



CAMEROON

June 2020

REQUESTS FOR DISBURSEMENT UNDER THE RAPID CREDIT FACILITY, EXTENSION OF THE EXTENDED CREDIT FACILITY ARRANGEMENT, AND REPHASING OF ACCESS—PRESS RELEASE; STAFF REPORT; STAFF STATEMENT; 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 May 4, 2020, following discussions that ended on April 16, 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 April 28, 2020.
- A **Debt Sustainability Analysis** prepared by the staffs of the IMF and the World Bank.
- A **Staff Statement** updating information on recent developments.
- A **Statement by the Executive Director** for Cameroon.

The documents listed below have been or will be separately released:

Letter of Intent sent to the IMF by the authorities of Cameroon*

*Also included in Staff Report

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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IMF Executive Board Approves a US\$226 million Disbursement to Cameroon to Address the impact of the COVID-19 Pandemic

FOR IMMEDIATE RELEASE

- *The IMF approved a disbursement under the Rapid Credit Facility (RCF) of US\$ 226 million to support the authorities' efforts in addressing Cameroon's urgent balance of payment needs stemming from the COVID-19 pandemic and the terms of trade shocks from the sharp fall in oil prices.*
- *The IMF also approved the authorities' request for an extension of the ECF arrangement, due to expire on June 25, 2020, to September 30, 2020 with a rephasing of access.*
- *To mitigate the impact of the pandemic, the government has taken several actions to contain the spread of the pandemic, increase health spending, strengthen existing social safety nets and provide support to affected businesses and households.*

WASHINGTON, DC – May 4, 2020. The Executive Board of the International Monetary Fund (IMF) approved today a disbursement under the [Rapid Credit Facility \(RCF\)](#) equivalent to SDR 165.6 million (about US\$ 226 million, 60 percent of quota) to help Cameroon meet the urgent balance of payments needs stemming from the COVID-19 pandemic. The outbreak of the COVID-19 pandemic and the terms of trade shocks from the sharp fall in oil prices are having a significant impact on Cameroon's economy, leading to a historic fall of real GDP growth.

The authorities are taking several actions to contain the spread of the disease, boost health and social protection spending, and provide support to affected businesses and households. However, due to a significant deterioration of the macroeconomic outlook and weakening of fiscal situation, driven by the drop of revenue in combination with additional direct health and social expenditures, urgent external and fiscal financing needs have emerged. The IMF's support will help to fill immediate external needs and preserve fiscal space for essential COVID-19-related health expenditure. It is also expected to help catalyze additional donor support.

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

"Cameroon is facing serious challenges from the twin Covid-19 pandemic and terms of trade shocks. Weak global demand, depressed commodity prices, and domestic containment measures weigh on the outlook, and are causing significant adverse economic and social effects. The shocks have given rise to substantial fiscal pressures and an urgent balance of payments need.

"The authorities are taking decisive actions to limit the spread of the virus and its economic and social impact. They have implemented strong crisis containment and mitigation measures and are scaling up spending to bolster their health response. Additional measures currently under consideration will provide support to vulnerable households and firms.

“Given the sudden and pressing nature of the shocks, accommodative fiscal and monetary policies are warranted to mitigate the human and economic impact of the outbreak. However, the authorities remain committed to their reform agenda under the ECF arrangement. They plan to undertake adjustments to return to the fiscal consolidation path once the crisis abates to safeguard debt sustainability and ensure a strong recovery.

“IMF emergency financing under the RCF will support the government’s efforts to mitigate the impact of the twin shocks. Additional assistance from development partners will be critical to fill the remaining financing need. Strict budgetary controls and transparency will be needed to ensure that the assistance under the RCF meets its intended objectives.”

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

April 28, 2020

REQUESTS FOR DISBURSEMENT UNDER THE RAPID CREDIT FACILITY, EXTENSION OF THE EXTENDED CREDIT FACILITY ARRANGEMENT, AND REPHASING OF ACCESS

EXECUTIVE SUMMARY

Context. Cameroon is facing urgent financing needs driven by the twin Covid-19 pandemic and terms of trade shocks. Externally, Cameroon is exposed to demand and supply shocks due to the slowdown in major trading partners (China and Europe) and falling oil prices. Domestically, containment efforts to slow the number of Covid-19 cases, which have grown rapidly since March 6, 2020, are expected to further slow growth and widen the fiscal and current account deficits.

Request for Fund Support. Given limited buffers and urgent balance of payments needs due to the pandemic, the authorities are requesting financial assistance under the “exogenous shocks window” of the Rapid Credit Facility (RCF) equivalent to 60 percent of quota (SDR 165.6 million), provided that the Executive Board also approves the request for an extension of the ECF arrangement, due to expire on June 25, 2020, to September 30, 2020 with a rephasing of access.

Macroeconomic Policies and IMF Engagement. The authorities’ immediate priority is to boost health and social protection spending and use counter-cyclical fiscal policy measures to limit the spread of the disease in Cameroon and its humanitarian, economic and financial impact. The government’s preparedness and response plan envisages scaling up health spending to ensure infection prevention and control, improve case management, upgrade health facilities, train and increase health personnel. The funds linked to the fight against the Covid-19 pandemic will be subject to the strict application of budgetary procedures and controls, including audits. Cameroon remains committed to its medium-term reform agenda and the authorities expressed their interest in a successor arrangement following completion of the 6th and final ECF Review.

Approved By
David Owen (AFR)
 and **Ashvin Ahuja**
(SPR)

An IMF team consisting of Mr. Sy (Head), Messrs. Benlamine and Tintchev (all AFR), Mr. Blache (MCM), Mr. Arnoud (FAD), Ms. Schauer (SPR), Messrs. Nsengiyumva (Resident Representative), Mr. Tchakote (local economist), and Mr. N'Sonde (OED) exchanged information and held discussions with the authorities by video conferences on April 16, 2020.

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BACKGROUND

1. The Covid-19 pandemic creates urgent BOP and fiscal needs and the authorities have requested the Fund's financial assistance through the RCF. The authorities' immediate priority is to boost 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. The government's preparedness and response plan envisages scaling up health spending to ensure infection prevention and control, improve case management, upgrade health facilities, train and increase health personnel. The government is committed to prevent a collapse in revenue collection through various measures. Measures to mitigate the negative financial impact of the COVID-19 pandemic on the private sector are also being considered, including strengthening social safety nets, subsidizing basic medications, and providing support to affected companies.

PRE-COVID-19 ECONOMIC DEVELOPMENTS

2. The pandemic shock hit as the authorities were seeking to strengthen fiscal and external buffers and manage risks to the economy (Country Report No 20/48). Growth in 2020-22 was expected to remain relatively stable after declining to 3.9 percent in 2019. The authorities were encouraged to broaden the non-oil revenue base and to urgently address systemic financial and fiscal risks associated with the state-owned oil refinery (SONARA), including by reprofiling its bank debt. Continued fiscal consolidation and efforts to repatriate export proceeds were expected to help strengthen buffers over the medium-term. These efforts were also needed to stabilize and then reverse the public debt trajectory and maintain debt service at sustainable levels. The external risks that could have affected growth were related primarily to uncertainty from international trade tensions, slower global growth, and the persistent volatility of commodity prices. Domestically, a further deterioration of the security situation in the two Anglophone regions could have undermined the fiscal consolidation efforts underway and the implementation of reforms. Nevertheless, the non-oil sector was set to remain strong and help mitigate the negative impact of some shocks.

IMPACT OF THE COVID-19 PANDEMIC

3. Cameroon is already feeling a severe impact from the Covid-19 pandemic, which will slow economic growth in 2020 (Text Table 1). GDP growth is projected to fall sharply to -1.2 percent or about 5 ppt below the pre-pandemic projection. The pandemic has led to a substantial deterioration in the global economic environment, reflecting a combination of global supply and demand shocks. On top of the large expected spillovers from the external shock to Cameroon, the country is facing a rapid increase of the number of infected persons. The pandemic is expected to create further disruptions in production factors (both capital and labor), as well as a credit retrenchment and economic losses from fatalities and adverse confidence effects. While an agreement with regards to reprofiling SONARA's domestic bank debt has become more likely with

the introduction of a new price structure, further delays would pose a risk to the capital and liquidity situation of banks.

Text Table 1. Cameroon: Selected Economic Indicators
(percent change yoy, unless otherwise indicated)

	2020	2021	2022	2023	2024
Real GDP					
Before Shock	3.8	4.1	4.2	4.5	5.0
After Shock	-1.2	4.5	4.4	4.5	5.0
Total Revenue					
Before Shock	-1.8	6.9	5.5	5.0	6.7
After Shock	-14.9	14.5	5.7	5.8	7.3
Current Expenditure					
Before Shock	-2.3	3.9	3.6	4.5	6.3
After Shock 1/	0.1	-0.6	3.7	4.8	5.3
Capital Expenditure					
Before Shock	4.7	5.1	6.0	5.8	7.1
After Shock	0.1	9.9	1.5	5.7	6.5
Fiscal Deficit (payment order basis, incl. grants)					
Before Shock	-1.2	-18.0	-5.0	4.8	7.4
After Shock	90.2	-34.9	-12.6	0.8	-4.2
Fiscal Deficit (cash basis, incl. grants)					
Before Shock	-12.9	-23.7	-8.5	3.2	6.8
After Shock	68.9	-27.9	-19.1	-3.6	-9.8
Public Debt					
Before Shock	5.8	4.6	4.3	4.3	4.2
After Shock	10.8	6.2	5.2	4.9	4.4
Current Account Deficit					
Before Shock	5.1	0.3	3.7	4.5	1.9
After Shock	53.5	-13.5	-14.0	-1.6	-2.7
Export of Goods					
Before Shock	1.7	-1.2	-0.5	1.1	2.2
After Shock	-26.6	11.4	6.1	5.8	5.8
Import of Goods					
Before Shock	4.2	1.8	2.3	2.7	3.1
After Shock	-11.0	6.5	4.9	5.0	5.1
Memorandum items:	<i>(percent of GDP, unless otherwise indicated)</i>				
Overall balance (payment order basis, incl. grants)					
Before Shock	-2.1	-1.7	-1.5	-1.5	-1.5
After Shock	-4.5	-2.7	-2.2	-2.1	-1.9
Overall balance (cash basis, incl. grants)					
Before Shock	-2.6	-1.9	-1.6	-1.6	-1.6
After Shock	-5.0	-3.4	-2.6	-2.3	-2.0
Nominal GDP (Billions CFAF)					
Before Shock	24,022	25,370	26,857	28,497	30,378
After Shock	22,615	24,181	25,706	27,300	29,142

Source: Cameroonian authorities and IMF staff estimates
1/ The decline in current expenditure is partly driven by lower fuel subsidies due to the decline in the international oil price, which partly offsets the increase in health spending and other subsidies and transfers.

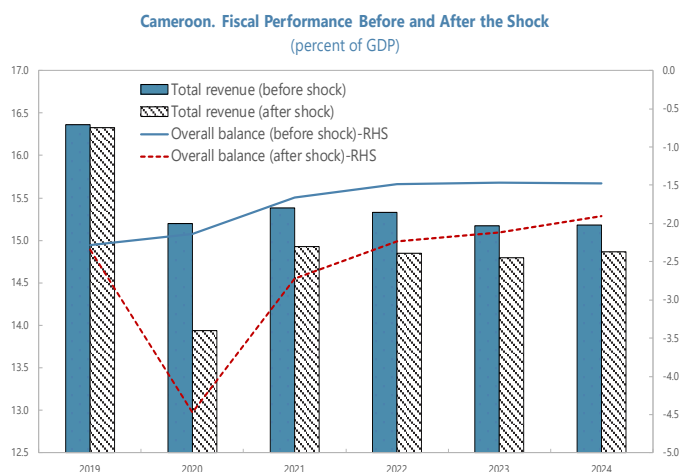
4. The Covid-19 pandemic has given rise to an urgent BOP need as the external accounts are severely affected through a range of channels. The resulting BOP financing need is assessed to be some CFAF 628 billion, 2.8 percent of GDP (see Text Table 2). As a result of the pandemic shock, a strong decline in growth of main trading partners coupled with a broad-based commodity price collapse are expected to worsen Cameroon's trade balance further. With Europe and Asia making up more than 80 percent of Cameroon's foreign demand for goods and price declines in Cameroon's key commodities such as crude oil, natural gas and cocoa, the slump in exports is expected to far outweigh any contraction in imports due to slowing domestic demand. Furthermore, imports related to health expenditure will likely increase. While the primary income account is expected to improve due to lower repatriated profits in the oil sector, inflows of remittances (1.6 percent of GDP in 2018) would likely weaken as has happened in previous global crises. With global

financial conditions tightening and high uncertainty about the shock and its impact depressing investment sentiment, FDI and short-term capital flows are also expected to take a hit.

5. The increase in 2020 fiscal financing needs related to the pandemic are estimated at CFAF 497 billion (2.2 percent of GDP).

The overall 2020 fiscal deficit (cash basis) will deteriorate to 5 percent of GDP, from 2.8 percent of GDP in the pre-virus baseline (Text Table 1). This reflects lower oil revenue (0.7 percent of GDP) and non-oil revenues (0.6 percent of GDP) due to the decline in oil exports and domestic activity, respectively. The package of containment measures (social distancing and partial confinement) is expected to severely hit growth in individual sectors, in particular agriculture, commerce, construction, manufacturing, restaurants and hotels, transportation, and tourism.

Revenues are projected to drop by about 14 percent relative to the pre-virus baseline, particularly international trade taxes and customs duties, direct taxes and VAT. To mitigate the severity of the shock, the authorities are considering allowing companies to defer payments of tax penalties and granting a tax moratorium to companies facing extreme and clear difficulties.



Cameroonian authorities and IMF staff estimates.

6. On the expenditure side, savings from lower oil import prices partly offset an increase in crisis-related costs. The decline in international oil prices will create room to reduce fuel subsidies by an estimated 0.5 percent of GDP and partly offset the increase in other current expenditures, which will rise by 0.8 percent of GDP, driven by health and social spending. Under the WEO oil price assumptions, 2020 non-tax revenue could outperform by at least CFAF 20 billion (0.1 percent of GDP) as the price of imported refined oil (including taxes, margin, and fees) falls below the fixed pump price. However, Staff did not include this possible windfall in its projections given the increased oil price volatility. The authorities are also considering subsidies to mitigate the burden on affected businesses. They plan to press on with the 2020 drawing plan on committed external project loans to avoid any contractionary impact on growth.

Text Table 2. Cameroon: COVID-19 Financing Needs in 2020

Fiscal financing need in 2020			External financing need in 2020		
	CFAF billions	Percent of GDP		CFAF billions	Percent of GDP
Total revenue and grants	3,152	13.9	Current account balance	-1,280	-5.7
Oil sector revenue	267	1.2	Trade balance	-765	-3.4
Non-oil sector revenue	2,784	12.3	Exports, goods	2,229	9.9
Total grants	101	0.4	Oil exports	654	2.9
			Non-oil exports	1,575	7.0
Total expenditure	4,162	18.4	Imports	-2,994	-13.2
Current expenditure	2,732	12.1	Services (net)	-415	-1.8
Wages and salaries	1,064	4.7	Income (net)	-367	-1.6
Goods and services	821	3.6	Transfers (net)	267	1.2
Subsidies and transfers	627	2.8			
Interest	220	1.0	Capital and financial account balance	616	2.7
Capital expenditure	1,430	6.3	Capital account	28	0.1
			Financial account	588	2.6
Overall balance (payment order basis)	-1,010	-4.5	Overall balance	-664	-2.9
Overall balance (cash basis)	-1,127	-5.0	Overall balance before shock (5th review)	-1	0.0
Overall balance (cash basis) before shock (5th review)	-630	-2.8	Increase in 2019 BEAC GFA (vis-à-vis 5th review) 2/	35	0.2
Projected increase in financing needs	-497	-2.2	Projected increase in financing needs	-628	-2.8
Financing	497	2.2	Financing	628	2.8
External financing (increase +)	-25	-0.1	Increase in non-IMF budget support (AfDB) 1/	53	0.2
Deposit accumulation (increase -)	60	0.3	Prospective exceptional financing	410	1.8
Increase in non-IMF budget support (AfDB) 1/	53	0.2	IMF-RCF	136	0.6
Prospective exceptional financing	410	1.8	Non-IMF	274	1.2
IMF-RCF	136	0.6	BEAC Gross Foreign Assets (increase -)	165	0.7
Non-IMF	274	1.2			

Sources: Cameroon authorities; and staff calculations.

1/ The disbursement of the AfDB budget support loan was moved from 2019 to early 2020.

2/ The actual 2019 BEAC gross foreign assets (GFA) turned out higher than the 5th review projection by CFAF 35 billion

7. Budget support through the proposed RCF will cover less than a third of the financing needs and is expected to catalyze additional support from IFIs. The proposed access of 60 percent of quota (CFAF 136 billion) represents 33 percent of the estimated residual external financing gap of CFAF 410 billion, after taking into account a projected slight drop in external disbursements (CFAF 25 billion), a decumulation of government deposits at the BEAC of CFAF 60 billion, and a shift of some budget support from 2019 to 2020 in the amount of CFAF 53 billion (Text Table 2). On the external side, the BEAC gross foreign assets are projected to decline by CFAF 165 billion (US \$280 million) compared to projections at the 5th review. The authorities are also expected to receive additional support from other donors (World Bank, AfDB, France, BCEAC) which should fill some of the remaining needs (CFAF 274 billion). Cameroon could also unlock potential financing by taking advantage of its eligibility to the G20 debt moratorium. Any remaining needs would need to be covered through policy adjustment.

8. Downside external and domestic risks to the baseline are relatively high. The global outlook (G-RAM) accounts for several downside external risks including a more severe Covid-19 pandemic causing widespread and prolonged disruptions to economic activity both directly, through global trade and supply chain spillovers, and via confidence effects on financial markets and

investment. The global economic outlook is grounded on the temporary nature of the pandemic and the beginning of a recovery from the second half of 2020. Additionally, large swings in energy prices constitute an increased source of risks, especially with uncertainty in the OPEC+ alliance. Domestically, a significant expansion of the local outbreak of the Covid-19 pandemic or a more persistent impact of the shock, could have sizeable effects on Cameroon, inflicting casualties and sharper fall of economic growth, with sizeable additional financing needs. Socio-political tensions as well as fiscal, financial and debt sustainability risks related to SOEs such as a failure to turnaround SONARA's performance, could curtail the authorities' ability to accommodate a local outbreak of the pandemic. If downside risks materialize, the authorities would likely need to identify additional measures to ensure that debt is sustainable.

POLICY ISSUES

The authorities' immediate priority is to stop the expansion of the pandemic and limit its humanitarian, economic, and financial impact. Beyond this short-term objective, the government remains committed to its medium-term reform agenda after the crisis passes.

9. The government of Cameroon is taking steps to limit the spread of the pandemic and alleviate its socio-economic impact.

- A Preparedness and Response Plan envisages increased health spending to ensure adequate infection prevention and control and improved case management. The plan aims to (i) strengthen epidemiological surveillance through mass screening; (ii) improve the provision of medical care to positive cases by upgrading hospitals' technical capacities and supply of medications; (iii) mitigate the community spread of Covid-19 through social distancing; (iv) improve the coordination of Covid-19 measures. The plan's total cost is estimated at CFAF 58 billion (text table below).
- Measures to mitigate the negative financial impact of the COVID-19 pandemic on the most vulnerable include strengthening existing social safety nets and providing support to affected businesses and households. The measures will be spelled out in a global response plan that is currently under preparation.

Text Table 3. Cameroon: Preparation and Response Plan to COVID-19, 2020
(Summary of budgetary impact)

Operational Axes	Cost (CFAF billion)
Active case finding	17.4
Management of confirmed cases	34.0
Social regulation	5.5
Governance and accountability	1.5
Total	58.3

10. The authorities intend to mitigate the significant revenue loss in 2020 from the Covid-19 pandemic. Although the expected bounce-back of economic activity in 2021 will help, the government is committed to support work on tax and customs administrations in order to limit revenue losses and support hard-hit taxpayers, notably by:

- Facilitating e-filing and payment obligations by expanding on-line/web services to taxpayers;
- Offering extended payment arrangements to enterprises that are experiencing cash flow problems;
- Establishing “mobile payment” options for tax and non-tax payments;
- Ensuring continuity of trade processing and sufficient on-site presence/control by customs to protect revenue and the borders;
- Designing and implementing simplified and (very) quick release procedures to clear goods deemed necessary for immediate critical needs;
- Strengthening in 2021 the collection of deferred tax penalties and payments under moratorium from 2020 by signing and enforcing a protocol specifying the deadlines by which payments will have to be made.

11. The regional central bank (BEAC) Monetary Policy Committee (CPM) recently announced a package of monetary easing measures: The BEAC loosened its monetary policy stance, narrowed its interest rate corridor, increased its liquidity provision, and widened the range of private financial instruments accepted as collateral for monetary policy operations. The CPM also encouraged BEAC’s management to propose to its Board a reduction in haircuts applicable to public securities and private instruments accepted as collateral for refinancing operations, and to postpone by one year principal repayment of consolidated central bank’s credits to member states. Likewise, the CPM recalled that the BEAC made available to the Development Bank of the Central African States (BDEAC) a financing line of FCFA 90 billion to finance public investment projects and invited

the latter to make use of it. The CPM also recommended that banks ensure continuity of financial services, including provision of cash through ATMs, strengthen operations of remote banking and reduce banking services costs. The banking association of Cameroon has also taken the initiative for banks to maintain short term credits to the real economy but expects that the government will not increase domestic arrears.

12. The government is considering measures to manage the medium-term impact of the twin pandemic and terms of trade shocks. Following the Covid-19 shock, Cameroon has accumulated a small amount of arrears to official and private creditors. The authorities have cleared these arrears. They are actively considering the G20 moratorium on bilateral government loan repayments for lower income countries to tackle the coronavirus pandemic, which could alleviate debt service by up to CFAF100 billion in 2020. They are in discussion with the World Bank about the doubling of its budgetary support to USD200 million. The authorities are actively seeking concessional financing from development partners and are committed to avoid new non-concessional borrowing. Allowing for new non-concessional borrowing (NCB) would further weaken already compromised debt sustainability, go against the authorities' interest and undermine their efforts to secure the international community's support in an environment in which the G-20 just agreed on debt service suspension on bilateral government loans for low-income countries. The authorities have identified so far about CFAF229 billion of expected financing from development partners (World Bank, AfDB, France, and BDEAC). 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.

FUND SUPPORT UNDER THE RAPID CREDIT FACILITY

13. Cameroon meets the eligibility requirements for support under the RCF as:

- Discussions on the sixth review under the ECF and reaching new understandings with the authorities will take additional time given the current uncertainty regarding the duration and scale of the COVID-19 pandemic. Based on partial and preliminary data at least half of the performance criteria and indicative targets for end-December 2019 (test date) have been missed. Given that it is not feasible to complete the last (sixth) review by the expiration of the current arrangement on June 25, 2020, the authorities are requesting that the ECF arrangement be extended to end-September 2020, and the availability date for the sixth review (seventh disbursement) under the ECF arrangement be moved from May 31, 2020 to July 25, 2020. This would allow for an RCF request of 60 percent of quota within the normal PRGT access limits. Given the expected delay in concluding the sixth review and the urgency of BOP needs, support under the RCF is warranted. Cameroon meets the criteria for support under 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 donors; and Cameroon lacks capacity to implement a upper credit tranche (UCT) program owing to the urgent nature of its BOP needs.

- Cameroon is assessed at high risk of debt distress; however debt remains sustainable. The DSA, dated February 2020, showed debt to be sustainable and the updated DSA, incorporating the Covid-19 pandemic shock, suggests that while risks have increased it continues to remain sustainable conditioned on the availability of concessional resources and avoidance of additional NCB (see Annex I).
- Cameroon's capacity to repay the Fund remains strong. A disbursement of 60 percent of quota would result in Fund exposure to Cameroon of 2.3 percent of GDP in 2020 (Table 5). Annual repayments will remain below 0.4 percent of GDP over the 2020-34 period and should peak at 0.3 percent of GDP and 2.1 percent of government revenue in 2026.
- Staff has confidence that the authorities will cooperate with the Fund and pursue economic policies appropriate for addressing the impact of the virus, based on the country's track record of economic policies and relations with the Fund. 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 has an existing ECF arrangement approved on June 26, 2017, with an access level of 175 percent of quota. Access of 60 percent of quota, together with a rephrasing of the availability date of the final 20 percent of quota disbursement of the sixth and final review beyond July 25, 2020, would place Cameroon at 100 percent of quota annual access normal limit and below 300 percent of the cumulative three years limit.

14. Resources will be channeled to the Treasury by the BEAC. RCF disbursements will be disbursed to the BEAC and be on-lent to the government to provide urgent budgetary financing. The BEAC has implemented most recommendations from the 2017 safeguards assessment. In particular, the alignment of the BEAC's secondary legal instruments with its Charter was recently concluded, and work is advancing as planned on the full transition to IFRS for FY 2019.

STAFF APPRAISAL

15. Cameroon is being adversely affected by the Covid-19 pandemic. Externally, Cameroon is exposed to demand and supply shocks due to the slowdown of major trading partners (China and Europe) and falling commodity prices. Domestically, containment efforts to slow the number of Covid-19 cases, which have increased rapidly since March 6, 2020, are expected to further slow growth and widen the fiscal and balance of payment deficits. The health system is weak and unprepared to face a major outbreak.

16. Urgent financing needs are emerging as a consequence of the pandemic and the deterioration of terms of trade. The Covid-19-related financing needs in 2020 are estimated at

CFAF 497 billion (2.2 percent of GDP). After taking into account already secured financing and some drawdown of government deposits at the BEAC, the residual needs should reach CFAF 410 billion (1.8 percent of GDP).

17. Staff supports the authorities' priorities to mitigate the humanitarian and economic impact of the pandemic. Staff welcomes the government's resolve to implement its preparedness and response plan against the pandemic, with technical and financial support from its development partners. Efforts to prevent a collapse in revenue collection through various measures should be scaled up and measures to mitigate the negative financial impact of the COVID-19 pandemic on the private sector, which could include strengthening social safety nets, subsidizing basic medications, and providing support to affected companies should be effectively implemented.

18. Given limited buffers, staff supports the authorities' request for financial assistance under the Rapid Credit Facility (RCF) equivalent to 60 percent of quota (SDR 165.6 million or 0.6 percent of GDP), extension of the arrangement and rephasing of access. The funds will be provided to the government under the RCF exogenous shock window in the form of budget support to help close the BoP financing gap. Staff assesses that Cameroon meets the eligibility requirements for the RCF. Public debt is sustainable—contingent on identifying sufficient concessional resources to close the identified financing gaps and avoiding additional NCB—and there is adequate capacity to repay the Fund. Staff supports the authorities' request for extension of the arrangement under the ECF with rephasing of access, which would provide sufficient time to conclude the discussions and complete the sixth and final review when conditions return to normal.

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

	2018	2019		2020		2021	2022	2023	2024	2025
		5th Rev.	Proj.	5th Rev.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
(Annual percentage change, unless otherwise indicated)										
National account and prices										
GDP at constant prices	4.1	3.9	3.7	3.8	-1.2	4.5	4.4	4.5	5.0	5.2
Oil GDP at constant prices	-2.7	6.0	4.3	0.5	-5.4	1.0	-4.2	-6.3	-6.6	-5.7
Non-Oil GDP at constant prices	4.4	3.8	3.7	4.0	-1.0	4.7	4.8	5.0	5.5	5.6
GDP deflator	1.6	1.7	1.8	1.9	0.9	2.3	1.8	1.6	1.6	1.7
Nominal GDP (at market prices, CFAF billions)	21,493	22,714	22,690	24,022	22,615	24,181	25,706	27,300	29,142	31,196
Oil	1,000	959	937	903	514	552	583	547	500	471
Non-Oil	20,493	21,755	21,753	23,118	22,101	23,628	25,123	26,753	28,642	30,725
Consumer prices (average)	1.1	2.4	2.5	2.4	2.8	2.3	2.1	2.0	2.0	2.0
Consumer prices (eop)	2.0	2.8	2.4	2.0	2.4	2.1	2.0	2.0	2.0	2.0
External trade										
Export volume	-0.9	4.1	3.8	4.1	-4.0	8.5	6.7	6.7	7.0	7.6
Oil sector	-16.7	16.5	14.8	0.5	-5.7	1.6	-4.2	-6.3	-6.6	-4.7
Non-oil sector	2.5	1.9	1.9	4.9	-3.7	9.8	8.7	8.8	8.9	9.0
Import volume	7.0	7.9	7.8	3.8	-2.5	6.8	3.1	4.3	5.7	5.7
Nominal effective exchange rate (depreciation -)	2.7	...	...	...	...	...	...	...	...	...
Real effective exchange rate (depreciation -)	0.6	...	...	...	...	...	...	...	...	...
Terms of trade	1.7	1.7	1.5	-2.7	-16.2	3.0	-2.2	-1.6	-0.5	-2.8
Export price index	8.9	1.8	1.4	-2.4	-23.6	2.7	-0.5	-0.9	-1.1	-2.1
Non-oil export price index	-3.5	-1.0	-0.7	-1.5	-12.4	0.6	-2.7	-1.3	-0.7	-1.0
Import price index	7.1	0.1	-0.1	0.4	-8.8	-0.3	1.7	0.7	-0.6	0.8
Money and credit										
Broad money (M2)	9.8	7.1	6.0	7.2	-1.8	6.9	6.3	6.2	6.7	8.0
Net foreign assets 1/	2.3	0.7	5.5	1.3	-6.2	0.9	3.1	2.2	2.4	2.7
Net domestic assets 1/	7.5	6.4	0.5	5.9	4.4	6.0	3.2	4.0	4.3	5.2
Domestic credit to the private sector	4.6	2.7	1.4	3.8	-2.7	5.0	5.0	5.9	6.8	8.7
(Percent of GDP, unless otherwise indicated)										
Savings and investments										
Gross national savings	26.2	25.8	25.7	25.7	22.5	25.2	26.4	27.2	28.5	29.9
Gross domestic investment	29.8	29.4	29.4	29.3	28.2	29.8	30.1	30.7	31.6	32.9
Public investment	6.9	6.3	6.3	6.2	6.3	6.5	6.2	6.2	6.2	6.1
Private investment	23.0	23.1	23.1	23.1	21.8	23.3	23.9	24.5	25.4	26.8
Central government operations										
Total revenue (including grants)	16.1	16.4	16.3	15.2	13.9	14.9	14.9	14.8	14.9	15.0
Oil revenue	2.3	2.3	2.3	1.8	1.2	1.4	1.2	1.1	0.9	0.8
Non-oil revenue	13.3	13.6	13.6	12.9	12.3	13.1	13.2	13.4	13.6	13.9
Non-oil revenue (percent of non-oil GDP)	14.0	14.2	14.2	13.4	12.6	13.4	13.5	13.6	13.8	14.1
Total expenditure	18.5	18.6	18.7	17.3	18.4	17.6	17.1	16.9	16.8	16.6
Overall fiscal balance (payment order basis)										
Excluding grants	-2.9	-2.7	-2.8	-2.6	-4.9	-3.1	-2.6	-2.5	-2.2	-1.9
Including grants	-2.5	-2.3	-2.3	-2.1	-4.5	-2.7	-2.2	-2.1	-1.9	-1.5
Overall fiscal balance (cash basis)										
Excluding grants	-3.7	-3.6	-3.4	-3.0	-5.4	-3.8	-3.0	-2.7	-2.3	-1.9
Including grants	-3.3	-3.2	-2.9	-2.6	-5.0	-3.4	-2.6	-2.3	-2.0	-1.6
Non-oil primary balance (payment basis, percent of non-oil GDP)	-4.1	-3.9	-3.9	-3.2	-4.8	-3.2	-2.5	-2.3	-2.0	-1.5
External sector										
Current account balance										
Excluding official grants	-4.0	-4.1	-4.2	-4.1	-6.2	-5.1	-4.2	-3.8	-3.5	-3.4
Including official grants	-3.6	-3.6	-3.7	-3.6	-5.7	-4.6	-3.7	-3.4	-3.1	-3.1
Public debt										
Stock of public debt	39.5	40.8	40.9	40.8	45.5	45.2	44.7	44.1	43.2	41.7
Of which: external debt	28.6	30.5	30.4	30.6	34.3	34.8	34.8	34.2	33.2	32.2

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
		5th Rev.	Proj.	5th Rev.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
Total revenue and grants	3,451	3,716	3,704	3,651	3,152	3,610	3,818	4,040	4,333	4,692
Total revenue	3,365	3,616	3,604	3,548	3,051	3,507	3,712	3,946	4,239	4,597
Oil sector revenue	500	532	520	443	267	331	316	296	274	254
Non-oil sector revenue	2,864	3,084	3,084	3,105	2,784	3,176	3,397	3,651	3,965	4,344
Direct taxes	643	768	768	732	659	757	806	859	920	1,015
Special tax on petroleum products	128	123	123	131	131	147	155	162	179	197
Other taxes on goods and services	1,497	1,614	1,614	1,599	1,433	1,612	1,735	1,883	2,026	2,202
Taxes on international trade	406	397	397	431	388	468	490	509	556	605
Non-tax revenue	191	182	182	212	172	192	211	239	284	325
Total grants	86.7	100	100	102	101	103	105	94	94	94
Projects	38	28	28	29	28	30	32	34	36	39
Other (debt relief)	48	72	72	73	73	73	73	60	58	55
Total expenditure	3,986	4,235	4,235	4,163	4,162	4,268	4,392	4,619	4,888	5,175
Current expenditure	2,485	2,731	2,731	2,667	2,732	2,716	2,817	2,952	3,108	3,263
Wages and salaries	1,007	1,012	1,012	1,064	1,064	1,109	1,136	1,195	1,229	1,293
Goods and services	733	802	802	786	821	786	800	852	912	949
Subsidies and transfers	547	717	717	597	627	581	618	652	697	740
Interest	199	200	200	220	220	241	263	253	270	281
External	151	152	152	170	170	197	218	218	233	247
Domestic	48	48	48	50	50	44	45	35	37	33
Capital expenditure	1,474	1,429	1,429	1,496	1,430	1,571	1,595	1,687	1,796	1,912
Domestically financed investment	674	604	604	654	614	699	694	752	768	821
Foreign-financed investment	749	775	775	796	770	823	850	880	969	1,027
Rehabilitation and participation	50	50	50	46	46	49	52	56	59	64
Net lending	27	76	76	0	0	-20	-20	-20	-16	0
Overall balance (payment order basis)										
Excluding grants	-621	-619	-631	-615	-1,111	-761	-680	-673	-649	-577
Including grants	-535	-519	-531	-513	-1,010	-658	-575	-579	-555	-483
CEMAC reference fiscal balance	-629	-666	-666	-535	-885	-614	-559	-600	-543	-466
Adjustment to cash basis	-174	-204	-136	-117	-117	-155	-83	-55	-17	-17
Unexecuted payment orders (- = reduction)	-96	0	0	0	0	0	0	0	0	0
Floats and arrears (- = reduction)	-78	-204	-136	-117	-117	-155	-83	-55	-17	-17
o/w Arrears (- = reduction)	-135	-110	-43	-65	-65	-35	0	0	-2	-2
o/w Floats (- = reduction)	136	-55	-55	-52	-43	-70	-48	-15	-15	-15
o/w other arrears 1/	-78	-39	-39	0	-9	-50	-35	-40	0	0
Overall balance (cash basis)										
Excluding grants	-795	-823	-768	-732	-1,228	-916	-763	-728	-666	-594
Including grants	-708	-723	-668	-630	-1,127	-813	-658	-634	-572	-500
Financing	710	407	417	468	503	553	477	489	572	500
External financing, net	825	509	509	465	440	486	452	337	419	448
Amortization	-210	-343	-343	-302	-302	-307	-366	-509	-513	-541
Drawings	1,036	852	852	767	742	793	818	846	932	988
Domestic financing, net	-116	-101	-92	3	63	66	25	153	153	52
Banking system	246	50	50	130	190	164	87	41	42	5
o/w statutory advances from BEAC	0	0	0	0	0	0	0	-58	-58	-58
Other domestic financing	-362	-151	-141	-127	-127	-98	-62	112	110	48
Financing gap	0	316	251	162	625	260	181	145	0	0
Of which: IMF-ECF		45	45	90	90	0	0	0	0	0
Of which: budget support (excl. IMF)		271	206	72	125	0	0	0	0	0
AFDB		66	0	0	53	0	0	0	0	0
WB		117	117	56	56	0	0	0	0	0
France		66	66	0	0	0	0	0	0	0
EU		23	23	16	16	0	0	0	0	0
Of which: exceptional financing					410	260	181	145	0	0
Prospective IMF-RCF					136	0	0	0	0	0
Other					274	260	181	145	0	0
Memorandum items:										
Floor of social spending	657	711	711							
Primary balance (payment order basis, incl. grants)	-336	-319	-331	-293	-790	-417	-312	-326	-285	-202
Primary balance (cash basis, incl. grants)	-510	-523	-468	-410	-907	-572	-395	-381	-302	-219
Non-oil primary balance (payment order basis, incl. grants)	-836	-851	-851	-736	-1,058	-747	-628	-622	-559	-456
Non-oil primary balance (cash basis, incl. grants)	-1,010	-1,055	-988	-853	-1,175	-902	-711	-677	-576	-473
Unpaid government obligations	583	379	446	262	329	174	91	36	19	2
Float	262	207	207	155	164	94	46	31	16	1
Arrears	146	36	104	-29	39	4	4	4	2	0
Other arrears 1/	174	135	135	135	126	76	41	1	1	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 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
		5th Rev.	Proj.	5th Rev.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
Total revenue and grants	16.1	16.4	16.3	15.2	13.9	14.9	14.9	14.8	14.9	15.0
Total revenue	15.7	15.9	15.9	14.8	13.5	14.5	14.4	14.5	14.5	14.7
Oil sector revenue	2.3	2.3	2.3	1.8	1.2	1.4	1.2	1.1	0.9	0.8
Non-oil sector revenue	13.3	13.6	13.6	12.9	12.3	13.1	13.2	13.4	13.6	13.9
Direct taxes	3.0	3.4	3.4	3.0	2.9	3.1	3.1	3.1	3.2	3.3
Special tax on petroleum products	0.6	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.6
Other taxes on goods and services	7.0	7.1	7.1	6.7	6.3	6.7	6.7	6.9	7.0	7.1
Taxes on international trade	1.9	1.7	1.7	1.8	1.7	1.9	1.9	1.9	1.9	1.9
Non-tax revenue	0.9	0.8	0.8	0.9	0.8	0.8	0.8	0.9	1.0	1.0
Total grants	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.3	0.3	0.3
Projects	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	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2
Total expenditure	18.5	18.6	18.7	17.3	18.4	17.6	17.1	16.9	16.8	16.6
Current expenditure	11.6	12.0	12.0	11.1	12.1	11.2	11.0	10.8	10.7	10.5
Wages and salaries	4.7	4.5	4.5	4.4	4.7	4.6	4.4	4.4	4.2	4.1
Goods and services	3.4	3.5	3.5	3.3	3.6	3.2	3.1	3.1	3.1	3.0
Subsidies and transfers	2.5	3.2	3.2	2.5	2.8	2.4	2.4	2.4	2.4	2.4
Interest	0.9	0.9	0.9	0.9	1.0	1.0	1.0	0.9	0.9	0.9
External	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.8
Domestic	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1
Capital expenditure	6.9	6.3	6.3	6.2	6.3	6.5	6.2	6.2	6.2	6.1
Domestically financed investment	3.1	2.7	2.7	2.7	2.7	2.9	2.7	2.8	2.6	2.6
Foreign-financed investment	3.5	3.4	3.4	3.3	3.4	3.4	3.3	3.2	3.3	3.3
Rehabilitation and participation	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Net lending	0.1	0.3	0.3	0.0	0.0	-0.1	-0.1	-0.1	-0.1	0.0
Overall balance (payment order basis)										
Excluding grants	-2.9	-2.7	-2.8	-2.6	-4.9	-3.1	-2.6	-2.5	-2.2	-1.9
Including grants	-2.5	-2.3	-2.3	-2.1	-4.5	-2.7	-2.2	-2.1	-1.9	-1.5
CEMAC reference fiscal balance	-2.9	-2.9	-2.9	-2.2	-3.9	-2.5	-2.2	-2.2	-1.9	-1.5
Adjustment to cash basis	-0.8	-0.9	-0.6	-0.5	-0.5	-0.6	-0.3	-0.2	-0.1	-0.1
Unexecuted payment orders (=reduction)	-0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Floats and arrears (= reduction)	-0.4	-0.9	-0.6	-0.5	-0.5	-0.6	-0.3	-0.2	-0.1	-0.1
o/w Arrears (= reduction)	-0.6	-0.5	-0.2	-0.3	-0.3	-0.1	0.0	0.0	0.0	0.0
o/w Floats (= reduction)	0.6	-0.2	-0.2	-0.2	-0.2	-0.3	-0.2	-0.1	-0.1	0.0
o/w other arrears 1/	-0.4	-0.2	-0.2	0.0	0.0	-0.2	-0.1	-0.1	0.0	0.0
Overall balance (cash basis)										
Excluding grants	-3.7	-3.6	-3.4	-3.0	-5.4	-3.8	-3.0	-2.7	-2.3	-1.9
Including grants	-3.3	-3.2	-2.9	-2.6	-5.0	-3.4	-2.6	-2.3	-2.0	-1.6
Financing	3.3	1.8	1.8	1.9	2.2	2.3	1.9	1.8	2.0	1.6
External financing, net	3.8	2.2	2.2	1.9	1.9	2.0	1.8	1.2	1.4	1.4
Amortization	-1.0	-1.5	-1.5	-1.3	-1.3	-1.3	-1.4	-1.9	-1.8	-1.7
Drawings	4.8	3.8	3.8	3.2	3.3	3.3	3.2	3.1	3.2	3.2
Domestic financing, net	-0.5	-0.4	-0.4	0.0	0.3	0.3	0.1	0.6	0.5	0.2
Banking system	1.1	0.2	0.2	0.5	0.8	0.7	0.3	0.1	0.1	0.0
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
Other domestic financing	-1.7	-0.7	-0.6	-0.5	-0.6	-0.4	-0.2	0.4	0.4	0.2
Financing gap	0.0	1.4	1.1	0.7	2.8	1.1	0.7	0.5	0.0	0.0
Of which: IMF-ECF		0.2	0.2	0.4	0.4	0.0	0.0	0.0	0.0	0.0
Of which: budget support (excl. IMF)		1.2	0.9	0.3	0.6	0.0	0.0	0.0	0.0	0.0
AFDB		0.3	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0
WB		0.5	0.5	0.2	0.2	0.0	0.0	0.0	0.0	0.0
France		0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EU		0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Of which: exceptional financing					1.8	1.1	0.7	0.5	0.0	0.0
Prospective IMF-RCF					0.6	0.0	0.0	0.0	0.0	0.0
Other					1.2	1.1	0.7	0.5	0.0	0.0
Memorandum items:										
Floor of social spending	3.1	3.1	3.1							
Primary balance (payment order basis, incl. grants)	-1.6	-1.4	-1.5	-1.2	-3.5	-1.7	-1.2	-1.2	-1.0	-0.6
Primary balance (cash basis, incl. grants)	-2.4	-2.3	-2.1	-1.7	-4.0	-2.4	-1.5	-1.4	-1.0	-0.7
Non-oil primary balance (payment order basis, incl. grants)	-3.9	-3.7	-3.8	-3.1	-4.7	-3.1	-2.4	-2.3	-1.9	-1.5
Non-oil primary balance (cash basis, incl. grants)	-4.7	-4.6	-4.4	-3.6	-5.2	-3.7	-2.8	-2.5	-2.0	-1.5
Unpaid government obligations	2.7	1.7	2.0	1.1	1.5	0.7	0.4	0.1	0.1	0.0
Float	1.2	0.9	0.9	0.6	0.7	0.4	0.2	0.1	0.1	0.0
Arrears	0.7	0.2	0.5	-0.1	0.2	0.0	0.0	0.0	0.0	0.0
Other arrears 1/	0.8	0.6	0.6	0.6	0.6	0.3	0.2	0.0	0.0	0.0

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	
		5th Rev.	Proj.	5th Rev.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	
	(CFAF billion)										
Current account balance	-778	-825	-834	-866	-1,280	-1,107	-952	-937	-912	-961	
Trade balance	-295	-316	-327	-405	-765	-706	-709	-725	-740	-825	
Exports, goods	2,885	3,058	3,038	3,110	2,229	2,482	2,635	2,787	2,949	3,106	
Oil and oil products	1,040	1,196	1,171	1,187	654	743	796	813	816	804	
Non-oil sector	1,845	1,862	1,867	1,923	1,575	1,739	1,839	1,974	2,133	2,302	
Imports, goods	-3,180	-3,374	-3,365	-3,515	-2,994	-3,188	-3,344	-3,511	-3,690	-3,931	
Services (net)	-324	-344	-347	-336	-415	-349	-232	-219	-205	-193	
Exports, services	1,187	1,212	1,213	1,244	891	1,113	1,297	1,377	1,465	1,560	
Imports, services	-1,511	-1,555	-1,560	-1,580	-1,306	-1,462	-1,530	-1,597	-1,670	-1,753	
Income (net)	-411	-443	-438	-418	-367	-358	-340	-303	-291	-280	
Of which: interest due on public debt	-151	-152	-152	-170	-170	-197	-218	-218	-233	-247	
Transfers (net)	253	278	278	293	267	307	330	311	324	337	
Inflows	417	470	470	488	460	503	529	513	529	547	
Outflows	-164	-192	-192	-195	-192	-196	-200	-202	-205	-210	
Capital and financial account balance	869	671	780	866	616	898	951	929	1,070	1,152	
Capital account	91	28	28	29	28	30	32	34	36	39	
Capital transfers	87	28	28	29	28	30	32	34	36	39	
Of which: private transfers	0	0	0	0	0	0	0	0	0	0	
Financial account	778	643	752	837	588	868	919	895	1,034	1,113	
Official capital	825	509	509	465	440	486	452	337	419	448	
Borrowing	1,036	852	852	767	742	793	818	846	932	988	
Of which: SDR allocation	0	0	0	0	0	0	0	0	0	0	
Principal not yet due rescheduled	0	0	0	0	0	0	0	0	0	0	
Amortization	-210	-343	-343	-302	-302	-307	-366	-509	-513	-541	
Principal not yet due (relief)	0	0	0	0	0	0	0	0	0	0	
Non-official capital (net)	348	417	417	512	308	482	547	598	645	695	
of which: Foreign direct investment	365	404	404	497	303	469	534	585	631	681	
Oil sector (net)	87	99	99	101	42	67	75	83	82	81	
Non-oil sector	262	318	318	411	265	414	472	515	563	614	
Short-term private capital, net	-396	-283	-174	-140	-160	-100	-80	-40	-30	-30	
Errors and omissions	76	0	0	0	0	0	0	0	0	0	
Overall balance	167	-154	-54	-1	-664	-209	-1	-8	158	191	
Financing	-167	154	54	1	664	209	1	8	-158	-191	
Bank of Central African States	-237	-147	-181	-161	39	-51	-179	-104	-107	-112	
Use of IMF credit (net)	70	-15	-15	0	0	0	0	-33	-51	-80	
Financing gap	0	316	251	162	625	260	181	145	0	0	
Of which:											
Possible IMF financing		45	45	90	90	0	0	0	0	0	
Remaining financing gap		271	206	72	535	260	181	145	0	0	
AFDB		66	0	0	53	0	0	0	0	0	
WB		117	117	56	56	0	0	0	0	0	
France		66	66	0	0	0	0	0	0	0	
EU		23	23	16	16	0	0	0	0	0	
Exceptional Financing					410	260	181	145	0	0	
Prospective IMF-RCF					136						
Non-IMF					274						
		(Percent of GDP)									
Trade balance	-1.4	-1.4	-1.4	-1.7	-3.4	-2.9	-2.8	-2.7	-2.5	-2.6	
Oil exports	4.8	5.3	5.2	4.9	2.9	3.1	3.1	3.0	2.8	2.6	
Non-oil exports	8.6	8.2	8.2	8.0	7.0	7.2	7.2	7.2	7.3	7.4	
Imports	14.8	14.9	14.8	14.6	13.2	13.2	13.0	12.9	12.7	12.6	
Current account balance	-3.6	-3.6	-3.7	-3.6	-5.7	-4.6	-3.7	-3.4	-3.1	-3.1	
Including grants	-4.0	-4.1	-4.2	-4.1	-6.2	-5.1	-4.2	-3.8	-3.5	-3.4	
Overall balance	0.8	-0.7	-0.2	0.0	-2.9	-0.9	0.0	0.0	0.5	0.6	
Foreign direct investment	1.7	1.8	1.8	2.1	1.3	1.9	2.1	2.1	2.2	2.2	
	(Percentage change, unless otherwise indicated)										
Export volume	-0.9	4.1	3.8	4.1	-4.0	8.5	6.7	6.7	7.0	7.6	
Crude oil	-16.7	16.5	14.8	0.5	-5.7	1.6	-4.2	-6.3	-6.6	-4.7	
Nonoil	2.5	1.9	1.9	4.9	-3.7	9.8	8.7	8.8	8.9	9.0	
Import volume	7.0	7.9	7.8	3.8	-2.5	6.8	3.1	4.3	5.7	5.7	
Terms of trade	1.7	1.7	1.5	-2.7	-16.2	3.0	-2.2	-1.6	-0.5	-2.8	
Non-oil export price index	-3.5	-1.0	-0.7	-1.5	-12.4	0.6	-2.7	-1.3	-0.7	-1.0	
Export price index	8.9	1.8	1.4	-2.4	-23.6	2.7	-0.5	-0.9	-1.1	-2.1	
Import price index	3.6	-0.6	-0.1	-0.2	-8.8	-0.3	1.7	0.7	-0.6	0.8	
Oil price (\$US dollars per barrel)	68.3	61.8	61.4	57.9	35.6	37.9	40.9	43.2	45.0	46.4	

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
	Incl. CCA	Q1 Act.	Q2 Act.	Q3 Act.	5th Rev.	Est.	5th Rev.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	
Net foreign assets	2,074	2,073	2,105	2,214	1,995	2,110	2,361	2,182	2,016	2,067	2,246	2,384	2,542	2,733
Bank of Central African States (BEAC)	1,477	1,477	1,522	1,702	1,447	1,594	1,643	1,666	1,378	1,429	1,609	1,746	1,904	2,095
<i>Of which</i> : BEAC foreign assets	2,007	2,007	2,045	2,254	2,016	2,153	2,189	2,315	2,150	2,201	2,380	2,484	2,591	2,703
<i>Of which</i> : IMF credit	-268	-268	-265	-265	-306	-297	-302	-387	-528	-528	-528	-494	-443	-364
Commercial banks	597	595	583	513	548	516	718	516	638	638	638	638	638	638
Net domestic assets	2,978	3,162	3,075	3,105	3,353	3,497	3,188	3,830	3,435	3,761	3,950	4,197	4,483	4,850
Domestic credit	3,655	3,774	3,716	3,742	3,891	4,057	4,005	4,390	4,251	4,578	4,766	5,013	5,299	5,667
Net claims on the public sector	761	785	785	814	927	989	967	1,208	1,290	1,468	1,506	1,561	1,614	1,665
Net credit to the central government	882	883	893	928	1,085	977	1,165	1,197	1,445	1,609	1,697	1,737	1,780	1,785
Central Bank	309	309	285	192	282	263	394	321	532	560	530	480	430	347
Claims	845	845	842	842	883	875	879	965	1,105	1,105	1,105	1,014	905	768
Credit under statutory ceiling	577	577	577	577	577	577	577	577	577	577	577	519	462	404
Counterpart of IMF credit	268	268	265	265	306	297	302	387	528	528	528	494	443	364
Deposits	-536	-536	-557	-650	-602	-611	-485	-643	-573	-545	-575	-534	-475	-421
Commercial Banks	573	574	609	737	804	714	771	876	913	1,049	1,167	1,257	1,351	1,428
Claims on the Treasury	576	577	615	774	834	727	802	887	942	1,076	1,194	1,284	1,378	1,455
Deposits	-3	-3	-6	-38	-30	-13	-31	-11	-29	-27	-27	-27	-27	-27
Deposits of other public entities	-397	-397	-388	-413	-414	-312	-465	-312	-435	-435	-485	-485	-490	-460
Credit to autonomous agencies	33	56	38	52	33	56	37	56	39	41	41	43	45	47
Credit to the economy 1/	3,137	3,232	3,173	3,175	3,186	3,336	3,268	3,449	3,203	3,363	3,514	3,718	3,965	4,295
Credit to public enterprises	243	243	242	247	223	267	230	267	241	253	253	266	279	293
Credit to financial institutions	54	60	46	35	34	60	68	60	71	75	75	79	83	87
Credit to the private sector	2,839	2,929	2,885	2,893	2,930	3,008	2,970	3,122	2,890	3,034	3,185	3,373	3,602	3,915
Other items (net)	3,137	-612	-640	-637	-538	-560	-816	-560	-816	-816	-816	-816	-816	-816
Broad money	5,053	5,235	5,180	5,320	5,348	5,607	5,550	6,012	5,451	5,829	6,196	6,580	7,025	7,584
Currency outside banks	1,074	1,057	1,002	1,035	1,042	1,131	1,124	1,212	1,105	1,180	1,254	1,331	1,419	1,531
Deposits	3,979	4,178	4,178	4,285	4,306	4,476	4,425	4,800	4,347	4,648	4,943	5,250	5,605	6,052
Memorandum items:														
Net borrowing from the central bank excluding IMF	41	41	20	-73	-24	-34	92	-66	4	32	2	-14	-14	-17
Contribution to the growth of broad money (percentage points)														
Net foreign assets	2.3	2.2	1.5	7.9	3.7	0.7	5.5	1.3	-6.2	0.9	3.1	2.2	2.4	2.7
Net domestic assets	7.5	11.5	10.1	6.9	9.2	6.4	0.5	5.9	4.4	6.0	3.2	4.0	4.3	5.2
<i>Of which</i> : net credit to the central government	6.5	6.5	6.8	5.9	6.3	1.8	5.4	3.9	5.0	3.0	1.5	0.7	0.6	0.1
Credit to the economy (annual percentage change)	7.2	10.5	7.7	4.4	2.8	3.2	1.1	3.4	-2.0	5.0	4.5	5.8	6.6	8.3
Credit to the private sector														
Annual percentage change	4.6	7.9	7.1	7.8	4.4	2.7	1.4	3.8	-2.7	5.0	5.0	5.9	6.8	8.7
In percent of GDP	13.3	13.6	12.7	12.7	12.9	13.2	13.1	13.0	12.8	12.5	12.4	12.4	12.4	12.5
Broad money (annual percentage change)	9.8	13.7	11.9	14.8	12.9	7.1	6.0	7.2	-1.8	6.9	6.3	6.2	6.7	8.0
Currency outside banks	9.8	8.0	8.5	14.6	8.1	7.1	6.4	7.2	-1.7	6.8	6.2	6.1	6.7	7.9
Deposits	9.8	15.3	12.8	14.8	14.1	7.1	5.9	7.2	-1.8	6.9	6.3	6.2	6.8	8.0
Velocity (GDP/average M2)	4.2	4.1	4.4	4.3	4.2	4.1	4.1	4.0	4.1	4.1	4.1	4.1	4.1	4.1

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

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
	Projections															
Fund obligations based on existing credit (SDR millions)																
Principal	19.9	-	-	-	-	-	41.4	80.0	85.6	85.6	44.2	22.1	5.5	-	-	-
Charges and interest	0.4	-	0.2	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
Fund obligations based on existing and prospective credit (In millions of SDRs) ^{1/}																
Principal	19.9	-	-	-	-	-	41.4	96.6	129.7	129.7	88.3	66.2	33.1	-	-	-
Charges and interest	0.4	-	0.2	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
Total obligations based on existing and prospective credit																
SDR millions	20.3	-	0.2	0.1	0.1	0.1	41.5	96.7	129.9	129.9	88.5	66.4	33.3	0.1	0.1	0.1
CFAF billions	15.7	-	0.2	0.1	0.1	0.1	33.4	77.4	103.9	103.9	70.8	53.1	26.6	0.1	0.1	0.1
Charges and interest	0.3	-	0.2	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	15.4	-	-	-	-	-	33.3	77.3	103.8	103.8	70.7	53.0	26.5	-	-	-
Percent of government revenue	0.5	-	0.0	0.0	0.0	0.8	1.2	1.7	2.1	1.9	1.2	0.8	0.4	0.0	0.0	0.0
Percent of exports of goods and services	0.4	-	0.0	0.0	0.0	0.8	1.2	1.7	2.1	2.0	1.3	0.9	0.4	0.0	0.0	0.0
Percent of debt service ^{2/}	4.3	-	0.0	0.0	0.0	4.6	6.8	9.8	14.5	13.0	8.0	5.4	2.5	0.0	0.0	0.0
Percent of GDP	0.1	-	0.0	0.0	0.0	0.1	0.2	0.2	0.3	0.3	0.2	0.1	0.1	0.0	0.0	0.0
Percent of quota	7.4	-	0.1	0.0	0.0	15.0	23.0	35.0	47.0	47.0	32.0	24.0	12.0	0.0	0.0	0.0
Percent of gross reserves	0.8	-	0.0	0.0	0.0	1.3	2.0	2.9	3.8	4.0	3.1	2.9	2.0	0.0	0.0	(0.0)
Outstanding Fund credit																
SDR millions	336.2	372.6	648.6	648.6	648.6	607.2	543.7	447.1	317.4	187.7	99.4	33.1	0.0	0.0	0.0	0.0
CFAF billions	259.5	303.4	530.5	525.1	522.7	488.0	436.1	357.9	254.1	150.2	79.5	26.5	0.0	0.0	0.0	0.0
Percent of government revenue	7.5	8.2	16.8	14.5	13.7	12.1	10.1	7.6	5.1	2.8	1.4	0.4	0.0	0.0	0.0	0.0
Percent of exports of goods and services	6.4	7.1	17.0	14.6	13.3	11.7	9.9	7.7	5.2	2.9	1.4	0.5	0.0	0.0	0.0	0.0
Percent of debt service ^{2/}	71.8	61.3	112.4	104.2	89.6	67.1	58.4	45.4	35.4	18.8	9.0	2.7	0.0	0.0	0.0	0.0
Percent of GDP	1.2	1.3	2.3	2.2	2.0	1.8	1.5	1.1	0.8	0.4	0.2	0.1	0.0	0.0	0.0	0.0
Percent of quota	121.8	135.0	235.0	235.0	235.0	220.0	197.0	162.0	115.0	68.0	36.0	12.0	0.0	0.0	0.0	0.0
Net use of Fund credit (SDR millions)	90.5	36.4	276.0	0.0	0.0	-41.4	-63.5	-96.6	-129.7	-129.7	-88.3	-66.2	-33.1	0.0	0.0	0.0
Disbursements	110.4	55.2	276.0	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayments and repurchases	19.9	18.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Memorandum items: (CFA F billions)</i>																
Nominal GDP	21,493	22,690	22,615	24,181	25,706	27,300	29,142	31,196	33,468	35,973	38,710	41,783	45,156	48,519	52,160	56,102
Exports of goods and services	4,072	4,251	3,120	3,595	3,932	4,164	4,414	4,666	4,915	5,193	5,491	5,822	6,173	6,556	6,977	7,439
Government revenue	3,451	3,704	3,152	3,610	3,818	4,040	4,333	4,692	4,997	5,423	5,836	6,308	6,816	7,379	7,967	8,665
Debt service ^{2/}	361	495	472	504	583	727	747	788	717	799	883	976	1,054	1,089	1,178	1,231
CFA francs/SDR (period average)	771.6	814.3	818.0	809.7	805.8	803.7	802.1	800.5	800.5	800.5	800.5	800.5	800.5	800.5	800.5	800.5

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.

Table 6a. Cameroon: Original Schedule of Disbursements Under the ECF Arrangement, 2017–20

	Date of Availability	Amount (SDR Million)	Percent of quota 1/	Conditions for Disbursement
1	6/26/2017	124.2	45	Executive Board approval of the ECF arrangement.
2	12/15/2017	82.8	30	Observance of continuous and end-June 2017 performance criteria, and completion of the first review.
3	6/30/2018	55.2	20	Observance of continuous and end-December 2017 performance criteria, and completion of the second review.
4	12/15/2018	55.2	20	Observance of continuous and end-June 2018 performance criteria, and completion of the third review.
5	6/15/2019	55.2	20	Observance of continuous and end-December 2018 performance criteria, and completion of the fourth review.
6	12/15/2019	55.2	20	Observance of continuous and end-June 2019 performance criteria, and completion of the fifth review.
7	5/31/2020	55.2	20	Observance of continuous and end-December 2019 performance criteria, and completion of the sixth review.
	Total	483.0	175	

Source: IMF staff calculations.

1/ Cameroon's current quota is SDR 276.0 million, and SDR 427.8 million was outstanding as of April 15, 2020

Table 6b. Cameroon: Proposed New Schedule of Disbursements Under the ECF Arrangement, 2017–20

	Date of Availability	Amount (SDR Million)	Percent of quota 1/	Conditions for Disbursement
1	6/26/2017	124.2	45	Executive Board approval of the ECF arrangement.
2	12/15/2017	82.8	30	Observance of continuous and end-June 2017 performance criteria, and completion of the first review.
3	6/30/2018	55.2	20	Observance of continuous and end-December 2017 performance criteria, and completion of the second review.
4	12/15/2018	55.2	20	Observance of continuous and end-June 2018 performance criteria, and completion of the third review.
5	6/15/2019	55.2	20	Observance of continuous and end-December 2018 performance criteria, and completion of the fourth review.
6	12/15/2019	55.2	20	Observance of continuous and end-June 2019 performance criteria, and completion of the fifth review.
7	7/25/2020	55.2	20	Observance of continuous and end-December 2019 performance criteria, and completion of the sixth review.
	Total	483.0	175	

Source: IMF staff calculations.

1/ Cameroon's current quota is SDR 276.0 million, and SDR 427.8 million was outstanding as of April 15, 2020

Appendix I. Letter of Intent

Yaoundé, April 28, 2020

To

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

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

Dear Madam Managing Director,

1. While the government is continuing to implement its Economic and Financial Program, supported by an Extended Credit Facility (ECF), the COVID-19 pandemic has appeared and is causing a significant impact on Cameroon's economy, potentially undoing hard-won macroeconomic gains and endangering our development agenda. The economic impact was being felt even before the first case was confirmed on March 5 when trade with China and Europe, Cameroon's largest partners, was disrupted and our export and service sectors have been hit hard following a grinding halt to imports from and exports to China and Europe, the reduction in tourism and transfers from abroad, the cancellation of multiple large international events (including the Soccer African Nations Championship) that were planned to take place in Douala and Yaoundé during this first semester of this year, and the slowdown in the world's global growth. The pandemic comes on the back of the negative economic impact of the security crisis in the two anglophone regions as well as in the far-northern region and the suspension of production at the SONARA since it was hit by a fire at end-May 2019.
2. Since the first case of infected person were uncovered in Cameroon, the negative economic impact of the pandemic has accelerated as the number of cases started to climb. To contain and mitigate the spread of the disease, we took on March 17 a set of strict measures including closure of our land, air and sea borders (with the exception of cargo flights and vessels transporting consumer products and essential goods and materials), cancellations of sport competitions, closure of schools, bar and restaurants, and prohibition of the gathering of more than 50 people throughout the national territory. We have also scaled up health care spending to respond to this outbreak.
3. In conjunction with the implementation of these drastic measures, a COVID-19 preparation and response plan has been developed by our Ministry of Public Health with the support of WHO and

other local government institutions. The plan includes country-level coordination, case investigation and rapid response, provision of patient care and medical supplies, infection prevention and control, case management, and raising public awareness of the risks posed by the pandemic and prevention methods. At this juncture, the cost of preparedness and response plan is estimated at about CFAF 58.3 billion (about 0.2 percent of GDP).

4. Our country is hit by the COVID-19 at the same time as the collapse of international oil prices. These two shocks, combined, have a major negative impact on Cameroon's economic activity. Our preliminary projections indicate that real GDP growth could decline from 3.9 percent in 2019 to -1.2 percent in 2020—down from a pre-pandemic projection of 3.8 percent at the time of the 5th review of the ECF arrangement—owing to the various channels through which the COVID-19 pandemic is affecting economic activities, particularly the closing of our borders and the restrictions imposed on the movement of the population. Despite the disruption of the food supply channels, inflation is expected to rise moderately due to multiple factors that are dampening domestic demand.

5. We are experiencing significant deterioration in our external sector position. The projected decline in international oil prices, global demand of our non-oil exports, tourism receipts and current transfers (including remittances) are expected to widen our current account by 2 percentage point of GDP. This rise in current account deficit, together with projected decline in non-official capital inflows, will generate an additional external financing gap estimated at 2 percent of GDP in 2020.

6. The dramatic fall in oil prices, the slowdown in economic activity, and the implementation of measures to limit the spread of the pandemic have a strong negative impact on fiscal revenues, while expenditures are increasing, in particular to implement our anti-pandemic response plan, meet basic health care needs, and support the most vulnerable segments of the population. The uncertainties about the duration and extent of the pandemic is complicating a full assessment of the full impact of the two shocks on public finances. We currently expect a shortfall in total domestic revenue of 1.3 percentage point of GDP in 2020, compared to the pre-COVID-19 projections. To cope with the pandemic, the government has intensified the tightening of controls over spending and initiated a reassessment of its investment program to reprioritize projects and free up room for the funding of expenditures related to COVID-19 and support hard-hit private-sector enterprises and vulnerable groups. Despite these measures and the automatic drop in budgeted pump price subsidies, the pandemic shock has generated immediate fiscal needs close to CFAF 400 milliards for 2020 (about US\$700 million).

7. Against this background, and in the face of the urgent fiscal and balance of payments needs arising from the two exogenous shocks and the need to limit the negative impact of the shocks on poverty and growth, the Government of Cameroon requests emergency financing from the IMF under the Rapid Credit Facility (RCF) in the amount of SDR165.6 million, equivalent to 60 percent of our quota, to ease the pressure on our fiscal resources and official foreign reserves. We are confident that IMF involvement in the international effort to assist Cameroon in dealing with the economic fallout from the global pandemic will play a catalytic role in securing additional financing from our development partners, particularly to cover urgent needs to upgrade our health system. We commit

also to strengthen our efforts to seek additional financial assistance from donors, either in the form of grants or concessional loans.

8. We will ensure that the financial assistance received is used for the intended purposes, 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 adopted in July 2018. For this purpose, the funds linked to COVID-19 will be subject to the strict application of the budgetary procedures and controls provided for by the above Laws. In addition, we commit 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. We also commit 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. In the meantime, such COVID-19 related expenditures are being incorporated in a supplementary budget in preparation and expected to be presented to the Parliament in June 2020

9. We remain firmly determined in fulfilling our commitments made in our January 7, 2020 Letter of Intent for the fifth review and committed to the ECF-supported program. However, the impact of the pandemic on the economic outlook and the accompanying restrictions make completing the sixth review of the ECF arrangement difficult at this juncture. Maintaining macroeconomic stability, strengthening the fiscal revenue base, improving spending efficiency, fostering good governance, and promoting the formal private sector are still key goals. The government will ensure that the support and assistance measures taken as part of the response to COVID-19 do not prejudice the mobilization of tax revenues in the medium and long term. The government is committed to observe fiscal transparency by enshrining the measures in a revised budget. Moreover, the government will not introduce measures or policies that would compound its BoP difficulties or introduce any new exchange or trade restrictions. Due to the delay in the completion of the sixth review under the ECF arrangement and to allow for an RCF request of 60 percent of quota, we request that (i) the ECF arrangement be extended from June 25, 2020 to September 30, 2020 and; (ii) the availability date for the sixth review (seventh disbursement) under the ECF arrangement be moved from May 31, 2020 to July 25, 2020.

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 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



CAMEROON

April 28, 2020

REQUESTS FOR DISBURSEMENT UNDER THE RAPID CREDIT FACILITY, EXTENSION OF THE EXTENDED CREDIT FACILITY ARRANGEMENT, AND REPHASING OF ACCESS—DEBT SUSTAINABILITY ANALYSIS

Approved By
David Owen and Marcello Estevão (IDA)

Joint Bank-Fund Debt Sustainability Analysis¹

Risk of external debt distress:	High ²
Overall risk of debt distress	High
Granularity in the risk rating	Sustainable
Application of judgement	No
Macroeconomic projections	Updated to incorporate expected economic impact of the covid-19 pandemic (lower growth and exports and wider fiscal deficit)
Financing strategy	Updated to include a larger financing gap and shift towards more concessional financing.
Realism tools flagged	None
Mechanical risk rating under the external DSA	High
Mechanical risk rating under the public DSA	High

¹ Debt coverage has remained unchanged compared to the previous DSA (IMF Country Report No. 20/48).

² Cameroon's Composite Indicator score is 2.76 based on the October WEO 2019 and the World Bank's 2018 CPIA. This implies that Cameroon has medium debt-carrying capacity.

This provides an update to the joint IMF-World Bank LIC-DSA for the 5th review under the concurrent ECF arrangement (IMF Country Report No. 20/48) from January 2020, in the context of the Cameroonian authorities' request for a disbursement under the Rapid Credit Facility to help meet a financing shortfall as a result of the Covid-19 pandemic. It includes updated projections for the macroeconomic framework and new information on borrowing. Cameroon remains at high risk of external and overall public debt distress; however debt remains sustainable conditioned on the availability of concessional resources and avoidance of additional non-concessional borrowing. The assessment is driven by breaches of the two thresholds for external debt service under the baseline, which have further intensified due to the incorporation of the Covid-19 shock, as well as a new one-off breach in the PV of debt-to-exports ratio and a worsening of market financing risks. However, a range of factors support the conclusion that debt remains sustainable. This rating is highly vulnerable to a range of risks and if downside risks were to materialize, the authorities would likely need to identify additional measures to ensure that debt is sustainable.

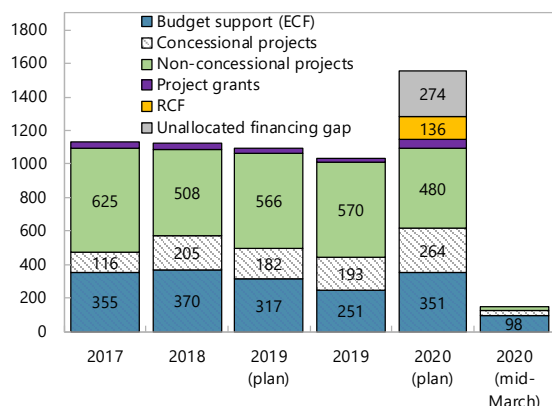
- 1. Highly preliminary estimates suggest Cameroon's public debt reached 42.9 percent of GDP at end-December 2019 (text table 1).** This increase was largely driven by disbursements of multilateral and bilateral financing and the issuance of government bonds. Preliminary data on non-concessional external disbursements and new borrowing suggests that end-December PCs were met, remaining well below the ceiling for the latter (text figure 1). As of mid-March 2020, disbursements and borrowing appear limited, mainly driven by budget support and the signing of AfDB projects. A small amount of external arrears arose in April (10 billion CFAF) due to the Covid-19 shock but are in the process of being cleared.
- 2. Updated macroeconomic assumptions incorporate the expected economic impact of the Covid-19 pandemic (text table 2).** The shock is expected to concentrate in 2020, severely lowering growth and exports and widening the fiscal deficit, due to revenue losses and urgent spending needs. It is also projected to drag into 2021, owing to lower commodity price projections and delays in investment projects.
- 3. There are also changes in a number of financing assumptions (text table 3).** In particular, 2020 includes budget support from the AfDB that was slightly delayed due to administrative reasons. Furthermore, the financing under the RCF at 136 billion FCFA was added to 2020 as well as an unallocated external financing gap over the medium term, which would allow restoring NFAs close to the level of the 5th review. Financing terms for the unallocated financing gap are assumed to be at IDA terms, reflecting expected additional financing from various sources (World Bank, AfDB, France, BDEAC) and the authorities' commitment to seek and prioritize concessional borrowing. Project loan disbursements are lowered for 2020, reflecting potential delays in imports, and shifted towards more concessional financing reflecting the authorities' commitment to prioritize concessional financing. As the last domestic bond issuance in mid-March was undersubscribed by 15 percent and inflation revised up, domestic interest rates are raised by 1 percentage point for 2020. Given that SONARA is expected to benefit from lower oil prices, external short-term debt in the medium term has been reduced to 0.1 percent of GDP as its viability should be restored more quickly.
- 4. Cameroon remains at high overall risk of public debt distress, but debt remains sustainable.** As previously, thresholds are breached for the two external debt service indicators, due to the fragile

liquidity situation. The Covid-19 shock aggravates these breaches in the short-term and raises debt stock projections. In addition, the PV of debt-to-exports ratio now breaches its threshold in 2020 due to the severe drop in exports and market financing risks have increased to moderate with a recent jump in EMBI spreads. Yet, staff continues to assess debt as sustainable due to a range of factors:

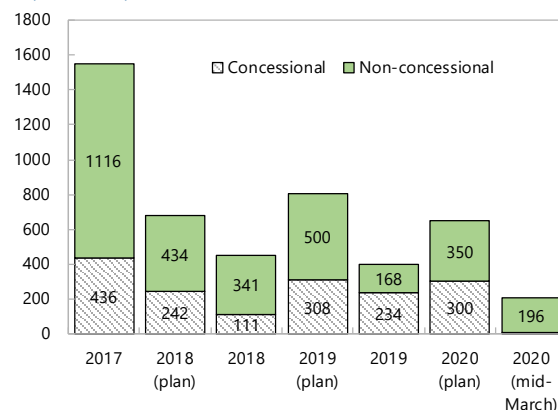
- Debt indicators remain on non-explosive paths and debt stock indicators remain below their thresholds under the baseline, except for a one-off breach.
- The debt-service-to-revenue ratio is on a clear downward trajectory and falls below the threshold after 2023.
- The breach of the debt-service-to-exports ratio has become more severe but remains largely due to the inclusion of SONARA's short-term supplier debt (text figure 1), which is backed by imported oil and is sensitive to rollover and reprofiling assumptions.
- The lower oil prices are expected to benefit SONARA and reduce its vulnerabilities, given the fixed domestic market price of refined oil.
- While SONARA does have external arrears, the authorities have only guaranteed one of SONARA's loans which has no outstanding payments and has been discontinued.
- The first principal payment of the Eurobond is only coming due in 2023, by when external market financing conditions are projected to have normalized.
- The baseline does not include the possible G20 debt service suspension, which could cover as much as 100 billion CFAF in 2020 and which the authorities are actively assessing to take part in.
- **This rating is highly vulnerable to a range of risks.** Key downside risks include a more protracted and severe Covid-19 shock, and realization of contingent liabilities, including from SONARA's potential reconstruction costs or delays in the expected restoration of its viability. On the upside the G20 debt service suspension and a successful reprofiling of SONARA's arrears, which stands to benefit from lower projected international oil prices, could lower debt-service ratios. If downside risks materialize, the authorities would likely need to identify additional measures to ensure that debt is sustainable. Allowing for new non-concessional borrowing would further weaken already compromised debt sustainability, go against the authorities' interest and undermine their efforts to secure international community's support in an environment in which G-20 just agreed on debt service suspension on bilateral government loans for low-income countries.

Text Figure 1. Cameroon – Key Debt Developments

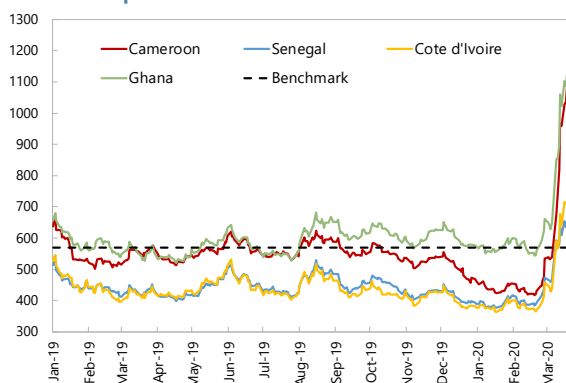
Disbursements of External Project Loans, Budget Support and Grants (CFAF billion)



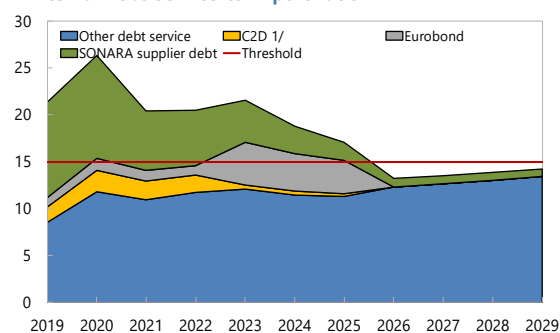
Borrowing plan (New project loan contracts signed) (CFAF billion)



EMBI Spreads



External Debt-Service-to-Export Ratio



1/ C2D is an initiative of the French Development Agency (AFD), where debt repayments are returned to Cameroon in the form of grants for specific projects.

Sources: Bloomberg, Cameroonian authorities', IMF staff calculation and projections.

Text Table 1. Cameroon: Public and Publicly Guaranteed Debt, 2017–19

	Dec-17		Dec-18		Dec-19 (Est.)	
	CFAF billion	percent of GDP	CFAF billion	percent of GDP	CFAF billion	percent of GDP
A. Public and publicly guaranteed debt (authorities' estimate: 1+2+3)	6279	30.9	7389	34.4	8424	37.1
1. External debt	4650	22.9	5652	26.3	6445	28.4
2. Domestic debt	1578	7.8	1691	7.9	1942	8.6
3. (External) Publicly guaranteed debt	51	0.3	46	0.2	37	0.2
4. Unpaid government obligations (float and arrears) 1/	838	4.1	489	2.3	598	2.6
5. External claims to SOEs (ex-SONARA)	9	0.0	9	0.0	9	0.0
6. SONARA debt 2/	534	2.6	597	2.8	711	3.1
7. o/w external	383	1.9	446	2.1	377	1.7
B. Public and publicly guaranteed debt (staff estimate: A + 4+5+6)	7659	37.7	8484	39.5	9741	42.9
Domestic	2567	12.6	2331	10.8	2873	12.7
External	5093	25.1	6153	28.6	6868	30.3
o/w publicly guaranteed	60	0.3	55	0.3	46	0.2
C. Stock of contracted but undisbursed debt 3/	4424	21.8	4043	18.8	3473	15.3
Domestic	178	0.9	171	0.8	65	0.3
External	4245	20.9	3873	18.0	3408	15.0
o/w multilateral	1848	9.1	1627	7.6	1674	7.4
o/w bilateral	1719	8.5	1545	7.2	1122	4.9
o/w commercial	679	3.3	701	3.3	613	2.7

Sources: Cameroonian authorities, and IMF staff calculations.

1/ Data is very preliminary and could likely be revised.

2/ 2019 data as of end-September.

3/ Excludes budget support.

Text Table 2. Cameroon: Key Macroeconomic Assumptions, 2016–38

	2016-2019	2020	2021-2025	2026-2038
Real GDP growth (percent)				
RCF DSA Update	4.0	-1.2	4.7	5.7
DSA 2018 1/	4.0	3.8	4.6	5.6
Updated DSA 2017	4.1	4.7	5.3	5.5
Inflation (GDP deflator)				
RCF DSA Update	1.5	0.9	1.8	1.8
DSA 2018 1/	1.5	1.9	1.6	1.8
Updated DSA 2017	1.4	1.5	1.7	1.8
Primary fiscal balance (percent of GDP)				
RCF DSA Update	-2.9	-3.5	-1.2	-0.7
DSA 2018 1/	-2.9	-1.2	-0.6	-0.7
Updated DSA 2017	-3.0	-0.6	-0.7	-0.8
Total revenue excluding grants (percent of GDP)				
RCF DSA Update	15.2	13.5	14.5	15.5
DSA 2018 1/	15.2	14.8	15.0	15.5
Updated DSA 2017	14.9	15.2	15.3	15.7
Exports of goods and services (percent of GDP)				
RCF DSA Update	18.9	13.8	15.1	13.5
DSA 2018 1/	18.9	18.1	15.9	13.3
Updated DSA 2017	18.4	16.8	14.4	12.0
Oil price (US dollars per barrel)				
RCF DSA Update	56.3	35.6	42.7	46.4
DSA 2018 1/	56.4	57.9	55.0	55.3
Updated DSA 2017	58.4	65.7	61.0	60.3

Sources: Cameroonian authorities; IMF staff calculations.

1/ The year of the DSA refers to the latest year with actual data. The updated DSA 2017 refers to the DSA prepared in September 2018, while DSA 2017 was prepared in June 2018.

Text Table 3. Cameroon: Key Financing Assumptions (in CFAF billion)

	2020		2021	
	5th review	RCF request	5th review	RCF request
Total external disbursements (excl. grants)	913	1351	793	1053
Project loans	767	742	793	793
Budget support (allocated)	161	350	0	0
IMF - ECF	90	90	0	0
IMF - RCF	0	136	0	0
WB	56	56	0	0
AFDB 1/	0	53	0	0
EU (grant)	16	16	0	0
France	0	0	0	0
Budget support (unallocated)	0	274	0	260

1/ budget support was delayed from 2019 to 2020

Table 1. Cameroon: External Debt Sustainability Framework, Baseline Scenario, 2016–39
(Percent of GDP, unless otherwise indicated)

	Actual					Projections										Average 8/
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Historical		Projections
External debt (nominal) 1/ <i>of which: public and publicly guaranteed (PPG)</i>	25.4	27.7	30.5	32.3	36.3	36.8	36.8	36.1	35.1	30.8	20.1	18.0	34.2	34.2	18.0	34.2
Change in external debt	1.3	2.3	2.8	1.8	3.9	0.5	0.0	-0.6	-1.0	-1.0	-1.1	0.7	-0.1	0.7	-0.1	0.7
Identified net debt-creating flows	0.8	-1.3	-0.7	0.8	4.7	1.1	0.1	-0.3	-0.7	-1.7	-2.9	2.9	2.4	2.9	2.4	2.9
Non-interest current account deficit	2.1	1.9	2.5	2.8	4.6	3.6	2.7	2.5	2.2	1.2	-1.3	2.9	2.4	2.9	2.4	2.9
Deficit in balance of goods and services	2.5	2.0	2.9	3.0	5.2	4.4	3.7	3.5	3.2	1.9	-1.2	2.9	2.4	2.9	2.4	2.9
Exports	19.2	18.7	18.9	18.7	13.8	14.9	15.3	15.3	15.1	14.0	12.5	11.3	11.3	11.3	11.3	11.3
Imports	21.7	20.6	21.8	21.7	19.0	19.2	19.0	18.7	18.4	15.9	11.3	11.3	11.3	11.3	11.3	11.3
Net current transfers (negative = inflow)	-1.1	-1.2	-1.2	-1.2	-1.2	-1.3	-1.3	-1.1	-1.1	-1.0	-0.8	-1.0	-1.1	-1.1	-1.1	-1.1
of which: official	-0.2	-0.2	-0.2	-0.4	-0.4	-0.4	-0.4	-0.3	-0.3	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2
Other current account flows (negative = net inflow)	0.7	1.1	0.8	1.0	0.5	0.5	0.3	0.2	0.1	0.3	0.7	0.9	0.3	0.9	0.3	0.9
Net FDI (negative = inflow)	-1.1	-2.3	-1.7	-1.8	-1.3	-1.9	-2.1	-2.1	-2.2	-2.0	-1.0	-2.0	-2.0	-2.0	-2.0	-2.0
Endogenous debt dynamics 2/	-0.2	-1.0	-1.5	-0.2	1.5	-0.5	-0.5	-0.6	-0.8	-0.9	-0.6	1.3	0.1	1.3	0.1	1.3
Contribution from nominal interest rate	1.0	0.8	1.1	0.9	1.1	1.0	1.0	1.0	0.9	0.7	0.5	0.7	0.7	0.7	0.7	0.7
Contribution from real GDP growth	-1.1	-0.8	-1.0	-1.1	0.4	-1.5	-1.5	-1.5	-1.7	-1.7	-1.1	0.7	0.7	0.7	0.7	0.7
Contribution from price and exchange rate changes	-0.2	-0.9	-1.6	1.1	-0.8	-0.6	-0.3	-0.4	-0.2	0.7	1.8	0.7	0.7	0.7	0.7	0.7
Residual 3/	0.6	3.6	3.5	1.1	-0.8	-0.6	-0.3	-0.4	-0.2	0.7	1.8	0.7	0.7	0.7	0.7	0.7
of which: exceptional financing	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
Sustainability indicators																
PV of PPG external debt-to-GDP ratio	...	...	216	23.4	25.9	25.8	25.5	24.7	23.9	21.6	14.8	4.3	4.4	4.3	4.4	4.4
PV of PPG external debt-to-exports ratio	...	...	114.2	124.7	187.4	173.5	166.4	161.9	158.0	154.5	118.3	1.4	1.4	1.4	1.4	1.4
PPG debt service-to-exports ratio	12.1	14.1	17.3	21.4	26.3	20.5	20.5	21.5	18.8	14.2	12.0	3.4	3.4	3.4	3.4	3.4
PPG debt service-to-revenue ratio	14.0	15.6	18.5	23.2	24.5	18.4	18.8	19.4	16.8	11.4	9.0	1.4	1.4	1.4	1.4	1.4
Gross external financing need (billion of U.S. dollars)	1.8	1.5	2.6	2.9	3.4	2.5	2.2	2.2	1.9	1.3	-0.7	1.3	1.3	1.3	1.3	1.3
Key macroeconomic assumptions																
Real GDP growth (in percent)	4.6	3.5	4.1	3.7	-1.2	4.5	4.4	4.5	5.0	5.7	5.8	4.3	4.4	4.3	4.4	4.4
GDP deflator in US dollar terms (change in percent)	0.8	3.6	6.3	-3.6	0.4	3.4	2.3	1.9	1.8	1.8	1.8	1.9	1.4	1.4	1.4	1.4
Effective interest rate (percent) 4/	4.5	3.2	4.5	2.9	3.4	3.1	3.0	2.8	2.6	2.5	2.6	3.4	3.4	3.4	3.4	3.4
Growth of exports of G&S (US dollar terms, in percent)	-7.1	4.4	12.3	-1.1	-26.9	16.4	9.9	6.2	6.2	6.0	6.6	1.4	1.4	1.4	1.4	1.4
Growth of imports of G&S (US dollar terms, in percent)	-9.1	2.0	16.9	-0.5	-13.1	9.3	5.3	5.1	5.1	4.3	3.8	1.7	1.7	1.7	1.7	1.7
Grant element of new public sector borrowing (in percent)	16.6	16.9	17.7	29.5	36.8	36.1	34.5	33.6	30.0	28.9	26.2	...	...	...	...	...
Government revenues (excluding grants, in percent of GDP)	18017	19813	22687	17.3	14.9	16.5	16.7	16.9	17.0	17.3	16.6	16.6	16.9	16.9	16.9	16.9
Aid flows (in Billion of US dollars) 5/	...	...	...	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.9	0.9	0.9	0.9	0.9	0.9
Grant-equivalent financing (in percent of external financing) 6/	...	...	...	1.8	2.6	2.0	1.7	1.6	1.3	0.9	0.5	...	...	...	...	...
Grant-equivalent financing (in percent of external financing) 6/	...	...	...	35.7	41.2	41.8	40.7	39.4	36.4	32.2	32.2	...	...	...	...	...
Nominal GDP (Billion of US dollars)	32	35	39	39	38	42	44	44	47	50	72	153	153	153	153	153
Nominal dollar GDP growth	5.3	7.2	10.6	0.0	-0.8	6.0	6.8	6.5	7.0	7.6	7.8	4.1	4.1	4.1	4.1	4.1
Memorandum items:																
PV of external debt 7/	...	...	235	25.3	27.8	27.7	27.4	26.6	25.9	23.2	15.8	4.3	4.4	4.3	4.4	4.4
In percent of exports	...	...	124.0	134.9	201.6	186.5	179.1	174.6	170.8	165.9	125.8	1.4	1.4	1.4	1.4	1.4
Total external debt service-to-exports ratio	18.3	18.2	23.0	25.2	31.0	23.5	23.5	24.6	21.9	17.0	13.8	3.4	3.4	3.4	3.4	3.4
PV of PPG external debt (in Billion of US dollars)	...	...	84	9.0	9.9	10.7	11.3	11.7	12.1	15.6	22.7	1.3	1.3	1.3	1.3	1.3
(PV-E-PV-1)/GDP-1 (in percent)	0.8	-0.4	-0.3	1.7	2.3	2.0	1.4	0.8	0.9	1.1	0.4	0.4	0.4	0.4	0.4	0.4
Non-interest current account deficit that stabilizes debt ratio	0.8	-0.4	-0.3	0.9	0.6	0.6	0.3	2.7	3.1	3.2	2.2	0.4	0.4	0.4	0.4	0.4

Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.

2/ Derived as $(1 - g - r(1 + g) + Ex(1 + r)/(1 + g - p))$ 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, Ex = nominal appreciation of the local currency, and Ex = 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.

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

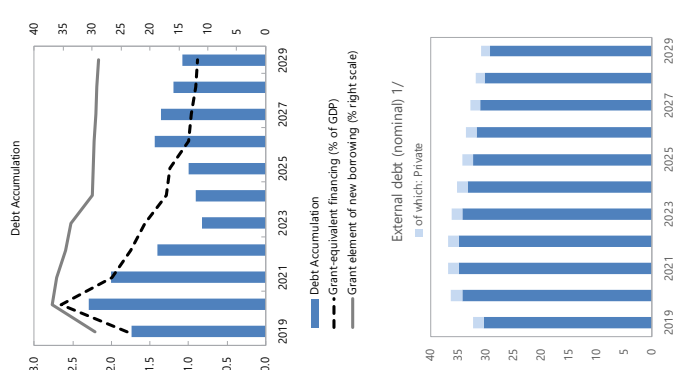


Table 2. Cameroon: Public Sector Debt Sustainability Framework, Baseline Scenario, 2016–39
(Percent of GDP, unless otherwise indicated)

	Actual										Projections										Average 6/ Average 6/		
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2029	2039	2016	2017	2018	2019	2020	2021	2022	2023	2024		2029	2039
Public sector debt 1/ of which: external debt	33.3	37.7	39.5	40.9	45.5	45.2	44.7	44.1	43.1	43.1	43.1	36.1	25.3	24.0	41.6	24.0	41.6	15.9	32.4	15.9	32.4	24.0	41.6
Change in public sector debt	1.3	4.4	1.8	1.4	4.6	-0.3	-0.5	-0.5	-1.0	-1.4	-1.4	-0.9	-0.9	1.9	-0.3	1.9	-0.3	2.6	1.1	2.6	1.1	1.9	-0.3
Identified debt-creating flows	5.3	4.1	1.5	1.3	3.6	1.7	1.2	1.1	0.9	0.5	0.4	0.4	0.4	2.6	1.1	2.6	1.1	17.1	17.2	17.1	17.2	2.6	1.1
Revenue and grants	16.9	17.2	18.1	17.7	15.3	16.9	17.1	17.3	17.3	17.5	16.7	16.7	16.7	17.1	17.1	17.1	17.1	17.1	17.1	17.1	17.1	17.1	17.1
of which: grants	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.3	0.3	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
Primary noninterest expenditure	22.1	21.2	19.6	19.0	18.9	18.6	18.3	18.4	18.2	17.9	17.1	17.1	17.1	19.7	18.3	19.7	18.3	19.7	18.3	19.7	18.3	19.7	18.3
Automatic debt dynamics	-0.4	-3.3	-0.4	-1.2	1.4	-1.6	-1.6	-1.7	-1.9	-1.9	-1.2	-1.2	-1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contribution from interest rate/growth differential	-1.1	-1.0	-1.5	-1.2	1.4	-1.6	-1.6	-1.7	-1.9	-1.9	-1.2	-1.2	-1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
of which: contribution from average real interest rate	0.4	0.2	-0.1	0.2	0.8	0.4	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
of which: contribution from real GDP growth	-1.4	-1.1	-1.5	-1.4	0.5	-2.0	-1.9	-1.9	-2.1	-2.0	-1.4	-1.4	-1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contribution from real exchange rate depreciation	0.6	-2.3	1.2	...	...	...	...	...	...	...	...	...	...	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other identified debt-creating flows	0.0	0.0	-1.4	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	-0.1	0.0	0.0	0.0	0.0	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	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	0.0	0.0	0.0	0.0	0.0	0.0
Debt relief (HIPC and other)	0.0	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	0.0	0.0	0.0	0.0	0.0
Other debt creating or reducing flow (please specify)	0.0	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	0.0	0.0	0.0	0.0	0.0
Residual	-3.6	3.7	2.1	1.0	-0.3	-0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.0	0.9	0.0	0.0	0.0	0.0	0.0	0.9	0.0
Sustainability indicators	...	...	33.3	34.0	36.9	36.1	35.3	34.6	33.8	28.5	21.0	21.0	21.0	...	...	...	...	...	...	...	...	...	...
PV of public debt-to-GDP ratio 2/	...	...	184.0	192.3	240.9	213.0	206.5	200.5	195.3	162.9	125.4	125.4	125.4	...	...	...	...	...	...	...	...	...	...
Debt service-to-revenue and grants ratio 3/	13.8	15.3	18.1	18.1	18.1	18.1	18.1	18.1	18.1	18.1	18.1	18.1	18.1	13.8	15.3	13.8	15.3	13.8	15.3	13.8	15.3	13.8	15.3
Gross financing need 4/	8.6	7.9	5.0	5.0	10.0	11.9	9.8	9.1	9.3	9.1	5.9	4.3	4.3	8.6	7.9	8.6	7.9	8.6	7.9	8.6	7.9	8.6	7.9
Key macroeconomic and fiscal assumptions	4.6	3.5	4.1	3.7	-1.2	4.5	4.4	4.5	5.0	5.7	5.8	5.8	5.8	4.3	4.4	4.3	4.4	4.3	4.4	4.3	4.4	4.3	4.4
Real GDP growth (in percent)	3.5	3.4	3.0	2.3	2.6	2.4	2.3	2.1	1.9	1.8	2.0	2.0	2.0	2.9	2.0	2.9	2.0	2.9	2.0	2.9	2.0	2.9	2.0
Average nominal interest rate on external debt (in percent)	-1.1	-1.5	-1.6	0.7	2.7	1.9	2.2	2.5	2.5	3.0	3.4	3.4	3.4	-1.7	2.4	-1.7	2.4	-1.7	2.4	-1.7	2.4	-1.7	2.4
Average real interest rate on domestic debt (in percent)	3.1	-10.6	4.8	...	...	...	...	...	...	...	...	...	...	1.8	...	1.8	...	1.8	...	1.8	...	1.8	...
Real exchange rate depreciation (in percent, + indicates depreciation)	1.1	1.5	1.6	1.8	0.9	2.3	1.8	1.6	1.6	1.6	1.9	1.9	1.9	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Inflation rate (GDP deflator, in percent)	-0.1	-0.6	-4.0	0.9	-2.2	3.1	2.5	5.1	4.1	5.2	5.3	5.3	5.3	6.8	3.6	6.8	3.6	6.8	3.6	6.8	3.6	6.8	3.6
Growth of real primary spending (deflated by GDP deflator, in percent)	4.0	-0.4	-0.3	-0.1	-1.0	2.0	1.7	1.6	1.9	1.8	1.2	1.2	1.2	1.1	1.4	1.1	1.4	1.1	1.4	1.1	1.4	1.1	1.4
Primary deficit that stabilizes the debt-to-GDP ratio 5/	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	0.0	0.0	0.0
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	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.

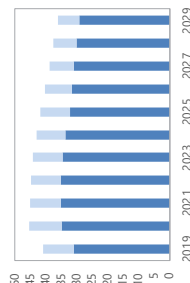
5/ Defined as a primary deficit minus a change in the public debt-to-GDP ratio (C); a primary surplus, which would stabilize the debt ratio only in the year in question.

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.

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

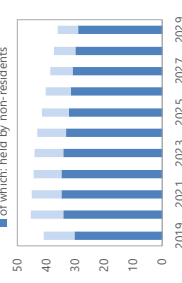
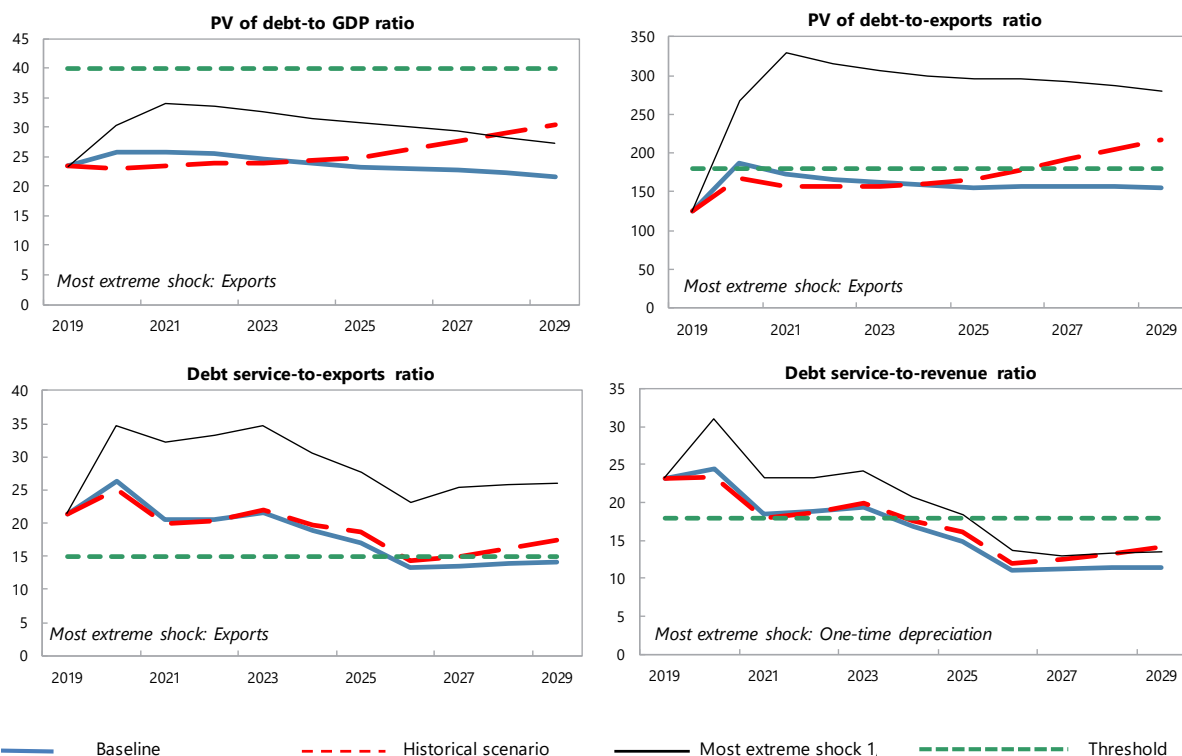


Figure 1. Cameroon: Indicators of Public and Publicly Guaranteed External Debt Under Alternative Scenarios, 2019–29



Customization of Default Settings		
	Size	Interactions
Tailored Stress		
Combined CL	Yes	
Natural disaster	n.a.	n.a.
Commodity price	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
Shares of marginal debt		
External PPG MLT debt	100%	
Terms of marginal debt		
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)	23	23
Avg. grace period	5	5

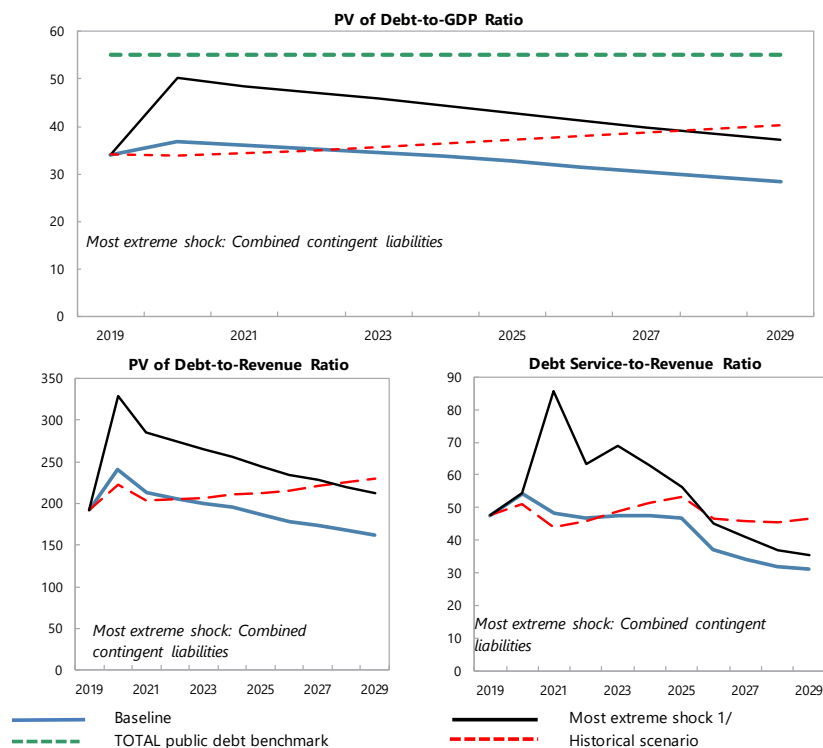
* Note: All the additional financing needs generated by the shocks under the stress tests are assumed to be covered by PPG external MLT debt in the external DSA. Default terms of marginal debt are based on baseline 10-year projections.

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 2029. 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, 2019–29



Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
Shares of marginal debt		
External PPG medium and long-term	42%	42%
Domestic medium and long-term	17%	17%
Domestic short-term	36%	41%
Terms of marginal debt		
External MLT debt		
Avg. nominal interest rate on new borrowing in USD	1.9%	1.9%
Avg. maturity (incl. grace period)	23	23
Avg. grace period	5	5
Domestic MLT debt		
Avg. real interest rate on new borrowing	3.7%	3.7%
Avg. maturity (incl. grace period)	3	3
Avg. grace period	2	2
Domestic short-term debt		
Avg. real interest rate	1.6%	1.6%

* 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 2029. 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, 2019–29

	Projections 1/										
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
PV of debt-to-GDP ratio											
Baseline	23	26	26	25	25	24	23	23	23	22	22
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	23	23	23	24	24	24	25	26	28	29	30
B. Bound Tests											
B1. Real GDP growth	23	26	27	26	26	25	24	24	23	23	22
B2. Primary balance	23	26	28	28	27	26	26	25	25	24	24
B3. Exports	23	30	34	33	33	32	31	30	29	28	27
B4. Other flows 3/	23	27	27	27	26	25	24	24	24	23	22
B5. Depreciation	23	33	30	29	29	28	27	27	26	26	25
B6. Combination of B1-B5	23	30	30	29	28	28	27	26	26	25	25
C. Tailored Tests											
C1. Combined contingent liabilities	23	30	32	32	32	32	31	31	31	30	30
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	23	27	28	28	28	27	26	25	25	24	23
C4. Market Financing	23	29	29	29	28	27	26	26	25	25	24
Threshold	40	40	40	40	40	40	40	40	40	40	40
PV of debt-to-exports ratio											
Baseline	125	187	173	166	162	158	155	157	157	156	155
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	125	167	157	156	157	161	166	179	192	205	217
B. Bound Tests											
B1. Real GDP growth	125	187	173	166	162	158	155	157	157	156	155
B2. Primary balance	125	191	187	181	177	174	172	173	173	172	170
B3. Exports	125	268	329	315	307	300	295	295	292	287	280
B4. Other flows 3/	125	192	182	175	170	166	163	164	164	163	161
B5. Depreciation	125	187	159	152	148	144	142	143	145	145	144
B6. Combination of B1-B5	125	227	179	211	205	200	197	198	198	196	194
C. Tailored Tests											
C1. Combined contingent liabilities	125	220	215	211	212	211	210	213	214	213	211
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	125	215	204	195	188	181	176	176	174	172	169
C4. Market Financing	125	188	174	168	163	159	156	157	157	156	155
Threshold	180	180	180	180	180	180	180	180	180	180	180
Debt service-to-exports ratio											
Baseline	21	26	20	20	22	19	17	13	13	14	14
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	21	25	20	20	22	20	19	14	15	16	17
B. Bound Tests											
B1. Real GDP growth	21	26	20	20	22	19	17	13	13	14	14
B2. Primary balance	21	26	21	21	22	19	18	14	15	15	15
B3. Exports	21	35	32	33	35	30	28	23	25	26	26
B4. Other flows 3/	21	26	21	21	22	19	17	14	14	15	15
B5. Depreciation	21	26	20	20	21	18	17	13	12	13	13
B6. Combination of B1-B5	21	30	25	25	27	23	21	17	17	18	18
C. Tailored Tests											
C1. Combined contingent liabilities	21	26	21	21	23	20	18	15	15	15	15
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	21	29	23	23	24	21	19	15	15	16	16
C4. Market Financing	21	26	21	21	22	20	19	14	14	13	14
Threshold	15	15	15	15	15	15	15	15	15	15	15
Debt service-to-revenue ratio											
Baseline	23	24	18	19	19	17	15	11	11	11	11
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	23	23	18	19	20	18	16	12	12	13	14
B. Bound Tests											
B1. Real GDP growth	23	25	19	19	20	17	15	12	12	12	12
B2. Primary balance	23	24	19	19	20	17	15	12	12	12	12
B3. Exports	23	26	20	21	22	19	17	13	15	15	15
B4. Other flows 3/	23	24	19	19	20	17	15	11	12	12	12
B5. Depreciation	23	31	23	23	24	21	18	14	13	13	13
B6. Combination of B1-B5	23	27	21	21	22	19	17	13	13	13	13
C. Tailored Tests											
C1. Combined contingent liabilities	23	24	19	20	20	18	16	12	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	23	29	22	22	23	19	16	12	13	13	13
C4. Market Financing	23	24	19	19	20	18	16	12	11	11	11
Threshold	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, 2019–29

	Projections 1/										
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
PV of Debt-to-GDP Ratio											
Baseline	34	37	36	35	35	34	33	32	30	29	28
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	34	34	34	35	36	36	37	38	39	39	40
B. Bound Tests											
B1. Real GDP growth	34	38	38	38	38	37	36	36	35	34	34
B2. Primary balance	34	38	40	39	38	37	36	35	33	32	31
B3. Exports	34	39	42	41	40	39	38	37	35	34	32
B4. Other flows 3/	34	38	37	37	36	35	34	33	31	30	29
B5. Depreciation	34	42	39	37	35	32	30	28	26	24	22
B6. Combination of B1-B5	34	36	37	35	34	33	31	30	28	27	26
C. Tailored Tests											
C1. Combined contingent liabilities	34	50	48	47	46	44	43	41	40	38	37
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	34	39	41	43	45	45	45	44	43	41	40
C4. Market Financing	34	37	36	35	35	34	33	32	30	29	28
TOTAL public debt benchmark	55	55	55	55	55	55	55	55	55	55	55
PV of Debt-to-Revenue Ratio											
Baseline	192	241	213	207	200	195	187	179	174	169	163
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	192	222	204	205	206	210	213	215	221	225	230
B. Bound Tests											
B1. Real GDP growth	192	247	225	221	218	215	208	202	200	196	192
B2. Primary balance	192	251	235	227	220	214	204	196	190	184	178
B3. Exports	192	256	248	240	233	227	217	207	200	192	184
B4. Other flows 3/	192	245	221	214	208	202	193	185	180	174	168
B5. Depreciation	192	276	233	216	201	188	172	158	148	137	127
B6. Combination of B1-B5	192	237	216	206	197	189	178	169	162	155	148
C. Tailored Tests											
C1. Combined contingent liabilities	192	329	286	275	265	257	245	234	228	220	213
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	192	293	276	287	283	277	263	248	243	237	231
C4. Market Financing	192	241	214	208	202	196	187	179	174	168	163
Debt Service-to-Revenue Ratio											
Baseline	48	54	48	47	48	48	47	37	34	32	31
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	48	51	44	46	49	51	53	47	46	46	47
B. Bound Tests											
B1. Real GDP growth	48	55	51	50	52	53	52	42	40	38	38
B2. Primary balance	48	54	53	54	53	53	50	40	37	35	34
B3. Exports	48	54	49	48	49	48	47	38	37	34	33
B4. Other flows 3/	48	54	48	47	48	48	47	37	35	32	32
B5. Depreciation	48	55	52	50	51	50	49	38	36	33	33
B6. Combination of B1-B5	48	52	47	53	52	51	48	37	34	32	31
C. Tailored Tests											
C1. Combined contingent liabilities	48	54	86	63	69	63	56	45	41	37	36
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	48	63	61	65	68	69	66	53	49	45	44
C4. Market Financing	48	54	48	47	48	49	48	38	34	31	31

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

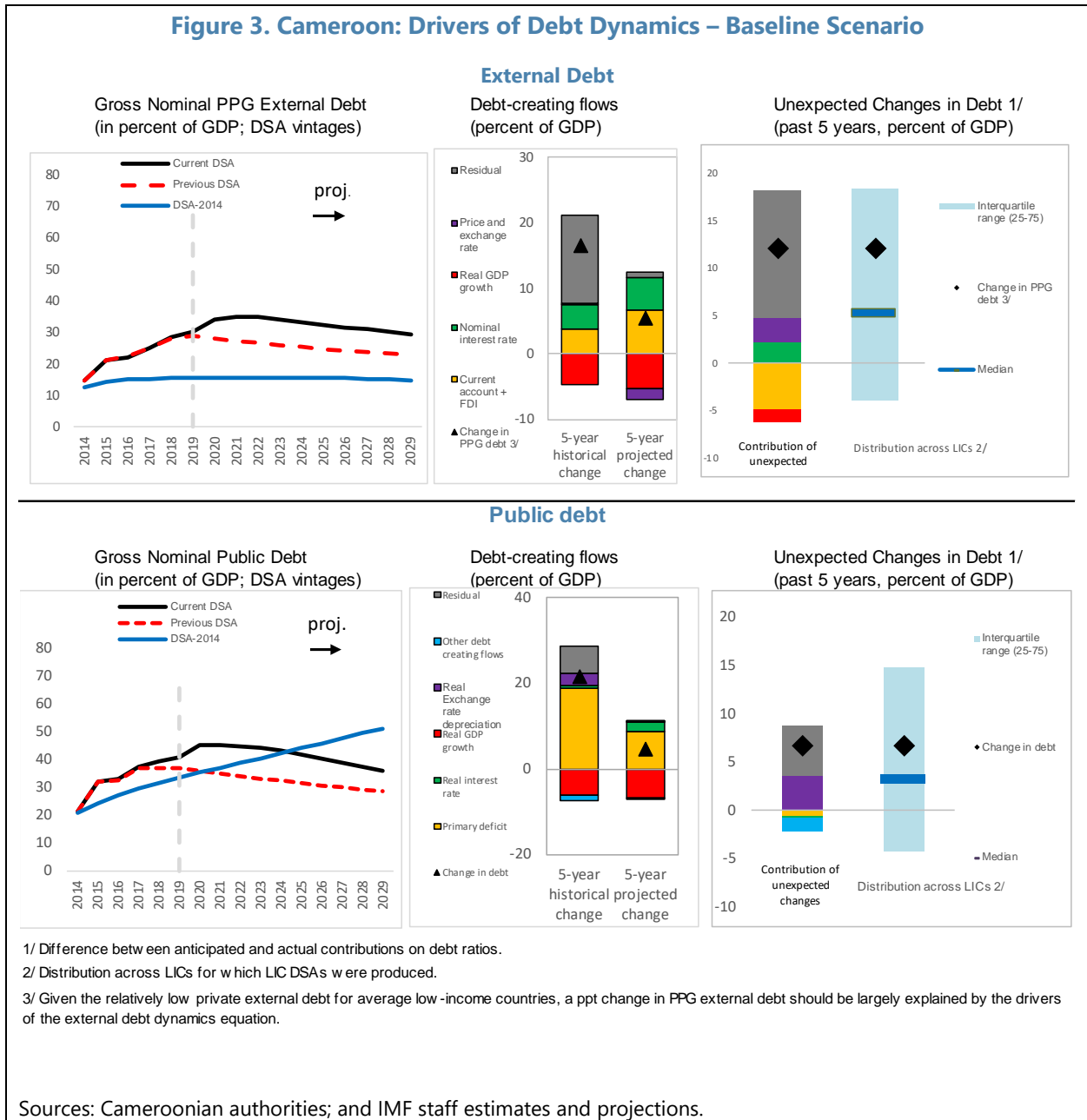
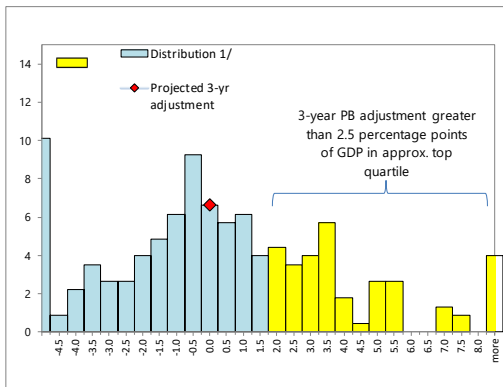


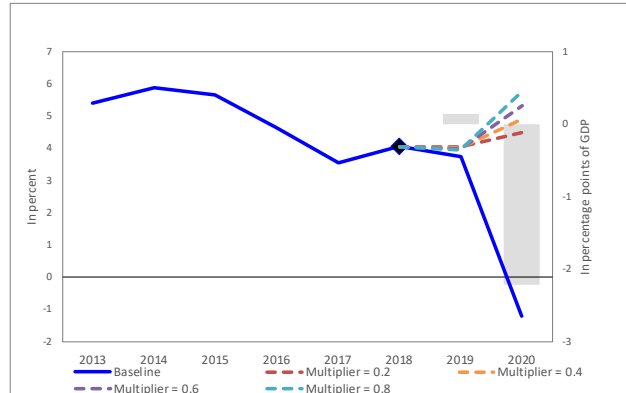
Figure 4. Cameroon: Realism Tools

**3-Year Adjustment in Primary Balance
(Percentage points of GDP)**



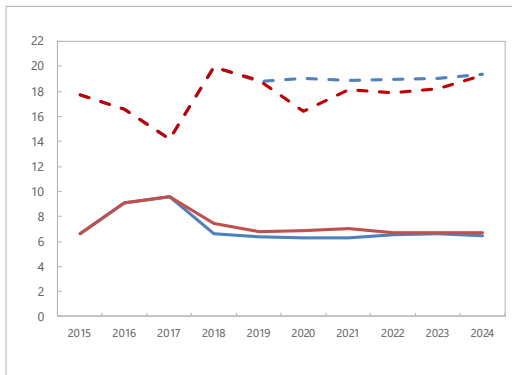
1/ Data cover Fund-supported programs for LICs (excluding emergency financing) approved since 1990. The size of 3-year adjustment from program inception is found on the horizontal axis; the percent of sample is found on the vertical axis.

Fiscal Adjustment and Possible Growth Paths 1/



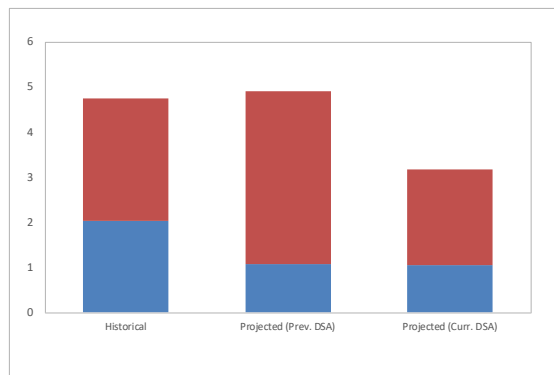
1/ Bars refer to annual projected fiscal adjustment (right-hand side scale) and lines show possible real GDP growth paths under different fiscal multipliers (left-hand side scale).

**Public and Private Investment Rates
(percent of GDP)**



— Gov. Invest. - Prev. DSA — Gov. Invest. - Curr. DSA
 - - - Priv. Invest. - Prev. DSA - - - Priv. Invest. - Curr. DSA

**Contribution to Real GDP growth
(percent, 5-year average)**



■ Contribution of other factors
 ■ Contribution of government capital

Sources:

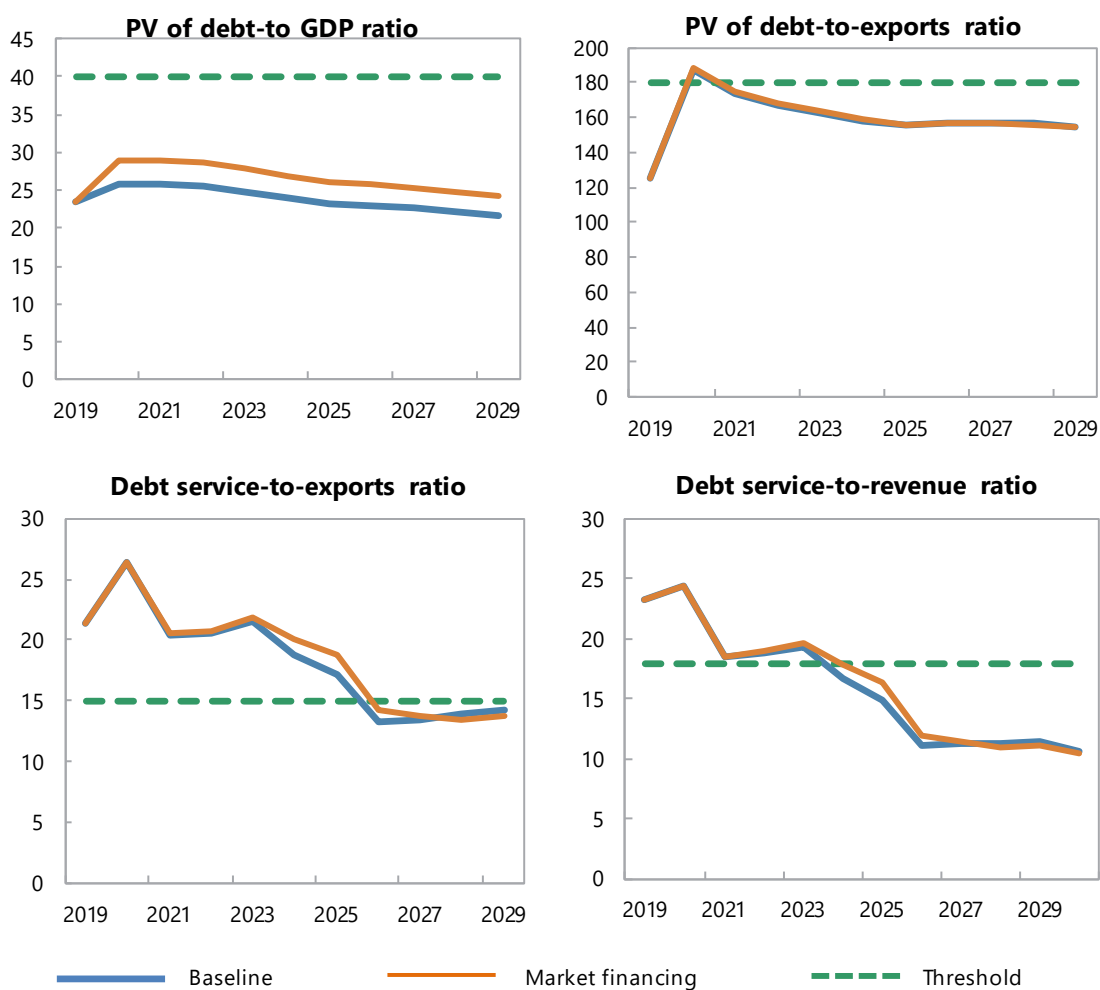
Cameroonian authorities; and IMF staff estimates and projections.

Figure 5. Cameroon: Market-Financing Risk Indicators

	GFN	1/	EMBI	2/
Benchmarks	14		570	
Values	12		1174	
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.

Statement by the Staff Representative on Cameroon
May 1, 2020

This statement provides an update on Cameroon's external arrears since the issuance of the staff report on April 28, 2020 for the request for disbursement under the RCF. This information does not alter the thrust of the staff appraisal.

1. Not all external arrears have yet been cleared as indicated in the staff report, including CFAF 1,279 million to official creditors. However, the Treasury has already sent payments orders for these arrears to the BEAC, and completion of these payments is expected to be confirmed in the coming days. Given these circumstances, staff assesses that the request for disbursement under the RCF can be approved consistent with the Fund's arrears policies.

**Statement by Mr. Raghani, Executive Director for Cameroon,
and Mr. N'Sonde, Senior Advisor to the Executive Director
for Cameroon
May 4, 2020**

On behalf of our Cameroonian authorities, we wish to thank Staff, Management and the Executive Board for their continued support to Cameroon, especially in these trying times.

As the authorities were implementing Cameroon's ECF-supported program, the country is hit hard by the Covid-19 pandemic as well as a terms-of-trade shock. Growth is decelerating on the back of necessary containment and mitigation measures, fiscal and external positions are deteriorating, and the short-term outlook has worsened. Moreover, uncertainty related to the duration and severity of the outbreak add to downside risks.

Against this backdrop, the authorities are requesting Fund emergency assistance under the Rapid Credit Facility (RCF) in the amount of SDR165.6 million equivalent to 60 percent of quota to meet part of the significant and urgent financing needs that have emerged. In addition, given that the authorities have to slowdown the implementation of their ECF- supported program to focus on tackling the coronavirus crisis and its economic fallout, they are requesting an extension of the ECF arrangement—which was about to expire in June 2020—with a rephasing of access.

Economic Performance Prior to the Covid-19 Pandemic

In a challenging environment marked by slowing global trade and growth, a difficult situation in the two Anglophone regions of the country and the intricacies encountered by the state-owned oil refinery SONARA, growth reached 3.9 percent in 2019 (against an initial projection of 3.7 percent) and was expected to remain in this territory over the medium term. Efforts were being made to further strengthen fiscal and external buffers and stabilize public debt through scaling up non-oil revenue, addressing the financial viability of SONARA and contributing to the regional efforts to repatriate export proceeds. The strength of the non-oil sector boded well with the need for greater economic resilience considering the volatile oil prices.

Impact of the Pandemic and Commodity Price Shocks

The effects of the Covid-19 outbreak outside Cameroon were already been felt before the disease reached the country as trade with main partners was disrupted through broken supply chains and lower external demand, reduced tourism and decreased remittances. On March 5th, the first case of Covid-19 was found and the disease has spread considerably since. To halt the outbreak, the authorities have taken strong measures, including shutting borders and international flights—except for the import of consumer goods and essential

products and equipment—closing schools, bars and restaurants; cancelling all public events, including the Soccer African Nations Championship; proscribing large gatherings; and restricting the movement of the population. Moreover, in coordination with, and support of, the World Health Organization, the authorities have elaborated a Covid-19 preparedness and response plan to investigate cases and respond swiftly, provide adequate care and medical supplies, ensure proper infection prevention and control, and raise public awareness. At the same time, Cameroon is harshly affected by the collapse in international oil prices although this economy is relatively diversified.

As a consequence of the dual shocks and ensued containment and mitigation measures, the Cameroonian economy is now projected to enter a recession this year, with real GDP expected to contract by 1.2 percent against growth of 3.8 percent projected at the time of the last ECF review. While the uncertainty associated with the disease pose a challenge to the projections on public finances, fiscal deficit is anticipated to widen dramatically on the back of a shortfall in domestic revenue equivalent to 1.3 percentage point of GDP in 2020 while total expenditures will increase significantly to accommodate most needed Covid-19-related outlays. This deterioration of public finances is expected despite efforts to intensify spending controls and reprioritize investment projects.

The resulting additional fiscal needs are estimated at 2.2 percent of GDP. On the external front, the additional BOP financing gap stemming from the wider current account deficit and decreased non-official capital inflows, will amount to 2.8 percent of GDP.

Policy Response and Request for Emergency Assistance

The authorities' priority is to contain the spread of the pandemic and address its humanitarian and economic impact. Besides the preparedness and response plan mentioned above, fiscal measures will aim notably at enhancing existing social safety nets and providing support to the vulnerable segments of the population and affected businesses, including through a payment moratorium. At the same time, the authorities endeavor to adjust their policies to the oil price and pandemic shocks through a prudent fiscal stance as possible. They plan to alleviate the large revenue losses in 2020 through strengthening the tax and customs administrations. Actions in this regard include an expansion of online services and mobile payments for taxpayers, extended payment arrangements to affected enterprises, on-site monitoring, a simplification of clearance procedures for necessity goods, and scaling up collection in 2021 as the crisis wanes.

As regards monetary and macro-financial policies, the regional central bank BEAC has announced measures to prevent liquidity tensions, with a view to preserving financial stability while also safeguarding the external stability of the monetary union. These measures include the suspension of liquidity absorption operations; monetary policy easing with a reduction of the policy rate while narrowing the interest rate corridor;

increased liquidity provision; and expansion of the set of private financial instruments accepted as collateral for central bank refinancing. The BEAC's Monetary Policy Committee also recommended that the central bank reduce haircuts to instruments used for the latter operations and allow a one- year moratorium on repayments by members states to BEAC. The Committee also encouraged the continuity of financial services, including through ATMs, remote banking, and reduced fees. The regional supervisory body COBAC is closely monitoring the impact of the dual shock on the quality of portfolios and the profitability of financial institutions in CEMAC as borrowers face weaker repayment capacity. Moreover, COBAC has issued recommendations to financial institutions on prudent and transparent loan restructuring.

To support these efforts and help meet the urgent financing needs, the Cameroonian authorities are requesting a disbursement under the RCF in the amount equivalent to 60 percent of quota. They will comply strictly with the provisions on budgetary procedures and controls comprised in domestic laws on transparency, good governance and public finance management to ensure that these funds are used for their intended purposes of containing the Covid-19 and mitigating its economic and financial consequences.

Additional financing from the World Bank, the African Development Bank, France and the regional development bank BDEAC has been identified. Fund's emergency assistance will also catalyze further financing to cover the remaining gap. In this vein, the Cameroonian authorities are already actively seeking such funding, including considering the G-20 moratorium on bilateral debt service in favor of some low-income countries. The authorities are also determined to maintain debt sustainability. To this end, they will pursue a financing strategy based on grants and concessional resources.

Conclusion

Cameroon's utmost priority is to fight off the health crisis, its economic effects as well as the impact of the terms-of-trade shock. Going forward, the authorities remain strongly committed to the objectives of the ECF arrangement, which implementation they will resume forcefully as the pandemic abate while sustaining the economic recovery. They also look forward to continued engagement with the Fund beyond the current arrangement.

To support their immediate efforts against the dual shocks, the authorities count on the Executive Board to approve their requests for an emergency assistance under the RCF, an extension of the ongoing ECF and a rephrasing of access under this arrangement.