INTRODUCTION

1. Cameroon was declared eligible for the HIPC initiative in June 2000. Later on in October, the country reached the decision point of this initiative. Since then, reaching the completion point has been one of Cameroon’s major objectives. To this end, the Government has embarked on a process, which aims at executing the key programmes that will trigger the completion point.

2. Cameroon is expected to benefit from a significant debt relief upon reaching the completion point. This will make huge financial resources available to Cameroon for financing its growth and poverty alleviation policy designed in conformity with the new financial assistance programmes of the Bretton Woods institutions.

3. The road towards the completion point falls within the context of the execution of the medium-term economic and financial programme approved in December 2000 by the Board of Directors of the IMF. The programme is backed by the enhanced PRGF of the IMF which, aims at stabilising the macro-economic framework and public finances and by CAS III of the World Bank, which supports approved structural and sectoral reforms.

4. The first of six conditions for reaching the completion point of the HIPC initiative requires that the final PRSP must be prepared and satisfactorily implemented for at least one year. The final PRSP has been prepared. It develops, specifies and translates the core areas of the interim PRSP, which was an integral part of prerequisites for the decision point. The final PRSP was prepared following a dynamic and open participatory process that involved the civil society, development partners and the various public services. The PRSP was validated by the Government and forwarded to the Bretton Woods institutions in April 2003. The document was approved by these institutions in September 2003.

5. The President of the Republic placed poverty alleviation at the centre of his present seven-year term of office. The process had to be underpinned by a coherent plan with a prospective vision and well targeted goals. These goals are expected to guide all the policies implemented by the Government.

6. The first part of the PRSP is devoted to the analysis of poverty in Cameroon. It then develops growth and poverty alleviation strategies and presents the macro-economic and budgetary framework. The paper places poverty alleviation at the centre of government action. It is a reference framework for Government policy and a point of Convergence for cooperation with donors, development partners and social stakeholders in poverty alleviation. The document aims at facilitating research, disseminating and reallocating the fruits of growth to the various segments of the population, especially the most vulnerable ones.

7. The countdown process for the first year of implementation of the PRSP started in April 2003 when the document was forwarded to the Bretton Woods institutions and will run up to March 2004. The implementation process covers two financial years, including the last three quarters of 2003 and the first quarter of 2004. The satisfactory execution of the document can be perceived from the trends observed in the conditionalities charted out in the matrix of triggers. The said execution is based, generally, on the implementation of strategic options formulated in the paper and, specifically, on the execution of the implementation matrix appended to the document.

8. Besides the full conduct of structural reforms, the key criteria for a satisfactory execution seems to be guided by the consistency of results from implementing the PRSP and that of the
basic scenario of the macro-economic and budget alignment appended to the document. In this light, the follow-up of the PRSP’s implementation consisted mainly in showing how and in what way the set goals have been achieved in terms of growth, budgetary framework, and execution of actions of the implementation matrix.

9. The process was conducted within the context of the mechanism put in place by the Government in view of following up the implementation of the PRSP. The methodology used in the process is the splitting up of actions in the PRSP’s matrix into ministerial and regional matrices. The various ministries and structures charged with the execution of actions programmed were selected and the working calendar drawn up. The final step consisted in collecting, analysing and compiling information gathered from the relevant structures.

10. The implementation of the PRSP is mainly conducted at the level of ministries and public corporations. The follow-up of this process, however involves donor agencies and the civil society, in conformity with commitments made by the Government, notably to pursue the participatory approach used during the preparation of the document. Two preliminary reports were produced in September 2003 for the first semester of execution and in December 2003 for the third quarter. Our partners made remarks and suggestions, which were useful for the preparation of the annual report of 31 March 2004.

11. The present annual report is made up of three volumes: the first volume is the main report, which presents the state of implementation of the PRSP as of 31 March 2004. The main achievements of a year of PRSP implementation are presented in this volume as well as a detailed review of the implementation of strategic actions. The volume also presents trends in macro-economic performance and prospects with an overview of follow-up and evaluation mechanisms. The conclusion of the report indicates that the execution of the PRSP is globally satisfactory yet; the process can still be improved on. The second volume conducts a thorough evaluation of mechanisms put in place for the implementation and follow-up of the document. It presents the various programming / budgeting mechanisms in force, the follow-up / evaluation mechanism of the PRSP, indicators and results from the surveys conducted recently as well as an appraisal by the beneficiaries. The third volume is made up of documents appended to the report, including the supplemented implementation matrix, elements of budget execution, regional execution, table of indicators and the matrix of triggers for the completion point.
CHAPTER 1: THE AFTERMATH OF ONE-YEAR EXECUTION OF THE PRSP: MAJOR ACHIEVEMENTS
1.1 CONSOLIDATING STABILITY AND REINFORCING MACRO-ECONOMIC MANAGEMENT

12. The Government pursued its budget and fiscal policy derived from the pluri annual economic and financial programme, which is supported by the PRGF. It consisted in:

- increasing the tax base and collection of non-petroleum revenue;
- reinforcing the management of public resources;
- speeding up the implementation of structural measures aimed at creating an incentive framework for private investment and promoting poverty alleviation.

13. In this respect, the establishment of structural benchmarks and quantitative criteria of the said programme has helped to identify positive achievements in terms of macro-economic stability, growth consolidation which has stabilised at an average of 4.5% and inflation checked and maintained at less than 1%.

1.1.1 Consolidating non-petroleum revenue

14. As concerns non-petroleum revenue, the Government took adequate measures and put in place efficient mechanisms to consolidate tax and customs revenue. These include:

(i) the setting up of a Division in charge of large Corporations within the Department of Taxation,
(ii) the putting in place of a new General Tax Code supplemented by a manual on tax procedures,
(iii) reforming the personal income tax regime and,
(iv) the process to secure customs revenue through the mastery of tax exemption regimes.

15. As a result, budgeted revenue for the 2003 financial year was collected to the tune of 97% of the amount projected, and non-petroleum revenues accounting for 96.2%.

1.1.2 Improving the management of public expenditure

16. Two major achievements can be mentioned here: the SIGEFI system and the implementation of reforms concerning public contracts.

- With the development of an auxiliary accounting system at the Treasury, the use of a new budget nomenclature and the computerised processing of public expenditure, the SIGEFI system will henceforth regularly generate treasury balances from the integrated exploitation system of the CADRE/DEPMI. The introduction of data related to expenditure and revenue will enable the automatic production of a Government flow-of-funds table (TOFE).
- Improved management of the State’s treasury, notably with a better follow-up of uncashed cheques whose stock has reduced significantly. This helps to better enhance the conformity of Treasury balances with BEAC accounts.
Consolidation of revenue, mastery of expenditure as well as the improvement of financial management helps the Government to avoid accumulating arrears in domestic payments and speed up money flow.

Audits in public expenditure are gradually conducted and published.

Physical and financial reports on budget execution are prepared and submitted by the various ministries, especially priority ministries.

As part of the new budget mechanism in the PPBS chain, there is a pre-established programme based on seminars at the national and provincial levels. This programme is designed for spending ministries.

As concerns the reform in public contracts, a new system was put in place. It is characterised by:

(i) accountability of contracting authorities;
(ii) a priori control of procedures on the award of contracts conducted with independent observers;
(iii) a posteriori control of the execution of contracts through systematic conducts of audits;
(iv) the general supervision of the system by the Public Contracts Regulatory Board (ARMP).

Other measures taken concern:

- the respect of budget package allocated to priority sectors that promote poverty alleviation;
- a debt policy which remains prudent and is geared towards concessional loans;
- continuation of the privatisation programme which aims at relieving the burden of public finances;
- Reduction of time spent at ports of shipment, which facilitates Cameroon’s integration into international trade.

Reforms carried out constitute a set of achievements whose full effect is being perceived now. It is, therefore, necessary to consolidate these achievements especially as the area of public finances is still fragile in spite of macro-economic stability. Thus, there is the need not only to pursue efforts made so far but to be very vigilant as well given the possibility of exogenous crisis.

1.2 ECONOMIC PERFORMANCE

Cameroon’s economic performance was generally satisfactory for 2003 and for the first quarter of 2004 with sustained economic growth and declining inflation. Similarly, there was a consolidation of public finances, increase in external accounts and an impressive trend in the money rate of coverage of external engagements.

1.2.1 Economic growth
20. In 2003, the growth rate stood at 4.5% as against 4.2% in 2002. The inflation rate dropped by 0.6% as against 2.8% in 2002.

21. The good performance of the economy is a result of the (i) positive trends observed in the domestic demand brought about by private and public consumers and to a lesser extent by external demand, (ii) progress made in the area of food and cash crops, manufacturing industry and building and civil engineering, (iii) continuous expansion of mobile telephone network and (iv) gradual normalisation of electricity supply.

22. The downturn in inflation is a result of a substantial increase in the supply of food and market garden produce, the opening up of some agricultural zones and a flow of imported staple consumer goods.

23. From 2002 to 2003, the balance of trade witnessed an increase of more than 90 thousand million in absolute terms thanks to the positive trend observed in the terms of trade. Exports stood at CFA F 1301.9 thousand million, while imports stood at CFA F 1251.6 thousand million.

1.2.2 Diversifying the economy

24. Cameroon’s policy on economic diversification is focused on three sectors, namely the rural sector, the industrial sector and the services (tourism, information and communication technology, transport and financial institutions).¹

25. As concerns the rural sector, emphasis has so far been laid on the implementation of the sector’s strategy. In this respect, the following actions were carried out:

- Dissemination of results of the agronomic research which helped to improve access to new high yielding agricultural methods and the creation of 13,317 producer organisations that bring together 143,843 producers.

- Promotion of community development boosted by the effective launching of the Community Development Support Programme (PADC) and the National Participatory Development Programme (NPDP). These two programmes were backed by multilateral and bilateral donors. They are aimed at harmonising planning approaches and methods in rural areas. The promotion of community development was mostly focused on the building of infrastructure, promotion of rural activities and support to agricultural groups. Thus, 12 community posts were built and 42 communities, as well as 18 groups (CIG, NGO, EIG and other associations) received support.

- 66,000 projects, including 40,000 for producer organisations, 25,000 for the development of sectors and 1000 for professional organisations, received support.

- Launching of priority programmes for the development of sectors, including Roots and tubers, cocoa and coffee, rice, palm oil, plantain, vegetables and horticulture, maize and tobacco, cucumber and Irish potato.

- Identification of the components of rural water supply programme in view of preparing a rural water supply master plan.

¹ These sectors were identified following a number of studies on sources of growth commissioned by the Government.
• Creation of a provisional fish-farming station comprising 08 ponds. This helped to produce 14,800 restocking fishes that were distributed to 65 fish farmers trained within the framework of the programme on fish productivity improvement.

26. In the industrial sector, a draft sector strategy paper based on 06 (six) main points was prepared. However, its coherence with the PRSP must be ensured. Other actions were carried out, namely:

• A diagnostic study of the sector: this helped to identify some sectors with growth potentials such as textile, timber, energy, hydrocarbons, sectors undergoing changes (plantain, maize, oleaginous plants), configuration sectors (cocoa, coffee, rubber) and high technology sectors (construction and ship building, ICT, pharmaceuticals);

• Standardisation and quality control: activities here helped to produce 250 national standards for the following products: wheat flour, cooking gas bottles, sheet metal for coverage and transport and milk;

• An outline document was prepared in view of drawing up a combined strategy for the development of SMEs/SMIs.

27. As concerns tourism, the sector strategy of the Ministry of Tourism is being finalised. The strategy comprises 06 (six) programmes. Moreover, university lecturers were trained in the teaching of tourism in professional schools and universities. This is in line with the programme on tourist culture.

28. In the area of financial intermediation, the Douala Stock Exchange is now operational and the process on the restructuring of micro-finance institutions (MFI) is going on. 344 micro-finance institutions were registered out of the 490 MFI that applied for registration in December 2003.

1.2.3 Boosting the private sector

29. The Government of Cameroon is embarked on a programme based on structural reforms. Thanks to these reforms, the business milieu benefited from a number of measures that are aimed at building a liberal economy and speeding up State withdrawal from the production sector thereby boosting the private sector which must be the driving force of growth.

30. Thus, in the area of infrastructure, the Government has carried out major construction and renovation works to support the industrial sector. These works concern the bridge over the Wouri River, Douala and Yaounde urban roads as well as highways that favour sub-regional integration (Ambam-Kyossi, Bertoua-Garoua Boulaï).

31. Cameroon’s economy is facing problems such as dumping, customs fraud, counterfeiting and smuggling. These phenomena mostly affect the development of the following products: textile, cement, flour and sugar. To stop these illegal practices, the Minister of State in charge of Industrial and Commercial Development conducted a mission in the 10 provinces to sensitize the population on the negative effects of these practices on Cameroon’s economy. He enumerated the sanctions that will be meted out in case of violation of the regulation in force.

32. 10 (ten) regional reports were produced within the framework of the implementation of the programme on nursery enterprises supported by UNIDO. The reports were prepared in view of setting up the framework and identifying the needs and potentials of each region.
1.3 POVERTY ALLEVIATION AND SOCIAL DEVELOPMENT

33. The optimum goals of the implementation of actions programmed in the PRSP and structural reforms are poverty alleviation and the improvement of the living conditions of the population. The annual progress report as of 31 March 2004 examines the results derived from the implementation of actions and their likely impacts. Actions carried out by the time the present report was prepared are well assessed. As a matter of fact, the execution rate, the quality as well as human and financial means mobilised for their implementation were well evaluated.

34. The methodology used to assess the results as well as the impact on poverty alleviation was based on the review of trends brought in by new information. This review was conducted in areas where new information was gathered as compared to information used to give the diagnosis which is formulated in the PRSP. This approach was adopted on the grounds that, the results and impact of the PRSP’s actions that the Government has been implementing for twelve months have, generally, not yet been evaluated.

1.3.1 Monetary poverty

35. The implementation of the PRSP has an impact on monetary poverty of households. As a matter of fact, obtaining a growth rate of 4.5% will mean an increase in per capita income by roughly 2%. In this light, evolution of the wage bill in the public service is likely to have contributed to the increase in household consumption. In 2003, the Government disbursed a sum of roughly CFAF 519.6 thousand million for salaries and other payments as against CFAF 403 and 350.3 thousand million in 2002 and 2001 respectively. Thus, the year 2003 is characterised by an increase in the wage bill due to payment of life annuities, salary bonds and recruitment of staff in some sections of the public service (Police, Education, and Health). As concerns the overall salary earners, the application of the new personal income tax as of 1 January 2004 was followed by a drop of the tax burden of several tax payers. Similarly, the increase of tax-exempt income which moves from CFAF 25,000 to CFAF 52,000 and the marginal taxation rate which drops from 65% to 35% produce additional income earnings to some tax payers.

36. In the rural area, the evolution of income depends on the prices of cash crops in the world market and on the increase in the supply of food products. As concerns cash crops, cotton and cocoa production increased by 7% in 2002. The increase will go on in 2003 following the increase in the cultivation of cotton fields and the upkeep of cocoa orchards. As for food crop production, 2003 estimates projected an increase in the production of maize, cassava, potato, plantain, banana, millet/sorghum, tomato and groundnut which constitute the source of food and income of households.

37. The National Institute of Statistics conducted a study on price formation during the second semester of 2002. The study, which concerned twelve foodstuffs sold in Douala and Yaounde, namely banana, plantain, groundnuts, cocoyam, tomato, Irish potato, maize, red beans, koki beans, onion, cassava and yam, revealed that for four of these products, their producers earned a little less than 50% of the income derived while the other players in the chain, including road haulage contractors, wholesalers and retailers share more than 50% of the income generated. Thus, it can be pointed out that equity in the distribution of income generated from the sale of food crops is not the main cause of poverty of rural food crop producers. The issue of inadequate supply must be addressed to enable them to increase their income.
38. As concerns the urban poor, their purchasing power is low due to prices of foodstuff. For the past five years, the national consumer price index was based on the prices of foodstuff in urban areas. This shows the real difficulties of the national apparatus for food production to meet the demand in some towns and neighbouring countries. Thus, poverty alleviation in rural areas (57% of poor people among agricultural producers and 54% among informal producers) depends on the substantial increase in production and the organisation of marketing. The Government therefore granted CFAF 320.9625 million of HIPC resources to the NEF to train and seek jobs for about 1500 youths in agricultural activities in view of meeting the increasing demand in foodstuff.

1.3.2 Education

39. The development of school infrastructure seeks to ensure greater accessibility to education. Special emphasis is laid on the improvement of output and promotion of gender equality as concerns access to education. As concerns accessibility, results from the various actions can be assessed on the basis of the school enrolment rate and the rate of access to primary schools.

40. Primary school enrolment rate (for children aged between 6 and 11 years) has moved from 98.1% in 2001-02 to 99.6% in 2002-03. Access to primary education moved from 90% in 2000 to 96% in 2003 (see school map). The sustained efforts made to build classrooms and recruit teachers will help to achieve in the long-term, the objective of 100 per cent of children of school-going age.

41. From 2000 to 2003, the global index on girl/boy parity has evolved. As a matter of fact, it has moved from 0.85% to 0.90% as a result of the good conduct of the gender equality policy implemented in Cameroonian schools. The net school attendance rate which stood between 75.2% and 80% over the same period reflects Government’s efforts to increase the number of schools.

1.3.3 Health

42. Among actions carried out in the health sector, we can point out the reduction in mortality rate among target groups, immunization coverage and a better birth follow-up. All these actions improve on the welfare of households.

43. The mortality rate of children aged below five years was stable: 150.7 deaths for every 1000 children born alive in 1998 compared with 149 deaths for every 1000 children born alive in 2000. As concerns the mortality rate of children aged below one year, it has dropped from 77 deaths for every 1000 children born alive in 1998 (EDS2) to 76 in 2000 and to 74.6 children in 2001.

44. The immunization coverage of children aged between 12-23 months using the four vaccines (BCG, DTCOQ, POLIO and ROUVAX) of the Extended Immunization Programme (EIP) is improving. Estimated at 35.8% in 1998 during the EDS2 survey, this rate stood at 55.3% in 2001 according to ECAM II estimates. The immunization coverage will be on an upward trend given that the EIP immunization campaigns were more intensive in 2002 and 2003. The partial immunization coverage for the DTC3 was estimated at roughly 70% in 2003 as against 43% in 2001.
45. Maternal care is increasingly done by qualified staff. Thus, the ratio of births assisted by a qualified medical staff moved from 41.8% in 1998 (EDS2) to 60.4% in 2000 (MICS). Estimates made by ECAM in 2001 put this rate at 64.2%.

46. Thus, there is noticeable progress made in the area of health, especially in sections where indicators are available. Actions to improve the population’s health were centred on the prevention of diseases such as malaria, STDs/AIDS, and tuberculosis, distribution of essential drugs in hospitals and recruitment of new staff.

1.3.4 Integrating the vulnerable segments of the population

47. In order to ensure social justice, the Government lays emphasis on the improvement of living conditions of the underprivileged, notably children, women and the disabled.

48. If we consider the number of children suffering from emaciation as a reference indicator of extreme poverty, we can say that the rate was stabilised at 6% between 1998 and 2001. However, if we consider the number of children suffering from weight insufficiency, we notice that the rate moved from 22.2% in 1998 (EDS2) to 19.0% in 2001 (ECAM II). This positive trend will eventually be reinforced thanks to the promotion of food crop production which was retained as a growth factor in the PRSP.

49. Extreme poverty makes it difficult for poor people to feed themselves. As a result, there is the need for agricultural diversification through an increase in food crop production which will help to reinforce food security, ensure access to markets and reduce consumer prices. A number of actions were carried out to this effect. As of 31 December 2003, the following actions were observed: development of 13 basic seeds, creation of 38 plots for the multiplication of corn seeds out of the forty programmed, opening of 5 small-scale warehouses to stock maize and maintenance of 23 plots used for the multiplication of cassava seedlings. All these actions will help to increase supply. As concerns access roads in big production basins, the rehabilitation of farm-to-market roads, bridges and small bridges is likely to improve access to the market.

50. PREPAFEN is a project the Government has prepared to improve on women’s conditions. One of the components of the project entitled “Support Fund to Economic Activities” earmarks 50% of its funds for women. As of 31 March 2004, out of the more than 400 projects that were financed, 67% belong to women groups.

51. A number of actions were carried out as of 31 March 2004 in the area of road maintenance and construction of small community-infrastructure. Among these actions, we can cite: rehabilitation of 126 km-long rural roads, construction of 13 market stores, 14 boreholes, 48 warehouses and 26 open-air wells. All these actions are likely to improve the living conditions of women. As part of the component on promotion of micro and small enterprises and women self-employment, a programme has been drawn up to train women in view of ensuring their self-sufficiency.

52. As of 31 March 2004, 422 women participated in various training programmes, including 2 women in entrepreneurship, 48 in the techniques of fish smoking and drying, 36 in manufacturing of juices and milk lollipops, 64 in seed multiplication, 42 in milk processing, 42 in gardening and composting, 47 in functional literacy and 141 in miscellaneous training. Other projects were designed by the Government to develop similar activities in favour of women, including the Special Programme on Food Security (PSSA), the Community Development Support Programme (PADC) and the Programme to Increase Rural Family Income (PARFAR) to name but a few.
Moreover, the UNDP granted a sum of CFAF 78 million to needy women for the funding of 120 micro-projects.

53. As concerns the disabled, the Government is striving to consolidate their autonomy by training them in the following areas: basket-making, pottery, embroidery, handicraft, etc and by granting them subsidies within the framework of its national solidarity policy. In this context, 31 private social institutions were granted CFAF 15 million worth of subsidies, while 433 persons, including the aged and the disabled received CFAF 25 million.

1.4 IMPROVING THE INSTITUTIONAL FRAMEWORK AND GOVERNANCE

54. The balance sheet of a year’s execution of the PRSP is positive. As a matter of fact, significant progress was made towards the improvement of the institutional framework and governance thanks to the implementation of structural processes, general implementation of the participatory approach and evaluation by the beneficiaries.

1.4.1 Structural processes

- Transparent management of public affairs through (i) continuation of restructuring of the channel of public expenditure, (ii) reinforcement of the management of social sectors (“budget tracking exercise”) and (iii) thorough reforms in the area of public contracts awards;
- Implementation of the priority plan of action on Governance: the process to render some organs of the courts operational is going on smoothly. These organs which are provided for in the Constitution are: (i) the Audit Bench: with the appointment of a President and two counsellors; (ii) the Constitutional Council: instruments regulating the organisation and functioning of the Council were adopted during the March 2004 session of the National Assembly, as well as those regulating the status of the members of the said Council;
- Reform of the judiciary: the plan of action has been adopted;
- Fight against corruption: (i) a seminar to form a functional coalition is in the pipeline; (ii) preparation of a strategy to sensitise the general public. The strategy is based on three programmes centred on the NGP (publication on the internet of the priority plan of action), participatory follow-up in the various services and the Information/Education/communication plan (IEC). An institutional mechanism has already been put in place at the government level, in the ministries and in some public corporations. The key role of coordination of these activities is played by the Anti Corruption Observatory.
• Promoting local development thanks to the identification and implementation of about twenty community projects under HIPC funds. These projects are managed by local authorities.

1.4.2 Participatory approach

55. The participatory approach is used in development committees which are mechanisms for investment programming and also in transversal projects connected with governance (NGP, PNDP, PADC, PADDL…)

56. Development committees are participatory bodies (public and private sectors, civil society, beneficiaries) at the level of districts, divisions and provinces. These committees held sessions in January 2002 and July 2003 at the provincial and divisional levels. During these sessions, the population had the opportunity to identify and prioritise operations and projects likely to help solve their problems. A data base containing about 14,000 operations is available for all sectors with priority to education, health and infrastructure.

57. Concretely speaking, the participatory approach was used in the preparation of the PRSP (“participatory meetings”) as well as in the follow-up / evaluation through periodic meetings of the follow-up / evaluation committee of the PRSP at the national level and through reviews conducted twice-yearly at the provincial level. The goal of the participatory follow-up is to enhance ownership of the process of poverty alleviation strategies and to improve transparency and accountability of the various stakeholders as well as the quality and relevance of public utilities. Among achievements of this approach as of 31 March 2004, we can point out that:

• The various stakeholders in the participatory follow-up process have been identified. They are: (i) target groups and beneficiary communities, (ii) members of parliament and local authorities, (iii) administrations and related services, (iv) the civil society, (v) the private sector, (vi) development partners;
• Their roles are being defined;
• The institutional mechanism comprises the inter ministerial committee chaired by the Prime Minister, Head of Government, the Technical Follow-up and Evaluation committee of the PRSP (CTSE/PRSP), the Technical Secretariat of the CTSE/PRSP and provincial committees. The process to put the institutional mechanism in place is completed;
• The operational mechanism comprises the Technical Committee in charge of the follow-up and evaluation of PRSP’s implementation. It is also made up of development committees, the advisory committee for the follow-up of HIPC resources, the National Participatory Development Programme that contribute to the follow-up of the implementation of the PRSP;
• With its provincial committees and participatory evaluation reviews, the CTSE/PRSP coordinates the other three bodies. The evaluation reviews finally appeared as the ideal framework for the implementation of the participatory follow-up of the PRSP;
• Participatory follow-up mechanisms are being prepared. They can still be improved;
• The statistical mechanism needs to be specified. The specification process is going on with the following actions: selection of indicators, definition of the calculation formula
and evaluation of costs related to data collection activities. The Government got in touch with some donor bodies to seek their support in a bid to ensure an effective mechanism. The initiative is on a good track.

- Appraisal by the beneficiaries is henceforth taken into account, with regard to the execution of measures, programmes and projects based on participatory evaluation reviews.

1.4.3 Evaluation by the beneficiaries

58. The people contacted during the March 2004 review made the following recommendations: (i) step up the integration of projects from development committees to the public investment budget (ii) increase in quantity (number) quality (specialization in specific fields) of translators to promote and reinforce bilingualism; (iii) organisation of training programmes in the preparation of projects financed with HIPC funds, etc. More specifically, remarks and recommendations focused on:

(a) Education

59. Government’s efforts in terms of classrooms construction, equipment of schools with furniture and teaching aid are laudable. However, there is need for more equity in the posting of teachers to rural and urban areas.

(b) Health

60. Actions carried out by the Government are satisfactory. They include: construction and rehabilitation of health centres, distribution and/or reduction in the costs of essential drugs, continuation of major control programmes, intensification of the control of STD/HIV-AIDS, distribution of treated-mosquito nets to pregnant women. However, there is a need to reform the social security system and housing for health personnel.

(c) Social affairs and gender

61. The persons contacted expressed their satisfaction with the ongoing processes on women empowerment, education of the girl child and construction and rehabilitation of social centres for the disabled. However, there is still lack of specialized vocational training centres as well as reintegration centres for street children.

(d) Infrastructure

62. Globally, there has been an improvement in the quality of services in this area. The following actions were carried out: construction of tarred roads, rehabilitation and maintenance of rural roads, intensification of the programme on rural electricity supply and development of water points, development of the mobile telephone network and supply in cooking gas.

(e) Production sector

63. The execution of projects related to the PNVRA was satisfactory. Training of farmers has improved. What needs to be done is to extend PNDP’s and PADC’s activities throughout the provinces and to carry out sensitisation drives on agricultural diversification.
(f) Governance

64. The participatory approach adopted in government actions, mainly as concerns the follow-up of the PRSP, was highly welcomed. However, there is need to carry out the following actions: speeding up of the popularisation of the PRSP and the use of communication means to strengthen the fight against corruption, increase in public service salaries as a first step in the fight against corruption, speeding up judicial procedures, extending the CRTV coverage throughout the territory, improving management procedures of credit delegations at the provincial level and reinforcing the treasury of some provinces which have serious difficulties in paying their contractors.
2.1 PROMOTING A STABLE MACRO-ECONOMIC FRAMEWORK

65. Defined as a precondition for and a factor favourable to economic growth, the promotion of a stable macro-economic framework was envisaged in the PRSP in four areas:

- the stabilisation of macro-economic and budget framework;
- the improvement of public expenditure management;
- the continuation of structural reforms;
- the mobilisation of non-petroleum domestic resources.

2.1.1 Stabilising the macro-economic and budget framework

66. It is based on three measures concerning:

- the satisfactory implementation of the third year of the second three-year economic and financial programme backed by the PRGF;
- the use of budget savings derived from the HIPC initiative following the criteria set in the decision point paper;
- the satisfactory close of the third structural adjustment credit (CAS III).

• Satisfactory execution of the third year programme backed by the PRGF

67. The implementation of the Government’s medium-term economic and financial programme approved by the Board of Directors of the International Monetary Fund on 21 December 2000 and backed by the Poverty Reduction and Growth Facility (PRGF) is going on.

68. During this first year of implementing the PRSP, the technical problems encountered during the first semester of 2003 were overcome thanks to discussions held in October 2003 between public authorities and IMF officials. This paved the way for the signature by the Prime Minister, Head of Government, of a letter of intent on 3 December 2003. This letter of intent was approved by the IMF Board of Directors on 17 December 2003. Approval of the said letter accounts for the change in the initial calendar of the second three-year programme. The third year of this programme now runs from 1 July 2003 to 30 June 2004 since the agreement was extended to 20 December 2004.

69. In this respect, the IMF mission visited Cameroon from 12 to 22 January 2004 and assessed the implementation of the third annual programme. The mission observed that economic performance estimated in 2003, especially concerning growth rate which stood between 4 and 4.5% and inflation rate which was below 1%, consistent with the main scenario of the PRSP, were close to estimates made in the memorandum on the economic and financial policy appended to the letter of intent of the previous review.
70. In the area of public finance, budget performance remained close to the goals of the programme, while Government’s position towards the banking system seemed superior to the initial estimates. There was a need to justify Government’s payments to some public corporations. However, the overall economic and financial trend observed during the two reviews was satisfactory. As concerns the analysis of the 2004 budget, tax measures of the 2004 finance law were consistent with documents attached to the letter of intent of 3 December 2003. In the area of expenditure, the mission recommended the consistency of budget packages with the goals of the 2004 programme, including HIPC expenditure. Decree N° 22004/0556/PM of 23 February 2004 on the transfer of HIPC credits implements this recommendation.

71. Final results of the execution of the final year of the PRGF are executed in the fifth and sixth reviews of the programme.

- **Use of HIPC resources**

72. The second measure on the stabilisation of the macro-economic and budget framework requires the use of budget savings derived from debt relief under HIPC initiative in conformity with criteria set out in the decision point document. These criteria concern structures and procedures for the control and follow-up of the use of these resources on the one hand, and on the opening of a special account at BEAC, on the other.

73. As concerns the first criteria, the Government set up an advisory committee for the follow-up of the management of HIPC resources, immediately after reaching the decision point. This committee was set up by Decree No. 2000/960/PM of 1 December 2000 and it is made up of members of government, representatives of the civil society, the private sector, multilateral and bilateral donors. The committee is in charge of ensuring a fair and optimum allocation of HIPC resources for facilitating poverty alleviation and good governance as well as ensuring that these resources are put to good use. As for the second criteria, a special account was effectively opened at BEAC to receive HIPC funds. As of 22 January 2004, the sum of CFAF 156 thousand million was deposited at the bank and the balance stood at 107 thousand million as of 29 March 2004, the deduction having been transferred to the Treasury for the payment of bonds concerning HIPC projects that have been validated and executed.

74. While the implementation of the HIPC programme got off on a slow and difficult start due to technical problems linked to the peculiarity of these funds as compared to ordinary public resources, there is a significant improvement, today, in the preparation of HIPC projects and programmes following the resolution of organisational and functional problems encountered by the Advisory Committee. This has helped to improve on the use of HIPC resources. As of 30 November 2003, a number of projects from the various eligible sectors were approved by the Advisory Committee. The total amount stands at CFAF 184 thousand million.

75. Thanks to Decree No. 2004/0556/PM of 23 February 2004, funds are now earmarked for priority projects in conformity with the goals of the programme. The Decree also helps to increase the level of commitments of HIPC credits. Moreover, we can point out new measures
taken in the Department of Treasury to speed up the payment of bonds relating to HIPC projects. This helps to speed up the use of credits available.

76. Finally, the Government has just launched the audit of HIPC projects which are being implemented, in collaboration with development partners. This is in line with commitments it made to this effect.

- **Satisfactory close of CAS III**

77. All the conditionalities relating to the floating brackets of CAS III were fulfilled as of 13 December 2003. Reforms backed by this programme were satisfactorily carried out. As a result, all the disbursements expected within the framework of the credit or connected to it were made. CAS III was satisfactorily closed as of 31 March 2003.

### 2.1.2 Improving the management of public expenditure

78. Cameroon has embarked on a process of improving the management and quality of its public expenditure. The process is underpinned by the 1997-2000 medium-term programme backed by the Enhanced Structural Adjustment Facility (ESAF). Most of the actions projected under this programme have been carried out. Those still undergoing implementation concern very sensitive areas such as the information on the management of public finances and contracts.

- **Establishment of the SIGEFI system**

79. The institution of the integrated management system of public finances (SIGEFI) is one of MINFIB’s main strategic projects. This Ministry will pursue the establishment of the system which is part of actions carried out in view of mastering information on budget management. Thus, a significant progress will be made towards the production of financial and budget statements. To this effect, transversal interfaces among the various Departments of MINFIB were completed. As a result, performance indicators can be produced automatically from the Treasury account balance. The exhaustiveness and reliability of these indicators are ensured by the local Treasury network and the central and local exploitation committees of the CADRE-DEPMI integrated system. However, it should be pointed out that the priority now is to speed up the implementation of all these interfaces. Thus, invitations to tender for the supply of materials and for the design of applications have been launched as concerns the interface between the Department of Programming at MINEPAT and the Department of the Budget at MINFIB. As concerns the interface between the Department of Programming and the National Sinking Fund, applications prepared are undergoing testing while equipment is being purchased. Moreover, the interface between the Treasury Department and the National Sinking Fund needs a framework/revenue module while other expenditure is expected.

80. Continuation of this important project is now focused on the establishment of a link between the ECOFI (MINFIB) site and MINEPAT’s data base to introduce items of the management of the public investment budget in SIGEFI. With the effective execution of the new budget nomenclature on revenue and expenditure which is operational since the 2003 financial year, SIGEFI takes a step forward in the full mastery of the accounting situation of Government finances.
81. Initiated after the Country Procurement Assessment Review (CPAR) done in collaboration with the World Bank, the reform of public procurement is being completed. It is based on four pillars, namely public tender boards, specialised control boards, the regulatory board and the code of contracts. All these structures are up-dated.

82. As a matter of fact, tender boards and specialised control boards were set up and are operational, just as the Public Contracts Regulatory Board (ARMP). In this context, independent observers who were recruited for contracts running from November 2002 to December 2003 have produced their reports. Meanwhile, the recruitment process of independent observers for the 2004 financial year launched in September 2003 will end in April 2004 when they will effectively resume work.

83. Audits of public contracts are also effective. Thus, after adoption by the Board of Directors of the ARMP of the synthesis of reports on audits conducted for public contracts awarded for the 2000-01 financial year, the audit of public contracts awarded for the period running from July 2001 to December 2003 has just been finalised.

84. The Government is making great efforts to cover costs related to the conduct of this key reform. Thus, for the 2004 financial year, the Government earmarked CFAF 6 thousand million for the financing of structures and operations related to the regulation of public contracts. The final pillar of this reform is the code of public contracts. After a long period of preparation, the final draft of the project was forwarded to the Prime Minister on 17 February 2004 for validation by the government and adoption by the parliament. Foreign institutions were associated in the process, including the European Union, the World Bank and the French Development Agency.

85. The Government paid particular attention to the management of public investment expenditure. Thus, the capacity of public services was built in the area of planning/programming/budgeting/follow-up. A bill on the pluri-annual programming of public investments is being finalised. If this bill is passed, the implementation of a mid-term forward-looking management of public investments will be possible and the parliament will easily carry out its monitoring power.

86. Priority ministries were called upon to prepare and forward their physical and financial execution reports on their public investment budgets to MINEPAT. The only ministries that have so far produced these documents are MINAGRI, MINEDUC, MINMEE, MINTRANS and MINCOF. However, it should be pointed out that the exercise is not completely mastered by the
ministries concerned. The presentation and content of these reports are still to be improved and the periodicity of their production must be systematic.

87. So far, only two ministries namely MINEDUC and MINSANTE have mid-term expenditure frameworks. These two ministries are making great efforts to appropriate and implement these frameworks in relation with the mastery of their sector strategies. This operation requires human and financial resources. Yet, the level and quality of these resources were underestimated.

2.1.3 Continuation of structural reforms

88. Structural reforms targeted here concern the completion of the privatisation processes, and reduction of the time goods spend at the Douala port. These reforms are part of the programmes envisaged in CAS III though the overall reforms projected in the said CAS III are not concerned.

- **Privatisation of SNEC, CDC and CAMTEL**

89. The Government revived the privatisation process of three public corporations in 2003, namely CAMTEL, SNEC and CDC (for the remaining activities, including banana, rubber and palm oil). The process was revived thanks to the implementation of plans of action prepared in collaboration with the World Bank. As concerns CAMTEL and SNEC, the following actions were carried out:

**CAMTEL:** Implementation of the grant agreement signed in November 2003 by CAMTEL and the Government for a two-year period renewable. Specifications, including the minimum plan of investment are being executed in conformity with the grant agreement. The procedure for the recruitment of a consultant who will assist in the implementation of the plan of action was launched in January 2004.

**SNEC:** Preparatory works to revive the privatisation process of this corporation were conducted with World Bank assistance. The procedure for the recruitment of a consultant who will assist the local team was launched in February 2004.

- **Reduction of time period at port**

90. The reduction of time period at port is a result of four projects that received technical and financial support of various partners, including the IMF (custom reform component), the World Bank (Port component of CAS III), the European Union (creation of a one-stop service for international trade) and France (support to the custom services). The combined action of these partners helped attain positive results in relation to the target goal which is to attain a maximum of seven days for imports and two days for exports. Today, the time period has moved from 25 days to seven and half days for imports and from seven to one and half and 2 and half days for exports. The one-stop service has been equipped with a machine which will help measure trends and detect bottle-necks with a view to reducing them.
2.1.4 Mobilising non-petroleum domestic resources

91. The Government is pursuing its efforts to consolidate the mobilisation of non-petroleum domestic resources in order to face the drop in petroleum production. The goal is to consolidate tax and customs revenue.

- Reform of the personal income tax

92. The reform of the personal income tax went into force on 1 January 2004 after the institution of a new general code on taxes which was supplemented by a manual on tax procedures. The reform which is translated into a relief of the tax burden of low-income persons aims, with its distribution effect, at alleviating poverty with the increase in public revenue. To ensure maximum efficiency for this reform, seminars were organised by MINFIB throughout the national territory in order to check the reliability of its implementation in public corporations and private companies. The reform is also backed by additional measures such as harmonisation of the effective tax assessment of retirement pensions, and reinforcement of the control of returns submitted by taxpayers who fall within the category of handicrafts, industrial and commercial profits.

- Security of customs revenue

93. The process to secure customs revenue has been launched for a decade now within the framework of a vast programme on import checking, with the collaboration of the Société Générale de Surveillance (SGS). The exercise is going on with particular emphasis on the limitation of customs exemption and mastery of tax exemption regimes, notably through the franchise and exemption follow-up unit. The unit is producing positive results.

2.2 CONSOLIDATING GROWTH THROUGH ECONOMIC DIVERSIFICATION

94. The Government intends to increase the growth rate to 6-7% for the 2005-2015 periods. To this end, emphasis will be laid on the definition and implementation of measures that aim at ensuring greater contribution of the non-petroleum production sector. Measures and actions related thereto are contained in the implementation matrix of the PRSP. However, an appraisal of the current level of economic diversification to boost growth can only be made with the introduction of some actions targeted by ministries in charge of this specific pillar and actions related to the boosting of the private sector.

95. There are many factors that can help to support economic diversification in Cameroon, namely: a strategic geographic position in the Gulf of Guinea, a potential market of 200 million consumers from the Central African Sub-Region and Nigeria and a big potential in terms of natural and human resources. In this line, sectors with growth potentials were identified, which include cotton (textile industry), timber, sectors undergoing changes (plantain, maize, oleaginous plants), configuration sectors (cocoa, coffee, rubber) and high technology sectors (shipbuilding, ICT, pharmaceutics). The main pillars to help implement the growth strategy include the rural sector, industry and services.
### 2.2.1 Developing the rural sector

96. The rural sector remains a key sector in Cameroon’s economy though its importance has dwindled. As a matter of fact, this sector still plays an essential role through a contribution to growth, and through its spill-over effects on the other sectors (industry and services), its potential in terms of poverty alleviation and improvement of the living conditions of the population. Actions carried out within the framework of the PRSP’s implementation are presented hereinafter.

#### Dissemination of research results

97. Improvement of farmers’ access to new and high yielding agricultural methods help to consolidate food security. Current results are satisfactory and links with extension services, agronomic research structures and the capacity of producers has been reinforced. These relations are perceived through the participatory method used to identify priority research topics per agro ecological zone, management of these priorities by the Research Fund under a Competitive Basis (FRBC) which was set up within the context of the consolidation of actions of the Agricultural Extension and Research programme (PNVRA), conduct of research in stations and tests in the field with the active involvement of farmers. Extension and dissemination of results were supplemented with infrastructure and equipment support to producer organisations for an efficient modernisation of their production. Finally, NGOs, competent associations and producer organisations can henceforth be awarded contracts relating to extension and follow-up activities.

#### Support to the development of professional associations

98. As concerns the support to professional and inter professional organisations, support projects were designed for 40,000 producer organisations (PO), including 25,000 which are not yet registered. Development projects of sectors that comprise the component “support to PO” concerned 25,000 PO, including 10,000 which are not yet registered. 1000 professional organisations, including 500 which are not yet registered benefited from the support of specialised services of MINAGRI within the framework of its permanent support activities.
Thanks to the project for the development of livestock in the South-West province, 91 groups of fishermen were created, 910 fishermen were supervised while 170 other received training.

As part of support to the development of emerging sectors, 297 production contracts between PO and proximity business persons (buyers of goods and suppliers of input) were executed. These contracts concerned the supply of improved input to producer organisations (PO) on the one hand, and facilitation of the sale of PO’s products to agricultural suppliers. These contracts helped to sustain development actions of 7 sectors, including 05 for vegetables (maize, onion, Irish potato, plantain and cassava) and 02 for animal production (milk and aviculture).

100. The PSSA programme helped in the construction of 10 henhouses and 2 pig houses with a high participation of PO. This was within the framework of the consolidation of food security. For a beginning, 150 chickens were brought in each henhouse. Similarly, each pig house received four piglets, including 3 sows and 1 boar. 6 sheep farms were also built. As of 31 March 2004, the number of beneficiaries was 1910, including 419 for the mastery and management of water, 809 for agricultural intensification and 682 for agricultural diversification. In terms of increase in productivity and revenue in the Adamawa and North provinces, the average maize production (4550kg/hectare) was by far above the annual rate (2500-3000kg/hectare) recorded in the reference benchmark. In the Centre province, the average output stood at 3600kg/hectare despite the late sowing of maize (end of April). This rate is equally above the rates recorded in the reference benchmark (3000kg/hectare). Moreover, beneficiaries used new technologies to produce maize and cassava and to breed fowl and pigs. These beneficiaries are pursuing the extension of their farms.

101. In 2003, 6 out of 13 Telefood projects approved in 2002 were financed and implemented with the collaboration of the FAO. The projects concerned fish culture, livestock (pigs, fowl) and marketing (fish, maize). The remaining 7 projects were carried over during the selection of projects in 2003 and added to 7 new projects. Thus, since February 2004, 14 new projects were executed in the areas of agricultural production (maize seeds, soybean, palm oil planting shoots, potato seeds, nuts, plantains) and livestock (giant snails, pigs, chicken). Producer organisations received financing for this purpose to the tune of USD 74,259, representing CFAF 41,501,499. The provinces concerned are the West, South-West, North-West, Centre, South, East and the Adamawa.

102. In all, 13,317 producer organisations were backed in the execution of micro-projects, protective management of natural resources, fish culture and domestication of some plant species (“okok”, “safou tree”, “andok”, bitter cola, encystrocladus korupensis) and animal species (great cane rats, rats, giant snails…). More specifically, 143,843 producers received direct support.
1795 hectares were developed, 102 micro-infrastructure were constructed and 16 village planning officers received training. In the area of fishing and fish culture specifically, five small-scale community projects were backed with a view to securing and mastering the livelihoods of the vulnerable fishermen communities. Two of these projects concerned support to women organisations specialised in the sale of fish. There was a significant increase in the output, as well as in quality and quantity of marketed products.

- **Community development**

103. Community development is a permanent preoccupation. The process has been reinforced with the effective take off of the PADC project and with the imminent take off of the NPDP programme. These two projects have a national scope. They have mobilised huge financing from multilateral and bilateral donors. They are aimed at harmonising planning methods in rural areas and at promoting integrated rural development. It should, however, be pointed out that the promotion of community development is an activity usually conducted by MINAGRI. MINEF also assists the population in the development of community forests and that of community hunting zones. Management committees are being set up to ensure self-management of these zones while income derived will help improve on the living conditions of the population.

104. Several activities have been carried out or are being carried out within the framework of the PADC programme, which effectively took off in the Centre and Far-North provinces. These activities concern the establishment of methodological tools for the selection of villages, rural planning and selection of contractors, capacity building of contractors per component, operationalisation of 3 village-tests per province through the village development committees (VDC), the village planning methodology test in 47 units per province and the launching of invitations to tender for the preparation of development plans and execution of micro-infrastructure and income generating activities.

105. Other actions related to community development and support to production focused on the building of infrastructure, rural counselling and support to private agricultural groups. These actions include: (i) construction of 12 community houses, (ii) support to 42 community groups over the 10 provinces and support to 18 groups (CIG, NGO, EIG and other associations), (iii) rehabilitation of priority farm-to-market roads in the production basins of the Nyong and Sanaga,
East, Moungo, Lagdo, slopes of the Mount Cameroon, (iv) rehabilitation of the Sombo bridge, (v) construction of rural markets (Nkondjock and Mbere). 1200 primary ovens out of 2300 were improved within the framework of the cocoa dryer project carried out in the South-West province and in the Mungo Division. Actions carried out within the framework of rural development zone projects help cocoa producers exchange information on prices. This led to an increase in their income. The restructuring of 400 CIG and 39 unions of CIG also helped to improve the quality and quantity of production.

106. As part of actions taken to promote and support the development of professional and interprofessional organisations, MINAGRI, MINEPIA and the Chamber of Agriculture are currently drawing up a common programme to support agricultural professional structures in Cameroon (PASPA), in collaboration with producer organisations and support bodies. Moreover, there are other related programmes that are financed by the Japanese grant (PPAOP), the German GTZ (PGPA) and the French FSP (PARI project). All projects underway in the area have a component on the support of professional and interprofessional organisations.

• **Support to the development and organisation of priority sectors**

107. Priority programmes for the development of sectors have been launched. Only the National Programme on the Development of Roots and Tubers (PNDRT) was financed by a foreign donor. Other projects and programmes are financed under HIPC funds. However, current procedures on the award of public contracts are not adapted to the peculiarities of agricultural production, mainly as concerns acquisition of inputs and respect of agricultural calendar. This mitigates the results expected in terms of poverty alleviation in the very short term in rural areas and in terms of food security consolidation. The situation is as follows:

108. In the area of Roots and tubers, the national programme for the development of roots and tubers is (PNDRT) financed by FIDA. The steering committee and regional branches have been set up. The loan agreement has been signed. The working programme and annual budget have been prepared and submitted for validation by the members of the steering committee. The project on cassava seed/cutting multiplication financed by the FAO and MINAGRI is being executed. The project concerns 120,000 agricultural groups.

109. As concerns cocoa/coffee, the project “support to the protection of cocoa and coffee orchards” is financed under HIPC resources. An inventory of control material in phytosanitary brigades was conducted in 6 (six) provinces. Zones were awarded to the various contractors, while rural phytosanitary brigades of the Centre and North-West provinces received training. Moreover, pesticides were put at the disposal of provincial brigades then distributed to producer organisations. 45,000 hectares were treated in 2003.

110. As concerns rice, the project “revival of rice culture in the Logone valley” is financed under HIPC resources. Beneficiaries of the support in the four districts concerned (Yagoua, Maga, Kakai, Vele) have been identified and contracts have been signed for the execution of activities related to information and sensitisation. Studies were conducted for the definition of mechanisms for the establishment of a working capital to support the acquisition of inputs and marketing of the paddy. The Vonouloum Training Centre was rehabilitated to meet the needs of the project which concerns 210 producer groups for 5400 and 6200 hectares, respectively in Yahoua and Maga for an overall production of 812,000 tonnes of paddy in 2003.
111. As concerns palm oil, the project on the development of small-scale palm fields is financed under HIPC resources. The general collaboration agreement between the Ministry of Agriculture and the Union of Cameroon palm oil producers (UNEXPALM) has been signed. An invitation to tender for the supply of palm oil seedlings has been launched. The project aims at putting in place 8000 hectares of palm trees in three years and 3740 hectares in 2004 that is a hectare per producer. It should be added that thanks to the project PEPIPALM that ended on 30 June 2003, farmers now have at their disposal improved and high yielding young palm trees, of the “tenera” specie.

112. The project to revive the plantain culture is financed under HIPC resources. Research conducted in this area within the framework of the CARBAP project which is based in DJOMBE is well advanced. Plantain species and beneficiaries of support per agro-ecological zone have been identified in 7 (seven) provinces. Contracts are being awarded for the acquisition of insecticides and nematicides. Nurserymen were identified and trained. This mechanism will help to put in place 8000 hectares of plantains for a production of roughly 25000 tonnes in three years that is a hectare per producer.

113. In the market gardening sector, the project to develop basic seeds and seedlings is also financed under HIPC fund. NGOs and consultants were short listed in view of the establishment of a data base in eight provinces. Studies are underway to determine agricultural potentials of the East, Adamawa and Far-North provinces in terms of fruits and vegetable production. 1200 motor pumps worth CFAF 891,037,516 were purchased. The project will help to put in place 600 hectares in 2004 for 3000 rural producers thanks to the distribution of 1000 motor pumps per year.

114. Projects related to maize, tobacco (support to tobacco culture in the East province) and Irish potatoes in the North-West were declared eligible for HIPC financing. They will take off by the end of the year 2004.

115. Three projects are being executed at MINEPIA, while two others were declared eligible. This is still within the framework of HIPC financing. The first three projects concern support to the development of small-scale sea fishing, reduction of post-catch losses and control of trypanosomiasis and their carriers. Development of swine production and the small holder dairy development project will be executed by the end of the year 2004.

- Other actions for the promotion of the rural sector

116. The draft instrument relating to modalities for the functioning of the formula for the national distribution of proceeds from the annual forest tax due to councils and rural communities has been prepared and studies are going on to ensure its implementation.

117. As concerns the preparation and implementation of a rural water supply master plan, components have been identified. They include: agricultural water supply which concerns MINAGRI; rural water supply which involves MINMEE and pastoral water supply which
concerns MINEPIA. However, it should be pointed out that the project could not be completed within the time limit allowed by the PRSP matrix given the increased number of stakeholders involved and the complex nature of the task. However, MINAGRI has prepared the terms of reference of a study on the preparation of an agricultural water supply master plan. The invitation to tender for this purpose will be launched by the end of the first semester of 2004.

118. In the area of community-forest management, the instrument relating to the pre-emption right which is in force since February 2002 helped rural communities to exert their pre-emption right over 82 forests. The manual of procedures for award and for management norms of community forests has been adopted. Modalities for controlled exploitation within the framework of the implementation of streamlined plans of community forest management are applied since the signature and publication of the related decision. A platform was also put in place for the management of community forests. Moreover, 16 Community Management Hunting Areas (ZICG) were approved.

119. As concerns the regulation governing the exploitation of non-timber forest products (NTFP), a convention was signed to this effect between MINEF and FAO within the framework of the implementation of a project that aimed at preparing and adopting related instruments. The coordinator of the project has been designated. He has eight months to submit the instruments for adoption.

120. As concerns the improvement of fishery productivity, a provisional fishery station of 8 ponds was created. It has helped to produce 14800 restocking fishes that were distributed to 65 trained fish breeders. Moreover, techniques for the production of the African catfish “clarias gariepinus” in a farmer milieu and pre-grow-out of “heterotis nicotilus” restocking fishes caught in their natural milieu helped to increase the survival rate of these species in ponds. A strategic framework for a sustainable development of aquaculture was adopted in December 2003.

121. As concerns food security in the Northern provinces, beside projects financed under HIPC resources, the American Government made a special donation of rice worth CFAF 4 thousand million. The rice will be sold in domestic markets and income derived will help to finance minor agricultural development projects.

### 2.2.2 Development of the industrial sector

122. A draft paper of the industrial development sector strategy has been prepared.

123. The diagnosis study on the industrial sector conducted to identify and select sectors with growth potentials was completed. The following sectors were identified: textile, timber, energy and hydrocarbons, dynamic sectors (plantain, maize, oleaginous), configuration sectors (cocoa, coffee, and rubber), high technology sectors (shipbuilding, ICT, pharmaceuticals).

<table>
<thead>
<tr>
<th>About the strategy</th>
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<tr>
<td>The strategy lies on 6 (six) major pillars: (i) improvement of growth through exports and reinforcement of the productive apparatus, (ii) increased participation in international trade through a reinforcement of Cameroon’s presence in traditional markets and introduction into new markets, (iii) capitalization of benefits brought by the integration into sub-regional organisations, notably CEMAC, CEEAC and into the giant Nigerian market, (iv) setting up of an environment conducive to the development of the private sector, (v) development of a policy that promotes free competition in and out the country, as well as reliable and transparent institutions (vi) promotion of transfer of technologies and acquisition of technical skills.</td>
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124. The strategy on textile is under study. It is aimed at increasing local processing and at promoting processing industries in this area. A strategic audit was conducted in the structures of
CICAM. The report of the audit was approved by the Prime Minister, Head of Government. Some of the actions recommended in the short term are being executed, including sensitisation campaigns against fraud, counterfeiting, smuggling and creation of a Special Control Brigade.

125. As concerns standardisation and quality control, 250 national norms were prepared with 6 of them being compulsory. 34 enterprises were given a certification of conformity to these norms, 13 others were certified on the basis of the system applied by foreign bodies given the conformity of their products to international standards. National enterprises are sensitised on the stakes of “quality” on a permanent basis. To this effect, a national week on quality is organised by MINDIC on a yearly basis. A strategy paper for the preparation of a combined development strategy of SMEs/SMIs was prepared.

2.2.3 Development of tourism, cultural and support services to the production sector

- **Tourism**

126. The sector strategy of this sector is being finalised. The strategy comprises 6 (six) programmes, namely: (i) improvement of service quality and reduction in service costs, (ii) promotion and marketing of tourist products, (iii) upgrading of tourist products and creation of new products, (iv) maintenance, rehabilitation and construction of infrastructure, (v) tax and customs reforms, judiciary and institutional reforms and (vi) strengthening of partnership. The execution of these programmes will help increase the number of tourists in Cameroon and increase the flow of the foreign currency. It will also help to create stable and paid jobs which will help the tourist sector play its key role in the socio-economic development of the country.

127. As part of the programme for the organisation of sensitisation seminars on the insertion of young graduates in tourism jobs, 14 university lecturers received training in the teaching of tourism in vocational schools and universities within the framework of the programme on the tourist culture.

- **Cultural services**

128. The inventory of the cultural heritage is going on. The process to secure data gathered in 2001/2002 started in 2003. An international training seminar on the inventory of the fixed asset took place in Bafoussam in July 2003. The seminar was organised with the support of UNESCO, ICCROM, CRATER-AEG. Participants were drawn from 17 French – speaking countries south of the Sahara.
129. While waiting for the formulation and implementation of a combined strategy for the development of movie making, the Ministry of Culture contributed to the promotion of this activity through the following actions: (i) support to the training of young producers, (ii) financial support to movie makers, and (iii) implementation of co-production agreements with friendly countries, including France.

130. The rehabilitation of the national museum is effective. Works concern the front side of the building and the exhibition room located in the first floor. An invitation to tender was launched for works on the remaining blocks, including the rehabilitation of the fence, installation of a security system and acquisition of a generator.

- Promotion of finance intermediation

131. The Douala Stock Exchange is operational. All its technical components are ready. Two banks have been registered as intermediary service providers (PSI) and approval for the third bank is underway. Quotations will start shortly with Government bonds being quoted in private companies.

132. As concerns the restructuring of Micro Finance Institutions (MFI) it should be pointed out that since 13 April 2002, micro financed activities are regulated by the provisions of regulation No. 01/02/CEMAC/CIMAC/COBAC relating to conditions for operation and control of micro-finance activities in the CEMAC sub-region. This instrument institutes the regime of compulsory approval applicable by all types of MFI, as well as obligation for MFI to membership in a professional association. For the MFI created before the date of enforcement of CEMAC regulation, they have 3 years (the deadline expiring on 14 April 2005) to conform with the regulation. As concerns COOPEC, a mission is underway to check the effective close of activities for those that have been written off. The others must abide by COBAC regulation.

133. MFI created from 13 April 2002 must immediately abide by the regulation. They should operate only after obtaining an approval. The regulation instrument also specifies the boundaries between micro-finance and the traditional banking system. MFI can issue modes of payment that are valid in country where the MFI is set up and among institutions governed by the present regulation. They can establish compensation mechanisms relating to the modes of payment they have issued.

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<th>General Statistics on MFI as of December 2003</th>
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<tr>
<td>Number of application for approval</td>
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<tr>
<td>Registered institutions</td>
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<td>Including: CAMCCUL network:</td>
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<td>Independent institutions:</td>
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<td>- number of files rejected</td>
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<td>- files pending or sent back for additional information</td>
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<tr>
<td>- village-level fund network</td>
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<tr>
<td>- MC2 Mutual companies</td>
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<tr>
<td>Total of operational MFI:</td>
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134. Within the framework of the promotion of relations between MFI and commercial banks, the national micro-finance committee (CNMF) was authorised in January 2004 to propose the guidelines that will ensure partnership between the Central Bank, Commercial Banks and MFI.

135. The first incentive measures to the consolidation of the banking coverage of the country are focused on the tax relief of MFI. The latter will be used as relays of the banking sector in areas that can not cover the institutional costs of classical banks. As a matter of fact, at the time of the implementation of the new regulation governing CEMAC and given the nature of micro-finance activity which is centred mainly on poverty alleviation, it is of prime importance to review avenues for exceptional tax relief in favour of the micro-finance sector. Moreover, a review of
additional measures for popularisation and dissemination of tax aspects in the micro-finance sector will also be conducted.

136. The final report on the study of the financing policy of the agro-pastoral sector conducted in September 2001 has just been validated. The report falls within the framework of promoting actions for the development of financing structures and mechanisms suitable for the rural sector. The study recommends the preparation of a project for the financing of agriculture. The project will have a lifespan of 8 (eight) years and will be located at BEAC.

137. In addition, incentive measures for the development of financing structures and mechanisms have been identified, including a regime of tax and customs duty relief, the establishment of a task force within the various structures set up in view of following-up and supervising beneficiaries of credits, the setting up of an agro-pastoral insurance structure, tax exemption for agro-pastoral inputs, tax exemption for agricultural, pastoral and fisheries materials and subsidisation of interest to be renewed.

138. With regard to the promotion of decentralised finance systems, the following actions are underway: (i) implementation of specifications of MINAGRI as concerns the National Micro-Finance Support Programme (PPMF), (ii) professionalisation and consolidation of MFI networks in rural areas (MINAGRI/MIFED convention for the PCRD), (iii) financing the extension of networks to rural areas that do not have MFI (PCRD and MC2 financed under HIPC funds), (iv) Collection of first generation credits of FIMAC and their transfer to MFI to consolidate their liquidity and set up a national micro-finance committee.

139. More than CFAF 3 thousand million are available for the execution of the third phase of the Decentralised Rural Credit Project financed under HIPC and FIDA (PPMF). As a matter of fact, the Ministry of Agriculture and the Micro-finance Association signed a general collaboration convention as well as a decision for the disbursement of funds to finance activities of the project for the first semester of 2004. Other actions are carried out in view of creating new funds and launching studies for extensions.

140. A number of activities were carried out within the framework of the Investment Fund for Agricultural and Community Activities (FIMAC), including continuation of replenishment of first generation credits as they reach maturity and collection of outstanding loans. These actions helped to constitute a Rural Development Fund of CFAF 1 508 974 956 as of 1 December 2003. An amount of CFAF 662 773 847 has already been transferred to contract MFI. Loans granted to these MFI amount to CFAF 341 420 249. In all, 155 MFI benefited from this inflow of capital. However, only 142 contract MFI are still operating while 13 were closed for bankruptcy as a result of an exercise conducted by the Government with a view to restructuring the micro-finance sector.

141. In view of mobilising savings a project to support rural development micro-banks MC2 will be executed as from 2004 for four (4) consecutive years. The project will be financed under HIPC and FIDA (PPMF). The execution of the project falls in line with incentive mechanisms for the mobilisation of savings. These mechanisms were identified during the preliminary studies on the implementation of the PPMF. They consist in bringing rural funds close to the rural population, building the capacity in autonomous management of funds and establishing safes. Moreover, contract MFI of FIMAC mobilise savings derived from the financing of micro-projects of their clients.
2.3 BOOSTING THE PRIVATE SECTOR, THE DRIVING FORCE OF GROWTH AND PARTNER IN SOCIAL SERVICE PROVISION

142. Boosting the private sector is one of the key actions of the poverty alleviation strategy. As a matter of fact, it will revamp growth, ensure distribution, contribute to strengthen domestic savings and serve as a channel for foreign investors. This component of the strategy constitutes the link with the PRGF as it represents one of the major objectives.

143. Given the transversal nature of this dimension, it will be worth assessing the execution of this strategic aspiration, not only from the perspective of specific measures contained in the implementation matrix of the PRSP, but also in the light of the overall measures, which are also found in the other strategic pillars of the PRSP.

144. Thus, strong actions were carried out, notably in the area of the fight against dumping and smuggling, in the execution of major infrastructure projects in support to the industrial sector, in the building of capacities of SMEs/SMIs and in the suppression of factors that hamper the development of the private sector.

145. All these actions combined to the other specific actions on economic diversification (core area 2), structural reforms (core area 1), building of infrastructure (core area 4), upgrading of human resources (core area 6) and governance (core area 7) will surely contribute to the promotion of a dynamic private sector.

2.3.1 Fight against dumping and smuggling

146. Cameroon’s economy is seriously threatened by the dumping and smuggling phenomenon which affect mainly four products: textile, cement, flour, and sugar. According to a recent study, these ill practices will cripple our economy which has already recorded a loss of roughly CFAF 60 thousand million. As a matter of fact, locally processed sugar faces unfair competition by the sugar imported from Europe and Latin America. A kilo of this imported sugar costs almost half the price of Cameroonian sugar, CFAF 350 against CFAF 650. This led to a loss of about CFAF 7 thousand million at the level of SOSUCAM.

147. The textile Corporation, CICAM, is encountering the same problem. But here, the situation is aggravated with the phenomenon of counterfeiting. A counterfeit material costs CFAF 2200 in the market as against CFAF 5500 for the original CICAM material. As concerns flour, a fraudulently exported sack of flour costs CFAF 13,500 as against CFAF 22,000 for the locally produced flour. Cement is also facing unfair competition from the imported one.

148. Thus, during the first semester of 2004, the Minister of State in charge of Industrial and Commercial Development launched a sensitisation campaign on the negative effects of dumping and fraud. The campaign was extended to the 10 provinces of the country.

149. Moreover, as part of routine activities of MINDIC, there is the control of price and import legality conducted on a permanent basis by the control brigade in collaboration with customs services. As concerns textiles, this action has been prescribed among the short-term measures recommended in the report of the strategic audit conducted at CICAM. A special mixed control Brigade is being set up.
2.3.2 **Major infrastructure works in support to the private sector**

150. Actions conducted in this area concern the rehabilitation of the bridge over the Wouri River and the construction of a second bridge, rehabilitation of urban highways in Douala and Yaounde, maintenance of the priority road network and construction of roads to open up borders.

151. Rehabilitation works on the Wouri Bridge have entered into their active phase. Foundation works took off in December 2003, while works on the surface course started in April 2004. In order to limit the number of inconveniences related to the restricted traffic, parking lots have been created on both sides of the river in Deido and Bonaberi. An urban transport company (SOCATUR) was selected to ensure transhipment of passengers.

152. This important project will ease traffic in Douala and it will have a positive impact on the economy. Economic analysis revealed that as concerns transport of goods and services, domestic gas represented 8% of goods transported for a volume of 1,210,000 m³; while banana represented 24.8% and cement 74.3%. Traffic on the Wouri Bridge also includes trains (two trains per day), tourism and utility vehicles (17,000 vehicles per day with 76% representing cabs) and trucks (32,000 vehicles per day, with 4.7% of heavy trucks).

153. Feasibility and APS studies are completed for the construction of the second bridge. The construction file is being prepared. The construction of this second bridge could be done through a concession.

154. The World Bank, through the IDA credit, is supporting the Douala infrastructure project which is aimed at improving the competitiveness of this town, notably the port zone. The project is made up of three components:

155. Rehabilitation of 23 km-long urban roads for an estimated cost of USD 58.13 million, with 46.50 million under the IDA financing. The award of these contracts is being completed (non objection of the IDA expected);

- Preparation of the Cameroon urban development strategy for the amount of USD 3.5 million through various studies;
- Functioning of the Unit in charge of the execution of the project (USD 0.35 million, with USD 0.25 million of the IDA)

156. The Ministry of Public Works supports SME under its area of activity in view of grouping them into professional associations. Thus, a workshop seminar on the planning of support activities to SMEs and associations in the sector was held from 3 to 4 September 2003. Similarly, a workshop seminar on associative management was organised on 18 and 19 November 2003. MINTP also gave material and financial support to all the associations in the sector.

157. Training and information workshops were also organised to support private stakeholders in building and civil engineering. These were held in Public works craft centres (CMTP) (4 in Garoua and 2 in Akonolinga). Similarly, 25 seminars on further training of professionals of the public works sector were organised as part of activities of the PERFED II Programme.

158. Within the framework of the partnership between the public and the private sectors, the Minister of Public Works chaired the Infrastructure Committee enlarged to the private sector held in Douala from 22 to 23 April 2003 during which the issue of the financing of infrastructure with the Build-Operate and Transfer (BOT) system was raised. It is in this spirit that the current project to bypass the Douala town, with a second bridge over the Wouri River is being prepared. Studies related thereto are underway.
In 2003, there was a continuation of construction work on highway roads linking borders. The following actions were recorded: reception of the section Ambam-Kyé-ossi – Equatorial Guinea border, continuation of the rehabilitation of the Ngaoundere – Touboro– Moundou road and take off the tarring of the Ambam - Eking Gabon border road. Exchanges with the neighbouring Gabon and Equatorial Guinea are booming again and this can be perceived through the opening of border markets in Abang Minko and Kyé-Ossi. These markets are now operational and help Cameroonian sell their agricultural products and this contributes to the reinforcement of the private sector.

Works on the first phase of the Ayos-Bonis road, notably the Ayos-Abong - Mbang section will take off in June 2004. The estimated cost is 19 thousand million. Also in the pipeline is the rehabilitation of the Yaounde - Ayos road (9 thousand million) and the Garoua - Maroua road (30 thousand million). Rehabilitation studies have just been completed. The study on the Garoua Boulaï – Meiganga - Ngaoundere is being conducted and works may be financed under the first C2D.

As concerns the Yaounde – Kribi road the search of financing is going on. Funds for the financing of the section Yaounde - Olama Bridge are available thanks to the support of the Kuwaiti fund. Studies are completed for the Bamenda - Mamfe – Ekok road. The Government is currently seeking for financing for this important project.

Beside these actions, the construction of the Chad-Cameroon pipeline is completed and operational. Along the terminal, the installation of the optical fibre will help Cameroon align itself to information and communication technologies. Commercial opportunities brought by the exploitation of this cable are considerable.

Moreover, and in a more general sense, a task force made of professionals of the private sector, in collaboration with MINTP, MINVILLE, the Douala City Council and the Yaounde City Council will be set up in 2004 in view of identifying industrial infrastructure.

### 2.3.3 Suppressing obstacles to the development of the private sector

The Interministerial Committee enlarged to the private sector held its meeting in Douala on 22 and 23 April 2003, chaired by the Prime Minister, Head of Government. The meeting gathered a wide range of personalities among whom eleven members of government, the President of the Chamber of Commerce, Industry, Mines and Handicraft, Presidents of GICAM, MECAM, GFAC and APECAM. Trade unions, socio-professional groups and many foreign business persons also took part in the meeting. Several themes figured on the agenda. More specifically, problems that hinder the development of the private sector were identified and reviewed on this occasion. These problems include:

- Power shortage;
- The quality of road and telecommunications infrastructure;
- Tax related problems;
- Governance.

All these issues are duly considered and placed at the centre of the PRSP action. Government responses to these preoccupations are translated at the level of sectors by relevant strategic pillars of the PRSP: we can point out the construction of the Limbe Thermal Plant, highways earlier mentioned, the maintenance of the road network, presented in the section devoted to infrastructure, etc.
Thus, dialogue with the private sector is a constant policy of the government. To this end, an Interministerial Committee Enlarged to the Private Sector is scheduled for the end of April 2004. On the agenda is the evaluation of the state of implementation of the main recommendations of the April 2003 committee.

### 2.3.4 Maintenance and shipbuilding

167. Following the take-over of the UIC Company, the Cameroon Shipyard and Industrial Engineering Limited has become the focal point for shipbuilding and petroleum platforms in Sub-Saharan Africa. The increase in activities is at the origin of the transfer of a great part of its facilities to Limbe with a view to taking advantage of the draught of water.

168. Syndustricam signed a protocol agreement with a group based in the Rhône Alpes Region in France. The group is specialised in metallic industry. The agreement aims at ensuring the development of industrial maintenance.

169. A draft convention was prepared in view of establishing a programme for the maintenance of the railway sector. The programme dubbed HY-RAIL involves the Cameroon Railways (CAMRAIL) and a Canadian firm. The structure in charge of the execution of this programme has already been set up.

### 2.3.5 Nursery of enterprises

170. Ten regional reports were prepared to define the framework and to identify the needs and potentialities. This is part of activities that mark the implementation of the programme of nursery of enterprises.

171. At the end of the complementary study conducted after preliminary studies that helped to identify the needs and opportunities, UNIDO made the proposal to launch the first phase of the creation of nursery of enterprises in Yaoundé and Douala.

172. A team of consultants made up of two Cameroonian-born experts and one international expert was recruited. The team is working to reshape the project in view of obtaining HIPC financing. A draft paper is being prepared. It provides for technical assistance from UNIDO for at least two years.

173. The paper allows for the execution of two Nursery Enterprise Initiatives (IPE) in Douala and Yaoundé for the Littoral and Centre provinces. Each IPE represents a little structure within which project owners are assisted, guided and counselled. The structure must generate income in order to gradually cover an important part of its recurrent costs. Three bodies are in charge of the functioning of the structure, namely the Coordination Committee, the Follow-up Committee and the Directorate.

### 2.3.6 Implementing the Investment Charter

174. Draft instruments regulating the organisation and functioning of the Regulation and Competitiveness Board and the Investment Promotion Agency are pending signature. The Decree to regulate the organisation of the Industrial Partnership Council was signed by the Prime Minister, Head of Government.
2.3.7 Other measures to boost the private sector

175. As concerns the capacity building of private sector associations, activities of the Chamber of Commerce were launched in January 2003 with the installation of its bureau. The plenary session of the Chamber took place on 18 December 2003. The first seminar on capacity building was organised in Kribi in September/October 2003.

176. Consultation Committees will be set up during the first semester of 2004 to increase the involvement of the private sector in the area of vocational training. This will be done in conjunction with the Ministry of Technical Education and Vocational Training and the Ministry of Higher Education, with the collaboration of private sector representatives and training institutions. Works will be conducted for programmes on continuing in-service training with regard to the needs of enterprises.

177. Meanwhile, consultation meetings are being organised between the Ministry of Industrial and Commercial Development and the Ministry of Public Health to promote the industry of generic drugs. Negotiations are also underway with Canadian firms for the manufacturing of these drugs. A forum between Canada and Cameroon is under preparation with the support of the AIPO. Incentive measures will be identified within the framework of the implementation of the Investment Charter (preparation of a code for the sector).

178. In the area of agriculture, a firm was built in Kribi for the manufacture of agricultural materials. The operation was carried out thanks to the support of the Chinese cooperation. What remains to be done now is to adapt the machines manufactured in this firm to the ecological conditions of the milieu.

2.3.8 Transversal actions to boost the private sector

179. Evaluation of this section should be focused not only on its specific actions but also on the main achievements of other strategic core areas.

180. Consolidation of macro economic performance and continuation of structural reforms, notably the privatisation process and respect of Government commitments as concerns debt management contribute to maintain a climate of trust with business persons and to establish an environment conducive to private investments.

181. Similarly, support actions to the rural sector (support to farmers associations), to the industrial and service sectors (tourism, ICT, finance intermediation, etc.) help build the capacities of the private sector in these areas in view of improving its performance.

182. Building of human and social capacities will ensure the training in human resources necessary for high performance. To this end, the satisfactory implementation of strategies of the education and health sectors will contribute to ensure the competitiveness of Cameroonian enterprises.

183. Improvement of governance enables private enterprises to be competitive. Concrete actions carried out during the first year of implementation of the PRSP suggest an improvement of the condition of the private sector, though concrete results are still mitigated. These actions include: combat against corruption, speeding up of deadlines and procedures of the judiciary, reform of the security of people and goods.
184. The conclusion to make at the end of this cross-look on both the specific measures of this core area and the transversal measures is that execution has started satisfactorily. Major achievements made will be consolidated thanks to the completion of the process to establish an incentive mechanism for investments through the implementation of the Investment Charter.
### 2.4 DEVELOPING INFRASTRUCTURE AND NATURAL RESOURCES AND PROTECTING THE ENVIRONMENT

185. Participatory consultation meetings conducted to assess the state of poverty revealed that for an important segment of the population, poverty can be perceived by the difficulty in accessing potable water, electricity, basic commodities, roads and means of communication, etc. Yet, in the existence of good roads, the rural population can easily convey their products to markets. This promotes economic activities which generate income for these populations. Moreover, the national television, radio and telephone coverage will ensure good information for the rural population. The promotion of information and communication technologies will ensure access by the poor to quality information on health, agriculture, etc thanks to the internet. To be consistent with population demands, a number of measures grouped around core area n°4 were provided for within the framework of the poverty alleviation strategy under the component “Development of basic infrastructure and natural resources and protection of the environment”. After one year of implementation of some of these measures, an assessment can be made of the work done so far.

#### 2.4.1 Basic infrastructure

- **Rehabilitation of the national road network and urban highways**

186. The Ministry of Public Works focused its action this year on the recurrent and punctual maintenance of the national road network (studies, and construction or rehabilitation works) on the basis of an investment budget of CFAF 22,624,272 million in 2003 (including additional HIPC resources). This brought the level of consumption to 38%. Meanwhile, road maintenance works financed under road fund resources were estimated at CFAF 22 thousand million, excluding VAT.

187. Information gathered from the Ministry of Housing and Town Planning revealed that there has been a considerable improvement in the area of road maintenance for the past years thanks to combined efforts made by the Government (structural reforms, stabilisation of public finance, etc) and by the international financial community (HIPC resources). This situation is different from the one observed in the past decades where road maintenance remained at a standstill in urban areas with a predominance of earth roads (72%) over paved roads (28%).

188. Thus, CFAF 475 million were earmarked for the tarring of roads in 5 secondary towns of the country. Meanwhile, an important programme for the maintenance of urban roads was executed in 24 secondary towns.

189. In the Ministry of Urban Affairs, the rehabilitation of the Douala infrastructure and highways was programmed. The cost of the operation is estimated at CFAF 1,85 thousand million (FDA and IDA). The development of roads and slopes in Kousseri, as well as Douala and Yaoundé highways is proceeding smoothly. Contracts are being awarded for the maintenance of other urban highways in the other towns.

190. Several projects were executed within the framework of special emergency interventions including the development of roads in Bertoua, Foumban, Limbe, Maroua and Bamenda. Though there were some problems encountered as concerns basic infrastructure, actions carried out accelerated the movement towards the achievement of the goals targeted for this first year of
implementation of the PRSP. All stakeholders in the process are determined to work as twice as hard to increase the overall level of execution.

A few achievements in the rehabilitation of the road network and urban highways

1. The national network
In line with the general objective of the PRSP which is the development and safeguarding of the road network and while awaiting for the completion and approval of the national road master plan, 13,950km of roads were maintained out of the 17,421km scheduled for the priority road network, representing an execution rate of 80% broken down as follows:

- 3,500km of rural roads out of the 3,900 programmed, representing 90%;
- 5,400km of earth roads out of the 6,900 programmed, representing 78.26%;
- 1,846km of tarred roads out of the 2,595km programmed, representing 71.14%;
- 320km of length man system on the paved roads out of the 4,026km programmed.

Moreover, 2,500km of roads of the non-priority network, 64 bridges, 6 inverts and 22 ferries are under maintenance as part of special emergency interventions. As concerns access roads financed under HIPC resources, studies conducted concern a section of 7,500km out of 6,700km earlier programmed, representing a surplus of 800km. Works programmed for the 2001/2002 financial year in the Centre province were pursued and completed in 2003.

As concerns investment operations, 7 working sites were completed while 18 others are 50% executed. However, given the current state of the road network, the Government undertook rehabilitation studies for a number of highways. Thus, 5 road studies are completed while 12 others are in a satisfactory state of advancement that is 60%.

Mechanisms are being put in place in view of mobilising funds for the execution of related works. These include the reform of instruments pertaining to the road fund and aiming at increasing its resources and at creating a second service for the financing of rehabilitation works. These instruments, as well as bills on decentralisation will be tabled at the June 2004 session of the National Assembly. Moreover, studies on the road master plan and completion of the strategy for transport infrastructure are underway. All these reforms will enable the disbursement of some funds (PAIDER, C2D...) and increase the resources of the road fund in view of improving the state of the network.

1. Urban roads

74,620 linear meters of urban roads benefited from the State intervention during the 2003 financial year in terms of tarring, maintenance, rehabilitation of streets or development of urban roads. All the 10 provinces are concerned as seen below:

<table>
<thead>
<tr>
<th>Province</th>
<th>Length (lm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adamawa</td>
<td>700lm</td>
</tr>
<tr>
<td>Centre</td>
<td>27,610lm</td>
</tr>
<tr>
<td>East</td>
<td>1000lm</td>
</tr>
<tr>
<td>Far North</td>
<td>3100lm</td>
</tr>
<tr>
<td>Littoral</td>
<td>34,410lm</td>
</tr>
<tr>
<td>North</td>
<td>1500lm</td>
</tr>
<tr>
<td>North-West</td>
<td>500lm</td>
</tr>
<tr>
<td>West</td>
<td>3800lm</td>
</tr>
<tr>
<td>South</td>
<td>100lm</td>
</tr>
<tr>
<td>South-West</td>
<td>1000lm</td>
</tr>
</tbody>
</table>

- **Use of labour-intensive techniques**

191. A draft declaration of the strategy for the use of Labour–Intensive Techniques is under preparation. It will be validated by the different ministers concerned. During a meeting held by the Committee in charge of the follow-up of the implementation of the PRSP, it was recommended to associate the Ministry in charge of Employment in this exercise.
• **Sanitation**

192. In line with the PRSP, sanitation measures in urban and semi urban areas allow for the treatment of sewage and solid waste, extension of the primary water draining network and construction of new sewage treatment stations. To this effect, the Ministry of Urban Affairs is preparing a programme financed by the ADB. The programme covers the various components of sanitation in Yaoundé, in chief-towns and in towns under the supervision of this Ministry. The programme aims at improving the living environment in towns through the disposal and treatment of liquid and solid waste. The following operations have already been retained:

- Drainage of primary networks: 602.1 lm of drains installed and gutters cleaned up, 61 lm of scuppers, 5.4 l km of drains and 12 lm of bridge constructed, as well as current drainage works in the Mfoundi river conducted by the Yaoundé City Council;
- Treatment of sewage: with the “poverty alleviation programme in urban areas” launched in 2003;
- Treatment of solid waste: within the framework of consultation among the Ministry of Territorial Administration, local government and the company in charge of waste disposal (HYSACAM).
- The results are generally satisfactory.

• **Access to housing**

193. Public housing is part of the vast national programme on strategies for building and civil engineering works. To that end, several sites were developed by the Crédit Foncier which also built houses on these sites to facilitate access to housing. This action is extended to the private sector where several promoters are mobilised to meet at least part of the demand for houses. The housing sub-sector offers 500,000 houses, including 300,000 in urban areas. Two sectors are striving to fill the gap in this area: the formal sector which includes the following corporations SIC, MAETUR, CFC and the informal or popular sector which accounts for 85% of the volume of houses built. The mechanisms and techniques used by the latter still needs to be improved.

194. The formal sector is made up of two major groups of stakeholders: 1) the Government, local authorities and attached bodies, representing institutional stakeholders; 2) architects, real estate promoters, real estate agents, domestic and foreign finance institutions, planners, who represent non institutional stakeholders. Their expertise is helpful, especially as they improve on the quality of houses by respecting the standards of building and town planning rules. However, the major problem in the area of housing is lack of professionalism. As a matter of fact, people gradually build houses themselves depending on the availability of means and materials.

2.4.2 **Telecommunications, information and communication technologies**

a) **New technologies of information and communication (NTIC)**

- **Intergovernmental communication network**

195. The establishment of an intergovernmental communication network entails acquisition of PABX equipment by the various ministries for their inter connexion to be conducted by the Ministry of Posts and Telecommunications, as well as PC and browsers for data network. The
various ministers have been sensitized on this necessity and as a result, several ministries now have their operational web sites.

- **Community telecentres**

196. The aim of the installation of community telecentres in 92 localities in rural areas was to establish common infrastructure whose role will be to provide information and communication services in view of improving the living conditions of the population, on the one hand, and to create jobs and income generating activities to alleviate poverty, on the other. The construction of buildings that will host the sixteen pilot telecentres took off and works are progressing smoothly. However, their completion depends on the disbursement of related funds. Contracts relating to the supply of furniture, internal and access equipment have been awarded. This phase will probably be completed during the first semester of 2004 and access to the satellite is envisaged for the third semester of 2004. The project on the installation of 144 community telecentres was validated for the 2004 financial year.

- **Access to NTIC in schools**

197. The Head of State helped some government secondary schools set up their computer centres. This was an experimental operation. However, a technical study was conducted in view of equipping government secondary schools with computers. Acquisition of the first computers will start in 2004. However, the strategy for the training of students will start with the training of supervisors (teachers, senior staff of the Ministry of Education…). This will guarantee a supervised training in the mid and long terms, as well as the quality of services.

198. In higher education, all universities have computer centres or classrooms visited by students. Multimedia resource centres should be added to the list of achievements. In the University of Yaoundé for instance, there is at least one computer for 100 students. The Ministry of Higher Education also launched a programme which will help each lecturer have a computer at his disposal. The programme was launched in 2003 and is proceeding.

**b) Telecommunications**

- **Reinforcement of telephone capacities**

199. CAMTEL is equipped with 42 telephone exchange centres (including 15 digital ones in Douala, Yaoundé and in the South-West province) and as much as local networks for a pool of 140,200 telephone lines. INTELSAT and IMMARSAT are associated with CAMTEL to offer data flow as well as sound and image broadcasting by VSAT and by small portable units thanks to their satellites.

200. Studies to extend the capacities of the Yaoundé and Douala telephone exchange centres and digitalisation of the North and South exchange centres are completed. Procedures for the award of contracts are underway. The number of subscribers was 140,000 as of 31 March 2004 as against 100,000 in October 2003 for the fixed phone. This number is estimated at 650,000 for each of the mobile phone operators, namely MTN and Orange as against 475,000 and 525,000 as of 10 October 2003, respectively.

- **The optical cable**

201. Thanks to the optical cable acquired in Douala (Bonabéri) in 2002, it is now possible to efficiently meet the national demand in NTIC. This latest technique will bring several advantages, including easy connexion to the high speed internet, telecommunications with the
world with a channel different from the satellite, densification and mostly reliability of the national network without neither congestion nor tone problems. This vast programme will be completed in 2005 but for now, fourteen outlets are programmed on this cable to enable connexions with the rest of the country. The system of the optical fibre will be channelled along the Chad-Cameroon pipeline;

c) Communication

- Multimedia community centres

202. This file was first of all programmed under HIPC resources and was declared eligible by the competent Committee. However, since the Committee did not make any programming for the 2004 financial year, the project was forwarded to the national UNESCO Committee in view of its submission to the biannual programme of this institution in Paris.

- Extension of the rural radio programme

203. This programme was initially designed for governance activities to enable the rural population freely express their opinion in their region. Today, rural radios have become a means of socialisation and resolution of problems in these communities with a view to alleviating poverty. About fifteen rural radios are operational and thirty others are being installed. The file relating to the extension of the rural radio programme was submitted for UNFPA, UNESCO and UNICEF financing.

2.4.3 Management of natural resources and the environment

a) Management of natural resources

- Access to potable water

204. Access to potable water is seen by Cameroonian as a major element in improving on the living standards, which reduces the level of poverty. The needs of the rural areas remain considerable when compared to those of the urban areas. To solve this problem by the year 2025, several programmes are carried out each year in the area of water supply, semi water supply, construction of boreholes and wells. Activities of the Rural II water project have been intensified. The terms of reference of the zonal strategy for water have been conceived and two workshops were organized to validate this document. Major efforts are concentrated in the northern part of the country which has a low water potential.

205. Meanwhile, from the HIPC resources, CFA francs 3.5 thousand million was utilized in 2001/2002 for the construction of 376 boreholes. In the year 2003, a two thousand million CFA worth of contracts was signed within the framework of the Rural II Water Project for the construction of 169 boreholes.

206. It is equally important to underline the following activities carried out in 2003:

- feasibility studies for the extension of the Messa Mendongo water supply;
- the Mokolo-Mora water supply project;
- the reactivation of water points in the Adamawa, North and Far North Provinces;
- the construction of 400 boreholes in 7 provinces (IDB);
- the SOA water supply project (Belgium);
- the rehabilitation of fountains in the Sanaga Maritime Division. (Belgium);
- the rehabilitation of the Maroua water supply (Belgium)
- the rehabilitation of SCANWATER Stations
- support from SNEC for the improvement of water production and treatment stations;
- the realization of the CHUNGHE and KURUBEI potable water projects. Etc.

- **Access to electrical Power**

207. In the area of electricity, two programmes are currently underway within the framework of the 2003 budget:

208. CFA1.517 thousand million is funded by the PIB as follows:
- 0.2 thousand million CFAF for the extension of the MT network;
- CFAF 1.317 thousand million for rural electrification (130 projects distributed throughout the 10 provinces)

209. In 2003, CFAF 2.5 thousand million was obtained from the HIPC funding for 85 localities distributed as follows:
- decentralized rural electrification projects (DRE) through generators and associated networks graded according to their needs;
- conventional electrification projects for MT and BT network extension through the use of appropriate transformers (triple phase or single phase transformers).

- **Access to domestic gas.**

210. The situation of shortage improved relatively in 2003 thanks to the combined efforts of government and professionals of the sector who made it possible to master the intricacies of the domestic gas market. Henceforth, the market is constantly supplied through local production and imports. A storage and distribution centre for GPL is currently being constructed to find out the rate of access of the population to domestic gas. The findings of this study are important not only because of the use of firewood as a source of heat energy by the rural poor people, but also to envisage, within the framework of poverty reduction, the use of domestic gas for lighting and cooking in rural areas especially in the three northern provinces which are considered ecologically fragile.

- **Mineral resources**

211. Today, there are codes governing mining, petroleum and gas. The respective implementation instruments of codes have been signed, which make it possible to regulate and effectively promote research and exploitation of solid mines and hydrocarbons. A mineral plan has been made as well as a geological map.

212. All these constitute proof of the fact that the mining sector is today entirely organized. Government surveillance missions are organized regularly. Control sheets as well as terms of reference and several permits for the exploration and exploitation of deposits were granted.

213. In the area of handicraft, the CAPAM (support framework for the promotion of mining) was created alongside the programme for institutional capacity building. It currently involves 20 common initiative groups (GECAMINES) comprising 50 persons each. Furthermore, a joint venture agreement was signed between CAPAM and South African and Danish investors under
CAMS mining. There is however a need to formalize the production chain in this activity because of the presence of traffickers. There is also the need to set up a security network to protect these areas and ensure the control of persons. Nevertheless, the organization and grouping of craftsmen in GECAMINES is currently going on. Considerable support for the exploitation of products of small scale mining, including their marketing would contribute to the improvement of living conditions and life style of the people concerned.

b) Environmental Protection

214. In Cameroon, the policy of environmental protection is implemented by the Ministry of Environment and Forestry, through the Permanent Secretariat for the Environment (PSE). The provisions of the outline law relating to environmental management make environmental assessment compulsory, before the setting-up of any project which may have an impact on the environment. MINEF activities on the environment are not only limited to rational management and sustainable development but also to the fight against poverty as a result of the increase in the productivity of environmental services. The improvement of environmental activities induces the creation and multiplication of micro-projects and micro enterprises. It involves donors both at the national and international levels.

• Biodiversity

215. Cameroon’s biodiversity is indisputably one of the richest and most varied in Africa (source FAO). This biodiversity (representative of 90% of Africa’s ecosystem) plays an important role in the food balance of both the rural and urban populations. Government’s option to protect biodiversity has made possible the creation of a network of protected areas whose total land area covers 15.2% of the country. Three of these protected areas are known as reserves of the biosphere. The contribution of protected areas (PA) and forests classified in the economy must be assessed appropriately.
2.5 SPEEDING UP REGIONAL INTEGRATION IN THE CEMAC SUBREGION

216. Cameroon constitutes an important pillar of growth within the CEMAC region. The country shall adopt a strategy of transparency and cooperation within CEMAC in order to expand her markets and ensure global competitiveness in this area in relation to the rest of the world. This policy of transparency can induce major multiplier effects and, depending on the type of shocks, which affect the different countries, it could ensure greater stability and intensity in growth.

217. Cameroon is committed to maintaining budgetary discipline as indicated by the convergence criteria, strengthening financial and inter-bank transactions and improving on physical infrastructure in order to facilitate a better integration of labour markets, goods and capital. Cameroon intends to rely on NEPAD to boost regional integration.

218. At the level of monetary policy, it is encouraging to notice that the net position of the government changed from CFA F 380.6 thousand million in December 2002 to 369 thousand million in December 2003. Furthermore, the balance sheet as at 31 December 2003 shows a rate of coverage of engagements seen from external assets at 48.7%, whereas the minimum required by BEAC regulations is 20%. Cameroon thus plays an important role in the reconstitution of net external assets of the BEAC zone.

219. At the end of 2003, Cameroon fulfilled the four criteria for multilateral convergence of the CEMAC zone thus:

- the budget balance attained 208 thousand million in December which is 3.9% of the GDP; according to the norms of the community, this balance has to be positive or zero.
- With a total public debt– GDP ratio of 61%, the country has recorded a better performance than the standard laid down by CEMAC norms, which stands at 70%;
- The inflation rate stood at 0.6% in 2003 which is far below the standard of 3% fixed by the community;
- Lastly, Cameroon did not accumulate any arrears in the payment of public debts in 2003.

220. With regard to the mobility of factors of production, it can be said that capital circulation at the regional level remains limited, while waiting for the newly created financial markets in Cameroon and Gabon to go operational. In fact, only an effective functioning of these financial markets would reveal opportunities and make it possible to mobilize savings at the regional level. The mobility of labour remains equally limited because of national legislations (entry visa, a visa from the Ministry of Labour for contracts, residence permits, etc). However, the OHADA uniform act, which is still being drafted, could in its own way contribute in facilitating mobility of labour.

221. Thanks to the support of development partners, notably the European Union, in the form of Loans and grants, a number of roads which fall within the framework of the priority network of regional roads have been, or are in the process of being accomplished; they include:

- the Batouri-Garoua Boulai highway (linking the borders with the Central African Republic), already realized;
- the Ngoundere – Touboro – Moundou road (linking the borders with Chad) in the process of completion;
- the development of the Gabon – Equatorial Guinea – Cameroon valley which is about to be completed.

222. Cameroon’s exports to the CEMAC region have been on a net increase for the past four years. For the year 2003, it stood at CFAF 88.4 thousand million representing 6.8% of total exports in value as against 71.6 thousand million in 2002, representing 5.7% of total exports. Similarly, imports are on the increase from 21.6 thousand million (1.7% of imports value) in 2002, to 25.3 thousand million (2% of imports) in 2003. These imports are made up basically of crude oil from Equatorial Guinea.

223. It, however, seems that economies of CEMAC countries are not well integrated to one another and this has affected intra-regional trade, in spite of the generalized preferential tariff system put in place since 1994, which was expected to improve on this situation.
2.6 BUILDING HUMAN CAPACITIES AND DEVELOPING THE SOCIAL SECTOR

224. Cameroon’s population was estimated at 15.5 million inhabitants in 2002 with an average age of 22 years. It is thus a very young population and grows at an average rate estimated at 3% per year. At this rate, it would attain 24 million inhabitants by the year 2015. This rapid growth consequently requires acceleration in the creation of resources to satisfy the basic needs of the population and facilitate their access to basic social services.

225. Faced with this challenge, the national policy on population, revised and adopted in March 2002, lays emphasis on a balance between population growth, the continuous development of human resources and the availability and accessibility of resources. It aims in particular at: (I) improving on the health of the population in general and that of mothers and children in particular, (II) promoting basic education for all, including the girl child, (III) promoting the fight against unemployment, (IV) promoting equality and equity between the sexes, (V) environmental protection (VI) improving on conditions necessary for the development and safety of the family and the individual.

2.6.1 Implementing the strategy on education

226. The implementation of four programmes to improve on the access, the quality of teaching, partnership, management and governance within the purview of universal primary education makes it possible to look into the future with greater optimism with regards to education in Cameroon.

227. In fact, the abolition of the payment of fees in government primary schools and sensitization activities on the need to send children to school and the involvement of local councils, NGOs and families in the funding of primary education has led to an increase in the enrolment rate of 90% in the year 2000, and 96% in 2003. The report on the state of the national education system (KESEN) and the updating of the school map make it possible to realize that the parity ratio of boys/girls and the rate of school attendance have improved respectively from 0.85 to 0.9 and from 75.2% to 80% during the same period.

228. To meet this increased demand for education, the government has undertaken a vast recruitment programme of part time teachers (4836 for the year 2003 alone) with a career profile envisaged in terms of future absorption into the public service, construction and rehabilitation of classrooms (4278 in primary education and 385 in Secondary General education.)

229. With regard particularly to construction, 2800 classrooms were constructed and handed down, 718 others are about to be completed. At the same time, the government is involved at the provincial level, in constructions to house the decentralized structures of personnel management. The horizontal level of this decentralized management which consists in sending back to MIMEDUC some people who at one time worked in MINFIB and in MINFOPRA is today in force through the SIGIPES project. Furthermore, after adopting the principle that repeaters have no effect on the quality but rather a negative effect on the quantitative coverage of the system, the government, after having revised the programmes of the primary cycle and which now involves three sub-cycles (sil/cl1 + cp/cl2; CE1/cl3 + CE2/CL4; CM1/CL5 + CM2/CL6/CL7, experimented successfully the reduction of school dropouts in the Education II Project. This pilot phase involves schools in the Centre, South, West, North-West and South-West Provinces and shall be extended to all the other provinces of the country.
230. Special attention is focused on some parts of the country characterized by poor school attendance which is prejudicial to the harmonious development of the country. Classified under the concept of priority educational zones (PEZ), these zones which include the northern provinces, the East province, the border zones and areas of poor school attendance in the two major metropolises (Douala and Yaoundé) are privileged in different grants (construction and rehabilitation of classrooms; posting of teachers…). For the September/October 2003 School reopening alone, 1,183,285 basic school textbooks (estimated at CFAF 2,028,689,784) were distributed to primary school children in these areas. Furthermore, several scholarships were granted to children from these PEZ in order to stimulate effort and support education.

231. The involvement of private partners in providing education has been reaffirmed through a government statement on private education. Similarly, a new draft bill drafted in conjunction with the civil society will, after its adoption by the National Assembly and its promulgation into law, make it possible to restructure this component of the educational system. As a prelude to this reorganization, the government has carried out an audit of debts affecting the smooth running of private education; this is in a bid to seek lasting solutions to the debt problem. Furthermore, the government provides subsidies regularly to private education to the tune of CFAF 4 thousand million per year to serve as a supplement to the payment of salaries of permanent teachers.

232. With regard to the improvement of management and governance, which is jointly followed closely by the Inspectorate General of Administration in MINEDUC (a structure whose personnel and logistics have been reinforced), and the governance observatory, it is implemented through the creation and setting up of school councils. They are called upon to see to the local running of school activities. By way of illustration of the governance activities in the school milieu, the list of students and officials suspended for offences committed during official exams is published regularly in the national daily ‘Cameroon Tribune’.

233. Secondary general education, which receives the influx of transition from primary to secondary education is not left out: the achievements up to this point are in line with forecasts i.e. the systematic recruitment of graduates of the Higher Teachers Training College (ENS) (1450 new teachers of the 41st batch recruited in 2003), on-going revision of academic programmes with a view to restructuring the first cycle into two sub cycles.
234. Technical and vocational education is being organized through the creation of the Ministry of Technical Education and Vocational Training in 2002. Its mission is to ensure the training of nationals making them competitive. This challenge which is clearly defined in the organizational chart of the ministry is being included in a ministerial strategy which will outline its basic guidelines.

235. Higher education is becoming more evident in both technical and technological/vocational training while at the same time developing dialogue mechanisms between research institutions, universities, institutes of technology and higher institutions in order to make appropriate use of results acquired from research and development. In its promotion mission supported by human resources, special attention is paid to the improvement of the quality of teaching. Similarly, studies have been carried out in order to facilitate and spread distant, alternate, and continuous education.

2.6.2 Implementing the health strategy

236. The Improvement of the state of health of the people through better treatment of targeted illnesses is being organized through specific programmes.

237. Malaria control is going on with a training component, which is being deployed progressively and is combined with the provision of households with treatment kits. As at now, contracts have been awarded for the purchase of 810,000 mosquito nets. Furthermore, 150,000 mosquito nets have already been acquired, of which 72,000 are specially treated and distributed freely to pregnant women during their second consultation. The reception, treatment and distribution of the remainder of mosquito nets is going on. It is funded by the HIPC initiative in accordance with an emergency media plan drawn up by a team of sociologists and specialists in communication. Furthermore, a strategy for the distribution of special mosquito nets has been drawn up with the support of the national bureau of WHO Africa. It provides, notably for the free distribution of mosquito nets to pregnant women during prenatal consultations, in private and public non profit making health centres, district hospitals, provincial and central hospitals. 10 NGOs and associations have been selected to promote their use in the provinces. All these activities will be intensified during the current year.

238. For emergency cases, epidemics and catastrophes, a national programme has been drawn up and is only awaiting validation. The Medical Emergency Aid Service (SAMU) has been created and is already functional in the Yaoundé Central Hospital and is about to take off at the Laquintini Hospital in Douala. The pilot phase of this service covers Douala and Yaoundé as well as the Douala-Yaoundé highway. Cameroon is thus at the forefront of African countries that provide this form of aid.

239. STD-AIDS control has been intensified and diversified with the acquisition and distribution of condoms in the ten provinces of the country, (30,000,000 bought and distributed in 2003), the creation and functioning of provincial centres for counselling and HIV screening tests, the distribution of technical guides on prevention and the continuation of the counseling/screening programme which targets women. Furthermore, sensitization campaigns in the form of TV spots, giant posters, and educational talks in academic milieu, women’s associations and hospital centres have become permanent. Besides, AIDS control committees have been set up in villages right in the hinterland. With regard to families of HIV/AIDS victims, notably orphans, three activities envisaged by the National Committee on AIDS Control shall be realized in 2004 thanks to funding from the Global Fund. It includes:
- assistance to orphans;
- direct assistance to AIDS orphans in families;
- Assistance to NGOs helping AIDS orphans.

240. Special emphasis is laid on the surveillance of mother to child transmission of the disease. With regard to treatment of persons living with HIV and orphans as a result of AIDS, presently, 9000 patients are on ARV and the objective is to attain 50,000 in two years. Even though this objective is lofty, it will make it possible to double efforts and probably attain 25,000 to 30,000. The rest of the sensitization and prevention activities are effectively being carried out. To that end, 160 sites for the prevention of mother to child transmission (PMCT) have been set up, of which 63 are private and non profit making.

241. The plan for tuberculosis control in 2003 was centred on studies on the prevalence of the disease in each province, the distribution of technical guides on the treatment of tuberculosis, screening activities and the training of personnel. In order to better control the disease which is a major cause for concern today, the government has set up a national programme on tuberculosis control. The cost of treatment of a tuberculosis patient has been brought down from 48,000CFAF to 5,000CFAF. 40 doctors have been trained and offered refresher courses, of which 10 are from the Littoral province and five from the Adamawa. 153 screening and treatment centres have received the technical guide on treatment.

242. The expanded vaccination programme has been reinforced. Its major objective of bringing to 70% the rate of coverage of DTC3 in 2003 has been attained and stands at 72.56% in December 2003.

243. With regard to government’s objective of making drugs and basic medical supplies available in health institutions, it should be noted that 91.5% of public health institutions already have basic generic drugs. Concerted efforts to spread this action to private health establishments are underway.

244. The treatment of health problems of mothers, children and old people was made operational thanks notably to the considerable improvement of vaccination coverage of pregnant women and the intervention of qualified personnel. A little more than 52% of women have received the VAT II and qualified health personnel have carried out nearly 58% of childbirth.

245. With regard to the promotion of integrated treatment of child disease, (PECIME), apart from the training of facilitation personnel, this measure is already being applied in three health districts. Thanks to the application of the National Strategic Plan for PECIME, available and useable, the extension to other health districts is already envisaged.

246. With regard to the food/nutrition programme, a draft of the document on the national policy on nutrition has been made with the financial support of the WHO. Monitoring of children’s diet constitutes permanent action in infant and maternal protection centres (PMI). Furthermore, the administration of infants from 6-59 months with vitamin A capsules is going on normally throughout the country.

247. The problem of health funding will soon have a partial solution with the current drafting and diffusion of the mutuality code. To that end, a committee of experts charged with the reform of health insurance (CERAM) has been created.

248. The management process led the government to undertake the training of management personnel, the recruitment of 1200 health personnel and the construction of houses to lodge doctors who work in difficult areas.
2.6.3 Other social development policies and Strategies

249. Apart from education and health, the government is trying to set up a framework to identify social imbalance characterized by the exclusion of certain categories of social actors. Even though the Document on the Strategy of Social Development, which highlights this policy, is still being finalized, several actions envisaged for the first year of the PRSP is going on normally.

250. With regard to the promotion of the woman, the finalized strategy shall soon be validated and adopted. It envisages notably an improvement of the legal status of the woman, her living conditions, the promotion of equality and equity between the sexes in all aspects of national life and the strengthening of institutional structures and mechanisms.

251. With regard to the legal status of the woman, whose objectives are the protection of the rights and dignity of the woman, a draft bill on violence against women has already been drafted. This draft bill, which has been translated into English, is undergoing the process of validation.

252. The United Nations Population Fund has lent its support in the training of trainers on gender issues.

253. To ensure the improvement of the living conditions of the woman, activities on training, information and informal education of the woman and the girl child are carried out on a regular basis. They are translated concretely through the holding of three social mobilization campaigns per province for the education of the girl child in areas where there is a high percentage of school dropouts (Far North, North, Adamawa and some quarters of Douala and Yaoundé). 25 community workers and 352 families have been trained on parental education in the Adamawa Province. All these educational activities took place within the framework of other sensitization campaigns such as the distribution of picture boxes and the social mobilization on different topics such as AIDS prevention.

254. Furthermore, the capacity building of actors on the field in the area of promotion of the woman is translated by the implementation of training programmes in women promotion centres (WPC), and some 2000 women have already benefited from this training.

255. To promote equality and equity between the sexes in all aspects of national life, a draft text on the organization and functioning of the observatory of the woman is in the process of validation, at the same time, a consultative committee for the drafting of development indices on inequality between the sexes has been set up.

256. To take into account the aspect of gender, a sensitization manual on the gender approach has been drafted. It will contribute in facilitating the integration of this approach in diverse policies, programmes and projects.

257. With regard to protection, integration and social reinsertion, actions in favour of vulnerable persons concern among others, the drafting of the child protection code and the master plan on the policy of promotion of handicapped persons. Thanks to the support from international partners, several concrete actions in technical assistance, capacity building and treatment or insertion/reinsertion have been planned and realized. Subsidies and social aid to the tune of CFAF 15,000,000 have been granted to 31 private social aid services and CFAF 25,000,000 to 433 aged and handicapped persons. A programme for the treatment of orphans as a result of AIDS has been conceived in consultation with the French Cooperation Mission and UNICEF.
2.6.4 Alleviating Urban Poverty

258. Poverty in Urban areas that has been aggravated by uncontrolled rapid urbanization, youth unemployment, and the rapid degradation of public infrastructure has led the government to revise different levels of its urban development programme.

259. Thus, urban roads were refurbished and new ones tarred, notably in the big cities thanks to the road fund and the HIPC Fund.

260. Labour-intensive investments carried out in urban areas generated employment and contributed in reducing poverty. This is the case with the poverty control programme in urban areas launched in 2003 and which is focused on the drainage of gutters, construction of small beams, treatment of waste water and solid wastes.

261. To solve the problem of housing, an operation to develop urban areas and the construction of new lodgings in partnership with a Tunisian company have been implemented. To these government actions can be added those of private lodging promoters in social lodging.

262. The construction of electrical power stations and other mini hydro electrical dams envisaged will make it possible to overcome the deficit in electrical energy and stimulate economic activities in the urban areas. Difficulties in obtaining domestic gas have been brought under control thanks to an increase in national production and imports.

2.6.5 Job creation and effective involvement of under privileged groups into economic circuits

263. To find a lasting solution to the problem of poverty of the masses, the government opted for the promotion of income-generating activities, especially self-employment in order to satisfy basic needs.

264. To that end, women constitute a target group because they are highly concentrated in the informal sector and especially in petit trading. They are also involved in the production of foodstuffs, especially rural women. They are therefore placed at the centre of this strategy. Thus, several women have been trained in managerial techniques to handle micro-projects. Young girls have been trained to handle minor professions in women promotion centres. In the Northern provinces of the country, women have been trained on the techniques of aviculture and the breeding of small ruminants. The support of international partners is thus perceived through technical aid, human and institutional capacity building and other grants.

265. The Project for Poverty Reduction and Action in favour of the Woman in the Far North (PREPAFEN) has made it possible to provide women with the sum of CFAF 580,000,000 worth of credit from the ADB. It is worthy of note that three of the five components of the project shall be beneficial solely to women, notably:

- the support fund for economic activities, which earmarks 50% at least of its loan to women;
- the community micro infrastructure based on the construction of projects aimed at improving on the welfare of women such as: warehouses, water points, market stalls;
the promotion of micro enterprises and self employment through different forms of training.

266. Along the same vein of support to women, the Programme for the Improvement of the Income of Rural Families (PARFAR) trains women in the development of small income-generating sectors through its two components, which are: economic support to women and seed production.

267. Furthermore, CFAF 78,000,000 has been granted by the UNDP to women in need, for the funding of 120 micro projects. Handicapped persons were not left out in this training on minor jobs such as basket weaving, sewing, pottery, embroidery etc. This provides them with sure financial autonomy and consequently a better moral and material management of their disabledness and their integration into economic circuits.

268. Finally, the project on the declaration of the national employment policy is about to be finalized. The National Employment and Vocational Training Observatory is being put in place. The funding agreement to the tune of CFAF 320,962,500 to the National Employment Fund for the training and installation of 1475 youth in agricultural activities on HIPC resources has already been obtained.

269. The immense social needs cannot shadow the lofty efforts made in this area by government with the support of social partners with a view to improving on the living conditions of the people thereby reducing poverty.
2.7 IMPROVING ON THE INSTITUTIONAL FRAMEWORK OF GOVERNANCE

270. The actions carried out by government to improve on the institutional framework, administrative management and governance focus on seven main areas, notably: the reinforcement of transparency in the management of public affairs (ii) The continuation of judicial reforms (iii) the intensification of the fight against corruption (iv) the improvement of the circulation and access to information on the management of public affairs, (v) the strengthening of development at the local level, the improvement of the production and dissemination of information, and (vii) the development of partnership and the participatory process.

271. With regard to the balance sheet, it should be noted that at the end of March 2004, remarkable progress had been made notably, in the area of (I) promoting transparency in the management of public affairs, (II) promoting the rule of law and legal and judicial security in business (iii) the fight against corruption, (IV) promoting grassroots development, and (V) providing information and encouraging participation.

2.7.1 Management of public affairs: transparency, information and accountability

272. Within this framework, three main measures were to be implemented in order to attain the objectives of the NPG. They involve transparency in public expenditure, reinforcement in the management of social sectors and profound reforms in the system of award of public contracts.

273. With regard to the accomplishment of the budget in the education and health sectors and the quest for consumer satisfaction, it is important to note that the health aspect of the exercise has been realized and the final report has been available since the end of March 2004. Furthermore, the recommendations of the budget-tracking exercises and enquiries made it possible to draft a plan for priority action, which was submitted to the authorities for approval. At the same time, work on data collection on the field on the aspect of education has been completed; data exploitation and analysis has started.

274. With regard to the system of award of public contracts, it can be seen that:

- the reshaping of the institutional mechanism of awarding public contracts has been consolidated by presidential decree on 28 January 2002;
- the audit report on public contracts carried out during the financial year 2000/2001 was produced and adopted by the Board of Directors of ARMP and put at the disposal of the public;
- the audit of contracts awarded and/or executed during the period of July 1, 2003 – 31 December 2003 has been finalized;
- the publication of information relating to public contracts and regular control are instituted at the beginning, and audits at the end;
- the list of independent observers for the year 2004 was published in March 2004;
- Seminars were organized within the framework of the programme for the capacity building of different persons who intervene in the chain of contracts award.
2.7.2 Promoting the Rule of Law and Security in business

275. The people proposed, as one of the factors in the fight against poverty, the restoration of state authority, increasing the means to fight efficiently against insecurity and respect by all, of the laws of the Republic. To that end, actions have been carried out to promote the rule of law, the protection of civil and political rights, and the judicial security of investments, goods and persons.

Pursuing judicial reforms

276. Activities in this domain focus on the (i) completion of the technical audit on the judicial system, (ii) drafting of a judicial reform strategy based on the recommendations of research, and (iii) setting-up of institutions provided for by the Constitution of 18 January 1996.

277. The study on the technical audit of the judicial system has been carried out and the report was submitted on October 3, 2003. Recommendations of this study served as groundwork for the conception of a plan of action for the reform of the judicial system at the end of December 2003. A priority plan of action was drafted on the basis of a global plan of action. It revolves around three basic themes, which are: (i) the independence of the judiciary, (ii) the fight against corruption, (iii) the judicious application of laws, legal decisions and sanctions. The problem of abusive use of the procedure of seizure and attribution of credits which threatened the financial situation of banks is being solved thanks to the execution of the measures taken since 2001, which made it possible to halt this phenomenon and re-establish serenity at the level of commercial banks.

278. With regard to the setting-up of institutions provided for by the Constitution of January 1996, notably the Audit Bench of the Supreme Court and the Constitutional Council, the following major features:

- **The Audit Bench:** Law No. 2003/005 to organize the functioning of the chamber of accounts, (ii) a jurisdictional organ provided for by the constitution were adopted by the National Assembly in March 2003 and promulgated into law on 21 April 2003 by the President of the Republic. The President and members of the Audit Bench were appointed respectively by decrees No. 2004/081 and No 2004/082 of April 2004. With regard to the audit of accounts, the format of management of accounts is available. That of administrative accounts is being finalized. Foreign experts shall submit all these documents for appraisal in order to ensure coherence between work done within the framework of the Audit Bench and those within the purview of public finances. Work relating to the status of judges of the Bench is being completed based on the experience of some countries. (Canada, Morocco, Ghana and France). Furthermore, measures have been taken for the provision of the future chamber, as well as the logistics and buildings needed for its functioning. Finally, two consultants have been recruited to draw up the training programme of future magistrates of the Bench and to finalize the criteria of selection of the magistrates.

- **The Constitutional Council:** The implementation of the action plan for the setting-up of the Constitutional Council adopted by government in November 2002 is almost completed with the adoption by the National Assembly during its March 2004 session of the draft bill to organize the functioning of the Constitutional council and the law to lay
down the status of its members. The functioning of the Council shall commence in January 2005 in conformity with the plan of action adopted by the government.

Security of Persons and goods

279. Among the measures taken by government on this subject, it is necessary to underline:
   - the law No 2003/08 of 10 July 2003 on repression of contraventions contained in the OHADA uniform Acts;
   - Laws adopted during the parliamentary session in March 2004 and promulgated into Law in April 2004, notably:
     - Law No. 2004/001 of 21 April 2004 authorizing the President of the Republic to ratify the United Nations Convention against organized transnational crime, adopted on 15 November 2000;
     - Law No 2004/012 of 21 April 2004 authorizing the President of the Republic to ratify the protocol aimed at preventing, reprimanding and punishing trade on human beings, in particular, women and children, added to the United Nations Convention against organized transnational crime adopted in November 2000;
     - Law No 2004/013 of 21 April 2004 authorizing the President of the Republic to ratify the protocol against the illicit trafficking of migrants by land, sea or air as part of the United Nations Convention against organized transnational crime adopted on 15 November 2000;
     - Law No 2004/013 of 21 April 2004 to lay down the legal rate of interest in the execution of decisions handed down by law and the conventional rate of interest.

280. These laws add to already existing laws notably:
   - Circular No. 0028/CD/DAPG of 11 July 2003 on crimes committed by police officers and gendarmes.

281. Several measures and actions have equally been taken through specific operations carried out by forces of law and order (Gendarmerie and Police) within the framework of the fight against banditry, in order to bring the activities of highway bandits under control.

282. With regard to the gendarmerie, territorial units of anti gang and traffic control have been activated to intensify the fight for the security of the highway, the countryside and cities in order to reassure economic operators and the entire population. These actions required considerable financial resources and specific personnel. Similarly, budgetary efforts were made to implant several units of the gendarmerie along our readjusted borders with Nigeria within the framework of the implementation of the decisions of the International Court of Justice (ICJ).

283. Major personnel recruitments have been carried out in 2003 at the national security (more than 4000 police officers). The objective is to bring police services closer to the people by
creating police units in quarters in order to dissuade attacks on people and property, on the one hand and guarantee the security of investments, on the other hand.

2.7.3 Fight against Corruption

284. Within this framework, the government has decided to implement two key measures notably (i) the creation of a combined operational team to fight corruption, and (ii) the elaboration of a strategy to sensitize the public on good governance and the fight against corruption.

285. The seminar to combine forces in the fight against corruption is currently being prepared and will make it possible to create a synergy among all national stakeholders in the fight against corruption. Meanwhile the government has set up an administrative body, which is aware of the need to involve all actors of public affairs in the fight against corruption. This body includes: the ad hoc Committee on the fight against corruption presided by the Prime Minister, Head of Government, the National Observatory placed under the authority of the Prime Minister, Head of Government and anti-corruption units in all Ministries and in some Public institutions. Furthermore, the legal instruments in the fight against corruption will be strengthened with the signing of the UN convention against corruption. Besides, the efficiency of these structures shall be strengthened by the positive change of mentalities in the administration, the adoption of procedure manuals, which are about to be completed, and the reinforcement of their legal, material and financial means of action.

286. The sensitization strategy of the public on governance and the fight against corruption is based on at least three programmes: (i) the publication on the internet of the NPG together with its priority plan of action (ii) the implementation of the information – education – communication plan (IEC) and (iii) the participatory follow-up of the NPG within the administration. It equally uses several sensitization techniques amongst them, the making of posters and light publications, the production of radio and television programmes, etc.

2.7.4 Improving information dissemination on the management of public affairs and the participatory process

287. The main measure adopted by government concerns the carrying out of a study on the access of the citizen to information on the management of public affairs. The recommendations of this study should make it possible to eventually draft and adopt several texts which give each citizen the right to information on public affairs and to set up appropriate institutional mechanisms to enable each and everyone to have access to complete information.

288. In terms of actions which have been accomplished, it is worth noting that the following chambers (CADIC/Gombert International/Juridis/CRETES/ICCNet) that constitute a group were selected in November 2003. They carried out a study whose final report is now available. Meanwhile, a system of government communication is in force in the media.
2.7.5 Boosting local development

289. The government is carrying out a local development programme including the identification and implementation of some twenty community projects under the management of decentralized local councils.

290. At this stage, the terms of reference of the said projects have been spelt out jointly with the World Bank. Twenty projects have been selected and inscribed in the 2004 budget. It involves several domains and concerns generally village water projects, rural electrification, agricultural projects which will enable the communities where the projects have been approved to improve and participate in the development of their locality.

2.7.6 Development of partnership and the participatory process for the follow-up of the strategy

291. The fight against poverty calls for the mobilization of the social stakeholders in identifying and solving the problems. This mobilization is made more efficient within the framework of consultation between beneficiaries and decision makers, between the civil society, the private sector and the State. It associates also the decentralized local councils and the grassroots communities.

292. It is within this perspective that development committees were reactivated right to the divisional level. Similarly, the drafting and follow-up of the implementation of the PRSP is the result of a participatory process. The basic institutional component of follow-up and evaluation of the implementation of the PRSP includes both the technical committee placed at the national level and at the level of provincial committees, representatives of the administration at equal proportions, civil society and private sector organizations, with the support of development partners. Similarly, the participatory element equally appears in the elaboration of sector strategies in which stakeholders (the public sector, private sector, civil society and development partners) contribute.

293. Lastly, several programmes carried out under the banners of the fight against poverty are basically participatory in nature. (PNDP, PACD…)
3.1 BUDGET EXECUTION AND MTEF

294. 291. At the end of the first year of implementation of the PRSP, the macroeconomic and budgetary set up is still on track. The growth rate in real terms of the GDP in 2003 was accomplished as envisaged at 4.5%, in spite of the fact that there was a technical revision to lower the growth rate of the agricultural sub sector for food crops and stock breaking (3% and 1.3% respectively instead of 3.4% and 3.3% in the PRSP). However, because of an inflow of domestic resources coupled with the matching of the budgetary year to the calendar year, the differed payment of external resources, delay and disorder in the understanding of the methods of using HIPC funds, the execution of the budget has not always met the expectations of zonal strategies. Growth forecasts, which are often favourable and a plurianual programming of investment expenditure notably, should normally ensure the long term and medium term realization of the objectives of the PRSP.

3.1.1 Execution of expenditure

295. The total budgetary endowment (running budget and public investment budget) stands at CFA F 883.850 thousand million. It includes an initial endowment of 806.850 thousand million and HIPC funds, which stand at CFAF 77 thousand million.

296. This budget was executed to the tune of CFAF 792.018 thousand million. Showing a rate of execution of 89.6%. This global execution of the budget includes a consumption of CFAF 770.442 thousand million in initial endowments as against 21.576 thousand million for the HIPC funds.

297. The consumption of the initial endowment is divided into CFAF 631.592 thousand million for the running budget and CFAF 138.850 thousand million for the PIB. By 31 December 2003 more than 80% of the ministries and services had consumed about 95 % of their initial endowments. This execution also varies remarkably from one ministry to another.

Ministry of Justice

298. In 2003 the Ministry of Justice had an initial endowment of CFAF 10.438 thousand million whose execution stood at CFAF 10.047 thousand million for investment), showing a rate of consumption 96.25%. This ministry did not benefit from HIPC funds during the year under consideration.

Ministry of National Education

299. The total endowment for MINEDUC for 2003 stood at CFAF 194.005 thousand million. This budget was consumed entirely. This endowment included on initial endowment of CFAF 176.385 thousand million of which CFAF 187.709 thousand million was consumed showing an execution rate of 106.4%. The HIPC funds allocated to this ministry stood at 17.620 thousand million and it was consumed to the tune of 35.7%. This execution is based essentially on internal resources.

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2 These execution concerns mainly domestic resources
Ministry of Finance and the Budget

300. This Ministry had an initial endowment to CFAF 36.87 thousand million, of which CFAF 32.056 thousand million was consumed. This represents an execution rate of 86.94%. As at 2003, this ministry had not yet benefited from HIPC funds.

Ministry of Economic Affairs Programming and Regional Development

301. CFAF 22.445 thousand million were allocated to MINEPAT in terms of global endowment for the 2003 fiscal year. This budgetary endowment was consumed to the tune of 97.98%. In this endowment, CFAF 17.045 thousand million was the initial endowment executed to the tune of CFAF 16.742 thousand million representing 98.22% and the HIPC funds allocated stood at CFAF 5.4 thousand million, of which 97.22% i.e. CFAF 5.25 thousand million was consumed.

Ministry of Technical Education and Vocational Training

302. This ministry had an endowment of CFAF 29.371 thousand million and consumed 33.40%. This consumption was done from the initial endowment whose execution rate stands at 35%. The consumption of HIPC funds allocated to this ministry, which stands at CFAF 1.38 thousand million, has not yet started. The setting-up of structures at the provincial level and quite recently at the central level for this new Ministry will make it possible for credits to be consumed in 2004 and even more in 2005.

Ministry of Agriculture

303. The Ministry of Agriculture benefited from a total endowment of CFAF 37.249 thousand million, giving a total consumption of 79.22%. The endowment comprised CFAF 28.149 thousand million for the initial endowment whose execution stands at 96.6% and the HIPC resources for a total of CFAF 9.1 thousand million executed at 27%.

Ministry of Mines, Water resources and Power

304. The total endowment for the Ministry of Mines, Water resources and Power for the year 2003 was adopted at the sum of CFAF 13.659 thousand million. In all, CFAF 7.663 thousand million was spent giving an execution rate of 56.10%. This endowment included an initial endowment of CFAF 9.159 thousand million whose execution, stood at 82.2% and HIPC resources of CFAF 4.5 thousand million executed at 3%.

The Ministry of Public Works

305. The Ministry of Public Works received a total endowment of CFAF 68.25 thousand million executed at 82.75%. The initial endowment was 60.25 thousand million executed at 93%. HIPC resources allocated to this Ministry stood at CFAF 8 thousand million of which CFAF 476 million was consumed, giving a total rate of consumption of 6%.

Ministry of Public Health

306. The Ministry of Public Health had a total endowment of CFAF 77.043 thousand million, of which CFAF 63.555 thousand million was consumed giving a consumption rate of 82.2%. The initial endowment of the Ministry was CFAF 59.442 thousand million, of which 98.8% was consumed. Of the CFAF 17.6 thousand million of HIPC resources allocated to the Ministry, 4,809 thousand million was utilized giving a rate of 27.3%.
Ministry of Social Affairs

307. Of the initial endowment of CFAF 4.258 thousand million, CFAF 3.874 thousand million was utilized i.e. CFAF 3.001 thousand million for the running budget and CFAF 873 million on investment. This corresponds to a rate of consumption of 90.98%. This Ministry did not benefit from HIPC funds.

Ministry of Women’s Affairs

308. From an initial endowment of CFAF 3.31 thousand million, the level of execution of the Ministry’s budget stands at 3.069 thousand million giving a rate of execution of 92.72%. The Ministry of Women’s Affairs did not benefit from HIPC resources.

Ministry of Transport

309. The Ministry received an initial endowment of CFAF 8.197 thousand million. The rate of execution of this allocation was 95.99%. The Ministry did not benefit from HIPC resources.

3.1.2. HIPC Programme

Chart 1: Distribution of HIPC Funds and their consumption %

Source: DB/MINFIB

310. The HIPC funds were used to the tune of 28%. Of the 15 Ministries, which benefited from these endowments, (see chart 1) only 9 of them took off effectively. During the year 2003, the Ministries of Public Health and National Education each benefited nearly 23% of the HIPC endowment; the Ministries of Agriculture and Public Works, which were allocated respectively 11.8% and 10.4% of HIPC funds for 2002, follow this. NINEDUC consumed slightly more than 1/3 of its endowment. MINSANTE and MINAGRI had a consumption rate of nearly 27%. The use of HIPC funds was low in MINTP at a rate lower than 6%. It is noted that the highest rate of consumption is from MINEPAT (97.22%); this is partly justified by commitments towards a general census whose workers are already undergoing training.
311. Generally, the implementations of first and second generation projects, which were approved by the consultative follow-up committee on the management of HIPC resources, are going on progressively and the disbursement procedure and the budgetary procedure have been made much easier.

312. The consultative management committee of HIPC resources examined and validated eligible projects for the 2004 financial year at a total of CFAF 173,361,604,130. The finance law of the on-going financial year envisaged CFAF 90 thousand million: The government played an arbitrary role and by Decree No 2004/0556/PM of 23 February 2004 for the transfer of HIPC credits, each of the approved Ministries was notified of its endowment.

313. It is worthy to note that the distribution of HIPC funds gave them a specific role for the year 2003. This indeed has made it possible to recover, depending on a mechanism of reallocation, the priorities in budgetary allocations, in the fight against poverty included in the PRSP. The following graph gives an idea of the results.

3.1.3. Medium Term Budget Framework

314. Increased investment to give impetus to economic growth remains one of Government’s concerns. Meanwhile, public investment is still impeded by some obstacles and the major ones include: Inadequate planning due to the variable degree of completion of sector strategies and MTEF, the poor handling of contracts by vote holders, the long channels of execution, in particular as regards HIPC funding, with a validation calendar of the consultative committee, which is incompatible with the calendar of the budget, and as for external resources, the existence of counterpart fund and the capacity of heads of projects to follow-up the execution of their projects.
315. Meanwhile, to solve this problem, the government (i) obtained budgetary aid from the European Union to finalize sector strategies and continue to consolidate the evaluation of the project, (ii) is currently negotiating a capacity building programme with development partners to enable vote holders of projects to master the programming of projects, (iii) the SIGEFI programme and the envisaged reforms on programme authorization in the law on programming will limit the circuits of expenditure.

316. The reduction of the PIB envelope for 2004 led to a revision at medium term of perspectives of expenditure given in the PRSP. In spite of this decrease, the sectors of health and education had a slight increase in their endowments, thereby reflecting the will of government to maintain the priority accorded to these sectors. The exercise, which consists in adjusting the Medium Term Expenditure Framework, has already been carried out (See Volume III annex) and preparation of the budget in accordance with the new nomenclature is at its final stage.

317. For the Ministry of Health, the MTEF given in the PRSP in 13 programmes cumulating on the period 2003-2007 at a total cost of CFAF 645.608 thousand million. These programmes are divided into sixty five projects, of which the biggest from the point of view of expenditure are: The fight against malaria, the fight against HIV/AIDS, the rehabilitation/construction/equipment of district hospitals, the rehabilitation/construction/equipment of Community-based Health Centres (CSI), expenditure on personnel, the recruitment of specialists, the running of services. Each of these projects consumes during the period considered, more than CFAF 50 thousand million within the framework of PRSP. Revised during the 2003 financial year, this MTEF envisages for this period the sum of CFAF 659.296 thousand million representing an increase of 2.1% compared to the PRSP.

318. The MTEF of the Ministry of Education shows an expenditure between 2004 – 2007 of CFAF 1,017,738 million. This expenditure covers 4 programmes, which are: the offer of services and access to teaching, the quality of teaching, partnership, management and governance.
updated version of the MTEF generally marks stability at the level of expenditure. Chart 3 shows the profile of divergences for the two departments.

3.2 THE MACROECONOMIC SITUATION

319. In 2003, Cameroon’s economy evolved in an environment characterized:

i. from the external perspective, by an improvement in its terms of trade (about 3.2%), induced by favourable prices of its major exports, in spite of a fall in the value of the dollar by –12.8%, the currency on which export earnings are denominated;

ii. internally, by implementing measures defined in the programme supported by the PRGF, in particular, those relating to the promotion of a stable macroeconomic framework and by an improvement in the supply of electricity.

320. In this relatively favourable context, and on the basis of available data, the following was recorded:

- a growth rate in real terms estimated at 4.5% coupled with a reduction in inflation for the 2nd year running (0.6% on annual average after 2.8% last year and 4.5% in 2001);

- a reorganization of public finances, which is translated by a global balance, to the tune of (CFAF 175.9 thousand million) resulting from a cash flow of (CFAF 312.4 thousand million), and a fluctuation of arrears of (CFAF -136.5 thousand million);

- a sum of CFAF 1404.4 thousand million as against 1416.9 in 2002 according to statistics of the protocol signed with the IMF, for a rate of coverage of short-term commitments by external assets of 46.4% (the minimum required by the statutes of BEAC is 20%) and credits to the economy stand at CFAF 907.8 thousand million, an increase of 8.8% compared to 2002.

- an improvement of the situation of the current account (including public transfers), which recorded a deficit of CFAF 211 thousand million against a deficit of nearly 533 thousand million in 2002: This change results from an improvement in the balance of payments, a reduction of the imbalance at the level of the balance of services, and an increase in the amount of transferred funds.

Real Sector

321. A detailed analysis of the real sector data relating to the distribution of the GDP by sector makes it possible to note that:

- the primary sector recorded a growth rate of 4.3% of which +3% was for food crops production; 6.8% for industrial agriculture and export thanks especially to an increase of more than 23% of banana, 9.8% for sylviculture and forestry exploitation, which came after 2 consecutive years of decline thanks to the recommencement of granting exploitation licenses and the exploitation of communal forests;

- the secondary sector recorded a growth rate of 3.7% with: -4.6% from the extractive industry; 5.5% for the manufacturing industry, which recorded a high demand notably

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3 This sub sector usually records a 5% growth rate as no recent survey has been conducted and considering an eventual overestimation of growth in the PRSP, the growth rate in food crop production was brought down to 3%
because of an increase in wages. Furthermore, this dynamism of the secondary sector was made possible thanks to an improvement in the supply of electricity;

- as for the tertiary sector, it recorded a growth rate of 5.2%, which is explained by an expansion in the use of mobile telephones; the intensification of air transport with the opening in Yaoundé and Douala of several agencies of big international air transport companies; the increase in interurban traffic, which is related to the development of trade.

Public Finances

322. With regard to the structuring of public finances, from which resulted the global increase in balance as mentioned (CFAF 312.4 thousand million in 2003 as against CFAF 166.9 thousand million in 2002), this is explained for the most part by measures taken by the State to improve on the management and control of public expenditure. This concerns, notably the restructuring of the Integrated System for the Management of State Personnel and the Pay Roll (SIGIPES) and the promotion of the fight against corruption in the national programme on governance.

323. Global expenditure stood at CFAF 1098.5 thousand million. (The finance law earmarked CFAF 1509 thousand million) as against CFA 1216.2 thousand million in 2002. Apart from measures taken for a better control of expenditure, it is important to note that this change is partly due to a drop in interests (CFAF 84.5 thousand million in 2002, while capital spending stood at CFAF 165.3 thousand million) of which CFAF 114.3 was from local resources, against CFAF 192 thousand million in 2002 (with 139 from local resources).

324. With regard to earnings, an amount of CFAF 1410.9 thousand million is presented in TOFE, representing total earnings and grants. This achievement is above forecasts of the finance law of 2003, which stood at CFAF 134 thousand million. However, it is important to note that the contribution of the petroleum sector in this increase in state earnings was not negligible thanks to high prices of petrol in spite of a drop in the value of the dollar. Petroleum earnings indeed increased to CFAF 332 thousand million even though it was expected to yield CFAF 269 thousand million according to forecasts made at the beginning of the financial year.

325. The preceding developments enable us to deduce that there was a relative deficit in the accomplishment of non petroleum earnings. This is as a result of negative effects of disturbances recorded in tax recovery because of the readjustment of the financial year from 1 January 2003; problems to which can be added what we may call ‘ transaction costs. This is due to the introduction in January of a new budgetary nomenclature and a new system of follow-up of budgetary transactions (SIGEFI).

326. With the above realignment, income taxes collected in 2003 covered the 6-month transitional period from July to December 200, as well as the outstanding residue of the 2001/2002 fiscal year. On the other hand, the preparation of the 2003 budget inevitably demanded time for credit managers and paymasters to adjust to the new methods. Unfortunately, due to some inefficiency in collecting revenue, these adjustment periods resulted in higher transaction costs than had been predicted.
Foreign Trade

327. With regard to foreign trade, trends of export prices on the international market were as follows:

- 16.7% increase in the price of a barrel of petrol caused by the crisis in Iraq;
- 14.8% increase in world prices of unprocessed timber and 6.4% increase in processed timber due to a freeze in the granting of exploitable forest concessions, as a result of pressure from ecological movements, hence a drop in supply;
- 27.3% increase in the price of coffee due to a decline in Brazilian production;
- 31.5% rise in the price of cotton caused by a fall in Chinese production, the world’s main producer;
- 30.9% increase in the price of rubber due to high demand brought about by a revival of activity in the automobile sector, especially as a result of an increase in Chinese demand and a fall in Thai production;
- 0.5% drop in the price of cocoa due to an increase in production in Ghana and Ivory Coast;
- 31.3% fall in the price of banana due to abundant supply from Latin American and ACP countries.

328. As regards revenue generated, exports stood at CFA 1301.9 thousand million, while CFA 1251.6 thousand million was recorded for imports. Consequently, from a deficit of CFAF 42.1 thousand million in 2002 to a surplus of 50.33 thousand million in 2003, there was a more than CFAF 90 thousand million balance of trade increase in absolute terms.

Monetary situation

329. The monetary situation in 2003 was characterized by a near stagnation of the money supply caused by an increase in loans to the economy almost compensated for by a fall in net foreign assets.

330. An analysis of available data of the statistical warning system developed by BEAC shows that net foreign assets stood at CFAF 259.8 thousand million at the end of 2003 compared with CFAF 298.4 thousand million in late 2002. Parallel to this change, the situation in the Operations Account stands at CFAF 329.9 billion compared with CFAF 392 thousand million in the previous year. The factors accounting for this change in foreign assets include:

- the drop in the value of the dollar against the euro, a currency in which Cameroon’s exports are quoted. This led to a decrease in the Operations Account, one of the main components of net foreign earnings as a source of money supply;
- the increase in imports due to investments in the tertiary sector, namely transport, telecommunications and open distribution;
- the huge payment of documentary credits at the end of the period;
- the reversal of the net capital flows as a result of the end of the construction of the Doba-Kribi pipeline.
This decrease in net foreign assets was partly compensated for by a drop in outstanding debts owed the IMF due to the depreciation of Special Drawing Rights (SDRs) with respect to the euro. The government’s net position stood at CFAF 360.3 thousand million compared with the previous CFAF 380.6 thousand million.

### Table 2: Some indicators for the year 2003

<table>
<thead>
<tr>
<th>Scenario Central PRSP</th>
<th>PRGF Projections</th>
<th>2003 estimates</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (in CFA billions)</td>
<td>7386</td>
<td>7235</td>
</tr>
<tr>
<td>Actual growth rate of the GDP</td>
<td>4.5%</td>
<td>4.2%</td>
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<tr>
<td>Inflation</td>
<td>2.8%</td>
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<tr>
<td>Total revenue (minus grants)</td>
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<td>1362</td>
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<tr>
<td>Comprising:</td>
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<td></td>
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<tr>
<td>Oil revenue</td>
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<td>310</td>
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<tr>
<td>Non oil revenue</td>
<td>1076.0</td>
<td>1052</td>
</tr>
<tr>
<td>Total expenditure</td>
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<td>1454.0</td>
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<tr>
<td>Comprising:</td>
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<td></td>
</tr>
<tr>
<td>Running costs</td>
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</tr>
<tr>
<td>Capital expenditure</td>
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</tr>
<tr>
<td>Net foreign assets</td>
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<td>Not available</td>
</tr>
<tr>
<td>Comprising:</td>
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<td></td>
</tr>
<tr>
<td>BEAC</td>
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<td>Commercial banks</td>
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<tr>
<td>Foreign loans</td>
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<tr>
<td>Comprising:</td>
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<tr>
<td>Private sector</td>
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<td>NGP</td>
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<td>Export of goods &amp; services FOB</td>
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<tr>
<td>Comprising:</td>
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<tr>
<td>Goods</td>
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<tr>
<td>Services</td>
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<tr>
<td>Services</td>
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* CIF imports

### 3.3 MACROECONOMIC PROSPECTS

When drawing up the PRSP, the level of completion of the sector-based strategies was variable. Motivated by new policies or events, this continuous process is going on as indicated in the next section. The prospects presented in this section represent adjustments derived from the appraisal and lessons of the first year of execution of the PRSP.
333. The macroeconomic situation in 2003 shows a growth rate that equals to that projected in the PRSP, which explains why the medium and long-term forecasts were generally maintained (see volume III: Appendix 6); growth and poverty alleviation objectives should therefore be met.

334. Growth rate should be approximately 4.9% in 2004 (in accordance with the PRSP) particularly with a 5.1% increase in non-petroleum products. This growth will be sustained by a 5.9% increase in the tertiary sector and a 4.5% increase in the secondary sector. The growth rate of extractive industries is expected to rise although it will remain negative (-2.3% compared with –4.6% in 2003). The “electricity, gas and water” sectors will stand at approximately 6.9% down by 1 point compared to its 2003 level). The primary sector is expected to witness a 3.8% increase sustained by a 5.4% significant growth in industrial and export-oriented agriculture; forestry and forest exports will increase by 5.0%. Agricultural growth in food products, which fell to 3.0% in 2003, is expected to rise again to 3.6% in 2004.

335. Moreover, the 2004-2007 period would be characterized by an average annual growth of 5.3% in the reference scenario, marked by a gradual growth of the tertiary sector which is expected to reach 6.7% in 2007, and the secondary sector whose growth rate might more than double in five years from 2.9% in 2002 to 6.3% in 2007. Manufacturing industries will experience sustained growth and might reach 8.2% in 2007. Growth in the primary sector will remain almost steady during the period by almost 4%, due to the somewhat contrasting changes between food crop production and industrial agriculture activities, in conjunction with a slight growth in breeding, hunting and fishing.

336. Local demand which rose to CFAF 7,275 thousand million in 2003 (that is, CFAF 6021 thousand million for consumption and CFAF 1,254 thousand million for investment) will increase steadily and reach CFAF 9,618 thousand million in 2007. This demand will be accompanied by a 1% increase in consumer prices in 2004, an increase which will then be maintained at 2.0% between 2005 and 2007.

337. As regards risk analysis, a critical and implicit scenario in the PRSP centred on the extraction industry. The PRSP projected a 2.9% and 7.5% drop in oil production in 2003 and 2004, respectively. There was an actual drop of 4.6% in 2003 and it is estimated there will be a 2.3% decrease in 2004, that is, a drop in total production. Meanwhile, the American company, GEOVIC, has been authorized to exploit cobalt, nickel and other related substances. Cameroon will become one of the world’s leading producers of cobalt when production begins, as scheduled, in 2005. While waiting for the evaluated spin-offs of the project, we can say that prospects in the extraction industry are better than the initial projections of the PRSP.

338. Scenario No. 1 examined the impact of an adverse shock on the terms of trade on the achievement of the growth and poverty alleviation objectives. In 2003, the terms of trade were rather favourable. The dynamism of Chinese demand, which is at the origin of the trend in the prices of raw materials, coupled with the demand from India, would last for long and hold in check the risk described in this scenario.

339. Scenario No. 2 had to do with obtaining only half of the expected foreign funding. The spirit of this scenario is still very much around. Actually, aside from the floating date for reaching the completion point, the deferred disbursement of external funds in 2003 led to the partial consumption of credits. During the whole Programme, foreign support always served as a complement to domestic initiatives. These efforts have taken a lot of time, especially when one considers the fact that the population is not yet feeling their impact in terms of improvement in living conditions. It will therefore be imperative that foreign funding mechanisms should, without
demanding counterpart funding, kick-start investment and growth in order to ease the hardships inherent in the implementation of domestic initiatives and conserve the support of the population.

340. Scenario No. 3 was concerned with undertaking an assessment of the impact of low absorption capacity, especially of the investment funds. The projects executed in 2003 show that this is more a problem of procedure because the low level of expenditure mainly concerns the use of HIPC resources. However, the quantitative and qualitative improvement of budget execution has been envisaged within the framework of the adoption of the law on the pluri-annual scheduling of investment. In the case of public works, for instance, the timeframes for the adoption of the budget and award of public contracts put the start of work in the heart of the rainy season which ends one month before the end of the financial year that has been brought into alignment with the calendar year. Therefore, the risk described in this scenario is not a major problem, especially considering that some specific measures have been taken to speed up the consumption of investment credits, namely:

- allocating, in the near future, a sum of CFA F 10.5 thousand million as subsidies to public companies;
- using the 2004 HIPC funds to finance, in preference, all contracts awarded before 2004 which were not yet executed and those that have started but are not yet completed, as well as pay for the counterpart funding;
- continuing the award of new contracts in 2004 within the limits of the 2004 budgetary allocations, which will be funded as from July in the execution of the budget now being prepared.

341. Scenario No. 4 had to do with checking the energy crisis marked by a 3% annual increase in energy supply from 2003 to 2015 instead of the 7% or more projected by preparatory studies on privatization. In 2003 energy supply increased by 7.9% after the 4.6% decrease in 2002. The company projected an increase of 6.9% and 3.6% in 2004 and 2005, respectively. Moreover, the increase in energy production in 2003 was accompanied by a significant increase in prices, an increase which had negative effects on the competitiveness of energy-consuming companies, while reducing the purchasing power of households. Furthermore, with some additional investment, the company would reach the production capacity allowed by its licence. At the moment of setting the said capacity, the investments necessary to meet increasing demand appeared to have been grossly underestimated. Investment short-falls were the very reasons that justified privatization. The fact that demand and allowed capacity were not considered together means that the energy crisis may continue to linger around, at least, in the medium term. As soon as this period is over, long-term prospects would be more encouraging with the imminent construction of small power stations through Chinese funding and with the completion of some major hydroelectric dams.

342. In all, of the 5 risks identified in the PRSP, 2 continue to be of current interest: the risk of late disbursement of foreign funds and the risk of irregular increase in energy supply in the face of steadily increasing demand.
3.4 SECTOR-BASED STRATEGIES

Relationship with the PRSP

343. The drawing up and implementation of sector-based and ministerial strategies constitute a major stage in the process aimed at giving the Government a stronger grip of the instruments for implementing economic policy in the medium and long terms in order to embark on a more efficient fight against poverty. These initiatives are indicative of government’s readiness to adopt innovative and result-oriented public affairs management concepts, notably the targeted programming approach.

344. The relationship expected between the PRSP, sector strategies and ministerial strategies is a two-pronged one-to-one relationship: sector strategies and ministerial strategies should be parts of the PRSP and translate it into concrete actions (as part of the “top-bottom planning”) on the one hand, and the drawing up of these strategies will help enrich the PRSP during its review (the “bottom-top” planning) on the other.

345. This exercise is of capital importance given that these strategies do not only facilitate the improvement and clarity of the management of public spending, but also the revision of the PRSP based on the major stakes and major challenges highlighted by each of the sector-specific strategies.

Drafting methodology

346. The methodological instruments to be used in drawing up the various development strategies have been prepared by MINEPAT and are now available. The preparation of these documents benefited from the support of development partners (notably French Cooperation and the European Union). A procedure and methodology document as well as a detailed guide, are provided to ministries to facilitate the drawing up of the various sector strategies in a harmonious framework that makes it possible to benefit from foreign assistance. According to the methodological instruments, the drawing up of the sector strategies hinges on:

- making an exhaustive description of the sector, its area of intervention, the principal stakeholders and their inter-relationship;
- carrying out a thorough diagnosis based on analyzing the situation and highlighting the causes of dysfunctions, as well as the main problems in descending order and per region;
- setting objectives accompanied by relevant indicators;
- breaking up strategies into programmes and projects;
- drawing up a framework for medium term spending within the limits of each sector’s budgetary allocation.

347. The drawing up of sector-based strategies is still going on under the supervision of MINEPAT which calls on ministries in particular to:

- follow the methodological instruments that have been distributed;
- use the participatory approach as much as possible;
• avoid achieving only Government strategies, without seriously taking into account all partners, as well as the current national and international situation of the sector, and therefore:
  o involve other ministries developing the same type of activities, or activities resulting to external elements by integrating representatives of such ministries in the Steering Committee;
  o involve all other stakeholders and partners of the sector in the Steering Committee, including the private sector, the civil society and partners in development.

Progress report

3.4.1 Social sector

348. An integrated strategy of social development is being drawn up as announced in the PRSP. This strategy, which is partly funded by the French Development Agency, is undergoing finalisation. The consultant who was recruited is working with the Orientation Committee and the Partnership Technical Unit set up by a Prime Minister’s Decision. The diagnosis phase has been completed, and the strategic planning phase has started, with the holding by the end of April 2004 of a seminar on strategic planning. This seminar will help identify specific objectives and the main areas of intervention.

349. The diagnosis of the social sector shows the following main problems;
  • difficulties in implementing institutional measures, because of the absence of a system likely to bring together all workers of the sector;
  • lack of financial, technical and human resources;
  • lack of a clearly stated policy to organise and finance national solidarity;
  • lack of equity in the implementation of laws, because of corrupt practice within the judiciary and among the persons subject to trial;
  • weakening of families due mainly to the decline in parental authority and the growing number of mono parental families;
  • insufficiency and even lack of appropriate equipment for the education of children and the youth;
  • insufficiency, and sometime lack of equipments, especially in rural areas;
  • professional training incompatible with the needs of the job market.

350. At the same time ministries of the sector continued their efforts in building strategies for sub-sectors under their various institutions.

351. National education. The sector strategy on education, which was drawn up and adopted in October 2000 by the Cameroon Government, lays more emphasis on reviving general primary and secondary education.

352. It is accompanied with an implementation programme and a Medium Term Expenditure Framework (MTEF), in accordance with the budget planning, and presenting two possible ways in developing this educational system. The entire package, which has been executed since its adoption revolves around four programmes with specific and well defined objectives:
- increasing access to education, while reducing gender-based and zonal differences;
- increasing the quality and relevance of education;
- developing effective partnership with private partners in education;
- improving the management and governance of the system.

<table>
<thead>
<tr>
<th>Component</th>
<th>Title</th>
<th>Cost (thousand)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Component 1</td>
<td>Access and equity</td>
<td>74 774 311</td>
</tr>
<tr>
<td>Component 2</td>
<td>Internal efficiency and quality</td>
<td>23 304 000</td>
</tr>
<tr>
<td>Component 3</td>
<td>Management and governance</td>
<td>5 902 050</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>109 169 379</td>
</tr>
</tbody>
</table>

353. **Health.** The health sector has a strategy of its own, which was drawn up and validated, as well as a medium term expenditure framework that is consistent with the budget planning framework, according to the two scenarios envisaged in the PRSP. The health sector strategy aims at three main objectives whose indicators and targets are well defined. These objectives are:

- **Objective 1:** Reducing mortality. Infant-youth mortality and maternal mortality rates must fall to 20% and 30%, respectively, by 2009;
- **Objective 2:** Increase the number of people living at one-hour trek from a structure that provides a Minimum Activity Package. Such a population rate must attain 90%.
- **Objective 3:** Increase the number of structures that apply effective and efficient management methods. Such health structures must represent a minimum rate of 90%.

354. The ‘Health’ sector strategy contains 14 programmes worth CFAF 130.538 thousand million for the 2000-2004 period. These programmes include:

<table>
<thead>
<tr>
<th>Programmes</th>
<th>Cost (thousand CFAF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fighting diseases</td>
<td>15 395 000</td>
</tr>
<tr>
<td>Health promotion</td>
<td>3 150 000</td>
</tr>
<tr>
<td>Intervention in case of epidemics, emergencies and disasters</td>
<td>2 270 000</td>
</tr>
<tr>
<td>Financing the health sector</td>
<td>21 040 000</td>
</tr>
<tr>
<td>Improving health services</td>
<td>59 970 000</td>
</tr>
<tr>
<td>Fighting STDs/AIDS/Tuberculosis</td>
<td>14 485 000</td>
</tr>
</tbody>
</table>

355. **Promotion of the woman.** The Ministry of Women’s Affairs (MINCOF) has drawn up a strategy document for the promotion of the woman. This document is currently under scrutiny for finalization. MINCOF’s strategy includes four major objectives:

- Improving the social and political status of the woman;
- Improving the legal status of the woman;
- Reinforcing the woman’s economic power;
- Promoting gender equity and equality in all sectors of national life.
356. To attain these objectives 14 plans of action, covering the 2004-2006 period were adopted with the following overall budget in CFAF:

- 2004: 11.309555 thousand million
- 2005: 10.2753 thousand million
- 2006: 10.108615 thousand million.

357. **Ministry of Social Affairs** (MINAS). This Ministry has a strategy document which is being finalized. An evaluation of the social affairs sub-sector reveals the following main problems or needs:

- violence within the family against children, the disabled and elderly persons;
- social deviance and inadaptation;
- family instability;
- handicap and old age;
- social exclusion and marginalisation;
- poverty.

358. To solve all these problems, MINAS’ strategy proposed three strategic actions, namely:

- Setting up of performance conditions;
- Developing a sector-based policy;
- Recurrent action.

359. As a result of these strategic actions, each specific objective is transformed into a programme such as the drawing of a social map.

360. **Ministry of Employment, Labour and Social Insurance.** The preparation of the Strategy document of MINETPS is at the level of validation of the balance sheet diagnosis. This evaluation is still to be enriched with a description of the sector and the classification of problems. Problems identified are structural, functional, strategic and resource-related. They include:

- Absence of reliable indicators and data;
- Inadequate quality and irrelevance of training;
- Poor functioning and organisation of the sector;
- Absence of indexation clauses of services;
- Inadequate financial, human and material resources;
- Insufficient and inoperational institutional capacities;
- Inadequate programmes for socio professional integration.

361. **Social security Reforms.** The Steering Committee in charge of the rehabilitation of the National Social Insurance Fund (CNPS) and the reform of social security was created in 1998 by the Minister of finance. Through an interministerial committee the Government adopted in December 1999, a social security strategy with two components: the rehabilitation of CNPS and a global reform of social security. Following the prescriptions of the above-mentioned interministerial committee, the Steering Committee initiated the following ten surveys, which have all been carried out. They are:

1) setting up a legal and institutional framework with a view to ensuring the separate management of detachments at a reduced cost;
2) determining the role of the State;
3) status of civil servants.
4) extending of social security to the informal sector and to other categories of people not yet covered;
5) actuarial studies;
6) providing funds and mechanisms that help to curb treasury problems;
7) health insurance;
8) health and social action;
9) assessment of CNPS assets;
10) evaluation of implied debt of CNPS.

362. Reports on these studies are already available, and the Steering Committee will in July 2004 organise a restitution seminar of the said studies. After this seminar, a forum on the reform of social security will be organised before the end of 2004. And it is only after this forum that the Steering Committee will submit its report to the interministerial committee which in turn will give orientations as to the implementation of the reform.

3.4.2 Production and trade

363. Rural development. The community-based strategy of the rural sector has already been finalised. What is now left is to develop it in the form of programmes and projects, and to develop a MTEF that falls in line with existing budget planning framework. This strategy, which comes as a result of assistance without direct participation in production, meets the following needs:

- Poverty alleviation;
- Satisfying an increasing food demand;
- Succeeding in integrating local production into international and sub-regional markets;
- Ensuring sustainability of performance.

364. To meet up these challenges, fives areas of intervention were adopted. They are:

- Local development;
- Increase in Production;
- Institutional support;
- Sustainable management of natural resources;
- Methods (structures) and mechanisms to finance the sector.

365. In the Agricultural sub-sector, the intervention strategy is being finalised. It will be validated by top officials of the Ministry of Agriculture in June 2004 during a workshop, before being submitted for appraisal by economic operators of the sub-sector, the civil society and the other ministries concerned. It should be reminded that plans of action for the main branches of agriculture were validated during consultations held in 2001 with economic operators of the agricultural sector.

366. Livestock, Fisheries and Animal Industry. The ministry in charge of this sub-sector has developed a strategy, in line with the rural sector strategy, with a main objective of transforming it into projects, and then completing it.
367. The strategic actions and objectives contained in MINEPIA’s strategy are the same as those presented in the rural development strategy. These strategic actions result in priority programmes of action, as well as their costs by 2003-2005. Such programmes include:

- Improving security measures in accessing grounds of cattle breeding (pastures, land, and water).
- Promoting storing and processing techniques of livestock products;
- Improving the quality of, and access to, inputs (genetic material, food supplements, veterinary products…);
- Modernizing the physical institutional framework of MINEPIA;
- Promoting non conventional breeding;
- Developing support programmes for the settlement of young cattle farmers and agro-cattle farmers.

368. **Industrial and Commercial Development.** MINDIC forwarded to MINEPAT a draft strategy which will be improved upon within the framework of a drafting retreat so as to hook it onto the PRSP. This strategy is based on the following five actions:

- Improving growth through exports by increasing production in the existing sectors;
- Reinforcing Cameroon’s presence on the local market;
- Creating a conducive framework for the development of the private sector;
- Adopting a policy to promote free competition, both locally and at the international level, of reliable and transparent institutions;
- Promoting transfer of technology and acquisition of technical expertise.

369. The budget of the 21 programmes of action of this strategy for 2004-2006 is as follows:

- 2004: 2.209 thousand million;
- 2005: 10.452 thousand million;

370. **Tourism.** The main problems recorded in the tourism sub-sector are:

- Very poor knowledge of Cameroon’s tourist potential within the major tourists-generating markets;
- High rates;
- A lot of administrative harassment;
- Inadequate quality of services;
- Insufficient and poor quality equipment;
- Insecurity.

371. The following results are expected from MINTOUR’s strategy:

1. Welcoming at least 500,000 foreign tourists, and have 100,000 local tourists and residents visit Cameroon by 2004;
2. Drawing a lot of foreign earnings;
3. Generating many fixed and paid jobs;
4. Facilitating increased involvement of the private sector in the development of the tourism sector.

<table>
<thead>
<tr>
<th>N° Programmes</th>
<th>Costs (million CFAF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Improving quality, and reducing the cost of services</td>
</tr>
<tr>
<td>2</td>
<td>Promotion and marketing of tourist products</td>
</tr>
<tr>
<td>3</td>
<td>Valorisation of existing products and creation of new ones</td>
</tr>
<tr>
<td>4</td>
<td>Maintenance, rehabilitation and development of equipments</td>
</tr>
<tr>
<td>5</td>
<td>Taxation, customs, legal and institutional reforms</td>
</tr>
<tr>
<td>6</td>
<td>Reinforcement of partnership</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9320</strong></td>
</tr>
</tbody>
</table>

3.4.3 Infrastructure

373. The integrated strategy for the development of infrastructure is drawn up alongside the sub-sector strategies of each of the ministries concerned. A drafting retreat is envisaged during the first half of 2004. This will help carry out ministerial and sector-based evaluations. It is worth noting the great number of existing sub-sector strategies for each specific area (housing, urban development, roads, transport, etc.). This shows the need for a community-based approach, which will help take into account and use external factors.

374. Some ministries, however, have prepared draft diagnoses, using resources available at their own levels.

375. **Mines, Water and Power.** The drawing-up of a strategy for the ‘mines, water and power’ sector is at the phase of validation of the diagnosis. The main problems encountered here include:

- Low financial capacity;
- Qualitative and quantitative deficit in human resources;
- Decay of equipment;
- Lack of exploitation of the mining potential;
- Absence of a computerized and regularly updated data base in the fields of mines and energy;
- No mastery of the supply and demand for firewood, which is the first local source of energy;
- Absence of rules for the programming of rural power and hydraulic plants.

376. **Posts and Telecommunications.** The drafting of a strategy for MINPOSTEL is at the stage of validation of the evaluation paper. The following problems were identified:

- Low access to telecommunication services;
- Inadequate legislation and regulation of the telecommunication sector;
- Delay in the management of the scope of frequencies;
- Absence of qualified engineers;
- Non respect of the Obligation for Universal Service (OUS).
3.4.4 Other strategies under preparation

377. **Territorial Administration and Decentralisation.** MINATD in December 2003 forwarded to MINEPAT its draft strategy. This document in its form, is in conformity with the methodology prescribed by MINEPAT, and will benefit from a drafting retreat for an in-depth analysis, and its compliance with the PRSP and the Government’s prescriptions, before the related MTEF is defined. This strategy has two major objectives:

- Efficient administration of the national territory in the current context of advanced democracy;
- Methodical and assisted preparation of the decentralisation process.

378. This strategy contains 18 programmes for a total cost of CFAF 105.5 thousand million for 2004-2006. Here are some of them with their respective costs:

<table>
<thead>
<tr>
<th>Programmes</th>
<th>Costs (thousand CFAF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amelioration of civil protection</td>
<td>3 710 000</td>
</tr>
<tr>
<td>Security and amelioration in the management of prisons</td>
<td>10 481 500</td>
</tr>
<tr>
<td>Reinforcement of decentralisation</td>
<td>2 583 000</td>
</tr>
<tr>
<td>Reinforcement of public order</td>
<td>5 123 200</td>
</tr>
<tr>
<td>Amelioration of local service organisation</td>
<td>50 988 320</td>
</tr>
</tbody>
</table>

379. **Higher Education.** The strategy of higher education has already gone a long way. Finalisation started this year and a drafting retreat will help obtain a final document. The evaluation paper on higher education strategy raised a certain number of problems, including:

- Quantitative insufficiency, decreasing quality and irrelevance of the supply of higher education;
- Insufficiency of lecturers;
- Inadequate equipment;
- Inadequate financial resources in universities;
- Poor governance and organisation of higher education with regard to the specific missions of the university.

380. The following solutions are envisaged:

- Promoting and focusing on performance in all areas of higher education;
- Increasing durably quality and relevance in higher education;
- Valorising human resources;
- Increasing significantly financial resources in higher education.
4.1 INSTITUTIONAL MECHANISM

381. Since September 2003, the Government determined the institutional framework for the follow-up of the PRSP implementation. In this regard, an interministerial follow-up Committee was set up by Decree n° 2003/2220/PM of 29 September 2003 by the Prime Minister, Head of Government. Chaired by the Secretary General of the Prime Minister’s Office, this Committee is made up of some 15 members of government in charge of ministries with an economic and social impact. The Committee ensures the supervision of the implementation of the PRSP, and the smooth execution of Government’s commitments concerning the medium term three-year economic and financial programme.

382. The interministerial Committee is assisted by a Technical Committee in charge of the follow-up and evaluation of implementation activities of the PRSP. This technical Committee was created by Decree n° 2003/2221/PM of 29 September 2003 by the Prime Minister, Head of Government. Under the authority of the Minister of Economic Affairs, Programming and Regional Development, this Committee is chaired by the Secretary General of this Ministry, and has as mission to assist the interministerial Committee in ensuring the technical coordination of the follow-up and evaluation activities for the implementation of the PRSP.

383. The Technical Committee is a body with parity representation comprising on the one hand, Government representatives (officials in charge of economic affairs, Secretaries General of ministries) and some public institutions (NGP, NIS), and on the other hand, representatives of Consular Chambers (Chamber of Commerce, Chamber of Agriculture), the private sector (GICAM, the Movement of businessmen), local governments, religious denominations, NGOs or associations, donors or partners in development.

384. It has a Technical Secretariat whose organisation and functioning are specified by Decision n°0044/MINEPAT/SG of 14 October 2003 by the Minister of Economic Affairs, Programming and Regional Development. This Secretariat comprises a Central Coordination Unit and five thematic groups, respectively in charge of the follow-up of governance, infrastructure, production, indicators, and macro-economic planning. The Technical Secretariat of the Committee operates in close collaboration with provincial delegations of MINEPAT.

385. Provincial Committees for participatory follow-up of the PRSP, which were set up by Decision n° 00058/A/MINEPAT of 26 December 2003 by the Minister of Economic Affairs, Programming and Regional Development, were officially commissioned in January 2004. They are in charge of the follow-up of the PRSP at the provincial level. Under the chairmanship of the Governor, each of the provincial Committees is made up of the provincial Delegate of MINEPAT, the provincial finance Controller, an NIS representative, a representative of the civil society (vice-president), the private sector, NGOs, religious denominations and associations.

4.2 STATISTICAL MECHANISM

386. The implantation of the statistical mechanism during the first year of PRSP implementation had the following main objectives: continued production of data for the reinforcement of poverty assessment, drafting of sector strategies, and evaluation of progress achieved after the implementation of actions matrices.
4.2.1 Achievements

387. New sources of information have been created. They are:

1) A school map, with an updated version available for 2003;
2) A survey on the formation of food crops prices to describe the process of price formation for the twelve main food crops sold in the Yaounde and Douala markets;
3) A survey in Yaounde and Douala on living conditions to complete and enrich the Cameroon Households Survey (ECAM II), with a view to implementing and following up urban development policies;
4) A survey on the procedure of public spending and the satisfaction of beneficiaries in the health and education sectors;
5) The continued use of ECAM II in thematic analysis for the benefit of sector-based programmes.

388. Apart from the new sources available, there are other main sources under preparation on: i) PREPAFEN survey (half way), ii) EDS III survey, iii) 1-2 survey on employment and the informal sector, and the 3rd GPHC.

389. The statistical mechanism for the follow-up and evaluation of the PRSP implementation is gradually being put in place. The sixth session of the National Council of Statistics held on 17 November 2003 examined this draft mechanism which is yet to be finalised. Preliminary observations of donors were taken into consideration in the current version of the document.

390. The work achieved so far concerns the review of the situation of the National System of Statistical information (SNIS), the specification of selection criteria of indicators, the organisation of the mechanism, the minimum statistical programme, and an estimate of its cost.

391. Four different categories of indicators were identified for methodical and coherent follow-up and evaluation of the implementation of global and sector strategies of poverty alleviation. These categories of indicators are: i) indicators relating to the mobilisation and use of resources, ii) indicators which have to do with the physical and financial execution of programmes and projects, iii) indicators of results, and iv) indicators of impact. A provisional list of these indicators is already available; it will be adopted after consultations with the international expert to be recruited. An invitation to tender was launched to this effect by MINEPAT on European Union funding. The designation of the successful bidder will take place on 12 July 2004, and the effective take off of works is scheduled for the beginning of August 2004 (see draft document on the statistical mechanism for the follow-up/evaluation of PRSP. Indicators of participative follow-up which make up the qualitative version of follow-up/evaluation indicators are yet to be defined.

392. As concerns the financing of the capacity building of the national statistical mechanism, the Government, apart from recruiting new senior staff specialised in statistics and demography, has increased budget allocations for the production and collection of data. Some donors assist the Government in these efforts. For instance the World Bank, which is financing national surveys such as the Budget Tracking Exercise or the 1-2 and EDSCIII surveys, granted a Trust Fund to the NIS for capacity building in data analysis. The IMF is also assisting in the improvement of national accounts within SGDD. The African Foundation for Capacity Building (AFCB) is financing, through CAMERCA project, technical and logistic assistance to NIS and to the Department of Prospective. France has already granted NIS technical assistance likely to help implement the statistical mechanism. UNDP, UNICEF and UNFPA assist in various areas relating to data collection, analysis and distribution. The African Development Bank has agreed...
to finance NIS within the International Comparison Project for Africa (ICP-Africa). The European Union intends to grant an institutional support within the 9th EDF to both NIS and statistical services in the health, education and infrastructure sectors.

### Improvement of the statistical information system

The implementation of the statistical mechanism during the first year of PRSP implementation had the following main objectives: continued production of data for the reinforcement of poverty assessment, drafting of sectoral strategies, and evaluation of progress achieved after the implementation of actions matrices.

The process of putting in place a statistical mechanism for the follow-up/evaluation of PRSP is underway. After the first version of the document presenting this mechanism was made public and discussed, the Community development partners, with the European Union as the leader, requested that this document be validated by an international expert, especially concerning the choice of indicators, definition of actions (Plan of action), and costs estimates. MINEPAT forwarded the terms of reference of this mission to the European Union with a draft schedule.

The PRSP had adopted a minimum statistical programme including not only the 3rd RGPH, but also the execution of the other seven statistical actions likely to help in the production of follow-up/evaluation indicators. All actions planned for 2003 have been engaged. They are: i) survey on the follow-up of public spending and satisfaction of beneficiaries in the health and education sectors – Budget Tracking, ii) Demographic and health survey (EDS). Only the survey on employment and the informal sector (1-2) has not been launched, but preparatory studies have reached an advanced stage, while awaiting funding.

A presentation of preliminary results and a progress report are contained in volume II of the document. The other actions planned for 2004, namely: Education survey, Agriculture survey, MICS and ECAM III await the finalisation and validation of the above-mentioned statistical mechanism.

It should be noted that one of the objectives of this document is to serve as a reference to the statistical development programme, before it is submitted to the various partners in request for their respective contributions.

As regards coordination of statistical activities, and pending the setting up of NIS bodies, the former department of statistics and national accounting coordinates the activities of the national statistical information system. The National Council of Statistics which is a consultative organ of the Government is satisfactorily playing its consultation role in the field of statistics. It holds its meetings regularly, and has many actions to its credit, including regulation instruments and better circulation of information. However, this action can be improved so as to maximise the Council’s intervention. In this regard, many studies have been conducted by some partners and must surely converge towards the mechanism to be put in place.

Cameroon is among the first African countries to adopt the Global System for Data Distribution (SGDD). The first Meta data were produced and published on TAND, the IMF Web site, in 1999/2000. A training workshop was organised in Yaounde in January 2002 for 10 Central African countries. New meta data were produced with the assistance of IMF experts, and updating done on TAND.

This action, which mainly aims at improving on the quality of statistical information, deserves reinforcement and extension to all sectors. In this regard, a proposal by NIS Cameroon was addressed to IMF to extend this practice to all fields in addition to those currently targeted by the IMF (and the World Bank for the socio-demographic sector). A preparatory campaign for this exercise was launched by NIS during the first half of 2004 in various administrations.

### 4.2.2 Problems encountered and implementation schedule

393. As regards the production of statistics, the main problem is the low capacity of sector-based statistical services to produce quality data, namely in the health, education, employment and rural sectors. This is due to the inadequate funding of activities, and the obsolescence of basic data. For example, the last agricultural census dates as far back as 1984.
394. Concerning the setting up of a follow-up and evaluation mechanism, the choice of the most relevant follow-up indicators is hindered by the absence of indicators on target and intermediary objectives in sector strategies. The creation of the ruling structures of NIS, and the building of its capacities will enable it organise itself to support the sector-oriented departments of this mechanism.

395. As concerns the finalisation of the mechanism document and its implementation, the next stages, after submission of the final report by the expert, are the following: (i) adoption/validation of the project by the Government, ii) consultation of Government’s development partners in order to collect their contributions (financial) in view of the implementation of the mechanism.

4.3 PARTICIPATORY FOLLOW-UP

396. The main objectives at this level concern the appropriation of poverty alleviation strategies, improving transparency and accountability of various stakeholders, improving the quality and relevance of services, especially public services, and ensuring the monitoring of the implementation process of the PRSP.

397. Six major groups of actors, whose roles are being defined, were identified. They are target groups and beneficiary communities, the elected, administrations and their detachments, the civil society, the private sector, and partners in development.

4.3.1 The operational mechanism

398. Reflection on the institutional framework which enables actors of participatory follow-up to express themselves, aims at involving existing structures which already play a role in participatory follow-up, be it in development as a whole or in poverty alleviation in particular. Therefore, four major structures were identified to contribute. They are: the Technical Committee for the follow-up and evaluation of the PRSP implementation, development committees, the Consultative Committee for the follow-up of HIPC resources, and the National Programme for Participatory Development.

399. Development committees are participatory structures, which already exist and can serve as an information framework or a task force. The revival of these committees in 2003 contributed in having a region-based data bank of close to 14800 projects. The missions of the Consultative Committee make it a control and management structure of HIPC resources, the ultimate objectives being to make sure that: (1) these resources are used to finance projects directly concerned with poverty alleviation, and (2) management is transparent. The National Programme for Participatory Development (PNDP) at its conception aimed at reducing poverty and promoting sustainable development in rural areas by organising beneficiaries and building their capacities. CTSE/PRSP provisionally federates the other three structures, through provincial participatory follow-up committees, and half-yearly participatory evaluation reviews.
4.3.2 Participatory evaluation review as a framework for participatory follow-up

400. By Order n°000367/MINEPAT/SG/CTSE-DSRP of 16 March 2004, the Minister of Economic Affairs, Programming and Regional Development, organised the first half-yearly participatory evaluation review of the PRSP implementation. This review, which was held in the ten provinces from 22 to 31 March 2004, is an extended consultation framework that helped make an assessment, in each province, of the level of execution of actions prescribed in the poverty reduction programme, focusing on the appraisal by beneficiaries of the quality of actions.

401. In each province, the review focused on the draft report presented by the provincial committee. The work mainly consisted in presenting this document to a representative local assembly to make sure that all projects likely to contribute to poverty reduction are evaluated, confirming the execution rate given in the draft report, assessing the quality and relevance of actions with regard to poverty reduction objectives, and taking note of observations by beneficiaries as well as proposals for corrective measures.

402. The meeting was held in four committees corresponding to the sector groups created within provincial Committees, namely: the Production Committee, the Infrastructure Committee, the Social Committee, and the Governance Committee.

4.4. APPRAISAL BY BENEFICIARIES

4.4.1 Main results of the Budget Tracking Exercise

403. One of the objectives of this survey, whose first phase concerns the health sector, is the analysis of tracking budget execution. This operation required the collection of information and appreciation of the quality of the information provided by budget managers. The general observation made at this level is the incomplete nature of such information. This is even more recurrent as far as the execution of the PIB is concerned.

404. Based on this observation, most of the explanations given by officials have to do with (1) absence of accounting archives in health institutions, (2) conflicts of authority between the Chief Doctor, who prefers working either alone or with the Stores Accountant, than with the Accountant Officer/appointed bursar, (3) management of the budget at a superior level of hierarchy, and (4) absence of an Accountant Officer to assist the person responsible for the structure.

405. An analysis of the information collected led to a first observation that the Finance Law, as the reference document for the State budget policy, is by far different from reality. As a matter of fact, about 25% out of a sample of 109 public health establishments were not programmed in 2001/2002 Finance Law, and this statistic moves up to 27.5% in 2003.

406. The second observation is that huge gaps exist between the amount of credits provided by the Finance Law and those declared by managers. The third observation is the return of the credit voucher. This practice does not allow for the follow-up of expenditure by the initial appointed manager. The fourth observation is the relatively long period of time that runs from the beginning of the financial year and the effectiveness in the execution of the budget. As a matter of fact, 3 to 4 months separate the date the budget is voted and the beginning of its execution, including 2 months between the beginning of the financial year and the withdrawal of the credit voucher, and less than two months between the date the voucher is withdrawn and the beginning of the execution of the budget.
407. The execution rate of the budget expressed as a ratio between the total amount of commitments and the amount allocated in the budget is globally satisfactory as it stands between 85% and 95%. Here are by order of importance, the problems encountered by managers in the execution of the budget: (1) delay in the reception of credit vouchers; (2) bargaining with contractors for a ‘satisfactory’ execution of any contract, with regard to conditions presented by contractors on the execution of contracts, problems encountered in the payment procedure, the remoteness or land-locked situation of the area where the contract is to be executed, and the low profit margin compared to the rate on the price list; (3) low budgetary allocation; (4) incoherence between the needs stated per budget head and the credits allocated; (5) inapplicability of some budgetary allocations, for example structures with no vehicle receiving vouchers related to ‘fuel and lubricants’; (6) lack of cash money in some local treasury services; (7) poor functioning of local public contract boards, especially concerning acquisition of drugs and health equipments; and (8) service quality below the amount of credits engaged (officials questioned think there should be an overestimation of about 25%). In general, too much centralisation of the PIB through the practice of centrally managed Delegations and/or periodic Delegations was regretted.

408. Suggestions made by the various officials met on the field to solve these problems must be turned into recommendations within the framework of a validation workshop that will bring together the main stakeholders at the central level (MINEPAT, MINSANTE for public health, ARMP), and at peripheral services. Based on such recommendations the Government will have to adopt a priority plan of action to be implemented gradually.

4.4.2 Main results of participatory evaluation reviews

409. Like for the preparation of the PRSP, the Government is carrying out the implementation and the follow-up/evaluation of the poverty reduction strategies by involving all stakeholders, especially beneficiaries at the grassroots. This approach aims not only for better appropriation by beneficiaries of poverty reduction actions, but also an efficient orientation of such actions in priority sectors. In this regard, half-yearly participatory evaluation reviews that were organised all over the country in March 2004 made it possible to have the appreciation of 255 beneficiary representatives from 1087 projects.

410. The quality of work was considered very good for 36% of projects identified, average for 27% of them and poor for 6%. The responding population had no opinion to express on 338 projects representing 31% of the projects; this is due to the poor knowledge of ongoing activities.

411. According to the 255 persons interviewed, about 51% of the projects identified are crucial to poverty reduction that is 550 projects of the 1087 projects concerned as against 45% of projects with below average impact on poverty reduction. One can note with satisfaction here that projects that have been well or fairly well executed are more likely to reduce poverty.

412. Results obtained during this experimental survey, which is still to be improved upon during the coming reviews with a more representative sample, also emphasize efforts to be made in order to ensure transparency in the award of contracts, while taking the greatest account of effective participation of local capacities in project execution. Information problems at the grassroots also appeared as a limiting factor in the implementation of the participatory approach. Sensitisation and information programmes on Government’s actions must be intensified and perpetuated in order to solve such problems.
413. Apart from these two nationwide participatory evaluations conducted within the framework of the Budget Tracking Exercise and the evaluation reviews at provincial levels, the appreciation of beneficiaries was also obtained within the Poverty Reduction and Pro Women Actions in the Far-North Province (PREPAFEN). The participatory survey carried out has shown that: (i) nearly 80% of households having benefited from the project say they have improved on their living standards, (ii) half of the village groups wish the project covered new areas such as health, education, and energy. The approach will be extended to most of the target regional programmes.

414. Finally, the setting up of the follow-up and evaluation mechanism for the PRSP implementation, has known significant progress in its four components, namely the institutional mechanism, the statistical mechanism, participatory follow-up, and appreciation of beneficiaries. Today, the putting in place of the institutional framework is completed. The statistical mechanism requires in-depth preparation which is going on with the selection of indicators, definition of their calculation formula, and an estimate of the costs of data collection. Government’s contacts with some donors to assist in this in-depth preparation and in the effective setting up of the mechanism are very much advanced. The process of participatory follow-up based on what already exists has known satisfactory start in its implementation, and beneficiaries are beginning to express themselves.

415. Volume II of this report presents in more details all elements of appreciation of the implementation and follow-up mechanism of the PRSP.
416. A detailed review of the PRSP execution as of 31 March 2004 globally shows that actions programmed in the execution matrix of this document were carried out quite well, and that on completion one can envisage, in terms of results, significant progress in the execution of the social and economic development programme of the government.

417. The macroeconomic framework has remained stable and growth prospects are good. The implementation of structural reforms is going on smoothly in spite of some delays in certain points. However,

- if macroeconomic stability is maintained, the balance achieved, especially in public finance, remains fragile and requires not only to be pursued as far as the consolidation of revenues and mastery of expenditure are concerned, but also permanent vigilance against risks.

- Increase in budget revenues, especially taxes, seems to be hindered by the current limits of economic growth. Although there are still a few tax revenue sources to exploit, there is a need to revive growth in order to increase revenue sources without increasing the fiscal burden.

- The current low growth rate tends not only to limit increase in public revenue, but also to constitute a hindrance to attaining target objectives which require higher growth rates.

- The slow execution of the HIPC programme delays attainment of related objectives, and reduces the multiplier effect expected from those sources.

418. Preparation of medium term expenditure frameworks, which must serve as a reference in the allocation of budget resources in conformity with the PRSP priorities, and for which Government requested assistance from donors, remains one of the key tasks to be pursued for an efficient implementation of the PRSP.

419. As regards reinforcing growth through economic diversification, actions initiated are being carried out in a coherent manner. So an increasing rural population is taking advantage of agricultural research, thus improving their agricultural production.

- Programmes designed for the rural environment (PNVRA, PNDP, PADC) are now entering the concrete phase of execution. Destined to the grassroots rural operator, they have to be permanent, regular, lasting, taking into account the fragile and unstable nature of their target population, so as to produce concrete and lasting effects. They can consolidate the growth foundation only through the promotion of rural entrepreneurship, which involves a synergy among the three programmes.

- The issue of financing in the agro-pastoral sector is a major obstacle to overcome towards the development of this sector.
Concrete actions for the development of the industrial sector will be awaited until the sector strategy for industrial development, the concerted strategy for the development of SME/SMI, and the programme for nurturing enterprises are finalised. It is urgent to make these programmes available before any visible action is taken in favour of the industrial sector.

As for the tourism sector whose strategy is under preparation, it is expected from the latter a true tourist development project, with a policy to develop the well-known tourist potential.

Concerning financial intermediation, a significant step has been taken with the creation of the Douala Stock Exchange (DSX), and the gradual regulation of the loans and savings sector (COOPEC). But there is still a fundamental problem: excess liquidity of the banking system, on the one hand, and an unsatisfied demand for funding by economic operators, on the other hand. This phenomenon reflects the reluctance in taking an investment risk as well as a radical attitude of adverse selection of the banking system, sending therefore a negative signal abroad, at a time when foreign direct investments need to be attracted. In this regard, there is need for consultation with the banking sector in order to remedy this situation.

420. Regarding support to the private sector:

- Pressure exerted by foreign economies on our local economy is much higher than the current controls on imports or prices, which appear less effective to curb the smuggling and dumping suffered by our economy, but which must however be continued pending more appropriate responses.

- Implementation of the Investment Charter is of prime urgency, as it includes all the provisions aimed at improving the institutional, fiscal and financial framework of enterprises with a view to facilitating economic growth and diversification. Since measures have been taken to this effect, emphasis should be laid on the fact that a successful implementation requires highlighting of, and solutions to the major problems posed by the Charter, namely growth, investment, competitiveness and capital assets, which all require appropriate studies and in-depth analysis in collaboration with the private sector.

- The following factors constitute the major constraints to the development of the private sector: infrastructure, energy, communication, funding, justice, human resources, opening of markets, economic governance, etc. In reality, a perfect execution of the seven strategic actions of the PRSP might eliminate such constraints.

421. In the social sector most of the actions envisaged in the PRSP have been carried out. Consequently, one can notice a consolidation of national education, public health, woman’s promotion, fight against injustice, and social integration of the underprivileged. Concerning poverty and health issues in the poorest areas, such as provinces where the poverty index is highest (Far-North, East, North-West, South and Adamawa), access to basic care is below the national average, as shown on the health map. Therefore, the Government must spare no efforts in solving these problems, especially the construction of new health establishments. In the same vein, human resources also have to be reinforced in poor areas. Since the objectives of the Extended Immunization Programme (EIP) have been attained, this Programme needs to be perpetuated. It is also necessary to ensure availability and accessibility of essential drugs in health institutions even after the European Union support to CENAME. Similarly, the reform project on health insurance requires strong political commitment and considerable funding.
422. Governance amelioration is one of government’s major concerns. In this regard, actions to fight corruption have been intensified with the setting up of appropriate structures, improvement of citizens information on public affairs, transparency in public management, conduct of surveys like the Budget Tracking Exercise, and continuation of the reform of the judiciary.

423. A cross analysis of achievements in the fields of infrastructure, regional integration, human capacity building, and governance shows a move towards the lifting of obstacles to the development of the private sector. The actions identified and executed sofar show some progress in that direction, even though such actions are still not enough. They all need to be intensified and speeded up.

424. Globally speaking, sector-based strategies of the various ministries are gradually being put in place. Draft versions of these strategies are now available for most ministries. The drafting of medium term expenditure planning that comes next and that was introduced in the social sector, should be continued in the other sectors as soon as their strategies are prepared.

By way of recommendation:

425. The third Structural Adjustment Credit (CAS III) was closed during the first year of PRSP implementation. The completion point will be attained and the Poverty Reduction and Growth Facility (PRGF) completed during the second year. The Government will continue executing its economic and financial programme, as well as the implementation of the PRSP which, in such a context appears more than ever before as the reference, consultation and cooperation framework for the economic and social development of the country.

426. This option taken by the Government must be well understood by all stakeholders, so that the PRSP should really be an integrating framework that can serve as a base for the consolidation of reforms, regulation of growth, definition of development and poverty reduction programmes, identification of entry points for possible funding, and finally the creation and evaluation of projects.

427. In this context, the follow-up of the PRSP implementation for the coming years will have to be done within the framework of a planning process that includes the updating of the implementation matrix and the revision of the PRSP.

428. In a delicate annual procedure, updating the implementation and macroeconomic planning matrix which has served as the base for the execution and follow-up/evaluation of the PRSP will help complete this matrix in connection with the integrating nature of the strategy.

429. With regard to the revision of the PRSP whose terms of reference and plan of execution must be prepared in due time, such a revision requires more comprehensive responses as far as the following points are concerned:

- in-depth analysis of poverty indicators, integrating regional profiles;
- completion of the setting-up of the follow-up/evaluation mechanism, notably at the level of selected indicators, coordination of statistical activities at the central government level, consolidation of the data distribution system (SGDD), and assessment of the impact of envisaged measures and policies on the living conditions of the population;
- preparation of strategies to reinforce growth; such strategies include:
  - Analysing sources of growth, some elements of which already exist;
  - Improving basic equipment;
  - Speeding up the implementation of an incentive framework for the development of the private sector and the promotion of investments;
  - Speeding up the social security reform;
  - Preparing sector-based MTEFs derived from finalised sector strategies in coherence with the PRSP priorities and the global MTEF;
  - Establishing a partnership with the donor community in the process of attaining the Millennium Development Goals.

430. These measures, whose implementation by the end of the first year is quite advanced in most cases, will enrich the implementation and updating of the PRSP.
# LIST OF ABBREVIATIONS AND ACRONYMS

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<tr>
<td>ADB</td>
<td>African Development Bank</td>
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<tr>
<td>AER</td>
<td>Rural Electricity Agency</td>
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<td>AIPO</td>
<td>African Intellectual Property Organisation</td>
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<td>ARSEL</td>
<td>Electricity Sector Regulatory Agency</td>
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<td>ANTIC</td>
<td>National Information and Communication Technologies Board</td>
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<td>APECAM</td>
<td>Association of Professional Credit Establishment</td>
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<td>ARMP</td>
<td>Public Contracts Regulatory Board</td>
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<td>ARV</td>
<td>Anti-Retroviral</td>
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<td>BEAC</td>
<td>Bank of Central African States</td>
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<td>CAA</td>
<td>National Sinking Fund</td>
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<td>CAMCCUL</td>
<td>Cameroon Cooperative Credit Union</td>
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<td>CAMERCAP</td>
<td>Cameroon Economic and Financial Management Capacity Building Project</td>
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<td>CAMRAIL</td>
<td>Cameroon Railways</td>
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<td>CAMTEL</td>
<td>Cameroon Telecommunications</td>
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<td>CAR</td>
<td>Central African Republic</td>
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<td>CAS</td>
<td>Third Structural Adjustment Credit</td>
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<td>CCS/HIPC</td>
<td>Advisory Committee for the Follow-up and Management of HIPC Resources</td>
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<td>C2D</td>
<td>Debt Relief and Development Contract</td>
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<td>CDT</td>
<td>Screening and Treatment Centres</td>
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<td>CDC</td>
<td>Cameroon Development Corporation</td>
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<tr>
<td>CEMAC</td>
<td>Economic and Monetary Community of Central African States</td>
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<td>CFC</td>
<td>Crédit Foncier Cameroon</td>
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<td>CICAM</td>
<td>Cotton Processing Corporation</td>
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<td>CIESP</td>
<td>Inter ministerial Committee Enlarged to the Private Sector</td>
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<td>CIMA CODE</td>
<td>Inter-African Insurance Association</td>
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<td>CNPS</td>
<td>National Social Insurance Fund</td>
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<td>COMETES</td>
<td>Coordination and Modernisation of Technical Higher Institutes</td>
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<td>COOPEC</td>
<td>Savings and Loans Cooperatives</td>
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<td>CRTC</td>
<td>Cameroon Radio and Television Corporation</td>
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<td>CSI</td>
<td>Community-based Health Centres</td>
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<td>CTPL</td>
<td>Privatisation and Liquidation Technical Committee</td>
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<td>CTS</td>
<td>Technical Committee for the Follow-up of Economic Programmes</td>
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<td>CTSE/PRSP</td>
<td>Technical Committee for the Follow-up and Evaluation of the PRSP</td>
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<td>CTG</td>
<td>Central Technical Group</td>
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<td>CUD</td>
<td>Douala City Council</td>
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<td>CUY</td>
<td>Yaounde City Council</td>
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<td>DAO</td>
<td>Tender File</td>
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<td>DPA</td>
<td>Douala Port Authority</td>
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<td>DSCN</td>
<td>Department of Statistics and National Accounts</td>
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<td>DSX</td>
<td>Douala Stock Exchange</td>
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<td>DTC</td>
<td>Screening and Treatment Centres</td>
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<td>ECAM</td>
<td>Cameroon’s Household Survey</td>
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<td>EIP</td>
<td>Extended Immunization Programme</td>
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<td>ECAM II</td>
<td>2nd Cameroon’s Household Survey</td>
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<td>EIG</td>
<td>Economic Interest Group</td>
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<td>EDS</td>
<td>Demographic and Health Survey</td>
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<td>ESAF</td>
<td>Enhanced Structural Adjustment Facility</td>
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<td>Abbreviation</td>
<td>Description</td>
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<tr>
<td>FADCR</td>
<td>Support Fund for Rural Community Development</td>
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<td>GPHC</td>
<td>General Population and Housing Census</td>
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<td>GFAC</td>
<td>Cameroon Business Women Association</td>
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<td>GICAM</td>
<td>Cameroon Employers Association</td>
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<td>GTZ</td>
<td>German Technical Cooperation</td>
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<td>HIMO</td>
<td>Labour-intensive</td>
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<td>HIPC</td>
<td>Heavily Indebted Poor Countries</td>
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<td>HYSACAM</td>
<td>Hygiene and Sanitation Corporation</td>
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<td>ICT</td>
<td>Information and Communication Technologies</td>
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<td>ITU</td>
<td>International Trade Union</td>
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<td>IDA</td>
<td>International Development Agency</td>
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<td>IDB</td>
<td>Islamic Development Bank</td>
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<td>IEC</td>
<td>Information, Education, Communication</td>
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<td>ILO</td>
<td>International Labour Organisation</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>ITM</td>
<td>Intermediary Transportation Means</td>
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<td>LANACOME</td>
<td>National drug quality control laboratory</td>
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<td>MAETUR</td>
<td>Urban and Rural Lands Development and Equipment Authority</td>
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<td>MC2</td>
<td>Community Growth Fund</td>
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<td>MECAM</td>
<td>Cameroon Businessmen Movement</td>
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<td>MDG</td>
<td>Millennium Development Goals</td>
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<td>MEG</td>
<td>Generic Essential Drugs</td>
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<td>MSP</td>
<td>Minimum Statistical Programme</td>
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<td>MTEF</td>
<td>Medium-Term Expenditure Framework</td>
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<td>MINAGRI</td>
<td>Ministry of Agriculture</td>
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<td>MINAS</td>
<td>Ministry of Social Affairs</td>
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<td>MINATD</td>
<td>Ministry of Territorial Administration and Decentralisation</td>
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<td>Ministry of Women’s Affairs</td>
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<td>MINCOM</td>
<td>Ministry of Communication</td>
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<td>MINCULT</td>
<td>Ministry of Culture</td>
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<td>Ministry of Forestry and the Environment</td>
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<td>MINEPAT</td>
<td>Ministry of Economic Affairs, Programming and Regional Development</td>
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<td>Ministry of Livestock, Fisheries and Animal Husbandry</td>
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<td>Ministry of Higher Education</td>
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<td>Ministry of Finance and the Budget</td>
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<td>MINMEE</td>
<td>Ministry of Mines, Water Resources and Power</td>
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<td>MINREST</td>
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<td>MINSANTE</td>
<td>Ministry of Public Health</td>
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<td>MINTOUR</td>
<td>Ministry of Tourism</td>
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<td>Ministry of Public Works</td>
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<td>MINUH</td>
<td>Ministry of Town Planning and Housing</td>
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<td>MINVIL</td>
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<td>MFI</td>
<td>Micro Finance Institution</td>
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<td>NEF</td>
<td>National Employment Fund</td>
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<td>NEP</td>
<td>National Employment Policy</td>
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<td>Acronym</td>
<td>Description</td>
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<td>NEPAD:</td>
<td>New Partnership for Africa’s Development</td>
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<td>NGO</td>
<td>Non Governmental Organisation</td>
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<td>NGP</td>
<td>National Governance Programme</td>
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<td>NIS</td>
<td>National Institute of Statistics</td>
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<td>NSERR</td>
<td>New Strategy for Rural Roads Maintenance</td>
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<td>ODA</td>
<td>Official Development Aid</td>
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<td>PADC</td>
<td>Community Development Support Programme</td>
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<td>PAP</td>
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<td>PNDP</td>
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<td>PCIME</td>
<td>Integrated Treatment of Child Diseases</td>
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<td>PFNL</td>
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<td>Poverty Reduction and Pro Women Actions in the Far-North Province</td>
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<td>RNRP</td>
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<td>SAMU</td>
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<td>SDAU</td>
<td>Development and Town Planning Master Plan</td>
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<td>General System for Data Dissemination</td>
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<td>SIO</td>
<td>Stock Investment Organisation</td>
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<td>SIGEFI</td>
<td>Integrated Management System of Public Finances</td>
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<td>SIGIPES</td>
<td>Integrated Management System of State Personnel and Pay Roll</td>
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<td>National Water Corporation</td>
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<td>SNH</td>
<td>National Hydrocarbons Corporation</td>
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<td>SYNAMEX</td>
<td>National Supply System of Drugs, Reagents and Medical Materials</td>
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<td>TS</td>
<td>Technical Secretariat</td>
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<td>TDR</td>
<td>Terms of Reference</td>
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<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
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<td>UNFPA</td>
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<td>United Nations Children Fund</td>
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<tr>
<td>UNIDO</td>
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PROGRESS REPORT ON THE IMPLEMENTATION OF THE PRSP

April 2003 – March 2004

VOLUME II : IMPLEMENTATION AND FOLLOW-UP MECHANISMS

April 2004
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