

AFRICAN DEVELOPMENT BANK

AFRICAN DEVELOPMENT FUND



**CAMEROON:
COUNTRY ASSISTANCE EVALUATION**

Information Note for CODE Meeting

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**OPERATIONS EVALUATION DEPARTMENT
(OPEV)**

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Cameroon Country Assistance Evaluation: Information Note

Introduction

i. This Information Note presents the key findings, conclusions and recommendations from the independent evaluation of the Bank's assistance to Cameroon from 1996 to 2008. OPEV completed this evaluation in 2008 but is updating the study to take account of recent developments, and will shortly submit the revised paper to CODE following the usual procedure.

ii. The purpose of this short Information Note is to outline the main evaluation results to inform the CODE discussion of the recently completed Country Portfolio Performance Review, as well as the Board discussion of the new Country Strategy Paper for 2010-2014.

iii. The following pages present the Executive Summary of the evaluation report, outlining the main evaluation results and recommendations.

iv. The draft evaluation report was commented on both by the Bank's country team and by the Government of Cameroon. OPEV is grateful to colleagues in operations and to the Cameroon authorities for their support in conducting the evaluation.

EXECUTIVE SUMMARY

1. Cameroon is the flagship country of CEMAC¹ and accounts for 50% of its population, 45% of its GDP, and 60% of its money supply. The country started collaborating with the Bank in 1970; however, the present assessment focuses on strategies implemented by the Bank from 1996 to 2008. Four Country Strategy Papers (CSPs) have been produced to chart the Bank's course of action. The objective of this study is to analyze the effectiveness of this assistance and its impact on the country's development with a view to drawing useful conclusions and drafting recommendations for the next Results-Based Country Strategy Paper (RBCSP).

2. During the period under review, Cameroon recorded strong macroeconomic performance owing to numerous reforms that stabilized the economy, restored its internal and external sustainability, and boosted growth. Growth was relatively strong, registering on average 4.5 % per year over the 1997-2003 period and 3.1% between 2004 and 2008, below the projected 5% per year. Thanks to this performance, Cameroon benefitted from substantial debt relief when it achieved the HIPC² Initiative completion point in May 2006; total external debt plummeted to 3.1% of GDP, compared with 93.8% in 1995. On the social front, performance was more mixed. The incidence of poverty was estimated at 38.8% in 2007, which still falls short of the goal of 26.7% by 2015. Given the challenges of globalization and the decline in oil production, Cameroon must strive to make its economy more diverse and competitive. Cameroon must also address the widespread perception of poor governance.

3. Overall, the Bank's cooperation strategy with Cameroon has been relevant, dynamic, and flexible. The Bank has been responsive to the government's expectations by basing its strategy on three pillars: (i) consolidating macroeconomic balances and promoting good governance; (ii) supporting growth; and (iii) developing human capital. These pillars were relevant and in line with the country's priority development objectives as presented in the Poverty Reduction Strategy Paper (PRSP); Economic Policy Framework Document; and National Governance Programme (NGP).

4. In fact, the CSPs were strongly influenced by ADF institutional priorities. However, owing to the lack of quality analytical work, the Bank was not able to better focus its interventions on long term strategic objectives. In this regard, the agriculture and social sector reviews noted a lack of synergy between the CSP and the sometimes random nature of aid programming. The Bank was also dependent on other partners for the preparation of SAPs. Economic and Sector Work (ESW) is required to improve the quality of CSPs and of dialogue on reform of policies to be implemented. In this regard, recent efforts undertaken should be strengthened in terms of quantity and of quality.

5. In the context of 1996-2004 CSPs, Cameroon benefitted from extended lending programmes under the Country Policy and Institutional Assessment (CPIA). The volume of aid allocated to the country stood at about UA 242.3 million. The

¹ Economic and Monetary Community of Central Africa

² Highly Indebted Poor Countries

instruments used were sufficiently diverse to allow complementarity. Cameroon was thus able to benefit from structural adjustment loans and institutional capacity building support. The Bank also mobilized resources for sectoral studies, which helped ensure better positioning in the areas concerned, but also for the needs of the government and of other partners. However, with respect to mix, the weight of project loans, 72.2% of resources, is still the most significant.

6. Sectoral distribution of financing is relatively balanced, with a slight dominance of multisector operations (26.7%), compared with 25.9% for agriculture, 22.6% for social, and 23.1% for transport. The Bank, with other partners, has supported the government's efforts to address the country's governance shortcomings. The Bank has not developed a clear specific private sector strategy for Cameroon but has based its assistance on its potential, its dynamism and the possibility of intervening on demand. In this regard, the Bank successfully intervened in the form of a guarantee for a private mobile telephony company. More recent operations—financed in the context of RBCSP 2005-2009—are underway.

7. The performance of completed projects is satisfactory overall, although it varies by sector. It is deemed satisfactory in transportation and multisector, but unsatisfactory in the agriculture and social sectors. Operations were relevant overall, though lacking in efficiency. Most development objectives were achieved with much delay. The difficulties are related in part to weak national management capacity and to the mobilization of counterpart funds. As a result, quantitative objectives were sometimes scaled back: for example, overall, more than 500kms of rural and agricultural roads were eliminated from projects.

8. The performance of the active portfolio is unsatisfactory because of implementation difficulties stemming from the persistence of generic problems: (i) delays related to the signing, implementation and fulfilment of conditions precedent to the first disbursement of loans and grants; (ii) irregular payment of counterpart funds; (iii) poor understanding and/or non-compliance with Bank procedures; and (iv) procurement delays. The lack of a clear institutional framework, specific to each operation, and defining the organization, implementation and management, impeded the harmonious implementation of projects. On the Bank's side, improvements are needed with respect to simplification of procedures, flexibility, and speediness. Loan conditions as well as procurement procedures and disbursement schedules are deemed cumbersome in terms of transaction costs. The opening and strengthening of the Cameroon Field Office (CMFO) should help ensure the necessary improvements.

9. Significant results were achieved with respect to stabilization of the macro-economic framework and improvement of public finance management. The achievement of the HIPC Initiative completion point and the ensuing positive benefits for the country are the culmination of the long structural adjustment and reform process implemented by Cameroon with support from partners, including the Bank. More progress is needed on the reform front to ensure that public finances reach a critical level of confidence and for the private sector to achieve its full potential by creating a conducive environment in a context of declining oil production.

10. However, the substantial resources dedicated to investment projects in support of growth and human capital development were not productive enough. Nonetheless,

performance varies by sector: it is relatively more satisfactory in transport and primary education than in agriculture and in health. Because of difficulties related to understanding of project cycles, objectives and impacts have often been achieved with much delay.

11. It is worth noting that there were substantial improvements following the sustained resumption of cooperation with the AfDB, whereas, prior to 1996, the country was in chronic arrears. Significant resources were mobilized for key sectors. The Bank has made significant efforts in the country's relatively difficult context, notably with respect to supervision and dialogue missions, its contribution to the PRSP process, coordination with other partners in the context of CSPs and projects, the regional office, and multinational projects.

12. Several lessons can be drawn. Although relevance is a necessary condition for effective Bank assistance, it is not sufficient. Because of the lack of quality ESW, the Bank was not able to focus its interventions on strategic long term objectives and to improve the quality of projects and programmes. Complex components and measures should not be retained without prior analytical studies. Despite efforts made, the lack of a strategic approach for private sector promotion did not help boost the sector. In particular, the lack of efficiency, of a strengthened presence, and of responsiveness reduced the Bank's capacity to work efficiently with the country and with partners. Cooperation also suffered from a lack of ownership of project-based aid by the country. This explains an overall performance deemed unsatisfactory by stakeholders on both sides. Problems related to knowledge of the project cycle need to be addressed effectively and in-depth, considering that recurring portfolio reviews and audit recommendations have not resulted in tangible improvements.

13. Looking ahead, the key recommendations are as follows:

- (i) Improve support for governance reforms, paying attention to synergies and the cross-cutting impact of the measures taken;
- (ii) Better target, through high quality ESW, selective support for key sectors of the PRSP;
- (iii) Prepare and put in place, a strategic approach to private sector development based on improvement of the business climate, financing, support and upgrading of the sector ; and
- (iv) Fully address persistent portfolio performance problems through effective dialogue, under the leadership of the Yaounde Regional Office. Such efforts should involve all stakeholders and should be based on a common approach stemming from broad consultation at both the country and Bank levels.