



# CAMEROON

November 2020

## REQUEST FOR DISBURSEMENT UNDER THE RAPID CREDIT FACILITY—PRESS RELEASE; STAFF REPORT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR CAMEROON

In the context of the Request for Disbursement Under the Rapid Credit Facility, the following documents have been released and are included in this package:

- A **Press Release** including a statement by the Chair of the Executive Board.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on October 21, 2020, following discussions that ended on October 5, 2020, with the officials of Cameroon on economic developments and policies underpinning the IMF arrangement under the Rapid Credit Facility. Based on information available at the time of these discussions, the staff report was completed on October 5, 2020.
- A **Staff Supplement** updating information on recent developments.
- A **Staff Statement** updating information on recent developments.
- A **Statement by the Executive Director** for Cameroon.

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

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**International Monetary Fund**  
**Washington, D.C.**



## IMF Executive Board Approves a US\$ 156 million New Disbursement for Cameroon to Address the impact of the COVID-19 Pandemic

FOR IMMEDIATE RELEASE

- *This is the second disbursement under the Rapid Credit Facility (RCF) to help Cameroon address urgent balance of payment needs stemming from the COVID-19 pandemic.*
- *Weaker external demand and a deepening of the economic impact of the COVID-19 pandemic have further deteriorated growth prospects and worsened external and fiscal positions.*
- *Additional resources under the RCF will help address urgent financing needs to mitigate the impact of the pandemic, including spending on health, social protection, and to support the most vulnerable as well as catalyze additional donor resources.*

**Washington, DC – October 21, 2020:** The Executive Board of the International Monetary Fund (IMF) today approved a disbursement of SDR 110.4 million (about US\$ 156 million, 40 percent of quota) under the [Rapid Credit Facility \(RCF\)](#). This is the second emergency disbursement to the country since the onset of the COVID-19 pandemic, bringing total IMF emergency support since the outbreak of the pandemic to SDR 276 million (about US\$ 382 million, 100 percent of quota). The new emergency disbursement will help Cameroon meet its urgent balance of payments and fiscal needs.

Since the approval of the first Rapid Credit Facility (RCF-1) request on May 4, 2020 ([IMF Country Report No 20/185](#)), weaker external demand in major trading partners and a more pronounced impact of containment measures to slow the rising number of COVID-19 cases have further deteriorated growth prospects and worsened Cameroon's external and fiscal positions. As a result, urgent balance of payments needs arising from the pandemic have increased, with the financing gap now estimated at about CFAF 917 billion. The additional disbursement under the RCF will help address urgent financing needs to mitigate the impact of the pandemic.

The authorities have been proactive in responding to the COVID-19 pandemic and are stepping up their efforts to contain the spread of the disease, boost health and social protection spending, and provide temporary support to affected businesses and households. In that regard, they adopted a series of measures including a revised budget with a larger deficit to accommodate automatic stabilizers and crisis-related emergency spending; a three-year preparedness and response (P&R) plan against the pandemic; and they created a COVID Special Account.

Following the Executive Board's discussion on Cameroon, Mr. Mitsuhiro Furusawa, Deputy Managing Director and Acting Chair, issued the following statement:

"The COVID-19 pandemic continues to pose significant challenges for Cameroon. Declining economic activity and persisting terms of trade shock are giving rise to substantial fiscal pressures and an urgent balance of payments need.

"In response to the shocks, the authorities continue to implement strong and decisive actions to limit the spread of the virus and its economic and social impact, including the adoption of a three-year preparedness and response plan. Additionally, a package of monetary easing measures has been approved by the Bank of Central African States (BEAC) and the authorities have adopted a revised budget with a larger deficit to accommodate the impact of the pandemic, including crisis-related emergency spending.

"The authorities have reiterated their firm commitment to an effective and transparent use of public funds and to ensure that RCF financing and resources freed up by the DSSI are efficiently spent on addressing the pandemic crisis. In this context, steps taken by the authorities to publish the beneficial ownership of companies receiving COVID-19 procurement related contracts are important.

"IMF emergency financing under the RCF will help support the government's efforts to mitigate the impact of the twin shocks, especially on the vulnerable. Additional assistance from development partners will be critical to fill the remaining financing need.

"Once the crisis abates, it is important that the authorities reinvigorate reforms and policy adjustment in line with Cameroon's medium-term reform agenda, to support strong recovery and protect the poor, while safeguarding debt sustainability."

*More information*

IMF Lending Tracker (emergency financing request approved by the IMF Executive Board)  
<https://www.imf.org/en/Topics/imf-and-covid19/COVID-Lending-Tracker>

IMF Executive Board calendar  
<https://www.imf.org/external/NP/SEC/bc/eng/index.aspx>



# CAMEROON

## REQUEST FOR DISBURSEMENT UNDER THE RAPID CREDIT FACILITY

October 5, 2020

### EXECUTIVE SUMMARY

**Context.** Since the approval of the first Rapid Credit Facility (RCF-1) request on May 4, 2020 (**IMF Country Report No 20/185**), weaker external demand in major trading partners (China and Europe) and a more pronounced impact of containment measures to slow the rising number of COVID-19 cases, have further deteriorated growth prospects and worsened Cameroon's external and fiscal positions. Given limited fiscal buffers and urgent balance of payments needs due to the pandemic, the authorities allowed the current ECF arrangement expire at end-September, reiterated their interest on a successor arrangement, and in the meantime requested financial assistance under the "exogenous shocks window" of the RCF equivalent to 40 percent of quota (SDR 110.4 million). This additional request will bring the total disbursement under the RCF to 100 percent of quota in 2020.

**Policy response.** The authorities reaffirm their commitment to further improve transparency and public financial management to ensure proper use of COVID-19 emergency resources. They are stepping up their efforts to contain the spread of the disease, boost health and social protection spending, and provide temporary support to affected businesses and households. They adopted a three-year preparedness and response plan presenting a total financing cost close to US\$ 825 million (2 percent of GDP), of which about US\$ 750 million have been identified or made available. A package of monetary easing measures was approved by the Bank of Central African States (BEAC) and the authorities adopted a revised budget with a larger deficit to accommodate automatic stabilizers and crisis-related emergency spending. As the crisis abates, fiscal adjustment will be needed, by strengthening domestic revenue mobilization and rationalizing spending while protecting social expenditures. Given Cameroon's overall high risk of debt distress, the authorities continue to commit to a zero limit on non-concessional external borrowing.

Approved By  
**David Owen (AFR)**  
 and **Delia Velculescu**  
**(SPR)**

An IMF team consisting of Mr. Sy (Head), Mr. Benlamine, Mr. Ahmed (all AFR), Mr. Blache (MCM), Mr. Arnoud (FAD), Mr. Kim (SPR), Messrs. Nsengiyumva (Resident Representative), and Mr. Tchakote (local economist) exchanged information and held discussions with the authorities by video conferences on October 2 and 5, 2020.

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## RECENT ECONOMIC DEVELOPMENTS, OUTLOOK AND RISKS

**1. In the five months following the approval of first RCF, the macroeconomic outlook has deteriorated further (Text table 1).** The COVID-19 pandemic has had a more severe negative impact on economic activity than anticipated, while the recovery is projected to occur more gradually than previously forecast. Compared to RCF-1, growth for 2020 in Europe and China—Cameroon’s major trading partners—has been further revised downward by 6.2 percentage points and 0.4 percentage points to -9.9 percent and 1.6 percent, respectively. The terms of trade shock remain persistent but at a reduced rate, with oil prices raising marginally to 41.7 dollars per barrel in 2020 (6.1 dollars higher than RCF-1 but 16.2 dollars lower compared to the Pre-COVID).

- Cases of COVID-19 were first reported in Cameroon on March 6, 2020. Since then, cases have steadily risen to reach 20,009 as of September 9, 2020, the 6<sup>th</sup> most confirmed cases overall in SSA (Box 1)—roughly five times more than during RCF-1.
- Real GDP is expected to decline by 2.8 percent in 2020, an additional 1.6 percentage points relative to RCF-1. Growth in 2021 was revised down to 3.4 percent (from 4.5 percent), reflecting a more gradual economic recovery in partner countries, the longer persistence of the shocks affecting the recovery path, and continued implementation of measures to limit the spread of the virus.
- The current account deficit (including official grants) is expected to widen to 6 percent of GDP in 2020, about 0.3 percentage point larger than projected at the time of the RCF-1. Despite weaker domestic economic activity, imports are expected to decline less than previously envisaged, due in part to COVID-19 related spending. Oil exports are projected to decline less than expected, but weaker non-oil sector exports are expected to outweigh the improvement in oil exports, also worsening the trade balance.
- The fiscal position, in the absence of any corrective measures, is expected to worsen significantly with lower revenues leading to a larger financing gap than at the time of RCF-1. Despite the authorities’ efforts to (i) reprioritize spending in areas that will least affect the mitigation of the outbreak and (ii) identify other financing sources, additional financing—including from the Fund—will be needed.

**Text Table 1. Cameroon: Comparison of Selected Economic Indicators 2019-21**

	2019		2020			2021		
	RCF-1	Est.	5th Rev.	RCF-1	Proj.	5th Rev.	RCF-1	Proj.
	(Annual percentage change)							
Real GDP	3.7	3.9	3.8	-1.2	-2.8	4.1	4.5	3.4
Oil GDP	4.3	8.2	0.5	-5.4	-2.3	-5.7	1.0	2.2
Non-oil GDP	3.7	3.6	4.0	-1.0	-2.8	4.6	4.7	3.5
Inflation	2.5	2.5	2.4	2.8	2.8	2.0	2.3	2.3
	(Percent of GDP)							
Total revenue (including grants)	16.3	15.7	15.2	13.9	13.3	15.4	14.9	14.3
Expenditure	18.7	19.1	17.3	18.4	17.4	17.0	17.6	17.6
Overall fiscal balance (payment order basis, incl. grants)	-2.3	-3.3	-2.1	-4.5	-4.2	-1.7	-2.7	-3.3
Overall fiscal balance (cash basis, incl. grants)	-2.9	-2.9	-2.6	-5.0	-4.6	-1.9	-3.4	-4.0
	(Percent of GDP)							
Overall balance of payments	-0.2	0.9	0.0	-2.9	-2.9	0.3	-0.9	-1.2
Current account balance (incl. official transfers)	-3.7	-4.4	-3.6	-5.7	-6.0	-3.4	-4.6	-5.1
	(Annual percentage change)							
<b>Memorandum Items:</b>								
Real GDP								
Euro Area	1.2	1.3	1.6	-3.7	-9.9	1.5	4.0	6.2
China	6.1	6.1	6.0	2.0	1.6	6.0	9.2	8.2
Sub-Saharan Africa	3.1	3.1	3.6	0.7	-3.1	3.6	3.9	3.2
World	2.9	2.8	3.5	-0.7	-4.7	3.6	5.0	5.3
World Trade Volume <sup>1</sup>	0.8	0.9	3.7	-6.8	-11.1	3.8	6.7	7.9
Average Petroleum Spot Price (US dollars per barrel)	61.4	61.4	57.9	35.6	41.7	56.0	37.9	46.7

Sources: Cameroonian authorities; IMF staff estimates and projections.

1/ Goods and services

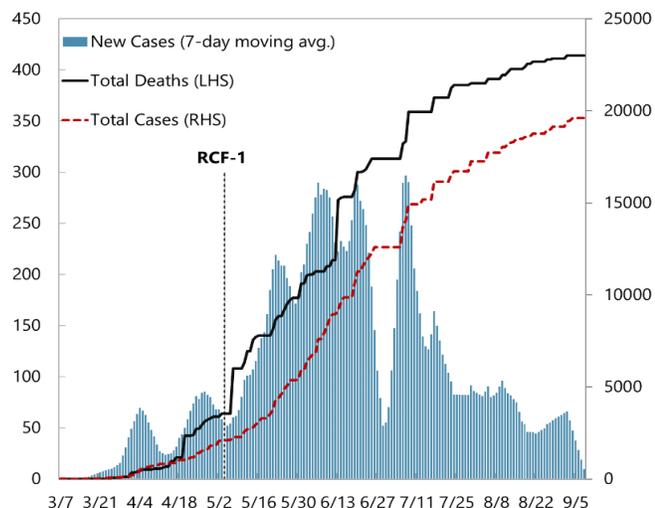
**2. The authorities allowed the current ECF program to expire at end-September 2020, reiterated their interest in a successor arrangement, and in the meantime requested a second RCF.** The ECF arrangement was approved on June 26, 2017, with an access level of 175 percent of quota and had one more review before expiration due on September 30. The deterioration of the macro-situation, the accompanying restrictions, and the urgency of continuing to focus on addressing the pandemic, made the completion of the 6<sup>th</sup> and final review of the ECF arrangement difficult before expiry of the arrangement. All five previous reviews have been successfully completed.

**3. The authorities are implementing several measures to contain the spread of the disease, boost health and social protection spending, and provide support to affected businesses and households.** A package of containment measures (social distancing and partial confinement) and a set of measures to provide tax relief to businesses were adopted in March. The latter includes an expedited VAT reimbursement and the postponement of tax payment deadlines. Revenue losses from these measures could reach 0.5 percent of GDP. Some containment measures have been softened since May and efforts to raise awareness among the population, intensify infection testing, and strengthen capacity of health facilities have been stepped up. A revised budget law for 2020 was enacted by the Parliament in June. In addition, a special COVID-19 account was opened and is governed by a circular issued by the Ministry of Finance for its functioning, auditing and reporting.

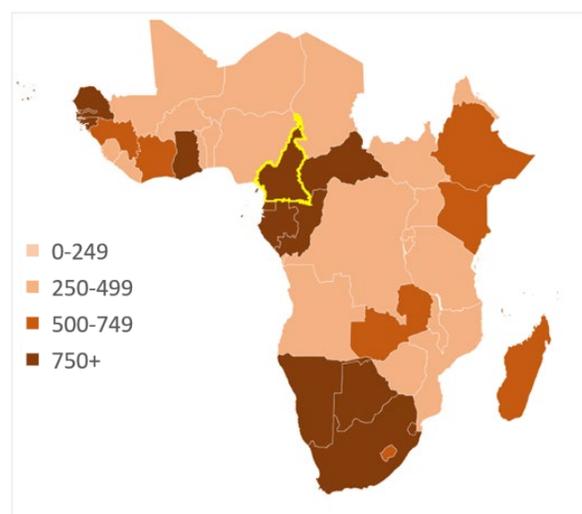
### Box 1. Global COVID-19 Pandemic<sup>1</sup>

The number of COVID-19 infections has continued to rise in Cameroon, but at a reduced rate since end-July (Panel I). As of September 9, there were 20,009 confirmed cases (6<sup>th</sup> most confirmed cases overall in SSA), 415 fatalities, and 18,837 recoveries. Per million people, the number of confirmed cases reached 769 (Panel II). The lethality rate stands at 2.1 percent, slightly lower than the African average (2.4 percent). The number of affected districts reached 159 out of 190 (81.6 percent), with a concentration in the Center and the Littoral districts (49.7 percent and 22.8 percent respectively) (panel III). Males are more affected than females, with a proportion of 1.4 and the age group of 30 to 39 years is the most affected. With 340,127 tests realized, less than 1.4 percent of the total population has been tested.

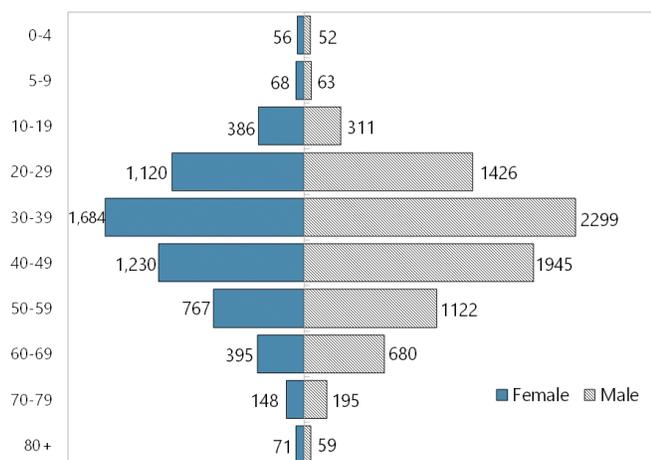
#### Covid-19 Trends



#### Covid-19 Cases per million of inhabitants



#### Demographic Distribution of Confirmed Covid-19 Cases



#### Covid-19 Statistics by Region

	Confirmed Cases		Deaths		Recoveries		
	New	Cumulative	Cumulative	Fatality Rate (%)	Proportion of Deaths (%)	New	Cumulative
Adamaoua	55	367	13	3.5	3.1	21	199
Centre	126	9942	110	1.1	26.5	92	9820
Est	11	1091	27	2.5	6.5	20	991
ExtrêmeNord	68	415	9	2.2	2.2	62	195
Littoral	49	4568	101	2.2	24.3	67	4429
Nord	7	171	13	7.6	3.1	0	120
Nord-Ouest	12	825	36	4.4	8.7	35	697
Ouest	62	1247	60	4.8	14.5	77	1148
Sud	7	625	14	2.2	3.4	10	573
Sud-Ouest	8	758	32	4.2	7.7	5	665
<b>Total</b>	<b>405</b>	<b>20009</b>	<b>415</b>	<b>34.7</b>	<b>100</b>	<b>389</b>	<b>18837</b>

Sources: Cameroonian Authorities; WHO; John Hopkins Coronavirus Resource Center; Oxford COVID-19 Government Response Tracker.  
1/ Figures as of September 8, 2020

**4. In parallel, with the help of development partners, including the WHO, the authorities adopted a three-year preparedness and response plan.** The plan, expected to cost US\$ 825 million (2 percent of GDP), includes five pillars, namely: (i) a health strategy to prevent the spread of the pandemic and take care of infected persons; (ii) mitigation of economic and financial repercussions of the pandemic; (iii) supply of essential products; (iv) local development of innovative solutions; and (v) social resilience to alleviate the repercussions of the COVID-19 pandemic on vulnerable people and households. These pillars include tax relief to affected businesses estimated at about US\$ 200 million.

**Text Table 2. Cameroon: Government Preparedness and Response Plan**

<b>Area of Intervention</b>	<b>2020</b>	<b>2021-23</b>	<b>Total</b>
<b>Strengthening of the Health System</b>	<b>58.7</b>	<b>...</b>	<b>58.7</b>
Identification of active cases	17.9	...	17.9
Management of confirmed cases	33.3	...	33.3
Social Regulations	5.9	...	5.9
<b>Economic and Financial Relief Measures</b>	<b>198.7</b>	<b>176.3</b>	<b>375.0</b>
Acquisition of food and inputs for pastoral agricultural production	3.7	12.0	15.7
Domestic debt clearance	50.0	50.0	100.0
Clearance of stock of VAT credits	25.0	...	25.0
Establishment of economic recovery fund for productive sector	20.0	110.0	130.0
<i>Tax expenditures</i>	100.0	...	100.0
<b>Strengthening Research &amp; Innovation</b>	<b>8.1</b>	<b>1.5</b>	<b>9.6</b>
Research, development, and local production of essential pharmaceutical goods	1.0	...	1.0
Production of chloroquine and azithromycin	5.0	...	5.0
Development of distance learning tools & virtual work platforms	2.0	...	2.0
Reinforcement of seed production improvement programs	...	1.5	1.5
<b>Social Resilience &amp; Strategic Procurement</b>	<b>30.5</b>	<b>...</b>	<b>30.5</b>
Establishment of Solidarity Fund for vulnerable youth and elderly	5.0	...	5.0
Extension of the social safety nets program	5.0	...	5.0
Provision of distance-learning materials (including to rural areas)	4.0	...	4.0
<i>Tax expenditures</i>	16.0	...	16.0
<b>Total</b>	<b>296.0</b>	<b>177.8</b>	<b>473.8</b>
Percent of GDP	1.3	0.8	2.1

Source: Cameroonian Authorities

**5. Some progress has been achieved in the implementation of COVID-related measures.** The revised finance law, enacted in June 2020, increased social spending by 19.3 percent (CFAF 156 billion) to CFAF 966 billion relative to the initial budget law and allocated CFAF 180 billion to the COVID-19 special account – of which 76 percent is funded by resources released by the participation to the debt service suspension initiative (DSSI: providing CFAF 123.5 billion) and external budgetary support. Data through July shows an overall social spending execution rate of 47 percent. COVID-related expenditures reached 18.6 percent of the budget allocated to social spending and were executed at around 38 percent. Additionally, 49 percent of the remaining social spending were executed.

**6. There has been good progress with SONARA’s bank debt restructuring since the first RCF.**<sup>1</sup> An agreement has been reached in September with all creditor banks representing about a third of SONARA’s total debt (CFAF 731 billion as of end-July 2020). The restructuring agreement is: (i) based on a 5-year business plan of SONARA operating solely as an oil importer, (ii) subject to the issuance of a letter of comfort by the State in favor of creditor banks, which would allow COBAC to apply to their exposures to SONARA the usual and pre-existing prudential treatment on non-provisioning of government or government-guaranteed exposures, and (iii) secured by the new levy to support SONARA. The government has issued the letter of comfort in February and a new oil price structure entered into effect in March (structural benchmark). The new price structure includes a levy on imported refined oil products (CFAF 47.88 per liter) that will be deposited in an escrow account opened at the BEAC to secure the repayment of SONARA’s debt. Discussions are ongoing with non-bank creditors (oil traders).

**7. Fund emergency financing is catalyzing donor support.** The IMF support is playing a critical catalytic role in securing external financing for Cameroon to cover the financing needs. Since the Board’s approval of the first RCF on May 4, 2020 (**IMF Country Report No 20/185**), the authorities were able to secure an additional budget support of Euro 88 million from the AfDB<sup>2</sup>. Multilateral and bilateral donors, including the World Bank, the EU, and France<sup>3</sup> also provided cash financing (close to US\$300 million as of September 11, 2020) earmarked for specific sectors, activities or categories of population affected by the COVID-19 pandemic. A large part of this earmarked financing has been kept outside the government budget. The authorities are seeking additional exceptional concessional financing to fill the remaining financing gap, including donor support and pending DSSI requests.

**8. The near-term outlook remains highly uncertain.** The pandemic could prove harder to eradicate than assumed, raising the risks of a prolonged and more severe COVID-19 outbreak causing widespread and prolonged disruptions to global economic activity, supply and demand, and lower oil and other commodity prices. The economic outlook is predicated on persistent social distancing in 2021, but with a reduction in its intensity over time. An expansion of the pandemic could intensify human suffering, socio-political tensions, and economic and social disruptions as well as higher budgetary costs. Such a scenario would lead to a more pronounced impact on the economy and fiscal revenues than currently envisaged, leading to larger fiscal and external financing needs, and increasing public debt vulnerabilities.

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<sup>1</sup> Following a fire incident at four of its 13 units on May 31, 2019, SONARA—a systemically important SOE—suspended production, stopped servicing part of its debt, and experienced difficulties paying its tax obligations (**IMF Country Report No. 20/48**)

<sup>2</sup> The AfDB Board approved the disbursement of the Euro 88 million in June 2020. Disbursements were made in September 2020.

<sup>3</sup> France approved this financing in May 2020.

**Text Table 3. Cameroon: Budgetary Financing Sources, 2020**

	RCF-1		RCF-2	
	CFAF (Billion)	% of GDP	CFAF (Billion)	% of GDP
<b>Financing Gap<sup>1</sup></b>	<b>625</b>	<b>2.8</b>	<b>917</b>	<b>4.1</b>
<b>IMF Financing</b>	<b>226</b>	<b>1.0</b>	<b>271</b>	<b>1.2</b>
of which: IMF-ECF	90	0.4	45	0.2
of which: RCF-1 (May)	136	0.6	136	0.6
of which: Prospective RCF-2	...	...	90	0.4
<b>Spending Reprioritization<sup>2</sup></b>	<b>...</b>	<b>...</b>	<b>281</b>	<b>1.3</b>
of which: Current Spending	...	...	285	1.3
of which: Capital Spending	...	...	176	0.8
of which: COVID-19 spending (- increase)	...	...	-180	-0.8
<b>Budget Support from other Development Partners</b>	<b>125</b>	<b>0.6</b>	<b>125</b>	<b>0.6</b>
<b>Debt Relief - DSSI</b>	<b>...</b>	<b>...</b>	<b>123</b>	<b>0.6</b>
<b>Exceptional Financing</b>	<b>274</b>	<b>1.2</b>	<b>118</b>	<b>0.5</b>
of which: identified financing	...	...	66	0.3
of which: unidentified financing	274	1.2	51	0.2
<b>Memorandum item:</b>				
Financing Gap after Spending Reprioritization	625	2.8	636	2.9

Source: Cameroonian Authorities and IMF Staff estimates

1/ The financing gap in the RCF1 Request assumes that IMF Financing includes a disbursement for the 6th review (CFAF 45 billion). This disbursement is excluded from RCF 2.

2/ Values refer to a reduction in spending, except for COVID-19 related spending.

## POLICY ISSUES AND DISCUSSIONS

*The authorities' immediate priority remains to increase health and social protection spending and use counter-cyclical fiscal policy to limit the spread of the disease in Cameroon and its humanitarian, economic, and financial impact.*

### 9. The COVID-19 pandemic has created urgent BOP and fiscal needs and the authorities have requested the Fund's financial assistance through the RCF (Text Table 4).

- The sharp deterioration of the global economic outlook and the terms of trade shocks are leading to an unprecedented economic fallout in Cameroon. Driven by the sharp deterioration of revenue (CFAF -197 billion compared to RCF-1) and in the absence of corrective measures, the overall fiscal deficit is expected to reach CFAF 1,315 billion or 5.9 percent of GDP, 0.9 percentage point higher than RCF-1.
- As a result, the financing gap is expected to increase compared to RCF-1 by CFAF 293 billion to CFAF 917 billion (4.1 percent of GDP). The scope for additional domestic financing is limited, and the authorities should close this gap through additional donor financing, the suspension of debt service to Paris Club and G20 creditors, and budgetary reprioritization - cuts of spending in areas that will least affect the mitigation of the outbreak (see below).

### 10. The authorities adopted a realistic Revised Finance Law (RFL) in June 2020 with a larger deficit to accommodate automatic stabilizers and crisis-related emergency spending.

- Revenues are expected in the RFL to decline by CFAF 772bn to CFAF 2,777bn, compared to the initial Budget Law, reflecting the deterioration of the economic outlook due to the pandemic and the fiscal response announced by the authorities in April 2020. These measures provide temporary tax accommodation to businesses directly affected by the crisis through tax moratoria and deferred payments, notably (i) exemptions from the tourist tax in the hotel and catering sectors for the rest of the 2020 financial year; (ii) exemption from the withholding tax for taxis and motorbikes and petty traders for the second quarter; (iii) the allocation of a special envelope of CFAF 25 billion for the expedited clearance of VAT credits awaiting reimbursement, and (iv) the postponement of the deadline to pay land taxes for the 2020 financial year, to 30 September 2020.
- The RFL establishes expenditure reprioritization in areas that will least affect the mitigation of the outbreak, with the postponement of non-priority goods and services and capital expenditure, while protecting social spending benefiting the most vulnerable.
- Additionally, the RFL allocates about US\$ 310 million to the special COVID-19 account financed at 76 percent by resources released by debt service suspension and external budgetary support.

**11. The authorities have also strengthened their efforts to alleviate the impact on households.** Family allowance has been increased permanently from CFAF 2,800 to CFAF 4,500; pensions that did not benefit from the 2016 reform have been raised permanently by 20 percent; payment of family allowances to staff of companies continued; social security contributions for the second quarter have been spread, and late fees canceled. In addition, budget allocations to the social safety net program have been increased from CFAF 9 to 25 billion to benefit it to a larger population.

**12. BEAC and COBAC have taken several measures to ease monetary policy and cushion the banking sector, accommodating for the COVID-crisis.** On March 2020, BEAC eased monetary policy by reducing policy rates (by 25 bps to 3.25 percent) and injecting liquidity. Additionally, on July 22, BEAC announced an asset purchase program of CFAF 600 billion for all CEMAC sovereign issuers. It also announced long term refinancing operations for banks, under the condition that beneficiary banks maintain their levels of credits to the economy. On March 2020, COBAC informed banks to utilize a capital conservation buffer of 2.5 percent to absorb pandemic-related losses but requested banks to adopt a restrictive dividend distribution policy.

Text Table 4. Cameroon: Fiscal and External Financing Needs, 2020

	Fiscal		External	
	CFAF billions	Percent of GDP	CFAF billions	Percent of GDP
<b>Total Revenue and Grants</b>	2,957	13.2	<b>Current account balance (before spending reprioritization)</b>	-1,500 -6.7
<b>Total Expenditure (before spending reprioritization)</b>	4,162	18.6	<b>Capital and financial account balance</b>	537 2.4
Current expenditure (before spending reprioritization)	2,732	12.2	<b>Overall balance</b>	-963 -4.3
Capital expenditure (before spending reprioritization)	1,430	6.4	<b>Financing</b>	963 4.3
<b>Overall Balance (payment order basis)</b>	-1,205	-5.4	Bank of Central African States	46 0.2
<b>Overall Balance (cash basis)</b>	-1,313	-5.9	IMF Repayments	0 0.0
<b>Financing</b>	396	1.8	<b>Financing Gap</b>	917 4.1
External financing, net	278	1.2	IMF Financing	271 1.2
Domestic financing, net	117	0.5	IMF ECF	45 0.2
<b>Financing Gap</b>	917	4.1	RCF-1 (May)	136 0.6
IMF Financing	271	1.2	Prospective RCF-2	90 0.4
IMF-ECF	45	0.2	Budget support (excl. IMF)	125 0.6
RCF-1 (May)	136	0.6	AFDB	53 0.2
Prospective RCF-2	90	0.4	WB	56 0.2
Budget Support from other Development Partners	125	0.6	France	0 0.0
Spending Re-Prioritization (+ decrease)	281	1.3	EU	16 0.1
Debt Relief - DSSI	123	0.6	Spending Re-Prioritization (+ decrease)	281 1.3
Exceptional Financing	118	0.5	Debt Relief - DSSI	123 0.6
of which: identified	66	0.3	Exceptional Financing	118 0.5
of which: unidentified	51	0.2	of which: identified	66 0.3
			of which: unidentified	51 0.2
<b>Memorandum Item:</b>				
Financing Gap after Spending Reprioritization	636	2.8		

Sources: Cameroonian authorities; and IMF staff calculations.

**13. The overall banking system is liquid and profitable but remains fragile.** Deposits continue to increase while credit to the private sector has been declining since the fire at SONARA. Banks who participate in SONARA's debt restructuring should not have to provision related exposures (see above para. 6). The COVID-19 pandemic and associated weaker economic activity will impact bank solvency through increased NPL ratios and provisioning requirements. A few small banks are weak or insolvent. In January 2020, the authorities and COBAC adopted restructuring plans for two small ailing private banks, with options that minimize costs to the State and preserve financial inclusion. The restructuring plan of one of the two bank was rejected in September by the main shareholders, which may delay the implementation of the restructuring plan of that bank.

**14. The authorities requested debt service suspension under the G20 debt service suspension initiative.** As of end-September 2020, all official bilateral creditors but one, have agreed in principle to debt service suspension under the DSSI for the period April 30<sup>th</sup> to end-December 2020 on their loans not originating from the commercial windows of their lending institutions. The debt service relief expected by Cameroon from the nine creditors amounts to about US\$ 222.3 million, of which US\$ 164.7 million due to France and US\$ 51 million on loans from China EXIMBANK's preferential window. Apart from two German official creditors, with whom debt rescheduling agreements were effectively signed in July 2020, Cameroon is still in the process of concluding bilateral agreements with other official creditors.

**15. The authorities have reiterated their commitment to ensure a proper use of COVID-19 emergency resources.**

- In the Letter of Intent of the RCF-1, the authorities committed to the strict application of the budgetary procedures and controls provided for by the Cameroonian Laws for the received financial assistance; to issue a semi-annual report on COVID-19 related spending and to commission an independent audit of this spending at the end of the 2020 fiscal year and publish the results. They also committed to publishing documents relating to the results of public procurement awarded by the government and the beneficial ownership of companies receiving procurement contracts on COVID-19 related expenditures. Finally, they committed to incorporate COVID-19 related expenditures in a revised finance law to be presented to the Parliament in June 2020.
- Since RCF-1 the authorities have enacted a realistic revised finance law incorporating COVID-19 related expenditures. They also created a special COVID-19 account dedicated to finance the national response plan to the pandemic. This account is governed by a circular issued by the Minister of Finance, which specifies the modalities of organization, operation, and monitoring-evaluation mechanisms of the account. The functioning mechanisms of the account makes it possible to monitor the use of the resources mobilized in order to meet the requirements of transparency and accountability, in accordance with the provisions of the law on transparency and good governance in public finance management and the law on the financial regime of the State and other public entities both adopted in July 2018.
- The authorities are committed to i) issuing before the RCF-2 Board date a circular implementing Article 90 of the Public Procurement Code, to modify the standard procurement forms in particular with regard to documents providing information on the identification of the beneficial ownership of companies receiving procurement contracts related to COVID-19 (a *prior action*); ii) publishing after the RCF-2 Board date, on the website of the Public Procurement Regulatory Agency and within 30 days of the award on any contract, the results of public procurement awarded by the government and the beneficial ownership of companies receiving procurement contracts on COVID-19 related expenditures; and to iii) publishing before the RCF-2 Board date the backlog of all COVID-19 related contracts awarded since May 4, 2020, including the beneficial ownership (a *prior action*).
- As a beneficiary of the DSSI, Cameroon committed to disclose all public sector financial commitments, respecting commercially sensitive information; and to contract no new non-concessional debt during the suspension period (from 1<sup>st</sup> May to 31<sup>st</sup> December 2020), other than agreements under this initiative or in compliance with limits agreed under the Fund's Debt Limits Policy (DLP) or the World Bank's policy on non-concessional borrowing.

**16. Cameroon remains committed to its medium-term reform agenda to support inclusive growth and reduce risks to debt sustainability and the authorities expressed their interest in a successor arrangement.** The authorities have reiterated their interest for a successor arrangement with the Fund, which would support the authorities' economic reform strategy towards sustained,

more inclusive and diversified growth, and help catalyze private investment and donor financial support. The authorities agreed on the importance of undertaking the needed adjustments to return to the fiscal consolidation path once the crisis abates to safeguard debt sustainability and ensure a strong and inclusive recovery. The authorities are actively seeking concessional financing from development partners and are committed to avoid new non-concessional borrowing (NCB). Allowing for new NCB would further weaken already compromised debt sustainability, go against the authorities' interest and undermine their efforts to secure the international community's support. Efforts to accelerate export diversification while maintaining debt sustainability are also being continued through a range of initiatives with financial and technical support from the World Bank and the EU.

## REQUEST FOR DISBURSEMENT UNDER THE RAPID CREDIT FACILITY

**17. The authorities are requesting a disbursement under the RCF equivalent to 40 percent of quota to address the urgent balance of payments needs emerging as a result of the pandemic.** The RCF disbursement of SDR 110.4 million (40 percent of quota), is expected to fill 9.8 percent of the estimated financing gap. At the time of RCF-1, Cameroon was constrained by the annual access limit, leaving a large financing gap. This additional request will bring the total disbursement under the RCF to 100 percent of quota in 2020. Total IMF disbursements are expected to fill 29.5 percent of the estimated financing gap.

**18. Cameroon meets the eligibility requirements for support under the RCF.**

- Cameroon meets the eligibility requirements for support under the Exogenous Shocks Window of the RCF as it has urgent balance of payments needs that, if not addressed, would result in an immediate and severe disruption; the BOP needs are not caused by a withdrawal of donor support; and the urgency of the BOP need precludes the design and implementation of a UCT-quality program.
- The authorities have committed to ensure that the financial assistance received will be subject to the application of budgetary procedures and controls, including audits in strict compliance with the provisions of the Law on the Code for Transparency and Good Governance in Public Finance Management in Cameroon and the Law on the Financial Regime for the Government and Other Public Entities, all enacted in July 2018 under the ECF-supported program.
- Cameroon is at high risk of debt distress; however, debt is assessed to remain sustainable. The updated DSA incorporates SONARA's agreed debt restructuring with the creditor banks and reflects SONARA's new business plan as well as the new price structure generating enough resources to cover its debt. On balance, while debt service ratios continue to be breached under the baseline scenario, debt can continue to be assessed as sustainable given the downward path

of debt indicators, and the progress made on the reprofiling of SONARA's debt and ensuring its viability (see Annex I).

- Cameroon's capacity to repay the Fund remains strong, but subject to downside risks. A disbursement of 40 percent of quota would result in Fund exposure to Cameroon of 2.5 percent of GDP in 2020 (Table 5). The total amount of outstanding credit from the Fund, including the disbursement related to the proposed RCF disbursement, will amount to 255 percent of quota in 2020, within normal cumulative access limits. Annual repayments will remain below 0.4 percent of GDP over the 2020-34 period and should peak at 0.3 percent of GDP or 2.1 percent of government revenue in 2026.

**19. Budget support through the proposed RCF will cover 9.8 percent of the financing needs and is expected to catalyze additional support from IFIs.** The proposed emergency assistance under the RCF will be critical in securing additional financing to cover the urgent and large external financing gap. Total IMF disbursements are expected to fill 29.5 percent of the estimated financing gap. Some of donors' support initially conditioned by the completion of the 6<sup>th</sup> review are now contingent on this RCF completion.

**20. BEAC has implemented the priority recommendations from the 2017 safeguards assessment.** In particular, the alignment of the BEAC's secondary legal instruments with its Charter was concluded, and the central bank has issued its FY 2019 audited financial statements in full compliance with IFRS. The RCF support will be channeled to the Treasury by the BEAC.

**21. RCF support will be channeled to the Treasury by the BEAC, and an MoU between the BEAC and the government will be signed.** RCF disbursements will be disbursed to the BEAC and be on-lent to the government to provide urgent budgetary financing.

## STAFF APPRAISAL

**22. Cameroon is facing an unprecedented economic fallout due to the twin COVID-19 pandemic and terms of trade shocks.** Compared to RCF-1, the macroeconomic outlook has further deteriorated, with an additional downward revision of 1.6 and 1.1 percentage points for growth for 2020 and 2021 respectively. Consequently, Cameroon is facing urgent and large financing needs, with a financing gap estimated at 4.1 percent of GDP for 2020.

**23. The authorities have been proactive in responding to the COVID-19 pandemic and their response remains appropriate.** Staff welcomes the adoption of the revised finance law and the authorities' three-year preparedness and response plan against the pandemic and stresses the importance of accelerating its implementation, with the technical and financial support of development partners. Staff supports also the temporary loosening of macroeconomic and financial policies to accommodate the measures undertaken to address the impact of the pandemic. However, the authorities should monitor closely potential fiscal risks, to limit further revenue losses. The authorities should develop additional contingency plans in case downside risks materialize, including considering additional expenditure reprioritization in areas that will least affect the mitigation of the outbreak, such as further postponement of non-priority goods and services or capital expenditure, while protecting expenditure that benefits the most vulnerable. Staff supports the authorities' strategy to return to the fiscal consolidation path once the crisis abates to safeguard debt sustainability and ensure a strong and inclusive recovery in line with Cameroon's medium-term reform agenda.

**24. Staff welcomes the authorities' commitment to strengthen transparency and good governance.** The authorities reiterated their firm commitment to an effective and transparent use of public funds, and to ensuring that funds received, including from the RCF disbursement and the resources freed up by the DSSI, are efficiently spent on addressing the pandemic crisis. They intend to issue before the RCF-2 Board date, a circular implementing Article 90 of the Public Procurement Code to modify the standard procurement forms, in particular with regard to documents providing information on the identification of the beneficial ownership of companies receiving procurement contracts related to COVID-19 (a *prior action*), to publish after the RCF-2 Board date, on the website of the Public Procurement Regulatory Agency and within 30 days of the award on any contract, the results of public procurement awarded by the government and the beneficial ownership of companies receiving procurement contracts on COVID-19 related expenditures, and to publish before the RCF-2 Board date the backlog of all COVID-19 related contracts awarded since May 4, 2020, including the beneficial ownership (a *prior action*).

**25. Staff supports the authorities' request for financial assistance under the Rapid Credit Facility equivalent to 40 percent of quota (SDR 110.4 million or 0.4 percent of GDP).** Cameroon meets the eligibility requirements for the RCF and has adequate capacity to repay the Fund. Total access under the RCF for 2020 would reach 100 percent of quota and help address the urgent and large financing needs and catalyze additional external financing. While the risks to the outlook are substantial and Cameroon remains at high risk of debt distress, its debt remains sustainable, given the downward path of debt indicators and the progress made on the reprofiling

of SONARA's debt and ensuring its viability and contingent on identifying enough concessional resources to close the identified financing gaps and avoiding additional non-concessional borrowing. Staff has confidence that the authorities will pursue economic policies appropriate for addressing the impact of the virus, based on the country's track record of economic policies and strong relations with the Fund.

**Table 1. Cameroon: Selected Economic and Financial Indicators, 2018–25**  
(CFAF billion, unless otherwise indicated)

	2018	2019	2020		2021	2022	2023	2024	2025
		Est.	RCF-1	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
(Annual percentage change, unless otherwise indicated)									
<b>National account and prices</b>									
GDP at constant prices	4.1	3.9	-1.2	-2.8	3.4	4.3	4.8	5.4	5.4
Oil GDP at constant prices	-2.7	8.2	-5.4	-2.3	2.2	-0.5	0.9	3.5	1.7
Non-Oil GDP at constant prices	4.4	3.6	-1.0	-2.8	3.5	4.6	5.0	5.5	5.6
GDP deflator	1.6	2.0	0.9	1.2	2.2	1.7	1.8	1.9	1.9
Nominal GDP (at market prices, CFAF billions)	21,493	22,769	22,615	22,399	23,687	25,134	26,806	28,791	30,922
Oil	1,000	932	514	635	728	746	753	779	793
Non-Oil	20,493	21,838	22,101	21,765	22,959	24,387	26,054	28,012	30,129
Consumer prices (average)	1.1	2.5	2.8	2.8	2.3	2.1	2.0	2.0	2.0
Consumer prices (eop)	2.0	2.4	2.4	2.4	2.1	2.0	2.0	2.0	2.0
<b>External trade</b>									
Export volume	-0.7	-1.4	-4.0	-8.7	10.0	9.1	7.9	7.2	7.1
Oil sector	-16.7	31.2	-5.7	-2.6	2.8	-0.5	0.9	3.5	2.7
Non-oil sector	2.7	-7.1	-3.7	-10.1	12.0	11.5	9.5	8.0	8.0
Import volume	2.4	22.5	-2.5	-3.9	7.2	1.8	3.8	5.1	5.1
Nominal effective exchange rate (depreciation -)	3.0	-1.2	...	...	...	...	...	...	...
Real effective exchange rate (depreciation -)	1.4	-1.3	...	...	...	...	...	...	...
Terms of trade	-0.2	23.1	-16.2	-13.4	2.1	-3.2	-0.4	2.2	-1.2
Export price index	8.7	13.9	-23.6	-22.0	2.7	-1.5	0.0	1.7	0.0
Non-oil export price index	-3.8	13.6	-12.4	-15.8	-1.9	-3.2	-1.0	0.8	0.1
Import price index	8.8	-7.5	-8.8	-9.9	0.6	1.7	0.5	-0.5	1.2
<b>Money and credit</b>									
Broad money (M2)	9.8	6.0	-1.8	0.8	5.7	8.3	8.9	11.2	11.9
Net foreign assets 1/	2.3	5.5	-6.2	-4.3	1.8	4.2	4.0	6.1	7.8
Net domestic assets 1/	7.5	0.5	4.4	5.1	4.0	4.1	4.9	5.1	4.1
Domestic credit to the private sector	4.6	1.4	-2.7	-7.6	-1.7	0.3	1.0	0.9	-0.5
(Percent of GDP, unless otherwise indicated)									
<b>Savings and investments</b>									
Gross national savings	26.2	25.8	22.5	21.8	23.7	25.2	26.5	28.2	29.9
Gross domestic investment	29.8	30.1	28.2	27.2	28.3	28.4	28.8	29.8	31.1
Public investment	6.9	7.0	6.3	5.6	6.2	6.2	6.1	6.1	6.1
Private investment	23.0	23.1	21.8	21.6	22.1	22.2	22.7	23.6	25.0
<b>Central government operations</b>									
Total revenue (including grants)	16.1	15.7	13.9	13.2	14.2	14.6	14.7	14.8	15.0
Oil revenue	2.3	2.6	1.2	1.5	1.8	1.7	1.6	1.6	1.5
Non-oil revenue	13.3	12.6	12.3	11.3	12.0	12.5	12.7	12.9	13.1
Non-oil revenue (percent of non-oil GDP)	14.0	13.1	12.6	11.6	12.4	12.9	13.1	13.3	13.5
Total expenditure	18.5	19.1	18.4	17.3	17.6	17.2	16.6	16.5	16.3
Overall fiscal balance (payment order basis)									
Excluding grants	-2.9	-3.9	-4.9	-4.6	-3.7	-3.1	-2.3	-2.0	-1.7
Including grants	-2.5	-3.3	-4.5	-4.1	-3.3	-2.6	-2.0	-1.7	-1.4
Overall fiscal balance (cash basis)									
Excluding grants	-3.7	-3.4	-5.4	-5.1	-4.4	-3.4	-2.5	-2.1	-1.7
Including grants	-3.3	-2.9	-5.0	-4.6	-4.0	-3.0	-2.2	-1.7	-1.4
Non-oil primary balance (payment basis, percent of non-oil GDP)	-4.1	-5.1	-4.8	-4.8	-4.3	-3.5	-2.8	-2.6	-2.3
<b>External sector</b>									
Current account balance									
Excluding official grants	-4.0	-4.7	-6.2	-6.0	-5.1	-3.7	-2.7	-1.9	-1.5
Including official grants	-3.6	-4.4	-5.7	-5.4	-4.6	-3.2	-2.4	-1.6	-1.2
<b>Public debt</b>									
Stock of public debt	39.5	41.7	45.5	43.5	43.8	43.8	43.1	41.8	40.4
Of which: external debt	28.6	29.0	34.3	30.8	30.6	30.4	29.4	28.3	27.6

Sources: Cameroonian authorities; and IMF staff estimates and projections using updated nominal GDP.

1/ Percent of broad money at the beginning of the period.

**Table 2a. Cameroon: Central Government Operations, 2018–25**  
(CFAF billion, unless otherwise indicated)

	2018	2019	2020		2021		2022	2023	2024	2025	
		Est.	RCF-1	Rev. Budget	Proj.	RCF-1	Proj.	Proj.	Proj.	Proj.	
<b>Total revenue and grants</b>	<b>3,451</b>	<b>3,584</b>	<b>3,152</b>	<b>2,879</b>	<b>2,957</b>	<b>3,610</b>	<b>3,374</b>	<b>3,666</b>	<b>3,931</b>	<b>4,273</b>	<b>4,624</b>
Total revenue	3,365	3,451	3,051	2,777	2,856	3,507	3,272	3,561	3,839	4,179	4,530
Oil sector revenue	500	585	267	270	331	331	427	423	435	461	472
Non-oil sector revenue	2,864	2,867	2,784	2,507	2,526	3,176	2,845	3,138	3,403	3,718	4,058
Direct taxes	643	729	659	...	605	757	670	756	830	891	987
Special tax on petroleum products	127	129	131	...	111	147	120	160	166	171	190
Other taxes on goods and services	1,497	1,451	1,433	1,653	1,240	1,612	1,396	1,524	1,665	1,814	1,926
Taxes on international trade	406	393	388	650	376	468	461	480	496	548	618
Non-tax revenue	191	164	172	204	194	192	197	217	247	295	338
Total grants	86.7	133	101	102	101	103	102	104	93	94	94
Projects	38	50	28	29	28	30	29	31	33	36	38
Other (debt relief)	48	83	73	73	73	73	73	73	60	58	55
<b>Total expenditure</b>	<b>3,986</b>	<b>4,338</b>	<b>4,162</b>	<b>3,878</b>	<b>3,881</b>	<b>4,268</b>	<b>4,160</b>	<b>4,328</b>	<b>4,460</b>	<b>4,755</b>	<b>5,045</b>
Current expenditure	2,485	2,693	2,732	2,443	2,447	2,716	2,618	2,713	2,854	3,006	3,151
Wages and salaries	1,007	1,016	1,064	1,036	1,036	1,109	1,079	1,105	1,163	1,225	1,289
Goods and services	733	706	821	677	677	786	744	770	823	880	941
Subsidies and transfers	547	740	627	528	528	581	568	603	643	691	718
Interest	199	232	220	202	206	241	227	235	225	210	202
External	151	177	170	152	156	197	183	190	179	174	169
Domestic	48	55	50	50	50	44	44	45	46	37	33
Capital expenditure	1,474	1,594	1,430	1,254	1,254	1,571	1,462	1,562	1,626	1,765	1,894
Domestically financed investment	674	625	614	542	542	699	610	681	714	761	829
Foreign-financed investment	749	927	770	684	684	823	822	849	879	968	1,027
Rehabilitation and participation	50	42	46	28	28	49	30	31	34	36	39
Net lending	27	51	0	0	0	-20	-20	-20	-20	-16	0
Covid-19 spending				180	180		100	74			
<b>Overall balance (payment order basis)</b>											
Excluding grants	-621	-887	-1111	-1101	-1,025	-761	-888	-767	-621	-576	-515
Including grants	-535	-754	-1010	-999	-924	-658	-786	-663	-529	-482	-421
<b>CEMAC reference fiscal balance</b>	<b>-629</b>	<b>-952</b>	<b>-885</b>	<b>-849</b>	<b>-849</b>	<b>-614</b>	<b>-810</b>	<b>-694</b>	<b>-609</b>	<b>-551</b>	<b>-488</b>
<b>Adjustment to cash basis</b>	<b>-174</b>	<b>103</b>	<b>-117</b>	<b>-72</b>	<b>-108</b>	<b>-155</b>	<b>-155</b>	<b>-83</b>	<b>-55</b>	<b>-17</b>	<b>-17</b>
Unexecuted payment orders (=reduction)	-96	0	0	0	0	0	0	0	0	0	0
Floats and arrears (= reduction)	-78	103	-117	-72	-108	-155	-155	-83	-55	-17	-17
o/w Arrears (= reduction)	-135	110	-65	-20	-43	-35	-35	0	0	-2	-2
o/w Floats (= reduction)	135	6	-43	-52	-65	-70	-70	-48	-15	-15	-15
o/w other arrears 1/	-78	-14	-9	0	0	-50	-50	-35	-40	0	0
<b>Overall balance (cash basis)</b>											
Excluding grants	-796	-785	-1228	-1173	-1,133	-916	-1,043	-850	-676	-593	-532
Including grants	-709	-651	-1127	-1071	-1,032	-813	-941	-746	-584	-499	-438
<b>Financing</b>	<b>710</b>	<b>651</b>	<b>503</b>	<b>473</b>	<b>396</b>	<b>553</b>	<b>681</b>	<b>565</b>	<b>439</b>	<b>499</b>	<b>438</b>
External financing, net	825	740	440	315	278	486	434	395	232	309	396
Amortization	-210	-320	-302	-340	-378	-307	-359	-422	-614	-623	-592
Drawings	1,036	1,060	742	655	656	793	793	818	846	932	988
Domestic financing, net	-116	-89	63	158	117	66	246	170	206	190	42
Banking system	246	315	190	260	306	164	266	233	288	330	328
o/w statutory advances from BEAC	0	0	0	0	0	0	0	-58	-58	-58	-58
Amortization of structured nonbank debt	-64	-39	-17	-17	-17	-218	-16	-17	-17	-17	-5
Other domestic financing	-298	-364	-110	-85	-171	-98	-3	-46	-65	-123	-281
<b>Financing gap</b>	<b>0</b>	<b>0</b>	<b>625</b>	<b>598</b>	<b>636</b>	<b>260</b>	<b>260</b>	<b>181</b>	<b>145</b>	<b>0</b>	<b>0</b>
Of which: IMF-ECF			90	90	45	0	0	0	0	0	0
Of which: budget support (excl. IMF)			125	125	125	0	0	0	0	0	0
AFDB			53	53	53	0	0	0	0	0	0
WB			56	56	56	0	0	0	0	0	0
France			0	0	0	0	0	0	0	0	0
EU			16	16	16	0	0	0	0	0	0
Of which: exceptional financing			410	384	467	260	260	181	145	0	0
IMF: RCF-1 (May)			136	136	136						
IMF: Prospective RCF-2					90						
DSSI				118	123						
Other Covid-related financing			274	130	118						
<b>Residual gap</b>			0	0	0	260	260	181	145	0	0
<b>Memorandum items:</b>											
Floor of social spending	657	711									
Primary balance (payment order basis, incl. grants)	-336	-522	-790	-787	-718	-417	-559	-428	-304	-272	-219
Primary balance (cash basis, incl. grants)	-510	-420	-907	-864	-826	-572	-714	-511	-359	-289	-236
Non-oil primary balance (payment order basis, incl. grants)	-836	-1,107	-1,058	-1,057	-1,049	-747	-986	-851	-739	-733	-691
Non-oil primary balance (cash basis, incl. grants)	-1,011	-1,004	-1,175	-1,134	-1,157	-902	-1,141	-934	-794	-750	-708
Unpaid government obligations	583	685	329	374	577	174	422	339	284	267	250
Float	262	269	164	155	204	94	134	86	71	56	41
Arrears	146	256	39	84	213	4	178	178	178	176	174
Other arrears 1/	174	160	126	135	160	76	110	75	35	35	35

Sources: Cameroonian authorities; and IMF staff estimates and projections with updated nominal GDP.

1/ Other arrears include the stock of unstructured debt that is held by CAA and the "floating" domestic debt at the Treasury as defined in the TMU. The payments of arrears are adjusted starting end-2018 and the stock of unpaid government obligations is adjusted starting end-2016 to reflect these operations.

**Table 2b. Cameroon: Central Government Operations, 2018–25**  
(In percent of GDP)

	2018	2019	2020		2021		2022	2023	2024	2025	
		Est.	RCF-1	Rev. Budget	Proj.	RCF-1	Proj.	Proj.	Proj.	Proj.	
<b>Total revenue and grants</b>	<b>16.1</b>	<b>15.7</b>	<b>13.9</b>	<b>13.1</b>	<b>13.2</b>	<b>14.9</b>	<b>14.2</b>	<b>14.6</b>	<b>14.7</b>	<b>14.8</b>	<b>15.0</b>
Total revenue	15.7	15.2	13.5	12.6	12.8	14.5	13.8	14.2	14.3	14.5	14.7
Oil sector revenue	2.3	2.6	1.2	1.2	1.5	1.4	1.8	1.7	1.6	1.6	1.5
Non-oil sector revenue	13.3	12.6	12.3	11.4	11.3	13.1	12.0	12.5	12.7	12.9	13.1
Direct taxes	3.0	3.2	2.9	...	2.7	3.1	2.8	3.0	3.1	3.1	3.2
Special tax on petroleum products	0.6	0.6	0.6	...	0.5	0.6	0.5	0.6	0.6	0.6	0.6
Other taxes on goods and services	7.0	6.4	6.3	7.5	5.5	6.7	5.9	6.1	6.2	6.3	6.2
Taxes on international trade	1.9	1.7	1.7	2.9	1.7	1.9	1.9	1.9	1.9	1.9	2.0
Non-tax revenue	0.9	0.7	0.8	0.9	0.9	0.8	0.8	0.9	0.9	1.0	1.1
Total grants	0.4	0.6	0.4	0.5	0.4	0.4	0.4	0.4	0.3	0.3	0.3
Projects	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Other (debt relief)	0.2	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2
<b>Total expenditure</b>	<b>18.5</b>	<b>19.1</b>	<b>18.4</b>	<b>17.6</b>	<b>17.3</b>	<b>17.6</b>	<b>17.6</b>	<b>17.2</b>	<b>16.6</b>	<b>16.5</b>	<b>16.3</b>
Current expenditure	11.6	11.8	12.1	11.1	10.9	11.2	11.1	10.8	10.6	10.4	10.2
Wages and salaries	4.7	4.5	4.7	4.7	4.6	4.6	4.6	4.4	4.3	4.3	4.2
Goods and services	3.4	3.1	3.6	3.1	3.0	3.2	3.1	3.1	3.1	3.1	3.0
Subsidies and transfers	2.5	3.3	2.8	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.3
Interest	0.9	1.0	1.0	0.9	0.9	1.0	1.0	0.9	0.8	0.7	0.7
External	0.7	0.8	0.8	0.7	0.7	0.8	0.8	0.8	0.7	0.6	0.5
Domestic	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1
Capital expenditure	6.9	7.0	6.3	5.7	5.6	6.5	6.2	6.2	6.1	6.1	6.1
Domestically financed investment	3.1	2.7	2.7	2.5	2.4	2.9	2.6	2.7	2.7	2.6	2.7
Foreign-financed investment	3.5	4.1	3.4	3.1	3.1	3.4	3.5	3.4	3.3	3.4	3.3
Rehabilitation and participation	0.2	0.2	0.2	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1
Net lending	0.1	0.2	0.0	0.0	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	0.0
Covid-19 spending				0.8	0.8		0.5	0.3	0.0	0.0	0.0
<b>Overall balance (payment order basis)</b>											
Excluding grants	-2.9	-3.9	-4.9	-5.0	-4.6	-3.1	-3.7	-3.1	-2.3	-2.0	-1.7
Including grants	-2.5	-3.3	-4.5	-4.5	-4.1	-2.7	-3.3	-2.6	-2.0	-1.7	-1.4
<b>CEMAC reference fiscal balance</b>	<b>-2.9</b>	<b>-4.2</b>	<b>-3.9</b>	<b>0.0</b>	<b>-3.8</b>	<b>-2.5</b>	<b>-3.4</b>	<b>-2.8</b>	<b>-2.3</b>	<b>-1.9</b>	<b>-1.6</b>
<b>Adjustment to cash basis</b>	<b>-0.8</b>	<b>0.5</b>	<b>-0.5</b>	<b>-0.3</b>	<b>-0.5</b>	<b>-0.6</b>	<b>-0.7</b>	<b>-0.3</b>	<b>-0.2</b>	<b>-0.1</b>	<b>-0.1</b>
Unexecuted payment orders (=reduction)	-0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Floats and arrears (= reduction)	-0.4	0.5	-0.5	-0.3	-0.5	-0.6	-0.7	-0.3	-0.2	-0.1	-0.1
o/w Arrears (= reduction)	-0.6	0.5	-0.3	-0.1	-0.2	-0.1	-0.1	0.0	0.0	0.0	0.0
o/w Floats (= reduction)	0.6	0.0	-0.2	-0.2	-0.3	-0.3	-0.3	-0.2	-0.1	-0.1	0.0
o/w other arrears 1/	-0.4	-0.1	0.0	0.0	0.0	-0.2	-0.2	-0.1	-0.1	0.0	0.0
<b>Overall balance (cash basis)</b>											
Excluding grants	-3.7	-3.4	-5.4	-5.3	-5.1	-3.8	-4.4	-3.4	-2.5	-2.1	-1.7
Including grants	-3.3	-2.9	-5.0	-4.9	-4.6	-3.4	-4.0	-3.0	-2.2	-1.7	-1.4
<b>Financing</b>	<b>3.3</b>	<b>2.9</b>	<b>2.2</b>	<b>2.1</b>	<b>1.8</b>	<b>2.3</b>	<b>2.9</b>	<b>2.2</b>	<b>1.6</b>	<b>1.7</b>	<b>1.4</b>
External financing, net	3.8	3.3	1.9	1.4	1.2	2.0	1.8	1.6	0.9	1.1	1.3
Amortization	-1.0	-1.4	-1.3	-1.5	-1.7	-1.3	-1.5	-1.7	-2.3	-2.2	-1.9
Drawings	4.8	4.7	3.3	3.0	2.9	3.3	3.3	3.3	3.2	3.2	3.2
Domestic financing, net	-0.5	-0.4	0.3	0.7	0.5	0.3	1.0	0.7	0.8	0.7	0.1
Banking system	1.1	1.4	0.9	1.2	1.4	0.7	1.1	0.9	1.1	1.1	1.1
o/w statutory advances from BEAC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	-0.2	-0.2	-0.2
Amortization of structured nonbank debt	-0.3	-0.2	-0.1	-0.1	-0.1	-0.9	-0.1	-0.1	-0.1	-0.1	0.0
Other domestic financing	-1.4	-1.6	-0.5	-0.4	-0.8	-0.4	0.0	-0.2	-0.2	-0.4	-0.9
<b>Financing gap</b>	<b>0.0</b>	<b>0.0</b>	<b>2.8</b>	<b>2.7</b>	<b>2.8</b>	<b>1.1</b>	<b>1.1</b>	<b>0.7</b>	<b>0.5</b>	<b>0.0</b>	<b>0.0</b>
Of which: IMF-ECF			0.4	0.4	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Of which: budget support (excl. IMF)			0.6	0.6	0.6	0.0	0.0	0.0	0.0	0.0	0.0
AFDB			0.2	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0
WB			0.2	0.3	0.2	0.0	0.0	0.0	0.0	0.0	0.0
France			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EU			0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Of which: exceptional financing			1.8	1.7	2.1	1.1	1.1	0.7	0.5	0.0	0.0
IMF: RCF-1 (May)			0.6	0.6	0.6	0.0	0.0	0.0	0.0	0.0	0.0
IMF: Prospective RCF-2				0.0	0.4						
DSSI				0.5	0.5						
Other Covid-related financing			1.2	0.6	0.6	1.1					
<b>Residual gap</b>			0.0	0.0	0.0	0.0	1.1	0.7	0.5	0.0	0.0
<b>Memorandum items:</b>											
Floor of social spending	3.1	3.1									
Primary balance (payment order basis, incl. grants)	-1.6	-2.3	-3.5	-3.6	-3.2	-1.7	-2.4	-1.7	-1.1	-0.9	-0.7
Primary balance (cash basis, incl. grants)	-2.4	-1.8	-4.0	-3.9	-3.7	-2.4	-3.0	-2.0	-1.3	-1.0	-0.8
Non-oil primary balance (payment order basis, incl. grants)	-3.9	-4.9	-4.7	-4.8	-4.7	-3.1	-4.2	-3.4	-2.8	-2.5	-2.2
Non-oil primary balance (cash basis, incl. grants)	-4.7	-4.4	-5.2	-5.1	-5.2	-3.7	-4.8	-3.7	-3.0	-2.6	-2.3
Unpaid government obligations	2.7	3.0	1.5	1.7	2.6	0.7	1.8	1.3	1.1	0.9	0.8
Float	1.2	1.2	0.7	0.7	0.9	0.4	0.6	0.3	0.3	0.2	0.1
Arrears	0.7	1.1	0.2	0.4	1.0	0.0	0.8	0.7	0.7	0.6	0.6
Other arrears 1/	0.8	0.7	0.6	0.6	0.7	0.3	0.5	0.3	0.1	0.1	0.1

Sources: Cameroonian authorities; and IMF staff estimates and projections with updated nominal GDP.

1/ Other arrears include the stock of unstructured debt that is held by CAA and the "floating" domestic debt at the Treasury as defined in the TMU. The payments of arrears are adjusted starting end-2018 and the stock of unpaid government obligations are adjusted starting end-2016 to reflect these operations.

**Table 3. Cameroon: Balance of Payments, 2018–25**  
(CFAF billion, unless otherwise indicated)

	2018	2019	2020		2021	2022	2023	2024	2025
		Est.	RCF-1	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
	(CFAF billion)								
<b>Current account balance</b>	<b>-778</b>	<b>-992</b>	<b>-1280</b>	<b>-1,219</b>	<b>-1,081</b>	<b>-805</b>	<b>-632</b>	<b>-448</b>	<b>-380</b>
Trade balance	-295	-432	-765	-756	-696	-616	-538	-424	-425
Exports, goods	2,885	3,238	2,229	2,306	2,605	2,801	3,024	3,298	3,533
Oil and oil products	1,040	1,292	654	833	986	1,053	1,131	1,238	1,308
Non-oil sector	1,845	1,946	1,575	1,473	1,619	1,747	1,893	2,060	2,226
Imports, goods	-3,180	-3,670	-2,994	-3,062	-3,301	-3,417	-3,562	-3,722	-3,958
Services (net)	-324	-362	-415	-374	-348	-208	-139	-109	-82
Exports, services	1,187	1,295	891	935	1,175	1,384	1,473	1,571	1,675
Imports, services	-1,511	-1,656	-1,306	-1,309	-1,523	-1,591	-1,612	-1,681	-1,757
Income (net)	-411	-494	-367	-361	-357	-329	-287	-264	-240
<i>Of which: interest due on public debt</i>	-151	-177	-170	-156	-183	-190	-179	-174	-169
Transfers (net)	253	295	267	271	319	347	332	350	368
Inflows	417	458	460	462	513	544	532	553	576
Outflows	-164	-162	-192	-191	-194	-197	-199	-204	-209
<b>Capital and financial account balance</b>	<b>869</b>	<b>1,060</b>	<b>616</b>	<b>537</b>	<b>922</b>	<b>871</b>	<b>740</b>	<b>872</b>	<b>985</b>
Capital account	91	50	28	28	29	31	33	36	38
Capital transfers	87	50	28	28	29	31	33	36	38
Financial account	778	1,010	588	509	893	840	707	837	947
Official capital	825	557	440	278	434	395	232	309	396
Borrowing	1,036	877	742	656	793	818	846	932	988
Amortization	-210	-320	-302	-378	-359	-422	-614	-623	-592
Non-official capital (net)	348	783	308	391	538	525	535	557	581
<i>of which: Foreign direct investment</i>	365	527	303	367	512	484	505	525	546
Short-term private capital, net	-396	-330	-160	-160	-80	-80	-60	-30	-30
<b>Errors and omissions</b>	<b>76</b>	<b>129</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Overall balance</b>	<b>167</b>	<b>198</b>	<b>-664</b>	<b>-682</b>	<b>-159</b>	<b>65</b>	<b>108</b>	<b>425</b>	<b>605</b>
<b>Financing</b>	<b>-167</b>	<b>-198</b>	<b>664</b>	<b>682</b>	<b>159</b>	<b>-65</b>	<b>-108</b>	<b>-425</b>	<b>-605</b>
Bank of Central African States	-237	-182	39	46	-101	-246	-223	-378	-535
IMF Repayments	70	-15	0	0	0	0	-30	-46	-70
Financing gap	0	0	625	636	260	181	145	0	0
<i>Of which:</i>									
IMF-ECF		0	90	45	0	0	0	0	0
Remaining financing gap		0	535	591	260	181	145	0	0
<i>Of which: budget support (excl. IMF)</i>		0	125	125	0	0	0	0	0
AFDB		0	53	53	0	0	0	0	0
WB		0	56	56	0	0	0	0	0
France		0	0	0	0	0	0	0	0
EU		0	16	16	0	0	0	0	0
Exceptional Financing			410	467	260	181	145	0	0
IMF: RCF-1 (May)			136	136					
IMF-RCF Possible				90					
DSSI				123					
Other			274	118					
	(Percent of GDP)								
<b>Trade balance</b>	<b>-1.4</b>	<b>-1.9</b>	<b>-3.4</b>	<b>-3.4</b>	<b>-2.9</b>	<b>-2.5</b>	<b>-2.0</b>	<b>-1.5</b>	<b>-1.4</b>
Oil exports	4.8	5.7	2.9	3.7	4.2	4.2	4.2	4.3	4.2
Non-oil exports	8.6	8.5	7.0	6.6	6.8	7.0	7.1	7.2	7.2
Imports	14.8	16.1	13.2	13.7	13.9	13.6	13.3	12.9	12.8
<b>Current account balance</b>									
Including grants	-3.6	-4.4	-5.7	-5.4	-4.6	-3.2	-2.4	-1.6	-1.2
Excluding grants	-4.0	-4.7	-6.2	-6.0	-5.1	-3.7	-2.7	-1.9	-1.5
<b>Overall balance</b>	<b>0.8</b>	<b>0.9</b>	<b>-2.9</b>	<b>-3.0</b>	<b>-0.7</b>	<b>0.3</b>	<b>0.4</b>	<b>1.5</b>	<b>2.0</b>
<b>Foreign direct investment</b>	<b>1.7</b>	<b>2.3</b>	<b>1.3</b>	<b>1.6</b>	<b>2.2</b>	<b>1.9</b>	<b>1.9</b>	<b>1.8</b>	<b>1.8</b>
	(Percentage change, unless otherwise indicated)								
Export volume	-0.7	-1.4	-4.0	-8.7	10.0	9.1	7.9	7.2	7.1
Crude oil	-16.7	31.2	-5.7	-2.6	2.8	-0.5	0.9	3.5	2.7
Nonoil	2.7	-7.1	-3.7	-10.1	12.0	11.5	9.5	8.0	8.0
Import volume	2.4	22.5	-2.5	-3.9	7.2	1.8	3.8	5.1	5.1
Terms of trade	-0.2	23.1	-16.2	-13.4	2.1	-3.2	-0.4	2.2	-1.2
Non-oil export price index	-3.8	13.6	-12.4	-15.8	-1.9	-3.2	-1.0	0.8	0.1
Export price index	8.7	13.9	-23.6	-22.0	2.7	-1.5	0.0	1.7	0.0
Import price index	3.6	-7.5	-8.8	-9.9	0.6	1.7	0.5	-0.5	1.2
Oil price (\$US dollars per barrel)	68.3	61.4	35.6	41.7	46.7	48.1	49.2	50.2	51.2

Sources: Cameroonian authorities; and IMF staff estimates and projections.

**Table 4. Cameroon: Monetary Survey, 2018–25**  
(CFAF billion, unless otherwise indicated)

	2018	2019	2020		2021	2022	2023	2024	2025
		Est.	RCF-1	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
<b>Net foreign assets</b>	<b>2,073</b>	<b>2,361</b>	<b>2,016</b>	<b>2,125</b>	<b>2,226</b>	<b>2,472</b>	<b>2,725</b>	<b>3,150</b>	<b>3,755</b>
Bank of Central African States (BEAC)	1,477	1,643	1,378	1,327	1,428	1,674	1,927	2,352	2,957
<i>Of which</i> : BEAC foreign assets	2,007	2,189	2,150	2,144	2,244	2,490	2,713	3,092	3,627
<i>Of which</i> : IMF credit	-268	-302	-528	-573	-573	-573	-542	-496	-426
Commercial banks	595	718	638	798	798	798	798	798	798
<b>Net domestic assets</b>	<b>3,162</b>	<b>3,188</b>	<b>3,435</b>	<b>3,471</b>	<b>3,692</b>	<b>3,935</b>	<b>4,250</b>	<b>4,605</b>	<b>4,919</b>
Domestic credit	3,774	4,005	4,251	4,287	4,508	4,751	5,067	5,421	5,735
Net claims on the public sector	785	967	1,290	1,490	1,757	1,991	2,280	2,610	2,938
Net credit to the central government	883	1,165	1,445	1,741	2,007	2,240	2,528	2,858	3,186
Central Bank	309	394	532	743	831	819	889	818	716
Claims	845	879	1,105	1,150	1,150	1,092	1,004	900	772
Credit under statutory ceiling	577	577	577	577	577	519	462	404	346
Counterpart of IMF credit	268	302	528	573	573	573	542	496	426
Deposits	-536	-485	-573	-407	-319	-273	-115	-82	-56
Commercial Banks	574	771	913	999	1,177	1,421	1,640	2,040	2,471
Claims on the Treasury	577	802	942	1,028	1,204	1,448	1,667	2,067	2,498
Deposits	-3	-31	-29	-29	-27	-27	-27	-27	-27
Deposits of other public entities	-397	-465	-435	-465	-465	-465	-465	-465	-465
Credit to autonomous agencies	56	37	39	30	31	33	33	33	33
Credit to the economy 1/	3,232	3,268	3,203	2,981	2,935	2,944	2,971	2,995	2,981
Credit to public enterprises	243	230	241	184	184	184	184	184	184
Credit to financial institutions	60	68	71	54	54	54	54	54	54
Credit to the private sector	2,929	2,970	2,890	2,743	2,697	2,706	2,733	2,757	2,743
Other items (net)	-612	-816	-816	-816	-816	-816	-816	-816	-816
<b>Broad money</b>	<b>5,235</b>	<b>5,550</b>	<b>5,451</b>	<b>5,596</b>	<b>5,917</b>	<b>6,407</b>	<b>6,976</b>	<b>7,754</b>	<b>8,674</b>
Currency outside banks	1,057	1,124	1,105	1,134	1,198	1,296	1,410	1,565	1,749
Deposits	4,178	4,425	4,347	4,462	4,720	5,111	5,566	6,189	6,925
<b>Memorandum items:</b>									
Net borrowing from the central bank excluding IMF	41	92	4.4	170	258	246	346	322	290
Contribution to the growth of broad money (percentage points)									
Net foreign assets	2.2	5.5	-6.2	-4.3	1.8	4.2	4.0	6.1	7.8
Net domestic assets	11.5	0.5	4.4	5.1	4.0	4.1	4.9	5.1	4.1
<i>Of which</i> : net credit to the central government	6.5	5.4	5.0	10.4	4.7	3.9	4.5	4.7	4.2
Credit to the economy (annual percentage change)	10.5	1.1	-2.0	-8.8	-1.5	0.3	0.9	0.8	-0.5
Credit to the private sector									
Annual percentage change	7.9	1.4	-2.7	-7.6	-1.7	0.3	1.0	0.9	-0.5
In percent of GDP	13.6	13.0	12.8	12.2	11.4	10.8	10.2	9.6	8.9
Broad money (annual percentage change)	13.7	6.0	-1.8	0.8	5.7	8.3	8.9	11.2	11.9
Currency outside banks	8.0	6.4	-1.7	0.8	5.7	8.2	8.8	11.1	11.8
Deposits	15.3	5.9	-1.8	0.8	5.8	8.3	8.9	11.2	11.9
Velocity (GDP/average M2)	4.1	4.1	4.1	4.0	4.0	3.9	3.8	3.7	3.6

Sources: BEAC; and IMF staff estimates and projections.

1/ Credit to the economy includes credit to public enterprises, financial institutions and the private sector.

Table 5. Cameroon: Indicators of Capacity to Repay the Fund, 2020–33

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
	Projections													
<b>Fund obligations based on existing credit</b> (SDR millions)														
Principal	-	-	-	41.4	63.5	96.6	118.7	118.7	77.3	55.2	22.1	-	-	-
Charges and interest	0.0	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
<b>Fund obligations based on existing and prospective credit</b> (in millions of SDRs) <sup>1/</sup>														
Principal	-	-	-	41.4	63.5	96.6	140.8	140.8	99.4	77.3	44.2	-	-	-
Charges and interest	0.0	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
<b>Total obligations based on existing and prospective</b>														
SDR millions	0.0	0.2	0.2	41.6	63.6	96.8	140.9	140.9	99.5	77.4	44.3	0.2	0.2	0.2
CFAF billions	0.0	0.1	0.1	30.4	46.4	70.5	102.7	102.7	72.5	56.4	32.3	0.1	0.1	0.1
Charges and interest	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Principal	-	-	-	30.2	46.3	70.4	102.5	102.5	72.4	56.3	32.2	-	-	-
Percent of government revenue	0.0	0.0	0.0	0.8	1.1	1.5	2.1	1.9	1.3	0.9	0.5	0.0	0.0	0.0
Percent of exports of goods and services	0.0	0.0	0.0	0.7	1.0	1.4	1.9	1.8	1.2	0.9	0.5	0.0	0.0	0.0
Percent of debt service <sup>2/</sup>	0.0	0.0	0.0	3.8	5.8	9.3	16.6	14.1	10.5	7.5	4.0	0.0	0.0	0.0
Percent of GDP	0.0	0.0	0.0	0.2	0.2	0.2	0.3	0.3	0.2	0.1	0.1	0.0	0.0	0.0
Percent of quota	0.0	0.1	0.1	15.1	23.1	35.1	51.1	51.1	36.1	28.1	16.1	0.1	0.1	0.1
Percent of gross reserves	0.0	0.0	0.0	1.1	1.5	1.9	2.3	2.0	1.2	0.8	0.4	0.0	0.0	0.0
<b>Outstanding Fund credit</b>														
SDR millions	703.8	703.8	703.8	662.4	598.9	502.3	361.6	220.8	121.4	44.2	0.0	0.0	0.0	0.0
CFAF billions	561.3	521.8	516.6	483.8	436.7	366.0	263.4	160.9	88.5	32.2	0.0	0.0	0.0	0.0
Percent of government revenue	19.0	15.5	14.1	12.3	10.2	7.9	5.4	3.0	1.5	0.5	0.0	0.0	0.0	0.0
Percent of exports of goods and services	17.3	13.8	12.3	10.8	9.0	7.0	4.8	2.8	1.4	0.5	0.0	0.0	0.0	0.0
Percent of debt service <sup>2/</sup>	105.2	96.3	84.4	61.1	54.8	48.1	42.6	22.1	12.8	4.3	0.0	0.0	0.0	0.0
Percent of GDP	2.5	2.2	2.1	1.8	1.5	1.2	0.8	0.5	0.2	0.1	0.0	0.0	0.0	0.0
Percent of quota	255.0	255.0	255.0	240.0	217.0	182.0	131.0	80.0	44.0	16.0	0.0	0.0	0.0	0.0
Net use of Fund credit (SDR millions)	331.2	0.0	0.0	-41.4	-63.5	-96.6	-140.8	-140.8	-99.4	-77.3	-44.2	0.0	0.0	0.0
Disbursements	331.2	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayments and repurchases	-	-	-	41.4	63.5	96.6	140.8	140.8	99.4	77.3	44.2	-	-	-
<i>Memorandum items: (CFA F billions)</i>														
Nominal GDP	22,399	23,687	25,134	26,806	28,791	30,922	33,110	35,697	38,388	41,220	44,282	47,595	51,156	54,998
Exports of goods and services	3,242	3,780	4,184	4,497	4,869	5,208	5,443	5,844	6,161	6,506	6,868	7,262	7,689	8,153
Government revenue	2,957	3,374	3,666	3,931	4,273	4,624	4,889	5,330	5,725	6,162	6,622	7,139	7,676	8,315
Debt service <sup>2/</sup>	534	542	612	792	797	761	618	727	690	753	816	804	845	898
CFA francs/SDR (period average)	797.5	741.4	734.1	730.4	729.1	728.5	728.5	728.5	728.5	728.5	728.5	728.5	728.5	728.5

Source: IMF staff estimates and projections.

1/ On May 24, 2019 the IMF Executive Board approved a modified interest rate setting mechanism which effectively sets interest rates to zero on ECF and SCF through June 2021 and possibly longer. The Board also decided to extend zero interest rate on ESF till end June 2021 while interest rate on RCF was set to zero in July 2015. Based on these decisions and current projections of SDR rate, the following interest rates are assumed beyond June 2021: 0/0/0/0 percent per annum for the ECF, SCF, RCF and ESF, respectively. The Executive Board will review the interest rates on concessional lending by end-June 2021 and every two years thereafter.

2/ Total debt service includes IMF repurchases and repayments.  
Quota (in SDRs) 276,000,000

Sources: Cameroonian authorities; and IMF staff estimates and projections using updated nominal GDP.

## Annex I. Debt Sustainability Analysis<sup>1</sup>

<b>Risk of external debt distress:</b>	High <sup>2</sup>
<b>Overall risk of debt distress</b>	High
<b>Granularity in the risk rating</b>	Sustainable
<b>Application of judgment</b>	No
<b>Macroeconomic projections</b>	The current DSA reflects a further deteriorated outlook due to COVID-19 pandemic, including lower growth, wider fiscal deficit and deterioration in external balances. The shock is still expected to be temporary and a gradual recovery is forecast starting from 2021.
<b>Financing strategy</b>	The ECF has expired without completing the final 6 <sup>th</sup> review and subsequent disbursement (20 percent of quota or SDR 55.2 million). The Cameroonian authorities have requested debt service suspension under the DSSI and received positive responses from nine official bilateral creditors to suspend debt service payment totaling CFAF 123.5 billion. The DSA also reflects agreed rescheduled debt service projections on about a third of SONARA's debt, a reclassification of existing short-term debt with external suppliers as arrears, and the expectation that SONARA will no longer make use of such financing under its new business plan to operate solely as an importer.
<b>Realism tools flagged</b>	None
<b>Mechanical risk rating under the external DSA</b>	High
<b>Mechanical risk rating under the public DSA</b>	High

*This debt sustainability analysis (DSA) provides an update to the joint World Bank-IMF LIC-DSA of April 2020, in the context of the Cameroonian authorities' request for a second disbursement under the*

<sup>1</sup> Debt coverage has remained unchanged compared to the previous DSA (IMF Country Report No. 20/185), and the coverage is discussed in IMF CR No. 20/48).

<sup>2</sup> Cameroon's Composite Indicator score is 2.76 based on the April WEO 2020 and the World Bank's 2019 CPIA. This implies that Cameroon has medium debt-carrying capacity.

*Rapid Credit Facility (RCF-2). It reflects updated projections for the macroeconomic framework and new information on borrowing, including SONARA's agreed debt restructuring with the creditor banks. Overall, Cameroon is at high risk of debt distress; however, debt is assessed to remain sustainable. Thresholds for two external debt service indicators and one debt stock indicator are breached under the baseline, but the debt service indicators continue their downward trajectory except for a temporary increase due to the maturing Eurobond. Debt stock indicators remain below the thresholds after a one-off breach in 2020. On balance, debt is assessed as sustainable, although at high risk of external and overall public distress. The rating is highly vulnerable to a range of risks including unsuccessful completion of SONARA's debt restructuring, more protracted and severe disruptions due to the pandemic, and socio-political tensions. Should downside risks materialize, the authorities would likely need to identify additional measures to maintain debt sustainability.*

**1. The macroeconomic outlook has deteriorated with a more pronounced negative impact from the COVID-19 pandemic.** Real GDP is expected to decline by an additional 1.6 percentage points relative to RCF-1, reaching -2.8 percent in 2020. Growth in 2021 was revised down to 3.4 percent (from 4.5 percent), reflecting a more gradual economic recovery. The current account deficit is expected to widen to 6 percent of GDP in 2020, 0.3 percentage point larger than projected at the time of the RCF-1 (including official grants). In the absence of corrective measures, the overall fiscal deficit is expected to reach CFAF 1,315 billion or 5.9 percent of GDP, 0.9 percentage point higher than RCF-1. After spending reprioritization, the overall deficit is expected to remain broadly unchanged compared to the one projected at the time of RCF-1. As this DSA reflects updated 2019 figures including fiscal position and the debt stock, total public sector debt and public and publicly guaranteed external debt have been revised to 41.7 and 29.0 percent of GDP respectively from 40.9 and 30.4 percent in RCF-1.

**2. There are significant changes to the financing assumptions, including to reflect the DSSI and progress on the restructuring of SONARA.** Notably, the ECF arrangement has expired as of end-September 2020, without completing the final 6<sup>th</sup> review and subsequent disbursement. Consequently, financing under the ECF was reduced by CFAF 45 billion (20 percent of quota or SDR 55.2 million). Financing under the RCF was increased by CFAF 90 billion to 226 billion and financing gaps over the medium-term were incorporated based on the assumption that 50 percent of the gaps would be financed locally. As the Cameroon authorities have requested debt service suspension under the DSSI and intend to adhere to the needed commitments, the DSA incorporates debt service relief agreed from nine official bilateral creditors totaling CFAF 123.5 billion (or 0.6 percent of GDP). In terms of medium-term projections, debt indicators were benchmarked against higher exports due to stronger oil and gas exports driven by additional production from explorations. On SONARA's debt amounting to CFAF 731 billion as of end-July 2020, the DSA reflects rescheduled debt service projections in line with the restructuring agreement reached in September 2020 with local banks, representing about a third of SONARA's debt. Discussions are ongoing with other creditors including oil traders but given the uncertainty regarding the final terms of these agreements, restructuring of this debt is not assumed in the baseline. As the agreement with the local banks is predicated on SONARA's new business plan to operate solely as an importer, short-term debt from external oil traders is no longer expected to be rolled-over and is reclassified

as arrears (0.7 percent of GDP as of end-2020). Partial clearance of these arrears including SONARA's asset sales and conversion of debt held by SNH into SONARA shares is reflected in the baseline. The agreement with local banks also includes access to trade financing, which is expected to replace financing from external suppliers over the projection period. In addition, the DSA incorporates SONARA's improved profitability supported by the new oil price structure for refined oil products including levy of CFAF 47.88 per liter, which has been in effect since March 2020.

**3. Cameroon's debt is assessed to be sustainable, albeit at high risk of external and overall public distress.** The worsened outlook and increased financing needs are likely to weigh on Cameroon's debt dynamics in the near-term. As in the previous DSA, two external debt service indicators breached their thresholds under the baseline scenario (debt-service-to-exports and debt-service-to-revenue), along with a one-off breach for the PV of debt-to-exports ratio. While SONARA has been accumulating external arrears following the 2019 refinery fire, these obligations are not government guaranteed and are below the LIC DSF's de minimis threshold (1 percent of GDP). With the progress made on the reprofiling of SONARA's debt and ensuring its viability, debt service indicators are projected to continue their downward trajectory barring a temporary increase due to maturing Euro Bond (2023-2025). Moreover, thanks to stronger exports driven by higher oil and gas exports, debt dynamics are expected to improve in the medium and long term.

**4. This rating is highly vulnerable to a range of risks.** Key downside risks include a more protracted and severe COVID-19 shock, less-than-expected oil and gas exports due to slower recovery in trading partners, socio-political tensions, and realization of contingent liabilities, including from unsuccessful or incomplete restructuring on SONARA's debt. Allowing for new non-concessional borrowing would further weaken already compromised debt sustainability and undermine their efforts to secure international community's support in an environment in which G20 agreed on debt service suspension on bilateral government loans for low-income countries. On the upside, a possible extension of the G20-DSSI could reduce Cameroon's debt service burden in the near-term and provide additional resources to bolster its crisis mitigation efforts. If downside risks materialize, the authorities would likely need to identify additional measures to ensure that debt is sustainable.

**Table 1. Cameroon: External Debt Sustainability Framework, Baseline Scenario, 2017–2040**  
(In percent of GDP, unless otherwise indicated)

	Actual										Projections										Average 8/ Historical	Residency-based criteria?
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030	2040	2020	2021	2022	2023	2024	2025	2030	2040			
<b>External debt (nominal) 1/</b> <i>of which: public and publicly guaranteed (PPG)</i>	27.7	30.4	30.9	32.7	32.5	32.3	31.3	30.2	29.5	26.6	18.4	32.7	32.5	32.3	31.3	30.2	29.5	26.6	18.4	20.0	29.8	Yes
Change in external debt	2.3	2.7	0.4	1.9	-0.2	-0.2	-1.0	-1.1	-0.7	-0.7	-0.6	4.7	1.4	0.0	-1.0	-1.8	-2.1	-3.4	-5.0	0.6	-1.3	
Identified net debt-creating flows	-1.3	-0.7	1.9	4.7	4.4	3.6	2.2	1.5	0.7	0.5	-1.0	4.4	3.6	2.2	1.5	0.7	0.5	-1.0	-2.9	2.8	0.9	
Non-interest current account deficit	1.9	2.5	3.4	4.7	4.4	3.6	2.2	1.5	0.7	0.5	-1.0	4.4	3.6	2.2	1.5	0.7	0.5	-1.0	-2.9	2.8	2.0	
Deficit in balance of goods and services	2.0	2.9	3.5	5.0	4.4	3.3	2.5	1.9	1.6	0.0	-2.3	5.0	4.4	3.3	2.5	1.9	1.6	0.0	-2.3	0.6	-1.3	
Exports	18.7	18.9	19.9	14.5	16.0	16.6	16.8	16.9	16.8	15.5	13.5	14.5	16.0	16.6	16.8	16.9	16.8	15.5	13.5	0.2	0.2	
Imports	20.6	21.8	23.4	19.5	20.4	19.9	19.3	18.8	18.5	15.5	11.2	19.5	20.4	19.9	19.3	18.8	18.5	15.5	11.2	-1.1	-1.2	
Net current transfers (negative = inflow) <i>of which: official</i>	-1.2	-1.2	-1.3	-1.2	-1.3	-1.4	-1.2	-1.2	-1.2	-1.1	-0.9	-1.2	-1.3	-1.4	-1.2	-1.2	-1.2	-1.1	-0.9	1.1	0.2	
Other current account flows (negative = net inflow)	1.1	0.8	1.2	0.6	0.5	0.3	0.2	0.1	0.0	0.1	0.3	0.6	0.5	0.3	0.2	0.1	0.0	0.1	0.3	-2.1	-1.8	
<b>Net FDI (negative = inflow)</b>	-2.3	-1.7	-2.3	-1.6	-2.2	-1.9	-1.9	-1.8	-1.8	-1.7	-1.6	-1.6	-2.2	-1.9	-1.9	-1.8	-1.8	-1.7	-1.6	0.9	0.9	
<b>Endogenous debt dynamics 2/</b>	-1.0	-1.5	0.8	1.9	0.0	-0.3	-0.6	-0.7	-0.7	-0.7	-0.5	1.9	0.0	-0.3	-0.6	-0.7	-0.7	-0.7	-0.5	1.4	1.4	
Contribution from nominal interest rate	0.8	1.1	1.0	1.1	1.0	1.0	0.9	0.8	0.8	0.7	0.5	1.1	1.0	1.0	0.9	0.8	0.8	0.7	0.5	...	...	
Contribution from real GDP growth	-0.8	-1.0	-1.2	0.9	-1.0	-1.3	-1.5	-1.6	-1.5	-1.4	-1.0	0.9	-1.0	-1.3	-1.5	-1.6	-1.5	-1.4	-1.0	...	...	
Contribution from price and exchange rate changes	-0.9	-1.6	1.1	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
<b>Residual 3/</b> <i>of which: exceptional financing</i>	3.6	3.5	1.5	-2.8	-1.7	-0.2	0.0	0.7	1.4	2.7	4.4	-2.8	-1.7	-0.2	0.0	0.7	1.4	2.7	4.4	1.4	0.9	
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	...	...	
<b>Sustainability indicators</b>																						
<b>PV of PPG external debt-to-GDP ratio</b>	...	...	26.4	28.7	26.6	25.9	24.6	23.3	22.5	20.4	14.4	28.7	26.6	25.9	24.6	23.3	22.5	20.4	14.4	...	...	
<b>PV of PPG external debt-to-exports ratio</b>	...	...	132.4	198.0	166.5	155.5	146.5	138.0	133.9	131.3	106.7	198.0	166.5	155.5	146.5	138.0	133.9	131.3	106.7	...	...	
<b>PPG debt service-to-exports ratio</b>	14.1	17.3	19.3	16.4	15.3	15.5	18.4	17.1	14.7	11.9	10.7	16.4	15.3	15.5	18.4	17.1	14.7	11.9	10.7	...	...	
<b>PPG debt service-to-revenue ratio</b>	15.6	18.5	22.4	17.0	15.2	15.5	18.6	17.1	14.6	11.2	9.7	17.0	15.2	15.5	18.6	17.1	14.6	11.2	9.7	...	...	
Gross external financing need (Billion of U.S. dollars)	1.5	2.6	2.9	2.2	1.9	1.6	1.6	1.2	0.9	-0.4	-4.9	2.2	1.9	1.6	1.6	1.2	0.9	-0.4	-4.9	...	...	
<b>Key macroeconomic assumptions</b>																						
Real GDP growth (in percent)	3.5	4.1	3.9	-2.8	3.4	4.3	4.8	5.4	5.4	5.5	5.6	-2.8	3.4	4.3	4.8	5.4	5.4	5.5	5.6	4.5	4.4	
GDP deflator in US dollar terms (change in percent)	3.6	6.3	-3.3	3.3	10.0	2.7	2.3	2.1	2.0	1.8	1.8	3.3	10.0	2.7	2.3	2.1	2.0	1.8	1.8	-0.2	2.8	
Effective interest rate (percent) 4/	3.2	4.5	3.2	3.5	3.5	3.3	3.0	2.9	2.8	2.6	2.6	3.5	3.5	3.3	3.0	2.9	2.8	2.6	2.6	3.3	2.9	
Growth of exports of G&S (US dollar terms, in percent)	4.4	12.3	5.5	-27.0	25.4	11.8	8.0	8.5	7.1	5.6	6.0	-27.0	25.4	11.8	8.0	8.5	7.1	5.6	6.0	5.0	5.7	
Growth of imports of G&S (US dollar terms, in percent)	2.0	16.9	7.6	-16.2	18.7	4.9	3.8	4.6	5.9	4.0	3.9	-16.2	18.7	4.9	3.8	4.6	5.9	4.0	3.9	4.5	3.7	
Grant element of new public-sector borrowing (in percent)	...	...	...	32.6	33.5	32.3	31.8	29.7	29.5	28.2	25.1	32.6	33.5	32.3	31.8	29.7	29.5	28.2	25.1	...	...	
Government revenues (excluding grants, in percent of GDP)	16.9	17.7	17.2	14.0	16.1	16.6	16.7	16.9	17.0	16.4	15.0	14.0	16.1	16.6	16.7	16.9	17.0	16.4	15.0	...	...	
Aid flows (in Billion of US dollars) 5/	3.7	4.1	4.5	1.0	0.8	0.8	0.9	0.9	0.9	0.9	1.0	1.0	0.8	0.8	0.9	0.9	0.9	0.9	1.0	...	...	
Grant-equivalent financing (in percent of GDP) 6/	...	...	...	2.3	1.7	1.6	1.4	1.3	1.2	0.8	0.6	2.3	1.7	1.6	1.4	1.3	1.2	0.8	0.6	...	...	
Grant-equivalent financing (in percent of external financing) 6/	...	...	...	37.6	40.2	39.3	38.0	36.1	35.6	31.6	29.9	40.2	39.3	38.0	36.1	35.6	31.6	29.9	29.9	...	...	
Nominal GDP (Billion of US dollars)	35	39	39	39	44	48	51	55	59	84	174	39	44	48	51	55	59	84	174	...	...	
Nominal dollar GDP growth	7.2	10.6	0.4	0.4	13.8	7.2	7.2	7.6	7.5	7.4	7.5	0.4	13.8	7.2	7.2	7.6	7.5	7.4	7.5	4.3	7.4	
<b>Memorandum items:</b>																						
<b>PV of external debt 7/</b>	...	...	28.2	30.6	28.5	27.8	26.5	25.2	24.4	21.8	15.3	30.6	28.5	27.8	26.5	25.2	24.4	21.8	15.3	...	...	
In percent of exports	...	...	141.8	211.7	178.4	166.8	157.7	149.1	145.1	140.7	113.2	211.7	178.4	166.8	157.7	149.1	145.1	140.7	113.2	...	...	
Total external debt service-to-exports ratio	18.2	23.0	25.5	20.5	18.4	18.0	20.9	19.5	17.1	14.0	12.2	20.5	18.4	18.0	20.9	19.5	17.1	14.0	12.2	...	...	
PV of PPG external debt (in Billion of US dollars)	...	...	10.2	11.2	11.8	12.3	12.5	12.8	13.3	17.2	25.1	11.2	11.8	12.3	12.5	12.8	13.3	17.2	25.1	...	...	
(PV-PVt-1)/GDPt-1 (in percent)	...	...	...	2.4	1.6	1.2	0.5	0.5	0.9	1.0	0.6	2.4	1.6	1.2	0.5	0.5	0.9	1.0	0.6	...	...	
Non-interest current account deficit that stabilizes debt ratio	-0.4	-0.3	3.0	2.5	3.8	2.4	2.5	1.8	1.2	-0.3	-2.3	2.5	3.8	2.4	2.5	1.8	1.2	-0.3	-2.3	...	...	

Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.

2/ Derived as  $(r - g - p) / (1 + g + p) \times E_t$  times previous period debt ratio, with  $r =$  nominal interest rate;  $g =$  real GDP growth rate;  $p =$  growth rate of GDP deflator in U.S. dollar terms;  $E_t =$  nominal appreciation of the local currency, and  $\alpha =$  share of local currency-denominated external debt in total external debt.

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.

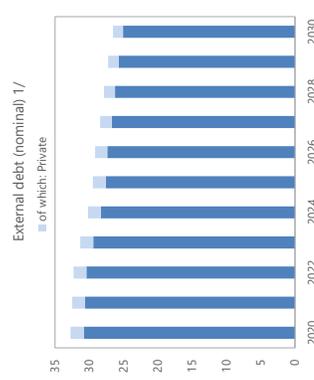
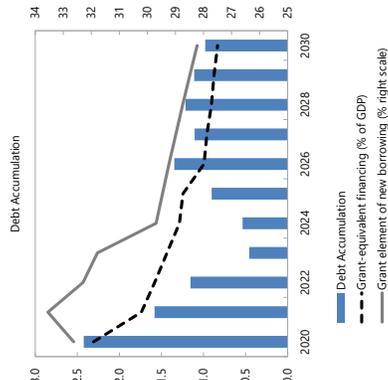
4/ Current-year interest payments divided by previous period debt stock.

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

6/ 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).

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

8/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.



**Table 2. Cameroon: Public Sector Debt Sustainability Framework, Baseline Scenario, 2017–2040**  
(in percent of GDP, unless otherwise indicated)

	Actual										Projections										Average 6/	
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030	2040	Historical	Projections	Historical	Projections	Historical	Projections					
<b>Public sector debt 1/</b>	37.7	39.5	41.7	43.5	43.8	43.8	43.1	41.8	40.4	35.8	31.3	27.0	40.4	27.0	40.4	27.0	40.4					
of which: external debt	25.1	28.6	29.0	30.8	30.6	30.4	29.4	28.3	27.6	25.1	17.5	18.1	28.0	18.1	28.0	18.1	28.0					
Change in public sector debt	4.4	1.8	2.2	1.8	0.3	0.0	-0.8	-1.2	-1.4	-0.7	-0.4	2.2	-0.2	2.2	-0.2	2.2	-0.2					
Identified debt-creating flows	0.9	-0.2	2.0	4.7	1.1	0.1	-0.8	-1.2	-1.4	-0.8	-0.4	2.2	-0.2	2.2	-0.2	2.2	-0.2					
Primary deficit	4.2	1.6	2.5	2.9	2.3	1.5	0.9	0.7	0.4	0.8	0.8	2.9	1.1	2.9	1.1	2.9	1.1					
Revenue and grants	17.2	18.1	17.8	14.4	16.5	17.0	17.0	17.2	17.3	16.6	15.1	17.3	16.7	17.3	16.7	17.3	16.7					
of which: grants	0.3	0.4	0.6	0.4	0.4	0.4	0.3	0.3	0.3	0.1	0.1	0.3	0.1	0.3	0.1	0.3	0.1					
Primary (noninterest) expenditure	21.3	19.7	20.3	17.4	18.8	18.5	17.9	17.9	17.7	17.4	15.9	20.2	17.8	20.2	17.8	20.2	17.8					
<b>Automatic debt dynamics</b>	-3.3	-0.4	-0.8	1.8	-1.1	-1.4	-1.7	-1.9	-1.9	-1.6	-1.2	0.0	0.0	0.0	0.0	0.0	0.0					
Contribution from interest rate/growth differential	-1.0	-1.5	-1.4	1.8	-1.1	-1.4	-1.7	-1.9	-1.9	-1.6	-1.2	0.0	0.0	0.0	0.0	0.0	0.0					
of which: contribution from average real interest rate	0.2	-0.1	0.1	0.6	0.3	0.4	0.3	0.3	0.3	0.3	0.5	0.0	0.0	0.0	0.0	0.0	0.0					
of which: contribution from real GDP growth	-1.1	-1.5	-1.5	1.2	-1.4	-1.8	-2.0	-2.2	-2.2	-1.9	-1.7	0.0	0.0	0.0	0.0	0.0	0.0					
Contribution from real exchange rate depreciation	-2.3	1.2	0.6	...	...	...	...	...	...	...	...	0.0	0.0	0.0	0.0	0.0	0.0					
<b>Other identified debt-creating flows</b>	0.0	-1.4	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	-0.1	0.0	-0.1	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	0.0	0.0	0.0	0.0	0.0	0.0					
Recognition of contingent liabilities (e.g. bank recapitalization)	0.0	0.0	0.0	0.0	0.0	0.0	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	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0					
Other debt creating or reducing flow (please specify)	0.0	-1.4	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0					
<b>Residual</b>	3.6	2.0	0.2	-2.9	-0.8	-0.1	0.0	0.0	0.0	0.1	0.0	0.7	-0.3	0.7	-0.3	0.7	-0.3					
<b>Sustainability indicators</b>																						
<b>PV of public debt-to-GDP ratio 2/</b>	...	...	39.2	39.9	38.7	39.2	38.2	36.9	35.4	31.0	28.2	...	...	...	...	...	...					
<b>PV of public debt-to-revenue and grants ratio</b>	...	...	220.4	276.5	240.4	230.3	224.5	214.1	204.9	187.4	186.5	...	...	...	...	...	...					
<b>Debt service-to-revenue and grants ratio 3/</b>	15.3	18.1	21.6	51.6	44.6	54.0	59.5	60.0	58.6	42.6	46.4	...	...	...	...	...	...					
Gross financing need 4/	8.0	5.1	8.4	10.4	9.6	10.7	11.0	11.0	10.5	7.9	7.8	...	...	...	...	...	...					
<b>Key macroeconomic and fiscal assumptions</b>																						
Real GDP growth (in percent)	3.5	4.1	3.9	-2.8	3.4	4.3	4.8	5.4	5.4	5.5	5.6	4.5	4.4	4.5	4.4	4.5	4.4					
Average nominal interest rate on external debt (in percent)	3.4	3.0	2.8	2.7	2.7	2.6	2.3	2.2	2.1	2.0	2.1	2.9	2.2	2.9	2.2	2.9	2.2					
Average real interest rate on domestic debt (in percent)	-1.5	-1.6	-2.0	1.2	1.1	2.2	2.1	2.1	2.3	3.1	3.4	-1.7	2.3	-1.7	2.3	-1.7	2.3					
Real exchange rate depreciation (in percent, + indicates depreciation)	-10.6	4.8	2.2	...	...	...	...	...	...	...	...	2.9	...	2.9	...	2.9	...					
Inflation rate (GDP deflator, in percent)	1.5	1.6	2.0	1.2	2.2	1.7	1.8	1.9	1.9	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8					
Growth of real primary spending (deflated by GDP deflator, in percent)	-0.5	-3.9	7.2	-17.0	11.7	3.0	1.5	5.2	4.2	5.5	3.5	8.0	3.2	8.0	3.2	8.0	3.2					
Primary deficit that stabilizes the debt-to-GDP ratio 5/	-0.3	-0.2	0.3	1.1	1.9	1.5	1.7	1.9	1.8	1.6	1.2	0.0	1.7	0.0	1.7	0.0	1.7					
PV of contingent liabilities (not included in public sector debt)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0					

Sources: Country authorities; and staff estimates and projections.

1/ Coverage of debt: The central government, central bank, government-guaranteed debt, non-guaranteed SOE debt. Definition of external debt is Residency-based.

2/ The underlying PV of external debt-to-GDP ratio under the public DSA differs from the external DSA with the size of differences depending on exchange rates projections.

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

4/ 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 and other debt creating/reducing flows.

5/ Defined as a primary deficit minus a change in the public debt-to-GDP ratio (i.e., a primary surplus), which would stabilize the debt ratio only in the year in question.

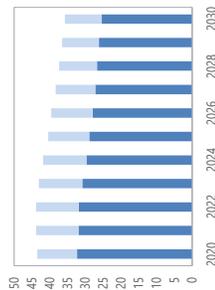
6/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

Definition of external/domestic debt	Residency-based
Is there a material difference between the two criteria?	Yes

Public sector debt 1/

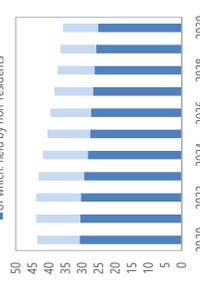
■ of which: local-currency denominated

■ of which: foreign-currency denominated

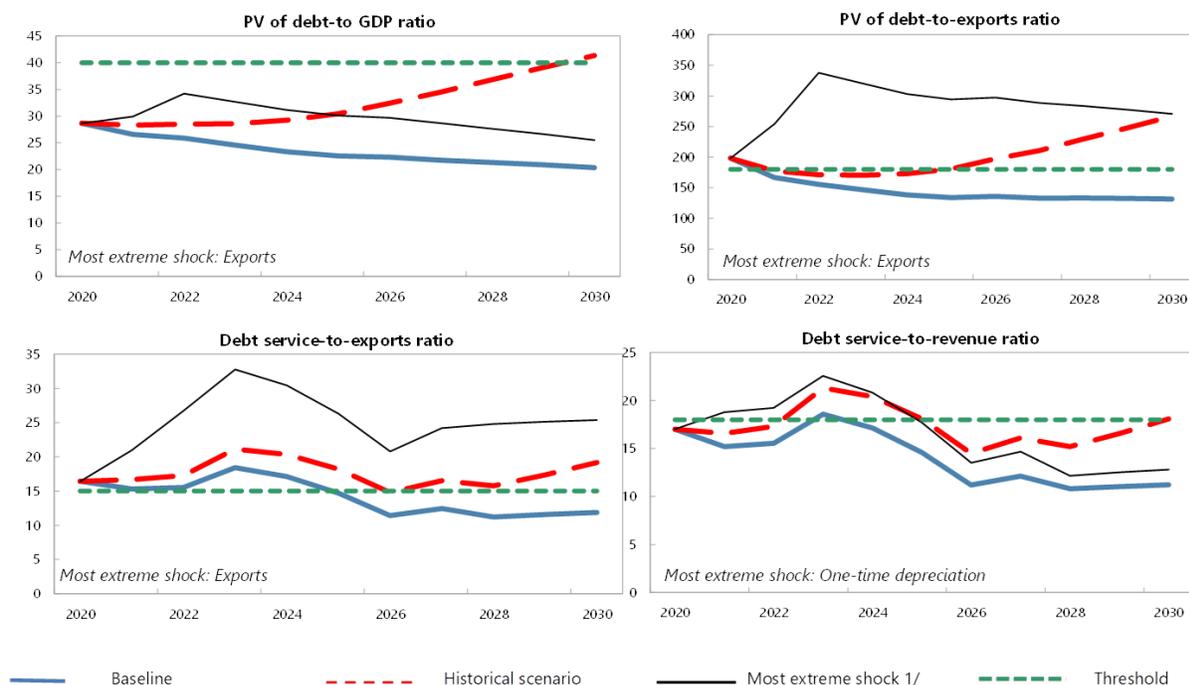


■ of which: held by residents

■ of which: held by non-residents



**Figure 1. Cameroon: Indicators of Public and Publicly Guaranteed External Debt under Alternative Scenarios, 2020–2030**



Customization of Default Settings		
	Size	Interactions
<b>Tailored Stress</b>		
Combined CL	Yes	
Natural disaster	n.a.	n.a.
Commodity price <sup>2/</sup>	No	No
Market financing	No	No

Note: "Yes" indicates any change to the size or interactions of the default settings for the stress tests. "n.a." indicates that the stress test does not apply.

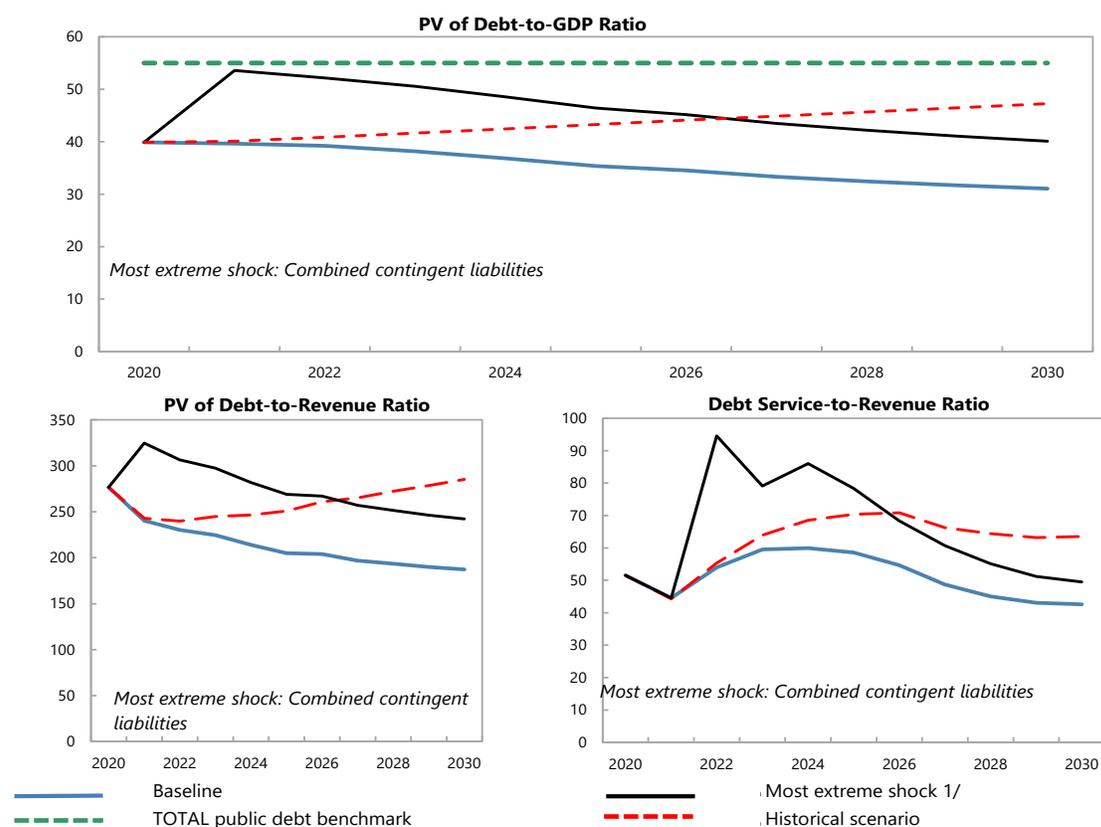
Borrowing assumptions on additional financing needs resulting from the stress tests*		
	Default	User defined
<b>Shares of marginal debt</b>		
External PPG MLT debt	100%	
<b>Terms of marginal debt</b>		
Avg. nominal interest rate on new borrowing in USD	1.9%	1.9%
USD Discount rate	5.0%	5.0%
Avg. maturity (incl. grace period)	21	21
Avg. grace period	5	5

\* Note: All the additional financing needs generated by the shocks under the stress tests are assumed to be covered by PPG external MLT debt in the external DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2030. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most extreme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

2/ The magnitude of shocks used for the commodity price shock stress test are based on the commodity prices outlook prepared by the IMF research department.

**Figure 2. Cameroon: Indicators of Public Debt Under Alternative Scenarios, 2020–2030**

Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
<b>Shares of marginal debt</b>		
External PPG medium and long-term	35%	35%
Domestic medium and long-term	21%	21%
Domestic short-term	44%	44%
<b>Terms of marginal debt</b>		
<b>External MLT debt</b>		
Avg. nominal interest rate on new borrowing in USD	1.9%	1.9%
Avg. maturity (incl. grace period)	21	21
Avg. grace period	5	5
<b>Domestic MLT debt</b>		
Avg. real interest rate on new borrowing	3.6%	3.6%
Avg. maturity (incl. grace period)	3	3
Avg. grace period	2	2
<b>Domestic short-term debt</b>		
Avg. real interest rate	1.5%	1.5%

\* Note: The public DSA allows for domestic financing to cover the additional financing needs generated by the shocks under the stress tests in the public DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2030. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most extreme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

**Table 3. Cameroon: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2020–2030**

(In percent)

	Projections 1/										
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>PV of debt-to- GDP ratio</b>											
<b>Baseline</b>	29	27	26	25	23	23	22	22	21	21	20
<b>A. Alternative Scenarios</b>											
A1. Key variables at their historical averages in 2020-2030 2/	29	28	29	29	29	30	32	34	37	39	<b>41</b>
<b>B. Bound Tests</b>											
B1. Real GDP growth	29	27	27	25	24	23	23	22	22	21	21
B2. Primary balance	29	27	28	27	26	26	25	25	24	24	23
B3. Exports	29	30	34	33	31	30	30	29	28	27	26
B4. Other flows 3/	29	27	27	26	25	24	24	23	22	22	21
B5. Depreciation	29	33	29	28	26	25	25	25	24	24	24
B6. Combination of B1-B5	29	32	30	29	28	27	26	25	25	24	23
<b>C. Tailored Tests</b>											
C1. Combined contingent liabilities	29	30	31	30	30	30	30	29	29	29	28
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	29	28	29	28	26	26	25	25	24	23	23
C4. Market Financing	29	29	29	27	26	25	25	24	24	23	23
<b>Threshold</b>	40	40	40	40	40	40	40	40	40	40	40
<b>PV of debt-to-exports ratio</b>											
<b>Baseline</b>	198	167	155	146	138	134	136	133	133	132	131
<b>A. Alternative Scenarios</b>											
A1. Key variables at their historical averages in 2020-2030 2/	198	177	171	170	173	181	197	211	229	248	267
<b>B. Bound Tests</b>											
B1. Real GDP growth	198	167	155	146	138	134	136	133	133	132	131
B2. Primary balance	198	170	169	162	154	152	155	152	152	151	150
B3. Exports	198	254	338	320	303	294	297	288	283	277	271
B4. Other flows 3/	198	171	164	154	145	141	143	140	139	138	137
B5. Depreciation	198	167	143	134	126	122	124	122	123	123	123
B6. Combination of B1-B5	198	237	170	233	220	213	216	209	208	206	204
<b>C. Tailored Tests</b>											
C1. Combined contingent liabilities	198	190	187	182	178	177	181	179	181	181	180
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	198	189	183	172	162	156	156	152	151	150	148
C4. Market Financing	198	167	157	148	140	135	136	133	133	132	131
<b>Threshold</b>	180	180	180	180	180	180	180	180	180	180	180
<b>Debt service-to-exports ratio</b>											
<b>Baseline</b>	16	15	16	18	17	15	11	12	11	12	12
<b>A. Alternative Scenarios</b>											
A1. Key variables at their historical averages in 2020-2030 2/	16	17	17	21	20	18	15	17	16	17	19
<b>B. Bound Tests</b>											
B1. Real GDP growth	16	15	16	18	17	15	11	12	11	12	12
B2. Primary balance	16	15	16	19	18	15	12	13	12	13	13
B3. Exports	16	21	27	33	30	26	21	24	25	25	25
B4. Other flows 3/	16	15	16	19	17	15	12	13	12	12	12
B5. Depreciation	16	15	16	18	17	14	11	12	10	11	11
B6. Combination of B1-B5	16	20	23	27	25	22	17	20	18	18	19
<b>C. Tailored Tests</b>											
C1. Combined contingent liabilities	16	15	16	19	18	16	12	13	12	13	13
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	16	17	17	21	19	16	13	14	13	13	14
C4. Market Financing	16	15	16	19	17	16	13	14	12	11	11
<b>Threshold</b>	15	15	15	15	15	15	15	15	15	15	15
<b>Debt service-to-revenue ratio</b>											
<b>Baseline</b>	17	15	16	19	17	15	11	12	11	11	11
<b>A. Alternative Scenarios</b>											
A1. Key variables at their historical averages in 2020-2030 2/	17	17	17	21	20	18	14	16	15	17	18
<b>B. Bound Tests</b>											
B1. Real GDP growth	17	15	16	19	18	15	11	12	11	11	12
B2. Primary balance	17	15	16	19	18	15	12	13	12	12	13
B3. Exports	17	15	16	20	19	16	12	14	15	15	15
B4. Other flows 3/	17	15	16	19	17	15	11	13	11	12	12
B5. Depreciation	17	19	19	23	21	18	13	15	12	13	13
B6. Combination of B1-B5	17	16	17	21	19	16	12	15	13	13	13
<b>C. Tailored Tests</b>											
C1. Combined contingent liabilities	17	15	16	19	18	16	12	13	12	12	12
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	17	18	18	22	20	17	13	13	12	13	13
C4. Market Financing	17	15	16	19	17	16	13	14	11	11	11
<b>Threshold</b>	18	18	18	18	18	18	18	18	18	18	18

Sources: Country authorities; and staff estimates and projections.

1/ A bold value indicates a breach of the threshold.

2/ Variables include real GDP growth, GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.

3/ Includes official and private transfers and FDI.

**Table 4. Cameroon: Sensitivity Analysis for Key Indicators of Public Debt, 2020–2030**

	Projections 1/										
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>PV of Debt-to-GDP Ratio</b>											
<b>Baseline</b>	40	40	39	38	37	35	35	33	32	32	31
<b>A. Alternative Scenarios</b>											
A1. Key variables at their historical averages in 2020-2030 2/	40	40	41	42	42	43	44	45	46	46	47
<b>B. Bound Tests</b>											
B1. Real GDP growth	40	40	41	40	39	38	38	37	36	36	35
B2. Primary balance	40	42	45	43	42	40	39	38	37	36	35
B3. Exports	40	43	47	46	44	42	41	40	38	37	36
B4. Other flows 3/	40	40	41	39	38	37	36	34	33	33	32
B5. Depreciation	40	46	44	41	38	36	33	31	29	27	26
B6. Combination of B1-B5	40	39	41	40	38	36	35	33	32	31	30
<b>C. Tailored Tests</b>											
C1. Combined contingent liabilities	40	54	52	51	49	46	45	43	42	41	40
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	40	42	44	45	46	45	45	44	43	42	41
C4. Market Financing	40	40	39	38	37	36	35	33	32	32	31
<b>TOTAL public debt benchmark</b>	55	55	55	55	55	55	55	55	55	55	55
<b>PV of Debt-to-Revenue Ratio</b>											
<b>Baseline</b>	277	240	230	224	214	205	204	197	194	190	187
<b>A. Alternative Scenarios</b>											
A1. Key variables at their historical averages in 2020-2030 2/	277	243	240	245	247	251	261	265	272	278	285
<b>B. Bound Tests</b>											
B1. Real GDP growth	277	245	240	237	228	221	222	217	215	213	212
B2. Primary balance	277	253	262	255	243	232	231	222	218	214	210
B3. Exports	277	259	276	269	256	246	245	235	228	221	216
B4. Other flows 3/	277	245	238	232	221	212	211	204	200	195	192
B5. Depreciation	277	282	259	243	223	206	198	184	174	165	156
B6. Combination of B1-B5	277	238	242	233	220	208	205	196	191	185	180
<b>C. Tailored Tests</b>											
C1. Combined contingent liabilities	277	325	306	297	282	269	267	257	252	246	242
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	277	290	292	302	291	278	274	258	255	251	249
C4. Market Financing	277	241	231	226	216	206	205	197	193	190	187
<b>Debt Service-to-Revenue Ratio</b>											
<b>Baseline</b>	52	45	54	60	60	59	55	49	45	43	43
<b>A. Alternative Scenarios</b>											
A1. Key variables at their historical averages in 2020-2030 2/	52	44	55	64	69	70	71	66	64	63	64
<b>B. Bound Tests</b>											
B1. Real GDP growth	52	45	56	63	64	63	60	54	51	49	49
B2. Primary balance	52	45	60	71	68	67	62	54	50	48	47
B3. Exports	52	45	54	61	61	60	56	51	49	46	46
B4. Other flows 3/	52	45	54	60	60	59	55	49	46	44	43
B5. Depreciation	52	44	56	62	62	60	55	49	45	44	43
B6. Combination of B1-B5	52	43	53	65	61	60	54	48	44	42	41
<b>C. Tailored Tests</b>											
C1. Combined contingent liabilities	52	45	95	79	86	78	68	61	55	51	49
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	52	51	66	77	80	79	74	65	60	58	57
C4. Market Financing	52	45	54	60	60	60	56	50	46	43	42

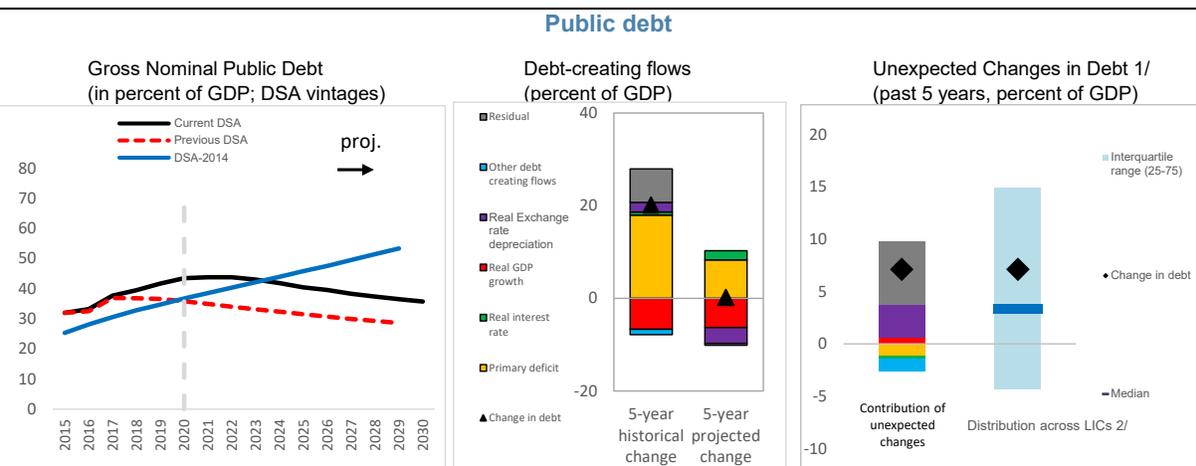
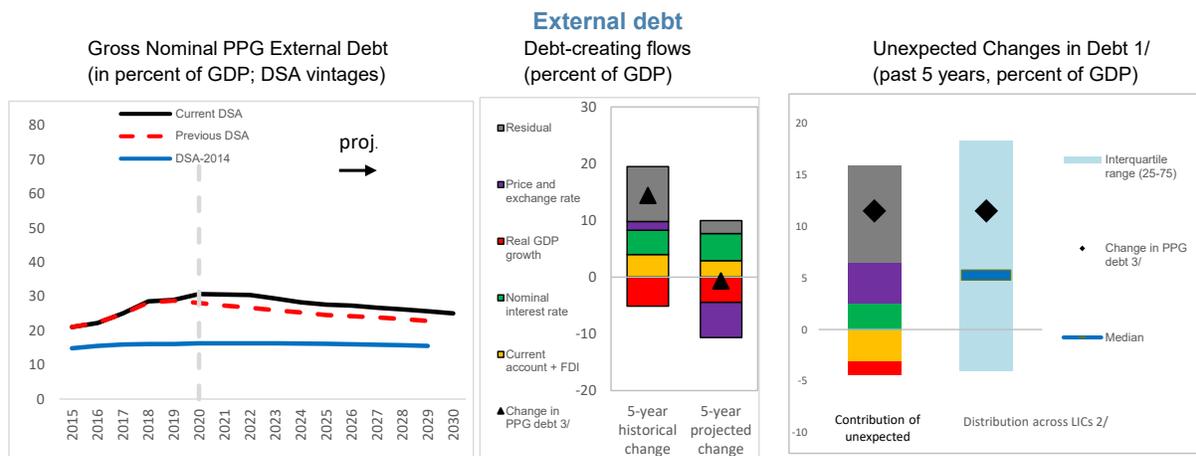
Sources: Country authorities; and staff estimates and projections.

1/ A bold value indicates a breach of the benchmark.

2/ Variables include real GDP growth, GDP deflator and primary deficit in percent of GDP.

3/ Includes official and private transfers and FDI.

Figure 3. Cameroon: Drivers of Debt Dynamics – Baseline Scenario

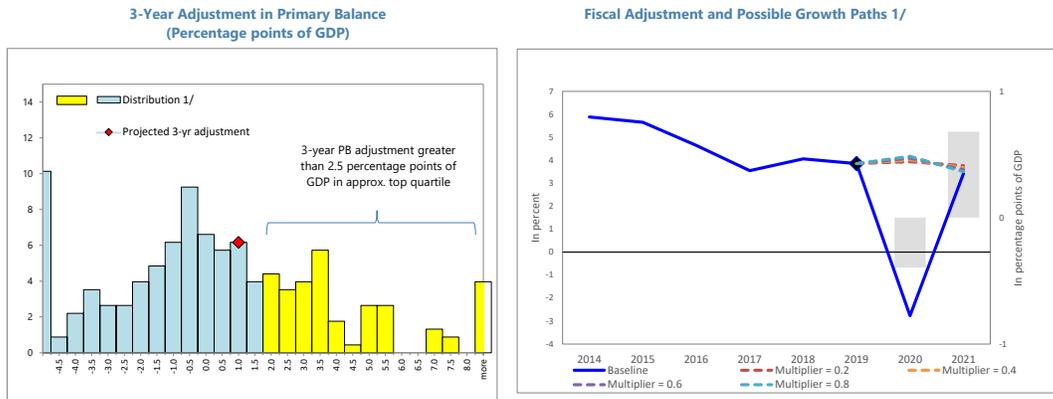


1/ Difference between anticipated and actual contributions on debt ratios.

2/ Distribution across LICs for which LIC DSAs were produced.

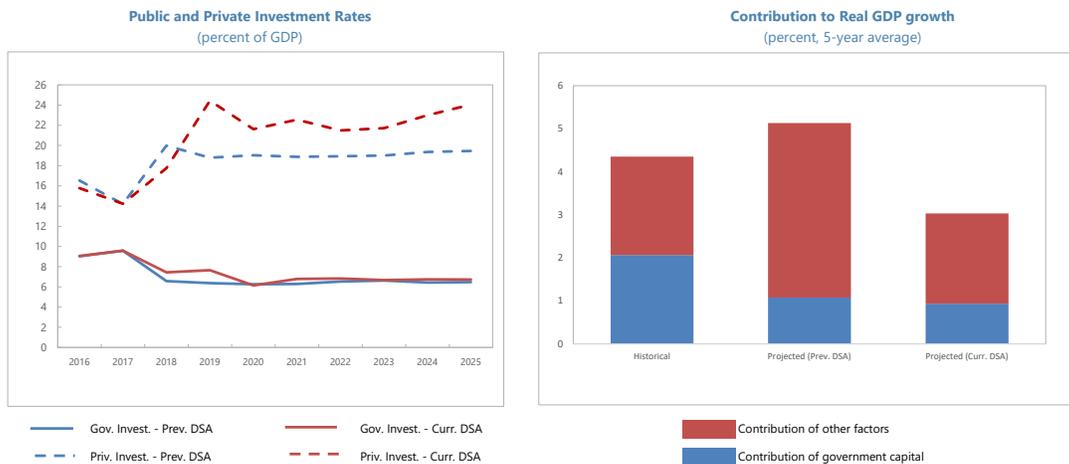
3/ Given the relatively low private external debt for average low-income countries, a ppt change in PPG external debt should be largely explained by the drivers of the external debt dynamics equation.

**Figure 4. Cameroon: Realism Tools**



1/ Data cover Fund-supported programs for LICs (excluding emergency financing) approved since 1990. The size of 3-year adjustment from program inception is found on the horizontal axis; the percent of sample is found on the vertical axis.

1/ Bars refer to annual projected fiscal adjustment (right-hand side scale) and lines show possible real GDP growth paths under different fiscal multipliers (left-hand side scale).

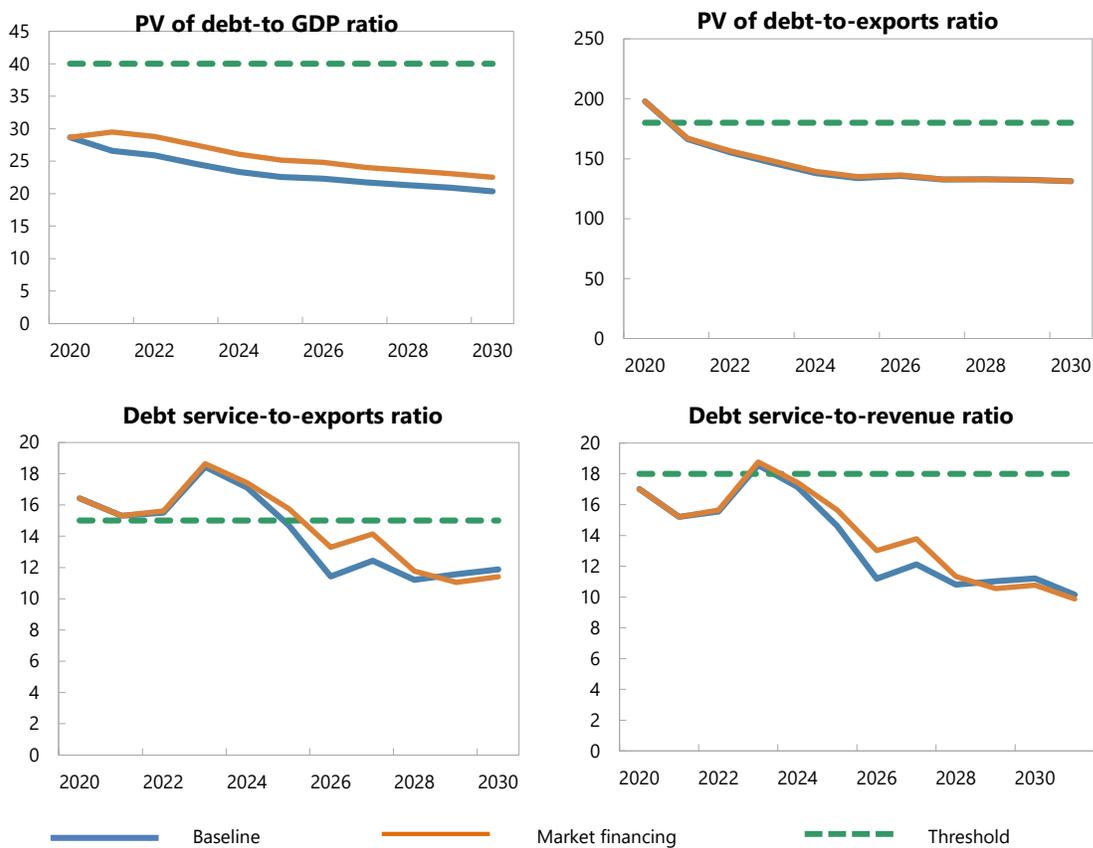


**Figure 5. Cameroon: Market-Financing Risk Indicators**

	GFN	1/	EMBI	2/
Benchmarks	14		570	
Values	11		753	
Breach of benchmark	No		Yes	
Potential heightened liquidity needs	Moderate			

1/ Maximum gross financing needs (GFN) over 3-year baseline projection horizon.

2/ EMBI spreads correspond to the latest available data.



Sources: Country authorities; and staff estimates and projections.

## Appendix I. Letter of Intent

Yaoundé, October 5, 2020

To

Madam Kristalina Georgieva  
Managing Director  
International Monetary Fund  
700 19<sup>th</sup> Street N.W.  
Washington, DC. 20431  
USA

Subject: Letter of Intent for access to the Rapid Credit Facility

Dear Madam Managing Director,

1. The Cameroonian authorities are grateful to the International Monetary Fund (IMF) for its continued support under the Extended Credit Facility (ECF) arrangement and, more recently, under the Rapid Credit Facility (RCF) approved by the IMF Executive Board on May 4, 2020. Early IMF emergency assistance was essential in catalyzing donor support and in providing needed resources for health and economic relief to address the negative impact of the COVID-19 pandemic.
2. As explained in our Letter of Intent of April 28, 2020, the COVID-19 pandemic is causing a significant impact on Cameroon's economy, potentially reducing hard-won macroeconomic gains from the economic and financial program supported by the Extended Credit Facility (ECF) and endangering our development agenda. During this year 2020, the Cameroonian economy had to face two shocks, first on supply, with the breakdown of supply and logistics chains, but also on demand, with the reduction of domestic and international demand, due to the containment measures adopted by our main trading partners (China and Europe). In addition to the drop in private transfers from abroad (including remittances from migrants), the closure of our land and air borders has led to the cancellation of several major national and international events previously scheduled and the decrease in tourism. The negative effects of this pandemic came on the back of the negative impact of the security crisis in the regions of the North-West and South-West, the fight against the terrorist sect Boko Haram in the extreme north region, and the suspension, since the fire that occurred at end-May 2019, of SONARA's production activities.
3. The need to contain the spread of the COVID-19 pandemic has led the Cameroonian authorities to substantially scale up public health care spending and to adopt a series of measures including restricting domestic movement of people and goods, closing schools, bar and restaurants,

prohibiting large gatherings of people, and reducing working hours for certain sectors. These measures, in addition to the loss of income by households due to job losses and bank credit retrenchment following the increase in non-performing loans, have contributed to slowing economic growth more than initially anticipated. Our projections indicate that real GDP growth could decline from 3.9 percent in 2019 to -2.8 percent in 2020 — down from -1.2 percent projected at the time of the RCF approved in May 2020 and that government revenue would drop by 0.7 percentage points of GDP more than previously estimated.

4. Because of the stronger than initially anticipated impact of the cessation of refining activities on government revenues, the urgency to faster pay off part of domestic arrears, the slowdown of structural reforms during the period of the COVID-19 pandemic, and technical difficulties to conduct the 6<sup>th</sup> review in a timely manner, we have opted to let the ECF arrangement expire at the end of September 2020.

5. To preserve fiscal discipline, our Parliament has adopted an amended 2020 Budget Law in June 2020, which takes into account the impact of the COVID-19 pandemic on government revenue, reprioritize current and capital spending by reducing non-essential ones, and includes the funding of the emergency response to the health crisis and support to most affected businesses and households. The amended 2020 budget keeps the overall fiscal balance in percent of GDP at the level set in the May 2020 RCF (5 percent). For its financing, we have benefited from financial support from other development partners of Cameroon, including the World Bank, the African Development Bank (AfDB), the European Union (EU), and the French Development Agency (AFD), as well as from the G-20 debt service suspension initiative (DSSI).

6. In conjunction with the strict contingency measures being implemented to contain and mitigate the spread of the COVID-19 pandemic, we have prepared and adopted a three-year resilience and socio-economic support strategy for 2020-22, estimated to cost US\$825 million (2 percent of GDP), of which about US\$320 million for 2020. This strategy includes five pillars, namely: (i) health response to prevent the spread of the pandemic and take care of infected persons; (ii) mitigation of economic and financial repercussions of the pandemic by measures to support affected sectors; (iii) supply of essential products; (iv) Research and innovation for the development of endogenous solutions to the crisis, and (v) social resilience to alleviate the repercussions of the COVID-19 pandemic on vulnerable people and households. We also set up a special allocation account entitled “Special Fund for National Solidarity in the Fight Against the Coronavirus and its Socio-Economic Impact” to allow better accounting monitoring and transparent management of the resources of this Fund in accordance with the transparency provisions as well as the budgetary procedures and controls provided for by the laws of 11 July 2018 on the financial regime of the State and other public entities on one hand, and Code of transparency and, on the other hand, good governance in the management of public finances in Cameroon.

7. Our trade partners’ slow economic recovery, the stronger than anticipated decline in our economic activity, and some of the measures we took to limit the spread of the pandemic are expected to widen our current account deficit by 0.3 percentage points of GDP in 2020, from our

previous RCF projections. This rise in current account deficit, together with continuing decline in non-official capital inflows, will generate an external financing gap estimated at 4.1 percent of GDP in 2020.

8. Against this background, and in the face of the additional urgent fiscal and balance of payments needs, the government of Cameroon requests an additional emergency financing from the IMF under the Rapid Credit Facility (RCF) in the amount of SDR110.4 million, equivalent to 40 percent of our quota, to ease the pressure on our fiscal revenues and official foreign reserves. That said, we welcome the quality of cooperation with the IMF and reiterate our interest on discussing the terms of a new arrangement underpinning a second generation program, which will aim to achieve higher and more inclusive growth, in accordance with the resolution of Central Africa Heads of State, and to the orientations of the Economic and Financial Reforms Program of CEMAC.

9. We reiterate our firm commitment to an effective and transparent use of public funds, and to ensuring that funds received, including from the RCF disbursement and the resources freed up by the DSSI, are efficiently spent on addressing the pandemic crisis. To this end, we are committed in the context of contracts related to COVID-19 to (i) issuing before the RCF-2 Board date a circular implementing Article 90 of the Public Procurement Code to modify the standard procurement forms, in particular with regard to documents providing information on the identification of the beneficial ownership of companies receiving procurement contracts; (ii) publishing after the RCF-2 Board date on the website of the Public Procurement Regulatory Agency and within 30 days of the award on any contract, the results of public procurement awarded by the government and the beneficial ownership of companies receiving procurement contracts; (iii) publishing before the RCF-2 Board date, the backlog of all COVID-19 related contracts awarded since May 4, 2020, including the beneficial ownership; (iv) issuing a semi-annual report on COVID-19 related spending; and (v) commissioning an independent audit of this spending at the end of the 2020 fiscal year and publishing the results. Moreover, given that the risk of debt distress for Cameroon remains high, debt management will be strengthened, and our external borrowing strategy will continue to rely on concessional loans, in line with our commitment under the G-20 DSSI.

10. The Cameroon government will continue to maintain a constructive dialogue with the IMF and will provide the Fund staff with all the data and information necessary to evaluate our policies, including those taken under the access to the RCF. We agree to cooperate with the IMF in relation to any update safeguards assessment of the BEAC to be carried out by the IMF. We also reiterate our intention not to introduce or intensify exchange and trade restrictions and other measures that would compound Balance of payments difficulties. We further authorize the IMF to publish this Letter and the staff report for the request for disbursement under the RCF.

Sincerely yours,

/s/

Louis Paul Motaze  
Minister of Finance

<b>Table 1. Cameroon: Prior Actions for RCF-2, 2020</b>
<b>Measure</b>
To issue before the RCF-2 Board date a circular implementing Article 90 of the Public Procurement Code, to modify the standard procurement forms in particular with regard to documents providing information on the identification of the beneficial ownership of companies receiving procurement contracts related to COVID-19.
To publish before the RCF-2 Board date the backlog of all COVID-19 related contracts awarded since May 4, 2020, including the beneficial ownership.



# CAMEROON

## REQUEST FOR DISBURSEMENT UNDER THE RAPID CREDIT FACILITY—SUPPLEMENTARY INFORMATION AND REVISED LETTER OF INTENT

October 20, 2020

Approved By  
**David Owen (AFR)**  
and **Delia Velculescu (SPR)**

Prepared by the African Department in consultation with the Legal Department and the Strategy, Policy and Review Department

- 1. This supplement revises the prior action on the publication of all COVID-19 related contracts.** The prior action on the publication of the backlog of all COVID-19 related contracts is being revised to clarify that the publication relates to the *results* of all said contracts awarded since May 4, 2020. This revision is in line with the authorities' letter of intent for the Requests for Disbursement Under The Rapid Credit Facility, Extension of The Extended Credit Facility Arrangement, and Rephrasing of Access (IMF Country Report No 20/185), in which they committed to "*publishing documents relating to the results of public procurement awarded by the government and the beneficial ownership of companies receiving procurement contracts on COVID-19 related expenditures.*" 18, page 21.
- 2. A revised letter of intent is attached to this supplement.**

## Revised Letter of Intent

October 19, 2020

Madame Kristalina Georgieva  
Managing Director  
International Monetary Fund  
700 19th Street N.W.  
Washington, D.C. 20431  
U.S.A.

Subject: Letter of Intent for access to the Rapid Credit Facility

Dear Madam Managing Director,

1. The Cameroonian authorities are grateful to the International Monetary Fund (IMF) for its continued support under the Extended Credit Facility (ECF) arrangement and, more recently, under the Rapid Credit Facility (RCF) approved by the IMF Executive Board on May 4, 2020. Early IMF emergency assistance was essential in catalyzing donor support and in providing needed resources for health and economic relief to address the negative impact of the COVID-19 pandemic.
2. As explained in our Letter of Intent of April 28, 2020, the COVID-19 pandemic is causing a significant impact on Cameroon's economy, potentially reducing hard-won macroeconomic gains from the economic and financial program supported by the Extended Credit Facility (ECF) and endangering our development agenda. During this year 2020, the Cameroonian economy had to face two shocks, first on supply, with the breakdown of supply and logistics chains, but also on demand, with the reduction of domestic and international demand, due to the containment measures adopted by our main trading partners (China and Europe). In addition to the drop in private transfers from abroad (including remittances from migrants), the closure of our land and air borders has led to the cancellation of several major national and international events previously scheduled and the decrease in tourism. The negative effects of this pandemic came on the back of the negative impact of the security crisis in the regions of the North-West and South-West, the fight against the terrorist sect Boko Haram in the extreme north region, and the suspension, since the fire that occurred at end-May 2019, of SONARA's production activities.
3. The need to contain the spread of the COVID-19 pandemic has led the Cameroonian authorities to substantially scale up public health care spending and to adopt a series of measures including restricting domestic movement of people and goods, closing schools, bar and restaurants, prohibiting large gatherings of people, and reducing working hours for certain sectors. These measures, in addition to the loss of income by households due to job losses and bank credit

retrenchment following the increase in non-performing loans, have contributed to slowing economic growth more than initially anticipated. Our projections indicate that real GDP growth could decline from 3.9 percent in 2019 to -2.8 percent in 2020 – down from -1.2 percent projected at the time of the RCF approved in May 2020 and that government revenue would drop by 0.7 percentage points of GDP more than previously estimated.

4. Because of the stronger than initially anticipated impact of the cessation of refining activities on government revenues, the urgency to faster pay off part of domestic arrears, the slowdown of structural reforms during the period of the COVID-19 pandemic, and technical difficulties to conduct the 6<sup>th</sup> review in a timely manner, we have opted to let the ECF arrangement expire at the end of September 2020.

5. To preserve fiscal discipline, our Parliament has adopted an amended 2020 Budget Law in June 2020, which takes into account the impact of the COVID-19 pandemic on government revenue, reprioritize current and capital spending by reducing non-essential ones, and includes the funding of the emergency response to the health crisis and support to most affected businesses and households. The amended 2020 budget keeps the overall fiscal balance in percent of GDP at the level set in the May 2020 RCF (5 percent). For its financing, we have benefited from financial support from other development partners of Cameroon, including the World Bank, the African Development Bank (AfDB), the European Union (EU), and the French Development Agency (AFD), as well as from the G-20 debt service suspension initiative (DSSI).

6. In conjunction with the strict contingency measures being implemented to contain and mitigate the spread of the COVID-19 pandemic, we have prepared and adopted a three-year resilience and socio-economic support strategy for 2020-22, estimated to cost US\$825 million (2 percent of GDP), of which about US\$320 million for 2020. This strategy includes five pillars, namely: (i) health response to prevent the spread of the pandemic and take care of infected persons; (ii) mitigation of economic and financial repercussions of the pandemic by measures to support affected sectors; (iii) supply of essential products; (iv) Research and innovation for the development of endogenous solutions to the crisis, and (v) social resilience to alleviate the repercussions of the COVID-19 pandemic on vulnerable people and households. We also set up a special allocation account entitled “Special Fund for National Solidarity in the Fight Against the Coronavirus and its Socio-Economic Impact” to allow better accounting monitoring and transparent management of the resources of this Fund in accordance with the transparency provisions as well as the budgetary procedures and controls provided for by the laws of 11 July 2018 on the financial regime of the State and other public entities on one hand, and Code of transparency and, on the other hand, good governance in the management of public finances in Cameroon.

7. Our trade partners’ slow economic recovery, the stronger than anticipated decline in our economic activity, and some of the measures we took to limit the spread of the pandemic are expected to widen our current account deficit by 0.3 percentage points of GDP in 2020, from our previous RCF projections. This rise in current account deficit, together with continuing decline in non-official capital inflows, will generate an external financing gap estimated at 4.1 percent of GDP in 2020.

8. Against this background, and in the face of the additional urgent fiscal and balance of payments needs, the government of Cameroon requests an additional emergency financing from the IMF under the Rapid Credit Facility (RCF) in the amount of SDR110.4 million, equivalent to 40 percent of our quota, to ease the pressure on our fiscal revenues and official foreign reserves. That said, we welcome the quality of cooperation with the IMF and reiterate our interest on discussing the terms of a new arrangement underpinning a second generation program, which will aim to achieve higher and more inclusive growth, in accordance with the resolution of Central Africa Heads of State, and to the orientations of the Economic and Financial Reforms Program of CEMAC.

9. We reiterate our firm commitment to an effective and transparent use of public funds, and to ensuring that funds received, including from the RCF disbursement and the resources freed up by the DSSI, are efficiently spent on addressing the pandemic crisis. To this end, we are committed in the context of contracts related to COVID-19 to (i) issuing before the RCF-2 Board date a circular implementing Article 90 of the Public Procurement Code to modify the standard procurement forms, in particular with regard to documents providing information on the identification of the beneficial ownership of companies receiving procurement contracts; (ii) publishing after the RCF-2 Board date on the website of the Public Procurement Regulatory Agency and within 30 days of the award on any contract, the results of public procurement awarded by the government and the beneficial ownership of companies receiving procurement contracts; (iii) publishing before the RCF-2 Board date, the backlog of the results of all COVID-19 related contracts awarded since May 4, 2020, including the beneficial ownership; (iv) issuing a semi-annual report on COVID-19 related spending; and (v) commissioning an independent audit of this spending at the end of the 2020 fiscal year and publishing the results. Moreover, given that the risk of debt distress for Cameroon remains high, debt management will be strengthened, and our external borrowing strategy will continue to rely on concessional loans, in line with our commitment under the G-20 DSSI.

10. The Cameroon government will continue to maintain a constructive dialogue with the IMF and will provide the Fund staff with all the data and information necessary to evaluate our policies, including those taken under the access to the RCF. We agree to cooperate with the IMF in relation to any update safeguards assessment of the BEAC to be carried out by the IMF. We also reiterate our intention not to introduce or intensify exchange and trade restrictions and other measures that would compound Balance of payments difficulties. We further authorize the IMF to publish this Letter and the staff report for the request for disbursement under the RCF.

Sincerely yours,

/s/

Louis Paul Motaze  
Minister of Finance

**Table 1. Cameroon: Prior Actions for RCF-2, 2020**

<b>Measure</b>
To issue before the RCF-2 Board date a circular implementing Article 90 of the Public Procurement Code, to modify the standard procurement forms in particular with regard to documents providing information on the identification of the beneficial ownership of companies receiving procurement contracts related to COVID-19.
To publish before the RCF-2 Board date the backlog of the results of all COVID-19 related contracts awarded since May 4, 2020, including the beneficial ownership.

**Statement by the Staff Representative on Cameroon  
October 20, 2020**

*This staff statement does not alter the thrust of the staff appraisal in the staff report but is intended to provide clarification and confirmation on selected issues, including new developments since the staff report was issued and the status of prior actions.*

**1. Prior actions have been met.** Prior actions on issuing a circular allowing the publication of the beneficial ownership of companies receiving COVID-19 procurement related contracts; and publishing the backlog of the results of all COVID-19 related contracts awarded since May 4, 2020, including the beneficial ownership were completed.

- The circular has been signed on October 19, 2020. The circular has been published (both French and English versions) on the website of the Public Procurement Regulatory Agency ([www.armp.com](http://www.armp.com)).<sup>1</sup>
- As of October 20, 2020, the authorities have published on the website of the Public Procurement Regulatory Agency ([www.armp.com](http://www.armp.com)), lists<sup>2</sup> of a total of 267 contracts awarded by the Ministries of Health, Agriculture and Rural Development. These lists include the procurements' objects, amounts, beneficiaries and beneficial owners, type of contract, and status, amounting in total to CFAF 51.6 billion, 45 percent of the Special COVID-19 Fund (net of VAT and domestic arrears reimbursements). Based on the authorities' commitment to publish all the procurements' results, including their beneficial owners, ongoing tenders will be published once awarded. Additionally, an independent audit of this spending will be commissioned at the end of the 2020 fiscal year and its results published.

**2. Update on the debt service suspension initiative (DSSI).** As of October 20, 2020, all official bilateral creditors, have agreed in principle to debt service suspension under the DSSI for the period April 30<sup>th</sup> to end-December 2020 on their loans not originating from the commercial windows of their lending institutions. The debt service relief expected by Cameroon amounts now to about US\$ 223.9 million compared to US\$ 222.3 million in the issued Staff Report.

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<sup>1</sup> [http://armp.cm/Details\\_COM\\_DEC.php?P1=COMM&P2=12894#A6](http://armp.cm/Details_COM_DEC.php?P1=COMM&P2=12894#A6)

<sup>2</sup> [http://pridesoft.armp.cm//0903\\_publications\\_dl/index.php?type\\_publication=COMM&id\\_publication=12785](http://pridesoft.armp.cm//0903_publications_dl/index.php?type_publication=COMM&id_publication=12785) and [http://pridesoft.armp.cm//0903\\_publications\\_dl/index.php?type\\_publication=COMM&id\\_publication=12895](http://pridesoft.armp.cm//0903_publications_dl/index.php?type_publication=COMM&id_publication=12895)

**Statement by Mr. Raghani, Executive Director for Cameroon  
and Mr. N'Sonde, Senior Advisor to the Executive Director  
October 21, 2020**

1. On behalf of our Cameroonian authorities, we thank Staff, Management and the Board for continued support to the country in very challenging circumstances.
2. Following a first disbursement under the Rapid Credit Facility (RCF-1) last May, the authorities have made progress in strengthening the health care system, assisting the most affected households and businesses, and bolstering banks. However, the external environment remains subdued—with weaker demand from major trading partners—while domestic containment measures have affected activity more than initially anticipated. As a result, Cameroon's external and fiscal positions have worsened beyond projections, giving rise to larger financing needs.
3. Against this background, the authorities are requesting another disbursement under the RCF (RCF-2) amounting to 40 percent of quota to help close the additional financing gap. They are committed to using the Covid-19-related resources in a proper manner, notably through increased monitoring, accountability and transparency safeguards. Both RCF disbursements will cover less than 30% of total financing needs and catalyze assistance from other partners. The authorities also remain dedicated to pursuing their agenda of robust, sustained and inclusive growth underpinned by strong macroeconomic stability. In this vein, they intend to request a successor medium-term arrangement with the Fund once the impact of the crisis subsides.

**Recent Economic Developments and Outlook**

4. Since May, the authorities have eased some containment measures while raising public awareness of the virus, increasing testing, and enhancing capacity of health centers. Social protection spending also has been maintained. The authorities have introduced—and the Parliament enacted—an amended finance law to accommodate the more severe developments and the need for increased emergency and other social spending. A Covid-19 special account has been created and funded through the budget and resources freed from participation in the G-20's debt service suspension initiative (DSSI). The authorities have also scaled up their response to the pandemic by adopting a three-year preparedness and response plan, which encompasses actions to prevent and treat infections; mitigate the economic and financial fallout; and enhance social resilience through assistance to the vulnerable groups.
5. The authorities continue to address the financial situation of the national refinery company, SONARA. Good progress has been made with the company's bank debt restructuring, with an agreement reached with all creditor banks which owe a third of its total debt. The authorities are pursuing discussions with non-bank creditors.

6. Overall, the crisis is impacting the Cameroonian economy significantly, with possible setback in development gains and other scarring. The supply and demand shocks stemming from the pandemic have compounded the effects of the security crisis in the North-West and South-West regions of the country, the instability caused by the terrorist group of Boko Haram in the extreme north region, and the interruption of SONARA's production activities in mid-2019. As a result, real GDP is now projected to drop by 2.8 percent this year—against an initial projection of -1.2 percent at the time of RCF-1—and to grow by 3.4 percent in 2021 amid a gradual recovery in trading partners, prolonged effects of shocks and continued containment measures. The current account deficit is expected to be larger than initially anticipated, on the back of reduced oil and non-oil exports, and the fiscal deficit to increase further mainly due to lower revenues. These projections are predicated on a favorable evolution of the pandemic. However, a prolonged and/or more severe pandemic would lead to even larger financing needs.

### **Policy Priorities**

7. At this juncture, the authorities continue to put priority on increasing health and social protection spending and providing policy support to contain the humanitarian, economic and financial effects of the pandemic.
8. On the fiscal policy front, the authorities are implementing measures aimed at providing temporary tax accommodation to businesses, notably through tax suspensions and deferred payments. On the expenditure side, purchases of non-priority goods and services and capital spending have been delayed or cancelled while social spending for the most vulnerable is preserved. Assistance to households is being strengthened through increased family allowance, augmentation of some pensions; and alleviated social security contributions.
9. The authorities remain committed to proper use of Covid-19 resources as laid out in their request for RCF-1, including strict application of budgetary procedures and controls required by the Cameroonian Laws for received financial support; issuance of semi-annual report on Covid-19 spending; commission of an independent audit of this spending at end-FY2020 and publication of its results; publishing results of public procurement and the beneficial ownership of companies receiving Covid-19 procurement contracts. The authorities have met two key prior actions for disbursement under RCF-2, related to public procurement and the pipeline of all Covid-19 related contracts respectively. They will also continue to comply with the transparency and debt limit requirements under the DSSI.
10. Monetary policy easing introduced in March and June 2020 by the regional central bank (BEAC) is maintained, with notably the reduced policy rates, the liquidity injection and the asset purchase program. Banks can benefit from long-term refinancing operations conditional to maintaining their levels of credit to the economy. On its part, the regional banking supervisory body (COBAC) allows banks to use some of their capital buffer to absorb losses stemming from the effects of the pandemic while limiting dividend distribution.

11. Regarding debt, the authorities are committed to their prudent borrowing strategy relying mainly on concessional loans. Debt management will continue to be strengthened. Cameroon's participation in the DSSI provides payment relief for the benefit of crisis-related emergency spending. In this regard, the authorities look forward to prompt conclusion of bilateral agreements with official creditors to ensure effective debt rescheduling.

## **Conclusion**

12. Due to the severity of the combined effects of multiple shocks and the difficulty to implement the rest of their medium-term program in such context, the Cameroonian authorities have decided to let the ECF arrangement expire at the end of September 2020. However, they continue to maintain a constructive and candid dialogue with the Fund. As the crisis wanes, fiscal consolidation will resume, with the aim to preserve fiscal and debt sustainability. The authorities also intend to negotiate a successor arrangement with the Fund, to support their reform agenda towards robust, sustained and inclusive growth, with emphasis on economic diversification, in line with the resolution of CEMAC Heads of State in favor of second-generation programs.
13. In the meantime, Cameroon faces additional financing gaps stemming from the prolonged pandemic and the more severe impact of containment measures. The authorities hope they can count on the support of the Executive Board to meet the urgent budgetary financing needs.