

January 2014 | Issue No 7

CAMEROON ECONOMIC UPDATE

REVISITING THE SOURCES OF GROWTH

THE QUALITY OF BASIC EDUCATION



THE WORLD BANK

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Revisiting the Sources of Growth The Quality of Basic Education

January 2014

TABLE OF CONTENTS

ABBREVIATIONS AND ACRONYMS	V
ACKNOWLEDGEMENT	VII
EXECUTIVE SUMMARY	1
RECENT ECONOMIC DEVELOPMENTS	3
2013 has seen some encouraging economic developments.....	3
...although the fiscal and external balances have deteriorated.....	5
Medium term prospects are positive... ..	6
...but substantial risks remain	7
Looking forward, the sources of growth need to be revisited.....	9
BASIC EDUCATION IN CAMEROON	11
Cameroon has made significant progress in access to basic education.....	11
...but important disparities persist.....	13
...because of resource allocation and governance problems	15
Looking forward, tackling these issues would strengthen the basic education system.....	20
REFERENCES	23



ABBREVIATIONS AND ACRONYMS

CFAF	CFA Franc
CONFEMEN	<i>Conférence des ministres de l'Éducation des États et gouvernements de la Francophonie</i> (Conference of the Ministers of Education of French speaking countries)
CPI	Consumer Price Index
CTP	Contract Teachers Program
DENOs	<i>Dépenses engagées mais non-ordonnancées</i> (expenditure committed but for which no payment order has been issued)
DSCE	<i>Document de Stratégie pour la Croissance et l'Emploi</i> (Growth and Employment Strategy Paper)
ECAM	<i>Enquête Camerounaise auprès des Ménages</i> (Cameroonian Household Survey)
EESI	<i>Enquête sur l'Emploi et le Secteur Informel</i> (Employment and Informal Sector Survey)
EGMA	Early Grade Mathematics Assessment
EGRA	Early Grade Reading Assessment
EMIS	Education Management Information System
GDP	Gross Domestic Product
IMF	International Monetary Fund
INS	<i>Institut National de Statistique</i> (National Institute of Statistics)
MINEDUB	<i>Ministère d'Éducation de Base</i> (Ministry of Basic Education)
PASEC	<i>Programme d'Analyse des Systèmes Éducatifs de la CONFEMEN</i> (Program for the Analysis of Education Systems)
PTR	Pupil-Teacher Ratio
PTA	Parent Teachers Association
SNH	<i>Société Nationale des Hydrocarbures</i> (National Hydrocarbons Corporation)
SONARA	<i>Société Nationale de Raffinage</i> (National Refinery)
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations Children Fund
WB	World Bank
ZEP	<i>Zones d'Éducation Prioritaires</i> (Education Priority Zones)

ACKNOWLEDGEMENT

The Cameroon Economic Updates are produced by a Team led initially by Raju Jan Singh and now by Souleymane Coulibaly. Shobhana Sosale prepared the chapter on education. For this purpose, the Team has built upon the recently-completed Education Country Status Report for Cameroon (Le système d'éducation et de formation du Cameroun dans la perspective de l'émergence). Other Team members include Faustin Koyassé, Simon Dietrich and Sylvie Ndze. The World Bank GSSTI unit ensured the French translation of the CEU. The photos in this report (including on the cover) are to the credit of Stephan Bachenheimer, Consultant Sr. Videographer, ECRBM, World Bank.

Comments received from Birgit Hansl, John Litwack, Cia Sjetnan, Ousmane Kolie and Abel Bove are

gratefully acknowledged. Greg Binkert (Country Director for Cameroon), Mark Thomas (Economic Policy Sector Manager), Peter Maseru (Education Sector Manager), and Olivier Godron (Country Program Coordinator) provided guidance and advice, and have been an invaluable source of encouragement.

The Team has also greatly benefited from consultations with Cameroon's key policy makers and analysts, who provided important insights, in particular the following institutions: the BEAC, the Technical Monitoring Committee (CTS), the Ministry of Economy and Planning, the Ministry of Finance, and the National Institute of Statistics. The Team is also grateful to their colleagues at the International Monetary Fund.

EXECUTIVE SUMMARY

With these Cameroon Economic Updates, the World Bank is pursuing a program of short and frequent reports which analyze 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 Cameroon Economic Updates aim at sharing knowledge and stimulating 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 exchange. This seventh issue of the Cameroon Economic Updates is entitled "Revisiting the Sources of Growth—The Quality of Basic Education".

The average observed economic growth rate from 2010 to 2013 is a mere four percent, one percentage point below the 'Vision 2035' targets. Achieving the official objectives set for 2020 would require Cameroon to move to double digit annual growth rates over the 2014–2020 period, compared to the 4.8 to 5.4 percent projected by the World Bank. This calls for renewed attention to the sources of growth in Cameroon to identify policy areas that can help "muster all our energy to champion this cause and summon all our strength to ensure growth", as emphatically expressed by President Biya in his end of year 2013 address. This seventh edition of the Cameroon Economic Update looks at the quality of basic education to ensure that the right investments are made in people to build human capital, a key ingredient for sustainable economic growth.

Education is key to building skills, enhancing the productivity of workers, and contributing positively to long term growth. At the individual level, education increases earning potential and reduces the risk of falling into poverty. There is a strong link between the education level of a household head and the probability of this household to fall under the poverty line. Studies have also shown important indirect effects of education, especially on health. Taking into account differences in factors such as income and residency (rural/urban), an increase in the level of education positively affects issues such as family planning, reproductive health and child health.

Cameroon has achieved significant progress over the last decade in expanding access to basic education. The number of students completing primary school, the primary completion rate, rose from 53 percent in 2001 to about 80 percent in 2011. School life expectancy rose by four years over the same period, a great improvement in relation to international comparators. The primary gross enrollment rate rose from 102.8 percent in 2001 to 112.9 percent in 2011.

The increase in gross enrollment, however, does not seem to have been accompanied by better education outcomes. Cameroon's results on the standard test PASEC (Program for the Analysis of Education Systems), a student achievement test directed by the Conference of the Ministers of Education of French speaking countries, declined between 1998 and 2005 (latest year for which data is available at the time of printing this report), although it is still higher than in many other Francophone countries in Africa.

The improvements in access to education also mask significant differences in education performance across and within individual regions, as well as between gender and income groups. The three northern regions (Far North, North and Adamawa) and the East lag behind in education outcomes despite an increased attention through the ZEP (“Zones d’Education Prioritaire”) program aimed at raising schooling access, attendance, and achievement.

The Economic Update suggests improving data collection in order to better monitor education service provision, assess more systematically student learning, increase in budget allocation to education as a whole, reprioritize public spending to the ZEPs, ensure transparency in budget allocation, and revisit the textbook policy to ensure durability and affordability.

RECENT ECONOMIC DEVELOPMENTS

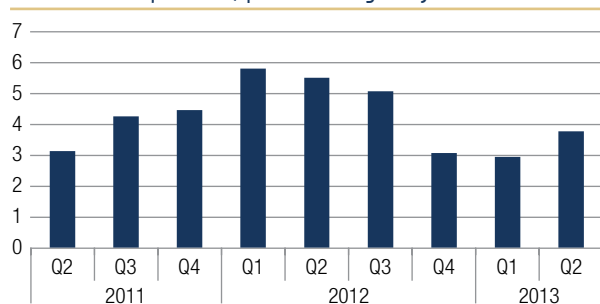
2013 has seen some encouraging economic developments...

Growth

In spite of a sluggish global economy, preliminary information suggests that economic growth in Cameroon could reach about 4.6 percent in 2013 (compared to 4.6 percent in 2012¹). The economy grew by 2.9 and 3.8 percent in the first two quarters, respectively (over the same quarter in the previous year, Figure 1).

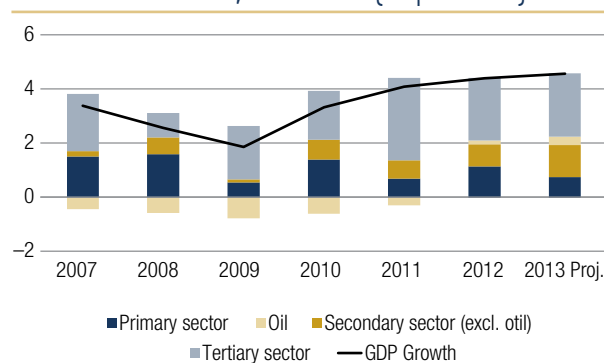
As in recent years, the tertiary sector is the main driver of economic growth (Figure 2), telecommunications and transport being particularly dynamic. In the primary sector, industrial and export-oriented agriculture has driven growth. Rubber and cotton exports have continued to rise while cocoa exports have reversed their downward trend due to better prices (Figure 3). Coffee exports however have fallen by about 50 percent, due to a combination of factors: the slowdown in production due to aging plants and a gradual retreat from the sector, was compounded

FIGURE 1: GDP Growth by Quarter, 2011–2013
(percentage change over same quarter, previous year)



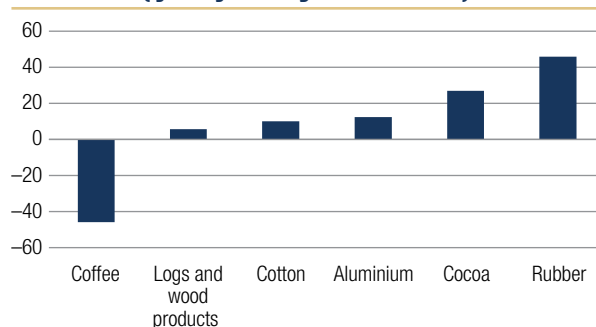
Source: INS National Accounts and WB staff calculations.

FIGURE 2: Sectoral Contributions to GDP Growth, 2007–13 (in percent)



Sources: INS and WB staff calculations.

FIGURE 3: Export Performance, Q1–Q3 2013
(y-o-y change in volume)



Sources: Customs and WB staff calculations.

with exporters building up coffee stocks because of low international prices.

The secondary sector has not been as dynamic as in 2012. After a slump in the first quarter, industrial production expanded by three percent in the second quarter (year-on-year). The performance is partly explained by shortfalls in electricity production caused

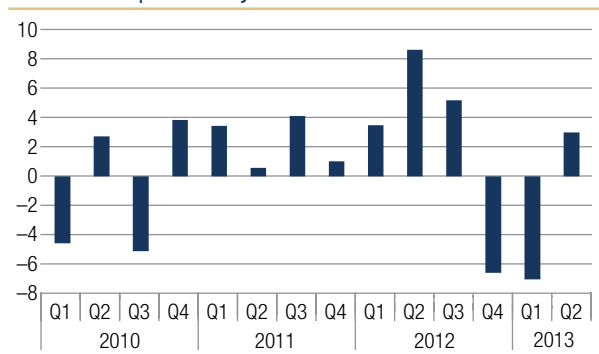
¹ The 4.4 percent estimate mentioned in the 2013 July issue of the Cameroon Economic Updates was revised to 4.6 percent.



by limited hydropower capacity during the dry season (December–June) as well as delays in the commissioning of the new gas fired power plant in Kribi. The plant, 216MW of installed capacity, began operating in February 2013 (available capacity around 30MW) to progressively reach its total installed capacity in May 2013. The plant was built to complement the seasonal production pattern of Cameroon’s hydropower plants. Accordingly, it generated between 75 and 100 MW during the rainy season (July–December), when hydropower was abundant and cheap, and has been running almost at full capacity since December (between 170 and 180 MW). It is planned to expand the plant’s capacity by an additional 114 MW and the transmission lines connecting Kribi to Edéa are already equipped accordingly. However, while the gas plant is useful to complement Cameroon’s energy mix, the grid transporting power from Edéa to Douala and Yaoundé, the country’s main centers of electricity consumption, is overloaded and outworn. It urgently needs investment to keep up with rising demand and ensure the power supply of Cameroon’s main urban centers.

In the oil sector, the upward trend in production has continued, expanding to 17.4 million barrels in the first three quarters of 2013, compared to 17 million barrels over the same period last year (Figure 5). However, this expansion is slower than that projected earlier this year because of delayed activities in new oil fields. Total oil production for 2013 is estimated at 24.3 million barrels, compared to the 27 million barrels projected in April. Overall, it is important to note that Cameroon is

FIGURE 4: Industrial Production Index, 2010–2013 [y-o-y change in percent]



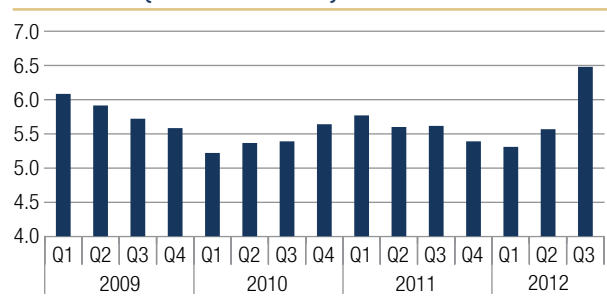
Sources: INS and WB staff calculations.

not as dependent on oil as other neighboring oil producing countries (Figure 6). Oil GDP represented 8 percent of total GDP in Cameroon in 2011, compared to 38 to 48 percent in Angola, Nigeria and Chad. While oil accounts for one fourth of government revenues and half of the exports in Cameroon, in the other three countries more than three fourth of the revenues and almost all of the exports stem from oil.

Inflation

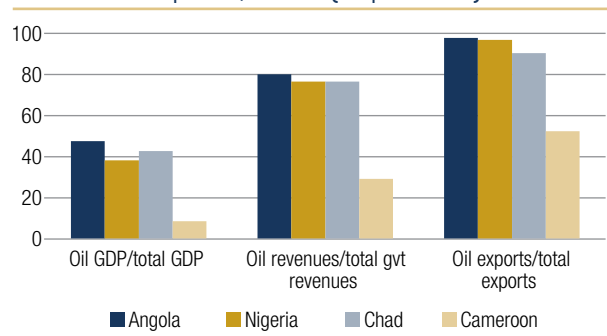
In 2013, prices rose moderately and the inflation rate ended the year well below the regional convergence criterion of three percent (Figure 7). The overall price level increased by 1.6 percent in 2013 (year-on-year), compared to 2.5 percent over the same period the year before. Food prices, which have been the main driver of inflation in recent years, rose only by 2.2 percent, mainly because of good harvests (compared to 4.2 percent over the same period last year). The continued freeze on retail fuel prices has also contributed to containing inflationary pressures.

FIGURE 5: Quarterly Oil Production 2010–13 [in mio barrels]



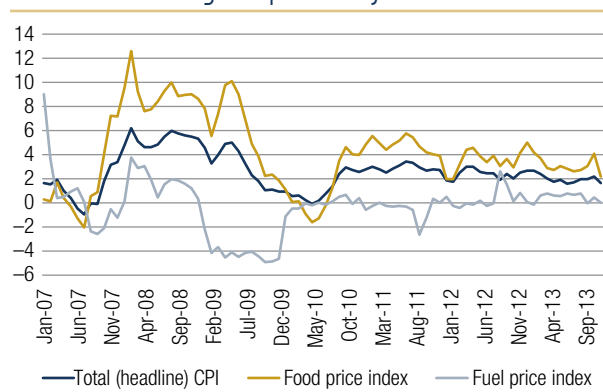
Sources: SNH.

FIGURE 6: Share of oil in GDP, revenues and exports, 2011 [in percent]



Source: IMF and WB staff calculations.

FIGURE 7: Selected Prices, 2007–13 (y-o-y change in percent)



Sources: INS and WB staff calculations.

...although the fiscal and external balances have deteriorated

Fiscal

Projections on the basis of the fiscal performance observed over the first three quarters of the year indicate an underperformance in fiscal revenues. Total revenues (including grants) are projected to amount to 18.4 percent of GDP (after cross-cancellation of

subsidies to the national refinery SONARA and taxes owed by the latter), which is 0.4 percentage points below July projections as well as estimated performance in 2012 (Table 1). Despite high oil prices and an increase in production, oil revenues are down due to rising operating costs.

At the same time, current spending is expected to exceed the budget by about one percent of GDP. The main reason for this is the under-budgeting of the fuel subsidies, which are projected at 450 billion CFAF (3.3 percent of GDP) compared to only 220 billion scheduled in the budget. Investment spending, meanwhile, is projected to reach 6.5 percent of GDP, compared to 6.9 percent budgeted. This performance can partly be explained by the recent reforms in public procurement and the introduction of the program budget.

Overall, lower than budgeted revenues and under budgeted expenses for fuel subsidies lead to a widening budget deficit, expected to reach 3.7 percent of GDP. The non-oil primary balance is projected to increase to 8.9 percent of non-oil GDP, compared to 7.2 percent in 2012.

TABLE 1: Fiscal Performance, 2012–13y (in percent of GDP)

	2012 Est.	2013 Budget	2013 July Proj.	2013 Proj.
Revenue and Grants	18.8	19.2	18.8	18.4
Oil Revenue	5.4	5.1	5.2	5.0
Non-oil Revenue	13.0	13.6	13.2	13.1
Direct taxes	3.6	3.6	—	3.5
Special tax on petroleum products	0.8	0.8	—	0.8
Other taxes on goods and services	5.6	6.3	—	6.6
Taxes on international trade	2.3	2.2	—	2.4
Non-tax revenue	0.7	0.8	—	0.8
Grants	0.4	0.5	0.4	0.4
Total Spending	20.4	21.5	22.4	22.1
Current Spending	14.0	14.6	16.0	15.6
Capital Spending	6.5	6.9	6.3	6.5
Overall Balance*	-1.7	-2.3	-3.6	-3.7
Non-oil primary balance**	-7.2	-7.7	—	-8.9

Source: Dashboard of public finances (Ministry of Finance) and WB staff calculations.

*does not include payment of arrears.

**in percent of non-oil GDP.

External

The trade deficit is expected to have grown in 2013 to 1.6 percent of GDP, compared to 1.1 percent in 2012 (Table 2). This is mainly due to rising imports of intermediary goods for the realization of large infrastructure projects and low prices for some of Cameroon's major export products, especially coffee. Non-oil exports are expected to have dropped from 11.1 percent of GDP in 2012 to 10.5 percent in 2013. At the same time, the current account deficit is projected to amount to 4.9 percent of GDP in 2013, which is about the same as the year before, but more than one percent above 2011 figures. Foreign reserves dropped by about 63 million USD (30 billion FCFA) to 3.3 billion USD.

Medium term prospects are positive...

Oil and Gas production are expected to increase significantly over the coming years. In 2014, the oil sector is estimated to continue its expansion with a projected 24 percent increase in production. In the medium term, oil production could more than double thanks to the exploitation of new oil fields. According

to projections by the National Hydrocarbons Association (SNH), oil production could reach 57.0 million barrels in 2016, compared to 24.4 million barrels in 2013. The SNH expects oil production to decrease thereafter, but natural gas could fill the gap in the long run.

The first generation of large infrastructure projects is scheduled to be completed over the coming years. These include the new deep-sea port in Kribi, expected to start operations mid-2014, the Memvélé and Lom Pangar hydropower dams, as well as the second Wouri bridge. These projects could alleviate key infrastructure bottlenecks and contribute positively to economic growth. A second generation of large infrastructure projects is already being planned by Government and includes road and rail transport corridors.

With regards to economic developments in advanced economies, there are reasons to be cautiously optimistic for 2014. According to the Economic Sentiment Indicator, economic confidence, while still below the long-term average, is slowly rising in the euro zone (Figure 8). At the same time, the IMF, in its October edition of the World Economic Outlook, projects a growth rate of one percent in the Euro zone after two years of contraction.

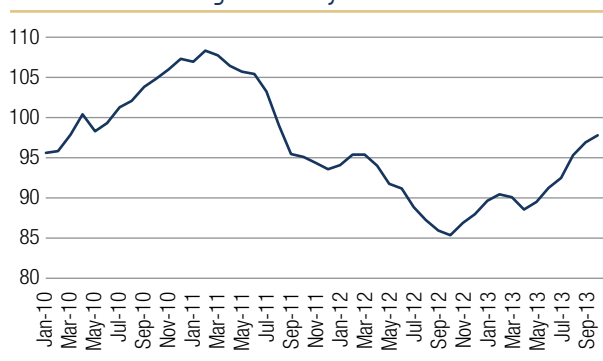
TABLE 2: Balance of Payments, 2011–2013 [in percent of GDP]

	2011	2012	2013 (proj.)
Trade balance	-2.3	-1.1	-1.6
Imports	24.4	23.8	23.4
Non-oil exports	10.6	11.1	10.5
Current account balance			
Excluding grants	-3.8	-4.8	-4.9
Including grants	-2.9	-4.0	-4.0
Financial account balance	1.5	4.3	3.7
Official capital	1.0	1.6	1.7
Long-term borrowing	1.5	2.1	2.4
Amortization	-0.5	-0.6	-0.7
Non-official capital (net)	1.0	2.2	1.9
Oil sector	0.4	0.6	0.7
Non-oil sector	0.6	1.6	1.2
Overall balance	-1.3	0.3	-0.2

Source: IMF.



FIGURE 8: Euro-zone-Economic Sentiment Indicator, 2010–2013 (long-term average = 100)



Source: European Commission.

In line with these projections, Cameroon's main trading partners are expected to import more than in recent years (Figure 9). After two years of falling imports, the volume of imports in Spain and in France, Cameroon's first and fourth most important trading partners, are projected to rise by 2.8 and 2.4 percent, respectively, while Italy's imports are projected to stabilize. At the same time, imports of China and the Netherlands are expected to grow at the same rate as in the previous year.

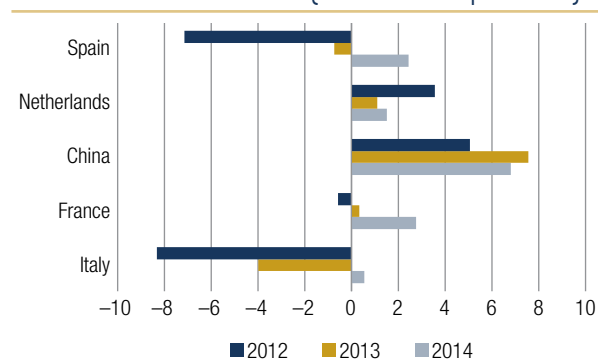
...but substantial risks remain

Domestic risks

Three domestic risks are looming: accumulating arrears, delayed execution of public investments and deteriorating business environment.

The stock of Government arrears and other payment obligations has increased from 3.9 percent of GDP in 2011 to 6.7 percent in 2013, a worryingly high level (see Table 3). These are, however, tentative figures and the results of ongoing audits are needed to clarify the situation. The main reasons for the rising arrears and payment obligations are the constant under budgeting of fuel subsidies, building up obligations to SONARA, the national oil refinery, and shortcomings in cash management, causing DENOs (*Dépenses engagées mais non-ordonnancées*, expenditure committed but for which no payment orders have been

FIGURE 9: Actual and Projected Import Volume, Main Trading Partners, 2012–2014 (variation in percent)



Source: IMF World Economic Outlook.

TABLE 3: Government Arrears and other Obligations, 2011–2013 (end of year levels, in percent of GDP)

	2011	2012	2013 (proj.)
Audited arrears	1.4	1.1	0.9
DENOs	1.1	1.4	1.9
Obligations to SONARA*	1.4	1.6	2.0
Obligations to importers	0.0	0.5	0.9
Residual obligations	0.0	0.0	1.0
Total	3.9	4.6	6.7

Sources: IMF and WB staff calculations.

*Takes cross-cancellation of taxes and obligations to SONARA into account and assumes no further transfer between late September 2013 and end 2013.

issued) and residual obligations. In the 2014 budget, the cost of fuel subsidies remains under budgeted, which will further aggravate the problem. A continued freeze on retail fuel prices would require an estimated CFAF 450 billion (about three percent of GDP), but only CFAF 220 billion have been budgeted for 2014. This limits the effectiveness of the budget as a realistic policy making instrument to prioritize growth-sustaining and poverty reducing expenditures.

The execution of the investment budget has been increasingly delayed. In 2013, investment spending is projected to reach 6.5 percent of GDP, compared to 6.9 percent budgeted. On a cash basis, these numbers mask a significant delay in the execution of the 2013 investment budget. In the first three quarters of

the year, only 35 percent of the budgeted investments financed through internal resources were executed (Table 4). This performance can partly be explained by the reform of public procurement with the creation of a Ministry of public procurement and the introduction and implementation of the program budget. As a consequence, the Government extended the complementary budget period by two months, until March 2014. If these delays become persistent, the growth dividend of these investments might be diluted.

The business climate in Cameroon remains discouraging to new investment. In the 2014 edition of World Bank's Doing Business Report, Cameroon lost six positions compared to the 2013 ranking², and now ranks 168th out of 189 countries. In order to make Cameroon more attractive to investors, the Government adopted a new investment law in April 2013. The law offers exemptions and reductions on the majority of taxes to new businesses as well as to existing ones under certain conditions. The law's impact on Government revenue is uncertain but might be substantial and should therefore be closely monitored. The text remains vague on the administrative procedures necessary to benefit from the tax exemptions, which might raise transparency concerns.

External risks

On the external side, oil price volatility and increasing financing costs on internal markets should be carefully watched.

TABLE 4: Execution of Investment Budget Q1–Q3, 2013 (in CFAF billion)

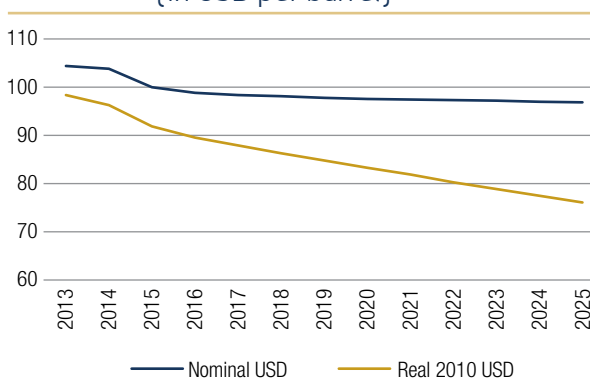
	Budget	Execution	% Executed
Internal Resources	676	239	35.4
External Resources	281	232	82.6
Total	957	471	49.2

Sources: MINFI, MINEPAT, CAA.

Cameroon is vulnerable to volatile commodity prices. A drop in international oil prices would put pressure on public finances, as about a fourth of Government revenues stems from the oil sector. The latest World Bank Commodity Price Forecast projects oil prices to be relatively stable in nominal US Dollars, but steadily decreasing in real terms (Figure 10) due to growing supplies of unconventional oil, efficiency gains, and (less so) substitution away from oil. Coffee, another sector that contributes to the Cameroonian economy, is also dependent on international prices. In 2013, coffee exports halved, due among other things, to exporters building up coffee stocks because of low international prices. A fall in prices of other important agricultural export commodities, such as cotton, rubber, wood or cocoa, would severely affect the primary sector.

The cost of financing represents an indirect source of external risk. Financial conditions in developing countries over the past six months have been roiled by a portfolio adjustment that was set in motion by speculations over the timing of a US Federal Reserve

FIGURE 10: Oil Price Forecasts, 2013–2025 (in USD per barrel)



Source: WB Commodity Price Forecast January 2014.

² The Doing Business (DB) 2014 ranking is not compared to the published ranking for DB 2013, but to a comparable ranking for DB 2013 that captures the effects of such factors as data corrections and the addition of 4 economies (Libya, Myanmar, San Marino and South Sudan) to the sample in 2014.

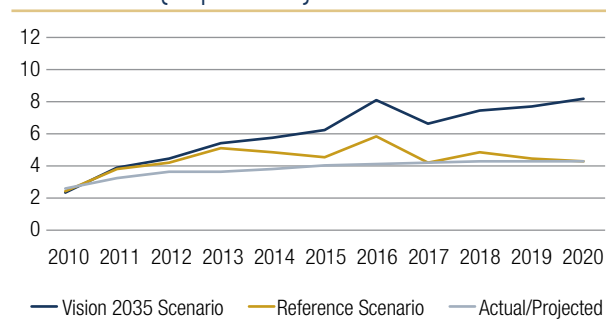
withdrawal of some of the measures put in place to support growth, despite no actual change in the long-term asset purchases. The yield on 10-year United States Treasury bills rose by 100 basis points, sparking a significant portfolio readjustment as investors increased the share of now higher-yielding US bonds in their overall portfolios. This portfolio adjustment caused a temporary—but significant—reversal in capital flows from developing countries to the United States. On a cumulative basis, investors withdrew a net total of US\$64 billion from developing country mutual funds between June and August. Gross capital flows to developing countries fell by half and the currencies and stock markets of several major developing economies declined by as much as 15 percent.

Such movements can have an indirect impact on the Cameroonian economy through its increasing trade flows with emerging markets. Now that the Federal Reserve has announced a slowdown of its quantitative easing program for 2014, the impact of financing costs of the emerging economies that increasingly trade with Cameroon should be closely examined.

Looking forward, the sources of growth need to be revisited

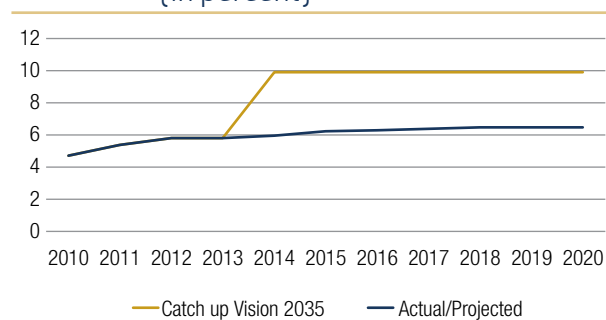
The developments laid out above could negatively affect capital accumulation or preclude the reallocation of production factors to their most effective uses and hence maintain growth below the targets formulated in the 2009 *Document de Stratégie pour la Croissance et l'Emploi* (DSCE), absent a timely policy response. Cameroon needs an acceleration to meet the 2020 reference scenario objectives laid out in the DSCE. The average observed growth rate from 2010 to 2013 is 4.1 percent³, one percentage point below the 'Vision 2035' targets (and 0.8 percentage points below the DSCE reference scenario; Figure 11). Achieving the objectives set for 2020 would require an annual growth rate of 9.5 percent during the 2014–2020 period, compared to the 4.8 to 5.4 percent projected by the World Bank (Figure 12).

FIGURE 11: Actual and Projected GDP Growth Rates compared to Government Objectives, 2010–2020 (in percent)



Sources: DCSE and WB staff calculations.

FIGURE 12: GDP Growth Rate necessary to reach Government Objectives (in percent)



Sources: DCSE and WB staff calculations.

This situation calls for renewed attention to the sources of growth in Cameroon—to identify policy areas that can help Cameroon reach the economic growth levels that are needed to sustainably develop the country and reduce poverty. Given the important impact of education on long term growth, a revision of the sources of growth should start by looking at the quality of human capital.

Endogenous growth theories have been tested over decades in a wide range of countries and confirmed that human capital plays a critical role in achieving economic growth. In this regard, education, to-

³ Actual growth rate for 2010–2012, projected growth rate for 2013.

gether with health (covered in the previous issue of the “Cameroon Economic Update”), contribute in an important manner to Cameroon’s aspiration to becoming an emerging economy by 2035. The next

chapter looks at the quality of basic education to ensure that the right investment is made in people to build human capital at an early age, a key ingredient for sustainable growth and development.

BASIC EDUCATION IN CAMEROON

Education is key to building skills and enhancing labor productivity and to contribute positively to long-term economic growth. Education is key to building skills and enhancing labor productivity and to contribute positively to long-term economic growth.

At the individual level, education increases earning potential and reduces the risk of falling into poverty. There is a strong link between the education level of a household head and the probability of this household to fall under the poverty line. A 2013 Education Country Status Report shows important indirect effects of education, especially regarding health. Taking into account differences in factors such as income and residency (rural/urban), a higher level of education positively affects issues such as family planning, reproductive health and child health.

Against this backdrop, the lack of improvement in education outcomes in Cameroon, despite better access to education, is a cause for concern. Furthermore, important disparities exist in education performance across and within regions, as well as between gender and income groups. The poorest benefit less from public spending in education as they primarily live in disadvantaged areas, suffer from the chronic underfunding of the primary sector, and are hit especially hard by high out-of-pocket spending for education.

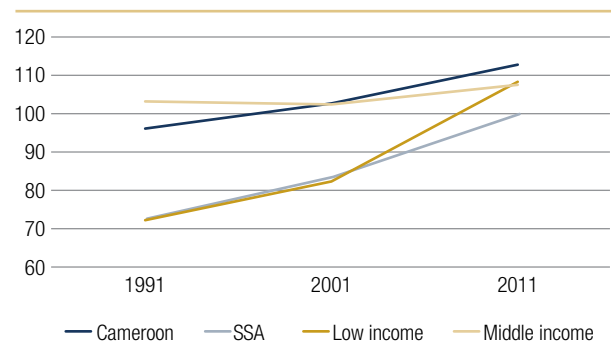
This chapter draws on the recently-completed Education Country Status Report for Cameroon (*Le système d'éducation et de formation du Cameroun dans la perspective de l'émergence*). It describes Cameroon's education profile, discusses resource allocation to education and governance issues in the education sector, and suggests some options going forward.

Cameroon has made significant progress when it comes to access to basic education...

Cameroon has achieved significant progress over the last decade in expanding access to basic education. The primary gross enrollment rate rose from 102.8 percent in 2001 to 112.9 percent in 2011 (Figure 13). This ratio reflects total enrollment in primary education, regardless of the age of the children, to the population of the age group that officially corresponds to the level of education. The rate can thus exceed 100 percent, providing insights into improved access, while also showing the possibilities of high repetition rates and over-age students in the education system.

The share of students completing primary education—the primary completion rate—also rose during this period, from 53 percent in 2001 to about 80 percent in 2011. School life expectancy, the number of years of education a child of school

FIGURE 13: Primary Gross Enrollment Rate, 1991–2011

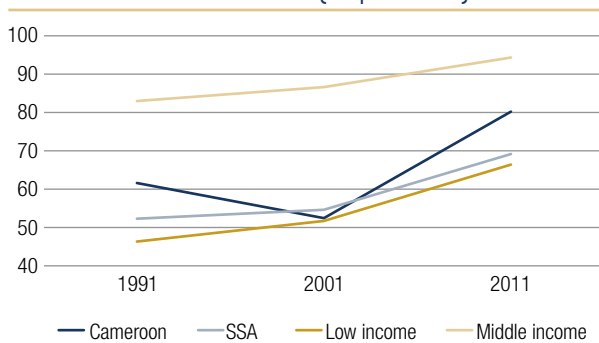


Sources: Education Country Status Reports (2003&2013), UNESCO Institute of Statistics.

entering age can expect to receive during his or her life-time, increased by four years over the same period, a great improvement when looking at international comparators (Figures 14 and 15). The explanation is due in part to the abolition of school fees in primary education in 2000 which spurred some increase in total enrolment and to improved service delivery through the contract teachers program during the period 2007–2011. Total secondary enrolment more than doubled in the past two decades, reaching nearly 1.3 million total students in 2009. Overall, children spend 2.5 more years in school than two decades ago, totaling an average 10 years of education, well into secondary school.

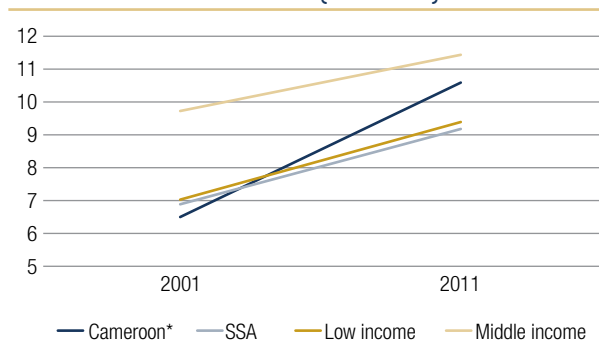
But some contradictions exist. These improvements do not seem to have been accompanied by better education outcomes. Cameroon participates in

FIGURE 14: Primary Completion Rates, 1981–2011 (in percent)



Sources: Education Country Status Reports (2003&2013), UNESCO Institute of Statistics.

FIGURE 15: School Life Expectancy, 2001–2011 (in Years)



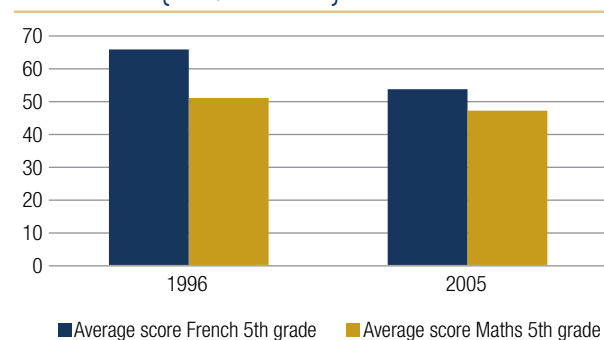
Sources: Education Country Status Reports (2003&2013), UNESCO Institute of Statistics.

*RESEN does not contain year of Cameroon data.

the Program for the Analysis of Education Systems (PASEC), a student achievement test directed by the Conference of the Ministers of Education of French speaking countries (CONFEMEN). Although still higher than in many other Francophone countries in Africa, Cameroon's results on this standard test declined between 1998 and 2005 (Figures 16 and 17). On the 5th grade PASEC student assessment, only Gabon achieved a higher average score over Cameroon in French, and only Madagascar did better than Cameroon in mathematics. Data from the 2010 PASEC results are not yet available. Cameroon will participate in the next PASEC student assessment in 2014. Results from these would help to construct comparative time series data on student learning outcomes. There currently exist no other comparative learning assessments. It is important to note that Cameroon's performance over time has declined slightly, although from a comparative perspective the results are higher than in comparable African countries. In 2010, the Ministry of Basic Education (MINEDUB) conducted a national Early Grade Reading Assessment (EGRA). The results show that 49 percent of 3rd grade students had great difficulty in reading, and 27 percent could not read at all.

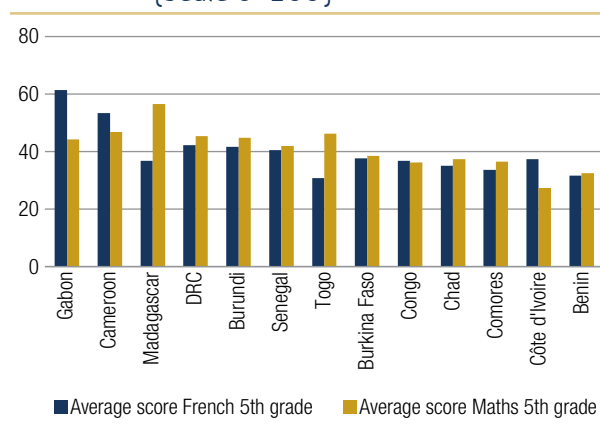
Furthermore, important disparities persist: The improvements in access to education mask significant differences in education performance across and within individual regions, as well as between gender and income groups.

FIGURE 16: Evolution of PASEC Results in Cameroon, 1996–2005 (scale 0–100)



Source: PASEC.

FIGURE 17: PASEC results in all African Countries tested since 2005 (scale 0–100)



Source: PASEC.

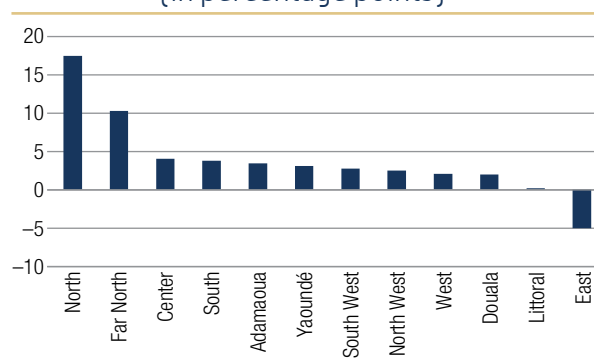
... but important disparities persist...

Regions

The Government has identified the three northern regions (Far North, North and Adamawa) together with the East and pockets of underserved areas around urban centers and close to borders, as “education priority zones” (*Zones d'Éducation Prioritaires*, ZEP). These ZEP are subject to targeted Government support to raise schooling access, attainment, and achievement. In recent years, as a result of this focalization, the northern regions have shown some progress in education indicators (Figures 18 and 19).

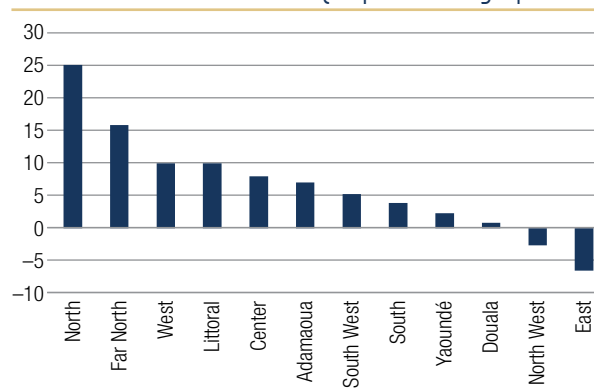
Despite the increased attention and progress shown, these regions still lag behind in education outcomes. Comparison between regions shows that in 2011, primary completion rates in the ZEP regions ranged between 46 percent (in the Far North) and 81 percent (in the East), compared to more than 94 percent in each of the other regions (Figure 20). The disparities in adult illiteracy are even more pronounced, where the Far North, the North, and Adamawa figure significantly above the national average of 35 percent (Figure 21). Between 55 and 76 percent of the population are illiterate in Adamawa and the Far North

FIGURE 18: Change in Primary Education Attendance, 2001–2007 (in percentage points)



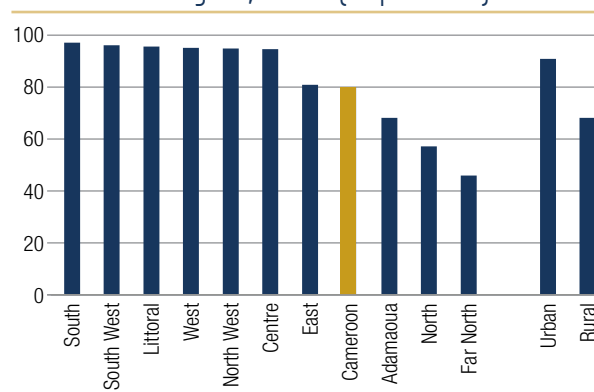
Sources: ECAM 2&3, WB staff calculations.

FIGURE 19: Change in Adult Literacy, 2001–2007 (in percentage points)



Sources: ECAM 2&3, WB staff calculations.

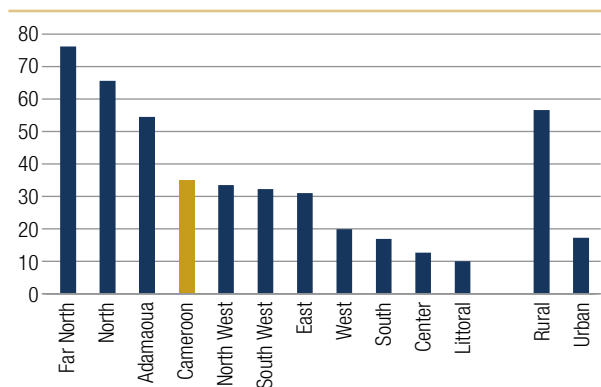
FIGURE 20: Primary Completion Rates by Region, 2011 (in percent)



Source: Education Country Status Report (2013).

respectively, compared to only 10 and 13 percent in the Littoral and Center regions, respectively.

FIGURE 21: Adult Illiteracy Rate by Region, 2011



Source: Education Country Status Report (2013).

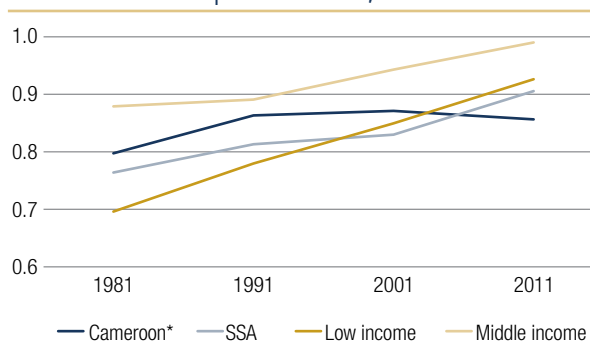
As the above figures show, there is also a strong rural-urban divide in basic education performance. In urban areas, 91 percent of the students complete primary school, compared to only 68 percent in rural areas. The adult illiteracy rate in rural areas is 57 percent, more than three times higher than in urban areas (about 17 percent). These figures mirror general poverty rates, where the same regions are subject to higher levels of poverty as well as chronic poverty.

Gender

Gender parity in basic education in Cameroon has not improved since the 1990s. Once enrolled, fewer girls complete primary education than boys. The gender parity index for primary completion rate is the ratio of the female primary completion rate to the male primary completion rate, a value of 1 indicates gender parity. In Cameroon, the index value was at 0.86 in 2011, the same level as twenty years earlier (Figure 22). Over the same period, many other countries have made significant progress towards gender equality in education, while Cameroon has made little progress and has as such fallen behind international comparators.

While the overall gender gap remains significant, its magnitude differs according to location. For example, the net primary school attendance rate for girls, which is the ratio of primary school age girls enrolled in primary education to the total number of primary school age girls, reveals important differences between rural

FIGURE 22: Gender Parity Index for Primary Completion Rate, 1981–2011



Source: UNESCO Institute of Statistics.

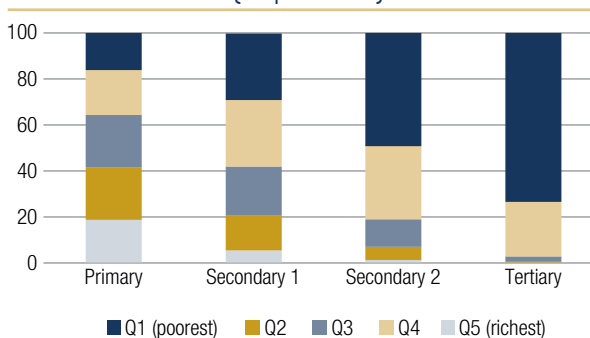
*no data for 2001, so 2000 data is used.

and urban areas. In rural areas, primary net attendance for girls is only about 65 percent, compared to 79 percent for boys. In urban areas, where school attendance is high for all children, the gender gap is narrower.

Income/Wealth

There are significant differences in educational achievements between income groups in Cameroon. While almost all (97 percent) students belonging to the richest 20 percent finish primary school, only 40 percent of the poorest quintile do so. Figure 23 shows the composition of the student body in each of the education subsectors by wealth quintile. While enrollment in the primary sector is more or less equally distributed, the distribution becomes increasingly unequal as we move up the education ladder. In the first cycle of the

FIGURE 23: Share of Enrollment in Education Subsectors by Wealth Quintile, 2011 (in percent)



Source: Education Country Status Report (2013).



secondary, 58 percent of students are from the two richest quintiles, compared to 21 percent from the two poorest quintiles. In the second cycle of the secondary, as well as in the tertiary, the two richest quintiles represent a large majority of students (81 and 97 percent, respectively), while there are almost no students from the poorest quintiles.

From a policy point, basic education is “free” in Cameroon. In spite of this, basic education represents relatively important costs to families—in terms of activity and examination fees, fees for additional (non-government paid) teachers, textbooks, school uniforms etc. The current pricing structure of primary enrollment introduces intra-regional inequities in the system. Parents are bearing a disproportionate cost of primary education and their preference function has resulted in sending some children to school and not others (especially girls). Poorer households are unable to bear the cost. The analysis of allocative inefficiencies across sub-sectors of education is beyond the scope of this report. Overall budget for education needs to be increased and allocative efficiency needs to be reviewed based on quintile analysis.

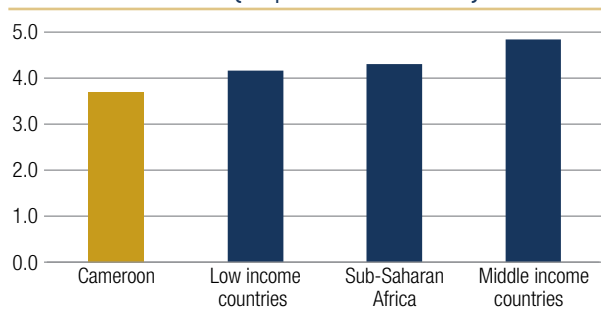
... because of inadequate and inefficient resource allocation, utilization and governance problems.

Public and Private Spending

Why are there such great variations in education outcomes across geographic locations and socioeconomic status? Part of the answer can be found in the allocation of resources. Although Government spending in education has increased from 1.9 percent of GDP in 2000 to 3.3 in 2003, it has since stagnated, remaining below the regional average of 4.3 percent of GDP (Figure 24).

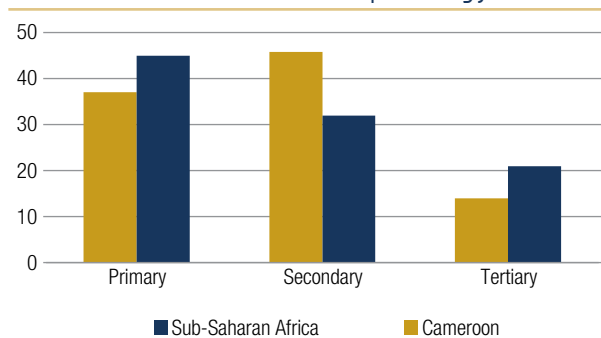
Furthermore, the distribution of these limited public resources is unequal. In 2011, secondary education received a significantly large allocation than what was allocated to primary or higher education. In contrast, governments in Sub-Saharan Africa put, on average, most of their resources in primary education (Figure 25).

FIGURE 24: Public Expenditure on Education, 2010 (in percent of GDP)



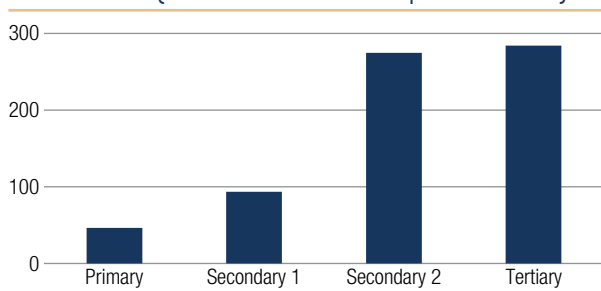
Sources: Education Country Status Report (2013) and WB Education Statistics.

FIGURE 25: Current Education Spending by Sub-sector, 2011 (in percent of total education spending)



Source: Education Country Status Report (2013).

FIGURE 26: Current Education Spending per Student by Sub-Sector, 2011 (in CFAF thousands per student)



Source: Education Country Status Report (2013) and WB staff calculations.

Disparities in public spending are also significant when looking at education spending per student in the different sub-sectors. Per student spending in the second cycle of secondary and in the tertiary are more than five times higher than in primary education (Figure 26). This is partly a result of secondary and tertiary education

being more expensive per student than for primary education. Yet, given that students from poor family are less likely to reach these higher levels of education (the second cycle of the secondary or tertiary), this pattern somehow contributes to an unequal distribution of education spending between income groups.

The low Government contribution to primary education results in high out-of-pocket expenses for parents (Figure 27). Also, parents of children enrolled in primary school need to pay for textbooks, uniforms, exam fees, transportation and sometimes extra fees for extra home classes. Private financing is also used to pay for teachers through Parents-Teachers Association (PTA) fee collection at both primary and secondary education levels (about 18 percent of primary school teachers are paid by parents). Hence, although primary education is officially free, in practice it is not.

The resulting high cost of primary education means many families cannot afford to send their children to school. According to the latest survey on employment and the informal sector, lack of financing ranked as the main reason for children dropping out of school (Figure 28).

Weak governance and accountability further undermines the efficiency of these limited public resources invested in education. In 2013, Transparency International ranked the Cameroonian education system as being perceived as the fifth most corrupt in Sub-Saharan Africa (Figure 29). The same study revealed that 72 percent of the population think the education sector is “corrupt” or “extremely corrupt” (Sub-Saharan Africa average was 57 percent, while the global average stood at 41 percent) and that 36 percent of the people in contact with the education system paid a bribe in the last 12 months (Sub-Saharan Africa average was 31 percent, while the global average stood at 16 percent).

Data availability

Access to reliable and timely data on sector performance hampers accountability. The current education management information system (EMIS) in Cameroon is fragmented, with five ministries

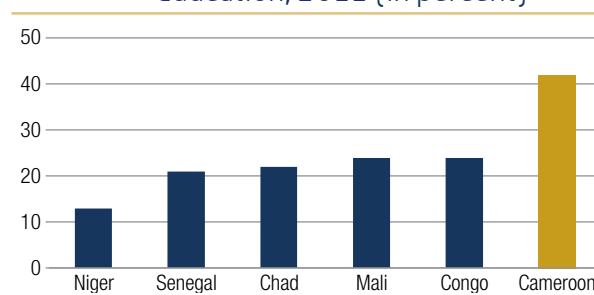
responsible for education collecting data for their own sub-sector and with considerable variability in data quality.

In 2011, the Ministry of Basic Education introduced the School Report Card, a database containing information collected for the traditional statistical yearbook. The School Report Card contains three indices, a context index (taking into account availability of electricity, water supply and type of toilets), a resources index (pupils per teacher, textbook, classroom and desk) and a performance index (pass rate, drop-out rate, rate of repeaters), that allow a comparison of needs and performance by school. Contrary to the centralized statistical yearbooks, the new tool also allows all actors of the system (institutional or communities) to obtain information regarding their level of intervention (school, sub-division, region etc.). However, so far this information is not yet transferred to the actors on the ground and its use still has to be institutionalized.

Performance Monitoring

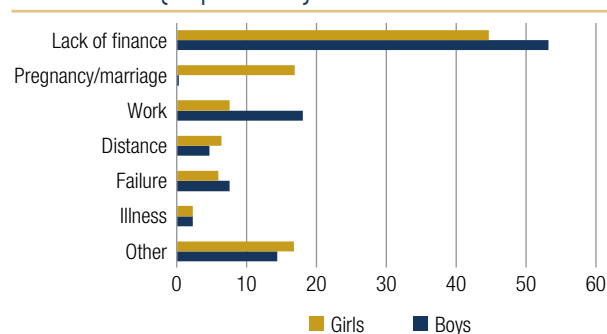
A study on governance in education (World Bank 2012a) focusing on three regions with different profiles (North West, Littoral, and Far North) found that the current monitoring system for teachers and schools is weak and lacks clearly defined standards and expectations. The existing system of sanctions and incentives is not always applied and lacks rigor in promoting

FIGURE 27: Share of Parent’s Contribution in National Expenditure for Education, 2011 (in percent)



Source: Education Country Status Report (2013).

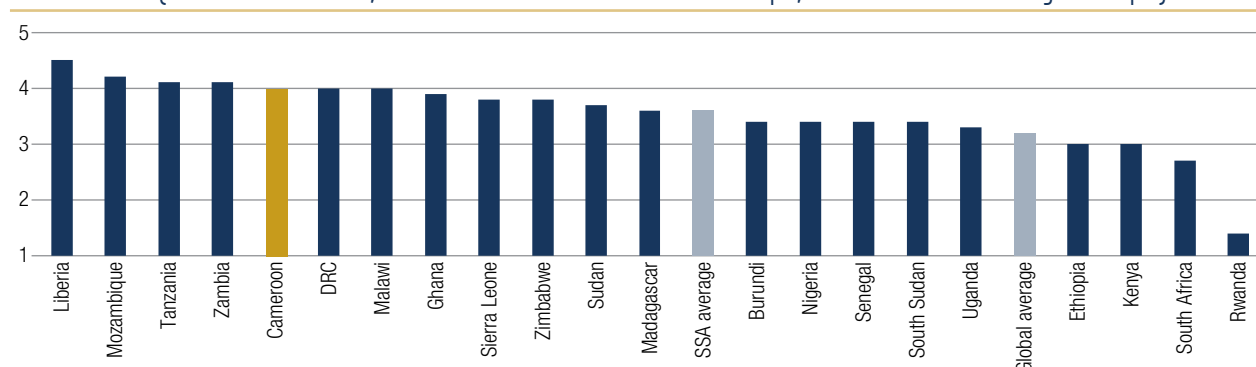
FIGURE 28: Reasons for Drop-outs, 2010 (in percent)



Source: EESI 2.

better school performance. The work of regular civil servant teachers in basic and secondary education is evaluated via confidential reports, which are unrelated to sector activities. Although the work of contract teachers hired by the Center for primary schools are

FIGURE 29: Education Sector Corruption Perception Index, 2013 (Score scale 1–5, where 1 means not at all corrupt, 5 means extremely corrupt)



Source: Transparency International.

more closely monitored, this has little impact on their performance. The monitoring of school and teacher performance is particularly weak in basic education, while there seems to be more accountability in secondary education—likely a result of the nation-wide examinations that are required to be passed by any student before he can move to the next level of education.

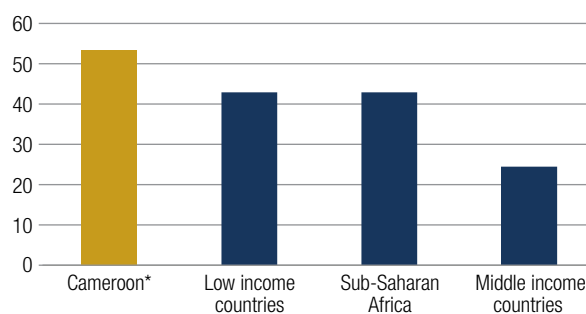
Since accountability for performance in basic education, especially with regards to improving quality, is imperfect at the school level, the next level, the subdivision inspectorate, needs to play a critical role in monitoring school performance. Inspectors are expected to visit each school several times during the year and surprise visits are encouraged. However, in practice, inspectors face severe constraints in travelling to schools. They often do not have transport and, if they do, the roads are often bad. Most important, this administrative level is seriously understaffed, making effective performance monitoring a difficult task.

Teachers

There is a severe shortage of teachers in Cameroon, which affects the quality of services rendered in schools. On average, the pupil-teacher ratio is about 53, which is high in international comparison (Figure 30). Geographical disparities are pronounced with the northern and eastern regions above the national average (Figure 31).

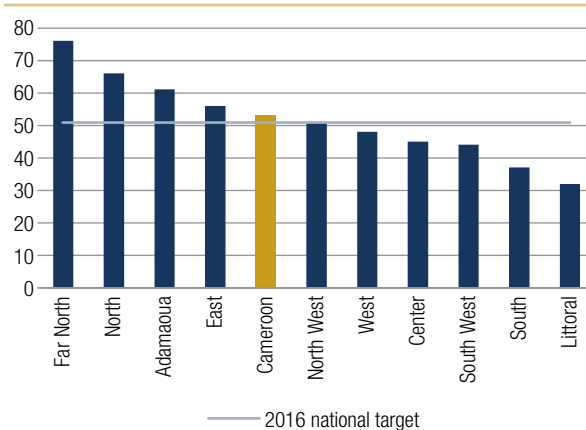
To address the teacher shortage, the Government introduced the Contract Teachers Program (CTP) in the context of a freeze in civil servant recruitment in Cameroon in the 1990s. Initially the program was not well defined and suffered from inequitable deployment, high attrition and uneven performance. In 2000, the system was revamped. The new policy outlined salary scales, benefits, and a career path for contract teachers.⁴ Through a World Bank supervised Global Partnership for Education funded project with Agence Française de Développement co-financing a total of 37,200 qualified contract teachers were hired between 2007 and 2011, 60 percent of

FIGURE 30: Pupil-Teacher Ratio, 2011



Sources: MINEDUB Statistical Yearbook and WB Education Statistics. *2012 data for Cameroon.

FIGURE 31: Pupil-Teacher Ratio by Region, 2012



Source: MINEDUB Statistical Yearbook.

them female. This resulted in improving teacher availability in the ZEP. In its new education strategy the Government aims at reducing the pupil-teacher ratio to 51 by 2016. A follow-on World Bank supervised Global Partnership for Education funded project would support the conversion of approximately 7,253 PTA teachers to contract teacher status and

⁴ The salary of contract teachers was set at approximately three times the average GDP per capita and two-thirds of regular civil servants salary. The Government of Cameroon also established a career development strategy for contract teachers, including several levels of promotion. The Government provides an additional payment to contract teachers in lieu of a guarantee of a pension. Contract teachers are also given similar benefits as regular civil servants, such as 18 days of leave during the school year. Teachers with children are entitled to two additional days of leave per child. If leave is not taken during the school year, contract teachers are allowed to cumulate the leave (civil service teachers, however, are not allowed to cumulate leave).

about 1,747 new recruits as contract teachers over the next four years.

Nevertheless, the level of teacher attrition among CTP teachers remains high. Attrition has been particularly high (about 18 percent) among female contract teachers from the south who were deployed in the northern part of the country, particularly when deployed to the ZEP and rural areas, where life conditions for young and educated teachers are difficult. Attrition has also occurred as contract teachers have migrated to other ministries after being registered as civil servants in the Ministry of Basic Education.

In addition to wide regional disparities, there are wide differences within regions, with a pronounced urban/rural divide. High overall pupil-teacher ratios in the northern regions mask the fact that certain, mainly urban areas, exhibit relatively moderate PTRs while in some remote rural areas there is only one teacher for 150 students or more, making effective learning virtually impossible. At the same time, in regions with low overall PTRs, pockets with severe teacher shortages continue to exist. Figure 32 illustrates the sub-divisions with the highest and the lowest pupil-teacher ratios in each region. All regions, except the South, contain sub-divisions with PTRs above and below the national average of 53 and in six regions there are sub-divisions with PTRs of 150 and above.



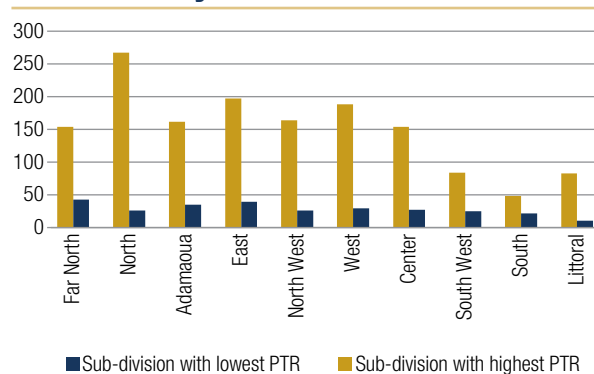
students can write in them requires new books to be purchased every year. Such a design prevents a cheaper textbook provision system, which would mean the Government could more easily deliver on the promise of free provision. Furthermore, pressure from publishers has been reported forcing Ministries to make marginal changes to the curriculum each year, requiring in turn the printing of new editions of books. As a result, the children who have books are those whose parents can afford to buy them. The

Teaching materials

Primary education is also affected by a shortage of teaching materials. Cameroon has the lowest pupil-textbook ratio of all the countries surveyed by UNESCO in Sub-Saharan Africa: on average only one out of twelve students had access to textbooks in 2011 (Figure 33). Here again, the national average masks significant regional differences. In many disadvantaged areas, there are no textbooks in classrooms.

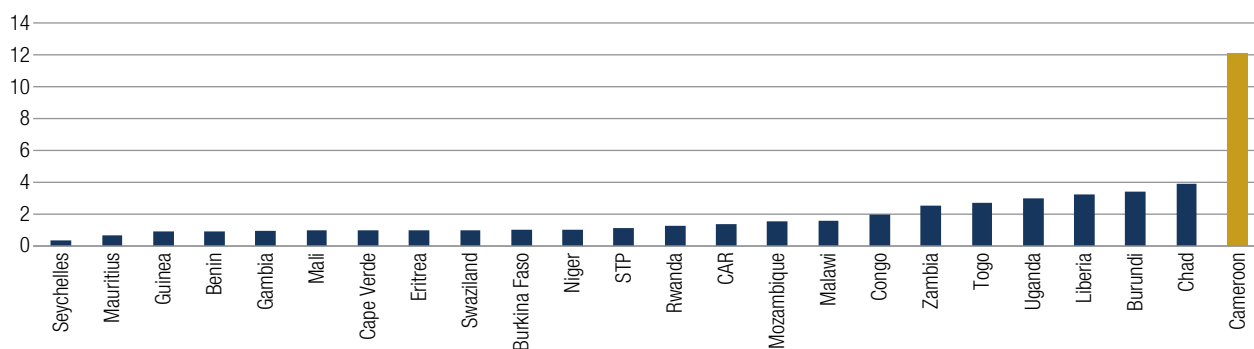
The lack of textbooks in schools is linked to the supply of textbooks—a process that is controversial. The current practice of designing textbooks so that

FIGURE 32: Intraregional Differences in Pupil-Teacher Ratios: Sub-divisions with Highest and Lowest PTR by Region*, 2013



Sources: MINEDUB School Report Card and WB staff calculations.
*Public schools only, does not consider teachers paid by PTAs.

FIGURE 33: Pupil-Textbook Ratio, 2011



Source: UNESCO Institute of Statistics.

rest of the children—the vast majority, especially in the northern regions—are deprived of access to textbooks.

Looking forward, tackling these issues would strengthen the basic education system

Improving data collection

Improved accountability will require a solid and reliable education management information system (EMIS). The current status of the EMIS is relatively weak and of poor quality. In this context, the Government and its partners are taking the following actions to strengthen production of education statistics:

- i. UNESCO is supporting Government efforts to create and link regionally comparable data.
- ii. MINEDUB is planning to mainstream the use of its School Report Card database as part of the efforts to decentralize the education system. Additionally, it is envisaging the geo-referencing of schools and linking this data to the School Report Cards.
- iii. UNICEF is undertaking a pilot data collection and school mapping exercise in the ZEP to capture information on various equity indicators from schools. The pilot would result in new data

being collected on refugees, disabled children, and minority populations (e.g. *Baka*, *Mbororo*). The data would include district and school level information by gender thus allowing deeper analysis on gender disparities, and serve as a tool for improved planning and tracking of the most vulnerable children (girls, ethnic minorities, refugees).

Political will is essential to improve the EMIS, particularly at secondary education level, and the financial and technical means to maintain an adequate EMIS. The lack of comprehensive, reliable and recent data on education cannot be resolved by external interventions alone.

Rationalizing resource allocation and improving systemic efficiency

The ongoing improvement in education data provides the Government with an opportunity to increase the budget for education, introduce efficiencies in resource allocation and use, and align public spending more easily to needs. With respect to rationalizing the distribution of resources budget analysis shows that there is continuous bias towards the Center and Littoral regions primarily explained by political considerations.

Targeting investments in disadvantaged areas (rural areas, the three northern regions and the East, pockets of under-served areas around urban centers and close to borders) would contribute to greater equity

and equality of opportunity to education. The data would also allow the administration to identify schools in difficulty and take action to help these schools improve.

The Education Country Status Report shows that primary education has the biggest development impact. It is key to fight illiteracy and accounts for the biggest share of education's positive effects on income and health. Primary education is essential to accessing higher levels of education. Cameroon is aspiring to consolidate its status as a middle-income country. Therefore, continued emphasis on primary education is essential to ensure education for all. At the same time, the primary sector in Cameroon is chronically underfunded.

Greater numbers of students are graduating from primary to secondary education. This is the reason for relatively higher allocation to secondary education. Furthermore, secondary education curriculum is relatively large. This has required more numbers of specialized and less polyvalent teachers. This makes secondary education quite expensive. At present Government depends on external grants for primary education. However, Government has committed to increasing the budget for education and for primary education specifically over the course of the next few years. A portion of additional resources for primary education could also be generated by improving efficiencies in public spending. The policy actions require political willingness and a supporting political economy environment. Finally, any additional resources to primary education should be targeted to inputs that improve learning achievements.

Assessing more systematically student learning

There is no national assessments framework with formative student learning evaluations. Student learning achievement is mainly tested at the end of the primary and secondary education cycles through high-stakes exams. Cameroon has participated in at least three rounds of the Program for the Analysis of Education Systems (PASEC) and has carried out

a national Early Grade Reading Assessment (EGRA). The Government is keen to administer the ECRA once again and an Early Grade Mathematics Assessment (EGMA). It will be important to place such assessments within a more systematic national assessment framework that emphasizes the development of national technical capacity for assessment, wider sharing of assessment results, and improving the feedback loop from assessment results to those responsible for curriculum and teacher training.

Increasing budget transparency

The 2012 World Bank study on governance in education revealed that public school resources are not transparently allocated and that there are instances of inefficient resource management. Against this backdrop, the role of stakeholders at the regional level will be crucial to engage in collective actions that will promote good governance and increased accountability. Local communities will need to play an important role in demanding schools to publish and publicly announce the level of state funding received, the time of receipt of funding, and the proposed uses of the funds. In addition, parents-teachers' association (PTA) contributions and use should be made public.

Revising textbook policy

The national textbook policy is currently under revision by Government and publishers. The administration plans to gradually move from a privately financed system to a state-funded system in which the administration supplies textbooks. This reform would significantly improve the availability of textbooks, which is considered one of the most cost-effective ways of improving the quality of learning.

Within this framework, the issue of durability of textbooks would need to be addressed. In order to make a Government-financed system feasible, textbooks will have to be reused for at least three, preferably four years. This means that (i) the books cannot

be designed so that the students write in them; and (ii) that the school must preserve the books so they can be issued to the next year intake, and reused in

a similar manner for a minimum of three years. They must therefore be physically durable enough to last three to four years.

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Databases

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Transparency International Corruption Perception Index, cpi.transparency.org

UNESCO Institute of Statistics, www.uis.unesco.org

World Bank Education Statistics, databank.worldbank.org

World Bank World Development Indicators, data-bank.worldbank.org



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