Cameroon

key figures

• Land area, thousands of km²	475
• Population, thousands (2004)	16 296
• GDP per capita, $ (2003)	862
• Life expectancy (2000-2005)	46.2
• Illiteracy rate (2004)	24.2

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Cameroon

PRESIDENT PAUL BIYA WAS PREDICTABLY re-elected in October 2004 after more than 20 years in power. Meanwhile the country failed to qualify for new international funding by missing the year-end target for reaching completion point under the Heavily Indebted Poor Countries (HIPC) initiative.

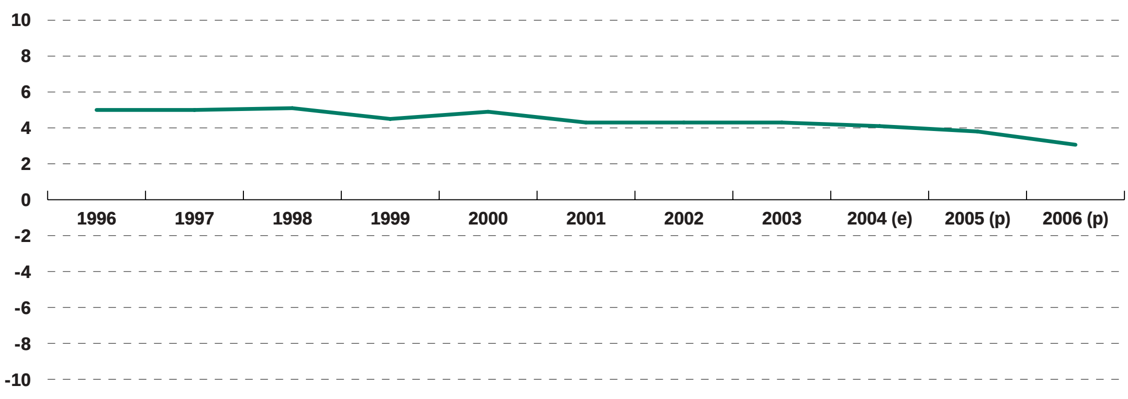
Economic conditions were good thanks to robust external demand and increased electricity supply, but domestic arrears (due to non-payment of subsidies, late payments to country-creditors and non-payment of suppliers) built up. This suggested major budgetary indiscipline through unbudgeted spending in the run-up to the elections. The International Monetary Fund (IMF) programme review was therefore not conclusive and the HIPC completion point was not reached. The loss of a year's HIPC benefits sanctioned the country's lax budget management and meant that cancellation of old and additional debts was postponed.

Growth has slowed since work finished in 2002 on the Doba-Kribi oil pipeline, which had boosted the construction sector and created thousands of jobs. The main reason is lack of infrastructure and high production factor cost. Oil and gas production fell in the absence of significant new discoveries but government revenue from the sector held up in 2004 due to higher oil prices, making up for lower revenue from other sectors. Providential income from hydrocarbons made up to some degree for poor tax returns from the non-oil sector .

The target date for the HIPC completion point has again been postponed despite impressive growth.

Structural reforms made good progress, but firms suffered from very poor business conditions. Transparency International regularly ranks Cameroon among the the world's most corrupt countries and businesses complain[1] of legal and judicial insecurity.

Figure 1 - Real GDP Growth

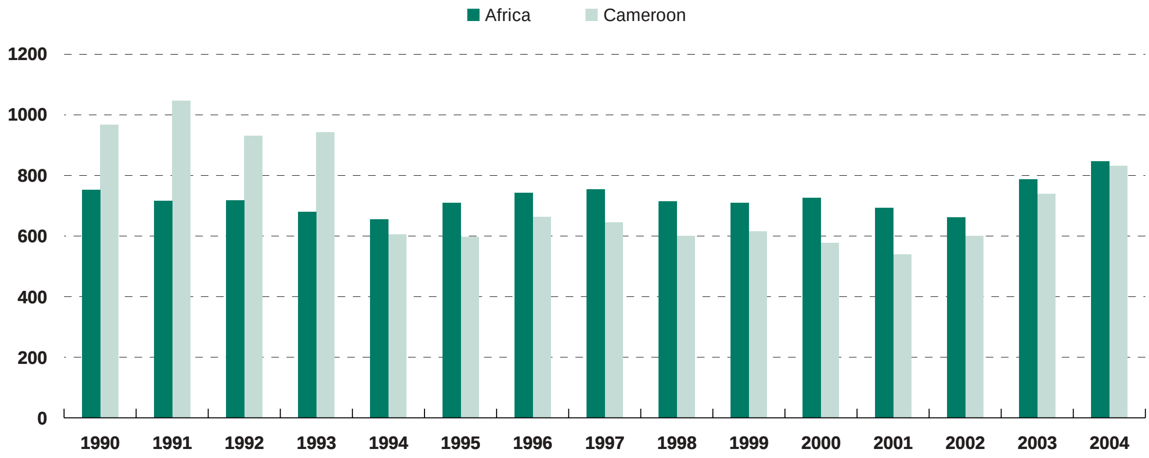


Source: Data from the Direction de la Prévision, Ministry of economy and finance, and authors' estimates (e) and projections (p).

Firms are also handicapped by energy shortages, lack of long-term funding and a poor physical infrastructure that complicates access to the country's economic capital, Douala. The private sector is increasingly plagued, too, by fraud and a massive influx of counterfeit products. National growth fell slightly in 2004 to

1. Local businesses, in a report by the Expanded Inter-Ministerial Committee for the Private Sector (April 2003), said legal insecurity was a bigger problem for them than funding.

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



Source: IMF.

4.1 per cent and is expected to shrink further in 2005 (to 3.6 per cent) and 2006 (3.1 per cent) because of a steady fall in oil production.

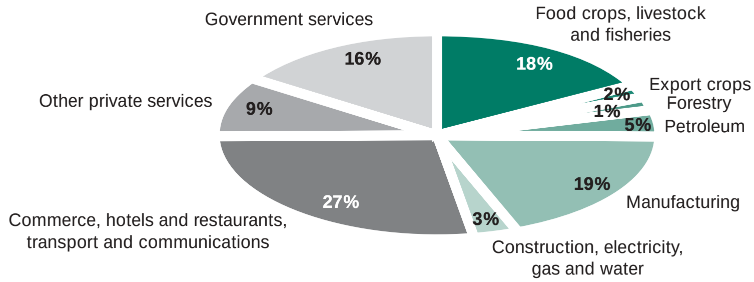
Recent Economic Developments

Despite a slowdown, the primary sector contributed to overall growth in 2004 thanks to good performance of food and export crops as well as the timber industry. The 2003/04 season showed increases for cocoa (6.8 per cent – 188 400 tonnes, up from 176 300 tonnes), cotton (3.8 per cent – 242 800 tonnes, up from 233 800) and coffee (3.2 per cent – 65 000 tonnes, up from 63 000). However, because of the European Union quota system banana exports are thought to have fallen by between 10 and 20 per cent in 2004. As a result producers did not fully benefit from higher prices on the international market and will have to take steps to cut production costs. Livestock production fell 5.4 per cent over the year, with egg producers having to close some farms and lay off 18.5 per cent of their full-time staff.

Production of bananas, which have a big local market, has been sluggish for several years, leading to increased prices in early 2004. A plan to boost output, Prebap, is to be launched in 2005, to double plantain production by 2009 (to 3 million tonnes from the present 1.5 million, of which barely 200 000 are exported). The plan is counting on strong growth in urban household consumption, which is currently only an annual 7 kg per person, compared with 176 kg in the countryside. The goal is also to streamline the distribution system, which at present often pushes up prices. The success of this initiative will require a change in the eating habits of Cameroonians, who consume much imported rice and wheat-flour. The Prebap programme could eventually create about 125 000 jobs in the countryside (6 000 people presently work in the sector) and lead to more industrial banana activity that would boost the economy.

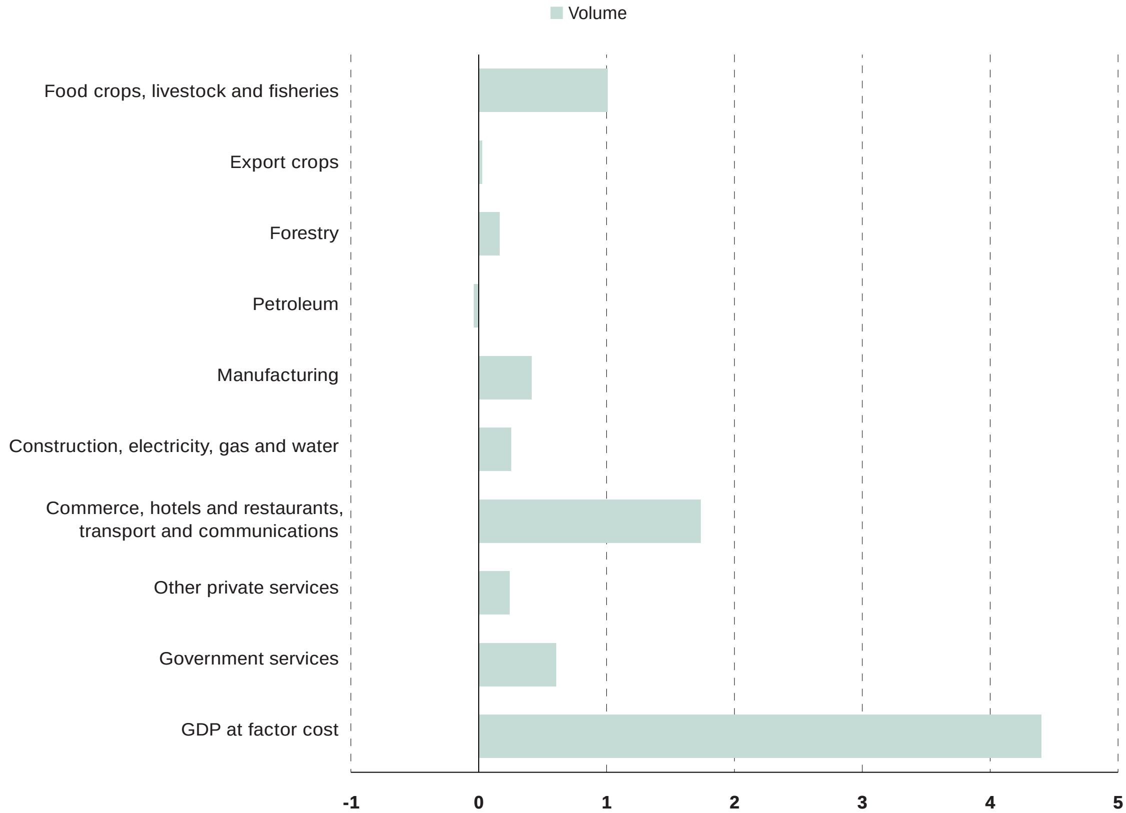
Introduction of a forestry code in 1994 and a partial ban on the export of logs in 1999 have led to rapid industrialisation of the timber sector, which is now the region's most developed. Sales of processed wood rose 6 per cent in 2004, from 644 900 to 683 600 tonnes. Log production increased even more, by 17.6 per cent (1.7 to 2 million cubic metres). But, like most businessmen, timber operators complain they cannot easily get loans from banks or suppliers, or collect debts owed them, factors that create serious cash flow problems that have caused layoffs, as in other sectors. The timber equipment usage rate, generally low in Cameroon because machinery is outdated, therefore is thought to have increased in 2004. Other problems, such as licence renewal and a dearth of new felling areas, could slow the industry's growth in the future.

Figure 3 - GDP by Sector in 2003 (percentage)



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 2003 (percentage)



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

Oil production continues to fall as a result of a continuing lack of new discoveries and declined 7.3 per cent (from 35.6 to 32.9 million barrels) in 2004, which adversely affected growth. But prospecting continues because of high world prices and the state oil company SNH says it plans to drill some 20 wells in 2005. Even so production is expected to fall a further 8.2 per cent in 2005.

As for the industrial sector, output slowed in 2004 because of reduced activity in textiles, chemicals and packaging. But a return to normal rainfall and more

Table 1 - Demand Composition (percentage of GDP)

	1996	2001	2002	2003	2004(e)	2005(p)	2006(p)
Gross capital formation	**14.0**	**16.9**	**15.6**	**15.9**	**15.3**	**17.3**	**17.9**
Public	2.3	2.2	2.3	2.3	2.1	2.8	3.2
Private	11.7	14.7	13.2	13.6	13.2	14.5	14.7
Consumption	**80.4**	**81.2**	**81.0**	**80.6**	**80.7**	**79.2**	**79.4**
Public	9.0	10.2	9.6	9.8	10.7	10.8	11.3
Private	71.4	71.0	71.4	70.8	70.1	68.4	68.1
External sector	**5.5**	**1.9**	**3.4**	**3.5**	**4.0**	**3.4**	**2.7**
Exports	23.7	22.8	22.8	23.1	23.8	23.6	23.0
Imports	-18.1	-20.8	-19.3	-19.6	-19.8	-20.2	-20.3

Source: Data from the *Direction de la prévision*, Ministry of Economy and Finance, and authors' estimates (e) and projections (p).

investment by the electricity company, AES-Sonel, helped boost power production in 2004, though supply was still erratic. Dams were still not full enough for maximum output, in spite of higher rainfall, and the opening of a new thermal plant at Limbé was delayed until the end of the year..

Cameroonian industry is fairly developed as a result of targetted government policies since the 1960s. After stagnating in the crisis years of the 1980s, when the informal sector developed, industry became more competitive after the 1994 devaluation of the CFA franc, but problems remain. Smuggling and fraud increasingly handicap industry. The weakness of the US dollar has also made local Cameroonian products less competitive over the past two years. Furthermore, the economy lacks major projects since completion of the Doba pipeline carrying oil from Chad to the Cameroonian port of Kribi. Nearly 2 000 local firms were involved in associated activity worth around 230 billion CFA francs ($434.5 million). Nearly all the project's workers (5 659 out of 6 420) were of Cameroonian origin. National production factor costs are quite high, but the national telecommunications network is to be upgraded soon with fibre-optic cable that runs through the pipeline.

The very buoyant services sector was the main source of growth in 2004, with healthy performances by transport, telecommunications and non-tradable services. Transport of goods and passengers rose sharply because of efforts by urban transport operators, who modernised their fleets and improved securityr with more safety checks. Freight traffic was steady at Douala autonomous port in the first nine months of 2004 year-on-year and rail passengers rose by 21 per cent over the same period while the transport of goods by rail declined by 2 per cent. The number of telecommunications subscribers increased further in 2004 mainly because of the booming mobile phone industry and its expanding network. Supermarket business was slower, probably because of falling household incomes in 2004.

Growth in 2004 was again based on higher domestic demand through increased consumption and, to a lesser extent, exports. But household consumption has begun to slow because of delayed payment of secured debts, which include salaries. Public investment has also declined since completion of the pipeline. Implementation of HIPC projects should accelerate in 2005 and boost incomes and household consumption in both urban and rural areas.

Macroeconomic Policies

Fiscal and Monetary Policy

As a member of the Central African Economic and Monetary Community (CEMAC), Cameroon has to comply with various convergence criteria concerning inflation, budget balance, debt ratios and absence of debt arrears. It met them all in 2003 and probably in 2004 as well.

Table 2 - Public Finances (percentage of GDP)

	1996	2001	2002	2003	2004(e)	2005(p)	2006(p)
Total revenue and grants[a]	**13.2**	**18.1**	**18.3**	**17.1**	**16.6**	**16.7**	**17.0**
Tax revenue	11.2	15.9	16.1	14.6	14.6	14.6	14.6
Oil revenue	2.9	4.8	4.9	4.1	4.1	4.1	4.1
Total expenditure and net lending[a]	**13.4**	**16.8**	**16.1**	**15.3**	**15.7**	**15.6**	**16.7**
Current expenditure	12.4	13.5	13.5	13.2	13.8	13.0	13.8
Excluding interest	*7.7*	*10.3*	*10.9*	*10.9*	*11.9*	*12.1*	*12.5*
Wages and salaries	3.8	4.9	5.2	5.2	5.3	5.3	5.6
Interest	4.7	3.2	2.6	2.3	1.9	0.8	1.3
Capital expenditure	1.0	3.3	2.5	2.1	2.0	2.6	2.9
Primary balance	**4.5**	**4.4**	**4.8**	**4.0**	**2.7**	**1.9**	**1.6**
Overall balance	**-0.2**	**1.3**	**2.2**	**1.8**	**0.8**	**1.1**	**0.3**

a. Only major items are reported.
Source: Data from the *Direction de la prévision*, Ministry of Economy and Finance, and authors' estimates (e) and projections (p).

Until the end of 2004, Cameroon had a poverty reduction and growth facility (PRGF), approved in October 2000 by the IMF and extended for a year after a delay in disbursement of the loan. However the fifth IMF review in May 2004 was not conclusive and IMF monitoring, without disbursements, may be imposed in early 2005. Completion point cannot be reached until a new PRGF-type programme has been approved and a full review of performance done.

Pressure on government finances grew in 2004 because of growing arrears in payments to state firms and bodies, which led in turn to lower tax revenues. There were also delays in repaying internal debts, half of which are bonds floated on the local market to pay off earlier arrears (to suppliers, banks and for wages). The government seems to have repaid only some, such as to the social security system, and the global ratings agency Fitch said the government built up arrears to bondholders during the year.

Fitch questioned Cameroon's creditworthiness in view of this worsening of budget management but, for lack of clear evidence of payment defaults, simply put it under negative watch in July 2004 while awaiting developments. Standard & Poor's downgraded its rating of the country at the end of 2004, from B (speculative) to CCC (high default risk) for long and short-term commitments, and said the government would not meet its non-oil revenue targets in 2004 because of poor income tax collection and economic stagnation. Major non-budgeted expenditure and the need to subsidise the bankrupt national airline Camair and the post office savings bank were other blows to public finances in 2004.

Despite the upturn in oil revenue because of higher oil prices in 2004, budget receipts were lower than expected due to a drop in non-oil revenue – to 954.9 billion CFA francs ($1.804 billion) from the budgeted 1 191 billion CFA francs ($2.25 billion). Oil revenue was 337.7 billion CFA francs ($638 million), up from the projected 256 billion CFA francs ($487.7 million), and came from SNH, which sells the oil the government gets in production-sharing agreements with foreign companies.

This share was 40 per cent in the early days of production but as proven reserves failed to expand, and in a bid to lure new investors, it declined in later contracts signed under the 1999 oil code. This shrinkage has led to extraction from marginal oilfields such as Ebome, offshore from Kribi. Cameroon has also been getting revenue since the end of 2003 from transit rights paid by users of the Chad-Kribi pipeline, as well as taxes and duties[2] paid by firms involved in building

2. These are not counted as oil revenue.

the pipeline and dividends as a shareholder in Cameroon Oil Transportation (Cotco), which is part of the Chad oil production consortium[3].

Expenditure was thus revised downwards, with capital spending cut by half, so the overall budget balance was better than planned. Expenditure for the main item, wages and salaries, rose 4.9 per cent compared with 2003. The overall surplus was only 0.8 per cent of GDP (down from 1.8 per cent in 2003) but should rise in 2005 to 1.1 per cent because of tighter budgetary discipline, before falling again in 2006 to 0.3 per cent as a result of a further drop in oil production.

New non-oil taxation is planned in 2005, including widening the tax base and updating some taxes and tax-scales to align them with CEMAC directives, especially excise duties on beverages and tobacco. Tax exemption for computer products will be abolished. The 2005 budget is balanced at 1 721 billion CFA francs ($3.4018 billion), 6.4 per cent up on 2004's 1 617 billion CFA francs ($3.055 billion). This is fairly optimistic in view of the decline in oil production in 2005. Half of all spending will go to recurrent items, about 20 per cent for investment and nearly 30 per cent for public debt repayments. The budget shows efforts to cut recurrent spending and the government wants to use this margin for maneouvre to reduce its domestic arrears and increase investment loans.

Only 50 billion CFA francs ($94.5 million) – about 30 per cent – of the 160 billion ($302.3 million) in the HIPC account at the central bank had been drawn for social sector spending by 31 May 2004. This may be an exaggeration because the government was 43.5 billion CFA francs ($82.2 million) behind in payments to the account on that date. Some 30 billion CFA francs ($51.7 million) for education and 24 billion ($41.4 million) for health were allocated in the 2003 budget, but little of the money was used – only 11 billion CFA francs ($19 million) for education and 4 billion ($6.9 million) for health.

The exchange rate in Cameroon, as in other CEMAC member-states, is pegged to the euro and monetary policy is in the hands of the Bank of Central African States (BEAC), leaving fiscal policy as the country's main economic instrument. Inflation was only 0.2 per cent in 2004, mainly because of lower food prices, despite more expensive plantain bananas. The prices of other items, especially beverages and tobacco, rose sharply because of higher duties on them, and transport costs went up because of higher oil prices. Inflation could reach 2.2 per cent in 2005 and 2.5 per cent in 2006 as a result of increased demand by neighbouring countries for Cameroonian food crops. New taxes on beverages, tobacco and other items may also significantly boost inflation.

External Position

Cameroon exports a wide range of products but dependence on oil is still very high (39.5 per cent of all export revenue in 2004, according to the BEAC). Wood is the next biggest item (14.5 per cent), followed by cocoa (8.8), cotton (5.1), aluminium (3.7) and coffee (2.8). Oil export revenue rose about 10 per cent in 2004, despite falling production, while exports as a whole only increased 8 per cent because of smaller sales of bananas, aluminium and cocoa. Imports were up about 4 per cent after dropping when work on the pipeline finished. Fuel imports rose 15 per cent and machinery and equipment by 10 per cent. The 2004 trade surplus should be 1.4 per cent of GDP and then gradually decline to 0.4 per cent in 2006 because of the drop in oil production.

Measured in real-exchange-rate terms Cameroonian exports have become steadily less competitive since the 1994 devaluation of the CFA franc. Competitive margins (advantage measured by the difference between the real effective exchange rate today and that just after the devaluation) were only 8.5 per cent in 2002 and 5.4 per cent in 2003, according to the 2004 economic and financial report in the 2005 budget. Local firms were also hit by unfair competition from smuggled or

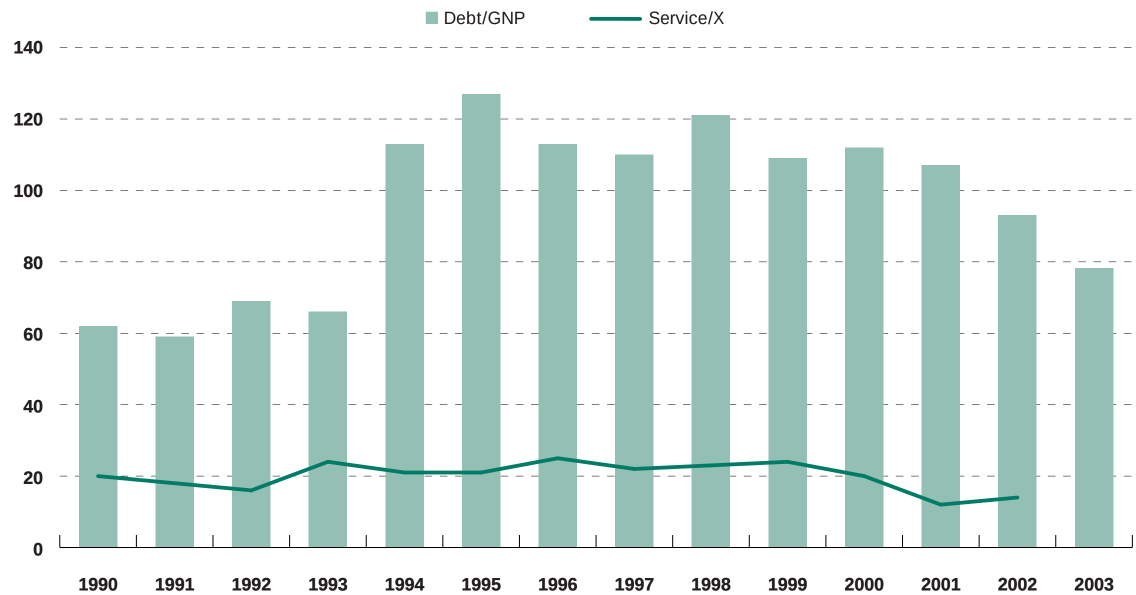
3. Chadian oil production should earn Cameroon $500 million (an average $20 million a year) over 25 years, a quarter of what Chad gets from it.

Table 3 - Current Account (percentage of GDP)

	1996	2001	2002	2003	2004 (e)	2005 (p)	2006 (p)
Trade balance	6.9	0.9	0.6	1.3	1.4	1.1	0.4
Exports of goods (f.o.b.)	20.6	20.2	17.7	16.9	17.2	17.3	16.8
Imports of goods (f.o.b.)	-13.7	-19.3	-17.1	-15.6	-15.8	-16.2	-16.3
Services	2.4	-4.4	-5.9	-3.7			
Factor income	5.8	-3.1	-2.7	-2.6			
Current transfers	-1.2	1.6	1.4	1.7			
Current account balance	**14.0**	**-5.0**	**-6.6**	**-3.3**			

Source: BEAC data and authors' estimates (e) and projections (p).

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



Source: World Bank.

counterfeit imports, especially clothing, sugar, cigarettes, batteries, flour and fuel. An investigation of 13 local firms by the main national employers' organisation, Gicam, estimated a loss of about 35 billion CFA francs ($66.1 million) worth of business and laid off 900 workers in 2003 because of these practices.

Cameroon's projected external debt in 2004 was $5.86 billion – 116 per cent of exports (in NPV), down from 166.8 per cent in 2003 and 170.5 per cent in 2002. So the country has shed considerable debt since the start of the HIPC Initiative, but despite structural reforms, it was unable to reach completion point at the end of 2004 as planned, which has delayed further debt cancellation and also France's C2D arrangement (debt relief and development contract). Debt servicing may therefore double in 2005, according to the Caisse autonome d'amortissement, the national sinking fund.

Structural Issues

Business conditions in Cameroon are very poor and include official corruption, an erratic legal system, a great deal of red tape, lack of appeal facilities and inadequate infrastructure. A technical audit of the legal system highlighted major failings and an action plan is to be launched soon. Reform of procurement procedures, begun in 2000, led in February 2001 to the creation of a regulatory body, the ARMP, with powers to investigate, monitor and expose irregularities, according to its director-general. The main innovations include the establishment of procurement commissions, monitoring committees, penalties, presence of independent observers in contracts bigger than 30 million CFA francs ($56 700) and independent auditing of results.

The World Bank database Doing Business says 12 steps are needed to start a business in Cameroon, slightly more than the African average of 11, but they only take 37 days, compared with 63 in the rest of the continent. It also notes that the labour market is much more rigid than the African average for hiring (61 on a scale of 100, against the average 53.2) and dismissal (80, compared with the average 50.6). Protection of investors is also very poor, with the country scoring very low (1 on a scale of 7) for transparency, though it is only 2.3 continent-wide. Most work needs to be done however on contract-compliance, where 58 steps are required for a complaint to be processed, over an average 585 days. These figures are much worse than the African average (35 steps over 434 days).

Cameroon has several definitions of SMEs (small and medium-sized enterprises) but the most common is by number of workers – more than 10 is an SME and more than 50 is a large firm. No data exist, however, so it is impossible to get a clear idea of the number of SMEs, their nature or the number of people they employ. Tax returns could give a rough idea but they aggregate all productive activity indiscriminately (such as that of licensed street-traders) and the data give no details of the firms except for their turnover, which is often under-reported. The Douala Chamber of Commerce keeps such a breakdown, but only of member firms. However, the secondary sector has about 270 large firms concentrated in the agro-industry timber, textiles, metallurgy, building materials and chemical products sectors.

The biggest brakes on SME growth in Cameroon are corruption, which represents a permanent burden and extra cost for firms and getting access to loans. The economy is much less competitive because of the loans problem, corruption, tax policies, red tape and poor basic infrastructure, according to a 2003-04 report on worldwide competitiveness.[4] Facilities giving SMEs extra loan security, such as the Fogape, have collapsed through bad management and banks are very wary of lending money to SMEs, complaining of shoddy applications and lack of serious guarantees. They provide no medium or long-term funding and the most they offer are overdrafts, so firms resort to quicker and easier traditional or informal loan sources such as tontines (joint savings arrangements), relatives or else moneylenders, who charge very high interest rates (4-5 per cent a month) and demand very rapid repayment.

This state of affairs was confirmed in a survey of 300 production sector SMEs by the Cretes economic consultancy that said they increasingly needed funds (3 per cent more in 2001 than in 2000), especially for investment, as working capital was easier to come by. They sought help first from credit institutions, then tontines, their suppliers or international bodies. But the average size of loans to SMEs dropped by 33 per cent between 2000 and 2002 and 54 per cent in 2001-02 while supplier credits steadily grew. More than a third (35 per cent) of SME funding needs were unmet in 2001 so supplier credit is the main source of help for these firms, which have no long-term funds for investment.

New funding sources for SMEs have begun to spring up however, such as the local Afriland First Bank and the private body PRO-PME (a Canadian project), which places emphasis on advising firms and boosting their capacity. A meeting organised by Gicam in November 2004, attended by about 60 firms and financial institutions, discussed guarantee funds such as those offered by Afriland, the African Development Bank's Proparco Fonds Gari and customer and supplier credit from City Bank. Technical and structural solutions were also discussed, including leasing, which make up

4. World Economic Forum.

for lack of guarantees. The country clearly lacks proper facilities to work with and help SMEs.

Cameroon's banking structure was completely reorganised after the crisis of the 1980s. Under the 1989-92 reform plan, five banks were dissolved, a debt-recovery firm (SRC) set up, the BICIC and SGBC banks restructured and financial aid offered to some other firms. Later reforms, after the 1994 devaluation, also changed the local banking scene, which now includes a dozen commercial banks, all members of the a national banking association, Apeccam, and all recognised by the Central African Banking Commission (Cobac).

The banks are still very choosy about which firms and individuals they lend money to because of the large reserves they have had to build up to cope with past bad debts and because they cannot rely on the law. However, some are trying to adapt their products to serve SMEs and help them fund growth. Nevertheless domestic loans rose 8.8 per cent year-on-year in second-quarter 2004, part of a 7.6 per cent rise in loans to the economy over the same period that was much higher than the credit control ceiling of 3.9 per cent. Meanwhile net government debt to banks fell. The country is thought to have about 650 microcredit organisations, with a total of 200 000 customers and accounting for less than 5 per cent of all deposits and loans.

Some privatisation remains to be done, but a new bid to sell the Cameroon Development Corporation (CDC) and the national plantations company (rubber, palm oil and bananas) was launched in May 2004 with a formal effort to recruit a consultant or a bank to take them in hand. The same thing was done with the telecommunications firm Camtel in February and the water company Snec in January. Sodecoton (cotton) should be next, with a call for bids. The government is expected to put together a new privatisation formula (probably on a contractual basis) for Snec, with the help of its development partners.

A temporary administrator was appointed for the national airline Camair in February 2005 to lead the move towards privatisation. The firm received government subsidies in 2004 but remained insolvent. A franchise to run the Douala container port was signed on 28 June 2004 with a Franco-Danish consortium, Maersk-Bolloré. Reorganisation of the port and clarification of the responsibilities of the customs service and private operators should help the new managers.

Political and Social Context

After 22 years in power, President Paul Biya, 71, was re-elected on 11 October 2004 for the fifth time, for another seven-year term, though it was only his second under a multi-party system. He won 75 per cent of the vote on a fairly high turnout (the government said 85 per cent) against 15 other candidates, though people seemed to show little interest in the election judging by the low voter registration (less than half the electorate, according to Biya). Transparent ballot boxes were used for the first time.

Cameroon is placed 129th out of 145 countries on the Transparency International's 2004 worldwide corruption index (it came 124th of out 133 in 2003), with a score of 2.1 out a possible 10 (no corruption), and is one of 60 countries where corruption is endemic. The new prime minister chairs the government's anti-corruption committee and has pledged to step up the fight so as to achieve the government's "great ambitions."

The oil-rich Bakassi region remains a bone of contention with neighbouring Nigeria, but significant progress was made in 2004 towards complying with the 10 October 2002 ruling by the International Court of Justice that it belongs to Cameroon. However, an agreement for a complete pullout of Nigerian troops by 15 September 2004 was not honoured.

In the health field, life expectancy is very low – only an estimated 45.1 years in 2004, well below Gabon's 57.4 and about the same as Chad (45.4), which is twice as poor as Cameroon. The HIV infection rate was 7.4 per cent at the end of 2003, sharply up from 2 per cent in 1990. HIV/AIDS has become a health ministry priority, as shown by a new demographic and health survey in 2004 into people's knowledge of the disease and the social stigma faced by sufferers. Anonymous voluntary tests were conducted to update statistics on the infection rate using a broader population sample than the internationally traditional one of pregnant urban women. First results suggest a fall in the infection rate. The price of anti-retroviral drugs is expected to fall sharply, from 13 000 CFA francs a month per patient to less than 5 000.

Widespread malnutrition, affecting 22.8 per cent of children under five, was also highlighted in the survey through voluntary tests for anaemia in men,women and children. Malaria eradication is a big part of Cameroon's health efforts and the ministry has launched an extensive publicity campaign targeting the two main risk groups, young children and pregnant women. It has bought 150 000 mosquito nets and 72 000 have been treated and distributed to pregnant women. Another 810 000 are being bought with HIPC funds. Tuberculosis, with some 18 000 new cases a year, half of them linked with HIV/AIDS, is also a problem. The national anti-TB programme has brought the price of drugs down from 48 000 CFA francs to 5 000 and treatment is sometimes provided free.

An expanded vaccination programme (EVP) has been strengthened and by December 2003 covered 72.5 per cent of the population for diphtheria, whooping cough and tetanus. It also includes injections against yellow fever, hepatitis, polio and measles. But despite these efforts, infant mortality (of children less than a year old) has only fallen very slightly, rising from 65 per 1 000 in 1990 to 77 in 1998, then dropping to 76 in 2000 and 74.6 in 2001. The number of women getting midwife-assisted birth rose from 63.8 per cent in 1990 to 75.7 per cent in 2000.

A cholera epidemic broke out in early 2004 along the coast and was still not under control at the end of the year. Despite health measures, 5 000 cases have been reported, mainly around Douala, from where the disease has spread to seven other centres. The outbreak is closely tied to stagnant water, bad housing and lack of sanitation. Only 7.3 per cent of households had access to proper sewerage facilities in 2001 and only 50.5 per cent to clean water. Water supply and waste disposal are major problems in Douala and Yaounde. Most waste bins are an average of just over 500 metres from homes in Yaounde, where only 13 per cent of households use city-provided septic tanks for sewage.

Cameroon's gross school enrolment was 99.6 per cent in 2002/03 and 96 per cent of children had access to primary school. However, 41.2 per cent of children dropped out of school in 2002 before completing five years of education. Some 2 800 classrooms were built in 2004 and 718 more are on the way, but the education sector remains in difficulty. The ministry has launched a major campaign to recruit supply teachers (hiring 4 836 in 2003) to meet educational demand but this has caused fears about job security among teachers as a whole, 62 per cent of whom work in state schools and 38 per cent in private ones.

Classroom overcrowding, the result of a shortage of teachers and poor infrastructure, has badly affected state education quality. The national repeat rate was 24.5 per cent in 2000/01 and only 57 per cent of children passed exams to enter secondary school in 1999/2000. The Nord province had pass rates in 2003/04 of only 10.29 per cent at age 14 and 32.9 per cent at the secondary school graduation examination (the baccalauréat).

Children switch increasingly to the better private school system as they get older. Most are still taught in state schools, but 36 per cent of secondary and 26 per cent of primary pupils are in private schools. A child living a poor suburb of Yaounde has to walk an average of 45 minutes to get to the nearest secondary school. In no part of the country do girls and boys enjoy parity of access to education.. The nationwide ratio improved in 2000/01 from 0.85 to 0.9, but boys were still 64 per cent of pupils in the Extrême Nord province and 63 per cent in the Nord province.