SUMMARY OF THE CURRENT CASH ACTIVITY

Cash Transfer Program (CTP) interventions have been implemented in Cameroon since 2004. There has been a slight increase since 2013 when the Framework of Social Safety Net Programme implemented by the Government with the technical and financial support of the World Bank Group was launched. The cash transfer component provides small, regular transfers over a 24-month period to very poor households. These transfers, in combination with accompanying measures and soft conditionalities, help households stabilize their consumption, make the necessary investments in the human capital of their families, especially children, and provide opportunities to engage in income-generating activities. The public works program complements the cash transfer program by providing additional income to households in communities affected by unpredictable events such as droughts in order to make them more resilient to external shocks. The additional income – given in return for the labor of a household member on various public works activities is expected to enable program beneficiaries to smooth their consumption and protect their assets.

Since its inception, the government’s cash transfer program now targets approximately 65,000 extremely poor households in five regions of Cameroon: Adamaoua, East, North, Northwest, and Far North. It also targets 5,000 urban households in the cities of Douala and Yaoundé, mainly in the underprivileged neighborhoods. Beneficiaries are required to spend the money on health, education, nutrition, public services, and training. Furthermore, beneficiary households are encouraged to develop income-generating activities to promote self-reliance. The total estimate cost of this project is USD 50 million and runs for five years, from 2013 to 2018.

Additionally, with persisting insecurity challenges in crises affected areas, several non-governmental organizations, as well as the UN and donor agencies are turning to cash transfers as a modality of delivering aid in hard to reach locations. Cash Based Transfers (CBT) programs have already been implemented in the East and Far North regions by various agencies including: World Food Programme, Catholic Relief Services (CRS), International Rescue Committee (IRC), French Red Cross, Premiere Urgence International (PUI), PAJED (GIZ) and Plan International, in the sectors of Food Security and Nutrition, Economic Recovery and Livelihoods and WASH.

As of early November 2016, at least 10 organizations (including UN, INGOs, the World Bank as well as the Red Cross Movement) were involved in implementing CTPs across 7 Regions and 15 Departments. The majority of interventions captured through a 4W mapping were Food Security and Nutrition (48%); while other key sector-specific interventions included Economic Recovery/Livelihood (26%), Agricultural/livelihoods (16%) and Multi-sector and WASH, each at (5%). According to information received, all transfers were made largely through mobile money (44%), direct cash (31%) and cash/e-voucher 25%. While majority of the interventions (68%) were done through unconditional modality, most still had some sort of restriction attached to the transfers. The total value of these programmes is estimated USD 90 million, reaching a total of over 518,000 individuals.
Use of Cash in humanitarian response

Unfortunately, the information collected was not sufficient to determine the exact capacity of partners to implement cash programmes at present. It was however noted that several key UN and international organizations have started to heavily invest in building the capacity of their staff on cash programming, particularly WFP; others include Plan International, IFRC, CRS and UNHCR. A more holistic capacity building on CTP was acknowledged, and is necessary for organizations currently implementing or planning to implement these programmes in Cameroon. For additional information on capacities and future intentions, it is recommended that the Cash Working Group (CWG) if endorsed by the HCT includes this activity on its work plan for next year.

It was also determined that there was no coherence or a coordination strategy to streamline cash–based responses both at the field level and in Yaoundé. Consultations with various partners indicated that different approaches are currently used, for instance WFP has set up its own platform to coordinate between its implementing partners, beneficiaries and service providers. However, greater convergence is needed on transfer values, targeting, agree on amounts for Cash-for-Work (CfW) and to determine a Minimum Expenditure Basket (MEB) for multi-purpose/sector interventions etc. It should be noted that Cameroon does not have a coordinated system of safety nets either; rather, small, isolated interventions which together do not address the needs.

Background

Cameroon is currently faced with three simultaneous crises, whose combined effect has severely impacted the most vulnerable communities, threatening their livelihoods and eroding their ability to adapt. According to the latest census issued in October 2016, the number of internally displaced people (IDPs) has increased by more than 115 percent, reaching a total of 199 000 as compared to early 2015. This adds to approximately 259 145 Central Africans and 74,000 Nigerian refugees hosted in Adamaoua, EST, Nord and Far North regions. The food security situation has consequently deteriorated from 19 percent in 2015 to 24 percent in 2016, now affecting nearly 2.5 million people - almost 80 percent of whom reside in the North and Far North regions. Additionally, there are concerns of disease outbreaks, including cholera and measles. These strains on an already vulnerable population have pushed the country into a humanitarian crisis; with some agencies like WFP declaring a Level Three emergency in Cameroon from May to August, and the country remains on alert.

As determined by a recent joint CALP/OCHA mission on 7-11 November 2016, a number of agencies are turning to cash transfers as a modality of delivering aid in hard to reach areas. Cash Based Transfers (CBT) programs have already been implemented in the East and Far North regions in Cameroon by various agencies including: World Food Programme, Catholic Relief Services, International Rescue Committee (IRC), French Red Cross, Premiere Urgence International (PUi), PAJED (GIZ) and Plan International, in the sectors of Food Security and Nutrition, Economic Recovery and Livelihoods and WASH.  

3 Refer to the joint CALP/OCHA mission report, October 2016  
4 DTM Round 5
Acceptance and safety

Government’s acceptance

The Government of Cameroon, like many others in the sub-Saharan region has been implementing safety nets and social protection programs only on an ad hoc basis. In the wake of the global economic, food and fuel price crises starting in 2008, however, policymakers in Africa including in Cameroon began to increasingly view safety nets as core instruments for reducing poverty, addressing inequality, and helping poor and vulnerable households to manage risk more effectively. Between 2008 and 2010, spending on social safety net interventions averaged around 7.4 percent of the government’s budget and 1.63 percent of GDP. Within this period, the government policy allowed for interventions on school feeding programmes, Nutrition and Public Service. Furthermore, the government encouraged an emergency response initiative through WFP whose programmes included cereal banks construction at the community.

In 2012, given the limited experience with targeted transfer programs, the government invited the World Bank Group to provide technical support in developing a comprehensive strategic document for social safety nets, taking this component into account. Extensive fieldwork was carried out in mid-2012, the targeting and registration of beneficiaries was done in November 2012, and the Government’s pilot made the first of its 24 monthly payments in January 2013. Building on the experience of the Government’s small-scale pilot, this project is now supporting a larger scale pilot of the cash transfer program in five poorest regions of Cameroon and the urban areas of Yaoundé and Douala as highlighted in the summary above.

In terms of humanitarian response

In 2014 a feasibility study done by WFP in Mora, Mokolo and Kousseri showed that beneficiaries were favorable to cash transfers as a modality of assistance, except in Mora, where a particular reluctance was felt with a preference for coupons/vouchers. This was may be related to exposure to certain risk factors (particularly corruption and extortion), much more exacerbated in the area.

It was also observed that small households (less than 5) were much more favorable to cash than bigger households (greater than 5) who are somehow reluctant. This was explained by the fact that large households benefited from economies of scale in relation to food they received because they could easily sell off part of the ration while retaining the ability to cover food needs of the household from a minimum acceptable threshold. Majority of households with whom discussions were held did agree that cash distribution to women on behalf of households would pose no problems. In Mokolo and Kousseri areas women backed proposal to distribute cash to men; however diversion risks were mentioned in Mora. Most households indicated to have a telephone and used it for communication even if it is marked by a very low level of illiteracy.

Potential Risks

As the area is susceptible to the attack of Armed Boko Haram groups, high flow of cash money may attract the interest of these groups to attack and snatch the money. Possible preventives measures could be: Keeping the money flow to a minimum level and making the transfer without publicity could be the potential measures to minimize this threat.

Sensitization on family economics and management of the household should also be supported to guide households to a collaborative decision-making in the management of household property.

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5 https://openknowledge.worldbank.org/bitstream/handle/10986/19003/889950NWP0P132085256B00PUBLIC001404.pdf?sequence=1&isAllowed=y
6 Etude de faisabilité pour l’introduction de transferts monétaires dans le cadre de la réponse du PAM apportée aux populations de déplacées internes à l’extrême nord du Cameroun, 2016
7 Concept note multi-purpose cash based transfer (CBT PLUS) Project for far North Region of Cameroon, WFP, 2016.
This would promote greater involvement of women in decision making and significantly improve the role of women within the household.

Other risks include:

- Fluctuations in the XAF exchange rate could increase operating costs affecting the budget planned for cash transfer activities.
- Due to volatility in food prices, the value transfer to cover food needs could be insufficient prompting for a program review and leading to higher a budget with potential implication to the overall project implementation.
- Risk of corruption: Beneficiaries may be forced to pay to get consideration to be enrolled in the cash transfer program. Additionally, diversion of funds could result in beneficiaries not getting full support and are unable to meet their needs.
- Hostility of the host communities not targeted for assistance: Increased tensions within the community, between host and displaced populations leading to fear of retaliation by the beneficiaries.
- Use of cash for non-food purposes: In cases where cash is provided for food needs, beneficiaries are likely to use the money to address other unmet basic needs (such as health, education, debt ...) social obligations.

**Functioning of the Market Systems**

The 2014 feasibility study by the WFP in Mora, Mokola and Kousseri reported that food products were generally available on the market despite some decrease in demand caused by food assistance in kind in areas of Mokolo, Mora and Kousseri, and the lack of purchasing power of beneficiaries who depend only on WFP assistance for survival.

**Prices**

Prices were relatively stable and approved by the departmental delegations of trade in the markets; it was noted that there was no monopoly and prices were subject to market forces. The food prices were relatively stable and were experiencing normal seasonal fluctuations.

**Trade and Stocking**

It was noted that there was a breakdown of trade with Nigeria due to security concerns. However, corn was available in Mokolo area for instance because of an increase in the production (maize, millet, soybeans, peanuts and beans), supplying generally Kousseri and Mora. Traders indicated ability to meet increased demand (especially in Kousseri) or availability of huge stocks in the market. An increase in the transportation cost was observed in all 3 zones but that did not impede circulation.

A post cash distribution monitoring survey conducted by Solidarites International in 2015 reported that the main storehouses of beneficiaries are local markets Gado, Garoua-Boulaï, Ndokayo, shops in villages or neighborhoods, other places for supplying are Zembe, Borongo and Mombal. In addition, the main means of transport to these storehouses are walking, mentioned by most part of the population. Those who use motorized means, spend between 200 and 1600 FCFA, with an average price of traveling 653 FCFA.

The most remote households can travel up to 8 km to supplying places (Badan Garoua Boulaï or Badan to Gado). The products demanded by households interviewed were mostly available on at

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8 *Etude de faisabilité pour l’introduction de transferts monétaires dans le cadre de la réponse du PAM apportée aux populations de déplacées internes à l’extrême nord du Cameroun, 2016*

9 *Rapport d’enquête post-distribution-monitoring cash inconditionnel série A (pm n° 1), Solidarites International, 2016.*
a rate of 93.8% markets. This figure tells us that the cash distribution can be considered an effective means of support because families can find locally the items they need.  

In Est and Adamaoua regions the study established availability of food products on the market due to favourable harvest campaign and lower demand. The target group had easy access to local markets but had low purchasing power and retailers were flexible and able to meet increasing capacity for imported rice. Furthermore, transport of food did not pose a threat in the event of increased demand. Meanwhile, it was evident that a price tracking system needed to be introduced as trends remained mixed.

**Household demand**

The main foodstuffs consumed in the Eastern and Adamaoua regions are cassava, plantain, macabo, taro, corn, sweet potato, cowpea, and rice. These demands are satisfied at the level of local markets either from local production or from interregional and international trade.

**Prices**

After the slight fluctuations observed over the last few years in the Bertoua market, product prices had started to rise or stabilize from October 2014. In February 2015, the price level of certain products was up compared to the five-year average, with the corn prices for instance increased by 39% over its five-year level. The three main constraints identified that weighed more heavily on grain trade in these two regions were generally financial, including inadequate capital, low purchasing power and payroll taxes.

**Potential risks**

- Supply shortages of certain food items: The beneficiaries do not have access to food of their choice due to shortages or simply they are not available on the market
- Quality and safety problem of available food items: Absence of health authorities control of certain local products resulting in potential serious disease outbreak i.e. cholera

**Financial Service Provider Capacity and Transfer Mechanisms**

According to the Macro Financial Assessment conducted by the World Food Programme in 2014, Cameroon is one of the stable economies in the Central African Economy and Monetary Community (CEMAC) zone; however, as a whole its financial sector is fairly small and highly concentrated. The presence of few banks and weak infrastructure is likely to be surmounted by mobile banking, as mobile penetration is increasing steadily and mobile operators in the country are already offering mobile banking services. The Cameroonian financial sector, while small in terms of GDP, has been characterized by the African Economic Outlook Report, 2014 as sound overall – “in good health, appears quite developed and complies with prudential standards.”

**The Financial System**

In 2015, a study on Financial Feasibility conducted by the Word Food Programme conveyed that at the time there were 13 commercial banks in Cameroon (three of which operate only with the companies and not with individuals) and 509 micro finance institutions in operation, according to the latest annual report of COBAC 2011.

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10 Etude de faisabilité pour l’introduction de transferts monétaires dans le cadre de la réponse du PAM apportée aux populations de déplacés internes à l’extrême nord du cameroun, 2016
11 Analyse des marchés dans la Région de l’Est et de l’Amadoua
12 Analyse des marchés dans la Région de l’Est et de l’Amadoua
13 Etude de faisabilité pour l’introduction de transferts monétaires dans le cadre de la réponse du PAM apportée aux populations de déplacées internes à l’extrême nord du Cameroun, 2016
14 Macro Financial Assessment, Cash and Voucher Scale Up, 2014
The minimum amount to open an individual account varied from FCFA 10,000 and FCFA 35,000; and the average cost of account maintenance was about 1,250 FCFA per quarter.\textsuperscript{15} The macro financial assessment found that the geographic concentration of banks and ATMs is mostly in urban areas, with the highest concentration in the south-western regions and in particular in the regions of \textit{Littoral and Centre}, where Douala and the capital Yaoundé are located respectively.

Several banks in Cameroon offer mobile banking services, for example Ecobank offers its clients an online and real-time account information, account statements, account history, term deposits, loan/standing instruction enquiries, balance enquiry, and transaction details.

The microfinance sector is also relatively large compared to other Sub-Saharan countries and it is expanding quickly. As of 2012, more than 450 microfinance institutions (MFIs) were registered and they constituted one-third of all the MFIs operating in the CEMAC cluster. More than 52% of the MFIs are concentrated in urban areas (especially in the cities of Bamenda, Douala and Yaoundé).

However, while the above technologies are presently available, they were not widely used in Cameroon. The Cameroonian telecommunication sector, regulated by the Agence de Regulation des Telecommunications (ART), was still underdeveloped in terms of its communications and technological infrastructure, and there are only two mobile operators in the market (MTN and Orange).

\textit{Banking coverage in the Est and Adamaoua}

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<thead>
<tr>
<th>Lieux d’implantation</th>
<th>Société Générale de banque au Cameroun</th>
<th>EcoBank Cameroun</th>
<th>Banque International du Cameroun pour l’Épargne et le Crédit (BICEC)</th>
<th>Afriland First Bank</th>
<th>Société Commerciale de Banque (SOB)</th>
<th>Express Union</th>
<th>Crédit Communautaire de l’Afrique (CCA)</th>
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\textit{Banking coverage in the North and Extreme North}

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<th>Lieux d’implantation</th>
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<th>Afriland First Bank</th>
<th>Société Commerciale de Banque (SOB)</th>
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<td>Yagoua</td>
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<td>Kousseri</td>
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\textsuperscript{15} Macro Financial Assessment, Cash and Voucher Scale Up, 2014
E-mobile transfer

MTN group offers mobile payment services in partnership with AfriLand First Bank – MTN manages the technical platform (building on technologies from Fundamo and Gemalto) and the marketing and distribution network, while AfriLand issues the e-money and ensures compliance with financial regulations. Currently, the services include person-to-person (P2P) as well as bill payment and purchasing of goods from authorized retailers. In addition to MTN, Orange and CanalSat operate bill payment services through mobile money platforms.

According to the feasibility report, the electronic money service (mobile money) is provided by two mobile operators in Cameroon namely Orange and MTN. Only these two operators have different products and services for electronic transactions in currency. Several meetings and presentations sessions with both operators and the multisector team CO Cameroon highlighted the fact that each provider is able to offer a solution for payment / transfer mechanism that meets the needs of WFP in perspective the introduction of cash transfers in the response to IDP populations in the Far North. Evidently, the 4W mapping conducted in early November 2016 confirmed that more than 50% of current transactions made are done using these two operators, with the rest conducted through Express Union or Direct Cash.

The microfinance institutions in the country offer almost the same benefits to customers than conventional banks, with the exception of international banking that is the exclusive domain of banks. The national postal company in Cameroon, CAMPOST, also offers a variety of financial services related to post savings, check accounts, money transfers, automobile, and retirements. An active stock exchange, the Douala stock exchange, is also present in the country.

The banking coverage is limited in large regional or departmental centers. The most remote areas that make up interventions sites, beneficiaries are unaware of the presence of conventional banks.

<table>
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<tr>
<th>Transfer mechanism</th>
<th>Provider</th>
<th>Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transferring immediate cash</td>
<td>Express Union</td>
<td>All 10 regions and department</td>
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<tr>
<td>Cash transfer via an account / Prepaid Cards</td>
<td>Société Générale</td>
<td>All 10 regions and in few departments</td>
</tr>
<tr>
<td>Electronic money</td>
<td>MTN, Orange</td>
<td>10 regions and departments</td>
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<tr>
<td>Electronic voucher (via e-money)</td>
<td>MTN, Orange</td>
<td>10 regions and departments</td>
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Source: (Etude de faisabilité pour l’introduction de transferts monétaires dans le cadre de la réponse du PAM apportée aux populations de déplacées internes à l’extrême nord du Cameroun, 2016)

Potential Risk

- For the voucher method: Insufficient number of participating merchants in the project and or lack of interest of merchants in the project.
- Difficulties in using the transfer mechanism by beneficiaries due to low education level of the target population.
- Increased exposure to fiduciary risk: Inadequate supervision fraud / failure of the provider or provider of WFP management error.

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16 Etude de faisabilité pour l’introduction de transferts monétaires dans le cadre de la réponse du PAM apportée aux populations de déplacées internes à l’extrême nord du Cameroun, 2016
Conclusion and Key Recommendations

Based on the findings of the joint CALP/OCHA mission (refer to the mission report) and analysis of existing documents, mainly from WFP, World Bank Group and Solidarite International; it is very clear that the appetite for cash transfer programming is high on the agenda of many humanitarian agencies working in Cameroon. As such, it is essential to put in place adequate coordination arrangements to ensure harmonization and linkages with the government’s social safety nets program, which seems to target a large number of beneficiaries. In particular, there is need to:

- **Linkages with government initiatives**: Ensure linkages and better mutual understanding of processes in place and engage on aligning processes (such as response options analysis, targeting, determination of transfer value, etc.). This can be undertaken through invitations/participation of government counterparts in Cash Working Group meetings (once approved by the HCT) and conducting workshops for key stakeholders from CWG and in the Department of Social Welfare in the Ministry of Planning.

- **Joint training curriculum**: Develop joint curriculum for cash training for staff of government departments and local NGOs in order to ensure same level of understanding of CTP and coordination mechanisms for preparedness and emergency response.

**Other recommendations**

- **Consider a mix of (both cash and in-kind)**: It is evident that cash based interventions are feasible response options in Cameroon provided that markets are functioning and accessible. Based on discussions held with ICRC and a visit to Catholic Relief Service’s interventions in the Mayo Tsanaga division, it might be important to consider having a mixture of (both cash and in-kind) response options where market access is restricted and in situations where livelihood support is the ultimate goal of response.

- **Agree on a Minimum Expenditure Basket**: The CWG to discuss next steps on systematic approach to multi-purpose cash grants. If necessary organize a workshop to discuss the Minimum Expenditure Basket and clarify process (joint market assessments, modality selection, targeting, coordination of distributions and post-distribution monitoring).

- **Capacity building for NGOs and UN agencies** already using or with interest in using cash transfer modality for humanitarian response is essential to ensure harmonization of tools and processes.

- **Comprehensive analysis required**: Considering limitations in analysis based on available documents, it is recommended to undertake a more comprehensive study involving all relevant actors and using the cash feasibility criteria developed through the DFID project to have better overview of cash profile for Cameroon. This exercise could be undertaken through CWG and jointly with the Emergency Preparedness and Response (EPR) working group.