



DEVELOPMENT

The CAMEROON and the EUROPEAN UNION



EUROPEAN
COMMISSION

DE 90

February
1997

CONTENTS

Copyrighted photos have
been removed.

INTRODUCTION	
The Cameroonian Economy	3
Cameroon in Figures	4
THE EUROPEAN UNION AND DEVELOPMENT COOPERATION	
From the Treaty of Rome to the Lomé Convention Lomé IV	5
Lomé IV	6
The Institutions of the European Union	7
The Instruments of Cooperation	8
The European Development Fund	9
ACP States and the European Union	10
CAMEROON AND THE EUROPEAN UNION	
Trade Relations	11
Bilateral Cooperation with the Member States	12
Communications Infrastructure	13
Road Maintenance Programme	15
Social Services	15
Health	
Education	
INDUSTRY AND TRADE	
A New Policy	18
The EC's Contribution to Privatization	19
Restructuring the Coffee and Cocoa Sectors	20
AGRICULTURE AND RURAL DEVELOPMENT	
Agriculture	21
Rural development	22
Rural Development Centre Project	
North-East Benoué Project	
STABEX	
The CRBP and Support for Agronomy Research in Central Africa	
EUROPEAN UNION SUPPORT FOR STRUCTURAL ADJUSTMENT	
Environment and Biodiversity	
Other Aid	26
Aid to Non-Governmental Organizations	
Regional cooperation	27
Main Community Projects in Cameroon with map	29
Community Operations in Cameroon 1960-95	30

Introduction

Cooperation between Europe and Cameroon, which was first established in 1958, has always been carefully attuned to Cameroon's development priorities.

Traditional technical and financial cooperation under the Conventions between the African, Caribbean and Pacific States and the European Community, the first of which, Yaoundé I, was signed in the Cameroonian capital in 1963, has gone hand-in-hand with an expansion in trade between the two sides. Over 60% of Cameroon's external trade is with the European Union, reflecting the long-standing firm relationship between Europe and Cameroon.

We shall be looking at the main areas of cooperation between the Community and Cameroon and the new approach which is still evolving to tackle Cameroon's economic situation and new priorities.

The European Union is by far Cameroon's largest donor in terms of grants. It provided ECU 535 million (CFAF 345 billion)¹ under Lomé IV's first financial protocol (1991-95) through a wide range of instruments.

¹ 1 ECU = 651.10 F CFA at 31 December 1996

The Cameroonian Economy

Tucked away in the Gulf of Guinea on the west coast of Africa, Cameroon (which is 1 240 km long from north to south) is a country of surprising diversity in terms of climate, population, culture, languages and economic structure. Despite its natural and human resources the country has been gradually slipping over the past ten years into economic crisis, political and social disorder and growing poverty. The enormous social and economic progress it had been making came to an abrupt halt when world prices for its main export commodities collapsed. After a period of sustained growth (7% a year), in 1986 Cameroon plunged into prolonged economic recession and permanent financial imbalance.

As its terms of trade rapidly deteriorated until the CFA franc was devalued in January 1994, its exports became uncompetitive and its GDP fell by 25% over a seven-year period. Its growth rate plummeted (-5%) and gross investment fell from 27% to less than 11% of GDP and gross domestic savings slipped from around 35% to 10%. Public investment declined sharply and infrastructure deteriorated sharply.

It was not long before Cameroon was showing record balance of trade, balance of payments and budget deficits. External and internal debt-servicing arrears stood at CFAF 450 billion and CFAF 640 billion respectively by the end of June 1994. Bilateral and multilateral debt rose to CFAF 4 000 billion and internal debt to CFAF 2 000 billion (source: MINEFI).

The Cameroonian government took a number of measures in 1987 and 1988 to reduce government and public sector spending. It also drew up a global budget stabilization and economic recovery programme. The IMF approved standby arrangements in September 1989 (for 18 months), December 1991 (for 9 months) and March 1994 (for 18 months) to help fund this and subsequent programmes. However, these were cancelled and the principal donors suspended financing. The European Union contributed ECU 49.7 million in this period to help get the Cameroon economy on its feet.

This restructuring policy was backed up by devaluation of the CFA franc in January 1994, which was a central element in the third standby arrangement concluded in

March 1994. This devaluation helped to make Cameroonian products become competitive again. Structural reforms, gradual balancing of public finances and strict monetary policy also helped to bring about a relative recovery in the export sector.

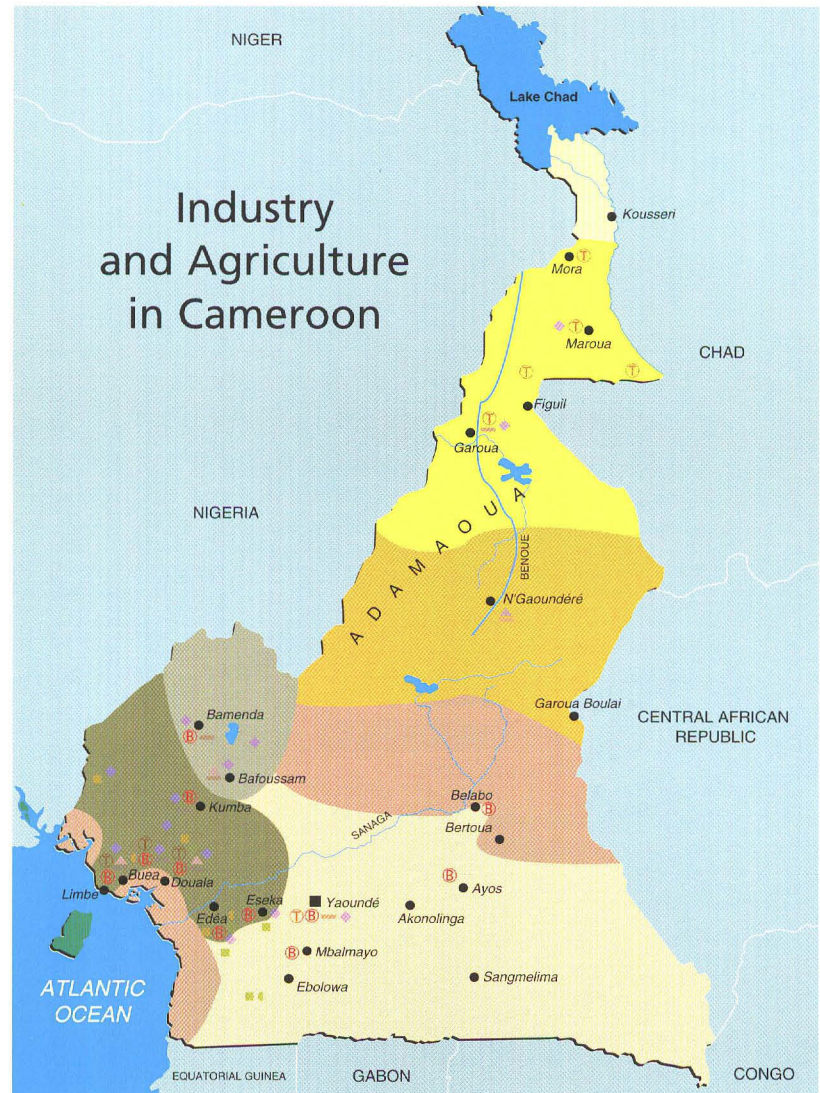
Cameroon negotiated and signed a fourth standby arrangement with the IMF in September 1995. This new 12-month programme will disburse adjustment aid including CFAF 60 billion from the European Union. If the criteria set have been met at 31 December 1995 an Enhanced Structural Adjustment Facility (ESAF) will then be negotiated.

The authorities are, however, aware that there is some way to go before the Cameroon economy is fully on the road to recovery and have consequently reorganized seven ministries (public sector and administrative reform, industrial and commercial development, economy and finance, national education, employment and social welfare, social affairs and women and public health) and will shortly undertake the same exercise in the Ministry for the rural sector. Under this programme officials who have reached a certain age and have 30 years of service will be retired to get rid of excess capacity. A commitment to privatizing public and semi-public enterprises has also been given. An overhaul of the financial system (banks and insurance) is under way and a legal and regulatory framework tailored to the needs of the business sector is being established in a free competitive environment.

Cameroon in Figures

Surface area:	475 422 km ²
Population:	13.275 million (1995) of which 56% are under 20
Average density (inhabitants/km²):	28
Annual population growth rate:	3% per year
Birth rate per 1000 head of population:	39.4
Mortality rate per 1000 head of population:	11
Life expectancy at birth (for either sexe):	58 years
Primary education:	101.2 % (this figure has not changed since 1990)
Secondary education:	28.6% (a slight decrease compared to 1993 - 28.9%)
Higher education:	3.5% (a slight increase compared to 1993 - 3.4%)
Large cities:	Douala: 1.2 million inhabitants, economic centre. Yaoundé, capital: 860 000 inhabitants.
Other towns:	Bafoussam (113 000 inhabitants) Bamenda (110 000 inhabitants) Garoua (142 000 inhabitants) Maroua (123 000 inhabitants)
Health sector:	one bed per 358 inhabitants; one doctor per 12 540 inhabitants.
Medical establishments:	two referral hospitals in Douala and Yaoundé and one general hospital in Yagoua.
Several national languages:	Working languages: English and French
Government system:	Presidential.

Source: EUROSTAT (1995) except for figures concerning towns and hospitals.



Cash crops and food			Industries	
Palm tree plantations	Sorghum	Macabo	Timber	Textile
Rubber plantations	Maize	Plantains	Constructions	Rubber - leather - skins
Sorghum	Maize	Cassava	Metals	Food processing
Groundnuts	Cassava	Cassava	Rivers	Bridges
Cassava	Maize	Cassava		
Maize	Tubers			
Plantains	Plantains			
	Groundnuts			

The EUROPEAN UNION and DEVELOPMENT COOPERATION

From the Treaty of Rome to the Lomé Convention

A major political power or regional economic grouping? Open trading partner or protection zone? Since January 1995 the European Union has 15 members: Austria, Belgium, Denmark, France, Finland, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden and the United Kingdom, and is now viewed somewhat differently by the outside world. However, its original objective remains the same.

When they signed the three Treaties (ECSC, EEC and EURATOM),² which form the cornerstone of the European project, the acceding States espoused the same cause: to create an economic union gradually leading to monetary union with free movement of goods, persons, capital and services, a union with common policies in certain sectors of the economy such as external trade, fisheries, agriculture, transport, and so on.

However, the Treaty of Rome establishing the European Economic Community in 1957 also proclaimed Europe's solidarity with its colonies and overseas countries and territories and affirmed the need to contribute to their prosperity. This gave birth to a development cooperation policy which the Community has never disavowed. Over the years it has been built upon by the commitment to a more equal relationship between developed and developing countries in Africa, the Caribbean and Pacific (ACP under the Lomé Convention), and through the Mediterranean protocols and cooperation with Latin America and Asia.

Decolonization in the early 1960s transformed this relationship, as far as subSaharan Africa is concerned, into an association between sovereign states. Today the 70 African, Caribbean and Pacific countries enjoy a special relationship with the European Union under the fourth Lomé Convention for 1990-2000. ECU 12 billion was earmarked under the first financial protocol and ECU 14 625 billion under the second in the form of grants and loans with interest rate subsidies through the European Development Fund (EDF) to finance economic and social investment programmes in the ACP States. Europe also has cooperation links with Africa in the industrial field through the Centre for Development of Industry (CDI).

The European Union has other instruments at its disposal. These include the generalized system of preferences which is used to help develop the South's trade: 99% of industrial products in the ACP States are allowed to enter the Community duty-free on a non-reciprocal basis. Other instruments such as Stabex and Sysmin bring some stability to the revenue ACP countries earn from their agricultural or mining exports. There are also instruments to support the ACP States' structural adjustment programmes, regional integration, food aid, emergency aid (famine and disasters) and small projects involving NGOs. There are also headings in the Community budget which can be used to finance sectors such as the environment, human rights and democratization and special funds such as that used to help ACP banana producers.

² 1 ECU = 651.10 F CFA at 31 December 1996

Lomé IV

The fourth Lomé Convention, as its predecessors, provides a framework for cooperation between the European Union and the African, Caribbean and Pacific (ACP) States. It reaffirms the principles on which such cooperation is based: contractuality, equality, non-interference, respect for partners' sovereignty, the security and predictability of aid and commercial advantages.

The new Convention reflects a commitment to the consolidation, improvement and strengthening of a cooperation contract based on solidarity and mutual interest.

This commitment to build on the achievements of the past can be seen in the fact that, after several five-year Conventions, Lomé IV was adopted for ten years (1990-2000), with a renewable five-year financial protocol. The number of ACP countries has risen to 70 with the accession of Eritrea, Haiti, Namibia and the Dominican Republic.

It is, however, the innovations contained in the new Convention which are of even greater significance. There has been a substantial increase in resources (ECU 12 billion under the first financial protocol and ECU 14 625 billion under the second compared with ECU 8.5 billion under Lomé III), but, more important, is the introduction of an instrument to support the economic restructuring policies of the ACP States.

This can be used to bolster the social side of a number of structural adjustment programmes which would otherwise have failed because of political and social constraints arising from an approach which is too restrictive or focuses solely on financial and economic aspects.

Another major innovation is the introduction of a chapter dealing with debt. Here again Lomé IV has improved the conditions of Community aid by abolishing special loans and the obligation for Stabex and Sysmin resources to be replenished and by providing special technical assistance to help the ACP countries manage their debt more effectively.

Lomé IV has also extended the area of cooperation to population, environmental protection, movement of toxic and radioactive waste and the development of service activities. The Convention places greater emphasis on the private sector and its role in promoting the growth and diversification of ACP economies. Lomé IV contains a stronger and more operational instrument to promote, protect, support and finance investment than its predecessor. Its provisions on human rights also go further.

The new Convention marks a new approach to decentralized cooperation which is intended to give grassroots communities greater access to cooperation.

The Institutions of the European Union

The European Union is a unique institutional system which differs from conventional international organizations. The states which have subscribed to the Treaties of Rome and Maastricht have agreed to delegate sovereignty to independent institutions representing both the national and Community interest. These inter-institutional relationships form the basis for the decision-making process.

The European Council comprises the Heads of State or Government of the Member States. It meets at least twice a year and counts the President of the Commission among its members. It acts as both initiator of major political initiatives in the Union and arbitrator on matters on which the Council of Ministers is unable to reach agreement. The European Council also discusses topical international issues through the Common Foreign and Security Policy (CFSP) mechanism which provides a joint diplomatic conduit for the Fifteen.

The Council of the European Union is the Union's principal decision-making institution. Member States are represented at ministerial level. Ministers meet according to their portfolios: foreign affairs, development, agriculture, transport, industry, environment, etc. The Council also has semi-legislative power that it shares in certain areas with the European Parliament. Each Member State of the Union holds the Presidency for six months on a rotating basis.

The European Parliament is elected for five years and has 626 members. This institution is the forum for democratic expression and political control within the European Communities and is involved in the legislative process. The Maastricht Treaty has strengthened its role by giving it co-decision-making

power which it exercises jointly with the Council of Ministers in certain well-defined areas. It also shares budgetary powers with the Council.

The European Commission initiates Community policy and is one of the key organizations in the Union's institutional system. It has 20 Members (excluding the President) who are appointed for five years. The European Parliament now has the right to approve its investiture. It is the guardian of the Treaties and is responsible for their management and implementation within the Community. It has wide-ranging powers in common policy areas such as trade, research and technology, regional cohesion and development aid.

The Court of Justice is composed of 15 judges who are appointed for six years. It oversees compliance with European law enshrined in the European Treaties.

The Economic and Social Committee is a consultative body and assists the Council of Ministers and the Commission by providing its opinion on matters concerning the Union and Euratom. Its 222 members represent trade and industry within the Community.

The Committee of Regions set up under the Maastricht Treaty comprises 222 members representing local and regional authorities who are elected for four years. It must be consulted before any decisions with regional implications are adopted.

The Instruments of Cooperation

The Lomé Convention provides a framework for cooperation between the European Union and its ACP partners. A number of instruments are employed to underpin these relations.

Financial and technical cooperation forms the cornerstone of the Union's relations with Cameroon as it is this which finances development through the relevant funding and technical assistance resources. Apart from the resources managed by the European Investment Bank (EIB) all funds provided under Lomé are in the form of grants. Projects and programmes are financed by grants (ECU 537 million for 1990-95)³ or EIB loans (ECU 70 million) or by a combination of these two sources of financing.

Structural adjustment aid also comes under this chapter and is a major innovation. ECU 20.5 million has been given under this heading to Cameroon to supplement traditional long-term development aid in areas such as health, environment and food security and to underpin the Cameroonian government's short and medium-term policies to restore macro-economic equilibrium.

Similarly, Lomé IV has introduced measures to help reduce the burden of debt and alleviate the ACP countries' balance of payment problems. These measures will also help to stimulate growth and recovery. This is why the new Convention no longer contains special loans nor the obligation for resources such as Stabex to be replenished. The Union's aid to indebted ACP countries also takes the form of technical assistance to help them manage their debt and, through adjustment aid, to tackle the causes of the imbalances at the root of their debt problems.

The chapter on the promotion of investment funding and support which has been completely reworked is wider-ranging and better structured than in

the previous Convention. New sources of aid have been introduced to ensure more dynamic use of risk capital. Investment, movement of capital and establishment of services are generally seen as a means of encouraging private industry to play a greater role in ACP countries and to participate in their development.

Trade cooperation enables African ACP States, under Lomé IV, to export their products to the Union duty free. The European Union does not, however, require the same treatment to be applied to its exports to these countries making the customs duties levied on European imports an important source of revenue for the ACP States.

Cooperation on commodities is intended to correct the negative impact of instability in ACP export earnings. Stabex has provided over ECU 550 million to Cameroon since Lomé I.

The European Union can also make use of headings in its budget to finance sectors such as the environment, human rights and democracy, the special assistance scheme for banana producers and decentralized cooperation.

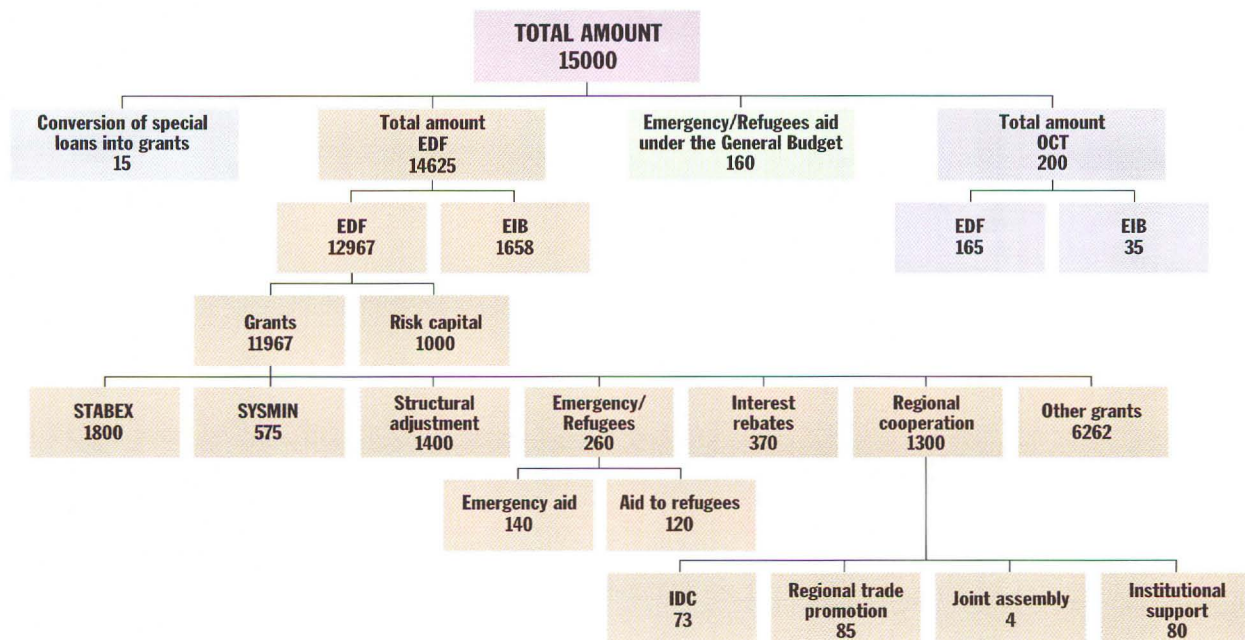
Under regional cooperation, the European Union can help ACP countries - through regional cooperation and integration - in their efforts to secure their long-term economic, social and cultural development on a collective, independent and integrated basis and to pursue greater regional self-sufficiency.

The EIB, which is the Union's financing institution, provides resources (from its own capital or EDF allocation) to promote development. The EIB has provided funding for industry, tourism and energy in Cameroon.

³ 1 ECU = 651.10 F CFA at 31 December 1996

The European Development Fund

Financial Protocol 1995-2000 (in million of ECU)



The European Development Fund (EDF) is not, as some people think, another name for the European Union or the European Commission. It is a tool to which all Member States of the Union contribute. It finances projects and programmes in the African, Caribbean and Pacific (ACP) countries which are signatories to the Lomé Convention. Cameroon has received ECU 55.3 million (under Lomé I), ECU 69 million (under Lomé II), ECU 101 million (under Lomé III) and ECU 110 million (under Lomé IV, first financial protocol) from the EDF.

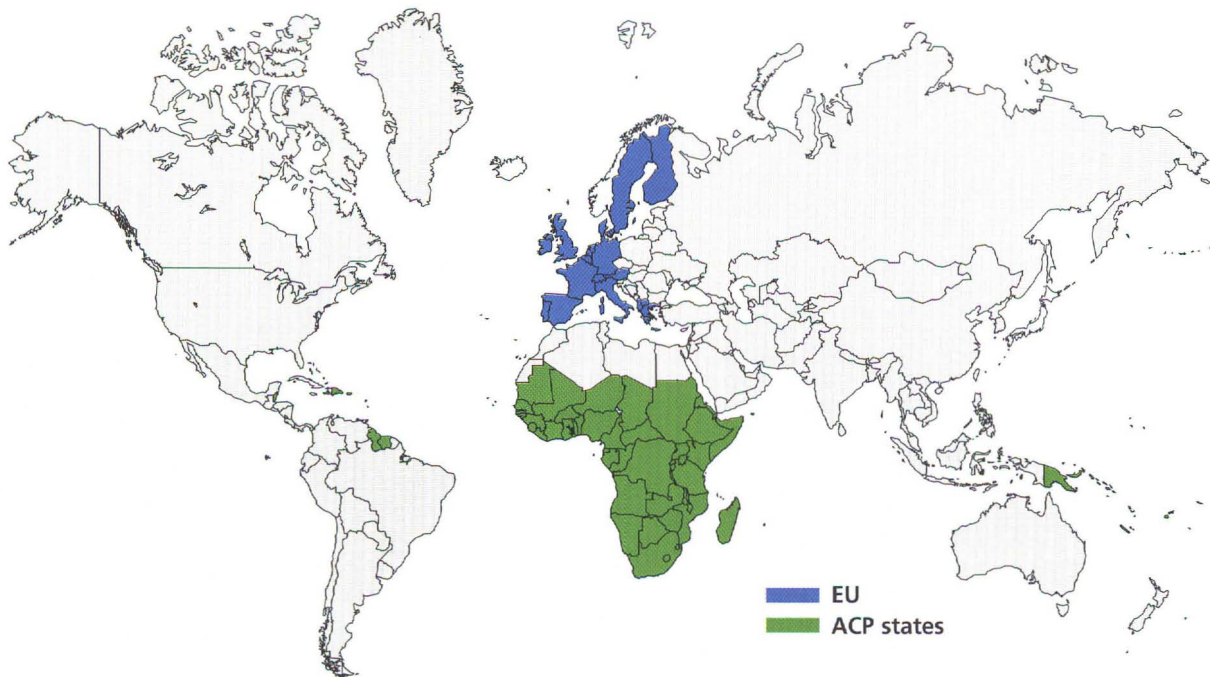
Eight successful funds have been set up since 1958 when it was first established. All cover a period of five years (up to the year 2000).

The proportion of grants in relation to loans has also risen from 75% under the 4th EDF to 92% under

the 7th. There was a 21.9% increase under the 8th EDF over its predecessor. Each fund is topped up by loans from the EIB which provided up to ECU 1 000 million under Lomé III and ECU 1 200 million in the form of loans for 1990-95. Its contribution to the 8th EDF (1995-2000) is ECU 1 658 million.

All the Fund's resources are divided between ACP States into programmable and non-programmable aid. Programmable aid is negotiated between the European Union and an ACP State and culminates in a national indicative programme (NIP) which serves as a sort of five-year charter for cooperation between the two partners. Non-programmable aid is not granted in advance and is used for special purposes. Structural adjustment support, Stabex, Sysmin, emergency aid and assistance for refugees come under this heading.

The ACP States and the European Union



■ ACP States

AFRICA

- 1 Angola
- 2 Benin
- 3 Botswana
- 4 Burkina Faso
- 5 Burundi
- 6 Cameroon
- 7 Cape Verde
- 8 Central African Republic
- 9 Chad
- 10 Comoros
- 11 Congo
- 12 Côte d'Ivoire
- 13 Djibouti
- 14 Eritrea
- 15 Ethiopia
- 16 Gabon
- 17 Gambia
- 18 Ghana
- 19 Guinea
- 20 Guinea Bissau
- 21 Equatorial Guinea
- 22 Kenya
- 23 Lesotho
- 24 Liberia
- 25 Madagascar
- 26 Malawi
- 27 Mali
- 28 Mauritania
- 29 Mauritius

- 30 Mozambique
- 31 Namibia
- 32 Niger
- 33 Nigeria
- 34 Uganda
- 35 Rwanda
- 36 Sao Tomé & Príncipe
- 37 Senegal
- 38 Seychelles
- 39 Sierra Leone
- 40 Somalia
- 41 Sudan
- 42 Swaziland
- 43 Tanzania
- 44 Togo
- 45 Zaire
- 46 Zambia
- 47 Zimbabwe

CARRIBEAN

- 48 Antigua and Barbuda
- 49 Bahamas
- 50 Barbados
- 51 Belize
- 52 Dominica
- 53 Dominican Republic
- 54 Grenada
- 55 Guyana
- 56 Haiti
- 57 Jamaica
- 58 St Christopher & Nevis
- 59 St Lucia
- 60 St Vincent and the Grenadines
- 61 Suriname
- 62 Trinidad and Tobago

PACIFIC

- 63 Fiji
- 64 Kiribati
- 65 Papua New Guinea
- 66 Solomon Islands
- 67 Tonga
- 68 Tuvalu
- 69 Vanuatu
- 70 Western Samoa

■ European Member States

- 1 Allemagne
- 2 Autriche
- 3 Belgique
- 4 Danemark
- 5 Espagne
- 6 Finlande
- 7 France
- 8 Grèce
- 9 Irlande
- 10 Italie
- 11 Luxembourg
- 12 Pays-Bas
- 13 Portugal
- 14 Royaume-Uni
- 15 Suède

CAMEROON and the EUROPEAN UNION

Trade Relations

From the outset the European Community has always attached great importance to developing trade relations in order to overcome the difficulties inherent in traditional trade structures, which in the ACP States are primarily used for the export of commodities, and to encourage the emergence of an industrial fabric. The ACP States therefore enjoy free access to the European market since their products are not subject to import duties. Virtually all tariff restrictions or quotas on sensitive agricultural products which came under the Common Agricultural Policy until 1995 were eliminated or reduced when the fourth Lomé Convention was revised.

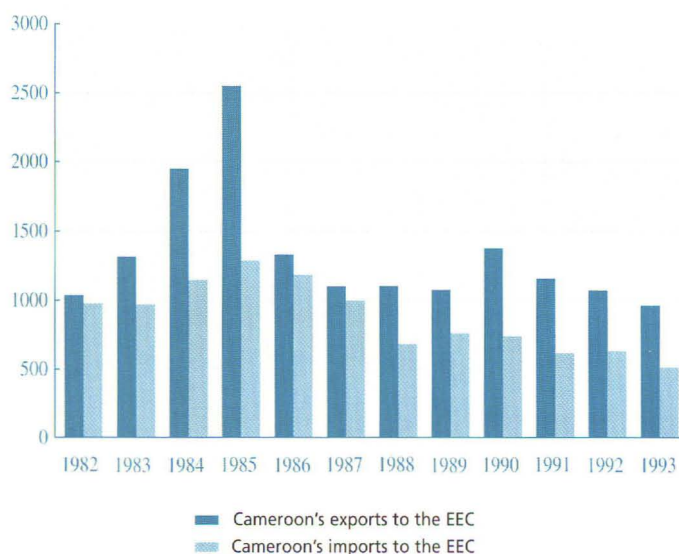
For certain products (bananas, sugar, meat) free access is limited to exact quotas. Over and above these quantities the products are subject to the same duties as exports from third countries.

This free access is the most favourable treatment granted by the European Community to a third country although this has not prevented the ACP States' share of world trade from shrinking.

None the less, EU-Cameroon trade figures (see table) show that despite the economic crisis in Cameroon and the drop in trade flows in both directions, Cameroon's trade balance with Europe is positive. The EU remains by far its biggest trade partner, accounting for 80% of exports and imports.

Cameroon exports petroleum products, wood, cocoa and bananas to Europe. Cameroon imports similar amounts of industrial products from Europe

**EU - Cameroon trade
(value million ecus)**



	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Cameroon's exports to the EEC	1038	1318	1949	2550	1334	1102	1104	1077	1379	1159	1073	964
Variation (%)		+27	+48	+36	-48	-17	0	-1	+2			
Cameroon's imports to the EEC	975	966	1142	1286	1181	993	677	757	736	613	627	508
Variation (%)			+18	+13	-8	-16	-33	+12	-2			
Cover rate (%)	106	136	170	198	113	111	163	144	187			

Bilateral Cooperation with the Member States

After thirty years of cooperation - seen as exemplary in Cameroon - relations between Cameroon and the EU Member States have met with mixed fortunes in recent years and bilateral cooperation has sometimes been frozen. Although they have not returned to the same firm footing, 1994 marked the beginning of an easing of relations. The bone of contention is essentially the European partners' interpretation of headway in the democratic process, the human rights situation and Cameroon's insolvency vis-à-vis its creditors.

France, which is Cameroon's biggest bilateral donor, is also its most important partner. Its support mainly takes the form of direct technical assistance, training awards, grants from the Fonds d'Aide et Coopération (Aid and Cooperation Fund) and loans from the Caisse Française de Développement (French Development Fund).

Official aid amounted to CFAF 106 billion in 1994 and was used to finance sectors such as education, health, rural development and basic infrastructure. For the past four years priority has been given to institutional development (rule of law, justice, decentralization) and urban development.

Funding in the form of loans from the Caisse Française de Développement totalled CFAF 523 billion for the period 1990-94. For 1994 alone funding totalled CFAF 88 billion, including CFAF 60 billion in adjustment loans, following the devaluation of the CFA franc. These loans are intended to support the economic reforms undertaken by the Cameroon government. At the same time, the French government cancelled debts of CFAF 370 billion as part of the Dakar initiative. A Special Development Fund of CFAF 5 billion was set up to finance small projects linked with the fight against poverty.

Among the Member States Germany is Cameroon's second biggest bilateral donor. Its economic cooperation with Cameroon includes projects in the financial and technical fields. German aid mainly covers infrastructure and transport but also rural development and social infrastructure projects and education. It is also active in road building and maintenance, environmental protection and various health projects such as primary health care, the fight against Aids and family planning.

In addition there are other microprojects administered directed by the Embassy and aimed at encouraging grassroots development. In 1994 commitments totalled DM 15.25 million.

The United Kingdom's bilateral aid to Cameroon goes to well-targeted sectors such as environmental protection and conservation of biodiversity, particularly in the Korup Park zone and the Mount Cameroon area. The UK government has also set up assistance programmes with Cameroon's public services to promote women's interests, good governance and university education. Projects currently being financed amount to almost CFAF 78.8 billion (£100 000).

In 1994 Belgium provided grants totalling ECU 6.5 million (CFAF 4.29 billion) to rural development, public health, agriculture, livestock farming, agricultural training and the urban water supply programme.

The Netherlands' activities in Cameroon take place in a well-defined legal context, via an active joint committee and numerous NGOs which enjoy the direct support of the Directorate-General for International Cooperation (DGIS) of the Ministry of Foreign Affairs. In 1994 the Netherlands' disbursements to Cameroon amounted to Fl 5 million (CFAF 1.5 billion). The estimated amount for this year will be Fl 13 million (CFAF 3.9 billion). Cooperation covers two priority areas: environmental protection, essentially the conservation of biodiversity, and international education via support for regional training institutes based in Cameroon.

In the absence of major infrastructure projects, Italian bilateral cooperation has focused on health and integrated rural development. These initiatives, which have absorbed the vast majority of the CFAF 5.369 million allocated, include Bertoua and Yagoua hospitals. Italian cooperation was responsible for management of these hospitals and the training of senior medical staff for three years and for the integration of the health system in the two regions in question. In urban areas the main objectives have been to combat unemployment by promoting self-employment in the artisanal sector and the social integration of young people. All these projects have been promoted by Italian NGOs and their local partners.

Communications Infrastructure

Since the first European Development Fund the European Union has taken an active part in financing communications infrastructure in Cameroon. At the beginning of cooperation with Cameroon this involved providing the country with a communication network to speed up its economic development which was hampered by the regions' isolation and the many natural obstacles which limited the movement of goods and persons.

44% of the first five EDFs was allocated to this sector: roads, tracks and railways were added to the virtually non-existent stock and port infrastructure was developed. At the beginning of the 7th EDF Community investment in communications infrastructure totalled over ECU 520 million of which ECU 227 million (CFAF 147.7 billion) was allocated to roads alone.

Port Infrastructure

Douala port was one of the first EC-financed projects. This port located on the estuary of the Wouri river is a pillar of the Cameroonian economy (90% of trade goes through it) but since it came into service it has suffered all the hazards of a shallow-water port. It very quickly became clear that the channel would need constant and costly maintenance to prevent it from silting up. The EU financed the construction of four berths and,

more importantly, the purchase of a dredger to maintain and deepen the channel to provide access for large tonnage vessels and cope with the increase in traffic.

The 3rd and 4th EDFs allocated almost ECU 2.5 million to modernizing the commercial port, the timber terminal and the fishing port. Emergency aid of ECU 117 000 was provided to get the damaged dredger back into operation.

Railway Infrastructure

The main areas of Community intervention in the railway sector were the construction of the transcameroon railway, improvements to the track dating from colonial times and assistance for the Régie Nationale des Chemins de Fer du Cameroun (Régifercam). The technical study and completion of the Yaoundé-Belabo-Ngaoundéré section absorbed more than ECU 45 million and ECU 7.25 million was allocated to consultancy work and completion of the Eseka-Edéa-Maloumé section. Funding of ECU 10 million was used to upgrade the Edéa-Douala track; the Mbangá-Kumba section cost ECU 1.13 million; Régifercam received funding of ECU 1.4 million from the Community to purchase equipment and fit out workshops.

Three major bridge-building projects were carried out under the 1st EDF at a cost of ECU 4.384 million. These were the rail-road bridges over the Sanaga at Edéa (ECU 1.817 million), over the Moundou (ECU 699 000) and the bridge over the Bénoué at Garoua.

The bridge over the Dibamba was financed from 4th and 5th EDF resources. It was the EU again which financed repair work on the bridge in 1990 costing ECU 3 million.

Road Infrastructure

Of all communications infrastructure, it is roads which have been given particular attention by the EU. Development of this sector has removed physical barriers which hampered the return on investment and it has lowered the cost of transport which weighed heavily

on exports. The projects carried out under the first five EDFs essentially opened up areas of high agricultural and livestock productivity.

Other projects included the asphaltting of the Yaoundé-Mbalmayo road (ECU 1.95 million) and the construction of the Nkole-Bitye-Nkolenieng road in the centre of the country, the Tignère-Koutona and Ngaoundéré-Garoua roads in the north. In the English-speaking part and in the west of the country the EDF financed the repair and asphaltting of the Bolifamba-Kumba and Victoria-Kumba roads (ECU 6.5 million). In addition, over ECU 12 million was allocated to improving and completing work on the Bamenda-Bafoussam road.

More recently ECU 6.5 million was used to finance the Mélong-Dschang and Moroua-Mora roads, a section of the Tiko-Limbé road and the bridge over the Noun at Fouban.

It is, however, the Yaoundé-Ayos road, which was opened in 1994, which provides the perfect example of the interest which the EU attaches to the expansion of this sector in Cameroon. Over ECU 70 million (CFAF 46 billion) was invested in this trunk road, which is of prime importance to the region. It provides access to an area of considerable agricultural, forestry and mining potential. It is bound to boost output and encourage its entry in the economic system.

The 7th EDF saw a change of tack in the financing of road infrastructure. The policy followed until then had concentrated on building new roads. Henceforth Community aid would be allocated primarily to the maintenance of existing roads which, in a context of economic crisis and budget shortages, had sharply deteriorated. It was this situation, which is common to all the countries of sub-Saharan Africa, which awoke donors to the danger.

The costs of repairing these roads are so high that the donors decided to intervene and get the national authorities to reform road maintenance policies. Under the aegis of the World Bank the Road Maintenance Initiative (IER) was set up at the beginning of the 1990s. This new approach enables the African countries to

analyze and resolve their road maintenance problems themselves: planning, programming and financing. The IER's great merit is that it creates synergy using public and private structures, development banks and donors to improve the state of African roads.

In Cameroon road maintenance programmes and the rehabilitation of rural tracks (financed by the EDF and Stabex 1991 to the tune of ECU 39 million) provide practical expression of this new approach (see boxed text).

Besides national programmes, the EU is also involved in improving roads giving access to the countries of the sub-region, such as the Central African Republic, Chad, Gabon and Equatorial Guinea. Funding for this amounts to ECU 75 million.

In the airport sector, ECU 6.07 million was spent on the construction and fitting-out of Douala's Regional Fire Safety School (ERSI), which has been completed.

Road Maintenance Programme

The EDF road maintenance programme is in keeping with the sectoral transport programme (STP). It was drawn up by the Cameroon government with the donors' assistance and has total funding of ECU 22.5 million. This ambitious programme is essentially carried out by Cameroonian SMEs selected following a national prequalification exercise in which 254 applicants competed. It is funded from the 7th EDF. It marks a change in policy - namely the privatization of road maintenance work. The roads are located in three areas: Bamenda and Tikar Plain, Bertoua and Yaoundé.

The programme has several objectives:

- opening-up rural production areas and bringing to an end the isolation of some communities;

- setting-up and increasing the professionalism of SMEs in the public works sector in order to support the road maintenance privatization policy;
- support for the resumption of economic activities at a time when the government is in acute financial crisis;
- providing work for villagers and enabling them to increase their incomes: this work will consist of length-man operations (clearing verges and ditches).

Social Services

Health

Until 1986 Cameroon enjoyed fairly sustained growth which resulted in real progress, particularly in the economic and social sectors.

At the beginning of its cooperation with Cameroon, EU assistance to the health sector was used to provide health care centres and hospitals, expand existing structures and create proper modern health infrastructure. The capacity and the quality of health care services were thus improved.

Yet more than thirty years down the road from independence it has to be said that the health care situation has remained mediocre and has not kept up with the general level of development achieved. It has further deteriorated since 1986 when the first signs of economic recession emerged. Major imbalances were discovered, calling for a redefinition of the role and activities of the state. The health system, which until then had been mainly organized round the public

sector, was accordingly reviewed and health policy was retargeted to meet basic needs and protect vulnerable groups. However, the planning, programming, management and coordination of health measures also need to be improved.

Thus as soon as Cameroon's first structural adjustment programme was signed, the EU undertook to contribute to the health component of the project covering the social dimension of adjustment.

What has happened is that with the economic crisis and the subsequent devaluation of the CFA franc medicines have become inaccessible to people whose purchasing power has considerably diminished. The EU therefore looked for a solution which would make them physically and financially accessible. To that end it is financing a temporary centre for the supply and distribution of medicines (CIAME). The total cost of the project is ECU 265 000 and it has helped to meet the needs of the health service by setting up sales of essential medicines and a cost recovery system.

This preceded another, larger-scale EU support project for the health sector. Costing ECU 8.5 million, this project consists of three basic components to alleviate the adverse effects of recession and adjustment on the operation of the health service: institutional capacity building, support for basic services and the implementation of a medicines policy. Funds earmarked for structural adjustment have been used to boost these measures, the aim being to create a national central office for the supply of essential medicines (CENAME).

In 1987 the EU joined forces with the international community to help finance the fight against Aids. The special programme drawn up by the World Health Organization directs and coordinates all these efforts. In Cameroon the EU has targeted its action on three fronts:

- (i) improving blood transfusion centres (ECU 1.180 million);
- (ii) training for laboratory staff (ECU 472 455);
- (iii) an information and education campaign on Aids prevention in schools (ECU 206 784). The aim is to make adolescents and their parents and teachers more aware of this pandemic and the precautions to be taken.

Education

At independence Cameroon was one of the countries with the highest school enrolment ratios in Africa. At the time the government was involved in a policy to develop school infrastructure, supported at local level by village communities. From 1963 European Union aid was used to build 1 014 classrooms.

The efforts to develop primary education were carried on in secondary education. The EDF contributed a total of ECU 5.5 million to the extension of several colleges - Mazenod in Ngaoundéré, Liberman in Douala, Vogt in Yaoundé - and to the creation of two technical colleges in Bertoua (East) and Buéa (South-West).

At the same time the EDF tried to tackle the shortage of teachers. It contributed to the setting-up of the Yaoundé Ecole Normale Supérieure (ECU 1.375 million), to the fitting-out and extension of specialist schools such

as the Centre International de Formation Statistique (ECU 313 000) or the Binguela Ecole Pratique d'Agriculture (ECU 428 000). Under the 4th and 5th EDFs grants of ECU 1.843 million and ECU 400 000 respectively were allocated to the education sector, bringing Community financing to ECU 4 million during the first five EDFs.

Under Lomé IV Community support for the education sector, apart from certain study awards, comes mainly from regional programme funds. This is the case for the Catholic University of Central Africa (ECU 1.08 million) and COMSTAT, the programme for training statisticians (ECU 240 000).

However, a sum of CFAF 1.9 billion is provided for in the second instalment of the second structural adjustment support programme for the education sector as part of the social safety net. This aid will be concentrated on the renovation of several schools and the supply of basic equipment and books.

EIB Financing in Cameroon by Sector at 31/12/94

Recipient	No.	Convention	Total in million ECU		
			Own resources	Risk capital	Total
Socapalm					
Socapalm	73/12	Yaoundé II		8.85	
Socapalm II	76/12	Lomé I		2.30	
Socapalm III	82/04	Lomé III	3.80		
			3.80	11.15	14.95
SONEL					
ENELCAM I	67/04	Yaoundé I	4.05		
ENELCAM II	71/05	Yaoundé II	3.50		
SONEL I	76/12	Lomé	13.50		
SONEL II	83/12	Lomé II	25.00		
SONEL Mape	85/12	Lomé III	22.00		
			68.05	0.00	68.05
Hotel Sohl					
Hotel Sohl I	77/06	Lomé I	2.67		
					2.67
CIMENCAM					
CIMENCAM	68/05	Yaoundé I		1.64	
CIMENCAM II	72/11	Yaoundé II	0.65		
CIMENCAM III	77/12	Lomé I	2.00		
CIMENCAM IV	79/12	Lomé I	6.60		
			9.25	1.64	10.89
SOLICAM					
SOLICAM	79/06	Lomé I	2.55		
					2.55
ALUCAM					
ALUCAM	79/08	Lomé I	5.30		
ALUCAM	79/10	Lomé I		2.30	
			5.30	2.30	7.60
KRIBI IRON ORE					
Kribi iron ore	83/09	Lomé I		0.40	
					0.40
REGIFERCAM					
REGIFERCAM	69/05	Yaoundé I		1.40	
Transcameroon railway	69/07	Yaoundé I		5.00	
Transcameroon railway II	81/05	Lomé II	10.00		
			10.00	6.40	16.40
CAMEROON'S DEVELOPMENT CORPORATION					
CAMDEV	67/04	Yaoundé I		6.48	
CAMDEV II	82/04	Lomé I	6.90		
			6.90	6.48	13.38
HEVECAM					
HEVECAM	84/11	Lomé II	13.40		
					13.40
SNEC					
Yaoundé water supply	84/12	Lomé III	14.60		
					14.60
SBM - Bananas					
SBM-bananas (Lomé III)	91/08	Lomé III		0.33	
SBM-bananas (Lomé III)	91/08	Lomé III		0.67	
SBM-bananas (Lomé IV)	91/10	Lomé IV	1.50		
			1.50	1.00	2.50
CICAM II					
CICAM I	65/10	Yaoundé I	1.22		
CICAM II	69/07	Yaoundé I	1.01		
CICAM III	70/11	Yaoundé I	1.80		
			4.03	0.00	4.03
SOCATRAL					
SOCATRAL	66/03	Yaoundé I	1.22		
					1.22
SOSUCAM					
SOSUCAM I	66/06	Yaoundé I	2.03		
SOSUCAM II	73/09	Yaoundé II		0.54	
ISOSUCAM II	73/09	Yaoundé II	1.80		
			3.83	0.54	4.37
TOTAL			147.08	29.91	176.99

The only financing granted between January 31, 1994 (closing date of the above table) and January 31, 1996 are the following:

SONEL Douala Electricity Network A (EIB) Nr 17208 Lomé IV, own Resources: ECU 8 million.
SONEL Douala Electricity Network B (EIB) Nr 70996 Lomé IV, Risk capital: ECU 12.5 million.

SCIMPOS (glue production project) (EIB) Nr 71000 Lomé IV, Risk capital: ECU 0.6 million.

It should be recalled that loans granted by the European Commission in the context of EIB project financing are also recovered by the latter ⁽¹⁾.

(1) Information supplied by EIB, Luxembourg.

INDUSTRY and TRADE

A New Policy

Until the end of the 1980s Cameroon's industrial sector - like the whole of the economy - was entirely under state control. The state was the country's sole regulator and organizer of economic activities. There are two reasons for this situation: on the one hand the lack of a dynamic private sector and inadequate national savings and investment and on the other hand a concern to create national structures capable of administering the needs of a modern state. This explains the proliferation in the productive sector of public sector firms and parastatals which were intended to provide import substitutes.

Faced by economic crisis in 1986 and profound changes in the world economy, the Cameroonian authorities embarked on restructuring and stimulating the national economic fabric by introducing free market legislation at several levels. Examples of this are the restructuring of the coffee/cocoa sector and the liberalization of marketing of these products.

Industrial activity began to pick up again. In the second quarter of 1994/5 (after devaluation of the CFA franc) employment and salaries of permanent staff progressed at the same rate of 3.3% as the volume of production. The cash flow problems encountered by firms began to ease off. None the less, the lack of domestic household demand backed by purchasing power remained the main constraint on the supply of industrial products. However, efforts to control production costs continued which helped to contain selling prices downstream. Yet there are still bottlenecks despite the headway made in the sector:

- 62% of firms have ageing production plant;
- 41% of firms have difficulty in getting supplies of raw materials and semi-manufactures;
- it is difficult to obtain bank loans to finance long-term operations.

On the trade front, the quantitative restrictions imposed in the past on imports have been eliminated, a lot of administrative red tape has been cut and the marketing of commodities has been liberalized. With regard to tariffs, the customs and tax system has been simplified following the tax and customs reforms implemented within the CACEU and many rates of duty have been reduced.

On the investment promotion front, an industrial free zone was set up to encourage the creation of export firms and at the same time the state embarked on a programme to privatize public sector firms and parastatals. In addition, the award of contracts is now systematically on a tendering basis. In the monetary and financial field, the aim of the devaluation of the CFA franc is to improve competitiveness and hence give a new boost to exports. In addition, one of the aims of the cut in bank interest rates is to facilitate access to credit.

The EU has always firmly supported Cameroon's attempts to industrialize, particularly via the EIB and the CID. It is continuing its support by encouraging the process of privatization set in train by the state and backing the country in its search for a proper market economy with a open trading system, particularly for marketing commodities.

The EC's Contribution to Privatization

The government has made a public declaration on the guiding principles of its reforms at each stage of the procedure.

To date the state has successfully completed its withdrawal from a total of 19 public enterprises or institutions, including 10 by privatization (OCB, SOCAMAC, SEPBC, SCDM, COCAM, SOFIBEL, CHOCOCAM, Société de Raffinage du Littoral, SPFS, the Yaoundé ONDAPB station) and 9 by winding-up order (GETRAM, SODERIM, SEAC, CREVCAM, SEDA, SOCATOUR, ONAPHARM, OPV, SOTUC). The government has also privatized the management of Cameroon's airports (ADC) and the Ekona plantations. The privatization of a further 14 enterprises is still in progress (CEPER, the Muyuka and Douala ONDAPB stations, CAMSUCO, Ferme Laitière de Ngaoundéré, CDC, SCT, HEVECAM, CAMTAINER, SOCAPALM, REGIFERCAM, CAMAIR, CAMSHIP, SODECOTON).

As regards restructuring, performance contracts have been concluded with some of the country's largest companies (SEMRY, UNDVA, Office Céréalière, IRA, IRZ, LANAVET, SODECAO, SOPECAM, CRTV, MAGZI, LABOGENIE, MATGENIE, Palais des Congrès, CIMENCAM, SODEPA, Ecam Placages, Sacheries, GPE, SNIC, the Telecommunications Directorate, SNEC, SONEL and Ferme Suisse) with contrasting results, despite the high cost. For some of them, however, the upshot of these measures will be privatization.

The European Commission is to support, through Stabex, the process of privatizing state-owned Cameroonian enterprises in the agriculture sector as part of the Agriculture Structural Adjustment Plan (ASAP). It has already contributed (some ECU 6 095 million) to discharging the debts of CDC, SODECOTON, HEVECAM and SOCAPALM, a preliminary stage of the process leading to the forthcoming privatization of these enterprises. The EC will also contribute to the reorganization of agricultural research, for which the government wants to set up a joint research fund, funded from own resources and by the donor community, and to other activities to be identified in the structural adjustment framework.

The reform of Cameroon's state-owned enterprises forms part of the overall framework of wide-ranging economic reforms initiated by the government under its programme of economic adjustment and formalized in the May 1989 "Declaration on Economic Policy and Recovery". Privatization forms the centrepiece of the reforms and is the key to reducing state spending. When the programme first started, the number of state-owned enterprises totalled some 200.

Since its launch in 1989 the reform of enterprises in the public and semi-public sector has taken place in two distinct phases. The first phase, completed in June 1994, revolved around rationalization of the sector and the reorganization of the principal state-owned enterprises. It also involved disengagement of the state from 15 public enterprises. The second phase has been in progress since that date and concerns the withdrawal of the state from the commercial productive sector and switching the focus of its attentions to grassroots areas of development. This new policy was implemented in July 1994 by a decree which extended the privatization and winding-up process to a further 15 enterprises.

Restructuring the Coffee and Cocoa Sectors

But for aid from the European Union, Cameroon's reputation of a decade ago as a major cocoa and coffee producer, renowned for the quality of its produce, would surely have suffered.⁴ The principal cause is the crisis which has hit world prices for these products in recent years. Following the freefall of prices in the years 1985 to 1993, earnings dropped drastically to a point where they accounted for less than 10% of the country's total exports. However, since 1994, a rally in prices and the devaluation of the CAF franc have brought about a distinct improvement in the sector.

Until 1989, despite the sharp decline in world prices, the government continued to fix guaranteed producer prices, generally at high levels. This led to an accumulation of debts of more than CFAF 100 billion in the cocoa and coffee sector. In response to this crisis, which virtually paralysed the whole chain of production, the government launched a recovery and restructuring plan with support from the European Union and various other donors (France, USAID).

Restructuring took place in several phases. During the first phase (1989), the donors supported the government's initial rehabilitation measures by financing some of the sectors' debts in an attempt to restore their financial balance.

The second phase of restructuring, launched in 1990, involved a far-reaching reorganization of the cocoa and coffee sectors with disengagement of the state and sectoral liberalization. The European Union contributed CFAF 44.5 billion from Stabex transfers for 1989 and 1990 (see Table). The EU's aid consisted mainly of repaying the debt owing to operators in the sector (planters, cooperatives, factories, exporters) and involved the novel step of making direct payments to planters. The welfare payments associated with restructuring the parastatal organizations in the sector were also paid from Stabex resources.

Once debts had been discharged and reorganization and liberalization had been completed, the third phase of the restructuring programme, launched in 1993/94, involved reviving production. Under the liberal approach of the government's new policy (the abandonment of guaranteed producer prices), the recovery programme required the introduction of certain back-up measures for the cocoa/coffee sector in addition to other activities of a wider scope aimed at promoting rural development in general. These activities are to be financed from Stabex resources for 1992 and 1993 for an amount totalling almost CFAF 53 billion.

AGRICULTURE and RURAL DEVELOPMENT

Agriculture

Agriculture is a key sector in the Cameroonian government's development policy, employing almost 75% of the working population, providing 15% of budget resources and accounting for 24% of GDP. It generates one third of foreign exchange earnings and is largely responsible for ensuring national food security. It is the activity whose impact is felt most widely in other sectors, contributing to export diversification, job creation and poverty alleviation.

Despite the numerous strengths in its favour, the agricultural sector development policy was severely affected in 1986/87 by the crisis which hit the whole of the Cameroonian economy. The crisis arose principally as a result of the 50% decline in the late 1980s of world commodity prices combined with currency fluctuations which seriously damaged Cameroon's exports and led to the smuggling of imported goods, thereby threatening local processing industries.

The situation was exacerbated by a range of internal factors: the past over-valuation of the CFA franc; the high cost of production factors; administrative red tape; shortcomings in the management of state-owned enterprises; the impact of the process of democratization. The individual or combined effect of all these factors was to hamper the competitiveness of the agricultural sector. This explains its negative growth in recent years (an average of -4.5% per year between 1988/89 and 1991/92) and the increase of poverty in rural areas. These factors are also the root cause of the financial difficulties affecting sectoral activities, state-owned enterprises and the government itself which, despite all its efforts, can no longer adequately finance either public involvement in agriculture or the restructuring programmes of public enterprises in the sector.

In response to the continuing deterioration of the situation and the resulting disinvestment in rural areas, the Cameroonian government adopted an initial series of measures between 1989 and 1993, i.e. pre-devaluation, in order to mitigate the effects of the crisis and safeguard the agriculture sector's production potential: the gradual

easing of restrictions on the marketing of inputs and traditional export products; the gradual privatization of agricultural development activities; restructuring of state-owned enterprises in the agriculture sector so as to improve their financial balance and give them a larger say in their own management; giving farmers greater responsibility for covering costs and setting up new cooperatives.

In spite of all endeavours, these measures have proved inadequate and limited in their scope. The overall situation of the rural sector remains fragile and the task of reforming state-run sectors and enterprises has proved more difficult and costly than initially expected. The solution therefore has been to extend and widen the scope of the original measures so as to allow the agricultural sector to assume in full its role as the driving force behind the development of the Cameroonian economy. The new measures involve the continued pursuit of the liberalization process and structural and sectoral reforms designed to loosen the state's hold on the economy, increase the efficiency of the production apparatus and create conditions conducive to the resumption of private investment.

The European Community, together with other donors, is supporting the Cameroonian authorities' endeavours to reform this sector with its enormous potential and undeniable assets. In practical terms this involves supporting the gradual easing of restrictions on the marketing of inputs and traditional export products (in particular cocoa and coffee). Aid has also been allocated for the privatization of agricultural development activities, the restructuring of state-owned enterprises in the agriculture sector and giving farmers a greater say in the running and setting-up of new cooperatives.

Since the launch of development aid to Cameroon, the European Community's contribution to the development of the rural sector has continued to rise. It is also the principal beneficiary of aid in the form of local development programmes and Stabex transfers.

Rural Development

Rural Development Centre Project

The rural development centre project is one of the rural development projects considered in Cameroon today as a success. Its aim is to exploit the potential of rural areas by promoting their development through their capacity for self-management and to improve the environment and living conditions there.

The starting point was Bafut, an area situated in the sector of operations of the North-West Development Mission (MIDENO), chosen in 1982 as the centre of an integrated development project under the National Village Communities Programme.

An integrated strategy has been introduced, with the assistance of a European NGO, to overcome the economic, social and cultural problems created in Bafut by the rural exodus. An infrastructure including schools, clinics, water points, roads, bridges has been established. Interest groupings have been set up to streamline the harvesting and marketing of crops. Coffee and cocoa tree nurseries have been set up or restored, irrigated land brought back into production and new crop varieties introduced. Small-scale livestock and fish farming have been revived and distribution, marketing and processing cooperatives set up. In short, with a very light administrative structure backed by appropriate technical assistance, Bafut has become a model of integrated rural development.

A rural development centre project has been mounted in the light of the Bafut success story. This has been repeated in Sa'a, Ntui and Sangmélima in the central and southern provinces. A financing agreement for ECU 10.3 million was signed in March 1991 for the project. It is based on the Bafut experience and differs from other rural development projects in that it allows recipients to identify themselves their funding needs. Grassroots involvement in the project is encouraged.

The project covers all areas of community development at economic, social and cultural level. In other words, it is based on a participatory approach. By exploiting local interfaces, it can satisfy the needs identified by

local communities in a number of priority areas: rural water systems, health, education, agricultural diversification, community life and small-scale processing.

NGOs play a central role in the rural development centre project because they provide a pragmatic approach, have direct links with the communities concerned and can implement the programme more effectively. The additional financial and material resources obtained are used for other projects and local communities are encouraged to participate in wider and more sustainable development.

North-East Bénoué Project

A total of 11 500 km² had been developed, 170 000 migrants had been settled and CFAF 21 billion invested including 15 billion from the EDF, by the time the North-East Bénoué was completed in 1994. The Cameroonian government and the European Union mounted a joint operation over fifteen years to create an area in which people from the over-populated extreme northern province of the country could settle and provide them with basic infrastructure and the support they need to settle into their new environment successfully.

The project has fulfilled its objective: to help correct the imbalance between over population and limited resources in the mountainous area of the north by encouraging people to move to the virtual virgin territory (3 inhabitants per km²) of the Bénoué basin which is more fertile and where there is greater rainfall. The ultimate aim of this "controlled migration" is to help the people concerned to produce food not only for their own needs but also to make the north of the country self-sufficient.

In order to provide a sound basis for the sustainable development of the region a vast programme of socio-economic infrastructure (1 259 km of roads and tracks, 364 wells, 125 boreholes, 196 classrooms, 15 clinics and 12 dispensaries) was undertaken. The agricultural sector has flourished and now produces 10 000 tonnes of cereals a year (in 1991/92 there was even surplus production of 23 000 tonnes) and some 20 or so nurseries have been established. The fishing sector has developed with 2 000 fishermen along the edges of the Ladgo dam who land 10 tonnes of fish every year.

The project has been an extremely useful exercise in integrated rural development. Pending other operations in the area the European Community is financing measures to conserve the project's enormous physical legacy and to ensure the continuation of credit operations to help rural associations. European funds are still being used to finance fisheries, processing and social and water supply infrastructure and the supply of essential medicines. A fund has been set up under Stabex to promote rural organizations' restructuring and economic development.

The European Union does not intend to withdraw now that the project has been completed. It is going to repeat the exercise in western Bénoué. The project in the east of this province focused on developing an area of settlement for migrants while at the same time protecting it from uncontrolled migration, whereas the project in north-west Bénoué will concentrate on improving living conditions and economic opportunities in the main area from which people migrate (Mandara mountains area). The aim of these two complementary projects is to help ensure that future migrations proceed smoothly without causing irreparable damage to the environment, particularly that of the Mandara mountains.

STABEX

Stabex (system to stabilize export earnings) was set up under the first Lomé Convention in 1975. It is the main instrument for cooperation between the ACP commodity exporters and the European Union. It has been improved and enlarged throughout the subsequent six Conventions and offers one of the best ways of overcoming the price problems for commodities of ACP origin after the failure of a number of other attempts to stabilize prices by producers in the South and consumers in the North.

Since Lomé IV Stabex transfers have all been in the form of grants with abolition of the obligation to replenish funds. In 1992 the European Union decided to write off Cameroon's debts for past Stabex transfers which amounted to ECU 180.76 million. The new Convention, however, lays down stricter conditions regarding the use of such funds. The framework of mutual obligations negotiated between the Cameroon government and the Community defines the conditions under which these transfers can be used.

Since Stabex was set up, Cameroon has received several transfers for loss of revenue for exports of roundwood, coffee and cocoa. Over the years Stabex has become Cameroon's most important instrument of cooperation accounting for over ECU 395 million in compensation between 1987 and 1994 for loss of earnings for coffee and cocoa.

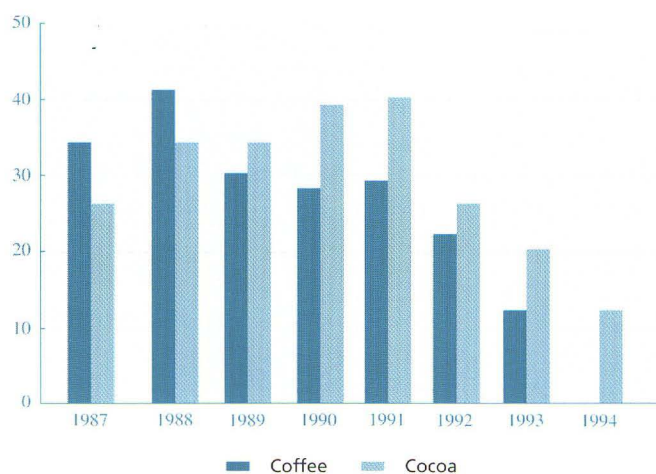
The Stabex framework of mutual obligations introduced in 1991 has, however, introduced a new approach by grouping together a number of measures in the form of projects. It also fits in with Cameroon's structural adjustment programme.

Stabex resources have been used over the years to support the restructuring and liberalization of the cocoa and coffee sectors, to finance the welfare rights of employees made redundant by public organizations which have been restructured or abolished. Measures taken under the agricultural sector adjustment programme to support the liberalization of the cocoa and coffee sectors will also be financed by Stabex.

Stabex transfers 1987-94

Year	Product	Amount (ECU)
1987	COFFEE	34.291.914
	COCOA	26.061.809
1988	COFFEE	40.557.925
	COCOA	34.184.659
1989	COFFEE	30.104.618
	COCOA	33.563.345
1990	COFFEE	28.307.419
	COCOA	39.080.820
1991	COFFEE	29.335.870
	COCOA	39.865.519
1992	COFFEE	21.536.466
	COCOA	26.369.937
1993	COFFEE	12.499.807
	COCOA	20.076.543
1994	COCOA	12.200.106
TOTAL		395.460.507

Millions of ECU



The CRB and Support for Agronomy Research in Central Africa

The Centre Régional Bananier et Plantain (CRBP, Regional Banana and Plantain Centre) was established in October 1989 in the wake of an agreement between the Cameroon government and the Centre for International Cooperation in Agronomical Research for Development (CIRAD), the intention being to transform this regional body into a centre of excellence for open research on questions relating to regional and international cooperation.

The first phase (October 1989 - November 1992) consisted of fitting out the Regional Centre with modern laboratories on a site other than that occupied by the Institute for Agronomic Research (IRA), where the Regional Centre's premises had originally been. This was followed by a programme to revive activities which began on 1 March 1994, is to continue for five years and will be implemented under the terms of an agreement between the CRBP, CIRAD and the Cameroon Ministry for Scientific and Technical Research.

The European Communities provided support for the Regional Centre by granting CFAF 2 915 000 from STABEX and the Regional Indicative Programme for Central Africa. This financed the building and equipment of a laboratory for *in vitro* and biotechnology techniques.

A Central African body which is looking increasingly like a dynamic centre of excellence for research and development has therefore received support from the Community.

The funds have gone towards expanding the Centre's research capability and strengthening its technical

and scientific ties with other research entities in this sub-region where bananas and plantains are among the staples of agriculture and food. The various activities at Nyombé in Cameroon are carried out in close cooperation with a corresponding centre in the Antilles and associated bases in the Congo and the Central African Republic since the CRBP was set up to respond to a need for a body that could carry out research and development tasks and train personnel - all at three levels:

National level: Here, work is carried out in association with the Cameroon Institute for Agronomic Research whose activities cover 80 varieties of bananas. Banana growing is an integral part of the country's socio-economic structure and the Institute represents a response to the difficulties banana production is having in meeting domestic demand and, at the same time, providing a surplus for export.

Regional level: The Centre introduces technical innovations which provide solutions to problems common to all Central African countries. Regional scientific and technical cooperation is thereby established around specific topics determined on the basis of analyses and surveys of the peasant population. This form of cooperation, limited at first to Central Africa, has now been extended to West Africa by way of a cooperation agreement with the International Network for the Improvement of Banana and Plantain (INIBAP).

International level: Here, research is conducted in close cooperation with CIRAD/FLHOR and its base in the Antilles. The CRBP receives some 350 varieties of banana and plantain from research centres around the world.

EUROPEAN UNION SUPPORT for STRUCTURAL ADJUSTMENT

Since 1987 Cameroon has been in economic recession due in very large part to the drop in world prices for its principal exports (oil, cocoa, coffee and cotton), but also partly to the depreciation of the US dollar in relation to the CFAF. In this period the Cameroon authorities have therefore begun implementing a number of measures aimed at adjusting the domestic economy. With support from the Bretton Woods Institutions, the European Union and other donors, they introduced a global programme to stabilise public finances and revive the economy.

The programme they adopted also included specific structural reforms which were needed to revive each individual sector of the economy and the social sectors. The short to medium term aim of these reforms was to make the state solvent again, improve and strengthen the operating methods of the fiscal administration and reorganise the banking system.

The medium to long term purpose was to remove the legal and regulatory constraints on private enterprise. The role of the state and the responsibilities of public and parastatal bodies had to be so redefined as to leave production to the private sector whilst that of the Social Dimension of Adjustment (DSA) was to help reduce the negative effects that adjustment would have on vulnerable sectors of the population. And that was not all: in January 1994, monetary adjustment was added to internal adjustment.

The European Union has been supporting the Cameroon structural adjustment programme since 1988. Its first contribution was towards the setting up of a Sectoral Import Programme for fertilisers (PSIE). Two years later, in 1990, the Union provided support for the health sector by contributing towards a DSA project.

However, it was really only with the entry into force of Lomé IV that Community support for structural adjustment became as much a major component of cooperation between the European Union and Cameroon as it already was in the case of other ACP States. Given the huge financial needs of these States, the purpose of this kind of support is to help them rebalance their unsound economies and at the same time ensure prompt disbursement. This measure therefore makes the Union part of a joint effort without neglecting the main objective of cooperation which remains the harmonious long-term development of the ACP States.

To this end the European Union has contributed ECU 49.7 million up to 1994 towards readjusting the Cameroon economy. If we add to this the most recent allocation of funds for the fourth Cameroon Structural Adjustment Programme (ECU 93.19 million), total Community support amounts to just under ECU 143 million. A support group set up in 1994 assists the two parties - Cameroon and the European Union - to manage these funds.

Environment and Biodiversity

Environmental protection now has a whole Chapter of the Lomé (IV) Convention to itself. In Cameroon there are two main projects under this heading which are financed by the European Union, namely the Korup Programme which has received ECU 7.340 million (CFAF 4.500 million) and the Mont Kupé Project⁵ which has received ECU 501 910. The EU has also contributed ECU 50 000 (out of a total ECU 111 150) towards the Dimako Project, the other co-financiers being France and the University of Montreal (Canada). Another project, the programme for the conservation and rational use of forest ecosystems in Central Africa (ECOFAC), is receiving ECU 24 million from the funds set aside for the Regional Indicative Programme, ECU 1.892 million thereof for the Cameroon part of the programme.

All these programmes involve research on, and protection of, sites of great biodiversity. Their aim is to reconcile the viability of the ecosystems (some of them several hundreds of years old) with exploitation of their resources by peoples whose way of life is closely linked to the forest.

The protection of these areas is guaranteed by the implementation of a management plan, and their viability by the building of infrastructure (roads, clinics, schools and watering places) and by personnel on the ground.

More specifically, an area that is to be protected is often given the status of national park. This forms a core around which certain areas are designated for various uses and in these people displaced from the core may start up agricultural, pastoral, forestry and semi-industrial forestry undertakings. The purpose of such demonstration projects and micro-projects is to stabilise the population settled in areas around the park and improve their standard of living.

⁵ Financed from budget headings.

This is a question of helping them find sustainable economic alternatives - i.e. farming methods which encourage soil conservation and domestic stock rearing - rather than continuing with harmful practices like hunting and deforestation which were formerly current in the area for which protection is now being sought. Once they have been made aware of the problems and educated appropriately, and once their standard of living

has improved, the people concerned will be able to provide long-term support for the project. The total Community contribution to the various programmes is ECU 9.891 million.

Other Aid

Aid to Non-Governmental Organizations

Non-Governmental organizations (NGOs) are valuable partners in implementing Community aid since they provide the necessary human resources when the transfer of know-how and technology upset the traditions, economy and culture of the populations at the receiving end.

Since 1976 the European Union has been involving NGOs in its activities in developing countries. It contributes under a project cofinancing scheme by which the Union provides a minimum of 50% of the funds for any projects put forward by NGOs and approved by the European Commission.

Regional Cooperation

The Lomé IV Convention covers major aspects of regional cooperation and integration and, in this connection, includes two innovations in respect of objectives, methods and procedures that were absent from its predecessors.

Lomé IV is no longer restricted to promoting and supporting intra-regional trade or the regional coordination of sectoral and macro-economic policy. It also tries to resolve some sensitive problems common to all the countries in this sub-region.

The six Central African countries comprising the Central African Customs and Economic Union (CACEU, i.e. Cameroon, Congo, Gabon, Equatorial Guinea, the Central African Republic and Chad) have a total of some 50 million

inhabitants. They differ from each other in geography and the economic weight each carries but they have in common the problems of communications infrastructure, environmental conservation and transport.

That was why, on top of the direct aid for economic integration that was provided, specific well-defined regional activities to be conducted in priority sectors were also selected and a total grant of ECU 84 million made from the seventh EDF.

An example of the kind of activity involved is transit transport or TIPAC (a transport undertaking operating throughout all Central African States), for which the EU is the lead agency. The project is intended to help create a bigger economic area capable of guaranteeing the long-

term viability of the economies of the sub-region. It is one of three parts of an RRP, or rehabilitation and revival plan, initiated by the CACEU countries, the other two being devoted to fiscal and customs reform and the reform of economic and financial policy.

With TIPAC the aim is to facilitate transit operations in the sub-region. It aims to simplify customs procedures, introduce minimum standards for the transport trade and organise the trade itself. It also involves determining the transit routes on which these measures will apply. Finally, it lays down an outline for a future regional communications infrastructure which will release the hinterland from its isolation.

The EC has decided to contribute by financing the repair or construction of infrastructure (roads and bridges) on the regional transit routes designated by CACEU in June 1993. Three projects are already under consideration, namely:

- to improve the Ngaoundéré-Moundou road (430 km) to make it easier to get agricultural products from Southern Chad to the railway station at Ngaoundéré. Calls for tender for the studies (economic, environmental impact and technical) will be published towards the end of 1996;
- to repair the road from Bertoua to Garoua Boulai (260 km), currently the section of the regional road from Douala to Bangui in the worst state of disrepair. The detailed technical studies are being done at the moment and the works tenders should be published in 1997.
- to build a bridge over the River Ntem (160 m) at the border between Gabon and Cameroon on the regional road from Yaoundé to Libreville. The purpose of this project is to strengthen the links between these two countries and Equatorial Guinea.

The second and third of these projects will be financed from the seventh and eighth EDFs as part of the Regional Indicative Programme (RIP) and will receive ECU 75 million, to which will be added funds from the Cameroon National Indicative Programme (NIP).

Fiscal and customs reform, the other part of the RRP, has three main objectives, namely to simplify the customs and

fiscal systems in the CACEU sub-region, reduce turnover tax on essential goods and expand trade within the sub-region by applying a degressive generalised preference rate which will decrease by 20% after five years and thereby contribute towards the forming of a free trade area.

The programme for the conservation and rational use of forest ecosystems in Central Africa (ECOFAC) is another large-scale regional cooperation project for this area. The Cameroon component, being implemented in the Dja game reserve (Southern Province) since 1992, is providing the Cameroon authorities with real support for environmental protection.

The first phase of the project, from October 1992 to March 1995 involved setting up the project and carrying out a study of the area with a view to conservation, the building of infrastructure, research and raising public awareness. The idea was that this phase should produce a management plan (now being drawn up) which would define the structures for participative management and for coordination. The second phase - i.e. carrying out the plan defined in the first phase - should begin this year (1996).

So far research in the reserve has recorded 1500 species of plants and 320 species of birds and, on the agri-forestry front, an experimental nursery has been established to help propagate certain plants. The project employs 800 people and has the merit that the building of tracks has brought some villages out of the isolation in which they have been living for more than five years.

Agricultural research for this area has also been carried out at the Regional Banana and Plantain Centre (CRBP) in Nyombé. This has concentrated on improving technical and scientific links with other scientific bodies elsewhere.

Another large-scale regional project is the Catholic University of Central Africa (UCAC) in Yaoundé. It will cost ECU 5.45 million and is being co-financed by the European Union (ECU 1.8 million), France, private bodies and the UCAC itself and will serve to underline the regional character of the area and alleviate the growing problem of students from the sub-region having to go to universities in the North.

The Main Community Projects in Cameroon

First EDF, 1959-1964

1. Douala port (also financed from second, third and fourth EDFs)
2. Edéa bridge
3. Yaoundé-Belabo railway line
4. Yaoundé Ecole Normale Supérieure (also financed from fourth EDF)
5. Yaoundé-Mbalmayo road
6. Improving stock keeping in Adamaoua
7. Tignère-Kontcha road
8. School and college at Ngaoundéré
9. Ngaoundéré-Garoua road
10. Bridge at Garoua
11. Pitoa-Figuil road
12. Health and hygiene training in Northern Cameroon

Second EDF, 1965-1970

13. Health and hygiene training in Southern Cameroon
14. Belabo-Ngaoundéré railway line (also financed from third EDF)
15. Mbanga-Kumba railway line
16. Bolifamba-Kumba road
17. Mondoni palm plantation
18. Garoua Hospital (also financed from third EDF)
19. Figuil cement works (also financed by EIB)
20. Equipment for REGIFERCAM

Third EDF, 1971-1975

21. CIMENCAM factory (also financed by EIB)
22. Victoria-Kumba road
23. Edéa-Maloumé railway line (also financed from fourth EDF)
24. Dibombari palm plantations (also financed from fourth and fifth EDFs and by EIB)
25. Vogt College in Yaoundé
26. Bamenda-Bafoussam road
27. Primary schools in Northern Cameroon
28. Rural development in the Bénoué Valley (also financed from fourth, fifth and sixth EDFs)
29. Developing irrigated agriculture in Logone-et-Chari (also financed from fourth, fifth and sixth EDFs)
30. Technical colleges
31. Transcameroon railway (also financed by EIB)

Fourth EDF, 1976-1980

32. Rural development in North-Western Cameroon
33. Yaoundé-Ayos road (also financed from fifth and sixth EDFs)
34. Tea growing in Djuttitsa
35. Bridge across the River Dibamba (also financed from fifth EDF)
36. Edéa-Douala railway line
37. Mining research (also financed from fifth EDF)
38. Equipment for colleges

Fifth EDF, 1981-1985

39. Eséka-Maloumé railway line
40. Rural development in Bafut

Sixth EDF, 1986-1990

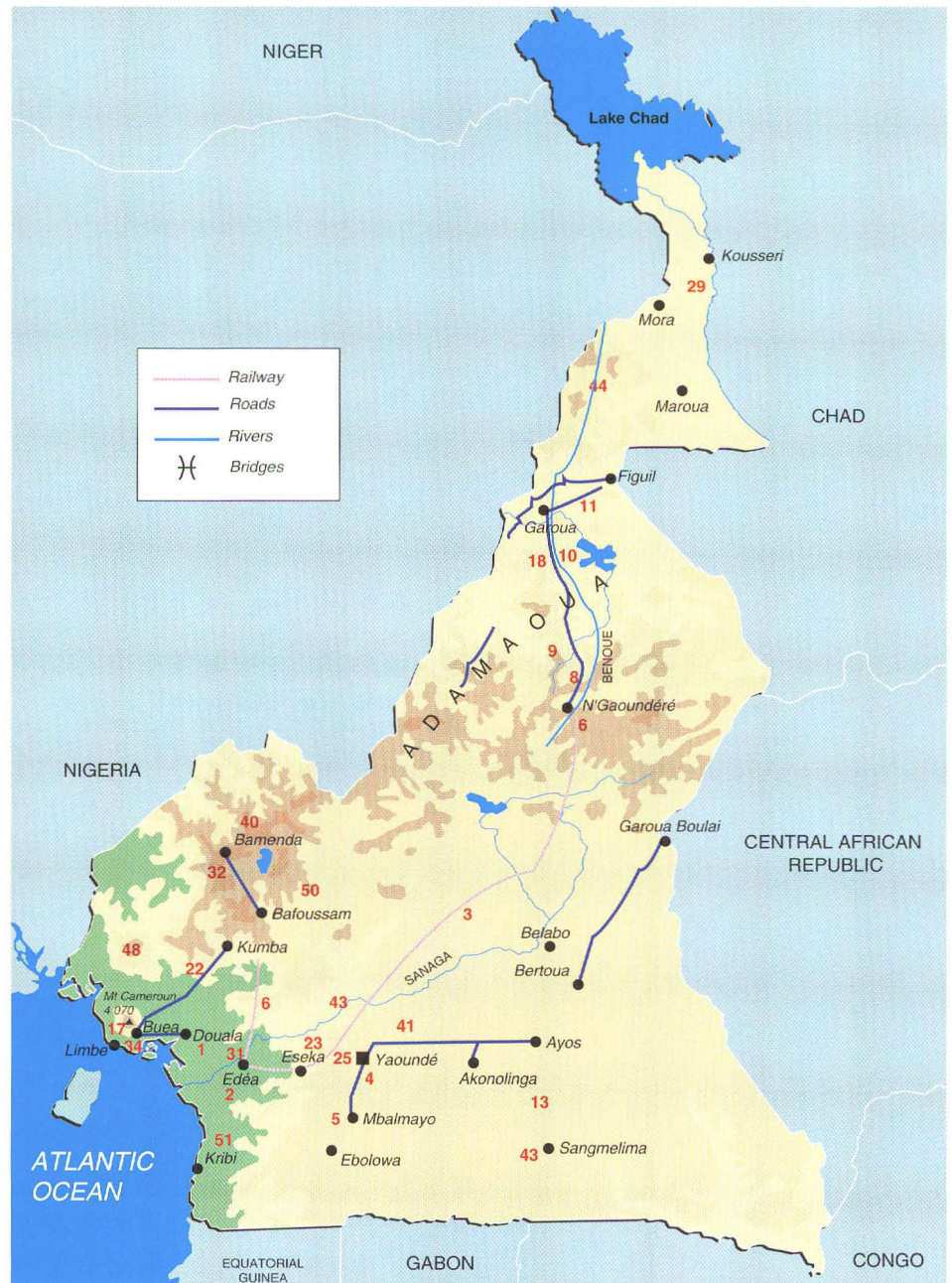
41. Rural development centres in forested areas
42. Sectoral import programme for fertilisers

Seventh EDF, 1991-1995

43. Development of the Mandara Mountains area
44. Road maintenance programme
45. Support for health services
46. Bertoua-Garoua Boulaï road

EIB

47. SONEI
48. Mape dam
49. HEVECAM
50. Transcameroon railway
51. Water supplies



Community Aid to Cameroon from 1960 to 1995

INFRASTRUCTURE

(IN THOUSANDS OF ECUS)

Roads

Pitoa-Figuil	1 397
N'Kolebitye-N'Kolenieng (track)	876
Tignère-Koutona	711
Bitumage Yaoundé-Mbalmayo	1 951
Ngaoundéré-Garoua	3 136
Bolifamba-Kumba	3 143
Bamenda-Bafoussam	12 247
Victoria-Kumba	3 423
Yaoundé-Ayos	

Bridges

Edéa road and rail bridge	1 817
Bridge over the Bénoué at Garoua	1 898
Mungo road and rail bridge	669
Bridge over the Dibamba	10 300

Railways

Transcameroon railway (first EDF)	17 165
Belabo-Ngaoundéré	20 000
Mbanga-Kumba	1 130
Rolling stock for REGIFERCAM	1 400
Transcameroon railway (third EDF)	12 035
Douala-Edéa	10 000
Eséka-Maloumé	12 200

Ports and miscellaneous

Port de Douala	11 359
Centrale électrique de Garoua	724

Rural development

Watering places (Mora)	250
Improving stock rearing in Adamaoua	577
Water supplies for Mbalmayo	299
Anti-rinderpest measures	312
Support for prices in the 1969/70 and 1970/71 agricultural years	7 945
Rural development in North Eastern Bénoué	47 784
Microprojects	859
Village plantations	1 011
Development of rice growing in Logone-et-Chari	23 440
Rural development in the North East	8 920
Rural development in Bafut	1 500
Village plantations at Dibombari	1 100
Sectoral Import Programme (fertilisers)	15 000
Reserves and ad hoc measures (sixth EDF)	15 270
Rural development centres (project)	10 300

Environment and forest

Soil conservation and anti-erosion measures	953
Forest tree species	109
Dimako forest ecosystem	50
Mont Kupé project	502
Central African forest ecosystem (budget programme for Cameroon)	1 892
Korup National Park	7 340

Agro-Industry

Creation of a 4 380 ha palm plantation at Mondoni	6 482
Selection and propagation for tea growing	133
Dibomari palm plantations	14 941
Tea growing at Djuttitsa	1 653

SOCIAL SECTOR PROJETS

Schools and further education

Yaoundé ENS	2 781
Primary schools and colleges at Ngdéré	7 148
Agricultural college at Binguéla	428
Extension to Liberman College at Douala	703
Interafrican training centre	
Statistics (regional)	240
Extension to Vogt college	418
Technical college	5 464
Primary schools in Northern Cameroon	3 037
Equipment for colleges	2 500
Extension to Ecole Normale Supérieure du Paysage	1 437
Training (fifth EDF)	400
Catholic University of Central Africa	1 080

Training

Instructors for SME development	423
Scholarships programme	2 603
Scholarships (second EDF)	2 629
Training (fourth, fifth and sixth EDFs)	2 647

Health

Building a hospital ward at Meiganga and at Ntui	124
Health and hygiene training in Northern Cameroon	2 737
Health and hygiene training in Southern Cameroon	4 893
Sanitation equipment for Northern Cameroon	391
Extension to the Garoua hospital (second and third EDFs)	4 761
Unit for the supply of essential medicines	265
Support for the health sector	8 500

Trade and Industry

Building of a cement factory at Figuil	1 641
Geotechnical survey	1 516
Mining research (third and fifth EDFs)	2 878
Trade promotion	935
Aid for technical studies	3 780
Emergency aid	1 435
STABEX	369 854

European Investment Bank
- from own resources:

under Yaoundé 1	11 300
Industry	7 280
Energy	4 050

under Yaoundé 2	5 950
Industry	2 450
Energy	3 500

under Lomé I	39 520
Agri-industry	6 900
Industry	16 450
Tourism (SOHLI)	2 670

under Lomé II	88 800
Agri-industry	17 200
Energy	47 000
Transport infrastructure	10 000
Social infrastructure	14 600

under Lomé IV (first Financial Protocol):	1 500
---	--------------

Total from EIB own resources under six Conventions: ECU 147.08 million

(It is not yet known how much is available in the package provided for investment using EIB own resources in the second Financial Protocol to the Lomé IV Convention.)

Interest rate rebates and venture capital:

under Yaoundé 2	1 062
under Lomé I	9 198
under Lomé II	20 925



DEVELOPMENT



Mother, spouse *and* producer: a triple task that many
Cameroonian women perform with dignity.

European Commission
Directorate General for Development
Information Unit

Rue de la Loi, 200
B-1049 Brussels
tel +32 (2) 299 30 62
fax +32 (2) 299 30 02

Office for Official Publications of the European Communities
© ECSC - EC - EAEC - Brussels - Luxembourg, 1996

Reproduction is authorised for non-commercial purposes, provided the source is acknowledged