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STAFF REPORT FOR THE 2012 ARTICLE IV CONSULTATION—DEBT SUSTAINABILITY ANALYSIS

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This joint IMF-World Bank low-income country debt sustainability analysis (LIC-DSA) for Cameroon follows up on the LIC-DSA prepared in 2011. It concludes that Cameroon continues to face a low risk of debt distress insofar as all external debt ratios remain well below the policy-dependent indicative thresholds under the baseline scenario, as well as under all stress tests. However, total public debt indicators are markedly higher than in the 2011 DSA, largely because of the impact of the projected accumulation of payment arrears on domestic debt, and higher issuance of government securities to cover part of the fiscal deficit. The projected large increase in domestic debt calls for the reform of the fuel subsidy mechanism and a strengthening of commitment controls to limit the accumulation of domestic arrears. Moreover, there has been acceleration in nonconcessional borrowing commitments since the 2011 DSA, which warrants a cautious approach to borrowing. Enhancing non-oil revenue mobilization and widening the export base in light of the anticipated long-run decline of oil revenues would help mitigate the projected increase in debt service.

BACKGROUND

1. This report follows up on the debt sustainability analysis (DSA) prepared in 2011 (IMF Country Report No. 11/116).[1] The macroeconomic framework supporting the present analysis reflects the outcome of the 2012 IMF Article IV discussions with the authorities and is based on end-2011 data. The debt data cover central government external debt and guaranteed debt of public entities, as well as an estimate of domestic debt. Despite efforts to improve debt statistics, the coverage of liabilities of public enterprises and municipalities, contingent liabilities of financial institutions, and government obligations to parastatal entities remains uneven.

2. The impact of the Heavily Indebted Poor Countries Initiative (HIPC) and the Multilateral Debt Relief Initiative (MDRI) resulted in a marked improvement in Cameroon's debt position. Following HIPC and MDRI, the public debt-to-GDP ratio declined from 52 percent in 2005 to 10 percent in 2008. Since 2008, however, domestic and external borrowing has been rising (Text Table 1).

Text Table 1. Cameroon: Stock of Public Debt, 2005–11

	2005	2006	2007	2008	2009	2010	2011
			(Billions of CFA francs)				
Total public debt	4,534	1,489	1,171	1,015	1,114	1,349	1,633
External	3,294	603	562	578	574	725	899
Multilateral long-term	---	206	230	289	377	460	564
Bilateral	---	316	289	288	196	222	292
Commercial	---	81	43	1	1	43	43
Domestic	1,241	887	608	437	540	623	734
			(Percent of total)				
Total public debt	100	100.0	100.0	100.0	100.0	100.0	100.0
External	72.6	40.5	48.0	56.9	51.5	53.8	55.0
Multilateral long-term	---	13.8	19.7	28.5	33.8	34.1	34.5
Bilateral	---	21.2	24.7	28.4	17.6	16.5	17.9
Commercial	---	5.4	3.7	0.1	0.1	3.2	2.6
Domestic	27.4	59.5	52.0	43.1	48.5	46.2	45.0
			(Percent of GDP)				
Total public debt	51.8	15.9	12.0	9.5	10.6	12.1	13.7
External	37.6	6.4	5.7	5.4	5.5	6.5	7.5
Multilateral long-term	---	2.2	2.4	2.7	3.6	4.1	4.7
Bilateral	---	3.4	2.9	2.7	1.9	2.0	2.5
Commercial	---	0.9	0.4	0.0	0.0	0.4	0.4
Domestic	14.2	9.4	6.2	4.1	5.2	5.6	6.2

Sources: Cameroonian authorities; and IMF-World Bank staff estimates.

[1] Prepared by IMF and World Bank staffs, in collaboration with the Cameroonian authorities. The draft DSA was discussed with the authorities in the course of the 2012 Article IV consultation. This DSA follows the IMF and World Bank Staff Guidance Note on the Application of the Joint Fund-Bank Debt Sustainability Framework for Low-Income Countries, dated January 22, 2010 (available at http://www.imf.org/external/pp/longres.aspx?id=4419 and http://go.worldbank.org/JBKAT4BH40). The analysis updates the 2011 DSA (IMF Country Report for Cameroon 11/266, available at http://www.imf.org/external/pubs/cat/longres.aspx?sk=25207.0).

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The rise in external debt has been generated by an increase in external borrowing by the central government and public enterprises. External public debt represented more than half of total public debt at end-2011. Its composition is skewed toward multilateral debt, but the share of non-Paris Club bilateral debt is expected to increase over the forecast period as a result of growing nonconcessional borrowing.[2] Domestic debt has increased significantly since 2008 as a result of the completion of audits of government arrears, and the issuance of government bonds and treasury bills on the regional market in 2010 and 2011,[3] respectively, and the securitization of arrears to the national oil refinery (Société Nationale de Raffinage; SONARA) in 2011 (Text Table 2).

Text Table 2. Cameroon: Domestic Debt Components, 2010–11
(Billions of CFA francs; unless otherwise indicated)

	2010	2011	2011 Shares in percent
Total domestic debt	623	724	100
Structured debt	445	561	77
Debt to banking sector	95	123	17
Debt to non-banking sector	350	439	61
Non structured debt (audited arrears)	178	163	23

Sources: Cameroonian authorities; and IMF-World Bank staff estimates.

BASELINE SCENARIO

Relative to the 2011 DSA, the baseline scenario incorporates somewhat higher oil prices, higher new domestic borrowing through issuance of government securities, and faster accumulation of domestic arrears (Text Table 3 and Box 1). Projections for real GDP growth, government revenue, and exports remain broadly close to those underlining the 2011 DSA. Oil prices for 2012-17 are based on the latest World Economic Outlook (WEO) assumptions and are assumed to remain constant beyond 2017. [1011] The government's intentions to issue securities in 2012 and to remain active on the regional bond market afterwards result in a forecast of higher

[10] Agreements were also finalized with most London Club commercial creditors, whereby the stock of debt was reduced to US$1.24 million (0.005 percent of GDP)
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in 2009. The authorities are making every effort to settle the outstanding debt, but are experiencing difficulties in engaging with some creditors either because of a lack of response from them or because they no longer exist as ongoing commercial entities.

[11] Bond purchases taking place externally are treated as external debt by the authorities even if the debt is denominated in local currency. Of the CFAF 200 billion issued in 2010, CFAF 42 billion was sold externally. Staff has accepted the authorities' convention for the purposes of the 2012 DSA but will treat it as domestic debt going forward. Staff considers it to have the same level of risk as domestic debt.

issuance of treasury bills and bonds than in the 2011 DSA (CFAF 750 billion over the projection period versus CFAF 250 billion in the previous DSA). The scenario further assumes no change in fuel pricing policy (i.e., a price freeze) and projects annual fiscal financing gaps. In order to capture the full debt vulnerabilities associated with the projected financing gaps, the DSA assumes that these gaps will be covered by issuance of interest-bearing government securities, resulting in higher domestic interest payments.

Text Table 3. Cameroon: Key Macroeconomic Assumptions, 2011–32
2012 DSA versus 2011 DSA[1]

	2011-12	2013-16	2017–32
Real GDP growth (percent)			
DSA 2012	4.5	5.2	4.6
DSA 2011	4.2	4.6	4.6
Total revenue (percent of GDP)[2]			
DSA 2012	18.4	17.7	16.8
DSA 2011	17.8	18.7	16.2
Exports of goods and services (percent of GDP)			
DSA 2012	31.4	30.8	24.3
DSA 2011	26.3	29.8	23.8
Oil price (U.S. dollars per barrel) [3]			
DSA 2012	107.1	91.8	82.0
DSA 2011	97.8	86.6	78.9

Sources: Cameroonian authorities; and IMF-World Bank staffs estimates.

[1] The 2011 DSA covers the period 2011-31.

[2] Total revenue, excluding grants.

[3] Figures beyond 2011 incorporate a discount of US$ 6 from the WEO projected international prices for uncertainty (prudence factor) and US$3 for the poorer quality of Cameroon's oil.

3. **Public investment projects are the centerpiece of the government's growth strategy.** Closing the infrastructure gap, particularly in transportation and power generation, is considered to be critical to achieving the faster economic growth rates needed to reduce poverty. Financing for the additional public spending is expected to come from budget resources and a combination of domestic and external borrowing. Although the authorities will continue to seek concessional borrowing, nonconcessional financing is likely to be required to meet financing needs.

4. **Overall outstanding debt is projected to be markedly higher than in the previous DSA throughout the projection period.** The higher level of debt reflects mostly the increase in domestic debt arising from the higher issuance of government securities to cover budgetary commitments and financing gaps.

5. Projections of new external borrowing take into account outstanding commitments at end-2011 and new external commitments already signed and expected to be signed in 2012. [4] Based on information received from the authorities, staffs project new external commitments to reach CFAF 994 billion in 2012 (7.8 percent of GDP) and CFAF 623 billion (4.5 percent of GDP) in 2013 (Text Table 4).

Text Table 4. Cameroon: Projected External Commitments, 2011–17

(Billions of CFA francs, unless otherwise indicated)

	2011	2012	2013	2014	2015	2016	2017
	Estimates	Projections					
Outstanding commitments at year-end	1454.0	2245.4	2620.2	2907.4	3120.8	3254.0	3295.7
New external commitments[1]	852	994	623	595	552	505	450
In percent of GDP	7.2	7.8	4.5	4.0	3.5	3.0	2.4
Concessional (as percent of total)[2]	20.4	25.0	30.0	30.0	30.0	30.0	30.0
Concessional (as percent of GDP)	1.5	2.0	1.4	1.2	1.0	0.9	0.7
Non-concessional (as percent of total)	79.6	75.0	70.0	70.0	70.0	70.0	70.0
Non-concessional (as percent of GDP)	5.7	5.9	3.2	2.8	2.4	2.1	1.7
External disbursements (central government and parastals)[3]	184.1	202.8	248.6	307.7	338.5	371.8	408.3
Disbursement rate on previous year's commitments	24.3	13.9	11.1	11.7	11.6	11.9	12.5

Sources: Cameroonian authorities; and IMF-World Bank staff estimates.

[1] Assumptions based on information provided by the authorities.

[2] Staffs' assumptions.

[3] Official long-term borrowing data from the balance of payments.

[4] During January 2011–April 2012, the authorities contracted 30 borrowing agreements, equivalent to almost 6 percent of 2011 GDP. At least 15 of these loans were nonconcessional, with an average grant element of 21.3 percent. Future nonconcessional borrowings are assumed to have an average grant element of 20 percent.

[5] Nonconcessional new borrowing commitments are projected at CFAF 746 billion in 2012. This DSA will provide input to World Bank staff in establishing ceilings for nonconcessional borrowing in 2012, under the International Development Association's nonconcessional borrowing policies.

These commitments aim at alleviating infrastructure bottlenecks in energy, roads, ports, communications, and water supply. Information provided by the authorities indicates that 75 and 70 percent of the new commitments in 2012 and 2013, respectively, would be nonconcessional.[5] Staffs assume that new borrowing commitments after 2013 will decline gradually to 2.4 percent of GDP by 2017. A rate of disbursement from outstanding commitments of about 14 percent has been assumed for 2012, mostly based on the external project loan disbursements foreseen in the budget. For 2013–17, disbursements are projected to increase gradually from CFAF 250 billion to around CFAF 400 billion in light of the country's implementation of major infrastructure projects (Text Table 5) and to remain at that level for the rest of the projection period.

Text Table 5. Cameroon: New External Borrowing Baseline, 2012–32

(Billions of CFA francs)

	2012	2016	2020	2025	2030	2032	Average 2012-17	Average 2018-32
New borrowing, 2012 DSA	203	372	383	415	440	439	313	415
Concessional	141	109	103	99	91	84	120	79
Percent of total	69.3	29.4	26.9	23.8	20.7	19.1	38.3	18.9
Nonconcessional	62	263	280	317	349	355	174	336
Percent of total	30.7	70.6	73.1	76.2	79.3	80.9	61.7	81.1
New borrowing, 2011 DSA	172	344	383	416	440		288	411
Concessional	103	101	103	99	91		89	28
Percent of total	60	29.40	26.9	23.8	20.7		31.0	6.8
Nonconcessional	69	243	280	317	349		199	383
Percent of total	40	70.6	73.1	76.2	79.3		69.0	93.2

Sources: IMF-World Bank staff projections.

Box 1. Macroeconomic Assumptions for the Baseline Scenario[1]

Medium Term, 2013-17

The forecast of an average 5 percent GDP growth rate for the medium term is underpinned by assumptions of continued recovery in non-oil exports following the global crisis, a rebound in oil output, and increased capital spending. Data on the volume of oil production were obtained from the national hydrocarbon company, (Société Nationale des Hydrocarbures; SNH). They indicate that production will gradually expand from 69 thousand barrels a day in 2012 to 103 thousand barrels in 2017. Average annual consumer price inflation is expected to stabilize at 2.5 percent over the medium-term, in line with historical trends and the Central African Economic and Monetary Union (Communauté Economique et Monétaire de l'Afrique Centrale; CEMAC) convergence criteria.

Non-oil revenue is forecast to average 14.5 percent of non-oil GDP in 2012-17, as the authorities consolidate the reforms in tax and customs administrations. Oil revenue is estimated to decline gradually from 5.5 percent of GDP in 2012 to 4.1 percent of GDP in 2017, mostly owing to the projected fall in international oil prices (Text Table 3). The non-oil fiscal primary deficit is projected to remain close to 9 percent of non-oil GDP during 2013–17 on the basis of continued acceleration in the implementation of major public investment projects and continuation of the existing fuel price policy, giving rise to continued accumulation of domestic arrears.

The external current account deficit is projected to decline from 4.7 percent of GDP in 2012 to 3.3 percent of GDP in 2017. The volume growth of non-oil exports is forecast to increase from 7 percent in 2012 to above 8 percent in 2017. The growth in import volume is projected to reflect the acceleration of real GDP growth during 2013-17, and takes into account the increase in imports of equipment and intermediate goods for infrastructure projects. The current account deficit is expected to be financed through foreign direct investment, external public borrowing, and other private capital inflows.

Long Term, 2018-32

Growth is expected to average 4.6 percent in 2018–32 and will be driven by the expansion in the non-oil sectors. Growth of non-oil exports volumes is projected to remain around 8 percent over the long term.

Oil revenue is projected to decline from 4.0 percent of GDP in 2017 to 0.3 percent of GDP by 2032, following the depletion of oil reserves. Non-oil revenue is projected to rise from 14.6 percent of non-oil GDP in 2017 to 16.0 percent by 2032, reflecting sustained implementation of measures to strengthen tax and customs administration. The non-oil primary deficit is projected to decline gradually, reaching about 3 percent of non-oil GDP towards the end of the forecast period. This path is consistent with assumptions of greater control of current spending, increasing allocations for public infrastructure, and improved expenditure execution in priority areas.

[1]The baseline scenario uses the latest IMF World Economic Outlook assumptions (March 2012).

EXTERNAL DEBT SUSTAINABILITY ASSESSMENT

G. Baseline Scenario[6]

6. The LIC debt sustainability framework is guided by country-specific indicative debt burden thresholds for external debt. These thresholds reflect the empirical findings that sustainable debt levels for a LIC increase with the quality of policies and institutions. Such quality is measured by the Country Policy and Institutional Assessment (CPIA) index, compiled annually by the World Bank. Cameroon ranks as a 'weak performer' under the joint IMF/World Bank debt sustainability framework (Text Table 6). Although it is at the sub-Saharan African (SSA) average and above the CEMAC average, Cameroon ranks as a weak performer based on its three-year moving average CPIA score. The indicative external debt burden thresholds for countries in this category are a present value (PV) of the debt-to-exports ratio of 100 percent; a PV of the debt-to-revenue ratio of 200 percent; a PV of the debt-to-GDP ratio of 30 percent; and debt service-to-exports and revenue ratios of 15 percent and 18 percent, respectively.

Text Table 6. Cameroon: Country Policy and Institutional Assessment Ratings, 2006-10[1]

	2006	2007	2008	2009	2010
Cameroon	3.22	3.23	3.21	3.21	3.17
CEMAC[2]	2.78	2.74	2.74	2.79	2.80
SSA[2]	3.15	3.17	3.15	3.17	3.21

Source: World Bank -World Development Indicators.

[1] CPIA ratings measure the quality of a country's policies and institutions. They range from 1 (Low) to 6 (High).

[2] Poverty Reduction and Growth Trust (PRGT) eligible countries.

7. The DSA calculations indicate that Cameroon's external debt is sustainable. All debt indicators remain below their thresholds over the projection horizon (Text Table 7 and Figure 1).[7] There is nevertheless a significant rise in external debt ratios up to the end of the projection period up to 2025 before they level off. The increase in external debt is a result of the acceleration in borrowing required for the government's infrastructure program. The terms on which such borrowing takes place will have a major bearing on the long-term profile of the external debt. Increased new external commitments on nonconcessional terms could represent a threat to debt sustainability in the longer term.

[6] The assessment in this section is conducted using the baseline scenario presented in the companion country report.

[7] The discount rate has been maintained at 4 percent, consistent with the latest LIC-DSA template.

Text Table 7. Cameroon: Baseline Debt Ratios, 2012–32

	Threshold	2012	Medium term 2013–17	Long term 2018–32
		DSA 2012		
External debt				
PV of debt-to GDP	30	7.3	9.5	12.7
PV of debt-to-exports	100	22.8	31.1	53.7
PV of debt-to-revenue	200	39.7	53.8	75.7
Debt service-to-exports	15	1.6	1.7	3.2
Debt service-to-revenue	18	2.8	2.9	4.5
Public debt				
PV of debt-to-GDP		15.7	23.7	40.1
PV of debt-to-revenue		82.6	131.6	239.0
Debt service-to-revenue		8.8	11.3	11.4
		DSA 2011		
		2012	2013–17	2018–31
External debt				
PV of debt-to GDP	30	5.8	8.7	12.7
PV of debt-to-exports	100	22.1	28.9	54.2
PV of debt-to-revenue	200	32.1	46.9	78.8
Debt service-to-exports	15	1.0	1.2	3.2
Debt service-to-revenue	25	1.4	2.0	4.6
Public debt				
PV of debt-to-GDP		13.1	12.9	14.1
PV of debt-to-revenue		69.9	69.7	101.7
Debt service-to-revenue		7.2	8.6	10.0

Source: IMF-World Bank staff estimates.

H. Alternative Scenarios and Stress Tests

8. Alternative scenarios and bound tests show that debt indicators remain below their thresholds over the projection horizon. The historical scenario, which is associated with past external current account surpluses, is unlikely to occur, as oil production is expected to begin to taper off within the next 10 years. This scenario shows a more optimistic debt ratio trajectory relative to the baseline. Thus, in terms of the risk assessment, the historical scenario is not relevant and the related graphs are not presented in Figures 1 and 2.

9. An export shock would be a source of increased debt vulnerability. The export stress test (exports growth in US dollar terms in 2013–14 at one standard deviation below the ten-year historical average) could be associated with a large drop in oil prices or in external demand for non-oil exports coming from a deepening of the global crisis. The stress test assumes a drop of 5.2 percent in the value of exports in both 2013 and 2014 and a return to the growth rates assumed in the baseline scenario thereafter. The magnitude of the shock is somewhat lower than in the 2011 DSA because of the stronger historical average growth of exports over 2002-11 than in the 2001-10 period. Hence, in contrast to the 2011 DSA, the amount of new borrowing required to compensate for the effects of the shock does not give rise to a breach in the threshold.

10. A bound test capturing debt vulnerabilities that may be generated by already identified contingent liabilities is also conducted. The test takes into account the potential contingent claims from restructuring a number of distressed banks (estimated at CFAF 60 billion for one major bank) and negative equity (CFAF 28 billion) in the balance sheet of a recently-audited state-owned enterprise. The amounts involved are however not significant in terms of having an impact on long-run debt sustainability.

PUBLIC SECTOR DEBT SUSTAINABILITY ASSESSMENT

11. The DSA baseline shows that there is a marked upward trend in public sector debt ratios which could threaten long-term debt sustainability (Figure 2). The PV of debt-to-GDP ratio is projected to increase from 16 percent of GDP in 2012 to 48 percent of GDP in 2032, while it was expected to remain in the range of 12-15 percent of GDP in the previous DSA (Table 1). A substantial increase is also recorded for the PV of debt-to-revenue ratio. Much of the increase in debt levels results from the assumption that new domestic debt will be generated by the issuance of government securities, securitization of arrears to SONARA and the accumulation of further domestic debt related to the financing of projected fiscal financing gaps. By contrast, the 2011 DSA was calibrated on a policy reform scenario.[8]

12. Alternative scenarios and bound tests indicate that debt vulnerabilities re-emerge under certain scenarios (Table 2 and Figure 2). An alternative downside scenario assuming a growth rate of 0.2 percentage point below the baseline is considered for all the projection period (Scenario A3 in Table 2). This scenario could reflect a situation in which the additional infrastructure investment financed in part through an increase in nonconcessional borrowing, does not produce a substantial impact on growth. It results in a PV of debt-to-GDP ratio of 54 percent by 2032, which is higher than the baseline scenario (48 percent). This highlights the need for rigorous project selection to maximize potential returns on

[8] A policy reform scenario prepared for the Cameroon 2012 Article IV consultation assuming no financing gaps or further accumulation of domestic arrears from 2012 and increased public investment shows that the overall debt-to-GDP ratio is slightly lower than in the baseline scenario. The reform scenario was not retained for the 2012 DSA because the postponement of legislative elections to 2013 is likely to result in reduced momentum for reform in the near future.

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investment. Under the scenario of an unchanged primary deficit from 2012, all key debt ratios remain below the baseline reflecting the increasing projected primary deficit in the baseline scenario that would result from increased public investment and the cost of fuel subsidies.

13. Cameroon continues to strengthen its debt management framework, though more efforts are required going forward in view of emerging vulnerabilities. The authorities are implementing a new debt management strategy aligned with the CEMAC guidelines. Since 2009, a quarterly report has been published on the country's debt situation. The authorities produce an annual DSA and update the medium-term debt management strategy for central government debt, which are annexed to the annual budget law. The National Debt Committee, instituted in 2008, is now in place, and the audit of domestic arrears is ongoing. These efforts will need to be reinforced if long-term debt sustainability is to be preserved.

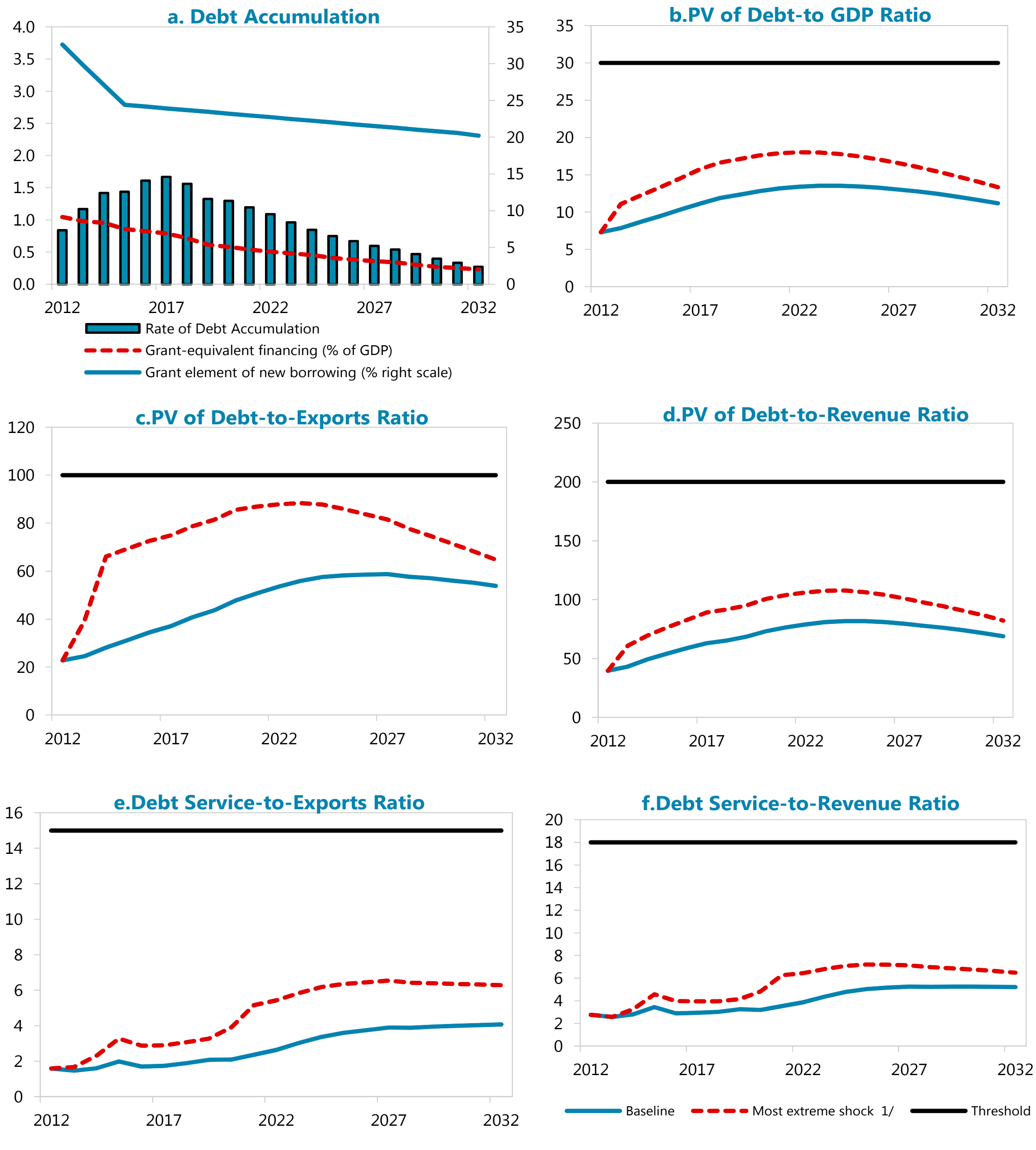
CONCLUSION

14. Cameroon's risk of debt distress remains low, but there are signs of vulnerability emerging from increasing domestic debt. All external debt ratios remain well below their respective policy-dependent thresholds. However, ongoing and projected new domestic borrowing and accumulation of domestic arrears will push debt indicators to levels significantly higher than in the 2011 DSA throughout the projection period, underscoring the need for the adoption of prudent fiscal policies. Moreover, while some uncertainty exists regarding the amounts and the terms, the quite rapid pace of accumulation of nonconcessional borrowing commitments in 2011-12 is a source of concern. Stress tests assuming export and growth shocks indicate that all debt indicators remain below their thresholds through 2032, but there are signs of emerging vulnerability. For this reason, borrowing should be contracted on concessional terms to the extent possible and be contingent on thorough project evaluation. Staffs remain of the view that continued efforts to improve non-oil revenue mobilization and to widen the export base would help mitigate emerging debt vulnerabilities.

15. The authorities broadly shared the risk assessment, while pointing to the scarcity of concessional financing for the key infrastructure projects underpinning the growth strategy. The authorities see the current debt vulnerability level as providing some space for a reasonable increase in debt-financed investment. However, they are cognizant of the need to finance infrastructure projects with concessional financing to the extent possible. They consider that a more appropriate assessment of debt vulnerabilities would be based on a reform scenario assuming lower accumulation of domestic arrears in line with the authorities' intention to maintain medium- and long-term fiscal sustainability.

16. Persistent weakness in public financial management and insufficient data coverage underline the need for caution in assessing Cameroon's debt sustainability. Vulnerabilities include quasi-fiscal liabilities of state-owned enterprises and distressed banks, and further build up of domestic arrears. The authorities' efforts to improve debt management could be reinforced to ensure better coverage of public sector liabilities and by a new and more comprehensive audit of all government payment obligations.

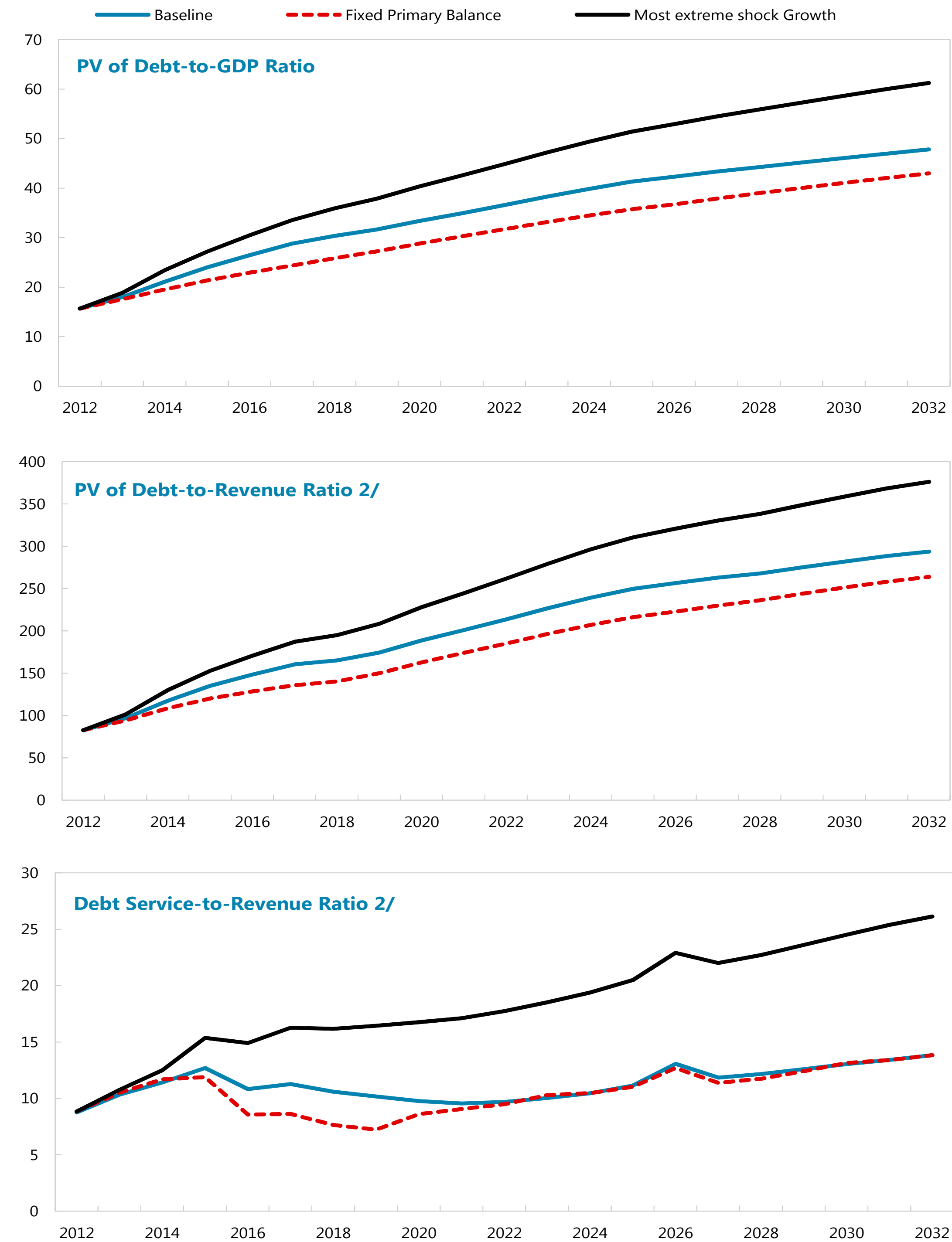
Figure 1. Cameroon: Indicators of Public and Publicly Guaranteed External Debt under Alternatives Scenarios, 2012-32 1/



Sources: Cameroonian authorities; and IMF-World Bank staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in 2022. In figure b. it corresponds to a one-time depreciation of the exchange rate shock; in c. to an exports shock; in d. to a one-time depreciation of the exchange rate shock; in e. to an exports shock, and in figure f. to an exports shock.

Figure 2. Cameroon: Indicators of Public Debt Under Alternative Scenarios, 2012-32 1/



Sources: Cameroonian authorities; and IMF-World Bank staff estimates and projections.
1/ The most extreme stress test is the test that yields the highest ratio in 2022.
2/ Revenue includes grants.

Table 1.Cameroon: Public Sector Debt Sustainability Framework, Baseline Scenario, 2009-32
(Percent of GDP, unless otherwise indicated)

	Actual					Estimate	Projections								
	2009	2010	2011	Average 5/	Standard Deviation 5/	2012	2013	2014	2015	2016	2017	2012-17 Average	2022	2032	2018-32 Average
Public sector debt 1/	10.6	12.1	13.7			17.2	20.0	23.4	26.5	29.3	31.8		39.9	50.4	
o/w foreign-currency denominated	5.5	6.5	7.5			8.9	9.8	11.0	12.0	13.1	14.2		16.7	13.8	
Change in public sector debt	1.1	1.5	1.6			3.5	2.7	3.4	3.2	2.7	2.5		1.6	0.7	
Identified debt-creating flows	-0.2	0.9	1.6			3.3	2.6	3.2	3.1	2.7	2.5		1.7	0.9	
Primary deficit	-0.3	1.0	2.6	-2.4	2.8	2.8	3.3	4.0	4.1	3.9	4.0	3.7	3.2	2.9	3.0
Revenue and grants	18.4	17.5	18.9			19.0	18.6	18.0	17.8	17.8	17.9		17.1	16.3	
of which: grants	0.8	0.6	0.5			0.5	0.4	0.4	0.3	0.3	0.3		0.2	0.1	
Primary (noninterest) expenditure	18.1	18.5	21.5			21.7	21.9	22.0	21.9	21.8	21.9		20.3	19.2	
Automatic debt dynamics	0.1	-0.2	-1.0			0.0	-0.9	-0.8	-1.0	-1.2	-1.4		-1.5	-2.0	
Contribution from interest rate/growth differential	0.0	-0.4	-0.5			-0.5	-0.7	-0.8	-1.0	-1.2	-1.3		-1.5	-1.9	
of which: contribution from average real interest rate	0.2	-0.1	0.0			0.1	0.1	0.2	0.2	0.2	0.2		0.2	0.2	
of which: contribution from real GDP growth	-0.2	-0.3	-0.5			-0.6	-0.8	-1.0	-1.2	-1.4	-1.5		-1.7	-2.1	
Contribution from real exchange rate depreciation	0.1	0.2	-0.5			0.5	-0.2	-0.1	0.0	0.0	-0.1		...	...	
Other identified debt-creating flows	0.0	0.0	0.0			0.5	0.2	0.0	0.0	0.0	0.0		0.0	0.0	
Privatization receipts (negative)	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Recognition of implicit or contingent liabilities	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Debt relief (HIPC and other)	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Other (specify, e.g. bank recapitalization)	0.0	0.0	0.0			0.5	0.2	0.0	0.0	0.0	0.0		0.0	0.0	
Residual, including asset changes	1.3	0.6	0.0			0.3	0.1	0.2	0.1	0.0	0.0		0.0	-0.2	
Other Sustainability Indicators															
PV of public sector debt	...	...	12.6			15.7	18.0	21.1	24.0	26.5	28.8		36.6	47.8	
o/w foreign-currency denominated	...	...	6.4			7.3	7.9	8.7	9.5	10.3	11.1		13.4	11.2	
o/w external	...	...	6.4			7.3	7.9	8.7	9.5	10.3	11.1		13.4	11.2	
PV of contingent liabilities (not included in public sector debt)	...	...	...			...	...	...	...	...	...		...	...	
Gross financing need 2/	0.7	1.7	3.9			4.4	5.2	6.1	6.3	5.9	6.0		4.9	5.2	
PV of public sector debt-to-revenue and grants ratio (in percent)	...	...	66.6			82.6	96.8	117.4	135.0	148.4	160.5		213.7	293.7	
PV of public sector debt-to-revenue ratio (in percent)	...	...	68.4			85.0	99.1	120.0	137.6	151.0	162.9		215.6	294.6	
o/w external 3/	...	...	34.9			39.7	43.2	49.3	54.3	58.9	63.1		79.0	68.9	
Debt service-to-revenue and grants ratio (in percent) 4/	5.3	3.7	7.0			8.8	10.3	11.4	12.7	10.8	11.3		9.7	13.8	
Debt service-to-revenue ratio (in percent) 4/	5.6	3.8	7.2			9.0	10.6	11.7	12.9	11.0	11.4		9.8	13.9	
Primary deficit that stabilizes the debt-to-GDP ratio	-1.3	-0.5	1.0			-0.8	0.6	0.6	0.9	1.2	1.4		1.6	2.2	
Key macroeconomic and fiscal assumptions															
Real GDP growth (in percent)	2.0	2.9	4.2	3.2	0.8	4.7	5.0	5.2	5.3	5.5	5.5	5.2	4.6	4.5	4.6
Average nominal interest rate on forex debt (in percent)	1.6	1.2	2.8	2.2	1.3	2.6	2.3	2.2	2.2	2.3	2.3	2.3	2.1	2.2	2.1
Average real interest rate on domestic debt (in percent)	4.3	-1.8	-0.8	-0.5	2.6	0.2	-0.2	1.1	1.1	0.6	0.6	0.6	0.6	0.3	0.5
Real exchange rate depreciation (in percent, + indicates depreciation	1.3	4.4	-7.6	-4.3	5.8	6.6	...	...	...	...	...	...	...	...	...
Inflation rate (GDP deflator, in percent)	-3.3	3.0	2.9	2.1	2.5	2.0	2.9	2.0	2.0	2.1	2.2	2.2	1.9	2.2	2.1
Growth of real primary spending (deflated by GDP deflator, in percer	0.0	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.0	0.0	0.0
Grant element of new external borrowing (in percent)	...	...	...	...	...	32.6	29.8	27.1	24.4	24.2	23.9	27.0	22.7	20.2	...

Sources: Cameroonian authorities; and IMF-World Bank staff estimates and projections.
1/ Indicate general government gross debt
2/ 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.
3/ Revenue excluding grants.
4/ Debt service is defined as the sum of interest and amortization of medium and long-term debt.
5/ Historical averages and standard deviations are generally derived over the past 10 years, subject to data availability.

Table 2.Cameroon: Sensitivity Analysis for Key Indicators of Public Debt, 2012-32

		Projections						
	2012	2013	2014	2015	2016	2017	2022	2032
PV of Debt-to-GDP Ratio								
Baseline	16	18	21	24	26	29	37	48
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	16	13	11	9	7	5	0	0
A2. Primary balance is unchanged from 2012	16	18	20	21	23	24	32	43
A3. Permanently lower GDP growth 1/	16	18	21	24	27	29	38	54
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2013-2014	16	19	23	27	30	34	45	61
B2. Primary balance is at historical average minus one standard deviations in 2013-2014	16	16	16	19	21	24	33	45
B3. Combination of B1-B2 using one half standard deviation shocks	16	15	14	18	22	25	37	55
B4. One-time 30 percent real depreciation in 2013	16	21	24	26	28	31	38	50
B5. 10 percent of GDP increase in other debt-creating flows in 2013	16	27	30	32	34	36	43	52
PV of Debt-to-Revenue Ratio 2/								
Baseline	83	97	117	135	148	161	214	294
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	83	72	62	0	0	0	0	0
A2. Primary balance is unchanged from 2012	83	94	109	120	128	136	185	264
A3. Permanently lower GDP growth 1/	83	97	118	136	151	163	224	329
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2013-2014	83	101	130	153	171	187	262	376
B2. Primary balance is at historical average minus one standard deviations in 2013-2014	83	83	87	105	120	134	190	278
B3. Combination of B1-B2 using one half standard deviation shocks	83	78	76	100	0	139	215	336
B4. One-time 30 percent real depreciation in 2013	83	112	131	148	160	170	221	307
B5. 10 percent of GDP increase in other debt-creating flows in 2013	83	143	165	179	191	200	249	320
Debt Service-to-Revenue Ratio 2/								
Baseline	9	10	11	13	11	11	10	14
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	9	11	11	0	0	0	0	0
A2. Primary balance is unchanged from 2012	9	11	12	12	9	9	9	14
A3. Permanently lower GDP growth 1/	9	11	12	14	12	13	13	21
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2013-2014	9	11	13	15	15	16	18	26
B2. Primary balance is at historical average minus one standard deviations in 2013-2014	9	11	11	6	3	9	11	15
B3. Combination of B1-B2 using one half standard deviation shocks	9	11	11	3	0	10	14	20
B4. One-time 30 percent real depreciation in 2013	9	11	13	15	14	15	16	25
B5. 10 percent of GDP increase in other debt-creating flows in 2013	9	11	14	37	14	23	14	22

Sources: Cameroonian authorities; and IMF-World Bank staff estimates and projections.
1/ Assumes that real GDP growth is at baseline minus one standard deviation divided by the square root of the length of the projection period.
2/ Revenue includes grants.

Table 3a. Cameroon: External Debt Sustainability Framework, Baseline Scenario, 2009-32 1/

(Percent of GDP, unless otherwise indicated)

	Actual			Historical Average 6/	Standard Deviation 6/	Projections									
	2009	2010	2011			2012	2013	2014	2015	2016	2017	2012-2017 Average	2022	2032	2018-203 Average
External debt (nominal) 1/	**5.5**	**6.5**	**7.5**			**8.9**	**9.8**	**11.0**	**12.0**	**13.1**	**14.2**		**16.7**	**13.8**	
o/w public and publicly guaranteed (PPG)	5.5	6.5	7.5			8.9	9.8	11.0	12.0	13.1	14.2		16.7	13.8	
Change in external debt	0.0	1.1	1.0			1.4	0.9	1.2	1.1	1.1	1.0		0.2	-0.6	
Identified net debt-creating flows	0.2	1.7	0.2			1.0	1.2	1.4	1.4	1.4	1.4		0.5	-0.3	
Non-interest current account deficit	**0.6**	**2.9**	**3.9**	**0.8**	**1.5**	**4.5**	**4.0**	**4.2**	**3.7**	**3.4**	**3.0**		**2.8**	**0.3**	1.8
Deficit in balance of goods and services	4.8	3.4	4.3			5.2	4.6	4.8	4.3	4.0	3.5		3.6	0.9	
Exports	23.5	25.6	30.7			32.0	32.1	30.8	30.3	30.0	30.1		25.0	20.8	
Imports	28.3	28.9	35.0			37.3	36.6	35.6	34.6	34.0	33.6		28.6	21.7	
Net current transfers (negative = inflow)	-1.7	-1.5	-1.3	-1.7	0.5	-1.4	-1.4	-1.3	-1.2	-1.2	-1.1		-0.9	-0.5	-0.8
o/w official	-0.6	-1.0	-1.1			-1.0	-1.0	-1.0	-0.9	-0.8	-0.8		-0.6	-0.4	
Other current account flows (negative = net inflow)	-2.6	1.1	1.0			0.7	0.8	0.8	0.7	0.7	0.6		0.1	0.0	
Net FDI (negative = inflow)	**-0.8**	**-1.3**	**-3.1**	**-2.8**	**3.6**	**-3.3**	**-2.6**	**-2.6**	**-2.1**	**-1.7**	**-1.2**		**-1.9**	**-0.3**	-1.2
Endogenous debt dynamics 2/	**0.5**	**0.0**	**-0.6**			**-0.2**	**-0.2**	**-0.3**	**-0.3**	**-0.4**	**-0.4**		**-0.4**	**-0.3**	
Contribution from nominal interest rate	0.1	0.1	0.2			0.2	0.2	0.2	0.2	0.3	0.3		0.3	0.3	
Contribution from real GDP growth	-0.1	-0.2	-0.2			-0.4	-0.4	-0.5	-0.5	-0.6	-0.7		-0.7	-0.6	
Contribution from price and exchange rate changes	0.5	0.1	-0.6			...	...	...	...	...	...		...	...	
Residual (3-4) 3/	**-0.2**	**-0.6**	**0.8**			**0.3**	**-0.3**	**-0.2**	**-0.3**	**-0.3**	**-0.4**		**-0.3**	**-0.3**	
o/w exceptional financing	1.4	1.0	-1.3			-0.5	-0.2	-0.1	0.2	0.4	0.3		0.0	0.0	
PV of external debt 4/	...	...	6.4			7.3	7.9	8.7	9.5	10.3	11.1		13.4	11.2	
In percent of exports	...	20.0	20.9			22.8	24.5	28.2	31.2	34.4	37.1		53.6	53.8	
PV of PPG external debt	**...**	**...**	**6.4**			**7.3**	**7.9**	**8.7**	**9.5**	**10.3**	**11.1**		**13.4**	**11.2**	
In percent of exports	**...**	**20.0**	**20.9**			**22.8**	**24.5**	**28.2**	**31.2**	**34.4**	**37.1**		**53.6**	**53.8**	
In percent of government revenues	**...**	**...**	**34.9**			**39.7**	**43.2**	**49.3**	**54.3**	**58.9**	**63.1**		**79.0**	**68.9**	
Debt service-to-exports ratio (in percent)	**1.3**	**0.9**	**1.0**			**1.6**	**1.5**	**1.6**	**2.0**	**1.7**	**1.7**		**2.6**	**4.1**	
PPG debt service-to-exports ratio (in percent)	**1.3**	**0.9**	**1.0**			**1.6**	**1.5**	**1.6**	**2.0**	**1.7**	**1.7**		**2.6**	**4.1**	
PPG debt service-to-revenue ratio (in percent)	**1.8**	**1.4**	**1.7**			**2.8**	**2.6**	**2.8**	**3.5**	**2.9**	**2.9**		**3.9**	**5.2**	
Total gross financing need (Billions of U.S. dollars)	0.0	0.4	0.3			0.4	0.5	0.6	0.7	0.8	0.8		0.8	1.0	
Non-interest current account deficit that stabilizes debt ratio	0.5	1.9	2.9			3.2	3.1	3.1	2.7	2.3	2.0		2.6	0.9	
Key macroeconomic assumptions															
Real GDP growth (in percent)	2.0	2.9	4.2	3.2	0.8	4.7	5.0	5.2	5.3	5.5	5.5	5.2	4.6	4.5	4.6
GDP deflator in US dollar terms (change in percent)	-8.3	-1.6	9.6	7.1	8.1	-5.0	3.0	1.6	1.6	1.6	1.6	0.7	3.0	3.2	3.1
Effective interest rate (percent) 5/	1.6	1.2	2.8	2.1	1.3	2.6	2.3	2.2	2.2	2.3	2.3	2.3	2.1	2.2	2.1
Growth of exports of G&S (US dollar terms, in percent)	-29.2	10.0	37.0	12.8	18.0	3.9	8.2	2.8	5.2	6.1	7.4	5.6	4.1	6.2	5.2
Growth of imports of G&S (US dollar terms, in percent)	-20.0	3.5	37.9	17.8	18.4	6.0	6.3	3.9	4.0	5.2	5.8	5.2	4.2	5.5	4.7
Grant element of new public sector borrowing (in percent)	...	...	...	...	...	32.6	29.8	27.1	24.4	24.2	23.9	27.0	22.7	20.2	22.0
Government revenues (excluding grants, in percent of GDP)	17.6	16.8	18.4			18.4	18.2	17.6	17.4	17.5	17.7		17.0	16.2	16.8
Aid flows (in Billions of US dollars) 7/	0.2	0.3	0.4			0.4	0.4	0.4	0.4	0.4	0.4		0.4	0.3	
o/w Grants	0.2	0.1	0.1			0.1	0.1	0.1	0.1	0.1	0.1		0.1	0.1	
o/w Concessional loans	0.0	0.2	0.2			0.3	0.3	0.3	0.3	0.3	0.3		0.3	0.3	
Grant-equivalent financing (in percent of GDP) 8/	...	...	...			1.0	1.0	1.0	0.9	0.8	0.8		0.5	0.2	0.4
Grant-equivalent financing (in percent of external financing) 8/	...	...	...			49.3	43.6	38.6	34.7	33.2	31.8		29.7	24.5	28.1
Memorandum items:															
Nominal GDP (Billions of US dollars)	22.2	22.5	25.6			25.5	27.6	29.5	31.5	33.8	36.2		52.8	111.9	
Nominal dollar GDP growth	-6.5	1.2	14.2			-0.6	8.1	6.9	7.0	7.2	7.2	6.0	7.7	7.9	7.8
PV of PPG external debt (in Billions of US dollars)			1.7			1.9	2.2	2.6	3.0	3.5	4.0		6.8	10.8	
(PVt-PVt-1)/GDPt-1 (in percent)						0.8	1.2	1.4	1.4	1.6	1.7	1.4	1.1	0.3	0.8
Gross workers' remittances (Billions of US dollars)	0.3	0.3	0.2			0.2	0.2	0.2	0.3	0.3	0.3		0.3	0.4	
PV of PPG external debt (in percent of GDP + remittances)	...	...	6.4			7.3	7.8	8.6	9.4	10.3	11.1		13.3	11.1	
PV of PPG external debt (in percent of exports + remittances)	...	20.0	20.4			22.2	23.9	27.4	30.4	33.6	36.1		52.3	52.8	
Debt service of PPG external debt (in percent of exports + remitta	...	...	1.0			1.6	1.4	1.6	1.9	1.7	1.7		2.6	4.0	

Sources: Cameroonian authorities; and IMF-World Bank staff estimates and projections.

1/ Includes both public and publicly-guaranteed external debt.

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

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

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

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

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

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

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

Table 3b.Cameroon: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2012-32
(In percent)

	Projections							
	2012	2013	2014	2015	2016	2017	2022	2032
PV of Debt-to GDP Ratio								
Baseline	7.3	7.9	8.7	9.5	10.3	11.1	13.4	11.2
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2012-2032 1/	7.3	5.0	2.8	0.7	0.0	0.0	0.0	0.0
A2. New public sector loans on less favorable terms in 2012-2032 2	7.3	8.3	9.6	10.8	12.2	13.6	16.9	15.1
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2013-2014	7.3	8.0	9.1	9.9	10.9	11.8	13.4	10.0
B2. Export value growth at historical average minus one standard deviation in 2013-2014 3/	7.3	11.0	16.5	17.0	17.6	18.2	17.7	10.9
B3. US dollar GDP deflator at historical average minus one standard deviation in 2013-2014	7.3	8.2	9.2	10.1	11.0	11.9	13.6	10.1
B4. Net non-debt creating flows at historical average minus one standard deviation in 2013-2014 4/	7.3	10.7	14.2	14.8	15.5	16.2	16.3	10.4
B5. Combination of B1-B4 using one-half standard deviation shocks	7.3	10.3	13.2	13.9	14.6	15.4	15.9	10.5
B6. One-time 30 percent nominal depreciation relative to the baseline in 2013 5/	7.3	11.1	12.2	13.3	14.6	15.8	18.0	13.3
PV of Debt-to-Exports Ratio								
Baseline	22.8	24.5	28.2	31.2	34.4	37.1	53.6	53.8
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2012-2032 1/	22.8	15.4	9	2	0	0	0	0
A2. New public sector loans on less favorable terms in 2012-2032 2	22.8	25.8	31.1	35.7	40.7	45.2	67.5	72.5
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2013-2014	22.8	24.5	28.1	31.1	34.4	37.2	51.1	45.5
B2. Export value growth at historical average minus one standard deviation in 2013-2014 3/	22.8	39.2	66.1	69.4	72.6	75.0	87.9	64.8
B3. US dollar GDP deflator at historical average minus one standard deviation in 2013-2014	22.8	24.5	28.1	31.1	34.4	37.2	51.1	45.5
B4. Net non-debt creating flows at historical average minus one standard deviation in 2013-2014 4/	22.8	33.4	46.2	48.9	51.7	53.8	65.2	50.3
B5. Combination of B1-B4 using one-half standard deviation shocks	22.8	32.9	43.0	45.9	48.9	51.3	63.7	50.7
B6. One-time 30 percent nominal depreciation relative to the baseline in 2013 5/	22.8	24.5	28.1	31.1	34.4	37.2	51.1	45.5
PV of Debt-to-Revenue Ratio								
Baseline	39.7	43.2	49.3	54.3	58.9	63.1	79.0	68.9
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2012-2032 1/	39.7	27.2	15.8	4.2	0.0	0.0	0.0	0.0
A2. New public sector loans on less favorable terms in 2012-2032 2	39.7	45.5	54.4	62.1	69.7	77.0	99.5	92.8
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2013-2014	39.7	44.2	51.8	57.0	61.9	66.6	79.2	61.4
B2. Export value growth at historical average minus one standard deviation in 2013-2014 3/	39.7	60.6	93.5	97.4	100.3	103.0	104.6	67.0
B3. US dollar GDP deflator at historical average minus one standard deviation in 2013-2014	39.7	44.9	52.6	57.8	62.7	67.5	80.3	62.2
B4. Net non-debt creating flows at historical average minus one standard deviation in 2013-2014 4/	39.7	58.9	80.9	85.0	88.4	91.6	96.0	64.4
B5. Combination of B1-B4 using one-half standard deviation shocks	39.7	56.8	75.1	79.6	83.3	87.0	93.5	64.7
B6. One-time 30 percent nominal depreciation relative to the baseline in 2013 5/	39.7	60.9	69.5	76.4	82.9	89.3	106.2	82.3

Table 3b.Cameroon: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2012-32 (concluded)

(In percent)

				Projections				
	2012	2013	2014	2015	2016	2017	2022	2032
Debt Service-to-Exports Ratio								
Baseline	1.6	1.5	1.6	2.0	1.7	1.7	2.6	4.1
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2012-2032 1/	1.6	1.4	1.3	1.4	0.9	0.7	0.0	0.0
A2. New public sector loans on less favorable terms in 2012-2032 2	1.6	1.5	1.6	2.1	1.9	2.0	3.8	5.7
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2013-2014	1.6	1.5	1.6	2.0	1.7	1.7	2.6	4.0
B2. Export value growth at historical average minus one standard deviation in 2013-2014 3/	1.6	1.7	2.3	3.3	2.9	2.9	5.4	6.3
B3. US dollar GDP deflator at historical average minus one standard deviation in 2013-2014	1.6	1.5	1.6	2.0	1.7	1.7	2.6	4.0
B4. Net non-debt creating flows at historical average minus one standard deviation in 2013-2014 4/	1.6	1.5	1.8	2.5	2.1	2.2	3.9	4.8
B5. Combination of B1-B4 using one-half standard deviation shocks	1.6	1.5	1.9	2.4	2.1	2.1	3.7	4.7
B6. One-time 30 percent nominal depreciation relative to the baseline in 2013 5/	1.6	1.5	1.6	2.0	1.7	1.7	2.6	4.0
Debt Service-to-Revenue Ratio								
Baseline	2.8	2.6	2.8	3.5	2.9	2.9	3.9	5.2
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2012-2032 1/	2.8	2.5	2.3	2.4	1.5	1.1	0.0	0.0
A2. New public sector loans on less favorable terms in 2012-2032 2	2.8	2.6	2.7	3.6	3.2	3.5	5.6	7.4
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2013-2014	2.8	2.6	3.0	3.6	3.1	3.1	4.1	5.4
B2. Export value growth at historical average minus one standard deviation in 2013-2014 3/	2.8	2.6	3.3	4.6	4.0	4.0	6.5	6.5
B3. US dollar GDP deflator at historical average minus one standard deviation in 2013-2014	2.8	2.7	3.0	3.7	3.1	3.1	4.1	5.5
B4. Net non-debt creating flows at historical average minus one standard deviation in 2013-2014 4/	2.8	2.6	3.2	4.3	3.7	3.7	5.7	6.1
B5. Combination of B1-B4 using one-half standard deviation shocks	2.8	2.6	3.2	4.2	3.6	3.6	5.4	6.0
B6. One-time 30 percent nominal depreciation relative to the baseline in 2013 5/	2.8	3.6	4.0	4.9	4.1	4.2	5.5	7.3
Memorandum item:								
Grant element assumed on residual financing (i.e., financing required above baseline) 6/	20.3	20.3	20.3	20.3	20.3	20.3	20.3	20.3

Sources: Cameroonian authorities; and IMF-World Bank staff estimates and projections.

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