

DEPARTMENT FOR INTERNATIONAL DEVELOPMENT

The Department for International Development (DFID) is the UK government department responsible for promoting development and the reduction of poverty. The government first elected in 1997 has increased its commitment to development by strengthening the department and increasing its budget.

The central focus of the Government's policy, set out in the 1997 White Paper on International Development, is a commitment to the internationally agreed target to halve the proportion of people living in extreme poverty by 2015, together with the associated targets including basic health care provision and universal access to primary education by the same date. The second White Paper on International Development, published in December 2000, reaffirmed this commitment, while focusing specifically on how to manage the process of globalisation to benefit poor people.

DFID seeks to work in partnership with governments which are committed to the international targets, and seeks to work with business, civil society and the research community to this end. We also work with multilateral institutions including the World Bank, United Nations agencies and the European Community.

The bulk of our assistance is concentrated on the poorest countries in Asia and sub-Saharan Africa. We are also contributing to poverty elimination and sustainable development in middle income countries in Latin America, the Caribbean and elsewhere. DFID is also helping the transition countries in central and eastern Europe to try to ensure that the process of change brings benefits to all people and particularly to the poorest.

As well as its headquarters in London and East Kilbride, DFID has offices in many developing countries. In others, DFID works through staff based in British embassies and high commissions.

COUNTRY STRATEGY PAPERS

Country Strategy Papers (CSPs) are prepared for all countries where we provide development assistance programmes, and are normally produced every three years. CSPs set out how we aim to contribute to achieving the international development targets in the country in question. Progress will be assessed against the strategic objectives set out in Section E of the paper. In preparing CSPs, we consult closely with governments, business, civil society, and others within both the partner country and the UK.

Department for International Development
February 2002

CAMEROON: COUNTRY STRATEGY PAPER

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A. SUMMARY

A1. Cameroon is resource rich but has many poor people. After a dismal decade until 1997, the country is at a turning point; with four years of good economic performance behind it and prospects for steady growth in the immediate future. The international community has supported Cameroon's interim poverty reduction strategy with the first phase of debt relief under the Heavily Indebted Poor Countries (HIPC) Initiative and a new Poverty Reduction and Growth Facility from the International Monetary Fund (IMF). The next challenge will be to develop and implement a poverty reduction strategy, which responds fully to the concerns of ordinary Cameroonians, while tackling the high level of corruption which has bedevilled the country's development for years.

A2. Cameroon's forests are of vital importance to the country's economy, and perform ecosystem functions of immense regional and global importance. They have long suffered from mismanagement, and are being degraded at unprecedented rates. However, there are real prospects that the decline in its forests can be reversed so that Cameroon can provide a sustainable wide range of benefits to its people and report favourably on its performance at Rio+10. Achieving this requires urgent action to bring management up to the standards expressed in the forest law, government policy statements and international commitments.

A3. Britain is a full partner with the international community in support of Cameroon's interim poverty reduction strategy. We are also ready to continue direct support to Cameroon with a specific focus on forestry. The scale and nature of our support will depend on continued progress on the poverty reduction strategy and forest sector reform. Indicators used to measure progress will be consistent with existing international agreements (HIPC, Environment and Forest Sector Programme, Poverty Reduction and Growth Facility). The approach is twin-tracked. Provided that good progress continues, we will contribute jointly with other members of the international community to the Cameroon Government's planned Forest Environment Sector Programme. If adequate progress is not made, we will wind down our support through government and concentrate on our ongoing programme with civil society organisations so that they play a stronger role in forest management. We expect to reach a decision in 2002 on which option will apply for the following three years.

B. THE CHALLENGE

POVERTY

B1. *Cameroon has significant natural resources but many poor people...* In the early 1980s, high oil prices propelled Cameroon to middle income country status. However, the subsequent decline in oil prices and production led to an economic slump from which the country has yet to recover fully. While GNP per capita was \$610 in 1998 the last census (1996) recorded that, just over one half of Cameroon's population of 16 million was living below the poverty line. In the forest areas, the proportion rises to 66% of the forest population. The proportion of poor households in urban areas stands at 43%. Cameroon ranked 134 out of 174 in the Human Development Index for 2000 (Ghana 129, Nigeria 151). Income distribution is highly skewed: average annual income per adult-equivalent is about \$100 for the poorest 10% and about \$1500 for the wealthiest 10%. Most Cameroonians have not benefited from the production of oil and timber. Over 90% of the working poor hold jobs in the informal sector (including the small farmer economy). Poverty persists in Cameroon because of the historic and continuing mismanagement of its resources.

B2. *A full-scale Poverty Reduction Strategy Paper (PRSP) has the potential to deliver effective reform...* Cameroon is eligible for debt relief under the HIPC Initiative. The Government prepared an Interim Poverty Reduction Strategy Paper (I-PRSP) and Decision Point was reached in October 2000. The I-PRSP resulted from a welcome and unprecedented consultative process. It is frank in tone, not uncritical of government, and sets out some beneficial measures for the immediate future, including strategies for improved governance and for the education and health sectors. However, the full PRSP needs to deepen its analysis of poverty and develop a clear, monitorable action plan, which is owned by, and accountable to, the people of Cameroon. Concerns over corruption and weak financial management in the public sector, were reflected in

the IMF Board's decision on the Poverty Reduction and Growth Facility (PRGF), which underlined the need for firm performance benchmarks on governance and poverty to be achieved by Completion Point.

B3. *Poverty reduction strategies, and economic growth rates have made some progress on reducing poverty...* With a population growth rate of 2.9% per annum (which will double the population within 20 years), the challenges to provide for minimum standards of income and access to public services remain considerable. The I-PRSP has led to the formulation of sectoral strategies in health, education, and rural development, involving emergency investments in new schools, accelerating programmes against communicable diseases, including HIV/AIDS, and improving services in rural areas. Their input will need close monitoring: delivery systems are weak and unaccountable, and the strategies may prove to be unsustainable or bypass marginalised groups such as forest peoples.

ECONOMIC GROWTH

B4. *Macroeconomic management has started to improve although the current situation is fragile...* Cameroon's economic crisis has lasted since 1986, brought about by lack of fiscal prudence, the collapse of world market prices for Cameroon's main commodities, and an overvalued currency (CFA Franc). Rich in natural resources, petroleum still dominates an economy otherwise dependent on trade in agricultural commodities, notably timber, cocoa, coffee and oil palm. Regionally, Cameroon accounts for nearly half the combined GDP of the Central African Monetary Zone, and is an important market as well as providing the main export access for Central African Republic and Chad. After a series of failed structural adjustment efforts in the early 1990s, Cameroon has pursued a successful economic reform programme since 1997 with support from the IMF, World

B. THE CHALLENGE

CONTINUED

Bank, European Commission and France. The main achievements have been a sustained recovery in economic growth (now running at 5% p.a.), a marked improvement in macroeconomic management, regularisation of relations with foreign creditors, restructuring of the banking sector and the privatisation of some industries.

B5. The rainforest contributes to economic growth...

Cameroon's rainforest covers 40% of the country, and is of global environmental importance. It provides a wide range of products and services for the people of Cameroon, particularly the poorest rural groups. Forestry makes a major contribution to export receipts with timber accounting for 20% of total export earnings, making it the second most important source of foreign exchange after petroleum (47%). This figure excludes the considerable levels of revenues lost to illegal logging each year. In Cameroon the principal international environmental concern is deforestation (currently about 0.7% annually). Logging, which contributes to this, should be sustainable, but to achieve this Cameroon needs to tighten up regulation of the private sector, the forest tax regime and bring more transparency and accountability into the sector. There are some encouraging signs. Efforts to promote community involvement in forest management are starting to bear fruit. Independent monitoring of the allocation of logging concessions and the conduct of forest operations is in place. Cameroon's I-PRSP acknowledges the importance of the forest sector to poverty reduction and good governance.

GOVERNANCE

B6. Effective and equitable management of Cameroon's forests will deliver sustainable benefits to Cameroon's poorest... The forest sector contributes weakly to public

revenues, and national ownership of the industry is low. Rather than helping develop the country, the extractive forest industry, with few exceptions, is not contributing to sustainable development. Beneficial governance of the sector has been constrained by the excessive power of the timber industry, which has long been a major guarantor of the established political order. Civil society is weak, and the Government has an inadequate supervisory presence in the forest areas. Corruption is a major concern in the forest sector caused by centralised decision making, lack of accountability and high profit margins, which make it an easy source of patronage. Moreover, Government policy on issues such as land tenure, taxation and road-building needs to be more supportive of sustainable forest management. Nonetheless, unprecedented progress has been made over the last two years in reforming the sector. Crucial to this has been sustained collaboration between the international community and reformers in government and civil society. Further reforms - land management, taxation and institutional reform - are required for Government to benefit from debt relief and further structural adjustment measures in support of the reform agenda.



SMALL SCALE COMMUNITY FORESTRY CONTRIBUTES TO THE LOCAL ECONOMY

B. THE CHALLENGE

CONTINUED

B7. *The governance challenges are immense...* The conduct of the 1997 elections was a great improvement on the internationally condemned 1992 vote, but the democratic process is still weak. In 2001, Transparency International's annual survey of business attitudes ranked Cameroon as one of the most corrupt countries. Substantial amounts of public funds cannot be accounted for, with highly detrimental effects on public services. Its human rights record is poor. In recent years, allegations of extra-judicial executions, harassment of human rights activists, prolonged detention without charge and maltreatment of prisoners, and a judicial system open to political influence have been made by the United Nations and the Commonwealth. Reforms needed include: strengthening of the legislature and other democratic institutions, civil service reform, establishment of an independent judiciary, and a more open and participatory society. The Government has made some progress, for example establishing an electoral observatory, and has pledged itself to a programme of local government reform. An ambitious anti-corruption initiative has also been launched, including the creation of anti-corruption committees in key ministries. However, these efforts are yet to bear fruit. While Cameroon's record of national unity and civilian rule stand out in a turbulent region, political stability has been purchased at a price. Successful reform of governance and democratisation is essential to provide Cameroon with the firm platform of internal stability required for effective poverty reduction.



**THE MEDICINAL BARK FROM THE PRUNUS AFRICANA
CREATES SUSTAINABLE REVENUE EARNING
OPPORTUNITIES**

OPPORTUNITIES FOR THE INTERNATIONAL COMMUNITY

C1. Making progress towards the international development targets in Cameroon represents a real challenge for the Cameroon Government and the international community. Britain will play an active part in the international community's support for the Poverty Reduction Strategy Paper process and will seek to develop an effective joint approach to forest sector reform. Key partners in the forest sector include Canada, the World Bank, the European Commission and European Union member states. DFID takes a lead in helping coordinate EU member states' support to forest sector policy initiatives. We will work to strengthen the Commission's participation in the sector and continue our active support for donor coordination in close association with the World Bank and other donor partners. We will implement our support for civil society through the Dutch organisation, SNV. We also expect to strengthen links with the UN, particularly on governance issues.

WORKING WITH GOVERNMENT

C2 Britain is keen to facilitate an effective and continuing partnership for poverty reduction between the Cameroonian authorities and the international community. This will depend on the Government's commitment to human rights in the broadest sense: economic, civil and political, social and cultural. Indicators of a strengthening partnership with Government will include:

- Cameroon staying on track with its Economic Reform Programmes. Key aspects are improved accountability, and transparency to ensure the poor benefit and are protected in privatisation and deregulation measures;

- the development and implementation of a good quality Poverty Reduction Strategy based on effective consultation with and reporting back to the people;
- a detailed strategy to fight corruption which is then implemented;
- continued action to fight human rights abuses and strengthen the rule of law within the democratic process.

WORKING WITH CIVIL SOCIETY AND THE PRIVATE SECTOR

C3. A strong and independent civil society, able to give voice to local communities, monitor forest operations and promote dialogue with the Government, is recognised to be an essential precondition for improved management of the sector, not least by holding Government to account.

C4. DFID, together with other organisations, is developing relationships with civil society aimed at promoting a dialogue with Government on key issues of governance and livelihoods in forested areas, and providing services to forest communities. Civil society capacity is limited throughout the country and the ability to make demands on Government is weak. Our approach is summarised in our Cameroon Civil Society Strategy paper produced in July 2000.

C5. DFID will seek to encourage a constructive relationship between the private sector and Government in support of sustainable forest management and poverty reduction.

D. CURRENT UK DEVELOPMENT PORTFOLIO

D1. Our current portfolio reflects a transition from community forest management and participatory biodiversity conservation projects to a more strategic approach through policy dialogue. The aim has been to improve forest management and bring it up to the standards expressed in forest legislation, policy statements and international commitments. The central objective of our bilateral cooperation is to help reduce poverty in a sustainable fashion over the medium term. DFID projects are focused on the forestry sector, which is significant for poverty reduction and environmental objectives in Cameroon and is an entry point into wider governance reform.

D2. DFID's Forestry Programme Coordinator's Office was established in Yaoundé in 1999. Since then, the office has aimed to influence government policy, promote donor coordination and improve links with civil society. This has meant sponsoring studies and workshops and playing a leading role in policy dialogue. These efforts have borne fruit in the form of the October 2001 agreement between Government and donors on the steps required to put in place a forest and environment sector programme. In addition, our civil society strategy is being implemented both in the forest sector and in the poverty reduction strategy process.

D3. Current activities include:

- support for community forestry by building capacity in the Ministry of Environment and Forests (MINEF) and other partners thereby facilitating effective and equitably based forest resource planning and management. This includes developing the legal framework and operational procedures;
- support for biodiversity conservation; we are completing our work under the Mount Cameroon Project (Limbe) by helping establish and strengthen the local organisations that will implement the Mount Cameroon Participatory Biodiversity Conservation Strategy;
- increasing MINEF's regulatory capacity to monitor illegal logging activities through support to an Independent Monitor working with the Central Control Unit of MINEF;
- working with the local donor community to support improved information quality and flows, coordination, policy analysis and dialogue on forest issues, based on the UK's position as EU Forest Sector Coordinator;
- we have also invested substantially in forest research in Cameroon and will continue to draw heavily on this experience in our policy dialogue.

D. CURRENT UK DEVELOPMENT PORTFOLIO

CONTINUED

LESSONS LEARNED

D4. The current projects are likely to achieve their outputs. The main lessons from these projects are as follows:

- mechanisms are needed continually to capture and disseminate lessons from field experience and research, and reflect them in new policies;
- where civil society operates effectively, it can deliver low cost services to the rural poor, and make valuable contributions to policy reform;
- weak national and local institutions are the key constraint to implementing an otherwise sound policy framework;
- communities have great practical difficulty becoming effective partners in Cameroon's community forestry initiative;
- it is important to understand the broader political framework and history in which we are operating;
- the projects have developed viable approaches to participatory biodiversity conservation based on sustainable livelihoods but so far they are costly and time consuming;
- lack of coordination with other sectoral policies such as decentralization, land tenure, etc. can unwittingly undermine sustainable forest management;
- operating in close coordination with other donors and reformers achieves the greatest impact.



**RESEARCH UNDERPINS SUSTAINABLE FOREST
MANAGEMENT**

E. FUTURE UK DEVELOPMENT STRATEGY

E1. The purpose of our support is to reduce poverty in Cameroon, in particular through sustainable forest management in keeping with Cameroon's international commitments.

E2. Britain is a full partner with the international community in support of the poverty reduction strategy which Cameroon is developing. We will follow progress closely. We are also ready to continue direct support to Cameroon with a specific focus on forestry. The scale and nature of our support will depend on continued progress on the poverty reduction strategy and forest sector reform. Clear and verifiable commitment will be recognised by a multi-year support programme, additional to existing activities by DFID. Before we can commit ourselves to a new funding arrangement for the forest programme we expect progress on a number of targets. For the forestry and environment sector these are set out in the Aide Memoire of the Joint Government and Donor Mission which took place in October 2001 and they are reproduced in Annex 2. In addition, we expect Cameroon to finalise a good quality PRSP and to be on track for HIPC Completion Point. Provided that good progress continues, we plan two main forms of support; to contribute jointly with other members of the international community to the Government's Forest and Environment Sector Programme and to help build civil society capacity in the forest sector. If adequate progress is not made, we will wind down our support for the Government and concentrate on enabling civil society organisations to play a stronger role in forest management. We will decide whether to support implementation of the sector programme shortly after the preparation phase is completed.

E3. Developments over the past year, both in the HIPC process and the forest sector, provide a favourable basis for working with Government. Britain can play a valuable role by working collaboratively with other external development

partners; providing expertise to help shape their efforts and through a constructive and influential role on the Boards of the World Bank, the IMF and the European Commission, institutions through which we make substantial contributions. Our direct support to Cameroon will continue to focus on the forest sector in recognition of:

- its importance to Cameroon;
- the number of poor and underprivileged people living in Cameroon's rain forest zone;
- accumulated British experience of working in the sector;
- our active role in helping to coordinate the international community's support for the sector; and
- the global, national and local value of Cameroon's forest biodiversity.

E4. The primary beneficiaries of our support are the estimated 2.0 million forest dwellers who depend upon a range of forest products for their livelihoods. They have had little say in how forest resources are managed, nor shared equitably in the benefits of forest utilisation. Secondary beneficiaries are the wider population of Cameroon whose interests will be served by a well regulated forest sector contributing transparently to government revenues. There are also global gains from the sustainable management of Cameroon's forests. Our strategy is to work with the Cameroon Government and the international community in order that:

- forest communities can enjoy a sustained and diverse stream of economic, social and environmental benefits from their forest, and with the assistance of civil society, can ensure that government and private sector operators live up to their commitments;



CAMEROON'S FORESTS SHOULD BE A VALUABLE RESOURCE FOR FUTURE GENERATIONS

- the forest area can maintain a perpetual flow of benefits, from diverse sources including biodiversity conservation, to all segments of society, especially the rural poor;
- the private sector (forest industry) operates responsibly and ethically, in a fair, regulated environment, working to the highest international standards of forest management, adding value to primary products, generating sustainable employment and contributing to growth and poverty reduction;
- the government forest service delivers services efficiently and effectively, and aims to maximise the full range of forest benefits to all segments of society by becoming professional, accountable and responsive.

E5. The key to achieving this vision is; progress on a fully participative PRSP; the Government meeting agreed performance targets set out in the PRGF; and implementing agreed forestry policy in the regulation of logging, community forestry, institutional reform and decentralised taxation. These benchmarks provide a framework for our support, and set targets by which progress and Government commitment can be measured.

DEVELOPMENT OF A NATIONAL FOREST AND ENVIRONMENT SECTOR PROGRAMME

E6. This programme would include the following features:

- build institutional capacity within government for sustainable forest management, drawing on experiences from other successful reform programmes, particularly in African countries;
- a programmatic sector approach which provides a framework for coordinated donor assistance and acts as a flexible mechanism to help the Government implement its own policy, and to conduct policy dialogue with its partners.

E7. We will work closely with the Cameroon Government, civil society, the private sector and the other main donors in the sector (World Bank, European Commission, France, Germany and Canada) to help MINEF assemble this programme, and will maintain our capacity in Cameroon in order to fulfil the necessary coordinating role.

Within this framework we will support:

- development and implementation of a participatory forest sector strategy under the Forest and Environment Sector Programme;
- MINEF reorganisation based on the outcome of the current Institutional Review;
- strengthened dialogue between the Government and civil society to share the views of the rural poor, especially marginalised groups, and help provide forest management services to rural communities according to our Civil Society Strategy;
- strengthened MINEF capacity to monitor logging activities through an Independent Forest Monitor

working with the Central Control Unit of MINEF and with the support of the Ministry of Finance (MINEFI) and planning (MINPAT);

- greater capacity for effective and equitable community-based forest management, both within MINEF and with other partners, especially community-based organisations.

F. IMPLEMENTATION AND RESOURCES

F1. The Cameroon programme is managed by the West and North Africa Department of DFID's London headquarters and through a DFID Forestry Programme Coordination office and the British High Commission in Yaoundé. The Yaoundé offices are key to handling the policy dialogue with Government and with other stakeholders. Specialist support is provided from West and North Africa Department and selected consultants. The capacity of the DFID office in Yaoundé is reviewed on a regular basis. At present we consider that staffing is sufficient to manage our participation in a forest sector programme, once the existing projects phase out.

F2. British direct development assistance to Cameroon totalled £2.4 million in 1999/2000. Most future direct assistance will be in the form of technical assistance to government and support to civil society organizations. The UK also remains a substantial financier of Cameroon's development programmes through contributions to multilateral agencies, including the European Union and the World Bank who contributed £17.5 million and £59 million respectively in 1999. If good progress is made, then our grant disbursements over the next three years could reach up to a maximum of £14 million, including support for existing projects, civil society, the Forest Environment Sector Programme and other activities. Actual levels will also depend on the nature of support required for the Forest Environment Sector Programme. If adequate progress is not made, our grant disbursements will be limited to around £5 million over the three years.

F3. The Country Strategy Paper will be subject to annual reviews by DFID and will be reviewed jointly with the Cameroon Government and our development partners after three years.

SUMMARY OF PREPARATION PROCESS

1. The preparation of the Country Strategy Paper has drawn on regular dialogue in Yaoundé and elsewhere on forest and economic reform issues and on the wider poverty agenda. Preliminary discussions began with a series of meetings between key in-house personnel culminating in the first draft being available in January 2001.
2. Key messages which have influenced the strategy development process include the centrality of governance issues to the forest and environment sector; the need for poverty reduction to be mainstreamed into Cameroon's decision making process; the social and economic costs to individuals and communities in Cameroon of continuing corruption, and the absence of accountability and strong institutions.
3. Subsequent drafts have been discussed in Whitehall and through the Tropical Forestry Forum Network in the UK. Round table discussions in Yaoundé with Government, civil society, the private sector and donors, have been held to test the strategic directions which emerged.

PRE-PROGRAMME TARGETS¹

A) COMPLETION OF THE INSTITUTIONAL REVIEW PROCESS:

Finalise the Review according to the terms of reference and, on the basis of the final report, validate a strengthening strategy which will ensure the consistency of institutional capacity with the objectives of sectoral policy: strengthening of its autonomous functions, clarification of mandates, transparency of financial mechanisms, and management of human resources.

Adopt a reform plan which takes account of the results of the Institutional Review and the Report on the Current Situation by the joint mission.

B) IMPROVEMENT OF THE FRAMEWORK FOR COMMUNITY FORESTRY

Strengthening of the institutional capacity of the Community Forestry Unit;

Signing of the decree on the “right of pre-emption”;

Implementing systems for the sustainable management of community forests.

C) TAXATION SYSTEM

Establish an Equalisation Fund responding to the principles of: transparency, accountability, minimum cost of administration, and funding which directly benefits the development of rural communities;

Sign decrees reorganising the Programme for Securing Forest Income (“PRSF”) and establishing the means of tax assessment, and the collection of forestry revenue.

D) DEFINITION AND IMPLEMENTATION OF A COHERENT CONTROL STRATEGY IN THE FORESTRY SECTOR, TO INCLUDE IN PARTICULAR:

The systematic publication by MINEF of the reports of the independent observers in the forestry sector and the sanctions applied;

The application of sanctions and case tracking, including the payment of fines, withdrawal of accreditation and withdrawal of concessions.

E) REINFORCE THE PROTECTION OF BIODIVERSITY:

Make the necessary means available for poaching control campaigns;

Make better use of the various government services, so that they effectively support the fieldwork of the MINEF external services.

¹ Commitments agreed by the Government of Cameroon and its donor partners during a joint Forest and Environment Sector Programme Mission in October 2001

