Cameroon’s overall performance over the past two years of the ongoing Bank Group’s strategy has been quite impressive. As documented by both Bank and IMF staff, the country has made significant progress in all three key areas covered by the CAS, namely macroeconomic management, private sector development and, to some extent, poverty alleviation. Achievements include:

- **macroeconomic management:** a significant increase in the Government revenues, both in oil and non-oil sectors that contributed to raising the primary budgetary surplus to nearly 6 percent of GDP; a remarkable internal effort to reduce a great deal of the country’s external debt arrears reflecting the Government’s strong determination to eliminate them by the end of this month;

- **private sector development:** privatization, in a most transparent manner, of two major transport entities and two large agro-businesses; liberalization of the international shipping market; significant steps towards the consolidation of the banking sector, and the increase of the participation of the private sector in utilities;

- **poverty alleviation:** endorsement of IDA’s Poverty Assessment by the Government and initiation of a multi-faceted strategy aiming, among others, at redirecting the pattern of growth towards the poor, providing the poor with better infrastructure and services in key social sectors such as health and education, reinforcing social safety nets, etc.

In addition to those encouraging developments, key steps have been taken by the Government, at the highest level, to address the issue of governance. Not only has the problem of corruption been increasingly debated publicly, but the Government, with the support of UNDP, is developing a program of actions to be presented to the international community by the end of 1998. This program aims at a large spectrum of objectives, ranging from the strengthening of the public administration and financial management to the enhancement of participation of the population and civil society in the formulation and implementation of public policy (page 5, paragraph 15). Also, anti-corruption law is being vigorously enforced.
My Cameroonian authorities are grateful to the World Bank Group as well as to their other development partners for their valuable support which was instrumental in enabling the country to speed up its reform process. They feel very much encouraged by the decision taken last October by the Paris Club to grant their country a debt relief on the Naples terms, for they see it as a fair recognition of the country’s renewed adjustment efforts. They are looking for the continued support of the international community as they are preparing to address the remaining challenges on their reform agenda, namely in the five priority areas rightly pointed out by staff (page 4, paragraph 12). Those challenges are:

• deepening and extending the adjustment process with a broad range of additional measures, both on the macroeconomic front and in the area of structural reforms (privatization, consolidation of the financial sector restructuring, reduction of transaction costs through the reform of such important entities as the Port of Douala, responsible for over 90 percent of the country’s external trade, etc.);

• consolidating the progress made thus far in the area of governance through actions such as the strengthening of the judiciary and judicial systems; the introduction of a clearer distinction between the spheres of authority of the executive, judicial and legislative branches of Government; and the fair application of appropriate sanctions to those in breach of the law. In this respect, they are hopeful that the international community will join in their effort to tackle this important problem of governance, e.g., by adding its support to the one that the country has received from UNDP within the preparation of the program of actions mentioned above;

• reinforcing the Government’s strategy in the crucial area of poverty alleviation, where the achievements, during this period of stabilization, remain weak;

• enhancing natural resource management;

• strengthening project portfolio management, an area where the overall performance continues to be unsatisfactory in spite of the “tangible improvements” made by the country, as stated by staff (page 7, paragraph 20);

As regards IDA, my Cameroonian authorities appreciate very much the volume of credits committed so far by this institution to their country, as well as the decision to disburse the remaining two tranches of the SAC II and the assistance they received through the mechanism of the Fifth Dimension. They are confident that the ongoing improvement of their country’s performance will trigger more support from the World Bank Group (including IFC and MIGA) to their reform process and, particularly, a speeding up of the ongoing work in the areas of both financial and non-financial activities identified by staff in the CAS Progress Report.

Finally, I would like to reiterate the priority that my Cameroonian authorities put in the issue of capacity building. I urge staff to give due consideration to the recommendations made by the African Capacity Building Initiative when dealing with this important issue.