TRANSLATED FROM FRENCH

REPUBLIQUE DU CAMEROUN
Paix – Travail – Patrie
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MINISTERE DE LA PLANIFICATION,
DE LA PROGRAMMATION DU DEVELOPPEMENT
ET DE L'AMENAGEMENT DU TERRITOIRE
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SECRETARIAT GENERAL
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Comite technique de suivi et d'évaluation des
activités de mise en œuvre du DSRP
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CTSE
DSRP

REPUBLIC OF CAMEROON
Peace – Work – Fatherland
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MINISTRY OF PLANNING,
PROGRAMMING
AND REGIONAL DEVELOPMENT
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SECRETARIAT-GENERAL
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Technical Follow-Up Committee
Of The PRSP
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PROGRESS REPORT ON THE IMPLEMENTATION OF THE POVERTY REDUCTION STRATEGY PAPER AS OF 31 DECEMBER 2005

February 2006

TRANSLATED FROM FRENCH

LIST OF ABREVIATIONS AND ACRONYMS

ADB	African Development Bank
AGOA	African Growth and Opportunity Act
AER	Rural Electrification Board
ART	Telecommunications Regulatory Board
ANAFOR	National Forest Development Board
ANIF	National Financial Investigation Board
ANTIC	National Information and Communication Technologies Board
ARMP	Public Contracts Regulatory Board
ARSEL	Electricity Sector Regulatory Agency
ARV	Anti-Retroviral
BDEAC	Central Africa States Development Bank
BEAC	Bank of Central African States
CAA	National Sinking Fund
CAMAIR	Cameroon Airlines
CAMPOST	Cameroon Postal Services
CAMRAIL	Cameroon Railways
CAMTEL	Cameroon Telecommunications
CAMWATER	New Cameroon Water Corporation
CAS III	Third Structural Adjustment Credit
CAVIE	Survey on the living standards in Yaounde and Douala
CCIMA	Cameroon Chamber of Commerce, Industry, Mines and Crafts
CCS/PPTE	Advisory Committee for the Follow-up and Management of HIPC Resources
C2D	Debt Relief and Development Contract
CDC	Cameroon Development Corporation
CDT	Screening and treatment centre
CEEAC	Economic Community of Central African States
CEMAC	Economic and Monetary Community of Central African States
CENAME	National Centre for the Supply of Essential Drugs
CENEEMA	National Centre for Studies and Experimentation in Agricultural Mechanisation
CICAM	Cotton Processing Corporation
CIESP	Interministerial Committee Enlarged to the Private Sector
CIMA CODE	Panafrican Insurance Conference Code
CNPS	National Social Insurance Fund
COBAC	Central African Regional Banking Commission
COOPEC	Savings and Loans Cooperatives
COTCO	Cameroon Oil Transportation Company
CSI	Community-based Health Centres
CTS	Technical Committee for Monitoring Economic Programmes
CTSE/DSRP	Technical Monitoring and Evaluation Committee of the PRSP
DPI	Department of Investment Programming
DB	Department of the Budget
EDS III	Third Population and Health Survey
EEIS	Survey on Employment and the Informal Sector
EPI	Expanded Programme on Immunisation
FAO	Food and Agricultural Organisation
FIDA	International Fund for Agricultural Development

FMU	Forest Management Unit
GICAM	Cameroon Employers Association
GPHC III	Third General Population and Housing Census
GUCE	Single Processing Window for Foreign Trade
HIPC	Heavily Indebted Poor Country
ICT	Information and Communication Technologies
IDB	Islamic Development Bank
ILO	International Labour Organisation
IMF	International Monetary Fund
IRAD	Institute of Agricultural Research for Development
MATGENIE	National Civil Engineering Equipment Pool
MDG	Millennium Development Goals
MFI	Micro Finance Institution
MINADER	Ministry of Agriculture and Rural Development
MINDUH	Ministry of Urban Development and Housing
MINEDUB	Ministry of Basic Education
MINEE	Ministry of Energy and Water Resources
MINEFI	Ministry of the Economy and Finance
MINEFOP	Ministry of Employment and Vocational Training
MINEP	Ministry of Environment and Protection of Nature
MINEPAT	Ministry of Economic Affairs, Programming and Regional Development
MINEPIA	Ministry of Livestock, Fisheries and Animal Husbandry
MINESEC	Ministry of Secondary Education
MINESUP	Ministry of Higher Education
MINFIB	Ministry of Finance and the Budget
MINFOF	Ministry of Forestry and Wildlife
MINJUSTICE	Ministry of Justice
MINIMIDT	Ministry of Industry, Mines and Technological Development
MINPLAPDAT	Ministry of Planning, Development Programming and Regional Development
MINPMEESA	Ministry of Small and Medium-Sized Enterprises, Social Economy and Handicrafts
MINPOSTEL	Ministry of Posts and Telecommunications
MINSANTE	Ministry of Public Health
MTEF	Medium-Term Expenditure Framework
NEF	National Employment Fund
NEPAD	New Partnership for Africa's Development
NIS	National Institute of Statistics
NGO	Non Governmental Organisation
NPG	National Programme on Governance
PAD	Douala Port Authority
PADC	Community Development Support Programme
PANERP	Energy Plan of Action for Poverty Reduction
PARFAR	Poverty Reduction and Pro women actions in the Far North Province
PHS III	Third Population and Housing Survey
PUG	Programme on Urban Governance
PMEDP	Programme on Sustainable Livelihoods in Fishing
PNDP	National Community-driven Development Programme
PNG	National Governance Programme
PNVRA	National Agricultural Extension and Research Programme

PREBAP	Programme on the Economic Redevelopment of the Plantain
PRGF	Poverty Reduction and Growth Facility
PRS	Poverty Reduction Strategy
PRSP	Poverty Reduction Strategy Paper
PSSA	Special programme on food security
PSFE	Forest/Environment Sector Programme
PUG	Programme on Urban Governance
SAC III	Third Structural Adjustment Credit
SAF III	Third Structural Adjustment Facility
SAMU	Medical Emergency Assistance Service
SIGEFI	Integrated Management System of Public Finance
SIGIPES	Integrated Management System of State Personnel and Pay Roll
SISPER	Staff Salary Management System
SME	Small and Medium-Size Enterprise
SMI	Small and medium-Size industry
SNI	National Investment Corporation
SNEC	Cameroon Water Corporation
SNI	National Investment Corporation
SODECOTON	Cameroon Cotton Corporation
SOSUCAM	Cameroon Sugar Corporation
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organisation
WB	World Bank
WWF	World Wild Fund for Nature

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EXECUTIVE SUMMARY

1. In 2005, implementation of the PRSP was marked by satisfactory performances under the staff-monitored programme (SMP), approval and implementation of the three-year economic and financial programme under the Poverty Reduction and Growth Facility (PRGF) for the 2005-2008 period.

2. The PRSP monitoring process lies in the steering and control mechanism established by the government. It comprises the following: (i) the institutional mechanism; (ii) the statistical mechanism which led to the partial establishment of administrative bodies of the National Institute of Statistics, conduct of the third population and health survey, survey on employment and the informal sector, third population and housing census; (iii) participatory monitoring mechanism with the recruitment of an international consultancy group with a view to preparing the related methodology.

3. **Macro-economic and budgetary framework**: Cameroon's economy experienced a growth rate estimated at 2.6 percent in 2005, as against 3.7 percent in 2004. This decrease is partly due to the secondary sector which was characterised by a decrease by 1.3 percent of its activities in 2005, and the concomitant decrease in the final GDP consumption weight, following price hikes that undermined the purchasing power of households.

4. Monetary supply has increased by 6 percent in 2005, with an increase in net foreign assets. The decrease in domestic credits conceals the increase in domestic credits to the private sector. However, short-term loans (97 percent) continue to dominate.

5. As concerns public finance, revenue stood at CFAF 1555 thousand million in 2005, as against CFAF 1279 thousand million in 2004, that is a 21.6 percent growth rate. Increase in oil and non-oil revenue accounts for this growth. In addition, expenditure was on a downward trend, that is 1278 thousand million in 2005, as against 1335 thousand million in 2004. Poverty-reduction expenditure which stood at more than CFAF 620 thousand million was allocated to priority sectors such as education, health and basic infrastructure.

6. The external sector experienced a deficit in the balance of trade. This deficit is due to the stagnation in exports, excluding oil, and to the adverse trends in the world prices of related products.

7. **Major achievements in the implementation of the strategy**. In order to promote a stable macro-economic framework, Cameroon's government continued its efforts by: (i) improving the management of public finance, which led to the satisfactory implementation of the SMP initiated with the IMF, and the signing of a new three-year arrangement for Cameroon under the PRGF for the period stretching from July 2005 to June 2008; (ii) better use of debt-relief resources which was translated by an increase in the pace HIPC funds are used and the signing of a memorandum of understanding on the mechanism and procedure for the financing of civil society projects under HIPC funds between the government and representatives of civil society associations; (iii) continuing the public corporations' privatisation process including the Water Corporation (*SNEC*), Telecommunications Corporation (*CAMTEL*), Cameroon Development Corporation (CDC), and Cameroon Airlines Company (*CAMAIR*); restructuring the Cameroon Postal Services (*CAMPOST)* and establishing *ANAFOR*; (iv) interim reception of the electronic single processing window for foreign trade (*GUCE)* as part of port reforms.

8. The government continued designing sector-based strategies. As a matter of fact, strategies were designed, updated, and adopted in the following sectors: building and public works, rural sector, social sector, telecommunications and ICTs, tourism and education. Thus, a national Energy Action Plan for Poverty Reduction was drawn up and adopted; the long-term energy development plan is being worked out. Moreover, MTEFs of sectors for which strategies were available were either prepared or updated through a capacity-building programme, including: *MINTP, MINSANTE, MINESEC, MINEDUB, MINADER, MINEPIA, MINFOF, MINEP*. The central MTEF was also prepared.

9. In the rural sector, the transfer of technological innovations was accompanied by increased research on rural areas. Similarly, the capacities of private businesses were built in several agricultural systems, namely: maize, cassava, palm oil, plantain, pineapple, cocoa and coffee. Several programmes and projects were also launched in sectors with growth potentials, namely: rice, onion, garlic, root crops and tubers. Moreover, the government has launched an environmentally friendly plant protection policy which also protects the quality of agricultural produce and the promotion of community development in a range of programmes, the most prominent of which is the Community-Driven Development Programme (*PNDP)* in 33 councils in four provinces, and the Community Development Support Programme *(PADC)* in two provinces. The preparation of the forestry and environment sector-based programme is continuing as well as the Rural Water Supply Master Plan.

10. As part of activities related to financial intermediation, quotations have been made at the Douala Stock Exchange (DSX). As concerns Micro-Finance Institutions (MFI) operation and control requirements for micro-finance activities within the CEMAC sub-region have been applicable to all MFIs since 14 April 2005, and the necessary guidelines for the promotion of relations with commercial banks were proposed by the National Micro Finance Committee (NMFC). In all, 232 MFIs were approved by the regional banking commission (COBAC), with a total of CFAF 25 thousand million loans granted. These MFIs are governed by a specific special tax system. They also benefit from support aimed at strengthening banking coverage in the country. Actions are underway for the creation of an agricultural bank, decentralisation of financial systems through the *PADC*, decentralised Rural Credit Project, support project to the National Micro Finance Programme, collection of FIMAC loans, budget allocations within the project on the Development of Livestock and Fisheries in the South-West province, Poverty Reduction and Pro-Women Actions in the Far-North province.

11. As part of activities for the development of the industrial sector, the government carried out a number of actions, including: (i) specific actions for growth potential systems (agro-industry, energy, forestry / timber, textile / cotton, bauxite / alumina / aluminium, technological development; (ii) conduct of a study on "the potential of sub-contracting for the establishment of a sub-contracting exchange and preparation for an industrial companion planting operation in Cameroon"; (iii) creation of a sub-regional centre for training in agricultural automation within CENEEMA.

12. As concerns boosting of private sector, the government continued its actions, including: (i) creation of an ad hoc committee in charge of coordinating actions against fraud, smuggling, counterfeiting and dismantling of illegal factories as part of actions against dumping and smuggling in the textile, cement, flour and sugar sector; (ii) control of stocks

of largely consumed goods to control inflation; (iii) execution of major infrastructural projects to support the industrial sector; (iv) capacity-building of SMEs / SMIs and removal of impediments to private sector growth; (v) directives to launch a programme for the rehabilitation of companies aimed at implementing ACP-EU agreements; (vi) establishing the Regulation and Competitiveness Board under the Investment Charter; (vii) capacity-building of farmer associations in the rural sector; (viii) developing human resources and the social sector; (ix) improving governance; (x) boosting investment in the most buoyant sectors including energy, infrastructure, tourism and ICTs.

13. As concerns the development of basic infrastructure, the government conducted the designing process of the Buildings and Public Works sector strategy, as well as its MTEF. Moreover, the study on the Road Master Plan was validated. It will in the medium and long-term help in the programming of investment and road maintenance. As concerns road maintenance, the substantial increase in related resources facilitated the programming of priority road network maintenance over a linear of 22,285 km. As concerns investment operations, the linear of rehabilitated roads in 2005 (2114 km), which has witnessed a significant increase is the double of the one realised for the 2003 and 2004 periods combined. Moreover, rehabilitation works on the Wouri Bridge continued and the tarring of the priority road network, with a linear of 482 km for the 2004 and 2005 years.

14. To ensure the development of information and communication technologies, government actions were focused on: (i) designing the telecommunications and ICT development strategy; (ii) continuing the project on the construction of multi-purpose pilot community tele centres; (iii) rendering operational the Special Fund for Telecommunications; (iv) introducing administrative structures of the National Information and Communication Technologies Board (ANTIC); (v) improving Cameroon's international connection; (vi) implementing CAMTEL's Minimum Investment Programme (MIP); (vii) establishing a cryptology and certification system.

15. Human resource management was marked by improvement on electricity supply, continuation of the energy sector development plan, preparation of the Energy Action Plan for Poverty Reduction, validation of the sector study on water, identification of priority mining handicraft sites, awarding of ten licences for mine research and one licence for mine exploitation, and continuation of the fight against geological and industrial risks and disasters.

16. Actions undertaken by the government as part of environmental management focused mainly on capacity-building, popularisation of the bio security act, and implementation of the biological diversity plan of action.

17. Actions for the development of foreign trade include: drawing up a strategy to support diversification of export base through identification and promotion of high export potential products, and of new buoyant markets, promoting and boosting foreign trade with the establishment of a stronger policy for foreign market opportunities.

18. As concerns regional integration within the CEMAC framework, the government saw to compliance with: almost all the convergence criteria, application of the new rules governing monetary and financial affairs, facilitating trade exchange, establishing a priority road network that links borders, capacity-building of sub-regional training institutions and adopting a strategic framework and plan of action against AIDS.

19. Implementation of the health strategy went on and the health MTEF was updated. As concerns the various disease control programmes, emphasis was laid on the prevention of malaria which continues to be the major endemic disease and the number one cause of morbidity and mortality among vulnerable groups. Awareness campaigns for risk groups were intensified as part of the fight against STIs / AIDS. Tuberculosis control screening and treatment centres *(CDT)* were rehabilitated and new ones built. The Expanded Programme on Immunization (EPI) was aimed at a sustainable development of the immunisation system and epidemiology surveillance. As concerns reproductive health, a national health programme was drawn up. The national policy paper on nutrition was validated.

20. Implementation of the education strategy continued with the construction and rehabilitation of 3768 classrooms since adoption of the strategy, recruitment of 1700 probationary teachers and absorption into the public service of 987 graduates of the Advanced Teachers' Training School (ENS). The state payroll was also adjusted.

21. The process of designing a policy for the promotion of employment and vocational training is on course. The main report on the employment and informal sector survey (employment) component is available. Moreover, the National Employment Fund is continuing its actions on socio-vocational integration of young people in paid jobs and self-employed activities.

22. As part of activities to alleviate urban poverty, Cameroon's authorities carried out a number of actions, notably: preparing an interim urban development strategy paper; continuing the drafting of the national housing policy; signing partnership between the government, CTD and secondary urban centres; enacting the law on town planning in Cameroon; updating the Development and Town Planning Master Scheme (DTPMS), and Local Master Plans (LMP) for Yaounde, Ngaoundere and Limbe; rehabilitating basic infrastructure; ensuring sanitation of primary drainage networks; preparing an operational plan for alleviating poverty; conducting consultation meetings to prevent urban delinquency.

23. In order to improve on the management of public affairs, the government carried out several actions, notably: (i) continued adjustment of the public expenditure chain by conducting a survey to track public expenditure and measure the level of satisfaction of the beneficiaries in the education and health sectors, archiving information on the management of public finances, reforming the public contract system and cleaning the payroll. Moreover, Cameroon subscribed to the Extractive Industries Transparency Initiative (EITI) and conducted numerous audit operations in administrative services and corporate bodies; (ii) strengthening social sector management; and (iii) enhancing the production and publication of statistical information with the partial establishment of social bodies of the National Institute of Statistics (NIS).

24. Strengthening the rule of law and general security continued to be a major concern. Thus, the priority action plan for the reform of the Judiciary is under execution. The code of criminal procedures has been enacted, while the capacities of the judiciary and related staff, and those of court clerks and registrars have been built. The Audit Bench set to work, while the Constitutional Council will soon be operational. The increased security of people and property has been translated by the passing of four bills to authorize the

President of the Republic to ratify international conventions in March 2004. Moreover, the NPG phase II paper, coupled with the 2006 priority plan of action was prepared and adopted.

25. The anti-corruption drive institutional framework was reinforced with the ratification of the United Nations Conventions against corruption and money laundering, the creation of the National Financial Investigation Board (ANIF), reinforcing the duties of inspectorates general, and creation of sub-departments for reception, mail and liaison. Similarly, the preparation of administrative procedures manuals and user's guide, application of penalties and increased awareness campaigns helped improve Cameroon's image on corruption.

26. As concerns the decentralisation process, the decentralisation orientation law and the laws instituting the rules applicable to regions and councils, and the plan of action for their implementation (2005-2009) have been prepared, the financial sector plan of councils has been adopted; measures have been taken to build the capacities of mayors and municipal staff; a training session for municipal staff is underway. An audit has been conducted for the Special Council Support Fund (FEICOM). A plan of action to restructure this institution is being implemented. Moreover, a programme on urban governance (PUG) has been drawn up.

27. **Assessing poverty**: Given the dependence relationship between the growth rate and poverty trends, it can be noted that economic growth did not have a significant impact on the reduction of income poverty over the past years. In rural areas, income trends are closely linked to trends in agricultural commodities, supply of foodstuffs and prices of products. These factors have either stabilized or reduced income for cotton, cocoa and coffee farmers, and increased income for palm oil and foodstuff producers.

28. The assessment of poverty and the living conditions of households was based on the employment and informal sector survey (EISS) conducted in 2005 by the NIS. This survey helped to better measure the level of involvement of Cameroonians in the labour market by suggesting that the major problem is that of under-employment and not unemployment. The informal sector is the main job provider; but unfortunately, these jobs are precarious and do not generate enough income to improve the living conditions of the population.

29. Access to housing as measured on the basis of the rate of owners of the houses they live in has decreased due to rapid urban growth. Major building projects are on the increase but the installation of household conveniences is decreasing due to the recurrent charges they engender to households.

30. The number of households with access to safe water, electricity and gas has been increasing since 1996. However, sustained efforts need to be made in the creation of new plants for water supply and maintenance of all the networks available in order to achieve the government goal of reaching a 71 percent access rate. The number of households with access to land telephone lines is at a standstill while that of those with access to the mobile telephone is increasing.

31. Despite the differences between urban and rural areas, it has been noted that households have improved their equipment for the 1996-2005 period, except for appliances such as the gas cooker, refrigerator and deep-freezer.

32. Urban poverty is perceived mainly in Yaounde and Douala where income poverty has increased, basic needs are not satisfied, and insecurity and delinquency are rampant, particularly among under aged children. In urban areas, the poor live in precarious houses in risky and unhealthy areas where they carry out informal activities as a way out of poverty. In 2005, the unemployment rate following ILO standards stood at 4.4 percent, representing 10.7 percent in urban areas as against 1.7 percent in rural areas. The broad unemployment rate estimated by the 2005 EISS stood at 17.9 percent in Yaounde and 16.0 percent in Douala.

33. **Assessment by the beneficiaries**: The various assessments by project beneficiaries carried out by the government suggest that projects underway in their various localities are very important for their development. Preference here is given to infrastructure projects, construction of government high schools and electrification projects. The poor execution of projects identified is due to lack of professionalism by contractors and the unscrupulous selection of the latter in awarding, monitoring and accepting works. To solve this problem, beneficiaries have made a number of recommendations, namely that the quality of projects be improved, social dialogue be pursued and governance and the living conditions of the population be improved, the population's access to production means be promoted and finally, the empowerment process of local and regional authorities be accelerated.

34. **Difficulties and proposed solutions**: Implementation of the PRSP since April 2003 has brought major achievements, namely more coherence in government action and the introduction in administrative management of strategic programming and planning tools likely to ensure more efficiency and effectiveness in the use of human, material and financial resources. However, there are a number of constraints that hamper the implementation of the strategy and reduce its impact.

35. As concerns the designing of sector-based strategies, at the organisational level, insufficient means and poor interpretation of the participatory approach sometimes lead to failure to include all partners. At the technical level, all actors should appropriate the 2005 revised methodological guide. At the budgetary level, it can be noted that the budget is inadequate and it is difficult to mobilise the budgeted amount. As concerns the institutional framework, it is evident that there is no standard framework for adopting and implementing sector strategies.

36. In 2005, the government made efforts in developing MTEFs in sectors where sector-based strategies where not available. This exercise will be extended to other sectors as their strategies are designed. Measures are taken for the official use of this tool in the budgeting process. In this light, new provisions of the circular relating to the budgeting process are being reviewed. The authorities will decide on their application for the 2007 budgeting process.

37. Achievement of the Millennium Development Goals (MDG) which is based on the satisfactory execution of the PRSP depends on the resources available. In this light, the link between the PRSP framework and the budgeting process, and introducing a

mechanism to assess MTEF with the construction of an interface between these frameworks and the budget is worth strengthening.

38. As regards the use of debt-relief resources, HIPC funds could have a positive impact on growth if these resources were earmarked for nationwide projects. Cameroon plans to strengthen the mechanism for distributing and using HIPC funds, and executing projects. The current mechanism which requires that debt-relief resources be deposited in a HIPC special account at BEAC and used in conformity with fixed procedures will be maintained.

39. Despite the high social cost of some structural reforms, the government is determined to continue the process on restructuring and privatisation of public corporations.

40. The production sector is faced with a number of problems that hamper the competitiveness of the economy. Corrective measures consist in developing communication infrastructure, increasing power supply with competitive prices, improving the judicial system, streamlining procedures, accelerating the takeoff pace of bodies established under the Investment Charter and preparing sector-based codes, drawing up a programme on the rehabilitation of corporations, and revitalizing private investment.

41. In order to improve the performances of the transport infrastructure sector, the authorities are bent on improving the state of the road network and extending it, reinforcing the performance of the building industrial sector, reforming the Road Fund with a view to extending it to rehabilitation works and continuing the restructuring of MATGENIE.

42. Regarding regional integration, some of the difficulties are: delays in implementing agreements and decisions taken by the governing bodies of these institutions. Effective free movement of persons and goods with the abolition of entry visas for all CEMAC nationals, with no restriction as to reciprocity, will help create a veritable regional labour market.

43. With regard to improving the institutional framework and governance, governance measures will be outcome based as identified by the National Programme on Governance phase II (NPG phase II), notably continuing the anti-corruption drive and establishing the Constitutional Council.

44. **In 2006,** the government intends to pay particular attention to the priorities outlined in the PRSP. In effect, Cameroon's authorities plan to increase by 13.5 per cent the budget allocated to MINJUSTICE in order to promote an environment conducive to business and good governance. In the area of productive infrastructure, the budget will be increased by 25.5 per cent, 12.5 per cent and 3.3 per cent for MINTP, MINPOSTEL and MINEE respectively. Social expenditure will also record an increase with health, secondary and primary education recording an 11 per cent, 6.2 per cent and 9.4 respectively. As part of activities to boost the private sector, the government plans to promote the development of SMEs with a 270 per cent increase in the budget allocated to MINPMEESA. MINIMIDT's budget will also be increased by 88 per cent. To promote the development of natural resources in an environmentally sustainable manner, the government intends to

increase by 251 per cent and 5.2 per cent the budgets allocated to MINEP and MINFOF respectively.

45. Reflection on revision of the PRSP is going on and is aimed at reinforcing the growth strategy. This revision will result in the production of a second generation PRSP from which the harmonisation and public development aid alignment process will take off. This process will ensure greater mobilisation of foreign aid through intensive use of budgetary aid.

1. CONTEXT AND RECENT TRENDS

1.1 INTRODUCTION

46. Poverty reduction strategies and policies implemented by the government through a participatory approach involving all actors and the beneficiary population lie on the poverty profile elaborated following the results of participatory consultations conducted nationwide, on surveys and an analysis of the living conditions of the population, as well as on lessons learnt from macro-economic, structural and sector-based reforms carried out over the past few years by Cameroon's authorities.

47 Cameroon's ultimate goal is to ensure sustainable and effective improvement in the living conditions of the population by tackling the root causes of poverty. To this end, the government is implementing a solid economic growth and poverty reduction policy consistent with the MDG by which the country abides.

48 Cameroon's authorities have so far produced two progress reports on the implementation of the PRSP, as of 31 March 2004 and 31 March 2005 for the first and second year of implementation of the PRSP respectively. The first progress report focused on execution of the strategy after its first year of implementation. Globally, the paper was satisfactory and the second year was however marked by budgetary slippages which accounted for the failure to reach the completion point in 2004.

49. As the execution of the PRSP has been aligned to the financial year, the third progress report on PRSP implementation was prepared for the period stretching from 1 January to 31 December 2005.This third report has been prepared within the purview of PRSP implementation since 2003. It takes into account the various comments and remarks made on the first and quarterly reports.

50. This paper comprises five sections. The first section which is introductory to the document outlines the goals targeted by the strategy and its monitoring and evaluation mechanism. The second section is a presentation of the macro-economic situation and the execution of poverty-reduction expenditure. The third section presents major achievements for the period under review. The fourth section attempts an evaluation of poverty from the standpoint of beneficiaries and recent surveys and analyses. The last section presents the difficulties encountered and proposed solutions. The paper has an appendix, which is the matrix of PRSP implementation as of 31 December 2005.

. 1.2 MECHANISM FOR MONITORING AND EVALUATING THE STRATEGY

51. As part of implementation of the poverty reduction strategy (PRS) and monitoring of the MDG, the government has established a steering and control mechanism aimed at obtaining expeditious information and indicators in order to measure the progress made in monitoring and evaluating PRSP implementation, as well as achieving the MDG.

52. The monitoring and evaluation mechanism for implementation of the poverty reduction strategy uses three main tools, namely;

(i) the institutional steering framework,
(ii) the statistical mechanism, and
(iii) the participatory monitoring mechanism.

53. These tools are supplemented by capacity-building activities carried out on the basis of priority needs identified. These activities concern both administrative services responsible for coordination and sector-based ministries.

1.2.1 Institutional mechanism

54. Coordination and technical support bodies have been established to reinforce already existing institutions such as the Technical Committee for Monitoring Economic Programmes (CTS) and the Advisory Committee for the Management of HIPC Resources.

55 For more efficient coordination, the government has set up an inter-ministerial Committee for the supervision of PRSP implementation. Under the chairmanship of the secretary general of the Prime Minister's office, this committee is responsible for the PRSP implementation process and smooth execution of the government's commitments under the three year medium-term economic and financial programme.

56. The inter-ministerial committee is assisted by a technical committee for the monitoring and evaluation of PRSP activities under the authority of the minister of Planning, Development Programming and Regional Development. The technical committee chaired by the secretary general of this ministry is responsible for assisting the inter-ministerial committee for the technical coordination of monitoring and evaluation activities of PRSP implementation. The committee comprises government officials and representatives of some public institutions (NPG, NIS) and representatives of consular chambers, the private sector, local authorities, religious associations, NGOs and associations, donors and funding bodies. To date, the technical committee has produced several quarterly reports on internal monitoring and two progress reports. It has also updated some components of the PRSP, including sources of growth and the economic framework.

57 The technical committee has a Technical Secretariat which comprises a central coordination unit and five thematic groups in charge of the following sectors: governance, infrastructure, social, production, indicators and macro-economic framework.

58 Provincial committees in charge of participatory monitoring of the PRSP are responsible for monitoring PRSP execution in provinces. Under the chairmanship of the provincial governor, each committee comprises the provincial delegate of MINPLAPDAT, who is the moderator, a provincial finance controller, a representative of the civil society (vice-chairman), a representative of the NIS, the private sector, NGOs, religious organisations and associations. These committees also comprise sector-based groups. They produce quarterly reports which are used in the preparation of national reports.

1.2.2 Monitoring and evaluation statistical mechanism

59. This mechanism was a continuation of the Minimum Statistical Programme (MSP) in the PRSP. Its main goal is the capacity-building of the national statistical system in order to develop a structured and coherent information system that can produce relevant indicators. These indicators must help the government and all the actors involved to: (i) monitor the mobilisation and use of resources; (ii) assess the level of physical execution of projects and programmes; and (iii) measure the results achieved, as well as the positive impact on the population's living conditions and poverty reduction.

60 The preparation of this mechanism resulted in a document being produced that presents key elements of the analysis and proposes a list of indicators, a priority plan of action with figures. This plan has several components, namely a short and medium-term building programme for the system as a whole. To ensure performance of this mechanism, it has been supplemented with the design and preparation component of great significance in the implementation of administrative data collection and processing system.

61 The mechanism was approved by the National Institute of Statistics in July 2005. It was submitted to the government for implementation supported by development partners. Future actions include designing a national statistical development strategy (NSDS) and MTEFs.

62 Implementation of the mechanism was concrete by: (i) the third population and health survey (PHS III). Apart from the common socio-demographic indicators, a component on HIV/AIDS screening was introduced; (ii) use of data of the survey on living standards (CAVIE) in Yaounde and Douala, which help better measurement of the poverty profile in urban areas in order to draw up an urban development strategy through the Programme on Urban Governance (PUG); (iii) national employment and informal sector survey (survey 1-2). Its available results will help the government update its strategy on the promotion of employment and better targeting of intervention in the informal sector and improve the quality of national accounting operations and (iv) continuation of activities of the third general population and housing census (GPHC III) which took place from 11 November to 11 December 2005.

63 Moreover, other important actions were carried out, including:

- publication of final national accounts, 1993-2003 series and interim national accounts 2004-2005 series, in accordance with the national accounting system in force (93 SCN);
- regular publication of statistics on the final consumer prices of households to evaluate inflation trends and the production of current statistics;
- updating the 2003 school and health mapping, and the survey on the 2005 vaccination coverage, in the area of sector-based statistics;
- continuing activities of the International Comparison Programme (ICP) for availability of Purchasing Power Parities (PPP);

- intensifying the dissemination of statistical information with the design of the National Institute of Statistics Web site (www.statistics.cameroon.org).

64 In order to improve the quality and efficiency of public expenditure, the government conducted a public expenditure tracking survey to measure the satisfaction of beneficiaries in the education and health sectors. Besides the main reports on the results of these operations, a priority action matrix was produced. It was adopted by the various parties involved and submitted to the government. To date, some measures of this plan of action are being implemented, for example: accountability of vote holders who must report to the beneficiary population information on planned investments and produce a budget execution report at least once the financial year comes to an end. However, this priority action matrix should be more efficient given the difficulty involved in a more direct targeting of the responsibilities of actors. A team of World Bank experts is expected to continue this process

65 Similarly, book keeping has been initiated on the management of public funds. The process aims to build a financial and accounting library to be used by the Audit Bench. Activities are carried out to ensure the expeditious monitoring of the way these measures are implemented by the administrative services responsible for expected outcomes.

66 The recent establishment of management bodies of the NIS with the appointment of the director general and deputy director general of this institution will give a new impetus to the activities of the National Statistical Information System.

1.2.3 Participatory monitoring mechanism

67 The participatory monitoring mechanism pursues the goals of developing the appropriation process of poverty reduction strategies, improving transparency and accountability of various actors, quality service delivery (in public services) and ensuring supervision of the PRSP monitoring process, and future National Development Plan.

68 In 2004 and 2005, the monitoring and evaluation mechanism was implemented through participatory evaluation reviews. They were ordered by the minister of Planning, Programming and Regional Development in March 2004 and July 2005. The reviews conducted in a broad consultation context nationwide provide a summary of the execution of actions enlisted in the poverty reduction programme, with special emphasis on appraisal of the quality of achievements by the beneficiaries.

69 Review activities are based on a preliminary report produced by provincial committees. The main aim of these activities is to present the document to a group more representative of the locality to make sure that all poverty-alleviation projects are evaluated, confirm the level of execution as indicated in the preliminary report, evaluating the quality of projects executed and their relevance to poverty reduction goals taking into account the appraisal made by beneficiaries and the review's proposed corrective measures. Working sessions are conducted in four committees which correspond to sector-based groups set up within provincial committees, namely the production sector committee, infrastructure committee, social sector committee and governance sector committee.

70 A reflection was conducted for the formulation of a formal participatory monitoring methodology which led to the recruitment of the Canadian SOFEG consultancy group in December 2005, following an international call to tender. The group resumed work on 5 January 2006. The interim report is expected in March 2006. After an enlarged seminar that will see the participation of all actors, a final report will be validated and submitted to the government for implementation of the methodology adopted.

71 Reflection on the institutional framework responsible for collecting actors' viewpoints in the participatory monitoring process takes into account bodies already involved in this process generally either for development, or particularly for poverty reduction actions, namely the *CTSE-DSRP*, development committees, the *CCS/PPTE* and the *PNDP*. At the present time, review missions which were usually conducted by the *CTSE* have been suspended. They are likely to resume once the new methodology is approved.

1.3 IMPLEMENTATION CONTEXT

72 The PRSP has been executed in a context marked by: (i) continuity in implementation of measures forming the basis for the disbursement of the third structural adjustment facility (SAF III) granted by the International Development Agency and (ii) execution of the second 2000-2003 economic and financial programme backed by the IMF under the poverty reduction and growth facility programme, which was not satisfactory, following slippages observed during the fourth review.

73 In its effort to achieve the MDG, the government executed a staff-monitored programme from January to June 2005. The IMF executive board considers the performances satisfactory since they led to the approval of the current third year economic and financial programme (2005-2008).

2. MACROECONOMIC AND BUDGETARY FRAMEWORK

2.1 MACRO-ECONOMIC SITUATION

74 Latest estimates show that Cameroon recorded a growth rate of about 2.6 per cent in 2005, as against 3.7 per cent in 2004. This figure is a result of a steady decline in growth recorded since 2001. An analysis of trends in the various sectors suggests that:

- The primary sector has recorded a 3 per cent growth rate as a result of a contrastive trend in agricultural products (3.9 per cent), and in forestry and logging (-3.7 per cent);
- The secondary sector has recorded a -1.3 percent growth rate, that is -3.8 per cent for Agro-food industries and 3.2 per cent for manufacturing industries; import trends for "industrial purposes (-20.8 per cent)" is likely confirmation that the secondary sector's contribution to growth will be negative for 2005, upon publication of the final data;
- The tertiary sector has recorded a 4.6 per cent growth rate. This can be explained mostly by achievements in the following sub sectors: trade, restaurant and hotel business (5.1 per cent), transport, warehousing and communication (5.8 per cent), APU non commercial services (2.1 percent).

75 Cameroon's economic growth has, for several years, been dependent on domestic demand due to the insignificant contribution or negative impact of net foreign demand. In this context, Cameroon's poor economic performance in general, and the secondary sector in particular can be the result of a fall in domestic demand in GDP terms, notably in final private consumption. It should be noted that in GDP terms, final private consumption may stand at 69.7 per cent in 2005, as against 71.4 per cent in 2004.

76 This can be explained by the drop in purchasing power, resulting from increase in energy prices, excise taxes on tobacco, soft drinks, natural juice and beer. This increase will probably have a perceptible impact on consumer price trends, which might roughly have been 2 percent in 2005, as against 0.3 percent in 2004.

77 Less than two years to the signing of a Partnership Agreement with the European Union, trends in the secondary sector remain a cause for concern. The insignificant contribution of this sector to economic growth shows how sensitive its productive structures are. Low investment accounts for poor agricultural output (outdated modes of production) and the lack of competitiveness by manufacturing industries of the secondary sector. A programme has been initiated to promote manufacturing industries.

78 Money supply is up from CFAF 1434.8 to 1521.6 thousand million between 2004 and 2005, representing a 6 percent rate. There has been a significant increase in net foreign assets, which have increased from CFAF 312.9 thousand million to CFAF 478.6 thousand million, representing a 52.9 percent rate. In actual fact, the operations account presents a 28.9 per cent increase rate, up from CFAF 365.8 to 464.2 thousand

million. The positive trend in foreign assets can mainly be explained by the repatriation of oil revenue, against the backdrop of an exceptional rise in crude oil prices. It might even be worth noting that this upward trend in oil prices has been steady since 2000.

79. On the basis of the memorandum of understanding on monetary matters, domestic loans present a -5.6 per cent growth rate; down from CFAF 1237.5 thousand million to CFAF 1167.9 thousand million. More specifically, net claims on the public sector have decreased by 26.3 per cent, down from CFAF 474.7 thousand million francs to CFAF 349.9 thousand million, whereas those on the private sector have increased by 8.1 per cent, up from CFAF 751.1 thousand million to CFAF 811.6 thousand million. Long-term loans have accounted for 3 per cent of domestic loans since 1998.

Box: Impact of ACP/EU partnership agreements

Application as from 2008 of ACP/EU partnership agreements will have an effect at the sector level. In fact, Cameroon companies will have more difficulties, especially as they will no longer be protected by the State through import duties. The following sectors will be the most affected by this trend: cereal, textile, clothing, agricultural produce, basic metallic products and metal works. This can be explained by the fact that these sectors present an "added value in the protection regime" higher than the "added value in free trade regime".

At the macro-economic level, it has been noted that the budgetary policy remains the single regulatory tool likely to be geared towards the financing of sustainable growth in Cameroon. In this light, application as from 2008 of partnership agreements with the EU might lead to a decrease of Cameroon's economic growth (-3 percent) given the profit loss of the State's treasury that might stand between CFAF 260 thousand million and CFAF 290 thousand million as a result of a cancellation of import duties.

However, Cameroon can benefit from these partnership agreements with the EU only after implementation of a programme on the rehabilitation of corporations for more competitiveness.

Thus, it is clear that the banking sector does not finance sustainable growth. Domestic loans consist mainly of short-term loans (such as overdrafts granted by commercial banks to their customers).

80. As concerns public finance, revenue collected stood at CFAF 1555 thousand million in 2005, as against CFAF 1279 thousand million in 2004. While oil revenue has increased by 35.1 per cent due to the rise in oil production and price per barrel, up from CFAF 325 to 439.2 thousand million from 2004 to 2005, non oil revenue has increased by 17.2 per cent, up from CFAF 942 to 1104 thousand million, due to new measures, including improvement revenue collection activities. As for expenditures, they stood at CFAF 1278 thousand million in 2005, as against 1335 thousand million in 2004, representing a 4.3 per cent decrease each year. The budgetary surpluses generated helped in the settlement of the National Debt.

81. The 2005 financial year recorded a deficit trade balance of CFAF 48.2 thousand million after the 108.3 thousand million recorded in 2004; the trade balance excluding oil showed a deficit of CFAF 248.9 thousand million, as against 406 thousand million in 2004. For a better appraisal of the afore-mentioned results, it should be noted that

non-oil exports and imports recorded a -6.8 per cent and -7.2 percent growth rate respectively; and that crude oil exports recorded a 10.7 percent growth rate. The price factor had a leading impact on the trends observed in the various balances mentioned.

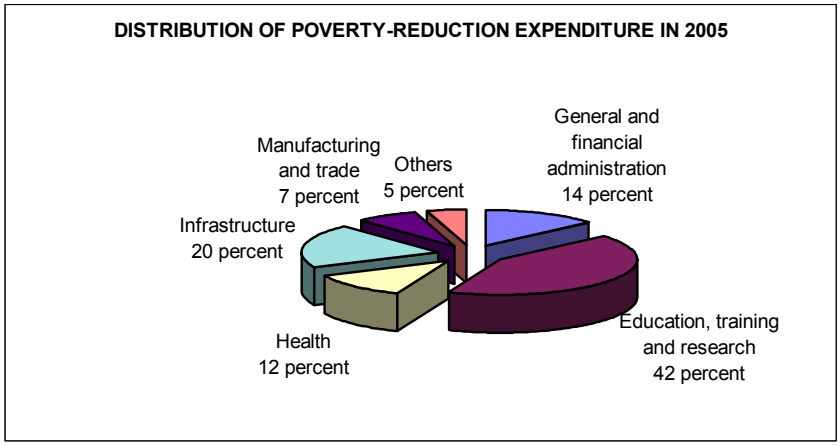
82. Export revenue stood at CFAF 1475.9 thousand million (representing CFAF 814.8 thousand million for non-oil exports), as against CFAF 1256.8 thousand million in 2004 (representing CFAF 764.4 thousand million for non-oil exports). Import related expenditure stood at CFAF 1524.2 thousand million (1099.8 thousand million for non-oil imports), as against CFAF 1365.1 thousand million in 2004 (1170.5 thousand million for non-oil imports).

83. Besides food imports, drinks and tobacco, as well as primary imports (livestock and farm produce, minerals, etc), the picture of imports per consumption sector shows negative trends in quality and value for the others: for example: transport equipment, industrial equipment, household and capital goods. These results are a confirmation of the lacklustre performance mentioned earlier with regard to the evaluation of secondary sector activities in 2005.

84. In a context where imports seem to exceed exports which are at a standstill or dropping in quality, Cameroon's economy has over the years been progressing to a stage where trade activities are vibrant; the result of which is an ever-growing service sector in GDP terms.

2.2 EXECUTION OF POVERTY-REDUCTION EXPENDITURE

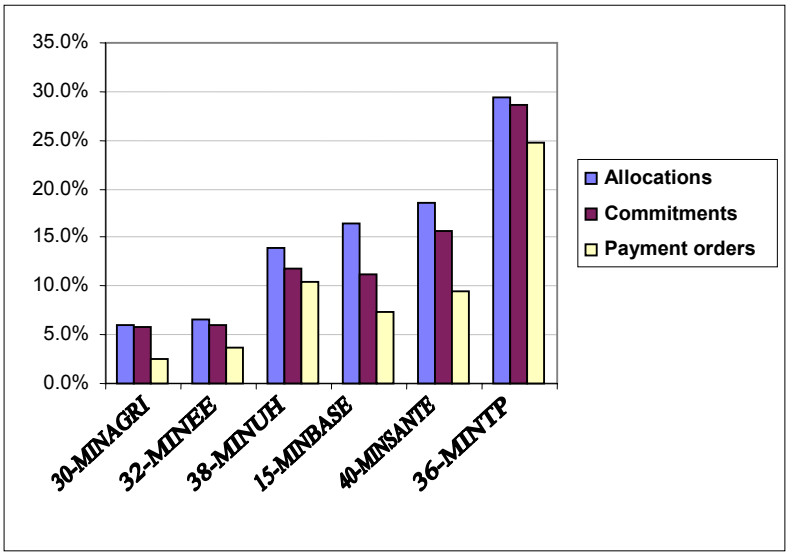
85. More than CFAF 620 thousand million were directly or indirectly earmarked for poverty-reduction expenditure. This figure was revealed on the basis of a function-based expenditure analysis programmed for the 2005 financial year. Distribution of this poverty-reduction expenditure is presented in the chart below. Thus, 42 per cent of credits are earmarked for the education sector, training and research, 20 per cent for infrastructure and 12 per cent for health. This is a further proof of the pro-poor potential of expenditure in these sectors.



86. The execution level of credits committed in 2005 stood at 80.9 per cent in 2005, as against 79.8 per cent in 2004. Payment orders stood at 76.6 per cent of the allocation (as against 75.1 per cent in 2004) and 94.8 per cent of the rate of credits committed (as against 94.11 per cent in 2004). Generally, the execution level of poverty-reduction expenditure did not change between 2004 and 2005. Officials of sector-based ministries should strive to improve on the absorption capacity of credits in their administrative services. The closeness between commitments and payment orders shows some flow in the expenditure channel.

87. As concerns HIPC expenditure, the chart below shows credit distribution, expenditure commitments and payment orders in a few ministries. Globally, 2005 commitments represented 86.4 per cent of the overall package, and only 63 per cent were ordered. Until 2004, the rate of commitments of HIPC credits barely reached 70 per cent. It should be acknowledged that there has been acceleration in the use of HIPC credits. However, the improvement noted should in the future help to take these rates to 100 percent.

DISTRIBUTION AND USE OF HIPC FUNDS IN 2005



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3. MAJOR ACHIEVEMENTS IN STRATEGY IMPLEMENTATION

3.1 PROMOTING A STABLE MACRO-ECONOMIC FRAMEWORK

88. Cameroon's economic growth witnessed a slump in 2005, down from 3.7 per cent in 2004 to 2.6 percent in 2005 due mainly to the slowdown in non oil activities. However, significant efforts were made to improve public finances, namely stepping up revenue and mastering expenditure. These efforts led to satisfactory implementation of the IMF staff-monitored programme and approval of the new three-year arrangement under PRGF for the period from July 2005 to June 2008.

89. As concerns resources accruing from debt relief, the use of HIPC funds was accelerated during the 2005 financial year. In fact, the Head of State signed an ordinance to increase the initial CFAF 73 000 million HIPC package by CFAF 100 000 million. Moreover, the action plan on implementation of recommendations made following the audit conducted in 2004 on HIPC expenditure was adopted in 2005 and is currently under execution. Control missions were initiated and shortcomings in the execution of contracts were punished. The Prime Minister has prescribed that such control missions be intensified on the practical and financial execution of projects. Moreover, a memorandum of understanding on the financing mechanism and procedure of civil society projects under HIPC funds was signed between the government and group of civil society actors.

90. As concerns *SIGEFI*, the various cross-cutting interfaces between departments of *MINFIB* were completed, and the drafting of operating reports is now automatic. Only the *DPI (MINEPAT) / DB (MINFIB)* interface is pending completion. However, after the 8 December 2004 reorganisation of government, the characteristics of this interface were reviewed. It will henceforth ensure the link between the Medium-Term Expenditure Framework, the Public Investment Programme (PIP) and the Budget.

91. Regarding the quality of public investment expenditure, a government-initiated project to build programming capacities under the World Bank trust-fund helped a *MINPLAPDAT* and *MINEFI* technical team to introduce a mechanism for the preparation of the global medium-term expenditure framework, under the supervision of an international consultant. The mechanism culls framework input data. Allocations following budget heads rest on three factors: (i) adapting the sector or ministry to the domestic growth and poverty reduction strategy, (ii) clarifying the ministry's action plans (with quality strategies, programmes and projects); and finally (iii) ensuring the ministry's efficiency in achieving set goals. The project also helped some ministries in the preparation or updating of their MTEF, namely *MINTP*, with its newly adopted strategy, *MINADER, MINEDUB, MINSANTE, MINESEC, MINFOF, MINEP* and *MINEPIA.*

92. **Privatisation/restructuring.** Concerning the CDC, the legal firm recruited for the analysis of contracts relating to the banana sector submitted its report in March 2005. Cameroon authorities adopted the privatisation scheme of the remaining three sectors,

including banana, rubber and palm oil sectors in October 2005; the scheme will be finally adopted after a round table meeting that will help validate the privatisation scenario retained with the private sector. Terms of reference and shortlists for the recruitment of an investment bank for the sale of rubber and palm oil plantations are available. Invitations to submit an expression of interest were launched for the recruitment of experts in the conduct of additional socio-environmental and feasibility studies for a programme on rural rubber and palm oil plantation on lands granted to the CDC.

93. Concerning the privatisation process of SNEC, the government has recruited an expert to help revive the privatisation process of this corporation. The expert is already at work and produces reports on a regular basis. The government has adopted the privatisation plan and its related calendar. The terms and conditions for public/ private partnership were laid down during a round table of investors organised in Paris in December 2005. The government has established a utility company, named CAMWATER to manage infrastructure while the private partner will be responsible for service delivery.

94. Regarding CAMTEL, an expert was recruited and has started work. The related technical report has been submitted. Moreover, the inter-ministerial committee adopted a privatisation strategy in 2005. Implementation of the interim action plan is on course. The staff issue remains to be solved before the launching of the invitation to submit an expression of interest for privatisation. To this effect, the government intends to conduct a study, the result of which shall be useful in the decision-making process.

95. As for CAMAIR, the government appointed an interim manager in February 2005. He is responsible for ensuring implementation of the privatisation strategy (scission/liquidation/privatisation) adopted in December 2004. Actions carried out include: (i) recruiting a government adviser on this process; (ii) working out a cost reduction plan; (iii) adoption of a detailed privatisation strategy and an action plan accompanied by a calendar.

96. With regard to CAMPOST, an interim manager was appointed. Savings accounts were audited, and the actual level of liabilities of this structure could be evaluated. A social plan was worked out. Its goal is to alleviate costs of this structure in order to permit substantial output profits. Cameroon's authorities also recruited a team of experts to assist the interim manager in the restructuring process. The first invitation to submit an expression of interest was unsuccessful given the fact that bidders did not present the required profile for the successful execution of this task. The second invitation to submit an expression of interest was launched.

97. Actions relating to port sector reforms led to the final phase of the creation of the single processing window for foreign trade GUCE. Additional needs were identified, which led to a few contract amendments, namely: (i) establishing a telecommunications network, (ii) contracting process of the GUCE, (iii) establishing information systems. Moreover, a manual on GUCE procedure is being prepared and a draft instrument on e-commerce was submitted to the Prime Minister's Office. A

memorandum of understanding on information exchange on foreign trade was signed between the Douala Port Authority (PAD) and GUCE.

3.2 CONSOLIDATING GROWTH THROUGH ECONOMIC DIVERSIFICATION

3.2.1 Developing the rural sector

98. As part of actions aimed at improving access of the peasant population to modern and highly performing techniques, research themes in peasant circles were intensified, concerning plant and animal production, as well as in more specific areas such as peasant association, semi-urban agriculture, pesticide-effect plants and agricultural, forestry and pastoral management. To date, partial results are available only for a few research projects on: kola, cocoyam, tomato, fish, peasant associations and semi-urban agriculture. Delays recorded in the production of results are due to difficulties in mobilising the funds needed to finance these activities.

99. Technological innovations were transferred through extension of research results and support in accessing these innovations.

100. In the area of fisheries and fish-farming, the rate of post catch losses has decreased, down from 35 to 20 per cent, with the introduction of improved fresh fish salting and smoking techniques, and control of dry fish parasites. The average surface area of ponds has increased from 850 to 1323 m² per farmer organisation, while the average output up from 0.66kg/m² to 0.80 kg/m², representing an increase of 55.6 per cent and 21.2 percent respectively. An interim fish-breeding station comprising 8 ponds with a surface area of 1000m² has been created and 14,800 young fishes were produced and distributed as part of the Project on the Development of Husbandry and Fisheries (PDEP) in the South-West province. The execution of the project on the development of fisheries through modernisation of small-scale fishing techniques will help raise the production and incomes of the population along the Atlantic coast.

101. As concerns the use of fertilizers, experiments are being conducted in the West province by semi-urban businesses for manufacturing and use of organic fertilizer. As part of activities of the Programme on the Reform of the Fertilizer Sub-Sector (PRSSE), the government has created a revolving fund in 2004 and 2005. The fund which is worth CFAF 3.8 thousand million is aimed at financing businesses under the Medium-Term Loan Facility (MTLF) and the Renewable Credit Fund (RCF).

102. In order to reduce losses in plantations and stocks that jeopardize agricultural output, the government has initiated an environmentally friendly policy on plant protection and quality agricultural produce. The new phytosanitary strategy depends on the creation, training and support in equipment of village brigades and promotion of integrated pest control.

103. Actions aimed at sustainable management of resources are mostly focused on the fragile ecological areas of the North, Far-North and Adamawa. As a matter of fact, the following projects contributed in the development of 41,158 ha and construction of 1588 millstreams: the WGT (Water, Ground, Tree), PARFAR and PNVRA projects.

Box: Extension of research results and capacity-building
The following actions were carried out: 16 partnership conventions and sub-contracts of extension activities were signed by (2) NGOs, (4) farmers' professional associations and (10) rural radios; 44 rural communities empowered on the monitoring and evaluation of extension activities by extension workers; 20 Tele-food projects on fish-farming, pig and poultry husbandry, marketing of maize, seed production, supported by FAO; 13317 farmer associations were assisted in the implementation of micro-projects, sustainable management of natural resources, fish-farming and domestication of a few plant and animal species; 202 technical and economic fact files have been provided to extension workers and farmers; 13877 basic farmer organisations had access to research results; 15 900 farmer groups were assisted in agricultural consultancy.

The capacities of private business persons were built in several areas: (i) 17 projects on the production of maize seeds were financed in the Adamawa province through the PARFAR Programme. The National Maize Production Support Programme (PNAFM) financed under HIPC funds trained 258 seed multipliers in the 7 Southern provinces of the country; (ii) IRAD provided the South-West and Littoral provinces with one million sets, which helped launch the production of ten million sets to be distributed; (iii) 539,000 plants were distributed to small holders to promote small-scale palm plantations; (iv) 4.164 million plantain suckers were distributed to small holders for the establishment of a 3150 ha plantation, a programme on the Economic Redevelopment of the Plantain (PREBAP) is underway; (v) the government assisted AGROCOM in the import of 5000 improved pineapple stool shoots; (vi) the government manages cocoa seeds and Robusta coffee sets through the Cocoa and coffee Seed Project.

104. Actions carried out since 2003 to improve access by the rural population to modern and high yielding cultivation techniques have gone far. A few results are palpable notably increased yields. In the North and Adamawa provinces, average maize yield increased from 2500-3000 kg/ha to 4550 kg /ha; and in the Centre province, from 3000 kg/ha to 3600 kg/ha.

105. Promotion of community development is dependent on a series of programmes, the most important of which are the PNDP and PADC.

106. As at 31 December 2005, activities of the PNDP covered 33 councils. In 2006, the programme will cover 41 new councils. The World Bank is the main donor. However, this programme also receives funding from Japan, the German and French cooperation through the French debt-relief programme (C2D), when it takes off, as well as the

Cameroon government through HIPC funds and the state's budget. As at 30 June 2005, contracts were signed with local support bodies for the supervision of 33 councils. Moreover, 75 local support bodies (LSB) received training in community-driven planning.

107. PADC activities cover only 2 provinces, namely the Centre and Far North provinces. The programme is financed by FIDA. As at 30 September 2005, 101 village development plans were drawn up. The following basic socio-economic facilities were constructed: 10 health centres, 120 classrooms, 25 latrines, 38 community posts, 56 water points, 6 bridges, 85 km of earth roads, 5 warehouses and 1 playing ground.

108. Other community development projects are also under execution, namely: the GRASSFIELD, RUMPI and *PADDL* projects.

109. A National Cooperative Development Policy Paper has been produced, adopted and validated. Several projects promote and support cooperative development, namely: the *PARI* project (Agricultural professionalism and institutional capacity-building); the *PNVRA*; *PADC*, *PNDP*; *PCRD/MIFED*; *FIMAC; PDEP/SO, PMEDP*. Five community projects were drafted and approved as part of the Programme on Sustainable Livelihoods in Fishing (*PMEDP)*.

110. Programmes and projects were initiated and launched to develop buoyant sectors. They are specifically: (i) project to revive rice cultivation in the Logone valley which has been under execution since 2003 funded by HIPC funds; (ii) onion and garlic project which has helped 500 onion producers receive fertilizers and motor pumps in 2004 in the Far North province supported by the National Employment Fund (NEF), Canada also assists onion farmers with storage facilities; (iii) the special programme on tuber and root crops launched since 2004, focused mainly on cassava and Irish potato.

111. As concerns implementation of the Forestry/Environment sector-based programme, funding mechanisms have been adopted; monitoring and evaluation procedures manual of the programme and its funding are underway completion. Moreover, a committee to analyse streamlined management plans was set up in September 2004 following the revised procedures manual, with regard to community forestry.

112. Consultation meetings were organised to design the Rural Water Supply Master Plan. It will comprise three components, namely: rural water supply, agricultural water supply and pastoral water supply. It should however be pointed out that as part of rural water supply, 197 water points were created in the Northern part of the country through the project on the rehabilitation and creation of water points for livestock (PRCPB).

3.2.2 Promoting financial intermediation

113 Quotations at the Douala Stock Exchange (DSX) took off with two types of operations, including government negotiable bonds and treasury bonds. Government negotiable bonds concern transfer to the DSX of the management of treasury bonds notably zero coupon treasury bonds excluding bonds issued in payment of salary arrears which was formerly through bank transfers. As at 31 March 2005, bonds worth CFAF 2.220 thousand million were negotiated at the DSX for a CFAF 25 thousand million

return. Treasury bonds concern a compulsory loan worth CFAF 16 thousand million issued by the Douala City Council for the financing of road construction works in Douala. The first bracket of this operation worth CFAF 7000 million was a record success with a subscription rate of 115 per cent, representing 56 per cent made by foreign investors. Preliminary transactions for quotation on this loan are underway.

114 The adjustment process of the Micro finance sector was based on provisions of regulation No 01/02/CEMAC/UMAC/COBAC of 13 April 2002 on the terms and conditions to be fulfilled to start and control a micro finance firm in the CEMAC sub-region. Thus, the MFIs that operated before the enforcement of this regulation were granted 3 years, to comply with this regulation. The deadline expired on 14 April 2005. Since then the COOPEC sector has been completely adjusted. About 250 MFIs were dissolved or suspended. As at 31 December 2005, 364 MFIs were authorized in Cameroon. The files of 182 other MFIs, including 157 at the level of COBAC and 25 at government level are being studied. A project to create MFIs in the Northern provinces will soon be complete with support from the Islamic Development Bank.

115 Moreover, public authorities in Cameroon conducted a census of MFIs in May 2005. Results of the operation showed that some MFIs have more than 260,000 members and more than 1000 employees. These institutions have more than CFAF 43 thousand million in deposits of which 72 percent, representing CFAF 31,000 million are granted through loans earmarked for the agricultural sector (35 per cent), small businesses (34 per cent), handicraft, SMEs and SMIs (20 per cent), salaried staff and other activities (11 percent).

116 As part of the promotion of relations between MFIs and commercial banks, the National Micro Finance Committee (NMFC) was authorised in January 2004 to make proposals regarding necessary guidelines for this sector. Since then, the following actions have been carried out: (i) establishment of an MFI professional association (ANEMCAM), (ii) sponsorship of 5 agreements between banks and MFIs; (iii) several agreements under private signature, mainly as part of transfer operations, money instruments with international institutions such as Western Union, MoneyGram, etc., (iv) support for extension of the MC2 network associated with Afriland First Bank through a project to be financed under HIPC and FIDA (PPMF) funds which starts in 2006; (v) several MFIs signed technical and financial assistance contracts with Planet Finance. Moreover, COBAC gave a favourable opinion to 232 MFIs which distributed CFAF 25,000 million in loans.

117. Actions are also on course to collect FIMAC first generation credits and ensure their transfer to MFIs.

118 A number of incentives were introduced to extend banking coverage in the country. The first measure concerns tax reductions for MFIs, as they serve as relay organs in the banking sector in areas where institutional costs can not be covered by ordinary banks. An action plan was drafted in June 2004 and is gradually being implemented in a consultative approach. Thus, as part of actions to support rural MFIs of the PPMF, 62 rural MFIs benefited from a staff training and received equipment. 94 others were programmed for the first half of the year 2006.

Box: *Recovery of FIMAC loans*

- *CFAF 969,545,057 of the Rural Development Fund generated as FIMAC first generation loans;*
- *2,819 groups attached to 167 MFIs;*
- *CFAF 900 million still to be recovered;*

119 As concerns promoting the development of rural sector funding institutions and mechanisms, a proposal was made to create an agricultural bank. First, funding needs are estimated at CFAF 20,000 million per year in the short term and CFAF 25,000 million in the medium term. The bank will consist essentially of private shares and integrate a reference business. The National Credit Council will hold an extraordinary meeting in mid January 2006 to decide on the terms and conditions for establishing this institution. Moreover, promotional activities aimed at opening a specialised counter in commercial banks are on-going, as well as the strengthening of financial intermediation in rural areas.

120 As part of efforts to promote decentralised financial systems, the *PADC* supported the establishment of 34 roving securities of CFAF 1 million each in MFIs, for village development associations (VDA), between 2004 and 2005. To have access to this security, the beneficiary VDA must have a credit account. It should also be noted that implementation of the *MINADER/MIFED* convention continued, in order to extend the self-reliant village funds network. CFAF 109 million was granted to seven existing networks that account for a total of 142 funds and 44,184 members. 35 new funds are under creation, and a credit line has been funded amounting to CFAF 125 million.

121. Some 65 businesses received loans worth a sum total of CFAF 58,077,000 as part of the Livestock and Fisheries Development Project in the South-West Province. Ninety-five micro-credits worth CFAF 300,000 each were granted to small-scale stock breeders and fish farmers for the project dubbed "Support to the Diversification Component of the Special Programme on Food Security (PSSA)". Credits in kind were also granted. Moreover, under PADER the National Employment Fund disbursed CFAF 139 million for 200 groups, i.e. close to 2,500 women and youths in the Nkam, Wouri and Moungo divisions. The Housing and Loans Fund (Credit Foncier) is in its second restructuring year; this operation is aimed at bringing the institution back to achieving the missions stated in its internal rules and regulations on the one hand, and in producing reliable accounts on the other.

122. As concerns the Poverty Reduction and Pro-Women Actions in the Far-North Province, the component on "credits for micro-projects" was transformed into a Provincial

Financing Fund, a third category of micro-finance institutions aimed at reviving local MFIs with low interest rates.

123. Such measures also promote savings in rural areas.

3.2.3 Developing the industrial sector

124. Promoting the manufacturing of agricultural tools and equipment lies mostly with the encouragement of effective demand of such tools and equipment, through the development of a support programme for the mechanisation of agriculture. Activities for the current year are geared towards the creation and equipment of seven (07) pilot groups for the common use of agricultural equipment (motor cultivators). Seven (07) motor cultivators equipped with a trailer were therefore acquired from CENEEMA. This equipment will be distributed to groups identified on a hire-purchase basis. Moreover, a sub-regional centre for training in agricultural mechanisation is under way creation in Cameroon through CENEEMA.

125 High growth potential sectors were identified and selected. They include the agro-industry, energy, forest/timber, textile/cotton, bauxite/alumina/aluminium, and technological development sectors. Specific actions were undertaken in each of these sectors.

126. The agro-industry sector. A vast economic transformation programme of the plantain sector (PREBAB) was launched, and aimed to develop the plantain industry both for domestic consumption and the sub-regional market where demand is on the increase. This will be done by boosting production, encouraging processing and rational distribution of produce and their by-products. As at 31 March 2005, terms of reference of preliminary studies on the programme were drafted; pedological, agronomic, macro-, micro-, and meso-economic validation studies were launched; negotiations are underway between the government and scientific, technical, financial and industrial partners about the private/public partnership platform in charge of PREBAP implementation, which is the step prior to the solicitation of donors for financial assistance.

127. The energy sector. In 2004, the government, with AES-SONEL, launched the Limbe thermal power plant for an additional 85 MW energy. This made it possible for the 2004-2005 low water season to elapse without any power cuts. Government is also planning to secure electricity supply for a smooth development of the industrial sector. In this regard, the government decided to construct a 150 MW new gas-fired power plant in Kribi. This project will be executed by a subsidiary company of AES-Sonel. Studies on the Lom-Pangar dam of a 7 thousand million m3 power capacity were conducted, while those on the construction of the Memve'le 200MW hydro-electric power plant are underway. The letter of intent signed with the ALCAN group in October 2005 with a view to increasing Alucam's power production includes the construction of a new 300 MW hydro-electric power plant over River Sanaga at Nachtigal. On the Northern inter-connected network, the government is planning to construct a hydro-electric plant over River Bini at Warak, in pre-emption of possible power cuts by 2011.

128. The forestry/timber sector. As concerns forestry, actions were geared towards making effective the Forest-Environment Sector Programme (FESP), and continuing implementation of reforms carried out under the third Structural Adjustment Credit (SAC III). Concerning implementation of FESP and the outcome of a 300 million dollar donation by development partners in the forest-environment sector over the next five years, the government amended decrees that organise the ministry of Forestry and Wildlife, and the ministry of Environment and the Protection of Nature, so as to clear possible overlaps likely to hinder a smooth execution of the programme. The government also embarked on a rehabilitation process of former CELLUCAM; this process includes an appropriate sylviculture and a forest regeneration programme. A mission is underway to assess the prevailing situation of forest concession formerly attributed to CELLUCAM. At the end of this assessment, unexploited surface areas will be transferred to the State's portfolio for allocation in the future.

129. As far as SAC III reforms are concerned, emphasis was laid on enhancing the consistency of data on logging, ameliorating the distribution system of forest titles, and increased accountability in the management of such titles. In this regard, quarterly publication in the media of valid titles continued satisfactorily, and the present situation is as follows: 43 definitive forest exploitation concessions, 33 provisional logging concessions, 37 sales of standing volume and 107 valid community forests under exploitation. Besides, 25 Forest Management Units (FMUs) were allocated in the presence of the independent observer hired to this end. Permanent consultations have been going on between the ministries of Wildlife and Forestry, Economy and Finance, and Justice to ease comprehension and implementation of court decisions, as well as the enforcement of penalties recommended by the forest law. The quarterly publication in the media of legal and judicial prosecutions, as well as fines and penalties against illegal logging also continued. Within the framework of forest taxation, follow-up summons are underway for the exploitation permits of three logging companies: CFE, AVEICO and SN-COCAM to be withdrawn.

130. The textile/cotton sector. Cotton fibre production by SODECOTON (about 350,000 farmers) stands at about 100,000 tons per year. The level of local industrial processing of cotton by CICAM is still low (about 5,000 tonnes). The clothing industry has become almost non-existent. To increase the industrial cotton processing rate, boost the clothing industry, and guarantee revenue to rural communities in the northern region, The government undertook the following actions: (i) strategic auditing and restructuring of CICAM, (ii) completion of the DYRICOTON project, which is a new investor with CICAM, (iii) preparation of the textile sector Code, study on cotton economic potentials in the northern region of Cameroon.

131. The bauxite/alumina/aluminium sector. Cameroon has a huge reserve of bauxite in the Adamawa and West provinces, as well as experience in aluminium industry. These assets notwithstanding, and in spite of the positive trend in the consumption of aluminium at the world level, the development of Cameroon's aluminium sector is hampered by the power supply crisis. And this is a major hindrance to the extension of ALUCAM. In order to solve this problem, government signed a letter of intent with the ALCAN group, with the objective of increasing the production capacity of ALUCAM from the current

100,000 tons to over 260,000 tons per year by 2010-2011, for a total investment of US$900 million.

132. The technological development sector. In order to establish a reliable digital facility, the government has set up a strategic technical group, and a comprehensive study on the sector is underway for Cameroon to take a strategic position. The partnership process engaged with two Cameroonian groups (PASTEL and PRIME TECHNOLOGIES Inc.) by the NIC (National Investment Corporation) has made significant progress. Moreover, a memorandum signed between COTCO and the government makes it possible for the latter to exploit 12 of the 18 optic fibres installed along the Chad-Cameroon pipeline.

133. Tourism. According to the diagnosis made at the preparatory phase of the tourism sector strategy, Cameroon has, as at 30 May 2005, 1,521 classified hotels with 24,598 beds, and 223 potential tourist sites some of which are being developed. Furthermore, in 2005 the Technical Committee on Tourism Establishments authorised the construction of 31 new hotels and the opening of 23 others (including one four-star, one three-star, two two-star, and seventeen one-star hotels), 43 restaurants (including 33 non-classified ones), 5 tourist agencies and 2 recreational establishments.

134. The following actions were conducted for the promotion of standardisation and quality control: (i) 23 norms were adopted, i.e. 18 in 2004 and 5 in 2005; (ii) 22 companies were audited under the control of compulsory norms, 116 conformity certifications were issued to companies, including 66 in 2004 and 50 in 2005; (iii) the promotion of quality norms was conducted during the national quality week, the World Standardization Day, and during seminars and events on the promotion of quality; (iv) draft instruments have been prepared to create a Standards and Quality Control Board.

135. Concerning drafting a special policy on the promotion of subcontracting, results of the study on the potential of industrial subcontracting and industrial guilds are available, with the view of creating a Subcontracting and Industrial partnership Board in Cameroon, with the assistance of UNIDO. Consultations are underway to determine the legal status of the future Board. A think tank is also at work to establish a partnership platform with IPAD of Rouen, CRCIL of Lorraine, and la Maison d'entreprise of Auxerre. Besides, for the extension of ALUCAM an important aspect in the development of industrial partnership is being prepared, in order to ensure absorption of at least 30per cent of this project's total expenditure by local SMEs/SMIs.

3.3 BOOSTING THE PRIVATE SECTOR

136. In view of the multidimensional nature of the process to boost the private sector, evaluation of the implementation level of this strategic area of action will be done through special measures contained in the implementation matrix of the PRSP, and through related measures contained in the other core areas of the PRSP. Accordingly, in 2005 the government continued its actions in fighting dumping and smuggling; developing heavy duty infrastructure, to boost the industrial sector; capacity-building for

SMEs/SMIs; and removing impediments to private sector growth. These actions, coupled with specific ones in public finance adjustment and structural reforms, economic diversification, infrastructure and human resource development, and governance, contribute to improvement in the business environment, and to some sort of boost private investments.

137 Dumping and smuggling are some of the ills undermining Cameroon's economy and mostly affect the textile, cement, flour, and sugar industries. Decree No 2005/528/PM of 15 February 2005, to create the ad hoc Committee for the coordination of anti-fraud, anti-smuggling, and anti-counterfeiting operations, and Decree No 2005/1363/PM of 6 May 2005, to fix the composition and institutional functioning, and seizure modalities of the anti-dumping and subsidised products Committee, have set the institutional framework for the amelioration of actions thereof, that require inter-ministerial consultations. After awareness campaigns, a crusade was conducted, which caused the illegal factories of certain products, such as vinegar, battery liquid, electrical products) in various localities to be dismantled. One can already note the revival of activities of some three major companies, namely CICAM, SOSUCAM, and PILCAM which were particularly under the threat from smuggled products.

138 Besides, the tight control on stocks of staples has helped control the increasing inflation trends that resulted from the tax break and maintained the inflation rate below worrying levels. Partnership discussions with private businesses resulted in the development of the "consulted price" concept whose main indicators were made concrete in the field of building materials.

139. The development of heavy duty infrastructure to boost the private sector is on course, namely: (i) the rehabilitation of the Wouri bridge, the works of which have reached a 62 per cent execution rate; (ii) studies on the construction of a new bridge over the Wouri river, through public-private partnership (BOT); (iii) projects on roads that link borders, including the Ngaoundere-Touboro-Moundou road (border with Chad) with a total execution rate of 86 per cent, representing a distance of 228 km out of a total distance of 265.3 km, for a spent amount of CFAF 45.130 thousand million, (iv) the Ambam-Eking road where works have been completed entirely on 27 km, representing 84 per cent of the total amount, and bridges over river Ntem at Ngoazip and Eboro (border with Gabon) constructed, inaugurated and made operational; (v) Construction of the Ambam-Kye Ossi (border with Equatorial Guinea): execution rate: 107 per cent (works have been completed on the entire distance of 34.2 km and delivered on 23 September 2003, and extension works comply with the study on the bridge over river Kye amounting to CFAF 10.179 thousand million; (vi) the construction of the Makabaye bridge (southern entrance to Maroua on the No1 Trunk A road): execution rate: 95 per cent (works on the bridge are completed and were delivered provisionally on 13 March 2004, still to be completed are works of the weighing station at the end point of the project), for a total amount of CFAF 4.445 thousand million; (vii) the rehabilitation of Douala urban roads, including works of the Douala Infrastructure Project, with financial support from the World Bank (work is quite advanced on lot No1 and may be complete by late February 2006); and finally (viii) the construction of some roads in Yaounde, such as the Mvog-Betsi ring road, the Obili road, and the Biyem-Assi Avenue).

140. Concerning the removal of impediments to private sector growth, more especially in road transport, a consultation framework was established since July 2004 between the ministry of Public Works and the private road sector. The main difficulty identified is payment for services provided, which increases the internal debt burden. Generally, the organisation of the inter-ministerial committee meeting enlarged to the private sector has helped in the tackling of problems identified during the former committee meeting; such problems include: (i) energy deficit; (ii) the quality of road and telecommunications infrastructure; (iii) taxation; (iv) governance.

141. The action plan adopted for the realisation of business incubators was approved. Actions to raise funds for the creation of three pilot business incubators in the Littoral, Centre and Far-North provinces are on course.

142. As part of implementation of the national Investment Charter, the president of the Republic signed Decree No 2004/266 of 22 September 2004 to outline modalities for the organisation and functioning of the Regulation and Competitiveness Board. This tripartite body, comprising the public sector, the private sector, and civil society, is a key instrument in the implementation mechanism of the Investment Charter, whose establishment has helped resume the drafting of instruments relating to the Charter instruments, notably the Investment Promotion Agency (decree to fix its organisational and functioning modalities signed in 2005), the Export Promotion Agency, the Trade and Industry Observatory, and sector-specific codes of selected industrial sectors.

143. Among other measures taken to make the private sector more dynamic, it is worth mentioning the capacity-building of farmer organisations in the rural sector, particularly with regard to ameliorating people's access to high-yielding farming techniques (fertilizers, seeds, plants), and support to the development of high potential sectors, such as palm oil, plantain, rice farming. Moreover, a standard raising programme has been developed to improve the competitiveness of companies.

144. Human resource and social sector development will help, among other things, to train the human capital which is essential in maintaining a high performance level. In this regard, successful implementation of education and health strategies will contribute in improving the competitiveness of Cameroonian companies.

145. The amelioration of governance will contribute to the performance of private companies. Concrete actions in the fight against corruption, in accelerating judicial procedures, reforming the public contracts awarding system, and in reinforcing the security of persons and goods, were consolidated in 2005, thus improving the situation of the private sector.

146. Government is determined to boost growth through investment. Therefore, an identification process of sectors with the highest potentials was launched. The main targeted sectors include: energy, infrastructure, building trade, tourism, and ICTs, which are considered key growth sectors. The drafting or completion in 2005 of strategies relating to such sectors has helped identify programmes and projects to be implemented.

3.4 INFRASTRUCTURE DEVELOPMENT, NATURAL RESOURCES, AND ENVIRONMENTAL PROTECTION

147. The development of infrastructure was mainly geared towards basic infrastructure, information and communication technologies, management of natural resources, and environmental management.

3.4.1 Basic infrastructure

148. Activities in the building and public works sector focused on: (i) the drafting of this sector's strategy; (ii) routine and regular maintenance of the road network; (iii) investment operations as far as studies and road projects are concerned; and (iv) support to the private sector in the building and public works trade.

149. The **building and public works sector strategy** was completed in 2005 and validated by all stakeholders of the sector on 15 June 2005. The Medium-Term Expenditure Framework (MTEF) corresponding to this strategy was designed during the second half of 2005, with the assistance of an international consultant recruited to this effect by MINPLAPDAT, on a trust fund of the World Bank. The MTEF was presented to MINPLAPDAT and the World Bank on 16 November and 14 December 2005 respectively. It will be frequently updated based on achievements and actually recorded budgets.

150. As for **road maintenance** we notice that, in spite of the slash in total budgetary allocations of the ministry of Public Works in relation to PRSP projections (CFAF 74.987 thousand million in 2005, down from CFAF 92.4 thousand million, i.e. a 18.85 per cent drop), the budgetary allocation for road maintenance has maintained a steady increase. Therefore, road maintenance works were subject to contracts representing a total amount of CFAF 40.400 thousand million, i.e. 53.86 per cent of the ministry's total 2005 budget (against 37.4 per cent in 2004, representing CFAF 29.46 thousand million). The significant increase in resources facilitated the programming of priority road network maintenance on a distance of 22,285 km, for a 75 per cent total execution rate.

151. As concerns **investment operations**, rehabilitation works on the Wouri bridge continued amounting to CFAF 15.407 thousand million, and have reached a 62 per cent execution rate shared as follows: 72per cent on the solid portion (works of the bridge over the river), 10 per cent on the conditional portion 1 (works of the bridge on the dead arm of the river), and 10 per cent on the conditional portion 2 (works of the sea wall and access roads). It is worth noting that works on conditional portions only started at the end of the second quarter of 2005, which reduced the project's global execution rate. Moreover, the rehabilitation of the priority road network concerned 2,114 km of roads, comprising 138 km of tarred roads and 1,976 km of earth roads in rural areas. It should be noted that the total distance of rehabilitated roads has been on the increase since the start of PRSP implementation: 307km in 2003, 885 km in 2004, and 2114 km in 2005. Achievements in 2005 are twice the 2003 and 2004 achievements combined.

152. It should also be mentioned that tarring works have exceeded PRSP projections. Thus, for both the 2004 and 2005 financial years, the corresponding tarred shelf space is 482 km, as against the projected 254 km, which represents a more than 190 per cent execution rate. Yet the total shelf space of roads rehabilitated during the same period is 3,000 km for a 4140 km projection, representing a 72 per cent execution rate.

153. Beyond the execution of infrastructure projects aimed at boosting **private sector development**, a consultation platform between the ministry of Public Works and the private sector has been in existence since July 2004. This platform is a permanent forum for dialogue between the two parties, and should help identify and remove any impediment to private sector development.

154. In general, the Road Master Plan, whose final report was validated in December 2005 by the inter-ministerial steering committee created to this effect, the sector strategy and the MTEF of the building and public works sector henceforth offer a consistent and structured framework for the programming of actions in this highly sensitive sector.

155. Besides, infrastructure development in urban areas continued in 2005; 87 per cent of urban roads were maintained over the last two financial years in Cameroon's 18 major towns, and 70 km of roads, including 10 km of tarred roads, were maintained in some secondary towns. Moreover, the rehabilitation of 75 km of urban roads planned for 2005, including 21 km in Yaounde is at the completion stage. The formalization by contract of the partnership between the State and decentralised local authorities went on with the signing of the Limbe town contract. Eight more contracts are under preparation or at the signing phase.

156. Actions in urban infrastructure development continued to be undertaken, notably with: (i) the classification of towns of less than 100,000 inhabitants, and selection of priority infrastructure projects; (ii) the promotion of the use of labour intensive (HIMO) techniques through: contribution to the preparation of a Strategy Declaration for the use of HIMO techniques in infrastructure works (study underway), and the creation of 665 jobs between July 2003 and July 2004 within the framework of HIMO techniques for the maintenance of secondary city roads and urban sanitation. Such techniques were used in the maintenance of 50 km of roads in Yaounde; (iii) the cleaning of primary drainage networks: this was done in Yaounde where river Mfoundi was cleared and widened on a distance of 2.5 km.

3.4.2 Information and Communication Technologies

157. The strategy on the development of telecommunications and ICTs was finalised and validated in 2005. The next step will focus on the preparation of the Medium-Term Expenditure Framework (MTEF) for the telecommunications and ICTs sector.

158. The execution of the project on the construction of comprehensive pilot community telecommunications centres is on course. A total of 10 buildings out of the 16 planned were delivered, including 7 in 2004 and 3 in 2005. Others are being finalised and will be delivered before the end of the first quarter of 2006. The internal

equipment and furniture are available. Besides, some sixty youths were trained, some as managers and others as operators. The first tests were carried out in the Centre province at Makenene, and in the South province.

159. A decree by the head of State to promulgate law No 2005/013 of 29 December 2005 to amend and complete certain provisions of law No 98/014 of 14 July 1998 to govern the telecommunications sector in Cameroon, outlines who shall authorize the expenditure of the Telecommunications Special Fund, thus making the Fund operational. The signature by the head of State, on 1 November 2005, of a decree to fix conditions for the installation and payment by public administrations of telecommunications services, is a decisive step towards the setting up of an inter-ministerial communication network whose objective is to avoid having all state communications pass through private networks. The instrument laying down modalities for the organisation and functioning of the inter-ministerial committee in charge of controlling the use of telecommunications services by state personnel is being finalised.

160. As concerns the development of ICTs, thirty (30) licences authorising the provision of services and/or access to the Internet were issued in 2003, and nineteen (19) in 2004. As at December 2005, some sixty operators were providing Internet access and other added value services to the public. The Internet network has a six-node access point (POP) and 75 VSAT access points. The Internet user's rate as at 31 December 2004 stands at 0.16 per cent of the population. A national survey prepared and launched by MINPOSTEL, in conjunction with the National Institute of Statistics, will help in the assessment of the level of penetration and use of ICTs in Cameroon. The creation of management bodies of the National Information and Communication Technologies Board (ANTIC) will boost activities in the sector by introducing a new impetus.

161. Significant efforts were made towards the amelioration of international connections with Cameroon using an optical fibre installed along the Doba-Kribi pipeline, with the opening in Douala of a land point of the SAT-3 sub-marine cable of a 2.5 Gbit/s capacity. The signing, in October 2005 of the memorandum of understanding between COTCO and the State of Cameroon, and retrocession to CAMTEL on 24 November 2005, of the twelve optical fibres contained in the cable installed along the Chad-Cameroon pipeline, will enable CAMTEL to activate exit points and extend the said fibre to all potential users. Government is planning to fully contribute to the establishment and development of a Principal Network in Central Africa, and to the realisation of a Trans-African Backbone stretching from the West to the East coast of the continent. The technical and financial bid for the conduct of a detailed feasibility study of this network has been submitted to the World Bank by the consultant AXIOM.

162. During implementation of the Minimum Investment Programme (MIP), CAMTEL ensured the installation of two digital exchanges in Yaounde and Douala, the digitalisation of some exchange and transmission lines, the creation of Internet access points, the execution of the prepayment platform, etc. The fixed density of telecommunications rose from 0.6% in 2003 to 0.7% in 2005. As concerns the

exploitation of the wireless local ring in CDMA technology, CAMTEL in October 2005 received a block of 20,000 lines from ART; this enabled the corporation to launch its "CT phone" with evident success among customers. The extension and densification of this product will greatly increase the fixed density of telecommunications.

163. Furthermore, in 2005, about one million additional lines were put at the disposal of the two mobile phone operators, thus bringing the total number of lines up to about 3,300,000 for a density of 12.3 percent in 2005, as against 6.6 in 2003. The cumulative number of active subscribers of both mobile operators stands above two million. The turn-over of the sub-sector rose from CFAF 225 thousand million in 2003 up to CFAF 253 thousand million in 2004.

164. As for the establishment of the cryptology and certification system, the experimental platform of the system has been installed in MINPOSTEL, with the assistance of experts of the International Union of Telecommunications. The adoption of a legal and statutory framework will facilitate electronic transactions, including aspects relating to electronic signature, security and encryption.

3.4.3 Natural resource management

165. The drafting of the water sector strategy continued in 2005 with the diagnosis validation phase. Despite the absence of the sector strategy, efforts to ameliorate access to safe water continued through the implementation of water supply programmes such as the "Rural Water Supply II" programme. The densification of water supply programmes facilitated the construction or rehabilitation of 60 water points in 2005 as part of PADC or FIMEX projects.

166. In 2005, the government adopted a master plan for the development of means of production and transportation of electrical energy. The implementation of this master plan is underway. This plan will be backed by on-going works on the Energy Sector Development Plan (PDSE). Apart from the effective take-off in 2004 of the Limbe heavy fuel thermal station, electricity supply will increase, notably through the construction of the Memve'le electrical dam, for which the Central Africa States Development Bank has granted a loan worth CFA F 230 million for the updating of feasibility studies, the construction of which is due for 2009/2010. Also in view is the construction of the Lom Pangar dam, of which the environmental impact studies were submitted in Yaounde on 21 October 2005, and whose construction work is due completion in 2009; the Kribi power station which should become operational in 2008; the Colomines power station whose outline agreement relating to its funding, construction, and exploitation was signed on 13 December 2005, with construction works due to begin in 2007, and effective take-off of activities planned for 2008; the Nachtigal power plant to become operational in 2010; and the Bini Power station at Barak where the objective is to consolidate electricity supply in the northern Cameroon network, and which is to become operational in 2010.

167. Moreover, the government in 2005 produced, with support from development partners, the Energy plan of Action for Poverty Reduction (PANERP), whose global

objective is to ameliorate access to energy in poverty reduction priority sectors. Such sectors include: education, health, rural water supply, female activities, social protection, agriculture, stockbreeding and fisheries. This plan targets among other actions: electrification by ERD of 228,300 homes, 150,000 new electrical connections by AES Sonel, development of 10 mini-hydraulic power plants and biomass, supply of electricity to 4,437 establishments including 1,308 in the field of education, 923 in health area, 1,843 and 205 safe water supply units in the agricultural sector, between 2006 and 2015.

168. As far as the mining industry is concerned, especially small-scale exploitation, 28 small-scale priority sites were identified in 6 provinces through the Support Framework for the promotion of Small-Scale Mining Industry (CAPAM). This also allowed the organisation and restructuring of 20 common initiative groups. Exploration and mapping activities prior to making Cameroon's mining sector attractive, face difficulties inherent in mobilisation of funds. However, the year 2005 has seen the creation of a data bank on mining substances, as well as the identification of useful ones. Moreover, exploration permits were issued to CAMINCO for gold, to HYDROMINE Inc. for bauxite in the Adamawa, to STEEL CAM for iron at Kribi, and to CAM IRON for iron at Mbalam. A total of 10 exploration permits and one exploitation permit were issued.

169. Concerning the prevention of geological and industrial risks and disasters, the designing of Mount Cameroon's cartography is under execution. Besides, the degassing of lakes Nyos and Monoun is carried out on a regular basis. Field visits to industrial sites were conducted as part of the plan to enhance inspection of hazardous industrial establishments (700 inspections in 2005 representing total revenue of about CFA F 700 million). Increased inspections of hazardous industrial sites also went on, with the finalisation of the draft decree on the environmental impact studies; the training of personnel in waste management and environmental assessment; the conduct of surveys, inspections and environmental audits of waste stations.

3.4.4 Environmental management

170 In the field of environmental management, government action focused on capacity-building, popularisation of the law on bio-security, and implementation of the plan of action on biological diversity. Therefore, workshops were organised on various topics relating to genetically modified organisms (GMO), including food and nutrition, risk management, information and communication. Concerning the popularisation of the law, some 300 copies of the law were distributed; the English version of the manual on GMO risk management and evaluation is now available. Implementation of the plan of action on bio-diversity continued with the establishment of the National Bio-diversity Committee and designation of its members, as well as the finalisation of the manual on risk evaluation and management. Besides, new protected areas were created and the development plans of all protected areas validated.

3.5 ACCELERATING REGIONAL INTEGRATION

3.5.1 Trade

171. In order to develop **domestic trade** two core areas were envisaged by government authorities, in conjunction with the private sector and civil society, with a view to making domestic trade a key growth and poverty reduction instrument through: (a) the organisation of trading activity, and (b) consumer protection.

172 Actions engaged in the **organisation of the trading activity** aimed at reorganising the local market, organising, and ameliorating the distribution channels, and facilitating transactions.

173 Reorganisation of the local market consisted in implementation of actions aimed at guaranteeing sound competition, and secure state revenue through the creation of local committees to fight fraud, smuggling and counterfeiting.

174. Concerning the organisation and amelioration of distribution channels, as well as facilitation of transactions, measures were taken to control distribution channels, ensure regular supply to markets so to prevent artificial shortages and related inflation, increase output, trading activity and, consequently, farmers' revenue.

175. Related priority actions undertaken by the government, in partnership with the private sector focused on: (i) creating and constructing whole-sale markets in the main production regions, so to facilitate the supply and demand, sustain the market for goods, control distribution channels and ensure transaction costs safety; (ii) developing border markets (Abang Minko, Kye Ossi, Mbaiboum, Limani) in order to increase the volume of transactions in the sub-region (CEMAC and Nigeria), ensure effective presence at borders of our products, and promote exports of such products; (iii) removing impediments to free movement and trade (red tapes, and police harassment on our roads and markets), so to reduce transaction costs and the period of circulation of goods.

176. Other actions currently underway are expected to continue; such actions include: building the capacities of actors in the sector, organising and cleaning markets in major towns, establishing a national system of information on the quantities of products available and prices per region, developing transport and communication infrastructure, and finalising the map of seasonal markets.

177. Actions undertaken to ensure better **consumer protection** were geared towards health security and preservation of the consumer's purchase power. Government also took a number of measures concerning, the preparation, ratification and control of presentation, conservation and distribution standards on staples; enforcement and control of standards on building materials; and in the future, the updating of the statutory framework of the market for second-hand goods, including vehicles, clothes, and household appliances. As far as preserving the purchasing power is concerned, actions to raise public awareness have been carried out on a regular basis in order to ensure effective enforcement of regulations relating to prices, weights and measures.

178. Regarding **foreign trade**, the government's policy complied with a strategy to support diversification of exports, promote and boost foreign trade, and facilitate transactions.

179. Actions carried out by the government to diversify exports aimed finally to reduce dependence on staples that are vulnerable to price instability (6 products represent 80per cent of our exports), increasing exports of manufacturing goods with a high added value, and diversifying our partnership.

180. The overall aim of the strategy on the diversification of foreign trade was to identify products with high sale potential, products that are dynamic on the international market, and whose development would contribute to improving our exports. This was done through identification and promotion of products with high export potential, notably products from organic agriculture, and through identification of new markets with good prospects for our products (Brazil, Gulf countries, etc.).

181. Concerning the promotion and boosting of foreign trade, the government's concern was to introduce, in partnership with the private sector, a more aggressive policy to conquer foreign markets. Several initiatives were therefore taken, including participation in, and organisation of international trade fairs and other events; participation in trade negotiations; creation of an economic information and documentation centre; and the establishment and management of commercial information gates at the CCIMA.

182. With EU assistance, a business promotion programme on competitiveness is being developed in view of the liberalisation of markets by 2008 as ACP/EU preferential trade agreements wind up in the future.

183. However, for foreign trade to contribute efficiently to growth and poverty reduction, the government and private sector are poised to continue or engage the following actions: (i) renewing AGOA; (ii) ensuring better participation of Cameroon in multilateral trade negotiations, as part of the economic partnership regional agreements; (iii) implementing the provisions of the Investment Charter, particularly those relating to the promotion of exports; (iv) consolidating Cameroon's diplomatic missions abroad, so to make them veritable shop windows for products made in Cameroon; (v) organising specialised trade fairs, promotional days and meetings, as was the case with Promote in December 2005 in Yaounde, where over 700 companies of various origins were present.

184. Future actions include: (i) consolidating trade cooperation in the sub-region, notably through the signing of trade agreements with neighbouring Nigeria; (ii) organising canvassing and promotional missions in the CEMAC/CEEAC zone, and Nigeria; (iii) establishing a mechanism to finance foreign trade and promote e-trade.

3.5.2 Regional integration

185. Regional integration in CEMAC, and increasingly in CEEAC, is one of the key implementation areas of development policy, and has a rich growth potential yet to be exploited. Besides, proximity with Nigeria is sufficient reason to develop special relations with this neighbouring country, in order to seize and take advantage of the numerous existing or potential opportunities. These two important geo-political blocs,

by virtue of their demography and rich natural resources, represent two economic areas likely to boost growth and mutual development through regional integration.

186. A lot of progress has been made over the past three years. As regards budgetary policy, for instance, sustained efforts to adjust and modernise public finance enabled Cameroon to meet almost all convergence criteria of the CEMAC multilateral monitoring committee. As a matter of fact, in the 2005 financial year: (i) the basic budgetary balance was positive (CFAF 341.6 thousand million, i.e. 3.9 per cent of 2005 estimated GDP); (ii) the inflation rate stood at 1.5 per cent, below the community standard rate of 3 per cent; (iii) the national debt stock-GDP ratio stood at 53 per cent, also below the community standard rate of 70 per cent; (iv) the Treasury had no payment arrears for 2005, as both domestic and foreign debt servicing were hitch-free through out the year.

187. As concerns monetary policy, the new regulations on exchange have become effective, and transfer of know-how from public administration to commercial banks in management of international transactions has become a reality.

188. In the area of finance policy, the reform of the payment system is about to be completed; regional legislation on micro-finance establishments is enforced; the Douala Stock Exchange has become operational.

189. The financial situation of BDEAC has been improved through institutional reforms carried out as member States, including Cameroon, endeavoured to honour their commitments, notably capital reconstitution and appointment of officials. This has enabled BDEAC, one of whose major priority objectives is to promote regional integration, plan for the allocation of 40 per cent of its assistance budget to community infrastructure programmes.

190. As concerns commercial policies, the government has opted for the facilitation of foreign trade, and reduction of costs and port transit times. These measures include the streamlining of procedures within the single processing window for foreign trade; and safety and reduction of police check-points along the corridors. The positive effects of these actions were revealed in a statement made by businesses. In an endeavour to help land-locked CEMAC countries, Cameroon, through a number of agreements and conventions signed with such countries, has introduced a series of measures to facilitate the flow of their goods to and/or from the Douala port.

191. On the initiative of Cameroon's Chamber of Commerce, and the Executive Secretary of CEMAC, consular chambers of CEMAC member States adopted in August 2004 in Douala the internal rules and regulations of the Conference of CEMAC consular chambers member countries. The implementation of its roadmap was launched in early 2005.

192. Regarding road infrastructure, actions planned for the CEMAC integrating priority road network continued with the execution of construction works on many roads, which as at today have been completed, or are on course. For some others, studies have ended or started. Therefore, the inauguration of the Ntem Bridge and

roads linking Ambam (South of Cameroon) to Equatorial Guinea, and Gabon is proof of the Cameroon Government's good will to accelerate sub-regional integration. Furthermore, the launching of studies on the construction of the road aimed at linking OUESSO (North of Congo) to Sangmelima (South of Cameroon) falls within the same framework. Construction works on the Ngaoundere-Touboro-Moundou road (border with Chad) have been completed, as well as those for the construction of the Makabaye Bridge in Maroua (Douala-N'jamena corridor). The future completion of rehabilitation works on the Wouri bridge, studies for the construction of a new bridge over river Wouri, as well as the launching of works for the construction of the Moungo bridge are all part of efforts to ameliorate the state of infrastructure to facilitate regional integration which has, for a long time, been suffering from the lack or poor state of communication infrastructure.

193. In sea transport, reform of the port sector has been completed, and the concession process of commercial port activities is now a reality. Besides, studies on the development of a deep-sea port in Kribi are also completed. Feasibility studies on the Limbe Bridge were conducted with support from the US administration.

194. As regards air transport, the process to create a sub-regional air company (Air CEMAC) continued with the selection of a strategic partner (Royal air Maroc), and validation of its development plan. Besides, sub-regional air coverage by private national companies (Air Service, Nacam, Toumaï Air Chad) has helped meet the high demand in this area.

195. With aim of promoting greater integration of goods and capital markets, the reduction (by a maximum of 20per cent) of foreign common tariffs and the number of classes of products (from 5 to 4), and enforcement of a common investment charter within the CEMAC zone were achieved.

196. As concerns energy, the project to inter-connect the electrical networks in the CEEAC sub-region, received support from the international financial community, including the ADB and EU.

197. In the area of information and communication technologies (ICTs), the government pledged to contribute to establishing and developing a Principal Network in Central Africa and realising a Trans-African Backbone stretching from the West to the East coasts. The technical and financial bid for the conduct of a detailed feasibility study of this network was submitted to the World Bank by the consultant AXIOM. The network will enable Central Africa to integrate the global optic ring.

198. Within the Conference of Ministers in charge of Forests in Central Africa (COMIFAC), the government facilitated consultations through exchange forums bringing together actors in the sector (WWF, WB, UNDP, civil society, FAO, private sector) and better management of available environmental information (collection, management, analysis and distribution of information). Moreover, the government continued harmonising policies on agriculture in CEMAC countries, namely the phytosanitary policy, and locust control, and sponsored two projects on food security adopted within CEEAC.

199. As concerns training, the introduction of a training programme for statisticians and economists, and the inauguration of new buildings at the Advanced Institute of Statistics and Applied Economics (ISSEA) falls within the context of the capacity-building of sub-regional training institutions.

200. Concerning the control of great pandemics and HIV/AIDS, CEEAC heads of State adopted a strategic framework and a plan of action to fight HIV/AIDS in January 2004. In this regard, a Regional Fund supplied with levies on revenue from the Community Contribution for Integration, was created to finance this plan of action.

201. As far as NEPAD is concerned, Cameroon appointed its own representatives in the coordination committee set up by heads of State in January 2004, for its implementation under the coordination of the Executive Secretariat of CEEAC, NEPAD's focal point in Central Africa.

3.6 HUMAN RESOURCE AND SOCIAL SECTOR DEVELOPMENT

3.6.1 Implementing the health strategy

202. Government continued implementing the health strategy adopted in October 2001. The health sector MTEF was updated. Significant results were recorded in 2005 in the various programmes on disease control selected for this purpose.

203. Malaria remains the principal endemics and main cause of morbidity and mortality among vulnerable groups. As part of the national anti-malaria plan, emphasis was laid on prevention, with special attention paid to the protection of pregnant women and children below 5. This measure was made concrete through the training of personnel in the treatment of mosquito nets, and their distribution to target groups. A total of 59,215 treated mosquito nets were thus distributed to children below the age of 5, and a memorandum of understanding is under discussion with the ministry of Basic Education to reach nursery school children. More than 300 000 mosquito nets were distributed in 2005 to pregnant women. Globally, 2,173 community workers received training in 2005, as against 2,073 in 2004. Besides, 59,750 pregnant women received periodical preventive treatment during their antenatal consultations. In the area of communication 100,000 leaflets were produced and distributed, while 10 provincial NGOs signed contracts with the ministry of Public Health for the development of community information activities.

204. STIs/AIDS control intensified through public awareness campaigns targeting risk groups such as lorry drivers, the military, and prostitutes. 37 million condoms were distributed through Provincial Pharmaceutical Supply Centres (PPSC), the Social Marketing Programme and other NGOs, against 30 million only in 2003. Conventions were signed with religious denominations for a total of CFAF 1,997,000,000 to carry out public awareness activities. In order to guarantee access by AIDS patients to treatment, the government reduced the cost of laboratory tests, from CFAF 16,000 down to CFA 3,000 per individual and on a semi annual basis, to meet expectations of patients. As at

today 19 prevention and voluntary screening centres are operational, 905 assistant workers have been recruited and 53,538 people screened. 24 approved treatment centres and 63 follow-up units monitor patients receiving ARV drugs. Execution in 2004 of PHS III provided updated information on sero-prevalence in the country.

205. Emphasis is put on the prevention of mother-to-child transmission (PMCT), by training and establishing a pool of trainers and provincial supervisors, the preparation of an integrated communication plan, and the supply of PMCT sites with reagents and inputs. ARV costs have been maintained at CFAF 3,000 and 7,000 monthly.

206. The programme on tuberculosis control focused on the rehabilitation and construction of screening and treatment centres. Thus, 167 of such centres were created nationwide, and they are regularly supplied with drugs. The national communication plan on TB control is available. Control missions are regularly despatched to the field to make sure that treatment is actually free of charge.

207. To ensure effective disease prevention, the Expanded Programme on Immunization (EPI) was aimed at better developing the immunization and epidemiological monitoring system. The programme was restructured for better visibility and efficiency. Moreover, EPI introduced the vaccine against the viral hepatitis B. Five rounds of vaccination against poliomyelitis were carried out in 2005. The vaccination coverage rate for DTC3 stood at 75per cent, up from 65.4 per cent in 2004, while the coverage rate for measles increased from 64.8 per cent to 65 per cent. 51per cent of children aged between 12 to 23 months received BCG vaccine, 40 per cent were immunized against measles, and 39 per cent against yellow fever.

208. Concerning reproductive health, a national programme was designed to reduce infant and maternal mortality. In this regard, 102 personnel were trained in basic emergency neonatal obstetrical care, as against 24 in 2004.

209. The National Centre for the Supply of Essential Drugs (CENAME), which was created in June 2005, ensures the supply of essential drugs and medical devices through wholesalers. Control of river blindness intensified with the training of district assistance teams, and geographical coverage rate reached 75 per cent.

210. SAMU activities were reinforced in Yaounde and Douala. To ameliorate health services 89 community-based health centres, 20 sub-divisional medical centres, 46 district hospitals, and 3 district health services were rehabilitated.

211. Concerning food and nutrition, the national policy paper on nutrition and the 2005 action plan were validated. Children's growth is monitored in every health establishment.

212. In spite of persistent inadequacy of human, material and financial resources compared with the numerous health needs, significant progress was made in disease prevention and control, including increased care of patients, training of personnel, and amelioration of infrastructure.

3.6.2 Education

213. The education sector budget (MINEDUB, MINESEC, MINEFOP, MINESUP) dropped from CFAF 300.2 thousand million in 2004 to CFAF 264.1 thousand million in 2005. HIPC funds amount to CFAF 16.66 thousand million. These budgetary allocations were in priority earmarked for: (i) the construction and equipment of 3,768 primary school classrooms from 2001 and 2005, and 1,498 classrooms by development partners (Japan, ADB, and IDB); (ii) the rehabilitation of 358 secondary school classrooms and construction of 216 new classrooms. Moreover, 1,700 contract teachers were recruited in 2005, while 987 new graduates of the Advanced Teachers' Training Colleges (Secondary and High School Teachers), and primary education teachers training schools were included on the State's pay roll.

214. Implementation of the education sector strategy went on satisfactorily through rational and decentralised management of personnel, using appropriate computer equipment and applications. Capacity-building for MINEDUB and MINESEC personnel in charge of the management of these decentralised structures continued, and the payroll was screened, per province and per category of personnel. An administrative reorganisation was initiated to make decentralisation in the management of teachers more effective.

215. In order to increase the number of teachers, absorption of contract teachers in primary and technical secondary education will be done progressively, depending on the funds available. Other measures will include: (i) suspending salaries of certain personnel to ensure efficient management by every ministerial department of their respective human resource careers; (ii) improving working conditions by limiting professional transhumance, which is exacerbated by the absence of career profiles; (iii) ensuring multi-disciplinary training of student teachers; (iv) defining working positions in accordance with available organisation charts; (v) continuing implementation of the special status of teachers by paying their research and documentation allowances, and more especially by instituting special allowances for staff transferred to Education Priority Areas (EPAs), with the highest teacher deficits depending on the funds available.

216. To improve quality and access to secondary education, the government, constructed or rehabilitated 574 classrooms, 140 workshops for various special fields, and 51 secondary schools in 2005.

217. The provision of education to 206 physically handicapped persons in 2005 was ensured by the private education sector, as part of assistance to, and integration of under-privileged groups.

218. Over 168 computers were acquired and equipment was consolidated in close to 300 schools. Many teachers and pedagogic inspectors, both of the public and private sectors, were trained in the Competency-based Approach (CBA), aimed at making education more professional. Also, the capacities of public and private school officials were built

in an effort to make them more professional in their administrative and pedagogic supervision of educational institutions.

219. In view of the important role education plays in human resource development, in general, and poverty alleviation in particular, the government designed a global education sector strategy in 2005 (covering the 2005-2015 period), in accordance with the recommendations of the Education For All declaration (Dakar 2000) and the Millennium Development Goals (MDG). The draft version of this strategy has been available since December 2005.

220. MINEDUB and MINESEC MTEFs have been designed. They comprise three strategic action areas, namely: (i) ameliorating access and quality, while reducing regional disparities, and emphasizing the accessibility and availability of school manuals and didactic materials, professional education, HIV/AIDS control; (ii) capacity-building (infrastructure and human resources), by insisting on support, and development of efficient partnership, as well as integrating vocational training; (iii) institutional strengthening, notably amelioration of the management process, good governance, and fighting corruption in schools.

221. Globally, the performances of the educational system have improved. In secondary education, exam results recorded an 18-point average increase. The same increase rate was recorded in primary education. At the primary level of education, the female/male parity index rose from 0.85 in 2003 to 0.9 in 2005 and is proof of sexual equality, which is limited by high costs of direct opportunities, as well as persistent socio-economic and cultural constraints. In this regard, efforts are made by the government to be eligible for the Fast Track Initiative on Education for All.

222. Examination of schooling profiles shows a steady amelioration since 2002. One can notice some significant progress of 0.6 in comparison with 2003, in the trend of access to primary education (96.4 per cent in 2004). We also note a high demographic pressure in the first cycle of secondary education, whose slow absorption of the number of students is shown through a transition rate (from primary to secondary education) of about 56 per cent. The school retention rate at the end of the primary education cycle has undergone significant improvement, up from 55.4 per cent in 2003, to 56 per cent in 2004, and 57.4%per cent in 2005.

223. There is still much concern about the issue of class repeating. The class repeating rate revolves around 26 per cent in the French-speaking sub-system, against 17per cent in the English-speaking sub-system. These figures show a difference in the two learning and evaluation cultures. This situation impedes the smooth functioning of school institutions at a time there are no sufficient financial resources. The ministerial order on the reduction of class repeating in the three sub-cycles of primary education is being amended with a view to clarify its objectives and ensure application of related measures.

3.6.3 Employment and Vocational Training

224. The government intends to continue developing a policy on the promotion of employment and vocational training. In this regard, the first ever general conference on

employment was held in November 2005, which attempted a diagnosis of the prevailing employment situation in Cameroon, set a basis for the finalisation of Government's declaration and the national employment policy, and create general mobilisation over the employment issue.

225. Similarly, the main report on the employment and informal sector survey has been completed and distributed, as concerns the employment component. The survey produced the following results:

- the activity rate of people aged not less than ten years stands at 71.1 per cent and overshadows the broad disparity according to region or area of residence, as well as according to age and sex ;
- the rate of unemployment, according to ILO standards stands at 4.4 per cent and this is mainly an urban phenomenon (10.7%) ; in a broader sense (ILO job seekers + discouraged job seekers), this rate is 6.2 per cent ;
- visible under-employment concerns people who are obliged to work less than 35 hours a week ; they make up 12.7 per cent of the gainfully employed working population ;
- invisible under-employment concerns workers with remuneration below the guaranteed minimum working week (the equivalent of CFAF 23 500 per month for 40 hours of work per week) and revolves around 69.3 per cent ;
- the employment structure according to gender shows a degree of equilibrium between the men (50.9%) and the women (49.1%) ;
- the average lifespan in a job is 9.1 years and the period is higher in rural areas (more than 10 years) than in urban areas (6 years) ;
- the informal sector provides the highest number of opportunities for economic integration with a 90.4 per cent gainfully employed working population as against 4.9 per cent in the public sector and 4.7 per cent in the formal private sector ;
- the primary sector with 55.7 per cent employs most Cameroonians as against 31.9 per cent for the tertiary and 14.1 per cent for the secondary sector.

226. NEF activities have also been monitored with regard to social and occupational integration of youth in salaried and independent job opportunities. They are notably: (i) the partnership agreement signed by the government with GICAM; (ii) the integration of job seekers; and (iii) conventions with vocational training centres and some enterprises for the validation of training modules.

3.6.4 Other social policies

227. They have been incorporated into the Social Development Strategy which was completed in 2005. What remains to be done is the ministerial strategies that underlie it as well as the various draft instruments relating to violence against women to be examined and validated after adoption of the family code. The latter will be adapted to the code of criminal procedure, to the OHADA uniform acts and to the child protection code.

3.6.5 Urban poverty

228. For the finalization of the urban development strategy, the activities carried out so far have made it possible to produce an urban diagnosis paper, validated in November 2005 and

an interim urban sector development strategy paper drafted as part of preparations for the Donors Round Table Conference scheduled for March 2006. Besides, consultation talks have been held by actors in the housing sector. The formalization by contract of partnership between the State, decentralized public authorities and secondary urban centres became effective with the signing of the Limbe urban contract and preparation of those of Yaounde and Douala. As regards urban planning and in accordance with Cameroon's law on town planning passed in 2003, the Development and Town Planning Master Scheme (DTPMS) and Local Master Plans (LMP) in Yaounde were updated. Similarly, the Ngaoundere and Limbe Town Planning Master Plans (TPMS) are being updated.

229. With regard to the rehabilitation of basic infrastructure, eighty-seven kilometres of roads were maintained in 2003 and 2004 in 16 major towns and seventy kilometres of which ten kilometres of tarred roads in secondary towns. Moreover, in the 2005 financial year, seventy-five kilometres of urban roads of which twenty-one in Yaounde were rehabilitated. The government obtained funding assistance from IDA (the World Bank) worth CFAF 42000 million for a programme to rehabilitate twenty-three kilometres of primary roads in Douala (work underway), and the full loan was handed over to the Douala City Council.

230. Moreover, primary drainage networks were cleaned up, the Mfoundi River was gauged again over a distance of 2.5 kilometres, primary drains in Douala were cleaned up in neighbourhoods such as Banya, Bepanda, Ndogpassi, N'goua, Tongo Bassa, Bonaberi. With a view to designing a practical poverty alleviation plan, special studies have been identified and carried out. In the area of multilateral cooperation with UNO-HABITAT, an Urban Governance Programme has been developed and rests on three aspects: consultation of the towns, safer towns and training of local councillors.

3.7 IMPROVEMENT OF THE INSTITUTIONAL FRAMEWORK AND GOVERNANCE

231. At the end of the third year of PRSP implementation, significant progress has been made in governance, particularly regarding rigor and transparency in public finance management, participation of stakeholders other than the government in matters of public affairs management, improvement of the institutional framework of businesses and the anti-corruption drive.

3.7.1 Public affairs management: transparency, information, accountability

232. The main measures under implementation consist in continuing the effort to adjust public spending channels, improve social sector management, produce and disseminate statistical information and inform citizens on public affairs management.

233. In order to improve the quality and effectiveness of public spending, the government has carried out the survey on monitoring public spending and satisfying beneficiary needs in education and health. This has been referred to by *the public* expenditure *tracking survey*. This survey has resulted in an action plan whose implementation will lead to the compulsory information by vote holders of beneficiary populations as to the investments to be carried out and production of at least a report at the end of every financial year. Similarly, work on

keeping records on the management of public funds started in order to produce financial and accounting records to be used by the Audit Bench.

234. Reform of the public contracts awarding system ended with publication of a public contracts code in September 2005 and its implementation circular in June 2005. The popularization of this code started with an awareness campaign in each provincial headquarters. A bidders' guide was also produced to enable this category of people to better understand the procedure involved in the awarding of public contracts. The contracts awarded and/or executed in 2003 were audited, and audit work started on those awarded in 2004 in October 2005. An overall review of the public contracts awarding system took place in 2005 and its recommendations are under implementation.

Box : The main activities carried out as part of the effort to improve the institutional framework and governance.

- Publication of the public contracts code;
- Rendering the Audit Bench operational;
- Enactment of the law on the code of criminal procedures;
- Regular publication of the treasury accounts balance;
- Publication of a memo on the execution of the state budget;
- Regular publication of information on production, the market prices of oil and the revenue deposited in the Treasury;
- Periodic publication of information on the management of public corporations;
- Publication of penalties levied on unscrupulous government workers; and
- Rendering the National Financial Investigation Board (ANIF) operational.

A survey on penalties and corruption in the area of public contracts was also conducted in 2005. The study helped identify some weaknesses to which solutions will be found in 2006. Finally, provisions have been made in the 2006 finance law to limit or eradicate the fragmentation of contracts

235. Improvement in public spending also resulted in better mastery of the wage bill, by adjusting the salary data base. In this regard, the irregularities identified in the implementation of SIGIPES (stabilization of SIGIPES) were redressed in the four pilot ministries and new functions are being developed. The stabilized version has been introduced in 11 (eleven) other ministries. However, emphasis has been laid on adjusting the personnel data base and early results suggest that from 2003 to 2005, about 3 000 presumed ghost workers were on the State's payroll. Cases of fraud have been reported on the hiring of staff and career development. Investigation is on-going and workers found guilty so far have been placed on retirement, erased from the payroll, suspended from entitlement to a salary or referred to the public service Disciplinary Board. Some of them have been requested to repay unduly collected monies. Penalties levied against unscrupulous workers have regularly been published. Measures were taken to reinforce security of the wage software. More specifically, an invitation to tender has been launched for the recruitment of an expert responsible for the change-over of the ANTILOPE software.

236. In the area of public finance, it is worth noting that the measures taken so far have helped the government to save money from the wage bill.

237. Besides, the authorities abided by the principles of the Extractive Industries Transparency Initiative (EITI) in the mining sector. Against this backdrop and besides the establishment of the Monitoring and Implementation Committee's technical secretariat following the principles of this Initiative, an action plan has been drawn up and adopted using the participatory approach. It includes the presentation of data on oil production and regular publication of reports.

238. Increased transparency in public finance management measures have also resulted in the auditing of public and semi-public corporations, public administrative establishments, accounting offices and subsidized bodies. In the forestry sector, measures relating to the issuance of the timber exploiter's licence, the fight against illegal exploitation and forestry development are on course. In this regard, the list of valid exploiter's licences and that of companies facing legal charges are published regularly in the press. A study on citizens' access to information on public affairs management has been conducted and the interim report is available.

239. Finally, when the social organs of the National Institute of Statistics (NIS) are established, besides the appointment of the director general and deputy director general, the production and dissemination of statistical data will improve.

3.7.2 Strengthening the rule of law and the safety and security of businesses

240. A priority action plan to reform the judicial system is under implementation. It comprises three aspects: (i) consolidating judicial independence; (ii) stepping up the anti-corruption drive in the justice system; (iii) improving the application of laws, court decisions and penalties. In this regard, beside the enactment of the law on the criminal procedures code, the following actions were carried out, namely: the training of judicial and para judicial staff in the OHADA law, and of court registrars in the use of computer equipment. The 2006 budget for the ministry in charge of Justice has increased so to speed up implementation of the judicial reforms action plan.

241. Considerable progress has been made with regard to the establishment of institutions provided for in the 18 January 1996 Constitution. The Audit Bench has gone operational; accounts of the 2004 financial year are being examined and evaluated. As regards the Constitutional Council, the Laws on its organization and functioning as well as internal rules and regulations governing its members were enacted in April 2004. The decree to set up the Secretariat General of the Constitutional Council was signed in June 2005.

242. The safety and security of people and property has considerably improved with the passing of four laws in March 2004 authorizing the president of the Republic to ratify (i) the United Nations convention on organized trans-national crime; the memorandum for the prevention, elimination and punishment of human trafficking (women and children), (iii) the memorandum on illicit land, maritime and air migrants, (iv) the law fixing the rate of legal interest in the execution of court rulings and conventional legal interest. Several measures and

actions are also being implemented through specific rapid intervention activities carried out by the forces of law and order as part of the fight against violent crime.

3.7.3 Anti-corruption drive

243. The anti-corruption drive has been outstanding since April 2003 with the setting up of some bodies and mechanisms. In this regard, an institutional framework has been designed with an inter-ministerial committee at the summit and ministerial units at the base. Moreover, the legal anti-corruption tools were improved with the ratification of United Nations conventions against corruption and money laundering.

244. The Government has also created the National Financial Investigation Board (ANIF), a financially autonomous public body. Among other missions, this institution is responsible for receiving, processing, and referring information needed to punish people guilty of money laundering and/or funding terrorism to the competent judicial and legal authorities.

245. These services have been made even more efficient with the reorganization of all the ministries through granting more powers to inspectorates general and establishing sub-departments of Reception, Mail and Liaison, thus reducing contact points between office workers and public service users. The administrative procedures manuals being drafted will enhance efficiency and efficacy by introducing clearly laid down norms, and the user's guide will be a source of information for citizens on the conditions to be fulfilled, documents to submit, file processing time limits, instruments applicable and terms and conditions to be fulfilled. The penalties applied and published, particularly in the judicial and legal sector (02 judicial and legal officers dismissed), the police force, education, finance, public works and public and semi-public bodies are also proof of the government's resolve to eradicate or considerably reduce corruption. All these measures, combined with increased public awareness campaigns of which the second phase is nationwide and has been launched, have improved the yearly corruption perception index in Cameroon calculated by Transparency International.

3.7.4 Decentralization and increased local level development

246. Decentralization is underway, particularly with the passing in July 2004 of the outline law on decentralization, the law to lay down rules and regulations governing regions, and the law to outline same applicable to councils. An action implementation plan (2005-2009) has been drawn up. The sector–based accounting plan for councils has been adopted; measures for the capacity-building of mayors and council staff were taken at the 2004 National Colloquium of mayors on the fringe of Africity; there are a series of training sessions underway for council staff. The Special Council Support Fund (FEICOM) has been audited and an action plan for restructuring this institution is under implementation.

247. Moreover, the urban governance programme has, inter alia, helped in: (i) the capacity-building of national and local actors of twenty-three councils in the formulation and implementation of council poverty reduction strategies, (ii) the development of local skills in

the cities of Yaounde and Douala, in the fight against urban delinquency and (iii) enabled councillors and council staff in eight provinces to better assume their responsibilities, taking into account the decentralization and democratization process. As at today, seven hundred councillors and senior council staff have been trained for the planned nine hundred and thirty of them. Finally, the PUG steering committee has been established.

4. ASSESSING POVERTY

248. Since publication of the first progress report, poverty has regularly been evaluated through the presentation and analysis of new data and trends. This limited approach stemming from the lack of a new poverty profile will, in this third progress report, target the main results of some major actions likely to have great impact on the population's living conditions, and trends of some elements of the living conditions, considered to be the direct result of a change in standard of living.

4.1 INCOME TRENDS

249. As there is no data source on household incomes for income poverty to be analyzed, an examination of some specific aspects such as the economic growth trend, public service salaries and a few revenue sources in rural areas have made it possible for a few trends to be envisaged.

250. At the macro-economic level, the growth rate has incidence on income poverty; first, if we consider that this indicator increases alongside income per head, and second, if we take into account the role of growth in reducing this type of poverty. Therefore, the achievement of a 4.5 per cent growth rate in 2003 is said to have corresponded to improvement in income per head revolving around 1.7 percent, as population pressure absorbed 2.8 per cent of the growth. By the same token, the 3.7 per cent growth rate in 2004 resulted in an increase in revenue per head of 0.9 per cent, and the 2.6 per cent growth rate in 2005 is reported to have corresponded at best to zero growth in income per head. Economic growth can be said not to have contributed in any significant way to the reduction of income poverty over the past few years.

251. In the public service sector, changes in the wage bill and pensions are likely to have incidence on final consumption by households. In 2003 the public service paid salaries, pensions and related allowances worth a total amount of CFAF 519.7 thousand million. In 2004, these payments increased to CFAF 541.1 thousand million, corresponding to a 4.1 per cent increase attributed mostly to salaries and recruitments in some sectors of the public service (Police, Education, and Health). As regards all salaried staff, the implementation of the new personal income tax, which took effect from 1 January 2004, led to a reduction in the tax burden of a good number of taxpayers. The increase in the amount of tax-free revenue up from CFAF 25 000 to 52 000 and the marginal taxation rate down from 65 per cent to 35 per cent are translated by additional incomes for some taxpayers. As of 31 December 2005, the same payments (salaries, other personnel expenses, pensions, salary arrears and salary adjustments)[1] were estimated at CFAF 524.6 thousand million, down from 3.1 per cent. The 2005 drop as compared to 2004 confirms the downward trend in the domestic demand.

[1] Source: Public finance operating reports

252. In rural areas, income trends are closely linked to cash crop yields and increase in food crop supply. As regards grain cotton yields, better harvests did not improve the producer purchasing price during the period between 2003 and 2005, which was rather in a slump dictated by world prices, thereby leading to failure on the part of farmers to reap benefits from the increase in yields. After the fall in world cocoa prices in 2004 as compared to 2003, the year 2005 witnessed a slight price increase as compared to 2004; similarly, such a situation surely did not favour an increase in income for cocoa farmers who increased their production. Traditional palm oil producers have since 2003 been witnessing an increase in yields and stable home prices making it possible for them to enjoy higher incomes. Both Arabica and Robusta coffee production has steadily been declining; apart from the South West where output exceeds 400 Kg per hectare, coffee farmers find it difficult to live off their activity.

253. Food crop yields have been increasing since 2003 and the trend was confirmed in 2005. The increase in plantain, cassava, maize, paddy rice, groundnut, tomato, potato and millet/sorghum production has stabilized supply for these crops on the local market and in the sub-region. Such an increase is a revenue source in the income sense of the word and in subsistence terms. As concerns paddy rice specifically, production in the North province has moved from 12 800 tons in 2003 to 17 100 tons in 2004, with almost a double output per hectare; in 2005, production was up to 25 100 tons leading to a steady increase in farmers' income.

4.2 POVERTY AND LIVING CONDITIONS

254. This analysis has as hypothesis that access to a number of commodities sufficiently reflects the standard of living of households. In this regard, the trend of their access to these goods and services is a very reliable pointer to change in their quality of life.

255. Results of the EESI survey led to a better description of the part played by Cameroonians on the job market. The main problem is not under-occupation but underemployment. The informal sector provides the highest number of unfortunately precarious jobs. Such precariousness does not generate enough income for improvement in the living conditions of the population.

4.2.1 Access to housing

256. Access to housing based on measurement of the rate of households who own the houses they live in has decreased due to rapid urbanization (the urban area selected for this analysis concerns towns with a population not less than 50 000).

Table 1: Trend of household accessibility to housing (in %)

Access indicators	2001			2005		
	urban	rural	Total	urban	Rural	Total
Households owning their houses	37.7	76.6	63.0	36.0	71.9	59.2
Flush toilets	18.1	1.5	7.3	16.4	1.7	6.9
Permanent flooring material	88.4	28.2	49.2	87.7	35.7	54.2

Permanent wall material	51.8	9.6	24.4	60.6	19.9	34.3
Permanent roofing material	99.5	66.3	77.9	99.4	68.8	79.6
Air conditioner	1.9	0.2	0.8	1.7	0.1	0.7

Sources: ECAM II: EESI – NIS

257. As regards housing equipment, the material used for flooring, covering the walls and roofing has improved, while the installation of flush toilets and air conditioners regressed in 2005 as compared to 2001. In conclusion, though major building construction works have improved, convenience installations have not, due obviously to the consideration of recurrent charges engendered by such works.

4.2.2 Access to water, electricity, gas and the telephone

258. The proportion of households with access to safe drinking water increased from 51 per cent in 2001 to 57 per cent in 2005. The situation has been improving steadily since 1996, when the proportion stood at 44 per cent. The average annual progression of 1.2 points between 1996 and 2001, and more than 1.5 points between 2001 and 2005, is another glaring proof, which may at least be partially accounted for by the rehabilitation of many boreholes in the Northern part of the country, and construction of new wells using HIPC funds. In order to reach the government-targeted 71 per cent access by 2015, the present rate if confirmed should increase by 1.5 points per year. There is hence a need for sustained effort to be made in the extension of the water supply system and maintenance of the existing facilities.

Table 2: Trend of household accessibility to some housing conveniences (in %)

Conveniences	1996	2001	2005
Safe drinking water	44.2	50.5	56.5
Electricity lighting system	37.0	46.1	54.4
Land telephone line		1.7	1.5
Mobile telephone line		7.6	32.1
Cooking gas	7.9	13.4	16.2

Sources: ECAM II; EDS-III; EESI – NIS

259. During the period 1996-2001 the proportion of households using electricity as lighting source increased; the situation continued to improve between 2001 and 2005, showing an annual progression rate of about 2 per cent. In 2005, slightly more than 5 for every 10 households used electricity, representing 9 for every 10 households in urban areas against 3.5 for every 10 in the rural areas.

260. From the consumption rate of cooking gas, it is evident that this fuel is used mostly by urban households. During the 1996-2005 period, regular increases in the

prices of petroleum products did not deter households from using gas, the access rate to which continues to improve steadily. Access to cooking gas continued to improve especially in 2005 when supply increased in the Far North province following the installation of a cooking gas bottling factory in this area.

261. With various telephone services now available a new market structure has ensued. While access to land telephone lines remains stagnant, there has been a leap in the rate of access to mobile lines, which has increased from 7.6 per cent in 2001 to 32.1 per cent in 2005. However, these rates are a far cry from what obtains on the market, as the number of subscribers to the mobile telephone per household in the urban area exceeds two.

4.2.3 Household acquisition of consumer durables

262. The trend of household acquisition of consumer durables between 1996 and 2005 is expected to be a pointer to the standard of living during the period under review. On examining the three data sources, namely ECAM I, ECAM II and EESI, it appears on the whole that households now acquired more consumer durables than before.

263. The overall progress should however not overshadow the disparity between urban and rural areas, and condition of some of the equipment.

264. The rate of bicycle, television set, fan and gas plate possession first improved steadily between 1996 and 2001 for the first two cases, and for all four cases during the 2001 - 2005 period. These articles seem to be the most appreciated by the majority of households, notably middle class households.

265. During the two periods under review, access to a motorcycle, vehicle and radio set witnessed a slump during the first period (1996-2001), but improved during the second period (2001 – 2005). The liberalization of the audiovisual sector is reported to have momentarily raised interest in television to the detriment of the radio, but a balance was struck by the difference in the prices of the two products. As regards access to the television set, increasingly falling prices for digital cable TV service is reported to have encouraged households to buy television sets. Concerning the bicycle and motorcycle, the development of cheaper private transport (bicycle) and proximity public transport (motorcycle) is said to have been responsible for the boom in this sector during the 2001-2005 period. This is clear evidence of adjustment in the behavioural patterns of households.

Table 3: Trends of household accessibility to some consumer durables (in %)

Type of consumer durables	1996	2001	2005
Bicycle	12.6	12.7	16.6
Motorcycle	6.0	4.0	6.6

Motor vehicle/lorry	4.8	3.6	4.9
Television	17.3	18.7	28.2
Radio	57.9	54.7	63.5
Refrigerator	12.5	9.5	9.3
Deep freezer		4.0	3.8
Fan		16.8	20.9
Musical set		7.2	7.8
Gas plate		12.9	17.4
Gas cooker		7.2	6.5

Sources: ECAM I; ECAM II; EESI – NIS

266. Access to the gas cooker, refrigerator and deep freezer is generally decreasing. The reduction in the rate of access to the gas cooker and increase in the rate of access to cooking gas is a confirmation of improvement in the rate of access of households to the gas plate, as the latter is a good substitute for the former.; again, households have been noted to be adjusting to a situation where their purchasing power is low. The downward trend of the rate of access of households to the refrigerator and deep freezer may be seen not only as a means of avoiding recurrent charges, particularly at a time when electricity rates are rising, but also be partially attributed to the fact that these entities tend to be reducing in size, since smaller households do not need economies of scale related to their possession of such goods.

4.2.4 Urban poverty

267. On the whole, urban poverty affects close to 2 million people, concentrated mostly in the cities of Yaounde and Douala. Income poverty is reported to be even more severe in these areas, taking into account the other dimensions of the living environment of the population in correlation with income levels. In fact, close to half of the households in Yaounde and Doula are not directly connected to electricity and three quarters do not have individual access to safe water. The high population density of neuralgic neighbourhoods and smallness of dwellings have many effects on the level of basic infrastructure affecting the health of the population. The lack of a collective water and sewage treatment system in these neighbourhoods has led to the spread of many diseases such as malaria, intestinal diseases and more recently the appearance of a few cases of cholera. As regards the satisfaction of basic needs, food insecurity is felt mostly in urban areas and affects 92 per cent of the poor. The situation is compounded by the development of insecurity and delinquency increasingly affecting early childhood.

268. Rapid urbanization over the past twenty years, with an annual growth rate ranging between 6 and 7 per cent, coupled with a reduction in urban public investments, has had incidence on the immediate environment of the population and the job market. One of the consequences is the development of pockets of precarious neighbourhoods (particularly in Yaounde and Douala) and the proliferation of informal activities as a hide-out and an outlet to poverty.

269. Most risky areas unfit for human habitation in the cities of Yaounde and Douala are occupied by the poor. More than 60 per cent of such urbanized areas are liable to flooding. Most of the houses are precarious, and built with salvaged material. Three fifths of neighbourhoods in Yaounde are built with non-permanent material. Basic services such as household waste collection and sanitation are inadequate. A diagnostic report on 23 towns[2] suggests that poverty can be seen mainly in:

- Very few job creation and income-generating opportunities since the environment is not appropriate for the development of such activities for the poorest segments of society ;

- Poor mastery by council authorities of the urban development fabric: the lack of urbanization master plans in most towns has engendered the disorderly settlement of the population including risky land and/or areas. More than 80 per cent of urban lands are neither registered nor occupied in an orderly manner;

- Very poor access to basic urban services: less than 40 per cent of households are connected to a safe water supply system, and more than 85 per cent of the urban population use individual water treatment methods with all the pollution risks involved. Besides, most towns do not have street lamps;

- Increased insecurity and the precariousness of life, notably the falling moral standards and sexual exploitation of minors as well as abuses of all kinds (prostitution, procuring, drug addiction, etc.); urban violence, (armed robbery, witchcraft, fighting, rape, burglary, etc.); the increase in the number of street children and mental patients. Moreover, disabled and aged people lack specialized areas and equipment.

270. Unemployment, at its present level, is another important feature of urban poverty. In 2005, the unemployment rate according to ILO stood at 4.4 per cent representing 10.7 per cent in urban areas as against 1.7 per cent in rural areas. In a broader sense, the unemployment rate which includes discouraged jobseekers wrongly considered inactive stands at 6.2 per cent, accounting for 14.1 per cent in urban areas and 2.7 per cent in rural ones. The overall unemployment rate estimated by EESI in 2005 is 17.9 per cent in the city of Yaounde and 16 per cent in Douala[3].

4.3 APPRAISAL BY BENEFICIARIES

271. The first two progress reports focused on the above-mentioned poverty evaluation. This took place during PRSP participatory evaluation review meetings, which were not held for this report.

272. As a reminder, beneficiaries think that the projects under execution in their area of residence are of vital importance to the development of these localities. This assertion is true as 46.4 per cent of those interviewed and 31.8 per cent of beneficiaries whose spokespersons they are support the view. However, for more than 25 per cent of the

[2] National poverty reduction strategy paper UN Habitat January 2005
[3] EESI = Survey on employment and the informal sector conducted by the National Institute of Statistics in 2005

projects, interviewees did not say anything about the impact these projects are going to have on their locality.

273. For a little more than 6 per cent of the projects under execution, beneficiary representatives say that they feel little or no impact in the development process of their area. The building of government high schools and electrification are mostly described as vital, but generally, the projects identified in the localities are considered acceptable or vital by more than 60 per cent of the people interviewed. Moreover, beneficiary representatives of the Centre and Adamawa provinces have not found any project useless.

274. Project beneficiaries however regret the poor quality of some works and their little contribution in improving their living conditions. They however note that the projects identified are sometimes poorly executed due to the lack of professionalism on the part of contractors and absence of rigor in choosing, granting, monitoring and accepting contracts. They hence make the following recommendations:

- Improvement in the quality of works by (i) associating local councillors in the monitoring and implementation of development projects; (ii) increasing control of public contract execution; (iii) involving local councillors and members of parliament in contract awarding and acceptance boards in their respective areas;

- Continuation of social dialogue and ameliorating governance and the living conditions of the population by : (i) improving dialogue with local partners through a participatory process; (ii) improving communication on the PRSP in order to induce better understanding of this paper; (iii) stepping up the anti-corruption drive; (iv) providing the population with information on projects to be executed in their localities ahead of time; (v) improving communication on projects under execution;
- Increase of the population's access to means of production by: (i) promoting agriculture and income-generating projects; (ii) increasing actions aimed at income-generating activities; (iii) introducing administrative services for the supervision of SMEs and micro enterprises;

- Acceleration of the process granting autonomy to local public authorities by: (i) speeding up the decentralization through effective transfer of some responsibilities to council authorities; (ii) introducing measures to effectively grant financial autonomy to local public authorities; (iii) supporting local public authorities in the drafting of development sector plans.

275. Despite the progress made, difficulties continue to exist with regard to making the projects realized productive and perennial, particularly in the productive, infrastructure and governance sectors. Achievements of the productive sector are so far limited due to: (i) difficult access to the factors of production (loans, appropriate farm tools, land); (ii) difficulties faced in the process of popularizing agricultural research; (iii) farmer-grazier conflicts; (iv) degradation of grazing land; (v) insufficiency and inappropriateness of micro finance institutions; (vi) high energy and agricultural input costs.

276. As regards infrastructure, participants in the review proceedings dwelled at length on difficulties related to: (i) the negative effects of delays observed in the execution of contracts, due to the lack of professionalism by those granting such contracts; (ii) the cash related problems faced by bidders for the projects.

277. The social sector suffers from insufficient means put at its disposal, whereas the needs in this sector are ever increasing. The constraints of the governance sector concern: (i) laxity recurrent in the application of public contract regulations, (ii) conflicts between the central and decentralized management of projects, with the resultant consequences due to poor project programming in the different provinces, (iii) poor mastery by public contracts boards of the specifications in the various tenders documents, (iv) poor mastery by local development stakeholders of the HIPC funds management manual.

278. Whether these constraints are sector-based or related to implementation, efforts were made in 2005 with regard to sector strategy programmes and projects, as well as instrument application, notably in the implementation of good governance.

5. MAIN CONSTRAINTS AND SOLUTIONS ENVISAGED

279. PRSP implementation has since April 2003 recorded major achievements which include more coherence in government action and integration in administrative management of strategic programming and planning tools which will lead to a more judicious and efficient use of human, material and financial resources. However, a number of constraints continue to hinder better strategy implementation and reduce its impact.

5.1 SPECIFIC CONSTRAINTS RELATED TO THE DRAFTING OF SECTOR STRATEGIES

280. Sector strategy drafting and implementation are in response to the government's preoccupations about applying the new approach to public affairs management, based on management by results and planning by objectives. These sector strategies are a springboard for revitalizing planning and appropriate tools in the preparation of a more rational resource allocation. In keeping with (i) the methodology drafted in 2002 and updated in 2005, (ii) the participatory approach implemented through steering committees and (iii) the major guidelines in the PRSP and MDG, work has been on course since 2003.

281. The elements outlined above were useful in the design and/or revision of some sector strategies. The Rural Sector Development Strategy Paper (RSDSP) and Social Development Strategy Paper (SDSP) were thus finalized in 2005. The work carried out in 2005 introduced synergy between the programmes and projects identified for better understanding between sectors and ministries. in the education sector, an Education Sector Strategy Paper (ESSP) bringing together *MINEDUB*, *MINESEC* and *MINESUP* is now at its advanced stage; by taking into account the law to lay down guidelines for education, MDG and the other government commitments this paper has become more coherent and operational.

282. Besides the efforts of ministries concerned with sectors cited above in designing or revising their various sector strategies, ministries identified as of priority in 2005 accelerated their respective strategy designing process. These are tourism, public works and buildings, telecommunications and energy. Accordingly, the public works and buildings sector strategy has reached the level of MTEF, while tourism and telecommunications sector strategy programmes and projects have been identified. Concerning energy, the work carried out in 2005 helped validate the means of production and electric energy transportation development master plan as well as the national energy poverty reduction action plan (NEPRAP). Many other strategies designed before the reorganization of the 8 December 2004 government are being revised, notably those relating to industry, transport and urban development, the public service and administrative reforms.

283. The sector strategy drafting process continues to face a number of difficulties. As concerns its detailed orientation to this activity, *MINPLAPDAT* makes the following recommendations to sectors and ministries:

- Respect the laid down methodology;
- Do everything to use the participatory approach;
- Avoid designing public power-oriented development strategies, without due regard to all the partners involved and to the sector's national and international environment. They should take into account:

-Ministries carrying out similar activities or involving external matters associating representatives of these ministries on Steering Committees;

-On the Steering Committee of all the other actors and partners of the sector namely, private sector stakeholders, the civil society and development partners;

-Programmes and projects to be funded and executed by the private sector and civil society.

284. The difficulties encountered by this activity are organizational, technical, financial and institutional.

285. As regards organization, the involvement of steering committees in the strategy designing process is not for granted. It should be noted that not everywhere does this body exists and, where it does, it handles two major problems namely, that of representatives of all the partners and of their effective participation in proceedings. Some partners fail to participate in deliberations due to insufficient means for their allowances, or poor interpretation of the participatory approach and of the prerogatives enjoyed by ministries taking into account the missions with which they are entrusted; some administrations are silently claiming autonomous management of their sector. The reorganization of government work has somewhat impeded the progress of the process, not to mention the change of persons or the need to better perceive the scope of the new missions assigned the various ministries.

286. Regarding technical aspects, the methodological guide drafted by *MINPLAPDAT* in 2002 was not sufficiently explicit on all strategy design aspects. Its 2005 revised version should first be appropriated to *MINPLAPDAT* where the personnel mobility rate is very high and to sector ministries.

287. At the budgetary level, the funds allocated for designing sector strategies are insufficient. This activity requires a mastery of planning techniques and the area dealt with, a situation which requires the hiring of consultants whereas funds are generally not set aside for this purpose. In addition to the difficulty encountered in sensitizing officials to the need for sufficient allocation of funds to this end, national fund raising procedures to hire consultants or organize seminars seem difficult to lay down given the nature of related expenses.

288. Concerning the institutional framework, the steering committee which oversees strategy designing based on the participatory approach should be accompanied with normal adoption and implementation of the said strategies. As concerns adoption procedures, it must be recalled that strategies contribute to PRSP improvement. Thus, *MINPLAPDAT*, in conjunction with appropriate and existing bodies such as the *CCTS-DSRP*, is at the centre of the adoption process. Regarding implementation, the strategies must, after being adopted, be implemented, monitored, evaluated and revised. This calls for an appropriate body, particularly in matters of sector strategies. The role of coordinator played by the ministry in charge of Planning should be reaffirmed in this context.

289. This combination of factors is justification for the present situation marked by a general report suggesting:

- A generally dissatisfactory level of advancement because only one third of the institutions have a draft strategy at the diagnosis level;
- Relatively insufficient external support (consultant) envisaged. This may explain the general delay observed in designing strategies and their generally poor quality;
- Difficulties in mobilizing earmarked funds, which are somewhat insufficient to carry through the activity;
- Appropriation to improve on the methodological guide through sector strategies and *MINPLAPDAT* staff whose youthful age requires capacity-building in planning well beyond the strategy drafting process.

290. In order to have a complete framework for easy understanding of these medium term actions, the government needs all the sector strategies. In this regard, drafting or updating strategies, drawing up or updating the MTEF are priorities to identify the key actions to be carried out with a view to improve PRSP implementation and accelerating growth. These actions will make revision and budgeting of the PRSP possible. Following efforts resulting in the situation presented above in 2005, the designing of sector strategies relating to infrastructure (transport, urban development, etc.) in 2006 is expected to accelerate, and boost industry and trade (trade, SMEs/SMIs, Social Economy, Technological, etc.).

291. In 2005, government made efforts to develop MTEFs of sectors whose strategies were available. This exercise will be extended to other sectors as their strategies are drafted. Measures are being taken to make official the use of this tool in the state's budget preparation process. In this light, new provisions of the circular on the budget preparation are under review. The government will take a decision so to ensure application of these provisions as from 2006 for the preparation of the 2007 budget.

292. Again, the results obtained suggest that the strategies finalized need to be updated to fully play the role expected of them. For example:

- Improvement of the concept and identification of the most outstanding tourist product is such as to channel investments toward an attractive product in order to avoid dredging in the allocation of resources in this sector ;

- An "information and communication technologies" equipment and infrastructure programme with a view to bridging the digital divide plaguing Cameroon, coupled with its implications on employment, is still to be defined within the framework of the ICT strategy;

- An agricultural input development programme focusing on local raw material processing in the medium and long term is a tonic to one of the agricultural input-related problems;

- Tailoring the public works ministry's earth road maintenance and opening programme to the geography of farming areas will facilitate market access to increased farm yields;

- It is challenging to introduce a social housing programme as one of the results of the urban development and housing strategy; in view of social housing, access to land, equipment of parcels of land with infrastructure and funding the programme.

293. The Government will surely need support from national and foreign partners for the necessary completion work and supplementary studies to be carried through.

5.2 CONSTRAINTS AND SOLUTIONS ENVISAGED IN PRSP IMPLEMENTATION

294. Generally, some difficulties seem to be common to all duly identified priority sectors in PRSP implementation. Despite the sector, these constraints concern human resources (qualitative and quantitative insufficiency) and mostly financial resources (insufficient allocations compared to the needs, inappropriate disbursement procedures for external funds and little devolution of management responsibilities). The PRSP underpinning the coherence of government action and foreign support to sustain growth and reduce poverty is still not fully integrated into the process of state budget preparation, due to the unavailability of MTEFs. For this situation to improve, the government intends to continue its process of drafting, implementing and updating medium term expenditure frameworks in all the priority areas.

295. On the issue of allocating HIPC resources, expert opinion of the different sector administrations converge on the inopportuneness of maintaining the present distribution approach, which is not based on a long term visibility of sector needs. This situation seems to reduce the expected dividends of growth. The HIPC package might have had a better impact on growth had its resources been concentrated on a few major nationwide projects (trans-national roads, deep sea ports, increasing the energy capacity, etc;).This opinion reflects the results of participatory consultations and successive PRSP participatory evaluation reviews during which the population re-iterated their need of basic facilities such as roads, electricity and water.

296. The government is determined to strengthen the mechanism for distributing and using HIPC funds, and executing projects. The current mechanism which requires that debt-relief resources be deposited in a HIPC special account at BEAC and used in

conformity with fixed procedures will be maintained. Moreover, the government will take the following measures to strengthen this mechanism: (i) auditing all arrears under HIPC account during the first half year 2006; (ii) reinforcing practical monitoring of project execution; (iii) ensuring implementation of recommendations of the 2004 audit.

297. The difficulties faced to ensure stability are mainly linked to: (i) the high social cost of some structural reform measures; and (ii) the international economic environment. Concerning restructuring and privatization of public corporations, Cameroonian authorities are resolved to reduce the losses of state corporations, which have been a burden on public finances over the past few years. In order to restore budgetary discipline in public accounts, the government usually pays the invoices of companies concerned. For some of the largest corporations (*CAMAIR*, *CAMPOST*, *CAMTEL*, *SNEC,* CDC) the government will continue with its process of withdrawal and, in the very near future, end its ongoing privatization/restructuring process.

298. As regards the rural sector community development component, geographical coverage continues to be inadequate, both in beneficiary provinces and elsewhere in the country. The calendar for awarding contracts in profitable sectors of the economy is also poorly coordinated, with the crop year and nature of actors and goods to buy (notably inputs). A lot remains to be done for a larger number of farmers to have access to investment loans. A rural investment forum or estates-general may result in the better targeting of national and foreign partner actions and responsibilities. On the institutional front, the following can be observed: (i) the poor technical capacity of private support organizations in taking charge of the rural population's attendant functions and very few capacity-building measures for farmers when projects are being mounted; (ii) implementation of opposite intervention approaches in the same areas and for the same target population, leading to the destabilization of budding farmer organizations; and (iv) poor mastery of PRSP and RSDS by many public and private actors. In the area of funding: (i) wide intervals between the entry into force of loan agreements and the first disbursement (about a year); (ii) insufficient budgetary allocations for counterpart funds; (iii) poor consumption of external resources due to cumbersome procedures and extremely long supply periods;

299. Thus, the projects executed are insufficient to boost agricultural production, reduce the import of cereals in order to guarantee self-sufficiency in food, increase exports and improve farmers' revenue. It is not the sole responsibility of the agricultural sector to clear these constraints. Envisaged solutions have been implemented in the finalization of the RSDS. They mainly concern: (i) clearly outlining the role of each party at the time of drafting procedures and execution manuals; (ii) improving the public investment budget structure and allocations set aside for counterpart resources and major investments; (iii) improving appropriation of the RSDS finalization process by the main stakeholders; (iv) resuming negotiations with a view to better adapting to the peculiarities of agricultural production resulting from utilization of resources generated by debt relief and , (v) attaching projects/programmes to the different technical departments for the actions undertaken to be better monitored.

300. The agricultural component of the rural sector strategy sets the production levels to be attained in order to achieve sector objectives. The table below shows agricultural production objectives in Cameroon by 2015.

301. As concerns the productive sector, the main factors hindering the economy's competitiveness are: (i) inadequate capacity to produce energy; (ii) lack of incentives for private investments, due to the delay in implementing the investment charter; (iii), inadequate communications and ICT infrastructure development; (iv) lack of a funding and credit guarantee structure particularly for the funding of SMEs/SMIs; and (v) poor private sector organization.

Table 4: Agricultural production objectives by 2015

	Production (in thousands of tons)				**Annual growth (in %)**		
	2001	**2005 estimates**	**2010 projection**	**2015 projection**	**2001/2005**	**2005/2010**	**2010-2015**
Cereals	1341	1686	2345	3294	5.9	6.8	7.0
Root crops and tubers	3517	3836	4916	6319	2.2	5.1	5.2
Leguminous plants	263	300	402	538	3.4	6.0	6.0
Oil seeds	209	239	321	430	3.4	6.1	6.0
Vegetables	1278	1405	1837	2400	2.4	5.5	5.5
Fruits	2019	2282	3067	4076	3.1	6.1	5.9
Palm oil	140	177	248	350	6.1	7.0	7.1
Cocoa	123	140	188	280	3.3	6.1	8.3
Arabica coffee	10	10	13	15	0.0	5.4	2.9
Robusta coffee	50	50	72	93	0.0	7.6	5.3
Cotton	220	270	330	400	5.3	4.1	4.0

Source: RSDS, Summary of the Agriculture and Rural Development aspect, p; 16 (culled from FAOSTAT data)

302. The following actions are envisaged to lift these constraints: (i) streamlining procedures by establishing enterprise formality centres; (ii) developing communication infrastructure that will facilitate the mobility of business people and products, and reduce the costs of integrated services; (iii) increasing energy supply at affordable prices; (iv) improving the judicial system to restore the confidence of investors; (v) accelerating the establishment of institutions set up by the investment charter and drafting sector codes.

303. Cameroon's public authorities genuinely think that the implementation of the strategic area on private sector development lies on the drafting of a strategy to develop

the competitiveness of Cameroonian enterprises by: (i) re-launching private investment; (ii) regulating markets; (iii) improving the business environment (roads, energy, ICT, government).

304. Moreover, the start of the DSX has so far been timid and a number of constraints have been identified. This is due to the indifferent attitude of some banks to the Stock Exchange, the failure to respect government instructions on zero coupon Treasury bonds and delays in transferring some government shares held by the National Investment Corporation.

305. For these inadequacies to be addressed, a number of actions have been undertaken among which the drafting of a business plan for the enterprise, visit of the company's partners in order to sensitize them, promotional activities for enterprises such as *ALUBASSA*, *CNIC*, *SAFACAM*, *SEMC*, *SOCATRAL*, *SOSUCAM*, whose shares have to be traded on the Stock Exchange, transfer to the DSX of the State's real estate rights on part of the *SOCAR* building evaluated to cost CFAF 500 million and obtained from the NSIF, *CAA*, *CSPH* and SNI, introduction of a supplementary loan worth CFAF one thousand million, withdrawal of the exclusive right granted to banks to perform the duty of investment service supplier.

306. In the first semester of the 2006 financial year, the DSX plans to: (i) transfer shares and introduce them to the share list of *SEMC*, *SAFACAM*, *SOSUCAM*, Standard Chartered Bank enterprises and (ii) issue bonds for *SOCAPALM, HEVECAM*, and *AES SONEL.*

307. In December 2005, the authorities produced a tourism sector strategy paper. The overall goal targeted in this strategy has been that the tourism sector effectively contribute in improving economic growth and alleviating poverty by promoting and organizing internal tourism, and attracting a target number of not less than 3 500 000 international tourists over the next three years. For these objectives to be achieved, the authorities are planning to put emphasis on the development of accommodation facilities, improvement of air transport services, development of internal tourism, development of national parks and finalization of studies on the establishment of a national tourism board.

308. The main difficulties faced in the drafting of a public works and buildings sector strategy lie in the lack of reliable statistics on the 'building" sub sector. As regards road projects, the major difficulty faced has been financial. In fact, budgetary allocations have failed to reach the levels provided for in the PRSP; unpaid arrears have accrued, notably payments for services provided in 2004 on the Public Investment Budget or HIPC funds. This has weakened enterprises by reducing their capacity to pre-finance projects, and thus compromised the on-going endeavour. Finally, the statements of some enterprises regarding material, financial and human capacities they lack, and the industrial situation at *MATGENIE* has affected the level of realization of road maintenance works in terms of output and execution time frame.

309. In order to improve the performances of transport facilities, public authorities intend to focus the public works and buildings sector strategy on improvement of the condition and extension of the road network on the one hand, and enhancing the performance of the construction industrial sector on the other. In response to the problems of poor

mobilization of resources, the government plans to reform the Road Fund aimed at securing and increasing the Fund's resources and broadening its area of competence in road network rehabilitation and development. This reform is beginning to bear fruits as the budgetary allocation for the Road Fund increased from CFAF 35000 million in 2004 to 40000 million in 2005. Moreover, the ongoing restructuring exercise at *MATGENIE* will improve civil engineering equipment supply, and so reduce the time taken to execute road maintenance projects.

310. Among the major challenges to regional integration, are delays in implementing agreements included in the treaties of regional institutions, as well as decisions taken by the governing bodies of these institutions. In this regard the free movement of people and goods for the creation of a true regional job market remains a major requirement. Thus, as leader of the sub region Cameroon should implement a strategy to spur the dynamics of sub regional integration. As such, it will be in the interest of the country either to carry out community reforms or undertake initiatives to spur regional integration. To this end, Cameroon could abolish entry visas for all *CEMAC* nationals, without expecting same in return.

311. As concerns designing and implementing the urban development sector strategy, the difficulties encountered lie mainly in insufficient urban sector statistical data.

312. According to the urban sector diagnosis paper validated last November, Cameroon's urban sector development is in disharmony, due to the poor intervention capacity of institutional actors, insufficiency of human and financial resources, little participatory urban governance, scarce, costly and poorly ensured urban services, inadequate supply of decent housing and inappropriate management of the environment. This situation has engendered regression in urban production, stagnation in urban revenue, exposure of the population to risks of untold proportions and even aggravated poverty.

313. Urban development priority actions earmarked in this diagnosis mainly concern the State's renewed financial commitment in the sector, updating urban development management papers and instruments and entrusting councils with the responsibility of managing local affairs. More precisely, the initiatives and programmes to be undertaken in the future consist in: (i) continuing with institutional and sector reforms; (ii) building the programming capacities of councils; (iii) developing urban contracts; (iv) introducing council poverty alleviation programmes; (v) promoting co-operation between councils and the State on land reserve issues; (vi) building the capacities of councillors and the civil society.

314. Serious difficulties continue to have a toll on the measures taken by the authorities with a view to improving the institutional and governance framework. These obstacles lie inter alia in (i) insufficient human resources given the workload resulting from implementation of reforms, (ii) complexity of some reforms and peculiarity of others, (iii) institutional issues (coordination), given the transversal and inter-ministerial nature of governance measures.

315. The authorities intend to continue implementing governance measures by laying emphasis on outcomes. In this regard, they have adopted phase II of the National

Programme on Governance (NPG phase II) whose priority is to identify the major value-adding actions in Cameroon's economic and social development policy.

316. In the domain of **administrative reforms**, the strategy advocated aims to streamline and rationalize services, put emphasis on coordination and leave aspects of providing goods and services to grassroots administrations. As regards *SIGIPES*, its deployment in the remaining ministries will be ensured in the nearest future, subject to availability of equipment, assignment of the necessary human resources combined with extension and allocation of the required financial resources. Brainstorming has been on course with a view to continuing the actions taken to master the wage bill, especially by including *SISPER* (staff salary management system) in *SIGIPES.*

317. In justice, actions will focus on (i) equipping and building the capacity of the ministry of Justice to perform its statutory duties of managing and supervising the smooth functioning of the public service of justice, executing court rulings, guaranteeing unity and coherence between civil and criminal laws, (ii) building the capacities of the Yaounde and Douala courts by modernizing and computerizing their registries.

318. Concerning "improvement of economic and financial management", priority will be given to amelioration of the budget presentation framework in order to better programme investments, improve the expenditure accounting process, activate external expenditure auditing bodies, and build the capacity of revenue offices. Moreover, following the study which identified a few weaknesses in implementation of reforms of the public contracts awarding system, an action plan which, among others, lays emphasis on levying penalties upon any violation of the rules and regulations governing public contracts was adopted. It will be implemented in 2006.

319. As for "decentralization and devolution", there are short term plans to (i) pass a law outlining the rules and regulations governing the election of regional councillors, (ii) establish supervisory institutions to oversee decentralization (National Council on Decentralization, and local services inter-ministerial committees), (iii) proceed with council tax reforms and the capacity-building of local financial and taxation services and (iv) implement training and information programmes for actors of decentralization.

320. Finally, the fight against corruption includes the following actions (i) the organization of a national forum on corruption, (ii) the re-organization of the anti-corruption observatory with a view to rendering it independent and (iii) the revision of the government's anti-corruption plan.

5.3 MACROECONOMIC PROSPECTS[4]

321. **Prudent budgetary and monetary policies will aim to contain inflation at 2 per cent and maintain a bearable balance of payments and foreign debt**. According to projections, the current foreign deficit will increase to close to [4] per cent of the GDP in the medium term, thereby reflecting the increase in import needs and drop in oil exports.

[4] Provisional data

Debt indicators are supposed to reduce to bearable levels in 2006 and continue to improve with debt relief at the completion point of the HIPC initiative.

322. Cameroon's medium term prospects are good. With an increase in public investments and consumption, as well as larger amounts of exports spurred by productivity profits and production diversification, non-oil activity over the 2005/2008 period is expected to produce an annual growth rate of 4.4 per cent on average. In the petroleum sector, prospects are less positive in volume (a projected cumulative drop of 16 per cent over the 2005/2008 period) but earnings from petroleum exploitation will continue to increase due to the high oil prices on the world market. Private investment is expected to increase progressively until the positive changes become obvious in public services, and inspire confidence in government action and business circles.

323. Government intends to sustain its budget through supplementary mobilization of non-oil revenue. In 2006, renewed budgetary equilibrium will be possible through improvement in non-oil earnings. The 2006 budget foresees an increase in non-oil revenue by [0.4] percentage point of the non-oil GDP (all things being equal) in order to mobilize internal resources for priority expenditures and strengthen the income base.

324. In 2006, the government plans to pay particular attention to the priorities outlined in the PRSP. In effect, Cameroon's authorities intend to increase by 13.5 per cent the budget allocated to MINJUSTICE to promote an environment conducive to business and good governance in particular and macroeconomic stability in general. In the area of infrastructure, the budget will be increased by 25.5 per cent, 11.3 per cent, 12.5 per cent and 3.3 per cent for MINTP, MINDUH, MINPOSTEL and MINEE respectively. Social expenditure will also record an increase with health, secondary and primary education, labour and social security, employment and vocational training recording an 11 per cent, 6.2 per cent, 9.4 per cent 30.8 and 51 per cent increase respectively.

325. As part of activities to boost the private sector, the government plans to promote the development of SMEs with an increase by 270 per cent of the budget allocated to the ministry responsible for this sector. MINIMIDT's budget will also be increased by 88 per cent. To promote the development of natural resources in an environmentally sustainable manner, the government intends to increase by 251 per cent and 5.2 per cent the budgets allocated to MINEP and MINFOF respectively.

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