

**A
Critical Assessment
of
Aid Management
&
Donor Harmonisation**

The Case of Cameroon



African Forum and Network
on Debt and Development

A Critical Assessment of Aid Management and Donor Harmonisation
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African Forum and Network on Debt and Development

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About AFRODAD

AFRODAD Vision

AFRODAD aspires for an equitable and sustainable development process leading to a prosperous Africa.

AFRODAD Mission

To secure policies that will redress the African debt crisis based on a human rights value system.

AFRODAD Objectives include the following:

- 1 To enhance efficient and effective management and use of resources by African governments;
- 2 To secure a paradigm shift in the international socio-economic and political world order to a development process that addresses the needs and aspirations of the majority of the people in the world.
- 3 To facilitate dialogue between civil society and governments on issues related to Debt and development in Africa and elsewhere.

From the vision and the mission statements and from our objectives, it is clear that the Debt crisis, apart from being a political, economic and structural issue, has an intrinsic link to human rights. This forms the guiding philosophy for our work on Debt and the need to have African external debts cancelled for poverty eradication and attainment of social and economic justice. Furthermore, the principle of equity must of necessity apply and in this regard, responsibility of creditors and debtors in the debt crisis should be acknowledged and assumed by the parties. When this is not done, it is a reflection of failure of governance mechanisms at the global level that protect the interests of the weaker nations. The Transparent Arbitration mechanism proposed by AFRODAD as one way of dealing with the debt crisis finds a fundamental basis in this respect.

AFRODAD aspires for an African and global society that is just (equal access to and fair distribution of resources), respects human rights and promotes popular participation as a fundamental right of citizens (Arusha Declaration of 1980). In this light, African society should have the space in the global development arena to generate its own solutions, uphold good values that ensure that its development process is owned and driven by its people and not dominated by markets/profits and international financial institutions.

AFRODAD is governed by a Board of seven people from the five regions of Africa, namely East, Central, West, Southern and the North. The Board meets twice a year. The Secretariat, based in Harare, Zimbabwe, has a staff compliment of Seven programme and five support staff.

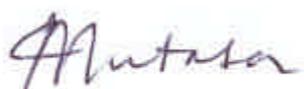
Preface

Although donors argue that they have changed their approach and that conditionality has been replaced by 'country ownership', poverty reduction and pro-poor growth strategies, experience on the ground seems to suggest otherwise. Lack of harmonization and alignment of policies, procedures and programs among various donors' agencies continue to mar effective aid delivery to recipient governments who in turn have been eluded by the key concepts of inclusiveness, popular participation and 'good governance'.

Problems of economic governance and ineffective utilization of development assistance have ranged from poor or no consultation with the intended beneficiaries; lack of coordination between various government agencies, the failure to harmonize policies, programs and procedures harmonization and alignment, poor project design within parastatals, public or private enterprises; to poor monitoring of foreign funded projects and consequently in indebtedness and poverty..

This international agenda has evolved over time, and hopefully will continue to evolve. Its principal manifestation at this time is the Paris Declaration of March 2005. The Paris Declaration on Aid Effectiveness represents a landmark achievement for the international community, which brings together a number of key principles and commitments in a coherent way. It includes a framework for mutual accountability, and identifies a number of indicators for tracking progress on the part of donors and partner countries. At the same time, there is a general recognition that the *Paris Declaration* is a crucial component of a larger aid effectiveness agenda that could engage civil society actors in a more direct manner. The power of the Paris Declaration is its focus on a limited number of general principles for action. As such, the Paris Declaration is not intended to provide operational instructions for how to achieve specific development results. The Paris Declaration is therefore limited in terms of the stated purpose of aid effectiveness in that it does not, and cannot, by itself, tell us how to reduce poverty, improve democratic governance, or promote greater gender equality.

As development actors, CSOs share an interest in the concept of aid effectiveness as an important one for keeping development efforts on-track, for drawing attention to outcome and impact level results, and for drawing lessons of good practice from accumulated experience. The shared pursuit of aid effectiveness provides a legitimate entry point for dialogue among all development cooperation actors, including CSOs. This case study by AFRODAD is but one of the civil society contributions to monitoring and tracking Aid effectiveness in Sub-Saharan Africa, which by and large constitutes the bulk of aid beneficiaries. We do hope that the thoughts and ideas shared by this case study will help enlighten issues and move the continent and its development partners step a head.



Charles Mutasa

Executive Director, AFRODAD

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The central financial and technical support of Diakonia was invaluable to the project. We are also indebted to our colleagues Mandla Hadebe and Taurai Chiraerae for the time and effort they put in making this study and publication a reality. Last but not least many thanks to many of our colleagues whom we cannot all name but whose input into the national research validation workshop remain vital to this output.

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LIST OF ABBEVIATIONS and ACRONYMS

AMC/HIPC	Advisory and Monitoring Committee for HIPC.
AfDB	African Development Bank
CAMAIR	Cameroon Airline
CEMAC	Communauté Economique et Monétaire de l'Afrique Centrale (Central African Economic and Monetary Community)
CFAF (FCFA)	Franc de la Communauté Financière en Afrique
CIDA	Canadian International Development Agency
CAR	Central African Republic
C2D	Contrat de Désendettement et de Développement
CFA	Financial Cooperation in Central Africa ("Coopération Financière en Afrique Centrale") in CEMAC
CFAF	CFA Franc
CIGs	Common Initiative Group
CS	Civil society
CSOs	Civil Society Organizations
DAC	Development Aid Committee
EC	European Community
ECAM II	Third Cameroon Household Survey
EESI	Employment and Informal Sector Survey
ENCV	National Vaccine Coverage Survey
EDSC	Demographic and Health Survey in Cameroon,
EITI	Extractive Industries Transparency Initiative
EPA	Economic Partnership Agreement
EU	European Union
FAO	Food and Agriculture Organization
FESP	Forest-Environment Sectoral Program
PRGF	Poverty Reduction Growth Facility
GDP	Gross Domestic Product
GFFT	Government Flow-of-Funds Table
GTZ	Gesellschaft für Technische Zusammenarbeit – Germany
GTZ-IS	GTZ International Services
HIPC	Highly Indebted Poor Countries
ICI	Information and Communication Technologies
IDA	International Development Association
KfW	Kreditanstalt für Wiederaufbau (Coopération Financière Allemande)
MDGs	Millennium Development Goals
MTEF	Medium Term Expenditure Framework
MSP	Minimum Statistical Program
MDRI	Multilateral Debt Relief Initiative
MINEF	Ministère de l'Environnement et des Forêts
MINEFI	Ministry of the Economy and Finance
MNFOF	Ministère des Forêts et de la Faune (Ministry in charge of Forest and Fauna)
MINPLADAT	Ministère de la Planification, de la Programmation du Développement et de l'Aménagement du Territoire
MTEF	Medium-Term Expenditure Framework
NACC	National Anti-Corruption Commission

NEPAD	Nouveau Partenariat Pour le Développement de l'Afrique (The New Partnership for Africa's Development)
NGOs	Non-government organizations
NGP	National Governance Program
NPDP	National Participative Development Program
NIS	National Institute of Statistics
NPRN	National Poverty Reduction Network
ODA	Official Development Aid
ODI	Overseas Development Institute (Institut de recherche britannique)
OECD	Organization for Economic Cooperation and Development
PAM	Programme Alimentaire Mondial
OHADA	Organisation pour l'Harmonisation du Droit des Affaires (Organization for the Harmonisation of Business Law in Africa).
PNUD	United Nations Development Program
PRGF	Poverty Reduction Growth Facility
PRSP	Poverty Reduction Strategy Paper
PFMS	Public Finance Management System
PFSC	Public Finance Sectoral Committee
PW	Public Work
SFCP	Strategy Framework for Combating Poverty
SMEs	Small and Medium Enterprises
SMIs	Small and Medium Industries
TCME/PRSP	Technical Committee for Monitoring and Evaluation of the PRSP
UN	United Nations
UNICEF	Fonds International des Nations Unies pour l'Enfance
UK	United Kingdom
UNDP	United Nations Development Program
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations Children's Fund
USAID	United States Agency For International Development
WHO	World Health Organization

EXECUTIVE SUMMARY

This paper analyses the aid harmonization process in Cameroon in the light of the Paris Declaration “on aid effectiveness”, which has five dimensions of aid effectiveness namely: a) ownership, meaning that partner countries exercise real control over their development policies and strategies, and ensure the coordination of actions and development support; b) alignment, which requires donors to base all their assistance on the national development strategies, institutions, and procedures of partner countries; c) harmonization, in which donor actions should be well-harmonized, transparent and conducive to greater collective effectiveness; d) performance-centered management, meaning to manage the resources and improve the decision-making process to obtain better results, and e) mutual responsibility, which means that both donors and partner countries are responsible for the results arrived at as concerns development.

On looking at the international commitments made in Paris by Cameroon and its development partners (bilateral and multilateral donors), the analysis of performance in this area tends to show that although end results are average compared with other developing countries (e.g. Uganda, Mozambique, etc), the process has had a good start, and the problem remaining presently is for it to be well-anchored to the development of the country.

It may be asserted that, in Cameroon, public authorities and donors have done their best to lay the foundations of a new partnership, and this cooperation has witnessed a significant development. In fact, a diagnosis has been made, and the transversal and sectoral institutional framework is being progressively put in place. The country therefore advances in the implementation of the Paris Declaration. All these actions testify in favour of the existence of a healthy and effective cooperative climate between Cameroon and its donors.

In actual fact, the Cameroon government and its development partners have already engaged several actions whose aim is to harmonize and align donor activities. For instance, the PRSP adopted in 2003 provides a national priorities framework with which donors should align their activities. Moreover, the government and donors have made significant progress as far as aid is concerned, by choosing program aid over budgetary aid.

From the transversal standpoint, government efforts were centered on two points: the evaluation of the partnership and the establishment of a public finance dialogue platform identified as a prerequisite for effective aid management.

On the sectoral level, the partnership has grown in several areas, namely, the environment, education and health. In the environment area, a Forest and Environment Sectoral Program (FESP) is being implemented. As concerns education, Cameroon was declared eligible to the support program for the sectoral policy for education (i.e. the FASTRACK initiative) in the context of the Millenium Development Goals (MDGs). As to the health sector, two programs that are being cofinanced by the government and donors have been identified. They are the multisectoral program for fighting against HIV/AIDS and the Global Funds: a program for fighting against HIV/AIDS, malaria, and tuberculosis. These programs are already in their operational phase and their results and preliminary evaluation are expected.

On Cameroon’s donors side, consultation frameworks have been set up. Parallel to the general multi-donor committee, sectoral multi-donor committees have been established for a better harmonization of their interventions in the different aid consultation areas, namely public finance, governance, environment, fauna, and forests, and PRSP monitoring.

Recommendations to government included:

- creating a unit to manage the responsibilities aimed at encouraging the implementation of the Paris Principles, and for preparing aid policy and its subsequent implementation.
- ensuring the stability of persons participating in technical meetings between donors and the government and representatives of their respective services, for effectiveness reasons.
- creating a program for the formulation of aid policy; the potential coverage of such a policy is outlined in the report.
- improving coordination with donors and between the different ministries;

- improving transparency and public finance management; this would motivate donors to grant more aid to the country.
- integrating Medium-Term Expenditure Frameworks (MTEFs) in the budgetary cycle for the ministries that have not yet done so.
- promoting the SWAPs wherever possible, that is, concerted approaches based on the PRSP and the support of sectoral plans.
- Pursuing PRSP revision based on the participative process involving civil society, and the private sector;
- Improving governance, and the fight against corruption.
- Parliament as an institution should in future be further involved in the PRSP process, with a view to ensure a greater consistency between the PRSP and the budget.

Recommendations to donors included:

- Intensifying efforts on the sectoral level to create the necessary conditions conducive to the development of SWAPs in the sector they do not yet exist.
- Creating an environment likely to attract budgetary support.
- Keeping developing arrangements for missions and joint evaluations.
- Orienting aid toward the realization of the majority of Cameroon's priorities.
- Developing arrangements for the "common fund" of project financing.
- Making sure that conditionalities are reasonable.
- Encouraging mutual responsibility and ensure the foreseeability of aid in order to bring some projects and programs to completion.
- Developing a common position for the work that remains to be done in order to stimulate a greater donor alignment with national priorities.
- Donors should not be satisfied only with harmonizing their aid among themselves and aligning it with the priorities of partner countries to make it more effective. It is also necessary for them to increase the amounts of aid grants appreciably. This increase should hover around the ceiling of 0.7% of their respective GDPs to which they committed themselves to achieve in 2002, or to put in place innovative financing mechanisms.

1.0 INTRODUCTION

1.1 The Broad Paris Declaration Context for Better Aid

The concept of aid effectiveness¹ has acquired increasing importance in international fora. The expression serves to promote accountability in the use of aid funds to attain the results in the domain of sustainable development for poor countries with low incomes. In international circles, insistence on aid effectiveness² serves as a mechanism for giving a sense of responsibility to donors facing their peers, so that the international aid regime as a whole remains loyal to its basic reason for being.

Faced with the failure of aid to achieve substantial poverty reduction during the 90's, donor countries looked for new approaches to overcome their lack of success. These efforts comprise the development of Poverty Reduction Strategies, followed in 2000 by the adoption of the Millennium Development Goals (MDGs). Since that time, several international meetings related to aid were held, such as the Monterrey Consensus (March, 2002), the High-level Forum on Aid Harmonization, which took place in Rome (February 2003), the Round Table on Aid Management centred on results in terms of development, held in Marrakech (2004), and lastly, the High-level Forum on Aid Effectiveness, held in Paris (2005). These international agreements define the goals and objectives for the agenda of aid effectiveness. Built upon former agreements, the "Paris Declaration" formulated a set of aid effectiveness dimensions which can be summarized into a simple contract articulated in three points³:

1. Firstly, the country claims the national ownership of its development strategies and its aid management systems, notably on the financial level, and put everything in place to make these strategies as effective as possible;
2. Secondly, its external partners arrange themselves to support those strategies of development and of national systems, i.e. falling in line behind them;
3. Thirdly, the external partners arrange themselves to nationalize their interventions⁴ by giving priority to transparent, foreseeable, and joint processes wherever possible.

Additional elements contributing to the foundation of the approach of the Paris Declaration included a management focused on a framework of measurable results; a framework of joint imputability between the government and the partners; and the foreseeability of financing packages every few years. At the centre of this process lies a series of quantitative objectives summing what can be followed-up on the national and international level, country by country, and donor by donor.

The Paris Declaration on Aid Effectiveness thus seems important in the attainment of MDGs. In effect, there are two different ways to pursue MDGs: an increase in the amount of aid, and an improvement in its productivity. Aid effectiveness relates to this last aspect, i.e., the productivity of both the donor and of the recipient country must increase over time. The aid effectiveness program is important for at least two reasons: on the one hand, this program provides a concise way of gathering the lessons of experience about what works and what does not in cooperative development, as concerns for instance, the fundamental significance of local ownership of the program and the enhancement of national systems, on the other hand, a counterweight can be important in this program against the tendency of national states to divert aid inflows to other ends, rather than to use these funds for the benefit of the altruistic motives for which they are intended. In other terms, aid effectiveness program constitutes a significant element in the peer pressure mechanism, which aims at making individual countries conform to the common international program designed to fight against world poverty.

¹ Among the key documents which were used to define the principle of aid effectiveness, we may cite notably, CAD (1996): "Le rôle de la Coopération pour le Développement à l'aube du XXIe; Banque Mondiale (1999) ; OCDE-CAD (2005). [Principes pour l'engagement international dans les États fragiles](#), Learning and Advisory Process on Difficult Partnerships, 7 avril 2005. International Meeting on Good Humanitarian Donorship (2003). [Principles and Good Practice of Humanitarian Donorship](#). Stockholm, juin 2003.

² The concept in itself is simple. It requires effectiveness regarding aid's primary end: reduce poverty worldwide and facilitate sustainable development.

³ See, Rogerson et al. (2006), *Une Arrivée et un Nouveau Départ: Partenariats au Cameroun après le Point d'Achèvement PPTÉ. Rapport Final de la Mission Indépendante de Suivi*, Février-Mars 2006. London.

⁴ The participants in the high-level Forum on harmonization, where the Paris Declaration was delivered included all the biggest bilateral and multilateral donors, and 64 developing countries government, including a number of organizations of civil society, notably the Canadian Council for international cooperation (CCCI), as an observer. The Declaration itself comprises 56 commitments which converge to establish a coherent cooperation model of development aligned with priorities and the systems of development countries. A number of indicators can be found in that document. The indicators aim at guaranteeing mutual accountability among signatories with regard to the pursuit and attainment of these commitments.

Overall, the Paris Declaration captures the general consensus that exists on the international level on the urgent need to liberate the full potential of aid to improve its impact on development. Moreover, the Paris Declaration may contribute to the improvement of development performance in Cameroon. Moreover, it may help attract the additional aid needed to finance the efforts necessary to achieve the MDGs⁵.

1.2 Research Objectives and Methodology

In general, this study aims at assessing the management of the aid granted by donors, and its impact on Cameroon's development efforts.

Three main objectives are pursued:

- To assess the current salient aid facts (requirements and availabilities) and policies on the quality of aid and its effectiveness in the context of a significant increase in aid to Cameroon.
- To recommend ways of making aid management and delivery effective for poverty reduction and development in Cameroon.
- To influence public policy makers and donor agencies to put in place national mechanisms for implementing international donor aid commitments to the recipient country.

This study uses two techniques to gather information and data, namely: Document review and interviews. A lot of documents were reviewed including OCED documents relating to Aid Harmonization and Effectiveness. Many keys officials of several Organizations were interviewed.

1.3 Main Messages from Cameroon

It may be asserted that, in Cameroon, public authorities and donors have done their best to lay the foundations of a new partnership, and this cooperation has witnessed a significant development. In fact, a diagnosis has been made, and the transversal and sectoral institutional framework is being progressively put in place. The country therefore advances in the implementation of the Paris Declaration. All these actions testify in favour of the existence of a healthy and effective cooperative climate between Cameroon and its donors.

⁵ Cameroon has a low dependence on aid; but has large performance and financing gaps in the achievement of the millennium development goals (MDGs)

2.0 AID EFFECTIVENESS IN CAMEROON

2.1 Definition of the Concept of Aid Effectiveness

In February 2003, a high-level forum was held in Rome on the harmonization of Official Development Aid (ODA) organized by the World Bank (WB) and the Development Aid Committee (DAC) of the Organization for Economic Cooperation and Development (OECD). This brought together many delegations from developing countries as well as aid agencies, and it ended with the "Rome Declaration", which defined the good practices in this area, and fixed the conditions under which the International Community and donors, as well as aid recipients should implement the aid harmonization process.

This meeting was followed by a second high-level forum in Paris in March 2005 to continue discussions on improvements to be made in this area, and to make concrete commitments to realize them by defining a number harmonization indicators, which were finalized during the Millennium Summit + 5, held in September 2006.

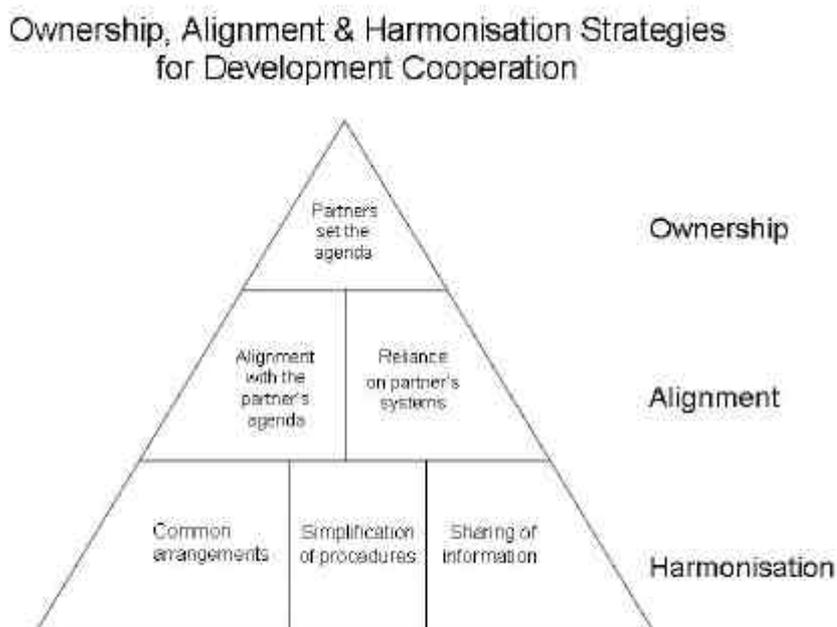
The concept of aid harmonization is broader than that of aid coordination previously provided by donors. Aid harmonization aims particularly at adapting the procedures and practices between donors⁶, and is based on expectations of partner countries⁷.

This process must therefore take shape by changing practices through:

- the formulation of national development strategies worked out by partner countries, which donors should implement;
- the evolution of aid instruments and modalities, which give priority, when possible, to the program approach as the instrument for financing national strategies.

This approach may be schematised by the pyramid in Figure 2.1 below⁸:

Figure 2.1 Ownership, Alignment and Harmonisation Strategies for Development Cooperation



⁶ One hears by "donors" the set of the countries donors (bilateral donors) or the multilateral institutions (multilateral donors), providing ODA to a given country.

⁷ The use of the term "country partners" in these Declarations is interesting. It indicates the will to succeed in a partnership between two entities on an equal footing, contrary to the term "country beneficiary of aid" that was used before.

⁸ According to De Renzio *et al.* (2004), Harmonization involves increasing coordination and streamlining of activities by:

- developing common arrangements for planning, managing and delivering aid
- simplifying donor procedures and specific requirements in order to reduce the administrative burden on partner governments
- sharing information so as to promote transparency and improve coordination.

The particularity of the above Declaration is that they engage the responsibility of both donors and partner countries. For the latter, the formulation of a national strategy must be a participative process associating civil society (CS). For donors, emphasis must be put on building the partner country's capacities, and on the need for aid coordination between donors.

The success of this process entails a reciprocal interest. For donors, it is a question of the effectiveness of aid and of the legitimacy of ODA that is at stake. For recipient countries, it is their capability to develop that is involved.

Consequently, it is this broader aid harmonization concept that will be used in this report. It brings together the actions to be implemented including the relationship between donors, between donors and the recipient country, and the reform of the donor system carried out by individual donors. This broader concept of aid harmonization has as an objective a vicious circle in which aid provides support to partner countries, which in turn, endeavor to use that aid in the most effective and integrated way possible.

The expression often used to describe this process is "aid harmonization and alignment". The question of aid alignment with national priorities seems to be inseparable from the harmonization of modalities and of aid instruments between donors.

2.2 The Cameroon Context

The question of aid harmonization in Cameroon cannot be addressed without attempting to grasp the motivation of various donors to cooperate with that country. A summary presentation of the country, of its recent history and the stakes involved in its development, are necessary to understand the cooperation policies and the inflows of aid which characterize Cameroon. In addition, one must have some knowledge of the country's public finance since improvement in public finance management is a precondition for receiving foreign aid.

2.2.1 Brief Review of Cameroon's Economic Evolution

Cameroon is situated in Central Africa and has an area of 475 000 square kilometres with a population estimated at about 16 million inhabitants. The demographic growth rate, formerly estimated at 2.8% per year, might be around 2.3% nowadays⁹. Discovered by the Portuguese, Cameroon was colonized by the Germans and then divided after the first World War into Eastern Cameroon ruled by France and Western Cameroon ruled by the U.K. The country gained independence in January 1960 for Eastern Cameroon, and in 1961 for Western Cameroon. Cameroon became an independent State in 1960, a federation in 1961, then a united State in 1972, and finally the Republic of Cameroon as of 1983¹⁰.

The country has more than 250 ethnic and linguistic groups. Cameroon has an equatorial and sahelian climate and benefits in that regard from the various ecosystems corresponding to these climatic zones. Its access to the sea, notably the Douala harbour, is of vital importance for its landlocked neighbours such as Chad and the Central African Republic (CAR).

Moreover, Cameroon plays a major role in the affairs of the Central African sub-region. It is part of the Economic and Monetary Community of Central Africa (CEMAC), which evolved from the Union Douanière et Économique de l'Afrique Centrale (UDEAC) in 1994 (the treaty was ratified in 1999). Cameroon's population represents half the population of the sub-region, and the country produces more than half of the wealth of CEMAC. Cameroon is undoubtedly one country that has the most to gain from the creation of an integrated market in the context of the future regional Economic Partnership Agreement with the European Union. Its geographic location, economic weight and the relative diversification of productive machinery (compared to the economic fabrics of the other countries), constitute as many growth potentials in a context where regional trade is bound to witness significant development.

Since 1987, and following the severe economic and social crisis witnessed by Cameroon, the country lived through a long period of structural adjustment, which has strongly impacted on the context and the quality of its partners¹¹

Overall, during the period preceding the CFA devaluation relative to the French Franc in 1994, large public expenditure cuts were made without leading the economy back to sustainable internal or external balance.

⁹ See, Mission Française de Coopération (2007), DCP Entre le Cameroun et la France, 2006 – 2010, Yaoundé.

¹⁰ For a more details on Cameroon's Economy, See, Aerts, et al. (2000): L'Économie Camerounaise: Un espoir évanoui, Karthala, Avril.

¹¹ In point of fact, the Cameroon government first implemented an autonomous adjustment program in 1987. It was designed by the country itself without the intervention of foreign institutions. Unfortunately, this program turned out to be unable to stem the crisis.

Among the drastic measures taken, we may mention the 50% cut in the nominal level of public salaries, well before the succeeding declines in their purchasing power. Combined with the ineluctable downward trend in oil production, devaluation itself made it very difficult to manage Cameroon's external debt, which for many years was dealt with through the classic mechanisms of external debt "rescheduling" at the Paris Club, combined with adjustment loans granted by the Bretton Woods Institutions, even before the admission of the country to the Enhanced HIPC Initiative.

The need to diversify the economy and to re-launch investment, and hence growth and poverty reduction, led to a large privatisation program, initiated in 1996, which is presently partially completed. The latter was usually subject to several waves of conditionalities. For instance, the privatization of Cameroon Airlines (CAMAIR) is one of the conditionalities of the earliest structural adjustment programs of 1988.

Public investment financed without aid funds experienced substantial declines during this period, while private investment was unable to take over, a situation which contributed to the erosion of capital formation and the construction of public infrastructures, in particular¹².

Following the economic crisis of the 1985-1995 period, Cameroon witnessed economic recovery with an annual growth rate of 4.5 to 5%, and engaged in a new three-year program signed with the IMF in December 2003 and supported by a Poverty Reduction and Growth Facility (PRGF)¹³. This growth rate slowed down somewhat in 2002 and 2003 (4.2%), owing mainly to a fall in oil output and electric power. Since the fifth PRGF review was not favourable, the IMF program was interrupted in August 2004. Negotiations between the IMF and the government then led to the signing of a reference program, whose successful implementation led to the conclusion of a new PRGF and Cameroon reached the Completion Point in April 2006.

In April 2003, Cameroon adopted a final PRSP, which was backed by the IDA and IMF Boards of Directors in July 2003, as a framework for concessional assistance.

Given the fact that the government program supported by the Poverty Reduction and Growth Facility (PRGF) was not satisfactorily implemented, the attainment of the HIPC Completion Point was delayed. Then, following the good macroeconomic results obtained in 2005, the World Bank and the IMF decided that Cameroon had met the conditions required to attain the Completion Point¹⁴.

On the social level, the incidence of poverty increased substantially at the beginning of the 90's, but fell from 53% to 40% between 1996 and 2001, displaying a higher reduction in urban than in rural areas¹⁵. More recent household surveys are not yet available, but according to interviews with some government officials, it seems that the incidence of poverty continues to decline in the urban area, with relatively higher declines in the largest urban centres of Douala and Yaounde than in the provinces.

Moreover, the social indicators derived from the Millennium Development Goals (MDGs) (See table 1 in the Appendix) show contrasted evolution. Recent trends seem positive, but the lags on MDGs indicators in terms of maternal and infantile health remain problematic, while gross access to basic education is almost universal and the main challenge is to retain pupils in school.

2.2.2 Challenges Cameroon Must Take Up¹⁶

Firstly, Cameroon must presently take up several challenges, the first of which is public governance in general, and the fight against corruption in particular. As stated by the Head of State, poor governance and corruption seriously damage the economic and social development of the country.

Secondly, Cameroon's private sector is weak. Consequently, the development potential of the country will be realized only when the private sector is transformed into an engine of growth. As things now stand, agricultural productivity is low and the competitiveness of enterprises is limited by the high costs of factors of production and the poor business climate.

Thirdly, the economic crisis of the 1990's had a very severe impact on the living conditions of the people, the scarcity of resources thus creating high regional disparities.

¹² See, Rogerson et al. (2006), op. cit.

¹³ See, Mission Française de Coopération (2007), op. cit

¹⁴ See, IMF and World Bank (2006), Cameroon. Enhanced Heavily Indebted Poor Countries (HIPC) Initiative Completion Point Document and Multilateral Debt Relief Initiative (MDRI). Washington DC

¹⁵ See, Government of Cameroon (2003), Document de Stratégie de Réduction de la Pauvreté (French version). Yaoundé.

¹⁶ For more details, See Mission Française de Coopération (2007), op. cit

Households living below the poverty threshold are numerous ((40%) of the population), youth unemployment is striking, and the lack of economic and social service infrastructures forces people to isolation or to the exodus of the populations from remote or inaccessible areas to urban centers where living conditions are no better.

The fourth challenge to take up is to speed up integration within the CEMAC sub-region. The stakes are many: political (sub-regional security); economic (the sub-regional market, and the community of interests in the context of the Economic Partnership Agreement (EPA) being negotiated with the EU); monetary (convergence, stability of anchorage of the CFA franc to the Euro); demographic (control of migrant flows), cultural (academic and scientific pole of attraction in the sub-region).

2.3 Foreign Aid

2.3.1 Profile of aid flows to Cameroon

Examination of Table 2 below for the years 2003, 2004, and 2005 shows a reduction in net ODA for Cameroon originating from OECD countries, since it decreased from 899 million USD in 2003 to 414 million USD in 2005, that is, a fall of 485 million USD in absolute value. The share of bilateral aid relative to gross ODA also witnessed a decline, going from 84% in 2003 to 80% in 2005. During the same period, there was also a fall in the net ODA/GNI(Gross National Income), which decreased from 6.8% in 2003 to 2.5% in 2005.

Table 2.2 Aid as a Share of Macroeconomic Indicators

Receipts	2003	2004	2005
Net ODA (US million)	899	772	414
Bilateral Share (Gross ODA)	84%	74%	80%
Net ODA/GNI	6.8%	5.0%	2.5%
Net Private flows	179	146	-76

Source: OECD

Table 2.3 Foreign Aid to Cameroon

Countries	Percentage of the Total ODA
France	31,96%
Germany	28,55%
IDA	9,80%
EC	6,25%
Canada	5,54%
AfDB	5,26%
Austria	4,97%
Belgium	2,70%
Japan	2,56%
United Kingdom	2,41%

Three other facts characterizing aid in Cameroon are the following:

- aid amounts to nearly 1% of GDP and to 5 to 10% of government spending (see Rogerson et al., 2006)
- about 80% of total aid received is given by the five biggest donors who operate under various mandates, and pursue different national and institutional interests;
- the two majors donors (i.e. France and Germany) provide 60% of total aid.

Nevertheless, it should be keep in mind that Cameroon is not highly dependent on aid, since the share of ODA received in 2003, for instance, amounted only to 1% of GDP¹⁷. Aid resources thus account for a tiny part of the cost of development programs in the ease of Cameroon, domestic resources being much more significant in the development process.

¹⁷ Given the significance of its resources, Cameroon virtually displays little dependence on foreign aid. This relatively low dependence started at the outset of the 90's, since the net flows of Official Development Aid (ODA) are negative and the gross flows, including interim debt relief depending on the year since five years represent only 1% of GDP, 5 to 10% of the government budget and 40% of public investment.

It should therefore be obvious that improvement in the capacity of national systems¹⁸ to manage both internal and external resources can achieve better development performances than focusing solely on agencies that manage foreign aid contributions.

France has concentrated most of its foreign aid on financing structural adjustment and macroeconomic stabilization, due to significant public finance imbalances experienced by Cameroon during the economic crisis (1986-1994).

It is also the case for the International Monetary Fund (IMF), which has provided assistance to the country since 1990, but mainly since 1994, with two stand-by agreements and a 3-year-Enhanced Structural Adjustment Facility (ESAF) (transformed into a PRGF) programs, which were successful, and led Cameroon to the HIPC initiative decision point in October 2000. The 2nd PRGF (2000-2003), which was supposed to lead to the HIPC completion point, was carried forward several times before being interrupted in August 2004. A six-month probationary program was then put in place, and was led a successful conclusion in 2005, thus permitting Cameroon in July 2005, to conclude in October of the same year a new PRGF agreement which covers the July 2005/ June 2008. The first six-month review of the agreement was positive, and it helped Cameroon attain the completion point in April 2006.

The World Bank's low level of intervention in Cameroon (in the order of US\$ 120 millions for SAC III, completed in 2004) is due to the weakness of the Cameroon's Policy and Institutional Assessment (CPIA) annual index (the last index was computed in 2005) which puts emphasis on the quality of governance. The increase of the index from 2006 onward could lead to an increase in the resources allocated in the context of the future 3-year World Bank program. The technical missions of the Bank have been increased in recent months in several sectors (education, urban sector, water, energy, transport, public finance, fight against AIDS), all emphasizing the enhancement of the institutional framework and the pursuit of structural reforms.

As Cameroon's major financial backer in terms credit availability (FED and Stabex remainders), the European Union (EU) has witnessed significant problems in implementing the 9th -FED national indicative program signed in 2001, notably in its sector of concentration (roads), because the budgetary resources earmarked for road network maintenance were not judged to be adequate. The interim review has led to a very significant packages (from 230 million Euros initially allotted to 130 million Euros). At the beginning of 2006, the implementation rate was low (27% of the loans of the new package was allocated, 18% committed, and less than 1% disbursed), and the commitment predictions over the year 2006 (170 million Euros) were very voluntaristic.

The United Nations System (OMS, UNICEF, UNESCO, ONUDI, FNUAP, UNDP, FAO, PAM etc.) is well-represented in Cameroon, with variable intervention levels according to agencies, of which some have a regional competence. The UNDP Bureau attempts to play a role of coordinator, notably as regards governance, but it has limited resources. It has contributed to the preparation of the new National Governance Program (NGP) adopted in 2005. The interim five-year UNDP program 2003-2007 (US\$ 35 millions), centered on three main areas (governance, environment and poverty reduction), was displaying quite a low implementation rate at the end of 2005 (30% for the 3 first years).

The African Development Bank (AfDB) board of directors adopted in December 2005 a new 3-year program for Cameroon amounting to UC 99 millions (95 millions EU), entirely in the form of grants (unlike in the preceding 3-year period), of which UC 29 millions for a road component (sections of the TransAfrican road, from Nigeria to Fouban in the Northwest of Cameroon), UC 15 millions allotted to the implementation in Cameroon of the AfDB initiative on water, and UC 29 millions for institutional enhancement and governance (justice, administrative reform, public finance control agencies, fight against corruption).

Owing to its regional location (CEMAC and proximity of Nigeria), and to its economic potential, Cameroon harbors a high number of bilateral cooperation agencies. German cooperation (GTZ, DED, and KfW) ranks as the second bilateral donor of Cameroon, has the same road map, and is the most active. Next come Japanese, Canadian (ACDI), American (which plans to reopen the USAID Office), and Dutch (SNV) aids. Since the closing of the DFID office in 2004, British cooperation show little presence, except in the forest-environment sector (See, Mission Française de coopération (2006).

¹⁸ "National systems" are defined as the set of frameworks and mechanisms which constitute fiduciary basic standards of the administration. They are made up of processes for working out the national budget and planning cycles (medium-term expenditure frameworks, and management and monitoring systems, accounting mechanisms for the elaboration of financial and audit reports, rules applicable to the organization of public markets and systems of planning, management, monitoring, and project and program evaluation

2.4 Size and Origins of Public Sector External Debt

Cameroon's foreign aid increased substantially between 1985 and 2004 due mainly to the severe terms of trade shocks of the mid-1980's, the long economic depression, and the fiscal crisis of the early 90's. In consequence, the country was granted six foreign debt rescheduling agreements from the Paris club between 1989 and 2001. The processing of the foreign debt at the Paris club was only concerned with debt service flows. At the end of 1999, the nominal public foreign debt stock amounted to 7.6 billion USD (about 85% of GDP), and stabilized around this level by the end 2004, although it had decreased and was hovering around 52% of GDP between 1989 and 2001¹⁹.

The attainment of the completion point in April 2006 made Cameroon automatically eligible to the Multilateral Debt Relief Initiative (MDRI). On June 17, 2006, following the completion point, Cameroon went through the Paris Club, which cancelled almost the entire debt owned by the country. In this cancellation, it is important to note that the French additional part of the HIPC initiative, lies in the context of a Debt Reduction and Development Contract (C2D) signed by the Cameroon and French authorities. It will be implemented after the completion point, in the form of refunding debt payments due in grants, and could amount to more than 100 million Euros per year during the first two years.

By the end of December 2005, Cameroon's foreign debt outstanding amounted to 6 667 million USD in nominal terms, of which 65% was owed to Paris Club creditors, 28% to multilateral creditors, 6% to private commercial creditors, and 1% to bilateral non- member Paris Club creditors. The following Table shows the distribution of the outstanding foreign debt by major categories of creditors.

Table 2.4 Distribution of External Debt Stock, by major categories of creditors

Debt stock	2005	2005
(in nominal value)	(million USD)	(% of total)
Total	6 667	100
Multilateral Creditors	1 847	28
World Bank	1 112	17
African Development Bank Group	310	5
IMF	272	4
Others	153	2
Bilateral Creditors	4 393	66
Paris Club	4 332	65
Other creditors	61	1
Commercial Creditors	427	6

Source : World Bank (2000), CAA and International Monetary Fund

¹⁹ See, IMF Country Report No. 05/164, May 2005

3.0 THE PRINCIPLE OF OWNERSHIP AND CAMEROON'S DEVELOPMENT STRATEGY

Aid effectiveness requires that recipient countries play a leading role by defining for themselves the modalities of their development and their sectoral priorities. It is this ownership that then permits to articulate the contributions of various donors and to coordinate these priorities.

3.1 Poverty Reduction Strategy Paper (PRSP)

3.1.1 The PRSP: A Local Ownership Instrument

In a given country, local ownership often takes the form of a planning document which serves both as a statement of the sectoral priorities of the country, and as a tool for evaluating the results arrived at. The formulation of a document such as the PRSP or the Strategy Framework for Combating Poverty (SFCP) has henceforth become a condition recipient countries must satisfy before they are eligible to concessional loans or debt reductions granted by the IMF or the World Bank. These papers have also become the basic tools required by other cooperation agencies before they initiate the aid alignment and harmonization process.

The Cameroon government adopted a Poverty Strategy Declaration in 1998 in the aftermath of intensive consultations, and later developed a long-term view for the 2015 horizon, in the context of the preparation of the country's PRSP²⁰. The latter was approved and is linked to all the Millennium Development Goals (MDGs). The 1998 Declaration expressed the commitment of the Cameroon government to guarantee sustainable and equitable economic growth, to reallocate substantial public resources to the economic and basic social sectors, to manage human resources effectively, and to initiate specific actions for women and structurally vulnerable groups.

3.1.2 Characteristics and Functionalities of the PRSP

The PRSP formulates a medium-term strategy up to 2006 and endeavours to provide an outline of, and general coherence to, a new generation of economic and social policies to Cameroon. The PRSP is an evolutionary strategy, which is to be continuously refined as new sectoral strategies are prepared and implemented. The PRSP comprises important characteristics and functionalities which the government intends to enhance in its future editions.

More specifically, the government considers the PRSP as a unique framework for: i) the integrated development of Cameroon, ii) short-term and long-term financial consistency, iii) coordination of government action and foreign assistance, iv) consultation with civil society, the private sector, and development partners, v) the definition and organization of analytical studies to acquire and disseminate better knowledge and competence in development management, including statistical studies for monitoring strategies, and technical studies on working out macroeconomic and sectoral framings.

The PRSP adopted in April 2003, covers the 2003-2015 period, and constitutes the framework of reference of government action and that of Cameroon's financial backers in term of economic and social development. It comprises seven strategic axes:

i) *The promotion of a stable macroeconomic framework:* Macroeconomic policy constitutes one of the main pillars of the strategic framework put in place for growth and poverty reduction. The government is determined to pursue a cautious policy in order to maintain macroeconomic stability and promote a business climate conducive to increased private investment and growth, on the one hand, and to ensure that adequate budgetary resources will be available to priority sectors for poverty reduction and for direct support to growth, on the other hand.

ii) *Growth enhancement through diversification of the economy:* The government is aware of the fact that macroeconomic reforms alone will not be sufficient to diversify the economy and to significantly lessen its strong dependence on the primary sector (i.e. agriculture and mining), which is particularly exposed to the evolution of natural conditions and fluctuations in the prices of primary exports. Moreover, the substantial contribution of petroleum exports to the growth and financing of the government budget has been witnessing a significant reduction in recent years owing to the depletion of petroleum reserves.

²⁰ The government drafted an interim Poverty Reduction Strategy Paper (PRSP. I) in August 2000, and the implementation of PRSP.I permitted the finalization the PRSP itself in April 2003. Progress reports were finalized in April 2004, Sept 2005, and February 2006.

In consequence, increased diversification in favor of the non petroleum sector has become imperative for Cameroon in the medium term. Such a diversification may permit not only to increase the average growth rate of the economy to a level hovering around 6-7%, but also to reduce the high variability of income, and hence, to maximize its induced effects on poverty reduction and improvements in the living conditions of the population.

iii) *Stimulating the private sector for it to become the engine of growth and a partner in the supply of social services:* The government's strategy for motivating the private sector as regards the achievement of an appreciable poverty reduction, aims to create an environment conducive to improvement in the competitiveness of enterprises, the mobilization of domestic resources, and to attracting foreign private investment. This strategy targets large enterprises, SMEs and SMIs, micro-enterprises, and intermediate support organizations of the private sector. This strategy revolves around several main orientations whose aims are to:

- promote support policies, institutions, and infrastructures for the private sector;
- enhance private-sector involvement in capacity building;
- promote policies targeted at the development of SMEs/SMIs, micro-enterprises, and craft industries;
- Attract more financial resources in favor of SMEs/SMIs and micro-enterprises;
- Improve the impact of the privatisation program on SME/SMI development;
- Enhance the legal and regulatory framework in the context of OHADA (Organisation pour l'harmonisation du droit des affaires).

iv) *Development of basic infrastructures and natural resources, and protection of the environment:* Several sectors are in need of basic infrastructures. But roads, access to water and electric power constitute the main concerns of populations in terms of infrastructures, according to participative consultations. As a consequence, (i) enhancement of the road network in volume and quality, (ii) improvement in access to potable water, (iii) extension of the coverage of the national territory by the electric power network, and (iv) a rapid solution to the present inadequacies in the production of electric power, constitute the main lines of infrastructure development strategies.

v) *Acceleration of regional integration in the context of CEMAC:* Since Cameroon constitutes a growth pole within the CEMAC zone, the government intends to pursue a strategy of openness and cooperation within the CEMAC in order to enlarge the markets while ensuring the aggregate competitiveness of the zone relative to the rest of the world. In addition, Cameroon commits itself to maintain budgetary discipline such as prescribed by CEMAC convergence criteria, to enhance the deepening of financial and inter-bank markets and to improve physical infrastructures with a view to facilitate a better integration of the labor, capital, and goods markets. Lastly, Cameroon intends to rely on the New Partnership for Africa's Development (NEPAD) to revitalize the process of regional integration.

vi) *Enhancement of human resources and of the social sector, and the integration of disadvantaged groups into economic channels:* Government policy in this area aims at ensuring congruence population growth, human resource development, and with available and accessible resources. In particular, the aim is to: (i) improve the health status of the population in general, and that of mothers and children in particular, (ii) promote basic education for all, and that of girls in particular, (iii) enhance the fight against unemployment, (iv) promote equality and equity between genders, (v) preserve the environment, and (vi) improve the conditions necessary to the blossoming and the safeguarding of the family and the individual.

vii) *Improvement of the institutional framework, administrative management, and governance:* The promotion of good governance and the fight against corruption will also be decisive factors in the success of the poverty reduction program. In effect, during participative consultations, the populations pointed to corruption or more generally the poor management of public affairs as the most significant determinants of poverty in Cameroon.

In the context of the National Governance Program (NGP) adopted in June 2000, public authorities put a particular emphasis on (i) enhancing transparency and accountability, (ii) improvement in the provision of basic social services, (iii) enhancing the State of law and the legal and judicial security of investments, (iv) the process of decentralization and devolution of public affairs management, and (v) improving information for the citizens of Cameroon on public affairs management.

The PRSP addresses spatial issues such as the environment and gender equality, combined with a commitment to improve the living conditions of women and their social and legal status. However, in the implementation of the PRSP, gender was not sufficiently taken into account.

Moreover, sectoral strategies were formulated in the sectors of transports, information and communication technologies (ICT), public works (PW), rural development, forestry, health, and promotion of gender equality. The government also finalized draft strategies for the industrial development sector, and a National Program for Governance (2006-2010) with a view to enhance governance and the combat corruption with priority actions and targets for 2006-2007. The finalization of the 2006-2010 HIV/AIDS National Strategic Plan is in progress with a view to update the 2006-2010 HIV/AIDS National Strategic Plan, and focus further on priority actions. Draft gender strategies were prepared and a comprehensive strategy for the education sector was finalized, focusing on the pedagogical and administrative needs in basic education, and primary, secondary and higher education.

Presently, the government intends to revise the present version of the PRSP in accordance with the participative approach in order to enhance economic growth and to intensify the combat against poverty. More specifically, PRSP revision will emphasize economic recovery with a view to increase the supply of energy, develop basic infrastructures, prioritise raw materials processing, stimulate regional integration, and improve the business environment and the programming of public expenditures. According to the persons interviewed, the preparation of this revision started in February 2007, and the new PRSP version will be adopted by the government during the first semester of 2008.

3.2 Civic Consultations

3.2.1 The Process of Consultation with Civil Society (CS)

Ideally, the preparation of the PRSP must be the occasion to hold vast consultations not only with civil society, but also with political parties, and the private sector.

In Cameroon, the NGOs, labor unions, religious groups, professional organizations, community-based groups, Common Initiative Groups (CIGs), and youth and women association, were all associated with the formulation of the PRSP at each stage²¹ of its elaboration. Civil Society Organizations (CSOs) participate in the Technical Committee for Monitoring and Evaluation of the PRSP (TCME/PRSP). Two NGOs also participate in the Advisory and Monitoring Committee for HIPC (AMC/HIPC).

3.2.2 Participation of National Actors in the Formulation and Implementation of PRSP Strategies

There exists an Interministerial Committee, presided over by the Prime Minister, which oversees PRSP implementation, the Technical Committee for Monitoring and Evaluation (TCME) of the PRSP or (TCME/PRSP). The latter has a Technical Secretariat comprising a central coordinating unit and five theme groups in charge of monitoring, governance, infrastructures, production, indicators and macroeconomic planning. The indicators theme group is presided over by the National Institute of Statistics (NIS) and other theme groups are headed by the MINPLADAT. There also exists, an Advisory and Monitoring Committee for HIPC (AMC/HIPC) set up by the Prime Minister in December 2000, and presided over by MINEFI to allocate HIPC funds. However, the dialogue between MINPLADAT and MINEFI is limited, according to officials interviewed.

To facilitate local participation in PRSP implementation, the government appointed five PRSP Provincial Committees in December 2003 to participate in PRSP monitoring. These committees convened local authorities, government civil servants, and other economic actors to participate in four workshops on subjects such as social infrastructures, production and governance, as well as discussions in plenary sessions. The first mid-year revision of the PRSP participative evaluation was conducted in March 2004 through intensive provincial consultations.

²¹ See, Government of Cameroon (2003), *op. cit.*

There also exists a National Participative Development Program (NPDP), which is the operational mechanism aimed at facilitating participative implementation. The NPDP has been designed with a view to reduce poverty and promote sustainable development in rural areas by building the capacity of municipalities. Dialogue on the formulation and implementation of sectoral strategies is however limited. Local councils do not regularly participate in the formulation or revision of strategies. Some chosen local councillors are involved in the participative monitoring of the PRSP. Community credit and savings unions and credit cooperatives have been implicated in consultations for the formulation of the PRSP. These organizations were able to comment the draft PRSP.

Parliamentary participation in the development of the poverty reduction strategy remains limited. In fact, the National Assembly as an institution was not directly involved in PRSP formulation according to the government officials interviewed. Its individual members only have participated in consultations aiming at the PRSP formulation, and some of them are involved in PRSP participative monitoring. The National Assembly indirectly monitors the PRSP through annual budget appropriations. Moreover, the Constitution provides for the National Assembly to identify economic and social sectors objectives. It does not regularly receive government reports, but discusses those available on the progress achieved on the implementation of policies, programs, and the budget. There exists no parliamentary committee for the PRSP according to officials interviewed. Finally, it is opportune to note that in future, Parliament as an Institution should be further involved in the PRSP process in order to ensure a better consistency between the PRSP and the budget.

4.0 PUBLIC FINANCE MANAGEMENT AND DIRECT BUDGET SUPPORT TO CAMEROON

4.1 Association of the PRSP and the Budgetary Process

One of the key questions linked to real PRSP ownership and effectiveness rests on the association of the PRSP with the country's budgetary process, which is more likely to lead to the achievement of desired objectives. It may also permit donors to shift from a political alignment with the country's objectives to a more technical alignment by inserting their resources into the State Budget framework. This step however requires that the donors align themselves not only with sectoral priorities, but also to align their procedures with those of recipient countries. A budgetary procedure reform is often necessary to put in place the type of Medium-Term Expenditure Framework (MTEF) included in the PRSP.

According to the government officials interviewed, an MTEF is included in Cameroon's PRSP, and it provides a synthesis between the domestic prospects and the foreign financial resources of the country, as well as the indicative allocation of expenditures in the PRSP context. Generally speaking, the Ministry of the Economy and Finance (MINEFI) has prepared an MTEF of the strategic priorities presented in the PRSP, and some progress has been made towards budget alignment with PRSP priorities.

Table 4.1 below presents the Medium-Term expenditure Framework (MTEF) included in the PRSP. It shows an enhancement of priority sectors, particularly social sector during the first five years of the poverty reduction strategy (2003-2007). According to the public authorities, this will help the education, health, and infrastructure sectors to catch up. However, as minimum sectoral objectives are achieved, emphasis would be put on support expenditures for productive sectors, especially those of infrastructure production and export²².

The sectoral strategy of education provides for a budgetary support, which will increase the share of education in primary expenditures from 17% over the 1995/2000 period, to 25% over the 2001/2010 period.

In the health sector, the aim of government action is to enhance basic health coverage, and to slow down the expansion of pandemics such as AIDS. The implementation of the health sectoral strategy will lead to a significant increase in the share of this sector in primary expenditures from 5% in 2000 to 10% in 2008, thus bringing this share closer to the objective of 2% of GDP by the 2015 horizon.

The MTEF also indicates increase in budgetary expenditures in favour of productive infrastructures resulting in a doubling of their primary budget share from 1.5% in 2003 to 3% by 2015. As concerns the rural sector where most of the poor are concentrated, the MTEF provides for the share of this sector in primary expenditures to be carried from 4% over the last five years to 7% over the projection period.

Presently, the government is increasing efforts to establish an MTEF whose sectoral strategies have been finalized. Moreover, the MTEFs extending up 2015 were prepared for the sectors of education, health and public works. In addition, the government is developing the MTEF of the rural sector. In the context of preparing the 2006 budget proposal, the ministries of education, health and public works for the first time used, their respective sectoral MTEFs to align their appropriations with priority programs. Furthermore, and according to the officials interviewed, the government is presently working on a program which aims at extending MTEFs to all the ministries.

4.1.1 Financing the Poverty Reduction Strategy

The Poverty Reduction Strategy (PRS) is being financed by both domestic and foreign resources. Most of domestic resources are derived from taxation. Since 2003, the government has started and will continue to:

- enlarge the tax base through: (i) a reduction of exemptions, especially on the VAT, and on the business income tax (elimination of exemptions when profits are reinvested); (ii) identification and systematic registration of new taxpayers, enhancement of liaisons with the Customs Services (control of the imports file) and the those of Budget (control of the file government suppliers). Collection of data from large public and private enterprises, etc.);

²². See Government of Cameroon (2003), [Document de Stratégie de Réduction de la Pauvreté \(English version\)](#)

Table 4.1 Medium-Term Expenditure Framework⁽¹⁾

	Historical	Estimations		Projections			
	2000*	2001*	2002*	2003	2007	2010	2015
In Percent GDP							
Education	2,7	3,2	3,6	3,4	4,0	4,3	4,3
Health	0,8	0,9	1,1	1,1	1,5	1,9	2,1
Social Development and Employment	0,1	0,1	0,2	0,2	0,3	0,4	0,4
Productive Infrastructure	1,5	1,5	1,7	2,2	2,5	2,7	2,9
Rural Secteur	0,6	0,6	0,6	1,0	1,1	1,2	1,3
Defence and Security	2,1	2,1	2,3	2,2	1,9	1,9	2,0
Other Ministries and Institutions	2,3	2,4	2,4	2,9	2,6	2,7	2,9
Total Ministries	10,0	10,8	11,9	12,9	14,0	15,1	15,8
In Percent Primary Expenditures							
Education	17,8	21,3	24,0	22,4	23,8	24,2	24,7
Health	5,3	6,1	7,1	7,1	7,5	8,1	8,8
Social Development and Employment	0,9	0,9	1,2	1,1	1,5	1,5	1,7
Productive Infrastructure	9,8	10,2	11,6	14,1	15,0	15,0	15,1
Rural Secteur	3,8	3,9	4,1	6,3	6,7	6,7	6,8
Defence and Security	13,8	13,8	15,5	14,0	12,1	12,2	12,3
Other Ministries and Institutions	15,6	16,2	16,5	18,9	17,7	17,1	16,2
Total Ministries	66,9	72,3	80,1	83,9	84,3	84,8	85,5
In Percent Total Expenditures							
Education	26,6	29,4	30,0	26,7	28,9	28,3	27,0
Health	7,9	8,4	8,9	8,5	10,9	12,5	13,2
Social Development and Employment	1,3	1,3	1,5	1,3	2,0	2,5	2,5
Productive Infrastructure	14,6	14,0	14,5	16,9	18,1	18,1	18,5
Rural Sector	5,8	5,4	5,1	7,5	7,9	8,1	8,1
Defence and Security	20,6	19,0	19,4	16,7	13,8	12,6	12,6
Other Ministries and Institutions	23,3	22,4	20,6	22,5	18,4	17,9	18,2
Total Budget of Ministries Including capital expenditure financed by foreign And HIPC resources	100,0	100,0	100,0	100,0	100,0	100,0	100,0

Source: MINFI/DP

* Up to 2002, foreign resources were not broken down by sector.

1 – The budgetary package of each sector includes both recurrent expenditure and capital expenditure financed by domestic and foreign resources.

- rationalize fiscal control;
- control tax collection, notably as regards the application of procedures as decreed in the book of taxation procedures.

As concerns foreign assistance, the government intends to work with development partners to gather foreign resources and coordinate the various support resources in accordance with the priorities of the poverty reduction strategy. This partnership will continue as part of the PRSP, as well as the monitoring and implementation of the strategy. The government will endeavour moreover to establish all the required conditions to facilitate the participation of the private sector in financing the strategy.

Examination of Table 3.2 below shows that the estimate of the total cost of the poverty reduction strategy lies between 950.5 billion CFAF in 2003 (i.e. ministries' budget in 2003) and 1360 billion CFAF in 2007, that is to say an annual average increase of nearly 9%.

The sub-total for priority sectors could rise from 568 billion CFAF in 2003 to 866 billion CFAF in 2007, or an annual average in this total cost would range from 56% in 2003 to 64% in 2007, or net gain 8 percentage points over the period. Total foreign financing of the poverty reduction strategy amounted to 80.6 billion CFAF in 2003, 118 billion CFAF in 2004, and could fall to 64.3 billions in 2007.

4.2 Public Finance Management

Public finance management is an essential component of the development process. It supports the efficient and responsible utilization of public resources, helps to ensure macroeconomic and budgetary stability and guides resource allocation to respond to national priorities. Since the poor performance of existing systems leads to resources losses, public finance management covers all the phases of the budgetary cycle, notably the preparation of the budget, internal control and audits, markets, monitoring mechanisms, and drafting reports, as well as external audits.

Cameroon's public administration is highly centralized. In effect, its public finance management system (PFMS) is characterized by a closely centralized system surrounding the Finance Ministry which carries out ex ante-extensive controls and inspections.

Generally speaking, public finance management comes within a very elaborate framework which is complex, set up by the Order of February 7, 1962, and based on the principle of separation of the function of payer and accountant²³. All taxes, as well as modalities for their collection are provided for by laws.

The presentation of the budget is regulated by a 1962 Order which fixes the principles of unity and universality of the budget. All revenues and expenditures are in principle retraced in the approved budget, since extra-budgetary accounts were eliminated in 1986. However, to facilitate the financing of social sectors, some so-called service revenues collected by the administrations of these sectors are directly allocated to their operation. These revenues are imperfectly collected; their collection and follow-up should be improved.

Moreover, the major tables appended to the approved budget as provided for by the 1962 Order, are produced each year and transmitted to Parliament concurrently with the approved budget. The economic and financial report which underlies the approved budget retraces the evolution of public finance. As such, it compares the initial estimates and the budget of the preceding years with the current year's budget.

The budget proposal is accompanied by a presentation of the motives or reasons underlying budgetary policy and a summary of the economic situation. In the presentation of the budget, new fiscal and financial measures are clearly indicated, and each approved budget provides for acting through government Orders to correct eventual budgetary hazards.

Revenues and expenditures are presented on a gross basis and distinguished from financing operations. Expenditures are presented by administrative categories, but their economic and functional classifications remain inadequate and very aggregated. The only government financial balances available are those belonging to the central administration, notably, the overall balance and the primary balance, the latter being the key aggregate of the government program supported by IMF programs.

The execution of expenditures is subject to several a priori controls. For the time being, government financial operations are retraced in a monthly flow-of-funds table used for monitoring public finance. Finally, the settlement law is produced each year and incorporated in the approved budget to account for the execution of the previous budget in terms of revenues and expenditures.

It is opportune to note that budgetary controls outside the executive are very weak. In particular, the Audit Office which, for that matter has a limited mandate, has not as yet carried out an external audit. Moreover, it should be said that there is no tradition in Cameroon for transparency as far as the State budget is concerned. However, some progress has been made in recent years, including the monthly publication of reports on the execution of the budget, improvement in the classification of the budget, the development of medium-term expenditure frameworks (MTEFs)²⁴ in several sectors as will be seen later, and significant improvement in the accounting system of the Treasury.

²³ See, IMF (1999). Rapport expérimental du FMI sur l'observation des normes et des codes: Cameroun, Septembre

²⁴ The MTEF is a sliding triennial instrument based on a medium-term macroeconomic frame, and on development priorities. This allocation of resources for a number of years should allow several ministries to draw up their budget program with a better knowledge of authorized spending ceilings. The elaboration of MTEFs is carried out in three basic steps: determination of the overall package, assessment of the total cost of all programs within ministries, and determination of financial packages from sectoral trade-offs.

Moreover, it emerges from interviews with some government officials that the amounts of foreign loans and subsidies (grants) are not completely included in the budget. In consequence, it is important for the government to estimate the percentage of foreign borrowing and subsidies which are not yet budgeted. Information concerning the execution of operations financed by donors is but partially available. In addition, these data are not always presented in a form compatible with budget nomenclature. Given the fact that donor financing does not totally figure in the budget, it is not possible to track down government resources earmarked for poverty reduction objectives.

In summary, the document known as "Dialogue Platform on Public Finance Management in Cameroon" provides a good summary of the analysis of the public finance management system by merging seventeen different papers²⁵. Drafted by donors, this document provides a platform for a common dialogue with the government on the agenda of reforms in public finance management. It identifies the major issues involved in the essential areas of the institutional environment, budgetary programming, and the execution and monitoring of the government budget²⁶. This platform was established by a Prime Minister decree on Feb. 9, 2007, and it includes the representatives of the government and those of the Multi-Donor Committee and civil society.

4.3 Direct Budget Support to Cameroon

Cameroon presently receives several kinds of aid, including general budget support and sectoral budgetary support (mainly in the forest sector as we will see), and project aid using parallel systems.

Budget support is a form of "Program aid", a generic term which means that this form of aid covers budget support, debt relief, and balance of payments support. Direct Budget support can be defined as the funds channelled directly through local accounting systems to partner governments. These funds are not linked to the implementation of a specific project and they are rapidly disbursed. Budget support is a program financial assistance, and it may take on two forms, namely, i) general budget support, and ii) specific budget support, i.e., support for the health and education sectors, for instance. General budget support for its part, refers to financial assistance or to a contribution to the general budget, under the conditionality that the funds are to be used for policy measures related to the global priorities of the budget. In this category, the funds may also be spent on certain sectors, but there is no formal constraint as to where they should be spent. On the other hand, sectoral budget support comprises financial aid aiming at a direct sector, or sectors, with no conditionality concerning these sectors. Normally, public accounting may witness an increase with an additional sector treatment. For Cameroon, program aid in the form of debt forgiveness is preponderant, rather than budget aid as in the case of Mozambique.

On the other hand, budgetary assistance represented less than a quarter of total aid in 2004, according to the 2005 budget inventory, and this proportion must have declined since (Rogerson et al. (2006)). It must particularly be noted that HIPC transitory debt cancellation flows are managed by a formula used nowhere else in the world – they are disbursed in a special account at the Banque des États de l'Afrique Centrale (BEAC) which feeds a "projects' bank" comprising more than one hundred activities of all kinds, managed by systems that are distinct from that of the budget, through a joint monitoring committee.

However, concurrently and in agreement with the Cameroon government, France has undertaken to establish a new channel, which is clearly more in line with the Paris Declaration, to manage the funds stemming from her own bilateral debt cancelled in favour of Cameroon, in addition to HIPC funds – the Debt Reduction and Development Contract, known as the C2D²⁷ – the spending clauses for Cameroon are relatively more restrictive than in any other country targeted for debt cancellation under this instrument.

Apart from hybrid structures, Cameroon almost has neither actual sectoral program aid, nor budgetary aid. A forest program was approved in 2006 (see Table 6), and supported by several donors, but these aid funds have not yet been released. The action of donors manifests itself mostly through a multiplicity of individual projects with autonomous project structures, etc. Ninety seven project units were counted in a recent joint inventory (i.e. in June 2005), of which less than half are integrated in national regular structures. (See, Rogerson et al. (2006).

²⁵ See ODI (2007), Multi-Donor Governance and Anti-Corruption Mission to Cameroon, Final Report.

²⁶ For more details, see PNUD (2006) "Synthetic Notes on Cameroon"

²⁷ In the context of C2Ds, the Cameroon government continues to reimburse its loans at each due date, but as soon as the reimbursement is made, the French Treasury transfers a corresponding sum to a specific account opened at the Bank of Central African States (BEAC). These funds are henceforth considered as grants which should be used to finance poverty reduction programs.

The new multilateral debt relief initiative (MDRI) is another case of budget support for Cameroon. After reaching the completion point in the context of the enhanced HIPC initiative, Cameroon must obtain an additional debt relief from the IMF, the IDA and the African Development Fund (AfDF) under the MDRI initiative²⁸. Table 4 below shows the MDRI and HIPC debt stock reliefs at the time of the completion point according to creditors.

Table 4.2 MDRI and HIPC Debt Relief

	MDRI	HIPC	Total
IMF	213	34	247
IDA	721	165	886
AfDB	190	2	192
Total	1,124	201	1,325

Sources: Estimates of the IMF and World Bank Services

Moreover, it is considered that the confirmed irrevocable debt cancellation in the context of HIPC initiative and MDRI will amount to 180 million USD per year in savings for the State in the long run. The cancellation of the French debt (i.e. the C2D) would add at least 120 million USD per year over ten years, in the form of untied and irrevocable aid. Therefore, this will amount to an additional annual financial inflow of nearly 300 million USD for the country.

In general, project aid is often hindered by high transaction costs, for the presentation of separate reports for a battery of projects financed by donors is costly. Moreover, the numerous meeting between government officials and donors may consume a lot of time and increase the cost of aid considerably.

Project aid is usually made up of different projects financed by different donors. This aid is most often granted with a low ownership potential by the recipient country, and cannot support government priorities. With budget support however, a greater opportunity exists for coordinating donors in the support of government priorities, which may allow the government to have a higher degree of program ownership²⁹.

Projects aiming at poverty relief often have a limited impact outside the project area and the target group. As a consequence, a budgetary support that functions hand in hand with a dialogue between the government and donors aims at remodelling the process of the budget framework in favour of the poor by planning budgets in a better way, and by making sure that expenditures are in line with available resources. This may help reorient government expenditures toward the poor. Budgetary supports may also introduce the conditions likely to protect social services, and more generally, to design pro poor measures.

4.4 Aid Conditionalities

Aid agreements typically provide for terms or conditions that must be satisfied by the parties. Donors consent to grant some amount of aid to support specific policies or activities or on condition that the recipient country keeps certain promises. The latter cover a vast range of policy approaches aimed at increasing the living standards of the poor. They include economic, environmental or social policies such as the pursuit of macroeconomic stability or the increase in access to social programs for health and education. If the country fails to implement these conditions as agreed, the donors may reduce or even stop their financial support.

²⁸ The decision to grant a debt relief is taken separately by each institution in accordance with specific implementation methods adopted by each institution. At the IDA, the board of directors has approved the MDRI implementation on March 28, 2006, and the IDA must begin implementing the MDRI as soon as it comes at the beginning of fiscal year 2007. The IMF has started providing debt relief in January 1st, 2006 (the examination of this question by the board of governors was scheduled for May 2006) with retroactive implementation on January 1st, 2006.

²⁹ A program is considered as owned by the country if the objectives and the policy choices of the aid recipient are given priority, in addition to the assumption that the implementation of the program will be carried out by the recipient country.

In Cameroon, disbursements of financial support are carried out in one or several tranches on the basis of the assessment of the progress achieved as regards the macroeconomic situation, the fight against poverty, and the management of public finance. As to macroeconomic aspects, disbursement criteria are based on the results of half-yearly IMF review missions.

The disbursements criteria of the poverty reduction strategy and those of public finance management are decided on from the respective priority action programs and their implementation. As an illustration, the budgetary support for the Forest-Environment Sectoral Program (FESP) is based on the conditionality whose aim is to achieve progress in the FESP as summarized in Table 5 below.

Table 4.3 Cameroon FESP Tranche conditionality (summarized) for IDA and the Global Environment Facility (GEF) disbursement

Components	1st tranche : programme effectiveness	2nd tranche	3rd tranche
Environmental management	Environmental Impact Mitigation Plan (EMP) adopted and ready for implementation	2005 EMP implemented	impact of FESP evaluated and made public
Logging	All concessions awarded prior to 2000 reviewed; those conforming with requirements approved. Report on all violations, penalties and transactions between 2000 and 2005.	All concessions prior to 2002 and all Community Management Plans reviewed	Illegal logging totally under control. All concessions reassigned away from ONADEF to appropriately managed structures
Protected Areas	8 supervision teams ready for operation	2 additional teams created	One additional team created. Supervision shows improved management performance.
Community forestry	Study on fiscal revenue and hiring of consultant for capacity building	10 community plans successfully implemented	
Institutional strengthening	MINFOR & MINEP staffed, budgeted and equipped with effective operating systems for public financial management	Work plans consistent with Medium Term Expenditure Framework	Same, premises upgraded

Source: Hubert De Milly (2007)

4.5 Foreign Aid Policy

In an international context marked by a trend in the reduction of official development aid (ODA), the Cameroon government has included in its priority development strategies, the harmonious and optimal utilization of foreign aid, the coordination of the latter being one of the key actions to be improved.

On the operational level, the Ministry of Finance has been responsible for the coordination of foreign aid for a long time. With the reorganization of government' structures, this responsibility is henceforth devolved to the Ministry of Public Investment and Territorial Development (MINPLADAT).

Concerned with enhancing this coordination and bestowing to it complete moral and institutional authority, the government has set up at the Prime Minister office, a Committee for the Coordination of Development Aid (CCDA). This committee is of an advisory nature, and it was put in place in 1997. Its purpose is to serve as a dialogue platform with donors with a view to improve the condition for identifying cooperative projects and programs, and for attracting the necessary resources. However, its action has remained timid up to now, according to the officials interviewed.

As regards gathering resources and policy dialogue with development partners, we will retain the following:

- the principle of triennial and sliding programming has been adopted by the government in the context of the Public Investment Program (PIP), which is destined to become the financial instrument for gathering and monitoring resources par excellence, by expressing the financing requirement of projects and programs with indications as to the foreign assistance desired.
- Cameroon henceforth must adopt the so-called "Consultative Group".

Considering the preceding presentation, it should be realized that Cameroon has no aid policy linked to the Paris Declaration. A declaration on aid policy relating to the Paris Declaration could encompass all or most of the following elements:

- Appoint a single authority as the only one entitled to conduct negotiations and ratify the loan conventions and all agreements connected with government debt. This authority should also be the only one authorized to sign guarantee conventions granted by the government and its divisions.
- A declaration of the objectives and the principles mainly drawn for the Paris Declaration, and the clarification of the manner in which foreign assistance could contribute effectively to the achievement of PRSP objectives, and those of the Medium-Term Expenditure Framework (MTEF).
- Identification of the areas in which the capacities of the government need to be enhanced in order to facilitate donor alignment further, and propositions remedy weaknesses.
- Declarations of the preferences of the government as concerns:
 - alternative aid modalities (projects, swaps, general budget support, technical assistance)
 - financial terms (grants versus loans, borrowing terms)
 - donor specialization , and comparative advantages.
 - selection of criteria for accepting aid propositions;
 - Minimal levels of financial contribution for accepting the presence of a donor;
 - Measures to increase the local ownership of technical assistance, and to ensure that they are effectively aligned with the human resource needs of the country, and the development capacity of the latter.
 - A protocol specifying the respective roles of various government agencies or bodies to negotiate matters linked to aid;
 - Institutionalization of improved channels of joint donor-government dialogue, including principles for settling disagreements which occur from time to time;
 - In a spirit of mutual responsibility, aid policy might be used in addition as an opportunity to reaffirm the commitments of the government to the Paris Declaration, and to other international agreements.

Aid policy could also propose additional desired actions which can be taken with the collaboration of donors in the pursuit of the Paris commitments in the domains of alignment and harmonization.

The development of an aid policy in line with the Paris Declaration should permit the government and Cameroon's population to derive the greatest benefits from the assistance provided by its developments partners, and to reduce the highest transactions cost associated with this assistance.

Moreover, we envisage that the formulation of such a policy would have a favourable impact on the motivation of the donor and would require that they work together more closely in response to all the policies designed by the government.

5.0 ASSESSMENT OF DONOR ALIGNMENT IN CAMEROON

Generally speaking, it may be said that alignment with the priority policies mentioned in Cameroon's PRSP is almost generalized. Donors are increasingly willing to align their actions with Cameroon's strategies and policies. They are all the more so because they also contributed to the definition of these policies through the consultation process preceding the formulation of the PRSP. Thus, Cameroon's priorities are widely known and shared by all development partners. It must however be noted that the absence of priorities between the different sectors defined in the PRSP provides the donors with the possibility to choose unilaterally the elements of the strategy (sectors, institutions) on which they prefer to center their support. It should also be noted that alignment is not made solely with government priorities, but also with those of donor agencies. In the following paragraphs, we present some examples of alignment in Cameroon.

Following a review of the evaluation of the country's acquisition (procurement) published in January 2003, and based on an ordinary review carried out in October 2000 by a World Bank team and a national committee representing all the sectors, the government introduced a new procurement code, and established a new government agency in charge of government procurement. However, the implementation of the new procurement has been difficult due to inadequate monitoring, disrespect, and limited application of procedures to grant concessions and licences to private operators. After a similar review jointly conducted by the government and the World Bank in 2005, the government prepared an action plan to improve procurement during the 2006-2008 period, and this plan is presently being implemented, according to the official interviewed. On the basis of OECD-DAC basis indicators for public procurement, Cameroon's national procurement system received a score of 69 on a scale of 0 to 100

Some measures are taken to enhance the transparency of public accounts. To audit these accounts, the government has set up an Audit Office³⁰. Twenty two magistrates were recruited in 2005. The Audit Office began to operate in 2006 and started examining the 2004 financial accounts. However, such as it is presently, this Office does not conform to international standards as regards control of public finance, because the extra-jurisdictional powers for the control of the management, regularity, and efficiency of public expenditures, and certification of accounts were not retained³¹.

The government is implementing a program to enhance public finance management. It has developed an integrated public finance management system (PFMS) which permits the computerized processing and monitoring of public expenditures from their commitment to their payment. In consequence, the opportunity and quality of monthly data on budget execution have improved since 2005 (See, ODI (2007)).

The government regularly produces the monthly accounts of the Treasury and a government flow-of-funds Table (GFFT). However, the level of delegation of the national budget to local authorities remains very low. The 2005 World Bank report entitled "World Bank Country Policy and Institutional Assessment (CPIA) Performance Criterion", which assesses the quality of budgetary and financial management, gives Cameroon a score of 3.5 on a scale ranging from a low 1 to a high of 6.

Corruption in Cameroon constitutes a real challenge to the establishment of transparent, efficient, and effective systems³². Very few institutions are spared. According to the 2003 corruption perception index published by the NGO Transparency International³³, Cameroon is considered as the second most corrupt country in Africa together with Angola (both countries are ranked 124 and preceded only by Nigeria, ranked 132th, as the most corrupt country in the World). Measures to fight against corruption in public administrations and parastatals are consigned in a governmental plan. The structures put in place to fight against corruption comprise: i) the ad hoc committee to fight against corruption, chaired by the Prime Minister, ii) the Fight Against Corruption Observatory, and iii) Ministerial cells for fighting against corruption. The action plans of these institutions were finalized in 2003 and implemented in 2004. The National Anti-Corruption Commission (NACC), created in March 2006, became operational in March 2007, with the appointment of its president and members. On the other hand, the commission expected for the implementation of the disclosure of the goods and assets owned by high government officials did not start its activities on February 2007 as scheduled, for lack of enabling legislation³⁴.

³⁰ Legislation providing for an Audits Office was adopted by the National Assembly in 2006, but this agency does not conform to international standards.

³¹ See ODI (2007), Multi-Donor Governance and Anti-Corruption Mission to Cameroon, Final Report.

³² See ODI (2007), op. cit.

³³ The CPI reflects the perception of corruption by business circles, academics and risk analysts, both national and international, of corruption in each country.

³⁴ ODI (2007), op cit.

5.1 Government Leadership

Government leadership in the coordination of external partners and development assistance management is weak, with responsibility shared between the MINPLADAT and the MINEFI. The Department of Economic and Technical Cooperation does not play a significant enough role in this area, and inter-ministerial coordination remains largely inefficient .

Interviews with some external partners we met suggest that there are no regularly scheduled meetings initiated by the government to facilitate dialogue with development assistance agencies. At the macroeconomic level, France, Germany, Canada, Japan, the EC and the UN participate in the HIPC Monitoring Advisory Committee (MAC), which is the only forum bringing the government and external partners together.

The World Bank and the IMF participate in the MAC as observers. At the sectoral level, the government has started to play a more active role in the coordination of external partners. There exists, for instance, a Joint Monitoring Commission (JMC) chaired by the Ministry of Health, which coordinates all the external partners (CCPM), holds monthly meetings, and now has a special relationship with the Ministry of Forests and Fauna and the Ministry of the Environment and Protection of Nature.

Besides the creation of the Multi-Donor Committee, there are also informal work groups of external partners in the sectors of health, education, HIV/Aids, and public finance management. In February 2005, the World Bank and France organized a meeting in Yaounde with other external partners to discuss ways of enhancing alignment and harmonization efforts. This reunion has led to the establishment of an informal work group on harmonization, alignment and aid performance³⁵. Finally a work group known as the "8+6" was formed in 2005, and it concentrates on governance and the fight against corruption³⁶. As concerns coordination, the fact is that the coordination of external partners still remains at an embryonic stage³⁷.

5.2 The Multi-Donor Committee: A Dialogue Platform Between International Partners

Efforts to coordinate financial backers were made by Cameroon long before the creation of the Multi-Donor Committee (MDC), which is a product of the consultation framework put in place in the context of the HIPC process. The 1st consultation framework between donors on the one hand, and donors and the government on the other, is the Advisory Committee for the Management and Monitoring of HIPC Funds ACMM/HIPC³⁸.

In fact, in September 1999, Cameroon was admitted to the HIPC initiative, and to ensure a participative and transparent management of funds derived from savings on the foreign debt service in the HIPC context, Cameroon created the ACMM/HIPC³⁹.

The ACMM/HIPC is chaired by the Minister of Finance, assisted by a vice-president representing civil society, and brings together the three components concerned with debt relief, namely:

- the Cameroon government, represented by six priority intervention sectors (Public Investments, National Education, Public Health, Agriculture, City, Public Works) ;
- two NGO representatives, three representatives of religious denominations (Catholic, Protestant, and Islamic), a representative of the private sector, and a representative of the Professional Association of Micro-finance;
- The representatives of donors and International Community number three bilaterals (France, Germany, and Canada) and two multilaterals (European Union and UNDP). The World Bank and the IMF assist as observers.

The PRSP finalized in 2003 is the framework of reference for the alignment of international partners to Cameroon's development priorities.

³⁵ This work group is composed of Canada, the EC, Germany, and the World Bank.

³⁶ This group is composed of the Ambassadors of seven EN countries and the EC Delegate, plus the Ambassadors of Canada, the US and the resident representatives of the IMF and the World Bank

³⁷ ODI (2007), op cit.

³⁸ Having met 16 times between June 2001 and Mai 2006, the ACMM/HIPC has approved the financing of 58 projects amounting to 102 billion CFA francs

³⁹ It was formally put in place in December 2000 by Decree N°2000/960/PM of Dec 1, 2001 of the Prime Minister

To coordinate their support, international partners have set up, in Nov. 2003, the “Multi-Donor Committee” for monitoring the PRSP⁴⁰, which meets regularly. The MDC deals mainly with economic and financial questions, and transversal subjects (i.e. civil society, PRSP statistical follow-up, and HIPC program monitoring).

Its objective is to share information, organize discussions around transversal themes, and to adjust common positions.

To this must be added sectoral consultation circles (forests, health, rural sector) which permit MDC members to have regular dialogue with national authorities.

Presently, the MDC continues to play the role of a monitoring tool for PRSP implementation, yet, in addition to this function, the MDC has become for the partners a platform to meet, exchange ideas, coordinate their work better, and design common positions on all development problems in Cameroon, including the HIPC initiative. Moreover, since 2005, the MDC is strongly involved in the aid alignment and harmonization process of the Paris Declaration Agenda.

Moreover, according to the head of the German Technical Cooperation Mission (GTZ) in Cameroon, the MDC has “provided significant support to the government in preparing the field for the implementation of the Paris Declaration on development aid effectiveness”. The MDC is undoubtedly providing significant opportunities to bilateral and multilateral partners. This new MDC role is facing a number of challenges centered, on the one hand, on changes in Cameroon’s development context, given the attainment of the HIPC initiative completion point, and with in prospect, an additional debt cancellation in the context of the G8 initiative; on the other hand, the Paris Declaration is launching a major challenge for an improvement in development aid effectiveness at the country’s level.

Although the World Bank and French Cooperation play the role of a catalyst within the MDC with a view to arouse increased interest in the Paris Declaration on Aid Alignment and harmonization, the MDC will have to maintain development partners’ attention on this important issue over the years to come, while giving to the Cameroon government the opportunity to show strong leadership on this agenda, for the latter is central to significant improvement in aid effectiveness, which constitutes the core stake of the Paris Declaration.

5.3 Alignment of the Partners’ Assistance Strategy

External partners have aligned their strategies with PRSP. The five major external partners are, France, The World Bank, the EC and the African Development Bank, and they contributed to almost 85% of total ODA in 2003/04. Net ODA was 5.3% of Gross National Income (GNI) in 2004⁴¹. The interim note of the World Bank strategy for fiscal year 2007-2008⁴² enhances support for governance, anti-corruption, and public finance management, and continues to support the PRSP objectives regarding private sector development, human development, urban and rural and infrastructure development. The Country Strategy Paper (CSP) of the European Community (EC) for 2001-07 is also aligned with the PRSP. Moreover, its new draft CSP covering the 2008-13 period, shows some progress relative to the CSP dealing with the 2001-2007 period. Even though transport remains the main sector (45%), it gives more importance to governance (23%) than to rural development, both of which are also given priority in the PRSP⁴³. Canada plays an active role in Cameroon. According to an interview with the representation of Canada in Cameroon, CIDA modified its Country Development Programming Framework to reflect PRSP priorities in 2003. To that end, good governance and human resources development, the two major PRSP pillars, figure in its area of intervention.

France also has modified its Country Strategies to support the PRSP. In the Partnership Framework Paper between Cameroon and France for the 2006-10 period⁴⁴, the French cooperation mechanism concentrates on Cameroon’s priority development needs, namely: (i) improvement in governance and institutional enhancement; (ii) health and the fight against AIDs; (iii) basic education; (iv) infrastructures; (v) agriculture and food security; (vi) the environment and biodiversity; (vii) higher education and research; (viii) the promotion of cultural diversity.

⁴⁰ The number of international partners collaborating through the CMB has been growing steadily. Currently, the following partners are members of the CMB: African Development Bank, Belgium, Canada, European Union, France, Germany, Great Britain, International Monetary Fund, Japan, Spain, United Nations Development Program, the Netherlands (SNV), United States, World Bank. The CMB is chaired on a rotating basis, with regular bi-weekly meetings. France provides a small technical secretariat.

⁴¹ See, *OECD/DAC Aid Statistics* at <http://www.oecd.org/dataoecd/1/16/1879783.gif>

⁴² See, **World Bank (2006)**, Interim Strategy Note for the Republic of Cameroon FY07-08. Washington DC.

⁴³ See, Auclair D. (2006) : « L’aide de la CE au Cameroun–Document d’étude par pays» Décembre 2006.

⁴⁴ See, **Mission Française de Coopération (2007)**. «Document Cadre de Partenariat Entre La République du Cameroun Et La République Française, 2006–2010», Yaoundé.

In 2005, the African Development Bank (ADB) finalized a strategy paper for Cameroon for the 2005-09 period, and aligned it with PRSP objectives, while concentrating on support to good governance and infrastructures. The Growth and Poverty Reduction Facility (GPRF) for the 2005-08 period, launched in October 2005, considers the PRSP as the central framework for IMF support.

5.4 Capacity Building Through Coordinated Support

Three examples at least show capacity building by way of coordinated support. Actually, in the forest sector for example, external partners provide joint technical assistance through a multi-donor "common fund" managed jointly by the Ministry of Forest and Fauna and the GTZ international services. The EC, France, and the World Bank provide joint support for PRSP statistical and monitoring capacity building.

They also coordinated support capacity building for public procurement. The EC provides financial support to a program that aims at improving public finance management. The OECD, Germany, the United Kingdom, the Netherlands, the World Bank, and UNDP are planning to jointly support a program whose aim is to build the capacity of the government and civil society in fighting corruption.

5.5 Use of Country Systems

Commitment to harmonizing with country systems is emerging. According to a survey conducted by external partners in 2005, disbursement of 44 percent of external funds relies on country fiduciary systems. Multi-donor budget support, spearheaded by DFID and the World Bank, is being provided in the forestry sector for example. All external partners perceive the Government's weak financial capacity as an obstacle preventing them from fully engaging in budget support.

5.6 Predictability of Aid

Generally speaking, aid flows to developing countries are unpredictable and very volatile. In the case of Cameroon, off-budget funds are not significant, and most of the funds provided by foreign partners are not reported in the budget. In addition, Multilateral untied aid accounted for 25 percent of gross ODA in 2004⁴⁵. The Government is monitoring untied aid at the country level⁴⁶.

⁴⁵ See *OECD/DAC Aid Statistics* at <http://www.oecd.org/dataoecd/1/16/1879783.gif>

⁴⁶ See, Worldbank (2006). *Cameroon, Aid Harmonization*, December, Washington D.C.

6.0 DONOR HARMONISATION

In recent years, harmonization has made significant progress at the international level, and asserted itself as one of the major aid enhancement objectives. It involves the simplification and harmonization of donor procedures, and an improvement in sharing out information among themselves. Aid harmonization sets the recipient country at the centre of the “alignment” process, and goes beyond mere consultation and coordination between aid donors. It is not only limited to the “harmonization” of aid granting procedures or to the co-financing method. In Cameroon, where the context is dominated by structural adjustment or by the attainment of the completion point, the harmonization process did not make any significant progress until 2005. Since then, there are some indicators that some progress has been made in aid harmonization. These are presented below.

6.1 The Use of Arrangements or Common Procedures

The harmonization of aid procedures requires several steps ranging from the exchange of information to the integrated approach of government budget support, including devolving cooperation from one cooperation agency to another. The harmonization and simplification of procedures may, for instance, involve going from a project-aid inducing high transaction costs, to a sectoral or macroeconomic program-aid, which permits to federate around certain objectives, the interventions of donors and of the country itself. This program-aid may have different modalities: addition of sub-projects (each donor may have a more important regional project component, for instance), budgetary aid allotted through “basket funding by donors”.

This budgetary aid helps donors not to get involved in the local execution of the project, while still retaining greater influence on macroeconomic debates. It works in favor of the ownership objective by recipient countries of their development strategies, and permit to harmonize the procedures for delivering aid between donors. Budgetary aid thus brings together several elements likely to enhance the effectiveness of aid, and as such, it is often considered as a good practice. Project-aid still remains an important tool for providing assistance to Cameroon, but donors increasingly tend to replace it by participating in Sector-Wide-Approach (SWAPs) programs through budgetary support, which have a reputation for effectiveness. These sectoral approaches constitute a good way both to align the procedures with those of recipient countries and to harmonize them among donors. We may highlight three notable examples of these sectoral approaches in Cameroon (Table 8 below, summarizes the Partnership between Cameroon and Donors in the context of the Paris Declaration). In 2005, for instance, members of the Multi-Donor Committee agreed on a common understanding of mechanisms for applying SWAPs. In May 2004 in fact, the government and donors involved, agreed on, and signed the Forest-Environment-Sectoral Program (FESP), the preparation of which started in 2004.

In fact, a code of conduct, based on the Paris Declaration on Aid Effectiveness and ratified by development partners on Jan 6, 2006, recognizes the fact that the fragmentation of assistance, and the lack of support for the forest and environment sector have weakened the effectiveness of aid. In consequence, the partners have jointly undertaken to harmonize their assistance in the context of FESP. In addition to budget support, the partners have put in place a “Common Fund” to finance technical assistance and the training required in FESP implementation. During the next two years, this Fund will be jointly managed by the Ministry of Forest and Fauna (MINFOF) and by the GTS-IS (an agreement between MINFOF/GTZ-IS was signed on May 9, 2005), the final objective being to make the MINFOF totally responsible for the management of this Fund. The contribution of each partner to this facility is progressive. Some partners are already directly involved in this facility, notably the UK, which on Sept. 9, 2005 signed with the Cameroon government, a grant agreement amounting to 4 billion CFA francs. For the time being, other donors have shown interest in participating in this Fund. This Program is the first to experiment the sectoral approach (SWAP) in Cameroon. Moreover, with the support of Germany and France, the government is presently preparing a SWAP in the health sector⁴⁷. Likewise, foreign partners also intend to pool funds to support the implementation of some program included in the draft HIV/Aids Strategic National Plan for the 2006/10 period.

⁴⁷ A sectoral approach is one that aims to support a country's program in a given sector in an exhaustive and coordinated way. A Sector Wide Approach (SWAP) is a process where donors give significant funding to a government's comprehensive sector policy and expenditure programme (for example on health or education), consistent with a sound macro-economic framework. SWAPs typically have a joint review mechanism and performance monitoring system relying on the government's own performance assessment framework. Donor support for a SWAP can take any form – budget support, technical cooperation, policy dialogue. A “sector programme” is a specific, time bound and costed set of actions and activities in support of a sector strategy. SWAPs offer potential advantages over stand-alone projects, including: greater government ownership and leadership; greater alignment of donor activities with government sector policies and budgets, and greater opportunities to link sector support to national policies and poverty reduction plans; etc.

Table 6.1 Evaluation of Partnership between Cameroon and Donors in the context of the Paris

	Activity area	Progress Report (2006)	Prospects (2007)
At the transversal level	Evaluation of the partnership	Publication of the ROGERSON Report (ODI) Decree N0 107/CAB/PM of Dec. 19/ 2006 on the creation of a committee with parity representation for evaluating development aid partners	Establishment and consolidation of new structures Further work on evaluation (Final report by ODI office) Promotion of mutual trust
At the sectoral level	Dialogue Platform on public finance	Decree No 028/ CAB/ PM of Feb., 2007 providing for creation, organization and functioning of steering committee	Platform to become operational Preliminary examination of situation of public finance Working out a medium-term reform plan
At the Donor level	Environmental sector	Approval of FESP (Forest-Environment Sectoral Program)	Actual implementation Evaluation
	Educational sector	Support program for sectoral education policy (Fastrack initiative) CFAF 23 billions Validation of sectoral Strategy	Signing of the grant agreement Release of first tranche of CFAF 13 billions
	Health sector	PMLS: Program for fighting HIV/AIDs Global Funds: Program for fighting HIV/AIDs, Malaria, tuberculosis	Evaluation
At the donor level		Setting up frameworks for consultation: Transversal Multi-Donor Committee Sectoral Multi-Donor committees: Public finance, Governance, Environment, finance, forests PRSP monitoring	Enhancing consultation frameworks

Declaration

Finally, the World Bank and the AFD are concurrently coordinating very similar programs in the transport and urban infrastructure sectors.
Source: MINEFY, June 2007

6.2 Encouraging Joint Analyses

Joint analysis consists of carrying through joint analysis of the country's situation, by using the same information to define strategies.

Several joint missions are observed in the implementation of projects in Cameroon. In fact, in the context of PSFE implementation, the Partners commit themselves to set up common monitoring and evaluation mechanisms consistent with the monitoring-evaluation system developed by Ministries in charge of implementing the PESP. They will organize as many joint missions as they can to supervise the program, and will work, generally speaking, to limit the number of field trips by looking for intervention synergies⁴⁸.

⁴⁸ See, Government of Cameroon: «Programme Sectoriel Forets Environnement : Code De Conduite»

The World Bank and the AFD also lead joint review missions to support the fight against HIV/AIDS. Lastly, France, Canada, Germany, the United Kingdom, the USA, the Netherlands, and the World Bank have led a joint anti-corruption evaluation mission to prepare a joint financing.

6.2.1 Partnership in Analysis

Joint analytical support linked to the country's priorities still remains at an embryonic stage. A study carried out in 2005 among foreign partners, show that only 10% of analytical works were jointly carried out. In 2006, the World Bank conducted a Public Expenditure Management and Financial Accountability Review, the results of which were shared with foreign partners and discussed with the government.

7.0 AID MANAGEMENT CENTERED ON RESULTS

Another element in the Paris Declaration is “management centred on performance”, which stipulates that it is necessary to manage the resources and to improve the decision-making process with a view to obtain good results.

7.1 Quality of Information for Effective Development

Reliable and updated statistical data, gathered in accordance with scientific standards, are necessary to adjust the level of the budget deficit, increase social spending, promote convergence in a region, and evaluate the progress achieved in the realization of the Millennium Development Goals (MDGs) or to assess the effectiveness of donor and development aid policies. In other terms, in the absence of statistics, it is impossible to formulate effective policies and programs to combat poverty.

In Cameroon, and according to the interviews with some officials I met, a basic and progressive action has been taken to improve the availability and quality of statistical information. In effect, since the National Institute of Statistics (NIS) has been created and become fully operational, the Department of Statistics and National Accounting has planned a series of studies of which, a General Census of the Population and the Habitat (GCPH) launched at the end of 2005, and a multiple indicators survey, launched in April 2006, whose purpose is to produce appropriate statistical documents on poverty reduction.

Financing requirements however are delaying the analysis of GCPH data. But recently completed surveys include: the Employment and Informal Sector Survey (EESI), conducted in 2006, the National Vaccine Coverage Survey (ENCV), realized in 2005, the third Demographic and Health Survey in Cameroon (EDSC), conducted in 2004, and the third Cameroon Household Survey (ECAM II), realized in 2001. With the support of the European Community (EC), MINPLADAT has finalized the Minimum Statistical Program (MSP), which is supposed to lead to the collection of a specific statistical base for PRSP monitoring and assessment, and progress in achieving the MDGs.

The strategy points to the present statistical system weakness and identifies the activities likely to support the implementation of the PRSP process, including building the capacity of NIS and sectoral ministries. However, the MSP is not yet fully financed, and the government is looking for financing from external partners to initiate the next household survey.

7.2 Economic Agents Access to Development Information

Access by economic agents to information is limited; but actions are being taken to improve this state of affairs. The government in 2005 endorsed the principles of the Extractive Industries Transparency Initiative (EITI), and the previous audits of the National Corporation of Hydrocarbons (NCH) (the *Société Nationale des Hydrocarbures* (SNH)) certified by a public accounting firm, were made public. Moreover, an action plan for the implementation of EITI was published in the major newspapers and discussed with civil society and petroleum corporations before its adoption in 2006⁴⁹.

An EITI technical secretariat was set up, and a tripartite steering committee, composed of petroleum corporation representatives, civil society, and the government was put in place. In addition, a qualified independent conciliator was hired to gather and reconcile data on oil production, payments made by oil companies to the government, and the corresponding government revenues for the years 2001-2004, and 2005. The first EITI report was approved by the steering committee on December 2006, indicating minor contradictions between the income declared by oil companies and those estimated by the government. This report is supposed to be published in 2007.

7.3 Mutual Responsibility

The Paris Declaration stipulates that “Donors and recipient countries are responsible for the results obtained as regards development” (indicator 12). It will be shown below how some of the aspects of this mutual responsibility⁵⁰ manifest themselves in Cameroon with regard to the framework for assessing the effectiveness of development.

In fact, Cameroon signed the Paris Declaration on Aid Effectiveness in 2005, the external partners jointly drew up an inventory of the Paris Declaration indicators in Cameroon.

⁴⁹ See, ODI (2007), op cit.

⁵⁰ Notably, the aspect according to which partner countries and donors commit themselves to: jointly evaluate, using increasingly objective mechanisms existing locally, the progress they achieve in meeting the commitments they made as regards aid effectiveness, notably the partnership commitments (Indicator 12)

This is how the government and external partners launched an independent evaluation of aid to estimate the mechanisms of existing partnership, and to identify an action plan for enhancing the effectiveness of development in accordance with the Paris Declaration. This evaluation was jointly financed by the government, UNDP, the government's contribution being approximately 50 percent of total financing. Administrative and technical assistance was provided by UNDP. The report stemming from this evaluation was finalized in July 2006, and presented to the government and its foreign partners. The government agreed to jointly follow the recommendations that will emerge from the discussions sponsored by ODI between the government, foreign partners, and civil society.

Moreover, in 2006, the World Bank developed a score map of Cameroon's development effectiveness with a view to monitor the implementation of the country's development effectiveness matched by the Paris Declaration. The World Bank uses this score map for a better interpretation of the objectives and commitments of the Paris Declaration in the projects and programs supported by the Bank, including those already implemented.

8.0 SUMMARY AND RECOMMENDATIONS

The aid harmonization process in Cameroon had a good start, even though it is subject to serious constraints linked to the weaknesses of the country's strategies and institutions, which hinder the alignment on priorities, and national systems. But these constraints are also strongly linked to the reticence of some financial backers to reduce their freedom of action by inserting themselves into harmonization process.

The harmonization of procedures also requires strong political will and a higher degree of decentralization in the decision-making process from higher authority at the top to cooperative agencies in the field.

Relative to the holistic and long term view, it is important to note that the PRSP lies effectively in a global view and the long term development of the country. But for such development to materialize, sectoral strategies must be made operational and a medium-term expenditure framework (MTEF) finalized.

Concerning the country's ownership, let's note that this process was relatively controlled by Cameroon's authorities from the beginning of PRSP elaboration up to the adoption of its final draft in March 2003. Although participative PRSP reviews were held in March 2004, some reservations were formulated by development partners as to the quality and extent of participation of civil society and populations at the grassroot level.

The National Poverty Reduction Network (NPRN) is an institution provided for in the participative monitoring evaluation mechanism of the national poverty reduction strategy. It is not yet functional. Study on the methodology of participative follow-up mechanism is in progress, and should permit to sketch the outline of the future NPRN.

As to the country-led partnership, a coordination of efforts between donors the financial backers was observed well before the creation of the Multi-Donors Committee (MDC), which is a product of the consultation framework put in place in the context of the HIPC process. In fact, the Advisory Management and Monitoring Committee of the HIPC initiative (AMMC/HIPC) is the first consultation framework between donors, on the one hand, and between donors and the government, on the other. It was put in place formally in December 2000 by a Prime Minister's decree. In February 2005, an MDC meeting was organized on the initiative of donors, including Canada, France, and the World Bank.

The consultation mechanisms among donors may have improved, according to the latter. This would permit them to provide coordinated and well-thought responses to the above donors steps taken by the government. The MDC at the technical level, and notably the "8+6" group of the extended EU to the other large embassies, and Head of Missions of the multilateral agencies represent an asset for dialogue and harmonization, when the government intends to work with the MDC to that end.

Development partners confidence has also improved in response to the significant emphasis put by the government on the fight against corruption, through the significant anti-corruption actions taken by the government, notably the arrests and indictments of corruption by high government officials. As regards aid, the government and donors have made significant progress in giving prominence to program aid rather budgetary aid (see Table 8).

On the government side, many actions have been carried out both on the transversal and sectoral levels. On the transversal level, government efforts were centered on two points: the evaluation of the partnership and the establishment of a public finance dialogue platform identified as a precondition for efficient aid management. The creation by the Prime Minister of a committee with parity representation for evaluating development aid partnerships, whose mission is to prepare the measures to be implemented in order to find solutions for the problems raised by the new development aid partnership in Cameroon, will result in a proposition to put in place institutional bodies for a better organization of cooperation. The second action undertaken by the government was the creation of a dialogue platform on public finance for which a decree providing for the creation of a piloting committee has been signed⁵¹

On the sectoral level, a partnership has been developed in several areas, namely, the environment, education and health. In the environment area, a forest and environment sectoral program (FESP) is being implemented. Led by the World Bank and the government, the donors have oriented themselves toward the management of fauna and the environment in a single framework. The program has already been approved, the funds have been released, and the implementation of the program is under way.

⁵¹ This platform is to become operational during 2007 in order to carry out a preliminary diagnosis, and to prepare later, a medium-term reform plan jointly with donors.

As to education, Cameroon has been declared eligible, in the context of Millennium Development Goals (MDGs), to the support program for sectoral education policy (i.e. the FASTRACK initiative). This initiative is part of the framework for the universalization of the primary education cycle by the 2015 horizon. The financing expected in this regard is assessed at 47 million USD or 23 billion CFAF. The sectoral strategy has been approved, and the grant is being prepared to release the first tranche which totals 13 billion CFAF in 2007.

Regarding the health sector, two programs are being identified and are being jointly financed by the public authorities and donors. They are:

- the multisectoral program for fighting against HIV/AIDS (MPF/HIV/AIDD)
- Global Funds: a program for fighting against HIV/AIDS, malaria, and tuberculosis

These programs are already in their operational phase, and the results and evaluation are expected.

On the side of Cameroon's donors, consultation frameworks have been set up. Concurrently to the transversal multi-donor committee, sectoral multi-donor committees are being put in place for a better harmonization of their intervention in the different aid consultation areas, namely:

- public finance
- governance
- environment, fauna, and forests
- PRSP monitoring

In sum, it may be asserted that, in the case of Cameroon, the public authorities and donors have done their best to lay the foundations for a new partnership on aid effectiveness, and that cooperation between the government and donors has witnessed significant development. In fact, a diagnosis has been made, and the overall and sectoral institutional framework is being progressively put in place. The country therefore advances in the implementation of the Paris Declaration. All these actions testify in favour of the existence of a healthy and effective cooperative climate between Cameroon and its donors.

Beyond the progress observed in the harmonization areas mentioned above, it should be noted that the aid harmonization process presently suffers from a lack of reciprocal trust and serious challenges to its enhancement, including ownership challenges and poor public finance management, in addition to poor governance and corruption.

8.1 Recommendations

Recommendations to the government of Cameroon include:

- create a unit to manage responsibilities aimed at encouraging the implementation of the Paris Principles, and for preparing aid policy and its implementation;
- ensure the stability of officials participating in technical meetings between donors and the government, and representatives of their respective services, for reasons of effectiveness;
- create a program for the formulation of aid policy; the potential coverage of such a policy is outlined in the report;
- improve coordination with donors and between different ministries;
- improve transparency and public finance management; this would motivate donors to grant more aid to the country;
- integrate Medium-Term Expenditure Frameworks (MTEFs) in the budgetary cycle for the ministries that have not yet done so;
- promote the SWAPs wherever possible, i.e., consultative approaches based on the PRSP and the support of sectoral plans;

- pursue PRSP revision based in the participative process involving civil society and the private sector;
- Parliament as an institution should in future be further involved in the PRSP process, with a view to ensure that a greater consistency exists between the PRSP and the budget.

Recommendation to Cameroon's donor partners include:

- intensify efforts on the sectoral level to create the necessary conditions conducive to the development of swaps in the sector in which there are not as yet;
- create an environment likely to attract budgetary support;
- keep on developing arrangements for missions and joint evaluations;
- orient aid toward the realization of the majority of Cameroon's priorities;
- develop arrangements for "a common fund" in project financing;
- make sure that conditionalities are reasonable;
- encourage mutual responsibility and ensure the predictability of aid in order to bring some projects and programs to completion;
- develop a common position for the work that remains to be done in order to stimulate a greater donor alignment with national priorities;
- donors should not be satisfied only with harmonizing their aid among themselves, and aligning it with the priorities of partner countries to make it more effective. It is also necessary for them to increase the amounts of aid grants appreciably. This increase should hover around the ceiling of 0.7% of their respective GDPs to which they committed themselves to achieve in 2002, or to put in place innovative financing mechanisms.

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Appendix 1 List of Agencies/Organizations and Personalities contacted

Mission Française de Coopération : Mme MAGALI Kreitmann

CIDA : Mme Virgini EDOA, chargé de développement

MINPLADAD: a) Ngwem Ngangue, Chef de cellule Cadre des Dépenses à Moyen terme (CDMT); b) Mne..... Sous directeur de la Coopération Économique

MINEFI: a) Edou Alo'o Cyril, conseil du Ministre des Finances; b).....; c)

Caisse autonome d'amortissement; Donou René, Chef de service de recherche

Comité Technique de Suivi des Programme Economiques (CTS): Mebada Gregoire, Secrétaire permanent

Union Européenne: M. Ongono (à la place de Monsieur Emile Jaennee, charge de coopération)

Appendix 2 Table of Financing of the Poverty Reduction Strategy

	2003				2004			2005			2006			2007		
	Financing from:				Financing from:											
	Budget	HIPC	Foreign	Total	Budget	Foreign	Total									
Education	233,8	19,0	4,6	257,4	271,5	13,6	285,1	298,5	15,7	314,2	329,7	18,1	347,8	366,2	15,3	381,5
Current expenditures	205,3	8,0		213,3	238,4		238,4	262,1		262,1	289,5		289,5	319,6		319,6
Capital expenditures	28,5	11,0	4,6	44,1	33,1	13,6	46,7	36,4	15,7	52,1	40,2	18,1	58,3	46,6	15,3	61,9
Health	59,4	17,6	17,8	94,8	75,2	30,3	105,5	90,5	28,8	119,3	101,5	32,0	133,5	119,0	32,0	151,0
Current expenditures	41,9	17,6		59,5	53,1		53,1	63,9		63,9	71,6		71,6	84,0		84,0
Capital expenditures	17,5	0,0	17,8	35,3	22,1	30,3	52,4	26,6	28,8	55,4	29,9	32,0	61,9	35,0	32,0	67,0
Infrastructures	110,5	19,5	24,0	154,0	156,1	24,0	180,1	169,4	25,0	194,4	191,8	24,3	216,1	219,2	26,8	246,0
Current expenditures	71,4	0,0		71,4	100,9		100,9	109,5		109,5	124,0		124,0	133,7		133,7
Capital expenditures	39,1	19,5	24,0	82,6	55,2	24,0	79,2	59,9	25,0	84,9	67,8	24,3	92,1	85,5	26,8	112,3
Rural Sector	43,3	13,7	5,0	62,0	56,4	6,0	62,4	61,7	8,0	69,7	67,7	10,0	77,7	75,1	12,0	87,1
Current expenditures	35,1	9,7		44,8	45,7		45,7	50,0		50,0	54,9		54,9	60,9		60,9
Capital expenditures	8,2	4,0	5,0	17,2	10,7	6,0	16,7	11,7	8,0	19,7	12,8	10,0	22,8	14,2	12,0	26,2
Other ministries	359,9	6,8	15,6	382,3	380,9	6,5	387,4	408,9	10,9	419,8	437,6	12,8	450,4	472,9	20,9	493,8
Current expenditures	313,1	1,3		314,4	328,4		328,4	352,9		352,9	378,1		378,1	408,2		408,2
Capital expenditures	46,8	5,5	15,6	67,9	52,5	6,5	59,0	56,0	10,9	66,9	59,5	12,8	72,3	64,7	20,9	85,6
Total Ministries	806,9	76,6	67,0	950,5	940,1	80,4	1020	1029,0	88,4	1117	1128,3	97,3	1225	1252,4	107,0	1359
Current expenditures	666,8	36,6		703,4	766,5		766,5	838,4		838,4	918,1		918,1	1006,4		1006,4
Capital expenditures	140,1	40,0	67,0	247,1	173,6	80,4	254,0	190,6	88,4	279,0	210,2	97,3	307,5	246,0	107,0	353,0
Other Budget entries				558,5			523,5			480,8			467,1			450,2
Total budget			67,0	1509		80,4	1544		88,4	1598		97,3	1693		107,0	1810
of which:				568,2			633,1			697,6			775,2			865,6
Total of priority sectors																
GFOFT¹																
Total revenues				1432			1494			1570			1690			1824
Petroleum revenues				356,4			290,2			220			203,3			191,5
Non petroleum revenues				1076			1204			1350			1486			1633
Expenditures				1316			1368			1450			1555			1687
Current				1054			1096			1152			1228			1313
Salaries				425			461,6			505,9			553,4			606,8
Goods and services				325			345,6			375,3			409,8			447
Transfers and subsidies				125			131,3			137,8			142,6			149,7
Interests				179,4			179,4			179,4			179,4			179,4
Capital expenditures				262			272,1			298,1			327,5			374,1
Overall Balance				124,9			122,7			116,3			184,4			187,5
Foreign Financing				80,6			118,1			115,5			107,3			64,2
Domestic Financing				-205,5			-240,8			-231,8			-291,8			-251,7

Reimbursements of the debt (domestic and foreign between and the treatment of interests explain the difference budget expenditure levels and those of the Government flow-of-funds table

Source: MINEFI/DP

Table 1: Social Indicators

Social Indicators	2004	2005
Life expectancy from birth (years)	46	
Gross schooling rate in the primary level (%)	113.9	
Net schooling rate in the secondary level (%)	75	
Ratio girls/boys in the primary level (gross % ?)	85	
Literacy rate for adults (+15 years)	68	
Of whom :		
• women	60	
• men	77	
Human development index (HDI)	0.497	
HDI rank (out of 177 countries)	148 th	
HIV prevalence rate (15-49 years)	5.5	
Mortality rate for children less than 5%	149.4	
Mortality rate for infants less than one year (%)	87	
Maternal mortality rate (out of one hundred thousands)	430	
Rate of access to potable water	63	
Malnutrition rate	22	
Poverty threshold (US\$ 1 per day)	17.1	
Poverty rate (national poverty line)	40.2	
Unemployment rate		4.4 ??
Activity rate (more than 10 years)		71.5%
Underemployment rate %		
Of which :		
• visible underemployment		12.7
• invisible underemployment		69.3
• total underemployment		75.8
Structure of employment (%)		
• formal private sector		4.7
• public sector		4.9
• informal non agricultural sector		35.5
• informal agricultural sector		55.2
Labor income (monthly average in CFAF)		26 800
• formal private sector		103 600
• public sector		124 300
• non agricultural informal sector		27 300
• agricultural informal sector		11 100
Share on consumption (2001 data)		
• the poorest 20%	5.6	
• the richest 20%	50.9	

