Cameroon

key figures

- Land area, thousands of km²: 475
- GDP per capita, $ PPP valuation (2006): 2,848
- Life expectancy (2006): 46.2
- Illiteracy rate (2006): 32.1
The Cameroon economy appeared to regain momentum in 2006 after its sluggish performance in 2005. Real GDP growth rose to 3.8 per cent in 2006 from 2.8 per cent recorded in 2005, and the economic upturn is expected to continue. Real GDP growth is projected to reach 4 and 4.1 per cent in 2007 and 2008 respectively, with domestic investment rising due to increased confidence in the economy following the government’s recent reforms, which culminated in Cameroon reaching the completion point of the Heavily Indebted Poor Countries (HIPC) process in 2006.

Although the recent reforms have begun to yield positive dividends, especially in the management of public finances, with continuing sound monetary and financial indicators, much remains to be done. The continued very high dependence on oil revenues does not augur well for sustained improvement in the government’s finances or in the external accounts. The pace of structural reforms remains slow and there are many gaps in the effort to improve governance. The structural deficit in electricity remains a major bottleneck that hinders economic development. Limited access to safe drinking water and sanitation in the country constitutes an affront to human dignity. In the area of governance, Cameroon enjoys relative political stability, but it needs to address the rampant abuse of human rights and the perceived high level of corruption.

Figure 1 - Real GDP Growth and Per Capita GDP ($ PPP at current prices)

Source: IMF and Ministry of Finance and Economy data; estimates (e) and projections (p) based on authors’ calculations. http://dx.doi.org/10.1787/063478386420
Recent Economic Developments

Following its sluggish economic performance in 2005, the Cameroon economy appeared to regain momentum in 2006 when real GDP growth rose to an estimated 3.8 per cent from the 2.8 per cent recorded in 2005. The improved economic performance in 2006 was led by the petroleum sector and supported by gains from recent reforms. It is anticipated that the upturn will continue in 2007 and 2008, with projected growth rates of 4 and 4.1 per cent respectively. These stronger growth rates are expected to reflect higher levels of domestic investment as the economic reforms take root.

The growth performance in 2006 was broad-based, observed across most sectors of the economy. In particular, there was a substantial rise in mining activity as well as major improvements in manufacturing and the telecommunications sector. Mining activity, which accounted for a 9 per cent share in total GDP in 2005, picked up further in 2006, driven largely by increased crude oil production and the high price of crude on the international market. Oil output rose to an estimated average of 94,386 barrels per day (b/d) in 2006 from the average 82,337 b/d in 2005. Nonetheless, Cameroon’s oil output remained well below the peak of 186,000 b/d attained in 1985. Since 1985, Cameroon has not seen any significant discoveries, and production from the maturing oil fields has continued to stagnate. Recently, the government has shown a commitment to reviving the oil industry by attracting oil companies to develop marginal and deep-water offshore fields. To this end, the national oil company (Société nationale d’hydrocarbures – SNH) signed two production-sharing agreements in 2005 and 2006 with Total E&P to explore for oil in the Dissoni and Bomania offshore blocks in the Rio del Rey basin.

Cameroon has intensified its efforts in exploring for natural gas exploration as well as in crude oil production. In addition, the country’s vast mineral deposits offer hope of continuing mining activity in the country for some time to come, when the oil deposits run out. A fairly large gas field has been discovered at Sanaga, which could supply the planned thermal power plant at Kribi. In 2006, SNH signed a production-sharing agreement with the French-based firm Perenco to develop the South Sanaga gas field. As for minerals, two bauxite exploration permits were issued in 2004 to the Hydromine Company in the Minim Martap and Ngaoundal areas. These vast deposits could supply the Alucam smelter, especially after it has increased its capacity, and could also be exported. Furthermore, plans are far advanced for the Geovic Company to begin cobalt mining in some of the forest areas of the country.

These efforts to develop mineral extraction are not commensurate, however, with the extent of the country’s mineral wealth. Indeed, exploitation has remained minimal except for the small-scale, clandestine mining of gold and diamonds that occurs in some eastern parts of the country. The situation appeared to change in 2006, when the Australian firm Sundance Resources acquired Cam Iron, which owns an exploration permit for an 875 square kilometre prospect in the southeastern MBalam area. Also in 2006, Geovic Cameroon, the local subsidiary of a US-based firm, completed a pre-feasibility study on the extraction of cobalt and nickel. It is expected that about 4,000 tonnes of cobalt and 3,000 tonnes of nickel will be produced per year as from 2007. Nevertheless, Cameroon needs to do more to increase mineral extraction, at least of its known deposits, which include rutile (titanium ore), of which there are 3 million tonnes of reserves in the Akonolinga area; bauxite, of which there are an estimated 1 billion tonnes of reserves; and iron ore, of which there are an estimated 300 million tonnes of deposits, particularly in Kribi. It is ironic that in spite of such known deposits the government has not revised the mining law it passed in 2001 to replace the outdated 1964 mining code.

Cameroon’s manufacturing sector is more diversified than those of its neighbours. In 2005, manufacturing activity contributed about 18.9 per cent of total GDP. The overall output of the sector increased by 5.1 per cent in 2006, as against 4.7 per cent in 2005. However, the various components of manufacturing displayed uneven performance. Aluminium output increased by 6.2 per cent, with production of 92,000 tonnes, buoyed by the continuing high international price of the
commodity. The agro-food sector, badly hit by a 4 per cent decline in household consumption in 2005, rose by an estimated 3.5 per cent in 2006. Beverages, in contrast, fell by 9 per cent in 2006, prolonging the 12.5 per cent decline recorded in 2005.

The growth of the manufacturing sector, though relatively robust in 2006, continued to be limited by structural problems, particularly inadequate energy supply, aggressive competition from Asia and smuggling, which gives an unfair advantage to informal activity. Electricity remains expensive in Cameroon and is always in short supply, reflecting the country’s inability to exploit its huge hydroelectric potential. Cameroon’s hydro resources are the second richest in sub-Saharan Africa (after the Democratic Republic of Congo), but scarcely 1 per cent of this potential has been harnessed. Hydroelectric power accounts for about 77 per cent of the country’s installed generating capacity of 933 MW, but the recent depletion of water levels in the main dams, along with the poor condition of power plants and transmission equipment, have cut capacity by about one-third. Thus, power supply remains well short of demand, currently estimated at 1 000 MW.

Cameroon has a rich, varied agricultural sector that in 2005 accounted for about 20.5 per cent of GDP. In 2006, the sector expanded by 4.8 per cent, up from 4.3 per cent in 2005. The expansion in agricultural production in 2006 was experienced across all the sub-sectors. The cash crops – cocoa and coffee – have seen increased production in recent years following the recovery in their international prices, which seems to have enticed farmers back into production of these crops. In 2005/06, cocoa output rose to 198 000 tonnes, up from 116 000 tonnes in 1999/2000. Coffee production rose to 68 000 tonnes in 2005/06 from 65 000 tonnes recorded in the previous season. Similarly, cotton production has continued to increase despite the recent drop in the international price of the commodity. Cotton output rose slightly from 273 000 tonnes in 2004/05 to 274 500 in 2005/06. Cotton producers in Cameroon have been somewhat cushioned from the international price fall by the policy of the cotton development agency (Société de Développement du Coton – Sodecoton) of ring-fencing farm-gate prices from the volatility of world prices.

Cameroon’s cash crop production, particularly cocoa and coffee, has been unable to reach its full potential owing to a number of constraints – primarily the ageing of plantations, the high costs of imported inputs, the poor state of rural infrastructure and limited credit facilities – all of which have affected productivity and reduced quality. The government is pursuing plans to boost output by increasing the area under cultivation, introducing higher-yielding strains and providing more technical, financial and institutional support to farmers. In 2006, the government set up a fund to finance the development of the coffee sector. In addition, the cocoa development agency (Société de Développement du cacao – Sodecao) has been restructured and placed under new management.

Food crop production increased in 2006, benefiting from good climatic conditions. The thriving sub-regional market for Cameroon’s food crops – particularly tubers, plantain, maize, sorghum and millet in Nigeria,
Gabon and Equatorial Guinea – continues to serve as a demand pull for increased production.

The timber industry remains an important component of the economy, contributing about 13 per cent of exports in 2006. The sector’s growth rate rose from only 2.1 per cent in 2005 to 3.8 per cent in 2006. While some forestry firms lost their licences in 2005 as part of the government’s re-organisation of the sector, new forestry concessions granted in late 2005 contributed to the upturn in 2006. Prospects for the industry remain bright in 2007 and beyond as the opening up of new areas for mining, particularly forested areas for cobalt mining, as well as the planned opening of the Lom Pangar dam in 2009, could also boost timber extraction.

The services sector expanded by an estimated 4.9 per cent in 2006, following the 4.7 per cent growth rate recorded in 2005. Services contributed about 45 per cent of GDP in 2005. In 2006, telecommunications recorded a 52.5 per cent increase in subscribers, especially for mobile phones (up 54.6 per cent), partly as a result of extended coverage by mobile phone operators and Camtel. However, the telecommunications infrastructure in Cameroon is still not good enough to support the kind of quality call centres seen in countries such as Senegal. Ongoing projects to modernise telecommunications, including the fibre-optic network along the Chad-Cameroon pipeline, are investments in the right direction.

Tourism is important in Cameroon, but the country has yet to fulfil its enormous potential by exploiting to the full its nature reserves, spectacular rock pinacles and attractive beaches. Although tourism expanded by an estimated 6 per cent in 2006 (as against 4.2 per cent in 2005), with the number of visitors rising to 467 500 (from 411 000 in 2005), the sector continued to be hampered by expensive airfares, cumbersome procedures for obtaining visas, and inadequate and underdeveloped tourist infrastructure. The government appears to be making efforts to enhance Cameroon’s tourist attractions. Since 2005, it has opened tourist promotion offices in key foreign markets. In addition, a national tourism council has been established to oversee the promotion of the industry, and the government is considering issuing tourist visas on arrival at airports. These measures, however, need to be supplemented by efforts to tackle the perceived high crime in the country, which deters visitors on safety grounds.

Cameroon’s economic growth is traditionally driven by domestic demand, although exports remain a significant driver. In 2006, slower growth in domestic consumption was a drag on growth. This was offset by higher investment, however, especially from the public sector. It is anticipated that high investment will continue to propel growth in 2007 and 2008. The reaching of the HIPC completion point in 2006 is expected to boost public investment and consequently private investment in 2007; projects already in the pipeline include the construction of the Lom Pangar

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<th>Table 1 - Demand Composition (percentage of GDP)</th>
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<td>Exports</td>
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<td>Imports</td>
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Source: IMF and National Institute of Statistics data; estimates (e) and projections (p) based on authors’ calculations.

http://dx.doi.org/10.1787/337472506108
dam (between 2007 and 2010) and of a $900 million hydroelectric power plant at Nachtigal. Other major investments expected include the building of an 86 billion CFA francs thermal power plant at Kribi, a cobalt processing plant (by Geovic), a new cement plant at Limbe and major road projects.

**Macroeconomic Policies**

**Fiscal Policy**

Cameroon is implementing a new Poverty Reduction and Growth Facility (PRGF) programme with the IMF for the 2006-08 period, aimed at strengthening its fiscal position, preserving macroeconomic stability, promoting investment and boosting poverty reduction.

The main challenges of Cameroon's public finances have been to increase non-oil revenue to compensate for the expected gradual decline in oil production and to control recurrent expenditure. In 2006, the government made great efforts to improve its fiscal performance, especially as regards monitoring spending and transparency of public accounts. In a novel move, the 2006 budget was presented to parliament before the start of the budget session so that it could be thoroughly examined. In addition, the government drew up plans to implement the Extractive Industries Transparency Initiative (EITI) and gave a commitment not to use surplus oil revenue to finance recurrent spending. Further, a determined effort was made to adhere to the integrated budget management system introduced in 2005, which provides running accounts, including monthly updates on budget execution that compare commitments and disbursements. Efforts were also made to improve execution of capital spending through a medium-term expenditure framework (MTEF) in construction, health, education and rural affairs. Moreover, in 2006 the government began to incorporate HIPC spending into the budget to allow proper supervision. The prior arrangement, whereby the spending of HIPC funds was agreed after approval of the budget, was considered to slow down disbursement of HIPC funds. Consequently, it was agreed that specified projects would be HIPC-funded in 2005, and these were put in the national budget for 2006.

In 2006, improvements in the government's fiscal performance were reflected in an increase in the overall fiscal surplus from 3.6 per cent of GDP in 2005 to 4 per cent in 2006. Although the budget is projected to remain in surplus, the balance will fall to 2.9 per cent in 2007 and to 2.6 per cent in 2008 owing to higher spending (especially capital spending) and a slowdown in oil revenues.

In 2006, the government's total revenue increased to 18.8 per cent of GDP (18.1 per cent in the preceding year). The improved performance in 2006 was the result of increases in oil revenues and grants. Oil revenue rose as a result of increased production and higher prices on the international market. Non-oil revenue remained stable as a percentage of GDP after tax increases and improvement in the tax and customs administrations. The government implemented a four-fold increase in windscreen licences in 2006, and the introduction of a value-added tax (VAT) on mineral water and non-alcoholic beverages took effect during the year as well. In addition, the government took measures to reduce tax evasion in the forestry sector.

On the expenditure side, although the government's programme in 2006 was expansionary, expenditure was held to the target levels through prudent management. Total government expenditure increased to 14.8 per cent of GDP in 2006 (up from 14.6 per cent in 2005). The spending increase in 2006 was due largely to higher capital expenditure, with continued reconstruction of the bridge over the Mungo river and the initiation of a national programme of road rehabilitation. Moreover, spending by local authorities was boosted in 2006 following the government's reversal of its policy of retaining a proportion of municipal revenues at the central level. Furthermore, the public sector wage bill was held in check as a result of continuing efforts to remove “ghost workers” from the public payroll. In addition, the substantial debt write-off granted under the enhanced HIPC initiative and the Multilateral Debt Reduction Initiative (MDRI) exerted downward pressure on debt service obligations.
Despite the government’s efforts to exert fiscal control, the country’s public finances have persistent structural weaknesses. They remain very dependent on oil revenue (28 per cent of total revenue, excluding grants, in 2006) at a time of great uncertainty over the continuation of production increases. The domestic effort to fund the budget through taxation is rather weak because the tax base has remained narrow, given the large informal sector. The budget outcome may suffer further from reduced revenue collection, as the Economic Partnership Agreements (EPAs) with the European Union (EU) in 2008 will reduce customs revenue. A particular problem of Cameroon’s fiscal system is the huge proportion of current expenditure (80 per cent of total government spending), with the wage bill alone accounting for over 30 per cent of the total in 2006 despite the effort to purge “ghost names”. Moreover, capital expenditure (only 20 per cent of total spending) is never entirely disbursed, reflecting major absorption problems that could hamper implementation of future investment plans.

**Monetary Policy**

The monetary policy of Cameroon is determined by the regional central bank, the Bank of Central African States (BEAC). The main monetary policy objectives of the BEAC are to control inflation and maintain the stability of the CFA franc, which is pegged to the euro. Accordingly, the BEAC’s policies are heavily influenced by those of the European Central Bank (ECB), with the BEAC’s rate broadly reflecting movements in the ECB’s main intervention rate.

In 2006, monetary policy was more accommodating of the expanding economic activity. By end-September 2006, the money supply (M2) had risen by about 12 per cent, compared with a rise of only 2 per cent for the same period in 2005. Moreover, interest rates followed a downward path. In March 2006, the BEAC reduced its discount rate by 25 basis points to 5.25 per cent. Short-term rates in the financial system followed suit, with the average lending rate falling from 18 per cent in 2005 to 15 per cent in 2006. The average deposit rate also fell, but very slightly from 5 per cent in 2005 to 4.5 per cent in 2006.

Inflation rose from an average of 2 per cent in 2005 to an estimated average of 4.5 per cent in 2006, mostly as a result of the increase in taxes, particularly VAT, and the rise in fuel prices. Cameroon does no oil refining, so the world price of refined oil was partly (and with a delay) passed on to the pump price, which rose 16 CFA francs in August 2005, then 4 CFA francs a month between October and December 2005, and then by a further 12 CFA francs in mid-2006. These prices hikes, in turn, significantly pushed up the price of transport. The prices of consumables, including tobacco and beverages, rose also as a result of tax increases. However, inflation is expected to settle back

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<th>Table 2 - Public Finances (percentage of GDP)</th>
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<td>1998</td>
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<td>Total revenue and grants</td>
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<td>Tax revenue</td>
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<td>Grants</td>
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<td>Total expenditure and net lending</td>
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<td>Current expenditure</td>
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<td>Excluding interest</td>
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<td>Wages and salaries</td>
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<td>Interest</td>
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<td>Capital expenditure</td>
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<td>Primary balance</td>
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<td>Overall balance</td>
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a. Only major items are reported.
Source: IMF data; estimates (e) and projections (p) based on authors’ calculations.
to about 2 per cent in 2007 and 2008 as prudence in
the government’s fiscal programme and sound monetary
policies take hold.

**External Position**

Cameroon stands to gain considerably from the
creation of an integrated regional market as part of the
future regional EPA with the EU. The country is a
major pillar in the CFA franc zone, accounting for
over 50 per cent of the wealth in the CEMAC countries.
The port of Douala is the main shipping port for
countries in the sub-region. The country’s location, its
relatively large economic clout and the relative
diversification of its productive capacity all give it
growth potential in a context where regional trade can
only expand.

Currently, however, Cameroon trades very little
with the other CEMAC countries. The CEMAC
accounted for only 4 per cent of its exports and 3.5 per
cent of its imports in 2006, although this should not
be expected to hinder negotiations for an EPA between
the EU and CEMAC. The second ("regional") phase
of these talks started in 2006, and a full draft agreement
is expected by end-2007. Cameroon’s main trading
partners remain the EU countries, which accounted for
about 58 per cent of exports and 45 per cent of imports
in 2006. China has also emerged as a major supplier
of imports, although it is not yet a major buyer of Cameroonian goods.

Developments in Cameroon’s current account
balance largely reflect fluctuations in merchandise
trade, which in turn is driven by oil export earnings.
Cameroon’s current account has traditionally been in
deficit, as weaker trade balances have been compounded
by persistent deficits on the services and income accounts
owing to heavy spending on shipping, insurance, foreign	ravel and other services.

In 2006, the trade account showed a relatively
strong surplus equivalent to 3.1 per cent of GDP, up
from 1.5 per cent of GDP in 2005. The strong
performance in 2006 was due to the high international
oil price and rising oil production, as well as stronger
performance of non-oil exports. The trade surplus in
2006 thus rose to an estimated $1.2 billion from
$215 million in 2005, and as a result, the current
account balance moved out of its persistent deficit to
register a small surplus equivalent to 0.3 per cent of GDP
in 2006 – the first time in about a decade. The trade
surplus is forecast to decline in 2007 and 2008 on
account of a more than proportionate fall in exports
against imports, and consequently the current account
balance should return into deficit.

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<th>Table 3 - Current Account (percentage of GDP)</th>
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<td>1998</td>
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<td>Trade balance</td>
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<td>Exports of goods (f.o.b.)</td>
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<td>Imports of goods (f.o.b.)</td>
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<td>Factor income</td>
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<td>Current transfers</td>
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<td>Current account balance</td>
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Source: IMF data estimates (e); and projections (p) based on authors’ calculations.

Cameroon had accumulated substantial external
debt, estimated in 2005 at $9.5 billion, or 61.5 per cent
of GDP. As a result of the country reaching the HIPC
completion point in May 2006, the overall debt stock
fell to $3.7 billion in that year. The country’s debt
burden, as measured by the debt service ratio, is also
estimated to have fallen from 12.4 per cent in 2005 to
7.7 per cent in 2006. Since reaching the HIPC
completion point, Cameroon has benefited from debt
relief amounting to $1.3 billion and reduced its debt
service obligations by about $4.9 billion in nominal terms. In addition, Cameroon has become eligible for debt relief under the MDRI, an estimated amount of $1.1 billion. As part of the HIPC debt write-off, in June 2006 Cameroon reached an agreement with the Paris Club of creditors to reduce bilateral debt by a further $921 million. In addition, the Paris Club creditors have committed themselves to further bilateral debt relief of $2.6 billion.

**Structural Issues**

**Recent Developments**

Although Cameroon has made progress in structural reforms under the PRGF – including improving public financial management, strengthening the judiciary and enhancing transparency in the petroleum sector – much remains to be done, especially in the areas of improving the business climate, private sector development and privatisation. The poor business climate is probably one of the biggest drags on the growth of the otherwise vigorous formal private sector.

The competitiveness of business is limited by the high cost of production factors and the poor business environment. Administrative delays and bureaucratic bottlenecks force entrepreneurs who want to start a business to go through 12 steps that require an average of 37 days in total to complete. Moreover, contracts are extremely difficult to enforce: 58 procedures are needed to enforce a contract, requiring an average of 800 days at a total cost of 36 per cent of the value of the claim.

The private sector and the government in Cameroon seem to have developed mutual mistrust, which the government is now trying to change. In 2006, the government continued with efforts to re-establish dialogue with the private sector, including expansion of the 2005 inter-ministerial committee to include the private sector, a meeting with all the country’s main business operators in January 2006 and consultation...
of the private sector in drawing up the 2006 national budget. Nonetheless, increased private sector participation in the Cameroonian economy will also depend on the government’s ability to reduce the high levels of crime and corruption, which add to the cost of doing business in the country.

Privatisation did not advance much in 2006, but as part of the PRGF the government has committed itself to revamping the process. The major state firms still to be divested include the national water company SNEC, Camtel, Sodecoton, Camair and the CDC agro-industrial complex. Concerning the privatisation of Camair, the winner of the tender process was selected in June 2006, but the privatisation deal is yet to be finalised. According to the government’s plans, SNEC will be disposed of through a leasing arrangement; takers were sought at a meeting of investors at end-2005, but no firm offers have so far been forthcoming. Camtel was put to tender in mid-2006 with 51 per cent of its shares on offer. In order to attract investors, Camtel’s mobile phone licence will be divested at the same time as its fixed-line business. The future of Sodecoton remains very unclear, in view of its difficulties stemming from very low world cotton prices, but talks with the French firm Dagris are continuing. Privatisation of the CDC is set for 2007.

Within the financial sector, the banking sector has become quite solid after the restructuring that transferred supervision of the sector to the Banking Commission of Central Africa (COBAC). The banking system comprises ten commercial banks. The loan recovery rate of the sector has improved significantly to about 139 per cent in June 2006, and six of the banks had liquidity ratios in excess of 200 per cent in 2006. Prudential ratios are rising steadily, and almost all the banks meet the six key ratios set by the COBAC.

The entire sector, however, is dominated by just three banks, which hold over two-thirds of all loans and deposits – a situation that undermines competition. Furthermore, despite the relative soundness of the sector, the rate of financial intermediation in the country is rather low. Fewer than 10 per cent of households have bank accounts, and large areas of the economy still lack access to loans. In addition, there are regular complaints from bank customers about high charges, reflecting the lack of active competition in the sector. The World Bank is currently helping BEAC to improve the efficiency and security of the regional payments system, with the introduction of an electronic bulk clearing system and a real-time gross settlement mechanism for the instant settlement of transactions.

Access to Drinking Water and Sanitation

Cameroon is well-watered, with uneven distribution of rainfall from one part of the country to another. The country boasts major underground water resources spread over the country’s main water-bearing areas. In all, the country has at least 120 billion m³ of useable groundwater resources, unevenly distributed. Groundwater resources are the main source of drinking water in rural areas.

A number of players are involved in the management of the water and sanitation sector. These include not only public and private structures but also civil society. The sector’s co-ordination is the responsibility of the Ministry of Water Resources and Energy (MINEE), which is in charge of designing, preparing and implementing the national policy and of co-ordinating and monitoring operations and projects concerning water and sanitation in urban and rural areas. It is also responsible for planning projects, making an inventory of water resources and helping to set water and sanitation rates. In the sanitation sub-sector, MINEE’s responsibility is limited to the management of wastewater. The Urban and Rural Land Development Mission (MAETUR), under the supervision of the Ministry of State Property and Land Affairs (MINDAF), is responsible for putting in place water supply and sanitation systems in low-cost housing estates. Other ministries with cross-cutting remits are involved in the preparation and implementation of the government’s water and sanitation policy. So-called urban communities are responsible for managing sanitation services and the use of equipment.

The proportion of Cameroon’s population with access to safe water was estimated at 57.8 per cent in
2005. For urban areas, the estimate was 77 per cent, while in rural areas, water supply projects have made it possible to reach a service rate of 42 per cent. Access to sanitation services is difficult for most of the population, especially the poorest who live in areas with little infrastructure. Indeed, the rate of access to adequate wastewater drainage systems is estimated at 17 per cent in urban areas and 15 per cent in rural areas. Where they do exist, such systems consist mainly of natural channels (mostly rivers) or underground outlets that are also used to evacuate household garbage, solid waste and wastewater, which stagnate and end up clogging the systems and causing floods during the rainy season.

Cameroon’s water and sanitation sector faces a number of institutional, technical and financial constraints. The main institutional constraint stems from the large number of sector players, leading sometimes to fragmentation and overlapping of responsibilities and poor co-ordination of their operations. The National Water Committee (CNE), established to co-ordinate activities in the water sub-sector, is not yet operational. Regarding urban sanitation, the following bodies are engaged in similar and unco-ordinated activities: urban communities, the Ministry of Public Works, the Ministry of Urban Development and Housing (MINDUH) and some non-governmental organisations (NGOs) involved in the construction of tertiary structures.

On the technical front, there are weaknesses in the management of sanitation infrastructure and services. Municipal technical departments, local contractors and consulting firms often lack the skills necessary to conduct studies and works properly, especially the design and implementation of labour-intensive works. Poor institutional and human capacity at the levels of elected officials, officers and other sector players, together with a lack of project monitoring and evaluation, also hinder the sector’s development.

Lack of adequate funding for the sector is another major obstacle to its development. In the context of decentralisation, the transfer of competencies to local communities has not been accompanied by allocation of adequate financial resources which enable them to assume these responsibilities. The government’s plan to establish a National Water and Sanitation Fund, which is expected to mobilise resources for the sector, will contribute in the long run to lifting the constraints facing the use and management of sanitation structures.

Cameroon’s national water and sanitation policy incorporates the guiding principles of the millennium MDGs. The main lines of this policy are as follows: i) promoting access to drinking water for all Cameroonians by 2025; ii) promoting a demand-driven approach to the supply of water and sanitation services; iii) decentralising the planning and management of drinking water supply and sanitation services; iv) building capacity; v) redefining the role of various institutions involved in water and sanitation services with a view to greater participation on the part of the population; vi) supporting the private sector; and vii) redeploying the private sector as facilitator.

The government has defined public sector guidelines for the water and sanitation sector with the primary aim of redefining the role and responsibilities of the government in the management of infrastructure and basic services, especially in rural areas. This implies replacing the supply-based approach by a demand-based approach that takes into consideration the needs of the population, especially the most underprivileged. In the short term, the government’s strategy is to be implemented through a partnership of the three leading players in urban development – local authorities in urban areas, the private sector and civil society – within the framework of the “urban contract” concept. Urban contracts are an institutional mechanism which enables the government and local authorities to express their urban planning priorities and facilitates the introduction of cross-financing. In the context of this participatory management policy, urban communities, in partnership with grassroots communities and the private sector, join forces with the population in establishing and maintaining infrastructure.

Several bilateral and multilateral donors have been involved in the water and sanitation sector of Cameroon in terms of project and programme financing (see Box 1).

The population of Yaoundé, capital of Cameroon, has increased by 6 per cent every year since the early 1990s and stands today at nearly 1.5 million. The Survey on the Living Environment of Yaoundé’s population (CAVIE), carried out in 2002, highlights the predominance of so-called squatter areas, which cover about 62.4 per cent of the city’s area. The main rainwater drainage systems are regularly blocked by all types of solid waste. As a result, during the rainy season, floods (15 to 20 major floods annually) totally disrupt the city’s socio-economic activities and especially those of the squatter areas. Some 53 000 persons (or about 9 000 households) are subject to regular floods, and a further 243 000 persons (or around 40 000 households) to occasional floods. Thus, quality of life is very adversely affected, as the people must dwell in damp, filthy and unhygienic surroundings.

In addition to the discomfort caused by these floods, their effects on health, the environment and the economy are enormous. In terms of health, not only do floods cause latrines to overflow, thus polluting drinking water wells, but they create breeding sites for mosquitoes and the waste carried by the rainwater accumulates, thereby increasing the spread of waterborne diseases. Concerning the environment, floods cause soil erosion, land subsidence and slides, and the pollution of the Akoumnya water treatment station, which supplies Yaoundé with drinking water. As for the economy, the floods cause the destruction of houses and businesses, loss of income for traders, etc. In short, the lack of rainwater drainage in Yaoundé, where rainfall is considerable (nearly 2 000 mm a year), has a far-reaching impact on the population, most of whom already live in poverty.

In order to control flooding in Yaoundé and address the difficulties inherent in its increasing filth, the government prepared a Yaoundé City Sanitation Master Plan (PDA), which was financed by the African Development Bank Group. As a follow-up, a project was conducted on the emergency phase of Yaoundé City Rainwater Drainage, consisting mainly of the re-calibration of the Mfoumbi Canal and the cleaning of the collectors. An update of the project engineering designs was also financed by the African Development Bank Group. The Bank Group is also financing the entire foreign exchange cost of the Yaounde Sanitation Project. This project is to: i) contribute to rainwater drainage in Yaoundé City; ii) contribute to improving the living conditions of the city’s population; and iii) build the capacity of the sector’s stakeholders. The project comprises the development of sanitation infrastructure, capacity building and project management. Specifically, it involves a study for landscaping along the Mfoumbi Canal; the establishment of a project monitoring and evaluation system; construction of a canal 4.32 kilometres long; protection and cleaning of three underground collectors, about 2.35 kilometres long; development of two maintenance roads on either side of the canal and the construction of access ramps; construction of two footbridges, a rail bridge and a road bridge; construction of four disposal structures at forks in the canal; construction of 50 containers and installation of 50 garbage bins along the canal; development of the areas around the canal (4 kilometres of paved footpaths, planting of trees and gardens, installation of 54 public benches and public lighting, construction of two parking areas of 400 square metres each and two shelters); and training Cameroonian sanitation professionals and other staff. The project is being implemented over four years, starting January 2006 and scheduled for completion in December 2009.
In particular, the Japanese government, the French Development Agency (AFD), the African Development Bank, the Islamic Development Bank (IDB), Belgian Technical Cooperation, German Financial Cooperation (KFW), the European Union, German Technical Cooperation (GTZ), the Canadian International Development Agency (CIDA), United Nations agencies such as the UNDP and UNICEF, NGOs and various associations. The World Bank has also been involved in major road network and sanitation projects. The AFD is involved in rural water supply projects and has also contributed funds for the rehabilitation of deteriorated sanitation and road networks. The IDB funds rural water supply projects. Belgium’s Technical Cooperation Department also finances rural water supply projects, particularly in the far north of the country, and projects to rehabilitate and extend water and rainwater drainage systems in Maroua. In addition to rural water supply, KFW has financed the development of water and sanitation services in four secondary towns. It remains the responsibility of Cameroon to complement these forms of assistance with effective management of the water and sanitation systems to improve access for the population.

Political Context and Human Resources Development

Cameroon has remained a politically stable country over the past 20 years, and the government is intensifying efforts to strengthen the political process and deepen the country’s democratic propensities. President Paul Biya, in office since 1982 with the full support of the ruling party, has consolidated his grip on power following his re-election for a seven-year term in October 2004.

The government continues to make efforts to improve the democratic and administrative governance of the country. Following measures taken in late 2005, such as the requirement for public officials to declare their assets and property, and the establishment of an anti-corruption commission, the government made further efforts to improve governance in 2006. In particular, it announced in early 2006 the creation of an independent electoral body to replace the system whereby the Ministry of Territorial Administration manages the electoral process. The government is yet to provide details of this new body, but even the Cameroonian opposition has already hailed the move as a significant step in the right direction.

Nonetheless, Cameroon still has major hurdles to clear in improving governance. Continuing flagrant abuse of human rights constitutes an indictment of the government. The security forces are often accused of human rights abuses, including the use of excessive force, without any response or redress from the government. As reported by the International Centre for Prison Studies, Cameroon has the second-highest prison occupation rate in sub-Saharan Africa, with two-thirds of the inmates awaiting trial. In addition, corruption remains the bane of socio-economic activity. Cameroon’s ranking in the Transparency International corruption perception index has continued to deteriorate, dropping from 129th in 2004 to 137th in 2005.

For sub-Saharan Africa, Cameroon is a relatively high-income country in per capita terms, at $862 per capita. It nonetheless remains a poor country, where the national household survey ECAM II (2001) indicated that 40 per cent of the population lived below the poverty line (of 232 547 CFA francs per adult per year). The 2005 UN Human Development Index put Cameroon in 148th place out of 177 countries. As with most African countries, poverty in Cameroon is a rural phenomenon. In recent years, however, poverty in towns and cities has become worse due to increasing urbanisation. A shortage of housing and inadequate public facilities underlie the poverty situation in towns and cities. As mentioned above, the structural deficit of electricity remains one of the main hindrances to poverty reduction, as household access to electric power is rare and unevenly distributed among regions. The third national demographic and health survey (EDSC-III), carried out in 2004 and published in June 2005, found that 52.8 per cent of all households (and 84.5 per cent in rural areas) had no electricity, a situation that undermines individuals’ efforts to move up the economic ladder.

In the education and health sectors, Cameroon has better facilities than the average sub-Saharan country,
but major efforts continue to be needed to address regional inequalities. The results of the ECAM-II (2001) survey indicated a fairly high and rising literacy rate of 68 per cent, up from 47 per cent in 1987. Net school attendance was 77.8 per cent at the primary level but fell very significantly to 32.8 per cent in secondary school. The even greater problems at the tertiary levels may be a disincentive for pupils who might otherwise pursue secondary education. The state universities in Cameroon are having severe problems coping with an unprecedented influx of new students. As a result of the country’s policy of granting admission to anyone who has completed secondary school, university facilities are overstretched and severely overcrowded.

The government of Cameroon attaches great importance to the health sector, and health performance is satisfactory relative to the rest of sub-Saharan Africa. In 2006, government outlays on health amounted to about 5.8 per cent of total spending. The government is making special efforts to combat Malaria and AIDS, the two main causes of death in Cameroon. In an effort to reduce the spread of malaria, the price of treated mosquito nets was reduced from 5 000 to 3 500 CFA francs in 2004, but only 20 per cent of households have at least one such net (17 per cent in the countryside). The HIV infection rate is estimated at 5.5 per cent in the 15-49 age group. The national anti-AIDS plan drawn up in 2000 has been revised for the 2006-10 period. The government has opened 19 new prevention and testing centres, and in 2006 about 55 000 people were tested, up from only 6 000 in 2003. The price of antiretroviral (ARV) drugs was brought down from 7 000 to 3 000 CFA francs per dose in 2005, and they are now given free to infected children. Infected pregnant women and newborn babies receive nevirapine at no charge. The cost of the half-yearly follow-up tests of ARV patients has also been cut, from 18 000 to 16 000 CFA francs.