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Procedures manual on agricultural inputs and equipment subsidies in Cameroon

AUGUST 2019

Preface

*Dear Sir / Madam,
Dear colleagues and partners,*

The objective of the procedures manual on agricultural inputs and equipment subsidies approved and promulgated on 28 August 2019 by Order No. 068 of the Prime Minister, Chief of Government, is to serve as a reference document for all MINADER structures (operational, internal, and those under its supervisory authority), sectoral organisations partnering with the agricultural sector and subsidies applicants. This manual presents the Ministry's vision on State subsidies for the development of national agriculture and translates in practical terms our desire to promote greater transparency, traceability and equity in this area.

*This is an institutional process that began in 2017 with the aim of developing a general agricultural subsidy policy, which in addition to inputs and equipment covered by this manual, will include four other categories of agricultural subsidies, as defined by the **Agricultural Subsidies Guidelines** adopted in 2018.*

This manual sets out the basic elements of the national subsidy policy for two priority categories, i.e agricultural inputs and equipment, and presents new procedures to be instituted at all levels. In this regard, we count on the support of our various technical and financial partners. It also presents the various actors, their functions and coordination structures needed to help overcome obstacles and other operational difficulties that may arise in the implementation of these new agricultural subsidies models

This manual details relevant instruments and approaches, technical, financial and institutional partners involved in the process, key background information, the coordination and other factors that will contribute to the effectiveness of this emerging system. While chapters may appear to be stand-alone documents, it is advisable to view them as a whole, as they refer to each other, as our agricultural subsidy policy is designed to be implemented with coherence and equity.

The provisions of this manual should be implemented without delay, first in a series of practical field tests and experiments, so that within 3 years, after any necessary adjustments and improvements, it can be fully implemented at national level.

We are grateful to the European Union, which provided financial support for the drafting of this manual.

Our thanks also go to all local and national MINADER actors and to all our partners for their support in the preparation of this document, which pioneers the promotion of and transparency in the agricultural subsidy process.



Gabriel MBAIROBE
Minister of Agriculture and Rural Development

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Preamble

This manual primarily includes procedures on agricultural inputs and equipment subsidies of:

- **Category 1/** fertilisers, seeds/seedlings, phytosanitary products, based on the use of electronic vouchers;
- **Category 2/** equipment and machinery, based on the co-financing of agricultural entrepreneurs' business plans.

The manual on agricultural inputs and equipment subsidies is part of the government's policy to support the development of Cameroon's agriculture with the aim of achieving national food self-sufficiency and improving the trade balance through the development of a competitive and market-oriented "Second Generation Agriculture".

The scoping meeting held in the conference hall of MINADER on 05 April 2019 chaired by H.E. the Minister of Agriculture and Rural Development, in the presence of MINADER directors and senior officials,) enabled H.E. the Minister to clearly define what was expected from the drafting of the manual on agricultural inputs and equipment subsidies.

The preparation of the procedures manual on agricultural inputs and equipment subsidies was carried out under the supervision of DOPA-MINADER and the ad hoc committee appointed by H.E. the Minister of Agriculture and Rural Development.

The design and drafting of the manual was entrusted to two consultants, one international (Dr Jean-Marie Noiraud) and one national (Mr Martial Nkoulou), under the supervision of DOPA.

During the consultation workshop held on 15 May 2019 in Yaoundé (Franco Hotel) in the presence of H.E.

the Minister of Agriculture, members of the ad hoc committee, MINADER senior staff, Technical and Financial Partners and resource persons, enabled to present the various models to redesign the entire subsidy system for agricultural inputs and equipment in Cameroon were presented. This technical consultation workshop, which brought together the ad hoc committee, validated the proposals for redesigning the system by taking into account recommendations from the consultation.

The procedures manual on agricultural inputs and equipment subsidies in Cameroon for category 1 (fertilisers, seeds/seedlings, and phytosanitary products) based on the use of electronic purchase vouchers, and category 2 (equipment and machinery) based on the co-financing of business plans, was officially adopted by the Prime Minister's Office by PM Order No. 068 of 28/08/2019, making it compulsory for all relevant services of agriculture, economy and finance, public institutions and associated programmes at national level to use this manual as a reference tool in their agricultural subsidy activities.

The manual on agricultural inputs and equipment subsidies for category 1 and 2 may be revised and amended whenever deemed necessary by MINADER and its operational partners. This will be done with a view to continuously improving the effectiveness and quality of services provided, as well as transparency and efficiency in the operation of the system. Each annual review will be an opportunity to assess the impact indicators of this programme on priority agricultural sub-sectors and on national macroeconomic indicators.

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Drafting committee of the manual on agricultural inputs and equipment subsidies

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Acronyms and Abbreviations

AMI:	Call for expressions of interest
AO:	Call for Tenders
PIB:	Public Investment Budget
MTEF:	Medium Term Expenditure
ECCAS:	Economic Community of Central African States
NID:	National Identity Card
DAO:	Tender file
DEPC:	Department of Studies, Programmes and Cooperation
DGC:	Directorate General of Customs
DGT:	Directorate General of Taxation
DOPA:	Department of Professional Agricultural Organisations and Support to Agricultural holdings
DRADER:	Regional Delegation of Agriculture and Rural Development
GESP:	Growth and Employment Strategy Paper
ESIA:	Environmental and Social Impact Assessment
EMF:	Micro finance Institution
PAE:	Public Administrative Establishment
SWOT:	Strengths-Weaknesses-Opportunities-Threats
EIG:	Economic Interest Grouping
MINADER:	Ministry of Agriculture and Rural Development
MINEPAT:	Ministry of the Economy, Planning and Regional Development
MINEPIA:	Ministry of Livestock, Fisheries and Animal Industries
MINFI:	Ministry of Finance
ESIS:	Environmental and Social Impact Statement
NPK:	Nitrogen-Phosphorus-Potassium
OHADA:	Organisation for the Harmonisation of Business Law in Africa IO /
IORE:	Inter professional Organisation / IO recognised by the State
NGO:	Non-Governmental Organisation
PO:	Professional Organisation / Producer Organisation
PAO:	Professional Agricultural Organisation
BP:	Business Plan
PCP-ACEFA:	Agropastoral Council Consolidation and Sustainability Programme
ESMP:	Environmental and Social Management Plan
LSP:	Local Service Provider
APP:	Annual Performance Project
PTAB:	Annual Budgeted Work Plan
PV:	Minutes
RCPA:	Recovery and Peacebuilding Support Assessment
SA:	Public Limited Company
SARL:	Limited Liability Company
COOPS-BD:	Cooperative Society with Board of Directors
SCOOPS:	Simplified Cooperative Society
RSDS:	Rural Sector Development Strategy
ME:	Monitoring and evaluation
PT:	Profitability Threshold
IRR:	Internal Rate of Return
VAT:	Value Added Tax
NPV:	Net Present Value

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PART 1

INTRODUCTION

WHAT IS AN AGRICULTURAL SUBSIDY?

1. Why produce a procedures manual on agricultural subsidies?

It is necessary to start by answering the first question:

"Why provide agricultural subsidies in Cameroon?" »

The answer is actually at several levels: political, strategic, commercial, financial, food, social, environmental, etc.

Agricultural subsidies are first and foremost a **tool used by the State to seek leverage on the national economy as a whole and on the agricultural and agri-food sub-sector in particular.**

This search for leverage can be summarised in the following key points:

- ❑ Support and guide the economic development of the agricultural sector;
- ❑ Reduce dependence on agri-food imports;
- ❑ Improve national balance of payments;
- ❑ Increase national agricultural production;
- ❑ Improve national food security in the face of high population growth;
- ❑ Support and guide the transition of family farms to 2nd generation agriculture;
- ❑ Slow down the increase in opening up new agricultural land;
- ❑ Strengthen the structuring of the productive agricultural sector;
- ❑ Accelerate the transfer of responsibilities to decentralised institutions;
- ❑ Encourage the formalisation of agricultural enterprises and compliance with the law;
- ❑ Improve the competitiveness of national agricultural products on the local market;
- ❑ Reduce some market distortions by promoting local products,

especially the production of seeds/seedlings, fertilisers, other inputs and agricultural equipment and machinery;

- ❑ Scale up new innovative practices and technologies;
- ❑ Develop networks for the private sale of agricultural inputs;
- ❑ Encourage the systematic practice of banking by agricultural professionals;
- ❑ Facilitate the resilience of producers in post-crisis situations (special mechanism not taken into account in this manual).

The sectoral strategy for the development of the rural sector (RSDS) specifies the priorities of GESPP (Growth and Employment Strategy Paper). The Government has identified the transition to intensive and industrial rural production as the main challenge. This will:

- Ensure security and self-sufficiency for domestic consumption,
- Supply the processing industry,
- Create a market and internal consumption for outward-looking sub-sectors,
- Develop exports;
- Improve the trade balance.

In this regard, the Government intends to promote, within the framework of the Agricultural Revolution desired by the Head of State, a "second generation agriculture by setting up a plan to increase and modernise the agricultural production network". The aim is to satisfy not only the food needs of the population, but also agro-industries with processing and marketing activities that can bring added value and improve living standards and create new jobs for young people.

The manual on agricultural subsidies is a tool that aims to meet the needs of the specific objectives of MINADER's national strategy (RSDS) with respect to improving the productivity of sub-sectors (objective B) and modernizing rural infrastructure and agricultural production factors (objective C).

Sub-axis 2.2 of RSDS involves the establishment of an appropriate financing mechanism for activities of agricultural and rural development and promotion of "Second Generation Agriculture".

MINADER, through its central and external services, its professional training institutions and its development projects/programmes provides support to producers and Professional Agricultural Organisations (PAOs), namely in the form of subsidies in seeds/seedlings, fertilisers, insecticides/fungicides and small equipment, as well as tractors and farming tools. However, the lack of rigour and transparency mentioned often in the implementation or assessment of actions carried out, with weaknesses noticed in the selection of beneficiaries, the disparity of practices and implementation modalities, the limitation to the development of input markets, etc., highlight the need to redesign the system. In spite of all the support and in view of the current performance of Cameroon's agriculture, there is reason to question the efficiency of the approach taken in the 2000s, especially beneficiaries selection modalities, the type of support, the period and procedure of support and their monitoring modalities.

The regulation of agricultural inputs and equipment granting conditions by MINADER is an important priority for public action to improve their efficiency and level

of use by beneficiaries, while avoiding negative distortions on the agricultural inputs market (seeds/seedlings and fertilisers, etc.), which must be developed in/by the private sector.

It has therefore become necessary to review the whole system of public support in order to make it more judicious, effective and efficient and increase agricultural productivity at national level.

The formulation of the Procedures Manual is based on the **National Policy Guide for Agropastoral Subsidies**, developed and validated by **MINADER and MINEPIA (Ministry of Livestock, Fisheries and Animal Industries) in 2018**, defining the six guiding principles for the granting of agropastoral subsidies by all stakeholders using public resources:

- ✓ Equity,
- ✓ Transparency,
- ✓ Involvement and accountability of beneficiaries,
- ✓ Neutrality and impartiality,
- ✓ Traceability,
- ✓ Strengthening the private sector and civil society, and
- ✓ Taking into account decentralisation dynamics.

The guide thus specifies principles of ethics but does not address the issue of instruments that need to be put in place to ensure that these principles are respected in the grant-making process. Therefore, the purpose of this manual is to define these instruments for Category I (e-vouchers) and Category II (co-financing of business plans), bearing in mind that these same instruments can also be used for services and infrastructure pending the development of specific relevant manuals.

2. Which agricultural subsidies are included?

The agricultural subsidies manual classify them into 5 categories:

- **Category 1** – Inputs (fertilisers/soil improvers, seeds/seedlings, phyto/zoo sanitary products, veterinary products, fuels and lubricants etc.)
- **Category 2** - Equipment and machinery
- **Category 3** – Socio-economic facilities and infrastructure
- **Category 4** - Financial support
- **Category 5** - Backstopping, support and technical assistance.

A sixth category (6) concerns emergency interventions and support for resilience to deprived populations deprived as a result of major crises, socio-political crises or natural disasters, or as a result of extreme marginalisation. This specific category will ensure consistency with the recommendations of the RCPA (joint document between the government of Cameroon and technical and financial partners for post-crisis recovery planning).

The procedures manual on agricultural inputs and equipment subsidies includes:



Category 1 inputs (seeds/seedlings, fertilisers and phytosanitary products).

It is considered as a **subsidy targeting a large public**.



Category 2 equipment and machinery for the production or processing of plant products. It is considered as a **targeted subsidy subject to specific eligibility conditions**.

This procedures manual on agricultural inputs subsidies outlines crop commodity value chains, with priority given to agricultural products that contribute to food security. This manual does not address the issue of generalized mass subsidies such as exemptions from VAT and taxes on fuels and lubricants, or exemptions from import duties, for which there are already favourable provisions for the agricultural sector in the finance law. These provisions of the Finance Law could be interpreted as falling under category 4.



Other categories (3, 4, 5 and 6) are not specifically addressed in this manual. However, the 'e-voucher' instrument can easily be used for services in category 5, and the 'business plan co-financing' instrument may also include subsidies for developments, infrastructure or production support services.



The manual does not take into account activities related to livestock, fisheries, aquaculture, and animal products production or processing.

➔ **During a three-year transition and running-in period, the manual will be applied and tested on one (or more) key agricultural sub-sectors in areas with sufficient access to banking services. The scheme will then be extended to other priority sub-sectors on the national territory following the extension pace of banking and microfinance networks.**

3. Who is concerned by agricultural subsidies?

Several categories of actors are involved in agricultural subsidies granting process:

At institutional level:

- MINADER
 - Department in charge of agricultural support and subsidies (DOPA)
 - DDA
 - DRFP
 - DRADER
- MINFI
 - DGT
 - DGC
- MINEPAT
 - DGPAT
 - DPI
- MINRESI / IRAD - Agricultural Research
- ANOR (inputs standards)
- Programmes and Projects under supervisory authority
- PAE under supervisory authority

At the level of target beneficiaries:

- Farmers/agricultural producers
- Producer organisations (PAOs)
- Umbrella organisations
- Inter-professional organisations

At the level of agricultural input professionals:

- Input suppliers
 - Importers
 - Industrialists
 - Distributors
- Producers of certified seeds and seedlings
- Umbrella organisations of certified seed/seedling producers
- Basic seed producers
- Equipment suppliers (importers, manufacturers, distributors)
- Machinery suppliers (importers, manufacturers, distributors)

At the level of financial intermediaries:

- Commercial banks
- Microfinance institutions
- Financial institutions

At the level of related services:

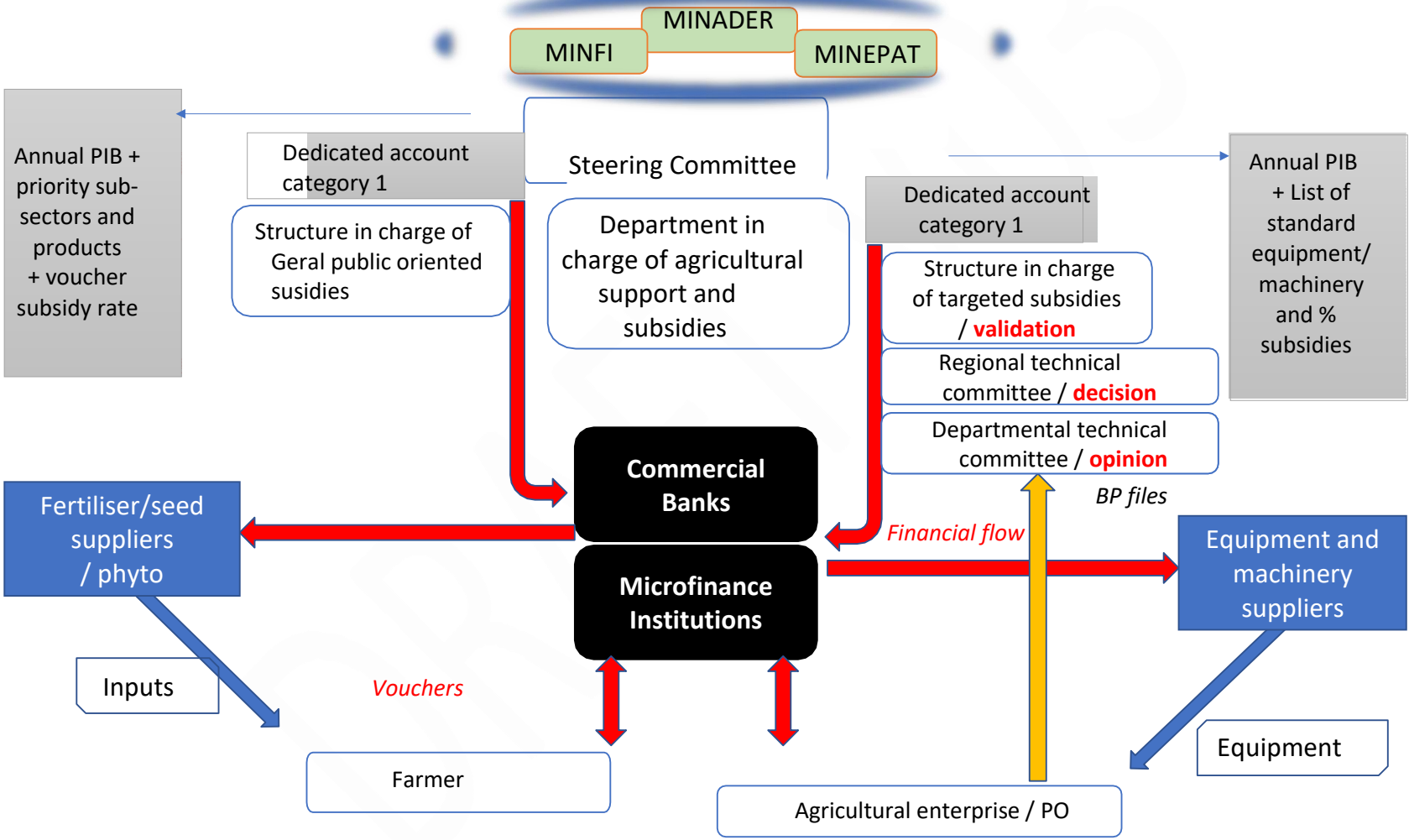
- Operators specialised in the management of electronic voucher systems
- Transporters
- Telephone companies
 - Telephone
 - Internet access
 - Payment by “mobile money”

→ **Direct beneficiaries are farmers, agricultural producers and producer organisations** (and rural enterprises in priority value chains).

→ The manual on agricultural subsidies is intended in particular for **members of divisional and regional commissions for the analysis of category 2** subsidy applications/equipment and machinery, targeted subsidies (business plans).

→ The manual primarily concerns **agricultural subsidies financed by the Cameroon PIB**. However, **PAEs** (and other PEs) and **projects and programmes funded from other resources are required to follow the same logic** based on e-vouchers and business plan co-financing (without necessarily integrating the MINADER mechanism itself) in order to **preserve the coherence of public action**.

4. Institutional organisation chart for the management of agricultural subsidies



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As shown in the diagram above, the organisational set-up in charge of managing agricultural subsidies financed from the resources of the Public Investment Budget (PIB) of Cameroon is as follows:

Members Ministries of the steering committee:

- MINADER: leads the planning and management of the agricultural subsidy system
- MINEPAT: responsible for government planning and budgeting of PIB resources
- MINFI: responsible for the execution of expenditure and the collection of public revenue
- Representatives of MINCOMMERCE and MINRESI
- Representatives of private sector suppliers (importers, manufacturers, distributors)
- Representatives of professional and inter-professional agricultural organisations
- Representatives of the financial sector

→ Steering Committee

- ✓ Defines Cameroon's agricultural subsidy strategy
- ✓ Plans the short and medium term implementation of the agricultural subsidy strategy and allocated budgets
- ✓ Updates the list of priority sub-sectors and products to be subsidised (and the rates applied according to regions), the list of eligible products (equipment, machinery) and the corresponding rates
- ✓ Supervises the implementation of the agricultural subsidy strategy

Department in charge of agricultural support and subsidies (DOPA) / + other MINADER Departments:

- Coordinates the management process of agricultural subsidies for MINADER
- Reports to and acts as the secretariat of the Steering Committee
- Prepares, in collaboration with DEPC and DDA, all ABWP of subsidy actions for the following year
- Prepares, in collaboration with DEPC and the DDA, the APP of agricultural subsidy actions for the previous year
- Co-manages with the MINFI representative accounts dedicated to the financing of category I and category II agricultural subsidies (-special allocation- account limited to the transfer of funds to commercial banks/EMF partners of the system for reimbursement of subsidies executed)
- Manages procedures and the documentation of agricultural subsidy actions
- Supervises specialised structures in charge of the management of General public oriented subsidies (Category 1) and targeted at agricultural and rural enterprises (Category 2)
- Coordinates the activities of regional and divisional commissions for the selection of category II subsidy files
- Manages partnership agreements with partner banks/EMFs
- Manages partnership agreements with suppliers
- Provides MINADER's monitoring and evaluation structures with permanent monitoring and periodic evaluation reports on the implementation of the scheme (technical, financial, macroeconomic)
- Ensures the management of mass media communication with MINADER's communication unit

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Commercial banks / Microfinance institutions / Financial institutions:

- Renew annually their partnership agreements with MINADER as financial intermediaries in the implementation process of public subsidies to agriculture
- Issue (electronic) input vouchers (category I) for farmers
- Ensure transfers of subsidy funds in accordance with established procedures
- Compile statistics and data on the issuance of vouchers to producers
- Compile statistics and data on vouchers payment to suppliers
- Compile statistics and data on business plans co-financing payment
- Periodically transmit compiled data to MINADER for consolidation
- Periodically document claims for reimbursement of executed subsidy funds

Suppliers:

- Participate periodically in steering committee meetings
- Participate periodically in coordination meetings of the operational agricultural subsidy mechanism
- Renew annually their partnership agreements with MINADER as suppliers of inputs, equipment, machinery and materials, and managers of distribution networks
- Deliver products to distribution points in accordance with commitments made at national, regional and local levels
- Collaborate with banks and MFIs in the implementation of operational agricultural subsidy mechanisms
- Periodically submit to MINADER implementation statistics and reimbursement statements of subsidised amounts to be reimbursed.

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PART 2

GENERAL PUBLIC-ORIENTED SUBSIDY

CATEGORY I: AGRICULTURAL INPUTS

5. General public oriented subsidies, category I

5.1. General public oriented subsidies, principles

1. **General public oriented subsidies, namely category 1 of agricultural inputs**, is intended in principle for everyone within the same sub-sector but can be modulated according to national or regional priorities or according to products and their strategic importance, and above all according to available public budgets.
2. In order to **encourage the development of the private sector throughout each value chain and avoid the emergence of recurrent dependence of producers on subsidies**, MINADER grants subsidies based on a declining process over 3 to 5 years for each subsidised value chain (e.g.: 30% in year 1, 25% in year 2, 20% in year 3, 15% in year 4 and nothing thereafter).
3. The general public oriented subsidy is a **purchase subsidy** (reduction in the purchase price of the input) aimed at facilitating producers' access to the subsidised input and reducing their operating costs. **MINADER periodically sets the amount of the subsidy granted for each target input** (value of the subsidy granted per unit delivered, e.g., a reduction of 5,000 CFA francs per bag of fertilizer at the distributor level).
4. **MINADER sets the maximum volume of subsidised inputs** per farmer each year (e.g.: 3 bags of NPK fertiliser per ha for a maximum of 5 ha per farmer in a given value chain in a given region).
5. The main instrument used is the "**purchase voucher**" for a **specific input** and for a limited volume at a **fixed annual price**:
 - ✓ In general, the principle is that MINADER grants the purchase subsidy only on one essential input for the production of a single agricultural product per sub-sector and per farmer (production unit).
 - ✓ The general public oriented subsidy, provided by the State, **reduces the purchase price of the input** at the local distributor level to improve the competitiveness of the targeted agri-food product.
 - ✓ **No input is delivered free of charge**, the subsidised product remains payable but at a price lower than the market price. The aim is to help the producer buy key inputs on the market.
 - ✓ A value chain (an agri-food product) can only benefit from one such subsidy.
6. The **subsidy mechanism capitalizes on new technologies** to facilitate and secure transactions, including:
 - Cell phone and internet;
 - GPS/photo/applications built into smartphones/tablets;
 - Communication and sharing platforms via SMS or social media accessible via the internet on production and consumption markets, prices, information on volumes and quality, etc.
 - Individual and collective transport at the producer level (motorbikes, motorised tricycles, etc.);
 - Microfinance networks (MFI⁴) and commercial banks;
 - Digital transfer payments by mobile phone or internet;
 - Bar code/QR code.
 - Private input distribution/sales/ marketing networks in regions and divisions

The subsidy is primarily aimed at supporting a sub-sector and a **food product that is widely consumed in urban markets** (with a large deficit) or of **great economic importance for exports** (and highly competitive).

⁴ MFI: Micro finance Institution

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7. Since the **subsidy is a lever of the State**, the aim is to **promote everything that is part of national/regional production**. This involves not only agricultural production, but also everything related to the production or preparation and provision of the inputs needed for agriculture: fertilisers, seeds/seedlings, phytosanitary products, which at present are mostly imported.
8. **MINADER sets the subsidy needs by sub-sector and product category in its five-year plan and specifies the corresponding budgets in the medium-term expenditure framework (MTEF)**, which is updated annually. Suppliers and agricultural producers must be able to anticipate the support that will be granted over 3 to 5 years in order to be prepared.
9. **At the beginning of each year, the budget allocated to each sub-sector and specific product is specified for the following year.**
10. This budget is then included after validation in the **following year's finance law**. As far as possible, the budget integrates the various known sources of financing (PIB, Subsidies, Credits) of the State but also of its international partners. The budget includes a heading for the actual subsidy of targeted inputs and a heading to cover transaction costs of the management system.
11. **Programmes operating in rural areas** (whether or not under the supervision of MINADER) **are governed by the provisions of the subsidy manual** in order to consolidate the coherence of government policy on agricultural subsidies. Besides subsidising inputs, the 'e-voucher' instrument can also be used to subsidise services, works and even small equipment to support production based on the priorities of the relevant programme.
12. The mechanism of subsidies targeting a large public must make sure to **limit "leaks"**, especially preventing subsidised inputs from crossing land borders to benefit farmers in neighbouring countries.
13. Similarly, an attempt is made to **promote locally produced inputs rather than imported ones**. It is therefore preferable to subsidise an input that is totally or partially produced locally (or in the sub-region) rather than a product that is totally imported and therefore has no added value for Cameroon.
14. **The instruments for general public-oriented subsidies absolutely exclude cash transactions (no cash subsidy payments) and all direct manipulation** of the inputs by government officials. MINADER shall set up, coordinate and supervise subsidy schemes without ever having to handle neither the money nor the products concerned.
15. In other words, **the scheme strengthens MINADER's strategic role** but releases it from direct operational issues.
16. **The main instrument shall be the "electronic purchase voucher" issued by local financial institutions based on the credits of depositor farmers' and farmers' groups** in their books. The purchase voucher is likened to a "currency" issued by a MFI enabling the farmer/PO to buy from approved vendors, a limited volume (in accordance with the volumes set by MINADER) of the targeted input at the subsidised price.
17. The purchase voucher issued by a financial institution is personal and cannot be sold or transferred to a third party. It can only be used to purchase the relevant input from an approved distributor. With a few transitional exceptions, it is in principle issued in **electronic format**.
18. Any farmer/producer who meets the criteria for the general public-oriented subsidy is legitimately entitled to benefit from this agricultural subsidy scheme.

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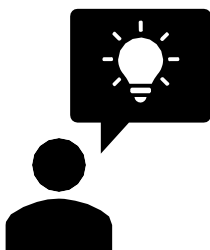
19. **In all cases, the supplier/distributor continues to do business as usual and sell inputs at market prices** to all customers. However, only approved distributors shall deliver subsidised products.
20. MINADER shall approve input suppliers (importers, manufacturers and producers) and their respective networks. Retailers must belong to an approved national network.
21. **Suppliers/distributors shall deliver subsidised inputs to a farmer or a PO only against a purchase voucher issued by a MINADER partner MFI/bank.**
22. **For input needs exceeding the subsidised volume** set by MINADER for the same production unit, the farmer will have to **buy the extra inputs at market price.**
23. A **bank account is opened in a first-class commercial bank** (and/or a special allocation account - 2019 new formula -) to receive each year the amount of the subsidy budget allocated to category 1 under co-management between **MINADER and MINFI**. The dedicated dual signature account can disburse funds only to MINADER's partner banks and MFIs to reimburse the value of granted subsidies due to suppliers.
24. **APEs, programmes and projects are required to follow the format recommended in the agricultural subsidy manual.** They shall open a specific account or budget line to manage the amounts they allocate to subsidies each year and thus ensure the traceability of financial and material flows.
25. **Multi-year agreements are signed between MINADER and interested banks and MFIs to issue purchase vouchers to their farmer-clients.** In this partnership, MFIs shall ensure that their clients are actually farmers and that they observe the volume and area limits imposed.
26. **MINADER shall pay annual compensation to partner MFIs/Banks for “statistical costs”** on vouchers issued by their services in the regions. These statistical costs are provided for in the partnership agreement between MINADER and the financial institution.
27. The principle, in addition to securing the subsidy, is to encourage **farmers and their POs to systematically develop long-lasting trusting commercial relationships** with their banks and MFIs. In the long term, **the government's objective is for all farmers/OPs to have a bank account** and to carry out their **transactions digitally.**
28. The **partnership agreements signed by MINADER with leading suppliers/manufacturers for the supply of subsidised inputs** require them to consolidate and make their network of distributors in the target regions more reliable, at least at divisional level (distribution contracts, franchises, etc.).
29. **MINADER, on the one hand, and suppliers, on the other hand, shall communicate via** the national and regional mass media the prices of each subsidised input and how to access them in the regions. The list of approved sales outlets is publicly displayed.
30. The **actual amount of the subsidy** (balance between the market price and the subsidised price) **is paid back accordingly by MINADER** (or the programme) **to the approved input suppliers** who delivered the products to the farmers (at national level for fertilisers and plant protection products, and according to seed/seedling lots). Payments are made at least once a quarter based on supporting documents (accounting of purchase vouchers issued) submitted and financial audits cross-checked with statistics from partner banks.

31. **As concerns certified seeds/seedlings** (especially those from seed farms supervised by MINADER), the **umbrella organisations representing approved producers** are MINADER's interlocutors and not producers themselves. Each umbrella organisation organises itself with its certified members seed/seedling producers to cover as much as possible the target areas in terms of distribution points (including seed farms themselves).
32. **MINADER shall collect and update each year**, via its network of local and divisional agents, the **mapping of microfinance service networks** (including digital counters installed at traders' premises) and **the networks of approved input distributors** (fertilisers, phytosanitary products, certified seeds/seedlings, tools, small equipment, etc.) in order to update MINADER's online database.
33. **MINADER shall set up a relevant permanent monitoring and evaluation system**, reporting to the Steering Committee, in order to monitor the implementation of and to propose the necessary adjustments over the years, especially in case of established abuse or destructive actions. More especially, it shall ensure the consistency between the number of vouchers issued by MFIs/Banks and vouchers recorded and submitted for reimbursement by input suppliers at national level.
34. **MINADER's database is available online (via internet)**, including the mapping of financial institutions, the mapping of approved input distributor networks, the mapping of certified seed/seedling producers and the mapping of rural service companies, that specialises in agricultural machinery.

5.2. General public-oriented subsidy, operational plan

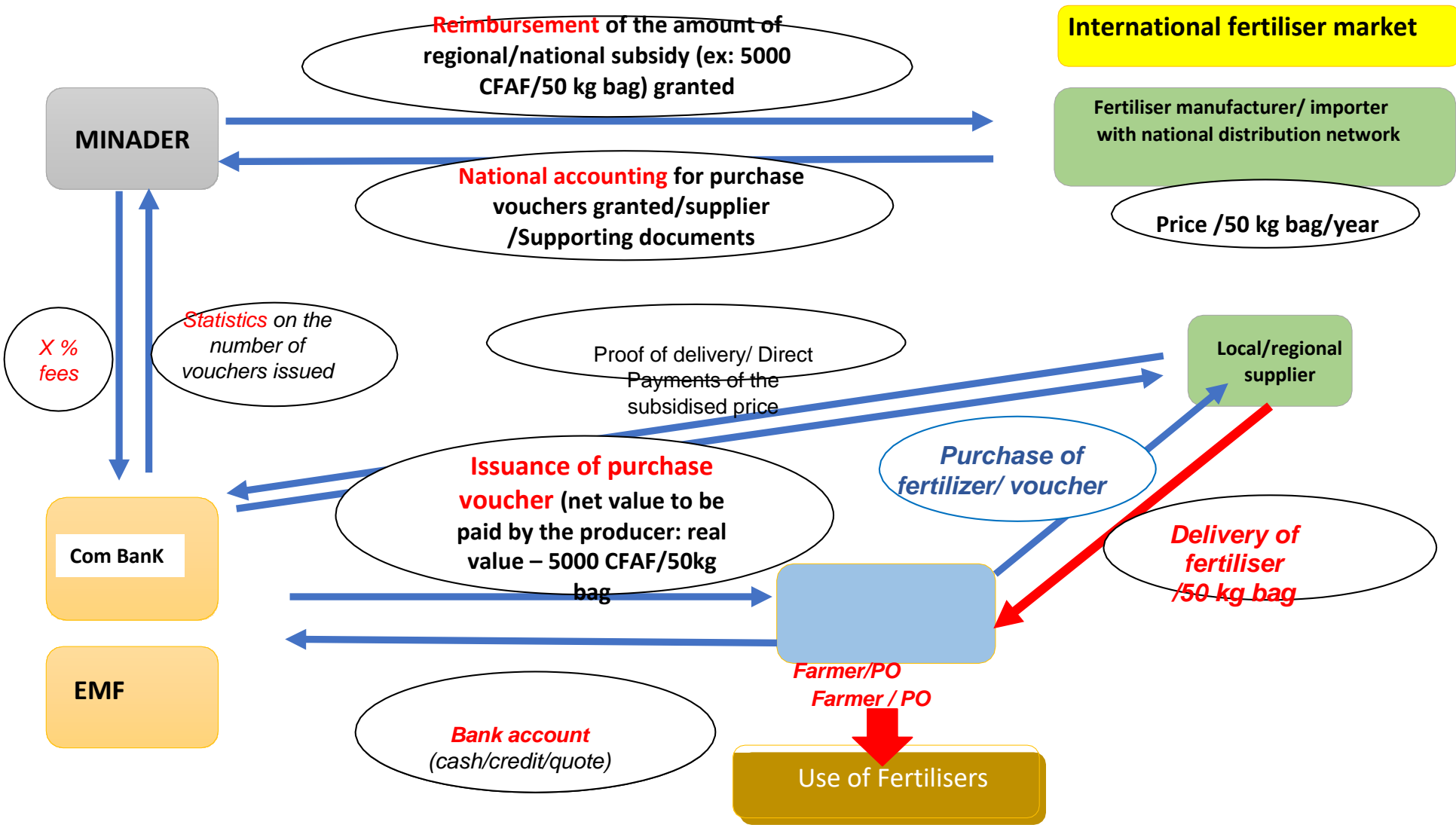
See the following pages for functional diagrams of subsidy schemes for:

- Fertilisers
- Phytosanitary products
- Certified seeds/seedlings

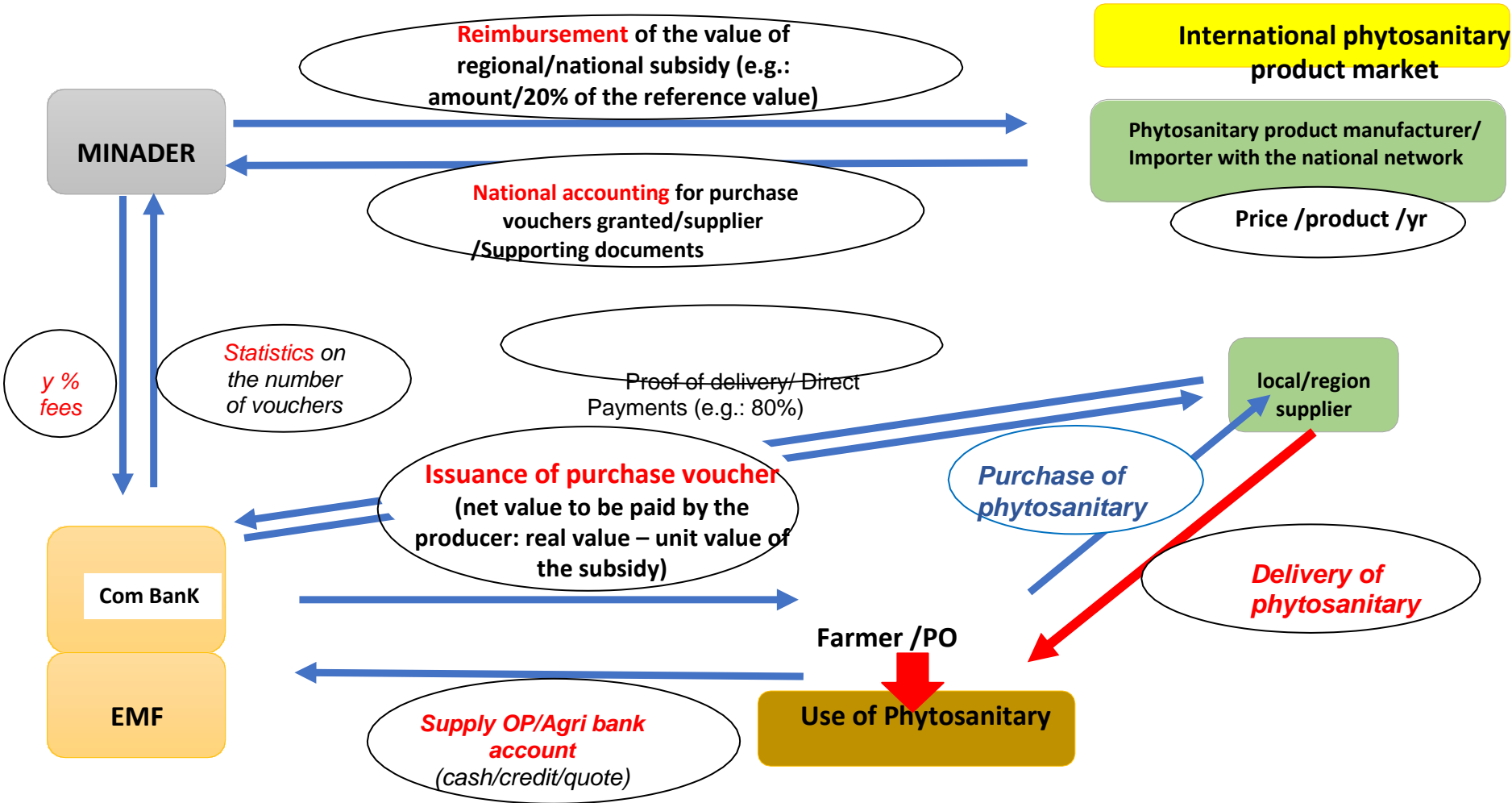


MFIs/commercial banks are free to grant farming season loans to their clients to supplement their bank assets and enable them to optimise their subsidy opportunity or simply to cover their total input needs. The relationship between MFIs/Banks and their client (farmer or PO) shall remain strictly private.

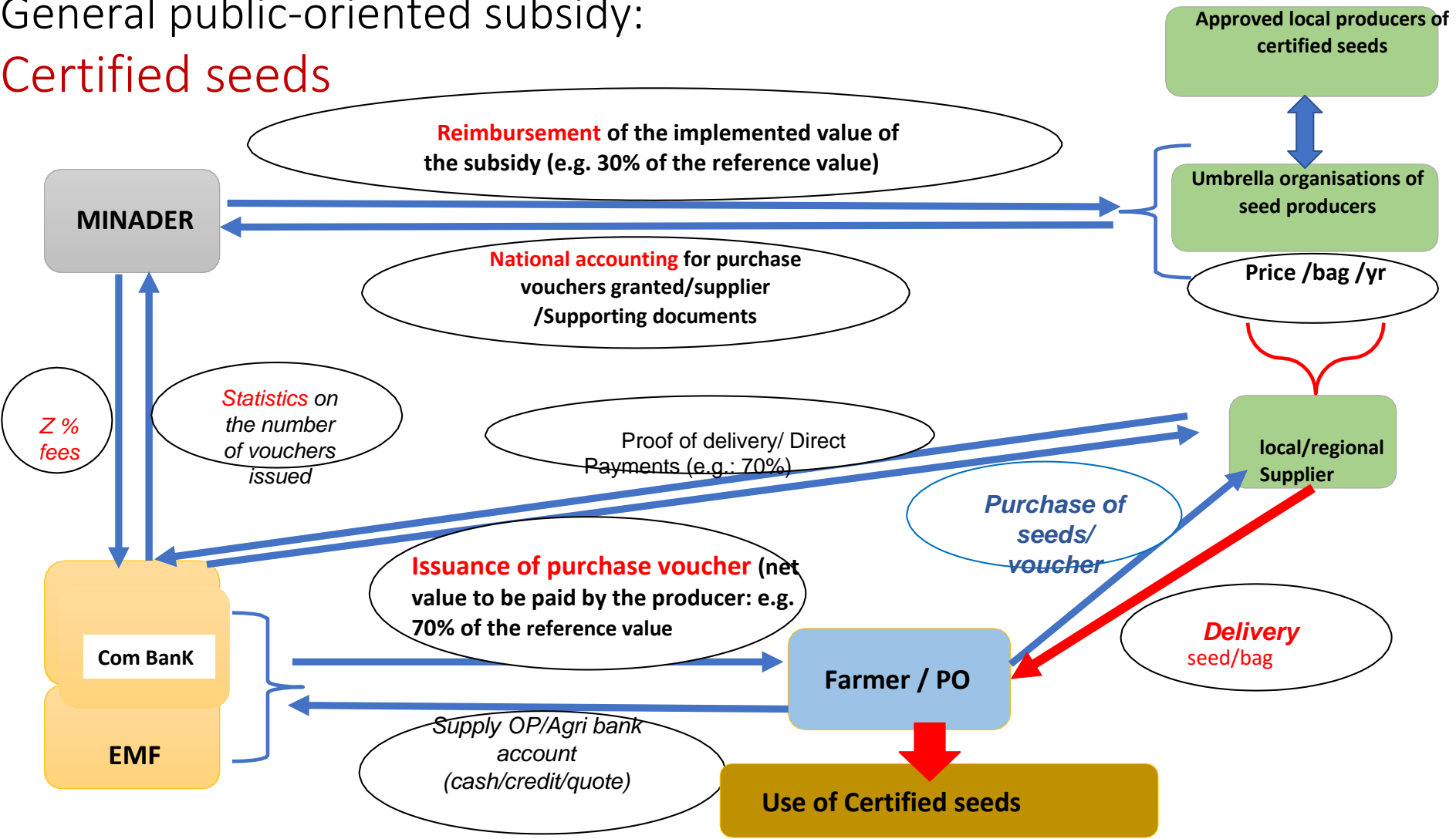
General public-oriented subsidy: fertilizers



General public-oriented subsidy: **phytosanitary product per category**
(ex: cocoa fungicide)



General public-oriented subsidy: Certified seeds



5.3. General public-oriented subsidy, MINADER plan

MINADER's primary responsibility is political, programmatic and organisational:



The Rural Sector Development Strategy (**SDSR**) led by MINADER, together with its Agriculture Investment Plan-NAIP (the documents updated in 2019), **defined based on the GESP** (henceforth known as the National Development Strategy 2020- 2030) the **priority orientations** of Cameroon's agricultural and rural development policy, and the **overall agricultural subsidy policy**.



MINADER includes in its **Medium Term Expenditure Framework** the priority products, sectors and regions targeted for direct public support (budgetary framework) in the form of purchase subsidies with the aim to reduce direct operating costs. It specifies the principles of general public-oriented subsidy used and the general procedures (degressivity).



MINADER includes in the following year's **finance law** the total amount of agricultural general public-oriented subsidy (purchase subsidy) that can be covered by the State in the following budget year.



In its annual budget, MINADER sets the **amount of subsidies granted for each priority sector and region and the products concerned** (fertilisers, seeds/seedlings, plant protection products, etc.) with an estimate of volumes of products subsidised. A value chain (**an** agri-food product) can benefit only from **one** form of general public-oriented subsidy (**one** subsidised input):

Examples of potential speculations to be studied and tested during the experimental phase:

- ✓ *Rice: price subsidy or fertiliser (NPK 5)*
 - *Far-North and North, and North-West*
 - *Priority to irrigated areas organised in water users associations*
 - *Priority to basal fertiliser*
- ✓ *Cocoa: price subsidy for (registered) fungicides*
 - *South-West, South, East, Centre, Littoral*
 - *Priority to structured cooperatives*
 - *Priority to cocoa quality*
- ✓ *Maize: price subsidy for certified seeds*
 - *All regions*
 - *Priority to national production of certified seeds/seedlings*
- ✓ *Plantain: price subsidy for healthy certified micro-plants*
 - *The entire southern part of the country (humid low latitude areas)*
 - *Priority to production of certified plants*
- ✓ *Oil palm: price subsidy for fertilisers*
 - *The entire southern part of the country (humid low latitude areas)*
- ✓ *Cotton: price subsidy for insecticides (rational control)*

5 NPK: Nitrogen, Phosphorus, Potassium

- *North and Far North*
- *Priority to the use of the threshold technique*
- ✓ *Sorghum (millet, muskwari): price subsidy for fertiliser (NPK)*
 - *Far-North*
 - *Priority to structured cooperatives*
 - *Priority to basal fertiliser*
- ✓ *Coffee: price subsidy for fertiliser (NPK)*
 - *West – North West (Arabica)*
 - *Littoral, East, South, Centre (Robusta)*
- ✓ *Etc.*



The choices made are strategic: they aim to encourage farmers to make what seems to be the best choice for themselves (and their future) while taking into account national macroeconomic priorities and available budgetary resources. *(For instance, it is more appropriate to subsidise fertiliser for rice production, which has a large deficit both in terms of volume and consumption rate and is almost exclusively intended for human consumption, rather than for maize production, which has a smaller deficit and a demand increase driven by animal feed).*



Each year, MINADER renews the partnership agreements with the major suppliers (importers, manufacturers, producers) approved in Cameroon for the supply of subsidized inputs through their distribution networks:

- ✓ **For fertilisers and phytosanitary products**, the suppliers are **approved first-class operators** (importers and/or industrial manufacturers) with a minimum of 5 years of activity and an active distribution network at national level and especially in the targeted areas.
- ✓ **As concerns seeds/seedlings**, suppliers are **certified seed/seedling producers**. In practice, it is the umbrella **organisations of certified seed/plant producers** that manage agreements with MINADER and organise the supply to basic seed/seedling producers.

MINADER and certified input suppliers at national level shall meet regularly to agree on the objectives and implementation modalities of general public-oriented input supply campaigns. Implementation challenges shall be discussed and resolved during these regular operational meetings.



The specifications of partnership agreements with approved suppliers shall determine for each subsidised product:

- ✓ The volume of input subsidy required at national level;
- ✓ The budget allocated for the target product subsidy at national level;
- ✓ The amount subsidised per commercial unit (bag, box, sachet, etc.);
- ✓ The regions targeted to receive the subsidised input with an estimated volume to be distributed in each division;
- ✓ The distribution zones and the minimum number of delivery points in the zones;
- ✓ The required quality of fertilisers and phytosanitary products (active ingredient content, type, presentation, expiry date, etc.)
- ✓ The unit packaging, possibly over packaging and palletisation;
- ✓ The contract lead time and the deadlines to supply products at the distribution points for the target producers;
- ✓ For certified and basic seeds/seedlings, the required characteristics;
- ✓ Other special characteristics, terms and conditions.

5.4. General public-oriented subsidies, operational plan

5.4.1 At the level of MINADER (department in charge of support and other relevant departments)

- Set the objectives and dates per sub-sector, region and product at the beginning of each year;
- Set the amount of subsidy per unit of subsidised input (commercial grade unit) and the limits per farmer (volume and area) each year;
- Secure the annual public budget allocated to general public-oriented subsidy;
- Sign (renew) the partnership agreements with Banks and Microfinance Institutions usually working in the target regions and having an active network in rural areas;
- Set objectives by financial institution, sector and region;
- Set the format of the vouchers to be issued by Banks and MFIs (electronic, otherwise 3 paper folds);
- Prepare with approved suppliers the specifications for the supply of quality inputs at the best price;
- Sign/renew partnership agreements with approved input suppliers and their networks; several suppliers can supply the same product via their various distribution networks (improving territorial coverage and respecting the rules of free competition on the market);
- Sign production partnerships for certified seeds/seedlings via umbrella organisations;
- Launch a targeted communication campaign for each subsector to inform potential beneficiaries of the modalities of access to subsidised inputs;
- Carry out the operations;
- Reimburse the subsidised amount to approved suppliers upon presentation of supporting documents;
- Create and maintain a database of farmers and POs per region/country;
- Ensure the monitoring and evaluation of the operations with responsible departments;
- Carry out an annual review of accounts.

NB: The **reimbursement of the amount of the subsidy to approved** suppliers can be carried out at their request by **grant in lieu of taxes** they should pay in their normal activity. A relevant specific agreement shall be concluded between MINADER and MINFI. This formula aims to **facilitate things both for suppliers and the administration by reducing financial outstanding balances, on the one hand, and financial disbursements, on the other hand.**

The objectives for the following year are set **at the beginning of the current year**. The scheme does not allow for emergency actions. At the beginning of the year, the objectives for the following year are defined. **The subsidised equipment cannot be used for emergency actions.**

All subsidised products must be managed at simultaneously by MINADER, taking into account both the administrative calendar (financial resource availability only between March and November) and agricultural calendars (a single cropping season in the North, two cropping seasons in the wetlands). **Inputs must always be provided prior to the rainy season and the sowing and planting period.**



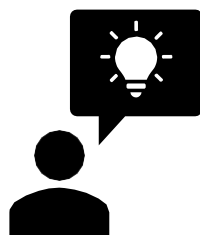
The Department in charge of agricultural support and subsidies is being reorganised to include a specialised body responsible for coordinating the entire management process of general public-oriented agricultural subsidies, comprising an agro-economist, an agri-statistician, a public procurement specialist, an accountant and a secretary.

The body is hosted in the head office and equipped with all modern office and communication facilities.

Programmes and institutions with specific resources follow the principles of this manual, but can adapt it as necessary to their own operational priorities.

Chronogramme MINADER

	An 0												An 1												An 3											
	J	F	M	A	M	J	Jt	A	S	O	N	D	J	F	M	A	M	J	Jt	A	S	O	N	D	J	F	M	A	M	J	Jt	A	S	O	N	D
Fixer les objectifs ; le budget de la subvention et les modalités particulières	■												■												■											
Sécuriser le budget public annuel alloué pour l'année suivante						■	■	■	■	■	■	■																								
Signer les conventions avec les banques et EMF			■	■	■										■	■	■										■	■	■							
Analyse des demandes par les Comités locaux et Régionaux								■	■	■	■	■							■	■	■	■	■	■									■	■	■	■
Validation centrale									■	■	■	■								■	■	■	■	■										■	■	■
Campagnes de communication								■	■	■	■	■									■	■	■	■											■	■
Exécution des processus																																				
Remboursement du montant subventionné aux banques/EMF																																				
Suivi-évaluation																																				
Bilan annuel																																				



Financing fertilizer suppliers, manufacturers and distributors:

The fertilizer stock financing support mechanism (import, manufacturing, distribution) at the level of fertilizer subsector professionals for each farming season is not addressed by this manual, which only concerns general public-oriented subsidies and not season stockpiling procedures. Another scheme is being studied by MINADER as part of the reform of the fertilizer sub-sector.

MINADER CAMEROON	AGRICULTURAL INPUT SUBSIDY MANUAL	
	AUGUST 2019	General public-oriented subsidy - Category 1

5.4.2 At the level of partner banks and MFIs

- Negotiate and sign multi-year partnership agreements with MINADER for the issuance of subsidised input purchase vouchers, setting out in particular the **amount of compensation for statistical and related costs** (e.g.: maximum 1 to 2% of the value of the purchase vouchers issued);
- Agree with MINADER on the volumes of vouchers to be issued for each subsector and each region annually;
- Establish an internal procedure for identifying the clients concerned and verifying their farmer status;
- Set up computerised file of farmers and farmers' professional organisations benefiting from vouchers to be periodically transmitted to MINADER for its regional and national database;
- Print the triplicate purchase vouchers (counterfoil + farmer's original + supplier's copy) according to the volumes fixed by MINADER per subsector and per region (if no electronic system yet);
- Issue purchase vouchers according to the established internal procedure (preferably electronic);
- If necessary, prepare farming season credit files for clients;
- Pay local suppliers monthly by transfer upon presentation of granted purchase vouchers;
- Compile monthly statistics on the issuance of purchase vouchers and payment vouchers to suppliers and checking for consistency and discrepancies;
- Monthly transmission of statistical data to MINADER.

NB: Banks and MFIs can be MINADER's partners in several subsectors, several regions and for several subsidised products.

5.4.3 At the level of input suppliers

- Participate in consultation and organisational meetings for general public-oriented input subsidy campaigns with MINADER and other approved suppliers (importers, manufacturers);
- Provide subsidised products to farmers in the distribution points of the national and regional network in accordance with the terms and conditions set out in the specifications;
- Deliver subsidised products to voucher holders at the set prices (after deduction of the value of the subsidy granted by the Government);
- Compile a quarterly report on the purchase orders executed and submit the file for reimbursement of the subsidy value to MINADER;
- Proceed, if necessary, to the fiscal compensation of the value due as reimbursement of the subsidy.

NB: The same national input supplier can deliver several subsidised products.

To compensate for the delay in reimbursing the value of the subsidy and the costs associated with the operation to be pre-financed by the supplier, an **additional amount** (e.g. representing a maximum of 3 to 5%) **of this fixed value is granted by MINADER.**

5.4.4 At farmer and/or PO level

- Fund their current/savings account at the Bank/MFI;
- Where necessary, compile a file/negotiate a complementary campaign credit with his bank /MFI
- Withdraw his purchase vouchers from his Bank/MFI;
- Get the products delivered upon presentation of purchase vouchers from the local input supplier at the subsidised price;
- **Use the subsidised inputs correctly in the fields**

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5.5. General public-oriented subsidies, cost

The annual amount of the subsidy to be included in the following year's Finance Law is the sum of all direct and induced costs of implementation of the scheme. This particularly includes:

- Amount of subsidy granted per sub-sector and per product:
Examples:
 - Irrigated rice: NPK fertilizer in 50 kg bags
 - → 5 bags per ha X 20.000 ha X 5.000 CFAF/bag = 500 million CFAF
 - Cocoa: fungicide in powder sachet
 - Maize: certified seed in bags of 25 kg
 - Etc.
- Statistical and management costs of banks and MFIs:
 - < 2% of the subsidised value of vouchers issued
 - Money transfer costs included in the input reference price
- Supplier management and capital costs:
 - < 5% of the subsidised value of vouchers issued
 - Transport and distribution costs of inputs included in the reference price
- Management costs of the structure in charge of general public-oriented subsidies of the Department in charge of agricultural support and subsidies /MINADER
 - < 2% of the value of subsidies granted
 - Annual communication campaigns
- Costs of implementation of the general public-oriented subsidy system:
 - Restructuring of the Department in charge of agricultural support and subsidies
 - Posting/recruitment of senior staff
 - Training of staff of the Department in charge of agricultural support and subsidies
 - Information and sensitisation campaigns of key actors in the general public-oriented subsidy system (input suppliers, umbrella organisations of certified seed/plant producers, umbrella organisations of agricultural producers, banks and MFIs, electronic access and payment providers)

Annual total = (sum of sub-sector 1 (subsidies + fees)) + (sum of sub-sector 2 (subsidies + fees)) + (sum of sub-sector n (subsidies + fees))

5.6. General public-oriented subsidies, information campaigns and training for actors

A national information campaign is launched at the beginning of each year by MINADER on radio, TV and the agricultural press to provide information on the terms and conditions for granting general public-oriented agricultural subsidies and other relevant practical provisions.

At the same time, MINADER organises information meetings at the central level in Yaoundé for stakeholders (umbrella organisations, input suppliers, banks and MFIs, telecommunications companies) to explain in concrete terms the actions taken by the Government for the current year and for the preparation of the following year, and to collect the opinions and suggestions of stakeholders to improve the system.

PART 3

TARGETED SUBSIDY

CATEGORY II: EQUIPMENT AND MACHINERY

6. Category II targeted subsidies (equipment and machinery)

6.1. Subsidies for equipment and machinery, principles

1. **Targeted subsidies**, especially those for **category 2 equipment and machinery**, are subject to **eligibility conditions**. They are therefore not open to everyone, but only to companies that meet the defined conditions.
 2. Category 2 targeted subsidies for equipment and machinery are **supply-side subsidies**. They aim to **facilitate investments by agricultural companies** through **subsidised co-financing** to help them **increase their production and/or processing capacity in order to increase the volume and quality** of marketed products
 3. This subsidy model is fully in line with the **principle of promoting second generation and market-oriented agriculture** by focusing the investment effort on equipment and machinery that will **improve the competitiveness of professionals**.
 4. **The State shall set the conditions of eligibility** for category 2 targeted subsidies according to **strategic priorities defined within the framework of the national agricultural and rural development policy**. The strategic priorities refer to the most important agricultural and food subsectors not only for rural populations (*e.g. maize and sorghum*) but also for urban populations (*e.g. rice, oil*) or to improve the country's trade balance (*e.g. soya beans, rice, wheat, cotton, cocoa, coffee, rubber, etc.*).
 5. The main objective of the subsidy is to **help scale up** individual or collective agricultural companies by capitalising on their assets and know-how to increase their production and marketing capacities.
 6. The targeted investment subsidies cover both **agricultural production equipment and machinery** and **processing equipment and machinery**.
 7. This model **may also provide** subsidies for **rural companies'** necessary for the development of agricultural enterprises themselves, including **mechanical and electromechanical workshops specialising in agricultural and rural machinery**. This component of enterprise support for the maintenance of agricultural equipment and machinery in rural areas is a top priority to facilitate the transition from subsistence to modern agriculture. **The poor maintenance capacity is today a major obstacle to the development of modern and mechanised agriculture in Cameroon.**
 8. The application for a subsidy can be submitted by a **leading company on behalf of its members and local partners who are the ultimate beneficiaries** (*e.g. a cooperative for the acquisition of animal-drawn or motorised agricultural equipment*).
 9. **At the beginning of each year, MINADER sets the public investment budget** for the following year for category 2 agricultural equipment and machinery subsidies. This budget is then included after validation in the **following year's finance law**. As far as possible, the budget integrates the various known sources of financing (PIB, Subsidies, Credits) of the State but also of its international partners.
 35. **Programmes operating in rural areas** (whether or not under the supervision of MINADER) **are governed by the provisions of the subsidy manual** in order to consolidate the coherence of government policy on agricultural subsidies.
- In addition to subsidising equipment and machinery, the 'business plan co-financing' instrument can also be used to subsidise

materials, services and works, in support of the main investment in the production tool and according to the priorities of the relevant programme.

10. MINADER updates (by circular letter) each year the list of types of equipment and machinery eligible for public co-financing and the percentage subsidised per type of equipment.
11. Transactions relating to subsidies are carried out exclusively through the banking sector and without any direct handling of equipment and machinery by government officials.
12. The targeted category II subsidy can only involve individual or collective agricultural enterprises in full compliance with the rules and regulations in force, and especially with the provisions of OHADA law (Establishment, simplified cooperative or cooperative with a Board of Directors, EIG, SARL, SA, etc.). The State cannot compromise with its own texts; the targeted subsidy is a means of encouraging actors in the agricultural world to comply with the law.
13. Enterprises wishing to benefit from an equipment or material subsidy (cat. 2) must compile ad hoc files comprising:
 - An administrative file (legal existence), banking domiciliation, etc.;
 - A diagnosis, site plan, geographical location, land guarantee, etc.;
 - A presentation of the managers, organisation chart, etc.;
 - Production results and target markets for the last 3 years;
 - Financial statements for the last 3 years;
 - A development plan for the next 3 years (investment, market, production, etc.);
 - A business plan and projected financial statements (as per attached template);
 - A financing plan (personal contribution, bank loan, subsidy acquired and requested);
 - Proof the personal contribution and the financing of the business plan;
- Offer from the equipment/machinery supplier(s) and specific terms and conditions.
14. The scheme can only finance professional production and processing structures able to justify a real and documented activity of several years, on the one hand, and propose a coherent and bankable development plan over the next 3 to 5 years, on the other hand. Newly created enterprises (except for recent and proven changes in status) are therefore not eligible for equipment and machinery subsidies.
15. The subsidy only concerns part of the investment in equipment and machinery by covering a percentage (to be determined) of the real cost and in no case the operating or working capital costs of the beneficiary company. Therefore, the subsidy application file must demonstrate the company's ability to cover its own working capital needs (by personal contribution and/or bank credit). In other words, the lure of the subsidy for a promoter is a strong incentive for agricultural enterprises to develop long-lasting and trusting relationships with their local financial institutions and to use their various financial products available on the market (e.g. Farming season credit, input credit, overdraft, warrantage, leasing, etc.).
16. The subsidies can only co-finance new equipment and not second-hand equipment. The value of the equipment and machinery is calculated ex-warehouse, including VAT.
17. This scheme does not cover the costs of preparing subsidy application files, which are borne by the enterprises themselves. Other schemes and programmes (under their own conditions) may, however, provide direct or indirect support to agricultural enterprises to help them prepare subsidy application files.
18. For equivalent technical and operational value, subsidised co-financing favours the purchase of equipment and machinery manufactured (or assembled) in Cameroon or in the ECCAS region. By so doing, the State wishes to encourage the creation

of added value and the structuring of local equipment suppliers to serve the national agricultural and agri-food sectors.

19. **Commercial agreements (contracts) between the suppliers of equipment and machinery and the subsidised agricultural companies** must specify the place of collection or delivery, the quality control procedure, if applicable, the conditions for installation and start-up, the delivery deadlines, training in use, and other specific terms, etc., and the payment terms (advance on order, balance on delivery/operation)
20. In a bid to enforce decentralisation, **applications are processed at the divisional and regional delegations** before being sent to the **central service for final approval**. This aim is to process **applications for equipment subsidies, as closely as possible to the companies themselves, by local and regional commission** representatives, who are familiar with the actors and realities on the ground (*various commissions could, for instance, work with the commissions set up by ACEFA in the regions*). Regional commissions will be set up as a priority, and divisional commissions may be set up progressively, depending on needs.
21. **Agreements are prepared and signed between MINADER and volunteer commercial banks and microfinance institutions** to support agricultural enterprises and make payments to suppliers of subsidised equipment and machinery.
22. A **bank account is opened in a first-class commercial bank** (and/or a special allocation account - 2019 new formula -) to receive each year the amount of the subsidy budget allocated to category 2 under co-management between **MINADER and MINFI**. This special account is jointly **managed** with two signatures and can only disburse funds to MINADER's partner banks and MFIs.
23. **The PAEs, programmes and projects that comply with the agricultural subsidy manual** open a special bank account to manage the amounts allocated for subsidies and guarantee the traceability of financial and material flows.
24. **An advanced payment on the order** of equipment/machinery to a supplier is **always paid by bank transfer with money from the personal contribution** (or bank credit) deposited by the subsidy recipient from their account.
25. The **bank(s)/MFI(s) would then pay the balance to the supplier of equipment and machinery via bank transfer**, based on the co-financing agreements of the beneficiary enterprises with their suppliers and approved by MINADER upon recommendation of the regional commissions. The **payment statements are then compiled monthly** by the banks/MFIs and forwarded to the manager of the special MINADER/MINFI account for **reimbursement** via bank transfer, covering the **value of the subsidies granted** and executed.
26. The bank/MFI gradually adjusts the accounts of its clients who are beneficiaries of the equipment/machinery grants.
27. **Payments to suppliers are made exclusively in CFA francs**. For imported equipment/machinery, payment is made exclusively to the dealer or representative based in Cameroon at the market price including tax.
28. **Any given agricultural enterprise can only claim one MINADER grant for a period of 5 years = one project**.
29. A **joint enterprise**, such as a **Producers' Organisation (cooperative, EIG)** submits a **single subsidy application** on behalf of all its members. The number of equipment items per project is not limited, but remains below the maximum subsidy value granted per project by MINADER.
30. The **maximum subsidy limit per individual enterprise and the maximum subsidy limit per collective enterprise are set each year by decision of MINADER** on approval of the Steering Committee according to available budgets and government priorities.

6.2. Subvention Category II targeted grant, MINADER programme.

MINADER's primary responsibility is political, programmatic and organisational:



The Rural Sector Development Strategy (**RSDS**) led by MINADER, together with its Agricultural Investment Plan-PNIA (these documents were being updated in 2019), **defines based on the GESP** (*henceforth the National Development Strategy 2020-2030*) Cameroon's **priority orientations** on agricultural and rural development policy, and the **overall agricultural subsidy policy**.



MINADER includes in its **Medium Term Expenditure Framework (MTEF)** and in the finance law of the following year, the overall amount of targeted agricultural subsidy for equipment and machinery (supply subsidy) that can be managed by the state in the following budget year.



MINADER includes in its **annual budget the amount of subsidies granted in category 2 equipment and machinery**.



The choices made are strategic and aim to increase the supply of the most important food products for the trade balance and national food security.



Each year, MINADER updates the list of equipment and machinery suppliers, particularly local manufacturers, and ensures that they comply with the regulations.



MINADER signs partnership and financial intermediation agreements with banks and microfinance institutions.



MINADER sets up a procurement commission in each region to analyse and validate contracts for the supply of subsidised equipment and machinery.

6.3. Category II targeted grant, operational procedure

6.3.1 At the level of MINADER

- Set the priority objectives at the beginning of each year;
- Set the budget for category II subsidies and the applicable rates each year;
- Set the maximum subsidy limits per individual enterprise and per collective enterprise (PO);
- Secure the annual public budget allocated to the targeted grant;
- Sign (renew) the partnership and financial intermediation agreements with the Banks and Microfinance Institutions working in the relevant regions and that have an active network in rural areas;
- Set objectives by financial institution, sector and region;
- Update annually the list of equipment and machinery suppliers, especially local manufacturers;
- Ensure the selection of equipment and machinery contractors by the beneficiary companies based on the best quality-price ratio;
- Launch periodically a targeted communication campaign to inform potential beneficiaries on how to access the targeted grant;
- Coordinating operations;
- Reimburse monthly to banks and MFIs the subsidised amount granted;
- Update the database of farmers and POs by region/country;
- Ensure the monitoring and evaluation of operations by the departments in charge;
- Carrying out an annual assessment.

The implementation of the **system requires at least one year** between the definition of the objectives and the delivery of the first subsidised equipment. The objectives for the following year are defined at the beginning of the current year. **The subsidised equipment cannot be used for emergency actions.**

All subsidised products must be managed simultaneously by MINADER, taking into account both the administrative calendar (*financial availability only between March and November*) and the agricultural calendars (*a single cropping season in the North, and two cropping seasons in the wetlands*). **Equipment and machinery should preferably be made available before the rainy season as well as the sowing and planting period.**



The Department in charge of agricultural support and subsidies is being reorganised with a specialised body to coordinate the entire process of managing category II targeted agricultural subsidies, including an agro-economist, an agri-statistician, a public procurement specialist, an accountant and a secretary.

The body is hosted in the head office and equipped with all modern office and communication facilities.

MINADER CAMEROON	AGRICULTURAL INPUT SUBSIDY MANUAL	
	AUGUST 2019	Targeted subsidy - Category 2

Chronogramme MINADER

	An 0												An 1												An 3											
	J	F	M	A	M	J	Jt	A	S	O	N	D	J	F	M	A	M	J	Jt	A	S	O	N	D	J	F	M	A	M	J	Jt	A	S	O	N	D
Fixer les objectifs ; le budget de la subvention et les modalités particulières	■												■												■											
Sécuriser le budget public annuel alloué pour l'année suivante					■	■	■										■	■	■										■	■	■					
Signer les conventions avec les banques et EMF			■	■	■										■	■	■										■	■	■							
Analyse des demandes par les Comités locaux et Régionaux								■	■	■	■	■					■	■	■	■	■	■	■	■					■	■	■	■	■	■	■	■
Validation centrale									■	■	■	■						■	■	■	■	■	■	■						■	■	■	■	■	■	■
Campagnes de communication								■	■	■	■	■						■	■	■	■	■	■	■						■	■	■	■	■	■	■
Exécution des processus																																				
Remboursement du montant subventionné aux banques/EMF																																				
Suivi-évaluation																																				
Bilan annuel																																				

The guidelines provide for the analysis of grant applications (*for category 2 in the framework of this manual*) to be carried out by multi-actor committees (administration, professional organisations, producers) at local and regional level based on previous experience. At the regional level, the technical allocation committee will be placed under the supervision of the Regional Council. *The divisional commissions will be set up progressively according to local needs.*

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6.3.2 At the level of partner banks and MFIs

- Negotiate and sign multi-year partnership and financial intermediation agreements with MINADER;
- Agree annually with MINADER on the financial volumes to be managed;
- Set up a specific internal procedure for the management of agricultural applications for MINADER subsidies;
- Set up a computerised file of subsidy beneficiaries to be transmitted periodically to MINADER for its regional and national database;
- Investigate equipment/investment credit files when appropriate;
- Pay suppliers of equipment and machinery via bank transfer on presentation of invoices and the validated AP file;
- Compile monthly activity and payment statistics for suppliers;
- Monthly transmission of statistical data and reimbursement files for paid subsidies to MINADER.

NB: MINADER's partner banks and MFIs for financial intermediation are also partners for category I inputs.

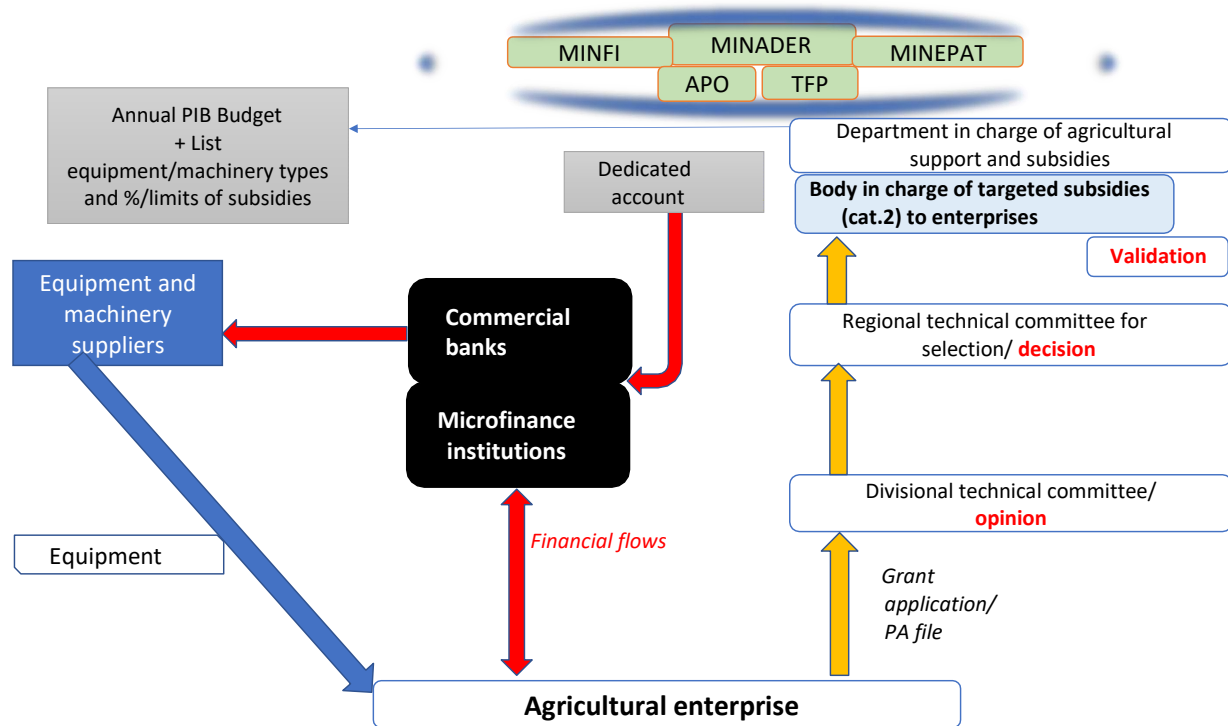
6.3.3 At the level of equipment and machinery suppliers

- Submit to MINADER, for registration, the descriptive files justifying the company's capacities, its experience, the quality and volume of its products, its network, its authenticity, etc.;
- Provide the subsidised products available to farmers at distribution points in the national and regional network in accordance with the terms and conditions set out in the specifications (including installation, training, maintenance, etc.);

6.3.4 At the level of farms

- Fund their current/savings account at the Bank/MFI;
- If necessary, set up a file/negotiate a complementary equipment loan with the bank/MFI;
- Have the products delivered on presentation of proof of payment from the local equipment and machinery supplier;
- **Use the equipment and machinery correctly and ensure that it is very well maintained at all times.**

6.4. Procedure for examining a targeted grant application for an individual or collective agricultural enterprise



- ✓ **The individual or collective agricultural enterprise is solely responsible for preparing its application** for a grant to co-finance its development project.
- ✓ **MINADER staff** at the regional and divisional delegations are, however, available to **help the company work high quality files**, as part of their normal duties.
- ✓ The company can also use the services of a consultant of its choice and at its own expense to help it prepare its file.
- ✓ In some cases, the company may be eligible for specific subsidised support and advice to help it finance and implement its development project.
- ✓ Once it has been set up, the divisional committee studies the company's application and submits an opinion. If favourable, the file is sent to the regional delegation.
- ✓ The regional committee analyses the applications (which, if operational, have previously received a favourable opinion from the divisional committee) and decides whether or not to subsidise the company based on the information in its possession.
- ✓ The file that has received a favourable decision from the regional committee is forwarded to the service in charge of targeted subsidies at the Agricultural Support and Subsidies Department of MINADER, which checks compliance with the procedure and validates the decision.
- ✓ The service in charge of targeted grants registers grant application files as they arrive, and applies the "**first come, first served**" rule at the national level.
- ✓ When the level of commitments for the current available budget is exceeded, validated files are carried over to the following year, where they will be given priority.
- ✓ The service in charge of grants maintains a database of all current files, subsidised companies and regional (and divisional) commissions, etc.

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6.5. Category II targeted grant, cost

The annual amount of the grant to be included in the Finance Law of the following year is a political and financial decision of the Government.

This particularly includes:

- The amount of the budget allocated to subsidise the purchase of equipment and machinery at the national level:
 - Examples:*
 - For a tractor X (new with net price at 10 million CFAF) - (PIB subsidy of 3 million) → actual price to be paid by the beneficiary company: 7 million CFAF
 - For a paddy rice husker (new value of 4 million CFAF) - (PIB grant of 1.5 million CFAF) = actual price to be paid by the beneficiary enterprise: 2.5 million CFAF
- Statistical and management costs of the banks and MFIs:
 - < 1% of the amount of the subsidised value
 - Money transfer costs included in the reference price of equipment and machinery
- Management and capital costs of suppliers:
 - Transport and delivery costs included in the reference price (including commissioning and initial training)
- Management costs of the subsidy unit of the Department in charge of agricultural support and subsidies /MINADER
 - < 2% of the value of the grants awarded
 - Annual communication campaigns
- Costs of setting up the targeted subsidy system:
 - Reorganisation of the Department in charge of agricultural support and subsidies
 - Assignment/recruitment of managers
 - Training of the agents of the department in charge of agricultural support and subsidies
 - Operating costs of divisional and regional commissions
 - Information campaigns of key actors in the targeted subsidy system (equipment and machinery suppliers, agricultural umbrella organisations, banks and MFIs)

6.6. Targeted category II grants, information campaigns and training of actors

At the beginning of each year, MINADER launches a national information campaign on radio, TV and the agricultural press to publicise the terms and conditions of the targeted agricultural subsidies and other practical provisions.

At the same time, MINADER organises information meetings at the central level in Yaoundé for stakeholders (umbrella organisations, equipment and machinery suppliers, banks and MFIs) to explain in concrete terms the measures taken by the Government for the current year and for the preparation of the following year, and to collect the opinions and suggestions of stakeholders in order to enhance the programme.

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7. Conclusion

The subsidy manual for productive agricultural inputs and equipment covers categories 1 (inputs) and 2 (equipment and machinery). It offers an innovative approach for category 1 with the 'e-voucher, but also for category 2, even though the idea of preparing business plans before financing an enterprise has been in place for some years in Cameroon.

However, for categories 3, 4, 5 and 6, further consideration is needed. The lessons learned from the many subsidy experiences in the past should continue to inspire the planners, as should the experience expected from the implementation of this manual. The implementation of subsidies by programmes, projects and other institutions working in the rural sector must comply with this manual, but the management autonomy of these structures allows them to define specific operational modalities to achieve their own objectives. The annual evaluation of the results will be an opportunity to improve the system based on feedback, and also to reflect on other systems to be put in place, with a constant concern for consistency and complementarity between government instruments.

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8. Annexes

8.1. Business plan outline for MINADER co-financing grant

Cover page (with header of the agricultural enterprise or PO, title of the business plan, photo of speculation, month and year)

Project fact sheet

Present a summary, quantified and credible vision of the agri business/ PO.

Contents

- Table of contents
- List of figures List of tables
- List of abbreviations and acronyms

1. Introduction

- 1.1. Context and justification of the project**
- 1.2. Problem statement** (what are the problems arising from the context? main problem and related problems)
- 1.3. Project objectives** (what are the objectives of the company/PO to solve its main problem and related problems?)
- 1.4. Expected (quantified) results of project implementation**

Part A: Current situation

2. Analysis of the status quo

2.1. Description of the company/PO

2.1.1. History of the company/PO

2.1.2. General Information

- *Geo-location of the enterprise/PO's sites, contacts, industry, main (product) and secondary activities of the enterprise/PO, joint and/or individual holdings, number of holdings of the enterprise/PO, number of members and gender distribution, main and secondary activities of the enterprise/PO's members, past achievements, assets of the enterprise/PO, major challenges.*

2.1.3. Vision

Short term, medium term and long term vision

2.1.4. Management team

- *Profile of the 3 (or more) key executives: Education, experience, description of their functions within the company/PO and overview of their assets.*

2.2. Technical and economic performance of the company/PO

- *Achievements of the enterprise/PO over N-2, N-1 and N: production, turnover, profit margins*
- *List and value of investments made*

2.3. SWOT analysis and perspectives

- *SWOT table*
- *Background details of the project idea (subject of co-financing) aimed at improving the performance of the enterprise/PO*
- *Development Plan of the enterprise/PO (collective activities) and links with the development of the personal activities of the members (OP).*

Part B: The project

3. Presentation of the project

3.1. Sector and market analysis

Overview of the sector/chain of activity in which the enterprise operates (political, economic, social, technological, environmental and legal context)

- *An overview of the main target market for the main product to be provided by the company/PO, including geographical location, demographics of the target consumer area(s) and an estimate of market needs and trends (detailed data in annexes)*

3.2. Range of products

- *What does the company/PO currently sell? Main product and secondary products.*
- *How innovative is the proposed product and what benefits do customers derive from it?*

3.3. Competitive analysis

- *Identification of direct and indirect competitors with*
 - *An assessment of their competitive advantages.*
 - *An analysis of what differentiates them from you.*

3.4. Project implementation strategy

3.4.1. Legal and institutional strategy

- *Legal and institutional framework of the company/PO and the proposed product(s)*
- *Governance bodies of the company/PO*

3.4.2. Production strategy (technical)

- *Compliance with production/processing standards*
- *Technical choice (clearly state the innovation and technical relevance of the project)*
- *Conditions to integrate the new project into the regular functioning of the enterprise/PO*
- *Etc.*

3.4.3. Marketing strategy

- *Potential/target market: distinguish the potential market (individuals or companies likely to buy your product/service) from the target market (individuals or companies to whom you will offer your product/service). Define your target market by justifying your choice. If you have several products or services that target different customers, produce a statement about each target segment. Mention whether you have made any contacts with potential customers (customer list) or whether you have had any purchase promises or signed contracts.*
- *Sales history and main marketing challenges.*
- *Product presentation and development strategy*
- *Marketing strategy: Product, Place, Price and Promotion campaigns and the cost of the marketing strategy*
- *Sales objectives in quantity and value and marketing organisation*

3.4.4. Monitoring and evaluation strategy

- *How to identify successes and failures in the implementation of the project? How to ensure the reliability of the data collected to monitor the progress of activities?*

3.5. Organisation and management

- *Organisation chart of the company/PO, including the new project that is the subject of the business plan*
- *Description of technical positions (roles and responsibilities)*
- *External ad hoc support (accounting and financial advice, others)*

3.6. Operational plan

A description of the project site(s) (location, satellite image of existing site, facilities, installations and equipment)

- *A description of the production/processing and marketing process*
- *Projected production plan (development plan and projected business plan) over the business plan implementation period*

Sample table: Implementation plan of the activities

No.	Activities/sub-activities	Measurable and observable indicators	Month of implementation	Officials	Partners

- Activity implementation schedule (monthly for year 1 and annually for years 2 and 3)

3.7. Social and environmental management

- *Record environmental and social aspects resulting from the existing activities and additional activities to be developed.*
- *Implement the socio-environmental recommendations (simple prescriptions or NIES or ESIA) and detailed cost.*

3.8. Financial Plan

- *Total detailed project cost (investments, working capital requirements)*
- *3 year investment plan*
- *Detailed financing scheme*
- *Monthly disbursement plan*
- *Depreciation schedule on investments*
- *Monthly depreciation table on loan payments*
- *3-year projected operating account (GCS method)*
- *Detailed cash flow plan monthly in year 1 and annually in year 2 and 3*
- *3-year forecasted balance sheet*
- *Profitability analysis (RS, IRR, NPV and sensitivity to 20%) and remarks*

3.9. Risks and mitigation measures

- *Organisational, technical, commercial, financial, environmental and social.*

Annexes

- *Contracts with buyers*
- *List of current buyers and suppliers*
- *Photocopy of company/PO registration certificate*
- *CV of company owner, or top 3 executives of the PO*
- *List of the PO members and distribution of capital*

- *Clear photocopies of all members' NICs*
- *List of current staff*
- *Minutes of the appointment of members for the elaboration and implementation of the business plan, monitoring and evaluation, and procurement*
- *Activity data sheet of PO members*
- *Sales history of the company/PO and members over 6 to 36 months*
- *Certificate of direct debit of the enterprise*
- *Bank account history for the last 12 months*
- *Taxpayer's card*
- *Financial statements: income statement and balance sheet for the last 3 years*
- *Location plan of the project site(s), satellite images, location maps*
- *Location map of company/OP headquarters, main facilities and its 3 main leaders*
- *Certificate of approval*
- *Contract or certificate of follow-up by a technical consultant, if applicable*
- *Technical description and photos of the equipment to be purchased*
- *Pro-forma invoices for equipment and material purchases including VAT*
- *List of potential suppliers, location and telephone contacts*

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8.2. PM Order

REPUBLIQUE DU CAMEROUN

Paix- Travail- Patrie

ARRETE N° 068 /PM DU 28 AOUT 2019
 approuvant et rendant exécutoire le manuel de procédure d'octroi des subventions en intrants et équipements agricoles au Cameroun.-

LE PREMIER MINITRE, CHEF DU GOUVERNEMENT,

- Vu la Constitution ;
- Vu le décret n°92/089 du 04 mai 1992 précisant les attributions du Premier Ministre, modifié et complété par le décret n°95/145 bis du 04 août 1995;
- Vu le décret n°2011/408 du 09 décembre 2011 portant organisation du Gouvernement, modifié et complété par le décret n°2018/190 du 02 mars 2018 ;
- Vu le décret n°2005/118 du 02 octobre 2005 portant organisation du Ministère de l'Agriculture et du Développement Rural ;
- Vu le décret n°2019/001 du 04 janvier 2019 portant nomination d'un Premier Ministre, Chef du Gouvernement,
- Vu le communiqué final de l'atelier national de validation du manuel de procédure d'octroi des subventions en intrants et équipements agricoles tenu le 15 mai 2019,

ARRETE

Article 1^{er}.- Le manuel de procédure d'octroi des subventions en intrants et équipements agricoles au Cameroun joint en annexe est, à compter de la date de signature du présent arrêté, approuvé et rendu exécutoire.

Article 2.- Le manuel de procédure ainsi approuvé détermine les acteurs et définit les grandes étapes dans la procédure susvisée.

Article 3.- La période d'expérimentation de la mise en œuvre du présent manuel de procédure ne peut excéder trois (03) ans.

Article 4.- Les Ministres en charge de l'agriculture, de l'économie et des finances, ainsi que les responsables des établissements publics concernés sont chargés chacun en ce qui le concerne de l'exécution du présent arrêté.

Article 5.- Le présent arrêté sera enregistré et publié suivant la procédure d'urgence, puis inséré au Journal Officiel en français et en anglais. /-

SERVICES DU PREMIER MINISTRE
 SECRÉTARIAT GÉNÉRAL
 DIRECTION DES AFFAIRES ADMINISTRATIVES
 ET DES REQUÊTES

COPIE CERTIFIÉE CONFORME



Joseph DION NGUTE

8.3. GLOSSARY

1. **Actor:** Person or group playing a specific role in one or more services
2. **(Negotiation) pitch:** preparing positive arguments or points to defend a project or sign a contract agreement.
3. **Enterprise/PO support:** financial, material or equipment, input and/or technical assistance granted to an agricultural enterprise/PO to support the development of its activities.
4. **Donors:** these are countries, institutions or international organisations that provide part of the funding for the project. They generally have a (non-objection) opinion to authorise certain operations of the Project such as the adoption of a budget or work plan, the authorisation of an expenditure, etc.
5. **Consultation frameworks:** these are forums for dialogue between stakeholders and with the State on specific issues and/or agricultural and sectoral policies.
6. **Value chain:** a set of key activities that has a real impact and gives a competitive advantage to the product, and that is necessary for the sustainability of the enterprise and the producer organisation. The value chain is primarily concerned with production stages within the company itself. By extension, the concept of value chain is also used for all the stages in the valorisation of a product within a chain comprising several economic agents with commercial relations between them, also called productive partnerships.
7. **Co-financing:** operation in which the subsidy system provides part of the financing necessary for a project of an agricultural enterprise.
8. **Dialogue within a sub-sector:** this is a consultation between commodity chain actors to make decisions on the agreements that will govern their respective activities. The dialogue is based on objective, verifiable and defensible data.
9. **Sub-sector:** a group of economic agents that contribute to the production of a final product. Generally, the sub-sector is designated by the product itself.
10. **Interprofession:** this is the framework par excellence for representing a sub-sector. It brings together all the players in the sector, often grouped into committees, and serves as a forum for dialogue between actors, just as it governs access to the various trades (professional body).
11. **Deliverable:** element expected in the delivery of a goods or services contract.
12. **Updating a document:** action, which consists in taking into account the changes to be made to the content of this document in order to obtain a correct document, which is then said to be "updated" or "up to date".
13. **No objection:** advice given by the lessor(s) to authorise an operation submitted for their approval before it is carried out.
14. **PO:** Legal professional organisation grouping producers and/or agricultural processors around a common activity aimed at improving the performance of members and their organisation. Under the OHADA law, most POs in the agriculture and livestock sector are intended to be legally transformed into Simplified Cooperative and the Cooperative with a Board of Directors in order to operate as fully-fledged commercial companies.

15. **Productive partnership (PP):** business relations concluded between different actors in the sector for economic purposes within the framework of a formal document (contract or agreement) signed by the parties concerned.
16. **Business plan (BP):** Design of a set of time-bound activities that target a set of objectives and seek funding.
17. **LSP:** General term for structures involved in supporting rural people in their projects. LSP can have various legal forms (NGO, association, consultancy firm, independent consultants etc.).
18. **Process:** logical series of actions taken in order to achieve a particular goal.