

FN-ABS-700

**USAID Cameroon
County Development
Strategy Statement
Analytical Study**

Prepared for the U. S. Agency for International Development under
Contract No. PDC-0000-I-37-6135-00

Nicholas Kulibaba
Eric R. Nelson
Roger Poulin, Team Leader

February 1989



Development Alternatives, Inc. 624 Ninth Street, N.W. Washington, D.C. 20001

PREFACE

This Analytical Study was performed by Nicholas Kulibaba, Eric R. Nelson, and Roger Poulin between November 1988 and February 1989, for the United States Agency for International Development Mission in Cameroon under contract number PDC-0000-I-37-6135-00. The purpose of the analysis was to assist the Mission in preparation for its Country Development Strategy Statement (CDSS) for FY 1990-1994.

Although several portions of this analysis appear in the CDSS, severe space limitations precluded the full analysis from appearing in the CDSS itself. This document is intended to provide baseline information on the economic and policy environment in support of the future USAID Action Plan, studies, and program design during the period during which the CDSS guides the Mission strategy for assistance. Reflecting this baseline character, no effort has been made to update information obtained since the date of the study, despite (or because of) rapid changes in policy and program within the Government of Cameroon as part of its Structural Adjustment Program. The baseline date should be considered as February 1989.

The team worked closely with members of the USAID Cameroon Mission, particularly with the Program Office, and gratefully acknowledges their extensive and perceptive prior analytical work upon which parts of this analysis are based. Some of this work appears as Appendices to the CDSS which was approved by the Africa Bureau of A.I.D.; these are cited in this Study but not included here. Other work used appears in Appendix D, documents used. Other comments and analysis were communicated orally but were no less useful even though it cannot be cited in the bibliography.

Nicholas Kulibaba
Eric R. Nelson
Roger Poulin
May, 1989

TABLE OF CONTENTS

PREFACE		i
I. OVERVIEW OF ECONOMIC PERFORMANCE AND INDICATORS.		1
A. MACRO-ECONOMIC PERFORMANCE AND ISSUES		1
1. Macro-economic Growth and Indicators		1
a. Output and Employment		1
b. Balance of Payments		4
c. Fiscal Performance		7
d. Monetary Stability		9
e. External debt		11
2. Action to Address the Short-term Crisis		12
3. Long-term Fiscal Issues		13
4. Macro-economic Structural Adjustment Issues		14
a. Import restrictions		14
b. Price Controls		15
c. Direct Government Participation in Industry and Commerce		15
d. Export Taxes		16
e. The Franc Zone		17
f. Financial Sector		17
5. Next Steps Related to Macro-economic Structural Adjustment		19
B. SECTORAL PERFORMANCE AND ISSUES		20
1. The Parastatal Sector		20
2. Petroleum		24
3. Agriculture		25
a. Recent Performance		26
i. Food Crops		29
ii. Export Crops		30
iii. Livestock		32
iv. Forestry		34
b. The Agricultural Policy Context		34
i. Food Self-sufficiency Policies		35
ii. Export Price and Tax Policies		35
iii. Cooperative Development		36
iv. The Role of Government Organizations		36
c. Next Steps		37
4. Industry and Services		38
a. Recent Performance		38
b. The Industrial and Commercial Policy Environment		39
5. Financial Sector		44
6. Government Services		47

7.	Non-Agricultural Sectoral Policy Issues . . . . .	.48
a.	Price and Tax Policies . . . . .	.48
b.	Financial Resources . . . . .	.48
c.	Training and Human Resources . . . . .	.49
8.	Next Steps . . . . .	.49
C.	POVERTY ALLEVIATION AND SOCIAL SERVICES . . . . .	.50
1.	Recent Trends and Indicators. . . . . .	.50
a.	Population . . . . .	.50
b.	Child Survival . . . . .	.50
c.	Food Security and Malnutrition . . . . .	.51
2.	Sectoral Performance . . . . .	.52
a.	Health Services . . . . .	.52
b.	Education . . . . .	.53
3.	Policy Issues and Priorities in the Social Sectors . . . . .	.54
II.	SOCIAL, POLITICAL AND INSTITUTIONAL ENVIRONMENT . . . . .	.57
A.	SOCIAL ANALYSIS . . . . .	.57
1.	Balance and Equity as Issues of Fundamental Social and Political Importance . . . . .	.57
2.	The State Apparatus as a Unifying Force . . . . .	.57
3.	Centrifugal forces. . . . . .	.58
a.	Ethnic and Religious Interests . . . . .	.58
b.	Regional Interests and Imbalances . . . . .	.58
c.	Linguistic Regionalism . . . . .	.59
d.	Economic Class . . . . .	.59
B.	THE POLITICAL AND INSTITUTIONAL ENVIRONMENT. . . . . .	.60
1.	The Ideological Basis for State Participation in the Economy . . . . .	.60
2.	The Central Role of Executive Authority . . . . .	.60
3.	Problems of Coordination in Policy-Making . . . . .	.61
4.	Issues: The Process and Pace of Change. . . . . .	.61
a.	Change and Preservation of the Regime . . . . .	.61
b.	Ideological Shift in the Role of Government . . . . .	.62
c.	Absorbing the Economic Costs of Adjustment . . . . .	.62
d.	Reticence of Elites and Civil Servants in Implementing Reforms . . . . .	.62
e.	Social and Political Costs of Increased Unemployment . . . . .	.62
f.	Balancing Distributional Impacts . . . . .	.63
5.	Next Steps . . . . .	.63
a.	Confronting the Issue of Institutional Viability . . . . .	.63
b.	Policy Dialogue . . . . .	.63
c.	Obtaining the Maximum Impact and Systemic Change . . . . .	.64

III. STRATEGY FOR DEVELOPMENT . . . . .	.65
A. DEVELOPMENT STRATEGY OF THE GOVERNMENT OF CAMEROON .65	
B. OTHER DONOR OBJECTIVES AND PROGRAMS69	
1. Overview . . . . .	.69
2. Bilateral Assistance . . . . .	.70
a. France . . . . .	.70
b. Federal Republic of Germany . . . . .	.71
c. Canada . . . . .	.71
3. Multilateral Assistance. . . . .	.71
4. Non-Governmental and Private Voluntary Organizations. . . . .	.72
5. Donor Coordination . . . . .	.73
6. Issues Concerning Other Donors . . . . .	.74
C. USAID DEVELOPMENT STRATEGY74	
1. Introduction . . . . .	.74
2. Strategy Goal and Objectives. . . . .	.75
a. Goal . . . . .	.75
b. Strategy Objectives. . . . .	.76
i. Increasing the Efficiency of the Public Sector . . . . .	.76
ii. Creating a Market-oriented Private Sector . . . . .	.77
iii. Increased Efficiency and Equity in Providing Social Services . . . . .	.79
3. Strategic Programming Options. . . . .	.80
4. Examples of Possible Activities to Implement this Strategy. . . . .	.82
IV. APPENDICES85	
A. Scope of Work for Analytical Study87	
B. Economic and Statistical Tables91	
C. Economic and Statistical Analysis141	
1. Quality of Statistical Data	143
2. "Dutch Disease".	147
3. Industrial and Commercial Policy Instruments	151
D. Documents Consulted.157	
E. Persons Interviewed161	

LIST OF TEXT TABLES

1.	Gross Domestic Product and Expenditure (Annual Growth Rates)	2
2.	Export Prices.	4
3.	Balance of Payments.	5
4.	Central Government Revenues and Expenditures	7
5.	Agriculture in the Economy	27
6.	Growth Rates of Export Crops	27
7.	Production of Export Crops	28
8.	Commerce and Industry: Share of Non-oil GDP	38
9.	Economic Efficiency of Industry	43
10.	1989 Social Indicator Data	51
11.	Government Health Budgets, 1986/87 - 1988/89	52
12.	Government Education Budgets 1986/87 - 1988/89	54
13.	Donor Commitments to Cameroon.	69
14.	Donor Sectoral Emphases.	70

SECTION ONE

OVERVIEW OF ECONOMIC PERFORMANCE AND INDICATORS

A. MACRO-ECONOMIC PERFORMANCE AND ISSUES

1. Macro-economic Growth and Indicators¹

Between 1977 and 1985, Cameroon experienced a rapid rate of economic growth based primarily on oil production. Oil earnings enabled Cameroon to have a positive balance of payments and a balanced national budget for most of this period. Prior to 1977, the growth sector in Cameroon was agricultural exports, mainly cocoa and coffee. Cameroon is the sixth most important exporter of tropical hardwoods, and maintains significant protected forest reserves. The investment of agricultural and oil surpluses in industry and infrastructure brought about a rapid rate of import substitution as well as increased value added from the processing of domestically-produced agricultural products. Thus, by 1985 Cameroon had an apparently strong and well balanced economy characterized by rapidly growing per capita incomes, a high rate of investment in relation to GDP, a balanced national budget, and low external debt. The Cameroonian Government was widely regarded as committed to long-term balanced growth and as an effective manager of the country's resources.

The period of rapid growth came to a sudden halt in 1985 due to a sharp drop in the world prices of Cameroon's major exports. Over the next two years, the world prices of oil, cocoa and coffee, which in 1984 accounted for over 75 percent of Cameroon's exports, dropped by over 40 percent, and they have remained at those reduced levels. GDP is now less than 75 percent of its 1984 level. The most direct impact of these adverse developments has been on the Government budget. The parastatal companies exporting oil and agricultural products were major contributors to the national budget. These funds were used to finance public sector investments and to subsidize large inefficient public sector enterprises. Government revenues are now inadequate to finance the current budget, much less investments and parastatal subsidies. Table 1² presents the changes that have occurred in the performance of the Cameroonian economy since 1980.

¹The data on economic trends are tenuous, due to their major deficiencies in quality, coverage, and currentness. Statistical data quality, which is covered in more depth in Appendix C.1, is compromised by secrecy both in the accounts of parastatal organizations and in extra-budgetary public finance, by delays and inappropriate mechanisms for reporting, by incomplete and location-restricted information on production and prices, by the virtual nonexistence of employment data outside the public sector, and by substantial international trade and capital flows outside the formal system for financial settlements from which data are drawn. A significant effort to adjust such information for error or bias has been undertaken by the World Bank, while data prepared by the IMF represent more closely the GRC official data source, corrected where possible according to IBRD analysis. Other sources of data are brought into the analysis as needed. The source used is cited. Any references to "tons" refer to metric tons (1000 kilograms, or about 2200 pounds).

²Tables numbered 1, 2, etc. are found in the text. Those numbered B-1.1, B-1.2, etc. are to be found in Appendix B, Economic and Statistical Tables.

Table 1
Gross Domestic Production and Expenditure
(Annual Growth Rates, at 1985 Prices)

	<u>1980-85</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
Real GDP	8.1	9.2	-2.8	-8.6
Non-oil Real GDP	3.2	10.9	-2.7	-8.9
Agriculture	2.5	8.1	3.4	0.5
Industry	16.2	3.3	-6.5	-9.8
Services	5.9	16.6	-5.4	-12.5
Gross Dom. Expenditure	5.6	13.1	-3.0	-11.2
Consumption	4.7	16.0	-0.9	- 9.7
Private	3.1	17.6	-1.4	- 7.0
Public	15.4	8.7	13.0	-22.0
Investment	9.4	2.4	-18.9	-18.8
Private		0.4	-22.7	- 9.1
Public		5.7	-13.0	-32.1

Source: Table B-1.2

a. Output and Employment

Gross domestic product grew at a real annual rate of eight percent during the first half of this decade, led by industry and particularly manufacturing as a result of the Government's import substitution policies, with the oil sector contributing to rapid growth from 1980 until 1985 (Table B-1.2). Agriculture, which traditionally has been the largest part of the economy in terms of both production and employment, in 1980 provided more than three times the contribution of non-oil industry to GDP, but by 1985, accounted for only half of the share of industry, largely because of oil (Table B-1.1). Food crop production has exceeded that of population growth, with minor drought-related fluctuations, so that Cameroon is essentially self-reliant, producing 95 percent of its food needs and exporting an additional small share through unofficial marketing channels to neighboring countries. Plantation crop production has stagnated, as export volumes have been compressed by the maintenance of cocoa buffer stocks and export prices reduced by a decline in commodity prices during the 1980s. Oil palm exports are sharply affected by lower-price competitors.

Oil production stopped growing in 1985, and is officially forecast to decline to 6 million tons by 1991/92 and to remain at that level through the 1990s; the outcome will depend upon the world price and hence the profitability of oil exploration and extraction at that time. The service industry has contributed to GDP, both on its own and under the influence of petroleum and a strong government sector.

Manufacturing industry grew rapidly, at a compound rate exceeding 20 percent through 1985, to raise its share of GDP from 8 percent in 1980 to 15 percent, slightly less than that of agriculture (21 percent). Per capita GDP in 1987/88 was about \$ 900.

This growth has been arrested since 1986, with GDP declining 2.8 percent in real terms in 1986/87 and by 8.6 percent in 1987/88. Private sector data confirm the bad performance. The private Industrial Syndicate reports that sales among its 104 members (some of which have state participation) decreased by 14 percent (nominal terms) in the 12 months ending 30 June 1988, with a loss of 1,791 jobs. The changes vary strongly by sector, however, from building and public works (-51 percent) to furnishings (+17 percent) (SYNDUSTRICAM 1988).

The Government correctly identifies the major contributors to this crisis (Cameroon, 1988, pp. 1-2) as the world prices for the primary commodities which comprise the country's exports, bad performance in public and parastatal companies, and a policy environment which has been unable to adjust to the external shocks upon the balance of payments, public finances, monetary and financial sector, and macroeconomic aggregates.

Available data on employment and population are scarce and differ substantially according to source. Employment trends are impossible to analyze quantitatively, since there are no official estimates of the labor force, unemployment or under-employment. National and informal sector employment data come from local field surveys which cannot be compared over time. Government priorities appear to be oriented towards improving the labor market rather than studying its dimensions, in that the Sixth Plan discusses means of improving the quality of labor, and devotes only one section--Chapter 23--to employment; the Plan acknowledges the lack of up to date information. The data used here are drawn from the Plan (Cameroon, 1986). The population growth rate, which was 2.3 percent in the 1970s, has been accelerating and is currently projected at 3.2 percent for the rest of the century (IBRD, 1975, p.18).

The working population is young, with almost a third below 25 years of age; in 1985-86 the primary sector was responsible for 70 percent of employment, down from 79 percent in 1976/77. Most of the growth occurred in the secondary sector which grew from 14 to 17 percent of the work force over the period. Most jobs created continue to be in the traditional sector and the urban informal sector (IBRD 1986, p 275); the Bank estimates informal sector employment in 1984 to be 400,000, ten percent larger than the formal private and parapublic sector (360,000) and three times as large as the public sector (135,000). In comparison the active population in agriculture was estimated to be 2.9 million in 1986.

Public sector employment has grown strongly. Table B-1.3 shows civil service employment increasing from 19,672 in 1974-75 to 48,883 at end 1984, a 148 percent increase, while contractual employees increased 186 percent to 9,847, and auxiliary employees--the largest category--by 571 percent to 76,387. In 1983 and 1985 the Cameroonian government, which provides automatic employment to graduates in several professions, took additional steps to recruit 1,500 and 2,037 university graduates, respectively. The IBRD (1987, p 15) estimates that public sector employment has increased by 10 percent per year in the decade to 1988.

The medium-term structural adjustment program undertaken by the Government of Cameroon has conflicting implications for employment in the public, parastatal, and formal private sectors. To the extent that planned opening to the market economy occurs, employment in parastatal organization will be severely affected in the short term, with the unemployment absorbed eventually through private sector growth. The informal sector may be capable of absorbing much of this growth in

job-seekers. Transitional unemployment may place a strain on political stability and on economic well-being, although to a lesser extent than in countries with a less strong kinship support system. The current liquidity crisis resulting from the Government's inability or unwillingness to pay its arrears to its suppliers will affect formal private sector employment adversely in the subsectors depending most heavily on government for business.

In the public sector, "Operation Antilope", begun in 1986/87, removed several thousand phantom employees discovered through computerization of the wage bill control system (IBRD 1988c page 47); it intends to reduce employment further in the medium term by encouraging early retirement and by reducing recruitment through restricting the number of students in administrative training courses who would normally be hired automatically by the government (Cameroon, 1988, p. 15). Against these intentions should be measured the actual 9.2 percent (15,198 position) increase in government employees from June 1984 to June 1988. Finally, interview evidence in December 1988 suggests that arrears in salary payments in the Government and in the regional development organizations and parastatals may have the effect of encouraging workers to quit their jobs, as the Government appears to have been unwilling to take the step of laying off workers.³

b. Balance of Payments

The economic recession which started in 1986 was precipitated by a sharp drop in world prices of Cameroon's export crops, as shown in Table 2. Value added in agriculture has continued to grow due mainly to the domestic food sector. The two sectors most adversely affected are industry and services, particularly activities such as construction with heavy public sector involvement, and those related to investment. Since most oil and agricultural export profits accrue to the Government and parastatal sectors, this is where economic activity has dropped the most. Private consumption expenditures have been the least affected by the recession (Table 1). Agricultural producers in particular have not yet felt the brunt of the decline because of the Cameroonian government's policy of not reducing domestic producer prices in line with world prices. As a result, parastatals

Table 2
Export Prices

	Unit	1984/85	1985/86	1986/87	Percent of exp. volume (1984/85)
Cocoa	CFAF/kg	1,102	846	652	59% 17
Arabica coffee	CFAF/kg	1,434	1,662	1,011	70% 5
Robusta coffee	CFAF/kg	1,138	1,170	827	73% 14
Cotton	CFAF/kg	693	452	348	50% 2
Petroleum	US\$/bbl	27	22	15	55% 36

Source: Lazard et al (1987).

Note: Cameroonian Fiscal Year is July-June.

³ This process of attrition, if it occurs, will be difficult in the absence of a clear policy of layoff and retention, since salary arrears are a fact of life to which workers have learned to accommodate, so the "signal" may not be received clearly.

responsible for marketing agricultural export crops (ONCPB for coffee and cocoa and SODECOTON for cotton) have been experiencing deficits while producer revenues have been maintained or increased.

Because of oil, "exports of good and non-factor services" was the most dynamic element of exports from 1978 to 1985. Non-oil exports grew in volume at only three percent per year in this period. This modest growth results from stagnation in exports of agricultural commodities and semi-processed goods. Drought in 1983-84 affected coffee and cocoa production, while low producer prices encouraged farmers to devote their labor to food crops which were more profitable. Exports of logs and wood products declined throughout the period. Other agricultural commodities increased little in real terms, and not enough to compensate for the slow growth of coffee and cocoa exports. Manufactured exports performed better, with the share of industrial goods increasing from 10 percent to over 20 percent of non-oil exports (Table B-3.3).

The growth of recorded imports was moderate--less than one percent per year--due to successful import substitution behind a wall of tariffs and quantitative restrictions, to reduction of imports of petroleum products to nil, and to probable severe understatement of imports in official records (see Appendix C.1); the real growth was probably less favorable than that stated in Table 3 and Table B-3.1. Non-oil merchandise imports appear to have decreased from 30 percent of non-oil GDP in 1979 to 23 percent in 1985, though these data are suspect. The share of food imports has fallen as Cameroon has achieved food self-reliance. At the other extreme, there was a rapid growth of imports in non-factor services over the period to 1985, when they represented 65 percent of commodity imports compared with 39 percent in 1978. The World Bank CEM (1987, p 33) cannot explain the force of this trend. The share of intermediate goods, raw materials, and capital goods has risen under the Cameroonian import substitution program.

Table 3
Balance of Payments
(CFAF billion)

	<u>1984/85</u>	<u>1985/86</u>	<u>1986/87</u>	<u>1987/88</u>
Exports	1101	772	545	511
Imports	-513	-571	-553	-471
Services & transfers	-429	-434	-365	-320
	----	----	----	----
Current Account Bal.	159	-232	-373	-280
Capital Account, errors and omissions	-141	301	209	202
Change in Reserves (- is increase)	- 18	69	165	69

Source: IMF (1988a).

Factor service payments increased rapidly to 1985 due to increases in interest payments on private debt and (recorded) investment income outflows in the oil sector. Interest payments on public and publicly guaranteed debt have declined (see

Section 1.c below). As a result, the Current account (Table B-3.1) turned from a deficit of CFAF 105 billion in 1980/81 to a surplus of CFAF 795 billion in 1984/85. This figure is suspect, however (Appendix C.1), since a large part of oil exploration debt and development, as well as other imports, are disguised in the important "errors and omissions" line item in the capital account (Table B-3.2); Table 3 attempts an approximate adjustment.

In the capital account (Table B-3.2), net annual inflows of non-monetary capital remained constant from 1980 to 1983, but then declined sharply because of (1) the cessation of oil exploration, (2) outflows of official capital to overseas oil accounts, and (3) declining inflows of medium- and long-term official capital. Data on net development bank capitalization flows from the Islamic Middle East are unavailable. During this period there was a constant net outflow of private monetary capital, apparently due to the low interest rates in the Cameroonian banking sector and the precarious balance sheet position of the sector. However, analysis is difficult due to the relative and absolute importance of the "errors and omissions" line item.

The existing protective and revenue trade regime has led to important underrepresentation of actual trade in the official transactions (Appendix C.1), as cross-border trade, misrepresentation and fraud have replaced legal transactions. It is difficult to present the status and trends of trade--particularly imports--at the beginning of the CDSS period.

Petroleum exports will be essentially constant at 7,000 metric tons as reserves decline, unless world prices adjust significantly (see Section B.2). Coffee and cocoa also appear stagnant as the bearing stock ages. However, changes in Government pricing policies which affect farmers' incentives to allocate their limited labor between export crops and food crops could lead to a supply response. At the time of CDSS drafting, there is evidence of firming of world market prices for cocoa, but prices could rise or decline over the CDSS period. Cotton shows potential for increased export, from a small base (3.5 percent of non-petroleum exports in 1987/88). Miscellaneous agricultural goods account for 11.4 percent of non-petroleum exports while growing at nearly nine percent in volume per year (excluding unrecorded cross-border trade) since 1983/84. "Other manufactured goods" is even more important in export--17.5 percent--or almost 15 percent per year in volume terms. If the government succeeds in liberalizing its policy environment (Section B.7 below) for non-import-substituting manufactures, these sectors show promise for export-led growth.

The sharp drop in petroleum earnings has affected both the balance of payments and the government budget. Prior to the oil boom, Cameroon maintained a trade surplus due to its strong agricultural export sector and successful import substitution. The 1984/85 balance of payments (Table 3) is characteristic of Cameroon's performance during the early 1980s. As a result, Cameroon has very little external debt and until recently the banking system had substantial holdings of foreign assets.

The change began in 1985/86. The current account became negative and capital started to flow back into Cameroon. Total net capital inflows during the last three years equalled CFAF 712 billion (about \$2.3 billion), and official reserves dropped by CFAF 303 billion (about \$1 billion). The recession did not create a serious shortage of foreign exchange: the decline in imports in 1986/87 and 1987/88 was due to the reduced demand for intermediate and capital goods rather than to increased inability to obtain foreign exchange or increased restrictions on imports. The main concern

now is to keep imports in line with the reduced level of exports, which the government is doing with its conservative monetary measures, and to get exports back on a growth path, which is essential for long-term economic growth.

It is generally agreed that, barring unforeseen major international developments, world prices for Cameroonian exports are not likely to rise significantly in the near term (at least the next three years). More importantly, the recent disruptions have shown that the economy has structural imbalances that extend beyond the heavy dependence on the world prices of three export products. During the last ten years there has been virtually no growth in the volume of recorded agricultural exports, and much of the growth in industry and non-traditional agricultural crops (both for export and import substitution) is dependent on high and unsustainable rates of protection.

c. Fiscal Performance

The situation with respect to public finance is more serious. Table 4 shows that in 1986/87 expenditures increased by 32 percent while revenues dropped by 16 percent, creating a deficit of CFAF 464 billion. This sharp drop in revenues had two serious short term effects on the economy. First, funds available for public sector investments completely dried up. Second, the government chose to finance much of its 1986/87 and 1987/88 deficits by not paying local suppliers. These arrears in turn caused defaults on loans by domestic banks to firms doing business with the government. At the same time, the government was unable to pay subsidies to money losing parastatals so that their deposits with domestic banks also declined. The result was a liquidity crisis that makes it impossible for banks to finance economic activity. Finally, the government has had to reduce non-salary current expenditures to the point where the majority of civil servants lack the means to carry out their functions. The work of many Government services is at a virtual standstill.

Oil revenues have particular importance in the government budget. During the nine years 1971 to 1979 before these began, government revenues rose slightly from about 16 percent of GDP to more than 20 percent by the end of the period, a share roughly in line with a reference group comprised of all lower middle-income developing countries. Total revenues rose to 24 percent of GDP in 1985, but of this, oil revenues equivalent to about 2.7 percent of GDP were deposited overseas and had no domestic fiscal or monetary impact, so domestic revenues as a share of GDP remained at approximately 21 percent, little higher than in 1979. Of this, however, non-oil revenues declined from 20 percent to 16 percent of the non-oil GDP, the 1971 level. Overall, budget revenues increased by CFAF 640 billion (200 percent) to CFAF 661 billion in 1985, while total revenues including oil rose to nearly CFAF 900 billion. These figures are estimates, due to the severe data problems measuring the oil sector. Also, to the extent that the ONCPB diverted its stabilization balances to off-budget investments in the real economy, it served as a significant tax on the agricultural sector. No data series exists for ONCPB revenues. Available revenue data are presented in Table B-5.1.

Table 4
Central Government Revenues and Expenditures
(CFAF billion)

	<u>1985/86</u>	<u>1986/87</u>	<u>1987/88</u>	<u>1988/89</u>
Total revenues	911.4	765.0	625.5	600.0
Oil	382.0	252.0	207.0	163.0
Other revenues	529.4	513.0	418.5	437.0
Total expenditures	926.4	1,228.8	796.8	656.0
Current	455.5	533.5	479.8	484.0
Interest	38.0	44.0	72.8	102.0
Other	417.5	489.5	407.0	382.0
Capital	470.9	445.3	317.0	172.0
Deficit	-15.0	-463.8	-171.3	-56.0
Financing:				
Arrears	-20.0	250.0	- 5.0	-311.0
Foreign loans	48.0	117.0	49.0	39.0
Domestic loans	-13.0	96.8	25.5	37.0
Unidentified			101.5	
Consolidation				221.0
Exceptional				70.0

Source: Ministry of Finance and IMF estimates

Despite this relatively low tax burden on the economy, the Government of Cameroon has historically run a surplus in its current budget. In the period 1971-1979, consolidated budget deficits exceeded two percent of GDP only in 1975 and 1976. The small investment budget was partially responsible for this. In 1971, at ten percent of the budget it represented only 1.5 percent of GDP; by 1979, these figures had grown to 30 percent and 4.7 percent, respectively, but continued to be financed largely with domestic budgetary resources. The debt service ratio was only 9.1 percent in 1979. Under this conservative financial strategy, during the 1970s the government fiscal impact on the economy was low both as a claimant of domestic resources and as a source of economic expansion.

When it came change was rapid. In two years from 1979 to 1981, total (recorded) oil revenues of the Government went from a negligible amount to CFAF 148.8 billion, or 8.3 percent of GDP. With these new revenues, the Government began a significant investment program (Table B-5.3). Investment expenditures immediately tripled, from CFAF 73 billion in 1980 to CFAF 226 billion in 1981 (central budget only), progressing to CFAF 426 billion in 1984/85 (including an estimate of extra-budgetary resources) and peaking at CFAF 470 billion in 1985/86. Of this 1985/86 total, CFAF 142 billion--a third--is estimated to be from extra-budgetary resources (and thus subject to a wide margin of estimation error), and CFAF 93 billion is foreign financed. Government savings over this period (including

the oil and ONCPB accounts) were sufficient to permit the accumulation of overseas assets and to retire foreign debt. The Government also maintained a substantial net positive position with the domestic banking sector, providing a replacement for private disintermediation in a period of low or negative real interest rates.

Despite the intentions of the Government to maintain oil production revenues off-shore and to finance extraordinary investments and expenditures through extra-budgetary accounts, in application the spending ministries had no idea of their investment budget until well into the fiscal year, which impeded rational resource management (IBRD, 1987, p. 21). The oil funds flow is considered elsewhere (Appendix C.2); the World Bank estimates that 84 percent of these funds were re-injected into the money supply.

Partially because of injection of these "clandestine" funds, public expenditure reacted belatedly to the fall in oil and commodity revenue, increasing by 32.6 percent in 1986/7 while revenue declined by 16 percent. Driven by "incompressible" operating costs, the overall fiscal deficit rose from 3.3 percent of GDP in 1984/85 on a commitment basis to 11.8 percent in 1986/87. This led to (1) large domestic arrears to government suppliers (see Section 3.b below) of around CFAF 210 billion (Cameroon 1988,p. 4), (2) heavy drawing from the Central Bank (BEAC) and Treasury correspondent., and (3) an increase of the Postal debt (mainly with France) to CFAF 40 billion.

Total Government fiscal and monetary injections into the domestic economy are not limited to the central budget, however, but also include movements on- and offshore of (1) SNH petroleum funds, (2) ONCPB stabilization funds, (3) banking sector deposits, and (4) parastatal enterprise surplus or deficit. In the same period as the government budget ran into deficit, (1) SNH income declined, (2) the ONCPB ceased to run surpluses on its stabilization account, (3) the banking sector incurred a liquidity crisis due to a large percentage of non-performing assets (also related to the downturn and improvident lending in the past), and (4) the parastatal losses rose due to rising operating costs, high domestic producer prices and low world prices. Together these accentuated the fiscal and monetary imbalance.

The structure of taxes is worthy of investigation for its differential fiscal and incentives impact on the economy. In 1982 (chosen by the IBRD, 1987, p 22, for the availability of comparable data), direct taxes (income, profits and capital gains) made up 18 percent of current revenue. In comparison, the reference group of lower middle income countries averaged 38.4 percent. Taxes on international trade accounted for 26 percent of revenue (compared to the reference group's 17.5 percent), excluding the ONCPB implicit tax mentioned above on agricultural exports over the period. The reliance on indirect taxes has produced incentives within the private sector to invest in sectors less affected by such taxes, through favorable tax codes, through import substitution activities, and through avoidance of the formal sector mechanisms.

d. Monetary Stability

During 1980 to 1985, lending to the private sector (including public and state enterprises) increased by 16 percent a year. Together with the substantial increase in net foreign assets from ONCPB and SNH placements, the money supply grew at 22 percent a year, in line with nominal GDP growth of 21 percent (Table B-2.1).

As a result both of fiscal conservatism and the monetary restraint imposed by membership in the BEAC, Cameroon's money and credit system has been basically healthy. Exchange rate parity among the BEAC members, members of the West African BCEAO, and the French franc has been maintained since 1948. There are no restrictions on current or capital transactions among the members. Common Central Bank rediscount rates apply to all members, although interest rates charged to final borrowers are affected by national policies. These rates have been kept at low levels by BEAC policy, with the BEAC standing ready to cofinance bank lending through rediscount. BEAC regulations are strict with respect to levels of government borrowing permitted, in order to support this single-currency-area system. Government borrowing is generally restricted to 20 percent of total fiscal revenues, although this has been avoided in practice by borrowing in foreign exchange or by shifting government services to parastatal agencies such as ONCPB with their own rediscount facilities. As part of its fiscal conservatism, until 1987/88, the Cameroonian government had not needed to use its full borrowing authority.

The health has been fragile, however, for several reasons. First, there has been very little financial development in Cameroon, particularly for the level of its per capita GDP. One measure of this is financial deepening, frequently measured by the ratio of M_2 to GDP. As shown in Table B-2.3, the M_2 /GDP ratio for Cameroon is substantially below other African countries at similar or lower levels of GDP, including both Ivory Coast and Senegal in the CFA zone. Compared to the UMOA, only Niger has a lower ratio; within BEAC, even the Central African Republic has a deeper financial ratio. A similar situation is seen with two other measures, bank liabilities and quasi-money ratios to GDP (Table B-2.3). This lack of deepening makes the system fragile and subject to disintermediation.

Another reason for this is the interest rate policy, established within the framework of BEAC, which has kept rates relatively low compared to international rates. This has led to negative real deposit rates which have discouraged intermediation of private savings through the domestic banking system. The IMF (1986a, p 12) indicates real deposit rates being negative in every year but one from 1975 to 1982, with ex-ante real deposit rates (the closest one can get to depositors' expectations) between -2.4 percent and -6.3 percent (average -4.35 percent) and ex-post rates between +0.1 and -7.9 percent (average -4.7 percent). Low real lending rates of -3.4 to +3.9 percent (average +0.4 percent) have encouraged borrowing by entrepreneurs with payback potential insufficient to support the lending institution. Most deposits to the system have come from the government, which has been a net lender to the domestic monetary system, from para-governmental organizations such as the social security fund (CNPS) and the stabilization fund ONCPB which have been in substantial surplus.⁴

Withdrawal of any of these sources of deposit endangers the liquidity of the banking system; withdrawal of all of them, as has occurred under the fiscal crisis, assures a liquidity crisis, particularly when, as in the 1980s, the banking system has large amounts of non-performing assets resulting from ill-considered loans. The undesirable capital position of the banks has probably led to "crowding out" of credit to small private entrepreneurs, although the data are insufficient to demonstrate this.

⁴ The weakness of the financial system in implementing monetary policy, and its response under the 1986-88 liquidity crisis, is analyzed in Section B.5.

The current monetary program is based on an uncertain forecast for the demand for money because of the unsettled state of the banking system and the major shocks to the real segments of the economy (IMF, 1988a, p 13). The ability of the Government to settle its arrears with the banking system, which is also related to the Government's ability to control its fiscal deficit, is another uncertain determinant of monetary stability. The Government of Cameroon is unable to adjust interest rates, under rules of the BEAC, and this serves as an important constraint to strengthening of the financial system.

The Government has signed a Standby Agreement for SDR 69.525 million and a Compensatory Financing Facility with the IMF in September, 1988; the first Standby tranche was SDR 23.175 million. As of December 1988 the second tranche (scheduled for November 15) had not been disbursed, because of Cameroon's inability to prepare the necessary documents for monitoring compliance, within the time allowed for the review mission.

e. External Debt

External debt, including publicly guaranteed debt, increased relatively rapidly until 1981 as public investment tripled (Section 1.b). This served only as bridge funding, as the Government began to separate oil revenues into a special fund to finance development programs rather than mortgage future oil proceeds for such investment. The Cameroonian external debt was, and is, exceptionally small compared to other borrowers in Africa, Asia and Latin America. Service payments on public and publicly guaranteed debt were 9.3 percent in 1984/85 (from Tables B-3.1, B-3.2).⁵ If private debt (which may include some non-guaranteed parastatal debt) is included, the ratio increased to 14.2 percent.⁶ Oil proceeds have not only permitted debt repayment; they also served as loan collateral, allowing the government to be selective in its debt commitments and to obtain better terms, despite the fact that since the early 1980s Cameroon no longer qualifies for IDA and other soft loans.

As of June 1987, the World Bank was the largest creditor with 21 percent of public and publicly guaranteed debt, followed closely by financial institutions at 21 percent, France with 17 percent and Germany a distant fourth at nine percent (Table B-6.1). Public or guaranteed debt to the United States is less than three percent of the total. The outstanding and disbursed private non-guaranteed debt, including the unrecorded debt related to the oil sector, was estimated at US\$1.4 billion (CFAF 690 billion, approximately three-quarters of the size of official debt) at end 1985 (World Bank, 1987, p 38). These sums exclude a CFAF 65 billion line of credit provided in 1988 by a commercial bank secured by future petroleum revenues.

The Government of Cameroon remains current on all its obligations except the postal system debt to France on which CFAF 20 billion in arrears had accumulated at end-June 1988. It continues therefore to have normal access to international capital markets. Its major capital account problem is not net funding obligations, but its

⁵ Using different data sources, the World Bank debt tables estimate (see 1987, p 37) debt service was 8.5 percent of exports in 1985.

⁶ Again, the absence of solid petroleum sector information lends caution to use of these figures.

inability to disburse due to its slow response to donor conditions precedent assuring effective use of the proceeds: 55 percent of multilateral credits and 58 percent of bilateral credits were undisbursed as of August 1987.

The Government has established a borrowing strategy to provide funds for investment and restore liquidity to the economy. If these funds can be used effectively, the room for debt expansion given by the low debt service burden can be used to generate growth. To this end, the Government has established a set of priorities for investment programming:

1. maintaining existing capital;
2. completing unfinished projects, beginning with those with the highest return and closest to completion;
3. undertaking new projects with a high economic rate of return or high social objectives in the context of sector policies and objectives; and
4. disengaging from activities which are more appropriate for the private sector or local communities.

However, the Government appears to have difficulties implementing these priorities in a uniform manner.

The IBRD (1988c, p. 61) criticizes the Cameroonian government's proposed new investment in international air transport infrastructure; and the degree of investment in school buildings and equipment, a capital-intensive support system for agriculture, and water and telecommunications infrastructure. The Government also appears to invest more heavily in urban capital than in rural infrastructure and services, and to fail to provide operating and maintenance for planned investments (IBRD 1988b passim; Cameroon 1986 passim). This raises an important question concerning the correct external borrowing strategy of the Government once it has relaxed its requirement of remaining within the oil budget to impose financial discipline on the borrowing authority.

2. Action to Address the Short-term Crisis

The main actions to address the short-term crisis are being implemented in the context of the IMF Stand-by Agreement and Compensatory Financing Facility which totals SDR 115.9 million to be disbursed over the 18 months beginning September 1988. These actions fall into two categories: balancing the national budget and eliminating the Government's arrears.

Government actions to help balance the budget include the following measures which will increase 1988/89 revenues by about CFAF 36 billion: increasing taxes on petroleum products, alcoholic beverages, cigarettes, soft drinks, and luxury products; a new real estate tax; increased stamp duties; and increased minimum income tax levels.

On the expenditure side, the Government has taken the following measures which are expected to generate savings of CFAF 48 billion: a wage freeze; cuts in housing and utility subsidies for civil servants, staff transfer costs, and embassy staffing; and new budgetary control and monitoring mechanisms. In addition, the investment budget will be cut by one-half. There will be no new domestic or foreign arrears.

These measures will result in a deficit of CFAF 56 billion, which will be financed by a combination of domestic and foreign loans. Government arrears will total CFAF 311 billion in 1988/89 (Table 4). Domestic arrears will be settled with 15 percent in cash and the rest in negotiable treasury notes (CFAF 186 billion), with small creditors paid entirely in cash. There will remain an estimated gap of CFAF 105 billion (about \$350 million). This will be covered by structural adjustment loans (SAL) from the World Bank, the African Development Bank, and the French Caisse Centrale de Coopération Economique (CCCE), assuming agreement on the details of the structural adjustment program can be reached before the end of the fiscal year, an increasingly unlikely event. Delays in structural adjustment assistance will presumably entail postponing the settling of arrears until next year. This will have serious implications for the banking sector liquidity crisis.

3. Long-term Fiscal Issues

The Government of Cameroon has had a long-standing conservative approach to fiscal policy. Government revenues have usually not exceeded 20 percent of GDP which is average for middle income developing countries. Despite this low tax burden, it has generally spent little and run a surplus on its current budget. The present economic crisis, however, has raised several fiscal policy issues which have hampered the Government in its efforts to adjust to the recent sharp drop in revenues. These are:

- a. **Budget Management.** The government does not have a comprehensive budget that covers all of its revenues and expenditures. There are large "extra-budgetary" expenditures that are not included in the deficit or debt calculations. These hidden obligations meant that when economic activity dropped sharply, as it did in 1985, the government continued to incur obligations outside the official budget making process. The result was the large 1986/87 deficit accompanied by government arrears and reduced liquidity in the banking system.
- b. **Government Revenues.** With its present tax system, the Cameroonian government will have a difficult time increasing the share of revenues in GDP. The World Bank (1987) found that direct taxes accounted for 18 percent of current revenues, and taxes on external trade (mostly imports) accounted for 26 percent of revenues (compared to averages of 38 percent and 17,5 percent respectively for other middle income countries). This means that importers and producers in the formal sector are subject to very high indirect tax rates, creating strong incentives to avoid taxes by staying in the informal sector or trading through unofficial channels. Steps are needed to increase the tax base so that those who pay taxes can be subject to lower rates. These matters are now being studied by the IMF and the Ministry of Finance.
- c. **Cost Recovery.** If Cameroon is to continue to provide adequate levels of social services at existing reduced revenue levels, the recipients of public services must pay part or all of the costs. This is especially important for the health and education sectors, but generally applies to all services including, for example, agricultural extension and rural road maintenance. The legislative and organizational steps required to move in this direction are complex and have not yet begun. The need, however, has been identified by key ministries and donors and is likely to be addressed, probably on a sector by sector basis, in the context of the Structural Adjustment Program.

4. Macro-economic Structural Adjustment Issues

Structural problems, although only recently noticeable, are due to the cumulative effects of development policies and public sector investment decisions dating to the mid-1970s. These policies fall into two categories: (1) the investment of taxes and surpluses from agricultural exports into other sectors resulted in inadequate reinvestment in traditional export crops and (2) the protection and subsidies given to non-traditional export crops and import substitution industries resulted in inefficient, non-competitive, and consequently non-viable enterprises. The basic cause of this problem is a set of development policies that made it impossible for decisions to be made on the basis of accurate market signals. The system of high tariffs, quantitative import restrictions, subsidies, and industry-wide price controls effectively eliminated competition; it resulted in what are now seen to be wrong investment decisions and eliminated incentives to increase efficiency.

The nature of economic growth for the last 20 years has been determined by government development policies and programs, dominated by the Government's direct investment decisions as well as by the role it played in directing the decisions of others. During this period the Government of Cameroon has had three basic economic development objectives:

1. the promotion of import substitution industries and agricultural products;
2. the promotion of agro-processing industries to increase the value added of domestic agricultural products; and
3. export crop diversification.

The tools used for achieving these objectives have been the following:

a. Import Restrictions

Any product produced in Cameroon is protected against competition from imports. The main protection is a ban on imports. Almost all imports into Cameroon fall into one of three categories of protection:

1. Goods that are produced locally and can therefore be imported only when local production cannot meet demand. These are mostly consumer goods.
2. Goods that are produced locally but at costs higher than on the world market. These are subject to "pairing" which means that firms producing or purchasing the local product may import a certain multiple of this. Rice, cotton textiles and shoes have been in this category.
3. Goods that are not produced locally. These may be imported if no producer objects that the same goods are available in Cameroon.

Imported goods are subject to the common tariff of UDEAC plus Cameroonian surcharges. Tariffs average 70 percent of c.i.f. value. The system, however, has two major flaws. First, finished products have a consistently higher tariff than intermediate goods to encourage the greatest amount of value added in Cameroon. Products in which Cameroon can never hope to have a comparative advantage are provided extremely high rates of protection. A survey of 49 industrial firms in 1987

showed that only 12 used less than one franc in local resources to save or earn a franc in foreign exchange; in 16 cases the product uses imported intermediate goods that cost more than it would have cost to import the finished product which means that there were negative foreign exchange savings (Industrial Master Plan, 1988). The second flaw is that many import duty exemptions for intermediate and capital goods are granted on a firm by firm basis. This not only encourages the use of imported--rather than locally produced--intermediate goods, but also places firms which do not have the duty exemptions at a disadvantage against other firms in the same sector.

The Price Equalization Fund applies to products that are produced locally but cannot compete with imports because of so-called production subsidies of the exporting countries. Government policy is to impose an import tax equal to the assumed subsidy and use the revenues to increase the price paid to local producers. This system is used for rice, sugar, and edible oils, for each of which the dumping argument is not evident.

b. Price Controls

Import substitution industries are subject to price controls. They are regulated because (1) they are protected from competition, and (2) there are so few manufacturers that price controls are needed to protect the consumer. Price controls are based on documented (protected) costs of production plus a margin for profits and marketing. The system provides no incentive for increased efficiency which would reduce the price.

At the other extreme, price supports are used to encourage production of export crops. The prices bear little relation to production costs and distort decision-making. These are discussed further under agriculture.

Margins are determined by government for all production and trade in standardized goods and services. The process of changing agreed prices can be so lengthy that the new price no longer reflects costs of production.

The trade policy and price control regimes have effectively isolated Cameroon's industries from market signals. Firms are protected from the negative effects of bad decisions, are not rewarded for good decisions, and have no incentive to increase efficiency.

c. Direct Government Participation in Industry and Commerce

During the Fourth Development Plan (1977-81) the Government undertook direct investment in industry and commerce, in the form of (1) wholly owned enterprises providing public services, (2) wholly owned enterprises in strategic (usually capital intensive) industries, and (3) state participation in firms which contribute to import substitution or increased domestic value added but in which there was insufficient private sector interest. Most of these investments were made by the Société Nationale d'Investissements (SNI) which was created by the government for this purpose. By 1984, firms with state participation accounted for 40 percent of the value added in the manufacturing sector (Lazard et al, 1987).

Several of these firms failed at huge loss. The worst case was the pulp and paper company, CELLUCAM, which closed less than one year after opening at a loss to the government of CFAF 259 billion (US\$ 850 million), including about US\$ 450 million in external debt. Many firms that remain are experiencing deficits and are subsidized in excess of CFAF 100 billion per year. These deficits are due to having made the wrong investment decision, and to weak management and lack of competition. These parastatals include public utilities, capital intensive industries, and large scale agriculture. The objective of the Government was to achieve growth in sectors that (a) seemed critical for long-term development and (b) were not profitable enough to be financed entirely with private capital. Without government participation, growth in these sectors would not have occurred; however, this growth is non sustainable and it is now obvious that too many mistakes were made.

The parastatal sector has become not only a large drain on public sector resources but is contributing little to GDP, employment, savings or investment. The need now is to involve the private sector more directly in the investment and management of these firms and to expose them more fully to free market forces. Also steps are needed to strengthen the management of those enterprises that provide public goods and therefore cannot operate in the private sector. The Government and major donors, especially the World Bank, CCCE, and UNDP, have begun taking steps along these lines. The objective is to stop the CFAF 100 billion annual drain of public resources and turn existing commercial and production parastatals into viable non-subsidized businesses.

This topic is discussed in more depth in Section B.1 below.

d. Export Taxes

A major source of funds for the investments discussed above was taxes on agricultural export crops. The issue here is the appropriate role for Government in maximizing the development impact of traditional growth sectors and guiding the overall direction of the development process. In the case of Cameroon, the traditional growth poles were coffee and cocoa exports. The policy choices involve deciding how much to tax these activities and how much to intervene in private sector decision making. There is little doubt that Government non-involvement would have resulted in much of the income generated by coffee and cocoa going abroad, including income not directly attributable to the efforts of the investors (economic rent). Local investments would have been determined by the interests of the exporters, although local producers would have been beneficiaries of sound decisions.

The policy decision of the Government of Cameroon was to tax the traditional export sector and use the revenues to broaden the development base of the economy, mainly through import substitution and export diversification. This was combined with a price stabilization program which consistently accumulated a surplus and, over the long term, resulted in less than adequate reinvestment in coffee and cocoa plants. In the meantime, many of the import substitution and export diversification investments financed by the surplus turned out to be ill-advised so that, on balance, overall economic performance is not as strong as it could have been.

A more general point also needs to be made regarding export taxes. There is a revenue tax of two percent on all exports. Manufactured goods are exempt from this tax, except textiles, leather articles and packaging. In addition, some exports have

special taxes, e.g., bananas 17.5 percent, wood and lumber 15 to 40 percent, and coffee and cocoa 40 to 50 percent. There are in fact few tax incentives specifically for exports, so that the effective rate of protection for export industries is negative (Industrial Master Plan, 1988). This contrasts with the import tax regime which provides very high effective rates of protection for import substituting industries. The system in effect discriminates against investments in export-oriented enterprises.

e. The Franc Zone

A key macro-policy issue is the effect of Cameroon being part of the Franc zone.⁷ A frequent criticism of the Franc zone is that the francophone African countries can have overvalued exchange rates because the French franc moves in ways that are unrelated to the competitiveness of the African economies. However, the normal adjustment process is for domestic prices to drop so that local costs of tradable goods and services reflect the purchasing power of the franc on the world market. This assures that the CFA franc will not remain overvalued over the long run.

The main disadvantage of the fixed exchange rate is that the adjustment process can be wrenching in terms of incomes and employment. Countries that are not part of a convertible currency zone have the flexibility to use monetary policy and exchange rate adjustments to reduce the disruptions associated with structural adjustments. The main advantage to being part of a convertible currency zone is that it imposes fiscal and monetary discipline. Small developing countries find it difficult to manage their budgets, money supply and exchange rate without taking into account strong political and social realities. The result is economic instability and distortions that have serious adverse effects on sustained economic growth. African economies tied to a convertible currency have tended to have higher sustained growth rates than countries that are not.

Cameroon, however, is in a special situation because of its oil earnings. The large government revenues have been spent locally creating a inflationary pressures and resulting in increased local costs and an overvalued real exchange rate. The result is that Cameroonian exports are not competitive on world markets. As long as oil earnings are spent on local goods the currency will continue to be overvalued. Once these earnings are no longer spent on local goods and services, (i.e., once they are held as foreign exchange assets or, if spent, spent exclusively on imports), the economy will necessarily go into a recession until labor and other costs are reduced to a level that reflects the purchasing power of the CFA franc and Cameroon will again be competitive in products where it has a comparative advantage.

f. Financial Sector

Although the financial sector is analyzed in Section B, the issues it raises with respect to macroeconomic performance are beyond sectoral issues, and are crucial for the structural adjustment process.

⁷ The franc zone and its institutional mechanisms are described more fully in Section B.5 below.

Cameroon has had little financial development, particularly for the level of its per capita GDP. Financial deepening reflects the degree of willingness to use the formal banking system for planned transactions and thus make them available for lending for productive investment. By most measures, Cameroon lags other African countries (in the CFA zone, only Niger has less financial depth). Individual deposits provide a cushion during shocks when institutional deposits fluctuate. The deposit base consists mostly of the Government, parastatal organizations, and large companies, which leaves the system vulnerable to outflows from any one of its major depositing groups. Crisis for all of these since 1986 has made the banks illiquid. This has led those individuals and firms which hold deposits to withdraw them thereby exacerbating the crisis.

Monetary policy is determined by a super-national regional central bank, the Banque Centrale des Etats de l'Afrique Centrale (BEAC), of which Cameroon is a member. The BEAC interest rate policy is based on two assumptions (1) that the poor save little or nothing, and (2) low interest rates promote investment and growth. The first point is not supported by research, but leads to a conclusion that lending must be based on a rediscount mechanism; this confirms the wisdom of the second point. Resulting negative real rates of return on deposits have discouraged placing private savings in the domestic banking system. Real deposit rates were negative from 1975 to 1982 (IMF 1986a, p 12), averaging -4.35 percent. Low real lending rates (average +0.4 percent) have encouraged borrowing. Low interest rates compared to foreign (French) rates have led banks and some private individuals to transfer part of their assets overseas.

Cameroon's commercial banking system is highly concentrated. Four of a total of ten major banks control roughly 85 percent of all lending (World Bank 1987, p. iii). There is one development bank, the Banque Camerounaise de Développement. Among government non-bank financial intermediaries, FOGAPE, (guarantor for small and medium enterprise lending), is to be replaced by a bank, CIC, and FONADER (which has been closed due to non-performing assets), will be replaced by the CAC. See Section III-A.

The informal financial sector consists at the bottom level of "tontines", or lending "clubs" whose lending costs tend to be high and who depend for their effectiveness on social sanctions which may not always work. Tontines represent a substantial share of total credit to the Cameroonian economy, particularly small enterprises, but they do not permit transformation of short-term or sight deposits into longer-term loans and are so segmented as to provide no financial transactions outside the individual tontine--either between tontines and the formal sector, or among tontines--to allocate savings to the most productive uses.

In Southwest and Northwest Provinces an active credit union movement (CamCCUL) is concerned with mobilizing savings. There is some evidence that informal sector banks are being created during the current crisis. Two already exist in the formal private sector; official policy now appears to tolerate them. This middle range of the financial sector appears weak if it exists. Finally, the non-bank financial sector is weakened by restrictions on ownership and on portfolio investment, and by unwise premium regulations in the property and casualty insurance subsector.

5. Next Steps Related to Macro-economic Structural Adjustment

For donors, both the stabilization and structural reform programs imply an increased and sustained need for policy-oriented non-project assistance. In the short-run the most urgent need is for budget support to help the Government through the existing crisis. Such support must be carefully directed so as not to lead to complacency among those forced by the crisis to reconsider their policies. In the long-run, the need is for traditional projects as well as non-project resource transfers to finance initiatives related to the structural adjustment program.

The long-term structural adjustment program addresses a wider range of issues related to the liberalization of the economy. The overall goal is to create the preconditions for sustainable broad-based economic growth. Measures to be taken include reducing the role of the public sector in production and commerce, improving the environment for private enterprise through policy reform and institution building, and increasing efficiency in carrying out government functions, including improved fiscal policies and management.

Many of these policy issues are planned to be addressed in the donor-supported Cameroonian Structural Adjustment Program. Studies are currently underway and preliminary decisions have been made regarding the rehabilitation of parastatals, the elimination of export taxes, and the elimination of many non-tariff barriers. The overall thrust of these changes is to reduce the direct role of government in production and commerce and remove the market distortions that have caused inefficiencies and non-competitiveness in the private sector. Negotiations between the Government and donors are expected to continue during much of 1989 and the exact content and pace of change will not be known until some time in 1990. In any event, most of the changes will be structural in nature and will have an impact only in the medium and long term. The level of economic activity and the resources available for development will not be significantly affected in the short term by the changes being contemplated. They are, however, important for increasing the pace of long-term broad-based economic growth.

Should these structural adjustments not take place, prospects are for slow overall growth with little export diversification and continued inefficiencies in the modern industrial sector. The formal sector will continue to be isolated from market forces and will respond primarily to government policies and regulations. There will, however, be a large parallel economy which already employs ten percent more persons than the formal sector and which will avoid government regulations and be more responsive to supply and demand conditions. Any improvement in the formal sector depends upon improved government programs, policies and regulations.

The most important action needed to strengthen the financial sector is to remove controls on interest rates and lending ceilings. This will encourage savings and assure that financial institutions will be able to lend profitably. The market-based interest rates should be accompanied by policies to encourage the evolution of new financial institutions and reduced pressures from Government for financial institutions to lend to "priority sectors" at subsidized interest rates.

The present crisis has highlighted major flaws in the government policy framework which must be addressed in the context of the short-term stabilization program.

B. SECTORAL PERFORMANCE AND ISSUES

1. The Parastatal Sector

"The good performance of the Cameroonian economy is being badly eroded by the festering sore of the public enterprise sector." (World Bank, 1987; p. 26)

The emphatically harsh assessment cited above underscores one of the greatest policy challenges facing the Government: management and reorganization of the parastatal sector.

State participation in the economy is pervasive, involving at least sixty companies operating under private and extraordinary corporate law in all economic sectors. Government equity is between 25 percent or more in forty of these, including nearly all of the nation's banks and major industries.

In the absence of a functioning equity market it is impossible to measure the value of government ownership and participation in the economy. However, using book value ("capital social") as an imperfect measure, the value of government equity is 63.5 percent (CFAF 198.6 billion) of the book value (CFAF 310 billion) of the non-governmental sector as a whole. In 1983/84 annual sales of State and para-public organisms were more than CFAF 900 billion, the equivalent of 28 percent of GDP.⁸

In 1984 value-added for the total portfolio of the Société Nationale d'Investissement (SNI, the official State holding company) constituted 5 percent of GDP, while value-added by non-SNI parastatals included an additional 2 percent. In manufacturing industries, public and mixed public/private enterprises constitute approximately 40 percent of total value added. Total investments of companies in the SNI portfolio amounted to CFAF 50.7 billion in 1984, or 6.2 percent of gross fixed capital formation (1.6 percent of GDP).

The performance of the parastatals has, however, been a drain on public resources. Net operating losses in 1984 totalled CFAF 39.9 billion, including profits of CFAF 36.4 billion and combined losses of CFAF 76.3 billion. Given that government subsidies to parastatals are recorded above the line, it is probable that total operating losses of the parastatal sector in 1984 reached the level of CFAF 150-160 billion, or \$425 million (World Bank 1987). In the absence of appropriate reforms these losses have compounded in the last four years, although the government has been hesitant to announce the full measure of parastatal losses.

The parastatal sector's rapid growth--and eventual difficulties--began during the period 1968-1977, when Cameroon reoriented its agricultural and industrial development strategy, adopting a more interventionist stance. Until 1968, private capital either had not been forthcoming for large investments, or it had belonged to

⁸ Current financial data on the parastatal sector are difficult to obtain. The most comprehensive data available from the GRC Ministry of Finance are for the period 1983/84. This situation may be remedied if the GRC makes public the 1988 findings of the Inter-Ministerial Committee on Public Companies.

groups which were considered "suspect" by the government--foreigners, or certain ethnic groups. This policy reflected an apparent loss of confidence in the speed with which the private sector and traditional farmers could contribute to national development goals.

Beginning with the establishment of a national holding company, SNI, in 1968 Cameroon began to channel resources into parastatal companies which employed a 'hands-on' approach to development in all sectors of the economy and assumed an increasingly broad range of functions which had previously been carried out by the private sector.

In 1968 a presidential decree also provided the legal basis for the establishment of parastatal "sociétés de développement" and "missions de développement" which, while operating autonomously, were to assume a broad range of integrated development functions on a geographical basis. By 1970 ten parastatal development agencies were created, increasing to fourteen over the next five years. Growth of regional development parastatals continued under the Fourth Five Year Plan (1976-1980), under which the government proposed creation of an additional twenty companies. However, a lack of donor support led the government to abandon implementation of the majority of these. By 1980 it had created more than ninety parastatal companies, of which only fifty-seven have survived to the present.

The role of the donor community in the emergence of the parastatal sector was an important one. Participation of bilateral and multilateral donors in the financing and implementation of proliferating parastatal companies was an endorsement of the Cameroonian strategy of investing in import substitution industries and regional development schemes.

In the case of agriculture and rural development parastatals, the donor community was drawn to their combined service, production, and marketing role, structured around the participation of small farmers. This approach was well-attuned to the "basic human needs" and integrated rural development approach that was in vogue among donors during the 1970s. Donors action in certain instances was also prompted by the government's reallocation of investment resources away from small-holder agriculture during this period.⁹

In the early 1980s donors began to retreat from support of the parastatal sector for a variety of reasons, including disappointment with the high recurrent costs and marginal impact of regional development parastatals, increasing redundancy and overlapping of parastatal agencies, and the outright failure of two of the largest public projects. The Société Camerounaise des Engrais (SOCAME), a fertilizer company, halted operations only several months after its establishment in 1976, at a loss to the Treasury of CFAF 8 billion. Several years later, in 1982, Cellulose du Cameroun (CELLUCAM) was liquidated, only one year after its inauguration, at a loss to the government of CFAF 259 billion, including CFAF 139 billion in external debt.

A particular weakness of parastatal policy in Cameroon is found in laws governing financing. The SNI finances investment through the issue of Capital

⁹ Under the Second Five Year Plan (1968-1977) the GRC devoted 60 percent of all agricultural investment resources into the estate sector, in spite of the fact that 80 percent of agricultural output during this period was produced by small-holders.

Equipment Bonds, subscription to which is obligatory for financial institutions, stabilization funds, marketing boards, insurance companies, and parastatal companies.¹⁰ Article 6 of the legislation, however, states that should the means at SNI's disposal be inadequate to enable it to meet reimbursement of capital sums and interest due on bonds, the state shall take steps to assure necessary credit from budgetary or extrabudgetary accounts.

Extrabudgetary support through the SNI or directly to troubled companies has enabled the Government to continue financing of deficit-producing parastatals. The burden of its obligation in this respect is one of the most serious factors undermining performance of the economy. At present, the majority of parastatal companies are experiencing serious financial difficulties and many have carried operating deficits since their inception (Table B-9.1)

The pervasive reach of the parastatal sector has compounded the effects of this crisis. The banking system (in whose institutions the government holds equity ranging between 25 and 39 percent) is currently in the midst of a liquidity crisis generated by arrears on both official debt to the private sector and parastatal debt to the banking system itself. Hence, while the government maintains a legal obligation to service the debt of autonomous parastatal companies, it simultaneously depends on those same institutions to generate revenue.

Prior to any discussion of prospects for reform of the parastatal sector, it is necessary to understand the variety of legal arrangements under which state enterprises operate. With the exception of regional development authorities ("sociétés de développement"), no uniform legislation exists to regulate parastatal companies. Most have been created as the result of presidential decrees which define their legal status and mode of operation.

Only two parastatals fall within the category of "Etablissement du Caractère Administrative". These are statutory companies, wholly owned by the State. The largest of these is the Société Nationale d'Investissement (SNI), the government holding company for parastatal participation. The second company which is included in this legal category is INTELCAM, the international telecommunications company.

"Etablissements Publiques du Caractère Industriel et Commercial" are public companies engaged in commercial activity, organized in a manner identical to that of the previous category. A number of these are fully publicly owned, including REGIFERCAM, the national railway, and the Office National de Commercialisation des Produits de Base (ONCPB), the commodities stabilization fund and marketing board. Among the parastatals, the ONCPB is a pivotal organization, owning equity in all regional and agricultural development companies, and most banks, hotels, and manufacturing enterprises. It is second only to the SNI in the book value of its portfolio as a parastatal holding company.

Also included within this group are the Caisse de Stabilisation des Prix des Hydrocarbures (CSPH), the Caisse d'Épargne Postale (Post Office Savings Bank), and

¹⁰ Interviews with a private insurance company indicated that while mandatory subscription to SNI bonds applies to all companies, businesses in which the government does not hold equity are increasingly refusing to honor this obligation.

the Caisse Nationale de Prévoyance Sociale (CNPS, the national social security fund). Profits and capital acquired by these entities are generally invested in regional development companies and in mixed public/private companies.

"Sociétés de Développement" are the only category of parastatal companies for which there is existing legislation (Loi de 11 juin 1968 and Décret de 15 juillet 1968). Created by presidential decree, these regional and agricultural development companies were created as a means of mobilizing mixed public and private capital for development purposes. With the exception of the cotton development parastatal, SODECOTON, in which the Compagnie Française de Développement Textile owns 30 percent equity, the State and its holding companies are the only institutions which participate in the capital of these organizations.

"Sociétés d'Economie Mixte d'Etat" are public companies which are created by presidential decree under technical, administrative, or professional mandates. With a portion of their equity reserved for private participation, they are variously referred to as "semi-public companies", "open companies", and "semi-open public companies." All are governed by administrative councils whose members are nominated by the President of the Republic. Management is under the technical guidance ("tutelle") of particular government ministries. The most important of these are given in the following paragraph. The State holds a majority in the water (SNEC), electric (SONEL), and Sugar (CAMSUCO) companies. The full list is given in Table B-9.2.

One category within this group, the "société d'état de statut particulière", is the subject of provisions waiving common law pertaining to the nature of their internal organization and fiscal controls. In effect, these provisions accord the government greater legal authority in administering parastatal companies under this rubric. Among the ten companies included in this category are the Banque Camerounaise de Développement, Cameroon Airlines, the Société Camerounaise de Banque, the Société National du Raffinage (the petroleum refinery), and the Union Centrale des Cooperatives Agricoles de l'Ouest.

Cameroon has only recently begun to address the need for reform in the parastatal sector, convening a special Inter-Ministerial Committee to deliberate on a program for reorganization, privatization, and liquidation of individual entities. A measure of the government's earnestness in this task has been its forthright analysis of problems within the parastatal sector.

Among the problems which the Government has noted are:

- initial overdesign of investments for the size of the market and inadequate financial structure (low equity and excessive borrowing);
- absence of clear corporate objectives, and the pursuit of social objectives without adequate financial compensation;
- inefficient management, overstaffing, excessive bureaucratic structure, absence of performance criteria, strategic planning, and effective financial controls;
- external governmental interference and politicization of management; and
- the absence of competition, resulting in few incentives for cost and quality-controls.

Reform of the parastatal sector is one of the principal conditionalities of the Structural Adjustment Program which Cameroon is currently negotiating with the World Bank. However it is unlikely that this agreement will proceed until resolution of modalities for privatization, reorganization, and liquidation are negotiated among competing interests within the government itself. This promises to become a lengthy process for several reasons. Individual constituencies within the government will seek to protect ethnic, regional, and competitive interests that are inextricably tied to particular parastatals. Moves toward privatization will be slow due to concerns about the prospect of control of companies becoming concentrated within particular ethnic groups.¹¹

2. Petroleum

The coming on-stream of petroleum production in 1977 has affected both the economic and political life of Cameroon. Within seven years petroleum's share of GDP moved from zero to 21 percent in 1984/85, momentarily displacing agriculture as the largest contributor to national production (Table B-1.1). In that year petroleum earnings represented 66 percent of total export revenue and 48 percent of central government revenue. Between 1979 and 1985 Cameroon's oil boom was an engine of economic growth.

The policy of emphasizing that oil revenues were used to create an offshore national stabilization fund, to be used for long-term investments in productive sectors of the economy, spurred public confidence. However, the revenues were maintained in secret accounts never fully reported to the public.

Following the peak of 1984/85, Cameroon's petroleum earnings began to decline, and were driven sharply downward by the collapse of world oil prices in early 1986. By 1987/88 petroleum's share of nominal GDP shrank to 8 percent, its share of total export earnings dropped to 46 percent, and the sector contributed only 33 percent of central government revenue.

Interview data (December 1988) imply that funds currently remaining in government offshore accounts have dropped to approximately CFAF 500 billion (US\$1.7 billion), or the equivalent of government operating expenses for a one-year period.

Although oversight and financial management of the petroleum sector was assigned to a parastatal holding company, the Société Nationale des Hydrocarbures (SNH) in 1980, production is carried out by joint ventures between the SNH and foreign partners. Operating partners are obliged to bear the full cost of prospecting and development until a field becomes operative.

¹¹ In 1988 a Cameroonian businessman, Victor Fotso, attempted to purchase 54 percent equity in BIAO-Cameroun (a bank). While the GRC had announced an offering of these shares on the public market, Fotso's efforts were rebuffed. Also in 1988, a group of businessmen offered to purchase the GRC's equity in Cameroon Airlines. As in the first case, this offer was refused, reportedly due to concerns about concentration of strategic public resources by members of the Bamileke ethnic group.

Prospects for the petroleum sector are uncertain. Estimated remaining reserves of 70 million tons (at current prices) would be depleted by the late 1990s if the current rate of production (157,000 barrels/day) is continued. Present low world prices are a disincentive to new exploration and to use of higher cost secondary extraction methods which extend existing reserves.

In response to the decline in world prices, Cameroon is seeking to adjust existing agreements with foreign oil firms to encourage new exploration. To do so, it will have to amend regulations which currently prohibit oil firms from offsetting prospecting costs in new fields against current production.

Low world demand combined with high start-up costs have also prevented Cameroon from exploiting identified natural gas reserves near Kribi.

3. Agriculture

Agriculture has long been the mainstay of the Cameroonian economy. In the period immediately prior to the coming on-stream of petroleum resources, this sector constituted 30 percent of GDP, generating 82 percent of export earnings and contributing approximately 40 per cent of government revenue.

In a region characterized by climatological uncertainties Cameroon is nearly self-sufficient in food production. At the same time, it is a food supplier to regional markets, including Nigeria, the most populated nation in Sub-Saharan Africa.

From its pre-independence orientation of plantation cropping for export, Cameroon has diversified its agricultural base through expansion of area under cultivation by small-holders, improvements to transportation and marketing infrastructure, and through efforts to boost both food and export crop production. In spite of these gains, however, the agricultural sector faces numerous policy, infrastructure and technical constraints to continued growth.

While agriculture's share of GDP during the past decade has declined to 22.5 percent, and its share of export earnings has dropped to less than 50 percent, these figures must be interpreted in the context of the emergence of the petroleum sector since 1978. It is the growth of oil, rather than a drop in agricultural production, that reduced the traditional predominance of agriculture in the economy.

However, the performance of the agricultural sector in recent years has generated concern among policy-makers and among donors. Key performance indicators, discussed below, show that long-term growth trends have leveled off, with a number of crop sub-sectors declining in economic importance in spite of high levels of government investment.

Policy makers have noted, with some merit, that Cameroon is a "price taker" in regard to annual fluctuations in market prices for its commodities. In this circumstance, sluggish performance of the agricultural sector is merely a response by producers to externally-generated uncertainties in the marketplace. However this argument has only limited value in explaining current performance, as later discussion of individual crop sub-sectors and official agricultural policy will show.

During the period 1966-88 agricultural production grew at approximately 4.4 percent per annum. During the same period, however, population growth ranged between 2.4 and 3.1 percent, with rural population density rising from 39.9 persons per square kilometer of agricultural land in 1965 to 64.7 persons in 1987.

The 1984 Cameroonian agricultural census indicates that the level of farming technology has not improved significantly in recent years. Except for the parastatal plantation sub-sector, Cameroonian agricultural production is predominantly carried out by traditional farmers, accounting for 90 percent of Cameroon's cultivated area. Of these, only 22 percent are reported to utilize organic fertilizers, while only 32 percent utilize chemical fertilizers. Eighty-five percent of farms rely solely on hand labor, 13 percent utilize animal traction, and two percent (a probable over-estimate) are worked with motorized tractors. Nearly all farmers utilizing animal or motor-powered technology are located in the three land-abundant savannah and Sahelian provinces of the north.

These data suggest that Cameroon's farmers have, as a group, lost ground during recent decades, caught in a vise between unimproved technology and increased land scarcity (Table B-1.1).

By introducing distortions and inefficiencies into the economy, the government has exacerbated constraints on development of the sector as a whole. Its emphasis on capital-intensive parastatal agro-industry, excessive taxation of agriculture and agricultural exports, and disincentives conveyed through the pricing mechanism run counter to its goal of improving agricultural production.

a. Recent Performance

Table 5 summarizes the contribution of agriculture to the Cameroonian economy. The breakdown of agricultural production is as follows (1983-1988 average):

Food crops	54 percent
Export crops	21 "
Livestock	15 "
Forestry	9 "
Fisheries	1 "

Ninety percent of agricultural production is accounted for by small traditional producers. The remainder is accounted by large plantations, most of them government-owned. Long term agricultural growth has been high compared to other sub-Saharan countries. Also, agricultural productivity is relatively high as indicated by the 85 percent of farmers who produce marketed surpluses. The agricultural census estimated that, in 1984, 45 percent of farmers used fertilizers.

The least reliable data pertain to food crops. Most production and trend data are suspect. The major crops are millet and sorghum in the north, and cassava,

Table 5
Agriculture in the Economy

	<u>1971/75</u>	<u>1976/81</u>	<u>1982/88</u>
Share of GDP (percent)	29.9	29.2	22.5
Share of Exports (percent)	82.3	72.3	45.9
Growth rate (percent/annum)	3.4	7.0	1.9
Employment share (percent)	79.4	72.6	75.0
Per capita GDP (US \$)	236.0	597.3	903.8
Per capita agricultural prod. (US \$)	69.9	172.2	204.0

Source: World Bank (1988d).

yams and plantains in the center and south. There have been recent increases in corn and rice production as a result of government development projects. Corn production is based on improved high yielding varieties and is likely to displace sorghum production to some extent if improved seeds continue to be available. Prospects for rice are less promising. Costs in the largest rice producing area, the SE. KY project in the north, are about double the price of imported rice at Douala.

It appears from food price trends that production has been growing with population with most of the increase coming from increased area planted. Cameroon is self-sufficient in food and is probably a net exporter to neighboring countries. In some cases food production has increased in response to higher prices relative to export crops. Both rubber and coffee production seem to have suffered from the reallocation of labor into food crops. One significant area of productivity increases is in the north where millet and sorghum complementary production benefits from the fertilizer applied to cotton.

In contrast to the modest growth in food crops the production of export crops has remained stable or declined in recent years. Table 6 shows long term growth rates and Table 7 shows recent production levels. The export crop sector is currently depressed due in part to recent declines in world prices. For the last two years, the export parastatals have been experiencing deficits because the margin between fixed producer prices and world prices are not enough to cover their costs plus export taxes.

Table 6
Growth Rates of Export Crops

<u>Crop</u>	<u>Period</u>	<u>Growth Rate</u>
Cocoa	1971-87	-3.3
Arabica coffee	1971-87	-2.6
Robusta coffee	1971-87	4.5
Cotton	1971-87	7.9
Palm oil	1971-87	8.2
Rubber	1971-82	1.9

Source: World Bank (1988d), p. 5.

The causes of the poor export crop performance during the past decade are not easy to sort out. Much blame has been placed on low producer prices. In the case of cocoa, Cameroon producer prices during most of the 1970s were low compared to Ivory Coast and investment was low as well. However, since 1978, producer prices in Cameroon have been substantially higher than in Ivory Coast with no apparent impact on investment or production. Other factors adversely affecting cocoa production include the manpower constraint compounded by recent high food crop prices, and poor supporting services including fertilizer delivery and marketing infrastructure (World Bank, 1987, p.6). Cameroon produces a variety of cocoa that, because of its high fat yield and red powder, has a special market in Europe, especially Germany and the Netherlands. More could be sold if production could increase.

Table 7
Production of Export Crops
(thousand metric tons)

	<u>1982/83</u>	<u>1983/84</u>	<u>1984/85</u>	<u>1985/86</u>	<u>1986/87</u>	
Cocoa	106.3	109.0	120.9	118.8	123.1	118%
Arabica coffee	24.9	16.8	18.9	19.2	22.9	135
Robusta coffee	105.4	46.9	118.9	76.8	120.1	255
Cotton	72.3	94.6	97.5	115.5	122.8	174

Source: Lazard et al, 1987.

The most serious problems relate to Arabica coffee. Although Cameroon's coffee quota can be met with Robusta or Arabica coffee, and Arabica is a higher value crop, the share of Robusta in total exports has been steadily increasing. Production and yields of Arabica have been declining. Also, quality has declined to the point that Cameroon's Arabica sells at a discount on the world market. The basic reason appears to be that farmers in the Arabica growing areas are shifting labor to food production because it is more profitable. Consequently, aging trees are not being replaced and labor intensive measures to maintain quality are not being taken. The solution would seem to be higher prices. Despite the fact that the world price for Arabica coffee is usually CFAF 200/kg higher than for Robusta coffee the present producer price differential is only CFAF 35.

Cotton has been the fastest growing crop during the last ten years. This is due to a high producer price, the highest in Africa, and a reliable system of supporting services provided by SODECOTON, a parastatal. Growth in cotton production has been welcome because it is in the poorest driest part of the country where there are few alternatives for cash crops. The overall financial picture for the cotton sector is bleak. Over half of the production is sold to local textile firms at below world prices, and at current world prices even exports lose money.

The livestock and forestry sectors are both experiencing declining production. The main constraint to livestock production is population pressure in northern Cameroon. Crop production is expanding into increasingly marginal lands which were once used for grazing; similarly, population growth is reducing the size of the forest in Cameroon. The latter situation is aggravated by poor forest management practices and an apparently low quality of processing capability which reduces the value of

forest production. Although, steps can be taken to slow the deforestation process, forestry cannot be expected to be a source of long-term growth for the Cameroonian economy.

i. Food Crops

While food production statistics for Cameroon are unreliable, a variety of sources indicate that per capita food production in Cameroon peaked in the mid-1970s and has since declined (World Bank, 1987; 1988d). The growth of agriculture in the 1970s was due to increasing land under cultivation in existing and new settlements, and to investing in regional infrastructure.

Increased demographic pressure in certain regions of the country, such as the Western and North Western provinces, may be responsible for a leveling off of food crop production in those areas. However, extensive government investments to develop sparsely-populated regions of the country--particularly in the Eastern province--failed to yield commensurate increases in food production.

Analysis of production data for individual food crops, however, indicates that pricing policy, availability of land and technology, and changing consumer preferences are inducing shifts in farm output, toward grain production and away from traditional root crops and certain export crops.

World Bank, FAO, and MINAGRI data (cited in World Bank, 1988d) note that major gains in production of maize, rice, plaintain and potatoes have occurred in recent years, for three reasons.

First, high absolute prices and relative price differentials have provided incentives for steady annual growth of 3.3 percent for plaintains and 2.9 percent for maize since 1971. In coffee growing regions this growth may have come at the expense of coffee, as farmers have begun diverting labor time from coffee to intercropped maize.

Second, competitive market price differentials for maize also appear to have slowed the expansion of millet and sorghum in Cameroon's northern provinces. The annual growth rate for millet and sorghum during the period 1971-87 was small, at 0.3 percent, well behind average growth rates for all crops in the agricultural sector.

Finally, rice production presents a somewhat distorted picture. The government, the World Bank, and several bilateral donors sponsored the creation in the 1970s of SEMRY, a parastatal which now produces approximately 90 percent of Cameroon's rice crop. SEMRY has been extremely successful in increasing yields, from one ton per hectare in 1978 to 5-6 tons in 1983. However, a high cost structure, marketing difficulties, and--recently--competitive imports as the real value of the Cameroonian currency has appreciated have undermined the viability of the SEMRY operation. The future viability of the parastatal is under discussion.

ii. Export Crops

a. Cocoa

Cocoa is the largest single contributor (30-40 percent) to agricultural export earnings. With total annual production in the range of 100,000 tons, Cameroon is the world's fifth largest cocoa producer. However, this sector has performed erratically in recent years, with exports stagnating at approximately 90,000 tons between 1977/78 and 1985/86. This figure is significantly below the production target of 139,000 tons in Cameroon's Fifth Development Plan (1981/86). Production declined 2.6 percent annually between 1971 and 1987.

This trend is not surprising. Nearly half of Cameroon's cocoa plantations are twenty years or more old, whereas optimal productivity occurs with plantings that are between seven and thirty years of age. Consequently, yields per hectare are low, averaging only 380 kilograms, compared to non-experimental yields recorded in the South West Province as high as 600 kilograms.

Incentives for new plantings of cocoa (like other export crops) are reduced by government pricing policies which incorporate high levels of direct and indirect taxation. The level of stabilization levy fluctuated between 24 and 75 percent between 1970 and 1985. Only some of this was returned to farmers in the form of rebates in good years, or as input subsidies and technical and institutional assistance. The remainder serves to tax the sector.

This situation is further aggravated by technical problems: Blackpod disease and capsid infestations are poorly controlled by planters due to inefficient delivery systems for fungicides and pesticides. Deficiencies in transportation infrastructure not only contribute to the erratic delivery of inputs, but also create marketing bottlenecks. Finally, institutional support to this sub-sector (including research, extension, credit and marketing) is inadequate.

Prospects for recovery and growth in the cocoa sub-sector are limited. Short-term recovery may not be possible without immediate improvements in the delivery of inputs and new growing stock. However, austerity and institutional complexities make this unlikely.

In an effort to remedy stagnation in this sub-sector, Cameroon recently drafted--and subsequently abandoned--the Projet des Plantations Industrielles (PLIND), aimed at promoting the creation of large-scale plantations. The program would have required accredited private cocoa and coffee exporters to invest in large scale plantations as a condition to preserving their export quotas. Prospects for the success of this program were poor, given that exporters have not traditionally participated in production and are unlikely to possess adequate technical expertise to successfully operate production facilities.

b. Coffee

Both Robusta and Arabica coffees are important sources of rural income and foreign earnings. Robusta accounts for approximately 30 per cent of all agricultural export revenue, second only to cocoa. Arabica provides approximately five percent of all agricultural export revenue.

Annual variations in coffee exports since 1977 have introduced high earnings risk not only to small producers, but to the economy as a whole. Combined Robusta and Arabica exports in 1977/78 were 69,300 tons, rising to 105,000 tons in 1983/84. The combined effects of drought and low market price reduced exports to 68,000 tons only two years later.

External factors have provided a competitive advantage to the less profitable commodity (Robusta). Arabica, which commands a premium on world markets, is grown at higher elevations. In the densely-populated coffee-growing regions of Cameroon new areas suitable for Arabica cultivation are increasingly scarce. Having lower yields than Robusta, Arabica is usually interplanted with food crops, decreasing coffee yields as compared to an a multicropping scheme designed to maximize coffee protection, and thus reducing output of the sector.¹²

Official pricing policy has inadvertently encouraged a shift away from Arabica cultivation and toward food crops through a progressive change in relative price differentials between the two coffee varieties and other crops. As a CFAF 110 price differential in favor of Arabica in 1976 has declined steadily, to only CFAF 35 in 1984, labor allocation has shifted from coffee toward more profitable food crops in Arabica-growing areas. With the larger differential, this has not occurred in Robusta-growing areas.

The Arabica sub-sector is characterized by aging plantations, with 22 percent of plants more than 25 years old and only nine percent under four years old. Nearly half of Cameroon's Robusta plantations, however, are under 12 years old, while only 20 percent are 25 or more years old (World Bank, 1988d).

Coffee production in Cameroon is also beset by technical, policy, and institutional problems. Inadequate availability and untimely delivery of inputs, and weak linkages between research and extension agencies have detracted from efforts to promote increased production. Pricing policy (discussed in Section III-A) has not led to increased efficiency in this sub-sector.

c. Cotton

Cameroon is one of the eight largest cotton producers in West Africa, largely as the result of an intensive, long-term development effort in its northern provinces. While cotton accounts for less than 5 percent of total agricultural export value, strong linkages with food production in the Sahelian region have made it a critical component of the regional farming system.

Cotton production has risen steadily in recent years, climbing from 72,000 tons in 1982/83 to 113,000 tons in 1987/88. Exports, however, have fluctuated considerably, from approximately 15,000 tons in 1977/78 to nearly 28,000 tons in 1983/84 to 12,000 tons in 1986/87. A sharp drop-off in world prices since 1985 has reduced exports, while an upturn in prices in 1988 may reverse this fall.

¹² The total income to the producer, including value of autoconsumption, is of course higher when food crop intercropping schemes are chosen by the producer rather than chosen to maximize coffee.

In order to sustain purchases from producers, parastatal companies involved in ginning, oil pressing, and textile manufacturing for the domestic market have absorbed nearly 100,000 tons during each of the last two years. As a result, government subsidies have been compounded, from the level of the individual producer to the parastatal companies which must absorb non-exported production.

The Cameroonian government is committed to cotton production, and so supports it by regular increases in producer prices, administered by the parastatal organization, SODECOTON. The high cost of this policy during fiscal austerity in 1986-1989 will tempt financial policy makers to abandon this policy. The future of SODECOTON itself is in question, due to its accumulated operating deficits, while the viability of other parastatals involved in processing and textile manufacturing are also under review.

d. Plantation Crops

Rubber, bananas, tea, and palm oil constitute Cameroon's principal plantation crops, supported by parastatal and mixed-ownership companies. This sub-sector originated in the colonial era, but has grown significantly since implementation of Cameroon's Third Five Year Plan (1971-75), which shifted the orientation of agricultural development efforts from small-holder based extension to estate-based management and production systems.

Output increases since 1980 were due both to expansion of estate size and to application of research findings to current production (Table B-8.3).

Recent export performance of rubber, bananas and palm oil has been sluggish, due largely to cost disadvantages in world markets (see Appendix C.2). Several major estate operations shut down during 1987/88, or reorganized under private management contracts with foreign companies. The viability of the estate sector will hinge on greater efficiency in production for competitiveness within the Franc Zone,¹³ the competitiveness of the CFA Franc, and the financial health of parastatal companies charged with management of agricultural plantations.

iii. Livestock

Livestock production is a major source of income for approximately 30 percent of the rural population of Cameroon, and constitutes 16 percent of agricultural revenue.

In 1986 the government estimated the national herd to include 4.4 million cattle, 5.3 million small ruminants, 1 million pigs, and 14 million poultry (World Bank, 1988a). Most ruminants are located in the Northern, Northwest, Adamawa, and Extreme North provinces, where the savannah and Sahel ecologies provide extensive grazing lands.

¹³ Including multinational corporations positioning themselves for supply to the EEC after the 1992 deadline for a common exterior tariff (based on interviews December 1988).

In the northern provinces extreme seasonal variability and marginal conditions for cultivation favor nomadic and semi-nomadic pastoralism, accounting for 60 percent of the national herd as well as dry-season grazing for herds from Nigeria, Chad, Niger, and the Central African Republic. About six percent of Cameroon's population (principally Foulbe, M'Bororo Foulbe, and Choa Arab ethnic groups) produce two-thirds of Cameroon's cattle and a significant number of small ruminants.

The sparse population density of these regions, as low as 3.9 persons per square kilometer, permits large farms which provides incentives for the use of draft animals. An estimated 100,000 hectares of food crops and cotton are farmed with animal traction.

Annual livestock production provides 120,000 tons of meat (of which, 75,000 tons of beef), 45,000 tons of milk, and 2,300 tons of offal, with a total value of US \$400 million (World Bank, 1988a; 1988d).

Time-series data (Table B-8.3) indicate a slight decline in livestock production since 1971, while per capita meat consumption increased by 25 percent in a growing population. Human population pressures and decreased carrying capacity due to environmental degradation have reduced livestock carrying capacity, while periodic catastrophes including the Sahelian droughts of the early 1970s and 1980s, and the 1983 rinderpest and swine fever epidemics, have accentuated the negative trend.

National annual meat consumption is estimated at 15 kilograms per person resulting in total demand of 160,000 tons, leaving a production deficit of 40,000 tons. Approximately 20,000 tons of meat is imported commercially from overseas each year. Half of this is subsidized (by 40 percent of the c.i.f. value) frozen beef from the EEC, which has grown from 500 tons in 1984/85 to 9,500 tons in 1986/87.

High distribution and transport costs limit the effect of beef imports on northern markets, leading to regional marketing areas favoring the rapidly increasing urban demands and production deficits of southern Cameroon for imports, and the North for local production. In 1988 the import tax on imported meat and offal was increased, to protect local production. This will affect in practice only the price urban consumers pay, and the geographic frontier between the import versus the local marketing areas, according to comparative advantage. Inasmuch as this was a political reaction to increasing domestic costs (Appendix C.2), it will lead to increased evasion as much as to real protection of local production.

Estimates of live meat imports from the Central African Republic and Chad must be interpreted with caution. Official figures note that 100,000 cattle are imported on the hoof each year. A significant proportion of these are probably in transit to the Nigerian market. Estimates of the volume of this trade are biased since most transactions occur on the parallel market, with proceeds returning to Cameroon in the form of undeclared manufactured imports.

High mortality rates (5 to 10 percent in adult cattle and small ruminants, 20 percent for calves, and 40 percent for lambs and kids) indicate that significant improvements are possible in the delivery of veterinary and extension services, if these can be delivered effectively.

Prospects for the livestock sector depend upon effective measures to improve efficiency of production. Stagnating production reflects the combined pressures of population growth, the encroachment of agriculture on traditional grazing lands, sedentarization of nomadic and semi-nomadic herding groups, and mortality related to increased livestock densities and environmental degradation. Government policies regarding land use, management of land in the public domain, the encroachment of agriculture on marginally productive lands, and extension efforts to improve the efficiency of mixed agriculture/livestock production systems should be integrated for this subsector to grow.

Because bilateral interventions in the livestock sector during the late 1970s and early 1980s failed to achieve stated objectives, donor interest in this sector has diminished in recent years. However, recent World Bank commitments (including the \$54 million Livestock Sector Development Project in 1988) underline the importance that the government attaches to this sector.

iv. Forestry

Cameroon retains 16.5 million hectares of its tropical forest endowment, of which 13.9 million hectares are considered to have commercial value. These are concentrated, for the most part, in Cameroon's six southern provinces. At present only 7.2 million hectares are being exploited, under less than optimal biological, technical and economic management.

Production in forestry are highly variable. Between 1972 and 1982 the annual production of logs increased from 0.82 to 1.82 million cubic meters. Following a contraction of approximately four percent in total output of wood and transformed wood products in 1982/83, forestry output increased by 6.2 percent in 1983/84 and 8.8 percent in 1984/85. Beginning in 1985/85, however, production entered a period of decline, ranging between -0.03 and -1.3 percent per annum.

Inefficiency in the forestry sector includes inadequate harvesting, transformation, and transportation infrastructure, and the absence of forestry management plans. Of approximately one hundred private, mixed, and parastatal companies active in this sector, many are plagued by financial instability and management difficulties. High capitalization and recurrent costs of parastatal companies in this sector have not been compensated by commercial output.

The Government has responded to a need for more rational exploitation of fragile forestry resources by drafting a Tropical Forestry Action Plan and a strategy for the development of the sector. One of the principal objectives of the plan is preservation of near-depleted species and maintenance of ecological balance in forest zones. This may be too late for several species (Ayous, Sapelli, and Azobe) which have been exhausted by over-harvesting.

b. The Agricultural Policy Context

The objectives of the Government of Cameroon in agriculture are to (1) continue to be self-sufficient in food, including certain foods now being imported (rice, sugar, and edible oils), (2) provide the necessary incentives for continued growth in traditional exports, and (3) diversify agricultural exports.

i. Food Self-sufficiency Policies

The government does not intervene directly in the production or marketing of traditional food crops. Although the Ministry of Agriculture and "regional development organizations" provide research and extension support to small farmers, input or output prices are not regulated. The Government does intervene heavily in the non-traditional food sector. It has invested heavily in rice production and has a set of import protection measures--mentioned earlier--for rice, sugar and edible oils. These include pairing of imports quotas with local purchases, and the Price Equalization Funds which tax imports and use the proceeds to increase producer prices.

These measures can be justified only if (1) exporting countries are selling to Cameroon at below cost (dumping) or (2) the local production will eventually become competitive after it has become established. Otherwise, the country will be in the position of producing goods in which it does not have a comparative advantage. The World Bank (1988d) concludes that Cameroon is not likely to be competitive in these products and protection should be largely phased out.

ii. Export Price and Tax Policies

Agricultural export tax and price policies address two major concerns: (1) the need to stabilize prices so that returns to investment and labor can be predictable and not be totally subject to world price fluctuations, and (2) the need to generate tax revenues from export income including the taxing of economic rent. The crops most directly affected are coffee and cocoa. There are two major shortcomings in the design and implementation of these policies:

1. **The Setting of Export Prices.** The cocoa and coffee price stabilization program is managed by ONCPB. The fixed producer prices are allowed to fluctuate very little in response to world prices. They are theoretically set at a level to induce farmers to grow these crops. Although this provides farmers with a stable price for planning purposes it deprives them of any benefits related to strong world markets. This contrasts with the export price policy of the Ivory Coast where producer prices were allowed to move in response to world prices. During the 1970s this provided strong incentives for Ivorian farmers to not only produce more but also invest in future production. A more market oriented system for Cameroon would set a floor price and allow the producer price to move above this floor price in line with world markets. The share of increased income retained for the stabilization fund would rise progressively as the difference the world price and the floor price increased.
2. **Export Tax Policy.** Exports of coffee and cocoa are taxed directly as well as indirectly through the stabilization fund administered by ONCPB. Although the stabilization fund is meant to subsidize producer prices when world markets are weak, these funds have in fact been invested in other sectors and are no longer available for price supports. Between 1970 and 1985, the total tax on coffee ranged from 35 to 76 percent and on cocoa from 24 to 76 percent. From a policy standpoint, there is nothing wrong with export taxes and stabilization funds. The problem in Cameroon is that, in retrospect, the tax was set too high and the stabilization fund was mismanaged.

The more basic policy issue is the proper balance between private initiative and government intervention. Leaving more of the income from coffee and cocoa to the producers implies confidence that their use of income and assets is efficient in the long run. Taxing that income for reinvestment by government implies that the government will use the funds more efficiently. There seems to have been a shift in official policy in this regard. As part of the recently initiated liberalization process, it is intended that the export price and tax system will be revised to leave more resources and initiatives in the private sector.

Related to price policy is the issue of input subsidies. Until recently, the major subsidy in Cameroon was for fertilizer, most of which is used on coffee. This subsidy is now being phased out with support from USAID. In addition, pesticides, fungicides and seeds are provided free to the export sector, and credit is subsidized to all farmers when it is available. This compensates to some extent for the excessive taxes discussed above but, in general, is an unnecessary drain on public resources and does not achieve the desired objective of increased input use and increased productivity. As noted in the World Bank sector review (1988d), producer prices, efficient marketing, and reliable delivery of inputs are more important determinants of how much farmers choose to spend on inputs.

iii. Cooperative Development

There are about 400 cooperatives in Cameroon, most of them involved in the marketing of coffee and cocoa. The role and performance of these cooperatives vary greatly depending on the extent to which they are managed and controlled by their own membership. The best functioning and financially strongest cooperatives are in the Western Region. They are involved mainly in marketing coffee and are not subject to marketing margins. In the Anglophone Southwest and Northwest, where cooperatives are controlled by their members but obliged to market through official channels at controlled margins, they are experiencing financial difficulties. The cooperatives in other areas were formed by Government and are managed by civil servants. These are generally ineffective and provide few benefits to their members. They experience chronic deficits.

Technical support for cooperatives is provided by two Government organizations, the National Center for Cooperative Development (CENADEC), and the Cooperative and Mutualist Directorate in the Ministry of Agriculture. These organizations have done little to strengthen cooperatives and in general tend to intervene in ways that reduce the control of cooperatives over their own activities and finances. Data obtained by the World Bank (1988d) team showed that internal marketing of export crops is inefficient, unreliable and costly, except where it is handled by self-managed cooperatives. Policy makers should reduce the regulations imposed on cooperatives and concentrate on improving their management in a free market environment.

iv. The Role of Government Organizations

Government involvement in the agriculture sector is characterized by a large number of organizations carrying out expensive programs whose activities are not coordinated and whose impact is difficult to measure. These organizations fall into four categories: (1) integrated rural development agencies, (2) crop promotion organizations, (3) crop production enterprises, and (4) agricultural support and marketing services.

Although these organizations are supposed to be self financing they all operated at a loss in 1988. The largest money losers were SODECOTON (CFAF 14 billion), SODECAO (CFAF 10 billion) and SEMRY (CFAF 9 billion). More importantly, most of these organizations have not succeeded in achieving their objectives. One notable exception is SODECOTON which has effectively provided a wide range of supporting services for cotton farmers. Other organizations have not been so successful. None of the parastatals involved in export diversification have succeeded in becoming viable, and the organizations providing support services have either ceased to function or will cease to function in the near future.

c. Next Steps

The future long-term growth of Cameroon depends on a strong agricultural sector. The top priority of the government is appropriately to increase agricultural productivity and create and maintain an environment which encourages growth in traditional crops as well as diversification, especially in export crops. In the past Cameroon has relied heavily on direct Government involvement in production and marketing and has excessively constrained private enterprise. Now it must reduce its direct involvement, reduce or eliminate the protection and subsidies that have distorted decision making and resource allocation by producers, and improve government supporting services where such services are needed.

The specific steps to be taken are the following:

1. **Reduce or preferably eliminate taxes on agricultural exports except where a convincing case can be made that producers and/or exporters are collecting economic rent.**
2. **Remove restrictions on the marketing of export crops, including as little involvement as possible in price stabilization. The objective is to encourage efficiency in marketing and expose producers as much as possible to market forces.**
3. **Leave export diversification and import substitution initiatives to the private sector. The government should support private sector initiatives rather than undertake initiatives and expect the private sector to follow.**
4. **Produce much better data, at both the micro and aggregate levels, on which to base government policy and private sector decisions. This is especially true with respect to farm-level returns for different crops. This argues for better farming systems research as well as better statistics at the national level.**

The first three steps constitute a broad based liberalization program for agriculture. This implies a shift in attitude within government that sustained and equitable growth depends on a strong private sector responding to market forces rather than on large scale government interventions. There is some indication that the present crisis is changing some attitudes, but the feeling that only the government can take the long view and assure equitable development will not die easily.

4. Industry and Services

As for other sectors, the data for industry and services are incomplete, false, and biased in their coverage toward enterprises with state participation. Any estimates of the size, and particularly of trends, in industrial or service sector growth must be treated as degrees of magnitude, with no special importance given to the particular value. There are not data available on capacity utilization, which has implications for discussion later about the ability of industry to respond rapidly to market incentives under liberalization.

a. Recent Performance

Industry grew at a rate exceeding 16 percent in real terms from 1980 through 1985, led by oil (25 percent) and manufacturing (22 percent); manufacturing increased its share of GDP from eight percent of value added in 1980 to 15 percent (and about seven percent of employment) in 1988, with most of the growth coming from new foreign and government owned enterprises. Manufacturing is generally varied but medium sized, with most sectors dominated by a few large capital-intensive firms concentrated in high-cost import substitutes, agro-industrial exports, wood-based exports, and aluminum and consumer goods for local consumption and for export within UDEAC. Manufacturing value added accounted for 17 percent of non-oil GDP in 1988 (Table 8), approximately equal to that in 1985 and more than twice the share of non-oil GDP in 1980. The effective rate of protection in industrial value added varies from -24 percent in agro-industry to infinite in the chemical, mechanical, textile, and wood industries. State participation, largely through SNI, represents 51 percent of equity, dominating the ten percent private Cameroonian and 39 percent foreign equity. Foreigners operate many private sector industrial firms.

Table 8
Commerce and Industry
Share of non-oil GDP
(percent)

	<u>1980</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>
Sector:					
Industry	28	27	25	24	23
(Manufacturing)	8	18	17	17	17
Services	39	43	45	44	42
Growth Rates:					See Table 1.

Services, including commerce, grew more modestly at 6 percent and account for 36 percent of GDP (42 percent of non-oil GDP) in 1988. More than 250 registered service companies vary from trade (import-export, wholesale and retail), which is dominated by local small private firms, to representation, distribution, and backup services, in which foreign and SNI investment is more common. Marketing of food crops is in the hands of small private traders, except for rice, and is efficient despite high markups due to transportation damage and loss. Marketing of export crops is by parastatals, private concessionaires, private and public cooperatives, and by the private sector, depending on region and crop. Entrepreneurship in trade is largely Cameroonian.

Road transport is private, and of unknown profitability but highly competitive; it is growing in line with demand to satisfy basic services. The railroad (Regifer-cam) is state-owned, and operated at a loss of CFAF 8 billion in 1986/87; the national airline, Camair, in recent years reversed a long period of profitable growth with losses of approximately 24-33 percent of sales, and now has significantly negative net worth. Telecommunications suppliers are foreign, with domestic service operated by the PTT and international telecoms by a mixed public-private organization. Tourism is mostly business travel, with 43 percent from Africa. The insurance sector is undergoing a period of consolidation due to recent portfolio and casualty losses, and a French company is buying the shares of other foreign insurers. Private providers--many religious--provide 40 percent of health services, but significant regional imbalances in distribution remain. The State holds a large stake in the banking sector as an instrument of its policy of firm control over the monetary system (Section A.4f).

The formal sector is dominated by foreign and government-owned enterprises; the Societé National des Investissements (SNI) participates on behalf of the Government as an investor in most medium and large scale enterprises as it is entitled to under law. The domestic purely private sector participates mainly in small and medium enterprises (SME), defined as having less than ten workers per enterprise. There are about 40,000 SMEs in manufacturing, construction, and services (World Bank, 1987, p 11). The informal sector is poorly understood, but employs some 400,000 workers (Section A.1a above), or at least ten percent more than the formal private SME sector. During the 1987-88 liquidity crisis it is possible that Government pressures to improve revenue collection from the formal sector have further altered this ratio in favor of the informal sector.

Rapid growth was arrested by drought-induced economic slump in 1982-83, with recovery since 1984 largely in traditional consumer-oriented industry: beverages, tobacco, sugar, soap, and construction materials. Since 1985 both industry and services have experienced a slump, with industry declining by 6.5 percent in 1987 and by 10 percent in 1988, and services declining by 5.4 percent and then 13 percent (Table 1). The refinery, SONARA, and the aluminum company, ALUCAM, registered small increases in production among the parastatal enterprises. Many of the other directly productive investments turned out unwisely. Few gains remain to be made in import substitution, while tariffs and non-tariff barriers, cost inflation and reduced possibilities for export under the current trade regime.

The Fifth Five-year Plan 1982-86 reduced the planned level of investment only slightly relative to savings and GDP, and favored support to agriculture, rural development, and social sectors rather than industry. Since 1982, public investment in manufacturing has been limited to the completion of certain projects begun under the Fourth Plan. Nevertheless, industrial investment exceeded the Plan targets, while other sectors fell short. Services growth were in line with the Plan targets.

b. The Industrial and Commercial Policy Environment

Local production in Cameroon is protected through the common external tariff of UDEAC (Table B-4.4), additional national taxes and tariffs (Table B-4.5), and import licensing and other non-tariff barriers (Tables B-4.1, B-4.2, B-4.3). Tariff and tax rates are widely dispersed, while exceptions are made under the old (pre-1984) investment code and under the fiscal regime have led to a distorted structure not

only at the subsector level, but among firms intended to be competitors in the same product line.

Appendix C.3 summarizes customs tariffs, taxes, the exchange regime, and their impact on effective protection of Cameroonian industry. Industrial prices are subject to internal price control (Table B-4.7) which allow for a fixed price margin by product over costs of production. The system, based on the system used in France until the 1980s, accepts accounting cost information unrelated to of the lowest-cost factors which could be used in production, or their efficiency of utilization. As a result it gives producers no incentives to reduce costs.

When combined with firm-level variations in the effective rate of protection, the price control mechanism further isolates producers and their profitability criteria from market price resource allocation. The system is used to prevent local monopolies taking advantage of their monopoly rent in pricing. This form of consumer protection is necessary with the effective rate of protection calculated as infinite in more than half the firms sampled in the Industrial Plan (Table B-4.6); these firms were all in import substitution industries. Nevertheless, the monopoly power it opposes is not a market monopoly but one bestowed by the government itself.

In response to this, the new Investment Code, introduced in 1984, removed many of the firm-level biases, but not the overall bias in favor of capital. Tax advantages are also accorded to SMEs, with "automaticity" in benefits. In fact such benefits cannot be automatic when the bureaucratic apparatus continues to exist, and continues to discriminate against SMEs who buy inputs on the local market rather than importing them directly under special regimes. The extent of the benefits to be derived from such drawbacks are given in Table B-4.5, which indicates clearly that so many firms profit from duty-free import of most commodities that the regime discriminates heavily between the firms which receive exemptions and those which have not. Finally, in 1984 the Guaranty Fund FOGAPE was restructured; in its new form it still failed to be effective.

Under this policy regime, the manufacturers created have made a moderate contribution to growth and to export, particularly within the UDEAC market, little contribution to employment, and no contribution to savings. The firms created in this environment contribute little to entrepreneurship except by chance.

Export production is disfavored under the current policy regime by (1) export taxes, (2) domestic cost inflation exceeding that of exportables, so the real exchange rate has appreciated even while the nominal rate has remained constant.

The Ministries of Plan and Industry have completed an Industrial Master Plan, with the assistance of UNIDO.¹⁴ The Industrial Plan's study of 49 enterprises (p. 2) shows that (1) the general incentive structure disfavors exports, (2) the effective rate of protection (ERP) varies by sector greatly, distorting incentives, (3) existing incentives are for too capital intensive techniques, and for using imported intermediate goods rather than local resources, while (4) activities using natural resources dominate in categories where Cameroun has a comparative advantage.

¹⁴Cameroon, Ministère du Plan et de l'Amenagement du Territoire, 1988, 14 volumes, which is subsequently referred to as the Industrial Plan in this section. Two volumes are used in particular: Synthesis, and Policy Study.

The constraints the Plan found to industrial development include (1) over-dependence on imported primary, intermediary, capital goods, under-utilization of local resources, and weak inter-industry linkages; (2) capital intensive technology not corresponding to resource endowment or to the local market; (3) low utilization rates due to small domestic market compared to the technology used, lack of maintenance of equipment, and obsolete equipment; (4) lack of trained personnel; (5) weakness of entrepreneurial class, and lack of investment possibilities; (6) limited savings mobilization for new investment; and (7) the narrowness of the domestic market, aggravated by a non-dynamic distribution system.

An analysis of the economic policy regime is given in Appendix C.3. Several important components of the general policy regime, not restricted to Industry, which nevertheless impede industrialization include (Synthesis, p. 13):

Fiscal institutions:

1. Export taxes, introduced for revenue purposes, provide a disincentive toward traditional exports; and
2. Taxes for revenue purposes lead to administrative delays and provide cost disadvantages for local producers.

Monetary and Financial institutions:

3. The fixed exchange rate, designed for financial stability, serves to discourage exports;
4. ONCPB price policy, designed to stabilize prices, instead reduces incentives to export;¹⁵
5. Price control, established to stabilize domestic prices, reduces incentives to increase efficiency; and
6. BCD, intended to provide development finance, has put long term finance ahead of small enterprise assistance and sustainable levels of recoveries.¹⁶

Trade institutions:

7. The progressive non-UDEAC tariffs designed for cascading effective protection of every level of production, serve instead to draw resources into final assembly-and-production rather than integrated production;
8. The single tax (taxe unique), designed to foster inter-regional commerce, fosters instead production of consumer goods based on imported inputs;

¹⁵ It may well not perform its intended task of stabilizing revenues or expenditures either. This is known in the economic literature and not pursued here.

¹⁶ BCD can equally well be listed under investment and business institutions in this classification.

9. The TIP, designed to encourage import substitution, has the same effect as the above; and
10. Non-tariff barriers, designed to protect domestic producers, reduce competition; they also raise costs, lead to shortages, and promote inefficiency.

Investment, Business institutions:

11. The minimum wage, intended to stabilize the real income of workers, has the effect of pricing labor higher than its social opportunity cost;
12. The investment code, intended to encourage investment, tilts incentives toward large, capital-intensive projects;
12. CAPME and FOGAPE, intended to help SSEs, have their efficiency reduced by insufficient funding and slow, bureaucratic processes; and
13. SNI, established to promote large investments instead has concentrated in large-SCALE production units which are inappropriate in the internal and regional market.

Aside from the institutions and laws themselves, the CDSS team found another impediment in consistency in their application. Several businessmen (interviews in December 1988) complained about flexible reinterpretation of various and even conflicting laws by enforcement agencies, creating a "random" business climate.

Finally, the legal framework (bankruptcy law, incorporation law, registration, and others) appear to be insufficiently flexible to provide support for entrepreneurial risk-taking.

The Industrial plan has an extensive analysis of effective rates of protection (ERP) and domestic resource cost (DRC), or the cost in domestic resources of earning or saving one franc's worth of foreign exchange. The summary of results from its sample of 49 enterprises is given in Table B-4.6. It finds (Synthesis, page 22) that (1) the average level of nominal protection is around 70 percent, with little dispersion around this mean, but (2) that cost differentials reduce the actual level of protection to less than the nominal level for principal activities; further (3) the nominal rate protection on final goods is higher than on intermediate, so the ERP is higher and more variable than are nominal rates; and that (4) many of the activities studied have very high level of protection.

Table B-4.6 indicates that the ERP on export is consistently negative (where exports exist), while for import competing industries the ERP is infinite on 25 of 49 firms. This suggests that price controls on local monopolies exist largely to control the monopoly created by the State itself. The table also indicates a wide dispersion in domestic resource costs, as summarized in Table 9.

As a result, the Industrial Plan concludes that existing tariff structures induce distributional inefficiencies of great importance, drawing resources into high ERP areas. These, however, are usually not those in which Cameroon has a comparative advantage.

Table 9
Economic Efficiency of Industry
Sample of 49 firms

<u>Classification</u>		<u>Number</u>	<u>Distribution</u>
Efficient	(DRC less than 1)	11	22%
Relatively low	(DRC: 1.01-1.5)	7	14%
Medium cost	(DRC: 1.51-3.0)	11	22%
High cost	(DRC: over 3.0)	4	8%
Very inefficient	(negative value-added at world prices)	16	33%

Source: Table B-4.6

In summary, policy should direct government planning and policy to be simpler (to facilitate, rather than impede, decision-making), more coherent (across sectors and over time), more transparent (both through simplicity and the possibility for actual and potential investors to predict clearly--non-tariff barriers, for example, lead to uncertainty), and more certain (about government goals and the institutional incentives created by planning and policy).

The Industrial Plan attempts to identify Cameroonian industry's comparative advantage. In the primary sector, it finds that (Synthesis, p 25-28) implicit taxation leads to a protection level of around 60 percent; since the DRC tends to be less than unity, this should be--and is, observing the share in world trade--an area of comparative advantage. Agro-industry receives less protection than does agriculture, about 40 percent, and so offers less incentive to export. There are exceptions, such as textiles with 300 percent protection. Other transformation of domestic resources (chemicals, aluminum, aluminum products) receive negative protection; exports are not protected, but local sales are protected more than 100 percent (even infinitely). The wide dispersal in ERP suggests severe distortion in resource allocation. The study attempts to identify specific industries with comparative advantage due to local materials, labor, and hydro-electric power. Industries which transform non-local materials are found to have no protection of exports, but high protection in the domestic market, reflecting the import substitution regime.

The informal sector is little known. A survey, (cited in IBRD, 1987, p. 12) found its major problems to include lack of suitable space, financial resources, and crediting and marketing problems which together caused a large proportion to fail, but these findings are not unique to Cameroon.

The service sector, operating under the policy constraints facing industry, lagged overall growth to 1985, but led (subject to measurement error) with a 17 percent real gain in 1985-86 (Table B-1.2).

The economic turndown since 1986 has revealed the weakness in the industrial sector, as industrial GDP fell by 6.5 percent in 1987 and 9.8 percent in 1988, with manufacturing falling by first 4.8 percent and then 8.8 percent in those two years. Services paralleled this fall, declining 5.4 and then 12.5 percent (Table B-1.2).

The weakness has not been across the board, however, but has been concentrated in companies doing business with the Government, which has been building

arrears in its payments as actual expenditures have not fallen in line with the austerity budget. The firms reporting to the Syndicate of Industries (SYNDUSTRI-CAM), a private group with some parastatal membership, report a 10.3 percent decline in sales in the year to June 1988, roughly corresponding to the Government figure. Within this group (and limited by its sample of 102 member enterprises) the variation ranges from building and public works (down 51 percent); plastic and rubber, transport materiel, and textiles and clothing, (down more than 25 percent); to agro-industry and foods, and furnishings (both up more than 10 percent) (SYNDUSTRICAM 1988).

According to the Sixth Plan, the Government intends to limit its direct intervention in industrial development and to leave it to market forces to stimulate and orient private-sector investment choice. The Government would intervene directly only on a selective and temporary basis only when the private sector does not respond to confirmed investment opportunities. In the above analysis, however, it has been shown that the current policy structure will not lead the private sector to respond to "confirmed" opportunities.

5. Financial Sector

The performance of the Cameroonian financial system has been mixed. The Government itself has excellent creditworthiness in international markets (Section A.1e), and until the recent crisis it did not pre-empt the banking sector in order to finance deficits, unlike many countries. The financial system is poor at intermediation, with a weak deposit base consisting mostly of the Government, parastatal organizations, and large companies, which leaves it vulnerable to outflows from any of its major depositing groups; when they all have liquidity crises together, as has occurred since 1986, the system's own insolvency becomes clear.

The financial system consists of a supernational Central Bank, Banque des Etats de l'Afrique Centrale¹⁷ which is within the franc zone¹⁸. The CFA franc which is used across the region has been fixed at one CFA franc equal to 0.02 French francs since 1948, with the French treasury prepared to intervene to maintain that value through an overdraft facility known as the operations account. There are no transactions costs converting from one to the other either in the BEAC countries or at the Banque de France, and hence virtually no exchange risk for investors from within the franc zone for transferring capital to any member.

This description makes clear that the member countries are required to manage their domestic demand so as not to lose "reserves" on the operations account through balance of payments deficits. Control over credit creation is the monetary instru-

¹⁷ Besides Cameroon, its members include Chad, Central African Republic, Congo, Gabon (all charter members from their colonial ties with France), and Equatorial Guinea. BEAC is headquartered in Yaounde.

¹⁸ There exists a second super-national Central Bank for the West African (ex-french) states known as BCEAO. Although both use a currency referred to as the CFA franc, and both CFA francs are linked to the French franc with identical exchange rates, the two currencies are technically different. Some texts use lower-case "cfa" to refer to the Central African franc in order to distinguish the two; this is not done here.

ment imposed on the member governments to achieve this end. This has had the favorable side effect of imposing both monetary and fiscal¹⁹ discipline on the member governments, so the CFA countries have not had the crises caused by government deficit financing in other countries. It has also required quantitative rationing of credit. Restrictions on government borrowing are discussed in Section 1c; Cameroon's borrowing is less by half than the limit.

It is also a belief--nearly a philosophy--of BEAC that poor countries engage in little or no saving, so borrowing must be supported by rediscount lines of credit from the Central Bank. This "axiom" has not been supported by research elsewhere which has shown that in times of hardship the poor have had resources on which to draw, even though these were not in the form of funds within the formal banking system. This belief is combined with another "axiom" that low interest rates promote investment and growth. Together they mean that BEAC offers low interest rates on deposits, negative in real terms.

Foreign (French) interest rates are important in an open monetary system. The fixed exchange rate eliminates exchange risk, and capital movements are relatively free within the Franc Zone; there is some evidence that the banks place part of their reserves overseas where they can earn higher interest rates--partly due to margin limitations on intermediation spreads on domestic lending--while depositors who are able to place deposits overseas do so, too.

Institutional factors such as accessibility of bank branches affect willingness of the public to place their assets in the financial system. Branching too is weak in Cameroon, due to the history of low interest rates and hence low demand for branch banking, leading to a circular causation of low intermediation. Among private depositors, parastatal organizations and large private firms doing business with the Government are more than proportionately represented, as much by necessity as by desire, in the domestic banking sector.

The commercial banking system is highly concentrated and fragile. Four of a total of ten major banks control roughly 85 percent of all lending (World Bank 1987, p. iii). Faced with insolvency due to arrears of the Government and its major suppliers, and with the withdrawal of deposits by these and by the other major financial parastatals (ONCPB and SNH) on the liability side, and non-performing assets due to ill-considered loans which are six times bad debt reserves (on the asset side), the banks have become more risk averse than they were in the past, reducing lending to the private sector.

There is one development bank, the Banque Camerounaise de Développement. Several of the parastatal regional development bodies have a quasi-banking function, usually serving to channel surplus government funds at subsidized interest rates to particular sectors. Among government non-bank financial intermediaries, FOGAPE (Fonds d'Aide et de Garantie aux Petites et Moyennes Entreprises), which offered guaranties for SME lending, is to be replaced by a bank, Credit Industriel et Commercial (CIC) which can offer credit on its own account. The need for this separate institution has not been shown. Similarly FONADER (the Fonds National de

¹⁹ Because government borrowing from the Central Bank immediately affects the monetary base, which is not necessarily the case with increases in credit to the private sector.

Développement Rural, or rural development fund) has been closed due to non-performing assets, but is projected to be replaced by the Crédit Agricole du Cameroun (CAC) which is intended to be "better run" but not change any of FONADER's social and development-oriented policies.

In 1987/88 the three American banks operating in Cameroon--Bank of Boston, Chase Manhattan, and Bank of America--sold their operations (two to joint ventures between international banks and Cameroonian investors) with the Government's obligatory share. Although in each case this was part of a worldwide strategy of retrenchment and not specific to Cameroon, the timing has led the Cameroonian private sector to consider them not as "fair-weather friends" but as prescient profit-makers.

The informal financial sector consists at the bottom level of "tontines", or rotating lending "clubs" whose lending costs tend to be high, which depend for their effectiveness on social sanctions which may not always work (the CDSS team interviewed a businessman who complained of a "non-performing" tontine in which he was a net depositor). Tontines represent a substantial share of total credit to the Cameroonian economy, particularly SMEs, but they are rigid in design, do not permit term-transformation of deposits into longer term loans, and so segmented as to provide no financial intermediation outside the individual tontine--either between tontines and the formal sector, or among tontines--to improve the efficiency of intermediation. Unlike the commercial banking system, tontine members pay and receive positive interest rates.

In the anglophone provinces (Southwest and Northwest) there is an active credit union movement which, unlike the commercial banking system, are concerned with mobilizing savings. This movement has been successful, and has even placed deposits in a fledgling interbank market with the liquidity-short commercial banks, at commercial (positive) rates. The movement does not yet exist in the francophone areas.

Finally, in response to long-time discrimination against the businessmen of the Bamileke ethnic group, there is some evidence that these individuals are establishing informal sector banks. Two are known to exist in the formal private sector. One is Banque Unie du Credit which was founded in 1982 only to close within two months, reopened in 1984 only to reclose immediately, and is currently (December 1988) open; it is rumored that the Government is actively opposed to Bamileke private ownership of a financial institution. The second is Caisse Commune d'Epargne et d'Investissement, which has no State participation whatsoever. Finally, there are rumors that the Bamileke industrialists who attempted unsuccessfully to purchase 54 percent of BIAO-Cameroun have opened an (informal) private bank and are seeking a Government charter without State participation.

Non-bank financial intermediaries include the insurance and pension industry, and the parastatal organizations concerned with "channeling funds" from the Government to particular sectors of the economy. In addition, as mentioned elsewhere, both SNH and ONCPB manage large financial asset portfolios.

The insurance industry appears to be divided in 1988. The traditional state-owned companies have serious problems, partly resulting from the requirement that part of their portfolio be invested in SNI participations and part of their reserves be in the formal banking system, which pays a low interest rate; another part is due to

large claims in the non-life segment of the industry; the remainder is due to non-payment of premiums by many companies, leading to cash-flow problems. Another, private part of the industry, with little government involvement, is not in crisis (interview data December 1988), since individuals and small businesses keep their premiums up to date, while other firms are in between due to their exposure to enterprises affected by austerity. This segment of the market has refused to comply with the requirement (and the government has not enforced) that part of the reserves be invested in SNI, which does not offer a competitive yield or high liquidity. With a large portion of the life insurance market evolving as annuity contracts (essentially, private pension schemes), the private companies claim to be developing a large market share through aggressive and innovative marketing as the state-participation companies are retrenching. Still, the insurance industry is limited in the options available to it for investing its premium income; deepening of the financial sector would improve this situation.

6. Government Services

The role of the Government in the economy of Cameroon is preponderant. In addition to its responsibility for regulation and oversight of public services, it has also maintained the role of principal service operator, through a broad array of public agencies and parastatal corporations.

Over and above its role in providing and maintaining education, transportation, postal, health, and civil engineering infrastructure, the government is also the sole owner and operator of all public utilities (water, electricity, telecommunications), rail and air lines, port facilities, hospitals, and sanitation services.

Analysis of Government services is a complex task, given that line-item investments, management, and implementation responsibilities are cross-cutting, often involving multiple government agencies.

Attribution of government investments and recurrent costs is difficult for the same reasons. Both government agencies and parastatal companies, while discrete fiscal entities, receive extrabudgetary support for non-productive investments and activities outside their terms of reference.

Government services are the largest consumer of the public sector direct investment budget, even when narrowly defined. Sectoral attributions for the 1983/84 budget indicate that "General Public Services" constituted 23.1 percent of the budget. This, however, is a general rubric which includes most government-owned buildings, physical installations, including official residences, embassies, and centrally-operated motor pools, and will not be analyzed here.

Similarly, the government defines general administrative operations, agriculture, forestry, civil engineering, and infrastructure as "Economic Services," to which 49 percent of investment resources are allocated.

Genuine public services such as health (3.6 percent), education (7.1 percent), and "Housing and Community Services" (13.0 percent) are only minor parts of the government services budget which constitutes 96.7 percent of all budgetary attributions.

7. Non-agricultural Sectoral Policy Issues

The most serious policy issues affecting commerce and industry are related to the macroeconomic environment, discussed in Section A.4. Other issues are related to price and tax policies, financial resources, and human resources.

a. Price and Tax Policies

The current investment code, tariff structure, and tax policies provide a heavily distorted environment which discourages investment for export or according to comparative advantage. Until these policy distortions are reduced, other interventions to aid industry and commerce will be ineffective. Related to this, limited market size (partially due to poor infrastructure, including telecommunications) reduces the possible market for commerce and industry.

Export trade has been helped in the past by Nigeria's policy regime. A long-overdue reform of the Nigerian currency reversed the cross-border cost differential, eliminating an important market for Cameroonian industry and introducing competition in traditionally strong local industries such as enamelware. To the extent that Nigeria continues with its own structural adjustment program, these possibilities have been greatly reduced; if Cameroon continues with its own distorted regime, it will continue to have problems with former export sectors such as rice and small wares.

Despite a pro-private sector position at the highest levels of government, administrative delays impede investment projects, largely at the lower bureaucratic strata. In addition, public bidding shows strong discrimination against local entrepreneurs--particularly those from the English-speaking provinces--despite substantial cost advantages compared to French-managed firms.

Controlled trade margins offer incentives neither to increase efficiency, nor to trade in high-cost regions, and provide serious disincentives for those in affected subsectors.

The informal sector, which employs more persons than the formal sector, continues to be adversely affected by the lack of a transparent legal, fiscal and regulatory environment, and through lack of access to finance.

b. Financial Resources

Industrial and commercial growth, particularly of small scale enterprises, is limited by the pool of domestic savings. Current banking regulations discourage savings mobilization through financial intermediaries, and offer insufficient interest rate spreads for banks to recover supervision costs of small business loans. Policy reform within the franc zone is necessary for a strong business-oriented private banking sector to develop.

The financial system is poorly unified, with informal organizations providing small, local credits and the large banks unwilling to provide loans and services to middle sized and smaller firms, leaving a "hole". Once policy reform has been undertaken, the issues of bank unwillingness to provide services (such as irrevocable letters of credit, which are now issued only against full cash payment), and of the bridging of the formal-informal gap, can be addressed.

c. Training and Human Resources

In a less distorted policy environment, there remains a significant need for the development of appropriate management and technical skills for business. Any such program must be demand-driven, responding to the needs of the entrepreneurial class. The noted and lamented lack of entrepreneurship itself is clearly a result of the non-competitive regulatory regime, so no special activities should be taken to promote it until the environment is modified and businesses have a time to adapt.

8. Next Steps

The key to assistance to the industrial and commercial sector lies in policy reform. In this domain, A.I.D. must work in coordination with the Structural Adjustment Program; continue policy dialogue; and use its expertise to provide working examples of liberalization, for instance for agricultural output prices.

A.I.D. can utilize its expertise and experience in such sectors as agriculture and health to assist in the privatization of viable parastatal institutions or their function, or in shifting the responsibilities of non-viable institutions to those run on sound management principles.

A.I.D. should continue its assistance to CamCCUL, and continue to push for financial sector reform. To increase investment, a first step would be to investigate the economic institutions which affect the savings mechanism in francophone areas, with a goal of designing an appropriate instrument for savings mobilization.

In a liberated business environment, the scope exists for PVO programs in the business sector to provide technical and management assistance to small and medium enterprises.

C. POVERTY ALLEVIATION AND SOCIAL SERVICES

In various statements of official policy--including the Sixth Five-Year Economic, Social, and Cultural Development Plan, 1986-1991 (Cameroon, 1986) and its Development Strategy Statement (Cameroon, 1988)--the Government of Cameroon has underlined its commitment to "improving the most essential social indicators," namely health and education. While the past twenty years have seen steady gains in the well-being of Cameroon's people, recent data suggest that the country's rapidly growing population may have begun losing ground in several key areas.

1. Recent Trends and Indicators

References in this section are to 1989 social indicator data in Table Ten.

a. Population

In 1986 Cameroon's population was estimated at 10,450,000, representing an average annual growth rate of 3.1 percent between 1973 and 1984. Recent studies, however, indicate that the annual population growth rate has accelerated in recent years to 3.3 percent, owing to an increase in the total fertility rate (6.5 in 1982) and decreasing child mortality.

In an effort to confront the issue of population growth, the government is currently formulating a population policy, expected to be announced in 1989. Because little or no reliable data exist regarding such key indicators as the modern contraceptive prevalence rate, total fertility rate on the regional and national level, or the percent of the population having access to modern contraception, it is doubtful that the government is yet in a position to formulate an adequate approach to this problem. Given the certainty of extreme fiscal austerity over the medium term, effective policy-making and implementation will, of necessity, be given low priority.

b. Child Survival

While Cameroon's achievements in reducing infant mortality compare favorably with those of other countries in the region, disparities between rural and urban areas remain dramatic. While official statistics for the period since 1985 have not been released, informed sources indicate that during the 1985-1987 period infant mortality rose significantly, from 110 per thousand to between 115 and 118 per thousand, with the most serious increases occurring in rural areas. This suggests that cutbacks in operating costs, deactivated vaccination programs, and inadequate pharmaceutical and ORT supplies are eroding the gains of the past.

Morbidity and mortality patterns in both rural and urban areas show predominance of infectious and communicable childhood diseases. Major causes of mortality include measles, tetanus, acute respiratory infections, and malaria. The 1983/84 WHO survey reports that 50 percent of infant deaths were diarrheal-related, due in large part to rotavirus infection, socio-nutritional factors, and poor sanitation and water supply, and that neonatal tetanus also remains a serious problem.

Table 10
1989 Social Indicator Data

	1965	1975	Most Recent Estimate
POPULATION:			
Total Population (million)	5.8	7.4	10.9
Projection year 2000			16.7
Population growth rate (per 100)			
Total *		25	32
Urban		73	79
Life expect. at birth (yrs)	46	52	56
Crude birth rate (per 1000)	40	47	48
Crude death rate (per 1000)	20	17	13
Total fertility rate	5.2	6.3	6.9
Infant mortality (per 1000)	143	114	115
Child death rate (per 1000)	34	23	24
FOOD, HEALTH AND NUTRITION:			
Index of food production			
per capita (1979-81=100)	89	116	94
Per capita daily calory supply	2,043	2,328	2,080
Malnutrition (1978, percent):			
Chronic (under 90% ht/age)			22.1
Acute (under 80% wt/ht)			1.1
Underweight (under 80% wt/age)			22.3

Source: World Bank, 1988d.

* **Note:** Population growth rate data cannot be reconciled with crude birth and death rates. Problem lies with originally reported Cameroonian data.

c. Food Security and Malnutrition

While Cameroon has made favorable gains in food production during the past several decades, chronic malnutrition and transitory food insecurity remain a matter of serious concern for particular regions and among particular segments of the population. Recurrent drought, expansion of agriculture onto marginally productive lands, and inadequate health and marketing infrastructure have rendered the northern provinces particularly susceptible to transitory food insecurity.

Official and donor efforts to create cereal banks and stabilization funds during the 1970s, however, failed based upon apparent misconceptions regarding demand magnitude. Evidence suggests that these interventions may have, in fact, aggravated transitory supply difficulties in some of the most marginally productive areas of the extreme north.

The prevalence of chronic malnutrition is significantly higher (19.4 percent) in urban areas than in rural ones (2.4 percent). Time series data on urban migration, market trends, and food supply leave little doubt that urban malnutrition is primarily a function of socio-economic factors.

2. Sectoral Performance

a. Health Services

Government budgetary allocations for health have, in recent years, constituted as much as 6.3 percent of the government services budget, compared with the WHO recommended average of ten percent for low income countries. In 1988/89, however, the health budget has declined to 4.6 percent. With \$12.60 per capita spending, Cameroon remains on a high level compared to other African countries.

Nonetheless, budgetary imbalance is characteristic of the national health services due to overly ambitious investment programs skewed toward urban centers, and severe under-financing of non-personnel recurrent costs (Table 11).

Table 11
Government Health Budgets, 1986/87 - 1988/89
(CFAF Billion)

	<u>1986/87</u>	<u>1987/88</u>	<u>1988/89</u>
Investment	23.0	21.51	7.6
Hospitals	18.6	20.0	16.7
Internal Funds	(11.2)	(7.0)	(1.2)
External Funds	(7.4)	(13.0)	(15.5)
Primary Health Ctrs.	3.1	0.3	0.4
Internal Funds	(3.1)	(0.3)	(0.4)
External Funds	(--)	(--)	(--)
Other	1.3	1.2	0.5
Internal Funds	(0.7)	(0.6)	(0.5)
External Funds	(0.6)	(0.6)	(--)
Recurrent	29.8	5.6	24.0
Personnel	20.8	21.2	20.2
Medications	4.2	2.2	1.9
Other	3.8	2.2	1.9

Source: World Bank, 1988c.

During the period 1981 to 1985, investments in health infrastructure and services totalled CFAF 2.6 billion, including the construction and rehabilitation of 1,441 hospitals, clinics, pharmacies, propharmacies (basic village pharmacies), and mother and child care centers. While the public investment budget in health continued to grow in 1986/87, only 14 percent was allocated for the construction of primary health centers, while 80 percent financed construction costs of hospitals. In 1987/88 hospital construction consumed 92 percent of investment, particularly two urban hospitals (Yaounde and Douala).

Recurrent costs in the health budget remain low relative to other sectors. However, this includes a large allocation earmarked for administrative costs and personnel within the Ministry of Health, and a disproportionate share of personnel costs in rural and primary health care facilities (often as high as 98 percent of recurrent costs per facility).

Since 1986, economic austerity measures have further exacerbated this situation, as budgetary allocations for medications have been reduced by more than 50 percent. Field reports indicate a breakdown in central inventory and management operations, and chronic shortages of basic drugs and clinical supplies.

The Sixth Plan envisions a continued ambitious program of hospital construction during the next five years, during expenditures will continue to favor medical facilities in urban centers, at the expense of primary health facilities in under-served rural areas. In order to accommodate its budgetary requirements under anticipated austerity conditions the government is expected gradually to reduce the proportion of the health budget for preventative and public health programs and for purchases of medical equipment. The planned use of the health budget for urban hospitals, advanced curative medicine, and administrative overhead appear to be inconsistent with the Cameroonian government's declared and repeatedly enunciated objective of providing health care to all of its citizens.

Prospects for privatization of health services over the short-term are not promising, although new government commitments to cost-recovery (fee for service) are likely to improve prospects for private practitioners. Forty percent of hospital beds and an undetermined proportion of health services are provided by missionary societies and non-Cameroonian private voluntary organizations, most of which are making the transition to fee-for-service treatment. A uniform trend toward cost-recovery in health care is likely to transform public expectations regarding free health care that have become prevalent as the result of past practice.

b. Education

Since independence Cameroon has made impressive strides in improving access to education. Over a ten year period (1973-1983) annual growth of the primary education system was 4.5 percent, compared with population growth of 3.6 percent. The ratio of gross enrollment at primary level per hundred primary school-aged children has been and remains one of the highest in the region, rising from 94 in 1965 to 108 in 1988. The ratio for secondary and vocational schools during the same period rose from five to 23.

While the Government has long been committed to the expansion of school facilities, serious constraints to the improvement of educational quality remain. Pupil/teacher ratios remain high, at 51 for primary schools. As enrollment ratios suggest, school drop-out rates also remain high, with only 57 percent of students reaching sixth grade.

Improvement in the quality of education is hampered by a variety of operational problems, which reflect budgetary imbalances (Table 12). Public investment in construction has only partially remedied the poor quality of buildings, equipment, and sanitation in the school system (Only half of all classrooms are made of durable materials, the largest proportion of which are private facilities.). However, a national scarcity of textbooks and materials (including teaching guides, student learning guides, and learning guides for teachers with limited training) is considered to be the greatest problem in the system.

The Cameroonian government is concerned that its primary and secondary educational system has inadequate enrollment capacity, insufficient teaching staff, high recurrent budgets, and poor overall performance. While the Sixth Five Year

Plan has outlined an ambitious program of new school construction, even counterpart funds for externally-financed programs to which the government is already committed may be difficult to obtain.

Table 12
Government Education Budgets, 1986/87--1988/89
(CFAF Billion)

	<u>1986/87</u>	<u>1987/88</u>	<u>1988/89</u>
Investment	22.4	20.8	22.3
Primary & Secondary	13.6	16.9	19.3
Internal Funds	(12.9)	(6.6)	(5.3)
External Funds	(0.7)	(10.3)	(14.0)
Higher Education	8.8	3.9	3.0
Internal Funds	(8.8)	(3.9)	(3.0)
External Funds	(--)	(--)	(--)
Recurrent	110.1	105.9	96.1
Personnel	65.4	64.3	59.3
Operations	5.7	5.5	3.4
Maintenance	0.2	0.1	0.1
Scholarships	5.3	4.5	4.7
Other, including universities & private schools	33.5	31.5	28.6

Source: World Bank, 1988c.

The 1988/89 government budget points toward increasing support to secondary and technical education compared to primary education, and increased constraints on non-salary expenditures.

The government's commitment to university education has been reflected in major increases in fully-subsidized student enrollment in recent years, although scholarships are being reduced under austerity. University population has risen from 9,562 in 1980 to 13,709 in 1985. Increases in faculty at the national university have not kept pace with enrollments, with a student/teacher ratio of 19.

More than half the students in the National University study in the Faculty of Law and Economics, due to the limited capacity of university professional and technical schools and past demand for administrative personnel in the civil service. Only 17 percent graduate in the sciences, engineering, or business administration.

3. Policy Issues and Priorities in the Social Sectors

Prospects for long-term demographic growth, apparent decline in key social and economic indicators, and Cameroon's current economic crisis dictate a need for rationalization and for new priorities in health and education. The policy issues which must be addressed are consistent with policy and programming measures outlined in A.I.D.'s 1988 Action Plan for the Development Fund for Africa.

a. Budgetary balance between personnel and operations costs, and efficient social service delivery systems

Reforms and establishment of priorities for recurrent cost budgeting will be critical to introducing efficiency in health and education. Rationalization of personnel costs, infrastructure, and critical supplies is necessary in order to improve service delivery and to free resources for population and family planning programs.

b. Health and education investment portfolios

A review of the health and education sector investment portfolios must be carried out to improve returns. Analysis should focus on returns to investment in capital intensive structures (using a sunk-cost approach), projections of recurrent cost requirements for institutions, and formulation of plans for cost recovery.

c. Balance between high quality services for the few and low cost services for the majority

Public investment and recurrent budgetary allocations have shifted toward capital-intensive facilities located in urban areas. An apparent decline in key social indicators suggests imbalances between urban and rural infrastructure, between primary, secondary and university-level education, and between primary health care and hospitals.

d. Balance between public funding and user fees

Progress has begun toward introducing cost-recovery for social services in both the public and private sector. Policy studies for equitable national-level fee for service programming should be promoted as a matter of the highest priority. Priority should be for programming for cost-recovery in (1) health facilities and (2) the national university system.

e. Long-term investment planning for education

Given current demographic trends, education costs are expected to grow substantially through the year 2000. Projected increases of more than 90 percent in the school age population could lead to a rise in annual education expenditure of more than \$450 million. Long-term financing arrangements are required to assure adequate resources.

SECTION TWO

SOCIAL, POLITICAL AND INSTITUTIONAL ENVIRONMENT

A. SOCIAL ANALYSIS

1. Balance and Equity as Issues of Fundamental Social and Political Importance

The first presidential regime after independence faced a crisis of legitimacy due to competitive--and sometimes violent--regional, ethnic, and economic interests. From its role as broker for national unity among divergent constituencies the presidency emerged as a highly centralized executive branch based on establishing working balance rather than consensus. This original role, however, has expanded progressively through interventions intended to stimulate economic growth and to offset inequities. The assurance of equity and balance has been an underlying political theme in the growth of the public sector.

The presence of Government in society and the marketplace created a new class of civil servants and public employees whose well-being is tied to sustained growth and political continuity.

In the current economic crisis, the government is confronted with the need to distribute the costs of austerity in the same fashion as it once distributed the fruits of economic growth. However, it finds it difficult to impose austerity on a system that is dependent upon personality and patronage.

2. The State Apparatus as a Unifying Force

The principal force for social and political stability in Cameroon has been the executive branch of government. By consolidating power in the presidency, leaders have encouraged a popular perception of the state as the principal guarantor of political and social equity, and the engine of economic growth. The costs of preponderant government participation in the economy have been high in terms of both fiscal burden and rising public expectations.

The personalization of power by presidents Ahidjo and Biya reflects the hierarchical tradition of several major ethnic groups as well as a force for mediation among competing interests. Although the role of government has evolved since independence, the centralization of power within rigid executive institutions has been reinforced over time.

The consolidation of formal power in the executive branch has been accomplished through the absorption of competitive interests (including political parties, labor unions, and traditional leaders) into a single national political party. At the same time, support of the traditional ethnic leadership has been sought through institutions which acknowledge its prerogatives in matters of local jurisdiction.

Popular activity is mobilized through the Cameroonian People's Democratic Movement, the sole sanctioned political party. In the absence of an official ideology, the CPDM is largely a forum for political activists. Membership is mandatory for traditional leaders, government officials, civil servants, legislators, and commercial

elites, and replicates hierarchies found elsewhere in society. As an adjunct of the executive, its principal mission is to generate support for the regime at the popular level, assuring the presence of presidential loyalists in all areas of the country.

Following the 1972 Constitution (which allows the president to govern by decree), the legislative branch of government--the National Assembly--was left with few formal powers of its own and only limited tenure. Nonetheless, the early years of the Biya presidency saw a revitalization of its ranks, when legislative elections were thrown open to multiple candidacies. The result has been the emergence of a younger, somewhat liberal group of legislators and CPDM activists who enthusiastically support a nationalist, executive-centered economic and social agenda.

3. Centrifugal forces

a. Ethnic and Religious Interests

Cameroon has more than two hundred ethnic groups, whose linguistic, cultural, and political differences have often been perceived as a divisive force. While the Constitution recognizes the existence of ethnic, religious, and regional interests, overt politicization of these groups has been actively discouraged. Ranging widely in size, political complexity and social cohesiveness, they serve instead as informal interest groups. The Government attempts to downplay their importance as factors of policy and governance, although it remains sensitive to their concerns. Its emphasis on political balance and relative economic equity has become a critical feature of the decision-making process, as reflected in the apportionment of public resources and political appointments. As this balancing of interests has become institutionalized in practice, "scale-tipping" power blocs have sometimes gained disproportionate influence in policy-making.

Religious identity is a second factor influencing social and political balance. Islamic feudal tradition in the north contrasts with Roman Catholicism and Protestant Christianity in the south, with each often competing or assimilated with traditional beliefs. The Moslem-Christian dichotomy causes national political differentiation and constituency-building as salient as ethnic affiliation, and which cuts across ethnicity.

b. Regional Interests and Imbalances

Ecological diversity has resulted in a variety of regional economic orientations which are reflected in concern by political actors to obtain particular technical assistance, improvements to infrastructure, and more favorable market conditions for their regions. The predominance of particular export and food crops in certain regions has given a resilience to the national economy, but, internally, has served as a source of regional unity which cuts across ethnic and religious bounds.

Economic interest provides the principal force for regional cohesion. Regional elites seek to maximize gain to their constituencies within the national structure. Resources at the disposal of regional authorities are political capital, so projects and institutions have become their principal medium of patronage.

Uneven regional development serves as a source of social and political tension. For many decades, the economy has depended heavily on revenue produced by the more densely-populated and modernized southern provinces. A frequent challenge to governmental development policy comes from better-endowed regions, which argue that they are underwriting economic development efforts of less productive or

deserving regions. The proliferation of regional development authorities and production schemes during the 1970s and 1980s attempted to redress regional economic imbalance.

c. Linguistic Regionalism

An additional catalyst in regional competition stems from Cameroon's legacy of French and British colonialism, with the English-speaking minority located in the Northwest and Southwest provinces of the country. French and English-speaking constituencies with differing legal, administrative, and economic institutions compete for power and legitimacy within the nation, with the English legal apparatus better adapted to commercial law than the dominant French (Napoleonic) apparatus.

Institutionalized efforts to implement power-sharing between Francophone and Anglophone regions are a fixture of policy. However, frequent criticism has been voiced regarding lack of competitive awarding of government contracts to low-bidding Anglophone contractors, the assignment of innocuous ministerial portfolios to Anglophone cabinet ministers, or the undercutting of their economic and political power by the creation of parallel agencies and monopoly parastatals in Francophone regions. Some senior parliamentary and executive positions are designated--as a price for unity--as a prerogative of Anglophone interests.

d. Economic Class

The emergence of economic class structures in Cameroon is a recent phenomenon. The peasantry, the middle class, and government and mercantile elites--each occupy highly visible niches in the hierarchy of power and privilege,

Cameroon's peasant farmers, who constitute seventy percent of the population, and span all ethnic groups, religions, and ecological and administrative regions, are economically vital but unorganized, with little direct influence on the political process and policy-making. Their political disenfranchisement is evident in the high level of regressive indirect taxation and the urban bias of access to social services.

By contrast, the urban population has become a powerful minority receiving significant concessions. Its power results from progressive improvements in its educational level, its proximity to the seats of political and economic power, and its sensitivity to economic conditions. The urban population shows gross social and economic disparities, which includes large numbers of semi-literate and unemployed Cameroonian and foreign migrants. Employment in the informal sector (400,000) exceeds that in the formal private sector (360,000), though both are dwarfed by the disenfranchised agriculturally active population (2.9 million).

Cameroon's civil service also has become a socio-economic class. While it constitutes no more than five percent of the population, its support is critical to the survival of the regime. Its political interests are cross-cutting in nature, representing regional and ethnic concerns as well as the preservation of its own privileged place in Cameroonian society. As key operatives of the governmental apparatus, its members can effectively promote--or block--policy at the implementation level. It is also well placed to lobby effectively.

B. THE POLITICAL AND INSTITUTIONAL ENVIRONMENT

1. The Ideological Basis for State Participation in the Economy

Cameroon's government is based on no formal political ideology. Although Ahidjo joined many independence-era leaders in a flirtation with "African socialism," pragmatism and European influence led him to a philosophy of government characterized as "planned liberalism."

State intervention in the economy was initially limited to guiding the direction of economic development through the establishment of five-year development plans, and implementing programs to meet specific development objectives. Rapid demographic growth, technological change, donor interventions, accelerated urbanization, and rising levels of education fueled a proliferation of institutions for political and economic management, expanding the role and size of government.

Similar changes occurred in the regulatory environment for business and trade. In seeking to secure an environment attractive to investors and entrepreneurs, policy makers shifted gradually from corrective regulation to protectionism. Government protection grew to include routine protection for even the least efficient and most costly industries. As a result, in popular perception, Government emerged as the institution responsible for solving developmental and economic ills.

The State's commitment to increased employment, education and social services was thus transformed into an obligation to bear the full burden of their costs. This popular perception places a political burden on the government as and if it attempts to shift the burden of structural adjustment onto the individual economic actors of the economy.

2. The Central Role of Executive Authority

The structure of political authority in the Cameroonian presidency is a model for hierarchical relations and behaviors throughout the public and parapublic system. The centralized character of executive government contributes to a system of personalized authority, patronage, and limited administrative transparency.

Policy-making, budgetary formulation, political appointments, changes in the structure of government, and parastatal management are all within the political domain restricted to the presidency, resulting in a highly-centralized executive branch that is subject to few checks and balances.

Only a limited number of persons directly influence executive decision-making. These are generally presidential advisors and appointees, ranking officers of the security apparatus, and leading members of the private sector. This select--but changing--group is accountable first to the president at whose pleasure it serves, and second to its own bureaucratic, regional, and social constituency.

Highly-circumscribed authority is delegated to cabinet appointees, executive agencies, and the cadre of civil servants whose numbers have proliferated over time. While reforms expanding decision-making power at the ministerial level were initiated in May 1988, this process continues to lead to poor coordination between functionally-related ministries. The incentive structure thereby created for bureaucratic motivation impedes both efficient administration and integration of policy formulation and implementation.

3. Problems of Coordination in Policy-Making

Responsibility for policy-making is formally assigned to two ministries: Plan and Regional Development, and Finance. The two cabinet divisions are functionally segregated and provide only a limited lateral flow of key information.

The relative influence of the ministries of Finance and Plan has shifted back and forth as the President has sought a responsive policy body to cope with the economic crisis. This has caused operational discontinuity and rivalry, impeding the flow of information across ministries. Exchanges of information, complementarity of action, and inter-ministerial cooperation generally are limited to those ordered from above within tightly-defined limits. The process deteriorates further when reforms are decreed by the Presidency and delegated to ministries uninvolved in their creation (and unaware of their implication) for implementation.

The policy role of Ministries is further undercut by the practice of creating task-forces and ad hoc commissions to represent all possible constituencies when addressing controversial policy issues. Finally, policy implementation is often undertaken through the creation of new institutions rather than by reforms in related line ministries, creating duplication.

The lack of joint ministerial responsibility in policy rises from both a narrow view of the policy-making process, and a preservation of internal power within the Presidency. Because Ministers are accountable politically to the President, many decisions are referred upward, even where the associated flow of information for sound policy-making is absent. This is replicated at lower levels, where spheres of personal responsibility are defined negatively and responsibility--but not always information--is forwarded to the hierarchy.

4. Issues: The Process and Pace of Change

The broad-based structural adjustment policies which the Government of Cameroon is currently negotiating with the donor community call for changes of several types and degrees. Although policy and management reforms focus on common objectives--efficiency and economic growth--they may imply a radical change in government ideology and practice which entails a high level of political risk.

Despite the official commitment to structural adjustment, policy implementation is reactive to a number of key issues.

a. Change and Preservation of the Regime

Under the constitution, Cameroon's presidential regime enjoys both sweeping powers and unlimited tenure. With such an open-ended mandate its first and most important objective is to remain in power through the exercise of social controls and risk averse policies.

Unequal distributional impacts of either continued crisis or structural adjustment could mobilize opposition or else erode support for the regime in key constituencies. The threat of reviving dormant political activism is almost certain to lead to a "go-slow" policy toward structural adjustment.

Policy reforms in agricultural pricing, public employment and perquisites, parastatal and regional development agency closures, and cutbacks in highly-visible infrastructure development projects will be particularly susceptible to official caution.

b. Ideological Shift in the Role of Government

The Government is publicly committed to provide social services, to guarantee employment, and to serve as the principal engine of economic growth.

Key policy reforms--including a shift of the cost-burden for health care, education, and other social services to the individual, devolution of the economic decision-making powers of central government, and liberalization of the market-place--would represent both an ideological and operative revision of this commitment. Such change is likely to encounter resistance among the risk averse within official ranks and among the public.

c. Absorbing the Economic Costs of Adjustment

While a SAP will be presented to the public as a Cameroonian initiative, in official perceptions the SAP will be an externally-imposed program, whose costs are to be shared, if not borne, by the international donor community which shared responsibility for the creation of some parastatals. This provides nationalistic grounds for resistance to unpopular reforms while obtaining financing (including recurrent cost financing) for institutions which are the object of reform.

This will lead to policy linkage between individual donors, policy reforms, and institutions. While this may ensure close monitoring and timely support for reforms, it may also have the effect of fragmenting what is designed to be an organic process of political and institutional change.

d. Reticence of Elites and Civil Servants in Implementing Reforms

Patronage-based systems of governance are usually difficult to transform when economic returns on the investment of political capital decline. If governmental elites are deprived of resources, their individual influence and powers of patronage will decline as well, resulting in the erosion of the regime's strategic power base. Institutional elites and political actors within the government can be asked to accept reform measures which do not threaten them.

Change might be accomplished gradually through a transition to merit-based employment and performance-based compensation. While causing initial dislocations within the regime's elite power base. This would encourage more efficient performance while preserving the advantages accorded to those in power. Delays in implementing this policy may be expected. Layoffs or withdrawal of government subsidies for civil servants must be implemented by the very constituency most damaged by cutbacks.

e. Social and Political Costs of Increased Unemployment

The liquidation and reorganization of parastatal industry, and cutbacks in the ranks of the civil service will lead to a highly visible increase in the numbers of unemployed. The ability of private industry to absorb dismissed

workers will be limited over the short-term by the liquidity crisis, government arrears to the private sector, and declining new investment.

The public sector can no longer create first-time employment for school graduates, a reversal of past practice. Better educated than their predecessors, the new generation of unemployed will seek government assistance under "the old rules" and could have a braking effect on policy reform.

f. Balancing Distributional Impacts

Progressive erosion or scaling-back of public services will become increasingly visible with or without structural adjustment. While cutbacks have heretofore been absorbed by more remote regions, they are unlikely to become generalized until compensatory measures are identified and funded.

The opportunity for budgetary rationalization and restored efficiency over the medium-term will be weighed against the political costs of diminishing public confidence on a region-by-region basis. This implies that cutbacks in the provision of public services will be implemented tactically and unevenly, to be the least visible in politically sensitive urban centers.

5. Next Steps

a. Confronting the Issue of Institutional Viability

The structural adjustment negotiations currently underway have provided an opportunity for policy makers to review and evaluate the role of individual donors, and the continuities of their performance at sectoral and institutional levels. As a result it has become clear that in official perceptions USAID has tenure and a vested interest in a number of institutions (most notably agricultural research).

Under the evolving strategy for implementing the structural adjustment process, USAID and other donors will be expected to protect their institutional investments, by expanding beyond project assist into the provision of recurrent cost and other aid to these "vested" sectors. While such an approach may have merit over the short-term on a case by case basis, it permits continued complacency by policy-makers in the face of a permanent structural problem.

Several USAID projects are currently based in organizations which even the government has noted may be non-viable and candidates for liquidation. While the continuity of existing USAID institutional commitments must be addressed over the short term, this issue raises a more serious strategic concern.

AID must address the issue of institutional sustainability at the design stage for all of its projects. This is less an issue of institutional management than one of institutional viability in the marketplace for public goods and services.

b. Policy Dialogue

Dysfunction in the Cameroonian economy as a result of the current crisis suggests that many of the items on the development agenda can only be fully achieved through significant policy reform.

Although a wide variety of policy issues are under debate in Cameroon, AID policy dialogue activity need not be formally tied to the SAP. There may in fact be strategic and political advantages to narrowly-selective participation in the structural adjustment process, leveraging policy reform with technical interventions at the sectoral, sub-sectoral, or institutional level. At this level, other constituencies within the Government can represent AID's interest in the fundamental high-level brokerage which leads to policy reform within the various factions of the elite.

FSSRP and other exercises point toward the need for a four-step, process-oriented approach in policy reform, with serious issues raised about USAID's ability to see the reforms through to implementation and impact:

- 1) Institutional analysis to identifying specific reform requirements, the key actors involved, their formal roles, informal agendas, and rational constraints to change internal and external change at the institutional level;
- 2) The establishment of a strategy and action agenda which includes appropriate performance benchmarks against which progress may be measured;
- 3) Negotiations aimed at obtaining formal acceptance of the reform agenda by officials and key actors to be involved in the implementation of reforms;
- 4) Implementation of reforms through the appropriate modification of formal and informal rules, procedures and structures as necessary for all pertinent actors.

USAID Cameroon cannot expect uniform progress in this process within each sector, and so it must develop sector-specific guidelines and benchmarks in its Action Plan.

c. Obtaining the Maximum Impact and Systemic Change

Economic, social and institutional analysis indicate that the maximal return on development investments may be derived from a systemic approach which links policy and institutional reforms with technical interventions, and which leverages resources toward a related set of goals.

Within the broad context of structural adjustment, such an approach would treat related micro-level issues in building toward achievement of macro-level goals. This could be especially profitable from an institutional perspective, in that it would allow for appropriate interventions to take place across the field of public and private sector involvement.

USAID's involvement in agriculture suggests a possible strategic direction. Involvement in agricultural research, education, seed multiplication and supply, and more recent experience in policy reform related to agricultural inputs already represents policy-program integration. This model can be extended both vertically, within agriculture, and horizontally to other sectors.

SECTION THREE

STRATEGY FOR DEVELOPMENT

A. DEVELOPMENT STRATEGY OF THE GOVERNMENT OF CAMEROON

The explicit development strategy of the Government of Cameroon is revealed in three documents: The Sixth Five Year Plan (1986), the Industrial Master Plan (draft, 1988), and the Development Strategy Statement (draft, 1988), or DSS, which was recently presented to the World Bank and ADB for comments. Of these, only the Five Year Plan has been officially released at the time of USAID CDSS preparation, so changes in the others may amend this analysis, which attempts to relate these to actual behavior which may reveal the implicit strategy of the Government.

The Sixth Five Year Plan (Cameroon, 1986) presents the most recent official statement of development strategy. Its goals, which were debated at all levels of the Administration before being approved, are (1) food self-sufficiency through rural development, (2) promotion of forestry exploitation, (3) industrial development based on the domestic resource base, (4) encouragement of small and medium enterprises rather than large-scale enterprises, (5) infrastructure improvement, and (6) equitable regional distribution of development benefits. Although MINPAT claims the Five-Year Plan has been superceded by the DSS, these goals provide a point of departure for later discussion of the fit of official statements to accepted strategy.

The Industrial Master Plan (Ministère du Plan, 1988) presents a sectoral strategy with policy and macroeconomic implications. Although published by MINPAT and consistent in its policy dimensions with the SAP, it reflects a strong influence of UNIDO in its drafting, and has not yet been approved as official strategy. It provides for (1) an economic and political environment promoting a competitive and efficient private sector, (2) trade policy reforms in line with liberalization, (3) commercial policy which will create incentives for efficiency in domestic and export markets (including flexibility in price controls, and replacement of production taxes with a VAT), (4) an investment policy which eliminates criteria favoring large-scale projects and substitutes criteria favoring (a) value-added, (b) foreign-exchange generation, and (c) development of human capital, and (5) a monetary policy which supports the above.

The Development Strategy Statement (DSS), drafted and strongly supported by MINPAT (Cameroon, 1988), is not yet approved as Government Strategy. Reflecting strong World Bank influence in its macroeconomic sections, the draft is incomplete and not yet wholly consistent between its sectoral strategies and the macroeconomic policy strategy which reflects resource constraints, and so may be modified or opposed by technical ministries or their constituencies before being accepted as policy. The DSS supercedes the Sixth Five Year Plan, is rooted in the economic crisis and the outlook (in the absence of an adjustment policy) for short- and medium-term growth, and is intended "to express the will of the government to act to preserve the gains and pursue harmonious national growth."

The DSS is based on three principles: reducing constraints to the operation of a free market; transforming the State from a direct participant in production and distribution to a source of information assisting the private sector; and reorienting public services toward programs which improve well-being and productivity. The

strategy developed concerns the public sector itself, and its interaction with the private economy. Stabilization and adjustment are its primary goals, while subsidiary complementary and sectoral measures are planned to achieve the goal of economic recovery. It sets its first priority as reducing the external and internal deficit, with the rigorous measures called for to be explained clearly to economic actors so the desired effect is understood and supported in their actions. Its second priority is to resolve the balance of payments deficit by increasing exports, reducing imports, and attracting autonomous foreign capital flows; this calls for both policies and sectoral interventions--some of which are drawn from the Sixth Plan--requiring additional funding. Its third priority is to offset or avoid the pernicious side effects of structural adjustment.

Issues raised by the DSS first priority--redressing the public sector fiscal imbalance in the medium term--concern (1) expenditures (the crisis nature of the need to finance operating and maintenance expenditures, the more difficult reduction in personnel expenditures, and the establishment of a budget planning mechanism), (2) arrears (bond issues currently used to repay almost 85 percent of arrears exceeding a threshold value will restore neither more-than-marginal liquidity to the private sector or banks, nor viability to the financial system), (3) revenue restructuring (including ways to expand the tax base and reduce tax disincentives to production), (4) the strategy for parastatal enterprises (including how to increase autonomy, reform the macroeconomic policy environment, and reduce monopoly power), and (5) an investment strategy to eliminate arrears and tie State subsidies and guaranties to contractual objectives.

Within this first priority, the Government proposes to make the financial sector dynamic by restoring liquidity and capital, reducing doubtful assets, and restoring management and profitability. Measures to accomplish this strategy include (1) liquidation of some units; (2) State disinvestment from some private banks; (3) critical review of the proposed role of new State financial intermediaries Crédit Agricole du Cameroun (CAC) and Crédit Industriel et Commercial (CIC) to assure their viability; (4) reforms of State participation in bank ownership, banking supervision, bank fiscal regulations, and interest rate and credit ceiling policies; and (5) establishment of money markets with a view toward eventual market-based monetary policy instruments.

Second priority is given in the Strategy to steps toward economic recovery, including sectoral strategies which are secondary to stabilization and adjustment and are thus either dependent on them or complement them.

The sectoral strategies are not always evidently linked to the overall priorities. The chief indicator of lack of coherence is the investment program priority list, consisting of (1) maintaining existing capital, (2) completing unfinished projects, beginning with those with the highest return and closest to completion, (3) undertaking new projects with a high economic rate of return or high social objectives in the context of sector policies, and (4) disengaging from activities which are more appropriate for the private sector or local communities. Sectoral proposals are frequently inconsistent with this priority ranking. In fact, funds available for investment during the period of the CDSS will probably be insufficient to finance even the first two priorities.

Rural development strategy (the implementation steps of which are not yet determined) calls for (1) food security (reducing the public marketing role, improving drought reaction capability and the agricultural statistics apparatus); (2) promoting

and diversifying exports (improved yields through research and extension services, new varieties, mechanization, reforms in subsidy policy as begun with USAID, FED (EDF), and IBRD, reform of the producer price structure to relate it to world prices and reduce subsidies, institutional reform in research and extension, and revision of cooperatives legislation to give them more autonomy and less of a "social" role); and (3) generating rural income through increased productivity on existing farms, promoting EAMI (modern medium-size farms), increasing value added in transforming local products, accompanied by reforms in prices and marketing, institutional support, finance, and human resource development. The impact of the Price Equalization Fund for rice, oils and sugar, which appears to oppose the liberalization, will be followed regularly.

Issues raised by the rural development strategy concern (1) the role of USAID in maintaining, strengthening and improving the policy role of the agricultural statistics apparatus during the fiscal crisis; (2) the returns to input and service interventions such as AID's PROSEM project which are not demand driven and so support ineffective public policy; (3) possible AID interventions in other stages of agricultural production and marketing besides inputs, or into other crops affected by the proposed reforms; (4) Cameroon's ability to transform cooperatives from agents of the State to democratic local economic organizations, as well as AID's potential involvement in the process; (5) the potential resource draw of EAMI, as well as its potential for capture by socio-political groups who seek to capture for themselves its subsidy element; and (6) the distortions on agricultural producer incentives by the Price Equalization Fund, with the effect on responses to the adjustment or on AID programs.

A forestry strategy is being developed separately in 1988/89; the DSS indicates that it will stress renewable forest resources and preservation of existing ecosystems, using long term permits based on forest management and controlled use of fragile and buffer zones, and on fiscal changes promoting the use of secondary essences and increasing domestic value added; the strategy calls for strengthening the forestry Directorate. Potential issues concerning the environment appear to be addressed, but environmental analysis of forestry and the EAMI await development of this strategy.

The livestock and fisheries strategy calls for cost recovery and privatization in inputs and veterinary services, but increased parastatal vaccine production. The fisheries strategy is one of import substitution--training artisans, improving preservation, intensifying, and improving parastatals--and so differs markedly from that of other sectors.

The rural credit strategy is also interventionist, supporting the CAC, which--presumably unlike FONADER which it replaces--"will be managed according to good banking principles and which will respond to the financing needs of improving existing farms and the creation of EAMI." Independently, the strategy calls for special attention to village savings and loan associations. The issues it raises concern (1) Cameroon's willingness to address the requirements of sustainable financial intermediation, (2) AID coordination with other donor programs which undermine the development of financial intermediation (discussed later), and (3) possible USAID activity in the development of viable institutions for savings mobilization and financial intermediation in the regions of Cameroon not reached by CamCCUL.

The mines and energy strategy recognizes the dependence on world market conditions for minerals and on local demand for energy, and is oriented at increasing competition during the SAP; the longer-term project orientation it expresses will not be financed until economic recovery has been achieved.

The strategy for communications, transport, urban, and housing infrastructure calls for reorganization to increase efficiency, and for (1) cost recovery through user charges and (2) delays in expansion (particularly for ports or the PTT) in all subsectors. It gives priority to profitable or employment-generating activities, and privatization of industrial and commercial functions. It calls for improving the functioning of the urban property market, and increasing the role of the private sector in housing.

Finally, the Cameroonian government does not propose a new strategy for human resources, but calls for rethinking the old strategy, by studying the structure and finances in education, training, and health, finding the core programs in each which defend basic levels of enrollment or coverage, and on the basis of this proposing a strategy and budget which would accomplish the core goals.

The DSS social dimensions are related to adjustment, with goals of (1) returning to strong growth in per capita income to protect the standard of living, especially of the poor; (2) reducing the transitional costs of adjustment on the most vulnerable groups; (3) restructuring social costs to provide affordable basic services to these groups; (4) improving the productivity and efficiency of human resources, particularly in the public sector; and (5) helping women in particular adapt to these changes. The actions called for include "reconversion" to new careers of those laid off by the public or parapublic sector using a "safety net" of grants and credit, encouraging self-employment of those laid off in the informal and rural sector, and developing in the medium term a well-thought-out, well-applied and efficient social security (welfare) scheme.

The Government's difficulties in implementing its investment strategy according to these priorities suggests a divergence between its formal and implicit strategy: new (1988-91) investment in international air transport infrastructure, the degree of investment in school buildings and equipment (given the operating budget for use of existing buildings and equipment), the capital-intensive support system for agriculture, and the investments in water and telecommunications infrastructure are cited by the World Bank (1988c, p. 61). Its heavy investment in urban health infrastructure (for instance, central hospitals, including CAT scanners) rather than in rural infrastructure and services, its failure to provide operations and maintenance budgets for planned investment (IBRD 1988b, Cameroon 1986) raise issues concerning the discipline of the budgetary process under these new "priorities". The priority list suggests that the political imperatives under which these very low return proposals were accepted may lead to opposition for other, more difficult reform measures.

Related issues concern the tension which exists within the Strategy between reforms which will improve the functioning of the economy and direct interventions drawn from the previous strategy which only acknowledge a need for liberalization, such as CAC being established "according to good banking principles" to replace FONADER. Some of this tension arises from donor disagreement on priorities, as analyzed in the next section--for instance, Germany's belief in the need to subsidize small business or agricultural credit and its impact on CAC--while some results from

the resistance to macro reform's budget cuts on planned activities under the Sixth Plan; and still more arises from an unwillingness to abolish restrictive institutions (such as making investment licensing automatic when instead the requirement could be eliminated and the regulating bureaucracy liquidated) which other donors (such as France) are only beginning to eliminate from their own economy.

B. OTHER DONOR OBJECTIVES AND PROGRAMS

1. Overview

Although the share of foreign assistance in the GNP of African countries has been increasing since 1980, it has fallen in Cameroon not only as a share of GNP (from 3.3 percent in 1980-81 to 2.6 percent in 1985-86) but also in absolute terms (from \$264 million in 1980 to \$213 million in 1987). This reflects in part the declines in some donors' programs worldwide. However, it also reflects, on the Cameroonian side, the economic crisis which has made it difficult to satisfy conditions precedent to some loan financing, a general reduced capacity to absorb projects, an increase in bureaucratic bottlenecks, and delays in project implementation.

Six donors obligated more than 80 percent of development aid to Cameroon in the period 1985-1987, of which the U.S. represented six percent (Table 13). There are three major "levels" of support: around CFAF 100 million (IBRD, France), CFAF 20-40 million, and less than CFAF 10 million. This excludes food aid, military assistance, private investment, and aid provided through commercial channels, for which comparable data are not available.

Table 13
Donor Commitments to Cameroon

<u>Donor:</u>	<u>Commitments</u> <u>1985-87</u> <u>(CFAF bill.)</u>	<u>Percent</u> <u>of</u> <u>Total</u>
World Bank	101.8	26.7
France	82.9	21.7
ADB	44.4	11.6
West Germany	32.8	8.6
Canada	23.6	6.2
U.S.A.	23.0	6.0
E.E.C.	22.2	5.8
Italy	18.9	5.0
Belgium	8.6	2.3
<u>All Others</u>	<u>23.8</u>	<u>6.2</u>
TOTAL	382.0	100.0

Source: EEC delegation to Cameroon, Nov. 1988

Donor strategies are related to that of the Cameroonian government, with the highest priority given to agricultural and rural development (ARD). However, donors differ in their approaches, instruments, and sectoral emphases. These strategies are covered in depth in Appendix J of the CDSS. Where country strategies are not known, strategy for Africa is considered.

Table 14 summarizes sectoral emphases. France, Germany and the World Bank give high priority to transport and infrastructure, in which European contractors and supplier are strongly represented. Canada and France allocate a large share of their assistance to education and human resources development. Until recently, there has been little donor assistance to industry and energy, but this has been altered by German and Canadian assistance to small enterprises and to joint ventures, and the recent UNIDO assistance with the Industrial Master Plan (PDI, 1988).

Table 14
Donor Sectoral Emphases

<u>Source:</u>	<u>ARD</u>	<u>Transp. Infra-struct.</u>	<u>Energy Natl. Rsrcls.</u>	<u>Ind. & Tele-comms.</u>	<u>Health & Soc. Infr.</u>	<u>Educ. & HRD</u>	<u>Other</u>
Sectoral Emphases:							
IBRD	X	X					X
France	X	X	X	X	X	X	
ADB	X	X	X				
Germany	X	X		X	X		
E.E.C.	X	X					
Canada				X		X	X
U.S.A.	X				X	X	
UNDP	X				X		
1985-87 Commitments:							
Total:	30%	31%	6%	6%	6%	17%	4%

Source: donor strategy statements.

2. Bilateral Assistance

a. France

France is the largest bilateral donor and second largest donor overall. Bilateral aid from 1960 to 1987 totalled CFAF 322 billion, 58 percent as grants and 42 percent as loans. The CCCE has provided structural adjustment lending to Cameroon, the latest informally tied to the 1988 IMF Standby but disbursed in one tranche (the Standby was later suspended when Cameroon fell out of compliance).

The French Development Strategy introduced in 1986 targets Africa, which as a result receives 87 percent of bilateral aid. The strategy's "priority of priorities" is training and human resources development (including support and extension of the use of the French language, which some donors would not consider to be development assistance). Sectoral strategies are: (1) in agriculture and rural development, support for self-help projects, cooperative research efforts; (2) in industry, private foreign investment and joint ventures; and (3) in health, infrastructure and improved hospital management. Finally, France supports structural adjustment, with an emphasis on maintaining socio-political stability throughout the process. France actively encourages NGOs, the private sector, and other institutions in the "co-operation" effort, toward a goal of developing an industrial partnership between French and African institutions, and provides grants to small projects and programs by non-profit groups in this category.

b. Federal Republic of Germany

West German bilateral assistance has as its goal the transformation of African countries into economic partners of industrialized nations through improvement in living conditions and increase in their purchasing power.

German assistance criteria since the 1960s (preceding other donors) are the adoption of (1) economic reforms reflecting acceptance of economic liberalism, and (2) efforts to institute or strengthen democratic systems of government. These, plus country specific factors (colonial ties, use of the German PAL television standard rather than SECAM as in neighboring states), define the volume and nature of the bilateral program.

The first German priority is agricultural and rural development, for its contribution to employment, revenue, and food security; second priority is energy (conventional, traditional, and renewable); and natural resources development is third. The criterion of economic liberalism has not precluded important aid to parastatals involved in rural development, and extends to identification of potential joint ventures using German capital or marketing Cameroonian production in Germany.

Transportation and communications infrastructure, exploitation of energy resources, and rural development have received the most assistance. Procurement is untied. However, due to choice of projects in which Germany has a comparative advantage, 89 percent of assistance funds were spent on German goods and services. Finally, German NGOs and Foundations are active in economic research and workers' training in Cameroon.

c. Canada

Canadian aid to Cameroon exceeds that of the U.S.. It is based on the principles that (1) the growth of developing countries has a positive effect on the Canadian economy, and (2) all segments of Canadian society, including the private sector, must participate in the cooperation effort; a substantial portion (11 percent in 1985) of Canadian assistance is through PVOs.

Since 1988, Canadian policy emphasizes human resources development, rural development, support to small farmers, women in development, primary education and health care, environmental protection, and grassroots local development efforts. Since 1987 Canadian worldwide policy has included debt relief, including cancellation of official debt and rescheduling of Canadian commercial debt. Finally, the policy supports industrial partnerships between Canadian enterprises and local firms.

In Cameroon, infrastructure assistance has aided road maintenance and modernization of the railroad and Douala port. Other assistance has been in forestry, rural electrification, small enterprise promotion, and education and training through government institutions.

3. Multilateral Assistance

The World Bank's goal is to provide financial resources for productive purposes to developing countries. As such, it is the largest provider of external finance to Cameroon. As part of its change in strategy since 1980, it is increasingly focussing on sectoral and macro-economic structural adjustment lending to help

African and other countries implement adjustment and recovery programs. Its assistance to Cameroon through 1987 amounts to \$1.3 billion, in a variety of sectors including road and other infrastructure, agriculture and rural development, and education, but excluding health, energy, and industry. It has provided significant assistance to the parastatal and plantation sectors. The World Bank is currently negotiating the terms of a Structural Adjustment Program with Cameroon.

The African Development Bank assists member countries address a variety of development constraints. Although it has only begun to formulate country strategies and does not yet have one for Cameroon, in general it emphasizes agricultural development (especially for food or for export), economic diversification, social development, institution-building, and lately, structural adjustment. The ADB is exploring solutions to the African debt buildup, and has taken several initiatives to strengthen donor coordination in Africa, particularly between itself and the World Bank. Assistance through 1986 totalled \$250 million, a fifth that of the World Bank.

The European Economic Community (EEC) programs its assistance through five-year plans popularly known as the Lomé Conventions. Its priorities are agricultural and rural development (97 percent of its contribution to Cameroon in 1985-87), basic infrastructure, and the development of industry and mining with an emphasis on the promotion of small and medium enterprises for the transformation of local primary materials. It is geographically concentrated in the northern provinces. Its 1990-1994 (Lomé IV) budget is estimated at CFAF 33 billion (\$103 million), 69 percent grant funded. However, the EEC has had significant delays in implementation, leading to only 2.5 percent of commitments being disbursed within the first 50 percent of Lomé III, due both to administrative inefficiency, and to the complexity of the projects. The EEC as had to reprogram resources to faster-disbursing modes such as program support for fertilizer reform.

The United Nations provides technical assistance at a very modest scale becoming Cameroon's status as a "middle income" country. UNDP assistance for 1987-1991 totals \$16 million, covering rural development (including the promotion of modern medium sized farms, EAMI) and industry, followed by natural resources and transport and communications. It contributed funds and technical assistance (UNIDO) to the development of the 1988 Industrial Master Plan (PDI). The proposed program for 1990-1991 focusses on industry, particularly on implementing the recommendations of the PDI.

4. Non-Governmental and Private Voluntary Organizations

Numerous NGOs and PVOs (here collectively referred to as NGOs) operate in Cameroon. While many are local, single-purpose organizations, several are internationally-known development-oriented organizations with a significant program in Cameroon and important sources of funding from (1) private donors, in Cameroon and abroad; (2) the Government where it recognizes and supports their activities; and (3) from donor agencies. These programs each operate in Cameroon on budgets well under \$1 million per year, and their national (macro-economic) strategy and impact must be judged in this context.

Larger international NGOs include Save the Children Foundation (SAVE), and Catholic Relief Services (CRS), both based in the U.S., CARE (Canadian, formerly American due to changes in support), Sata Helvetia (Swiss), and Hanns Siebel Stiftung, Konrad Adenauer Stiftung, and Friedrich Ebert Stiftung (all German). Canada, which disburses 11 percent of its development assistance worldwide through

PVOs, is especially active, with the result that the Small Projects Administrator at Canada's Yaoundé embassy serves as unofficial evaluator and coordinator for international PVO proposals.

The CDSS process did not involve European NGOs, some of which are special-purpose and limited in their resources. USAID will continue to be involved with their local offices in the appraisal of projects or programs. The West German government provides co-funding to NGOs, including political Foundations, for activities including economic research and workers' training in Cameroon. French NGOs receive grants for small projects and programs as well as support to local training institutions.

The strategy of an NGO in Cameroon is circumscribed more than that of A.I.D. by uncertain funding. NGO--especially PVO--funding comes from highly variable private charitable giving, from the now undependable government budget, and from donor governments and international organizations (IFAD). In February 1989, PVOs interviewed were attempting to reformulate their strategies to fulfill their organizational objectives while coping with budget cuts from all three categories. The budget planning (approximating actual) level of a representative NGO has dropped from \$600,000 in 1988 to \$350,000 in 1989; while it hopes to win grants bringing its planning level to \$600,000 or more in 1990, it has had to lay off staff, and a third of its budget depends upon the Government which is in arrears on its payments and is reducing its budget. As a result, it is considering closing or restructuring its Administrative Office (on which liaison depends) in order to continue its level of development support. All PVOs interviewed express concern for AID--particularly AID/W--procedures which they find inflexible and incommensurate with the size of the grants received.

CRS has moved from food aid, into local institution-building and sustainability, providing very small project support co-financing with local groups in a partnership relation rather than one of donor-recipient. Save and CARE engage in community development, primary health care and child survival, in geographically determined zones. These activities have increasingly moved toward cost recovery and sustainability. This also gives them policy and coordination ability at the provincial level and, increasingly, in national policy fora. They propose a joint Child Survival strategy involving several PVOs in Far North province, with an emphasis on sustainability through cost recovery. The model, if successful, would provide leverage for policy change at a national basis.

5. Donor Coordination

No Consultative Group (CG) exists for Cameroon, although its formation is under discussion under the SAP. Cameroonian officials charged with administering foreign assistance support the establishment of a coordination structure under two conditions. First, it must not replace the current bilateral negotiations between Cameroon and its individual partners. Second, it must be coordinated by the Government rather than the World Bank or other donor. Current policy or program coordination is limited. U.N. agencies in Cameroon hold regular meetings under the guidance of the UNDP representative. NGOs and PVOs engaged in rural development were formerly coordinated through the Coordinating Committee for Community Development, now moribund. UNDP and the Pan African Institute for Development have attempted to involve NGOs in programs to reduce the social costs of structural adjustment, to a mixed reception where this conflicts with the organizational goals

of the individual NGOs. Donor and NGO coordination is more effective at the implementation level, with informal ties between long-term project and program staff from the various donor agencies and their local counterparts.

6. Issues Concerning Other Donors

The intention of the Government to maintain its bilateral dialogue and serve as donor coordinator raises an issue concerning the ability of USAID to support recurrent costs without permitting Cameroonians to become complacent about the need for reform. The Government request--that donors continue to support their own ongoing projects and to supplement these with recurrent costs--raises questions concerning its commitment to significant policy reform. An effective response calls for donor coordination rather than competition, in order to avoid contradictory or redundant efforts.

Donor coordination also affects other CDSS issues, due to donors' (1) rationalization of support for dysfunctional parastatals in particular domains, such as social services, (2) subsidization of activities which can be viewed alternatively as having social-welfare versus productive outputs (such as small enterprises and rural credit), (3) support for 'prestige' public works projects with high incumbent debt loads or recurrent costs (such as specialized hospitals in Yaoundé and Douala, and the international airport in Yaoundé), and (4) programs with purposes contradicting the goals of economic adjustment and growth, particularly trade-driven proposals poorly related to Cameroon's needs.

USAID assistance through existing PVOs appears to provide a low-management component for the health strategy. However, PVO experience with the rapid changes in levels coming from AID funding remains an issue to be resolved in the Action Plan.

C. USAID DEVELOPMENT STRATEGY

1. Introduction

Since the beginning of the economic crisis in 1987, it has become increasingly clear that (1) Cameroonian government resource constraints are having serious adverse effects on the implementation and impact of AID's ongoing projects, (2) the Cameroonian economy cannot return to a sustained growth path without major structural reforms, and (3) existing distortions within the economy prevent AID programs from achieving their planned objectives. Petroleum earnings are expected to decline gradually until reserves are exhausted toward the end of the century, the agricultural export sector has stagnated during the past decade, and the modern industrial sector cannot survive without high and unsustainable rates of protection.

The main conclusions of the CDSS analysis are that there is too much government involvement in the production and commercial sectors and much of the private sector is inefficient and non-competitive due to excessive isolation from market forces. Unless these problems are corrected, there is little chance that Cameroon will return to the sustained high rates of growth that were achieved between 1970 and 1985. These findings are consistent with those of the World Bank, the IMF, and the Government of Cameroon and are the basis for a structural adjustment program currently being negotiated between the Government and the World Bank.

In this context, AID is not able simply to go on with business as usual. For AID projects to have their desired impact, the policy reforms that are being discussed in the context of the structural adjustment program are essential. For this reason, it is proposed that during the period of this CDSS, the AID program be integrated into the overall objectives of the structural adjustment program. This implies a shift toward more non-project assistance aimed at policy reform.

This assistance will be accompanied by existing and perhaps new projects which will also be oriented toward policy reform. A key consideration in the redesign of AID's existing projects is that the Cameroonian government has been unable to pay the recurrent costs of these projects during the present economic crisis and has asked that AID finance part or all of these costs until the budgetary situation improves, which they presume will be in two to three years. Donors agree that recurrent cost financing is essential for the effective implementation of their projects, but have made it clear that such financing must be directly linked to policy reforms aimed at reducing recurrent costs and increasing efficiency over the long run, e.g., improved management, reduced staffing, better budgeting, and increased efforts at cost recovery.

In line with the DFA Action Plan, the Mission has informed the Government that the programming of AID funds in support of the structural adjustment program will be based on Cameroonian performance in the use of these funds. It was explained that Africa Bureau funds will be allocated according to where they are used most efficiently, based on performance criteria agreed upon between the Government and the Mission before the start of the program. Exceeding the performance targets would indicate efficient use of funds and would justify increased funding. However, should agreed upon targets not be achieved, this could indicate inefficient use of funds and could lead to reduced funding. If these performance indicators are at all meaningful, it can be expected that reaching agreement will be a time consuming process.

For programming purposes, the Mission can divide its assistance into a "base" or "core" program which consists of projects or parts of current projects whose impact is not directly dependent on structural adjustment reforms, and a flexible program that can be increased or reduced depending on progress on structural adjustment. The need for flexibility in the structural adjustment support program argues for a predominance of non-project rather than project assistance.

2. Strategy Goal and Objectives

a. Goal

Given the major structural problems identified in the analysis, the goal of the AID strategy should be broad-based sustained growth. The reason for choosing this goal rather than a more focussed one is that dealing with one sector or one problem area will be to no avail if the structural constraints to sustained growth are not successfully addressed. Achieving this goal will, of course, be a joint effort of the Government of Cameroon and all donors. AID, in fact, will have a relatively minor role in terms of resources but, as noted below, can have a significant impact by concentrating resources in those policy areas where we are most knowledgeable and where the Cameroonians see us as having the most expertise.

The usual indicators of success in achieving broad-based sustained growth are: (1) growth in GDP and in the key productive sectors: agriculture and industry; (2) growth and diversification of exports; (3) a positive balance of payments; and (4) a balanced current budget and increasing resources available for investment. In Cameroon, structural adjustments are unlikely to have a measurable impact on these indicators during the CDSS period. This is because (1) it will take several years for the structural adjustment process to be completed and even longer before the effect of these changes on the growth rate becomes evident, and (2) economic performance during this period will be affected by external factors including world markets, the effective exchange rate, weather, confidence levels in the private sector, and the political situation. Our studies along with those of the IMF and World Bank should enable us to make some assessment of how the economy is responding to the structural reforms, but these indicators will be too imprecise to be useful as measures of the impact of AID programs.

b. Strategy Objectives

Strategy objectives need to be presented at two levels. The first refers to the structural adjustment program, of which the AID program will be a part, and the second refers to the AID program specifically. The AID program will contribute directly to some but not all of the structural adjustment objectives. Other objectives not directly addressed by AID will have to be monitored because they affect whether or not AID's own objectives will be achieved. Although there are specific indicators of progress in the achievement of the structural adjustment objectives, it is not possible to quantify them at this time. This is because the specific targets and timing of the structural adjustment program have not yet been negotiated and the institutional constraints to be overcome are still not fully understood.

There are three strategy objectives:

i. Increasing the Efficiency of the Public Sector.

At the level of the structural adjustment program, the key performance indicators are the following: (1) reduced recurrent costs achieved through improved policies, planning, budgeting and management; (2) civil service reforms, especially hiring policies; (3) improved budget management, including the current budget, the investment budget, and the budgets of autonomous agencies and public sector enterprises (4) improved tax revenue structure, including expansion of the tax base and reduced reliance on import and export taxes; and (5) the rationalization of public sector enterprises and autonomous agencies, including the liquidation of organizations that are clearly not sustainable and which have demonstrated that they are incapable of carrying out their mandates.

AID's contribution to this objective will be focussed on agriculture, and more specifically on three public services: (1) improved agricultural policy, planning, and program coordination; (2) agricultural research programs that are more sustainable and better related to the needs of agricultural producers; and (3) an agricultural education program that reflects the reduced needs of the public sector and provides training that meets the needs of the private sector. This strategy recognizes that the World Bank will be taking the lead on overall fiscal and civil service reforms but that AID is well positioned to support reforms in the agriculture sector because of its long-standing involvement in the areas selected.

Performance indicators will be agreed upon with the Government for each of AID's targets. In addition, key indicators related to the structural adjustment program will be monitored. These are: progress in civil service reform, improvements in the public budgeting process, and a systematic approach to improving the management and efficiency of autonomous agencies and public enterprises. Unless progress occurs in these areas at the overall level, it will be extremely difficult to make sustainable progress in the agriculture programs.

The AID interventions in support of increased efficiency in agricultural services also have longer-term capacity building objectives. These can be considered part of the core program and are essentially (1) the continuation of ongoing projects to strengthen research in food crops, especially cereals and roots and tubers, (2) improve agricultural statistics and policy formulation capacity, and (3) improve and reorient the system of agricultural higher education. Although these objectives are not directly related to policy reforms, their impact will be significantly reduced should the proposed reforms not be carried through to their conclusion. Also, the ongoing activities must be redesigned to a greater or lesser extent, and in some cases reduced, to reflect the changing conditions within the public sector as well as in the economy in general. These changes will be discussed in greater detail below.

ii. Creating a Market-oriented Private Sector

In terms of achieving sustained economic growth, this is the key strategic objective. In the absence of market signals, the private sector has not been able to make sound resource allocation decisions, and as a result has been experiencing slow and unsustainable growth over the past decade. Achieving this objective requires a major shift in policy makers' attitudes away from feeling that only the government can assure long-term development to one that places confidence in market forces as the most reliable way to assure the optimal allocation of resources and maximum efficiency of production. The targets of the structural adjustment program with respect to this objective are:

1. **Revising the trade regime.** The most urgent need is to remove non-tariff barriers which provide complete protection from foreign imports and therefore provide no incentive to cut costs. In addition, the tariff structure needs to be completely restructured and compressed to rationalize the level of effective protection and thereby eliminate the most inefficient and non-competitive industries.
2. **Removal of price controls.** These controls are now justified because import restrictions have created monopolies. The first priority is to remove as many monopolies as possible and, in those cases where price controls are still needed, design them so as to provide incentives for increased efficiency.
3. **Strengthen the financial sector.** The Cameroonian economy is not sufficiently monetized relative to its level of development. Also, interest rates are too low to encourage savings, which means that (1) there is a chronic credit constraint and (2) the banking system is extremely fragile because most of the deposits are owned by the Government and can be withdrawn suddenly and in large amounts. The steps needed are to increase interest rates, encourage the creation of new financial institutions, and stop forcing banks to lend to "priority" sectors at low or negative rates of interest.

4. **Reduce or eliminate export taxes, especially in agricultural products.** In an open economy, toward which hopefully Cameroon is moving, the only justification for an export tax is to collect economic rent. When world prices are below the local producer prices and the exporting organizations are experiencing substantial deficits, export taxes are clearly not appropriate.
5. **Relate the export pricing system more closely to market forces.** At a minimum, this involves restructuring the price stabilization program and privatizing internal marketing including cooperatives. Input subsidy policies should be revised in conjunction with product prices to remove market distortions and assure optimal allocation of resources in agricultural production.
6. **Privatize parastatals in the production and commercial sectors, except those that provide public goods or are natural monopolies.**

All of these reforms have been discussed between the Government, the World Bank, and other donors, and most have been accepted by the Government in its draft Development Strategy Statement. The next steps are to link them directly to donor-funded structural adjustment programs, including those funded by AID.

AID's targets with respect to this objective are concentrated in the agriculture sector. Once again, this is the area where we have been the most involved and where we are most knowledgeable. It is an area with a strong relation to our concerns about natural resources and biodiversity. Given our resources, we would not likely be able to exert much influence on such matters as overall trade policy or across-the-board parastatal reform. It must be emphasized, however, that economic liberalization and the reduced role of government in economic activities must occur at the macro-economic level. The basic issue is the relative roles of government and the private sector in the productive sectors. This is an issue that cannot be addressed successfully on a sectoral basis.

These changes will not be easy because many in government still do not understand the thinking behind liberalization. As is clear from the official development strategy discussed in the previous section, although the Government accepts in principle to remove market controls and limit its role to the provision of public goods, in practice it (or some of its constituent components) intends to continue to participate directly and indirectly in economic activities. This is not surprising in view of its heavy involvement over the past twenty years. Even if the liberalization process were fully understood by all concerned, implementation would still be extremely difficult because there are so many vested interests in the present system.

This has two major implications. First, for Cameroon to enter into a real dialogue with donors, the resources being made available will have to be proportionate to the importance of the reforms being considered. Second, resource transfers alone will not be enough. There will have to be a continuous process of close dialogue and negotiation to assure that the institutional constraints to change are truly and permanently overcome. For AID, this argues for a focussed program in areas in which our expertise is recognized and respected. It is our view that our most important advantage in the policy dialogue process is that we have a long experience in the agriculture sector and have a strong in-country capacity to analyze critical problem areas and pursue solutions on a sustained basis.

Within this context, AID has three targets related to the creation of a market-oriented private sector:

1. **The removal of input subsidies.** This includes fertilizers, pesticides and fungicides, improved seeds, and farm machinery. AID will not be involved in the agricultural credit bank, but will take every opportunity to discourage the provision of subsidized credit, especially as a tool for promoting technologies which farmers would not otherwise adopt. The removal of subsidies will not only eliminate a large drain on public sector resources, but will also ensure that agricultural producers will make production decisions based on supply and demand condition rather than on government incentives.
2. **More market-oriented agricultural pricing and marketing.** This objective is a natural complement to the removal of input subsidies, since returns to inputs depend to a large extent on unhindered markets. Achieving this target involves (1) decontrolling agricultural export prices with as little price stabilization as possible, (2) improving the management and perhaps privatizing the major agricultural exporting parastatal (ONCPB), (3) removing controls on internal marketing, and (4) privatizing and strengthening the marketing cooperatives.
3. **Improving financial institutions in the rural areas.** Most saving and lending in rural areas occurs in the informal sector. In the long run, expanding the access of farmers and rural small enterprises to credit involves, first, mobilizing savings and then allowing those savings to be invested at uncontrolled interest rates. The measure of achievement of this target will be the increased number of viable rural financial institutions including, but not limited to, credit unions.

There is a large gap between the objectives of the AID program with respect to the private sector and what needs to be achieved at the overall level. As in the case of private sector efficiency, AID's objectives are not likely to be achieved if there is unsatisfactory movement at the macro-economic level. AID must continue to work in the multi-donor-supported policy reform aspects, and to monitor this closely. For agriculture to become efficient, competitive and dynamic, controls and government involvement have to be greatly reduced throughout the economy. Performance indicators will include: the removal of export taxes, a major restructuring of trade policy, including the dismantling of non-tariff barriers, and large scale privatization of parastatals. Lack of progress in these areas will be indicative of a lack of commitment to economic liberalization, and the likelihood that performance in the agricultural sector will continue to be mediocre.

iii. Increased Efficiency and Equity in Providing Social Services

This is an area where, on balance, Cameroon has recently begun to perform satisfactorily relative to other African countries. Until the recent decline in economic activity and government revenues, most social development indicators showed sustained progress. Nevertheless, some imbalances remain and have been aggravated during the present economic crisis. First, the share of the current budget allocated to health and primary education has been declining. Combined with the unwillingness to reduce staff, most of the budget is being spent on salaries and very little for supplies and medications. Second, there is excessive investment spending relative to current expenses, and an over-emphasis on urban relative to rural areas. Third, special measures--not yet budgeted--will be needed to address the social impact of structural adjustment. Fourth, new and important foci for health programs, including child spacing and HIV/AIDS, will adversely affect social

development. In addition there are problems related to the cost and efficiency of service delivery. These problems require improved management and increased efforts at cost recovery through user fees and, in some cases, privatization.

The Mission proposes to focus on improved management and increased cost recovery in the health sector. This is an area where we are already involved through the MCH/CS project and discussions have begun on ways in which AID can help in addressing some of the basic problems facing the sector, including providing short-term technical assistance to address the cost recovery issue. Where appropriate we will support increases in budget allocations to health and a redressing of the urban/rural imbalance in health service delivery. Effective interventions in these areas, however, would require some form of non-project assistance. This possibility is discussed further below. The specific targets of the AID strategy related to social services will be: (1) more effective and financially sustainable maternal and child health services, (2) establishing and increasing the priority of family planning programs, and (3) achieving broad-based improvements in health management at the sector level.

Here again, AID will monitor not only progress in achieving its own strategy objectives, but also progress in the broader structural adjustment reforms related to increased public sector efficiency. Of particular importance to our concerns in the health sector will be an improved budgeting process and increased attention to reducing recurrent costs.

3. Strategic Programming Options

A performance based assistance strategy must retain the necessary flexibility to respond to the success or failure of adjustment measures. This requires that the mix between Project and Non-Project Assistance can be modified during the period of the strategy to retain allocative flexibility. It further requires a system of monitoring and evaluation be in place that permits USAID to anticipate and adjust to changes in government performance and to changes in the economy.

The macro-economic policy issues associated with the adjustment process, the sectoral issues defining the Mission strategy, and the issues concerning the Government's ability to respond to changes in the economic environment, were discussed in Sections I and II. At one extreme, it is possible that the Government cannot respond effectively to the new environment. If so, fiscal imbalances would continue, personal income and social indicators would show a downward trend, private capital flight would increase, personal gain-seeking by civil servants would continue, and political pressures for changes in government would develop. The strategy which was developed above assumes that such a scenario will not occur, and that either external revenues improve or the government gains control over its expenditures. If this worst does happen, this CDSS will no longer be applicable. Instead, USAID would need to develop a social/institutional strategy to support institutions which are needed no matter what the development prospects (PVOs, health, statistics, possibly education). There would be little justification for assistance under the DFA, and levels would be driven by political rather than economic objectives.

The Structural Adjustment Program is based on a more optimistic scenario of serious reform measures eventually overcoming the crisis and returning the economy to a path of sustained growth. With official commitment and donor support for liberalization, this would gradually bring both fiscal revenues and expenditures into

line with IMF projections, increase exports and productivity in domestic enterprises regardless of the world market conditions for primary exports, and eventually increase private sector employment after a transitional period of hardship as public sector and parastatal employment is cut and parastatals are privatized or liquidated. To achieve this, Cameroon must maintain a steady, committed, policy transition despite temporary hardships.

Under this scenario, A.I.D. and other donors would provide an increasing level of support to provide liquidity for the transition and support for restructuring, decentralization and privatization. Since the crisis could last only a few years, or alternatively could be drawn out to the extent that either external conditions or the Cameroonian response fails to meet projections, objectives must be clearly defined and time-sensitive in order that progress may be judged. To the extent that Cameroon fails to respond, changes in donor collaboration will be called for to increase the chances for policy reform. While a successful transition is implicit in development of the SAP, experience in other countries undergoing adjustment, and the political and institutional analysis of the Government given above, suggest that this will be difficult to achieve in 1989-91. As the government adapts, this may become the policy environment later in the CDSS period.

More likely, however, is an immediate future where on the one hand, the external environment does not worsen to the point where economic and political collapse occurs, and on the other hand, the Government incompletely commits itself to adjustment. Due to competing political pressures and the immobility of the lower bureaucracy, the Government may find itself unable to make its budget, investments, and implementation of policy changes consistent with its policy pronouncements. In such a scenario, the effects of such reforms as are undertaken are delayed and diminished compared to what they would have been with the full commitment of policy makers. Economic hardship would remain widespread, although enough reform would occur that donors could point to "successes". This would end either with a change in the external environment--favorable or unfavorable--with its implications for incomes and fiscal balance, or with a committed change in policy--also either favorable or unfavorable. The transition to growth would be delayed or perhaps fail.

In such a case, donor financial flows would prevent collapse of the economy, but the impact would be insufficient to return the economy to growth; debt burdens would grow, and needed adjustments would never get made. The political regime would survive, although incomes would stagnate overall as predicted private sector growth fails to occur. A.I.D. would in this case, support social services and possibly reduce DFA levels to support more successful reforms elsewhere.

The particular path followed, and the timing or possibility of the return to growth, have implications for AID levels, for policy dialogue, and for the mix between Project and Non-project support. Quantitative benchmarks to permit timely monitoring and evaluation of both the adjustment process and AID's Program are essential. Given the current lack of consensus on the most likely outcome, the USAID strategy must retain the flexibility to respond to changes, while beginning with the assumption that the Government will begin with a strong commitment to reform but may lose the will.

4. Examples of Possible Activities to Implement this Strategy

A portfolio of projects that is consistent with the above strategy and which the Mission might consider could include:²⁰

- a. Increased efficiency in the public sector with a focus in agriculture:**
 - o Agricultural policy and planning project, if the Government of Cameroon is serious about it and it will in fact make a difference. The project should use some TLU results to make project outputs more policy-oriented.
 - o Agricultural research project related to cereals and roots and tubers, with a reform component to increase relevance of the research and increase efficiency. Alternatively, a non-project program aimed at far reaching reform.
 - o Agricultural education project with a major reorientation reflecting reduced public sector demand and the need to involve the private sector in the educational process.
 - o Sector grant aimed at sector-wide institutional reforms, including the reduction or elimination of many of the ineffective or unnecessary organizations and improvement of the coordination of those that remain.
- b. A market-oriented private sector:**
 - o Input subsidy reform moving from fertilizer to other inputs.
 - o Movement into agricultural marketing with a sector grant focussed on the internal marketing of export crops and the privatization of cooperatives. This is a natural next step after removing subsidies on fertilizers which are used mostly on coffee. The main problem is that it may more appropriately be the domain of other donors who have traditionally dealt with Cameroon's export crops.
 - o A project to promote rural financial institutions. This would be very small and initially would focus on savings mobilization.
- c. Increased efficiency and equity in the delivery of social services, concentrating in health:**
 - o The MCH project.
 - o An eventual family planning project aimed at improving services and increasing the priority of family planning at the policy level.

²⁰This section is included by the analytical team as illustrative, not as actual proposals for a program which would implement the CDSS.

- o A sector grant aimed at improving the management of health programs and the delivery of services. This would work only if it were a multi-donor effort.
- o HIV/AIDS.

SECTION FOUR

APPENDICIES

APPENDIX A
Scope of Work for Analytical Study

The overall objective of the exercise is to produce a paper analyzing the Cameroon economy that will serve as the basis for USAID to draft a CDSS covering the FY90-95 period. This paper is to cover the major policy/institutional issues and principal sectors of the economy. The paper is expected to identify the best prospects for a growth-oriented and employment-generating development program involving A.I.D. The paper is to be based on review of available documents, interviews with key informants, and on-site observations. Original research is not anticipated.

This analysis should focus on the current economic crisis, its historical (particularly policy and institutional) antecedents; the broad structural adjustments (particularly in the policy and institutional areas) required for economic recovery and the achievement of sustained growth; and roles of the public and private sectors in the recovery/growth process. In the latter context, the paper is expected to identify the best options for a growth-oriented employment-generating USAID/Cameroon development program.

1. In its analysis of Cameroon's current economic problems and their resolution, the team will focus particular attention on the impact of the current liquidity problem, the GRC's budgetary problem (particularly the recurrent cost component), the employment problem, the policies that underlie these problems and the structural reforms required for their resolution.

2. In analyzing the institutional constraints underlying Cameroon's economic crisis and their resolution, the team will review the role and performance of key formal and informal public, para-public and private organizations (e.g. ministries, companies, cooperatives, associations, etc.) and systems (e.g. marketing, including pricing systems, the tax and tariff systems, investment and commercial codes, etc.) and their impact on the economy. The review will focus on the policy, legal and regulatory environment within which these institutions operate and over which they have control. The team will assess the policy and institutional change objectives of the structural adjustment program in terms of their likely impact on achieving economic recovery and sustained growth, and of their implementation requirements.

3. In conducting its analysis of Cameroon's serious economic problems and their resolution, the team will review in a depth appropriate to their economic importance and, in particular, to their potential contribution to economic recovery and sustained growth, the following sectors/subsectors:

- A. Agriculture, including agri-business
- B. Finance/banking
- C. Informal sector
- D. Trade/commerce
- E. Industrial/manufacturing
- F. Construction
- G. Education
- H. Health
- I. Public Administration

To the extent that in-depth analyses which are beyond the team's capacity are deemed required, the team will prepare scopes of work for such analyses.

4. In the context of its analysis of the overall economic situation, the team will assess the GRC's strategy and program for achieving economic recovery and long-term growth. Particular attention will be focused on the GRC's plans/programs for (1) achieving its stated objective of expanding the role of the private sector; (2) achieving a balanced budget while establishing a more rational relationship between salary and operating costs; (3) reforming the state enterprise sector; and (4) providing gainful/productive employment for its exploding young population, particularly those graduating from secondary schools and universities.

In assessing the GRC development program, the team will rely heavily on the documents prepared jointly and separately by the GRC, IMF, IBRD and USAID as part of the process of developing and negotiating policy reform and standby Structural Adjustment Programs (SAP).

5. In the context of (1) through (4) above, the team will also assess the continuing relevance of the current A.I.D. program and its potential contribution to resolving Cameroon's most pressing constraints to economic recovery and sustained growth.

The team will assess the GRC's and USAID's capacity to meet the recurrent costs associated with the strategy and program recommended and, as appropriate, propose viable options such as the establishment of a trust fund to promote structural, particularly budgetary, reform and to help finance recurrent costs associated with the program's implementation.

6. In the context of (1) through (4) above the emerging IBRD/GRC structural adjustment program (SAP) is especially important. Based on available information, the team will identify opportunities for A.I.D. support of and coordination with the SAP through joint and/or parallel financing with the IBRD and/or other donors of one or more of its components.

7. Based on the analyses outlined in (1) through (6) above, the team will present specific recommendations regarding the most appropriate objectives, content and implementation approach for a growth-oriented, development strategy. Toward this end, team will present its conclusions regarding (1) the most appropriate role for USAID in support of GRC efforts to achieve economic recovery and sustained growth; (2) the strategy, time-frame and actions for adjusting program content; (3) the most appropriate implementation strategy given staff and operating expense budget limitations; and (4) requirements for further studies.

8. The above scope of work is subject to modification pending additional guidance from AID/W and the completion of other studies.

9. Towards the end of the team's stay in Cameroon, they are to conduct a short 1-3 day seminar involving GRC officials, the private sector, other donors and A.I.D. on their findings and recommendations.

10. Background

1. Availability of discretionary funds for the FY90-95 period will be in the range of Dols 5 to 15 million per year.
2. The availability of A.I.D. DH personnel will not increase during the FY90-95 period.
3. Emphasis should be on economic growth in areas in which A.I.D. can play an influential role.
4. Non project assistance with an emphasis on policy reform is to be emphasized. (A minimum of twenty-five percent of the USAID project portfolio is to be in non project assistance).
5. A major IBRD financed structural adjustment program is being planned and needs to be factored into any A.I.D. strategy.

Personnel requirement:

Senior Development Economist:

Availability: 4 Weeks

Skills:

- Excellent writing skills
- Proven ability as a strategist/conceptualizer.
- Excellent ability to make oral presentations and conduct public seminars.
- French at the S-3/R-3 levels.

Experience:

- Substantial experience in the analysis and design of, and familiar with implementation of development programs in Africa. Must have experience with structural adjustment programs and, in particular, with the requirements of policy and institutional change aimed at expanding the roles of the private sector under competitive conditions and reforming the state enterprise sector.
- Familiarity with A.I.D. documentation requirements is a substantial advantage.

Function:

- Conduct seminars. Has final responsibility for the quality and content of the overall documents.
- Provides strategic overview.

Economist:

Availability: 12 Weeks

Skills:

- Excellent writing skills, including the ability to render understandable to the full range of A.I.D. professionals an analysis of the Cameroon economy. Advanced degree in economics. Analytical skills adequate to analyze major sectoral policies, national budgets (from revenue and expenditure sides and, in particular, the recurrent cost reform efforts), and to scrutinize structural adjustment program involving major state enterprises.
- French at the S-3/R-3 levels.

Experience:

- 5 years experience in analyzing African economic issues.
- Familiarity with the A.I.D. documentation process is required.

Function:

- Has primary responsibility for the economic analysis. Will work closely with USAID's economist to produce the economic report.

Social Scientist/Institutional Analyst

Availability: 12 weeks

Skills:

- Excellent writing skills, that will normally have been demonstrated by previous publications.
- French at the S-3/R-3 levels.
- An advanced degree.

Experience:

- A minimum of 5 years experience in analyzing institutional arrangements, in particular, intra- and inter-organizational arrangements (formal and informal laws, regulations, behavioral rules/patterns) that constrain economic development. Experience is essential in analyzing the impact of these institutional arrangements on private sector participation in economic development and the social/political costs of the structural adjustment process.

Function:

- The institutional analyst is responsible for analyzing (a) the key institutional constraints to achieving recovery and sustained economic growth; (b) the structural adjustments required to resolve these constraints; (c) the social and political costs associated with such adjustments; and (d) the associated resource (including time) requirements for implementing such adjustment.

APPENDIX B

ECONOMIC AND STATISTICS TABLES¹

1. National Accounts	
1.1 National Accounts at Constant Prices	93
1.2 Growth Rate of Real GDP and its components.	94
1.3 Public Service Employment	95
1.4 Price Indices: (A) Yaounde	96
Price Indices: (B) Douala	97
1.5 Profits for Sectors with SNI Participation	98
2. Money Supply and Financial System	
2.1 Money Supply:	99
A. Liabilities	99
B. Assets	100
2.2 Comparative Measures of Financial Deepening, 1983	101
2.3 Exchange rates 1980/81-1987/88.	102
2.4 French Franc Zone: Money Supply by Country, 31 Dec. 1985	103
3. Balance of Payments	
3.1 Current Account.	104
3.2 Capital Account	106
3.3 Value of major exports	107
3.4 Value of major imports	110
4. Commercial and Trade Policy Regime	
4.1 Import controlled sensitive items	112
4.2 Import regulated "paired" items	113
4.3 Imports with prior authorization required	114
4.4 UDEAC nominal tariffs, examples	117
4.5 Nominal tariffs and rate after special regimes	118
4.6 Effective rates of protection and domestic resource costs, sample of 49 enterprises	119
4.7 Price control: legal margins	121
4.8 Private sector: share by sector.	122
5. Government Budget	
5.1 Central government operations 1983/84-1987/88	123
5.2 Government revenue and grants 1983/84-1987/88	126
5.3 Sectoral distribution and financing of investment under the Fifth development plan 1981/82-1985/86	129

¹ Refer to Appendix C.1 for discussion of data quality and limitations of data for use for analytical purposes.

6.	External Debt	
6.1	Outstanding External Public Debt	130
7.	Policy Frameworks	
7.1	IMF Standby Policy Program	131
8.	Sectoral Tables	
8.1	Oil production 1977-1987	134
8.2	Oil production and export 1984/5-1987/8	135
8.3	Agricultural production: annual growth rates	136
9.	Parastatal enterprises	
9.1	The Cameroonian parastatal sector	137
9.2	Costs of Maintaining Major Agricultural, Industrial and Regional Development Parastatals	142
9.3	Control of Parastatals by Ministry	143
10.	Donor coordination	
10.1	Donor Technical Assistance 1986.	144

Table 1.1
National Accounts
at 1985 Prices
(CFAF billion)

	-- A C T U A L --			Preliminary:	
	<u>1980</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>
GDP (Current CFAF billion)	1569	3992	4166	4022	3788
Gross Domestic Product	2709	3992	4358	4237	3871
(Non-Oil GDP)	2709	3247	3600	3502	3192
Net indirect taxes	145	121	133	177	153
Agriculture	754	854	923	954	959
Industry	764	1621	1674	1566	1412
(Manufacturing)	221	586	620	590	538
(Oil)	-	745	758	735	679
Services	1046	1396	1628	1540	1347
Resource Balance:	-5	424	324	325	398
Exports	624	1318	1290	1196	1155
Imports	-629	-894	-966	-871	-757
Gross Domestic Expenditure	2714	3568	-4034	3912	3473
Consumption:	2217	2788	3235	3264	2947
Private consumption:	1981	2306	2711	2672	2485
Central government:	236	482	524	592	462
Gross Domestic Investment	497	780	799	648	526
Private (incl. SOEs):	na	482	484	374	340
Central Government:	na	298	315	274	186

Source: World Bank Calculations (World Bank, 1988b)

Table 1.2
National Accounts
Growth Rate of Real GDP

	<u>1980-85</u>	<u>1985-86</u>	<u>1986-87</u>	<u>1987-88</u>
Nominal GDP	20.5%	4.4%	-3.5%	-5.8%
Gross Domestic Product	8.1%	9.2%	-2.8%	-8.6%
(Non-Oil GDP)	3.7%	10.9%	-2.7%	-8.9%
Net indirect taxes	-3.6%	9.9%	33.1%	-13.6%
Agriculture	2.5%	8.1%	3.4%	0.5%
Industry	16.2%	3.3%	-6.5%	-9.8%
(Manufacturing)	21.5%	5.8%	-4.8%	-8.8%
(Oil)	24.8%	1.7%	-3.0%	-7.6%
Services	5.9%	16.6%	-5.4%	-12.5%
Resource Balance:				
Exports	16.1%	-2.1%	-7.3%	-3.4%
Imports	7.3%	8.1%	-9.8%	-13.1%
Gross Domestic Expenditure	5.6%	13.1%	-3.0%	-11.2%
Consumption:	4.7%	16.0%	0.9%	-9.7%
Private consumption:	3.1%	17.6%	-1.4%	-7.0%
Central government:	15.4%	8.7%	13.0%	-22.0%
Gross Domestic Investment	9.4%	2.4%	-18.9%	-18.8%
Private (incl. SOEs):		0.4%	-22.7%	-9.1%
Central Government:		5.7%	-13.0%	-32.1%

Source: Calculated from Table 1.1

Table 1.3
Public Service Employment 1974/75 to 1987/88

	<u>1974/75</u>	<u>1978/79</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
Civil Service:	20,132	30,064	36,919	40,200	43,903	48,883
Cat. A	2,732	3,884	5,279	6,002	6,848	7,813
Cat. B	4,362	6,302	7,973	9,125	10,641	11,954
Cat. C	6,124	10,770	13,324	14,403	15,070	16,542
Cat. D	6,914	9,108	10,343	10,670	11,344	12,574
Contractual:	3,444	5,854	7,088	7,704	8,902	9,847
Auxiliaries:	11,385	58,488	61,900	66,730	71,558	76,387
Total:	34,961	94,406	105,907	114,634	124,363	135,117

Ministry of Finance Payroll Total: *	1983/84:	163,946
	1984/85:	172,398
	1987/88:	179,144

<u>Growth Rates:</u>	<u>1978/79</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
Civil Service:	10.5%	8.6%	8.9%	9.2%	11.3%
Contractual:	14.2%	8.0%	8.7%	15.6%	10.6%
Auxiliaries:	50.6%	2.3%	7.8%	7.2%	6.7%
Total:	28.2%	4.7%	8.2%	8.5%	8.6%

Notes:

Explanation of Categories:

- Cat. A Management, policy-making, and control duties
- Cat. B Organization and execution duties
- Cat. C Specialized functional duties
- Cat. D Routine functional duties
- Contractual: Fixed-term. Most later absorbed into permanent grades of civil service.

* Discrepancy with Plan data concerns persons hired but not paid.

Source: IBRD (1987, 1988c) from GRC information

Table 1.4a
INDEX OF CONSUMER PRICES IN YAOUNDE

Table 7.1: INDEX OF CONSUMER PRICES IN YAOUNDE
(Moderate Income Cameroonian families)

Tableau 7.1 : INDICE DES PRIX A LA CONSOMMATION A YAOUNDE
(Familles Camerounaises à revenu moyen)

(1960 = 100)

	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81	1981/82	1982/83	1983/84	1984/85	
Foodstuffs	177.2	199.5	232.0	275.1	296.4	311.3	348.8	400.4	473.0	537.2	517.6	Produits alimentaires
Beverages and Tobacco	136.9	142.4	167.5	157.7	164.9	181.3	198.1	205.0	224.3	263.1	267.1	Boissons et tabac
Household Expenses	157.6	167.1	178.7	199.1	208.3	243.6	271.9	301.3	340.7	366.6	425.2	Dépenses de maison
Clothing	148.5	163.4	197.3	213.6	244.4	292.5	323.3	358.3	391.1	500.9	484.6	Habillement
Transportation	247.5	257.4	275.2	330.8	334.4	347.7	355.7	400.9	487.1	471.6	512.2	Transports
Health	148.0	161.7	160.5	166.8	177.9	192.9	213.4	231.9	256.3	290.3	318.5	Hygiène et santé
Recreation	144.0	157.4	172.0	227.7	276.2	297.3	326.9	358.5	374.6	424.8	499.1	Loisirs
Education & Other Services	164.5	194.0	211.6	236.4	238.6	245.5	260.7	303.8	322.7	378.3	497.7	Scolarité et divers
GENERAL INDEX	168.5	185.0	204.8	237.4	239.1	279.1	304.6	344.9	393.8	445.4	492.3	INDICE GENERAL
Imported Products	156.3	169.7	187.7	204.9	224.3	243.9	263.4	294.9	324.3	385.2	478.0	Articles importés
Local Products	168.7	197.7	223.8	274.9	298.4	312.2	354.7	414.9	475.8	541.7	524.5	Articles locaux
Services and Others	201.2	213.1	226.5	267.3	284.1	318.7	339.5	373.4	444.0	445.9	474.0	Services et divers

Source: *Annuaire de statistique.*

World Bank

Table 1.4b
INDEX OF CONSUMER PRICES IN DOUALA

Table 7.2: INDEX OF CONSUMER PRICES IN DOUALA (1)

Tableau 7.2 : INDICE DES PRIX A LA CONSOMMATION A DOUALA (1)

(May 1966 = 100)

	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81	1981/82	1982/83	1983/84	1984/85	
Foodstuffs	161.2	163.7	194.0	225.3	241.0	260.5	292.0	339.2	389.2	410.7	436.4	Produits alimentaires
Beverages and Tobacco	150.9	172.6	180.3	203.7	213.0	226.3	238.3	249.0	260.0	293.0	326.4	Boissons et tabac
Household Expenses	154.1	166.3	184.5	197.0	212.4	226.0	238.2	267.4	300.1	333.5	375.4	Dépenses de maison
Clothing	199.4	232.5	259.2	309.0	341.3	415.1	450.9	505.0	550.0	567.4	575.9	Habillement
Transportation	163.9	162.9	175.6	180.6	196.0	210.6	210.6	210.6	301.4	331.4	351.7	Transports
Health	119.6	131.6	139.1	177.2	202.6	210.9	226.0	267.2	260.9	260.6	310.9	Hygiène et santé
Recreation	123.0	135.3	133.1	125.7	142.1	153.0	157.0	166.9	179.6	223.5	232.0	Loisirs
Education & Other Services	202.7	242.3	245.0	240.3	266.6	292.7	342.3	387.9	429.6	450.3	451.2	Scolarité et divers
GENERAL INDEX	161.7	170.6	192.0	212.3	229.0	260.3	276.3	300.7	344.6	370.3	393.7	INDICE GENERAL
Imported Products	160.1	185.0	201.2	221.5	236.0	250.7	287.0	310.0	350.3	370.3	401.0	Articles importés
Local Products	155.5	160.0	187.3	215.4	231.6	242.0	267.5	310.6	351.0	382.9	407.0	Articles locaux
Services & Others	150.7	172.0	177.0	185.9	200.7	229.5	252.2	276.5	314.9	346.2	356.5	Services et divers

(1) Relevant for expatriates and families.

(1) Concernant des expatriés et leurs familles.

Source: Notes Annuelle de statistique, 1981-84.

World Bank

Table 1.5
Profits for Sectors with SNI Participation
(CFA Francs millions)

	<u>1980/81</u>	<u>1981/82</u>	<u>1982/83</u>	<u>1983/84</u>	<u>1984/85</u>
Total All Subsectors:	(16,022)	(50,105)	(60,996)	na	(15,442)
Primary Sector:	(9,929)	(34,931)	(52,174)	na	(24,818)
Agro-industries	(4,567)	(5,446)	(9,483)	na	(1,664)
Fisheries, Livestock	(253)	(295)	(232)	na	(1,029)
Wood and pulp	(2,960)	(26,076)	(38,855)	na	(21,491)
Development Societies	(2,149)	(3,114)	(3,604)	na	(634)
SNI Participation, pct.	19.9%	27.7%	27.1%	na	26.1%
Secondary Sector:	(6,093)	(15,174)	(8,822)	9,890	9,376
Food industries:	(1,384)	2,894	4,113	4,514	5,157
Textiles, clothing	(565)	(1,289)	(1,778)	(2,283)	(660)
Construction materials	(647)	(644)	(273)	1,869	1,913
Leather and Skins	(1,280)	(821)	(164)	(912)	(285)
Metallurgy, electro-mech.	(666)	(6,715)	(6,941)	(1,779)	(3,447)
Chemical, fertilizer	(1,551)	(8,599)	(3,779)	8,481	6,698
SNI Participation, pct.	21.1%	22.2%	20.9%	18.5%	19.4%

Source: Société Nationale d'Investissement
Reported in Plan Directeur d'Investissement du Cameroun
(1988)

Note: Totals do not add correctly in original

na = Not available.

Table 2.1a
MONETARY SURVEY: Liabilities

Table 6.1: MONETARY SURVEY (1)

Tableau 6.1 : SITUATION MONETAIRE - PASSIF (1)
(In billions of CFA francs/En milliards de francs CFA)

	1970	1979	1980	1981	1982	1983	1984	1985	
Currency	38.5	48.2	78.1	101.9	107.6	127.6	136.4	145.3	Monnaie fiduciaire
Demand Deposits	88.5	116.0	130.1	157.1	190.9	249.4	276.3	278.4	Monnaie scripturale
Banks	87.5	115.1	129.2	155.9	189.4	247.9	274.9	277.3	Banques
C.C.P.	1.0	0.9	0.9	1.2	1.5	1.5	1.5	0.1	C.C.P.
Money	146.9	184.3	208.2	258.9	298.5	377.1	412.8	433.7	Monnaie monétaire
Quasi Money	65.4	75.8	107.2	146.7	184.9	235.4	323.3	437.8	Quasi monnaie
Money and Quasi Money	212.3	260.1	315.4	405.6	483.4	612.4	736.2	871.5	Monnaie monétaire et quasi monnaie
External Borrowings:									
Medium & Long Term	2.1	16.3	28.4	48.7	64.8	44.6	60.9	51.3	Emprunts extérieurs : à moyen & long terme
Capital Account	17.5	24.4	30.6	45.4	53.6	67.8	50.1	67.8	Comptes propres
S.D.R. Allocations	2.9	4.2	5.5	7.7	8.4	9.7	11.3	10.1	Allocation de D.T.B.
Other Items (Net)	-1.5	-0.2	-20.6	-30.4	-37.8	26.2	2.4	-0.4	Autres postes (nets)
TOTAL LIABILITIES	233.3	294.8	339.4	449.8	533.0	740.0	862.1	990.4	PASSIF TOTAL

Source: S.E.A.C.
World Bank
(1) On calendar year basis

(1) Sur la base de l'année calendaire

**Table 2.1b
MONETARY SURVEY: Assets**

Table 6.2: MONETARY SURVEY - ASSETS (1)

Tableau 6.2 : SITUATION MONETAIRE - ACTIF (1)
(In billions of CFA francs/En milliards de francs CFA)

	1978	1979	1980	1981	1982	1983	1984	1985	
Net Foreign Assets (2)	<u>-16.2</u>	<u>9.4</u>	<u>-1.7</u>	<u>43.8</u>	<u>-9.1</u>	<u>68.8</u>	<u>130.2</u>	<u>134.2</u>	Avoirs Extérieurs Nets (2)
Domestic Credit	<u>249.2</u>	<u>285.4</u>	<u>363.0</u>	<u>475.2</u>	<u>562.1</u>	<u>699.2</u>	<u>731.9</u>	<u>836.2</u>	Credit Intérieur
Claims on Govt (net)	-17.9	-38.3	-53.6	-134.5	-116.6	-189.5	-74.3	-62.0	Créances nettes sur l'Etat
Claims by BEAC	-7.0	-6.9	-19.2	-7.9	-20.3	-57.3	-19.6	-8.9	B.S.A.C.
Claims by comm. banks	-27.4	-49.6	-49.6	-140.3	-113.7	-73.0	-72.4	-65.0	Banques commerciales
Claims by other institutions	17.9	16.2	15.2	13.7	16.4	21.1	17.7	14.9	Autres Institutions
Claims on private sector	266.8	323.8	416.6	559.7	678.7	808.8	806.1	878.2	Crédits à l'économie
TOTAL ASSETS	<u>233.1</u>	<u>294.8</u>	<u>359.4</u>	<u>449.0</u>	<u>553.0</u>	<u>768.0</u>	<u>862.1</u>	<u>970.4</u>	ACTIF TOTAL

Sources: B.S.A.C.,
World Bank

(1) On calendar year basis

(2) Central Bank, commercial banks and CCP

(1) Sur la base de l'année calendaire

(2) Banque Centrale, banques commerciales, et CCP.

Table 2.2
Comparative Measures of Financial Development, 1983

Country:	GNP/Capita (US \$)	M_2 /GDP	LB/GDP	QM/GDP
Cameroon	820	0.19	0.15	0.09
Kenya	340	0.27	0.22	0.10
Nigeria *	770	0.37	0.26	0.15
Côte d'Ivoire	710	0.26	0.17	0.08
Senegal **	440	0.31	0.21	0.08
Morocco *	760	0.44	0.29	0.10
Thailand	820	0.48	0.42	0.39
Indonesia	560	0.20	0.16	0.10
Philippines	760	0.25	0.20	0.17

Notes:

* 1982 data

** 1981 data

M_2 : Currency, demand deposits and savings deposits

LB: Bank Liabilities

QM: Quasi-Money

Source: World Bank, IFS, recorded in IMF (1986 p 11)

Table 2.3
Nominal and Real Exchange Rate
1980/81 - 1987/88 [1]
(1980 = 100; annual averages)

	Nominal Effective Exchange Rate	Real Effective Exchange Rate [2]	Real Effective Exchange Rate [3]
1980/81	97.0	95.5	97.5
1981/82	92.1	91.3	93.8
1982/83	88.2	80.8	92.8
1983/84	86.3	94.7	90.0
1984/85	87.0	93.5	87.1
1985/86	94.5	105.3	92.1
1986/87	99.5	117.7	96.6
1987/88	104.2	126.1	97.7

Source: IMF (1988a), from IMF exchange rate information system and IMF staff estimates.

Notes:

1. Cameroon Fiscal Year = July 1 - June 30.
2. Based on consumer price index Table 1.4a, Moderate Cameroonian native families in Yaounde.
3. Based on consumer price index of expatriate families in Yaounde.

French Franc Zone
Distribution of Money Supply
31 Dec. 1985

	FF Billion		Percentage	
	<u>M₁</u>	<u>M₂</u>	<u>M₁</u>	<u>M₂</u>
FRANCE	1,072	2,157	96.3%	97.1%
BEAC	16.7	28.9	1.5	1.3
Cameroon	8.5	17.3	0.8	0.8
Central African Republic	1.0	1.1	0.1	0.1
Chad	1.4	1.4	0.1	0.1
Congo	2.2	2.9	0.2	0.1
Equatorial Guinea	na	na		
Gabon	3.5	6.1	0.3	0.3
BCEAO	24.9	36.5	2.2	1.6
Benin	1.7	2.2	0.2	0.1
Burkina Faso	1.4	1.9	0.1	0.1
Cote d'Ivoire	12.4	18.8	1.1	0.8
Mali	2.3	2.6	0.2	0.1
Niger	1.6	2.2	0.1	0.1
Senegal	3.9	6.0	0.3	0.3
Togo	1.7	2.9	0.1	0.1
TOTAL	1,114	2,222	100.0	100.0%

Note: 50 CFAF = 50 cfaf = 1 FF
M₁: Currency plus demand deposits
M₂: M₁ plus Savings deposits

Source: International Monetary Fund (1988). International Financial Statistics Yearbook, 1987, IMF, Washington

Table 3.1
BALANCE OF PAYMENTS: Current Account
Table 3.1: BALANCE (W PAYMENTS)

Tableau 3.1: BALANCE DES PaiEMENTS (COMPTE COURANT)

(billion CFAF/milliards FCFA)

	1977/78	1978/79	1979/80	1980/81	1981/82	1982/83	1983/84	1984/85	
RESOURCE BALANCE	-47.00	-90.16	-49.16	-45.71	-5.78	121.70	281.78	474.23	BALANCE W RESSOURCES
Merchandise Trade (net)	-74.40	-57.76	-7.16	15.69	98.42	235.30	188.78	581.31	Balance Commerciale
Exports (F.O.B)	190.09	190.91	296.66	414.86	479.79	448.97	831.87	1093.94	Exportation (P.M)
Imports (F.O.B)	264.49	248.67	303.82	399.17	381.37	413.67	443.09	512.63	Importation (P.M)
Non-Factor Services (net)	-27.60	-32.90	-42.80	-81.40	-104.20	-113.60	-103.50	-107.20	Services Non-Facteurs
Receipts	58.80	66.50	81.30	101.30	119.40	148.00	188.90	229.30	Recettes
Payments	86.40	99.40	124.10	182.70	223.60	261.60	292.40	336.50	Paiements
Factor Service Income (net)	-17.70	-28.60	-34.20	-62.10	-93.90	-148.00	-171.00	-162.00	Revenu Net des Services Facteurs
Worker's Remittances (net)	-1.30	-1.70	-2.30	1.80	-8.40	-1.90	-8.70	8.00	Transferts Nets des Salaires
Investment Income (net)	-16.60	-18.90	-31.90	-63.90	-93.90	-128.10	-171.10	-167.00	Revenu Net de l'Investissement
Receipts	1.60	3.20	4.40	5.80	3.90	4.90	19.20	19.60	Recettes
Payments	-18.20	-22.10	-36.30	-69.70	-97.80	-133.00	-180.30	-186.60	Paiements
Interest on Public Debt	-8.50	-11.10	-17.10	-26.00	-35.60	-48.10	-48.90	-48.80	Dot. Int. Dette Pub. et Ext.
Interest on Private Debt	-8.70	-1.00	-2.20	-4.70	-6.20	-12.90	-20.00	-26.90	Int. Dette Privée
Foreign Oil Earnings	8.00	8.00	6.70	22.20	17.00	48.40	48.70	48.70	Transf. des Comptes Ext.
Other Payments	-8.60	-8.40	-9.70	-13.40	-22.30	-51.20	-80.40	-48.90	Autres Paiements
Current Transfer (net)	1.00	1.00	8.70	2.50	-4.70	-1.20	-2.70	-17.60	Transferts Courants Nets
CURRENT ACCOUNT BALANCE	-59.70	-107.76	-82.66	-105.31	-104.38	-19.50	108.78	294.53	BALANCE COURANTE

Source: Data supplied by the Ministry of Finance.
National Accounts.
World Bank Debt Data.
Mission Estimates.

Cameroon: Summary Balance of Payments (in CFA Francs)
1983/84-1987/88 1/

	1983/84	1984/85	1985/86	1986/87	1987/88 Est.
	<u>(In billions of CFA francs)</u>				
Trade balance	<u>374</u>	<u>588</u>	<u>201</u>	<u>-8</u>	40
Exports, f.o.b.	838	1,101	772	545	511
Petroleum	(531)	(722)	(419)	(255)	(233)
Nonpetroleum	(306)	(379)	(353)	(290)	(277)
Imports, f.o.b.	-464	-513	-571	-553	-471
Services (net)	<u>-243</u>	<u>-409</u>	<u>-411</u>	<u>-325</u>	<u>-277</u>
Nonfactor (net)	-30	-165	-144	-174	-132
Factor (net)	-213	-243	-216	-151	-145
Of which: interest (net)	(-76)	(-42)	(-49)	(-52)	(-77)
Transfers (net)	-2	-20	-23	-40	-43
Of which: official balance (net)	(30)	(22)	(26)	(10)	(16)
Current account balance	<u>129</u>	<u>159</u>	<u>-232</u>	<u>-373</u>	<u>-280</u>
Nonmonetary capital (net)	143	-50	116	114	180
Medium- and long-term (net)	197	113	14	66	111
Private (net)	156	46	-18	21	11
Official (net)	41	67	32	45	100
Disbursements	(63)	(133)	(113)	(127)	(188)
Amortisation	(-22)	(-66)	(-81)	(-82)	(-88)
Short-term (net)	-54	-163	102	101	69
Monetary capital (net)	-59	-85	122	48	-27
Errors and omissions (net)	-262	-6	63	-60	49
Overall balance	<u>-50</u>	<u>18</u>	<u>69</u>	<u>-217</u>	<u>-78</u>
Financing	<u>50</u>	<u>-18</u>	<u>-69</u>	<u>217</u>	<u>78</u>
Change in net official reserves (increase -)	50	-18	69	165	69
Arrears	—	—	—	53	18
	<u>(In percent of GDP)</u>				
<u>Memorandum items:</u>					
Current account balance	4.0	4.1	-5.7	-9.4	-8.4
CFAP/SDR rate (average)	430.2	467.0	423.5	395.2	388.8
Export unit values (1982/83=100) <u>1/</u>	101.4	104.6	72.8	53.5	49.1
Import unit values (1982/83=100)	100.6	101.7	99.7	100.4	101.7
Terms of trade (1982/83=100)	100.8	102.9	73.0	53.3	48.3

Sources: — Data provided by the Cameroonian authorities; and, ~~staff estimates~~.

— *World Bank*

1/ Fiscal year (July 1-June 30).

Table 3.2
BALANCE OF PAYMENTS: Capital Account

Table 3.2: BALANCE OF PAYMENTS (CAPITAL ACCOUNT)
Tableau 3.2: BALANCE DES PAIEMENTS (COMPTES DES CAPITAUX)
(billion CFAF/año/livros CFA)

	1977/78	1978/79	1979/80	1980/81	1981/82	1982/83	1983/84	1984/85	
Total Non-monetary Capital (net)	75.3	87.3	97.7	112.5	141.2	176.9	167.4	-16.3	Total des Capitaux non-monnaies (net)
Private Non-monetary Capital (net)	7.1	17.7	23.7	29.0	34.0	111.0	169.9	66.4	Capitaux privés non-monnaies (net)
Direct Foreign Investment (net)	1.3	10.0	17.0	10.5	27.0	37.0	107.1	-21.7	Investissements extérieurs directs (net)
Credits	0.6	15.0	16.4	16.7	10.1	72.0	107.4	50.9	Crédits
Debits	-0.6	-1.0	-7.4	-3.7	-10.1	-11.0	-10.3	-72.2	Débits
MLY Non-guaranteed Debt (net)	5.8	17.4	6.9	18.1	25.4	61.2	74.1	17.0	Dette non-garantie à moyen et long terme (net)
Disbursements	7.7	19.3	11.0	17.0	37.0	79.6	107.5	56.7	Décaissements
Amortization	-1.9	-1.9	-4.0	-7.7	-12.4	-18.4	-23.4	-10.0	Amortissements
Short Term Capital (net)	0.1	-9.7	-7.1	-16.7	-13.6	16.0	1.7	10.4	Capitaux à court terme (net)
Credits	10.0	1.7	17.1	29.2	49.2	60.5	107.0	112.5	Crédits
Debits	-9.9	-11.4	-14.2	-45.0	-31.4	-44.5	-104.1	-92.1	Débits
Official Capital (net)	68.2	69.5	69.0	84.4	64.4	22.9	-27.5	-87.7	Capitaux publics (net)
MLY Public and Guaranteed Debt (net)	48.1	76.1	97.0	86.5	66.4	21.9	29.9	7.1	Dette publique et garantie à moyen et long terme (net)
Disbursements	70.1	91.0	114.1	104.6	79.1	69.3	74.1	76.0	Décaissements
Amortization	-21.0	-14.9	-17.1	-20.1	-14.7	-45.4	-44.2	-71.7	Amortissements
Share-term Capital (net)	0.1	-0.9	0.2	-0.1	0.0	0.0	0.0	-0.2	Capitaux à court terme (net)
Credits	0.4	0.1	0.1	0.0	0.0	0.0	0.0	0.0	Crédits
Debits	-0.1	-1.0	-0.1	-0.1	0.0	0.0	0.0	-0.2	Débits
Other Capital (net)	0.0	-9.7	-19.0	0.0	0.0	0.0	-17.4	-84.0	Autres Capitaux (net)
Monetary Capital (net)	-16.2	17.9	-17.1	0.5	21.1	-12.0	-59.1	-84.9	Capitaux Monétaires (net)
Credits	0.1	11.1	0.0	1.2	49.4	10.1	1.6	1.6	Crédits
Debits	-16.3	-0.4	-17.1	-0.7	-28.1	-22.1	-61.7	-80.3	Débits
Errors & Omissions (net) g/	11.0	4.6	24.2	-20.2	-75.2	-70.0	-243.2	-176.3	Erreurs et omissions g/
Overall Balance	10.4	-0.1	24.0	-22.7	-19.1	23.6	-10.1	17.1	Balance globale
Reserves (net)									Four réserves
Net foreign reserves	14.9	-9.3	22.0	10.0	-20.2	29.3	-0.6		Réserves extérieures nettes

g/ Including oil sector capital flows

g/ y compris mouvements de capitaux du secteur pétrolier.

Source: Data supplied by the Ministry of Finance,
World Bank Debt Data,
Nigeria estimates.

Table 3.3
MAJOR EXPORTS

Table 3.3) **VALUE OF EXPORTS BY TYPE OF PRODUCT**
Tableau 3.3) **VALEUR DES EXPORTS PAR TYPE DE PRODUIT**
(CIVAF million/millions FCFA)

	1977/78	1978/79	1979/80	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	
Agricultural Products and Semi-Processed Goods	164,448	131,572	183,722	144,764	143,232	104,743	161,471	194,349		Produits Agricoles et Produits Semi-Traités
Total Cocoa	68,849	60,811	50,883	53,643	43,931	57,886	88,959	106,517	95,713	Total Cocoa
Cocoa Beans	47,522	43,221	40,333	47,300	36,876	48,189	74,653	94,713		Cacao en fèves
Cocoa Butter	7,727	3,834	6,422	3,279	4,123	3,687	8,243	3,443		Beurre de Cacao
Cocoa Cobs	13,600	9,756	10,918	3,070	3,082	3,170	6,019	6,361		Tourteaux de Cacao
Total Coffee	53,934	49,994	60,167	60,111	43,243	71,103	94,810	111,201	112,949	Total Café
Arabica	14,352	11,446	21,310	16,456	17,936	18,744	30,393	38,863		Arabica
Robusta	39,044	37,307	44,100	42,896	27,283	52,225	63,044	81,268		Robusta
Roasted	358	741	757	359	4	314	393	1,068		Café Torréfié
Logs and Wood Products	23,019	21,972	33,132	20,510	23,345	22,339	17,227	24,110	32,700	Produits Forestiers
Logs	17,350	14,581	22,333	17,819	14,878	13,816	10,272	14,914		Grumes
Wood Products	5,761	7,391	10,799	10,470	10,487	9,203	6,955	11,204		Bois
Other Major Commodities	17,107	17,758	22,726	23,192	29,337	32,725	37,893	37,940	29,304	Autres Produits Principaux
Tobacco	1,608	2,742	3,270	3,359	3,322	1,812	1,702	3,214	4,429	Tobac
Cotton	3,351	4,409	10,724	10,130	10,753	10,120	19,992	13,983	12,489	Coton
Natural Rubber	7,110	1,089	1,621	1,128	944	1,877	3,087	6,878	4,461	Caoutchouc Naturel
Bananas	3,110	6,021	3,190	2,871	6,676	6,787	8,892	10,810	6,978	Bananes
Palm Oil & Palm Kernels	668	2,049	1,763	1,403	1,843	1,810	1,873	2,812	1,111	Huile de Palme et Noix de Palme
Other Agricultural Goods	1,319	930	1,264	2,320	1,316	3,390	2,262	2,263		Autres Produits Agricoles
Mineral Commodities	0,311	20,841	87,793	219,727	306,197	434,080	370,443	746,359		Produits Minéraux
Oil	2,753	23,188	81,728	216,003	307,447	428,987	343,434	721,428		Pétrole
Aluminium	1,764	6,641	6,527	3,723	4,750	20,320	31,792	32,442		Aluminium
Manufactured Goods	13,442	13,843	20,312	20,863	23,143	27,277	24,944	21,150		Produits Manufacturés
Metal Products	4,852	3,748	5,824	6,722	6,894	5,774	7,572	..		Produits Métalliques
Chemical Products	2,170	2,234	6,346	4,487	4,129	3,427	2,487	..		Produits Chimiques
Electrical & Mechanical Equipment	2,844	1,937	2,748	3,437	3,489	3,940	10,294	..		Équipement Électrique et Mécanique
Textiles	3,248	3,277	4,377	3,808	7,376	6,178	4,390	..		Textiles
Transport Equipment	354	111	1,890	1,874	1,044	1,182	182	..		Équipement de Transport
Other Manufactured Goods	1,254	2,899	1,787	3,013	2,861	2,854	2,719	..		Autres Produits Manufacturés
Other Merchandise Exports NEC	1,029	1,218	2,247	2,383	2,222	3,862	1,828	1,993		Autres Exportations de Marchandises
TOTAL NON-OIL EXPORTS	107,343	113,723	213,298	198,818	178,239	238,109	303,232	273,842		TOTAL DES EXPORTATIONS NON-PÉTROLIÈRES
TOTAL EXPORTS	198,898	198,913	292,664	414,862	479,786	642,898	858,704	1,094,471		TOTAL DES EXPORTATIONS

Source: Annual Statistical Note.
National Accounts.
Missing estimates.

Cameroon: Principal Exports, 1983/84-1987/88 1/

	1983/84	1984/85	1985/86	1986/87	1987/88 Est.
<u>(In billions of CFA francs)</u>					
Petroleum exports	<u>531.4</u>	<u>722.0</u>	<u>419.0</u>	<u>255.2</u>	<u>233.1</u>
Crude petroleum	498.3	680.6	394.7	232.5	214.9
Refined products	33.1	41.4	24.3	22.7	18.2
Nonpetroleum exports	<u>306.4</u>	<u>378.9</u>	<u>353.2</u>	<u>289.9</u>	<u>277.5</u>
Cocoa beans	74.7	94.8	82.7	72.1	62.0
Cocoa products	14.3	11.7	13.5	10.6	10.4
Coffee	94.8	110.2	111.5	82.0	61.2
Robusta	(63.8)	(81.3)	(82.5)	(66.1)	(44.7)
Arabica	(30.4)	(28.9)	(29.0)	(16.0)	(16.6)
Cotton	20.0	9.1	9.4	7.5	9.9
Logs and wood products	18.3	36.1	32.8	24.5	27.2
Aluminum products	25.0	33.9	28.2	18.3	26.9
Other manufactured goods	36.9	59.3	47.5	42.3	48.6
Miscellaneous agricultural goods	22.3	23.7	27.6	27.6	31.6
Total exports	<u>837.8</u>	<u>1,100.9</u>	<u>772.2</u>	<u>545.1</u>	<u>510.6</u>
<u>(In thousands of metric tons)</u>					
Petroleum exports					
Crude	5,740.0	7,380.0	7,384.0	7,013.0	6,880.0
Refined products	456.5	540.0	670.0	750.0	800.0
Nonpetroleum exports					
Cocoa beans	89.7	97.4	84.2	99.6	102.6
Cocoa products	12.4	11.6	13.4	19.1	15.0
Coffee beans	130.5	93.9	98.3	79.6	95.0
Robusta	(102.1)	(72.3)	(77.1)	(67.7)	(70.0)
Arabica	(28.4)	(21.6)	(21.2)	(11.9)	(25.0)
Cotton	22.5	27.0	21.8	19.9	20.3
Logs and wood products	294.3	653.5	452.5	347.0	357.4
Aluminum products	47.1	70.6	60.6	39.7	39.7
Other manufactured goods	73.4	92.4	113.5	120.1	124.9
Miscellaneous agricultural goods	91.3	92.3	125.0	125.0	127.5

Sources: -Data provided by the Cameroonian authorities; and staff estimates.

-World Bank

Cameroon: Selected Producer Prices and
Export Unit Values, 1983/84-1987/88 ^{1/}

(In CFA francs per kilogram)

	1983/84	1984/85	1985/86	1986/87	1987/88
Producer prices ^{2/}					
Cocoa					
Grade I	370	410	420	420	420
Grade II	370	410	420	420	420
Substandard	130	250	310	310	310
Coffee					
Robusta	390	430	440	440	440
Arabica	410	450	475	475	475
Cotton					
Yellow	117	130	140	140	140
White	117	130	140	140	140
Nonselected	105	117	130	130	130
Export unit values					
Cocoa	833	973	982	724	618
Coffee					
Robusta	762	1,124	1,070	975	597
Arabica	1,070	1,338	1,368	1,345	820

Source: - Data provided by the Cameroonian authorities.

- IMF

^{1/} Fiscal year (July 1-June 30).

^{2/} The producer price for cocoa is announced in September, for coffee in January, and for cotton in November.

Table 3.4
MAJOR IMPORTS

Table 3.4: VALUE OF IMPORTS BY PRODUCT GROUP ^{1/}

Tableau 3.4: VALEUR DES IMPORTATIONS PAR GROUPE DE PRODUITS ^{1/}

(^{1/}CAF million/billions CFAF)

	1977/78	1978/79	1979/80	1980/81	1981/82	1982/83	1983/84	1984/85	
Consumption Goods	35,507	43,592	49,763	56,941	63,941	73,137	74,253	113,941	Biens de Consommation
Food, Beverages and Tobacco	13,781	17,350	18,003	18,434	19,325	23,630	29,187	43,419	Alimentation, Boissons, Tabac
Other Consumer Goods	21,726	26,242	32,760	38,507	44,616	49,507	45,066	70,522	Autres Biens de Consommation
Petroleum Products	22,169	22,597	26,420	26,114	18,747	9,722	6,961	3,720	Produits Pétroliers
Raw Materials	6,266	9,670	13,367	13,920	23,693	24,912	32,002	25,513	Matières Premières
Of Animal and Vegetable Origin	5,003	5,143	5,404	6,770	6,607	8,974	11,919	5,328	d'Origine Végétale et Animale
Of Mineral Origin	1,263	4,527	7,963	7,150	17,086	15,938	20,083	19,185	d'Origine Minérale
Intermediate Goods	81,345	99,003	124,473	142,316	169,237	187,925	202,063	189,332	Biens Intermédiaires
Semi-finished Goods	33,242	42,658	55,954	64,706	79,349	86,238	100,632	84,687	Produits Semi-Finis
Finished Goods	48,103	56,345	68,519	77,610	89,888	101,687	101,431	104,645	Produits Finis
Capital Goods	67,308	80,549	79,000	109,050	107,740	121,971	140,260	180,004	Biens d'Équipement
Agricultural Equipment	1,310	1,400	1,405	1,612	1,821	2,092	3,170	2,870	Équipement Agricole
Industrial Equipment	36,273	53,253	54,910	67,609	69,976	81,387	100,040	122,160	Équipement Industriel
Transport Equipment	29,725	25,746	22,685	40,829	35,943	38,492	37,050	55,974	Équipement de Transport
TOTAL IMPORTS	214,491	236,175	301,026	370,172	381,369	413,670	463,544	512,612	TOTAL DES IMPORTATIONS

^{1/} Total import bill based on Ministry of Finance data.

Distribution across product group based on National Accounts data.

Sources: National Accounts.

Data from the Ministry of Finance.

Mission estimates based on data for FY 1985 provided by the Ministry of Finance, National Accounts Division.

Cameroon: Composition of Imports, f.o.b.
1983/84-1986/87

(In billions of CFA francs).

	1983/84	1984/85	1985/86	1986/87
Food, beverages, and tobacco	29.2	43.4	55.5	58.7
Other consumer goods	45.1	70.4	85.7	87.3
Oil imports	7.0	3.7	4.0	3.0
Raw materials	32.0	25.6	27.3	24.4
Non-oil intermediate goods	202.1	189.3	223.5	223.7
Semifinished	100.6	80.7	88.6	95.0
Finished	101.4	108.6	134.9	128.7
Capital goods and equipment	148.3	180.1	175.0	155.8
For industry	100.9	122.2	105.9	92.4
For transport	44.1	55.1	63.6	58.2
For agriculture	3.2	2.9	5.5	5.2
Total imports, f.o.b.	<u>463.5</u>	<u>512.6</u>	<u>571.0</u>	<u>553.0</u>

Source: Data provided by the Cameroonian authorities.

IMF

1/ Fiscal year (July 1-June 30).

CERTAINES CONDITIONS

TABLE 4.1

N° d'ordre	Façon tarifaire	Désignation du produit	Observations
1	11.01.01	Farine de froment	Importations autorisées, au profit des régions éloignées du centre de production ou dans des cas laissés à l'appréciation du ministre du Commerce et de l'Industrie
2	17.01.01 17.01.11	Sucre granulé industriel Sucre raffiné	Importations autorisées uniquement lorsque la production locale est défail- lante
3	17.04.90	Sucreries sans cacao autres	
4	25.23.00	Ciment hydraulique	Importations autorisées pour les ciments spéciaux, au profit des régions d'accès difficile ou dans des cas laissés à l'appréciation du ministre du Commerce et de l'Industrie
5	33.06.11	Diadermine (lait, crème, poudre)	Importations autorisées uniquement lorsque la production locale est défail- lante
6	36.06.00	Allumettes	Importations interdites sauf à titre publi- citaire
7	39.07.31	Tuyaux en matière plastique de 200 mm ou moins	Importations autorisées uniquement lorsque la production locale est défail- lante
8	40.11.35	Chambre à air pesant 500 g ou moins	Importations autorisées uniquement lorsque la production locale est défail- lante
9	40.11.46	Pneumatiques de 2 kg ou moins	Importations autorisées uniquement lorsque la production locale est défail- lante
10	48.15.00	Papier hygiénique	Importations autorisées uniquement lorsque la production locale est défail- lante
11	55.06.90	Fils à coudre, à broder, à tricoter en coton	Importations autorisées uniquement lorsque la production locale est défail- lante
12	55.08.00	Tissus de coton boude du genre éponge	Importations autorisées lorsque la pro- duction locale est défail- lante
13	56.06.00	Fils à coudre, à broder, à tricoter en matière synthétique et en acry- lique	Importations autorisées uniquement lorsque la production locale est défail- lante
14	62.02.21	Linge de toilette	Importations autorisées uniquement lorsque la production locale est défail- lante
15	62.03.01	Sacs de jute	Importations suspendues sauf déroga- tion exceptionnelle
16	73.10.01	Fer à béton	Importations possibles lorsque la pro- duction locale est défail- lante
17	82.21.00	Hâches, machettes	Importations autorisées uniquement lorsque la production locale est défail- lante
18	84.21.09	Pulvérisateurs à usage agricole	Importations autorisées uniquement à la suite d'un appel d'offre ou si la produc- tion locale est défail- lante
19	84.25.11	Dépulpeurs à café à main	Importations autorisées uniquement lorsque la production locale est défail- lante
20	85.03.00	Piles électriques rondes de 1,5 volt	Importations temporairement suspen- dus sauf dérogation exceptionnelle

Table 4.2
ANNEXE II
PRODUITS REGLEMENTES SOUMIS AU SYSTEME
DE JUMELAGE A L'IMPORTATION

N° d'ordre	Position tarifaire	Désignation du produit
1	10.06.19 et 10.06.21	Riz en grains entiers autres et brisures de riz
2	42.02.00	Valises
3	48.16.01 et 48.16.11	Boîtes, sacs, pochettes et autres emballages en carton ou papier
4	48.13.00	Papier carbone, excepté le stencil
5	51.04.00	Tissus en fibres synthétiques ou artificiels continus sauf tissus écrus
6	55.09.03	Tissus de coton blanchis sauf tissus écrus
7	55.09.04	Tissus de coton teints sauf écrus
8	55.09.06	Tissus de coton imprimés sauf tissus écrus
9	55.09.51 à 55.09.90	Autres tissus de coton sauf tissus écrus
10	56.07 toutes positions	Tissus de fibres textiles synthétiques ou artificiels discontinus sauf tissus écrus
11	60.01.00	Étoffes de bonneterie non élastiques ni caoutchoutées
12	61.01.00 et 61.03.00	Vêtements de dessus hommes, chemisiers, chemisettes, vêtements de dessous hommes, plastrons, manchettes
13	61.09.00	Soutien-gorges, pantiers, bustiers, gaines, gaines-culottes, slips, bretelles, corsets
14	64.01.01	Chaussures à dessus en caoutchouc, semelles en caoutchouc
15	64.01.11	Chaussures à dessus en plastiques semelles en plastique
16	64.02.01	Chaussures à semelles en cuir
17	64.02.21	Chaussures à dessus en toile
18	64.02.22	Chaussures à dessus en cuir
19	64.02.29	Chaussures à dessus autres
20	64.03.00	Chaussures à semelles en bois ou liège
21	98.08.00	Rubans encréurs

**PRODUITS REGLEMENTES SOUMIS A LA PROCEDURE
D'AUTORISATION PREALABLE A L'IMPORTATION**

TABLE 4.3

N° d'ordre	Position tarifaire	Désignation de produit
1	02.02.00	Volailles mortes de basse cour et leurs abats comestibles
2	03.01.29	Poisson congelé
3	04.02.03	Lait concentré sucré à l'état liquide ou pâteux
4	10.06.11	Riz de luxe
5	15.07.02	Huile brute d'arachide
6	15.07.08	Huile brute de coton
7	15.07.21	Huiles épurées ou raffinées d'arachide
8	15.07.29	Huiles épurées ou raffinées autres sauf huile de lin à usage industriel.
9	17.01.01	Sucre granulé industriel
10	19.03.00	Pâtes alimentaires
11	21.05.00	Préparations pour soupes, potages ou bouillons
12	22.01.01	Eaux naturelles non distillées
13	25.01.01 et 25.01.02	Sels destinés à l'alimentation
14	28.05.00	Barite
15	30.03.00	Médicaments pour bétail
16	30.04.00	Coton hydrophile
17	31.01.00 à 31.05.00	Engrais
18	32.09.11	Vernis
19	32.09.21	Peintures
20	32.12.00	Mastics et enduits
21	33.06.11	Produits pour soins de la peau non alcooliques (sauf produits diadermine)
22	33.06.21	Produits capillaires alcooliques
23	34.01.01	Savons ordinaires
24	34.01.21	Savons médicaux
25	34.01.90	Autres savons
26	34.02.21	Préparations pour lessives
27	36.07.00	Articles de pyrotechnie (pétard, fusées, paragrêles et similaires)
28	38.11.01 à 90	Désinfectants, insecticides, fongicides, herbicides etc...
29	39.02.01	Chlorure de polyvinyle en granulé
30	39.07.33	Toutes sacheries en matière plastique, toutes épaisseurs imprimées ou non
31	39.07.39	Articles de ménage, d'hygiène et d'économie domestique en matière plastique, éponge et fil propylène, casiers en PEHD
32	42.02.00	Article de voyage et contenants similaires

33	48.15.00	Autres papiers et cartons découpés en vue d'un usage déterminé
34	48.18.00	Cahiers, carnets, bloc-notes etc...
35	48.19.00	Étiquettes de tous genres, en papiers ou en cartons, imprimées ou non, avec ou sans illustrations même gommées
36	48.21.90	Serviettes hygiéniques
37	55.07.00	Tissus de coton à point de gaze
38	59.01.00	Ouate et articles en ouate, nœuds, boutons de matière plastique
39	59.03.00	Nappes de tables
40	59.08.00	Tissus imprégnés, enduits
41	60.04.00	Sous-vêtements de bonneterie non élastique, ni caoutchoutée
42	60.05.00	Vêtements de dessus, accessoires et vêtements autres, articles de bonneterie non élastique ni caoutchoutée
43	60.06.00	Étoffes en pièces et autres articles de bonneterie élastique et de bonneterie caoutchoutée
44	61.01.00	Vêtements de dessus d'hommes et de garçons
45	61.02.00	Vêtements de dessus de femmes, fillettes ou jeunes enfants
46	61.03.00	Vêtements de dessous, d'hommes ou de garçons
47	61.04.00	Vêtements de dessous de femmes, fillettes ou jeunes enfants couchés carrés pour bébés
48	62.01.00	Toutes couvertures
49	62.02.01	Linge de lit
50	62.02.31	Couvre-lits
51	62.05.00	Autres articles confectionnés en tissus, y compris les patrons de vêtements
52	69.07.00 et 69.08.00	Carreaux, pavés et dalles
53	70.10.00	Bouteilles
54	73.13.61	Tôles ondulées
55	73.18.00	Tubes et tuyaux en fer sauf pour installations pétrolières
56	73.21.19	Charpentes sauf candelabres, chemins de câbles
57	73.23.00	Fûts, tonnelets, boîtes, seaux galvanisés
58	73.27.11	Grillages et treillis
59	73.31.01	Pointes à tête plate ordinaire et clous à tôle
60	73.31.90	Punaises
61	73.36.00	Cuisinières à gaz sauf réchaud à gaz
62	73.38.01	Articles de ménage émaillés sauf baignoires
63	73.38.12	Eponges métalliques
64	76.03.00	Tôles, planches, feuilletés et bandes en aluminium
65	76.12.00	Câbles, cordages tressés et similaires en fils d'aluminium à l'exception des articles isolés pour l'électricité
66	76.15.00	Articles de ménage en aluminium

67	82.01.00	Pelles, bûches, pioches, autres articles à trillants agricoles, horticoles à main etc...
68	84.12.00	Climatiseurs à l'exception de ceux conçus pour véhicules
69	84.15.01	Réfrigérateurs et congélateurs électriques sauf réfrigérateurs à pétrole
70	84.24.01	Matériel agricole à main, traction animale
71	85.12.90	Cuisinières électriques ou mixtes
72	85.15.01	Appareils émetteurs récepteurs
73	85.15.12	Appareils de radiodiffusion combinés ou non
74	85.15.19	Autres appareils récepteurs
75	85.23.00	Fils de câbles isolés pour l'électricité
76	87.14.91	Brouettes et leurs pièces
77	92.11.00	Appareils d'enregistrement et de reproduction de son sauf magnétoscopes et téléviseurs
78	93.04.00	Armes à feu
79	93.07.01 à 90	Munitions sauf plomb carabines à air combiné
80	94.03.11	Lits de camp, lits pliants, lits-cages et similaires
81	96.01.01 à 02	Balais, brosses à dents
82	96.01.90	Autres brosses pour linge et chaussures
83	98.05.00	Craies
84	98.10.00	Briquets et allumeurs

Table 4.4
UDEAC TARIFFS: Examples

Tableau 2 - Exemples de droits et tarifs UDEAC

<u>N° Tarif</u>	<u>Désignation du produit</u>	<u>Droit de douane</u>	<u>Droit d'entrée</u>	<u>TCA</u>	<u>Taxe compl.</u>
1107	Malte	5	25	10	10
2203	Bières	30	30	10	35
2501/04/05/20	Prod. minéraux	5	15	10	0
2523	Ciments	20	15	10	15
2801-2828	Prod. chimiques inorganiques	5	25	10	0
3401	Savons	30	45	10	0
3505	Dextrines et colles	7,50	25	10	10
3606	Allumettes	30	70	10	50
3902	PVC	5	10	10	5
3907	Ouvr. en plastique	25	30	10	5
4415	Bois plaqués et contreplaqués	30	25	10	15
5502	Coton	15	20	10	0
5505	Fils de coton	30	10	10	5
5509	Tissus de coton	30	15	10	20
5710	Tissus de jute	0	0	0	5
6203	Sacs en tis. de jute	30	5	10	20
7301-7321	Métaux et ouvrages en fer ou acier	10	20	10	10
7331	Pointes et clous	15	30	10	5
8201	Outils agricoles	7,50	20	10	25
8424	Machines appareils et engins agricoles	10	5	0	0
8448	Pièces détachées aux machines-outils des n° 8445 à 8447 inclus	5	20	10	10

Source : " Tarifs des Douanes " UDEAC.

Table 4.3
NOMINAL TARIFF IMPACT (ex-ante, ex-poste)

Taux Tarifaires ex ante & ex post pour un échantillon de marchandises commercialisées au Canada

No.	Description du Produit	Taux tarifaires		No.	Description du Produit	Taux tarifaires		No.	Description du Produit	Taux tarifaires				
		ex ante	ex post			ex ante	ex post			ex ante	ex post			
1	Poisson frais	37.00 \$	43.50 \$: 41 Nitrate	5.00 \$	n.a.	: 87	Vilet à poisson	87.00 \$	20.00 \$: 130	ouvert	53.00 \$	n.a.		
2	Poisson trempé & préparé	54.75 \$	37.02 \$: 45 Phosphates	8.00 \$	n.a.	: 88	Vitaments	46.00 \$	n.a.	: 131	poignées métalliques	52.00 \$	n.a.	
3	lait	23.25 \$	16.31 \$: 46 alcools	51.00 \$	n.a.	: 89	Vitescote	66.66 \$	n.a.	: 132	verrures	53.00 \$	n.a.	
4	plumes	26.50 \$	n.a.	: 47 produits pharmaceutiques	46.75 \$	9.02 \$: 90	Couvertures en coton	50.50 \$	63.63 \$: 133	bouchons métalliques	53.00 \$	5.87 \$	
5	fruits	13.50 \$	2.79 \$: 48 produits pharmaceutiques	46.13 \$	18.72 \$	: 91	articles de maison	74.00 \$	66.96 \$: 134	électrodes de soudure	53.00 \$	21.00 \$	
6	légumes	43.00 \$	62.75 \$: 49 engrais	9.00 \$	n.a.	: 92	maçs en jute	58.50 \$	43.79 \$: 135	pièces des chaudières	53.00 \$	29.83 \$		
7	racines alimentaires	43.00 \$	26.74 \$: 50 engrais	6.00 \$	n.a.	: 93	caevras	74.00 \$	29.96 \$: 136	pièces détachées	52.00 \$	21.77 \$		
8	fruit	43.00 \$	42.72 \$: 51 colorants	55.75 \$	n.a.	: 94	résidus industriels	53.00 \$	40.63 \$:	des brasseries				
9	agrumes	53.00 \$	30.25 \$: 52 peinture et vernis	86.00 \$	n.a.	: 95	Chaussures	69.50 \$	69.16 \$: 137	pièces pour ascenseurs	52.00 \$	21.93 \$		
10	saie	22.00 \$	71.37 \$: 53 parfums	162.00 \$	327.60 \$: 96	abrasifs	58.50 \$	n.a.	: 138	pièces machines agricoles	35.00 \$	5.37 \$	
11	farine	65.00 \$	36.69 \$: 54 savons de ménage	102.50 \$	100.00 \$	: 97	produits en ciment	50.50 \$	51.50 \$: 139	pièces détachées latérie	74.00 \$	n.a.	
12	farine de maïs	61.00 \$	36.69 \$: 55 détergents	61.00 \$	61.00 \$	: 98	plagues de verre	69.50 \$	49.65 \$: 140	pièces machines à papier	27.00 \$	4.66 \$	
13	malt	53.00 \$	1.63 \$: 56 colles	55.75 \$	12.65 \$	: 99	bouteilles	69.50 \$	6.21 \$: 141	pièces pour textile	35.00 \$	5.69 \$	
14	saïdon	54.00 \$	1.79 \$: 57 explosifs	48.00 \$	37.61 \$	: 100	vainelle	58.50 \$	48.47 \$: 142	pièces machines à cuir	52.00 \$	10.12 \$	
15	graisse	48.50 \$	0.75 \$: 58 allumettes	170.00 \$	170.00 \$	: 101	fer et acier	53.00 \$	0.23 \$: 143	pièces pour travaux forestiers	47.50 \$	31.16 \$	
16	balle de palme	48.50 \$	24.56 \$: 59 insecticides, désinfectants	41.75 \$	n.a.	: 102	barres de fer et d'acier	53.00 \$	25.29 \$: 144	machines à écrire	41.00 \$	45.24 \$		
17	acide (cuisine)	48.50 \$	9.90 \$: 60 PVC	31.50 \$	6.83 \$	: 103	équerres en fer/acier	53.00 \$	25.69 \$: 145	calculatrices	61.00 \$	53.78 \$	
18	balle de cuisine	48.50 \$	8.63 \$: 61 polyéthylène	32.00 \$	0.83 \$	: 104	tôles	52.00 \$	7.63 \$: 146	ordinateurs	50.50 \$	20.02 \$	
19	sucré	109.00 \$	n.a.	: 62 noues	53.00 \$	0.83 \$: 105	fil de fer	53.00 \$	11.62 \$: 147	autres machines de bureau	61.00 \$	41.69 \$	
20	paie	61.75 \$	n.a.	: 63 produits plastiques	75.50 \$	15.33 \$: 106	tuyaux en fer	53.00 \$	4.87 \$: 148	autres pièces de bateau	53.00 \$	10.19 \$	
21	patinoires	91.50 \$	90.91 \$: 64 caoutchouc	32.50 \$	56.12 \$: 107	construction en fer/acier	53.00 \$	n.a.	: 149	autres pièces de machines agricoles	15.00 \$	0.00 \$	
22	carrelage, ossature	61.50 \$	87.00 \$: 65 produits en caoutchouc	53.50 \$	59.61 \$	: 108	boites en fer	50.50 \$	6.11 \$:				
23	jus de fruit	61.00 \$	36.63 \$: 66 pneus	53.50 \$	n.a.	: 109	câbles et cordages en acier	47.50 \$	n.a.	: 150	pièces	101.00 \$	50.75 \$	
24	glaçart	61.00 \$	19.43 \$: 67 cuir	53.50 \$	n.a.	: 110	fil de fer barbelé	53.00 \$	20.02 \$: 151	pièces des radios	60.00 \$	n.a.		
25	glace	32.00 \$	n.a.	: 68 bois	70.50 \$	26.73 \$: 111	grillage	59.00 \$	36.50 \$: 152	pièces électriques	40.00 \$	14.70 \$	
26	caas séchés	32.00 \$	n.a.	: 69 bois de sciage	76.50 \$	n.a.	: 112	clous	66.50 \$	50.62 \$: 153	tracteurs	32.00 \$	26.76 \$	
27	boisnon gazeuses	76.50 \$	n.a.	: 70 poudre de bois	75.50 \$	1.06 \$: 113	vis et boulons	53.50 \$	n.a.	: 154	autres véhicules	61.00 \$	44.57 \$
28	bière	197.00 \$	n.a.	: 71 placage	85.50 \$	n.a.	: 114	articles en métal denté	69.00 \$	59.60 \$: 155	pièces détachées véhicules	54.50 \$	29.19 \$	
29	tabac	123.00 \$	6.00 \$: 72 papier	50.75 \$	n.a.	: 115	feuille d'acier	49.00 \$	59.60 \$: 156	meubles	75.00 \$	91.97 \$		
30	saï	63.00 \$	23.29 \$: 73 matériel d'emballage	50.75 \$	7.19 \$: 116	fil de cuivre	53.60 \$	n.a.	: 157	outils	75.00 \$	41.15 \$	
31	graphite	43.00 \$	n.a.	: 74 cahier	39.75 \$	35.21 \$: 117	tablets en cuivre	59.00 \$	62.07 \$: 158	fournitures de bureau	53.00 \$	100.00 \$	
32	saïle - gravier	43.00 \$	n.a.	: 75 étiquettes	50.75 \$	7.25 \$: 118	aluminium brut	59.50 \$	27.70 \$:				
33	styrac	43.00 \$	n.a.	: 76 fil synthétique	69.50 \$	63.03 \$: 119	aluminium extrudé	58.50 \$	8.20 \$:				
34	ciment	63.50 \$	1.82 \$: 77 tissu synthétique	85.00 \$	24.36 \$	: 120	feuilles et bandes d'aluminium	50.50 \$	30.73 \$:				
35	pétrole brut	43.00 \$	n.a.	: 78 fil en métal	59.50 \$	40.75 \$: 121	câbles en aluminium	59.50 \$	1.09 \$:				
36	gas oil	8.25 \$	9.00 \$: 79 coton brut	68.50 \$	48.75 \$: 122	articles de maison	79.50 \$	n.a.	:				
37	saïl	2.50 \$	n.a.	: 80 fil en coton	59.00 \$	7.57 \$: 123	articles divers	61.50 \$	28.06 \$:				
38	lubrifiants	22.00 \$	22.00 \$: 81 tissus en coton	79.50 \$	55.84 \$	: 124	feuilles et bandes de zinc	50.50 \$	32.19 \$:				
39	gas	43.00 \$	8.06 \$: 82 jute	53.50 \$	53.50 \$	: 125	toles et tuyaux en zinc	50.50 \$	57.14 \$:				
40	produits chimiques	43.00 \$	0.05 \$: 83 toile en jute	5.00 \$	1.12 \$	: 126	autres articles en zinc	53.60 \$	1.17 \$:				
41	charbon	43.00 \$	n.a.	: 84 dentelle	59.00 \$	n.a.	: 127	outils agricoles	65.75 \$	46.07 \$:				
42	acides	43.00 \$	n.a.	: 85 beurre	85.00 \$	3.01 \$: 128	outils manuels	53.00 \$	60.10 \$:				
43	CO2	43.00 \$	9.50 \$: 86 corde	53.50 \$	n.a.	: 129	lames industrielles	63.00 \$	10.37 \$:					

Note : 8 notation
 \$/kg
 n.a. not available

Source : Direction des Douanes.

Source: Industrial Master Plan, Synthesis volume

EFFECTIVE RATES OF PROTECTION

(Sample of 49 industrial firms)

TABLEAU 4 - ESTIMATION DU TAUX DE PROTECTION EFFECTIVE ET DU COUT EN RESSOURCES INTERIEURES SUR LA BASE D'UN ECHANTILLON DE 51 ENTREPRISES (1965/66)

(1) BRANCHE	No. Produit/activité	TAUX DE PROTECTION EFFECTIVE			COUT EN RESSOURCES INTERIEURES (CET)	
		interieur	export	totale net	proportion	classement
02 Agriculture pour l'industrie et exportation	1 : Huile de palme	92.49	- 7.25	36.25	1.23	15
	2 : Tacao	-	- 6.50	-15.00	0.36	4
	3 : Fruits (bananes)	155.19	-15.19	-24.64	0.69	6
04 Pêche	4 : Pêche et crevettes	471.03	-19.17	0.72	0.75	7
05 Sylviculture et exploitation forestière	5 : Grumes	304.78	- 7.99	-15.65	0.31	2
09 Boulangerie et pâtisserie	6 : Boulangerie	145.10	-	122.52	1.16	14
	7 : Boulangerie	6	-	6	1.59	19
10 Autres industries alimentaires	8 : Produits laitiers	6	-	6	-3.78	38
11 Boissons et tabac	9 : Brasserie	603.65	- 5.04	-494.64	- 1.61	20
	10 : Brasserie	6	-	6	2.80	29
	11 Eau minérale	76.95	-	60.85	1.01	12
12 Industries de textile et confection	12 : Ecrus teints imprimés	6	-12.68	655.96	4.61	32
	13 : sacs de jute et polypropylène	6	- 1.12	6	-2.55	41
	14 : Couverture des lits et draps	6	- 1.53	6	-2.45	42
	15 : Linge de maison	11846.00	- 4.14	298.73	1.88	23
13 Fabrication de chaussures	16 : Chaussures	359.15	- 2.36	255.01	1.96	25
14 Industries du bois et fabrication d'ouvrages en bois	17 : Scierie	383.25	-16.71	69.63	0.96	13
	18 : Contrepiaqués, sciage	6	-17.61	6	-76.09	35
	19 : Contrepiaqués	6	-31.65	-25.32	0.59	5
	20 : Contrepiaqués	6	- 7.36	32.83	0.80	9
	21 : Contrepiaqués	1087.15	- 7.96	42.99	0.33	10
	22 : Scierie	404.41	- 4.63	2.09	0.37	3
	23 : Meublerie	525.30	-	472.64	4.45	31
15 Fabrication de papier et d'articles en papier	24 : Cartons	169.15	-	145.77	2.06	26
	25 : Emballages en carton	232.54	- 4.90	185.36	1.26	16
16 Fabrication des produits chimiques à l'exception des produits de base	26 : Aromatisants	6	- 6.75	363.57	1.24	22
	27 : Savon	6	-14.40	920.60	2.34	28
	28 : Détergent	6	-16.57	6	-6.56	37
	29 : Gaz industriels	135.99	-	116.17	1.83	21
	30 : Piles électriques	6	- 4.06	6	-2.76	45
165 Fabrication des produits dérivés du pétrole	31 : Lubrifiants	6	- 1.51	24.03	0.24	1
17 Industrie du caoutchouc	32 : Pneumatiques	426.75	-11.27	123.27	1.33	17

(1) BRANCHE	No. Produit/activité	TAUX DE PROTECTION EFFECTIVE			COUT EN RESSOURCES INTERIEURES (CRI)	
		interieur	export	totale net	proportion	classement
171 Fabrication d'ouvrages en matière plastique	33 : Tuyaux PVC	53546.13	-	48978.30	171.29	33
	34 : Emballage en plastiques	8	-6.23	8	-13.30	36
	35 : Produits en plastiques	8	-	8	-0.59	46
	36 : Tuyaux en plastiques	8	-	8	-1.55	43
18 Fabrication de matériaux de construction	37 : Ciment	8	-12.72	8	-1.42	44
	38 : Planchers précontraints en béton	8	-	8	-2.57	40
191 Transformation de l'aluminium	39 : Bandes toles disques en aluminium	8	-23.76	8	-0.69	46
20 Fabrication d'appareils mécaniques et électriques	40 : Articles de ménage en aluminium	683.99	-28.31	355.52	2.13	27
	41 : Fers à béton, outillage agricole	8	-1.21	8	-3.25	39
	42 : Construction métalliques	8	-	8	-34.75	34
	43 : Éponge ménagers	181.81	-	156.19	1.42	18
	44 : Pointes, grillage	8	-	8	-0.62	47
	45 : Ustensiles ménagers métalliques	205.06	-1.56	109.07	1.02	13
	46 : Câbles	104.16	-	55.60	0.78	8
	47 : Radio	8	-63.78	8	-0.66	49
22 Industries manufacturières diverses	48 : Fabrication des astales et bâches	8	-38.20	272.66	3.61	30
	49 : Boutelles en verre	334.47	-3.64	444.55	1.95	24

Note : *protection effective infinis
- pas de vente

(1) nomenclature de la Direction de la Statistique et de la Comptabilité Nationale

Source: Industrial Master Plan (1988)

Table 4.7
Price Controls
Examples of Legal Margins

Item:	Margin (wholesale, retail)	Minimum Margin
Matches	15 %	7 %
Beer	34	12
Plywood	40	15
Fertilizer	45	15
Farm produce	25	8
Iron reinforcing rod	40	15
Small tools	45	15
Pharmaceuticals	15	23

Table 4.8
Private Sector Structure
Capital Ownership of 409 Firms by Sector
(excluding petroleum)

<u>INDUSTRY</u>	<u>Local Private</u>	<u>Local Public</u>	<u>Foreign</u>
Agro process	12.3%	63.8%	23.9%
Wood, paper	9.7	42.4	47.9
Metal	3.0	29.8	67.2
Chem/Plastic	36.0	31.1	43.8
Text/Leather	23.0	36.2	40.6
Other	14.6	39.0	46.4
<u>Total Ind.</u>	12.8	50.2	37.0
SERVICES			
Bank/Insur.	3.7	60.2	36.1
Bldg/Pb.Wk.	3.3	0.0	96.7
Trnsp/Dist.	2.8	59.5	37.7
Commerce	25.0	1.7	73.6
Other	4.5	82.0	13.5
<u>Total Serv.</u>	7.0	51.5	41.4
GRAND TOTAL	10.0	50.8	39.0

Source: IFC, "The Private Sector in the Economy of Cameroon", June 1985.

Table 5.1 (part 1 of 3)

Table 5.1: BUDGETARY REVENUE

Tableau 5.1 : RECETTES BUDGETAIRES
(In billions of CFA Francs/En milliards de francs CFA)

	1977/78	1978/79	1979/80	1980/81	1981/82	1982/83	1983/84	1984/85	
TAX REVENUE	164.10	152.20	210.60	279.30	346.90	416.20	532.20	590.00	RECETTES FISCALES
Income taxes	25.20	34.60	50.00	88.60	151.90	188.90	240.50	276.00	Impôts sur les revenus :
Companies of which royalties (oil) taxes (oil)	9.40	12.90	21.80	45.60	101.80	133.30	172.30	205.60	Sociétés, dont :
Individuals	15.80	21.70	28.20	43.00	50.10	55.60	68.15	69.19	redevances pétrolières
Social Security contributions	15.70	16.00	18.30	19.30	24.30	28.90	37.70	43.21	Impôts des sociétés pétrolières
Taxes on Property	3.70	4.40	6.10	8.30	9.30	12.00	12.90	15.10	Personnes physiques
Taxes on goods & services	28.40	32.00	41.30	50.10	54.60	69.11	90.05	109.00	Contributions à la Sécurité Sociale
Turnover tax	10.80	12.40	14.40	19.60	24.60	28.35	33.25	41.40	Impôts sur la propriété
Excises	13.10	15.30	21.80	26.10	23.60	33.60	36.70	38.00	Impôts sur biens et services
Taxes on Services	2.90	3.40	4.00	4.40	6.30	7.06	8.50	9.50	Impôts sur le chiffre d'affaire
Taxes on permits to use goods	0.70	0.90	1.10	-	0.10	0.10	0.90	0.90	Impôts indirects
Other	0.90	1.10	2.00	-	0.10	-	-	-	Impôts sur les services
Taxes on international trade	83.00	61.00	80.50	107.20	101.30	108.04	135.50	140.10	Patentes et licences
Import duties	75.30	57.10	65.20	77.20	84.30	89.60	116.40	130.20	Autres
Export taxes	7.30	3.60	22.50	30.00	16.70	18.60	16.90	16.00	Taxes sur le commerce international
Other	0.40	0.30	0.80	-	-	1.70	1.90	1.90	Taxes à l'importation
Other Taxes	0.10	4.00	4.30	5.40	6.00	6.30	7.70	7.60	Taxes à l'exportation
Stamp duties	1.60	4.00	4.30	5.40	6.00	6.20	7.10	7.60	Autres
Other	4.10	-	-	-	-	2.10	0.14	0.20	Autres Taxes
NON-TAX REVENUE	9.30	6.50	10.30	35.20	40.20	43.02	57.20	62.00	RECETTES NON FISCALES
Service charges & fees	4.90	1.70	8.50	12.10	13.20	21.10	24.40	26.60	Commissions et honoraires
Other	4.40	4.80	9.80	23.10	27.00	21.90	32.80	35.40	Autres
Unclassified & Adjustment Items	3.40	63.70	1.80	-	-	-	-	-	Ajustements et non classifiés
BUDGETARY REVENUES	178.00	222.40	230.70	314.50	389.10	459.20	589.40	660.00	RECETTES BUDGETAIRES
Transfers from Oil sector	-	-	-	132.50	146.00	246.70	327.50	353.10	Transferts du secteur pétrolier
TOTAL REVENUE	178.00	222.40	230.70	447.00	535.10	705.90	716.90	813.90	TOTAL DES RECETTES

Source: Ministry of Finance and Mission Estimates.

Table 6. Consolidated Central Government Fiscal Operations, 1982/83-1991/92 1/

(In billions of CFA francs, unless otherwise specified)

	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88 Est.	1988/89 Program	1989/90	1990/91 Projected	1991/92 Projected
Total revenue and grants	<u>695.3</u>	<u>722.7</u>	<u>736.3</u>	<u>911.6</u>	<u>765.0</u>	<u>625.3</u>	<u>603.0</u>	<u>646.3</u>	<u>679.0</u>	<u>718.4</u>
Total revenue	<u>695.2</u>	<u>722.6</u>	<u>736.3</u>	<u>911.6</u>	<u>765.0</u>	<u>625.3</u>	<u>603.0</u>	<u>646.3</u>	<u>679.0</u>	<u>718.4</u>
Oil sector 2/	282.2	286.2	350.0	282.0	252.8	207.8	163.8	130.0	125.0	125.0
Other tax revenue	312.8	399.2	286.0	497.9	450.2	395.3	406.3	468.3	306.0	541.4
Grants revenue	20.2	37.2	18.3	31.5	62.8	22.0	35.5	48.0	30.0	32.0
Grants	0.1	0.1	-	-	-	-	-	-	-	-
Total expenditure and net lending	<u>606.6</u>	<u>725.0</u>	<u>866.3</u>	<u>926.6</u>	<u>1,228.8</u>	<u>796.8</u>	<u>656.0</u>	<u>693.5</u>	<u>716.0</u>	<u>715.9</u>
Current	<u>328.7</u>	<u>392.8</u>	<u>440.3</u>	<u>455.3</u>	<u>533.3</u>	<u>679.8</u>	<u>484.0</u>	<u>513.4</u>	<u>546.0</u>	<u>565.9</u>
Personnel 3/	133.7	172.6	220.0	224.5	280.0	265.0	245.0	261.0	278.0	296.0
Interest on public debt 4/	16.1	17.6	34.0	38.0	44.0	72.8	102.0	112.0	117.2	117.1
Other current expenditure	178.9	252.6	186.3	193.0	209.3	162.0	137.0	140.4	148.8	152.8
Capital	<u>267.6</u>	<u>332.2</u>	<u>426.0</u>	<u>470.9</u>	<u>645.3</u>	<u>317.0</u>	<u>172.0</u>	<u>180.0</u>	<u>170.0</u>	<u>150.0</u>
Of which:										
foreign-financed	(42.8)	(61.0)	(98.0)	(93.0)	(123.3)	(138.0)	(117.0)	(130.0)	(115.0)	(75.0)
extrabudgetary 5/	(125.7)	(131.0)	(136.0)	(142.0)	(32.0)	(24.0)	(-)	(-)	(-)	(-)
Unidentified expenditure	-	-	-	-	250.0	-	-	-	-	-
Net lending	8.3	-	-	-	-	-	-	-	-	-
Overall surplus or deficit (-), commitment basis	<u>88.7</u>	<u>-2.3</u>	<u>-130.0</u>	<u>-15.0</u>	<u>-463.8</u>	<u>-171.3</u>	<u>-56.0</u>	<u>-47.0</u>	<u>-35.0</u>	<u>2.5</u>
Arrears settlement (reduction -)	<u>-10.0</u>	<u>-20.8</u>	<u>-</u>	<u>-20.8</u>	<u>250.8</u>	<u>-4.0</u>	<u>-311.0 6/</u>	<u>-13.0</u>	<u>-</u>	<u>-</u>
Overall surplus or deficit (-), settlement basis	<u>78.7</u>	<u>-22.3</u>	<u>-130.0</u>	<u>-35.0</u>	<u>-213.0</u>	<u>-175.3</u>	<u>-267.0</u>	<u>-60.0</u>	<u>-35.0</u>	<u>2.5</u>
Financing	<u>-80.7</u>	<u>22.3</u>	<u>130.0</u>	<u>35.0</u>	<u>213.8</u>	<u>176.1</u>	<u>267.8</u>	<u>62.8</u>	<u>35.0</u>	<u>-2.5</u>
Foreign (net)	28.2	40.9	68.0	48.0	117.0	49.0	39.0	35.0	44.0	28.5
Distributions	42.8	63.0	99.0	93.0	159.0	138.0	117.0	130.0	115.0	93.5
Amortization	-13.6	-22.1	-31.0	-45.0	-42.0	-89.0	-70.0	-71.0	-71.0	-65.0
Domestic	<u>-109.9</u>	<u>-18.6</u>	<u>62.0</u>	<u>-13.0</u>	<u>96.8</u>	<u>25.3</u>	<u>37.0</u>	<u>-70.0</u>	<u>-7.0</u>	<u>-11.0</u>
Banking system	-131.3	123.4	45.0	23.5	-1.3	23.0	37.0	-26.0	-6.0	-
Of which: Central bank	(-118.7)	(56.9)	(64.0)	(5.0)	(-5.0)	(26.0)	(37.0)	(-26.0)	(-6.0)	(-)
Merchant 7/	21.4	-162.0	17.0	-28.5	100.3	2.5	-	-44.0	-30.0	-11.0
Unidentified financing 8/	-	-	-	-	-	101.8	-	-	-	-
Consolidation 9/	-	-	-	-	-	-	221.0	-	-	-
Exceptional financing	-	-	-	-	-	-	70.0	77.0	28.0	-
(In percent of GDP)										
Memorandum items:										
Total revenue and grants	26.6	22.6	18.8	22.6	19.4	26.9	20.9	21.4	21.2	20.9
Total expenditure and net lending	23.1	22.7	22.1	23.0	31.1	24.0	22.8	22.9	22.3	20.9
Overall surplus or deficit (-), (commitment basis)	3.5	-0.1	-3.3	-0.4	-11.8	-7.1	-1.9	-1.6	-1.1	0.1
Overall surplus or deficit (-), (settlement basis)	3.1	-0.7	-3.3	-0.9	-9.4	-7.3	-12.8	-2.1	-1.1	-0.1
(In billions of CFA francs)										
Nominal GDP	2,563	3,117	3,923	4,035	3,947	3,310	2,866	3,016	3,198	3,434

Sources: Data provided by the Commission authorities; and staff estimates and projections.

- 1/ Fiscal year ended June; excludes the social security system.
- 2/ Profit taxes, royalties paid by the foreign oil companies, and other contributions by the National Oil Company.
- 3/ Includes fringe benefits, buyback from earlier wage increases and other personnel expenditures.
- 4/ From 1987/88 onward includes interest payments on guaranteed external debt; from 1988/89 also includes interest payments on restructured domestic arrears at 9 percent interest rate over 7 years.
- 5/ Expenditure of the special budget and other extrabudgetary outlays.
- 6/ Settlement of fiscal debt (CFAF 35 billion), domestic arrears and assumed arrears of public entities (CFAF 261 billion) and external arrears (CFAF 15 billion).
- 7/ Includes net position of other treasury accounts; after 1988/89 refers mainly to amortization of restructured domestic arrears.
- 8/ Refers to unidentified financing items, mainly unreported loans from public entities and arrears buildup.
- 9/ Consolidation of fiscal debt (CFAF 35 billion) and of domestic arrears and assumed arrears of public entities (CFAF 186 billion).

Table 1. Cameroon: Central Government Operations, 1983/84-1987/88 ^{1/}

	1983/84	1984/85	1985/86	1986/87	1987/88 Est.
	(In billions of CFA francs)				
Total revenue and grants	722.7	736.5	911.6	765.0	625.5
Total revenue	722.6	736.5	911.6	765.0	625.5
Oil sector ^{2/}	266.2	350.0	382.0	252.0	207.0
Other tax revenues	399.2	368.0	497.9	450.2	395.5
Non-tax revenues	57.2	18.5	31.5	62.8	23.0
Grants	0.1	-	-	-	-
Total expenditure and net lending	725.0	866.5	926.6	1,228.8	796.8
Current	392.8	440.5	455.5	533.5	479.8
Personnel ^{3/}	172.6	220.0	224.5	280.0	265.0
Interest on public debt	17.6	36.0	38.0	66.0	72.8
Other current expenditure	202.6	184.5	193.0	209.5	142.0
Capital	132.2	426.0	470.9	645.3	317.0
Of which: foreign-financed extra-budgetary ^{4/}	(63.0)	(98.0)	(93.0)	(123.5)	(138.0)
Unbudgeted expenditure	-	-	-	250.0	-
Net lending	-	-	-	-	-
Overall surplus or deficit (-), constant basis	-2.3	-130.0	-15.0	-463.8	-171.3
Arrears settlement (reduction -)	-20.0	-	-20.0	250.0	-5.0
Overall surplus or deficit (-), settlement basis	-22.3	-130.0	-35.0	-213.8	-176.3
Financing	22.3	130.0	35.0	213.8	176.3
Foreign (net)	40.9	68.0	48.0	117.0	49.0
Disbursements	63.0	99.0	93.0	159.0	138.0
Amortisation	-22.1	-31.0	-45.0	-42.0	-49.0
Domestic	-18.6	62.0	-13.0	35.8	25.5
Banking system	123.4	65.0	25.5	-3.5	23.0
Of which: Central Bank	(56.9)	(64.0)	(5.0)	(-5.0)	(26.0)
Nonbank ^{5/}	-142.0	17.0	-38.5	100.3	2.5
Unidentified financing ^{6/}	-	-	-	-	101.8

Sources: Data provided by the Cameroonian authorities; and staff estimates.

^{1/} Fiscal year (July 1-June 30); excludes the social security system.^{2/} Profit taxes, royalties paid by the foreign oil companies and other contributions by the National Oil Company.^{3/} Includes fringe benefits, backpay from earlier wage increases and other personnel expenditure.^{4/} Expenditure of the special budget and other extra-budgetary outlays.^{5/} Including net position of other treasury accounts. 125

Table 5.2 (part 1 of 3)

Table 5.2: BUDGETARY EXPENDITURE

Tableau 5.2 : DEPENSES BUDGETAIRES
(In billions of CFA Francs/En milliards de francs CFA)

	1977/78	1978/79	1979/80	1980/81	1981/82	1982/83	1983/84	1984/85	
TOTAL EXPENDITURE of which:	<u>373.2</u>	<u>389.0</u>	<u>326.9</u>	<u>443.7</u>	<u>494.5</u>	<u>486.2</u>	<u>720.6</u>	<u>813.7</u>	DEPENSES TOTALES dont :
CURRENT EXPENDITURE of which:	<u>326.2</u>	<u>333.9</u>	<u>331.7</u>	<u>317.4</u>	<u>348.6</u>	<u>358.2</u>	<u>546.1</u>	<u>506.5 (1)</u>	DEPENSES COURANTES dont :
Wages and salaries	68.4	66.0	70.7	92.5	107.2	134.6	172.6	204.1	Traitement et salaires
Materials and supplies	41.7	44.3	31.5	79.0	92.1	113.7	131.5	145.9	matériels et fournitures
Interest charges on public debt	4.0	2.0	4.4	9.7	16.1	17.0	28.3	32.0	Intérêts sur la dette publique
Subsidies & other current transfers	17.5	20.6	25.1	35.0	45.2	52.6	113.9	124.5	Subventions et autres transferts courants
CAPITAL EXPENDITURE of which:	<u>50.0</u>	<u>55.1</u>	<u>72.2</u>	<u>226.3</u>	<u>233.6</u>	<u>267.1</u>	<u>274.5</u>	<u>307.2</u>	DEPENSES EN CAPITAL dont :
Domestically Financed of which:	..	..	40.9	153.9	100.0	204.9	213.6	239.4	Financées sur ressources propres dont :
Public Investment Budget	..	..	16.7	40.3	46.5	65.2	90.7	87.0	Budget d'investissement public
Comptes Hors Budget	..	..	24.2	113.6	133.5	139.7	114.9	147.0 (2)	Comptes hors-budget
Externally Financed	..	..	31.3	72.3	53.6	42.0	40.6	71.0	Financées sur ressources extérieures

Source: Ministry of Finance and Mission Estimates.

(1) Expenditure breakdown estimated

(2) Expenditure authorized in Decree 110 of February, 1984.

(1) Ventilation estimée

(2) Dépenses autorisées par Décret 110 / Février, 1984

Table 2. Cameroon: Revenue and Grants, 1983/84-1988/89 ^{1/}

(In billions of CFA francs)

	1983/84	1984/85	1985/86	1986/87	1987/88 Est.	1988/89 Budget
Tax revenue	665.4	718.0	879.9	702.2	602.5	567.5
Oil sector	266.2	350.0	382.0	252.0	207.0	153.0
Tax on companies	35.7	72.0	88.0	52.0	24.0	13.6
Oil royalties	103.0	123.0	159.0	150.0	150.0	150.0
Other contributions	127.5	155.0	135.0	50.0	33.0	0.0
Other tax revenue	399.2	368.0	497.9	450.2	395.5	414.5
Tax on income and net profits	102.8	80.0	190.7	175.7	141.5	114.7
On enterprises (excluding oil sector)	34.8	16.3	127.9	127.6	99.4	74.5
On individuals	68.0	63.7	62.8	48.1	42.1	40.2
Taxes on goods and services	98.0	84.0	103.5	97.3	88.0	124.0
Turnover tax	53.3	37.5	45.2	43.0	37.0	38.0
Excise taxes	44.7	46.5	58.4	54.3	51.0	86.0
Of which:						
Single tax	(30.1)	(37.1)	(43.8)	(42.0)	(35.0)	(40.0)
Petroleum products	(—)	(1.5)	(4.9)	(4.0)	(10.0)	(47.0)
Taxes on international trade	135.1	143.0	154.6	144.1	133.5	126.3
Import duties	116.4	121.0	135.6	125.3	120.0	108.0
Of which: import surcharge	(16.8)	(21.2)	(24.0)	(23.9)	(24.0)	(21.0)
Export duties	16.9	19.5	17.0	16.3	12.0	16.0
Other duties	1.9	2.5	2.0	2.5	1.5	2.5
Other taxes	63.3	60.9	49.0	33.1	32.5	35.3
Stamp tax	7.1	7.7	7.1	5.6	6.3	7.7
Other	56.2	53.2	41.9	27.5	26.2	27.6
Non-tax revenue	57.2	18.5	31.5	62.8	23.0	32.5
Property income	0.7	0.8	1.5	2.0	2.0	2.3
Other	56.5	17.7	30.0	60.8	21.0	30.2
Grants	0.1	=	=	=	=	=
Total revenue and grants	722.7	736.5	911.4	765.0	625.5	600.0

Sources: Data provided by the Cameroonian authorities; and staff estimates.

^{1/} Fiscal year (July 1-June 30).

Table 4. Cameroon: Central Government Fiscal Operations, 1982/83-1991/92 ^{1/}

(In billions of CFA francs, unless otherwise specified)

	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88 Est.	1988/89 Program	1989/90	1990/91 Projected	1991/92
Total revenues and grants	<u>695.3</u>	<u>722.7</u>	<u>736.5</u>	<u>911.4</u>	<u>765.0</u>	<u>625.5</u>	<u>600.0</u>	<u>646.5</u>	<u>679.0</u>	<u>718.6</u>
Total revenues	693.2	722.6	736.5	911.4	765.0	625.5	600.0	646.5	679.0	718.6
Oil sector ^{2/}	352.2	266.2	350.0	382.0	252.0	207.8	163.8	150.0	125.0	125.0
Other tax revenues	312.8	399.3	368.0	497.9	450.2	395.5	404.5	468.5	504.0	541.4
Non-tax revenues	28.2	57.2	18.5	31.5	62.8	22.2	31.7	48.0	50.0	52.0
Grants	0.1	0.1	-	-	-	-	-	-	-	-
Total expenditure and net lending	<u>676.6</u>	<u>725.0</u>	<u>864.5</u>	<u>926.4</u>	<u>1,228.8</u>	<u>796.8</u>	<u>656.0</u>	<u>693.5</u>	<u>716.0</u>	<u>715.9</u>
Current	328.7	392.8	440.5	455.5	533.5	479.8	484.0	513.4	544.0	565.9
Personnel ^{3/}	133.7	172.4	220.0	224.5	280.0	265.0	245.0	261.0	278.0	296.0
Interest on public debt ^{4/}	16.1	17.4	34.0	38.0	44.0	72.8	102.0	112.0	117.2	117.1
Other current expenditure	178.9	202.6	186.5	193.0	209.5	142.0	137.0	140.4	148.8	152.8
Capital	267.4	332.2	424.0	470.9	645.3	317.0	172.0	180.0	170.0	150.0
Of which:										
foreign-financed	(42.8)	(63.0)	(98.0)	(93.0)	(123.5)	(138.0)	(117.0)	(130.0)	(115.0)	(75.0)
extrabudgetary ^{5/}	(135.7)	(131.0)	(136.0)	(142.0)	(52.0)	(26.0)	(-)	(-)	(-)	(-)
Unbudgeted expenditure	-	-	-	-	220.0	-	-	-	-	-
Net lending	8.3	-	-	-	-	-	-	-	-	-
Overall surplus or deficit (-), accounting basis	<u>20.7</u>	<u>-2.3</u>	<u>-128.0</u>	<u>-15.0</u>	<u>-663.8</u>	<u>-171.3</u>	<u>-56.0</u>	<u>-47.0</u>	<u>-35.0</u>	<u>2.5</u>
Arrangements (reduction -)	-10.0	-20.8	-	-20.0	250.0	-5.0	-311.0 ^{6/}	-15.0	-	-
Overall surplus or deficit (-), sectional basis	<u>20.7</u>	<u>-22.3</u>	<u>-128.0</u>	<u>-35.0</u>	<u>-213.8</u>	<u>-176.3</u>	<u>-367.0</u>	<u>-62.0</u>	<u>-35.0</u>	<u>2.5</u>
Financing	-80.7	22.3	120.0	35.0	213.8	176.3	367.0	62.0	35.0	-2.5
Foreign (net)	28.2	48.9	68.0	48.0	117.0	49.0	38.0	55.0	66.0	28.5
Disbursements	42.8	63.0	99.0	93.0	199.0	136.0	117.0	120.0	125.0	93.5
Amortization	-13.6	-22.1	-31.0	-45.0	-42.0	-69.0	-78.0	-75.0	-71.0	-65.0
Domestic	-109.9	-18.6	62.0	-13.0	96.8	25.3	37.8	-70.0	-67.0	-11.0
Banking system	-131.3	123.4	45.0	25.5	-1.5	23.0	37.0	-26.0	-8.0	-
Of which: Central bank	(-118.7)	(56.9)	(64.0)	(5.0)	(-5.0)	(26.0)	(37.0)	(-26.0)	(-8.0)	(-)
Monetary ^{7/}	21.6	-142.0	17.0	-28.5	100.3	2.5	-	-44.0	-38.0	-31.0
Unidentified financing ^{8/}	-	-	-	-	-	101.8	-	-	-	-
Consolidation ^{9/}	-	-	-	-	-	-	211.0	-	-	-
Exceptional financing	-	-	-	-	-	-	70.0	77.0	28.0	-
(In percent of GDP)										
Nonrecurrent items:										
Total revenues and grants	26.6	22.4	18.8	22.4	19.4	18.9	20.9	21.4	21.2	20.9
Total expenditure and net lending	23.1	22.7	22.1	23.0	31.1	24.0	22.8	22.9	22.5	20.9
Overall surplus or deficit (-), (accounting basis)	3.5	-0.1	-3.3	-0.4	-11.8	-5.2	-1.9	-1.6	-1.1	0.1
Overall surplus or deficit (-), (sectional basis)	3.1	-0.7	-3.3	-0.9	-5.4	-5.3	-12.8	-3.1	-1.1	-0.1
(In billions of CFA francs)										
Normal GDP	2,562	3,117	3,923	4,035	3,947	3,310	2,866	3,016	3,198	3,434

Source: Data provided by the Cameroonian authorities; and staff estimates and projections.

^{1/} Fiscal year ended June; excludes the social security system.

^{2/} Profit taxes, royalties paid by the foreign oil companies, and other contributions by the National Oil Company.

^{3/} Includes fringe benefits, backup pay from earlier wage increases and other personnel expenditures.

^{4/} From 1987/88 onward includes interest payments on guaranteed external debt; from 1988/89 also includes interest payments on reamortized domestic arrears at 9 percent interest rate over 7 years.

^{5/} Expenditure of the special budget and other extrabudgetary outlays.

^{6/} Settlement of fiscal debt (CFAF 35 billion), domestic arrears and assumed arrears of public entities (CFAF 261 billion) and external arrears (CFAF 15 billion).

^{7/} Includes net position of other treasury accounts; after 1988/89 refers mainly to amortization of reamortized domestic arrears.

^{8/} Refers to unidentified financing items, mainly unreported loans from public entities and arrears buildup.

^{9/} Consolidation of fiscal debt (CFAF 35 billion) and of domestic arrears and assumed arrears of public entities (CFAF 186 billion).

Table 3. Cameroon: Sectoral Distribution and Financing of Investment Under the Fifth Development Plan (1981/82-1985/86) ^{1/}

(In billions of CFA francs; and in percent)

	Fifth Plan		Realization			Realization
	In 1979/80. prices	In percent of total	1981/82	1982/83	1983/84 ^{2/}	In percent of total
Directly productive activities	1,098.9	47.8	254.4	352.6	334.8	51.1
Agriculture ^{3/}	545.1	23.7	70.1	129.7	82.4	25.1
Manufacturing, mining and energy	377.2	16.4	151.0	186.1	147.7	25.1
Commerce, transport, and tourism	176.6	7.7	33.3	36.8	104.7	9.9
Infrastructure	486.4	21.1	84.1	156.7	116.7	19.9
Social projects	593.4	25.8	52.4	92.1	10.5	13.1
Others ^{4/}	121.9	5.3	114.7	103.0	57.6	15.1
Total	2,300.6	100.0	505.6	704.4	619.6	100.0
Financing	2,300.6	100.0	505.6	704.4	619.6	100.0
Public	1,380.0	60.0	380.6	529.4	431.0	73.1
Domestic resources	1,000.0	43.5	299.0	395.9	322.0	55.1
Foreign grants and loans	380.0	16.5	81.6	133.5	109.0	17.1
Private	920.6	40.0	125.0	175.0	188.6	26.1

Source: Data provided by the Cameroonian authorities.

^{1/} Fiscal year (July 1-June 30). The Sixth Development Plan (1986/87-1991/92) is being redefined in light of the current economic situation. Information on executed projects in 1986/87 and 1987/88 is not yet available.

^{2/} Latest available year.

^{3/} Including animal husbandry, fishing, and forestry.

^{4/} Including information, culture, and public administration.

Main elements of program1. Budgetary policies

a. Revenue measures totaling CFAP 36 billion, including: increases in taxes on petroleum products, alcoholic beverages, cigarettes, soft drinks, automobiles, and luxury products; a new real estate tax; increased stamp duties; increased minimum income tax levels.

b. Measures to reduce current expenditure, excluding interest, by CFAP 48 billion, including:

(1) Wage freeze, restructuring staff compensation, compliance with mandatory retirement;

(2) Reduction in outlays on housing;

(3) Cuts in staff transfer costs, embassy staffing;

(4) Cuts in administrative outlays (electricity and telephone use);

(5) Budgetary control and monitoring mechanisms strengthened, penalties introduced for overruns; fiscal reporting system introduced.

c. Reprogramming of the investment budget to cut outlays by nearly one-half; elimination of practice of carrying over of investment appropriations.

d. Arrangements underway for the rescheduling of all domestic arrears and arrears on French postal debt.

e. No new domestic or external arrears.

2. Structural policies

a. Public enterprises:

(1) Rehabilitation Commission established. Recommendations on which enterprises to be privatized or liquidated and the measures to improve performance of those retained by the Government to be made by first program review. Reform program to be undertaken within framework of World Bank SAL.

(2) Evaluation of cross-debts of public enterprises in progress. Arrangements for settlement of these debts to be discussed during first review.

Table 6.1
Outstanding External Public Debt
30 June 1987

	--- (CFAF billions) ---		---	Share (Percent)
	<u>Direct Debt</u>	<u>Guaranteed Debt</u>			Total
Multilateral:	202.1	76.6	278.7	31.8
World Bank:	145.6	35.3	180.9	20.6
EIB:	23.0	29.7	52.7	6.0
ADB:	15.2	8.3	23.5	2.7
IMF (Trust Fund):	5.5	--	5.5	0.6
Other:	12.8	3.3	16.1	1.8
Bilateral:	250.3	168.4	418.7	47.8
France:	74.2	73.4	147.6	16.8
Germany:	66.9	10.6	77.5	8.8
Austria:	--	50.8	50.8	5.8
Saudia Arabia:	28.0	5.4	33.4	3.8
United States:	9.8	13.0	22.8	2.6
United Kingdom:	10.3	7.9	18.2	2.1
China:	17.2	--	17.2	2.0
Denmark:	6.4	0.5	6.9	0.8
Japan:	4.2	--	4.2	0.5
Other:	33.3	6.8	40.1	4.6
Financial Institutions:	100.0	79.3	179.3	20.5
Total:	552.3	324.3	876.6	100.0

Notes:

Data: Disbursed debt with a maturity of over one year.
Totals do not add because of rounding.

Source: Calculated from IMF (1988b, p. 30), based on GRC data.

b. Policy studies underway for forestry, electronics, alumina, and construction sectors; assistance to be provided by the World Bank.

c. Elimination of subsidies in stages for fertilizer subsector by 1991/92 with bilateral assistance.

d. Trade system: rationalization of tariff structure and reduction in anti-export bias to be examined. Options will include harmonization of duties, elimination of export taxes, and, in consultation with World Bank, replacement of quantitative restrictions by tariffs.

e. Progressive decontrol of prices; progress to be examined during first review.

f. Level of producer prices to be determined in context of SAL.

g. Public investment program to be reoriented toward productive sectors.

3. Monetary policy

a. Structural measures:

(1) liquidity difficulties of banking system to be addressed through:

(a) settlement of part of government arrears to suppliers through cash payments;

(b) increased deposit rates to recapture funds;

(c) tightly-controlled credit policies to ensure that improvement in liquidity position will be sustained.

(2) Bank solvency problems to be addressed by: exchange of nonperforming loans for negotiable Treasury notes issued in conjunction with arrears consolidation scheme; use of court procedures and regulatory powers to facilitate collection of bad debts; and banks will be required to make sufficient reserve provisions for bad debts.

(3) Bank inspection procedures to be strengthened to ensure compliance with solvency/liquidity ratios; strict penalties for noncompliance to be applied.

(4) Structure of interest rates rationalized by reducing number of rates from 20 to 4. Level of rates to be kept under review in light of need to maintain internationally competitive rates and ensure sufficient flow of resources to banking system.

b. Credit policy

(1) Ceilings on domestic credit and net credit to government. Ceilings to be adjusted by amount of any unforeseen external financing or any shortfall in cash payments of domestic arrears.

(2) Credit ceilings to be enforced bank by bank.

(3) No bank credit to decentralized agencies without approval of Minister of Finance.

c. External debt policies

(1) Ceilings on new loan commitments for all maturities in excess of one year; subceilings for loans in the 1-5 and 1-12 year maturity ranges.

(2) No increase in short-term debt, except for normal trade credits.

(3) No prefinancing of exports.

(4) Phased elimination of arrears to export credit guarantee agencies.

(5) Request to reschedule French postal debt.

Table 8.1
Oil Production 1977-1987
 (million tons)

<u>Year</u>	<u>Nicod Estimates</u>	<u>IOI Estimates</u>	<u>Other Estimates</u>
1977	--	--	0.41
1978	--	0.12	0.60
1979	1.4	1.00	1.71
1980	2.8	1.90	2.80
1981	4.0	3.40	4.33
1982	5.2	4.70	5.50
1983	6.3	5.80	6.00
1984	7.6	8.40	8.00
1985	7.6	8.20	9.21
1986	7.3	8.20	8.22
1987	7.0	8.10	8.01

Source: Nicod 1983
 International oil Industry Estimates
 Ediafric, Bulletin de l'Afrique Noire, 1981.

Table 8.2
Oil Production and Export 1984/5-1987/8 [1]
(CFAF billions)

	1984/5	1985/6	1986/7	1987/8 (Est)
Total petroleum production				
In million MT [2]:	8.78	8.94	8.66	8.00
Sales to refinery	1.40	1.55	1.57	1.50
Exports	7.92	8.06	7.84	7.15
Crude petroleum	(7.38)	(7.39)	(7.09)	(6.50)
Petroleum products	(0.54)	(0.67)	(0.75)	(0.65)
In CFAF billions [2]:				
Sales to refinery	810	447	284	264
Exports	129	83	51	50
Crude petroleum	(681)	(395)	(232)	(215)
Petroleum products	(43)	(34)	(21)	(19)
Total production costs:	195	171	137	131
Operating costs:	(56)	(51)	(46)	(44)
Investment costs:	(73)	(78)	(69)	(71)
Financial costs:	(66)	(42)	(23)	(16)
<u>Total revenue:</u>	<u>615</u>	<u>307</u>	<u>147</u>	<u>133</u>
Oil companies:				
net revenues:	80	40	19	17
net profits/losses:	51	32	17	-1
SNH:				
net revenues:	535	267	128	116
net profits/losses:	198	-122	-137	-88
GRC Treasury:				
Income tax on oil companies	72	88	52	24
Royalties	123	159	150	150
Extrabudgetary transfers	155	135	50	33
Less: reimbursements to oil cos:				
Reimbursements due	(-98)	(-85)	(-69)	(-66)
actual reimbursements	-69	-77	-66	-47
<u>Memorandum items:</u>				
Export unit value (US\$/bbl)	27.00	21.22	14.09	15.90
Export unit value (CFAF/bbl)	12,721	8,204	4,492	4,611
Operating costs (US\$/bbl)	1.86	2.27	226	2.66
Total production costs (US\$/bbl)	6.50	7.58	6.80	7.90

Source: World Bank, from Cameroonian authorities.

[1] Cameroonian fiscal year = July 1-June 30.

[2] Excluding exports of refined petroleum products to avoid double counting.

Table 8.3
Average Annual Growth Rates in Agricultural Production

<u>Food Crops</u>			<u>Export Crops</u>		
<u>Crop</u>	<u>Period</u>	<u>Growth Rate</u>	<u>Crop</u>	<u>Period</u>	<u>Growth Rate</u>
Maize	1971-87	2.9	Cocoa	1971-87	-3.8
Millet/ Sorghum	1971-87	0.3	Coffee Arabica	1971-87	-2.6
Rice	1971-87	15.9	Robusta	1971-87	4.5
Cocoyams	1971-84	-0.4	Cotton	1971-87	7.9
Yams	1971-85	-1.0	Palm Oil	1971-87	8.2
Cassava	1971-85	-1.5	Rubber	1971-82	1.9
Plantains	1971-85	3.3			
Potatoes	1971-85	10.1			

Source: World Bank compilation of FAO data, and MINAGRI statistics.

Table 8.4
Estate Sector Production 1982-1987
(000 metric tons)

	<u>1982/83</u>	<u>1983/84</u>	<u>1984/85</u>	<u>1985/86</u>	<u>1986/87</u>
Palm Oil	72.5	65.1	79.0	102.6	103.0
Palm Nuts	15.5	13.1	14.2	16.0	15.8
Rubber	16.1	18.4	18.9	22.5	...
Isananas	56.5	59.0	58.4	50.3	50.0
Tea	1.8	2.4	2.3	3.2	2.5

Source: IMF (1988a) Statistical Annex and combined parastatal data.

Table 8.5
Meat Production (1969-1988)

<u>Meat Type</u>	<u>Quantity (000 mt)</u>		<u>Total Growth (Percent)</u>
	<u>1969</u>	<u>1988</u>	
Beef	42	65	55
Sheep & Goat	11	20	83
Poultry	8	14	79
Pigs	11	11	0
Total	72	110	53
Per capita (kg)	11.8	11	-7

Source: World Bank and MINEPIA

Table 9.1
The Cameroonian Parastatal Sector

Companies in which GRC holds Equity
(Equity range is 2-100 per cent)

ALCOCAM	Alcool du Cameroun
ALUCAM	Compagnie Camerounaise d'Aluminium
AMACAM	Assurances Mutuelles Agricoles du Cameroun
BCCC	Bank of Credit and Commerce-Cameroon
BCD	Banque Camerounaise de Développement
BEAC	Banque des Etats de l'Afrique Centrale
BGT	Brasseries et Glacières Internationales
BIAO-C	Banque Internationale de l'Afrique Occidentale--Cameroun
BIC	Briqueterie Industrielle du Centre
BICIC	Banque Internationale pour le Commerce et l'Industrie du Cameroun
CA	Cameroun Actualités
CAA	Caisse Autonome d'Amortissement
CACOCOM	Camerounaise de Coton et de Compresses Bandes
CAEFC	Chambre d'Agriculture d'Elevage et des Forets du Cameroun
CAMAIR	Cameroon Airlines
CAMATRANS	Société de Transit Maritime Delmas-Vieljeux Cameroun
CAMBANK	Cameroon Bank
CAMELCAB	Cameroon Electric Cables
CAMEP	Société Camerounaise d'Etudes et de Promotion pour l'Afrique
CAMSHIPLINES	Cameroon Shipping Lines
CAMSUCO	Cameroon Sugar Company
CAMTAINER	Société Nationale de Transport des Containers et de Transit du Cameroun
CAN	Conserverie Alimentaire du Noun
CAPLABAM	Coopérative Agricole des Planteurs de Bamboutos
CAPLAHN	Coopérative Agricole des Planteurs du Haut Nkam
CAPLAME	Coopérative Agricole des Planteurs de la Menoua
CAPLAMI	Coopérative Agricole des Planteurs de la Mifi
CAPLANDE	Coopérative Agricole de Planteurs du Ndé
CAPLANOUN	Coopérative Agricole des Planteurs du Noun
CAPME	Centre National d'Assistance aux Petites et Moyennes Entreprises
CCIMC	Chambre de Commerce, d'Industrie et des Mines du Cameroun
CDC	Cameroon Development Corporation
CDEN	Caisse de Développement de l'Elevage pour le Nord
CDENO	Caisse de Développement de l'Elevage pour le Nord- Ouest
CDPM	Caisse de Développement de la Pêche Maritime
CEFAM	Centre de Formation pour l'Administration Municipale
CENADEC	Centre National de Développement des Entreprises Coopératives
CENADEFOR	Centre National de Développement des Forêts
CENAFOP	Centre National de Formation Professionnelle Continue
CENEEMA	Centre National d'Etudes et d'Experimentation du Machinisme Agricole

CEPC	Caisse d'Epargne Postale du Cameroun
CEPER	Centre d'Édition et de Production pour l'Enseignement et la Recherche
CFC	Crédit Foncier du Cameroun
CFGG	Compagnie Forestière du Golfe de Guinée
CFSO	Compagnie Forestière Sangha-Oubangui
CHC	Cameroun Hotels Corporation
CHOCOCAM	Chocolaterie Confiserie Camerounaise
CHU	Centre Hospitalier Universitaire
CICAM	Cotonnière Industrielle du Cameroun
CIMENCAM	Cimenteries du Cameroun
CNCC	Conseil National des Chargeurs du Cameroun
CNCE	Centre National du Commerce Extérieur
CNIC	Chantier Naval et Industriel du Cameroun
CNPS	Caisse Nationale de Prévoyance Sociale
CNR	Caisse Nationale de Réassurance
COCAM	Contreplaqués du Cameroun
CP	Centre Pasteur
CPE	Cameroun Publi-Expansion
CPLS	Comité Provincial de Lutte contre la Sécheresse dans le Nord
CRADAT	Centre Régional Africain d'Administration du Travail
CREPLA	Centre Régional de Promotion du Livre en Afrique
CREVECAM	Crevettes du Cameroun
CRIDSB	Centre Régional d'Information et de Documentation Scientifiques sur la Biosphère
CSPH	Caisse de Stabilisation des Prix des Hydrocarbures
CTMC	Compagnie de Transformation des métaux au Cameroun
CTV	Cameroon Television
CUB	Centre Universitaire de Buéa
CUD	Centre Universitaire de Douala
CUDS	Centre Universitaire de Dschang
CUN	Centre Universitaire de Ngaoundéré
ECAM-PLACAGE	Compagnie d'Exploitation Industrielle des Bois du Cameroun
ELF-SEREPCA	Société Elf de Recherches et d'Exploitation des Pétroles du Cameroun
FEICOM	Fonds Spécial d'Équipement et d'Intervention Intercommunale
FGA	Fonds de Garantie Automobile
FODIC	Fonds de Développement de l'Industrie Cinématographique
FOGAPE	Fonds d'Aide et de Garantie aux Petites et Moyennes Entreprises
FONADER	Fonds National de Développement Rural
GETRAM	Société Générale des Travaux Métalliques
HEVECAM	Société Hévéa Cameroun
HYDRAC	Hydrocarbures Analyses Contrôles
ICAB	Industries Camerounaises et Annexes du Bâtiment
IMPM	Institut de Recherches Médicales et d'Études des Plantes Médicinales
IN	Imprimerie Nationale

INTELCAM	Société des Télécommunications Internationales
IRA	Institut de Recherches Agricoles
IRGM	Institut de Recherches Géologiques et Minières
IRZ	Institut de Recherches Zootechniques
ISH	Institut des Sciences Humaines
LABOGENIE	Laboratoire National du Génie Civil
LANAVET	Laboratoire National Vétérinaire
LONACAM	Office de la Loterie Nationale du Cameroun
MAB	Comité Permanent de l'Homme et de la Biosphère
MAETUR	Mission d'Aménagement et d'Equipment des Terrains Urbains et Ruraux
MAGZI	Mission d'Aménagement et de Gestion des Zones Industrielles
MAISCAM	Maiserie du Cameroun
MATGENIE	Parc National de Matériel de Génie Civil
MEAL	Mission d'Etude pour l'Aménagement du Littoral
MEAVSB	Mission d'Etude pour l'Aménagement de la Vallée Supérieure de la Bénoué
MEDSE	Mission d'Etude pour le Développement du Sud-Est
MIDBOM	Mission de Développement l'Embouche Bovine de Mbandjock
MIDENO	Mission de Développement de la Province du Nord-Ouest
MIDEPECAM	Mission de Développement de la Pêche Artisanale Maritime
MIDEVIV	Mission de Développement des Cultures Vivrières, Maraichères et Fruitières
MIDO	Mission de Développement d'Ombessa
MIYAO	Menuiserie Industrielle de Yaoundé
NCC	Nouvelle Cimenterie du Cameroun
NOBRA	Nouvelles Brasseries Africaines
NPC	Ntui Pineapple Corporation
OC	Office Cerealier
OCB	Organisation Camerounaise de la Banane
OCC	Office Commercial Camerounais
OCFT	Office du Chemin de Fer Transcamerounais
ONAC	Office National des Anciens Combattants
ONAREF	Office National de Regénération des Forêts
ONES	Office National des Equipements sportifs
ONCPB	Office National de Commercialisation des Produits de Base
ONDAPB	Office National de Développement de l'Aviculture et du Petit Betail
ONPC	Office National des Ports du Cameroun
ONPD	Office National de Participation au Développement
OPV	Office Pharmaceutique Veterinaire
REGIFERCAM	Régie Nationale des Chemins de Fer du Cameroun
SABC	Société Anonyme des Brasseries du Cameroun
SABM	Société Anonyme de Broyage de Minerais du Cameroun
SAFACAM	Société Africaine Forestière et Agricole Cameroun
SATC	Société d'Applications Techniques au Cameroun
SBAC	Société Bastos Cameroun

SCB	Société Camerounaise de Banques
SCDP	Société Camerounaise des Dépôts Pétroliers
SCEF	Société Camerounaise d'Exploitation Forestière
SCDM	Société Camerounaise de Métallurgie
SCM	Société Camerounaise de Minoteries
SCS	Société Camerounaise des Sacheries
SCT	Société Camerounaise des Tabacs
SEBACAM	Société d'Etude des Bauxites du Cameroun
SEFERCAM	Société d'Etude de Fer du Cameroun
SEITA	Société d'Exploitation Industrielle des Tabacs et des Alumettes
SEMC	Société des Eaux Minérales du Cameroun
SEMRY	Société d'Expansion et de Modernisation de la Riziculture de Yagoua
SEPBC	Société d'Exploitation des Parcs à Bois du Cameroun
SFIA	Société Forestière Industrielle de l'Azobe
SGBC	Société Générale de Banques au Cameroun
SGHC	Société des Grands Hôtels du Cameroun
SHE	Société Hôtelière de l'Est
SHNC	Société Hôtelière du Nord Cameroun
SIAMBOIS	Société Industrielle des Ateliers Modernes
SIC	Société Immobilière du Cameroun
SICC	Société Industrielle Camerounaise de Cacao
SNEC	Société Nationale des Eaux du Cameroun
SNH	Société Nationale des Hydrocarbures
SNI	Société Nationale d'Investissement
SOCADRA	Société Camerounaise des Droits d'Auteurs
SOCAMAC	Société Camerounaise de Manutention et d'Acconage
SOCAME	Société Camerounaise des Engrais
SOCAPALM	Société des Palmeraies du Cameroun
SOCA	Société Camerounaise de Réassurance
SOCARAVE	Société Camerounaise de Raffinage des Huiles Végétales
SOCATOUR	Société Camerounaise de Tourisme
SOCATRAL	Société Camerounaise de Transformation de l'Aluminium
SOCAVER	Société Camerounaise de Verreries
SOCODER	Société Coopérative de Développement et d'Epargne Rurale
SODEBLE	Société de Développement de la Culture et de la Transformation du Blé
SODCAO	Société de Développement du Cacao
SODECOTON	Société de Développement du Coton du Cameroun
SODENKAM	Société de Développement du Nkam
SODEPA	Société de Développement et d'Exploitation des Productions Animales
SODERIM	Société de Développement de la Riziculture dans la plaine de Mbo
SOFIBEL	Société Forestière et Industrielle de Belabo
SOFOS	Société Forestière de Sangmelima
SOHLI	Société Hôtelière du Littoral
SOLADO	Société de Laminage de Douala
SOLICAM	Société Textile du Cameroun pour le Linge de Maison
SOLOCAM	Société de Location et de Construction du Cameroun
SONACCOM	Société Nationale de Commercialisation des Plantes Médicinales
SONADIC	Société Nationale des domaines Industriels du Cameroun
SONARA	Société Nationale de Raffinage

SONEL	Société Nationale d'Electricité
SOPECAM	Société de Presse et d'Editions du Cameroun
SOTUC	Société des Transports Urbains du Cameroun
SPFS	Société des Palmeraies de la Ferme Suisse
STEC	Société des Tabacs de l'Est
SYNTHECAM	Société Camerounaise pour la Fabrication des Tissus Synthétiques
TANICAM	Tanneries Industrielles du Cameroun
TEPCAM	Total Exploration Cameroun
UCAC	Union des Coopératives des Planteurs de Cacao et de Café du Centre
UCA-SUD	Union des Coopératives des Planteurs de Cacao et de Café du Sud
UCCAO	Union Centrale des Coopératives Agricoles de l'Ouest
UNVDA	Upper Nun Valley Development Authority
UTAVA	Unité de Traitements Agricoles par Voie Aérienne
WADA	Wum Area Development Authority
ZAPI-Est	Zones d'Actions Prioritaires Intégrées de l'Est

Table 9.2
Costs of Maintaining Major Agricultural, Industrial
and Regional Development Parastatals
(Million of CFA Francs, CFY 1988/89)

<u>Name</u>	<u>Expenditure</u>	<u>Operating</u> <u>Income</u>	<u>Deficit</u>	<u>Principal</u> <u>Activity</u>
CDC	2,390	1,540	1,850	Estate Crops
CENEDEC	1,240	390	850	Cooperatives
CENADEFOR	2,970	150	2,820	Forest Products
CENEEMA	1,000	100	900	Mechanization
HEVECAM	4,100	3,400	700	Rubber
MAETUR	13,600	13,200	400	Urban lands development
MAGZI	1,640	600	1,040	Industrial zone development
MIDENO	1,480	0	1,480	Regional Development
MIDEVIV	4,300	370	3,930	Food Development/Security
MIDO	500	0	500	Regional Development
OFFICE				
CEREALIER	1,210	630	580	Cereals Stabilization
ONAREF	4,790	1,460	3,330	Forest Products
ONDAPB	4,500	3,650	850	Poultry/Small Ruminants
ONPD	1,200	0	1,200	
SEMRY	11,430	2,830	8,600	Rice
SODECAO	12,500	2,400	10,100	Cocoa
SODECOTON	41,000	27,280	13,720	Cotton/Regional Development
SODENKAM	930	160	770	Regional Development
SODERIM	1,070	90	980	Rice
UNVDA	4,500	3,900	600	Rice
WADA	1,010	690	320	Regional Development
ZAPI-EST	<u>3,600</u>	<u>2,800</u>	<u>800</u>	Regional Development
Total	121,960	65,640	56,320	

Source: World Bank, 1988d

Table 9.3
Control of Parastatals by Ministry

<u>Ministry</u>	<u>No. Parastatals</u>
Presidency	5
Agriculture	21
Commerce & Industry	19
Finance	14 *
Plan	14 **
Transport	13
Education & Research	11
Livestock & Fisheries	9
Information and Culture	8
Mines & Energy	3
Equipment	2
Urbanization & Housing	2
Health	2
Labor	2
Post Office	2
<u>Other</u>	<u>4</u>
Total	131

* Of which: 5 banks

** Of which: 4 regional development organizations

Table 10.1
Donor Technical Assistance 1986
(Percent)

Category of Assistance	France	U.S.A.	Fed Rep. Germany	U.K.	Belgium	Netherlands	Egypt	UNDP	Other U.N.	Total
Political Affairs	-	0.1	-	-	-	-	0.5	-	-	0.0
General Development Issues	17.6	0.5	-	8.3	-	-	-	-	47.3	9.7
Natural Resources	0.8	-	-	-	-	-	-	20.8	-	1.3
Agriculture	-	36.2	21.0	35.1	89.3	92.9	15.8	31.9	12.0	20.6
Industry	-	-	27.5	-	-	-	-	23.3	-	3.4
Transport and Communication	5.1	-	13.2	-	-	-	28.6	15.8	-	4.2
Population	-	1.7	-	-	-	-	0.9	-	5.1	0.7
Health	8.0	8.4	38.3	0.8	15.7	-	48.4	-	29.8	12.3
Education	58.5	52.0	-	55.9	-	7.1	-	-	-	42.8
Humanitarian Aid	-	1.1	-	-	-	-	5.9	-	0.9	0.3
Social Conditions	9.9	-	-	-	-	-	-	-	5.2	0.2
Science & Technology	-	0.1	-	-	-	-	-	-	-	4.5
<u>Total by Donor:</u>										
\$ mill.	\$42.2	28.4	8.4	0.9	0.8	2.2	0.5	3.8	3.1	\$94.8
Percent	44.5%	30.0	8.9	0.9	0.8	2.3	0.5	4.0	3.3	100.0%

Source: UNDP. Development Assistance Cameroon, Annual Report 1986.

Note: Grand total includes \$4.5 million of other multilateral assistance not listed elsewhere.

APPENDIX C

Economic and Statistical Analysis

C.1	Quality of Statistical Data	147
C.2	"Dutch Disease"	151
C.3	Summary of Industrial and Commercial Policy Instruments	155

APPENDIX C.1

Quality of Statistical Data

This appendix provides an analysis of the economic, sector, and survey data used by various analysts and which provides the basis for this CDSS. In some cases, where information used by the Government of Cameroon, the IBRD, or AID in its arguments but appears to be incorrect and should not be relied on for the CDSS, this is noted, too.

Statistical data:

There are deficiencies in the quality, coverage and currentness of statistical data in Cameroon which make any rigorous analysis difficult. These are noted in the World Bank CEM (1987, pages i, 2). First, secrecy surrounds oil sector data, which are only partially reflected in the national accounts, the government accounts, the balance of payments, and the official reserves. Second, national accounts tables are not very recent. Third, data on production are sketchy both in agriculture, particularly for food crops, and in industry. Fourth, employment data are available only for the civil service. Fifth, the balance of payments calculations are based on commercial banks' financial settlements, which covers only part of exports, imports, and capital flows; as a result the errors and omissions line item contains large unidentified flows. Sixth, no consumer price index is available at the national level, while the available indices are for urban populations. Seventh, detailed public finance accounts are not available, nor are data on the extra-budgetary accounts (largely oil-financed) which provide half of Government capital expenditure. The CEM attempts to adjust or re-estimate the official data to take better account of these; the Team cannot improve the data. The estimates must be treated with caution and used solely as indicators of orders of magnitude. Special care must be taken in extrapolating trends from these data.

The lack of oil data also affects the balance of payments account. The proceeds of government oil revenues are held in foreign banks, outside the operations account of the Monetary Union in the French Treasury, and not part of official reserves. These funds are repatriated as needed to finance government expenditures and maintain reserves in BEAC.

Second, sale of oil is in foreign currency, so profits of foreign oil firms, as well as operating expenses in foreign exchange, are both unknown. Also, debt service by oil companies is not recorded or is under-recorded for the same reason. On the other hand, repatriations are through the banking system and ARE recorded, unless used directly to finance overseas procurement. This leads to distortions in the balance of payments accounts.

Imports are clearly under-recorded. Unrecorded payments are eventually included in the Balance of Payments Accounts as outflow of monetary capital and in errors and omissions. The national accounts and balance of payments data suggest real annual growth of imports of less than 1 percent during 1979-85, or 13 percent per year in nominal terms. However, port traffic data suggest that import volume grew by 10 percent per year during the period, despite the virtual elimination of petroleum imports. Further, the records of partner countries report exports to Cameroon considerably above the value of imports reported by Cameroon.

Continuing by sector, the ratio of capital goods imports to gross fixed investment has fallen from 38 percent in 1978 to 20 percent in 1985 using official data; intermediate goods as a share of manufacturing output fell during the period from 37 percent to 19 percent. Such ratios are not reasonable, and suggest that neither the levels nor the trends for such data can be considered reliable.

Cameroonian National Accounts are based on the "Declaration Statistique et Fiscale". Since the DSF is also used for tax purposes, it tends to underestimate output, and overestimate both inputs and fixed capital formation, while substituting taxed inputs for non-taxed ones, all in order to reduce tax liabilities. The DSF itself is not filed by small enterprises which undoubtedly have lower overhead costs than large ones. Data obtained from the DSF are frequently internally inconsistent, such as trade sales increasing by 27 percent while intermediate consumption declined by 9 percent. Finally, the DSF is filed well after the end of the fiscal year and thus leads to delayed accounts. The World Bank estimates must be viewed as approximations for 1985/86 and 1987/88 (1988a, page 99-100).

The savings rate is difficult to calculate, since private consumption is a residual in the national accounts, and growth in import volume is clearly underestimated. Public consumption grew by 8 percent annually during 1979-1985 due to growth in the number of civil servants.

Savings are predominantly generated in the household and enterprise sectors, the share of which declined during 1979-81 because of the rapid growth of public savings from oil. No data are available on the structure or origin of private savings.

Farmers are incompletely adjusted for their own consumption of production which is thus not included in national accounts. The World Bank attempts to correct this using the USAID Cameroon Agricultural Census of 1984, which provides a first, cross-sectional view of the sector. Nevertheless, the data are inadequate for a large sector of the economy.

Finally, data from different sources are sometimes so different as to be unreconcilable for this study. They sometimes disagree in trend as well as in magnitude.

These are only examples; others could be found. In summary, national income and balance of payments figures used in this report must be treated with caution and used solely as indicators of orders of magnitude. It is dangerous to attempt to extrapolate trends from these data.

Survey information:

This appears to be misused in the structural adjustment debate. To pursue this, the CDSS team attempted to determine the origin of a statistic concerning the aging of the Cameroonian agrarian population (and particularly the plantation crop population), and the posited effect of this aging on production, willingness to invest or innovate, and other managerial behavior. The statistic appears to be based on the 1984 Agricultural Census description of farmer characteristics (MINAGRI 1988, pp. 1-7), which is misleading:

The Agricultural Census reports 54 percent of all farm operators were over 44 years of age, and that 85 percent were male. The population pyramid, properly redrawn, suggests age misreporting for males aged 15-24 who were attributed to the 5-14 cohort, possibly (given common errors in demographic surveys elsewhere) because they were students. A shortfall in males 25-44 remains, but this is not a new phenomenon or extraordinary in Cameroon, as ORSTOM surveys of the 1960s and 1970s will attest. The survey appears (the team has not seen the original) to use a culture- and sex-biased measure of the "operator" as contrasted to the person who manages a particular plot. In a dynamic traditional agriculture, "aging" of the operators attests to improved rural life spans, not a change in the micro-management of farm plots.

APPENDIX C.2

"Dutch Disease"

Introduction:

This appendix attempts to tie together some topics in recent Cameroonian economic performance, on the basis of the scant evidence on petroleum export revenue available directly and through the World Bank, and on conjecture based on the experience of other petroleum exporters. These topics are: loss of competitiveness in international trade, domestic economic slowdown, crisis in the banking sector, and the perceived (by several informants in the private sector) rise in individual corruption on the part of government actors in the trade and fiscal processes. The appendix is based on an analysis of the economic motivation provided by various economic institutions in Cameroon to their actors--whether client or employee. The analysis is brief and possibly off the mark, but it has important implications for A.I.D. strategy in Cameroon.

The monetary influence of the CFA franc zone(s) is discussed elsewhere. Within the zone, the French franc accounts for 97.1 percent of the money supply while the West African CFA accounts for 1.6 percent and the Central African cfa (including Cameroon) for 1.3 percent (Table 2.4¹). Hence, the French franc has a powerful effect on the purchasing power of the two CFA francs.

As a late producer of oil, Cameroon was able to learn from the experience of producers of the 1970s concerning the effect of petroleum exports on the non-oil economy. The government avoided getting addicted to temporary revenues (it did not mortgage future revenues, and it devoted a large percentage for investment, particularly in economic and social infrastructure), and so maintained low external debt. It kept both internal and external financial stability despite an unstable and unfavorable international environment. Although oil swelled personal incomes (of workers and--through the expenditure multiplier--the economy) and tax revenues, the SNH placed most of its oil profits in assets offshore. This partially isolated the money supply from oil revenues, and served to protect Cameroon from what is known as "the Dutch disease".

Dutch disease results from rapid growth in the domestic money supply when extraordinary foreign exchange earnings (in this case from petroleum export at high prices) are converted into local currency. If the productive capacity of the economy has not grown as fast or faster to provide goods and services to be purchased by this new liquidity, and if the excess is not completely sopped up by new imports, then the textbook economic example of "too much money chasing after too few goods" leads to domestic inflation. Inflation in turn makes local industry less competitive in both domestic and export markets; incentives to produce favor non-traded sectors while consumer incentives favor imports, and economic stagnation results. Although named with respect to oil in Holland, the disease has been observed as long ago as 16th century gold looting from the New World which led Spanish prices (under the gold standard) to exceed those of imports, to capital outflow and hence to the inadvertent financing of the industrial revolution in Northern Europe at the expense of potential Spanish industry which did not develop.

¹ Table 2.4 is not found in the CDSS.

If the currency is not allowed to depreciate (within the Gold Standard or within the Franc Zone), the real exchange rate appreciates, so non-traded sectors become "favored" compared to export sectors, and exports become less profitable or unprofitable under Dutch disease, while import-substituting producers suffer as imports become relatively less expensive.

This can be prevented if earnings unrelated to the basic productive apparatus of the economy are spent on imported items; it does not matter whether for investment goods or consumer goods. It is not the productivity of the expenditure which is important (the choice between productive investment goods, "non-productive" public investment, or consumer goods is sometimes falsely cited), as it is the repurchase of foreign exchange. The problem is macroeconomic and should not be treated as a microeconomic or allocative phenomenon.

Through offshore placement of oil assets, Cameroon appeared to have avoided much of the Dutch disease. The government's economic managers, however, appears to have looked at the micro-economic elements more than the macro-economic one. Oil sector proceeds have been carefully concealed by the Government and even its own projections produced by the "troika" (Lazard-Shearson-Warburg) can show balance of trade surplus or deficit according to how the "unknown" oil revenues are allocated (p. 21), so this is partially conjecture. The World Bank CEM (1987, p 39) calculates that 86 percent of oil revenues were actually reinjected into the economy even before the beginning of the crisis, to finance government investment and consumption. Consumption included an increase of 10 percent per year in the number of civil servants, as well as regular subsidies to those noncompetitive firms with public participation.

As the Government arrears have worsened in the current economic crisis, more, probably in excess of 100 percent, of these "black" reserves have probably been reinjected to cover current budget shortfalls. At the moment that the real economy slowed substantially (the growth in domestic goods and services on which to spend money is slowing), repatriation of reserves inflated the money supply.

The reduction in the real interest rate discourages placement of assets in the financial sector, to the point where the most common measure of financial deepening, M_2/GDP was 0.19 in 1983 (IBRD 1986, p. 10-11), less than most countries at a similar level of development and the second lowest (ahead of Niger but behind CAR) in the franc zone.

With costs higher than other African countries, Cameroon has become less competitive even within the CFA zone at a moment when the CFA zone has become less competitive due to the appreciation of the French franc against other currencies (particularly the U.S. dollar). The two phenomena are distinct in the analysis of the deterioration in the balance of payments.

Finally, the fall in oil prices as well as those of other primary commodities has reduced the source of finance which created the high-cost economy. Economic recovery depends on the flexibility of Cameroonian economic institutions to reduce this cost disadvantage, with the handicap that one institution--the monetary regime--is constrained in its reaction either through exchange rates or interest rates.

The emergence of Dutch disease has had a visible impact on Cameroonian economic institutions through its modification of the incentive structure facing actors within the institutional framework.

Fiscal and customs apparatus:

The increased cost differential between imports at border prices and those bearing the full tax burden has increased the economic incentives for potential importers or producers to bypass the formal system to obtain lower-cost imports. This increases the incentives for smuggling (fiscal or real) and bribery, and so at equilibrium the amount would be expected to increase unless incentives existed on the government side to restrain them. Employment security, which in the past provides an alternative incentive to wage for government employees administering these tools, has decreased at the same time wage receipts have lagged due to the government "squeeze" in its trying to get or conserve revenues.

From the point of view of policy-makers, there is a perception that tariffs "do not work", because high local costs lead to increasing lack of competitiveness of domestic enterprises under the existing tariff regime, no matter how high. In such a case there is both pressure from the constituents for quantitative restrictions against "dumping", and frustration with the "market" model of restricting tariffs. Hence, the policy makers have a strong incentive to undertake the "wrong" policy from the point of view of economic efficiency.

Under such conditions, economic incentives lead to a marginal incentive for corruption within the inflexible system, smuggling and informal economy outside the system to improve the functioning of the market. Encouragement is also provided to production and distribution within the parallel economy.

The more strongly the Government tries to enforce and extend the existing structure, the more economic incentives lead the actors to attempt to escape it. Attempts to raise new taxes or levies for revenue purposes will be inefficient or counterproductive. The pressure to impose non-tariff barriers to imports will increase as tariffs appear to work less well than formerly at barring imports.

The resumption of growth is both a macroeconomic and microeconomic problem. The overall economy has adjusted largely to the previous level of oil revenues, while the cost structure reflects the more recent inflow which has put additional pressure on potential exporters, while increasing incentives to bypass the official import and fiscal mechanism. Allocational questions--tinkering with the government investment budget--will not be sufficient.

A more serious question is how to repair the institutional motivation created by Dutch disease. This is the major point of intervention for correction of the major policy contradictions already stated by the Government (Plan directeur de l'industrialisation, 1988, Synthesis, page 13).

The first step is to recognize the problem for what it is, and not consider it as a microeconomic phenomenon which can be treated by tinkering.

Second, some existing institutions are clearly incorrect for such resumption and repair, and must be reworked and harmonized with the development strategy.

Financial sector:

Interest rate rules of the BEAC and Cameroon provide no motivation (i) for the private sector to increase its deposits in the formal financial system, or (ii) for banks to engage in higher-risk SME lending. The result, over 20 years of this system, has been a narrow base of deposits (principally the Government, large companies--mostly those doing business with the Government, and parastatal enterprises; there is no significant private deposit base to act as a cushion). When a liquidity crisis hits the public sector, the parastatals, the oil sector or the price stabilization fund, the banking sector is hurt directly and through the private contractors. Recently all of these accounts have been affected. The banking sector has no private deposit base cushion.

When it was hit, the banking system had no possibility of offering an interest rate differential to draw capital inflow, and so absorbed the full force of the withdrawals. Some banks absorbed more, given the private sector switching among banks according to each bank's perceived strength.

Non-financial sector:

Most of the growth in the non-oil economy was generated in the non-tradeable sectors--construction, services, food crops. Overall there has been a virtual stagnation in the production of export crops in 1978-85. These sectors have different relations to government spending and thus will be affected differently by the liquidity crisis. In the first wave, government arrears has harmed firms depending directly on the government for their sales of goods and services.

The second wave may soon break, given the macro-economic multiplier-accelerator. Salaries not paid to civil servants and illiquid companies will reduce national purchasing power as this sinks in. The institutional analysis of this is complicated by traditional revenue-sharing in Cameroonian society, since civil servants are used to long delays in their salary payments and have mechanisms in place to maintain their level of consumption. As a result, unless a clear signal is given from the Government that individuals have been laid off, the attrition through job-quitters will be delayed. The team's brief impression is that sectors not depending directly on the government continue at their previous strength, but eventually will suffer from the downturn in purchasing power.

The IMF, IBRD, and CCCE assistance in foreign exchange will be counter-cyclical, but possibly not enough to arrest this process.

APPENDIX C.3

Summary of Industrial and Commercial Policy Instruments

This appendix is intended to give an overview of the instruments of Cameroonian industrial and commercial policy, their intended purpose, and their impact on actual development. For further research, consult Ministère du Plan (1988) and World Bank (1987).

I. Summary of the industrial policy statement of the Government:

- "Government policy aims to create an economic and political environment which serves to encourage a more dynamic and competitive private sector becoming more technically efficient. The accent is on small and medium enterprises.
- "Concerning trade policy, tariffs will be reformed to respond to the requirements of the business downturn. Also, the commercial regime will be reformed to create incentives for industrial efficiency in both domestic and export markets. The mechanisms of the Franc zone must be reviewed to this end, with the collaboration of all partners.
- "Price control must be made flexible to create a competitive environment.
- "Production taxes must be replaced by the VAT which distorts production less.
- "The investment code must be revised to reduce its polarization toward large-scale projects. Incentives should reflect more increase in value added, foreign exchange earnings, and the training of skilled human resources."

II. Cameroonian government priorities in Sixth Five-year Plan for Economic, Social and Cultural Development:

1. Food self-sufficiency through the development of the rural sector;
2. Promotion of forestry exploitation;
3. Industrial development based on domestic raw materials (vegetable or mineral);
4. Encouragement of SMEs rather than LSEs;
5. Infrastructure improvement; and
6. Equitable distribution in regional development.

III. Ministries' roles in government policy

Plan and Regional Development: coordination in industrial planning, elaboration of Government plans under the 5-year plan.

Industrial and Commercial Development: investment plans, incentives (such as UDEAC tax unique, TIP); national price control and awarding of licenses; management (through SNI) of the state investment portfolio in public and para-public enterprises.

Mines and Energy: Mines, energy, iron and steel, petroleum, and chemical development.

Agriculture: Works directly with the agricultural sector, with tasks divided with parastatal development societies and with ONCPB for exports. Not responsible for the following two ministries' coverage;

Livestock, Fisheries and Animal Industries: livestock, abattoirs, leather, milk products, fisheries;

Forests: Awarding forest concessions; timber industry.

Public Health and others: pharmaceutical supply, pharmaceutical sector development;

Labor: Application of laws on minimum wage;

Finance: Control of fiscal and tariff regimes.

IV. Industrial and Commercial Policy:

1. **Fixed exchange rate:** This is good for monetary stability, but does not reflect relative purchasing power with the French franc or other CFA countries, let alone 3rd countries. Must seek mechanisms to reestablish parity between FF and CFA based on purchasing power and business cycle.

2. **Import rights:** UDEAC rules expressed in "Tarif des Douanes" and "Règlementation Douanière". Two systems exist to treat imports according to their origin:

a. Non-UDEAC trade:

Imports are subjected to four columns in the tariff program:

- i. **Droit de Douane (DD)**, 0-30 percent of CIF value on all imports;
- ii. **Droit d'Entrée**, 0-90-percent of CIF value on all imports;
- iii. **Taxe sur le Chiffre d'Affaires (TCA)**, now 10 percent of (CIF+DD+DE); and
- iv. **Taxe Complémentaire**, a national tax which varies by state, 0-90 percent of CIF value of import.

The cumulative tariffs on non-UDEAC imports are relatively uniform within product categories under the Brussels Commercial Nomenclature (BCN), with progressiveness according to the degree of manufacture to protect domestic transformation. However, except for certain luxury items with high tariff, and some necessities such as fertilizer, agricultural machinery [!], basic foodstuffs, with low tariffs, tariff progression is relatively straightforward [sic] and uniform, favoring higher stages of production.

The following export taxes are imposed:

- i. A two percent export tax is imposed across-the-board, for revenue purposes.
- ii. Most manufactured exports are exonerated, however. NOT exonerated are textiles, leather articles, packaging.

- iii. Many products have special taxes (bananas 17.5 percent, tobacco 15 percent, wood and lumber 15-46 percent; coffee or cacao are 50 francs per ton plus 1 franc per net kilogram, or approximately 42.5 percent).

b. **UDEAC trade:**

Taxe Unique (TU) is a regime given to particular enterprises. Only these can export within UDEAC. Ad valorem tax are imposed in country where the goods are sold according to its own schedule, but varies by country (for schedule, see Ministère du Plan 1988, Industrial Policy Sectoral study, table 4 p 26). This shows level of ERP by country within UDEAC. Goods under TU are still taxed, but comparatively much less so. Also, TU enterprises have unlimited exonerations on local and imported inputs!

Taxe à la Production, Taxe Interieure à la Production (TIP):

Manufacturing enterprises pay a tax on value of production. This reduces their competitive position against imports, and especially against local producers exonerated from duties under the TU. So, those who only sell at home get TIP instead of TU, which gives them the same advantage on imports of inputs as those under TU. While giving a price advantage, this modifies the ERP and discriminates heavily against any use of local raw or intermediate materials.

V. **Protection:**

Two aspects of commercial policy have invisible effects: quantitative restrictions (QRs) and ONCPB policy on agricultural exports. Three types of import restrictions exist (excluding health bans):

1. Sensitive products, with conditions attached to import, where local production doesn't meet demand--local products get scarcity rent and inefficiencies, amount unknown;
2. Products regulated by "pairing" as equivalent to local origin products, many of which also controlled under first regime; and
3. Other controlled products requiring prior authorization to import.

These are enumerated in Appendix B, Tables 4.1-4.3.

Protection tends to protect particular enterprises, not sectors. The average nominal tariff rate is 70 percent.

VI. **Price control:**

- The price control mechanism reflects the importance the Government accords to price stability.
- Also, regulators are interested in preventing monopoly profits when limited competition among producers and distributors (although evidence cited above suggests the import regime is the primary creator of such monopoly).
- The mechanism used is: reference price increased by fixed margin over cost. Prices must be certified first, so enterprise must present documentation justifying level of expenses.

This is intended to protect the consumer, but instead encourages producer to increase their costs without increasing their efficiency. It is analogous to the system used in France, which is being phased out due to its pernicious effects. French sources suggest to the CDSS team that only when enough young controllers return from training in France with immersion in the new "philosophy" will phaseout of the existing system be possible; it is not a target for the CDSS.

The system of homologation is imperfect. Only 20 of 100 enterprises under its statute use homologation; the State is unable to control the others. This penalizes those who are in order, because of delays in the homologation procedure. It is an inefficient process for attempting to regulate monopoly.

VII. Minimum Wage:

Minimum wage plus 15 percent social security plus bonuses for seniority are paid in formal sector. Some industries pay above minimum wage. Price control legislation is to guarantee the purchasing power of this wage, not for any intrinsic purpose, so the minimum wage must be included in any consideration of abolition of price controls.

VIII. Investment code:

The investment code was revised in July 1984. It favors new investments over existing enterprises (expansion, repair and maintenance, or operations) and thus means that firms within the same product line are not competitive one with the other, according to their date of qualification under the code.

Criteria are:

1. Size (advantages increase as investment size exceeds CFAF 500 million (regime A), 2.5 billion (regime B), or 5 billion (regime D)). Regime C refers to SME under CFAF 500 million.
2. There are 3-4 criteria within each regime for A,B, and C.: local trained employment, or high value added in frontier areas are criteria for regimes A and B. The system thus has multiple goals.

But: the system is static, not dynamic. It doesn't use efficiency as a criterion, distorts incentives away from other sectors (services, commerce, construction).

IX. Financial Sector Policy:

In the financial sector review which the CDSS design team finds divorced from reality, the Master Plan calls for putting in place financial institutions and techniques for raising internal savings to channel them toward low development industrial projects. This we believe is not rational within the current policy environment. The government policy interventions proposed are as follows:

1. Household Savings: these are low individually, and widely dispersed. The State can sell shares and bonds with favorable financial and fiscal stimuli; this requires a capital market and encouragement. Recommendation: raise interest rates so financial institutions can intermediate.

2. **Business savings:** Encourage industrial investment from other sectors, by fiscal incentives and parallel measures to discourage "inopportune" investments.
3. **Public savings:** Give favorable conditions on loans to promote infant industries which need special handling [?]; participate in capital and profit-sharing through financial institutions.
4. **Other:** The Conseil National des Credits should harmonize investment credit policy according to the Plan objectives and investor needs: taux d'intérêt préférentiel (T.E.P.) can be extended to SME, to the discount rate for public development finance, to the national Treasury, with the taux d'intérêt normal (T.E.N). for all others. The CDSS team disagrees strongly.
5. **Encourage savings:** This policy has not been thought out. It proposes interventions such as: discouraging luxury consumption and ask BEAC to publicize the possibility of placing savings assets in the Money Market (not yet extant) through bank accounts; letting banks propose better deposit interest rates; letting medium- and long-term deposit rates approach money market rates, and others.

X. Export promotion:

The analysis indicates that Cameroon has had little success in attempting to diversify outside the UDEAC region, except aluminum, cotton fiber, and lumber. Entrepreneurs don't know enough about regional and extra-regional markets. Noting that CNCE is responsible to fill this gap and promote exports, the study acknowledges that CNCE "unfortunately" lacks necessary resources to do so completely. A list of things CNCE should undertake is presented. The agreement between the Government of Cameroon and the IMF calls on Cameroon to reduce nonproductive trade missions in its overseas diplomatic missions, so this policy appears to be an orphan.

APPENDIX D

Documents Used

BEAC (undated--1979?) Recueil des textes se rapportant à la réglementation des changes dans les Etats membres de la Banque des Etats de l'Afrique Centrale.

Cameroon, Chambre de Commerce, d'Industrie et des Mines (1985). Annuaire des Sociétés Industrielles et Commerciales du Cameroun.

Cameroon, Republic of (1981). Law No. 81-13 regulating forestry, wildlife and fisheries. Yaoundé.

_____ (1985). Investment Code. Imprimerie Nationale, Yaoundé.

_____ (1986). Sixth five year economic, social and cultural development plan, 1986-1991. Ministry of the Plan and Regional Development, Yaoundé.

_____ (1988). "Déclaration de stratégie de développement et de relance économique" (Development strategy statement for World Bank Structural Adjustment Loan) (draft, November 1988).

[Cameroon] Ministère du Plan et de l'Aménagement du Territoire, Direction de la Planification (1988). Plan directeur d'industrialisation du Cameroun, Rapport Final [working copy, unofficial]. Contents: (i) Synthesis; (ii) Study of industrial policy institutions and structures; and (iii) Sector studies: (1) agriculture and agro-industry; (2) bauxite and aluminum; (3) building, public works and construction; (4) chemicals and fertilizers; (5) forestry and wood industries; (6) industrial infrastructure; (7) iron; (8) mechanical, electrical and electronic industry; (9) natural gas; (10) petroleum; (11) pharmaceutical products; and (12) plastics (draft, 1988).

[Cameroon] Ministère du Plan et de l'Aménagement du Territoire, and Ministère du Développement Industriel et Commercial (1988). Séminaire de présentation du plan directeur d'industrialisation du Cameroun, Palais des Congrès, 19-22 juillet 1988. Proceedings. (working draft, 1988)

CARE International-Cameroon (1988). Care-International Cameroon: 1979-1988: History and Programs. Mimeo, Yaoundé, Sept. 1988.

Catholic Relief Services-U.S. Catholic Conference (1988). Programme pour l'Afrique Centrale, Annual Report January 1, 1987-December 31, 1987.

Collings, Francis d'A. et al (1987). Cameroon: Private sector strategy review. Draft, USAID Cameroon, Yaoundé, Nov. 20 1987.

DeSantis, Dennis, Tamara Duggleby, Nicholas Kulibaba, and Tim O'Hare (1988). "An impact evaluation of USAID Assistance to the Cameroon Co-operative Credit Union League." DAI, Washington for USAID Cameroon (draft).

EDIENA (1983). Guide de l'entreprise et de l'investissement au Cameroun. EDIENA, Paris.

FAO (1988). Cameroon: Tropical forest action plan. FAO, Rome.

Gartlan, Stephen (1988). "The conservation and rational utilization of forest ecosystems in Central Africa." Yaoundé.

GICAM (1988) L'économie camerounaise: rapport de conjoncture économique 1^{er} juillet 1986 - 30 juin 1987. GICAM Yearly Report, General Economic Survey No. 199. Groupement Interprofessionnel pour l'Etude et la Coordination des Intérêts économiques au Cameroun, Douala.

Goodson, Jeffrey W. (1987). Conservation and management of tropical forests and biological diversity in Liberia. A.I.D., REDSO/WCA, Abidjan.

GTZ (1986). Cameroon: Rural finance sector study. Deutsche Gesellschaft für Technische Zusammenarbeit GmbH, Eschborn.

Howald, Barbara, and Barbara Wyckoff-Baird (1988). "A profile of training opportunities for women: Cameroon". Development Alternatives, Washington, for USAID Cameroon, Oct. 1988.

Industrial Master Plan (1988): see [Cameroon], Ministère de Plan et de l'Aménagement du Territoire (1988).

Institute of International Finance (1988). "Cameroon country report", December 16, 1988. IIF, Washington.

International Institute for Environment and Development (1988). "Report on PVO/NGO Survey for West Africa." IIED, Washington.

International Monetary Fund (1988a). Cameroon - Staff report for the 1988 Article IV consultation and request for stand-by arrangement. Document EBS/88/182 (August 26, 1988). IMF, Washington.

_____ (1988b). Cameroon - Statistical annex. Document SM/88/213 (September 6, 1988). IMF, Washington.

_____ (1988c). International Financial Statistics Yearbook, 1987. IMF, Washington.

Kammogne Fokam, Paul (1989). La problématique de finances de les petits et moyennes industries: cas du Cameroun. Thèse de 3^e Cycle, Faculté des Sciences Economiques, Université de Yaoundé.

Lass, R.A., B. Curtis and C. Knee (1988). Cocoa rehabilitation project: Cocoa Marketing Study, Final Report. (Volume I: Summary and Main Report; and Annexes). Landell Mills Associates, for United Nations Development Programme and Ministry of Agriculture, Republic of Cameroon, February, 1988.

Malkin, Joel (1985). "The quasi-public sector in Cameroon: institutional aspects. Mission Report". World Bank, Washington, January 1985.

Marchés Tropicaux et Méditerranéens (1988). Cameroun 1988. Special edition of Marchés Tropicaux et Méditerranéens, 21 October 1988, pp. 2796-2876.

Ntangsi, Joseph (1987). "The political and economic dimensions of agricultural policy in Cameroon". Mimeo, August 1987.

Peace Corps Cameroon (1988). FY 1989-90 Country Management Plan/Budget.

Roupsard, Marcel (1987). Nord-Cameroun: Ouverture et Developpement.

Schiavo-Campo, Salvatore, James L. Roush, Andre Lemelin, and Michael P. McLindon (1983). The tortoise walk: Public policy and private activity in the economic development of Cameroon. A.I.D. Evaluation Special Study No. 10.

Sifida Advisory Unit (1985). The private sector in the economy of Cameroon. Report prepared for International Finance Corporation, September, 1985.

Steedman, Charles (1988). Rural development planning and budgeting in Cameroon. DAI, Washington, for USAID Cameroon.

SYNDUSTRICAM (1988a) "Note de conjoncture au 30.06.88 (pour un échantillon de 104 entreprises adhérentes au SYNDUSTRICAM)". Syndicat des Industriels du Cameroun, Douala.

_____ (1988b) "Note de conjoncture au 30.09.88, tendance des douze derniers mois (pour un échantillon ... SUNDUSTRICAM)." SUNDUSTRICAM, Douala.

United Nations Development Programme (1987). Development assistance Cameroon, Annual Report 1986.

United States Agency for International Development (1981). Environmental profile of Cameroon. A.I.D., Washington.

_____ (1988a). Progress in conserving tropical forests and biological diversity in developing countries. A.I.D., Washington.

_____ (1988b). "U.S. Assistance for Africa: The Development Fund for Africa (DFA)--an action plan for FY 89 - FY 91." A.I.D., Washington, December, 1988.

USAID Cameroon (1988). "Review of private sector strategy (MAPS). Mission to Cameroon" (draft, December 1988).

World Bank (1986). Cameroon: Financial sector report. Report No. 6028-CM. World Bank, Washington.

_____ (1987). Cameroon: Country economic memorandum. Report No. 6395-CM. World Bank, Washington.

_____ (1988a). Cameroon: Livestock sector development project; staff appraisal report. Report No. 7370-CM, Agricultural Operations, Occidental and Central African Department, World Bank, Washington, (July 11, 1988).

_____ (1988b). Cameroon - SAL appraisal mission working documents (typescript with hand-numbered pages, July 25, 1988).

_____ (1988c). Cameroon: Adapting public finances to a changing macroeconomic environment (draft, October 20, 1988).

_____ (1988d). Cameroon: Agricultural sector review. Report No. 7486-CM, Occidental and Central Africa Department, World Bank, Washington (November 1988).

CABLES

US Embassy Yaounde (1981). "Parastatal organizations in Cameroon". Yaoundé 1374 (19 April 1981).

USAID Cameroon (1987). "Economic Reporting Series":

(A) No. 1, Yaoundé 1338 (17 February 1987),

(B) No. 2, Yaoundé 2625 (25 March 1987),

(C) No. 3, Yaoundé 3072 (14 May 1987).

USAID Cameroon (1988). "Economic Reporting Series":

(D) No. 1, Yaoundé 2185 (14 March 1988),

(E) No. 2, Yaoundé 5961 (13 July 1988).

APPENDIX E

PERSONS INTERVIEWED

GOVERNMENT OF CAMEROON

Romanus AJAPNGU FOMENKY, DEPM/A, Ministry of Education, Yaoundé.
A. BEKOUME, Conseiller Economique, Ministry of Industrial and Commerical
Development, Yaoundé.
Saidou Abdoulai BOBBOY, Chambre de Commerce d'Industrie et des Mines du
Cameroun, Douala.
J.B. DJOUMESSI, Conseiller technique, Ministry of Plan, Yaoundé.
Jean-Baptiste ELOUGOU NDJIE, IGP/IMPN, Ministry of Education, Yaoundé.
François-Davide ELOUNDOU, Directeur, Coopèration Technique et Etudes Techniques,
Ministry of Plan, Yaoundé.
Jacques LATTA, Directeur adjoint, Direction de Contrôle Economique, Ministry of
Finance, Yaoundé.
Ndine Roger MBASSA, Direction des Contrôles Economiques et des Finances
Exterieures, Ministry of Finance.
René MBAPPOU, Chef de Division, DEP/DS, Ministry of Agriculture, Yaoundé.
Roger MBASSA NDINE, Directeur des Contrôles Economiques et des Finances
Exterieurs, Ministry of Finance, Yaoundé.
Jean MFOULOU, Director of Higher Education, Ministry of Higher Education,
Computer Science, and Scientific Research, Yaoundé.
Pierre MOUTENG, Directeur Adjoint, National Center for External Trade (CNCE),
Douala
Sylvester NDESO, Ministry of Health, Yaoundé.
Jean Pierre NJOUMNA, Economist, Direction de la Cooperation Economique et
Technique, Ministry of Plan, Yaoundé.
Gabriel NKODO, Chef de Division de Coordination et de Contrôle, Centre National
d'Assistance aux Petites et Moyennes Entreprises, Douala.
Paul NKWI, Conseiller Technique, Ministry of Higher Education, Computer Science,
and Scientific Research, Yaoundé.
Camille POKOSSY, Financial Economist, Ministry of Plan, Yaoundé.
SAMA FINLAY Doh, Directeur de la Planification, Ministry of Plan, Yaoundé.
Elizabeth TANKEU, Minister of Plan, Yaoundé.
Etienne TEMGOUA SAOUNDE, Technical Advisor, Ministry of Health, Yaoundé.
TSANGEU Paul, Directeur des Etudes, des Projets et de la Formation, Ministry of
Livestock, Fisheries, and Animal Industry, Yaoundé.
R. TSOUNGUI, Directeur, Contrôle Economique et Finances Exterieurs, Ministry of
Finance, Yaoundé.
Idriss VESSAH NJOYA, Contrôleur Général, Ministry of Plan, Yaoundé.

INTERNATIONAL ASSISTANCE ORGANIZATIONS, PVOS, AND DONORS

Kingson APARA, Project Officer, World Bank, Yaoundé.
Judith COLLINS, Director, CARE, Yaoundé.
Paolo A. COPPINI, Resident Representative, United Nations Development Programme,
Yaoundé.

Wayne EDDISUS, Foreign Investment Advisory Service, International Finance Corporation, Washington.
 Rose GAKUBA, UNDP, Yaoundé.
 G.E. GNIKPINGO, Senior Loan Officer, African Development Bank, Yaoundé.
 Franz KAPS, World Bank, Washington.
 Lisa KUENNEN, Central Africa Office, Catholic Relief Services, Yaoundé.
 Morike KONARE, Industrial Counselor, UNIDO, Yaoundé.
 Johannes MARX, Manager, GTZ, Yaoundé.
 David MITCHNIK, World Bank, Yaoundé.
 Pierre MORSET, Director, Caisse Centrale de Cooperation Economique, Yaoundé.
 Jonas MVA MVA, Project Officer, Central Africa Office, Catholic Relief Services, Yaoundé.
 Minh Chau NGUYEN, World Bank, Washington, on TDY in Yaoundé.
 Kham T. PHAM, Senior Research Officer, International Service for National Agricultural Research, Yaoundé.
 Frederikke ROEJKJAER, Industrial Assistant, UNIDO, Yaoundé.
 Wolfgang SACHERS, Food Security Specialist, FAO, Rome.

FINANCIAL SECTOR

Edouard AKAME MFOUMOU, Directeur General, Banque Internationale pour le Commerce et l'Industrie du Cameroun, Douala.
 Martin ATANGA, Directeur Adjoint, Bank of Credit and Commerce Cameroon, Yaoundé.
 Michael BARRETT, Directeur General, Gras Savoye Cameroun, Douala.
 Peter W.D. DIXEY, Manager, GREACAM Assurance Ltd., Douala.
 Vincent ETOUNDI, Secetaire General, Association des Societe d'Assurances du Cameroun (ASAC), Douala.
 Paul KAMMOGNE FOKAM, Chairman, Caisse Commune d'Epargne et d'Investissement, Yaoundé.
 Martin N. FONCHA, Director, ALICo (American Life Insurance Company, AIG Group), Douala (private).
 Maroun W. KHALIFE, Directeur Général, International Bank of Africa-Cameroon, Douala (private, mixed ownership).
 Edouard NGUEKAM, Manager Buea Branch, Banque Internationale pour le Commerce et l'Industrie du Cameroun, Buea.
 John RASCHER, Credit Manager, International Bank of Africa-Cameroon, Douala.
 R. SELVARAJU, Manager, Operations and Credit, Bank of Credit and Commerce Cameroon, Yaoundé.
 Placide TEDOM, Sous-Directeur à la Direction du Crédit, Banque Internationale pour le Commerce et l'Industrie du Cameroun, Yaoundé.

PARASTATAL SECTOR, NON-FINANCIAL

Clement F. AZAH, Training Department, Cameroon Development Corporation, Bota, Limbe.
 Dr. DOBO BEYE Casimir, Director, ONAPHARM.
 Terry QUADLING, Management Development and Training Manager, Cameroon Development Corporation, Bota, Limbe.

PRIVATE SECTOR, NON-FINANCIAL

M.N. ARUKE, Managing Director, Tripartite Metal Construction Co., Ltd., Limbe.
Stella BONGOR, Friendly Pharmacy, Yaoundé.
John A. DWYER, General Manager, Del Monte Cameroon; and President, American Business Association, Douala.
Alud Francis FOKOBO, Fokobo and Bros. Enterprise (furniture manufacture), Buea.
M.T. FOMUKONG, Reliance Commercial Enterprise, Limbe.
Tobias FONJUNGO, Managing Director, Thomas F. Fonjungo and Sons Enterprises, Tiko, and Member of Parliament for Tiko - Fako.
Ernest KINGUE EKAMBI, Accountant, Camerounaise d'Audit et d'Expertise, Douala.
MADU Gerard, Madus Enterprises, Buea.
Richard MOULET, Conseil Juridique, Fidafrica (Price Waterhouse), Douala.
NGON NGON G. Roman, Director, Laborex, Yaoundé.
Francis NGWA, Plant Kingdom Nurseries Enterprise, Mutengene.
Calvin Tayong NGWEN, Director, Tayo Enterprise Muea (General Commerce and Contractor), Buea.
Nicole NSOMO, Deleguée Générale, Syndicat des Industriels du Cameroun, Douala.
Representative, SOJAH Enterprises Lumber Mills, Muyuka.
Fred STEIN, PECTEN Cameroon, Douala.
Martin TABUFOR, Managing Director, Afosi Bros. Bookshop, Buea and Muyuka.

U.S. GOVERNMENT

Ellsworth AMUNDSON, Deputy Director, USAID Yaoundé.
Mary Ann CUSAK, Program Manager/Education, EHRD, USAID Yaoundé.
John DORMAN, Agricultural Development Officer, USAID Yaoundé.
Sammy ENYONG, Associate Director, Peace Corps, Yaoundé.
Gerald HENSLEY, Controller, USAID Yaoundé.
Jay JOHNSON, Director, USAID Yaoundé
Gary E. LEINEN, Education Development Officer, USAID Yaoundé.
Arnold F. LESSARD, Private Enterprise Development Officer, REDSO/WCA, A.I.D., TDY in Yaoundé.
Janet MALKEMES, Economic Officer, U.S. Embassy Yaoundé.
Roger J. MORAN, Political Officer, U.S. Embassy Yaoundé.
Norman OLSEN, Supervisory Program Officer, USAID Yaoundé.
Robert SHOEMAKER, Project Development and Evaluation Officer, USAID Yaoundé.
R. Steven TAYLOR, Director, Peace Corps, Yaoundé.
Tham V. TRUONG, Program Economist, USAID Yaoundé.
Tjip WALKER, Fertilizer Subsidy Reform Project, Yaoundé.
Mary Beth WERTIME, Assistant Peace Corps Director for Rural Development, Yaoundé.

OTHER

- Robert ACTON, USDA, PASA contractor, AID Agricultural Management and Planning Project, Yaoundé.
- Richard AGBORTOGO, Manager, Opportunities Industrialization Centre International, Buea.
- Doyle BAKER, Agricultural Economist, NCRE Project (USAID).
- Vincent BROWN, Health Sector CDSS Consultant, University Research Corporation, Maryland.
- Robert DE WOLFE, Academy for Educational Development; Training Coordinator, Maternal and Child Health Care Project Yaoundé.
- Simone DESMOULINS, Hospital Management Specialist, SANESCO International, Paris.
- Boniface ESSAMA, Faculty of Economics, University of Cameroon, Yaoundé.
- Philippe GUERRIER, Senior Financial Analyst, Inter-Africaine de Conseil et d'Assistance, Paris.
- Robert HANS, Chief of Party, North Cameroon Seed Multiplication Project (USAID), Garoua.
- Rod KITE, Chief of Party, Agricultural Planning and Management Project, (USAID) Yaoundé.
- Joseph NTANGSI, University of Yaoundé; advisor, World Bank; and advisor, Presidency, Government of Cameroon; Yaoundé.
- Linus OGENE, Chief, Technical Cooperation Team, Opportunities Industrialization Centre International, Buea.
- Patrice VABRE, Vice President, Shearson Lehman Hutton International, Inc. [member, Lazard Frères-Shearson-Warburg advisory group to the Government of Cameroon], Paris.