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Cameroon
Country Assistance Evaluation

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Abbreviations and Acronyms

CAE	Country Assistance Evaluation
CAEMC	Central African Economic and Monetary Community
CAMC	Central African Monetary Community
CAS	Country Assistance Strategy
CDF	Comprehensive Development Framework
CFA	Financial Cooperation in Central Africa (“Coopération Financière en Afrique Centrale”) in CAEMC and African Financial Community (“Communauté Financière Africaine”) in WAEMU
CODE	Committee on Development Effectiveness
EC	European Community
EHIPC	Enhanced Initiative for the Highly Indebted Poor Countries
ERC	Economic Recovery Credit
ESAF	Enhanced Structural Adjustment Facility
FF	French Francs
GDP	Gross Domestic Product
HIPC	Highly Indebted Poor Country
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IMF	International Monetary Fund
G5 MUV	Average Import-unit value of manufactured goods imported by developing countries from G5 countries
ODA	Official development Assistance
OED	Operations Evaluations Department
PAF	Poverty Action Fund
PRGF	Poverty Reduction Growth Facility
PRSP	Poverty Reduction Strategy Paper
SAC	Structural Adjustment Credit
SAL	Structural Adjustment Loan
SAP	Systems, Applications and Products in Data Processing (Enterprise Software corporation)
SDR	Special Drawing Rights
SSA	Sub Saharan Africa
TA	Technical Assistance
UDEAC	Central African Customs and Economic Union
WAEMU	West African Economic and Monetary Union

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MEMORANDUM TO THE EXECUTIVE DIRECTORS AND THE PRESIDENT

SUBJECT: CAMEROON COUNTRY ASSISTANCE EVALUATION

Cameroon is a country of sharp contrasts. During 1978-85, real GDP per capita increased by 7 percent a year, largely due to oil discoveries. But these strong gains were more than erased during the 1986-93 depression started by a dramatic fall in world prices for Cameroon's main exports, and was aggravated by the overvaluation of the CFA franc and inappropriate policies. The regional crisis led to the 1994 devaluation of the CFA franc. The subsequent recovery helped to improve the macroeconomic situation. But public education and health indicators have remained poor, and Cameroon is still perceived as a very corrupt country on the basis of surveys undertaken in 1998 and 1999 by Transparency International. A draft of this evaluation was distributed to CODE in June 2000. This report is now being re-issued for the purpose of public disclosure.

The pattern of Bank assistance was uneven and poorly adapted to changing needs and sharp policy turning points. Assistance was too generous at the end of the expansionary period and not generous enough in the recovery period. Until 1981, Cameroon was a blend country. Bank assistance was relevant and efficacious. The outcome of projects approved during this period was rated satisfactory for 87 percent of the commitments, and the country's development objectives were broadly in line with the Bank's corporate objectives. The outcome of the program through 1981 is therefore rated satisfactory.

In 1982 Cameroon became eligible for IBRD only, and remained so until the 1994 devaluation. Ratings of projects approved during this period fell sharply, with outcome rated satisfactory for only 17 percent of commitments. IBRD assistance was neither relevant nor efficacious, and its costs were more than one-third above the sub-Saharan African average. Commitments were large through 1985, even when the country enjoyed high oil export earnings and easy access to capital markets. IBRD commitments fell in FY86-87 when Cameroon suffered very severe terms of trade losses, and jumped in FY88-89 when its creditworthiness was questionable. None of the five projects approved in these two years had satisfactory outcomes. Poverty increased massively between 1986 and 1993. The outcome of the program for 1982-94 is rated unsatisfactory and its institutional development impact negligible.

When the long awaited devaluation occurred in January 1994, Cameroon became an IDA-only country and received assistance from IDA and other donors. The increase was temporary: over the entire FY94-00 period, net transfers from the World Bank were negative and sizable. Net transfers from all external sources fell from 3.5 percent of GNP in 1990-93 to -0.2 percent in 1995-98, although policies improved from the first to the second period. Cameroon succeeded in restoring normal relations with its external creditors, but at a high cost: public investments remained very low and (after a drastic cut in the nominal wages of civil servants), the public administration became more ineffective and corruption endemic and trust was lacking between the business community and the public administration.

A significant improvement in macroeconomic policies occurred in 1996, implemented by a reform-minded government. The three main objectives of the 1996 CAS were to: (i) consolidate the benefits of the devaluation, (ii) alleviate poverty, and (iii) create a climate favorable for private sector development. Substantial progress was achieved toward the first and the third objectives, but not toward the second. Relevance of the Bank program was mixed, as it placed too little emphasis on the social sectors. Assistance by the Bank, in close collaboration with the IMF, was very effective in improving the macroeconomic situation, reforming the banking sector and promoting privatization. It was moderately effective in the transport sector. It was not effective in agriculture, nor education or health, due at least in part to the difficulty of establishing a policy dialogue. The efficiency of Bank operations improved to a level close to the sub-Saharan Africa average by the late 1990s. Based on these results, the outcome of the Bank's program for the post-devaluation period, particularly since 1996, is rated as marginally satisfactory. The institutional development impact has been modest. Sustainability is uncertain.

The problem of corruption, hardly mentioned in the 1996 CAS, became prominent in the 1998 CAS progress report, and the Bank's concerns about the deterioration of the social sectors became increasingly vocal. The turning point came with the launching of the Poverty Reduction Strategy Paper (PRSP) and the preparation of a request for the EHIPC. The Bank decided to take a hard line and the authorities responded positively. The Chairman of Transparency International was invited in February 2000 to address a seminar on corruption which was widely covered by the media. The Ministers of Health and Education were removed and reforms in those sectors initiated. An action program to contain the spread of HIV at the village level was launched in April with Bank support. But while Cameroon has established a good macroeconomic track record for three years, the record in the social sectors has remained poor.

The Bank faces a dilemma. On the one hand, the country has a track record of endemic corruption. On the other, debt reduction under the EHIPC initiative could improve the well-being of millions if the savings were used efficiently. The challenge for the Bank is to help Cameroon design and implement measures to do so. It should concentrate on essential reforms for which implementation can be closely monitored. The Bank should assist in formulating a strategy for agricultural and rural development. The social sectors require more attention than in the past. Other priority areas, such as feeder roads and the rehabilitation of the Port of Douala, will also be important to promote growth and reduce poverty. In view of the enormity of the task and the limited Bank resources, partnerships will be important, in line with the CDF approach.

Contents

Louis Goreux was the task manager for this report. Peer reviewers were Laurie Effron (OEDCR), Alice Galenson (OEDCR) and Lawrence Hinkle (AFTM3). Gilles Gauvreau conducted research on expenditures on health and education and on the municipal budget for Douala. Oliver Rajakaruna and Dinara Seijaparova provided statistical support.

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Overview

Among SSA countries, Cameroon had been one of the best performers until the early 1980s, but became one of the worst in the late 1980s. The post-devaluation recovery was weak initially. It gained momentum in 1996, but performance was very uneven: remarkable progress was achieved on the macroeconomic front, while the social sectors remained a disaster area. The Bank is now facing a challenge with the debt reduction initiative (EHIPC) which provides a unique opportunity to improve economic and social conditions in Cameroon.

The first part of the paper analyzes how the reversals in the country's fortunes came about. The second assesses how the Bank responded to Cameroon's changing needs. The third deals with poverty and problems in the social sectors. The fourth examines developments in external financial flows to Cameroon. The last part deals with the challenge now facing the Bank.

An OED mission visited Cameroon in January 1999. During the Spring Meetings, 2000, an earlier draft of this report was shared with a senior official in the Government of Cameroon. The current draft is being translated into French. No government comments have yet been received.

2. The Reversal in Cameroon's Fortunes

2.1 Cameroon, which had been a German protectorate through the first World War, was divided by the victorious allied powers into two parts, one administered by France and the other by the UK. During the 1950s, the struggle for independence escalated into a violent guerilla war which ended shortly after Cameroon became independent in 1960. The country became a federation in 1961 and a unitary state in 1972 (Box 1.1). Since then, power has become highly centralized, with a view to preserving national unity and avoiding social disorders in a region prone to conflict.

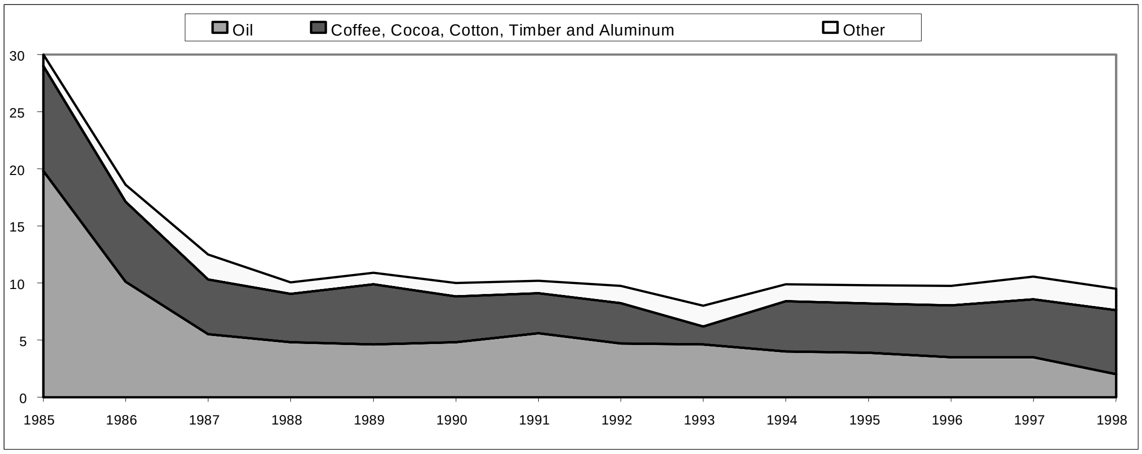
2.2 The economy remained dependent on agricultural exports through 1977, but the situation changed when oil started flowing in 1978 and oil prices surged in 1979-80. The early 1980s were Cameroon's golden years, with oil accounting for two thirds of export earnings in 1984. Unfortunately, the oil discoveries brought in their wake a "Dutch disease", which was aggravated by the after-effects of a violent conflict in 1983. In an attempt to broaden political support, the oil bonanza was used to recruit more civil servants, increase public investment without attention to economic returns, and create public enterprises which quickly became money losers. Discipline in public expenditure management was relaxed and corruption increased.

2.3 From November 1985 to July 1986, the world price of oil fell by two thirds; the fall in dollar terms was aggravated by the depreciation of the US dollar in relation to CFA franc. Because Cameroon had a low external debt and sizable external reserves in 1985, the authorities thought that the country could weather a decline in their terms of trade without fiscal adjustment. But the decline was very sharp, and it was not temporary. From 1984/85 to 1986/87, Cameroon's average export unit values expressed in CFA francs fell by 65 percent for oil and 40 percent for cocoa and coffee, resulting in a loss equivalent to 14 percentage points of GDP. The situation was aggravated by a reduction in the volume of oil exports due to the progressive exhaustion of the country's reserves. From 1984/85 to 1987/88, real export earnings fell by two thirds and Cameroon adopted an IMF-supported program in September 1988 (Figure 1).

BOX 1.1: CALENDAR OF EVENTS

1960 Cameroon gains independence.
1961 The part previously under British rule opts by referendum to form a *federation* with the francophone part and the first President, Ahidjo, establishes a one party-state.
1972 Following a referendum, Cameroon becomes a *unitary state*.
1978.Oil starts flowing, marking the *beginning of the golden years.*
1982 President Ahidjo resigns for health reasons in favor of President Biya.
1983. Former President Ahidjo attempts to regain power in a short but violent confrontation; he loses.
1984/85 *The last golden year*; oil accounts for 65 percent of export earnings and 44 percent of government revenues.
1985-86 Dollar prices fall sharply, first for oil and, soon after, for most agricultural exports. The fall in dollar prices is aggravated by the depreciation of the US dollar in relation to the CAF franc, which is at fixed parity with the French franc. The currency becomes overvalued leading to an erosion of the country's competitive position and *Cameroon falls into a long and severe depression*.
1990 President Mitterrand announces that French assistance to African countries will be linked to progress in democratization ("Discours de La Baulle"). This leads to the establishment of "Conferences Nationales" in several French-speaking African countries.
1991-92 The opposition asks for the setting up of a "Conference Nationale" responsible for drafting a new constitution and overseeing the transition to elections. President Biya rejects the proposal. The opposition launches the "*Operation Villes Mortes*" (dead cities).
1992 President Biya is reelected, but the validity of the elections is strongly contested by the opposition which launches a *campaign of civil disobedience*, with the effect of curtailing government revenues. The U.S. and Germany suspend their assistance to Cameroon.
1993 *Civil service salaries are cut* by 15 percent in January and by a further 32 percent in November.
1994 *Devaluation.* The currency is devalued from 50 to 100 CFA franc per French franc on January 12 and, in spite of the resulting increase in the cost of living, nominal government wages are not raised before February 1997. *Corruption becomes endemic* throughout the public service and the judiciary. A far reaching UDEAC tariff and indirect tax reform is implemented shortly after the devaluation and Cameroon becomes a country with low tariff barriers. A high share of the budget is devoted to military expenditures following occupation by Nigerian forces of a disputed, oil rich peninsula in January 1994.
1996 A *reform-minded government* is brought into power towards the end of the year.
1997 *President Biya is reelected* for 7 years in October and allowed to run for another 7 year term in 2004.
1999 The treaty establishing the *Central African Economic and Monetary Community* (CAEMC) is ratified by the 6 countries of the community in June 1999.

Figure 1: Cameroon Export Earnings, 1985-98
(in billions of FF deflated by the G5 MUV Index , 1990 =100)



2.4 Congo and Gabon, which also belonged to the CFA zone and were even more dependent on their oil exports, reacted more promptly than Cameroon. By end-1986, both countries had adopted a program supported by the IMF and rescheduled their debt to Paris Club creditors. But Cameroon waited for two more years before going to the Fund and for one additional year before going to the Paris Club. By then, Cameroon had accumulated massive domestic and external arrears and the adjustment programs did not work.

2.5 The combination of declining terms of trade and an increasingly overvalued currency was detrimental to Cameroon's competitive position, particularly in its trade with neighboring Nigeria, which has a wide and porous border with Cameroon. Investment fell by more than 70 percent from 1986/87 to 1993/94. Real GDP per capita fell by 42 percent, and government revenues fell even more steeply (Annex Table A).[1] The sharp fall in government oil revenues was aggravated by a decline in the collection of non-oil revenues resulting from the depression and a campaign of civil disobedience. With civil servant wages remaining unchanged until 1993, the public wage bill increased from 25 percent of government revenues in 1985/86 to 63 percent in 1992/93, the largest increase in sub-Saharan Africa (Annex Table B1).

2.6 Domestic and external arrears rose rapidly while non-wage expenditures were cut to the bone. The government was nevertheless unable to cover the public wage bill, and it had to take drastic measures. In January 1993, nominal wages of civil servants were reduced on average by 15 percent with larger cuts for higher salaries, while wages of the police and military personnel remained untouched. But this was not enough. In November 1993, salaries of civil servants were further reduced by 32 percent, with steeper reductions for higher grades; this time, military wages were cut across the board by 15 percent. Two months later, the devaluation came. The cost of living index rose by

[1] Expressed in real terms and on a per capita basis, government revenues fell by 60 percent from 1985/86 to 1993/94.

60 percent within two years, but nominal wages remained unchanged.[2] From December 1992 to December 1995, real wages of senior civil servants fell by 75-80 percent, which had a deleterious impact on civil servants' motivation and fueled corruption (Annex Tables B2 and B3).

2.7 In retrospect, it would have been preferable to devalue the currency in 1988, rather than waiting until 1994. However, Cameroon could not make this decision unilaterally without withdrawing from the CFA zone, which was not without risks. Short of devaluing the currency earlier, it would have been desirable to reduce the public wage bill progressively from the start of the depression. But the government wanted to avoid unpopular measures before holding critical elections in late 1992. It would also have been desirable to reduce the public payroll more severely while cutting wages less drastically, but politically and socially, it was difficult to dismiss scores of civil servants in the middle of a depression when formal employment in the private sector was shrinking. The size of the public service declined nevertheless. It was reduced by 12 percent from 1990 to 1995 and by a further 3 percent from 1995 to 1998. The 3 percent reduction did not apply evenly across the board; employment increased by 5 percent in defense, police, justice and education, while it declined by 13 percent in the other sectors (Annex Table B4). Although the number of those paid under the education budget increased by 5 percent, the number of teachers did not increase commensurately, because many of those newly recruited under the education budget were detailed to other services.

2.8 Average government wages in Cameroon were only one third of those prevailing in Côte d'Ivoire in 1997 (Annex Table B2). But the actual cost to Cameroon's treasury probably exceeded the amount recorded under the wage bill by one third, due to various indemnities and to the redistribution among civil servants of part of the expenditures recorded under "materials."[3] Some civil servants earned more through second jobs and/or bribes than from their official jobs. Many were not paid on time or had to pay bribes in order to be paid.

2.9 With an ineffective civil service, a decayed infrastructure, an environment unfriendly to private enterprises and a lack of trust between the administration and the business community, the initial recovery was slow. A reform-minded economic team was brought into power in 1996, and the macroeconomic situation improved dramatically. By contrast, no progress was achieved in improving the judicial system or in improving public education and health services. Sequencing of reforms became critical, since the magnitude of the problems and number of issues made it impossible to address all of them simultaneously.

[2] Wages were raised by 25 percent in February 1997.
[3] World Bank, "Revue de la depense publique" (Review of Public Expenditures), March 1999, unpublished.

3. The World Bank Response

Through FY81

3.1 The outcome of projects approved by the Board before FY82 was rated satisfactory for 87 percent of the amounts committed (Table 2.1). Cameroon had an active local business community, and expatriates played a minor role in the country's economic management. GDP growth was high and Cameroon was the Bank's show case in SSA.

Table 2.1: OED Project Ratings, FY67-95 (by year of approval and by commitments)

	FY67–FY81	*FY82–93*	*FY94-FY95*[a]
World Bank Lending Status	Blend	IBRD-only	IDA-only
Number of Projects	36	19	2
Of which			
Agriculture	43%	45%	0%
Transportation	39%	15%	0%
OED Rating			
Satisfactory Outcome	87%	17%	52%
Sustainability			
Likely	11%	13%	
Uncertain	85%	11%	100%
Unlikely	4%	76%	
Institutional Development Impact			
Substantial	6%	5%	
Modest	85%	18%	
Negligible	9%	79%	100%

[a]For subsequent projects, see Annex Table G.
Source: See Annex Tables D and E.

FY82-1993

3.2 The Bank did not foresee the crisis. IBRD commitments to Cameroon remained high during FY82-85, averaging $90 million a year, at a time when Cameroon was not able to use its large oil revenues efficiently. With the outcome of 60 percent of the projects approved during these four fiscal years rated unsatisfactory, Bank money was not used efficiently either. Cameroon was not receptive to policy advice and did not need IBRD resources in the early 1980s. Based on low relevance, efficacy and efficiency, the outcome of the Bank program ceased to be satisfactory in FY82.

3.3 Cameroon graduated from IBRD/IDA blend status to IBRD-only status in FY82 and remained an IBRD-only country throughout the depression until the January 1994 devaluation (Annex Tables H and I). The shift between IDA and IBRD eligibility was based on the level of per capita GNP (measured by the Atlas method) and judgments regarding the country's creditworthiness. Performance of the 19 projects approved during the IBRD-only period (FY82-93) was very poor. Outcome was rated unsatisfactory for 83 percent of the commitments made, sustainability unlikely for 76 percent of commitments and institutional development impact negligible for 79 percent of commitments (Table 2.1). The sharp decline in project ratings (from 87 percent satisfactory outcome before FY82 to 17 percent subsequently) reflected the fiscal deterioration resulting from the depression. Conditions were at their worst for projects approved before the devaluation and exiting after FY89; for those projects, outcome was rated satisfactory for less than 4 percent of the commitments.[4] After having concentrated on agriculture and transport until FY88, the Bank went heavily into urban development and adjustment lending in FY89 (Table 2.2).

3.4 With hindsight, the rationale for the time-pattern of IBRD lending appears questionable. Yearly IBRD commitments fell from $90 million in FY82-85, when the country did not need Bank financial assistance, to $34 million in FY86-87 when the country suffered a drastic terms of trade loss, before jumping to $217 million in FY88-89 when Cameroon's creditworthiness was questionable.

Table 2.2: Commitments by Sector, Actual FY1967-99 and Proposed FY00-02

Sector Group	*FY67-81*	*FY82-93*	*FY94-99*	*FY67-99 as % of Total*	*FY00-02 Base Case*
	US$m.	*US$m.*	*US$m.*	*%*	*US$m.*
Investment	**610**	**797**	**140**	**66%**	**182**
Agriculture	254	324	21[a]	26%	30
Transportation	259	238	71	24%	22
Urban Development		166		7%	
Education	38	30[b]	5[c]	3%	
Population, Health & Nutrition			43[d]	2%	
Others	59	39	0	4%	130
Adjustment: SAL / SAC	**0**	**150**	**638**	**34%**	**11**
Total	**610**	**947**	**778**	**100%**	**193**
Adjustment as a % of total	0%	16%	82%	34%	6%

[a] Of which $6 million for biodiversity financed by a trust fund administered by the Bank.
[b] Of which $21 million was cancelled.
[c] Remains almost entirely undisbursed.
[d] Of which $20.1 million was cancelled and $11.8 million remains undisbursed.
Source: Annex Table F.

3.5 The Bank was aware of the crisis in 1986, but Cameroon was not yet ready to acknowledge it. By 1988, with its foreign exchange reserves exhausted, Cameroon asked for assistance from the Bretton Woods Institutions. A confidential note endorsed by the management of the Africa Region in March 1988 had concluded that a 50 percent devaluation of the CFA franc was needed to restore the competitive position of the CFA zone and that, pending the devaluation, the Bank should curtail its lending. But when

[4] The overall fiscal deficit (including grants) rose from 2.9 percent of GDP in FY85-89 to 7.3 percent in FY90-94 before falling to 2.0 percent in FY95-99. See Annex Table A.

Cameroon signed its first stand-by with the IMF, the Bank felt that it could not miss the opportunity of opening the policy dialogue and offered generous lending to facilitate it (Box 2.1).

BOX 2.1: RELATIONS WITH MAJOR CREDITORS

9/88 *The First Standby* is approved by the IMF (SDR 62 million); it is *interrupted* in 6/90 with only 63 percent drawn and followed by a structural adjustment loan from France.
5/89 *First Paris Club rescheduling.*
6/89 *First SAL* from World Bank ($150 million).
11/91 *The Second Standby* is approved (SDR28) but *interrupted* in 4/92 with only 29 percent drawn.
1/92 *Second Paris Club rescheduling. First London Club rescheduling*.
6/92 First structural adjustment grant from EU; first tranche disbursed.
12/92 The EU decides not to release the second tranche.
1993 France remains virtually the only aid provider, accounting for 78 percent of net ODA disbursements..
3/94 *Third Stand-by* with the IMF and *third Paris Club rescheduling*. The SDR82 million IMF program is cancelled after three months with only 27 percent disbursed and replaced in July by a FY95 shadow program. *SAC I:* The last $50 million tranche of SAL I is canceled and restored as a $50 million IDA credit to which is added $50 million from fifth dimension (fully disbursed in June 1994).
5/94 Structural adjustment loan from AFD (France).
6/94 *Economic Recovery Credit* ($108 million, fully disbursed by June 1995). Second structural adjustment from EU.
9/95 *The Fourth Standby* is approved by the IMF (SDR68 million); it is *interrupted* 4/96 with only 13 percent drawn.
11/95 Fourth Paris Club rescheduling.
1/96 Adoption of a 1996/97 adjustment program monitored by the IMF.
1/96 *The First CAS* is presented to the Board and it is followed by *SAC II* ($150 million, fully disbursed).
8/97 *The First Three-year ESAF* is approved by the IMF for SDR162 million, of which 70 percent has been drawn for the first two years (7/1/97-6/30/99); the third-year program is still on track at the mid-term review.
10/97 *Fifth Paris Club rescheduling.*
2/98 *CAS Progress Report*.
6/98 *SAC III* ($180 million, of which $50 million was disbursed on 7/31/98 and $26 million on 3/31/99; none of the four floating tranches of $26 million had been disbursed by April 2000.

3.6 Both the IMF and the Bank underestimated the magnitude of domestic arrears and the depth of the crisis in 1988-89. The staff appraising the first SAL knew that a devaluation was needed, but could not ask for it. Because the right medicine could not be prescribed, the SAL became an ambiguous and complex operation. It required the implementation of 186 measures, and the sequence of the measures was not always appropriate. For example, the program called for the progressive removal of quota restrictions on imports and an overall reduction in tariffs, which was the thing to do after, not before, a devaluation. The appraisal and supervision of the SAL was costly; it required 612 staff weeks. But, in spite of the high staff input, the SAL's outcome was rated highly unsatisfactory (by OED) and the institutional development impact negligible. Bank performance was rated unsatisfactory.

3.7 Among the four IBRD projects approved in FY88-89, none was rated with a satisfactory outcome; moreover, sustainability was rated unlikely and institutional development impact negligible for 92 percent of the committed amounts.[5] IMF programs were not successful either (see Box 2.1).

1994-1995

3.8 When the long awaited devaluation occurred in January 1994, the donor community reacted promptly. Cameroon's debt to Paris Club creditors was rescheduled in March 1994, a few days after a third standby had been approved by the IMF. Cameroon, which had been an IBRD-only country, became eligible only for IDA. It received a $100 million adjustment credit in March (SAC I), which was fully disbursed by June 1994, and another $108 million credit in June (ERC), which was fully disbursed by June 1995. In addition, Cameroon received an adjustment credit from France in May 1994 and an adjustment grant from the EU two months later.

3.9 Cameroon's recovery was slow for several reasons. First, after years of low investments and poor maintenance, infrastructure was dilapidated. Second, after a drastic cut in real wages, public servants in Cameroon were no longer motivated and public services were not reliable. Third, macroeconomic policies were weak, the government did not have a clear strategy and there was a lack of trust between the business community and the public administration. Fourth, the programs supported by the IMF and the Bank lacked local ownership; programs were too ambitious and complex in view of the low implementation capabilities of the administration.

3.10 SAC I was prepared very quickly following the devaluation. The ERC, which was prepared more thoroughly, was essentially a follow-up of the reforms initiated but not completed under SAL I and SAC I. The ERC was implemented more successfully than SAL I, mainly because the post-devaluation environment was more favorable, and the project outcome was rated marginally satisfactory by both the Region and OED. In FY95, the Board approved a large health project ($43 million) which encountered serious problems from the start.

3.11 The program supported by the third IMF standby quickly went off-track, and the arrangement was suspended three months after approval. It was replaced by a shadow program and followed by a fourth standby which was approved in September 1995 and suspended seven months later. None of the four standby arrangements negotiated with

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[5] The four projects were SAL I ($150 million), Urban II ($146 million), Cocoa rehabilitation ($103 million) and Livestock sector development ($34.6 million). The first three projects (those with commitments exceeding $100 million) had very low ratings (unsatisfactory or highly unsatisfactory outcome, unlikely sustainability and negligible institutional development). Commitments were partly cancelled for each of the four projects; cancellation amounted to 43 percent of the total.

the IMF over the 1988-95 period was successfully completed. This failure reinforced Cameroon's image as a non-committed reformer.

3.12 During the first two years following the devaluation, neither the IMF nor the Bank succeeded in promoting reforms, mainly because the government was not ready to implement them. The Bank could, however, be criticized for not having restructured its portfolio rapidly enough and, in particular, for not having cancelled IBRD projects which had little chance of success. The last remaining IBRD loan (a food security project approved in early FY92) was closed in FY99 with 46 percent of commitments cancelled and the project outcome rated unsatisfactory.

1996-99

3.13 The turning point occurred in 1996 when a new reform-minded government came to power. With an improving macroeconomic situation, an upbeat FY96-98 CAS was submitted to the Board. The three main objectives of the CAS were to: "(i) consolidate the benefits of the devaluation, (ii) alleviate poverty, and (iii) create a climate favorable for private sector development, so as to set the stage for faster growth." Substantial progress was achieved toward the first and third objectives, but not toward the second one. Assistance by the Bank, in close collaboration with the IMF, was effective in improving the macroeconomic situation, reforming the banking sector and promoting privatization. It was moderately effective in the transport sector. Until very recently, it was not effective in the social sectors, education and health in particular, or in agriculture. The efficiency of Bank operations improved substantially during the period (see below). The outcome of the Bank's program is rated as marginally satisfactory, the institutional development impact modest, and sustainability uncertain. The rest of this section, together with Section 3, provides more details on implementation problems and achievements by sector.

Areas with Substantial Achievements

3.14 The most remarkable achievement was the improvement of the financial situation despite declining oil reserves. In contrast with the four previous standbys, all quantitative and structural performance criteria of the ESAF program approved in August 1997 were met through December 1999. Cameroon effectively restored its relations with external creditors, but not without cost. The primary fiscal surplus averaged 4.7 percent of GDP in 1996-98, the highest recorded by any SSA country during the three-year period. Such a high surplus was needed to service the interest due on the external debt which could not be rescheduled. It had the effect of crowding out current expenditures in several priorities areas and of reducing public investments to insignificant amounts.

3.15 SAC II (approved in FY96) contributed to the successful restructuring of the banking system, which was an achievement since the previous attempt shortly before the devaluation had failed. The Bank and IFC contributed to improve the environment of the private sector.[6] They played an important role in promoting privatization and insuring

[6] See Annex I: IFC, MIGA and FIAS.

that the process was conducted in a reasonably transparent manner.[7] Privatization of large public enterprises had the effect of closing important sources of leakage, but it generated reactions from those with vested interest, which contributed to slowing down the privatization process in 1999.

Areas with Modest Achievements

3.16 Cameroon suffers from very high transportation costs, in particular for transiting through the port of Douala which is the key entry and exit point for international trade. As stressed in the 1996 CAS, reducing these costs is essential to stimulate growth, and an ambitious program for the transport sector was prepared with the assistance of the most important donors. The program was supported by two IDA credits amounting to $71 million and by grants and credits from EU, Germany, France and AfDB for an additional $308 million. The investments were expected to yield very high rates of economic return,[8] provided appropriate reforms were implemented. SAC III (approved in June 1998) specified a number of reforms which conditioned the presentation of the credit to the Board, the effectiveness of the credit and the release of the second tranche. In addition, SAC III included a floating tranche dealing exclusively with the port of Douala, to be released only if specific performance indicators had been satisfied.[9] Significant progress was achieved in the transport sector. The road fund became operational, and the first two tranches of SAC III were released; but the floating tranche linked to satisfactory operations in the port of Douala is not expected to be released before FY01.

Areas with Little or No Achievements through 1999

3.17 While corruption was hardly mentioned in the 1996 CAS, it appeared as a major challenge in the CAS progress report issued two years later: "Corruption is endemic throughout the public services and the judiciary, and many transactions do not take place transparently. The government recognizes that this is probably the major impediment to increased private investment, and is preparing to deal effectively with the problem."[10] The Bank played a role in bringing corruption to the forefront and contributed to reducing one of the main sources of corruption, by promoting privatization and ensuring that the privatization process is conducted with sufficient transparency. The Fund also contributed by requesting audits of key public enterprises (the oil company SNH in particular) and of the ten largest procurement contracts.[11] Fighting corruption became part of Presidential addresses, and several corrupt officials were arrested, including two well known figures. But little progress had been achieved by end-1998 (particularly in the judiciary), and Cameroon was still perceived as the most corrupt country in a sample

[7] Privatization was completed for rubber, sugar, shipping mobile phone company and railway concession. Negotiations are under way for the oil palm company and water. Process has been initiated for electricity, fixed phone network, a large agro-industrial complex and port activities.
[8] Estimated at 74 percent for the first–year road maintenance program in the basic scenario and 40 percent for the rural transport infrastructure program. Schedule B1, Transport Sector Project, Report P-6894-CM.
[9] One of the performance indicators was to reduce the time for clearance of containerized merchandise to seven working days for imports and two working days for exports over three consecutive months.
[10] IDA/R98-14, 2/18/98. Paragraph 15.
[11] The audit report of the 10 largest contracts of 1998/99 revealed major flaws in following procedures and in the verification of delivery.

of some 99 countries on the basis of surveys undertaken in 1998 and 1999 by Transparency International. In late February 2000, Peter Eigen (Chairman of Transparency International) was invited as guest of honor to address a seminar on corruption organized by the Cameroon's Bar Association. The seminar, which received wide media coverage, was attended by the Minister of Finance. Systematic attention to this issue is needed, and institutional development in support of improved governance should have top priority in foreign assistance programs.

3.18 An increase in the budget share going to education and health was selected as a performance indicator in the 1996 CAS, and SAC II tried to ensure such a shift in resources. However, this indicator proved to be of little use, since the information needed to make informed judgements about the impact of the resource shifts was not available. Due to the impossibility of establishing a meaningful policy dialogue and the lack of progress in the social sectors, several donors reduced their assistance to these sectors. The Bank reluctantly decided to concentrate on other sectors where it might have more impact. An education project that had been in preparation for nearly three years was cancelled in 1998, and a health project approved in FY96 performed so poorly that the Bank cut commitments by half in 1999 and restructured the remaining part.[12] The project is currently rated at risk by QAG.

3.19 The Bank has tried to assist Cameroon in rationalizing forestry exploitation and containing environmental deterioration. SAC III, approved in June 1998, includes a number of forestry reforms. However, a recent OED review of the Bank's intervention in Cameroon's forestry sector concluded that "the Bank's interventions in and outside the forest sector in Cameroon were relevant to its forest policy objectives, but they were neither efficacious nor efficient. Because of weak institutional development, the achievements are not likely to be sustained."[13] The report also suggested that in order to deal with important policy and institutional issues, the Bank would need to be involved in the sector over a longer time period than that implied by adjustment lending. Since that report was drafted, however, signs of progress are emerging. The floating tranche for the forestry sector under SAC III, which has not yet been released, is entering a critical phase. New legal and regulatory instruments are being introduced, the quality of the dialogue has improved and a credit for the forestry sector, which will ensure longer term Bank involvement, is now in preparation.

3.20 According to the client survey conducted in 1999, helping to reduce poverty and building up capacity at the community level were considered as two of the Bank's least effective activities.[14] Moreover, clients were "not sure that the government leads donor coordination and that the Bank does not take too much control over the donor coordination process." NGOs were more negative on the Bank's performance than government officials. The country team "evaluated the Bank's performance significantly lower than did the clients"—which is unusual in that type of survey—and the team

[12] IDA commitment was reduced from $43 million to $23 million.
[13] OED, "Cameroon Country Case Study," draft 7/27/99, last paragraph of the Summary.
[14] These two activities were rated 2.89 and 2.63 on a scale where 2 means fairly ineffective, 3 average and 4 fairly effective. Cameroon Client Survey, AFR, SRMIG, 8/11/99.

viewed “the government’s behavior in its relationship with the Bank as extremely negative.” In the months following the survey, the Bank made an effort to improve communications with the public. The resident representative gave several press conferences, which were well received. The Bank is now conducting, in conjunction with government officials, a series of seminars on the PRSP in an attempt to achieve greater participation in the formulation of the document.

Problems of Implementation

3.21 The backlog of undisbursed credits to Cameroon has been abnormally large because most donors encountered considerable difficulties in implementing their projects. The poor efficiency of public administration was therefore partly responsible for negative transfers. OED ratings were very low for projects closed in FY88-93, the cost of appraisal and supervision per project exceeded the African average by about one-third and the cost of dropped projects was a multiple of the World Bank average (Annex Table L). The Bank was not the only agency which encountered implementation problems. Some donors reduced their lending activities in Cameroon and others took special precautionary measures. Thus, the EU decided to establish its own administrative structure for monitoring its projects; this practice improved efficacy and speeded up disbursements, but did not contribute to local capacity building, as stressed in the evaluation of EU’s assistance to Cameroon.[15]

3.22 The poor performance of Cameroon’s portfolio was alleviated by reducing the number of active projects from thirteen in 1992 to six in 1999 (Annex Table G). The Bank avoided investment projects which were difficult to implement and costly to supervise; it concentrated on adjustment credits which could be pushed through by a small group of reformers closely linked to the Minister of Finance and the Prime Minister. Large adjustment credits were combined with small technical assistance credits to provide needed flexibility. As a result, the efficiency of Bank lending operations improved (Annex Table L).

3.23 Only two of the ten projects approved after the devaluation have been evaluated by OED. Those two, which were approved in the first half of 1994, were not rated highly (outcome highly unsatisfactory in one case and marginally satisfactory in the other). The third project, which dealt with health, was approved in mid-1995; it remains active and is currently rated unsatisfactory by the Region (Annex Table G). Among the seven other projects approved in the June 1996-October 1998 period, rapid supervision assessments of four by QAG were satisfactory, and all but one (health) are rated satisfactory by the Region. One (agricultural research) was rated by QAG with marginal quality at entry. Given that outcome had been rated satisfactory for only 17 percent of the projects approved in the 1982-93 period, project performance has clearly improved since 1996. However, one of the six active projects as considered to be at risk and three others as potentially risky.

[15] “Evaluation of EU’s assistance to ACP countries: Country study 4: Cameroon”; August 1998.

3.24 In the post-devaluation period, Bank lending was heavily focussed on adjustment credits, which accounted for 83 percent of commitments, compared to 9 percent for transportation and 8 percent for other sectors (education, health and agriculture). The Bank did not believe reforms could be successfully implemented in the social sectors at the time. In fact, disbursement was very slow in these sectors, which accounted for only 2 percent of total disbursements against 7 percent for transportation and 91 percent for adjustment lending. The staff now considers that the time has come for a second generation of lending, and very limited adjustment lending is foreseen in the FY00-02 lending program presented in the CAS progress report (Table 2.2).

3.25 A major consideration in the composition of the lending program was the availability of staff resources. According to estimates given to OED in April 1999, the administrative budget adjusted for inflation declined from FY94 to FY99 by 30 percent for Cameroon, compared with 17 percent for the Africa region as a whole, and 7 percent for all regions. The resources devoted to economic and sector work (CESW) were the most severely affected by the budget squeeze, since CESW was easy to cut at short notice, while other types of expenditures could not be compressed in the short term. From FY94 to FY98, CESW expenditures fell in real terms by 70 percent for Cameroon, against 49 percent for Africa and 37 percent Bank-wide. These estimates could not be updated due to recent changes in cost calculations, notably those resulting from the introduction of SAP. According to ad hoc adjustments made for OED by the country team, the allocated budget declined in nominal terms by 8 percent from FY98 to FY00. However, it is very difficult to obtain cost series comparable over time, which makes it difficult to assess efficiency gains. The CAS progress report stresses the need for intensive sector work.

4. Rural and Urban Poverty and the Social Sectors

Evolution of Economic and Social Indicators

4.1 Growth of per capita GDP since 1971 has been very uneven, as appears from a comparison between Cameroon and six other SSA countries of similar size, two of which belong to the CFA zone (Table 3.1). Cameroon had the highest growth over the entire 1971-98 period, but the lowest growth over the 1987-95 period.

4.2 Cameroon is one of the two countries of the group with the highest per capita GNP according to the World Bank Atlas methodology, but it ranks lower when GNP is measured by purchasing power parity (Annex Table C1). It is ranked relatively high among these countries on the Human Development Index and the Gender related Development Index.

Table 3.1: Real Annual GDP Growth Per Capita in Cameroon and Six Comparator Countries, 1971-98

Country	*1971-80*	*1981-86*	*1987-93*	*1994-95*	*1996-98*	*1971-98*
Cameroon	**4.2**	**6.0**	**-6.8**	**-2.4**	**2.2**	**1.1**
Côte d'Ivoire	2.0	-2.3	-3.1	0.7	2.4	-0.3
Ghana	-1.8	-2.8	1.6	1.1	0.6	-0.8
Kenya	2.7	-0.3	-1.1	-0.1	-0.4	0.6
Senegal	-1.2	-05	-1.4	1.4	2.4	-0.4
Tanzania	0.6	-1.5	1.0	-0.3	1.0	0.2
Uganda	-3.1	-0.9	3.1	4.9	3.2	0.1

Source: IMF.

4.3 In 1985 the social indicators were more favorable in Cameroon than in the average SSA country, and about the same as in the average low income country (Annex Tables C2 and C3). But Cameroon had a per capita GDP exceeding the SSA average by 80 percent and the "low income country" average by 230 percent. By 1997, income differentials had shrunk to, respectively, 14 percent and 17 percent. As a result, a considerable deterioration in Cameroon's social indicators could have been expected in relation to its comparators. But this does not appear from the statistics, possibly due to the poor quality of the data.

Poverty

4.4 The Bank succeeded in introducing poverty reduction as a subject of public debate. The Bank had an indirect impact on poverty reduction by promoting growth, reducing transportation costs and enhancing accountability for public expenditure management. According to official data, about half of the population falls below the poverty line and 86 percent of the poor live in rural areas,[16] but a global poverty reduction strategy has still to be formulated.

4.5 It is clear that poverty increased massively during the depression. It is also clear that, with the drastic wage cut in public services, urban poverty became a major problem. As noted in the 1996 CAS, "While fewer than 1 percent of households in Yaounde and Douala fell below the poverty line in 1983, more than 20 percent of households in Younde, and 30 percent in Douala, did so in 1993."[17] But very little is known of what has happened since the devaluation, and the findings from recent poverty studies are not consistent with the national accounts.

4.6 Based on national accounts data, per capita income improved more rapidly since the devaluation in the agricultural sector than in the rest of the economy. The value added by agriculture rose from some 30 percent of GDP in 1993 to 42 percent in 1997, which resulted from a strong increase in agricultural production (5 to 6 percent annually) associated with improved agricultural terms of trade.[18] On this basis, the incidence of

[16] Box 2, Preliminary EHIPC document, 5/15/00.
[17] Paragraph 6 in the 1996 CAS, 1/17/96, Report 15275-CM.
[18] This improvement is consistent with the evolution of retail prices. Since the devaluation, food prices increased more than the overall cost of living index.

poverty (as percentage of the population) would have declined significantly in rural areas and, to a lesser extent, nation-wide.[19] However, there is no household survey to test this hypothesis.

Rural Strategy

4.7 The increase in agricultural production and in related non-farm rural activities played a critical role in most countries which succeeded in reducing poverty.[20] Cameroon could follow the same pattern. Land is not a binding constraint: available arable land per inhabitant is at least twice as large in Cameroon as it is in Côte d'Ivoire and Ghana.

4.8 By raising demand for agricultural products and improving agricultural terms of trade, the devaluation benefited rural areas where most of the poor lived. The coffee and cocoa sectors had been liberalized prior to the devaluation, and export taxes on agricultural commodities eliminated. Getting prices right was a necessary condition to reduce rural poverty, but it was not sufficient. Sizable investments in agricultural research and infrastructure (feeder roads in particular) are also needed. Such investments cannot be financed by the private sector, and the amount of public financing is minute. The agricultural sector (forestry and fisheries included) received only 6 percent of budgetary allocations in 1995/96 and 8 percent in 1999/00, although value added by the sector exceeded 40 percent of GDP. The Bank is not playing a major role either. While agriculture received 44 percent of the amount committed by the Bank before 1993, only one agricultural project—for research and extension—was presented to the Board after the devaluation. The project, which was approved in FY99, accounts for only 5 percent of IDA commitments on active projects.

4.9 The relative neglect of agriculture is explained by the low implementation capabilities of the borrower. The new project, which supports agricultural research and extension, was rated by QAG as having marginal quality at entry. However, its progress appears promising. The project includes a pilot study on "Community Action Programs at the village level" which emphasizes participation by different types of stakeholders, notably women and other vulnerable groups. The pilot study was warmly supported by the government which plans to extend it to other areas with the assistance of the Bank and other donors.

4.10 The role of women in agriculture is critical, and availability of female labor is a major constraint to increasing food crop production. This constraint is partly of a sociological nature, but it can be relaxed by material investments (such as digging wells) and by institutional reforms (for example, by providing women with better access to credit and land ownership). Women's groups established in the context of community action programs can also play a critical role in improving nutrition and health, as

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[19] Recent demographic data indicate that the urban population now accounts for about half of total population, with urban population rising by 6 percent a year and total population by slightly less than 3 percent.

[20] "Agricultural Growth, rural employment and Poverty Reduction – non-tradables, public expenditures and balanced growth" by John Mellor, World Bank Rural Week 2000, 3/28/00.

illustrated by the new action program for containing the spread of HIV, which was initiated at the village level with Bank's support in April 2000.[21]

4.11 The Bank aims to reduce gender bias, promote community action programs, improve governance, decentralize service delivery and pursue other highly desirable objectives. However, the Bank does not yet have a strategy for the rural sector; formulation of one is proposed in the forthcoming CAS progress report.

Urban Strategy

4.12 With the deterioration of the purchasing power of civil servants and rising unemployment, urban poverty has increased considerably since 1992. The problem was aggravated by the dilapidated state of urban infrastructure resulting from the collapse of public investment in the last fifteen years. Comparative country studies show that the harmonious development of a city requires administrative and financial autonomy.[22] But Douala—which is the largest city and the economic power house of the country—has no financial autonomy and very little administrative autonomy.[23] External assistance to urban areas is very limited; France remains the only active donor. The last Bank urban project was approved in FY89; the $146 million loan for urban development was closed before the devaluation, with $55 million cancelled. The project outcome was rated unsatisfactory, its sustainability unlikely and its institutional development impact negligible. Since then, the Bank has chosen to apply its limited resources to areas with greater prospects for success.

Education and Health

4.13 Bank lending for health and education has been very small in Cameroon. The first health project was approved in FY95, of which only $11 million (one fourth of the amount originally committed) has been disbursed (Table 2.2). Only two education loans have been approved since 1976, of which only $10 million has been disbursed, also one fourth of the amount originally committed.

4.14 According to studies conducted in the context of the CAS, primary enrollment rates declined by one third from the early 1980s, the quality of teaching deteriorated and corruption became the norm. In rural areas, actual teaching covered only 20 weeks instead of the 36 weeks required. An increasing number of teachers had to be paid by parents, especially in the poorest provinces. The government attempted to palliate the shortage of teachers by recruiting 1,600 assistant teachers under contract in 1996/97 and 3,200 more in 1997/98. Teachers with civil service status were paid twice as much as

[21] Participatory Development at the Village Level. Pilot Operation in the "Departement du Noun" Western Province. Progress Report for April 2000, Yaounde 29/4/00.
[22] "Creating livable cities for the next century" by P. Richard, Seminar on municipal management, 9/27/99 held in the context of the 1999 annual meetings of the Fund and the Bank.
[23] Douala, which accounts for one tenth of the total population, generates three quarters of fiscal receipts. This ratio overstates, however, the true contribution of Douala because most formal enterprises have their headquarters in the city, even if a large part of their activities takes place outside Douala. Working paper by Gilles Gauvreau, January 2000

contractual teachers who, in turn, were paid twice as much as teachers recruited by parents. In spite of the huge wage differentials among the three categories, the performance of teachers with higher pay was no better than that of those with lower pay, according to surveys conducted to rate parent satisfaction.

4.15 The situation in public health centers has also deteriorated. Because they were underpaid by the government, doctors devoted much of their energy to building up private practices on the side. In private centers, doctors were better paid, but the cost per patient was lower because attendance was much higher. HIV prevalence was estimated at 7 percent of the adult population in 1998, and experience in Southern Africa indicates that, once prevalence has reached such a level, HIV spreads very rapidly and the epidemic can reach catastrophic proportions within five years. The epidemic was contained in Uganda and Senegal, because the authorities took the lead in the fight against HIV and launched a comprehensive communication campaigns with large scale participation. But this has not been the case in Cameroon where the first public warning against the HIV threat came in December 1999 with a letter from the Bishops.

4.16 The poor state of education and health is due not only to the low level of public expenditures, but also in large part to the low efficiency of the services provided. According to informal estimates, Cameroon devoted almost 13 percent of its GDP to education and health in 1998/99, which was not low by international standards. Households contributed 65 percent of the total and government only 27 percent. The remaining 8 percent was contributed by official donors, NGOs and enterprises (Table 3.2). Public expenditures on health and education accounted for 30 percent of government expenditures on all items other than debt service, which was not a low percentage either. But the efficiency of public expenditures allocated to health and education was low because only a fraction of these expenditures (probably no more than half) reached the intended beneficiaries; the rest disappeared through various leakages.

4.17 Changes are underway. New studies were undertaken in the context of the enhanced HIPC initiative. Bank staff took a more activist line and the authorities responded positively.[24] New Ministers of Health and Education were nominated in March 2000 and reforms were agreed upon soon after.

[24] In February 2000, the Bank country director addressed a strongly worded letter to the Minister of education, with copies to the Prime Minister and the Presidency.

Table 3.2: Estimated Expenditures on Education and Health,[a] 1998/99

	Source of financing	*Education*	*Health*	*Education & Health*	
		(in billions of CFAF)			**Share**
(1)	Government	150	40	190	27.4
(2)	Households[b]	163	285	448	64.6
(3)	Official donors	10	20	30	4.3
(4)	NGOs	5	10	15	2.3
(5)	Enterprises	5	5	10	1.4
(6) = (1)+(2)+(3)+(4)+(5): Total		333	360	693	100
	As percentage of:				
(7)	GDP[c]	6.2%	6.6%	12.8%	
(8)	Govt. expenditures excluding debt[d]	24.0%	6.0%	30.0%	
(9)	Household consumption	4.3%	7.5%	11.8%	

[a]Current and capital expenditure combined.
[b]The contribution by households in row (2) was derived from the percentages of 4.3% and 7.5% found in the 1996 household survey and the value of total household consumption estimated at FCFA 3,800 for 1998/99.
[c]Row (6) "Total" divided by GDP estimated at CFAF 5,425 billion in 1998/99.
[d]Row (1) contribution by government divided by total government expenditure excluding debt service, estimated at CFAF, 1,484 billion for 1998-99.
Source: Working Note by Gilles Gauvreau.

5. External Financial Assistance

5.1 Over the 1985-97 period, net disbursements of Official Development Assistance (ODA) to Cameroon, expressed as percentage of GDP, were half the amount received by the average CFA country and one third of that received by the average SSA country not belonging to the CFA zone.[25] IDA accounted for 8.5 percent of net ODA disbursements from all sources, compared with 45 percent from France, 14 percent from the EU and 9 percent from Germany (Annex Table J).

5.2 ODA data include IDA flows but exclude IBRD flows. In view of the importance of debt service to IBRD, net ODA disbursements from sources other than IDA were compared with net transfers from the World Bank with IDA and IBRD combined (Figure 2). Net World Bank transfers to Cameroon turned negative in 1988 and, since then, they were positive only in 1989 and 1994 (lowest line of Figure 2 and Annex Table J). From 1989 to 1994, France and the EC accounted for virtually the entire increase in external assistance to Cameroon.

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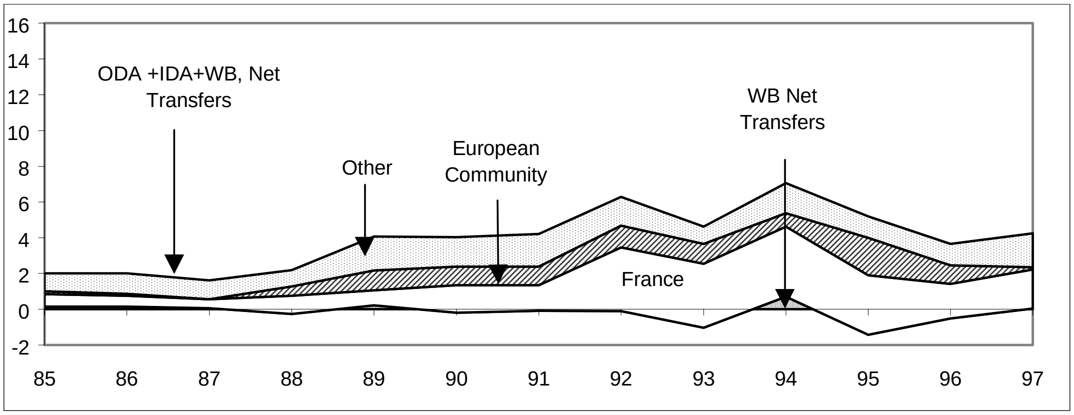
[25] Average of 28 SSA countries not belonging to the CFA zone. Nigeria and South Africa were excluded, because of the size of their GDP would have distorted the average. Eritrea, Liberia, Namibia, Somalia and Sudan were excluded because statistics were not reliable.

Figure 2: Net ODA Disbursements and World Bank Net Transfers as % of GDP, 1985-97



See Annex Table J.

5.3 The CAS presented in January 1996 advocated a large lending program of which 79 percent was to be delivered in the form of adjustment and fifth dimension credits. Consequently, World Bank net transfers were to turn from negative in FY93-95 to positive in FY96-98. Commitments increased as expected, but disbursements were much lower than commitments due to delays in satisfying the conditions specified for disbursements,[26] and net World Bank transfers turned negative (Table 4.1). As disbursements originally foreseen for FY96-98 spilled into FY99, net transfers became marginally positive in that year.

Table 4.1: Commitments, Disbursements and Transfers (FY93-99)
(in millions of current US $)

	FY93-95	*FY96-98*		*FY99*
	Actual	*Proposed*	*Actual*	*Actual*
Commitments	262.0	472	481.8	28.2
Gross Disbursements	322.3	472	242.0	112.4
Repayments	230.7	268	251.6	74.4
Net Disbursements	91.6	204	-9.6	38.0
Interest	181.0	142	136.3	32.2
Fees	1.8	..	0.2	0.0
Net Transfer	-91.2	62	-146.0	5.8

FY96-98 proposed commitments are taken from Annex A2 of the 1996 CAS, where they are shown as "planned"; no figures are shown for alternative scenarios.

5.4 ODA provides only a partial view of external resource flows. Non-concessional flows from official creditors and flows from private creditors have to be added in order to get the broad picture. As usual in debt sustainability analysis, net IMF transfers were included while short-term borrowing and technical assistance grants were excluded. Net

[26] The majority of the trigger points were met. But little was achieved on civil service reform (which had to be completed by FY97) and a satisfactory poverty reduction program which had to be adopted by FY98.

transfers from sources thus defined are presented as percentage of GNP (Figure 3.1) and in US$ deflated by the MUV G5 index (Annex Table K and Figure 3.2).

5.5 Net transfers, which exceeded 4 percent of GNP in 1989-93, became negative in 1995-97, although policies improved from the earlier period (Figure 3.1). The decline was due essentially to bilateral creditors, and to a lesser extent to multilateral development banks. Net transfers from the African Development Bank (AfDB), which were positive before the devaluation, became negative afterward because the large arrears accumulated during the first period had to be repaid during the second. Since net World Bank transfers were also negative, Cameroon had to transfer annually an average $72 million (at 1990 prices) in 1994-98 to multilateral development banks (essentially World Bank and AfDB), which adversely affected the post-devaluation recovery (Table 4.2).

Table 4.2: Annual Net Transfers[a], 1980-84, 1990-93, 1994-98
(Average net transfers in millions of US$ at 1990 prices)

	World Bank	*Other Multi-lateral*	*Total, Multilateral[b]*	*IMF*	*Private Creditors*	*Total, Bilateral plus Grants*	*Total*
			(1)	*(2)*	*(3)*	*(4)*	*(5) = (1) + (2) + (3) +(4)*
1980-84	41.6	17.6	59.2	-7.3	116.4	146.1	314.4
1990-93	-39.0	28.4	-10.6	-32.2	-31.1	443.9	370.0
1994-98	-21.5	-50.5	-72.0	23.0	-56.7	178.2	72.4

[a]Net transfers in millions of US$ deflated by the MUV G5 index (1990 = 100)
[b]Mainly World Bank and AfDF.
Source: Global Development Finance, "2000 Country and Summary Data" (CD ROM).

5.6 The comparison between 1980-84 and 1994-98 is striking. During the first period, Cameroon received sizable positive net transfers from multilateral development banks, at a time when it benefited from large oil export earnings and broad access to external capital markets. In 1994-98, by contrast, net transfers from multilateral development banks were negative, when net transfers from private creditors had become negative and oil receipts were shrinking. Clearly, external assistance, including that from the World Bank, was not adequately adjusted to the changing needs of Cameroon, nor to the appropriateness of its policies. In part this was due to the difficulties in predicting the sharp turning points when deciding upon lending allocations.

Figure 3: Net Transfers to Cameroon, 1980-98

Fig. 3.1: All Sources as percent of GNP

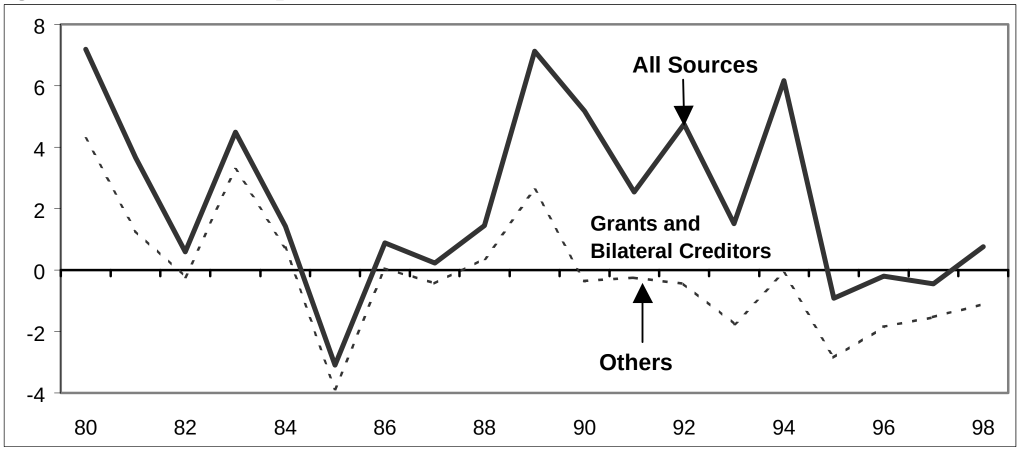
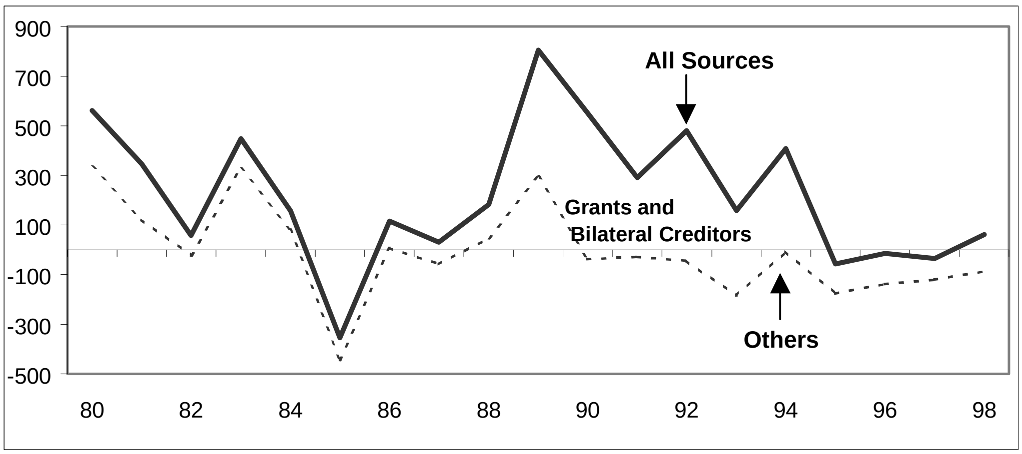


Fig. 3.2: All Sources in US$m., deflated by MUV G5 Index



6. The Challenge

6.1 Cameroon, which had accumulated considerable external arrears on the eve of the devaluation, succeeded in restoring normal relations with creditors, though at a high cost. The primary fiscal surplus had to reach 5 percent of GDP in FY96-97 and 7 percent in FY00 for servicing the external debt which could not be rescheduled. Cameroon was not treated generously by its creditors due to its record of corruption. Net transfers from all sources were negative in 1995-98. Net World Bank disbursements were insignificant over the FY96-99 period; World Bank net transfers were negative and sizable (about -$300 million) over the FY92-99 period and might remain negative in FY00-02. By contrast, savings from debt reduction under the enhanced HIPC initiative could be considerable. They are estimated at $100 million in the year following the decision point, and annual savings are projected to rise progressively with cumulated savings reaching $1.5 billion in NPV terms over the next twenty years.

6.2 To take advantage of EHIPC, Cameroon has to convince the donor community that savings from debt reduction will be used efficiently to reduce poverty. The challenge for the Bank is to assist Cameroon in designing and implementing the measures which will lead to an efficient use of these savings. This is the task of the PRSP now under preparation. Priority areas for Bank assistance should include helping to formulate strategies for agricultural and rural development and for the social sectors.

6.3 There is a contrast between the small lending program proposed in the CAS progress report and the shrinking administrative budget on one side and, on the other side, the multitude of reforms Cameroon has to implement (as listed in the EHIPC document) and the expanding number of missions the Bank is expected to perform. It would appear desirable to concentrate on a smaller number of reforms which are considered essential and can be closely monitored, notably those likely to produce results tangible enough to generate a momentum for further reforms.

6.4 In view of the magnitude of the task and of the limited available financial and human resources, the Bank should cooperate closely with its partners, in particular with the two most important ones (France and the EU). In the program outlined in the CAS progress report, several important areas—feeder roads and the rehabilitation of the Port of Douala, for example—will not be adequately covered by the available Bank resources. Partnership with other donors will be important, in line with the CDF approach.

IFC, MIGA and FIAS

1. In April 2000, the IFC investment portfolio consisted of seven projects amounting to $62 million (equivalent to 0.75 percent of GDP), of which 90 percent was in the oil sector. IFC also has a revolving facility of up to $200 million with Pecten (a group of oil companies), and a $250 million investment project for the Chad-Cameroon pipeline is expected to be presented to the Board by June 2000. IFC is, therefore, heavily involved with the oil sector in Cameroon.

2. Since Cameroon became a member in 1974, 32 investments amounting to US$564 million have been approved. In the 1970s and 1980s, most investments were related to the agro-business and manufacturing sectors: Bata S.A. (shoe manufacturing), Safacam (palm-oil plantations and processing), Alucam (aluminum smelting), SCM (flour mill), Socaver (glass bottle manufacturing) and Sosucam (sugar plantations and production). The sponsors of each of these companies usually included a foreign strategic partner, local private investors and the government, through a state-owned holding company, the National Investment Corporation. IFC mainly played the role of an honest broker, approving one or two investments every year.

3. The climate for private investment improved after the devaluation and IFC's activities have expanded rapidly since 1996. Within the context of the adjustment programs supported by the World Bank and the IMF, and in light of the country's large potential, IFC designed a multi-sectoral approach focusing on (i) large scale and resource-based projects such as oil field developments; (ii) small scale businesses which are a major contributor to GDP and are dominated by Cameroonian entrepreneurs; (iii) privatization to help turn around inefficient state-owned companies; and (iv) the financial sector where restructuring and further deepening are needed.

4. As part of this strategy, IFC expanded its Douala office, which is now staffed with a Regional Representative and a team of investment officers. The Douala office is also being used as the base for IFC's operations in the sub-region. IFC's new pro-active approach is expected to lead to increased investment levels in the country. Three projects were approved in FY99 and at least four are expected to be approved in FY00.

5. Cameroon became a member of MIGA in 1988, but its first and only contract for an hevea plantation was cancelled in 1996. MIGA had no exposure in Cameroon, nor any active application as of February 2000; but some investors expressed potential interest in projects in the oil and gas sectors. MIGA organized seminars on mining sector development and provided technical assistance through the "Promote Africa" scheme and satellite services in partnership with UN-ECA. FIAS conducted missions on the private investment climate in 1990 and 1995.

Source: Information provided by IFC, MIGA and FIAS staff.

Statistical Annex

Table A: Economic Indicators 1985 - 2000

	FY ending June	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
GDP (real)	US$ millions[1]	12,566	13,420	13,131	12,098	11,884	11,152	10,732	10,405	10,076	9,825	10,149	10,657	11,200	11,766	12,284	12,873
Per Capita GDP (real)	US$[1]	1260	1310	1246	1115	1063	968	903	850	799	757	760	777	794	811	824	840
Exchange Rate	CFA per US $	448	346	301	298	319	272	282	265	283	555	499	512	584	590	653	671
Population	millions	10	10.2	10.5	10.8	11.2	11.5	11.9	12.2	12.6	13	13.3	13.7	14.1	14.5	14.9	15.3
Terms of Trade	(1990 = 100)	219.1	186.2	132.6	121.5	105.4	100	114	95.7	98.7	99.6	101.1	92.4	97.1	92.7	77.5	83.2
Real Effective Exchange Rate	(1990 = 100)	87.1	96.5	108.1	105.1	97.1	100.0	95.9	96.5	89.8	57.6	66.5	67.5	64.4	64.0		
Growth in percent per year																	
GDP Growth (real)		8.1	6.8	-2.2	-7.9	-1.8	-6.2	-3.8	-3.1	-3.2	-2.5	3.3	5	5.1	5	4.4	4.8
GDP per capita (real)		5.3	3.9	-4.9	-10.5	-4.7	-9.0	-6.6	-5.9	-6.0	-5.3	0.5	2.1	2.2	2.2	1.6	1.9
Inflation (annual average)		4.2	4.3	2.8	1.7	1.6	1.5	-0.6	1.9	-3.7	12.7	25.8	6.6	5.2	2.8	2	2
Broad Money Growth		13.2	9.3	9.7	-4.7	-1.4	1.2	4.4	-10.1	-10.3	17.7	6.1	-5.1	-6.3	15.1	16.1	13.2
In percent of GDP																	
Total Investment		24.9	25.5	24.7	20.9	17.1	17.8	16.7	13.5	16.6	15.3	14.5	15.4	16.2	18.4	19	19.6
Domestic Saving		26.8	26.1	20.8	21.0	20.0	20.9	22	19	17.5	17.9	19.5	17.3	19.1	19.9	18.3	20.2
Gross Fixed Capital Investment		24.5	24.8	24.5	20.8	18.2	17.3	16.6	14.3	15.6	16.5	14.5	15.4	16.2	18.4	19	19.6
Private Fixed Capital Investment		16.8	14.4	13.1	11.6	12.0	11.9	12.7	11.6	13.8	14	13.3	14.9	15.2	16.4	16.2	16
Overall Fiscal Balance - including grants		-1.6	-1.2	-1.3	-5.9	-4.4	-7.6	-7.0	-6.6	-6.3	-9.1	-3.1	-1.3	-1.0	-1.4	-3.2	-2.8
Overall Fiscal Balance - excluding grants		-1.6	-1.2	-1.3	-5.9	-4.4	-7.6	-8.6	-6.6	-6.3	-9.2	-3.3	-1.8	-1.0	-1.7	-3.5	-3.0
Primary Fiscal Balance		-0.8	-0.3	-11.8	-3.8	-2.8	-5.5	-4.1	-1.2	-1.5	-2.2	3.1	4.9	5.1	4	1.7	1.6
Revenue including Grants		21	21.4	18.4	16.4	16	14.3	15.2	15.7	13.7	10.1	12.9	14.3	15.1	16.2	15.5	16.5
Government Expenditure		22.6	22.6	31.3	22.3	20.6	21.8	23.4	22.3	20	19.3	16.2	16.1	16.1	17.9	19.1	19.4
Non-Interest Expenditure		21.8	21.6	30.2	20.2	18.9	19.7	19.3	16.9	15.2	12.3	9.8	8.9	9.3	10.3	11	11.6
Export of Goods & Services (real)		33.4	23.2	16.7	16	20.7	20.4	20.8	20.5	17.1	22.1	25.7	22.5	25.3	26.5	24.2	25.8
Imports of Goods & Services (real)		-21.9	-20.7	-18.2	-16.0	-18.0	-20.1	-10.1	-2.5	-7.9	-16.7	-4.1	14.9	16.5	13.2	3.1	5.4
Trade Balance		17.6	8.2	3.3	4.2	7.6	6.5	7.3	8	5.3	5.3	7.3	4.4	5.1	4	1.8	2.3
External Current Account including Grants		4.2	-3.3	-6.3	-5.1	-2.1	-4.4	-2.2	-2.5	-5.4	-4.4	-0.9	-4.1	-2.8	-2.7	-4.3	-3.3
Esxternal Public Debt		26.4	26.5	27.8	26.5	36.3	44.2	54.8	68.5	66	97.5	104.1	86.7	75.9	86.4	85.5	79.1
In percent of Total Government Expenditure																	
Wages and Salaries [% of total expenditure]		25.4	24.3	22.8	32.6	40.1	39.2	38.4	41.5	43.7	31.4	29.1	25.6	26.9	27.6	27.1	26.4
Education [% of total expenditure]		..	..	..	..	..	..	..	..	21.5	14.8	11.7	12.9	11.8	12.4	..	..
Healthcare [% of total expenditure]		..	..	..	..	..	..	..	..	4.1	5.1	3.1	3.2	3.8	4.5	..	..
Defense [% of total expenditure]		..	..	..	..	..	..	..	..	7.7	7.3	8.7	7.9	7.2	8.1	..	..

[1] at 1990 prices and exchange rate. [2] CFA exchange rate for 2000 as of March 24th.
Source: IMF (Africa Dept.)

Table B: Public Wage Bill

B1: Public Wage Bill as Percentage of Government Revenue

	85/86	92/93	95/96
Cameroon	**25**	**63**	**27**
Other CFA Countries	44	60	43
18 SSA non-CFA Countries	34	35	33

B2: Average Government salaries, Cameroon and other CFA Countries 1997

	Average Yearly Salary in Million CFA (1)	GDP per capita in Thousand of CFAF (2)	Salary/GDP per capita (3) = 1,000 (1)/(2)
Chad	1.1	95	11.6
Cameroon	**1.3**	**351**	**3.7**
Benin	1.9	216	8.8
Senegal	2.4	320	7.5
Cote d'Ivoire	3.9	415	9.4
Gabon	5.4	2,160	2.5

B3: Cameroon: Employment, Wage Bill and Average Wage as a Multiple of GDP Per Capita by Categories, June 1997

	Number of Employees	Wage bill	Average Wage
	as percent of total		as Multiple of GDP per capita
Military	11	15	5.6
Police and Ministry of Defense	6	10	6.2
Parliament	8	11	5.6
Other Civil Service	75	64	3.1
Total	100	100	4.0

"Structure and Evolution of Remuneration", pp. 59-68. "Cameroon Selected Issues and Statistical Appendix", SM/99/78, IMF.

Table B4: Size of Public Service[1] 1990-98

	1990	93	95	96	97	98
			(in thousands)			
Defense			27	28	28	30
Police and Justice			14	14	14	13
Education			52	52	53	54
Health			15	15	14	14
Other			58	54	51	50
Total	188	173	166	163	160	161
			as percenage of total staff			
Defense, Police and Justice			24.8	25.7	25.9	26.9
Education			31.4	32.1	33.1	33.8
Health			9.2	9.0	8.9	8.7
Other			34.6	33.2	32.1	30.6
Total			100.0	100.0	100.0	100.0

Source: Table 10, p. 57; "Selected Issues and Statistical Appendix" IMF, SM/99/78, 3/24/99

[1] As measured by numbers reported on the governement payroll, which may exceed the numbers of those effectively employed.

Table C: Social Indicators

Table C1: Cameroon and six comparator countries

	GNP per capita (Atlas method, 98)	PPP (curr. Int. $, 98))	HDI / Rank 1997	GDI / Rank 1997
Cameroon	**610**	**1,395**	**0.536 / 134**	**0.527 / 110**
Cote d'Ivoire	700	1,484	0.422 / 154	0.404 / 130
Ghana	390	1,735	0.544 / 133	0.540 / 109
Kenya	350	964	0.519 / 136	0.517 / 113
Senegal	520	1,297	0.426 / 153	0.417 / 127
Tanzania	220	483	0.421 / 156	0.418 / 126
Uganda	310	1,072	0.404 / 158	0.397/ 131

P.P.P. : Purchasing Power Parity

H.D.I. : Human Development Index covering 174 countries.

G.D.I.: Gender related Development Index covering 143 countries.

C2: Cameroon, SSA and Low Income Countries, FY1980-97

		1980	1985	1990	1993	1995	1997
GNP per capita (constant 1995 US$)	Cameroon	610	962	732	598	564	587
	Sub-Saharan Africa	577	535	523	488	495	503
	Low income	238	292	358	412	466	517
Illiteracy rate, adult total (% of people 15+)	Cameroon	53	45	38		31	28
	Sub-Saharan Africa	61	56	50		44	42
	Low income	47	42	37		33	32
School enrollment, primary (% gross)	Cameroon	98	102	101	90	81	
	Sub-Saharan Africa	78	76	76	76		
	Low income	94	102	103	103	104	
School enrollment, secondary (% gross)	Cameroon	18	23	28	28		
	Sub-Saharan Africa	15	20	23	26		
	Low income	34	35	40	47	54	
Life expectancy at birth, total (years)	Cameroon	50		54			57
	Sub-Saharan Africa	48		50			51
	Low income	58		61			63
Mortality rate, infant (per 1,000 live births)	Cameroon	94		66			52
	Sub-Saharan Africa	115		100			91
	Low income	98	71	75			69

Source: WDI

C3: Cameroon and CFA countries, FY1978 - 97

	Cameroon						**CFA Countries[1]**					
	1978	**1986**	**1993**	**1997**			**1978**	**1986**	**1993**	**1997**		
GDP per capita, (in 1990 US$ and exchange rates)	841	1,310	799	794			1,087	1,018	862	940		
-do- excluding Gabon							569	618	516	584		
GNP per capita, PPP (current international $)	850	2,270	1,710	1,770			940	1,450	1,530	1,711		
-do- excluding Gabon							668	1,074	1,141	1,447		
Demographic Indicators												
	1980-97			**1997 - 2015**			**1980-97**			**1997 - 2015**		
Population Growth, per capita per year	2.8			2.5			2.8			2.4		
	1978				**1998**		**1978**				**1998**	
Fertility Rate	6.5				5.3		6.7				5.8	
Infant Mortality Rate per 1,000	108				74		128				94	
Life Expectancy at Birth (Female)	50				56		47				51	
Sanitation, population with access												
Immunization Rates	**92-93 (1)**	**97-98 (2)**		**(97-98) - (92-93) (1) - (2)**			**92-93 (1)**	**97-98 (2)**		**(97-98) - (92-93) (1) - (2)**		
BCG	47	58		12			58	64		7		
DTP3	35	46		12			42	51		10		
MCV	35	45		11			43	55		12		
POL3	35	48		13			42	52		10		
TT2+	14	35		22			33	36		4		
	80-86	**87-93**	**93-97**	**Change**			**80-86**	**87-93**	**93-97**	**Change**		
	(1)	**(2)**	**(3)**	**(2) - (3)**	**(3) - (2)**	**(3) - (1)**	**(1)**	**(2)**	**(3)**	**(2) - (3)**	**(3) - (2)**	**(3) - (1)**
Adult Illiteracy Rate	49	38	30	-11	-8	-20	68	61	54	-7	-7	-15
Gross Enrollment Ratio - Primary Level	101	99	89	-2	-10	-12	71	70	73	0.0	2.0	2.0
Private Sector Enrollment Share - Primary Level	35	28	..	-7	..	..	15	12	12	-3	0.0	-4
Girl's Enrollement Share - Primary Level	46	46	..	0	..	..	38	41	41	3.0	0.0	3.0
Public Expemditure on Education (% of GNP)	3.4	3.0	2.9	0	0	0	4.1	3.9	3.8	0.0	0.0	0.0

[1] Arithmetic average of CFA countries which include Benin, Burkina Faso, Cote d'Ivoire, Mali, Niger, Senegal and Togo in WAEMU; and Cameroon, Central African Rep., Chad, Congo, Gabon, Eq. Guinea in CAEMC

Table D: List of Projects Rated

COS ID	Project Description	Lending instrument type	Lending source	Approval date	FY (Appr.)	FY (exit)	Commitment US$m.	Cancella-tions US$m.	Net Commitment US$m.	APPI	Outcome	Sustaina-bility	Institutional Dev. Impact	Bank Overall	Borrower Overall	% Can-celled
Agriculture																
P000312	Cameroons Dev. Corporation project	Inv	Blend	03/23/67	67		18.0	0.0	18.0		S					
P000314	Oil palm (supplementary) project	Inv	IBRD	03/18/69	69		9.6	0.0	9.6		S					
P000320	Semry rice project	Inv	IDA	01/25/72	72		3.7	0.0	3.7		S					
P000322	Oil palm (supplementary) project	Inv	IBRD	03/18/69	69		9.6	0.0	9.6		S					
P000323	Livestock development project	Inv	IBRD	03/26/74	74	80	11.6	0.1	11.5		U					0.6
P000326	Cocoa project	Inv	IBRD	09/05/74	75	82	6.5	0.0	6.5		U					
P000327	Niete rubber estate project	Inv	IDA	06/03/75	75	80	16.0	0.0	16.0		S					
P000334	Plaine des M'Bo rural development project	Inv	IDA	12/21/76	77	80	2.0	0.0	2.0		S					
P000335	Rural development fund project	Inv	IDA	06/30/77	77	84	7.0	0.4	6.6		S					6.4
P000336	Second oil palm project	Inv	IBRD	03/29/77	77	82	25.0	1.4	23.6		S					5.6
P000339	2nd Cameroon Dev. Corporation project	Inv	IBRD	12/27/77	78	84	15.0	0.5	14.5		U					3.5
P000340	Zones d'Actions Prioritaires Integrees (ZAPI)	Inv	IDA	03/07/78	78	85	8.5	0.7	7.8	3.75	U	Unlikely	Negligible			8.2
P000341	Western highlands rural development project	Inv	IDA	03/28/78	78	84	13.0	0.0	13.0	8.25	S	Likely	Substantial			
P000342	Second Semry rice project	Inv	Blend	01/19/78	78	83	29.0	0.0	29.0		S					
P000347	Second livestock development project	Inv	IDA	04/22/80	80	88	16.0	0.0	16.0	4.5	U	Uncertain	Modest			
P000348	Second HEVECAM rubber project	Inv	Blend	01/15/80	80	85	31.5	1.1	30.4		S					3.5
P000350	Northern province rural dev. project	Inv	Blend	11/18/80	81	87	37.5	4.7	32.8	6.75	S	Uncertain	Modest			12.6
P000353	Oil palm and rubber consolidation project	Inv	IBRD	05/27/82	82	88	50.8	16.0	34.8	4.25	U	Unlikely	Modest			31.4
P000354	Forestry	Inv	IBRD	02/16/82	82	90	17.0	10.3	6.7	3.75	U	Unlikely	Negligible			60.8
P000359	2nd Western province rural dev. project	Inv	IBRD	04/17/84	84	93	21.5	0.0	21.5	4.25	U	Unlikely	Modest			
P000360	FSAR 2	Inv	IBRD	06/06/85	85	94	25.5	4.5	21.0	6	MS	Uncertain	Modest			17.7
P000361	Hevecam Rubber 3	Inv	IBRD	01/15/85	85	91	8.3	0.0	8.3	4.5	U	Uncertain	Modest			
P000362	National agricultural research project	Inv	IBRD	11/18/86	87	93	17.8	0.0	17.8	4.5	U	Uncertain	Modest			
P000380	Livestock Sector Deve.	Inv	IBRD	01/10/89	89	97	34.6	20.5	14.1	5.25	MU	Uncertain	Modest	S	U	59.4
P000394	Cocoa Rehabilitation	Inv	IBRD	02/23/88	88	96	103.0	60.4	42.6	3.75	U	Unlikely	Negligible	U	U	58.6
P000400	Food Security	Inv	IBRD	07/02/91	92	99	23.0	10.6	12.4	4.5	U	Uncertain	Modest	U	U	46.1
P000376	Agricultural Extension and Training Project	Inv	IBRD	03/29/90	90	99	21.0	0.0	21.0	5	MU	Unlikely	Modest	S	U	
Education																
P000316	Education project	Inv	IDA	09/04/69	70		11.7	0.0	11.7		S					
P000321	Second education project	Inv	IDA	06/20/72	72	82	9.0	0.8	8.2		S					8.5
P000331	Third education project	Inv	IBRD	04/20/76	76	85	17.0	0.1	16.9		U					0.5
P000364	Education and Vocational Training	Inv	IBRD	04/29/86	86	95	30.1	21.3	8.8	3.75	U	Unlikely	Negligible			70.8
Finance																
P000330	Small and medium scale enterprise project	Inv	IDA	07/01/75	76	82	3.0	0.2	2.8		S					7.5
Multisector																
P000396	Structural Adjustment	Str. Adj. Ln.	IBRD	06/14/89	89	94	150.0	50.0	100.0	3.75	U	Unlikely	Negligible			33.3
P035481	Economic Recovery	Str. Adj. Ln.	IDA	06/16/94	94	95	107.8	0	107.8	5.5	MS	Uncertain	Negligible	S	U	
P035989	SAC 1	Str. Adj. Ln.	IDA	03/10/94	94	94	101.0	0.0	101.0	2.25	HU	Uncertain	Negligible	U	U	
Population, Health and Nutrition																
Public Sector Management																
P000338	Technical assistance project	Tech Ast. Ln.	IDA	12/21/76	77	84	4.5	0.4	4.1		U					8.0
P000352	Second technical cooperation project	Tech Ast. Ln.	IDA	06/23/81	81	89	10.0	0.0	10.0	7.25	S	Likely	Modest			0.2
P000403	Economic Management	Tech Ast. Ln.	IBRD	07/11/89	90	94	9.0	0.2	8.8	4.25	U	Unlikely	Modest			2.0

Table D: List of Projects Rated

COS ID	Project Description	Lending instrument type	Lending source	Approval date	FY (Appr.)	FY (exit)	Commitment US$m.	Cancella-tions US$m.	Net Commitment US$m.	APPI	Outcome	Sustaina-bility	Institutional Dev. Impact	Bank Overall	Borrower Overall	% Can-celled
Social Sector																
P000405	Social Dimensions of Adjustment	Inv	IBRD	05/24/90	90	94	21.5	17.6	3.9	3.75	U	Unlikely	Negligible			81.7
Telecommunications																
P000355	Posts & telecommunications TA program	Tech Ast. Ln.	IBRD	12/17/81	82	86	7.5	5.5	2.0	3.75	U	Unlikely	Negligible			73.2
Transportation																
P000317	Highway project	Inv	Blend	02/10/70	70		21.0	0.0	21.0		S					
P000318	Railway project	Inv	IBRD	05/26/70	70		5.2	0.0	5.2		S					
P000319	First Douala port project	Inv	IDA	12/22/70	71		1.5	0.0	1.5		S					
P000324	Second highway project	Inv	Blend	07/03/73	74		63.0	0.0	63.0		S					
P000325	Second railway project	Inv	IBRD	06/27/74	74		16.0	0.0	16.0		S					
P000333	Douala railway station & marshalling yard eng.	Tech Ast. Ln.	IBRD	05/04/76	76		2.3	1.7	0.6		S					75.0
P000337	Second Douala port project	Inv	Blend	09/07/76	77	81	25.0	0.0	25.0		S					
P000343	Third highway project	Inv	IBRD	01/31/78	78	80	16.5	0.0	16.5		S					
P000344	Feeder roads project	Inv	Blend	11/15/77	78	87	11.1	1.0	10.1	6.25	S	Uncertain	Negligible			9.3
P000345	Fourth highway project	Inv	Blend	06/07/79	79	87	48.0	0.0	48.0	6.75	S	Uncertain	Modest			
P000346	Fourth railway project	Inv	Blend	06/19/79	79	86	47.0	0.2	46.8	6.75	S	Uncertain	Modest			0.4
P000356	Fifth highway project	Inv	IBRD	06/15/82	82	89	70.0	0.0	70.0	7.25	S	Likely	Modest			
P000357	Third Douala port project	Inv	IBRD	03/31/83	83	91	22.5	1.8	20.7	3.75	U	Unlikely	Negligible			8.1
P000365	Highway 6	Inv	IBRD	06/18/85	85	94	145.0	0.6	144.4	2	HU	Unlikely	Negligible			0.4
Urban Development																
P000358	Urban development project	Inv	IBRD	03/15/83	83	88	20.0	0.2	19.8	7.25	S	Likely	Modest			0.8
P000378	Urban 2	Inv	IBRD	10/27/88	89	94	146.0	55.0	91.0	3.75	U	Unlikely	Negligible			37.7
Water Supply & Sanitation																
P000315	Douala and Yaounde water supply project	Inv	IBRD	05/06/69	69		5.0	0.1	4.9		S					1.4
P000349	Second water supply project	Inv	IBRD	09/04/79	80	86	21.0	0.0	21.0	6.75	S	Uncertain	Modest			

Note: HS / MS / S = Highly / Marginally / Satisfactory HU / MU / U = Highly / Marginally / Unsatisfactory

Table E: OED Ratings by periods according to fiscal year of approval FY67-81, FY82-93 and FY94-99

E1: OED Project Rating: Percentage with Satisfactory Outcome

	FY67 - FY81	FYFY82 - FY93	FY94 to-date
Approval by the Board			
No. of Projects	36	19	2
% with Satisfactory Outcome by Numbe	81%	16%	50%
% with Satisfactory Outcome weighted by Net Commitment	87%	17%	52%
Excluding Transport			
No. of Projects	25	16	2
% with Satisfactory Outcome by Numbe	72%	13%	50%
% with Satisfactory Outcome weighted by Net Commitment	77%	10%	52%

Table E2: Sustainability and Institutional Development Impact, FY82-93, FY84

	FY82-93						FY94	
	Sustainability			ID Impact			Sustai-nability	ID Impact
Number of Project	19			19			2	2
Number of Project - Rated by OED	19			19			2	2
	Likely	Uncertian	Unlikely	Subst-antial	Modest	Negli-gible	Uncer-tian	Negli-gible
% of Projects by Number	11%	26%	63%	0%	53%	47%	100%	100%
% of Projects weighted by Commitment	14%	11%	75%	0%	35%	65%	100%	100%
Excluding Transport		16			16			
		16			16			
% of Projects by Number	6%	31%	63%	0%	56%	44%	100%	100%
% of Projects weighted by Commitment	5%	18%	77%	0%	38%	62%	100%	100%

Table F: Commitments by sector, actual 1967-99, proposed FY00-02

Sector Group	FY67-81	FY82-93	FY94-99	FY67-99 as percent of Total	FY00-02 Base Case
	US$m.	US$m.	US$m.	%	US$m.
Investment	**610**	**797**	**140**	**66%**	**182**
Agriculture	254	324	21	26%	30
Transportation	259	238	71	24%	22
Water Supply & Sanitationn	26			1%	
Education	38	30[a]	5[b]	3%	
Population, Health & Nutrition			43[c]	2%	
Environment				0%	6
Finance	3			0%	25
Industry	15			1%	
Multisector				0%	21
Oill & Gas				0%	53
Public Sector Management	15	9		1%	
Social Protection, Etc.		22		1%	25
Telecommunications		8		0%	
Urban Development		166		7%	
Adjustment SAL / SAC	**0**	**150**	**638**	**34%**	**11**
Total	**610**	**947**	**778**	**100%**	**193**
Adjustment as percent of total	0%	16%	82%	34%	6%

[a] Of which $21m. was cancelled. [b] Remains almost entirely undisbursed

[c] Of which $20.1m. was cancelled and $11.8m. remains undisbursed.

Table G: World Bank Lending for Commitments approved from January 1994 to May 28, 2000

		Comm-itted	Canc-elled	Undis-bursed	Dis-bursed	Commi-tment	Dis-bursed	Ratings						
								OED			QAG		Region	
		in million of US $				as percentages		Outcome	Susta-inability	ID Impact	RSA & QAE[b]	Risk	Dev. Objectives	Impleme-ntation Progress
Adjustment		**638**		**109**	**529**	**83%**	**91%**							
Mar-94	SAC I	101			101	13%	17%	HU	Unc.	Neg.				
Jun-94	ERC[a]	108			108	14%	18%	MS	Unc.	Neg.				
Feb-96	SAC II[a]	223			223	29%	38%				S			
Jun-96	TA PER*	13		5	8	2%	1%						S	S
Jun-98	SAC III[a] *	193		103	90	25%	15%						S	S
Transportation		**71**		**28**	**43**	**9%**	**7%**							
Apr-95	TA	10			10	1%	2%				S	P	S	S
May-96	Transport.*	61		28	33	8%	6%				S	P	S	S
Others		**63**	**20**	**30**	**13**	**8%**	**2%**							
Jul-95	Health*	43	20	12	11	6%	2%					A	U	U
Jun-98	IUT university*	5		5	-	1%					S	P	S	S
Oct-98	Agr. Res.*	15		13	2	2%	0%				M[c]		S	S
Total		**772**	**20**	**167**	**585**	**100%**	**100%**							

* The six active projects as of 5/28/2000; [a] Including reflows; [b] Rapid Supervision Assessment & Qulaity at Entry [c] Quality at Entry
TA: Technical Assistance; PER: Public Expenditure Reform.

Ratings OED : HU = Highly Unsatisfactory; MS = Marginally Satisfactory; Unc. = Uncertain; Neg. = Negligible;
QAG : Quality Assurance Group; S = Satisfactory; M = Marginal; P = Potential Risk A = Actual Risk
Region : S = Satisfactory; U = Unsatisfactory

Table H: Commitments, Gross and Net Disbursements, Net Transfers, FY85 - 00

	Commitment	Gross Disbursements	Repayments	Net Disbursements	Interest and Fees	Net Transfer
1985[a]	3,903	52	14	38	19	19
1986	30	74	19	55	26	29
1987	38	67	22	45	38	7
1988	103	63	36	27	46	-20
1989	331	57	41	16	48	-31
1990	52	112	41	72	48	24
1991	..	124	58	66	61	5
1992	23	69	59	10	60	-50
1993	..	65	32	33	32	1
1994	176	131	105	26	91	-65
1995	86	127	94	33	60	-27
1996	254	88	89	0	55	-55
1997	25	10	82	-72	45	-117
1998	203	144	81	63	37	26
1999	28	112	74	38	32	6
2000	..	14	33	-19	15	-34
	5,251	1,308	878	430	712	-282

[a] Commitment include the amounts beginning FY1950

Table I: World Bank Debt Outstanding, Debt Service and Net Transfers, 1969-96

(Amount in US$ millions)

	Debt Outstanding			Debt Service						
	IBRD	IDA	World Bank	IBRD		IDA			World Bank	
				Amortiza-tion	Interest	Amortiza-tion	Interest	Total	Gross Disbursements	Net Transfers
Calendar Year	(1)	(2)	(3) = (1)+(2)	(4)	(5)	(6)	(7)	(8)=(4)+(5) +(6)+(7)	(9)	(10)=(9)-(8)
1970	3.4	8.9	12.3	0	0.1	0	0	0.1	6.9	6.8
1971	7.7	11	18.7	0	0.5	0	0	0.5	6.4	5.9
1972	13.8	18.4	32.2	0.2	0.9	0	0.1	1.2	12.4	11.2
1973	23.1	30.1	53.2	0.2	1.2	0	0.2	1.6	19.1	17.5
1974	28.7	34.1	62.8	0.2	2	0	0.3	2.5	9.7	7.2
1975	49.7	49.9	99.6	0.4	3.3	0	0.3	4	37.3	33.3
1976	57.5	67.8	125.3	0.5	4.2	0	0.5	5.2	26.1	20.9
1977	71.6	88.4	160	0.7	4.8	0.1	0.5	6.1	35.5	29.4
1978	102.4	107.6	210	6.4	7.1	0.2	0.8	14.5	56.6	42.1
1979	129.6	127.1	256.7	3.3	8.7	0.1	0.7	12.8	50	37.2
1980	152.2	145.8	298	4.1	12.5	0.5	1.1	18.2	47.4	29.2
1981	167.3	172.6	339.9	3.7	11.8	5.3	1.1	21.9	51	29.1
1982	181.7	204.5	386.2	4.9	12.1	0.4	1.4	18.8	51.6	32.8
1983	217.5	216.1	433.6	7.9	14.6	0.7	1.5	24.7	56.5	31.8
1984	208	222.2	430.2	10.4	17.2	0.9	1.6	30.1	53.9	23.8
1985	287.1	226.5	513.6	15.2	19.7	1	1.7	37.6	50.5	12.9
1986	401.4	231.1	632.5	19.3	30.3	1.1	1.7	52.4	68.7	16.3
1987	545	238.7	783.7	28.5	41.1	1.2	1.7	72.5	81.7	9.2
1988	508.3	240	748.3	36.3	45.4	1.8	1.8	85.3	52.7	-32.6
1989	572.2	238.8	811	35.5	44.7	2	1.8	84	108.6	24.6
1990	651.3	238.1	889.4	41.7	49.1	2.6	1.6	95	74.6	-20.4
1991	723.5	234.5	958	63.3	63.6	3.7	2.1	132.7	123.3	-9.4
1992	723.3	231.7	955	29.9	33	1.9	0.9	65.7	53.6	-12.1
1993	706.9	226.6	933.5	86.5	86.5	5.2	2.6	180.8	58.7	-122.1
1994	694.5	405.8	1100.3	81.9	58.3	3.9	1.9	146	201.6	55.6
1995	639.1	442.8	1081.9	91.5	55.7	4.2	3.3	154.7	41.4	-113.3
1996	520.2	512.6	1032.8	81.9	46.7	4.8	3.3	136.7	90.5	-46.2
1997	410.2	609.3	1019.5	76.4	36.7	5.4	4.4	122.9	125.9	3

Table J: Net ODA Disbursements as % of GDP (1985 - 97)

Donor	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	85-97	Average share	
															w/IDA	w/o IDA
1. Bilateral																
FRANCE	**0.70**	**0.62**	**0.49**	**1.03**	**0.86**	**1.54**	**1.41**	**3.57**	**3.58**	**3.93**	**3.33**	**1.93**	**2.19**	**1.94**	**45.1**	**49.3**
GERMANY	0.14	0.21	0.41	0.22	0.40	0.39	0.34	0.44	0.26	0.42	0.44	0.62	0.63	0.38	8.8	9.6
JAPAN	0.01	0.05	0.10	0.01	0.02	0.04	0.13	0.08	0.10	0.13	0.04	0.08	0.05	0.06	1.5	1.6
OTHER	0.70	0.79	0.47	0.67	1.42	1.07	1.15	0.98	0.51	0.58	0.53	0.44	0.75	0.77	18.0	19.7
TOTAL BILATERAL	1.55	1.66	1.46	1.92	2.70	3.04	3.03	5.08	4.44	5.06	4.34	3.07	3.62	3.15	73.4	80.2
2. Multilateral																
IDA	**0.04**	**0.03**	**0.04**	**0.02**	**-0.01**	**-0.03**	**-0.03**	**-0.02**	**-0.04**	**2.24**	**0.39**	**0.87**	**1.26**	**0.37**	**8.5**	**-**
IMF (SAF & ESAF)	0.00	-0.08	-0.07	-0.07	-0.04	-0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.41	0.01	0.2	0.3
AFRICAN DEV. FUND	0.00	0.00	0.01	0.01	0.00	0.00	0.03	0.02	0.02	0.44	0.00	0.01	0.02	0.04	1.0	1.1
EC	0.15	0.25	0.07	0.24	1.31	0.85	0.98	1.11	0.09	1.45	0.67	0.52	0.17	0.61	14.1	15.4
UN AGENCIES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0	0.0
OTHER (Include Arab)	0.10	0.14	0.14	0.12	0.12	0.18	0.17	0.09	0.08	0.12	0.16	0.09	0.04	0.12	2.8	3.0
TOTAL MULTILATERAL	0.29	0.35	0.19	0.32	1.37	0.99	1.15	1.21	0.14	4.25	1.22	1.49	1.90	1.15	26.7	19.8
3.TOTAL DONORS	1.88	2.04	1.66	2.21	4.07	4.01	4.17	6.28	4.59	9.30	5.58	4.54	5.49	4.29	100.0	100.0
WB Net Transfers	0.2	0.2	0.1	-0.3	0.2	-0.2	-0.1	-0.1	-1.0	0.7	-1.4	-0.5	0.0	-0.17		

Source: OECD

Annex Table K: - Annual Net Transfers to Cameroon from all sources, 1990-98

(in millions of US dollars, current)

	1990	**1991**	**1992**	**1993**	**1994**	**1995**	**1996**	**1997**	**1998**
1. Official Creditors (PPG)	336	80	360	128	174	-191	-239	-155	-199
1.1 Bilateral Creditors									
1.2 Multilateral Creditors	277	67	355	254	125	-62	-99	-47	-122
1.2.1 IBRD	59	13	5	-126	49	-129	-140	-108	-77
1.2.2 IDA	-16	-4	-9	-114	-119	-141	-123	-107	-94
1.2.3 Other	-4	-6	-3	-8	174	28	76	110	69
	79	23	17	-4	-6	-16	-93	-111	-52
2 Private Creditors (PG)	10	34	-23	-15	-31	-47	-44	-23	-54
3 Private Non-guaranteed Debt (PNG)	-94	-65	32	-5	-50	-39	7	-21	-14
4 IMF	-13	-11	-62	-50	24	4	20	22	54
5 Grants excluding Technical Cooperation	313	259	204	110	333	205	239	139	276
1 + 2 + 3 + 4 + 5: Total	**552**	**297**	**511**	**168**	**450**	**-68**	**-17**	**-38**	**63**
as percent of GNP	5.2	2.5	4.8	1.5	6.2	-0.9	-0.2	-0.4	0.8
GNP (in US$m.)	10,674	11,660	10,751	11,161	7,307	7,437	8,518	8,506	8,232

PPG: Public & Publicly Guaranteed; PG: Publicly Guaranteed; PNG: Private Non-Guaranteed

Source: World Development Finance, 1999 and its Advance Release for FY2000.

Table L: Cost of Appraisal and Supervision, FY88-93, FY94-99

Countries / Regions	Appraisal (per approved project)				Supervision (per project)				Cost per dropped project	
	SWs		US$ ('000s)		SWs		US$ ('000s)		US$ ('000s)	
	88-93	94-99	88-93	94-99	88-93	94-99	88-93	94-99	88-93	94-99
Cameroon	**159**	**115**	**349**	**360**	**19**	**20**	**52**	**71**	**239**	**85**
Cote d'Ivoire	122	144	295	443	13	23	37	73	48	74
Ghana	108	97	260	343	15	19	39	58	5	65
Kenya	129	143	288	456	16	25	36	87	33	97
Senegal	146	118	331	376	14	22	37	56	20	150
Tanzania	125	114	296	358	16	22	46	91	40	177
Uganda	96	94	244	302	14	20	41	72	44	61
AFR Region	116	112	270	354	14	19	38	65	40	82
Bank-wide	121	110	290	352	13	18	35	64	54	86
Percent of Cameroon above African average	37%	3%	29%	2%	36%	5%	35%	10%	495%	3%

Table M: Cameroon - Bank Senior Management, 1990 - 2000

Year	VP	Director	Resident Representative
1990	Edward V. K. Jaycox	Ismail Seregedin	Raymond Rabeharisoa
1991	Edward V. K. Jaycox	Michael J. Gillette	Raymond Rabeharisoa
1992	Edward V. K. Jaycox	Michael J. Gillette	..
1993	Edward V. K. Jaycox	Olivier Lafourcade	Joseph K. Ingram
1994	Edward V. K. Jaycox	Olivier Lafourcade	Joseph K. Ingram
1995	Edward V. K. Jaycox	Francisco Aguirre-Sacasa	Joseph K. Ingram
1996	Jean-Louis Sarbib	Andrew P. Rogerson	Joseph K. Ingram
1997	Jean-Louis Sarbib	Andrew P. Rogerson	Robert Lacey
1998	Jean-Louis Sarbib	Serge Michailof	Robert Lacey
1999	Jean-Louis Sarbib	Serge Michailof	Robert Lacey
2000	Jean-Louis Sarbib	Serge Michailof[a]	Robert Lacey
May 2000	Callisto Madavo		

[a] Until June 1, 2000