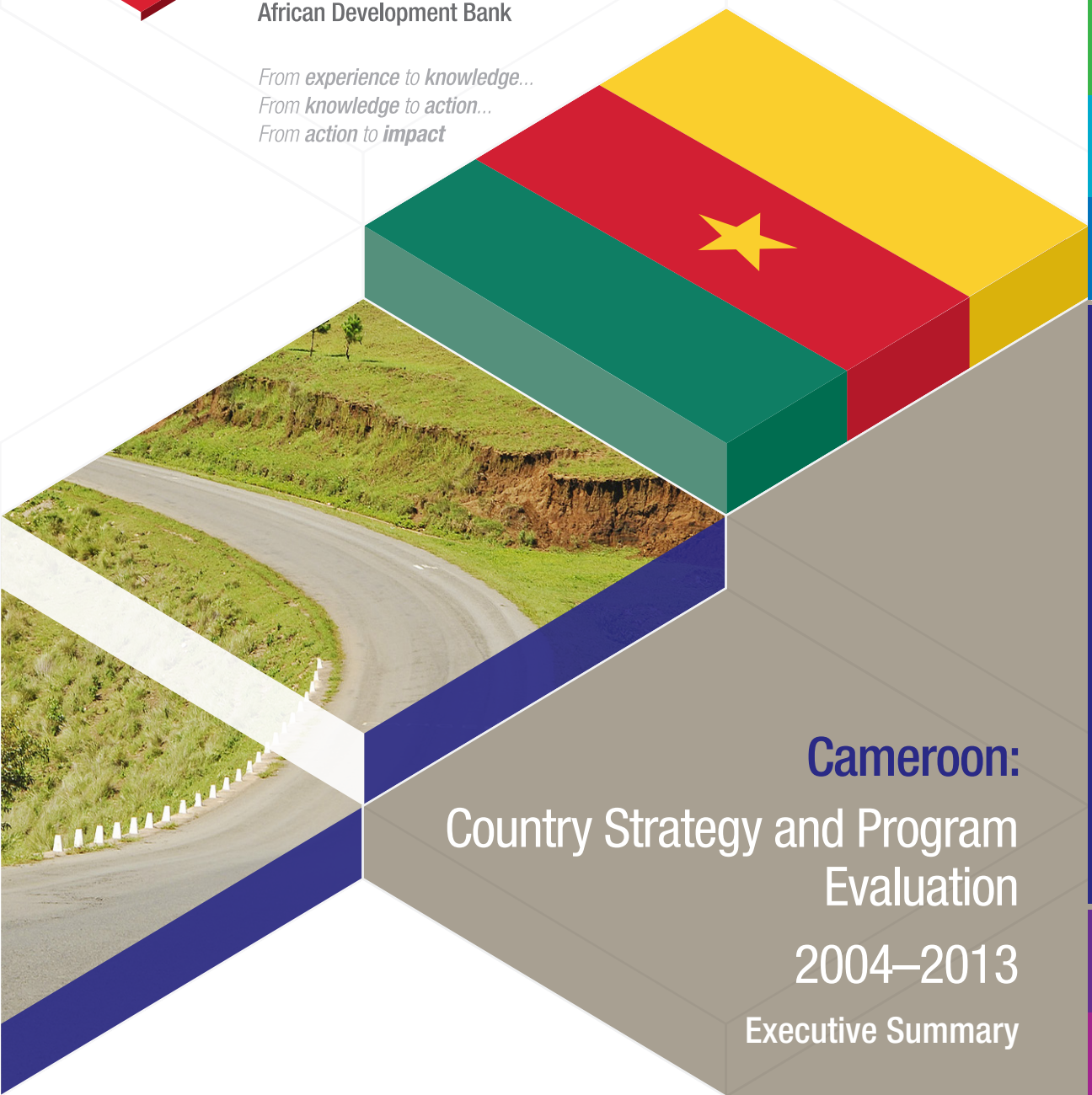
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An IDEV **Country Strategy Evaluation**

Cameroon:
Country Strategy and Program Evaluation
2004–2013
Executive Summary

AFRICAN DEVELOPMENT BANK GROUP

June 2015

IDEV conducts different types of evaluations to achieve its strategic objectives



Executive Summary

Evaluation Objective

This evaluation examines the Bank Group's assistance to Cameroon over the 2004–2013 period as well as its contribution to the country's development. Its aim is to draw relevant lessons in order to improve future strategy and operations. The main evaluation criteria used are relevance, effectiveness, efficiency and sustainability. The evaluation is based on a document review, sector evaluations and discussions with all stakeholders during two missions and field visits to the project. The evaluation of the results focuses on transport, energy, water and sanitation and governance, the priorities of the Country Strategy Papers (CSPs), and which underwent sector evaluations.

Country Context and Development Challenges

Cameroon's geographical position makes it a crossroads, which is both an asset and threat in Central Africa. Annual growth of over 3% during the past decade accelerated as of 2011 to reach 4.9% in 2013 but it did not benefit all social categories. Social performance is below that required to achieve the Millennium Development Goals (MDG) in 2015. The Sustainable Human Development Index is 0.495 and the country was ranked 150th out of 187 countries in 2012 compared to 0.499 and a world ranking of 142 out of 186 countries in 2001. Poverty remains high: 39.9% in 2007 and 40.1% in 2001. In 2011, according to World Bank estimates, in the absence of a recent household survey, poverty fell by 1.2 points[1]. Cameroon's main development challenges include economic diversification to ensure strong and inclusive growth, development of basic infrastructure, combatting corruption and strengthening participation of the population and the private sector in public affairs.

Main Evaluation Results

The Bank's interventions over the period were guided by three CSPs (2002–2004, 2005–2009 and 2010–2014) that gave priority to governance and infrastructure, two pillars of unequal importance in terms of commitments. The 2002–2004 CSP focused on poverty reduction whereas as of 2005, the Bank refocused on the transport and energy infrastructure required to improve the economy's competitiveness. The volume of Bank assistance to Cameroon over the 2004–2013 period reached about UA 654 million for 25 projects. The portfolio includes four private sector projects representing 16% of commitments over the period.

Relevance

Relevance is considered satisfactory. The CSPs are aligned with the national strategy: the Poverty Reduction Strategy Paper (2003) and the 2010–2020 Growth and Employment Strategy Paper (GESP) operationalize the country's Vision 2035. The strategic positioning on governance and infrastructure is relevant and consistent with the strategic priorities of the country and the Bank. However, the Bank's operations lacked selectivity in governance because the scope of its intervention was too wide and the number of direct beneficiaries too high.

1. IMF Article IV Report August 2014

Effectiveness

The results of the Bank's operations in Cameroon are considered satisfactory on the whole. Most of the expected results were achieved with regard to infrastructure but not with regard to governance.

The road projects achieved significant results because of accumulated experience. However, some factors have hindered the achievement of the objectives: (i) in four out of six cases, the engineering designs for asphalted roads were weak and have affected timetables and costs; (ii) the country took an average of 24 months to meet conditions, and delays in compensating displaced communities and in implementation stretched over 90 months rather than the estimated 51, and (iii) road maintenance following project completion, particularly on the priority roads in areas with rainy climates, was lacking and trucks were overloaded.

Projects financed with public-private partnerships (PPPs) (AES-Sonel investment, Dibamba Power Plant and Kribi Power Plant) affected energy sector performance, which was considered to be satisfactory overall. The two thermal power plants have been completed, are operational, and increased the AES-Sonel electricity company's generation capacity by 302MW from 933MW in 2009. These two projects reduced power outages estimated at 4 hours per day in 2010 in the dry season, which has had a positive impact on the well-being and economic activities of households and firms. By guaranteeing a regular supply of high voltage (HV), these projects have boosted the development of the aluminum industry in Cameroon including the ALUCAM Group, which contributes almost 2.5% to secondary sector GDP. This has strengthened Cameroun's trade balance as ALUCAM is one of its main exporters. However, the power transmission network suffers from a lack of investment and caused high technical losses of about 13.4% in 2014. The projects financed in the public sector have also been affected by institutional and organizational inertia, which delayed their start-up.

The factors responsible for the success of PPP projects relate to: i) the existence of a legal framework and an institutional body, the Council for the Implementation of Partnership Contracts (CARPA), which helped to clearly identify needs; ii) the weak impact of administrative rules and procedures; iii) a thorough appraisal preparation prior to presentation to the Bank's Boards, and iv) high quality at entry.

Drinking water supply and sanitation projects have not yet reached a critical threshold. Only the Yaoundé Sanitation Project has been completed and it has produced its first results: i) the number of floods in Yaoundé fell from 15 in 2006 to 3 in 2011; and ii) the malaria prevalence rate fell from 16.4% in 2005 to 8.6% in 2012, the incidence of typhoid fever fell from 5.4% to 2.8% and of diarrhoeal diseases from 3.8% to 2.4%.

Finally, with regard to governance, many of the outputs were delivered late and often under difficult conditions. Despite some capacity building impacts, the targeted reforms were unsuccessful. This poor result, reflected in the country's weak governance indicators, is mainly due to a lack of political will, the compartmentalization of Ministries, insufficient consideration given by the Bank to the country's capacity to absorb reforms and, more generally, ineffective policy dialogue. The Bank is faced with the same problems as the other technical and financial partners (TFP)[2] who are engaged in dialogue on reforms. The low proportion of ODA in the country's budget (about 5%) limits how the TFPs can weigh in and what they can do. Since there is no leverage effect, dialogue is fragmented and rarely conducted at a high decision-making level. In this context, the reforms targeted by the

2. International Monetary Fund, World Bank, European Union, France, and the United Nations Development Program

Bank and by the other TFPs have not produced conclusive results.

Crosscutting Aspects

Through the road projects, the Bank has contributed to the achievement of the regional integration objective by capitalizing on Cameroon's pivotal position in Central Africa. On the northern corridors in the direction of N'Djamena and Bangui, for example, there was a 17% increase in trade between 2007 and 2011, a 40% drop in the cost of transporting people and goods as well as time savings (between 2007 and 2013, the trip went from 15 to 7 days between Douala and N'Djamena and from 10 to 5 days between Douala and Bangui).

On the environment front, the standard guidelines were complied with. The CSP covered the issue and the projects underwent Environmental and Social Impact Assessments (ESIA). On completion, environmental problems were summarized in the control mission's final report and the completion report, whose conclusions indicate that the various service providers complied with the requirements.

With regard to gender, the Bank's interventions targeted women entrepreneurs through a specific project (Growth-oriented women enterprises (GOWE), which entailed capacity building and provided a guarantee that ensured that credit was granted to women entrepreneurs. This tool has fallen out of favor since 2010 because of strong competition from the 'ARIZ[3]' product developed by the French Development Agency (AFD). The infrastructure projects financed by the Bank also produced related assets for women (for example, a training center, the provision of small pieces of equipment etc…). The impacts on women resulting from road improvements are positive (for example less drudgery, fewer physical ills, greater security, less travel time) and in water sector projects, associations comprised mainly of women and young people were established.

Sustainability

Sustainability is considered moderately likely. This is more likely for infrastructure, especially energy, than for governance, which is affected by weak ownership, the compartmentalization of ministries and insufficient participation in the formulation, monitoring, and evaluation of public policies.

Until 2011, the Road Fund (RF) was replenished directly from the petroleum product tax revenues.. Pursuant to the amendment to the 2011 Budget Act, the Government decided to reimburse the resources intended for the Fund to the Public Treasury account, which undermines the autonomy of the RF. National capacity (programming capacity, financial resources and the SME network implementation capacity) remains insufficient for road maintenance. Projects financed in the energy sector are likely to be sustainable because they are economically viable and the structures are run and maintained by professionals with the appropriate technical skills. With regard to the Water and Sanitation Sector and the Yaoundé Sanitation Project (PADY1), since the Yaoundé Canal has no protective wall, people continue to throw solid waste into it, which could block it and reduce its discharge flow, and raise the risk of more flooding. In rural areas, the sustainability of the structures depends on government support and the management capacities of local councils.

Efficiency

According to the portfolio review reports, portfolio performance has improved with an overall score that rose from 1.8 in 2007 to 2.4 in 2014. The average project age, which was 5.4 years in 2007, fell to 3 years

3. Risk-sharing mechanism intended to facilitate access to financing for very small, small and medium-sized enterprises and micro-finance institutions thanks to greater involvement of financial institutions in their financing.

at end-2012 and 3.2 at end-2013. However, major problems bedeviled and delayed almost all the projects, especially regarding the provision of counterpart funds, the compensation of people displaced by road projects, the award of contracts and weak capacities of some implementation units and service providers.

These factors made **efficiency moderately unsatisfactory** despite the efforts to improve portfolio performance. For example, for road infrastructure, the average lapse of time between approval and the date of last disbursement is 90 months.

Partners' Performance

On the whole, the Bank's performance is considered to be moderately satisfactory. Strategic positioning is relevant. However, with regard to governance the scope of intervention was too wide and there has been a clear lack of selectivity. The Bank has strengthened its complementarity with the other technical and financial partners (TFP). In keeping with the principles of the Paris Declaration (PD), it has established a joint road project implementation unit with the World Bank.

The country's performance is considered to be moderately unsatisfactory. The implementation rate of public sector projects financed by the Bank is slow because of generic problems, lack of ownership in some sectors, management difficulties in the case of some projects, the cumbersome nature of some steering committees and monitoring-evaluation shortcomings. However, results have been achieved where there is political will, as shown, for example, by the success of PPP projects in the energy sector. The Government has established a mechanism for monitoring its portfolio with the Bank by organizing quarterly reviews with the participation of CMFO, project oversight Ministries, and project executing agencies. There is an awareness of the shortcomings and a will to address them.

Conclusions and Recommendations

The performance of the Bank's intervention strategies and programs in Cameroon over the 2004–2013 period is considered **moderately satisfactory** on the whole. The specific conclusions follow.

Bank's Positioning

The Bank's positioning and its trend in the most recent CSPs are relevant to the country's challenges. This is evidenced by the strong emphasis on infrastructure, especially on energy, and the close coordination with the other TFPs, especially in the transport sector. Despite the difficulties, support to good governance is also critical but requires a more cohesive approach in terms of prior analysis and policy dialogue. Private sector investments have a development effectiveness potential as suggested by PPP projects in the energy sector, and require closer programmatic attention.

Conditions and Critical Risks

In the area of governance and in some infrastructure projects, the conditions and critical risks of reforms and projects have not been adequately taken into account upstream and have affected their ownership and their efficient and coordinated implementation by the stakeholders concerned. The reforms initiated by the Bank and other technical and financial partners especially in the area of governance, are slow to be implemented in Cameroon because the administrative procedures for decision-making are cumbersome, which results in a considerable lapse of time between the preparation of reforms by the technical administrations and the decision to effectively start to implement them. Infrastructure projects (especially road projects) entailing the compensation of displaced people can be penalized by the considerable length of time between Bank approval and the dissemination of the compensation decrees.

Policy Dialogue

Because of the relatively low proportion of foreign aid in financing development and the compartmentalization of ministries, there is insufficient sector dialogue to address the challenges of governance. Carrying out dialogue in several areas further weakens the impact as does the lack of high-level dialogue based on targeted analytical work.

Sustainability of Transport Infrastructure Investments

Road maintenance problems (road funds and maintenance capacity) and sector governance are threats to the results of major infrastructure investments.

Capacities of Local Enterprises and Right-sizing of Lots for the Structures

Project performance, especially in rural areas, was affected by the weak capacity of local enterprises. Some lots for the development of structures are too small to attract efficient enterprises; they attract artisanal firms with inadequate cash flows to get through payment delays and that are usually unable to meet the requirements and therefore abandon sites and generate additional costs because of poor workmanship. The monitoring of numerous contracts and procedural operations by CMFO creates a heavy workload that could possibly have been avoided had the Bank previously confirmed the firms' implementation capacity.

Recommendations

Strengthen the strategic positioning by developing programmatic synergies. The focus on infrastructure remains highly relevant particularly for increasing the volume of resources. Value added and results may also be further strengthened by increased programmatic integration:

- Greater focus on governance-related operations and improved synergy with other sectors, for example targeting sector governance, in coordination with the other TFPs;
- Programmatic integration of the private sector, drawing on its PPP experience, and
- Parallel concentration on policy dialogue and on analytical work in the key areas of positioning, especially with regard to reforms.

Develop risk management and define conditions (identification, planning and monitoring of mitigation measures) in the design and monitoring of the CSP and projects to ensure that they are efficiently coordinated and fully owned by the stakeholders concerned. One option for implementation is the establishment of a risk-management process for the entire portfolio, complemented by a focus in the governance portfolio on the capacities of government services and other reform-related risks.

Ensure the sustainability of transport infrastructure investments. Strengthening infrastructure management, especially in the transport sector, through an efficient road maintenance fund, is necessary to ensure the sustainability of investments and effective public spending. In general, the Bank should help to improve sector governance by combining infrastructure financing with institutional support to create the appropriate conditions for optimal project implementation and achievement of the expected results.

Contribute to the strengthening of local enterprises. To this end, the Bank should refine the size of construction jobs for structures under the projects that it finances to give local enterprises access to them. Another useful option could be to prepare an updated directory of competent local companies. ■

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About this Evaluation

This evaluation examines the Bank Group's assistance to Cameroon over the 2004–2013 period as well as its contribution to the country's development. Its aim is to draw relevant lessons to help improve future strategy and operations.

The evaluation is based on a document review, sector evaluations and discussions with stakeholders. It focuses on transport, energy, water and sanitation and governance, the priorities of the Country Strategy Papers (CSPs).

Overall, this evaluation finds that the performance of the Bank's intervention strategies and programs in Cameroon over the 2004–2013 period were moderately satisfactory.

To ensure the sustainability of investments and effective public spending, the evaluation recommends the strengthening of infrastructure management, especially in the transport sector, through an efficient road maintenance fund. It also recommends that the Bank should help improve sector governance by combining infrastructure financing with institutional support to create the appropriate conditions for optimal project implementation and achievement of expected results.



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