

INTERNATIONAL MONETARY FUND AND
THE INTERNATIONAL DEVELOPMENT ASSOCIATION

CAMEROON

Joint Staff Assessment of the PRSP Preparation Status Report

Prepared by the Staffs of the International Monetary Fund and
the International Development Association

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1. Cameroon's interim poverty reduction strategy paper (I-PRSP) was presented to the Executive Boards of the IMF and IDA in October 2000. It included a detailed schedule for the finalization of the full PRSP by November 2001, although the joint staff assessment (JSA) at the time observed that it might take longer to build internal consensus and assure the support of the political leadership. Since then, progress has been made on key preparatory activities and analyses and in building the institutional framework for programming and monitoring expenditures financed with HIPC Initiative savings. As more than a year has passed since the consideration of the interim PRSP by the two Boards, the authorities have completed this PRSP Preparation Status Report (hereafter the Report), including a summary of the implementation status of the main activities and a revised timetable for the preparation of the full PRSP. The Report and the JSA are to be considered by the Board of the World Bank, as well as by the Fund's Executive Board at the same time as its consideration of the staff paper for the second review under the poverty reduction and growth facility (PRGF). The Fund's staff report (EBS/01/215) discusses progress made in implementing macro-economic policies, governance-related and other key structural measures, and social policies.

2. The Report describes the main activities to date and what remains to be done. To provide baseline poverty data, a household living standards survey (ECAM II) is being prepared. Data collection is completed, and the data entry phase is close to finalization. A separate survey of household expenditures in Douala and Yaoundé has also been completed to permit a better understanding of urban poverty; and a multiple indicators cluster survey has been conducted with United Nations Children's Fund (UNICEF) support to examine the situation of vulnerable groups among women and children. However, the Report does not adequately consider progress in formulating poverty reduction targets and monitoring indicators and in cross-sector policy prioritization. In this regard, the Report could have discussed more the issues raised in the I-PRSP JSA. To strengthen the participatory approach, a methodology has been tested for a second round of participative consultations,

which are to be conducted nationwide in January 2002. Nine thematic or sectoral working groups have been established to deepen the analysis of poverty and refine policies and sectoral strategies for poverty reduction. The work of these groups is at various stages of advancement. In particular, strategies for the health and education sectors have been prepared, but have yet to be costed. A national poverty network has been under preparation since July 2001, and its further development will be taken up in the course of the forthcoming participative consultations. Finally, consultations have continued on the governance strategy that was appended to the interim PRSP.

3. In parallel, the Report notes that a national consultative committee for the follow-up of the implementation of the HIPC Initiative was established in December 2000 to monitor HIPC-financed expenditures. Committee members, including from the civil society and the donor community, were nominated by late spring 2001 and the committee held its first meeting in June. Based on the preparatory work carried out by the working groups that were set up following its first meeting in June 2001 and the effectiveness of the conduct of its subsequent two meetings in October and December, the staffs believe that the HIPC-Initiative committee is adequate to monitor the use of HIPC resources. The committee approved investments totaling CFAF 35 billion (0.5 percent of GDP) by end-December 2001. These expenditures are fully integrated into the fiscal program for the second annual program (October 2001–September 2002) under the ongoing PRGF arrangement. Moreover, as an integral part of the overall poverty reduction budget, they are monitored under the integrated public expenditure management system that is being put in place.

4. While the staffs acknowledge that progress has been made in each of the various preparatory activities cited, they are concerned about the emergence of delays in almost all of them. The Report attributes the delays mainly to the complexity and scope of the participatory consultation process and the implementation of ECAM II, which required, inter alia, more time to mobilize the required external financing. In the staffs' view, a number of other factors, which are mainly related to capacity constraints, also contributed to the delays. While they have urged the authorities to undertake wider consultation and consensus building, the staffs have consistently emphasized the need for the authorities to intensify their efforts to strengthen policy coordination to enhance capacity building. This is particularly important, given the tight revised timetable for completion of the full PRSP and reaching the completion point under the enhanced HIPC Initiative.

5. Cameroon has limited prior experience in the design and implementation of poverty reduction programs. In the dialogue with the Cameroonian authorities, the staffs have emphasized the need for improved basic data on poverty and rigorous analysis at both the program and project levels (including preparing HIPC Initiative expenditure programs of acceptable quality), even at the cost of some delays in completing the full PRSP.

6. The adoption of a participatory approach in the preparation of the full PRSP has presented additional challenges for an administration more familiar with "top-down" decision

making. This process has required intense discussions to ensure that the participative methodology is well designed and well understood, and that it will yield analytically useful inputs. As a result of these efforts, the participatory activities have started to yield sound operational conclusions and have helped to improve the quality of policy proposals.

7. The weaknesses of budget management initially proved to be a handicap. It will be essential to ensure that the PRSP process is supported by timely and adequate domestic funding, especially given the availability of savings from the debt relief under the enhanced HIPC Initiative. In the longer term, the government must substantially strengthen the links between PRSP objectives and the budget through the preparation of a medium-term expenditure framework (MTEF) and sector program budgets corresponding to agreed policy priorities.

8. The weak organization of civil society institutions has hindered the early establishment of appropriate consultative processes, including for the nomination of nongovernmental organization (NGO) and civil society members to the HIPC-Initiative committee. The authorities are to be commended for taking their time in putting in place a transparent nomination process for NGOs and civil society representatives. It will be important to continue the effort to overcome a legacy of difficult and at times antagonistic relations with civil society. The staffs feel that the HIPC-Initiative committee is now playing a very constructive role.

9. It is clear that the time necessary to define a participative and analytically rigorous PRSP was underestimated at the time the I-PRSP was presented. The revised timeline presented in the Report indicates that the final PRSP will be completed by June 2002. While the staffs consider that this is achievable, this remains a very ambitious target, given the major tasks that remain to be undertaken. These include, in particular, the preparation of (i) the costing of key sectoral strategies; (ii) their integration in related medium-term expenditure programs and a viable three-year macroeconomic framework; and (iii) a three-year public policy matrix, as well as the establishment of monitoring targets and arrangements. The staffs strongly urge the technical committee for monitoring economic reform programs (CTS) to (i) monitor progress against this time line, to address forcefully the constraints and tasks identified above; and (ii) make full use over the next few months of the extensive international assistance that is potentially available in support of PRSPs (e.g., public expenditure management, including tracking poverty reduction expenditures, and governance).

10. In conclusion, the staffs of the World Bank and IMF consider that progress on the development of the full PRSP, as evidenced by the PRSP Preparation Status Report, is satisfactory and provides a basis for continued access to Fund concessional assistance and IDA adjustment lending. The staffs recommend that the respective Executive Directors of the World Bank and the IMF reach the same conclusion.