Board Meeting of March 12, 1998
Statement by Jan Piercy

CAMEROON: Country Assistance Strategy - Progress Report

1. I welcome today’s discussion on the Cameroon CAS Progress Report. I concur with much of what the report says, in particular that significant progress has been made since mid-1996. However, I am disappointed that the document does not explore the implications of certain conclusions.

2. For example, the report states that, despite budgetary reallocations, both the quantity and quality of publicly provided services, particularly to the poor, have declined to the point where human development is “seriously jeopardized.” The report further notes that the decline is due mainly to deficiencies in setting priorities and failing to make proper use of domestically and internationally generated resources. In addition, the paper notes that administrative and technical capacity to implement the reform package is weak. These conclusions have broad ramifications for Cameroon’s future. However, the report makes little mention of what the Bank is doing, or can do, to help the government overcome these difficulties.

3. The Chad-Cameroon Pipeline Project is mentioned briefly in the report. What impact will the serious political and institutional constraints the report catalogs have on Cameroon’s ability to use pipeline revenues to benefit the people of Cameroon, in particular the poor? How will the Bank’s involvement in financing the project help overcome these constraints? The paper indicates that the benefits of growth have been heavily concentrated in Douala, Yaounde and part of the West, and have accrued mainly to the already relatively well off. The Government has no coherent poverty alleviation strategy. How can we be sure that the poor will benefit from the revenues generated by the pipeline project?

4. Cameroon’s poor portfolio performance is sobering and gives no basis for optimism on such ambitious projects as the proposed Chad-Cameroon Pipeline Project. The report states that measures are envisaged or underway to improve this record. Does this include cancellation of problem projects? In general, I agree that caution should be exercised in designing and implementing new investments. The phased approach discussed in paragraph 21 seems appropriate.
5. I appreciate the attention given to governance in the report, in particular to the problem of corruption. What is the evidence for the Bank’s optimistic assessment that the government “is preparing to deal effectively with the problem”? I understand that the Bank is planning to do a full assessment of governance issues for the next CAS, but no account is provided of the Bank’s current efforts to assist the government in dealing with corruption issues.

6. The lack of progress in reducing poverty is alarming. Table 1 shows that little, if any, progress has been made since the last CAS on improving access to primary education and health, increasing availability of financial services to the poor, reducing inter-regional income disparities, etc. While macroeconomic management has been strengthened since the last CAS, little progress has been made in the social sectors. The poor have also been hit disproportionately by continued weaknesses in public expenditure quality and management. What is the Bank doing to help strengthen public expenditure management? What is the status of government efforts to develop a poverty alleviation plan and what is the Bank doing to assist?

7. How can we propose to move to the high-case lending scenario with a $200 million SAC III this fiscal year when there has been so little progress on the basic elements of a poverty reduction strategy and governance issues constitute a serious constraint? I understand that there has been movement on the macroeconomic reform side, but I believe that performance on macroeconomic reforms and on poverty reduction measures must go hand-in-hand. Should we be allocating additional IDA (including Fifth Dimension) to a country where there has been such little emphasis on poverty reduction? Given the weak technical and administrative capacity to implement the reform package and the lack of progress on a poverty reduction strategy, it seems to me that non-lending capacity-building services might be more appropriate than increased levels of lending at this time. I would appreciate staff comment on this point.