

# article

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Has  
Government  
Spending  
Helped

# The Poor In Cameroon?



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## INTRODUCTION

Public spending is a key feature for governments to promote economic growth and reduce poverty. The Government of Cameroon (GOC) adopted the “Vision 2035” agenda in 2009 whose strategy was to transform Cameroon into an upper-income industrialized country and reducing poverty to socially accepted levels by 2035. In addition to its Poverty Reduction Strategy Paper, GOC launched a 10-year development plan focused on massive investment in infrastructure with the aim of driving economic growth and reducing poverty. This led to an increase in state budget. Nevertheless, poverty has hardly decreased in Cameroon since 2001 (39.9% in 2007 to 37.5% in 2014, using the national poverty line) and 90% of poor Cameroonians live in rural areas. In fact, growing regional disparities and the political insecurity in the Anglophone and northern regions is more likely to drive up poverty rates [1](#).

Public spending has risen considerably over the last decade due to GOC’s commitments to Vision 2035, DSCE and PLANUT goals. Even with the increase, GOC spends less in health, infrastructure and social protection than other African countries, while a big share (19%) of its budget goes to general administration. Spending is highly centralized (87% as of 2015) and this has contributed to local communities feeling left behind and the crisis in the English-speaking regions<sup>2</sup>.

Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Budget	2,276	2,301	2,570	2,571	2,800	3,236	3,312	3,746	4,249	4,373	4,689	4,850

*Fig 1: Years and corresponding state budget (in billions).*

## HAS INCREASED IN GOVERNMENT EXPENDITURE BENEFITTED THE POOR?

Poverty levels have stagnated while government expenditure has been increasing steadily. This means increase in government spending has not helped poor Cameroonians. There are three main reasons for this.

*1. Allocative Inefficiencies:* This occurs when resources are spent on projects that do not benefit poor Cameroonians. GOC's funding dynamics systematically provides less funding to regions with worse indicators. Primary health centers providing basic care in rural areas are under-funded with preference given to tertiary and referral hospitals. The northern regions have the highest incidence of under-five mortality, yet they have the most poorly developed health infrastructures and received less funding than other regions. Public spending on education remains heavily skewed towards the urban areas. This has contributed to considerable disparities in educational outcomes across regions <sup>1</sup>

Relative to other sub-Saharan African countries, the GOC spends more on administrative services and less on health (5.2%, which is lower than the WHO's recommended 10%). A large proportion of the budget (4.3%) goes to missions, representation and ceremonies. These misallocated funds could have helped to reduce poverty in Cameroon if they were redirected to the health, education and other rural sectors <sup>2</sup>

*2. Inefficiency Irregularities:* This arises because of weak and improper expenditure controls that eventually leads to high personnel and administrative costs without a corresponding increase in institutional capacity. Civil servants receive a per diem of 90\$-360\$ per workshop session. Certain ministries have adopted an informal practice of offering per diem payments for any type of meeting. Mission allowances, per diems and fuel vouchers are unsustainable fiscal policies that slow down administrative processes and constrained fiscal resources that could be invested in social protection programs. Educational spending focuses more on operational/administrative costs (88% in 2015) rather than human capital investment such as improving the quality of education. In addition, public spending is being compromised by a systemic bias that favors the Center and Southern regions<sup>2</sup>

Expenditure efficiency appears to have diminished over time in Cameroon. Several giant infrastructural projects have been completed but not operational. The Public Expenditure Review revealed longer than planned implementation timeframe for all projects- from the 3 – 4 years initially planned to 7 – 10 years. It also highlighted that projects in Cameroon are 2 – 6 times higher than similar projects in other African countries <sup>2</sup>

*3. Corruption:* It deepens poverty by prioritizing capital-intensive projects that provides better opportunities to extort illegal incomes over productive education and health programs.

## WHAT CAN WE DO?

**Improve Fiscal Discipline:** GOC needs unambiguous commitment to fiscal discipline. Reducing the large share of administration expenses (representation, ceremonies, fuel, missions, travel, etc.) would generate substantial fiscal savings. These revenue gains could create enormous potentials for funding education, healthcare and infrastructure in the rural areas<sup>1</sup>.

**Improve Fiscal Decentralization:** Further decentralization efforts could help mitigate the country's political crisis and increase poverty reduction<sup>2</sup>. Decentralizing health expenditures for example away from the central administration to the point of healthcare delivery at the district level would improve both efficiency and equity. GOC should implement an equity-budgeting system based on transparency to redistribute additional resources to communities with the most pressing needs.

*Improve Public Expenditure Efficiency & Management:* Financial and accounting documents do not reflect the reality of actual expenditures in Cameroon. The 2017 Public Expenditure and Financial Accountability Assessment indicates that a high proportion of public expenses are marred with irregular practices. For example, more than 80% of education budget covers teachers' salaries, yet the number of teachers in priority education zones is constantly declining. This has been an obstacle to reducing poverty in Cameroon. Therefore, improving transparency and adopting a performance-based financing mechanism will improve expenditure efficiency<sup>2</sup>.

**Completion of Key Infrastructure Projects:** Projects that could have benefitted the poor are still uncompleted. A World Bank assessment of five major infrastructural projects revealed unexplained deadline extensions for all projects, from the 3 – 4 years initially planned to 7 –10 years (Memve'ele, Yaoundé-Douala Highway, social housing units, etc.). GOC should adopt clear rules to determine the state of project maturity and conduct regular evaluations at each stage of the project<sup>2</sup>.

*Manage costs of Infrastructural Projects:* Weak project planning and corruption has led to high costs for public investment projects in Cameroon. Project costs in Cameroon are 2 – 6 times higher than similar projects in other African countries. The cost per MW for the Memve'ele is US\$3.25M/MW compared to US\$0.96M in Ethiopia's Gilgel Gibe III; US\$11M/KM for the Yaoundé-Douala Highway compared to US\$3.5/KM in Ivory Coast. GOC must improve on its fight against corruption in order to curb projects costs, and thereby making more resources available in the education and health sectors<sup>2</sup>.

Public expenditure can benefit poor Cameroonians, but this will depend on its impact on fiscal policy; the programs funded and the effectiveness of budget execution. Expenditures in education should be able to meet the market demands of labour. Tertiary education continue to focus on traditional academic subjects that does not often correspond to economic innovation and transformation. With poorly developed and inadequate educational structures, the odds of living in poverty are high. Furthermore, a social-inclusion mechanism is needed since public spending do not take into account marginalized populations <sup>3</sup> Rural residents have higher odds of living in poverty since they are cut-off from diversified opportunities and fundamental resources in urban cities due to lack of infrastructure. GOC must address these issues by allocating more resources to rural sectors to combat increasing rural poverty rates <sup>4</sup>

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