

# Cameroon

<b>Status Index</b> (Democracy: 4.08 / Market economy: 4.54) <b>4.31</b>		<b>Management Index</b> <b>3.26</b>	
<b>HDI</b>	0.497	<b>Population</b>	15.7 mn
<b>GDP per capita (\$, PPP)</b>	2,118	<b>Population growth<sup>1</sup></b>	2.6 %
<b>Unemployment rate</b>	-	<b>Women in Parliament</b>	8.9 %
<b>UN Education Index</b>	0.64	<b>Poverty<sup>2</sup></b>	17.1 %
		<b>Gini Index</b>	44.6 (2001)
Source: UNDP: Human Development Report 2005. Figures for 2003 unless otherwise indicated. <sup>1</sup> Annual growth between 1975 and 2003. <sup>2</sup> People living below \$ 1 a day (1990- 2003).			

## A. Executive summary

As a result of the October 2004 presidential elections, President Biya, who has been in office since 1982, will remain in power until 2011 with no successor in sight. The opposition suffered devastating setbacks in parliamentary elections held in June 2002. Not a single election has been held on schedule or without irregularities since the return to a multiparty system in 1990.

Stagnation characterizes Cameroon's prospects for transformation toward democracy. Severe deficiencies persist in the rule of law, political participation and representation, and the protection of human rights. The leadership also fails to ensure sustainable development. As most reforms implemented have been imposed largely by outside actors, Cameroon's transformation process is hardly autonomous.

Thanks to its geography and rich resources in wood, petroleum, water, cacao, coffee, cotton and palm oil, Cameroon has the foundation for good transformation prospects. However, Cameroon has failed to undergo transformation. Despite some positive developments in 2003, economic reforms have not advanced expediently during the period under review. No progress toward democratic transformation has been made whatsoever. Public institutions have grown increasingly informal, which is undermining state sovereignty. Despite its favorable conditions for transformation as compared to other Central African nations, Cameroon's leadership cannot claim much in the way of management success in 2003 and 2004. The government has only begun to move toward a reform program demanded and largely formulated by donors.

## 2. History and characteristics of transformation

The discovery of offshore oil deposits in the Gulf of Guinea affected a once predominantly agrarian economy and society significantly. Its exploitation since

the mid-1970s has negatively shaped elite behavior specifically. Cameroon's process of economic transformation began in the late 1980s, with political processes of change following in the early 1990s. Although Cameroon's first President Ahmadou Ahidjo ruled with repression for twenty years, agriculture, education, health care and transport improved under his rule. The Cameroon government did not have to ask the World Bank and IMF for a structural adjustment program for a relatively long time. After the onset of a severe economic crisis in 1985-1986, the country tried to survive on its own saving program for two years. This policy changed in 1988, when the IMF accepted Cameroon's letter of intent.

In May 1989, the World Bank approved an initial structural adjustment loan, to be disbursed in three phases. By spring 1994 only two of the three had been disbursed because of the sluggish pace of reform. The program was comprised largely of components typical for the early 1990s, including reforms in the banking sector, administration and para-governmental enterprises, the deregulation of trade and marketing organizations for raw agricultural materials, and the control and reduction of government expenditures. This program did not include monetary policy intervention, as Cameroon is a member of the CFA Zone, which at that time had fixed rates of exchange against the French franc (as it now does against the euro).

The devaluation of the FCFA against the French franc in January 1994 affected Cameroon as it did other African states in the monetary association. The intended boost in exports failed to materialize fully. Hit hard by a crisis, conventional agricultural export production could not respond quickly. Meanwhile, the buying power of government institutions dropped dramatically, as they had to cope with budget cuts. By the early 1990s, according to the World Bank, Cameroon was one of the most disappointing "adjusters." The IMF, for its part, set up a staff-monitored program in 1996, emphasizing its lack of confidence in the government.

The pace of economic reform did not pick up significantly until 2000. Some progress in privatization was made, as seen with the examples of CAMSUCO in sugar, Camtel Mobile in mobile communications, Regifercam in railways, and Sonel in electric utilities. However, the Camair airline, SNEC water utility, CDC rubber, the palm oil and banana businesses, and the Camtel fixed telephone network were not privatized, in part due to political reasons. The government called off negotiations for the privatization of SNEC in 2003; no major steps in privatization were taken during the observation period. The banking sector, 68% of which is held by the French, is now considered restored. However, donors continue to complain of a lack of "ownership" and commitment. Public budget management also continues to draw criticism.

Following the end of the Cold War, democratic transformation began in 1990 following the government's arrest of the former chairman of the Cameroon Bar

Association, Yondo Black, and nine of his associates who attempted to found a new political party. The subsequent trial before a military tribunal and accompanying reports in the private press accelerated the democratization process, as did the founding of the Social Democratic Front (SDF) in the English-speaking part of the country. Security forces put a bloody end to these activities.

President Biya acquiesced and permitted a multiparty system at the end of 1990, but steadfastly resisted the opposition's principal demand: to establish a sovereign national congress based on the Benin model. To do so would have inevitably led to a loss of power for the president. The administration used every means possible to manipulate the presidential elections of October 1992. According to several different sources, SDF candidate Fru Ndi won the election. However, Biya was the declared winner. He subsequently established a "showroom democracy" with slight improvements to civil liberties, i.e. expanding freedom of opinion and association, but made no allowance for a change of control at the top. The opposition remained divided, failed to establish democracy within its own parties and dispersed throughout municipal offices.

Against substantial resistance from his party apparatus and following a ten-month delay, Biya implemented a "national program of good government" in mid-2000. The program included plans for action in five sectors: public administration, the judicial system, decentralization, socioeconomics and finance, and civil society participation. However, the program vanished from public discourse shortly after it was introduced. Any major reform drive has since been difficult to detect. However, some minor amendments to the electoral administration were made before recent elections. Currently, Cameroon is among the countries with the lowest level of democratic progress on the continent.

## **C. Assessment**

### **1. Democracy**

Political transformation in Cameroon has progressed in only a few of the areas under evaluation. Severe shortcomings persist in political representation, participation, the rule of law, and the implementation of government decisions, which preclude the existence of stable democratic institutions.

#### **1.1. Stateness**

While a state monopoly on the use of force exists *de jure*, in reality several non-governmental and para-state actors use violence in pursuing their goals. Traditional leaders frequently control their own police forces and may even operate prisons. While these leaders may not be acting to enforce their own

policies, the government must work to co-opt them to its agenda. The government is not able to guarantee public safety and order in the slums of Douala or the border areas with Nigeria and Chad.

Cameroon is a bilingual country that was formed from two distinct United Nations mandate territories, and a division persists between Francophone and Anglophone regions, with segments of the Anglophone elite calling for autonomy. There is also growing dissatisfaction in the north, where the regionalist party *Grand parti du Nord* was formed in 2002. Although ‘national unity’ served as the government’s watchword from the 1960s to the 1980s, little progress has been made in that direction. Basic citizenship rights are frequently withheld from segments of the population, as in frequent discrimination against Pygmies in the southeast. In addition, reports exist that labor relations similar to slavery still exist in northern Cameroon.

The constitutional separation of church and state is enforced. While religion does not play a prominent role in political debate, some religious groups do wield discreet influence, such as the Essingan and Laakam secret societies, the Rosicrucians, and increasingly the Pentecostals and born-again Christians. Cardinal Christian Tumi is one of the most outspoken critics of the regime, but this does not exacerbate religious cleavages, as President Biya is also a Christian.

State infrastructure is differentiated. While major ministries provide provincial- and sometimes district-level services, these frequently lack resources. Decision-making is centralized in Yaoundé, and the process of decentralization has only recently begun. Institutions are often ineffective, and the government has been losing ground to the increasing privatization of services such as electricity, as well as the internationalization of formerly public goods such as health, education, and safety through developmental cooperation.

## **1.2. Political participation**

Universal suffrage and the right to campaign for election are provided by the constitution to every citizen. Elections held since the reintroduction of the multiparty system have been on schedule, but because they have all been seriously flawed, all official results remain questionable. Past elections were all characterized by unsatisfactory technical standards. Major opposition parties boycotted the 1992 parliamentary elections and the 1997 presidential elections following signs of impending manipulation, thereby limiting the competitiveness of the electoral process.

The 2004 presidential elections were considered less problematic, though only 4.6 million voters registered from an eligible population of 8 million. Biya garnered 70.9% of the vote, with 17.4% going to the primary opposition Fru Ndi. Chief Pierre Mila Assoute, the former leader of the modernist wing of the RDPC, was

not permitted to run. The election process lacked transparency, with polling dates announced only a month before the election, and local and international observers were divided over the quality of the election. While opposition demands for an independent election commission have not been met, protests against electoral manipulation have been steadily declining; this may be attributable to increasing cynicism among citizens, who have clearly retreated into the private sphere.

The influence of the military has been undisputed since loyalists defeated a coup attempt against Biya in April 1984. Army personnel did not suffer the salary cuts administered in the 1990s to all other civil servants, while members of the president's ethnic group are favored for promotion within the army. However, the military is monitored closely for signs of discontent among its ranks, which surfaced most recently in 2001.

In the periphery, the power of traditional authorities frequently exceeds the power of state representatives.

Assertion of constitutional rights to political organization is subject to restrictions. Consistent with its "divide and rule" policy, the government tends to encourage rather than hinder the registration of new parties, but has often forbidden party conventions. Non-governmental organizations can be formed relatively freely under a legal framework laid out in 1999, and many have been created by members of the state elite to profit from external assistance programs.

State media is heavily controlled. The government has consistently hampered the development of private radio stations, which were only permitted in 2003, thirteen years after the basic legislation that allowed for them. Editors and journalists employed by private newspapers have repeatedly been intimidated, arrested and imprisoned for minor offences. Freedom of information and opinion are restricted concerning the president's family, corruption within the inner leadership circle, or the military. State repression of private media was documented in 2003 and 2004, and Cameroon ranked poorly (147th of 193 countries) in the Global Press Freedom Survey 2004 by Freedom House.

### **1.3. Rule of law**

There are inadequate checks and balances among the executive, legislative and judicial branches. The 1996 Constitution provides for a powerful president who is elected for seven years, and the executive has rarely been criticized or held accountable by parliament. The overwhelming majority held by the governing party ensures that the lower chamber, or National Assembly, is subject to the wishes of the executive. Investigative commissions demanded by the opposition have been blocked by these parliamentary majorities. Almost no legislative initiatives originate in parliament.

In principle, there should be a bicameral parliament, but the upper chamber, the Senate, has not yet been elected. Regions are not yet formally established, although legislation was passed in the National Assembly in 2004. The prime minister comes from the Anglophone minority and provides a limited coordination function.

The judiciary lacks independence and adequate resources, and is considered in urgent need of reform and anti-corruption policies. Judges, who preside over elections, are appointed by the president and receive regular salary increases. In 2003, the judiciary *Fédération Internationale des Ligues des Droits de l'Homme* (FIDH) criticized the exorbitant role of military jurisdiction, systematic impunity and the common practice of torture. The legislation on the Constitutional Council foreseen in the constitution in 1996 only passed in 2004.

Corruption is pervasive. Cameroon was designated the most corrupt country on earth twice in Corruption Perception Index (CPI) findings published by Transparency International in 1998 and 1999. Since 1998, the government has made tentative steps toward fighting corruption, setting up anti-corruption units at major ministries. A small number of well-known representatives of the political elite have been arrested on charges of corruption, but only those who had already fallen into disfavor.

Civil rights are frequently violated. Protest marches organized by the *Coalition pour la Reconstruction et la Réconciliation Nationale* (CRRN) prior to the 2004 elections were frequently disbanded by force, violence marred political relations in the northwest, and an election observer was beaten by police when he criticized their behavior during the election.

#### **1.4. Stability of democratic institutions**

While no immediate threat to Cameroon's institutions is apparent, deficiencies in participation, the rule of law, efficiency, the inclusion of population groups, and social justice precludes the country from being considered structurally stable.

Cameroon is not a democracy, but a hybrid regime with many authoritarian features. The president weakens republican institutions by holding cabinet meetings only rarely and undermining the independence of the courts.

The Cameroonian regime is ill-prepared for succession (compare with Togo in early 2005). This was illustrated by a rumor of President Biya's death in summer 2004 that was not immediately denounced

#### **1.5. Political and social integration**

Five parties are represented in parliament, but the ruling RDPC holds a hegemonic position. Political parties are generally ethnic and regional in

character. Patronage concerns prevail over ideological preferences, with the governing party offering the best opportunities for patronage. Opposition parties are primarily coalitions of personality-oriented election associations that come together to form ad hoc platforms, but remain unable to cooperate strategically to facilitate long-term power change.

The CRRN was formed in November 2003 by the two most important opposition parties, the SDF and the Union Démocratique du Cameroun (UDC). In the 2004 presidential elections, the CRRN platform collapsed; instead of presenting a single common candidate, the SDF fielded its own candidate Fru Ndi rather than support the contested UDC leader Ndam Nyoya, whom the CRRN selection committee had designated.

The interests of the rural population and women are underrepresented. Cameroon does not have a well-differentiated landscape of interest groups. With only a few organizations committed to the transformation process, certain church-related institutions and human rights organizations have gained significance. Although the GICAM Business Association freed itself from government domination, trade unions have real power only in certain areas, such as the educational sector. The single-party-controlled union has given way to an increasingly fragmented system of individual unions organized under two competing umbrella associations.

Evaluating the Cameroonian population's attitudes toward democracy is impossible due to a lack of survey data. This is partly attributable to government hostility toward opinion polls in private newspapers during the 1990s. Numerous socioeconomic and cultural barriers affect self-organization in civil society. The population has relatively little trust in government.

Many regional and ethnic groups, and particularly the Anglophone minority, consider themselves integrated only conditionally or by force. The state is dominated by French speakers, and measures to improve infrastructure in the English-speaking northwest and southwest provinces are continually deferred. It is difficult to assess what percentage of the English-speaking population favors secession, however, because Anglophone communities have been established throughout the country.

As the largest ethnic group, the Bamiléké (a collective conception that conceals internal differences), were portrayed internationally as rebels in a late colonial guerrilla war. They view themselves as victims of the state's politics of unfair resource distribution and have difficulty forming alliances with non-Bamiléké groups. Neglected regions in the extreme north and east of the country rarely organize to voice their grievances, and the marginalized pygmies have very little political relevance.

## **2. Market economy**

Cameroon's economic structure and performance do not meet the criteria for a socially responsible market democracy. Growth rates have been positive for a long period of time, but individual opportunities are heavily restricted.

### **2.1. Level of socioeconomic development**

Cameroon is ranked 141<sup>st</sup> on the HDI, and marginally qualifies as a country with "medium human development" as the last country in that category of 85. GDP per capita has reached \$2,000, but is very unevenly distributed. Seventeen percent of the population are believed to live on or below \$1 per day, which is considered a comparatively good result, but the probability at birth of not surviving to age 40 is elevated (44.2%; higher than in Burkina Faso or Niger, which are among the poorest nations on earth). In 2002, Cameroon ranked 61st of 95 in the Human Poverty Index for developing countries, 111th of 144 in the Gender Development Index (about average in the sub-region), and scored 0.64 in the United Nations Education Index.

Cameroon has the socioeconomic prerequisites for an adequate freedom of choice status, but lags behind with regard to performance. Health-related indicators show particularly problematic trends. The state spends only 1.2% of GDP on Health, with only seven physicians for every 100,000 people (1990-2003). Most relevant indicators show that Cameroon's health sector is worse off than that of most countries with comparable economic potential.

Apart from population having access to improved water sources, Cameroon is unlikely to achieve the other Millennium Development Goals. According to the World Bank, the under-5 mortality rate is increasing, representing a contra-cyclic trend relative to the Millennium Development Goal. Births attended by skilled personnel are likely to remain on trend. The official HIV/AIDS rate of 6.9% of people aged 15-49 in 2003 is lower than in most neighboring states, but remains alarming and will have clear negative economic effects in the future, putting enormous pressure on a health sector ill-prepared for its impact.

### **2.2. Organization of the market and competition**

Uniform rules of the game for market participants are provided in the Central African Economic and Monetary Union (Communauté économique et monétaire de l'Afrique centrale, CEMAC) framework, but the state is still intervening. The institutional setting for free markets and competition is inadequate. Poorly functioning public institutions cannot prevent corruption and enforce rule of law in the economic arena. The informal sector plays a comparatively large role.



Cameroon ranks very low on the Index of Economic Freedom, as 104th out of 123 countries (“mostly unfree”).

Formerly intensive regulation of the economy has been reduced since the inauguration of the structural adjustment program in the 1990s. There have been complaints about privileged treatment of French companies, especially in the context of privatization of state enterprises. U.S. and South African investors have established themselves in the country as well. The notoriously unprofitable airline Camair is in deep crisis again after a temporary recovery in 2002; the first chairman originating from the private sector was dismissed in 2003. The state monopoly in the national oil market of the SONARA refinery was eliminated in 1998. Following the elimination of state monopolies, small, foreign-dominated oligopolies have arisen (as in the Telecom sector). They are regulated to some extent.

Foreign trade is distorted by state regulation, special rules, and tariff barriers. However, Cameroon is visibly integrated into the world market. Foreign trade is liberalized to a large degree. The export of certain timber in unprocessed form has been forbidden since 2002 in order to stop the dramatic loss of rainforest due to uncontrolled and illegal logging. Cameroon’s membership in CEMAC has facilitated the establishment of some common trade rules.

The legal underpinnings for the banking system and capital market exist under the supervision and control of the Commission Bancaire de l’Afrique Centrale (COBAC), which is associated with the Bank of Central African States (Banque des États de l’Afrique centrale, BEAC). Political pressure has occasionally been misused to grant bad loans that are almost never repaid. The Postal Savings Bank became insolvent in 2004, primarily affecting small savers, who usually depend on the micro-finance institutions providing about 4% of commercial bank loans. The Douala Stock Exchange was launched in March 2003 after several years of preparation. It will have to face competition from the Libreville Stock exchange in neighboring Gabon, since neither governments was ready for compromise.

### **2.3. Currency and price stability**

Cameroon’s inclusion in the franc zone has given it a highly stable currency. Monetary policy is the responsibility of the BEAC.

The government’s fiscal and debt policy has been oriented toward stability as a result of influence from the money-lending community since the mid-1990s. Since 2000, Cameroon has benefited from the Heavily Indebted Poor Countries (HIPC) Initiative. Bilateral donors forgave substantial amounts of debt even before the “completion point.” This sympathetic stance might change after recent concerns expressed among the Bretton Woods organizations.

## **2.4. Private property**

Property acquisition, and especially the purchase of land titles, remains problematic as conflicts arise between competing “modern” and “traditional” concepts of law. Property rights are formally defined but cannot be considered satisfactorily safeguarded because of rule of law shortcomings, especially corruption.

Privatization of state companies has advanced only minimally during the observation period, with around half of the larger state companies still awaiting privatization. Cameroonian firms have been granted licenses only in very rare cases. Privatization has not always led to better service, especially in the case of electrical power, where the new U.S.-based company is unable to supply sufficient power.

Private companies can act freely in principle, but encounter economic barriers to development. The attractiveness to domestic and foreign investors varies from sector to sector.

## **2.5. Welfare regime**

State measures to avert and alleviate social risk are minimal. The public social insurance system (Caisse nationale de prévoyance sociale, CNPS) is notoriously overextended, poorly managed and under-performing, and in the past has often been plundered as a slush fund for the government. The state health care system is similarly overextended, and has been compromised significantly by corruption. Family structures and other primary solidarity networks are the only viable options for reducing risk, and still function comparatively well.

Informal institutions exist to compensate for gross social differences, but they are limited in scope and quality. In rural areas, social risk is still largely absorbed by “traditional” family-based relationships of solidarity. This system is crumbling in the cities. Sometimes there is an equivalent coverage through informal savings associations (tontines) or through the solidarity of church congregations. Women have limited access to education and public office (8.9% of members of parliament are female).

## **2.6. Economic performance**

The economy has performed rather well according to the main indicator of GDP, with growth solidly above 4% from 2003-2005. However, because significant steps in poverty reduction would require a growth rate above 7% for a couple of years, most Millennium Development Goals will not be attained.

The national economy continues to be shaped by traditional agriculture. This sector employs 49% of the working population, generating approximately 28% of GDP in 2003. The secondary sector produces 30% of GDP and employs 15% of the population, while the tertiary sector – essentially public administration – represents the remainder. However, estimates suggest that approximately 35% of GDP is generated in the informal sector. The government does not seem to be in a position to determine the country's economic performance.

## **2.7. Sustainability**

The wood sector provides an example of how sustainable management has been ignored for decades. Timber is the second source of foreign-exchange earnings after oil. In 2003, 93% of official timber exports by value consisted of sawn wood. However, logging companies are inadequately monitored. In 2003, environmental NGOs issued several reports about “chainsaw criminals” who failed to comply with the law.

The continuing reliance on petroleum is another example of the disregard for sustainability. The country is just beginning to appreciate its natural resources, though oil production has been falling almost continuously, from 186,000 barrels per day in 1985 to 94,000 barrels per day in 2003.

The Chad-Cameroon pipeline project supervised by the World Bank and legislative procedures for municipal forest management have generated rudiments of ecological awareness. Numerous environmental and social standards have been ignored in the construction of the pipeline. In late 2004, a number of compensation issues remained unresolved, but were under observation by an independent advisory group. In 2003, a concession was awarded to a U.S. company to explore an important cobalt-nickel deposit in the east.

Cameroon has a mixed state and private system of primary and secondary education. About 50% of schools are run privately; one-third of all students receive their education at private schools. During the period under study, the educational system continued to be characterized by low performance, with several scandals and numerous teacher strikes occurring. A level of education acceptable by African standards could not be maintained without church-supported schools. In addition to state universities, there is a Catholic university in Yaoundé; these have been supplemented by a number of private initiatives. The literacy rate is 77.0% for men and 59.8% for women, while the combined gross enrollment ratio for primary-, secondary- and tertiary-level schools in 2001-2002 was 61% for men and 51% for women. Disparities in educational opportunities for men and women therefore continue to exist. Public expenditure on education stood at 5.4% of GDP in 1999-2001.

### 3. Management

#### 3.1. Level of difficulty

Structural economic and social constraints on governance are moderate, but the regime creates more constraints itself by helping corruption to become endemic and by thwarting democratic progress.

Economic development has provided mixed conditions for continuing transformation during the evaluation period. The spread of pandemic HIV/AIDS infections is increasingly becoming a burden. Price levels for major export commodities have developed positively in aggregate. Most other obstacles to transformation have been man-made.

The tradition of civil society is weak, but diverse. The landscape of voluntary organizations is incomplete. However, church-based NGOs are relatively strong and engaged in the Poverty Reduction Strategy (PRS) process, and self-help organizations are fairly strong in the southern half of the country.

Society and the political elite are deeply split into ethnic and linguistic communities, with occasional violence occurring. Some segments of the English-speaking population are advocating secession, or at least autonomy. Some of the Bamiléké supported a guerrilla war and remain “negatively integrated” into society. Mistrust still surrounds the northern elites who supported a bloody coup attempt in 1984. Local conflicts persist in several regions, and violence escalates sporadically.

#### Profile of the Political System

Regime type:	<i>Autocracy</i>	Constraints to executive authority:	1
		Latest parliamentary election:	30.06.2002
		Effective number of parties:	1.4
1. Head of State:	<i>Paul Biya</i>	Cabinet duration:	08/02-12/04
Head of Government:	<i>Peter Mafany Musonge</i>	Parties in government:	3
Type of government:	<i>unified government</i>		
2. Head of Government:	<i>Ephraim Inoni</i>	Cabinet duration:	12/04-present
Type of government:	<i>unified government</i>	Parties in government:	5
		Number of ministries:	36
		Number of ministers:	60

Source: BTI team, based upon information by country analysts, situation in July 2005. Constraints to executive authority (1-6 max.) measures the institutional constraints posed by a federal or decentralized state, a second parliamentary chamber, referenda, constitutional and judicial review and the rigidity of the constitution. Effective number of parties denotes the number of parties represented in the legislature, taking into consideration their relative weight (Laakso/Taagepera index) =  $1 / (\sum p_i^2)$ ;  $p_i$  is the share of parliamentary mandates controlled by party  $i$ . Number of ministries/ ministers denotes the situation on 1 January 2005.

### **3.2. Steering capability**

While the political leadership claims it is pursuing long-term aims, it fails to show medium-term commitment to the externally imposed reform agenda. Funds available under the HIPC initiative were used in an unsatisfactory manner. No substantial new democratic reforms have been established since 1991-1992, when basic reform laws regarding political parties and freedom of the press were adopted.

Although major donor organizations prescribe and advocate economic reforms, the government fails to implement most of these initiatives, including the Poverty Reduction Strategy and expected reforms in basic and higher education. Cameroon failed to meet the HIPC Initiative completion point in late 2004 and is in danger of being confronted once again with heavy debt services. According to the IMF, Cameroon's fiscal position deteriorated significantly during the observation period, putting the macroeconomic stability that has been achieved in recent years at risk. Budget execution and the financial position of public enterprises were regarded as being particularly weak, and the accumulation of domestic arrears was criticized. Progress in structural financial sector reform has been characterized as "mixed" during this period. The government has not initiated any reforms aimed at establishing higher democratic standards.

The political leadership has shown little willingness to learn. The PRS process was initiated and led to the submission of full Poverty Reduction Strategy Papers (PRSP) in April 2003 that was subsequently accepted by the IMF and the World Bank. Additionally, the IMF has agreed to run a Poverty Reduction and Growth Facility (PRGF) loan in parallel. However, the IMF inspection of the fiscal management system in early 2004 revealed failures in the preceding months and was critical of alleged misreporting by the government. Despite stronger than expected revenues from oil sales, the government accumulated arrears to domestic creditors. Several performance criteria were not met during the summer. Additionally, the government has not liquidated the bankrupt national airline. The IMF subsequently declared the PRGF "off track." Attainment of the HIPC completion point, which was initially targeted for December 2003, is not likely to be met before 2006.

### **3.3. Resource efficiency**

The government uses only some of its available resources efficiently. President Biya announced a major cabinet reshuffle in December 2004, increased the number of ministries from 32 to 36, and appointed 60 ministers and secretaries of state. Ministerial posts are considered part of the patronage system rather than a rational legal system. The cabinet meets twice a year at most. Embezzlement of public funds at high levels of the state hierarchy is expected to continue.

The tenacious nature of government control frequently precludes coordination of state action. Intra-governmental friction, redundancies and lacunae are therefore significant. Coherence exists largely as a result of pressure exerted by the PRS process, though the regime's inner circle does try to coordinate the conflicting objectives and interests of major elite groups.

Cameroon's ranking in the Corruption Perception Index fell from position nine in 2003 to sixteen in 2004, but ordinary citizens have not generally perceived the leap forward that this change in rank implies. Recipients of government contracts may no longer be routinely obliged to relinquish 30% of their awards to the civil servants who process their vouchers, as in the late-1990s. However, corruption continues to negatively affect the attraction of foreign investment, and places private property in danger of being confiscated. It is difficult to safeguard legal rights, including contract and property claims, within the Cameroonian judicial system. According to a U.S. source, "local businesses routinely exert pressure on the courts, which may be swayed by large bribes or the high status of a political heavyweight."

### **3.4. Consensus-building**

Although most players in Cameroonian society agree that a market economy and democracy are the goals of reform, this is only partially true for the government. The government is unlikely to establish social consensus, as it has remained in power by exercising a "divide and rule" strategy and favoring the president's own ethnic group. Approximately one-third of the cabinet members are from the Beti/Bulu group, while Anglophone Cameroon is represented by only one full minister. The Northwest Province, an opposition stronghold, currently holds no ministerial positions.

Because the era of large-scale mobilization by the opposition has clearly ended, the only group the government is under pressure to appease is the military. Resistance to the reduction of special privileges is voiced on a regular basis from within the governing clique itself. Individual "barons" of the regime have considerable material and political resources to hinder reform. Unable to reduce existing divisions, the government is igniting them instead.

Distinctions between social classes are of secondary importance in political debate. The economic and social council formed to reconcile conflicts of interest between unions, diverse business associations and the state has proven completely ineffectual, since major cleavages do not divide along these lines, but exist instead between the regime and its opponents, and between French speakers and English speakers. Both unions and business associations include supporters and opponents of the government.

The political leadership fails to promote social capital, and is largely indifferent to the role of civic engagement. The government frequently ignores civil society. Consultation of civil society groups within the PRS process is not systematic and remains selective.

There is rarely any effort to address past injustices and violent events of contemporary history, such as the UPC rebellion and the aftermath of the 1984 coup attempt. The political leadership does not address these issues and has not initiated a process of reconciliation.

### **3.5. International Cooperation**

While the political leadership does not refuse to work with bilateral or multilateral international donors, these organizations are frequently disappointed by their Cameroonian counterparts' commitment to reform. The tendency to use development cooperation as a clientelist instrument for granting favors and privileges is strong, and acknowledged by most donor organizations, though rarely publicly. The government tries to present itself as a credible partner, but is not trusted. The disappointing results of the PRS process to date have further tarnished the image of the regime.

Cameroon enjoys disproportionate leniency as a result of its strategic position in Central Africa and its superficial stability. Cameroon's bilateral relationship with Nigeria fluctuates, and is not free of irritations. Following a low-intensity armed conflict with Nigeria in the 1990s called the Bakassi Affair, the government agreed to accept the ICJ's ruling without reservation, even before the court decided in its favor. Nigeria failed to hand over the Peninsula by the agreed September 2004 deadline.

Within CEMAC, Cameroon is the most important market and production site. Rivalry with Gabon persists. Relations with Equatorial Guinea are considered poor, following the expulsion of approximately 1,500 Cameroonians from the booming oil economy in early 2004 after a coup attempt by mercenaries who may have been trained in Cameroon.

Cameroon's foreign policy is quite passive, which is inconsistent with its relatively large economic importance in the region. For example, the government refused to play a constructive role in the neighboring Central African Republic when most other CEMAC nations sent peacekeepers. President Biya is regularly absent from regional summits.

## 4. Trend of development

The trend of democratic and economic development is stagnant. Without a regime change, serious reform commitments can only be expected in selected sectors. However, a peaceful regime change cannot be expected during the just beginning presidential term of Biya. A violent regime change would have unknown and potentially disastrous effect.

### 4.1. Democratic development

Democratic development has been negative on the whole. Although the 2004 presidential elections were not as dramatically manipulated as in the past, the loss of opposition credibility further undermines Cameroon's multiparty politics.

Stateness, political participation and the rule of law have not changed significantly during the observation period, and all remain problematic.

Because Cameroon does not currently qualify as a democracy, any comment on the consolidation of democracy is irrelevant.

### 4.2. Market economy development

Cameroon has not made progress in creating a socially responsible market economy during the evaluation period. According to UNDP, the change in HDI ranking of -0.007 between 1995 and 2002 is insignificant; no data for 2000 is available.

#### Development of macroeconomic fundamentals (2000–04)

	2000 <sup>a</sup>	2001 <sup>a</sup>	2002 <sup>a</sup>	2003 <sup>b</sup>	2004 <sup>b</sup>
Growth of GDP in %	4.2	5.3	4.4	4.3	4.9
Exports of goods fob (\$ millions)	2,318	1,929	1,878	2,268	2,588
Imports of goods fob (\$ millions)	1,380	1,863	1,858	2,154	2,057
Inflation in % (CPI)	1.0	4.6	2.8	0.6	1.0
Gross domestic investment in % of GDP <sup>d</sup>	16.4	17.5	18.3	n/a	N/a
Tax Revenue in % of GDP	3.0	2.9 <sup>b</sup>	2.9 <sup>b</sup>	2.9	2.9 <sup>c</sup>
Unemployment in %	n/a	n/a	n/a	n/a	N/a
Government balance as % of GDP	3.5	2.8	3.6	3.9	N/a
Current account balance, in \$ millions	510	-504	-594	-595	-54

Source: EIU Country Report November 2004; EIU Country Profile 2004; a. actual; b EIU estimates; c EIU forecast; d. African Development Indicators 2004



The institutional framework has not changed during the observation period, with administration and most rules unchanged. The extension of government posts has had no direct effect on the functioning of the administration. The implementation of a new investment charter approved in a 2002 vote has been delayed. In the meantime, foreign investment is regulated by the 1990 Investment Code, which has been characterized as only “attractive on paper.” Its arbitrary application by government officials and courts is expected to continue.

Overall, economic development has been positive in terms of GDP, but growth rates are not sufficient to reduce poverty rates. The improvements are only quantitative and not qualitative by nature.

#### **D. Strategic perspective**

Cameroon will not achieve consolidated democracy or a socially responsible market economy in the near future. The problem of succession will remain high on the agenda, as President Biya has suffered serious health problems in recent years. The personalization of power in Cameroon is particularly dangerous. The constitution stipulates that in the event of the president’s death, the successor be the president of the senate. However, this body has yet to be elected. In the event of Biya’s sudden death, a succession crisis similar to that seen in Togo in early 2005 can be expected, which will certainly threaten the overall stability of the country.

Existing opposition parties will increasingly lose ground in the near future. The charisma of opposition leader Fru Ndi (SDF) has been fading for a long time. He no longer poses any threat to the regime. Paradoxically, this could lead to new challenges for regime stability when young Anglophones seek new channels of expression for their grievances.

The transformation to a non-oil economy and the creation of jobs are the biggest challenges on the socioeconomic front. Growth rates must remain high and even increase if desperately needed jobs are to be created. Agricultural production must be modernized and expanded. Cameroon, and in particular Douala, might profit in the medium-term from the crisis in Côte d’Ivoire, bringing more French investment in the country and reviving port activities.

Donors should support smooth economic transformation aimed at a future independent of major gains from oil. Establishing a mid-level technocratic elite in parallel with an independent university could help further transformation by mobilizing the debate and energy needed for fundamental change. Clearly, this must be accompanied by political reforms to facilitate desperately needed public debate on all questions of future sustainability, including health, corruption, citizenship and migration.