SPECIAL ADVERTISING SECTION

CAMEROON

President Paul Biya

The once and future Global exporter

The Republic of Cameroon is a country rich in natural resources with a lively, diverse culture, tucked up in the "hinge" of Africa along the Gulf of Guinea. Once the former German colony of Kamerun, it became the Franco British protectorate of Cameroon under a League of Nations mandate on June 28th 1919.

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Corbis

Cameroon can be brought back from the brink and put on the road to recovery and prosperity

Cameroon is home to an estimated 250 ethnic groups from five large regional-cultural groups including the Bamileke, Bamoun, Bassa, Douala, and many smaller entities including the Ewondo, Bulu, and Fang. There are also Maka and Pygmies, the predominantly Islamic peoples of the north (the Sahel) the Fulani and the "Kirdi". The country is predominantly Christian (53%) with the remainder of the population evenly divided between Muslims and indigenous African beliefs. French is the principal language, but English and several local tongues (Ewondo, Pidgin) appear in outlying regions. The capital is Yaounde and the commercial center and largest city is the port of Douala.

Formally independent since 1960, Cameroon was one of the most prosperous African countries until prices for its principal exports - oil, cocoa, coffee, and cotton- imploded in the mid-1980s. The price drop, combined with an overvalued currency and economic mismanagement, led to a decade-long recession during which gross domestic product (GDP) fell by more than 60%.

Since the re-election of President Paul Biya to a second 7-year term, the thrust of his administration has been to kick-start the Cameroonian economy, promote social development, and reduce the country's crippling debt service burden. To this end ambitious programs have been implemented for both the public and private sectors to streamline government spending, reduce corruption, encourage privatization of the public sector holdings and promote foreign investment through large privatization programs.

The programs have been difficult and occasionally painful for the local population, but the results have shown that through strict observance of HIPC guidelines and strong commitment to new economic reforms Cameroon can be brought back from the brink and put on the road to recovery and prosperity.

New austerity measures: Under new programs instituted by Prime Minister Chief Ephraim Inoni, every aspect of Cameroonian economic life has come under scrutiny with a view toward reformation, reorganization and increased efficiency. Recognizing past set-backs; notably the country's 2004 failure to meet the International Monetary Fund's HIPC-1 (Heavily Indebted Poor Countries) completion point, Inoni launched belt-tightening measures that, while increasing the debt burden for the average citizen and slowing economic growth slightly - from 5% to 3.8% - have held inflation in check and enabled Cameroon achieve important economic goals in the first quar ter of 2006.

IMF praise and approval: As a direct result, in April of this year, the Executive Board of the International Monetary Fund (IMF), completed their review under Cameroon's Poverty Reduction and Growth Facility arrangement (PRGF) and approved a disbursement of SDR 2.65 million (US$3.9 million) to support the government's economic reform and poverty reduction program. This brings total disburseme nts under the PRGF arrangement to SDR 5.3 million (US$7.8 million). The three-year PRGF total approved for Cameroon approved was SDR 18.57 million (about US$27.3 million).

Deputy Managing Director and Acting Chairperson Agustin Carstens praised the new initiatives:

"Strong fiscal performance and satisfactory implementation of reforms under the PRGF-supported program contributed to maintaining macroeconomic stability. In 2005, inflation remained low, and a rise in the terms of trade led to an improvement in the external current account balance, accompanied by strong capital inflows." He said, adding: Cameroon's encouraging and substantial fiscal improvement in 2005…reflected increased revenues and better expenditure control."

The last PRGF arrangement with Cameroon expired in December 2004. Authorities subsequently requested a staff-monitored program (SMP) during the first half of 2005 to build a track record. Performance under the SMP to date has been broadly satisfactory.

De Malglaive Etienne/Gamma

Sales of these companies should remain over $500 million to the Cameroonian economy.

Ms. Anne O. Krueger, First Deputy Managing Director and Acting Chairperson, stated:

"Implementation of the program resulted in a substantial fiscal adjustment, especially in non-oil revenue, and improved public financial management and reporting…contributing to solid economic growth, low inflation, and a narrowing external current account deficit."

Privatization Continues: With the encouragement of the IMF, the accelerated privatization program instituted by President Paul Biya has born substantial fruit over the past twelve months and will continue with the sale of several high-ticket companies during 2006. The Cameroon Shipping Company, the national sugar industry, as well as part of the telecommunications sector have already gone under the hammer, and slated for privatization are the coveted assets of Cameroon Airlines, Cameroon Development corporation, Camtel, and Sodocotten. There is intense interest among international bidders for these market sectors in Africa and sales of all or portions of these companies should provide an injection of over $500 million to the Cameroonian economy.

President Biya appointed Polycarpe Abah Abah at the end of 2004 during his massive government overhaul. His predecessor had left a budget deficit and a deeply corrupt public sector, but the government stuck to the HIPC guidelines and brought Cameroon from a deficit to a surplus of 3% of GDP during 2005. For the unprecedented turn-around of the economy, Abah Abah was voted Finance Minster of the Year for 2006 by Emerging Markets.

FRANCE ET CAMEROON

France and Cameroon signed an unprecedented "debt-for-nature swap" agreement on June 22, that will accomplish two goals: reduce Cameroon's foreign debt and help preserve the Congo River Basin rainforest.

Capital Yaounde

AFP

Cameroon is strategically poised for development as a global trading partner

While basic services; sanitation, healthcare and education still elude half of its 17.3 million population, per capita annual income is steady at around $1,048 and the IMF cites that the population is due to benefit from "post-completion point dividends". Thanks in largely to President Biya's commitment, the economic gains made in 2005 "bode well" for Cameroonians.

Narrowing the trade gap: The U.S. goods trade deficit with Cameroon was $41 million in 2005, a decrease of $168 million from $209 million in 2004. U.S. goods exports in 2005 were $117 million, up 17.5 percent from the previous year, indications that raw material prices were recovering and the reforms instituted by President Biya, during his first term, were having an effect. Over 80% of Cameroon's energy-related exports to the U.S. were AGOA eligible (up from 40%), with this category accounting for approximately 80% of Cameroon's total exports to the U.S.

Cameroon is currently the 121st largest export market for U.S. goods and the U.S. Foreign Direct Investment (FDI) in Cameroon in 2004 was $283 million, up from $242 million in 2003. This figure is expected to rise with further privatizations during 2006.

Cameroon's role for the future: In February 2006, Lars Thunell, Executive Vice-President of the International Finance Corporation - a subsidiary of the World Bank – the administrators of the African Bank of Development and a mission of the IMF, announced much needed good news to Cameroonians: the achievement of the HIPC-2 completion point which marked the threshold of departure for the new Cameroonian economy. Cameroon's debt will decrease from 56% of GDP in 2005 to 37.7% at the end of 2006, slashing its debt-service burden and freeing resources for much-needed capital and social expenditure. This unprecedented event trumpets the imminent awakening of a country which still retains all the attributes of a giant in central Africa. Financial institutions were quick to react favorably: Standard and Poor's recognized Cameroon's progress by raising their sovereign credit rating from CCC in 2003 to B-. The ratings were initially attributed to countries through a United Nations Development Program initiative to help poor countries mobilize resources from private capital markets. With its abundant energy, natural and human resources, Cameroon is strategically poised for development as a global trading partner as the Gulf of Guinea assumes considerable new importance in the global economy. ■

OMNIA AND STRATLINE

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