CAMEROON ECONOMIC UPDATE

MITIGATING POVERTY, VULNERABILITY, AND RISK

A SPECIAL FOCUS ON SOCIAL SAFETY NETS

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Mitigating Poverty, Vulnerability, and Risk

A Special Focus on Social Safety Nets

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ABBREVIATIONS AND ACRONYMS

BEAC	*Banque des États d'Afrique centrale* (Central Bank of Central African States)
CEMAC	*Communauté économique et monétaire de l'Afrique centrale* (Economic and Monetary Community of Central Africa)
CFAF	CFA Franc
CPI	Consumer Price Index
CTS	*Comité Technique de Suivi (*Technical Monitoring Committee*)*
DSCE	*Document de stratégie pour la croissance et l'emploi* (Growth and Employment Strategy)
ECAM III	*Troisième enquête camerounaise auprès des ménages* (Third National Household Survey)
ECB	European Central Bank
EITI	Extractive Industries Transparency Initiative
GDP	Gross Domestic Product
HIV-AIDS	Human Immunodeficiency Virus Infection / Acquired Immunodeficiency Syndrome
IMF	International Monetary Fund
LdF	*Loi de finances* (Budget)
LICs	Low Income Countries
MICs	Middle Income Countries
PAD-Y	*Projet d'assainissement de Yaoundé* (Sanitation Project of Yaoundé)
SNH	Société Nationale des Hydrocarbures (national oil company)
SONARA	*Société Nationale de Raffinage* (national refinery)
US	United States
USD	United States Dollar
WEO	World Economic Outlook
WFP	World Food Program

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The Team has built upon recent work on social safety nets in Cameroon, led by Carlo del Ninno. This work, published recently as a World Bank report, responds to the government's strong interest in strengthening its social safety net programs to support the poorest and the most vulnerable. It is based on extensive discussions with the government and development partners.

The Team has also drawn heavily on ongoing research at the Bank on social safety nets in Africa more broadly and is very grateful to Margaret Grosh, Victoria Monchuk, and Lynne Sherbune-Benz for sharing their preliminary observations and data, as well as commenting on earlier versions of this document. The Team has also benefited from the research carried out by Prof. Assiga Ateba from the University of Douala and Prof. Zamo Akono from the University of Yaoundé II – Soa.

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INTRODUCTION

With this Cameroon Economic Update, the World Bank is pursuing a program of short and frequent country economic reports. These Economic Updates provide an analysis of the trends and constraints in Cameroon's economic development. Each issue, produced bi-annually, provides an update of recent economic developments, as well as a special focus on a topical issue.

The Economic Updates aim to share knowledge and stimulate debate among those interested in improving the economic management of Cameroon and unleashing its enormous potential. The notes thereby offer another voice on economic issues in Cameroon, and an additional platform for engagement, learning and change.

This fifth issue of the Cameroon Economic Update is entitled *Mitigating Poverty, Vulnerability, and Risk – A Special Focus on Social Safety Nets*. Cameroon's overall poverty rate has not declined and has even increased in the poorest regions. Food security is also problematic in those regions. Yet, Cameroon has a number of small-scale and ad hoc safety net programs which are not appropriately designed to address either chronic or transient poverty. Too few resources are put into these programs for the moment to make a real difference with most of these limited resources allocated to emergency initiatives.

Social safety nets build households' productive assets and expand their income-earning opportunities by building their skills and enabling them to engage in higher risk and higher return activities. There is little evidence, for instance, that cash transfers to poor households discourage them from working.

On the contrary, recipients seem to use the money to search for jobs.

Going forward, in addition to continued efforts to foster faster economic growth, an efficient, equitable, and financially-sustainable social safety net strategy should be developed that combines different forms of interventions to deal with the specific needs of the poor and the vulnerable, and includes an effective monitoring system to improve the quality programs. Recognizing this, the authorities have started work on a strategy and pilot cash transfer programs.

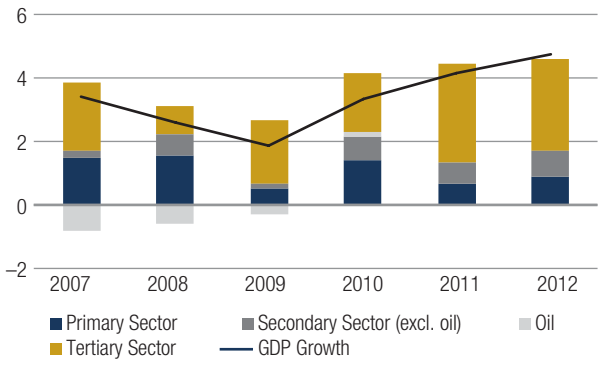
RECENT ECONOMIC DEVELOPMENTS

Growth

While economic activity in many parts of the world has slowed in 2012, economic growth has continued to gain momentum in Cameroon, as in sub-Saharan Africa in general. Preliminary indications would suggest that economic growth could reach about 5 percent in 2012 (compared to 4.2 percent in 2011), as expected in the July 2012 issue of our Cameroon Economic Update.

As in 2011, the main drivers come from the non-oil economy (expected to expand by 5 percent). More particularly, growth in the tertiary sector is estimated to have contributed the most to the expansion in economic activity in 2012 (Figure 1). The primary and secondary sectors have also sustained the momentum, with continued efforts in agriculture to enhance productivity and the construction of new infrastructure projects.

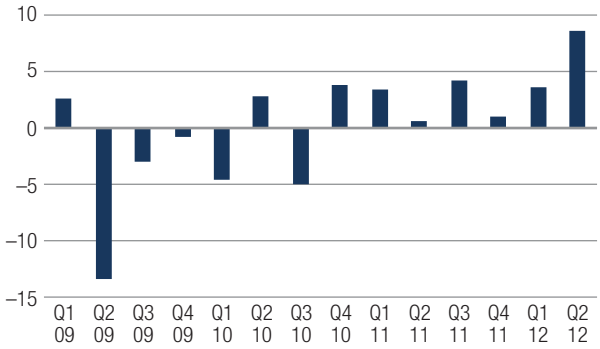
FIGURE 1: Sectoral Contributions to GDP Growth, 2007–12
(in percent)



Sources: Cameroonian authorities and Bank Staff calculations.

Consistent with this picture, continued strong performance was observed in agribusiness over the first half of the year, while momentum was growing in construction equipment and wood-related products. At the end of the second quarter of 2012, industrial production was up by about 8.5 percent compared to the same period the year before (Figure 2).

FIGURE 2: Industrial Production, 2009–12
(change in percent)

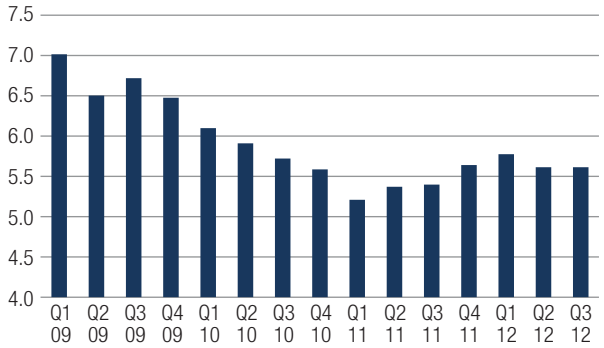


Sources: Cameroonian authorities and Bank Staff calculations.

In addition, as mentioned in our July 2012 issue, the downward trend observed in oil production over the past years has reversed. Oil production is expected to expand by about 9 percent in 2012 (Figure 3). Private operators account for this increase, on the back of significant exploration in the past years and a more intense exploitation to take advantage of the current high international oil prices.

While import volumes are estimated to have plummeted in the Euro Area in 2012, demand for imports has been more resilient in developing

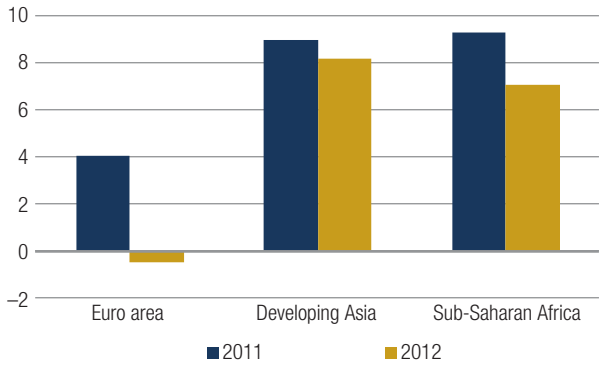
FIGURE 3: Oil Production 2009–12
(in mio barrels)



Source: SNH.

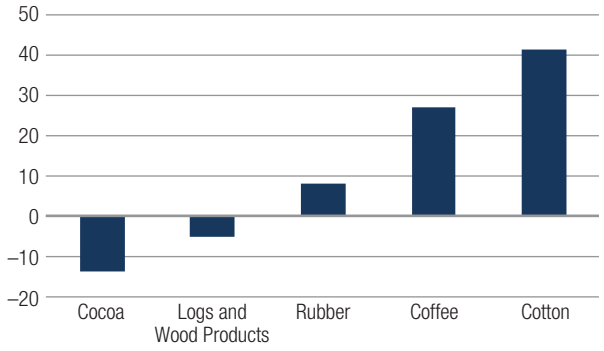
countries in Asia and in sub-Saharan Africa (Figure 4). As a result, over the first three quarters of 2012, export volumes from Cameroon for products heavily exposed to Europe, such as cocoa, have declined

FIGURE 4: Import Volume of Goods and Services, 2011–12
(in percent change)



Source: International Monetray Fund, WEO database, October 2012.

FIGURE 5: Export Performance, Q1–Q3 2012
(y-o-y percent change in volume)

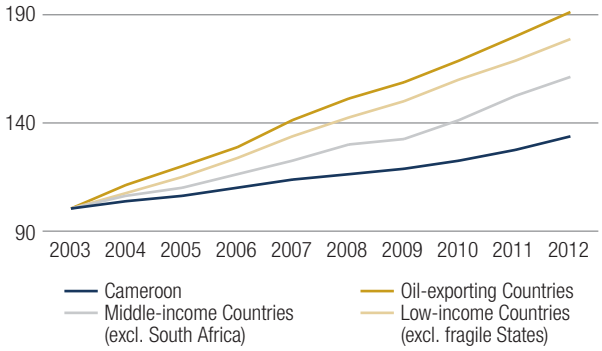


Sources: Cameroonian authorities and Bank Staff calculations.

(Figure 5). By contrast, other items more geared to emerging Asian economies, such as cotton, have substantially expanded.

Economic growth remains nevertheless disappointing in Cameroon. Poor infrastructure, an unfavorable business environment, and weak governance continue to hamper economic activity and make it difficult to reach the growth rates needed to reduce poverty in a sustainable manner. While growth in Cameroon has on average over the past decade hovered around 3 percent, the average oil-exporting country, MIC and LIC in sub-Saharan Africa have experienced expansions of about 7.5 percent, 5.5 percent, and 6.5 percent, respectively (Figure 6).

FIGURE 6: GDP Growth, 2003–2012
(Index 100= 2003)

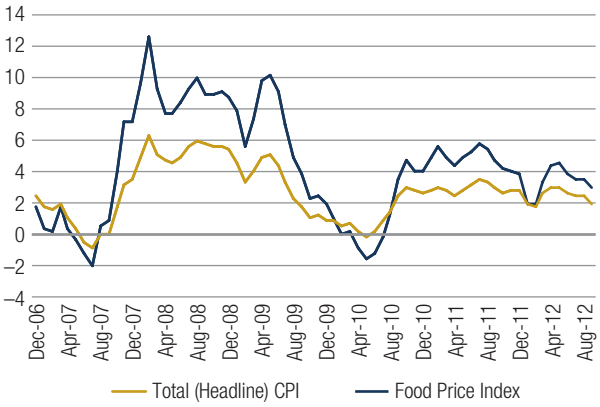


Sources: International Monetary Fund and Bank Staff calculations.

Inflation

Price pressures observed during the Spring have tapered off and the inflation rate is expected to end the year below the regional convergence criterion of 3 percent (Figure 7). Inflation reached 1.9 percent in September (year-on-year), compared to 3 percent over the same period in 2011. These pressures were gaining momentum over the Spring (increasing at their peak by 4.5 percent year-on-year in May). They subsided in recent months on the back of improved food distribution and good harvests. Food inflation is estimated to have reached 3 percent (year-on-year) in September, compared to 4.7 percent during the same period in 2011.

FIGURE 7: Selected Prices, 2006–12
(y-o-y change in percent)



Sources: Cameroonian authorities and Bank Staff calculations.

Fiscal Performance

On the basis of the fiscal performance observed over the first three quarters of the year, fiscal revenues—both oil and non-oil—are projected to be higher than budgeted for the year as whole (Table below). Better oil revenue stemmed from higher international prices than budgeted for crude, while tighter control on exemptions seems to have driven higher non-oil revenue.

Expenditure meanwhile is projected to remain in line with the budget. The rise of current expenditure as a ratio to GDP observed over the past years is projected to reverse with current spending declining from 15.4 percent of GDP to 13.5 percent of GDP. This spending restraint on a cash basis has provided fiscal space for capital expenditure to be maintained at about the same level observed in 2011, which represented a substantial increase compared to the 2010 outcome (4.5 percent of GDP).

As a result, the overall fiscal deficit on a cash basis (incl. grants and before payment obligations) is expected to narrow in 2012 to a bit less than one percent of GDP (compared to a budgeted deficit of 2.2 percent of GDP and a deficit of 3.0 percent of GDP observed in 2011). This narrower overall fiscal deficit on a cash basis reflects, however, a continued accumulation of new payment obligations (particularly related to fuel subsidies), which could amount to about 0.5 percent of GDP.

This accumulation combined with delays in the issuance of a new government bond will put pressure on the government's cash position. SONARA, the national oil refinery, faces revenue shortfalls stemming from the government's policy to freeze retail prices of petroleum products. As mentioned in the July 2012 issue of our Economic Update, the budgeted amount for compensating SONARA is

Fiscal Performance, 2011–12
(in percent of GDP)

	2011 Est.	2012 Budget	2012 July Proj.	2012 Proj.
Revenue and Grants	**18.8**	**17.8**	**18.9**	**18.9**
Oil Revenue	5.3	4.4	5.5	5.1
Non-oil Revenue	13.0	12.9	12.9	13.2
Grants	0.5	0.5	0.5	0.5
Total Spending	**21.8**	**20.0**	**21.4**	**19.7**
Current Spending	15.4	13.8	15.2	13.5
Capital Spending	6.4	6.2	6.1	6.2
Overall Balance	**–3.0**	**–2.2**	**–2.5**	**–0.8**
Payment Obligations	–0.5	–0.2	–0.2	–0.2
Overall Balance on a cash basis	**–3.5**	**–2.4**	**–2.7**	**–1.0**

Sources: Cameroonian authorities and Bank Staff calculations.

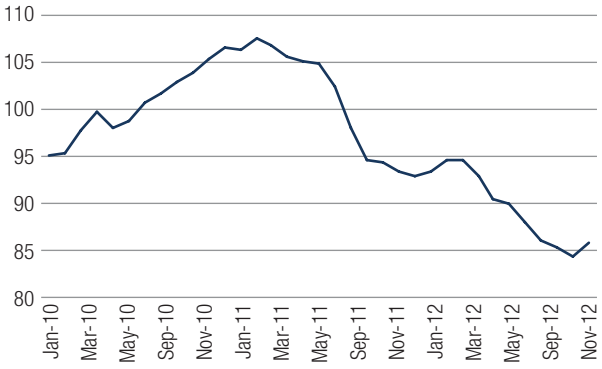
expected to fall short: an estimated CFAF 450 billion (3.5 percent of GDP) being needed in 2012 instead of the CFAF 170 billion budgeted.

Outlook 2013

The economic momentum observed in 2012 is expected to carry over into 2013 with the construction of large infrastructure projects and continued efforts to improve agricultural productivity. The production at the Kribi gas station is expected to contribute to alleviating power bottlenecks. Furthermore, production in the oil sector is expected to continue its recovery, increasing by a further 9 percent in 2013.

Uncertainty will continue, however, to surround developments in advanced economies, making any projection particularly challenging. According to the most recent release from the European Commission, confidence, although improving, remains weak in the Eurozone and will continue to weigh on investment and big-ticket consumption decisions (Figure 8).

FIGURE 8: Euro-zone – Economic Sentiment Indicator, 2010–2012



Source: European Commission.

In addition, despite the January agreement averting automatic tax hikes on all US taxpayers, current US legislation unless amended in the next two months would impose a sharp 4–5 percent of GDP fiscal adjustment that would substantially weigh on the US economy in 2013. Given the importance of the US economy in global markets, the direct effect through the trade channel, as well as indirect ones through weaker confidence and the potential unsettling of global financial and commodity markets, would likely have a strong impact on economic growth in sub-Saharan Africa.

Finally, a third source of uncertainty stems from the possibility of a disorderly unwinding of China's unusually high investment rate. With Chinese demand accounting for a large share of many commodities exported from Africa, a sharper than envisaged downturn there could lead to a slump in commodity prices which would adversely affect the exporters of natural resources in the region.

As discussed in the previous issues of the Cameroon Economic Update, the main transmission channel of these events to Cameroon's economy would be through exports and remittances. The global linkages of the financial system of the CEMAC region are still limited, and the banking sector remains sufficiently liquid to meet the credit needs of the government and the private sector. Furthermore, the budget of Cameroon does not rely heavily on foreign aid, hence any adverse impact from lower aid following fiscal austerity measures in the Euro zone should be limited.

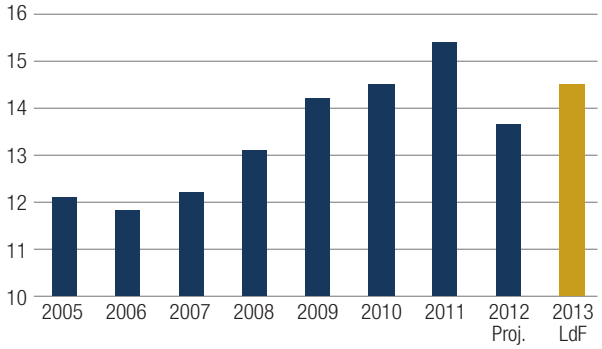
The Euro zone is still, however, the largest market for Cameroon's exports and hosts the largest community of Cameroonians abroad. With slower economic growth, demand for products using Cameroonian inputs such as housing (wood) or cars (rubber) could decline. The diaspora may have less money to transfer back to their relatives or may even return, should they be laid off and/or migration regulations tightened. Although direct trade with the US remains limited, exchanges with China—and hence Cameroon's exposure—have been recently expanding. Against this backdrop, economic growth in Cameroon could amount to about 5 percent in 2013.

Inflation is expected to remain below the regional convergence criterion of 3 percent in 2013. Ongoing initiatives to boost agricultural production are likely to continue to moderate the impact from possible increases in world food prices. Nevertheless, with international wheat and maize stocks at their current

low levels, even a small additional supply shock could trigger a large price spike in international markets, while higher oil prices could make maize-based ethanol an attractive alternative.

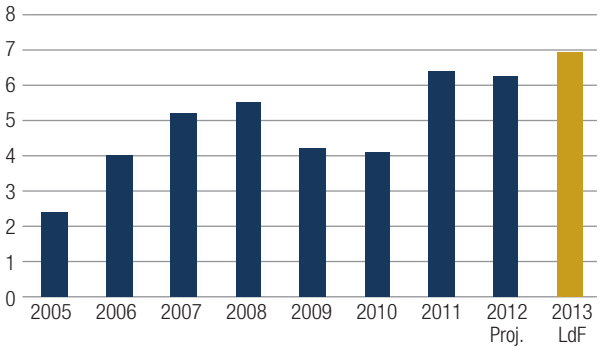
Turning to fiscal policy, preliminary information would indicate that the 2013 Budget aims at containing the deterioration of the overall fiscal deficit to 2.3 percent of GDP on a cash basis (including grants and before payment of obligations). This would reflect a continued expansion in public investment (to 6.9 percent of GDP) in line with the objectives of the DSCE, while also providing fiscal space for current spending to expand (Figures 9 and 10).

FIGURE 9: Current Expenditure, 2005–13
(in percent of GDP)



Sources: Cameroonian authorities and Bank Staff calculations.

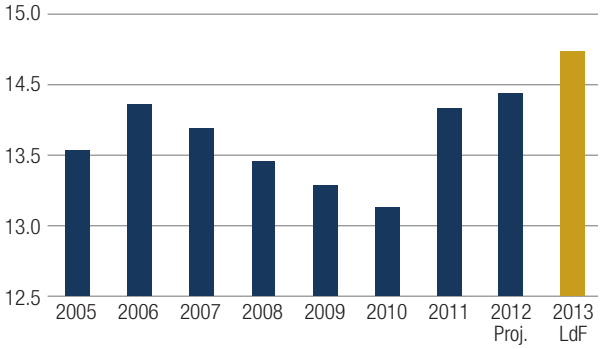
FIGURE 10: Capital Expenditure, 2005–13
(in percent of GDP)



Sources: Cameroonian authorities and Bank Staff calculations.

The budgeted revenues are, however, based on ambitious expectations for the country's economic growth and for international prices for crude oil, and subject to downside risks (Figure 11). For instance, a USD 10 lower price for international crude oil would reduce oil revenues by 0.5 percent of GDP. Furthermore, the cost of fuel subsidies remains under budgeted, which undermines transparency, and will weigh again on the cash position and execution of the budget. A continued freeze of retail fuel prices would require an estimated CFAF 400 billion (about 3 percent of GDP), but only CFAF 220 billion have been budgeted. Upcoming elections could add further pressure on spending, as could the resolution of the couple of financially troubled banks.

FIGURE 11: Non-Oil Revenue, 2005–13
(in percent of non-oil GDP)



Sources: Cameroonian authorities and Bank Staff calculations.

In this potentially volatile environment, developing countries are encouraged to rebuild buffers and pursue cautious macroeconomic policies. For many developing countries this means rebuilding the fiscal buffers that were consumed during the 2008–09 crisis so that if some of the risks facing the global economy materialize, they would once again be in a position to respond forcefully.

For Cameroon, this would mean building up its government deposits at the regional central bank. During the 2008–09 crisis, public spending could have been protected and supportive fiscal measures introduced using the fiscal savings that had been accumulated in previous years. At the current reduced level, the remaining government deposits at the regional central bank will only provide a limited buffer, should matters become worse than currently projected.

Commodity exporting countries may also need to take a close look at expenditures and revenues to ensure that long-run spending commitments could still be met even if commodity prices and associated revenues were to decline. In this regard, ongoing efforts to improve both the efficiency and the composition of public spending will need to be continued in Cameroon.

In the health sector for instance, while Cameroon has a level of health spending of USD 61 per capita per year, its epidemiological profile corresponds more to countries with extremely low per capita spending (in the order of USD 10–15 per capita per year). This outcome is a reflection of profound inefficiencies in the use of the resources available for health, and lead to significant geographic and socio-economic inequities in access to essential health services. The 2009 budget tracking exercise—tracing public funds through the administration—observed that 35–40 percent of budgetary resources were declared never to reach local health units.

The introduction of program budgeting starting in 2013 should improve efficiency of public spending. The new approach places the line ministries at the center of the budget cycle. These ministries will have now more flexibility in preparing and executing their budgets, but in return will be held accountable for the results. Program budgeting addresses, thus, most of the critical short-comings that affected the country's public expenditure management: excessive centralization of the budget processes, leading to low budget execution and poor strategic allocation of resources; and poor value-for-money and quality of service delivery.

Turning to the composition of public spending, the need for subsidies, particularly for food and fuel, should be openly and candidly discussed. Data show that these subsidies mostly favor the rich and are largely ineffective in protecting the consumption of the poorest. As already mentioned in the previous issues of our Cameroon Economic Update, the richest 20 percent of the population captures most of the subsidies on gasoline and diesel, and over 40 percent of the subsidies on rice, wheat, and fish.

This is not to say that the poor or the vulnerable do not benefit from the freeze of retail fuel prices. There may, however, be more targeted ways to provide the same assistance to the poor and the vulnerable, while charging the full price for petroleum products to those who can afford it. Possible options in this regard could include subsidies to the urban public transport or targeted social safety net programs (see next chapter).

Such targeted measures would allow to free public resources to be reallocated to priority areas. This is where ensuring fiscal transparency and clear communication plays a critical role. Policy changes should be discussed with a broad range of stakeholders, and communicated effectively to the public in a way that takes into consideration the perceptions and expectations of different segments of society. The use of any savings should be clearly identified and transparently monitored in order to build trust in the process of change.

SOCIAL SAFETY NETS IN CAMEROON

Introduction

The benefits of economic growth in Africa have not always reached the poorest people, and, as a result, poverty still remains high. In addition, men and women across the continent remain vulnerable to a range of shocks like drought, floods, conflict, and ill health. The droughts in the Horn of Africa and Sahel in 2011 were stark reminders of this vulnerability. Climate change, population pressure, and an increasingly fast changing world mean that, for many Africans, life is becoming more uncertain.

As a result, while efforts will continue to be called for to accelerate economic growth, especially in Cameroon, there is a pressing need for countries to establish and expand social protection systems. Social safety nets help to mitigate poverty and vulnerability stemming from external shock or socio-economic circumstances, such as age, illness, disability or discrimination.[1] More and more African governments have already invested in safety net programs that are proving to be effective.

A growing body of evidence from African countries shows that social safety nets directly reduce chronic poverty and vulnerability, as these programs enable poor households to meet their basic consumption needs, protect their assets, and achieve better health, nutrition, and education outcomes. Findings show that well-designed social safety nets allow to protect people and complement macro-economic measures aimed at stabilizing the economy. Once in place, safety nets are also a critical part of a government's capacity to respond to shocks. During times of prosperity, these programs can effectively protect the poor and offer them access to opportunities. During crises, they can be extended to protect the affected population.

Social safety nets—when in place—seem to have played an important role in mitigating the trade shock resulting from the 2008/09 global economic crisis, for instance, both in terms of their direct

[1] The term "social safety nets" refers here to non-contributory transfer programs targeted to the poor or vulnerable, such as cash transfers, school feeding programs, public works programs or in-kind support.

impact on the poor and as automatic demand stabilizers. When such programs were already in place, governments were much more effective in responding to the crisis by scaling up existing measures rather than having to introduce new ones.

Social safety nets could be a powerful way to promote growth. These programs build households' productive assets and expand their income-earning opportunities by building their skills and enabling them to engage in higher risk and higher return activities. Social safety nets contribute to local economic development by stimulating local markets through cash transfers and creating community infrastructure.

Interestingly, there is little evidence that cash transfers for instance discourage people from working. On the contrary, recipients seem to use the money to create opportunities and search for jobs. For example, the Youth Opportunities Project in Uganda resulted in a significant increase in the number of hours that participating youths were employed outside of the house (Box 1). Roughly two years after participating in the project, nearly three-quarters of these young people were engaged in skilled work. Participants of cash transfers in Mexico and Colombia have demonstrated sustained income gains after leaving the programs. In Malawi, the Dowa Emergency Cash Transfer increased local incomes by USD2–USD2.25 for each USD1 transferred by the program. In South Africa, cash transfers made finding new work more feasible, as recipients could afford bus fares, work clothes and funds for migration to urban areas. It was also associated with an increase in the labor force participation of mothers. In Zambia, as much as one-third of the cash transfers to destitute households affected by HIV/AIDS were invested in

Box 1 – Northern Uganda Social Action Fund – Youth Opportunities Program

The Youth Opportunities Program (YOP), a component of the Northern Uganda Social Action Fund, provided cash grants to young men and women to invest in skills training and in setting up small businesses. Applicants formed groups consisting of roughly 20 to 30 young adults interested in a vocation and submitted proposals for purchasing skills training, tools, and other materials required to start an enterprise. The successful groups received a lump sum cash transfer of roughly USD 7,100, or USD 374 per person, which they deposited in a jointly held bank account and were free to spend as they saw fit with no supervision or oversight.

The impact evaluation found that, as a result of the program, both men and women increased their hours in employment outside the home, by about 25 percent among men and by 50 percent among women. Two years after the grant, nearly three-quarters of the participants were engaged in skilled work, compared to just over one third for those who had not participated in the program. Men in particular earned high returns, by about USD 16 extra per month, equivalent to a 55 percent increase over men who had not participated in the program.

Sources: Blattman et al. (2011) and World Bank (2010).

small livestock, farming and other small business opportunities.

Perhaps most importantly, experience shows that social safety nets are affordable in low-income countries. Across the world, non-contributory safety nets rarely account for more than one to two percent of GDP, even in countries with generous systems. Flagship safety net programs in Mexico or Brazil cost just around 0.5 percent of GDP.

Yet in many developing countries, safety nets are insufficient or nonexistent. In low-income countries, safety net programs are either absent, or piece-meal and uncoordinated, with uncertain financing and limited coverage. Many middle-income countries have more effective safety net structures in place, yet also experience substantial financing shortfalls, poor targeting, limited impacts, and coordination failures among multiple programs. In all countries, the challenge of responding adequately to protect people from the effects of shocks—whether from economic factors, natural disasters, or household-specific crises—is largely unmet.

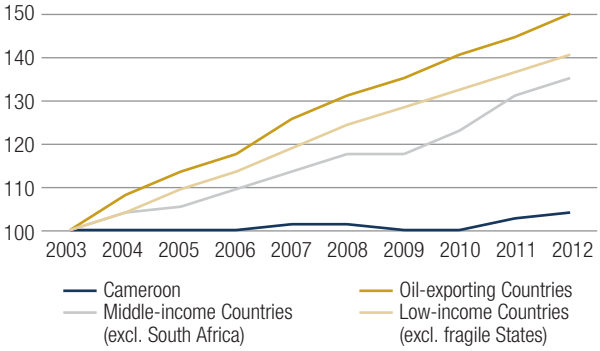
Poverty and Vulnerability

Cameroon's economy remains vulnerable to a variety of internal and external shocks. With 45 percent of its population engaged in subsistence agriculture, the country is particularly vulnerable to environmental risks such as flooding, drought, and desertification. Macroeconomic risks are also to be taken into account, as the 2008–09 global crisis has demonstrated. Limited export diversification in terms of products and markets exposes the economy and its people to the volatility of prices and demand for its key exports.

Well-designed social safety nets should serve one or a combination of the following groups: (i) the chronic poor, defined as people who do not earn sufficient income, even in good years; (ii) the transient poor defined as people who earn sufficient income in good years, but fall into poverty, at least temporarily, as a result of adverse shocks such as illness, the loss of a job or drought; and (iii) vulnerable groups, including—but not limited to—people with disabilities, the elderly, orphans, widows, refugees, and asylum seekers.

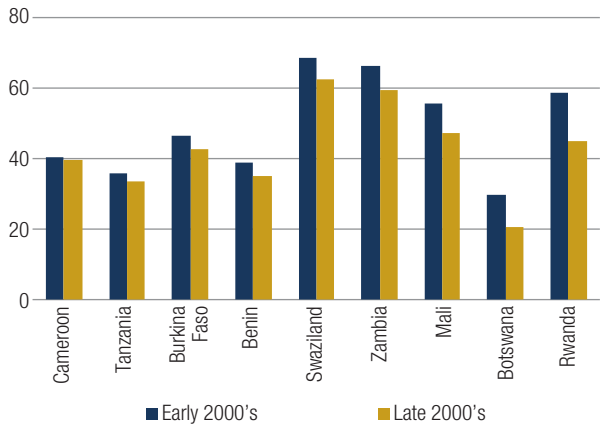
Overall, poverty rates in Cameroon virtually stagnated between 2001 and 2007—at close to 40 percent. With a population growing at about 3 percent, the rates of economic growth observed over the recent past have not been fast enough to deliver tangible improvements in the living conditions for the average Cameroonian (Figure 12). Meanwhile, many other African countries have managed to reduce their poverty rates, sometimes quite substantially (Figure 13).

FIGURE 12: GDP per capita, 2003–12
(Index 100 = 2003)



Sources: International Monetary Fund and Bank Staff calculations.

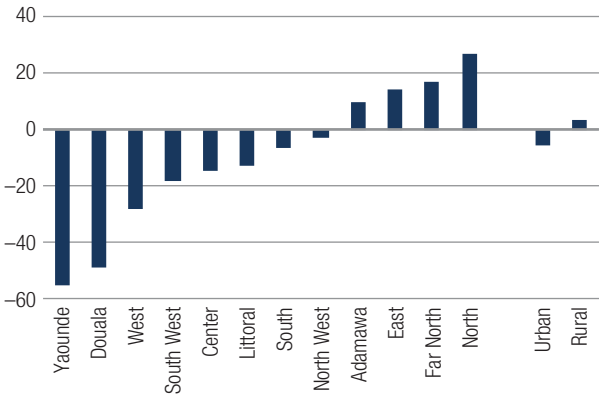
FIGURE 13: Selected Countries – Poverty Rates
(in percent of population)



Sources: Cameroonian authorities and Bank staff calculations.

Although overall poverty has not changed, poverty in urban areas has declined over the past decade. Comparing the results of the two household surveys in 2001 and 2007, one observes that poverty rates in urban areas have decreased by a bit less than 6 percentage points (Figure 14). Poverty rates have

FIGURE 14: Change in Poverty, 2001–2007
(in percent)



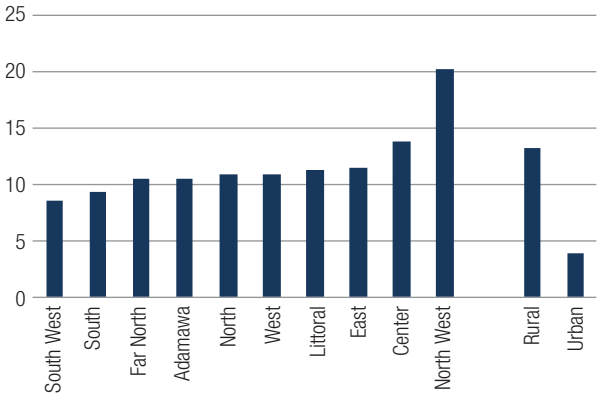
Sources: Cameroonian authorities and Bank staff calculations.

also declined most significantly in the West, South West, South, Littoral, and Central regions. In rural areas, however, poverty has actually increased, as well as in the Adamawa, East, North, and Far North.

Chronic poverty in Cameroon is primarily a rural phenomenon and is wide-spread in the Northern Regions (Figure 15). According to ECAM III, 38 percent of individuals in rural areas are chronically under the poverty line, as opposed to only 3.2 percent of the urban population. More than half of the population in the regions of the North and Far North are chronically poor. Other regions with levels of chronic poverty above the national average include the Adamawa, the East and the North West.

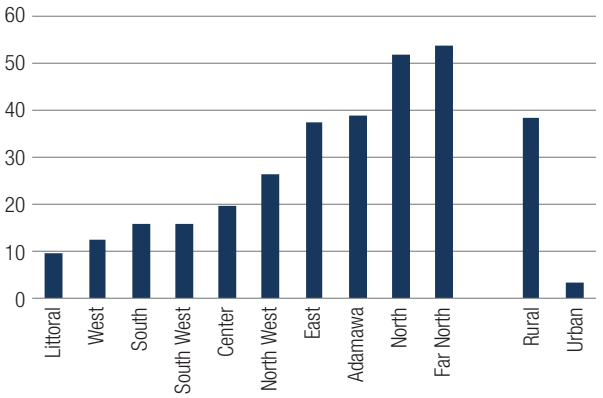
Furthermore, the majority of Cameroon's population makes its living from the land and is particularly vulnerable to climate shocks and natural disasters. Transient poverty is, therefore, higher in rural areas. Nevertheless, this phenomenon seems to be a national problem rather than limited to the poorest regions. In most of the regions, about ten percent of the population is vulnerable to temporary poverty (Figure 16). This number climbs to a bit below 15 percent in the Center and peaks at about 20 percent in the North West.

FIGURE 16: Transient Poverty Rates, 2007
(in percent of the population)



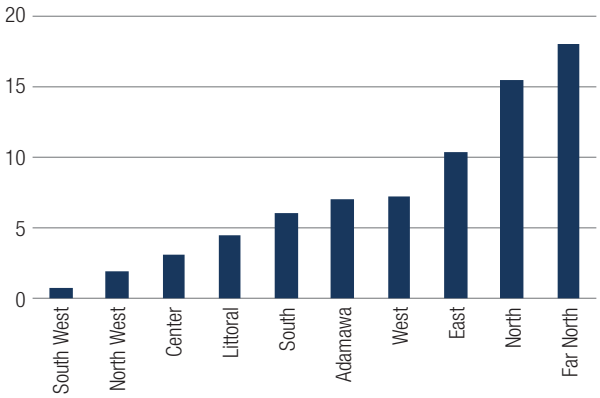
Sources: Cameroonian authorities and Bank staff calculations.

FIGURE 15: Chronic Poverty Rates, 2007
(in percent of the population)



Sources: Cameroonian authorities and Bank staff calculations.

FIGURE 17: Food Insecurity, 2011
(in percent of the population)

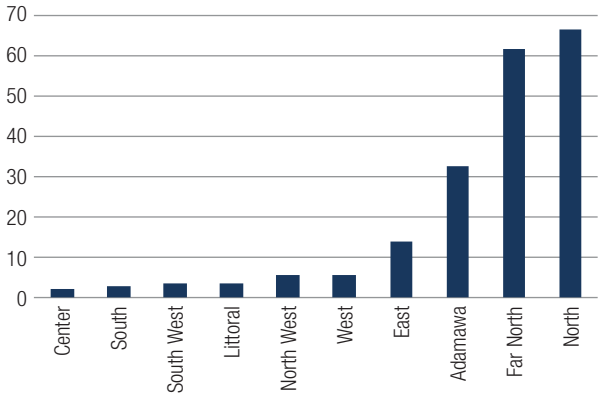


Source: World Food Program.

Looking at food security, the World Food Program observes that the Northern and Eastern regions of Cameroon have the highest share of households considered food insecure (Figure 17). This means they do not produce enough for their own consumption and their poverty levels prevent them from accessing sufficient quantities of quality food.

The Northern and Eastern regions are also the most vulnerable to food insecurity (Figure 18). The North, which is characterized by an agro-ecological Sahelian climate, has experienced recurrent shocks in the last years, including droughts in 2004 and 2009, floods in 2009 and a cholera outbreak in 2010 and 2011. More than 30 percent of households are vulnerable in the Adamawa. This number climbs to more than 60 percent in the North and Far North. Their food

FIGURE 18: Food Vulnerability, 2011
(in percent of the population)



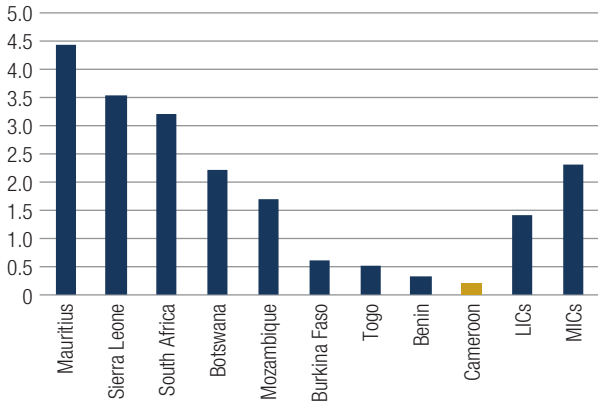
Source: World Food Program.

consumption is currently acceptable, but in case of recurrent shocks, they tend to adopt coping strategies such as buying cheaper food, reducing meal sizes and/or cutting the number of meals.

Existing Programs

Despite the high level of chronic poverty and food insecurity, very little spending in Cameroon goes to safety net programs (Figure 19). As a result, these programs are too small to make any meaningful difference to reduce poverty levels, food insecurity,

FIGURE 19: Social Safety Net Spending*
(in percent of GDP)

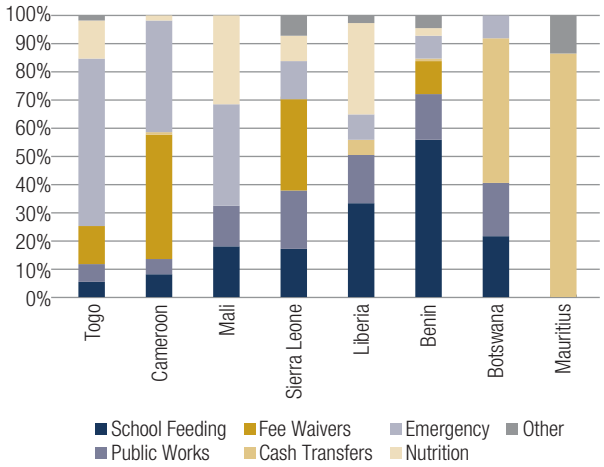


* Most recent data 2008–11.
Sources: Cameroonian authorities and Bank staff calculations.

and vulnerability. According to the most recent data, Cameroon spends 0.2 percent of GDP on social safety nets—one of the lowest ratio in Africa—while the average low-income country spends seven times that amount and the average middle-income country more than ten times.

Furthermore, there is a lack of coherent social protection strategy and effective basic safety net programs to address chronic poverty and food insecurity. The very limited resources available for social safety nets are spread over programs falling into six major categories: (i) unconditional cash transfers; (ii) labor-intensive public works; (iii) emergency

FIGURE 20: Composition of Social Safet Nets*
(in percent of total)



* Most recent data 2008–11.
Sources: Cameroonian authorities and Bank staff calculations.

Box 2 – Social Safety Nets in Cameroon

Unconditional cash transfers

There is not much experience with cash transfers in Cameroon. There are some direct transfer programs targeting the needy and indigent. The Ministry of Social Affairs is involved in assisting abandoned and street children, handicapped individuals, the elderly, as well as the vulnerable cultural minority groups. The involvement of the Ministry, however, is often in the form of supporting non-government institutions, including private. This type of assistance seems to be ad-hoc, not well organized, and the coverage and beneficiaries are not well documented.

Labor-intensive public work programs

Labor-intensive public works programs are normally short-term safety nets interventions that provide temporary employment opportunities in small scale community infrastructure projects. They can be either cash-for-work or food-for-work. There have been two principal public work initiatives in Cameroon: one run in Yaoundé (*Projet d'Assainissement de Yaoundé* – PAD-Y), another run by the World Food Program in the North and Far North. PAD-Y focused on cleaning infrastructure projects in the city of Yaoundé, while the WFP project primarily deals with rural infrastructure upgrading, such as roads and small-scale irrigation structures. The PAD-Y appeared, however, to be more an employment program than a temporary labor-intensive public works program. With its high daily wages and residency-conditions, the program could not target effectively the poor or the vulnerable. The WFP project was mostly a food-for-work public works intervention.

Emergency response initiative

Emergency response initiatives are largely designed to respond to national disasters (droughts, flooding or refugees). Considerable resources are allocated to food emergency response initiatives, often under the purview of the WFP. These programs involve the creation of cereal stocks in villages, which are then drawn upon at times of distress.

School feeding programs

School feeding programs are in place in the Adamawa, the North, and the Far North. These programs aim at simultaneously encouraging more children to attend school, especially girls, and remedy nutritional deficiencies for children already attending. Although school feeding programs are geographically appropriately targeted to regions with the lowest educational attainment rates and highest levels of food insecurity, only five percent of all primary school students are covered.

Nutrition programs

The nutrition programs in Cameroon are mostly health-related interventions targeted to support orphans and vulnerable children, in particular those infected by HIV/AIDS or having lost their parent to AIDS. In light of the scale of the orphan issue, the coverage of these programs is extremely limited.

Fee-waiver programs for basic services

Fee-waiver programs in Cameroon mainly address education and health services. The Ministry of Health manages fee-waiver programs for the indigents and the needy, in particular for emergency hospital treatment and medical evacuation, as well as for malaria diagnosis and treatment for children under the age of 5. This fee-waiver program often does not cover, however, the full cost of the treatment. Fee-waiver programs also exist for disadvantaged primary and secondary school students, and cover about 60,000 mostly handicapped students in the Northern and Western regions.

response initiatives programs; (iv) school feeding programs; (v) nutrition programs; and (vi) fee-waivers for basic services (Box 2). The vast majority of these resources are going, however, to address food emergency interventions, with spending aimed at alleviating short-term and temporary vulnerability (Figure 20). By contrast, in several MICs in southern Africa, such as Botswana, Lesotho, and Mauritius, the largest share of spending is allocated on cash transfers.

The programs are also spread over a multiplicity of ministries and departments, making coordination and effective monitoring problematic. There is no mechanism to identify risks and vulnerabilities, and map them to appropriate programs.

Going Forward

Against this backdrop, there is a need for a coherent social safety net strategy to address effectively chronic poverty, as well as food insecurity in Cameroon. This strategy should identify risks and vulnerabilities, and map them to appropriate instruments and programs. Priority groups should be identified that could benefit from safety net programs. Appropriate targeting mechanisms also need to be developed to ensure the participation of those in need.

In this regard, several characteristics are needed for a well-functioning social safety net system. Equity should be ensured in terms of benefits and financing. The system should also be fiscally sustainable. It should be scalable so that it can be expanded to respond quickly to growing needs if a shock arises. Finally, the system should be compatible with incentives for individuals to work and save.

Different forms of safety net programs could be combined to address the specific needs of the poor and vulnerable. Best practices show that a direct cash transfer program that transfers a set amount of money to vulnerable households throughout the year could significantly reduce vulnerabilities to chronic food insecurity. In addition, alternative forms of safety net interventions aimed at helping households mitigate shocks could assist in responding to climate-related shocks and other seasonal income shortfalls.

Finally, monitoring systems supporting safety net programs need to be improved to collect core data on the number and type of beneficiaries reached, money flows, as well as information about program outcomes and impacts. This information would be critical to improve program design and coordination, inform decision makers, build trust, and attract financial resources and donor support.

In this regard, the authorities are in the process of developing a national social safety net system. This system will include appropriate targeting, monitoring, and information management. It will be designed

to be able to manage large-scale, coordinated interventions. The national system will be tested through the implementation of two programs: a cash transfer program covering 40,000 vulnerable households and a public works program covering 30,000 poor households in areas with the highest poverty rates in the country according to ECAM III. Urban areas in Yaoundé and Douala will also be included to test interventions best suited to urban areas.

Meanwhile, the authorities are preparing a small-scale pilot project to build experience and develop instruments ahead of the larger scale ones. A cash transfer program will be implemented in the Far North and North West, covering 2,000 beneficiaries. The program will give a special focus on assisting households in learning income-generating skills to support themselves and become productive members in their communities.

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