

The NOIFZ was to be privately managed and operated. It was to serve as a major vehicle for attracting foreign and domestic investment in export processing industries through provision of a "world class" package of financial incentives and reducing the costs of establishing and operating a business in Cameroon.

The IFZR was also to address the important constraint created by the existing system of price and margin controls and of domestic input purchase requirements. Under the regime, participating firms were to be exonerated from all price and margin controls and to be free to purchase their inputs from any local or foreign source.

The IFZR was also to exonerate participating firms from the standard wage classification scheme specified under the Cameroonian Labor Code which fixed all wages by industrial sector, geographic location, and levels of formal education. In place of this system, IFZR enterprises would have the right to freely negotiate contracts with their employees and set wages on the basis of employee productivity and efficiency. Hiring and firing rules were to be set through collective negotiation.

The IFZR was to directly address the problem of customs delays and internal corruption. It was thought that the nature of IFZR operations would reduce opportunities for custom officials to extract economic rents. Since participating enterprises were to be exonerated from all tariffs and taxes on their imports and exports, the task of "valuation" was no longer to be required. This, in turn, was seen as the mechanism for eliminating the "tremendous amount of administrative discretion and leverage" customs officials held over local businessmen. The IFZR was also to create a system of automatic transfer and on-site customs inspection at the enterprise's site of operations--i.e., either within an industrial free zone park to be established or at an individual firm's site outside the park--"point franc" sites.

Although the IFZR was not expected to directly address the problem of the overvaluation in the *nominal* exchange rate, it was expected to address the overvaluation in the *real* exchange rate through its beneficial effects on GRC price and wage policies. If domestic wages and prices were to decline in terms of the CFAF while the nominal exchange rate remained constant, then there would be a de facto depreciation in the real exchange rate, with desirable consequences of the international competitiveness of Cameroon's exports.

With respect to improving the private sector's access to domestic credit and beyond the commercial bank restructuring efforts being conducted under the SAP, USAID/Cameroon had developed two complementary activities to support the development of the IFZR and assist qualified firms to gain access to local sources of financing--i.e., a Loan Portfolio Guarantee (LPG) Program and provision of technical assistance to three indigenous entities that were interested in developing venture capital facilities.

Together these two activities, when implemented in the context of the SAP, were seen as the key to reducing the local credit constraint. In addition, it was hoped that foreign investments would be attracted to participate in joint ventures under the IFZR, thereby providing increased access to worldwide capital markets.

Improved access to markets under the IFZR was to be guaranteed by the creation of joint ventures between foreign investors and local businessmen. In these cases, the foreign investor was to provide the foreign market, as well as access to technology; and the local businessman was to provide the in-country sources of production. The IFZR was not viewed at design as a vehicle for addressing the basic problems of inadequate road infrastructure.

Under the Regime, firms were to be allowed to have their own teleports which were seen as greatly reducing the cost of telecommunications. In addition, the IFZR law mandated that the local telecommunications company would pass through the INTELSAT rate plus a 25 percent markup for administrative costs to all qualified IFZR enterprises. Together, these provisions were seen as permitting "communication-intensive industries to be competitive in Cameroon".

Finally, under the IFZR, NOIFZ was to be empowered to establish procedures for settlement by mutual agreement disputes arising between key players under the Regime. The purpose of the dispute settlement mechanism was to create an objective and fair system of arbitration outside the local court system and, thereby, facilitate the quick settlement of disputes so that time and money would not be unnecessarily lost.

2. *Strategic Reform Objectives*

The goal of the PREPS program was to assist Cameroon to increase investment, employment and production and to expand markets in the export processing sector. It was thought that the attainment of this goal would promote sustained, broad-based economic growth by generating the following results:

- increased export volume and value;
- greater diversification into the production of non-traditional and higher value-added export processing activities;
- increased number of export-oriented firms;
- increased number of new jobs created by Industrial Free Zone Regime (IFZR) enterprises; and
- increased linkages between IFZR activities and local suppliers of goods and services--i.e., backward linkages.

The purpose of PREPS was to support the development and implementation of a privately-managed Regime which would operate efficiently and in strict adherence with the intent and provisions of the Cameroonian IFZR Law. This program was seen as promoting the attainment of two of the three strategic objectives established by the Mission's CDSS 1990/1994. These strategic objectives were:

- the development of a market-oriented, competitive private sector; and
- the reduction in the over-extended role of the public sector in economic activities.

The PREPS program was designed to *enable implementation* of reforms enacted under the new IFZR through a nine member NOIFZ Board of Directors with majority private sector representation. The main thrust of that Regime was to liberalize policies related to the export processing sector and, thereby, reduce the GRC's involvement in the sector.

The GRC had recognized the need to remove economic distortions in the export processing and established the following policy objectives for the sector:

- to diversify the country's production and export base;
- to increase the value-added of commodity processed for export;
- to enhance foreign exchange earnings; and
- to increase new employment.

Attainment of these objectives was seen to require two important steps:

- promulgation of appropriate rules, regulations and procedures; and

- development of new institutional arrangements to ensure the effective implementation and enforcement of these new rules, regulations and procedures.

The GRC took the first step in this process on 29 January 1990 when President Paul Biya signed a Presidential Ordinance creating a Cameroonian Industrial Free Zone Regime. The Ordinance established criteria for firms to qualify for acceptance into the IFZR, with defined rights and privileges. It also provided financial incentives designed to make the Regime competitive with the most attractive free zone regimes throughout the world.

The PREPS program is designed to assist Cameroon in taking the second important step in the reform process--i.e., to implement the new institutional arrangements created under the Ordinance. Two institutions--i.e., the National Office for Industrial Free Zones (NOIFZ) and the Investment Promotion Center (IPC) were to have been created to facilitate this implementation process. The following indicators were proposed as means of evaluating progress in the institutional process:

- decreased time and costs required for entrepreneurs to acquire the approvals necessary for investments in the export processing sector;

- decreased time and costs required for entrepreneurs to acquire all necessary public services--e.g., labor permits, residency permits, visas, etc.;

- decreased time and costs required for customs clearance of imported materials and export products; and

- increased objectivity and efficiency in the settlement of disputes among and between private investors in the Free Zone and entities charged with regulatory and administrative responsibilities.

The PREPS was designed to provide a NPA cash grant of $ 3.1 million and a project assistance component of $ 3.56 million over a five-year life of the program. In addition to USAID's contribution, the GRC was expected to provide in-kind support valued at $ 1.66 million, while the private sector was to make appropriate--but unspecific--contributions in support of the program.

3. *Accomplishments to Date*

- **Promulgation and dissemination of the law creating the Cameroon Industrial Free Zone Regime (January 1990) and the Implementing Regulations of the Industrial Free Zone Regime (December 1990)**

Although promulgation of the law creating the Cameroon IFZR technically took place before the program and project agreements creating PREPS were signed between the GRC and USAID, the legislation was the culmination of the process initiated in early 1989 with the active participation of both USAID and the Overseas Private Investment Corporation (OPIC).

The approval and issuance of the Implementing Regulations governing the IFZR was the first major accomplishment in the reform process after PREPS was in place.

These two pieces of legislation created the legal basis for establishment and operations of the IFZR.

- **Establishment of the National Office for Industrial Free Zones (NOIFZ)**

NOIFZ was officially created as the regulatory body for the IFZR in April 1991 and began operations in Douala, Cameroon in May 1992, with a Director General and staff.

- **Granting of industrial free zone status to nine private sector firms through February 1994**

Nine private firms have been granted industrial free zone status to date, of which six are firms which had already established operations in Cameroon outside the IFZR and three are new export processing entities. In terms of ownership, seven of the nine firms have majority foreign ownership. The other firms have 100 and 80 percent Cameroonian ownership, respectively.

In an interview with the assessment team, the NOIFZ Director General indicated that four additional private firms were in the process of applying for IFZR status as export processors. Two of these firms were expected to receive final approval of their applications in the near future.

- **Reduction in the number of separate GRC agencies having direct roles in processing and approval of investment proposals**

Although the "one stop" shop envisaged under the IFZR has never functioned, the creation of NOIFZ has reduced the number of separate GRC agencies having direct roles in the processing and approval of investment proposals from approximately 30 in 1990 to two--i.e., NOIFZ and the Ministry of Industrial and Commercial Development (MINDIC)--in 1994.

- **Reduction in the time needed for firms to secure industrial free zone status**

USAID has confirmed (Assessment of Program Impact (API), November 1993) that the statutory 30-day time limit for processing of investment applications by NOIFZ and MINDIC has been fully attained.

55

V. CONCLUSIONS: IMPACTS AND SUSTAINABILITY OF THE REFORMS

In reviewing the three program/project activities comprising USAID/Cameroon's economic policy reform effort with the Government of Cameroon, it is important to recognize that, at their core, the three policy processes shared certain characteristics:

- **All were directed at helping a willing--but struggling--government implement public policy reforms in the same general areas--i.e., market liberalization and facilitation of greater private sector participation in economy;**

- **All envisioned the transfer of responsibilities for major economic activities from the public sector to the private sector;**

- **All emphasized participatory approaches to policy formulation and implementation of the desired reforms; and**

- **All used a judicious mix of USAID non-project and project assistance to achieve the desired results.**

The following subsections of the report examine: the major factors which influenced the successful reform implementation; the impacts of the program/project activities to date; factors which may have reduced the impacts of policy reform; and on the sustainability of the reforms in Cameroon.

A. Factors Influencing Reform Implementation

- **The GRC was searching for both financial resources and new ideas in the face of an accelerating economic crisis which started in the mid-1980s.**

- **The specific policy reforms to be supported by USAID NPA and project assistance were seen by many key decision-makers as economically sound and socially desirable.**

- **The three reform processes were supported by--and, indeed, helped to create--an appropriate macroeconomic and legal framework which set the context for the particular reforms undertaken.**

- **The realization of the improved macroeconomic and legal framework was strongly supported by the donor community and the specific reform processes initiated with USAID resources were actively supported by key donors and, in no case, were they actively resisted by a major donor.**

- The successful reform processes were directed by working groups of government officials, USAID staff and private sector personnel who were well-trained, experienced, and, for the most part, highly motivated.

- The most successful reform processes had tightly-focused policy agendas--i.e., they were focused on a limited number of crucial and interrelated reform actions and did not disperse effort and resources over several unrelated activities.

- The reform processes in design and implementation were iterative, flexible and consultative.

- The reform processes in most cases tailored technical assistance and other inputs to addressing issues identified jointly and agreed to by senior government officials.

- Process outputs were seen to have direct utility to senior government policy makers and to private sector decision-makers.

- The reform processes tailored implementation activities to local financial and personnel capacities and, thereby, increased prospects for their sustainability.

- The processes recognized the need for inter-ministerial participation and collaboration at the national and regional levels and better communications between public and private sector agents. Creative use of coordinating committees, intra-annual progress reviews, workshops, seminars, and training opportunities facilitated attainment of these objectives.

B. Impacts of Policy Reforms

- **Farmers have proven themselves highly responsive to the new commodity and input price relationships they are facing.**

The major impact here was on GRC attitudes. Many government decision-makers truly believed that Cameroonian farmers were ignorant of these financial relationships had to be protected from making their own resource allocation decisions through paternalistic management systems which set artificial prices, rationed inputs, and controlled output flows.

The reform experiences with fertilizers and arabica coffee have, without any doubt, changed the attitudes of many decision-makers about the abilities of farmers to make their own resource decisions. As importantly, the experiences have been demonstration effects

57

which serve to severely undermine the credibility of reform opponents who seek to re-institute the old paternalistic public management systems.

Whereas the GRC and donors did not seem to anticipate what would happen under the joint effects of a high own price elasticity for fertilizers and the cross-elasticity of fertilizers with respect to coffee prices--i.e., that fertilizer use on coffee would decline rapidly if fertilizer prices rose and coffee prices continued to decline--there is now a better recognition that fertilizer use is dependent on both of these factors.

- **Improved resource allocations based upon clearer market signals.**

The better transparency in arabica coffee pricing achieved under PRAMS I has led many farmers to aggressively question cooperative and other coffee buyers about the cost margins involved between farmgate prices they are receiving and FOB commodity prices they are receiving under AMIS.

Anecdotal and initial survey evidence for the 1993/1994 coffee marketing season suggest that farmers are now making coffee marketing decisions based on the new price information they are receiving and coffee buyers are feeling greater pressures to explain their coffee price offers.

Evidence from assessment team's interviews and from surveys conducted by researchers at the University of Dschang and USAID consultants indicate that farmers have become much more cost conscious in their purchases and allocations of purchased inputs. They may also be reallocating their family resources--i.e., land and labor--based upon recent changes in the relative profitabilities of the crops they grow. Reports from North West Province, for example, say that many farmers, after realizing better arabica coffee prices from the NWCA and seeing the effect of the recent CFAF devaluation on farmgate coffee prices, have suddenly shown renewed interest in pruning and caring for their coffee bushes after years of neglect. Some of these farmers are even beginning to search for sources of coffee stock for new plantings.

Just as fertilizer use shifted from arabica coffee to high value vegetable production in Cameroon's highland areas over the last decade, one of the future impacts of reforms accomplished to date and the recent devaluation may be a gradual trend toward more use of fertilizers--and other purchased inputs--on arabica coffee because the change in relative price relationships between arabica coffee and vegetables is now more favorable to coffee production.

- **Raised farmer incomes and improved prospects for greater increases in the medium-term.**

Although the major increases in farmers' incomes in the arabica coffee subsector are attributable to the recent CFAF devaluation, significant gains are also attributable to cost cutting and improved marketing measures adopted by NWCA. In this case, the NWCA producer share of the average FOB coffee price ex Douala increased significantly--to about 58 percent in 1993/1994--and the highest NWCA society price for washed arabica coffee increased by 171 percent of the pre-devaluation price--i.e., from CFAF 200 to CFAF 542 per kilogram at the Bali Central Society for the week beginning 14 February 1994.

This improvement in prices received by the farmers selling to the NWCA is in marked contrast with what has happened to arabica producers selling their coffee to UCCAO and private coffee buyers. In these cases, farmers were receiving prices for washed arabica coffee that were only 60 percent over the pre-devaluation prices--i.e., CFAF 400 per kilogram in the same week in February 1994 versus CFAF 250 per kilogram pre-devaluation.

- **Farmers are responding to greater empowerment in the cooperative structure and differential commodity prices.**

  Evidence is that there has been a synergistic effect from these two reforms in that:

  - NWCA cooperative societies, which were forcibly amalgamated from about 250 units to only 40 societies under the previous government-dominated cooperative regime, have now split up into 73 societies, which are said to be more homogeneous and more easily controlled by their memberships;

  - farmers are changing marketing relationships within and between their cooperative societies and selling their coffee to the buyers who offer them the best prices; and

  - coffee sales are now occurring across formerly rigid organizational and geographic boundaries driven by price differentials, with Union Centrale des Coopératives Agricoles de l'Ouest (UCCAO) coffee from West Province flowing to NWCA buyers in the North West Province.

- **The demonstration effects of successful policy reforms within the arabica coffee and fertilizer subsectors have had positive impacts on the prospects for progressive liberalization of other commodity chains--"filieres"--particularly robusta coffee and cocoa--and with regard to other input procurement and distribution systems.**

The success of the USAID-supported reforms in full liberalization and privatization of the arabica coffee subsector has been in sharp contrast with the difficulties incurred by other

Text Table 6
The Cumulative Effects on Farm Incomes of PRAMS I Reforms and the CFAF Devaluation
January/February 1994
[in CFAF]

Farm Budget Item	At Pre-Devaluation Prices	At Post-Devaluation UCCAO Prices	At Post-Devaluation NWCA Prices
Scenario I **One hectare of arabica coffee with optimal use of fertilizer, pesticides and labor**			
Crop Costs			
Fertilizer: [500 kgs. of urea]	38,000	69,500	69,500
Other Cash Inputs: [insecticide, fungicide and small tools purchased annually]	9,500	9,500	9,500
Labor: [341 person-days @ CFAF 500]	170,500	170,500	170,500
Depreciation	9,000	9,000	9,000
Crop Revenues	225,000	400,000	516,000
Net Income per Hectare	-2,000	141,500	257,500
Net Return to Labor	168,500	312,000	428,000
Net Return per Person-Day of Labor	494	915	1,255
Scenario II **One hectare of arabica coffee with no fertilizer or pesticides and minimal labor**			
Crop Costs			
Fertilizer	0	0	0
Other Inputs: [small tools purchased annually]	9,500	9,500	9,500
Labor: [50 person-days @ CFAF 500]	25,000	25,000	25,000
Depreciation	9,000	9,000	9,000
Crop Revenues	112,500	200,000	258,000
Net Income per Hectare	69,000	156,500	214,500
Net Return to Labor	94,000	181,500	239,500
Net Return per Person-Day of Labor	1,880	3,630	4,790

Source: Adapted from Poulin, R. and C. Olson. [February 1994]. "Impact Assessment of USAID's Agribusiness Program -- The Cameroon Case Study." Draft Report. ETS/DAI, Bethesda, Maryland. Farm Budgets A and B on pages A-1 and A-2, respectively.

Notes: 1/ At pre-devaluation prices, Scenario I assumes a urea price of CFAF 78 per kilogram as per Text Table 5; recommended fertilizer application per hectare of 500 kilograms; depreciation of initial per hectare costs over 30 years of creating an arabic coffee farm, including costs for land clearing, planting of 1300 seedlings, fertilization, and weeding; and an arabica coffee of CFAF 225 per kilogram. Scenario II makes the same assumptions for other inputs, depreciation and the arabica coffee price but assumes a family labor input of only 50 person-days.

2/ Net Return to Labor in all scenarios is calculated as crop revenues less all non-labor crops costs. Net Return per Person-Day of Labor is calculated as Net Return to Labor divided by the number of annual person-days used to produce to crop.

3/ At post-devaluation prices, Scenarios I and II assume a urea price of CFAF 139 per kilogram as per Text Table 5 and a UCCAO arabica coffee price of CFAF 400 per kilogram. All other assumptions as per pre-devaluation Scenarios I and II.

4/ At post-devaluation prices, Scenarios I and II assume a urea price of CFAF 139 per kilogram as per Text Table 5 and a NWCA arabica coffee price of CFAF 516 per kilogram. All other assumptions as per pre-devaluation Scenarios I and II.

donors in their attempts to "restructure" the robusta coffee and cocoa marketing chains--"filieres". Representatives of both major French development assistance agencies--i.e., Fonds d'Aide et Coopération (FAC) and Caisse Française de Développement (CFD)--having evaluated the contrasting experiences, report that they will adopt many elements of the USAID-supported reforms in an effort to speed full liberalization and privatization in the other commodity marketing chains.

Similarly, the success of reforms in the fertilizer subsector appears to have spurred renewed interest in the GRC and donor community in accelerating marketing reforms with respect to other agricultural inputs--i.e., seeds and agricultural chemicals.

- **Effective elimination of the subsidy on fertilizers and abolition of FONADER generated significant budgetary savings for the GRC.**

The subsidization of fertilizer prices cost the government about CFAF 6 billion in the last year of the FONADER monopoly. In the first year of the FSSRP, due to a fall in both the CIF price and distribution costs, the budgetary cost of the subsidy fell to about CFAF 2.4 billion, a savings of CFAF 3.6 billion. In subsequent years, since imports of fertilizers declined substantially, the total cost of subsidies would have declined even if the rate of subsidy did not. Under reasonable assumptions about price elasticities of demand for fertilizer, one can conclude that GRC savings due to subsidy removal averaged about CFAF 1.5 to 2.0 billion per year during the last four years of the FSSRP. Over the period FY 1989/1994, the GRC was able to reduce--or reprogram--expenditures by about CFAF 10 to 12 billion, or US $ 30 to 40 million.

While it is not possible to quantify the savings due to the dissolution of FONADER, anecdotal evidence suggests that these were substantial. Thus over and above the likely positive impacts due to improved allocative efficiency among farmers and within the fertilizer marketing chain, the GRC was also able to make better use of the scarce financial resources at its disposal because the counterproductive need to subsidize fertilizer was eliminated.

- **The activities of export processing firms within the IFZR have increased investment in the sector, generated export revenues, and created new jobs.**

As shown in Text Table 7, PREPS had significant impacts on Cameroon's export processing sector in terms of increased investment, export revenues, and creation of new jobs.

Text Table 7
Impacts of Export Processing Firms Participation in the PREPS (1992/1994)

Company Name and IFRZ Year of Entry	Value of Cumulative Gross Sales 1/	Effective Investment Under IFRZ 2/	Number of New Full-Time Jobs Created 3/
	(millions of CFAF)	(millions of CFAF)	
PROLEG (1993)	1,615.9	616.1	242
SFID (1993)	5,191.9	431.4	82
PLANTECAM-MEDICAM (1993)	2,000.0	128.8	5
NOTACAM (1993)	791.4	330.6	12
SIC-CACAOS (1992)	8,420.0	3,018.8	38
ECAM-PLACAGES (1992)	3,300.0	920.0	118
CAMTOR (1993)	283.5	223.8	24
CPPC (1992)	0	0	4
PROPALM-BOIS (1992)	1,050.0	165.0	14
Totals	22,652.7	5,834.5	539

Source : Office of Economic Analysis and Policy Reform Implementation, USAID/Cameroon.

Notes : 1/ Estimated gross value of export sales from entry into the IFZR through June 1994. CFAF 22,652.7 million equals US $ 39.056 million.

2/ Estimated capital investment from entry into the IFZR through June 1994. CFAF 5,834.5 million equals US $ 10.059 million.

3/ Estimated full-time jobs to be created from entry into the IFZR through June 1994.

C. Factors Which May Have Reduced the Impacts of Economic Policy Reforms

- **Political instability and systemic paralysis have had devastating effects on prospects for attracting export processing industries.**

The number of firms potentially interested in attaining IFZR status has been severely reduced by the political instability and bureaucratic paralysis of the past four years. These factors have heightened the perceptions of both domestic and foreign business with respect to the risks and uncertainties of putting new investments into Cameroon.

Systemic paralysis resulting from political instability has also meant that several of the firms accepted for IFZR status are not operating and others are operating at less than full capacity.

- **The sequencing of reform activities muted impacts in both the fertilizer and arabica coffee subsectors.**

Because the manner in which the "targets of opportunity" presented themselves, USAID-supported policy reforms were not sequenced in the most desirable way. Since farm-level use of fertilizer in the North West and West Provinces has proven to be closely linked to the producer prices received for arabica coffee, liberalization and privatization of both subsectors simultaneously would have had mutually reinforcing effects on the allocation of resources in the region.

As it was, the sequencing of reforms was exactly the wrong one to achieve maximum impacts in a timely manner--i.e., fertilizer prices were raised while coffee prices were declining; then modest gains in the profitability of coffee engendered by cost reductions and better marketing at NWCA were muted by the increases in input prices; and, finally, the CFAF devaluation, which should have occurred before any of these reforms started, was delayed until the very end of processes.

Under these circumstances, it is amazing that the fertilizer and arabica coffee reforms processes accomplished as much as they did over the short period of USAID support.

- **Concentration on improving business operations within a single cooperative organization and insistence on the maintenance of monopsonistic conditions within the sector may have delayed the development of a more competitive environment within the arabica coffee market.**

In design and implementation of PRAMS I, USAID and the GRC elected to devote considerable NPA counterpart funding and project assistance to improving business operations within a single cooperative organization--i.e., NWCA. They also decided to extend the monopoly marketing rights of the two arabica coffee cooperatives--i.e., NWCA and UCCAO--through the 1992/1993 marketing season in order to strengthen the business capacity of NWCA before subjecting it to free and open competition from all interested coffee buyers in a fully liberalized market.

The assessment team believes that, in retrospective, these process decisions by USAID and the GRC were misguided even though the major interim objective of improving NWCA's capacity to compete in a liberalized market was attainable. This belief stems from the following considerations:

  - The decisions created a divergence between USAID's agribusiness goals, purposes and objectives as stated in the CDSS and the PRAMS I agreements and the tactics used in implementing PRAMS I over most of its life;

- The insistence on maintaining the cooperative monopoly created a bad precedent in Cameroon which could now be used by opponents of similar reforms in other market chains to drag out liberalization and privatization efforts.

- USAID expended considerable credibility in agreeing to maintain a cooperative monopoly that, by NWCA's own admission, was largely a fiction on the ground--i.e., NWCA never really controlled more than about half of the arabica coffee marketing in its zone of operations at the start of PRAMS I and, in all likelihood that market share would have increased over the life of PRAMS I with or without the fictive monopoly in place because NWCA was making considerable progress in getting its house in order and giving its membership more advantages than any other coffee buyers.

- And, finally, by concentrating most of the resources on improving NWCA's business capacity, USAID and the GRC effectively lost an opportunity to have equal or greater impacts over time in imparting more business expertise to UCCAO and/or other private sectors firms and individuals.

Given that maintenance of a sufficient number of viable arabica coffee buyers in a liberalized Cameroonian market is the single best guarantee of sustainability for the reforms initiated to date, it is regrettable at this point that the USAID-support reforms did not succeed in stimulating more competition in the market by 1994 and that one of the main reasons NWCA marketing operations look so good at present is that they can be compared with the deteriorating conditions at UCCAO and the rather dismal performance of private sector buyers to date in the liberalized market.

◆ **Differential access to local bank credits between foreign and domestic firms was a major technical constraint to more Cameroonian-owned firms seizing the opportunities created by reform activities.**

Both IFZR and fertilizer importation operations under the reform activities are dominated by foreign-owned firms. One of the major reasons for this predominance is apparently the differential access to local bank credits accorded to foreign-owned firms. This situation appears to have had two dampened effects on impact:

- Cameroonian entrepreneurs have not been the major beneficiaries of the reforms in fertilizer importation and export processing; and

- The reforms probably had little or no effect on capital flight from Cameroon prior to devaluation because the local banking situation did not encourage investment by Cameroonians in Cameroon despite the opportunities created by the reforms.

D. Sustainability of Reforms

1. *Threats to Sustainability*

The assessment team believes that the potential threats to sustainability of the economic policy reforms are:

- **If the economic deterioration continues and the political stalemate continues to paralyze prospects for increased investment, the government may become so weakened as to preclude actual implementation of the new reform policies and/or enforcement of new legislation.**

- **Gains from the recent devaluation, which have improved the profitability of enterprises in all three reform areas, could be neutralized if the GRC's cannot control inflationary pressures and cost increases in the economy.**

- **If the gains of reforms and devaluation can be consolidated, the increased potential for extraction of economic rents in all three reform areas may provide powerful incentives for the present regime to reverse the policy reforms in the self-interest of a privileged elite.**

- **The predominance of foreign-owned firms in fertilizer importation--and under the industrial free zone regime--presents an opportunity for opponents of the reforms to reimpose constraints by resort to nationalistic arguments. The cry of "Cameroon for Cameroonians" could become a powerful--if jingoistic--argument in local politics if economic conditions deteriorate further.**

- **Major private sector operators who benefitted from the privileged relationships in the past may attempt to re-institute monopsonistic market conditions for fertilizer and arabica--or, more probably, prevent extension of the policy reforms to other input or commodity chains--under the guise of "gradual, phased reforms", "morality in dealing with the farmers" and/or "the need to maintain proper professional behavior".**

- **If cooperatives find that they cannot compete under the new rules in liberalized markets, they may appeal to the GRC for relief from competition and special concessions due to their quasi-social role on behalf of rural people.**

- **If world prices for the major export commodities continue to trend downward, there may be no incentives for producers to maintain arabica coffee production or export processing firms to remain in business despite the policy reforms already in place.**

65

2. *Factors Which Increase the Prospects of Sustainability*

The assessment team believes there are several factors make it unlikely that policy reforms in the fertilizer and arabica coffee sectors can be easily reversed. They include:

Short-Term Factors

- **The GRC has had to absorb devastating financial losses from its interventions in the economy and cannot afford to incur further debts from economic mismanagement in its straitened fiscal position.**

- **Government has been under extreme pressure to negotiate a new IMF Standby Arrangement and, thereby, a free up the third tranche disbursement of $ 50 million under the SAP with the World Bank. The conditionalities attached to disbursement of financial assistance under these agreements will be an important brake on any future GRC backsliding on liberalization and privatization reforms.**

- **MINDIC appears to be a major positive force in pushing to extend reform activities in the fertilizer and arabica coffee subsectors to other major commodity chains--"filières." And, the enthusiasm displayed for the reforms is clearly motivated more by the improved performance of the subsectors than by the prospect of receiving more financial benefits from cooperation with USAID.**

- **Elements of the local business community which oppose the reforms do not appear to have yet figured out an effective strategy to reverse them in light of the demonstration effects of successful reforms in the fertilizer and arabica coffee sectors and the push for similar reforms in other commodity chains by senior GRC decision-makers.**

- **The major French development assistance agencies now appear to be supporting the extension of policy reforms similar to those adopted for fertilizer and arabica coffee in both agricultural input and export commodity--i.e., robusta coffee and cocoa --marketing chains. Even more important, the French government has taken two essential actions aimed at preserving the benefits of the recent CFAF devaluation and to reinforce pressures for structural adjustment. First, it has exerted controls on any expansion of the money supply in the CFAF zones to dampen inflationary pressures. Second, it has informed the GRC that the French treasury will no longer supply the financial resources to service the GRC's international debt if it does not comply with IMF/World Bank conditionalities.**

Longer-Term Factors

- **Devaluation has increased the potential profitability of all export-oriented commodity enterprises in Cameroon, even with no significant changes in world prices. It has also increased the potential for development of value-added export processing activities.**

- **Policy reforms have already created new interest groups with vital economic and financial stakes in the liberalized market system. There is great potential for strengthening role of the private sector as a counterpoise to the public sector if the firms engaged with fertilizer, arabica coffee and export processing can capitalize on the opportunities presented by the reforms already enacted and similar opportunities are extended to these--and other--groups through liberalization and privatization of other commodity chains in the future.**

- **The position of farmers within the commodity chains has changed dramatically during the reform process for three basic reasons. First, farmers have been increasingly sensitized to the relationships between world prices and the producer prices they receive. Second, many now realize that they have better prospects for increasing their incomes in the improved market environment. And, third, they have been empowered by recent revisions in the cooperative law and are now more aggressive in demanding better performance from their organizations.**

- **Greater transparencies in pricing and internal cost accounting systems will make it much more difficult for the GRC and/or private sector operators antagonistic to increased competition to use the tired old arguments of the "paternalistic" past to reimpose controls in the liberalized market environment.**

3. *Factors Which Reduce the Prospects for Sustainability*

Unlike what happened in the fertilizer and arabica coffee sectors, *implementation* of policy reforms under the PREPS was far from complete when USAID participation in and support of the program was terminated. In fact, though the entire legal framework for the industrial free trade zone regime was put in place within five months of the signing of the program and project agreements, actual implementation of the IFZR was severely hampered by a number of factors--e.g., the Ghost Town operation, the inactivity of the NOIFZ Board of Directors, the withdrawal of OPIC support. This has created a great void between initial expectations and actual accomplishments and placed the existing IFZR firms and institutions in a highly vulnerable position.

The assessment team senses that GRC support for the whole concept of an industrial free zone has seriously eroded. This situation is made worse by the fact that, while other major donors strongly supported renovation of Cameroon's investment code under the SAP, their enthusiasm was not extended to the concept of the IFZR.

In these circumstances and with USAID's departure from the scene, it appears likely that the GRC will initiate a process of "evaluating and rethinking" the future of the IFZR and the NOIFZ. If a decision is made to retreat entirely from the IFZR, the "failure" of the initial IFZR can easily be attributed to actions on the part of the U.S. Government. If this happens, other donors are not likely to care enough about the concept to try to resurrect the IFZR phoenix from the ashes of PREPS.

68

VI. LESSONS TO BE LEARNED FROM THE USAID/CAMEROON EXPERIENCE

- **Policy reform and, particularly, implementation of privatization activities are very labor intensive.**

USAID/Cameroon's experience has shown that both liberalization and privatization activities within a reform program can be very labor intensive for both USAID staff and consultants. The major difference has been that most liberalization activities in Cameroon have tended to be completed rather early in the reform processes, PRAMS I excepted, whereas implementation of privatization activities has been a continuous and very labor-intensive process. In this case, the comments of the PRAMS I project coordinator are illuminating. He said that the Mission's efforts aimed at reforming the marketing of arabica coffee concentrated on both the key ministries of the GRC and at the grassroots level with the NWCA. Much more of USAID's time and effort was required at the grassroots level in order to actually achieve "sound grassroots understanding of and support for the reforms". These efforts concentrated on liberalization such as NWCA producer price determination at the society level, cooperative law dissemination, and on preparing the NWCA for free and open competition through adoption of more efficient marketing practices and cost reductions.

The significance of obtaining "grassroots support" for reforms was a key lesson from this program. The GRC was much more inclined to act upon the reforms when there was mounting evidence that they were supported--and, indeed, demanded--by the intended Cameroonian beneficiaries.

- **Sectoral and cross-cutting approaches to policy reform are not inherently antagonistic and can often be synergistic.**

The only instance of sectoral and cross-cutting approaches to policy reform intersecting in Cameroon has been with the simultaneous promulgation of the new cooperative law and the implementation of the PRAMS I initiatives. In this instance, the assessment team believes that the approaches were highly synergistic and that either approach taken independently would have been much less successful in implementation and impact.

- **The sequencing of policy reforms with respect to output and input pricing with a commodity chain--"filière"--is extremely important to achieving both increased production and increased use of key inputs.**

As discussed earlier, the combined impacts of the FSSRP and PRAMS I were muted by the fact that elimination of subsidies on fertilizer preceded both reforms of output pricing of arabica and robusta coffee and cocoa and the CFAF devaluation. Had it been possible to sequence these changes in reverse order--i.e., devaluation, increases in output prices, increases in fertilizer prices--the adjustments in the coffee and cocoa subsectors would have been accomplished both more quickly and more satisfactorily in terms of increased production and export revenues.

While reform initiatives can often be the prisoners of opportunity, program designers--particularly when working within a subsector--should always be alert to possibilities to reform both output and input pricing systems simultaneously.

- **Successful policy change tends to be evolutionary, not revolutionary.**

The successful policy activities in Cameroon were predicated on a step-wise and iterative approach within a defined but extended time horizon. The designers and implementors of the reforms did not expect to accomplish miracles overnight and sweep away in months the wreckage of years of economic mismanagement and their gradual but highly targeted approach was successful in affecting the desired reforms with minimum social costs.

- **Successful policy change requires the involvement and support of a cadre of strongly committed senior government policy makers who see the process as one that will be useful to them.**

The poor economic situation in Cameroon over the last five years forced senior government policy makers to be more open to new economic ideas. Strong commitment to a specific course of policy reform, however, is only engendered when the individual policy maker can see that what is being proposed is directly related to his own agenda and needs--i.e., that the action will have direct impacts on reducing recurrent costs or stemming financial leakages in his department; or direct advantages to the client groups of interest to him.

In this sense, any policy reform process undertaken in any country is a highly political endeavor and, with a tip of the hat to the late Speaker of the United States House of Representatives, "all politics are local."

- **When attempting to initiate and implement policy changes, it is vital to minimize the number of institutions directly involved.**

The highly successful reforms in fertilizer and arabica coffee had to deal with a relatively small number of institutions to affect changes. PREPS, on the other hand, made a noble attempt in a very short time to essentially eliminate the roles of more than twenty government agencies in the IFZR company approval process and subsequent operations. That attempt was, for the most part--customs procedures excepted--unsuccessful.

- **Major policy changes must be based not on generalities or unverified hypotheses but on collection and analysis of solid field data. The more complicated the policy changes, the more important reliable data and high-quality analysis become in the process.**

All three reform efforts in Cameroon are examples of this lesson in that their accomplishments were ultimately based on participants discovering, analyzing and changing very specific defects in the systems under reform. And, in all cases, the processes were iterative in that participants often learned that the accepted conventional wisdom is often reversed as operational facts revealed themselves.

- **The distinctions made between top-down and bottom-up approaches to policy formulation were often artificial. Successful policy change requires support and commitment at both the grassroots and senior policy levels.**

The reform experiences in Cameroon conclusively demonstrate that implementation of reforms within subsectors demand the involvement of decision-makers throughout the commodity chains. In the case of PRAMS I, for example, exclusive concentration on restructuring the NWCA without efforts at the national-level to promulgate a new cooperative law and free up the commodity chain for private sector participation would have been ineffective and wasteful of USAID resources.

- **Policy agendas need to be sharply focused and implementation activities need to flow logically from the specific reforms to be attained.**

The more diffuse the reform package, the more difficult it is to implement. One of the most important characteristics of the FSSRP and PRAMS I activities was that the reform agenda in each case was focused very directly on a small number of total actions and that each action was closely linked to the others.

This was less so with the PREPS activity where major reform actions at the national level--i.e., the new Investment Code and IFZR authorization--were linked by design with relatively trivial actions at the local level--i.e., setting up a specific industrial park, obtaining better utility rates for IFZR firms, securing rights to independent telecommunications in a country where the external communications network is already well developed. Where the original objective was to establish the general context for implementation of an IFZR, it was ultimately self-defeating to extend the program to a series of marginally-related, second generation activities.

- **A successful policy-change process usually requires the support of more than one major donor. When USAID is one of these, it is critical that the Mission coordinate closely with all other relevant donors at all stages of design and implementation.**

The Cameroon experience demonstrates that discrete reform initiatives are easily to design and implement if they are supported by an appropriate macroeconomic reform framework. Moreover, support for even relatively minor reforms within a sector or subsector by one donor are extremely difficult to implement if there is active resistance from one or more of the other donor agencies. Effective coordination between all donors working in a sector or subsector is extremely important to: first, prevent sabotage of particular reform initiatives; second, to ensure maximum possibilities for demonstrative and spillover effects;

and, third, to make sure that reform activities at the macro- and micro-economic levels are proceeding in the same directions.

- **A judicious combination of non-project and project assistance can be an effective and flexible tool in designing and implementing policy reform programs particularly when combined with the power of an idea whose time has come.**

In the cases of the FSSRP and PRAMS I, it is evident in retrospect that reforms moved relatively quickly because both programs embodied policy changes whose time had come in Cameroon. Simply put, the reforms moved forward because the GRC could no longer cover the costs of its own economic mismanagement. But, USAID management facilitated the implementation of the reforms by its judicious use of NPA and project assistance to both alleviate some of the GRC's pressing debt problems and also contribute to the development of a more vibrant and active private sector.

- **Although these lessons would apply to most change efforts, it is important to remember that policy reform activities take place within highly specific geographic, social and sectoral contexts. Not all history is shared; not all experiences are equally valued. Thus, USAID Missions should approach each collaborative opportunity as an individual case calling for its own particular design.**

All important policy reform initiatives are highly political in nature because they inevitably create groups of "winners" and "losers". Effective design and implementation of such activities must, as a matter of highest priority, be based upon detailed assessments of which constituencies will benefit or lose from the anticipated changes. It must proceed to assess the relative degrees of organization within these constituencies and what specific accommodations must be designed into the program to "minimize the social costs" of the reforms. In this sense, successful reform initiatives are almost always "second-best" solutions to thorny problems.

REPORT ANNEXES

ANNEX A

Assessment Team Scope of Work

Assessment Team Scope of Work

I. Introduction

A. Purpose

In order to document the legacy of its presence in Cameroon, the USAID Mission will conduct impact assessments of its development assistance program, focusing on three sectors: health, agriculture, and private sector/policy reform.

Each assessment will determine how USAID has met the objectives of the development fund for Africa and the objectives of USAID/Cameroon's country development strategy statement (CDSS) for 1990-1994. The effect of Cameroon's economic recession on USAID's ability to carry out its program and meet its objectives will be documented.

The objective of this specific economic policy reform impact assessment is to analyze and document the overall impact of USAID-supported economic policy reform interventions in Cameroon. The assessment covers the three principal interventions (fertilizer sub-sector reform program -- FSSRP; program of reform in the agricultural marketing sector -- PRAMS I; and policy reform in the export processing sector -- PREPS) that contribute to the strategic objective of increasing the role and efficiency of private markets, including those of fertilizer, arabica coffee, and export processing sectors.

B. Background

1. Cameroon's Economic and Political Crises

In 1985, Cameroon began experiencing a serious economic downturn which ended over two decades of stable economic growth following independence. Declines in export earnings, inefficiencies in the public sector and an overvalued currency resulted in an estimated 24 percent decline in gross domestic product and a major liquidity crisis.

In March 1992, Cameroon was placed on the USAID watch list to be closely monitored in terms of its economic and political performance, in particular, progress towards comprehensive reforms. The FY 1993 operations year budget for USAID/Cameroon was reduced from $ 24 million to $ 28 million at that time. In September 1992, the government failed to meet conditionality for a second IMF stand-by facility. During Cameroon's fiscal year 1992/1993, there was no IMF agreement in place. In fact, disbursements from the World Bank for the structural adjustment program (SAL) were suspended twice. In October 1992, Cameroon held presidential elections which were widely criticized as unfair and seriously flawed. A report by the National Democratic Institute's international observer team publicly documented the election problems. Shortly after, on November 25, 1992,, the U.S. Government suspended $ 14 million of USAID/Cameroon's $ 28 million operating year budget for FY 1993, pending improvements in political and human rights conditions in the country. These needed improvements were well documented at the time in an aide-memoire.

To date, Cameroon has not demonstrated significant progress towards political change, nor sufficient progress in economic reforms. Cameroon's poor economic performance is now in its seventh year of consecutive decline. The country's overall financial position is weakening in the face of diminishing oil revenues caused by declining reserves, reduced non-oil tax revenue resulting from tax exonerations and growing delinquencies in an already narrow-based tax and tariff structure. Given the prevailing high level of central government expenditures, the continuing decline in revenue has resulted in an unacceptably high deficit. There is very little new investment coming into Cameroon due to lack of confidence in the government to quickly and fairly resolve its political and economic problems. The public investment budget, which is quite minimal, is funded with approximately 90 percent from external sources. At the same time, Cameroon's political situation is growing more tense and increasingly polarized.

The government has missed opportunities for serious sustained dialogue with the opposition and postponed the convening of a national conference that would serve to reexamine the constitutional reform process and provide for fundamental political reforms embodied in a new constitution. It is widely acknowledged that the needed investment and heightened economic activity will not occur until the existing political impasse between the ruling party and opposition groups is resolved.

2. USAID/Cameroon's Development Strategy

Over the last 15 years, USAID has concentrated its development assistance in the agriculture, health and private sector/policy reform sectors. In agriculture, USAID has implemented major projects contributing to food security, institutional development, policy reform, agricultural education, agricultural research/ extension, and natural resources management. In health, major contributions over the last 2 years have been in maternal child health, communicable disease control, and reform of the primary health care system. In the private sector, USAID has supported rural savings and credit cooperatives and the establishment of a free trade zone. Policy reform efforts have concentrated on coffee and fertilizer marketing reform.

In the mid to late 1980s, with USAID and other donor support, the government of Cameroon moved progressively toward market liberalization and the promotion of private sector initiatives. USAID's program evolved accordingly, several important non-project assistance programs were launched, all of them oriented toward the private sector. The USAID country development strategy statement (CDSS) for the period called for the development of a market oriented private sector, increased efficiency in the public sector and a reduction in the over-extension of the public sector into commercial activities. Support to Cameroon's structural adjustment program was seen as a major focus of its assistance program and a consolidation of its project portfolio. In June 1993, a multi-year strategic plan for fiscal years 1994-1996 was approved which called for continued consolidation of the ongoing portfolio to both reduce the number of project units and to tailor the final phases of ongoing projects toward new strategic objectives. Since then, USAID has already unilaterally terminated two major projects and others have been adjusted in terms of their PACDs and reduced LOP funding. In November 1993, a determination was made to close the USAID Mission in Cameroon.

II. Methodology

The assessment is to be based on the review of available documents, interviews with key players, and on-site observations, more specifically, the assessment will cover, but is not limited to, the following areas:

1. Presentation of an overview: This section will assess and present the evolution of Cameroon's overall macroeconomic framework during the period 1987/1994. This overview will include GRC and donor strategies developed in order to address structural weaknesses and constraints. This section will also present the evolution of Cameroon's legal framework with respect to economic and legislative policy reform.

2. Identification of key constraints: This section will identify the key constraints hindering sustained, broad-based and market led economic growth and provide an analytical basis for the design and implementation of USAID-supported policy reform interventions in Cameroon.

3. Assessment of policy reform impact: This section will outline and discuss policy reform program objectives and program achievements. The focus on this section will be to compare anticipated results of reform activities with the actual results achieved to date and to measure the overall impact of the reforms at the macroeconomic, sectoral and subsectoral/people levels.

4. Lessons learned: This section will focus on the relevance, effectiveness, efficiency, impact and sustainability of USAID interventions in the area of policy reform in Cameroon. The ultimate objective of this section is to draw lessons learned from this policy reform implementation experience with regards to AID's strategic objective of promoting sustained, broad-based and market led economic growth in general, and agribusiness development in particular.

III. Reports

1. In consultation with the EAPRI Office, the team will finalize the reporting schedule and develop the report outline by the end of the first week in Cameroon.

2. The contractor shall submit five (5) English hard copies of the draft report to the Mission for review and comments. This report shall be submitted within twenty (20) working days of arrival in Cameroon and shall follow the developed outline. The contractor will also present an oral summary as indicated in the timeframe schedule.

3. The final report shall be submitted to the Mission within fourteen (14) working days of receipt of Mission comments on the draft report. The finished product will be in thirty (30) copies in English and thirty (30) copies in French.

IV. Team Composition

The assessment team will consist of two persons. The team members should meet the following general qualifications: (1) at least 5 years of development-related experience in French-speaking sub-Saharan Africa, preferably Cameroon; (2) a demonstrated ability to work harmoniously in small groups and in intercultural contexts; (3) demonstrated writing skills; and (4) fluency in English and French.

A. Senior Economist

1. Function

As Team Leader, the Senior Economist will be primarily responsible for:

1. Assigning and coordinating the overall responsibilities and tasks related to the completion of the impact assessment;

2. Working in close collaboration with USAID staff in order to ensure close Mission involvement and participation in the assessment;

3. Completing a final draft prior to departure from Cameroon. The outline of the draft will be determined jointly with USAID EAPRI staff at the beginning of activities;

4. Assessing the general macroeconomic/financial/social environment in Cameroon with special reference to design, management and environmental factors affecting performance, impact and sustainability of the USAID-supported economic policy reform program.

The senior economist will also have final responsibility for the quality and content of all documents produced by the team.

2. Qualifications

A Ph.D. in economics, or related field, extensive experience working with both the public and private sectors in developing countries. Strong background in macroeconomic analysis, experience with structural adjustment programs, in particular, with the requirements of policy and institutional change aimed at expanding the role of the private sector in a competitive business environment. Solid background in computerized data analysis procedures.

B. Policy Analyst

1. Function

The Policy Analyst will be primarily responsible for:

1. Outlining and assessing planned reform outputs, the policy reform process and the overall compliance of the GRC in meeting the CPs specified in the grant agreements in a timely manner;

2. Determining and quantitatively measuring the impact of the three activities on the macroeconomic, sectoral and subsectoral/people levels;

3. Assessing the effect of USAID-supported economic policy reforms on private sector/agribusiness development in Cameroon.

2. Qualifications

A Ph.D. in agricultural economics, with extensive knowledge in the marketing of agricultural commodities and private sector development. Strong background in policy reform and knowledge in institutional analysis. Quantitative analytical skills adequate to analyze major sectoral policies and structural adjustment programs.

ANNEX B

Schedule for EAPRI Economic Policy Reform Impact Assessment Team

Schedule for EAPRI Economic Policy Reform Impact Assessment Team

19 February 1994

1900	J. Eriksen arrives in Yaounde.

20 February 1994

All day	Document review.

21 February 1994

All day	Document review.

22 February 1994

0800	Arrival at USAID/Cameroon for administrative briefing.
0900	EAPRI briefing and orientation to staff.
1000	Handover of additional documents for review.
1100	Meeting with USAID/PMPD Office
1630	Meeting with USAID Acting Director.

23 February 1994

0900	Meeting with USAID/ARD Office
1000 to 1800	Document review and consultations with EAPRI staff.

24 February 1994

All day	Document review, consultations with EAPRI staff and preparation of report outline.
Evening	P. Bloch arrives in Yaounde.

25 February 1994

0800	Meeting with PREPS Coordinator.
1100	Meeting with PRAMS I Coordinator.
1500	Meeting with FSSRP Coordinator.
All day	Review and approval of report outline by USAID, trip preparation and document review.

26 February 1994

All day	Team planning sessions, document review and organization for field trip.

27 February 1994

Afternoon	Travel to Dschang.

28 February 1994

0900	Meeting with Professors F. Kamajou and J. Nkwain Sama at the University of Dschang [UCD].
1030	Travel to Bafoussam.
1400	Visit UCCAO headquarters in Bafoussam.
1430	Visit to PROLEG farm.
1500	Visit fertilizer retail stores in Foumbot market.
1530	Travel to Skyline Hotel in Bamenda.
1730	Meeting with P. Njontor Ngufor, Director, and P. Ndibewu, Director of Marketing, Agro-Inputs International Ltd.. in Bamenda.

1 March 1994

All day	Attend NWCA Annual Review in Bamenda.

2 March 1994

0800	Travel to Dschang.
0930	Meeting with P. Nzefa Tsachoua, Director of UCCAO-Caplame and Interim Director General of UCCAO..
1400	Visit UCAL headquarters in Nkongsamba.
1500	Travel to SAWA Novotel Hotel in Douala.

3 March 1994

0900	Meeting with M.N. Tomdio, Director General of National Office for Industrial Free Zones [NOIFZ].
1030	Meeting with M. Piatchou, Financial Controllor at NOIFZ.
1130	Visit to SIC-CACAOS, S.A. headquarters.
1400	Meeting with M. Gauthier [CAMTOR].

4 March 1994

0800	Meeting with B.B. Achu, AMIS Coordinator, and O. Maledy, Statistical Studies and Promotion, at the National Office for Cocoa and Coffee [ONCC].
0930	Meeting with H. Sona Ebai, Director General of ONCC.
1100	Meeting with Betru Gebregziabher, Director General of International Business Exchange [IBEX].
1300	Travel to Hilton Hotel in Yaounde.

5 March 1994

All day	Document reading and report preparation.

6 March 1994

All day	Report preparation.

7 March 1994

All day	Document review and report preparation.

8 March 1994

0900	Meeting with I. Alinga Ateba [S/G MINPAT] and S. Fotso Dopna [Assistant Director of Studies, MINPAT].
1100	Meeting with I. Njiemoun [Director, Caisse Autonome d'Amortissement] and A. Fongang [Caisse Autonome d'Amortissement].
1500	Meeting with A.R. Khan and A.O. Ngu [Standard Chartered].

9 March 1994

1000	Attend final PRAMS I technical assistance team debriefing.
1400	Meeting with S.-P. Essomba Abanda [MINDIC].
All day	Report preparation.

10 March 1994

All day	Report preparation.
1530	Meeting with Mr. A.D. Miramenides [SITAGRI].

11 March 1994

All day	Report preparation.
1500	Progress debriefing with EAPRI staff.
1600	Progress debriefing with USAID Director and staff.

12 March 1994

All day	Report preparation.
Evening	P. Bloch departs Yaounde.

13 March 1994

All day	Report preparation.

14 March 1994

All day	Report preparation.

15 March 1994

All day	Report preparation.

16 March 1994

1100	Exit debriefing for USAID Director and staff.
1730	Draft report turned in to EAPRI for comments.

17 March 1994

Morning	J. Eriksen departs Yaounde.

18 March 1994

Afternoon	J. Eriksen arrives in Ithaca, New York.

19 to 31 March 1994	Finalization and submission of report incorporating USAID comments and revisions as appropriate. Comments to be received by 22 March 1994.

ANNEX C

List of Persons Contacted

List of Persons Contacted

USAID Mission Personnel

P. Benedict	Mission Director
R.D. Harvey	Deputy Mission Director
T. Bratrud	Supervisory Program Officer
J.P. McMahon	Supervisory Agricultural Development Officer
K. Negash	Supervisory Program Economic Officer
D.C. Moore II	FSSRP Program Coordinator
F. Vézina	PRAMS I Program Coordinator
A. Pakzad	Economist
R. Longang	Economist

Contractual Staff on USAID Projects -- Firm Affiliation in Brackets

L. Matt	Chief of Party/Technical Assistance Team [ISTI]
C.W. Raditz	Financial Management Specialist/PRAMS I Project [ISTI]
R. Oakerson	Senior Research Specialist/PRAMS I [ARD]
D. Green	Researcher/PRAMS I Project [ARD]
P. Wessen	Researcher/PRAMS I Project [ARD]

Government of Cameroon and Public Agencies Personnel

H. Sona Ebai	Director General, National Cocoa and Coffee Board, Douala
O. Maledy	Head of Statistical Studies and Promotion, National Cocoa and Coffee Board, Douala
B.B. Achu	AMIS Coordinator, National Cocoa and Coffee Board, Douala
F. Kamajou	Chairman of the Department of Rural Economy, University of Dschang
J. Nkwain Sama	Professor, Department of Rural Economy, University of Dschang
I. Alinga Ateba	Secretary General, Ministry of Planning and Regional Development
S. Fotso Dopna	Assistant Director for Studies, Ministry of Planning and Regional Development
I. Njiemoun	Director General, Caisse Autonome d'Amortissement

A. Fongang	Caisse Autonome d'Amortissement
S.-P. Essomba Abanda	Deputy Director of Commerce, Ministry of Industrial and Commercial Development

Representatives of Private Sector Firms and Agencies

P. Njontor Ngufor	Director, The Farmers House/Societe Pelenget Sarl, Bamenda
P. Ndibewu	Director of Marketing, Agro-Inputs International Ltd./Societe Pelenget Sarl, Bamenda
P. Nzefa Tsachoua	Director, UCCAO-CAPLAME in Dschang and Interim Director General of UCCAO in Bafoussam
M. Gauthier	CAMTOR, Douala
M.N. Tomdio	Director General of the National Office for Industrial Free Zones [NOIFZ]
M. Piatchou	Financial Controller of NOIFZ
B. Gebregziabher	International Business Exchange Sarl, Douala
A.R. Khan	Senior Corporate and Institutional Accounts Manager, Standard Chartered Bank Cameroon S.A., Yaounde
A.O. Ngu	Accounts Relationship Manager, Standard Chartered Bank Cameroon S.A., Yaounde
A.D. Maramenides	Deputy Director General, Société Industrielle de Traitement des Produits et Intrants Agricoles [SITAGRI].

ANNEX D

Chronology of Program/Project Accomplishments

Chronology of Program/Project Accomplishments

Fertilizer Sub-Sector Reform Program [FSSRP] Chronology

June 1983	Publication of World Bank Study entitled "Agricultural Input Supply in Cameroon" by Elliot Berg Associates
February 1985	GRC Ministry of Agriculture requests USAID to undertake study of Cameroon Fertilizer Sector
May 1986	Publication of comprehensive Cameroon Fertilizer Sector Study by the International Fertilizer Development Center
September 1987	Signing of Program and Project Grant Agreements
September 1987	Program and Project Grant Agreements signed [$ 7.5 million in Non-Project Assistance (NPA) and $ 1.5 million in Project Assistance Funds obligated]
March 1988	Signing of Fiduciary Bank Contract for management of Revolving Credit and Subsidy Funds between GRC and Bank of Credit and Commerce, Cameroon
April 1988	Launching of FSSRP Campaign #1: Subsidy Rate = 33%
April 1988	First Dollar Disbursement of $ 6 million
May 1988	Subsidized Fertilizer Target Ceiling Prices for FSSRP Campaign #1 Set by Arrêté Interministériel No.35/MINCI/ DPPM and No.009/MINPAT/ SG of 3 May 1988
August 1988	Second Dollar Disbursement of $ 1.5 million
December 1988	First Annual Assessment by Abt Associates/Agricultural Marketing Improvement Strategies [AMIS] Project
January 1989	First Annual Participants' Workshop, Dschang, West Province
February 1989	Launching of FSSRP Campaign #2: Subsidy Rate = 24%
March 1989	Subsidized Fertilizer Target Ceiling Prices for FSSRP Campaign #2 Set by Arrêté Interministériel No.034/MINDIC/DPPM and No.001/ MINPAT/SG of 10 March 1989

July 1989	Program and Project Grant Agreement Amendments signed [$ 6 million in NPA obligated; further elaboration of FSSRP]
November 1989	Third Dollar Disbursement of $ 2.5 million
January 1990	Second Annual Assessment by Abt Associates [AMIS Project]
February 1990	Second Annual Participants' Workshop, Bamenda, North West Province
May 1990	Launching of FSSRP Campaign #3: Subsidy Rate = 21%
May 1990	Complete Price Liberalization for Fertilizer Sector by Arrêté Ministériel No.007/MINDIC/DPPM of 30 January 1990
February 1991	Third Annual Assessment by Abt Associates [AMIS Project]
March 1991	Third Annual Participants' Workshop, Garoua, North Province
July 1991	Launching of FSSRP Campaign #4: Subsidy Rate = 17%
March 1992	Fourth Annual Assessment by Abt Associates [AMIS Project]
April 1992	Fourth Annual Participants' Workshop, Limbe, South West Province
October 1992	Launching of FSSRP Campaign #5: Subsidy Rate = 15%
October 1992	Program Grant Agreement Amendment No. 2 signed [allows GRC to use NPA funds as fertilizer subsidy]
October 1992	Signing of Fiduciary Bank Contract for management of Medium Term Lending Facility between GRC and Standard Chartered Bank Cameroon S.A.
October 1992	Launching of FSSRP Medium Term Lending Facility
November 1992	Signing of Fiduciary Bank Contract for management of Revolving Credit and Subsidy Funds between GRC and Standard Chartered Bank Cameroon S.A.
February 1993	Fourth Dollar Disbursement of $ 3 million requested by GRC but not disbursed by USAID due to program suspension
June 1993	Fifth Annual Assessment by Postharvest Institute for Perishables

July 1993	Fifth Annual Participants' Workshop, Douala, Littoral Province
October 1993	Launching of FSSRP Campaign #6: Subsidy Rate = 8%
October 1993	Program Grant Agreement Amendment No. 3 signed [reduced Life of Project funding from $ 20 to the $ 15 million presently obligated]
April 1994	In-Country Fertilizer Marketing Training Workshop conducted by the International Fertilizer Development Center
April 1994	Sixth Annual and Final Assessment by Postharvest Institute for Perishables
May 1994	Sixth Annual Participants' Workshop, Douala, Littoral Province
May 1994	Launching of FSSRP "Terminal" Campaign: Subsidy Eliminated
June 1994	Deobligation of any undisbursed NPA dollars.

1989/1990	GRC grants NWCA the right to export 40 percent of its arabica coffee production directly to foreign markets for the 1989/1990 coffee season.
	GRC and USAID sign the Program of Reform in the Agricultural Marketing Sector -- Phase I Agreement on 30 August 1990.
1990/1991	On 30 November 1990, GRC satisfies all conditions to the first dollar disbursement. On 28 December 1990, USAID deposits $ 7.5 million in separate dollar account and GRC subsequently deposits equivalent amount in local currency [CFAF 1,920 million].
	In November 1990, GRC grants total autonomy to NWCA and UCCAO through the Letter of Intent [Lettre d'Intention du GRC Relative à la Restructuration de la Filière Café Arabica]. The 28 January 1991 GRC Declaration of Policy on Cooperatives and Other Economic Groups and the MINAGRI "Statement of Policy on Marketing Cooperatives in the Arabica Coffee Region of Cameroon" dated 23 May 1991, confirm that GRC supervision and control of these two cooperatives shall be done in a manner consistent with full liberalization of marketing and autonomy for cooperatives and other economic groups.
	The GRC permits the cooperatives involved in the marketing of arabica coffee to adopt, after consultation with the GRC, pricing structures that guaranteed full financial autonomy for such marketing organizations.
	The GRC abolishes the practice of government-set minimum producer price for arabica coffee by Presidential Decree of 17 January 1991.
	In January 1991, GRC grants NWCA the right to export 100 percent of its arabica coffee production directly to foreign markets starting with the 1990/1991 season.
	GRC maintains the status of existing cooperatives in the West and North West provinces as the sole authorized buyers of arabica coffee for the 1990/1991 season. Under these buying monopoly conditions, NWCA, UCCAO, and COOPAGRO adopt a common producer price of FCFA 250 per kilogram, after prior consultation with GRC; GRC confirms price by decree.

GRC dismantles the National Produce Marketing Board [NPMB], suspends the NPMB CFAF 38 per kilogram levy on arabica coffee exports starting from January 1991, and abolishes the arabica Stabilization Fund controlled and managed by NPMB.

GRC causes all arrears owed to the NWCA by the NPMB [CFAF 2.2 billion] to be repaid.

In July 1991, GRC satisfies all conditions precedent to the second dollar disbursement. USAID deposits $ 3.5 million in separate dollar account on 12 September 1991; GRC deposits the equivalent in local currency [CFAF 1,006.250 million] on 14 May 1992.

Signing of a Memorandum of Understanding Regarding Cooperative Reform, Restructuring, and Strengthening between NWCA and USAID to restructure the cooperative through the revision of by-laws and the introduction of new internal marketing arrangements.

1991/1992 In January 1992, GRC issues the application decree of the 12 June 1991 Ordinance which serves to simplify obtaining of a license to export coffee and arabica, thereby facilitating entry into the market for private traders.

The GRC completes the orderly transfer to NWCA of all hulling equipment owned by or in custody of the NPMB in the North West province, outside Bamenda.

GRC extends the status of existing cooperatives in the West and North West provinces as the sole authorized buyers of arabica coffee for the 1991/1992 season. NWCA, UCCAO, and COOPAGRO, under these extended monopoly conditions, adopt a producer price of CFAF 250 per kilogram, after prior consultation with GRC; GRC does not confirm the price by decree.

In August 1992, GRC adopts a new Cooperative Law that grants full financial and administrative autonomy to all cooperatives in Cameroon and allows any cooperative to undertake any economic activity in any location of the country. The law renders any future extension of the arabica monopoly illegal.

1992/1993 After the November Application Decree on the Cooperative Law, GRC permanently abolishes all arabica monopoly buying rights, starting with the 1992/1993 season, and permits the introduction of all licensed buying agents into the arabica region, thereby opening the internal and external marketing of arabica coffee in the arabica region to full competition.

The GRC permits all marketing organization involved in marketing arabica coffee in the Arabica region to adopt, **without the need for prior consultation**, pricing structures that guaranteed full financial autonomy, thereby introducing full price liberalization in the arabica market.

GRC introduces multiple arabica coffee prices in February 1993: each buyer is to offer a fixed price for the entire season -- this mechanism fails -- in May 1993, GRC decrees minimum price of CFAF 200 after consultation with cooperatives. At end of campaign, the official number of exporters increases from three to seven.

GRC simplifies the administration of coffee campaigns by decreeing that the coffee season automatically begins on 1 December and ends on 31 October of the following year.

GRC launches Phase I of the Arabica Market Information System [AMIS] which disseminates world market and FOB Douala arabica coffee price information to all operators, including the farmers.

1993/1994 GRC announces full price liberalization and launches Phase II of AMIS which now disseminates individual producer prices offered by some 70 private buyers. Each of the 73 primary societies within NWCA sets its own producer price for the first time, this creating competition and incentives for rationalization within the cooperative.

Fifty percent devaluation of the FCFA occurs on 12 January 1994. GRC decrees doubling of cocoa and robusta prices; market forces cause arabica coffee prices tend to at least double.

The GRC creates a committee to review a graduated tax structure applicable to arabica coffee.

The GRC undertakes the orderly transfer to NWCA all hulling equipment owned by or in custody of the NPMB in Bamenda.

Policy Reform in the Export Processing Sector [PREPS] Chronology

Early 1989	Africa Free Zone Initiative launched by OPIC/AID
	Study of all Sub-Saharan countries by The Services Group to identify an adequate site for an Industrial Free Zone in Africa
	Cameroon and Togo selected
May to September 1989	The Government of Cameroon accepts to develop a Free Zone regime with the support of OPIC/AID
September 1989	USAID/Cameroon launches the Cameroon EPZ activity [Phase I] to support the development of the legal framework of the Free Zone regime
January 1990	The President of Cameroon signs the Law creating the Cameroon Free Zone regime
	USAID/Cameroon launches the Cameroon EPZ activity [Phase II] to support the development of the institutional framework of the Free Zone regime and finalize the legal framework
May 1990	The Board of Directors of the National Office of Industrial Free Zones [NOIFZ] is nominated
August 1990	USAID/Cameroon and the Government of Cameroon sign the $ 6.6 million PREPS activity
December 1990	The Minister of Industry of Cameroon signs the Implementing Regulations of the Cameroon Free Zone regime
April 1991	The NOIFZ is officially created as the regulatory body of the Cameroon Free Zone regime
	The Cameroon Private Sector provides funding for the start-up costs of the NOIFZ
May 1991	Operation Ghost Town begins
	OPIC withdraw their support to Cameroon Free Zone regime
December 1991	Operation Ghost Town ends

January 1992	The Director General and staff of the NOIFZ are recruited
March 1992	USAID/Cameroon disburses local currency funds for the establishment of the NOIFZ
	The technical assistance component of the PREPS activity is launched with the arrival of the Long-Term Advisor to the NOIFZ
May 1992	The NOIFZ begins its operations and the Director General is installed
	Companies begin applying for the Free Zone regime
June 1992	The first companies are granted status under the Free Zone regime
September 1992	The NOIFZ moves into the building donated by the Government of Cameroon
October 1992	Section 599 of the FAAA for FY 1993 is approved by the United States Congress
	The PREPS activity is partially suspended but local currency disbursements to the NOIFZ continue
April 1993	The technical assistance component of the PREPS activity ends and is not renewed in view of Section 599
	USAID/Cameroon examines the impact of the Cameroon Free Zone regime on United States jobs and redesigns the PREPS activity
August 1993	Eight companies are operating under the Cameroon Free Zone regime
September 1993	AID/Washington terminates the PREPS activity
October 1993	USAID/Cameroon advises the Government of Cameroon and the NOIFZ of the termination of the PREPS activity.

ANNEX E

Report Bibliography

Report Bibliography

Abbott, R.D.. [June 1990]. "Privatization of Fertilizer Marketing in Cameroon: A Second Year Assessment of the Fertilizer Sub-Sector Reform Program -- Technical Report". AMIS/Abt Associates, Inc., Washington, D.C..

Abbott, R.D. and E.K. Dey. [October 1993]. "Privatization of Fertilizer Marketing in Cameroon: A Fifth-Year Assessment of the Fertilizer Sub-Sector Reform Program -- Technical Report". AMIS/Abt Associates, Inc., Washington, D.C..

Abbott, R.D. and D.A. Lloyd. [April 1991]. "Privatization of Fertilizer Marketing in Cameroon: A Third-Year Assessment of the Fertilizer Sub-Sector Reform Program -- Technical Report". AMIS/Abt Associates, Inc., Washington, D.C..

Abbott, R.D. and D.A. Lloyd. [November 1992]. "Privatization of Fertilizer Marketing in Cameroon: A Fourth-Year Assessment of the Fertilizer Sub-Sector Reform Program". AMIS/Abt Associates, Inc., Washington, D.C..

Abbott, R.D. and N. Minot. [June 1989]. "Privatization of Fertilizer Marketing in Cameroon: First-Year Assessment of the Fertilizer Sub-Sector Reform Program -- Technical Report". AMIS/Abt Associates, Inc., Washington, D.C..

AID. [April 1989]. "Country Development Strategy Statement FY 1990-1994 Cameroon". AID, Washington, D.C..

AID. [August 1990]. The Agency for International Development Presents Critical Issues for American Investors in Cameroon. AID, Washington, D.C..

AID. [May 1989]. U.S. Assistance for Africa -- The Development Fund for Africa (DFA) -- An Action Plan. AID, Washington, D.C..

Ariza-Nino, E.. [February 1993]. "Cameroon PRAMS I Project (Project No. 631-0083) -- Proposed Agribusiness Strategy for USAID/Cameroon". International Science and Technology Institute, Inc., Washington, D.C..

Arizo-Nino, E., R. Greene, J.L. MacDade and E.R. Nelson. [November 1992]. "USAID Cameroon: Country Program Strategy Concept Paper -- Analytical Study". Final Report. Development Alternatives, Inc., Bethesda, Maryland.

BCEOM. [Juin 1993]. "Evaluation et Audit du Programme Special d'Importation d'Engrais (P.S.I.E.) No Projet: 6.ACP.CM.019 -- Rapport de Mission -- Evaluation de Fin de Programme". Rapport Provisoire. Ministere du Plan et de l'Amenagement du Territoire, Republique du Cameroun, Yaounde, Cameroon.

BCEOM/Petiteau & Scacchi. [Novembre 1991]. "Evaluation et Audit du Programme Special d'Importation d'Engrais (P.S.I.E.) No Projet: 6100-36-16-019 -- Phase 2: Conclusions et Recommandations". Ministere du Plan et de l'Amenagement du Territoire, Republique du Cameroun, Yaounde, Cameroon.

Blane, D., M. Fuchs-Carsch, D. Hess and J. Seifert. [June 1991]. The A.I.D. Economic Policy Reform Program in Cameroon. A.I.D. Impact Evaluation Report No. 78, AID, Washington, D.C..

Center for Development Information and Evaluation. [March 1993]. "CDIE Assessment of A.I.D. Agribusiness Programs Design Proposal". AID, Washington, D.C..

CIRAD/SOFRECO. [October 1992]. "Relance régionalisée de la production paysanne de café et de cacao au Cameroun -- Phase 1 Cadrage général de la relance". Rappor et Annexes. Minstère de l'Agriculture, République du Cameroun, Yaoundé, Cameroun.

Club du Sahel. [Juin 1990]. "Le Secteur Prive au Cameroun". Club du Sahel/CILSS/ OCDE/OECD, Paris, France.

Conseil Interprofessionnel du Cacao et du Cafe. [August 1993]. "Ordinary General Assembly of the Inter-Professional Cocoa & Coffee Board Held on 16 July 1993, at the Conference Centre, Yaounde". Conseil Interprofessionnel du Cacao et du Cafe, Yaounde, Cameroon.

Cooke, L., C. Jolly and P. LeBlache. [July 1993]. "Mid-Term Evaluation for the Program of Reform in the Agricultural Marketing Sector PRAMS I". The Mitchell Group, Washington, D.C..

Conte, S. et al. [Juillet 1993]. "Analyse Economique de la Filiere Mais au Cameroun". DEAPA/Ministère de l'Agriculture, Yaounde, Cameroun.

Direction des Enquetes Agro-Economiques et de la Planification Agricole. [Aout 1991]. "Enquete Engrais PSIE/FED 1990: Rapport Definitif". Ministere de l'Agriculture, Republique du Cameroun, Yaounde, Cameroon.

Direction des Enquetes Agro-Economiques et de la Planification Agricole [DEAPA]. [Octobre 1993]. "Enquete Engrais 1992: Rapport Definitif". Ministere de l'Agriculture, Republique du Cameroun, Yaounde, Cameroon.

Division des Projets Agricoles. [Juin 1990]. "Politique Agricole du Cameroun". Ministere de l'Agriculture, Republique du Cameroun, Yaounde, Cameroun.

Economic Analysis and Policy Reform Implementation Office. [December 1993]. "Private Sector/Policy Report Program Closeout Action Plan". USAID, Yaounde, Cameroon.

ESAGRI. [May 1983]. "Mission d'Évaluation Technique et d'Audit Financier du Projet de Développement Rural dans le Nord-Ouest et de la N.W.C.A.". Ministère du Plan et de l'Aménagement du Territoire, Republique du Cameroun, Yaounde, Cameroun.

Gellar, S., R. Oakerson and S. Wynne. [November 1990]. "An Institutional Analysis of the Production, and Marketing of Arabica Coffee in the West and North West Provinces of Cameroon". Associates in Rural Development, Inc., Burlington, Vermont.

Green, D.M.. [March 1994]. "Paths of Reform: PRAMS I and the New Cooperative Law". Associates in Rural Development, Inc., Burlington, Vermont.

Greene, R.. [August 1992]. "Reorganization of NWCA and Staffing Issues". Consultant Report. International Science and Technology Institute, Inc., Washington, D.C..

International Fertilizer Development Center. [May 1986]. "Cameroon Fertilizer Sector Study". International Fertilizer Development Center, Muscle Shoals, Alabama.

International Monetary Fund. [November 1991]. "Cameroon -- Staff Report for the 1991 Article IV Consultation and Request for Stand-By Arrangement". International Monetary Fund, Washington, D.C..

International Monetary Fund. [July 1993]. "Cameroon -- Staff Report for the 1993 Article IV Consultation". International Monetary Fund, Washington, D.C..

International Monetary Fund. [January 1992]. "Cameroon -- Stand-By Arrangement". International Monetary Fund, Washington, D.C..

International Monetary Fund. [December 1991]. "Cameroon -- Statistical Annex". International Monetary Fund, Washington, D.C..

Kamajou, F. and J. Nyemba Ambela. [December 1990]. "Fertilizer Use in the West Province of Cameroon: Identification of Some Constraints at Farm Level in 1990". University Center, Dschang, Cameroon.

Kamajou, F. et al. [June 1993]. "Price Policy Analysis and the Demand for Fertilizer in the Coffee Sub-Sector of Cameroon". First Draft Report. Department of Agricultural Economics, University of Dschang, Dschang, Cameroon.

Kamajou, F. et al. [Juin 1993]. *Analyse de la Politique de Prix et de la Demande d'Engrais dans le Sous-Secteur Café Camerounais*. Département d'Economie Rurale, Universite de Dschang, Dschang, Cameroon.

Kamajou, F. et al. [October 1993]. *Price Policy Analysis and the Demand for Fertilizer in the Coffee Sub-Sector of Cameroon*. Main Report. Department of Agricultural Economics, University of Dschang, Dschang, Cameroon.

Kulibaba, N., E.R. Nelson and R. Poulin. [February 1989]. "USAID Cameroon Country Development Strategy Statement Analytical Study". DAI, Washington, D.C..

LIA/SATEC. [Janvier 1992]. "Etude des Charges Dites Incompressibles des Filieres Cafe et Cacao". Rapport Definitif -- Tomes 1 et 2. Ministère du Développement Industriel et Commercial, Republique du Cameroun, Yaoundé, Cameroun.

MacDade, J.. [August 1992]. "Apex Business Plan/Budget". Consultant Report. International Science and Technology Institute, Inc., Washington, D.C..

Nkwain Sama, J. et al. [August 1993]. *Budgets for Selected Crop and Livestock Enterprises in Cameroon*. Department of Agricultural Economics, University of Dschang, Dschang, Cameroon.

Nkwain Sama, J. and J.P. Ayissi Mbala. [June 1991]. *Food Production and Consumption in Cameroon with a Look to the Future*. Department of Agricultural Economics, University Centre of Dschang, Dschang, Cameroon.

Nkwain Sama, J. et al. [May 1993]. *Methodology for Budgeting Agricultural Enterprises in Cameroon*. Department of Agricultural Economics, University of Dschang, Dschang, Cameroon.

Ntangsi, J.. [August 1991]. "Agricultural Policy and Structural Adjustment in Cameroon". Invited paper presented at the XXI IAAE Conference in Tokyo, Japan, 22-29 August 1991. World Bank Resident Mission, Yaounde, Cameroon.

Oakerson, R.J.. [May 1992]. "First Intra-Annual Assessment of PRAMS I, 1992 Covering the Period from 21 December 1991 to 27 April 1992". Associates in Rural Development, Inc., Burlington, Vermont..

Oakerson, R.J.. [June 1993]. "First Intra-Annual Assessment of PRAMS I Year 3 (1992-93)". Associates in Rural Development, Inc., Burlington, Vermont..

Oakerson, R.J.. [September 1993]. "Institutionalism and Policy Reform: A Framework for Institutional Analysis and Design". Program of Reform in the Agricultural Marketing Sector, Phase I Research Program: Background Paper. Associates in Rural Development, Inc., Burlington, Vermont.

Oakerson, R.J.. [June 1993]. "Program of Reform in the Agricultural Marketing Sector, Phase I First Intra-Annual Assessment During Year 3 (1992-93)". Final Report. Associates in Rural Development, Inc., Burlington, Vermont.

Oakerson, R.J.. [September 1993]. "Program of Reform in the Agricultural Marketing Sector, Phase I -- Second Intra-Annual Assessment During Year 3 (1992-93)". Final Report. Associates in Rural Development, Inc., Burlington, Vermont.

Oakerson, R.J.. [November 1993]. "Program of Reform in the Agricultural Marketing Sector, Phase I -- Third Intra-Annual Assessment During Year 3 (1992-93) Final Report". Associates in Rural Development, Inc., Burlington, Vermont.

Oakerson, R.J., S. Wynne, T.V. Truong and S.T. Walker. [September 1990]. "Privatization Structures: An Institutional Analysis of the Fertilizer Reform Program in Cameroon". Final Report. Associates in Rural Development, Inc., Burlington, Vermont.

OECD/CILSS. [Juin 1990]. "Le Secteur Prive au Cameroun". Sahel D(90)347. OECD/CILSS, Paris, France.

Rassas, B.. [September 1992]. "Cameroon PRAMS I Project: Elements of a Marketing Strategy for the North West Cooperative Association in a Liberalized Arabica Coffee Market in Cameroon". International Science and Technology Institute, Inc., Washington, D.C..

Rauth, R.. [November 1991]. "Republic of Cameroon Industrial Free Zones NOIFZ Standard Operating Procedures Manual". Preliminary Draft. Republic of Cameroon, Yaounde, Cameroon.

Resta, P.. [August 1992]. "Consultant Report -- Marketing Specialist Report 21st July to 12th August 1992". International Science and Technology Institute, Washington, D.C..

Resta, P.. [March 1993]. "Marketing Specialist Report for the North West Cooperative Association, Bamenda 20th February to 17th March 1993". International Science and Technology Institute, Washington, D.C..

Roux, G.. [Avril 1993]. "Etude sur le Développement de la Qualite au Cameroun -- Deuxieme Phase -- Filieres Cafe". Ministére du Développment Industriel et Commercial, Republique du Cameroun, Yaoundé, Cameroun.

Shapiro, D., E. Tollens and P. Wyeth. [December 1992]. "Cameroon Agricultural ector Overview". USAID, Yaounde, Cameroon.

Sumpter, A. and R.J. Oakerson. [February 1992]. "NWCA Cost Reduction and Staff Reorganization -- The Apex Level -- A Study Conducted for the North West Cooperative Association, Bamenda, North West Province, Cameroon". Associates in Rural Development, Burlington, Vermont.

The Services Group. [April 1993]. "USAID/Cameroon Policy Reform in the Export Processing Sector (PREPS) Project Completion Report". The Services Group, Arlington, Virginia.

Tollens, E.. [November 1993]. "AMIS -- Phase I Evaluation Methodology". Consultant Report. USAID/Cameroon, Yaounde, Cameroon.

Tollens, E.. [April 1993]. "Arabica Market Information System (AMIS)". Consultant Report. USAID/Cameroon, Yaounde, Cameroon.

Tollens, E.. [August 1993]. "Design and Implementation of the Arabica Market Information System (AMIS) -- Phase II". Consultant Report. USAID/Cameroon, Yaounde, Cameroon.

Tollens, E.. [November 1993]. "Interim Evaluation -- The Impact of AMIS -- Phase I and Recommendations for the Future". Consultant Report. USAID/Cameroon, Yaounde, Cameroon.

Tollens, E.. [June 1993]. "Implementation of the Arabica Market Information System (AMIS) for the Program of Reform in the Agricultural Market Sector -- Phase I". Consultant Report. USAID/Cameroon, Yaounde, Cameroon.

Tollens, E.. [February 1994]. "Interim Performance Evaluation of NCCB as Implementing Agency for AMIS -- Phase I and Implementation of AMIS -- Phase II -- Progress Report". Consultant Report. USAID/Cameroon, Yaounde, Cameroon.

Tollens, E.. [November 1993]. "Method of Data Collection and Dissemination for AMIS -- Phase II". Consultant Report. USAID/Cameroon, Yaounde, Cameroon.

Tollens, E.. [March 1994]. "The History and Effects of the Arabica Market Information System (AMIS -- Phase I & II)". Consultant Report. USAID/Cameroon, Yaounde, Cameroon.

Tollens, E.. [February 1994]. "The Setting Up of an Endowment for the Institutionalization of AMIS". Consultant Report. USAID/Cameroon, Yaounde, Cameroon.

USAID/Cameroon. [November 1989]. "A Program of Reform in the Agricultural Marketing Sector, Phase I (631-0068) -- A Program Assistance Initial Document (PAIP) For A FY 1990 Non-Project Assistance Initiative". USAID/Cameroon, Yaounde, Cameroon.

USAID/Cameroon. [August 1990]. "A.I.D. Grant No. 631-T-604 -- A.I.D. Program No. 631-0074 -- Program Grant Agreement". USAID/Cameroon, Yaounde, Cameroon.

USAID/Cameroon. [August 1990]. "A.I.D. Grant No. 631-T-604 -- A.I.D. Project No. 631-0082 -- Project Grant Agreement". USAID/Cameroon, Yaounde, Cameroon.

USAID/Cameroon. [September 1985]. "An Initiative Proposed Under the African Economic Policy Reform Program". USAID/Cameroon, Yaounde, Cameroon.

USAID/Cameroon. [November 1991]. "Assessment of Program Impact FY 1991". USAID/Cameroon, Yaounde, Cameroon.

USAID/Cameroon. [October 1992]. "Assessment of Program Impact FY 1992". USAID/Cameroon, Yaounde, Cameroon.

USAID/Cameroon. [November 1993]. "Assessment of Program Impact (API) USAID/Cameroon FY 1993". USAID/Cameroon, Yaounde, Cameroon.

USAID/Cameroon. [1991]. "Cameroon Agricultural Sector Overview". USAID/Cameroon, Yaounde, Cameroon.

USAID/Cameroon. [July 1993]. "Cameroon Concept Paper FY 1994-1996". USAID/Cameroon, Yaounde, Cameroon.

USAID/Cameroon. [August 1990]. "Cameroon: Policy Reform in the Export Processing Sector (PREPS) -- PAAD/Program: 631-T-604/631-0074 and PAAD/Project: 631-T-604/631-0082. USAID/Cameroon, Yaounde, Cameroon.

USAID/Cameroon. [October 1993]. "Draft FY 1993 API Submission". USAID/Cameroon, Yaounde, Cameroon.

USAID/Cameroon. [October 1991]. "Memorandum of Understanding Between The North West Cooperative Association, Ltd., Affiliated Cooperative Unions, and The U.S. Agency For International Development Regarding Cooperative Reform, Restructuring and, Strengthening". USAID/Cameroon, Yaounde, Cameroon.

USAID/Cameroon. [September 1993]. "Proceedings of the PRAMS I Intra Annual Review -- September 8th and 9th, 1993". ISTI, Yaounde, Cameroon.

USAID/Cameroon. [November 1993]. "Proceedings of the PRAMS I Intra Annual Review -- November 17-18, 1993". ISTI, Yaounde, Cameroon.

USAID/Cameroon. [August 1990]. "Program Assistance Approval Document -- A Program of Reform in the Agricultural Marketing Sector Phase 1 (Program Grant No. 631-T-603) (Project Nos.: 631-0068/631-0083)". USAID/Cameroon, Yaounde, Cameroon.

USAID/Cameroon. [November 1992]. "The Macroeconomic Context in Cameroon: Current Performance and Near Term Outlook". USAID, Yaounde, Cameroon.

USAID/Cameroon. [October 1990]. "USAID/Cameroon API Submission". USAID/Cameroon, Yaounde, Cameroon.

van de Walle, N.. [October 1989]. "The Politics of Non Reform in Cameroon". Department of Political Science, Michigan State University, East Lansing, Michigan.

Wessen, P.D.. [March 1994]. "Program of Reform in the Agricultural Marketing Sector Research Program: Final Case Study -- Restructuring the North West Cooperative Association (NWCA)". Associates in Rural Development, Inc., Burlington, Vermont.

Winstel Research & Consulting. [November 1992]. "Cameroon Agro-Business Sector: Constraints and Development Prospects". Winstel Research & Consulting, Douala, Cameroon.

World Bank. [March 1989]. Report No. 7486-CAM. *Cameroon Agricultural Sector Review.* World Bank, Washington, D.C.