

Cameroon

Recent economic growth is positive but remains weak (3%), well below its potential and the level necessary to meet the Millennium Development Goal (MDG) of reducing poverty by half by 2015. It is driven essentially by the good performance of the main raw material export markets.

The Growth and Employment Strategy Paper (GESP) aims to reduce the country's dependence on raw materials and to create the conditions for the development of a dynamic private sector.

Implementing the GESP requires significant financial resources. Emerging countries that create a financial surplus can, under different conditions from traditional funders, contribute to financing Cameroon's development.

The rate of growth recorded two successive falls between 2007 and 2009. It fell from 3.3% in 2007 to 2.9% in 2008 and to 2% in 2009, before rising more than one percentage point in 2010 to stabilise at 3%. The projections for 2011 and 2012 are 3.8% and 5.3% respectively, based mainly on the strength of internal demand, notably domestic consumption. This has been driven by the benefits of financial arrangements related to the completion of infrastructure projects. Private investment in the non-oil sector should support growth by an average of 0.4 percentage points a year. At the same time, the oil sector should continue to play an important role in growth with the exploitation of reserves in the Bakassi area.

In public finance matters, the authorities have continued efforts aimed at increasing non-oil tax revenues by: *i)* simplifying tax legislation and strengthening governance; *ii)* enlarging the tax base for all economic actors; *iii)* strengthening research into budgetary policies to improve the effectiveness of policy development.

The monetary policy objective set and managed by the Bank of Central African States (BEAC) is price stability. The financial instruments the Bank uses are: the bank base rate, free market policy and compulsory reserves.

In 2010 the inflation rate fell below the community threshold of 3% to settle at 1.4% due to the relative stability of food prices and the freeze on the pump prices of petroleum products.

Cameroon ended 2010 with a current account deficit of 3.6% of gross domestic product (GDP), marginally higher than in 2009 (3.3%). A further deterioration is expected in 2011, with a deficit of 3.8%.

Public sector reform continued in 2010, with completion of the privatisation of certain public sector companies and the creation of a single office as part of an improvement in the business climate.

On the political front, the fight against corruption also continued in 2010. Elections Cameroon (Elecam) continued to establish its representatives throughout the country in preparation for presidential elections planned in 2011. The head of state has met the main opposition leader, Ni John Fru Ndi, for the first time since 1990.

The authorities have continued their policy of improving education and health opportunities, building a new university in Bamenda and new hospitals, and providing better care for people suffering from chronic illness with the creation and outfitting of specialist centres.

Table 1: Macroeconomic indicators

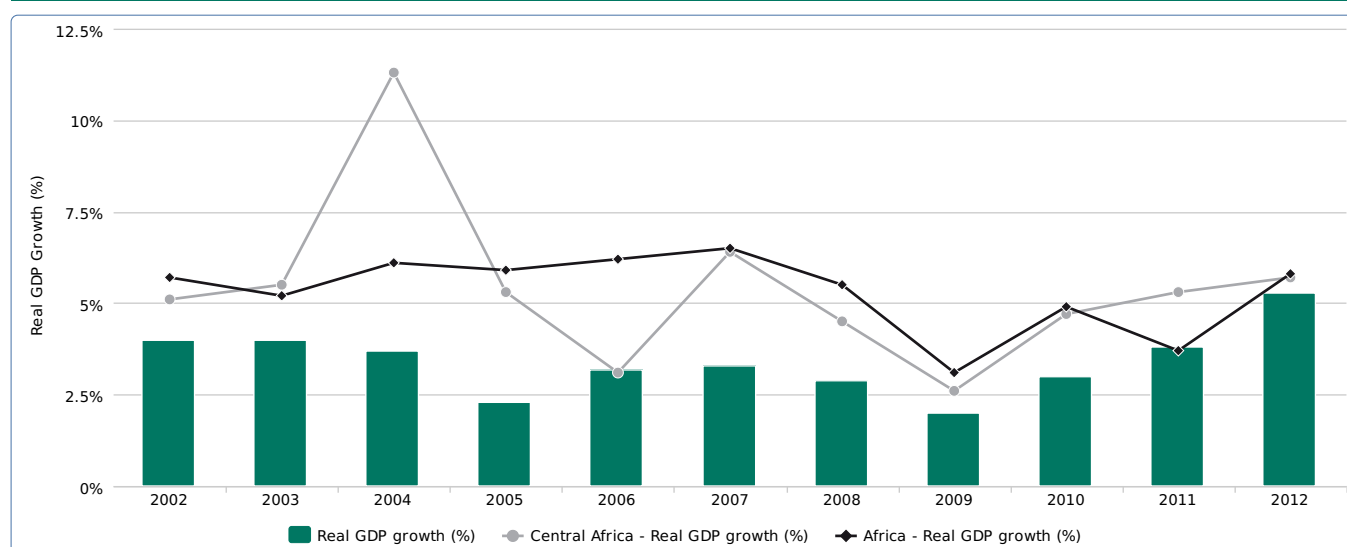
	2009	2010	2011	2012
Real GDP growth	2	3	3.8	5.3
CPI inflation	3	1.4	2.9	3
Budget balance % GDP	-0.4	-0.9	-1.3	-0.4
Current account % GDP	-3.3	-3.6	-3.8	-2.6

Source: National authorities' data; estimates and projections based on authors' calculations.

Figures for 2010 are estimates; for 2011 and later are projections.

StatLink  <http://dx.doi.org/10.1787/888932406232>

Figure 1: Real GDP growth (C)



Source: IMF and local authorities' data; estimates and projections based on authors' calculations.

Figures for 2010 are estimates; for 2011 and later are projections.

StatLink  <http://dx.doi.org/10.1787/888932403876>