Cameroon

key figures

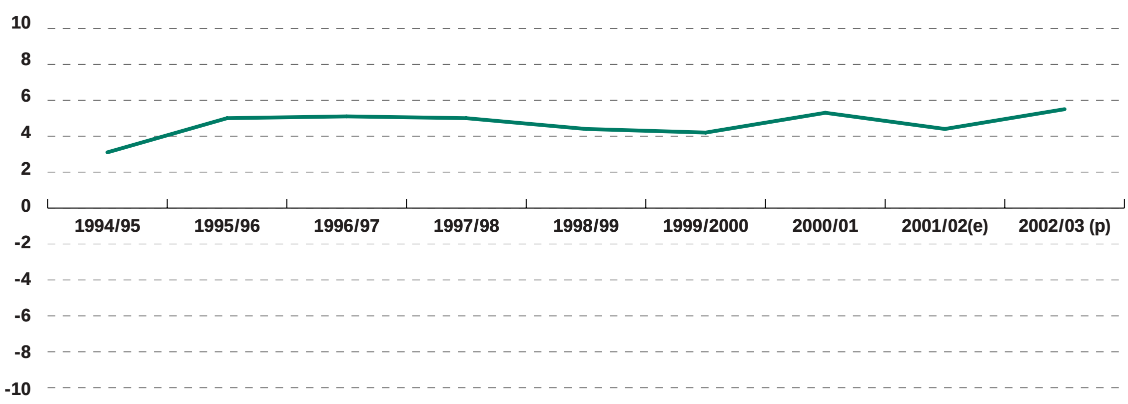
• Land area, thousands of km²	475
• Population, thousands (2001)	15 203
• GDP per capita, $ (2001)	576
• Life expectancy (2000-2005)	50.0
• Illiteracy rate (2001)	23.0

Cameroon

SINCE DEVALUING ITS CURRENCY in January 1994, Cameroon's economy has rebounded with annual growth in the range of 4 to 5 per cent. It is this and the country's steady performance in recent years (despite unpredictable oil output) that has set Cameroon apart from its neighbours, highlighting its relatively diversified productive capacity. In the short term, the country is also benefiting from the construction of the Chad-Cameroon oil pipeline, which is providing a healthy level of investment. As a result, GDP growth is good at around 5.3 per cent in 2000/01 despite disorganisation in the forestry and the cocoa and coffee export sectors. Lower oil production from 2001/02, along with major breakdowns in electricity supply, problems with traditional exports and difficulties adjusting to current reforms, slowed growth in 2001/02 to about 4.4 per cent. In 2002/03, it may rise to 5.5 per cent as the positive effects of forestry reforms and privatisation come through and are set against a background of solid domestic demand arising from activity linked to the pipeline.

Relatively steady performance in recent years highlights Cameroon's diversified productive capacity

Figure 1 - Real GDP Growth



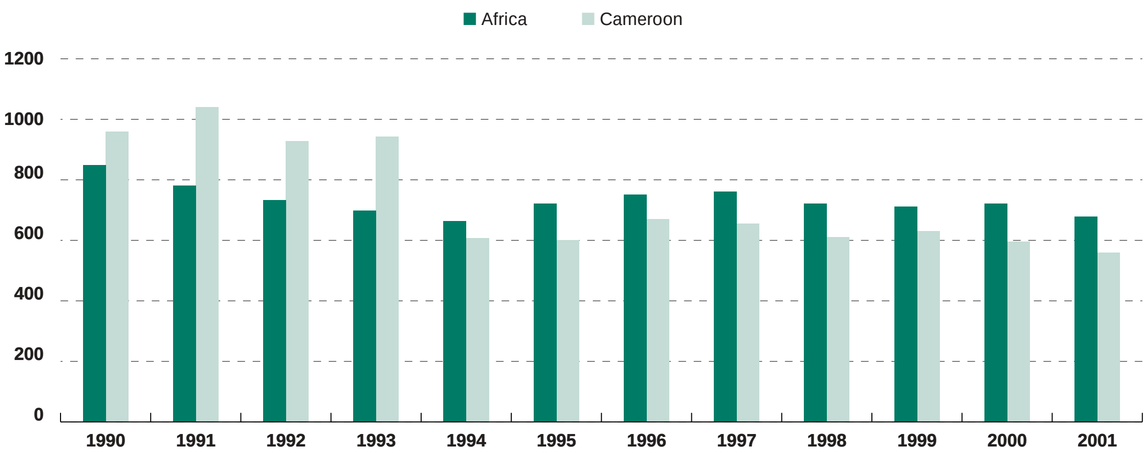
Source: Authors' estimates and predictions based on IMF and domestic authorities' data.

Recent Economic Developments

Following a drop in production and world prices, the oil sector shrank to only 5 per cent of GDP in value terms in 2001/02, compared with 20 per cent in the early 1980s. Production is expected to decline by about 9 per cent per annum between 2002/03 and 2006/07, though much higher prices could momentarily boost its GDP share, as happened in 1999/2000, when it nearly doubled after a sharp price rise. Oil also remains the main source of foreign exchange and projects linked to the sector, such as the Chad-Cameroon pipeline, still have a star role in the economy. The first effects of the pipeline project can be seen in higher imports, plenty of private investment and the growth of traded services (especially commerce and transport). It has also brought a degree of inflation.

Agriculture remains a key sector of the economy making Cameroon, unlike its neighbours, self-sufficient in food. Over two-thirds of the working population are employed in agriculture, and the sector contributes about a quarter of value added and brings in a third of export earnings. Favourable weather conditions prevailing since the mid-1990s, have resulted in a steady increase in food crop production (5 per cent in 2001/02). In

Figure 2 - GDP Per Capita in Cameroon and in Africa (current $)



Source: Authors' estimates based on IMF data.

contrast, export crops have suffered from low world prices (particularly affecting coffee), ageing plantations (with uncertainty regarding privatisation also affecting rubber) and disruptions in the cocoa and coffee sectors after liberalisation. As a result, young farmers are replacing export crops in favour of food crops. Export crops are expected to fall by 2 per cent in volume in 2001/02 and by more than 6 per cent in value.

Significant structural reforms have taken place in forestry. These have been aimed at increasing the sector's contribution to the country's economic and social development while safeguarding stocks by reducing felling. In order to facilitate the shift away from pure exploitation, a law was introduced in 1994 banning unprocessed log exports. Since this was implemented in 1999, 70 per cent of timber must be processed locally, and responsibility for maintaining forests accompanies logging concessions that are granted through public bidding. In response to this emphasis on processing, the number of sawmills has increased (the timber industry production index rose 12.5 per cent in third quarter 2001/02 year-on-year). Despite the professed intention of the government of stimulating local communities, most timber firms have set up shop near Yaounde and Douala, where logs are brought for processing. Sawmill capacity has quickly overtaken the rate at which concessions are granted, resulting in about 47 per cent of machinery lying idle.

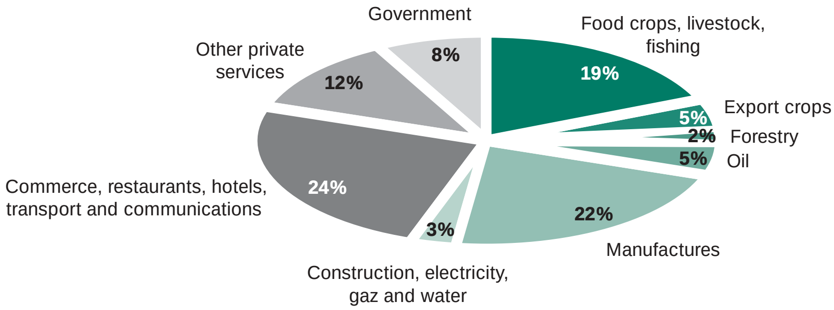
Such rapid industrial growth raises fears of over exploitation especially as regulation and enforcement are the reforms' weakest points. Enforcing logging regulations and monitoring sawmill volumes is extremely difficult, equal to the challenge of patrolling neighbouring borders (especially the Central African Republic)[1]. The reforms and the informalisation of the market are major causes of the fall in the volume of timber production (10 per cent in 2000/01 and 8 per cent in 2001/02).

In the secondary sector, the revival in public investment and consumption resulted in robust growth of construction and manufacturing since 2000. Electricity production however, dropped sharply in the first half of 2001/02 as a consequence of low water levels in hydroelectric dams following a very dry season. The drop – as much as 19 per cent in third-quarter 2001/02 and a total of 7 per cent over the first three quarters – cut industrial production, especially in the base metal industry.

For the second year running, the service sector was a driving force of the economy. The gradual recovery

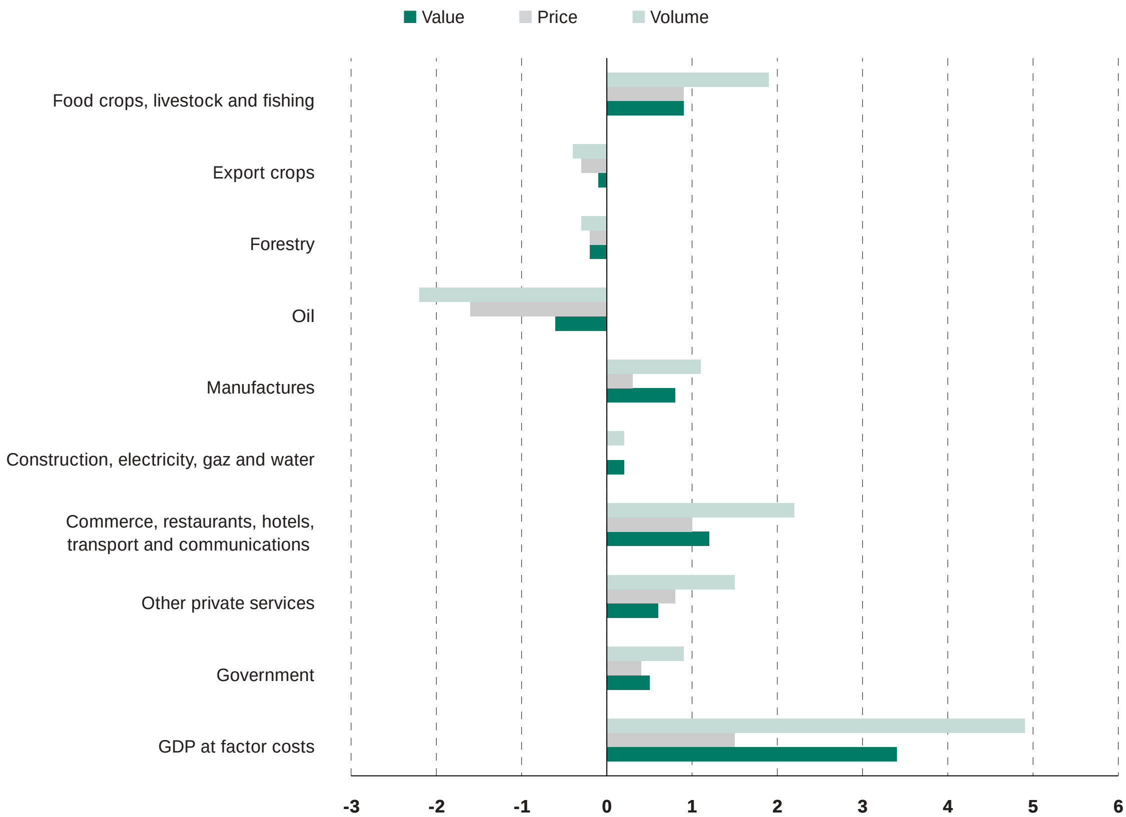
1. It is only on a regional basis that abuses can be effectively combated. To this end, the CEMAC countries declared their willingness to co-operate on joint forest preservation in Yaounde in 1999.

Figure 3 - GDP by Sector in 2001/2002



Source: Authors' estimates based on data from the *Direction de la Prévision*, Ministry of Economy and Finance.

Figure 4 - Sectoral Contribution to GDP Growth in 2001/2002



Source: Authors' estimates based on data from the *Direction de la Prévision*, Ministry of Economy and Finance.

in household purchasing power, the several events held in Yaounde and Douala and the beginning of redemption of domestic bonds boosted commerce, hotels and restaurants. Furthermore, road and port renovation and privatisation of mobile phone networks underpinned the vigour of the transport and communications sector. The construction of the Chad-Cameroon oil pipeline also helped the growth of transport, commerce and other traded services. Pushed by economic crisis, the informal economy has expanded to about 51 per cent of GDP, according to the National Statistics Institute, and now generates more than 80 per cent of new jobs.

Since 2000/01, non-oil growth has mainly been fed by domestic demand with a marked increase in private investment stimulated by the Chad-Cameroon pipeline.

Table 1 - Demand Composition (percentage of GDP)

	1994/95	1998/99	1999/2000	2000/01	2001/02 (e)	2002/03 (p)
Gross capital formation	**14.5**	**18.7**	**16.5**	**17.8**	**18.9**	**18.9**
Public	1.2	2.3	1.4	2.1	1.9	2.4
Private	13.3	16.4	15.1	15.7	17.0	16.6
Consumption	**80.5**	**81.6**	**79.7**	**79.6**	**82.4**	**83.3**
Public	8.6	10.0	10.2	11.2	11.3	11.6
Private	71.9	71.6	69.5	68.4	71.2	71.7
External sector	**5.0**	**-0.3**	**3.9**	**2.6**	**-1.3**	**-2.2**
Exports	25.7	24.4	30.7	31.8	27.0	24.1
Imports	-20.7	-24.7	-26.8	-29.2	-28.3	-26.4

Source: Authors' estimates and predictions based on IMF data.

Though private investment increased in value terms by an estimated 12 per cent in 2001/02 (representing 18.9 per cent of GDP) compared to 17 per cent in 2000/01 (representing 17.8 per cent of GDP), it remains much lower than in the golden age of the early 1980s, when the investment rate was around 25 per cent. Improvements in civil service salaries, brought about by pay rises (in 1997 and 2000) and the gradual clearing of arrears, have boosted consumption. This and the increase in investment sparked a big increase in imports, which poor export performances in 2001/02 and 2002/03 failed to offset, resulting in an external deficit.

Macroeconomic Policy

Fiscal and Monetary Policy

Cameroon signed a new agreement with the IMF in December 2000 giving it access to $139 million in Poverty Reduction and Growth Facility (PRGF) funds over three years. This policy switch led to a notable improvement in government finances despite the low price of oil and a heavy debt service burden. However, the budget austerity measures that this agreement entails were only possible with a huge cut in capital spending, leading to serious neglect of national infrastructures.

Since 1994, the budget has been helped by major structural reforms such as the 1999 introduction of a value-added tax, which increased both the receipts and transparency of non-oil tax revenues. With a tax yield of about 5 per cent of GDP, Cameroon does better than most sub-Saharan African countries. Openness about oil revenue, which is still a key to budgetary balance, has been improved with annual audits of the national oil company SNH *Société Nationale des Hydrocarbures.*

In 1999/2000, higher oil prices produced a budget surplus and in 2000/01, oil revenue continued to support government revenues despite a drop in oil prices. This and higher non-oil tax revenue enabled the target revenue-to-GDP ratio to be surpassed by 0.3 percentage points. In the budget categories of consumption of goods and services, transfers, and wages and salaries, however, slight overspending took place. Though domestic investment advanced more slowly than expected because of delays in implementing the Heavily Indebted Poor Countries (HIPC) initiative, it still registered an increase over previous years. In all, the 2000/01 fiscal year was good, with a strong overall surplus (2.4 per cent of GDP) which was 0.2 percentage points above the target ratio. In recognition of this, the IMF approved the release of the second PRGF tranche of $20 million in late January 2002[2].

The 2001/02 budget year was more difficult, mainly due to a drop in oil revenues. The fall in production – from 41.7 million barrels in 2000/01 to 38.2 million

2. By the end of September 2001, Cameroon had met all the quantitative targets imposed by the PRGF. At the end of March 2001, the only target not met was net bank credit to the government. This was due to delays in privatising Camtel.

Table 2 - Public Finances (percentage of GDP)[a]

	1994/95	1998/99	1999/2000	2000/01	2001/02 (e)	2002/03 (p)
Total revenue and grants [b]	**13.1**	**15.7**	**18.8**	**21.0**	**19.8**	**19.8**
Oil	2.6	2.5	5.6	6.9	5.2	5.2
Taxes	9.3	12.1	12.1	12.7	13.2	13.2
Total expenditure (and Net lending) [b]	**16.2**	**18.9**	**17.4**	**18.6**	**15.4**	**17.5**
Current expenditure	15.0	15.2	14.5	15.1	12.2	13.8
Excluding interest	*8.6*	*10.0*	*10.2*	*11.2*	*10.8*	*11.1*
Wages and salaries	4.7	5.1	5.0	5.3	5.6	5.7
Interest payments	6.4	5.2	4.4	3.9	1.4	2.7
Capital expenditure	1.1	3.6	2.7	3.3	2.9	3.7
Primary balance	**3.3**	**2.0**	**5.7**	**6.3**	**5.8**	**5.1**
Overall balance	**-3.1**	**-3.2**	**1.4**	**2.4**	**4.4**	**2.4**

a. The financial year begins 1 July.
b. Only major items are reported.
Source: Authors' estimates and predictions based on data from the IMF and the *Direction de la Prévision*, Ministry of Economy and Finance.

in 2001/02 – combined with lower prices resulted in a 90 billion CFA franc ($126 million) loss for the government. Though prices recovered from March 2002, oil revenues could not be made up. However, healthy non-oil revenues compensated and the 2001/02 budget goals were largely met. Better organised collection, strong consumer demand and higher imports all contributed to improved tax receipts. The programme drawn up with the IMF paid particular attention to strengthening fiscal administration. Short to medium-term goals of increasing forestry revenues and reducing VAT exemptions (under a five-year plan) were set. In addition, a new basic tax law was introduced in 2001/02 and in the longer term, income tax will be thoroughly reformed and a property tax introduced.

The government has managed to keep current spending within the limits set. A 10 per cent increase in the wage bill (instead of an anticipated 15 per cent) covered the salaries of planned new social services sector recruits and the new status of civil servants. Capital spending was also well below the target because no HIPC funds were engaged during the period, although disbursement of 95 billion CFA francs ($133 million) had been scheduled. Better management of expenditure continues to be a focus of public finance reforms, with priority given to building closer ties between the budget and the treasury. Budget nomenclature has already been standardised between the two departments and a computer link-up was established between central and provincial authorities in late July 2002. The government has also pledged to establish a completely integrated and computerised budgetary and accounting information network by September 2003. This will keep track of all revenue and expenditure operations from the time of commitment to the moment of payment.

The implementation of a January to December fiscal year (from the previous June to July base) will also take place in January 2003. The government decided to manage the transition period, from July to December 2002, with pro-rata current expenditure based on the preceding budget. Rather than new commitments, the investment budget provides for continuing those unfinished projects from 2001/02, especially those involving HIPC funds.

Like the other CEMAC countries, Cameroon has an exchange rate pegged to the euro and a monetary policy controlled by the BEAC, leaving fiscal policy as the government's main economic instrument. At the time of devaluation in 1994, annual inflation was 32.5 per cent but it has since fallen, reaching a low of 1.2 per cent in 2000. The recovery of investment and consumption levels from the end of 2000 however, has resulted in inflationary pressures on food and construction materials. This effect was exacerbated by bad weather in the northern part of the country, increased demand from neighbouring countries and a curb on imports of frozen meat for health reasons. Inflation was around 2.8 per cent in 2000/01 and pressure continued into 2001/02 on account of strong domestic and sub-regional demand and price increases linked to the construction of the Chad-Cameroon pipeline. Inflation is estimated at 4.5 per cent for 2001/02. It should fall to 3.4 per cent in 2003 with a strong agricultural performance expected and less pressure on prices from the pipeline construction.

External Position

Cameroon's trade structure is broader than that of its neighbours, with a diversification index rating of between 5 and 7. Oil usually accounts for a third of exports by value, but in 2000 and 2001, a sharp price increase resulted in oil exports comprising nearly half of GDP. Export crops account for another third by value, though sectoral problems cut this share to 20 per cent in 2000 and 2001. The range of crops is quite wide, including cocoa (a third), coffee (20 per cent), cotton (20 per cent), bananas (10 to 15 per cent), rubber (7 per cent) and palm oil (1 per cent). The other major export is timber, usually about 20 per cent of all exports (16.8 per cent in 2001).

Cameroon has an overall trade surplus but this masks a decline of trade in non-oil items which has taken place since 1994/95. Traditional export crops have been abandoned because of poor world prices and production problems. The Asian crisis slashed demand for timber in 1999 and despite recovery in 2000, forestry sector reforms have significantly reduced supply in the short term. At the same time, imports fuelled by demand have increased. In 2001/02, lower oil production and problems in traditional export sectors sharply reduced the trade surplus, and this may translate into a slight deficit in 2002/03. The surplus is also reduced by heavy imports in connection with the Chad-Cameroon pipeline, by robust consumption, and by availability of the first instalment of funding from the HIPC initiative. However, the capital account balance is expected to improve as privatisation and foreign direct investment increase.

Table 3 - Current Account (percentage of GDP)

	1994/95	1998/99	1999/2000	2000/01	2001/02 (e)	2002/03 (p)
Trade balance	7.3	2.2	6.6	6.0	1.2	-0.5
Exports	20.8	18.3	24.0	25.0	20.6	18.3
Imports	-13.5	-16.1	-17.4	-19.0	-19.4	-18.8
Services balance	-2.3	-2.4	-2.7	-3.3		
Factor income	-6.7	-5.1	-6.7	-5.8		
Current transfers	0.8	1.1	1.1	1.0		
Current account balance	**-0.9**	**-4.3**	**-1.7**	**-2.2**		

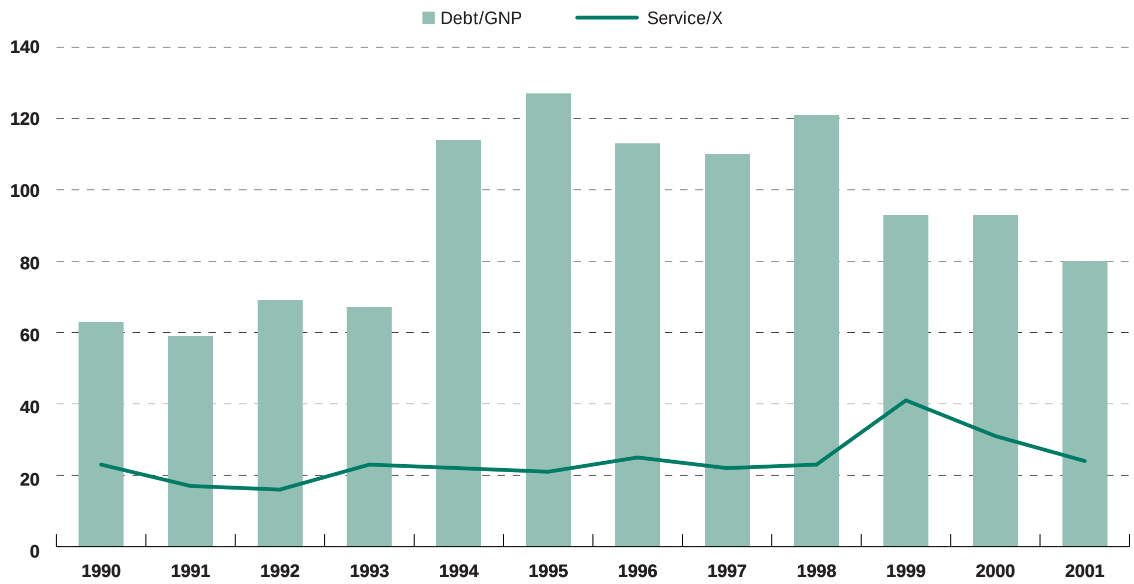
Source: Authors' estimates and predictions based on IMF data.

For many years, Cameroon benefited from far fewer soft loans than other members of the franc zone. The collapse of oil prices in the 1980s also led it to accumulate a large external debt, which had reached 130 per cent of GDP prior to devaluation. Though this was significantly reduced by devaluation, external debt still amounted to 80 per cent of GDP in 2000/2001, and servicing absorbed a third of Cameroon's national budget.

To lighten the debt burden on the economy, Cameroon was declared eligible for the Enhanced HIPC initiative and an October 2000 decision granted it a debt cancellation of $2 billion in nominal terms ($1.26 billion net present value). This should reduce the amount of government revenue spent on debt servicing from 23 per cent in 2000 to 10 per cent by 2008 and cut the debt-to-exports ratio from 200 per cent in 2000 to 100 per cent in 2007.

Despite a year's delay (the initial deadline was September 2001), all bilateral agreements with the Paris Club countries have now been finalised. France

Figure 5 - Stock of Total External Debt (percentage of GNP) and Debt Service (percentage of exports of goods and services)



Source: World Bank.

has also pledged to provide a debt-relief-for-development contract, cancelling all Public Development Aid (PDA) debts remaining at completion point. Cameroon has begun receiving interim relief that should come to 214 billion CFA francs ($300 million) over three years. However as the projects were not yet ready, 37 billion CFA francs (about $50 million) was been rolled over from 2000/01 to 2001/02. So in late October 2002, more than 86 billion CFA francs ($120 million) was available at the BEAC. Though an initial group of projects — valued at 35 billion CFA francs ($49 million) — was approved at the end of 2001, only one disbursement of 2 billion CFA francs ($2.8 million) has been made, highlighting the country's difficulty in absorbing funds.

Completion is still contingent on drafting the final version of a Poverty Reduction Strategy Paper (PRSP), implementing it for one year, maintaining a stable macroeconomic environment as part of the Poverty Reduction and Growth Facility (PRGF), continuing reforms involving privatisation, transport, forestry and good governance, and respecting social sector targets.

Delays, especially with the PRSP, have arisen from problems in analysing household surveys and in holding local and parliamentary elections. Government authorities have nonetheless committed to completing the PRSP by the end of 2002.

In May 2001, the government proposed to the London Club to buy back its commercial debt (which stood at 584 billion CFA francs, i.e. $810 million on 31 December 2000), under the International Development Association rules[3]. After lengthy negotiations, an agreement was reached in May 2002 for the country to buy back 14.5 per cent of the principal with all interest being cancelled.

Cameroon's domestic debt was 1.2 billion CFA francs ($1.7 million) at 31 December 2000. Payment arrears are being cleared. The non-structured part of the debt is being paid off in instalments, scheduled until 2005. The first redemption of salary arrears bonds pertaining to the structured part of domestic debt took place in June 2002, with a payment of 29 billion CFA francs ($40 million).

3. Buying back the principle at 12 per cent of its value, with cancellation of interest.

Structural Issues

Broad reforms are under way to restructure the banking sector, facilitate privatisation and improve national infrastructure. Despite delays, the targets of the 1997 to 2000 programme were achieved and prospects are good for the 2001 to 2003 programme.

Privatisation came fairly late to Cameroon (in 1995) and it posed a particularly big challenge when it did, given the extensive size of the public sector. It has been completed for sugar (Camsuco), rubber (Hevecam) and part of the palm oil sector (Socapalm). The railway (Camrail) and recently, the electricity company (Sonel) have also been privatised. Two mobile phone licences have been granted to private firms (SCM and MTN). Banking and insurance have been thoroughly reformed with companies in the sector being either sold or disbanded. A road maintenance fund has also been set up.

A third wave of privatisation, begun in 1999, targets the major public services. Both the size and complexity of the enterprises, and problems with buyers, have led to delays. Telcel was provisionally selected to take over Camtel (fixed-line phones) but withdrew after its partner, Orascom, preferred deals elsewhere. The replacement bidder, Mont Cameroun, submitted an updated tender in February 2002 but subsequently failed to confirm its bid. The procedure was thus ended. The government asked Ondéo-Service (formerly Lyonnaise des Eaux) to amend its bid for Snec (water), which had been deemed inadequate. The firm submitted an updated tender in December 2001, and negotiations to draw up a contract are under way. These are likely to be difficult, given the strong criticisms other privatisation deals have encountered. AES Sirocco, which took over Sonel (electricity) on 18 July 2001 has been particularly criticised by local people for its practice of flooding to lower water levels in dam lakes.

A final series of privatisations involving the big national trading companies began in 2002. A number of privatisation studies are under way, with a consultant having been selected to analyse the state of the national airline Camair, and the national oil storage firm SDCP being surveyed in advance of a call for tender in February 2003. In the case of Sodecoton (cotton), agreement has been reached in a lawsuit contesting the legality of an initial share offering, thus enabling privatisation planning to commence.

In agro-industry, preliminary studies for privatising the Cameroon Development Corporation (CDC) have been completed and sectoral bids were invited at the end of 2000. However, response has been slow, and only the tea sector received a tender (by the South African firm Probon Sinex, which took 65 per cent of the capital). Interest was shown in other sectors but candidates criticised the unclear sectoral divisions. In response to these, land and environmental surveys were conducted to clarify the separation of activities and to make calls for tender more attractive. The commercial and industrial activities of the port of Douala are also set to be privatised as per a 1998 framework law. Amendments to this sanctioned a delay until the end of December 2002, but bids are about to be invited.

One of the successes of the 1997 privatisation programme was the restructuring of the banking sector and its general restoration to health. However, in 2001 three of the 10 banks (with 10 per cent of total deposits) were still not respecting prudential ratios in their funds. The financial system is developing and the Douala Stock Exchange was due to open in December 2002. Technical partners – the *Banque des Règlements* and the *Dépositaire Central* – have been chosen and the regulatory Financial Markets Commission (CMF) is in place. The sole doubts remaining are which stocks will be listed as, as yet, there are few visible candidates. Competition from CEMAC's regional stock exchange in Libreville is also a worry.

The Cameroonian economy still lacks credit infrastructures. Though banks offer low-interest loans to some large companies, and local co-operatives hold some private savings and fund small enterprises, the intermediate sector of small and medium-sized firms and those seeking long-term funding often have nowhere to turn. Legal inadequacies compound the problem, as fears of arbitrariness have been raised by courtordered seizures of bank deposits during litigation suits. The government has acknowledged the threat this poses to banking-sector stability and has investigated 48 of the seizures. The Minister of Justice's investigations revealed procedural errors in many of these cases, leading several other legal actions to be dropped. Steps have been taken to strengthen laws.

Cameroon's infrastructure is still very poor, despite the marked improvement in rail service since Camrail's privatisation. Several infrastructure programmes are under way. A number of major road projects have just been completed, including the repair of the Nsimalen-Ebolowa-Amdam road and the resurfacing of several roads in the north. Funded by the European Union, these and other projects will improve links in the sub-region. Funding was also obtained in 2002 to modernise the roads in Douala. Much effort has gone into improving ports, with charges greatly reduced in 1997 and a unified administrative desk set up in Douala in 2000. The privatisation of commercial activity is now being considered and the security of the customs accounting system is being reinforced.

Political and Social Context

Though in macroeconomic terms, public finances have been stabilised and structural reforms started, governance remains Cameroon's weakness. Corruption and poor resource management were specifically cited as major causes of poverty in the 2001 household survey. Despite the establishment of anti-corruption committees within ministries and some arrests and prosecutions, government services still suffer from widespread corruption. The country's image is consequently quite negative. In Transparency International's 1998 and 1999 survey of the most corrupt countries measured by public perception, Cameroon was worst, out of 85 and 99 countries respectively. A slight improvement was observed in 2000, when it moved up on the 10-point index to 2.0 (from 1.4 in 1998), placing it 82nd out of 88 countries. Further progress was recognised in 2002, when it scored 2.2, though it still came only 89th out of 102 countries.

Several reforms have improved transparency, including the use of internationally-recruited independent observers to monitor handling of state procurement contracts. A supervisory body was also established in 2002 to provide information about procedures and to help draw up tenders. The government asked an independent body to audit its 2000/01 supply contracts, while plans were announced to establish an auditing service in September 2003 to monitor public accounts. A 19-member national committee was set up in June 2001 to ensure open and efficient management of funds released under the HIPC initiative. Legal reforms have also begun, starting with an audit of the judiciary. However, the consultants involved twice failed to present an adequate report and the government sought new auditors.

Cameroon is an island of political stability in a very turbulent region. The country has officially been a democracy since 1990, when parliament endorsed freedom of association and creation of political parties. Since 1991/92, elections have been held fairly democratically despite opposition challenges to the electoral law and to voter registration methods. In May 2002, preparations for local and parliamentary elections the following month involved a shake-up in the leadership of the ruling party, the *Rassemblement Démocratique du Peuple Camerounais* (RDPC), which was not matched by a reorganisation in the opposition parties. The RDPC won a big parliamentary majority (149 of 180 seats). Voter apathy was rife however with half the electorate not bothering to register and the other half increasingly disinterested by a political class they considered irresponsible and an opposition in the process of crumbling.

Cameroon has sought international credibility (the recent elections were monitored by foreign observers) and made efforts to integrate more fully in the globalisation process. However, relations with Nigeria are complicated by a persistent border dispute over the oil-rich Bakassi Peninsula. The International Court of Justice ruled in October 2002 that Cameroon had sovereignty over the peninsula and instructed the UN secretary-general to see both sides respected the ruling. If these recommendations are accepted by the two countries, it would be a boost for international conflict resolution and for the region's future stability.

Cameroon has better health and educational indicators than the rest of sub-Saharan Africa. Infant mortality is 79.3 per thousand, slightly lower than in Côte d'Ivoire, and life expectancy is 50 years. Net primary school enrolment was about 79 per cent in 2000/01, according to the 2001 ECAM II household survey, with a resulting fairly high literacy rate of around 68 per cent. The long economic crisis that began in 1985 has greatly limited these social performances however. Government shortcomings[4] have caused a major deterioration in social services (and an increase in their cost) and growth of the informal sector.

Gross primary school attendance is thought to have dropped by 25 percentage points between 1985 and 1995. However, living standards have much improved since 1996. Visits to health centres have increased, from 11.5 to 13.4 per cent of the population in 2001, along with access to drinking water (44.2 per cent to 50.5) and electricity supply (37 per cent to 46.1). Primary school attendance has not markedly improved however.

About 40 per cent of the population were living below the national poverty line[5] in 2001, according to ECAM II, which was a 10-point reduction in poverty since 1996 (ECAM I)[6]. The government statistics office notes however that this improvement is overall and has not reduced inequalities in the country. Sharp regional disparities are visible in Cameroon also existing between town and country and men and women. Rural areas tend to be poorer than urban ones. In the regions of Douala and Yaounde and towns in the southwest, centre and east and along the coast, fewer than 20 per cent of people live below the poverty line, compared to a poverty rate of 47 per cent in the countryside. These inequalities show up in the social indicators. Vaccination of young people aged between 12 and 23 years is 67 per cent in towns (75 per cent in Yaounde) but only 50 per cent in rural areas. Net primary school enrolment is 90.5 per cent in towns (96 per cent in Douala and 94 per cent in Yaounde), but only 73.5 per cent in the countryside. Urban literacy is 87.8 per cent compared with a rural figure of 55.7 per cent.

About 40 per cent of household heads surveyed in ECAM II said unemployment was the main cause of poverty. However, joblessness, as strictly defined by the ILO, is only 7.2 per cent (18.6 in towns and 2.1 per cent in the countryside). Using a broader definition to include the long-term unemployed no longer searching for work, it rises to 16.6 per cent (32.3 per cent urban and 8.6 rural), with Douala (38.3 per cent) and Yaounde (34.5) worst affected. However, the household expenditure survey done in Yaounde and Douala in 2000 showed a drop in ILO-defined unemployment since 1996, from 30 to 14 per cent in Yaounde and from 23.3 to 18 per cent in Douala[7]. ECAM II seems to indicate no clear link between unemployment and poverty, since the poorest families are mostly employed farmworkers.

4. More than half of all social services are now supplied by the private sector as the government has gradually offloaded them.

5. Defined as an annual income of less than 232 457 CFA francs ($325).

6. An approximate figure, since the two surveys are not directly comparable.

7. ECAM II gives figures of 25.6 per cent for Yaounde and 21.5 per cent for Douala, which is a smaller drop.