INTERNATIONAL MONETARY FUND

CAMEROON

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REQUEST FOR A THREE-YEAR ARRANGEMENT UNDER THE EXTENDED CREDIT FACILITY—DEBT SUSTAINABILITY ANALYSIS

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The Debt Sustainability Analysis has been prepared jointly by IMF and World Bank staff, in consultation with the authorities, using the debt sustainability framework for low-income countries approved by the Boards of both institutions.

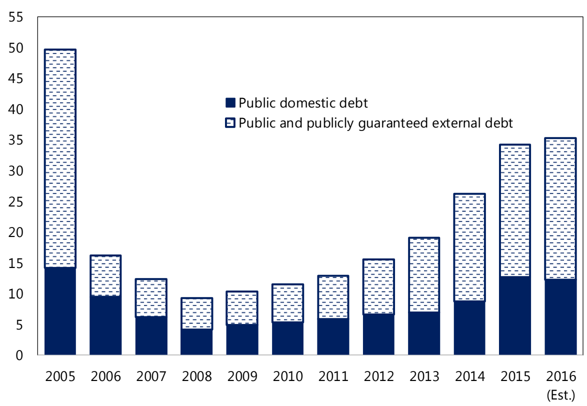
Cameroon's risk of external debt distress remains high. Nonetheless, fiscal consolidation along with the changes in the composition of the new debt and the reforms envisaged in the IMF-supported program would help improve the debt profile, thus mitigating concerns on public debt sustainability compared to the assessment of the 2015 Article IV consultation. Under the program scenario, the breach of the policy-dependent threshold for the present value of debt to exports in the baseline is now marginal and temporary, and the risk of debt distress could thus further diminish provided full implementation of program policies and projected behavior of externally-determined variables. Nonetheless, the standard stress tests show that, at present, Cameroon's external debt remains highly vulnerable to exogenous shocks. Mitigating risks to public debt thus requires a number of policy actions including: (i) a resolute and effective fiscal consolidation; (ii) a shift in the composition of new borrowing towards concessional loans; (iii) a closer scrutiny of debt developments, especially for externally-financed projects; (iv) implementation of policies to boost growth and non-oil exports; and (iv) a strengthening of public debt management as well as of the overall economic policy framework to improve the country's risk rating.[1]

[1] Cameroon's three-year average CPIA is 3.2, which yields a policy performance category of weak.

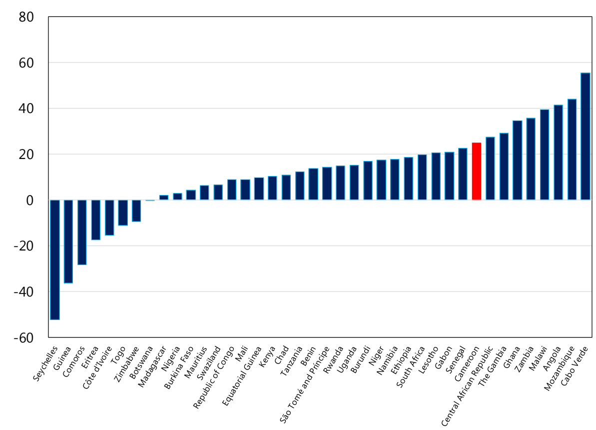
BACKGROUND AND RECENT DEVELOPMENTS

1. **Public debt in Cameroon has steadily increased since the debt relief under the enhanced Heavily Indebted Poor Countries (HIPC) and Multilateral Debt Relief Initiatives (MDRI).** Total public sector debt (external plus domestic public debt) increased threefold since 2010 to 35.2 percent of GDP in 2016, with 70 percent of the increase driven by a surge in public and publicly guaranteed (PPG) external debt (Text Figure 1).[2] Although public debt still remains below the pre-HIPC period and relatively low compared to peers in sub-Saharan Africa (SSA), the pace of accumulation in recent years is a concern. The increase in public debt in Cameroon during 2009–15 (25 percentage points of GDP) was more than double the median for SSA countries (12 percentage points of GDP) (Text Figure 2).

Text Figure 1. Cameroon: Trends in Gross Public Debt (percent of GDP), 2005–16



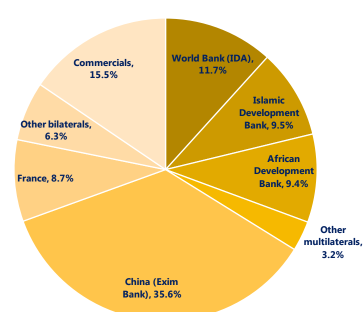
Text Figure 2. Change in Public Debt to GDP Ratio in SSA Countries, 2009–15



Sources: Cameroonian authorities: and IMF World Economic Outlook.

2. **The large size of contracted external debt, but not yet disbursed, (CFAF 3.617 trillion or 20.8 percent of GDP), raises further risks to the debt outlook (Figure 3).** The largest share in undisbursed loans (36 percent) is owed to China, which is larger than the share of all multilateral institutions combined (34 percent). Among the multilaterals, the World Bank, the African Development Bank and the Islamic Development Bank dominate. Non-concessional loans account for 15.5 percent of the undisbursed amount. The loans are typically tied to infrastructure projects, but as some of these projects are not mature yet and counterpart funds have not materialized, disbursements are significantly behind schedule. About a quarter of these loan obligations have been signed over 4 years ago but disbursements have not yet started.

Text Figure 3. Cameroon: Total Undisbursed Loans by Creditor, 2016



Sources: Cameroonian authorities.

[2] External debt is defined as debt owed to non-residents and issued in a foreign currency.

3. In this DSA, the coverage of public debt has been broadened to include domestic arrears, as well as contingent liabilities at high risk of materializing (external claims on state-owned enterprises and debt of the public oil refinery SONARA, Text Table 1). In particular, the DSA adds to the authorities' estimate of the debt stock, other government liabilities and contingent liabilities. These include:

- the stock of domestic arrears (expenditure float) of 3.5 percent of GDP at end-2016.[3]
- Additional domestic arrears of 0.5 percent of GDP arising from the government not fully compensating oil marketers for the loss incurred from selling fuels below cost recovery levels.

Text Table 1. Cameroon: Public and Publicly-Guaranteed Debt, 2016

	2016	
	(billions FCFA)	(percent of GDP)
Public and publicly guaranteed debt (Authorities' estimate)	**5,152**	**29.6**
External debt	3,877	22.3
Domestic debt	973	5.6
BEAC statutory advance	231	1.3
Publicly guaranteed debt	71	0.4
Expenditure float	**615**	**3.5**
Debt to oil marketers	**82**	**0.5**
External claims on SOEs	**10**	**0.1**
SONARA debt	**268**	**1.5**
o/w external	30	0.2
Public and publicly guaranteed debt (IMF staff estimate)	**6,127**	**35.2**
Domestic	2,139	12.3
External	3,989	22.9
o/w Publicly guaranteed debt	71	0.4

Sources: Cameroonian authorities; and IMF staff calculations.

- The debt stock of the oil refinery, SONARA, estimated at 1.5 percent of GDP at end-2016.[4]
- Contingent liabilities of 0.1 percent of GDP related to external claims on two SOEs.[5]

4. Although, public external debt remains mostly concessional, commercial debt and debt to non-Paris Club creditors (NPCC) are on the rise. At end-2016, about 30 percent of public external debt was owed to multilateral institutions, whereas debt to NPC creditors amounted to about 26 percent of total external debt, up from 15½ percent in 2012. China accounted for 95 percent of NPC external debt. Similarly, the share of government borrowing from commercial sources rose from 6 percent of the external debt stock at end-2012 to about 21 percent at end-2016 with the issuance of a $750m Eurobond in 2015.

[3] Arrears to suppliers are defined as overdue payment obligations that have not been fulfilled before the standard 90-day settlement period for such obligations.

[4] The authorities estimated that part of this debt (1.1 percent of GDP) is associated with SONARA own commercial operations, and not as a result of government fuel pricing policies. This amount explains the difference between the debt reported in the fiscal tables and MEFP and the figure reported in the DSA.

[5] These include an amount of Euro 8.9m related to a supplier credit to a SOE, and a compensation claim of Euro 6.2m on a SOE for termination of contract. Given the high likelihood that these contingent liabilities materialize, they are included in the coverage of the debt stock under the DSA.

5. Domestic public debt remained broadly stable in 2016 at about 12½ percent of GDP. Domestic debt remains dominated by medium and long-term instruments. Treasury bills represented about 20 percent of central government domestic debt, while treasury bonds, carrying an average maturity term of 4.8 years, accounted for about 40 percent. The stock of domestic debt remained broadly stable in 2016 relative to 2015 as the authorities used part of the proceeds of the 2015 Eurobond to retire SONARA debts and the windfall from low international prices improved SONARA's financial position.

6. Contingent liabilities from SOEs appear contained. Gross debt held by the main state-owned enterprises (excluding SONARA) accounted for 2.8 percent of GDP in 2015. At the same time, cross-liabilities between SOEs and the state remain significant.[6] SOEs' gross unpaid tax liabilities to the central government stood at 2.2 percent of GDP, but after netting out unpaid subsidies, this figure drops to 0.7 percent of GDP on a net basis in 2015, although the net position of individual SOE may vary significantly. In addition, cross-debts between SOEs exist, particularly regarding public utility companies, but have proven more difficult to track quantitatively.

7. Cameroon's debt management capacity ought to be further strengthened. IMF and World Bank technical assistance has focused on strengthening debt management strategy formulation, and rationalizing debt management functions to ensure clearer roles and responsibilities. Although a National Public Debt Committee (CNDP), chaired by the Minister of Finance, has started reviewing externally-financed project proposals, the contracting of external debt is still undertaken by both the Ministry of Finance and the Ministry of Economy, Planning, and Regional Development. In addition, public enterprises can contract external debts without preliminary authorization by the CNDP. At the same time, the timely tracking of loan disbursements is inadequate (in particular for project loans), often leading to significant revisions in external debt data.

ASSUMPTIONS

8. Compared to the 2015 DSA, the macroeconomic framework reflects the recent economic developments in the CEMAC region and the policy commitments under the IMF-supported program. A noticeable change from the 2015 DSA is that the former assessed the debt dynamics under an unchanged policies scenario including a rapid accumulation of non-concessional debt, whereas the current DSA incorporates the parameters of policies aiming at ensuring macroeconomic stability in the context of the IMF-supported program. This involves a fiscal consolidation achieved by boosting revenue mobilization while rationalizing expenditure, notably by better prioritizing capital spending in line with absorption capacity. The program also seeks to promote economic diversification by supporting policies aimed at improving the business environment and financial inclusion. These developments would result in the medium term in a more benign growth outlook followed by a recovery in the long run, higher export bases, stronger revenue mobilization and a larger share of concessional loans in the overall debt stock (Text Table 2 and Box 1).

[6] The figure of 2.8 percent of GDP in 2015 excludes the cross-liabilities to the central government, but not the cross-liabilities among SOEs due lack of data.

Text Table 2. Cameroon: Key Macroeconomic Assumptions, 2015-36	2015-16[1]	2017-21[2]	2022-36[3]
Real GDP growth (percent)			
DSA 2016	5.2	4.9	5.5
DSA 2015	5.9	5.2	4.8
DSA 2014	5.5	5.5	5.5
Total revenue excluding grants (percent of GDP)			
DSA 2016	16.9	17.1	18.1
DSA 2015	17.7	16.6	15.6
DSA 2014	18.3	17.7	16.4
Exports of goods and services (percent of GDP)			
DSA 2016	22.5	22.3	21.9
DSA 2015	25.6	21.7	15.8
DSA 2014	27.1	25.5	24.2
Oil price (US dollars per barrel)			
DSA 2016	46.8	54.6	55.2
DSA 2015	69.2	56.3	61.1
DSA 2014	108.0	93.3	91.7

Sources: Cameroonian authorities; and IMF staff estimates.
[1] 2014 DSA referred to 2013-14 and 2015 DSA referred to 2014-15.
[2] 2014 DSA referred to 2015-19 and 2015 DSA referred to 2016-20.
[3] 2014 DSA referred to 2020-34 and 2015 DSA referred to 2021-35.

- *Real GDP growth is projected to be slightly lower than in the previous DSA in the medium-term due to the projected decline in oil production and the partial impact of the fiscal consolidation*. The international efforts to stabilize the CEMAC region, the coming on stream of large infrastructure projects in the energy and transport sectors, associated with strong activity in agriculture are expected to support growth going forward.

- *Preliminary estimates suggest that the primary deficit in 2016 is lower than projected in the 2015 DSA, but represents a major deviation from the original budget.* Reflecting lower expenditure, the primary deficit projected for 2016 in the 2015 DSA, which stood at 6.7 percent of GDP, was revised downward to 5.7 percent of GDP, thus contributing to lower the public debt for 2016 debt relative to the 2015 DSA.[7] However, fiscal slippages compared to the original budget were sizeable, with the primary deficit outturn being 2½ percentage points larger than in the original budget. In the medium term, a tighter fiscal policy is expected to improve the debt outlook compared to the 2015 DSA. In the long term, a balanced budget is projected as opposed to a primary deficit in the 2015 DSA which is based on an unchanged policy scenario with a fiscal expansion assumed in the medium to long term.

- *Exports are expected to be slightly higher in the medium-term compared to the 2015 DSA, benefiting from further diversification and the signing of the EU Economic Agreement Partnership (EPA).* The oil exports are still expected to be affected by the decline in oil production, combined with subdued oil prices that slow down new investments in the sector. The non-oil exports are expected to be stronger, partly reflecting the signing of the EPA, in August 2016, which will allow duty- and quota- free access to Europe for Cameroon's exports. The ratio of exports to GDP is expected to decline in the long-run as oil reserves are being depleted, but will remain at a higher level than assumed in the previous DSA owing to Cameroon's efforts to improve the business climate and to diversify its economy.

[7] The issuance of the Eurobond in late 2015 also contributed to a lower public debt ratio in 2016 (compared to the 2015 DSA) as the proceeds were partly used to pay down domestic debt and clear domestic arrears. Conversely, the 2015 public debt ratio was revised upward with the issuance of the Eurobond. Given that staff cautioned against the issuance of the Eurobond because of concerns that this would further increase Cameroon's risk of external debt distress, it had not been included in the 2015 DSA.

- *The profile of external debt accumulation will be close to the one assumed in the 2015 DSA but the composition of the debt will be different (Text Table 3)*. In the previous DSA the new debt was mostly non-concessional commercial and bilateral loans aimed at accelerating the government large investment program. However, in the current DSA, the projected new debt will be dominated by loans with a greater concessionality element mainly from multilaterals creditors while maintaining key growth-enhancing and poverty-reducing investments.

Text Table 3. Cameroon: New External Commitments by Concessionality Level, 2017-35

(CFAF billlions unless otherwise stated)

	2015	2016	2017	2020	2025	2030	2034	2035	2036	Average 2017-21[1]	Average 2022-36[2]
New borrowing, 2014 DSA[3]	591	471	463	520	728	985	1,273			495	852
Concessional	171	190	211	234	321	423	538			201	370
Percent of total	29	40	46	45	44	43	42			41	43
Non-concessional	420	281	252	286	407	561	734			295	482
Percent of total	71	60	54	55	56	57	58			59	57
New borrowing, 2015 DSA[3]	768	898	898	728	871	1,126	1,417	1,505		830	1,053
Concessional	141	155	146	104	113	132	163	173		129	128
Percent of total	18	17	16	14	13	12	11	11		16	12
Non-concessional	627	743	753	624	758	994	1,255	1,333		701	924
Percent of total	82	83	84	86	87	88	89	89		84	88
New borrowing, 2017 DSA[3]	990	482	1,088	688	692	1,307	1,406	1,416	1,416	899	785
Concessional	182	83	283	300	348	657	707	712	712	350	395
Percent of total	18	17	26	44	50	50	50	50	50	39	50
Non-concessional	809	399	805	388	344	650	699	704	704	549	390
Percent of total	82	83	74	56	50	50	50	50	50	61	50

Sources: IMF staff estimates and projections.

[1] 2014 DSA referred to 2015-19 and 2015 DSA referred to 2016-20.

[2] 2014 DSA referred to 2020-34 and 2015 DSA referred to 2021-35.

[3] Includes external borrowing by public enterprises.

9. **The main financing assumptions remain broadly the same except for the changes in the composition of new external borrowing.** The discount rate is 5 percent, as approved by the IMF and World Bank Executive Boards in October 2013. The financing gap during 2017–19 is assumed to be fully covered by IMF financing and budget support from donors. Non-concessional external borrowing is projected to be lower in the current DSA compared to the 2015 DSA, reflecting the need for a prudent and sustainable debt accumulation. Consistent with this, the grant element of new borrowing is assumed to be higher and maintained at a relatively high level through the DSA horizon.

Box 1. Cameroon: Medium-Term Macroeconomic Assumptions[1]

Medium Term, 2017–21

Real GDP growth is projected to average 4.7 percent in the medium term, supported by increasingly strong growth in the non-oil sector after a small contraction in early years. Annual inflation is projected to increase from under 1 percent in 2016 to 2 percent in the medium term, returning historical trends and remaining below the CEMAC convergence criteria.

The revenue-to-GDP ratio is projected to rise from 16.9 in 2015–16 to 17.1 in the medium term. Oil prices are expected to stabilize at $US 54.0 in the medium term, but technology used to increase aging well production is more expensive and will reduce oil revenue in proportion. More efficient tax collection will increase non-oil revenue in the medium term.

The external current account deficit is projected to improve in the medium turn, reflecting both a rise in exports driven by growth in the non-oil sector and the recently signed EPA, and a slight decline in the import to GDP ratio as the public investment program slows down. The current account deficit is expected to be financed through an IMF-supported program, international donors, and other private capital inflows.

Long Term, 2022–36

Real GDP growth is projected to average 5.5 percent in the long term, as public investment slows and the private sector gains competitiveness and increases investment.

The revenue-to-GDP ratio is projected to rise slightly to 18.1 percent. This assumes a decline in oil revenue with the gradual depletion of oil reserves, while non-oil revenue improves on continued efficiency gains in revenue collection.

Exports are projected to remain stable in the long run at about 21.9 percent of GDP, reflecting falling oil production which is offset by growth in non-oil exports.

[1] The baseline scenario uses the latest IMF World Economic Outlook (WEO) assumptions (October 2016).

EXTERNAL DEBT SUSTAINABILITY

10. **Cameroon is classified in the category of weak policy performers based on the World Bank Country Policy and Institutional Assessment (CPIA).** With a three-year average CPIA score of 3.2 on a scale of 1 (low) to 6 (high), Cameroon falls within the range of 1 to 3.25 for weak policy performers. However, Cameroon fares better than the average of CEMAC countries (2.9) and its score is comparable to the SSA average. The policy-dependent thresholds applicable to this category are the following: (i) a present value (PV) of debt-to-exports ratio of 100 percent; (ii) a PV of the debt-to-revenue ratio of 200 percent; (iii) a PV of the debt service-to-exports ratio of 30 percent; (iv) a debt service-to-exports ratio of 15 percent; and (v) a debt service-to-revenue ratio of 18 percent.

11. DSA results indicate that the risk of debt distress would remain high. The debt service indicators (relative to exports and revenue) increase in the medium term before declining gradually, while remaining comfortably below their policy-dependent thresholds under the baseline. The PV of the debt ratio with respect to GDP and revenue follow a similar pattern and do not breach their thresholds. However, as in the 2015 DSA the PV of debt-to-exports ratio breaches its threshold, resulting in the categorization of risk of debt distress as "high." But, in sharp contrast with the 2015 DSA, the breach is smaller and of a temporary nature, reflecting the fiscal consolidation efforts underpinning the program, the focus on a prudent borrowing policy and structural reforms to improve competitiveness and achieve economic diversification. Although the breach occurring within a 5 percent band above the threshold would have allowed for using the probability approach,[8] the significant downside risks to public debt call for caution in assessing the risk of debt distress. At the same time, this result suggests that the risk rating of Cameroon's public debt stands a good chance to be upgraded to "moderate" should the country deliver on the economic program embedded in the IMF-supported program.

12. Standard stress tests result in the breach of the policy-dependent threshold for three indicators. The standardized export shock stress test brings forward the breach of the PV of the-debt-to-exports ratio to 2017 and result in an additional breach for the debt-service-to-exports ratio. This ratio is projected to exceed the 15 percent threshold by 2023, but will return below this threshold by the end of the DSA horizon. In the event of a one-time 30 percent depreciation in the nominal exchange rate, the PV of debt-to GDP ratio would also temporarily breach its threshold.[9]

13. Downside risks to the debt outlook remain. A less ambitious fiscal consolidation would result in a higher public debt and worsen the debt dynamic. Similarly, subdued global demand and slow progress in structural reforms could negatively affect non-oil exports, with adverse implications for public debt sustainability. Strengthening public debt management is key as inadequate checks and balances in the contracting of new debt, combined with difficulties in tracking disbursements, have led to consistently higher actual external debt disbursement figures than initially anticipated.

14. Although a high risk of debt distress rating typically calls for a zero limit on non-concessional debt, this may not be appropriate for Cameroon. While the DSA assumes a shift of new borrowing towards more concessional loans, it leaves some room for non-concessional loans for development and debt management purposes. With Cameroon's income being above the IDA's cutoff, access to concessional resources may be limited considering the large infrastructure gaps and the authorities' development plan to address these gaps. Moreover, the authorities' stated policy to direct non-concessional loans only to priority and high-return projects would support debt sustainability as the growth dividends from these projects would potentially generate resources for the servicing of the debt. In this regard, the authorities' current plan is to use the room for non-concessional borrowing in 2017 for high-priority projects, such as strengthening and stabilization of Douala's transmission system to ensure

[8] See staff guidance note on the DSA (http://www.imf.org/external/np/pp/eng/2013/110513.pdf)

[9] It should be noted that with the peg to the Euro, and a third of external debt being denominated in Euros, the shock to public debt resulting from a currency depreciation would be less pronounced than what the DSA results would suggest.

the reliability of power supply, which would help reduce power generation cost and boost private sector activities. Further, by prioritizing semi-concessional loans[10] from development partners for projects and budget support, debt sustainability would be preserved as long as the implementation of the fiscal consolidation program and structural reforms is on track.

PUBLIC SECTOR DEBT SUSTAINABILITY

15. Public debt is projected to be on a downward trajectory in the medium to long term. While external debt would increase temporarily in the medium term as the government relies on external concessional financing to rebuild reserves and support the adjustment, domestic borrowing will remain modest and declines steadily in line with the tighter regional monetary policy. Overall, in the baseline scenario, the PV of total public debt as a share of GDP is expected to decline gradually over time from 29 percent of GDP in 2016 to 20 percent of GDP in the long term, well below the DSF benchmark level of 38 percent of GDP associated with heightened public debt vulnerabilities for weak policy performers. A strengthening in revenue mobilization would also help bring downward the PV of total public debt as a share of revenue to around 110 percent in the long term, from 176 percent in 2016. The stress tests highlight the importance of an urgent fiscal consolidation as under the historical scenario (unchanged policy), the PV of public debt to GDP ratio would keep rising until breaching the threshold of 38 percent of GDP by 2019.

16. Cameroon has adequate capacity to effectively monitor and manage public debt for purposes of the IMF's debt limits policy. The *Caisse Autonome d'Amortissement* (CAA) is the government body in charge of debt management. It tracks the contracting and disbursement of new domestic and external loans, and disseminates comprehensive data on public debt statistics. It also receives resources from the treasury to service government debt. While the debt management capacity is overall adequate, the ability of the CAA to monitor wider public sector borrowing—notably SOEs' nonguaranteed external debt— and disbursement for project loans,[11] needs to be strengthened.

CONCLUSIONS

17. The implementation of a credible fiscal consolidation package to restore fiscal and external sustainability would help Cameroon mitigate the risk of debt distress, although it would retain its "high" risk rating. The breach of the policy-dependent threshold in the case of the PV of debt-to-exports ratio under the baseline scenario suggests that Cameroon faces a high risk of debt distress. However, unlike the sustained breach under the 2015 DSA, the breach in the current DSA is smaller and temporary in nature. Significant downside risks to public debt, however, remain as standard stress tests show that the Cameroon external debt remains highly vulnerable to exogenous shocks. This underscores

[10] Loans with a positive grant element but below the minimum threshold of 35 percent.

[11] The issue arises with external debts associated with direct payments by creditors to overseas companies.

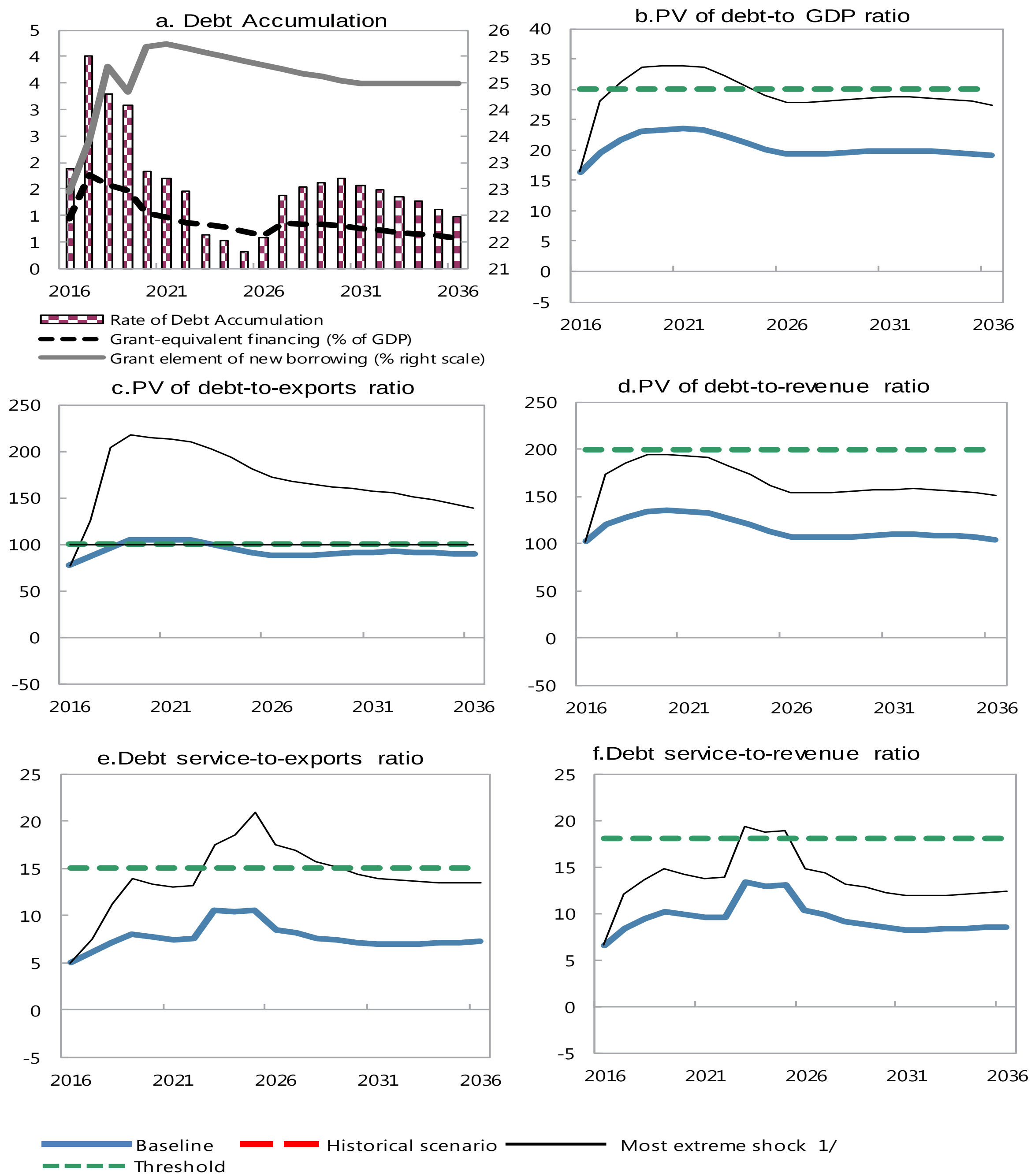
the need for prudent macroeconomic policies, notably a credible fiscal consolidation program to ensure fiscal and external sustainability.

18. Recommendations to improve debt sustainability and to reduce the risk of debt distress include: (i) increasing non-oil revenue and streamlining public spending to achieve fiscal consolidation; (ii) making greater use of concessional borrowing; (iii) monitoring debt developments more closely, especially for externally-financed projects, notably by setting borrowing ceilings more in line with project implementation capacity to avoid the continued accumulation of non-disbursed loans; (iv) implementing policies to boost growth and exports of the non-oil economy; and (v) strengthen public debt management as well as the overall economic policy framework to improve the country's risk rating.

Authorities' Views

19. The authorities see room for improving debt management and monitoring, and agree that fiscal consolidation while protecting growth-enhancing investment would contribute to safeguard debt sustainability. They concur that closer scrutiny by the CNDP of all external borrowing including non-guaranteed borrowing by SOEs would be important, and that the ceilings on new non-concessional borrowing agreed in the context of the program were aligned with implementation capacity. However, they consider that concerns about risk of debt distress are mitigated by the current relatively low level of public debt, the focus of public spending on infrastructure projects, notably in the energy and transport sectors, that will pave the way for a stronger growth outlook than envisaged in the DSA, and continuous reforms in the business environment that will boost the export sector.

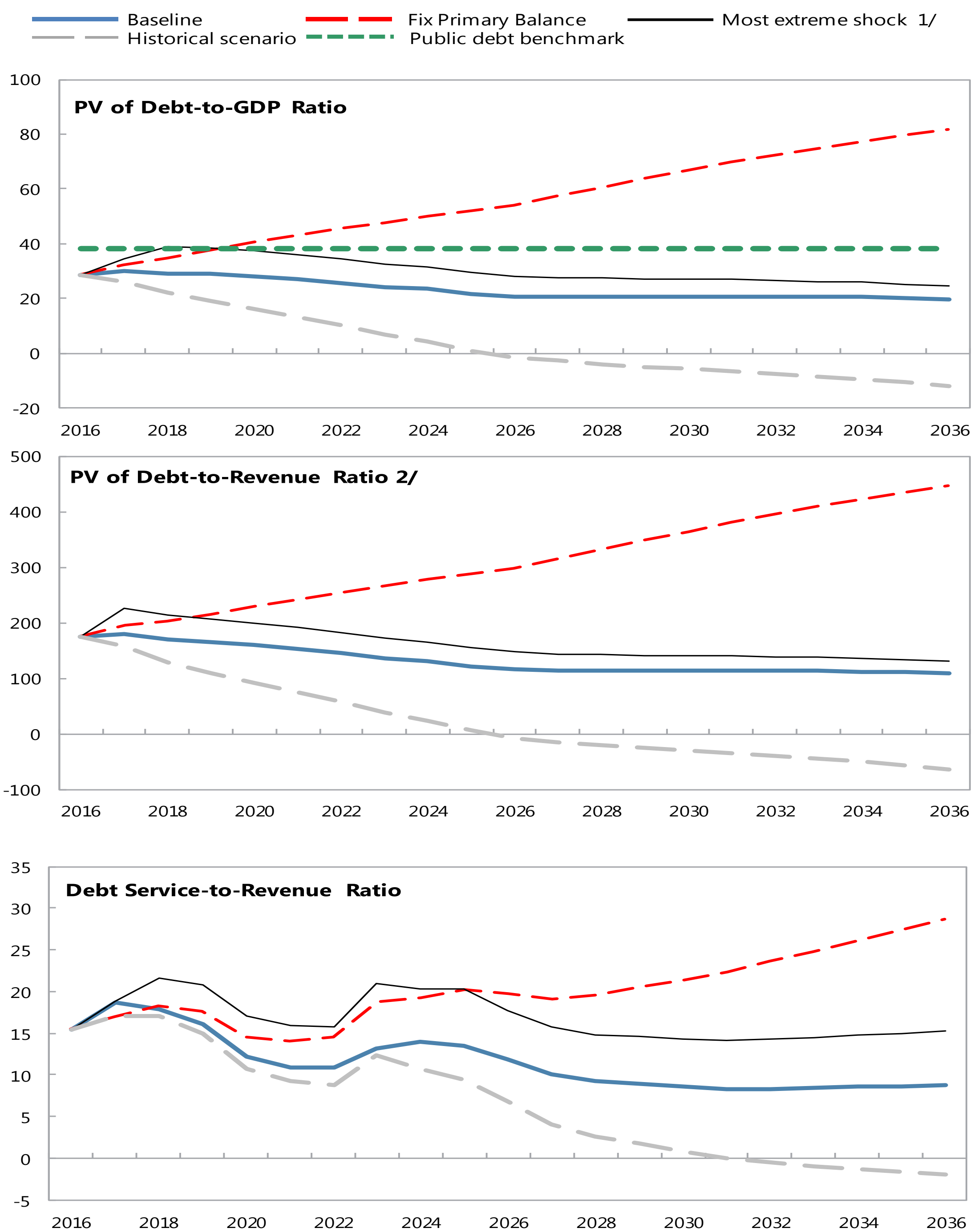
Figure 1. Cameroon: Indicators of Public and Publicly Guaranteed External Debt under Alternative Scenarios. 2016–36 1/



Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio on or before 2026. In figure b. it corresponds to a One-time depreciation shock; in c. to a Exports shock; in d. to a One-time depreciation shock; in e. to a Exports shock and in figure f. to a One-time depreciation shock

Figure 2. Cameroon: Indicators of Public Debt Under Alternative Scenarios, 2016–36 1/



Sources: Country authorities; and staff estimates and projections.
1/ The most extreme stress test is the test that yields the highest ratio on or before 2026.
2/ Revenues are defined inclusive of grants.

Table 1. Cameroon: Public Debt Sustainability, Baseline Scenario, 2013–36

(Percent of GDP unless otherwise stated)

	Actual			Average 4/	Standard Deviation 4/	Estimate	Projections								
	2013	2014	2015			2016	2017	2018	2019	2020	2021	2016-21 Average	2026	2036	2022-36 Average
Public sector debt	19.0	27.5	34.2			35.2	37.3	37.2	37.1	36.0	34.7		26.8	25.4	
of which: foreign-currency denominated	12.0	18.9	21.5			22.9	26.8	29.4	31.3	31.3	31.1		25.3	24.6	
Change in public sector debt	3.5	8.6	6.7			1.0	2.1	-0.2	-0.1	-1.1	-1.4		-1.3	-0.5	
Identified debt-creating flows	2.1	3.9	3.1			5.7	1.5	0.6	-0.3	-0.7	-1.0		-1.2	-1.1	
Primary deficit	3.6	3.8	2.1	-2.7	11.1	5.7	2.5	1.7	1.1	0.8	0.5	2.1	0.1	-0.1	0.0
Revenue and grants	18.0	18.1	17.9			16.3	16.7	17.3	17.6	17.7	17.8		18.2	18.3	
of which: grants	0.3	0.3	0.1			0.3	0.4	0.3	0.3	0.3	0.2		0.1	0.1	
Primary (noninterest) expenditure	21.5	21.9	20.0			22.1	19.2	19.0	18.8	18.5	18.3		18.3	18.2	
Automatic debt dynamics	-1.6	0.1	1.0			0.0	-1.1	-1.1	-1.4	-1.6	-1.6		-1.3	-1.0	
Contribution from interest rate/growth differential	-0.9	-1.1	-1.4			-1.3	-1.2	-1.4	-1.6	-1.7	-1.8		-1.4	-1.1	
of which: contribution from average real interest rate	-0.1	0.0	0.1			0.2	0.2	0.2	0.2	0.2	0.1		0.1	0.2	
of which: contribution from real GDP growth	-0.8	-1.1	-1.5			-1.5	-1.4	-1.7	-1.8	-1.8	-1.9		-1.5	-1.3	
Contribution from real exchange rate depreciation	-0.7	1.2	2.4			1.3	0.1	0.3	0.2	0.1	0.2		...	...	
Other identified debt-creating flows	0.2	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Privatization receipts (negative)	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Recognition of implicit or contingent liabilities	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Debt relief (HIPC and other)	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Other (specify, e.g. bank recapitalization)	0.2	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Residual, including asset changes	1.3	4.7	3.6			-4.7	0.6	-0.8	0.2	-0.3	-0.3		-0.1	0.6	
Other Sustainability Indicators															
PV of public sector debt	14.5	18.7	27.2			28.7	30.0	29.3	29.0	28.1	27.0		20.8	19.8	
of which: foreign-currency denominated	7.6	10.0	14.5			16.4	19.5	21.6	23.2	23.4	23.5		19.3	19.0	
of which: external	7.6	10.0	14.5			16.4	19.5	21.6	23.2	23.4	23.5		19.3	19.0	
PV of contingent liabilities (not included in public sector debt)	...	...	...			...	...	...	...	...	...		...	...	
Gross financing need 1/	5.1	6.0	5.4			8.3	5.6	4.8	4.0	3.0	2.5		2.3	1.5	
PV of public sector debt-to-revenue and grants ratio (in percent)	80.9	103.2	151.7			175.5	179.9	169.6	164.4	158.9	151.7		114.6	108.1	
PV of public sector debt-to-revenue ratio (in percent)	82.4	104.9	152.2			178.9	184.1	172.9	167.1	161.3	153.7		115.6	108.5	
of which: external 2/	43.0	56.2	81.0			102.1	119.6	127.4	133.7	134.4	133.7		106.9	104.4	
Debt service-to-revenue and grants ratio (in percent) 3/	8.4	9.2	18.5			15.5	18.6	17.8	16.1	12.2	11.0		11.9	8.7	
Debt service-to-revenue ratio (in percent) 3/	8.5	9.4	18.5			15.8	19.1	18.2	16.4	12.4	11.1		12.0	8.8	
Primary deficit that stabilizes the debt-to-GDP ratio	0.1	-4.8	-4.6			4.7	0.4	1.9	1.2	1.9	1.9		1.4	0.4	
Key macroeconomic and fiscal assumptions															
Real GDP growth (in percent)	5.2	6.0	5.8	4.0	1.3	4.7	4.0	4.6	5.0	5.1	5.5	4.8	5.5	5.2	5.5
Average nominal interest rate on forex debt (in percent)	3.2	1.6	2.4	2.0	0.7	1.3	2.2	2.3	2.2	2.1	2.1	2.0	2.1	2.8	2.5
Average real interest rate on domestic debt (in percent)	-4.4	-0.2	-0.1	-1.5	1.6	2.7	1.3	2.0	2.2	2.3	2.1	2.1	2.6	2.8	2.6
Real exchange rate depreciation (in percent, + indicates depreciation)	-8.7	10.9	13.3	0.1	9.1	6.3	...	...	...	...	...	...	...	...	...
Inflation rate (GDP deflator, in percent)	6.3	1.9	1.8	3.1	1.5	-1.2	0.9	1.0	1.3	1.7	1.8	0.9	1.7	1.7	1.8
Growth of real primary spending (deflated by GDP deflator, in percent)	13.9	11.0	-7.0	1.9	6.0	15.3	-9.6	3.6	3.8	3.7	4.5	3.5	5.5	5.3	5.4
Grant element of new external borrowing (in percent)	...	...	...	...	...	22.4	23.4	24.8	24.3	25.2	25.2	24.2	24.8	24.5	...

Sources: Country authorities; and staff estimates and projections.

1/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period.

2/ Revenues excluding grants.

3/ Debt service is defined as the sum of interest and amortization of medium and long-term debt.

4/ Historical averages and standard deviations are generally derived over the past 10 years, subject to data availability.

Table 2. Cameroon: Sensitivity Analysis for Key Indicators of Public Debt, 2016–36

	Projections							
	2016	2017	2018	2019	2020	2021	2026	2036
PV of Debt-to-GDP Ratio								
Baseline	29	30	29	29	28	27	21	20
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	29	26	22	19	16	13	-1	-12
A2. Primary balance is unchanged from 2016	29	33	35	38	41	43	54	82
A3. Permanently lower GDP growth 1/	29	30	30	29	29	28	23	28
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2017-20	29	31	31	31	30	30	25	27
B2. Primary balance is at historical average minus one standard deviations in 2017-201	29	35	39	38	37	36	28	25
B3. Combination of B1-B2 using one half standard deviation shocks	29	31	31	31	30	29	24	24
B4. One-time 30 percent real depreciation in 2017	29	36	35	34	33	32	25	23
B5. 10 percent of GDP increase in other debt-creating flows in 2017	29	38	37	36	35	34	27	24
PV of Debt-to-Revenue Ratio 2/								
Baseline	176	180	170	164	159	152	115	108
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	176	157	129	110	92	74	-8	-64
A2. Primary balance is unchanged from 2016	176	195	202	215	230	242	298	447
A3. Permanently lower GDP growth 1/	176	181	171	167	163	157	128	152
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2017-20	176	184	179	175	172	166	138	147
B2. Primary balance is at historical average minus one standard deviations in 2017-201	176	208	226	218	211	202	156	135
B3. Combination of B1-B2 using one half standard deviation shocks	176	183	180	175	171	165	132	133
B4. One-time 30 percent real depreciation in 2017	176	219	203	194	186	178	135	126
B5. 10 percent of GDP increase in other debt-creating flows in 2017	176	226	214	206	199	191	146	129
Debt Service-to-Revenue Ratio 2/								
Baseline	15	19	18	16	12	11	12	9
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	15	17	17	15	11	9	7	-2
A2. Primary balance is unchanged from 2016	15	17	18	18	15	14	20	29
A3. Permanently lower GDP growth 1/	15	17	18	17	13	12	13	11
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2017-20	15	17	18	17	13	12	13	11
B2. Primary balance is at historical average minus one standard deviations in 2017-201	15	17	19	19	15	13	15	11
B3. Combination of B1-B2 using one half standard deviation shocks	15	17	18	17	13	12	13	10
B4. One-time 30 percent real depreciation in 2017	15	19	22	21	17	16	18	15
B5. 10 percent of GDP increase in other debt-creating flows in 2017	15	17	19	18	14	13	15	11

Sources: Country authorities; and staff estimates and projections.

1/ Assumes that real GDP growth is at baseline minus one standard deviation divided by the square root of the length of the projection period.

2/ Revenues are defined inclusive of grants.

Table 3a. Cameroon: External Debt Sustainability Framework, Baseline Scenario, 2016–36

(Percent of GDP unless otherwise indicated)

	Actual			Historical [6/] Average	Standard [6/] Deviation	Projections									
	2013	2014	2015			2016	2017	2018	2019	2020	2021	2016-2021 Average	2026	2036	2022-2036 Average
External debt (nominal) 1/	**12.0**	**18.9**	**21.5**			**22.9**	**26.8**	**29.4**	**31.3**	**31.3**	**31.1**		**25.3**	**24.6**	
of which: public and publicly guaranteed (PPG)	12.0	18.9	21.5			22.9	26.8	29.4	31.3	31.3	31.1		25.3	24.6	
Change in external debt	3.2	6.8	2.7			1.4	3.9	2.6	1.9	0.0	-0.2		-1.2	-0.5	
Identified net debt-creating flows	2.1	2.2	7.3			1.1	1.5	1.0	0.6	0.4	0.3		0.2	0.8	
Non-interest current account deficit	**3.6**	**4.2**	**3.7**	**2.3**	**1.5**	**3.3**	**2.6**	**2.3**	**2.0**	**1.5**	**0.9**		**-0.7**	**-0.7**	-1.2
Deficit in balance of goods and services	2.8	3.4	3.7			2.6	2.3	2.2	2.3	1.4	1.1		-0.6	-3.6	
Exports	27.1	26.8	23.7			21.3	22.7	22.5	22.1	22.4	22.4		22.0	21.4	
Imports	29.9	30.2	27.4			23.9	25.0	24.8	24.5	23.8	23.5		21.4	17.8	
Net current transfers (negative = inflow)	-1.0	-1.1	-1.1	-1.5	0.6	-1.2	-1.2	-1.2	-1.2	-1.3	-1.2		-1.0	-0.7	-1.0
of which: official	-0.3	-0.3	-0.3			-0.3	-0.3	-0.2	-0.2	-0.2	-0.2		-0.2	0.0	
Other current account flows (negative = net inflow)	1.9	1.9	1.1			1.9	1.5	1.3	0.9	1.4	1.1		0.9	3.7	
Net FDI (negative = inflow)	**-0.6**	**-1.2**	**1.0**	**-3.1**	**8.0**	**-1.5**	**-0.7**	**-0.7**	**-0.7**	**-0.2**	**0.3**		**1.8**	**2.0**	2.4
Endogenous debt dynamics 2/	**-1.0**	**-0.7**	**2.6**			**-0.7**	**-0.4**	**-0.6**	**-0.8**	**-0.9**	**-1.0**		**-0.8**	**-0.6**	
Contribution from nominal interest rate	0.2	0.2	0.5			0.3	0.5	0.6	0.6	0.6	0.6		0.5	0.7	
Contribution from real GDP growth	-0.4	-0.7	-1.2			-1.0	-0.9	-1.2	-1.4	-1.5	-1.6		-1.4	-1.2	
Contribution from price and exchange rate changes	-0.8	-0.2	3.3			...	...	...	...	...	...		...	...	
Residual (3-4) 3/	**1.1**	**4.6**	**-4.6**			**0.3**	**2.4**	**1.6**	**1.3**	**-0.4**	**-0.5**		**-1.4**	**-1.3**	
of which: exceptional financing	-0.3	0.2	2.9			-4.7	0.8	0.7	0.5	0.6	0.6		0.0	0.0	
PV of external debt 4/	...	...	14.5			16.4	19.5	21.6	23.2	23.4	23.5		19.3	19.0	
In percent of exports	...	...	61.1			77.0	85.8	95.7	104.6	104.6	104.8		87.4	88.7	
PV of PPG external debt	**...**	**...**	**14.5**			**16.4**	**19.5**	**21.6**	**23.2**	**23.4**	**23.5**		**19.3**	**19.0**	
In percent of exports	**...**	**...**	**61.1**			**77.0**	**85.8**	**95.7**	**104.6**	**104.6**	**104.8**		**87.4**	**88.7**	
In percent of government revenues	**...**	**...**	**81.0**			**102.1**	**119.6**	**127.4**	**133.7**	**134.4**	**133.7**		**106.9**	**104.4**	
Debt service-to-exports ratio (in percent)	**1.8**	**2.5**	**5.1**			**5.0**	**6.0**	**7.1**	**8.0**	**7.6**	**7.4**		**8.4**	**7.3**	
PPG debt service-to-exports ratio (in percent)	**1.8**	**2.5**	**5.1**			**5.0**	**6.0**	**7.1**	**8.0**	**7.6**	**7.4**		**8.4**	**7.3**	
PPG debt service-to-revenue ratio (in percent)	**2.8**	**3.8**	**6.7**			**6.6**	**8.4**	**9.4**	**10.2**	**9.8**	**9.5**		**10.2**	**8.6**	
Total gross financing need (Billions of U.S. dollars)	1.0	1.4	1.7			0.8	1.0	1.0	1.0	1.1	1.1		1.6	3.2	
Non-interest current account deficit that stabilizes debt ratio	0.5	-2.7	1.0			1.9	-1.3	-0.3	0.1	1.5	1.2		0.5	-0.2	
Key macroeconomic assumptions															
Real GDP growth (in percent)	5.6	5.9	5.8	4.1	1.4	4.7	4.0	4.6	5.0	5.1	5.5	4.8	5.5	5.2	5.5
GDP deflator in US dollar terms (change in percent)	9.8	1.9	-15.0	2.2	8.4	-1.4	-3.2	0.7	1.3	1.8	1.6	0.1	1.7	1.7	1.7
Effective interest rate (percent) 5/	3.2	1.6	2.4	1.9	0.7	1.3	2.2	2.3	2.2	2.1	2.1	2.0	2.1	2.8	2.5
Growth of exports of G&S (US dollar terms, in percent)	8.6	7.2	-21.7	7.1	20.0	-7.4	7.6	4.6	4.5	8.1	7.2	4.1	6.6	6.5	7.0
Growth of imports of G&S (US dollar terms, in percent)	8.3	9.5	-19.5	7.3	17.4	-10.0	5.4	4.3	5.1	4.2	5.8	2.5	5.2	4.1	5.3
Grant element of new public sector borrowing (in percent)	...	...	...	...	...	22.4	23.4	24.8	24.3	25.2	25.2	24.2	24.8	24.5	24.7
Government revenues (excluding grants, in percent of GDP)	17.8	18.1	17.9			16.0	16.3	16.9	17.3	17.4	17.5		18.0	18.2	18.1
Aid flows (in Billions of US dollars) 7/	0.4	0.4	0.3			0.2	0.3	0.3	0.3	0.3	0.3		0.2	0.3	
of which: Grants	0.1	0.1	0.0			0.1	0.1	0.1	0.1	0.1	0.1		0.1	0.1	
of which: Concessional loans	0.3	0.3	0.3			0.1	0.2	0.2	0.2	0.2	0.2		0.1	0.3	
Grant-equivalent financing (in percent of GDP) 8/	...	...	...			0.9	1.8	1.6	1.5	1.1	1.0		0.6	0.6	0.7
Grant-equivalent financing (in percent of external financing) 8/	...	...	...			30.3	28.0	29.4	28.6	31.0	31.0		30.1	26.9	28.3
Memorandum items:															
Nominal GDP (Billions of US dollars)	29.6	32.1	28.4			29.3	29.5	31.1	33.1	35.5	38.0		54.0	109.4	
Nominal dollar GDP growth	11.7	8.5	-11.4			3.2	0.7	5.4	6.4	7.0	7.2	5.0	7.3	7.1	7.3
PV of PPG external debt (in Billions of US dollars)			4.0			4.6	5.7	6.7	7.7	8.3	8.9		10.4	20.8	
(PVt-PVt-1)/GDPt-1 (in percent)						1.9	4.0	3.3	3.1	1.8	1.7	2.6	0.6	1.0	1.2
Gross workers' remittances (Billions of US dollars)	0.4	0.5	0.5			0.5	0.5	0.6	0.6	0.6	0.6		0.8	1.3	
PV of PPG external debt (in percent of GDP + remittances)	...	...	14.2			16.1	19.1	21.2	22.8	23.0	23.1		19.0	18.8	
PV of PPG external debt (in percent of exports + remittances)	...	...	57.1			71.2	79.5	88.8	96.9	97.0	97.5		82.0	84.1	
Debt service of PPG external debt (in percent of exports + remittance	...	...	4.7			4.6	5.6	6.5	7.4	7.1	6.9		7.9	6.9	

Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.

2/ Derived as [r - g - ρ(1+g)]/(1+g+ρ+gρ) times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, and ρ = growth rate of GDP deflator in U.S. dollar terms.

3/ Includes exceptional financing (i.e., changes in arrears and debt relief); changes in gross foreign assets; and valuation adjustments. For projections also includes contribution from price and exchange rate changes.

4/ Assumes that PV of private sector debt is equivalent to its face value.

5/ Current-year interest payments divided by previous period debt stock.

6/ Historical averages and standard deviations are generally derived over the past 10 years, subject to data availability.

7/ Defined as grants, concessional loans, and debt relief.

8/ Grant-equivalent financing includes grants provided directly to the government and through new borrowing (difference between the face value and the PV of new debt).

Table 3b. Cameroon: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2016–36

(Percent)

	Projections							
	2016	2017	2018	2019	2020	2021	**2026**	2036
PV of debt-to GDP ratio								
Baseline	16	19	22	23	23	23	**19**	19
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2016-2036 1/	16	16	16	16	15	14	**5**	0
A2. New public sector loans on less favorable terms in 2016-2036 2	16	21	24	26	27	28	**26**	30
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2017-2018	16	20	22	24	24	24	**20**	20
B2. Export value growth at historical average minus one standard deviation in 2017-2018 3/	16	23	31	32	32	32	**25**	20
B3. US dollar GDP deflator at historical average minus one standard deviation in 2017-2018	16	20	24	26	26	26	**21**	21
B4. Net non-debt creating flows at historical average minus one standard deviation in 2017-2018 4/	16	24	31	32	32	32	**25**	20
B5. Combination of B1-B4 using one-half standard deviation shocks	16	22	30	31	31	31	**25**	20
B6. One-time 30 percent nominal depreciation relative to the baseline in 2017 5/	16	28	31	34	34	34	**28**	27
PV of debt-to-exports ratio								
Baseline	77	86	96	105	105	105	**87**	89
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2016-2036 1/	77	72	73	74	67	61	**24**	-2
A2. New public sector loans on less favorable terms in 2016-2036 2	77	91	105	119	122	124	**117**	138
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2017-2018	77	86	96	105	104	104	**87**	88
B2. Export value growth at historical average minus one standard deviation in 2017-2018 3/	77	125	204	217	214	213	**172**	139
B3. US dollar GDP deflator at historical average minus one standard deviation in 2017-2018	77	86	96	105	104	104	**87**	88
B4. Net non-debt creating flows at historical average minus one standard deviation in 2017-2018 4/	77	106	137	146	144	143	**115**	93
B5. Combination of B1-B4 using one-half standard deviation shocks	77	110	153	163	162	161	**130**	110
B6. One-time 30 percent nominal depreciation relative to the baseline in 2017 5/	77	86	96	105	104	104	**87**	88
PV of debt-to-revenue ratio								
Baseline	102	120	127	134	134	134	**107**	104
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2016-2036 1/	102	100	97	94	87	78	**30**	-3
A2. New public sector loans on less favorable terms in 2016-2036 2	102	126	140	152	156	159	**143**	162
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2017-2018	102	121	131	138	138	138	**110**	107
B2. Export value growth at historical average minus one standard deviation in 2017-2018 3/	102	141	182	186	185	183	**141**	110
B3. US dollar GDP deflator at historical average minus one standard deviation in 2017-2018	102	123	141	148	148	147	**118**	115
B4. Net non-debt creating flows at historical average minus one standard deviation in 2017-2018 4/	102	148	183	187	185	183	**141**	110
B5. Combination of B1-B4 using one-half standard deviation shocks	102	137	176	180	180	177	**138**	112
B6. One-time 30 percent nominal depreciation relative to the baseline in 2017 5/	102	173	184	194	194	193	**154**	151

Table 3b. Cameroon: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2016–36 (concluded)

(Percent)

	Projections							
	2016	2017	2018	2019	2020	2021	2026	2036
Debt service-to-exports+remittances ratio								
Baseline	5	6	7	7	7	7	**8**	7
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2016-2036 1/	5	5	6	6	6	6	**5**	0
A2. New public sector loans on less favorable terms in 2016-2036 2	5	6	6	7	7	7	**9**	11
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2017-2018	5	6	7	7	7	7	**8**	7
B2. Export value growth at historical average minus one standard deviation in 2017-2018 3/	5	7	10	12	12	12	**16**	12
B3. US dollar GDP deflator at historical average minus one standard deviation in 2017-2018	5	6	7	7	7	7	**8**	7
B4. Net non-debt creating flows at historical average minus one standard deviation in 2017-2018 4/	5	6	7	9	8	8	**11**	9
B5. Combination of B1-B4 using one-half standard deviation shocks	5	6	8	10	9	9	**12**	10
B6. One-time 30 percent nominal depreciation relative to the baseline in 2017 5/	5	6	7	7	7	7	**8**	7
Debt service-to-revenue ratio								
Baseline	7	8	9	10	10	9	**10**	9
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2016-2036 1/	7	8	8	9	8	8	**6**	0
A2. New public sector loans on less favorable terms in 2016-2036 2	7	8	9	10	10	10	**12**	13
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2017-2018	7	8	10	11	10	10	**11**	9
B2. Export value growth at historical average minus one standard deviation in 2017-2018 3/	7	8	10	12	12	11	**14**	11
B3. US dollar GDP deflator at historical average minus one standard deviation in 2017-2018	7	9	10	11	11	11	**11**	9
B4. Net non-debt creating flows at historical average minus one standard deviation in 2017-2018 4/	7	8	10	12	12	11	**14**	11
B5. Combination of B1-B4 using one-half standard deviation shocks	7	8	10	12	12	11	**14**	11
B6. One-time 30 percent nominal depreciation relative to the baseline in 2017 5/	7	12	14	15	14	14	**15**	12
Memorandum item:								
Grant element assumed on residual financing (i.e., financing required above baseline) 6/	20	20	20	20	20	20	**20**	20

Sources: Country authorities; and staff estimates and projections.

1/ Variables include real GDP growth, growth of GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.
2/ Assumes that the interest rate on new borrowing is by 2 percentage points higher than in the baseline., while grace and maturity periods are the same as in the baseline.
3/ Exports values are assumed to remain permanently at the lower level, but the current account as a share of GDP is assumed to return to its baseline level after the shock (implicitly assuming an offsetting adjustment in import levels).
4/ Includes official and private transfers and FDI.
5/ Depreciation is defined as percentage decline in dollar/local currency rate, such that it never exceeds 100 percent.
6/ Applies to all stress scenarios except for A2 (less favorable financing) in which the terms on all new financing are as specified in footnote 2.