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CAMEROON

July 2024

SIXTH REVIEWS UNDER THE EXTENDED CREDIT FACILITY AND THE EXTENDED FUND FACILITY ARRANGEMENTS, FIRST REVIEW UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY ARRANGEMENT, AND REQUESTS FOR WAIVERS OF APPLICABILITY OF PERFORMANCE CRITERIA, NONOBSERVANCE OF PERFORMANCE CRITERIA, AND MODIFICATION OF PERFORMANCE CRITERIA AND A REFORM MEASURE

In the context of the Staff Report for the Sixth Reviews Under the Extended Credit Facility and the Extended Fund Facility Arrangements, First Review Under the Resilience and Sustainability Facility Arrangement, and Requests for Waivers of Applicability of Performance Criteria, Nonobservance of Performance Criteria, and Modification of Performance Criteria and a Reform Measure, 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 July 3, 2024, following discussions that ended on May 31, 2024, with the officials of Cameroon on economic developments and policies underpinning the IMF arrangement under the Extended Credit Facility. Based on information available at the time of these discussions, the staff report was completed on June 21, 2024.
- A **Supplementary Information** prepared by a staff of the IMF.
- A **Statement by the Executive Director** for Cameroon.

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PRESS RELEASE

PR 24/258

CAMEROON: IMF Executive Board Completes First Review of Resilience and Sustainability Facility and Sixth Reviews of Extended Credit Facility and Extended Fund Facility

FOR IMMEDIATE RELEASE

- The IMF Executive Board completed the First Review under the Resilience and Sustainability Facility (RSF) arrangement and the Sixth Reviews under the Extended Credit Facility (ECF) and the Extended Fund Facility (EFF) arrangements. Completion of the reviews allows for an immediate disbursement of US$ 72.7 million under the ECF-EFF, and US$ 45.4 million under the RSF.
- Cameroon's recovery continued despite a difficult domestic and external environment. Overall economic growth in 2023 is estimated at 3.3 percent and is expected to pick up to 3.9 percent in 2024. Inflation moderated to 5.9 percent at end-2023. A continued decline to 5.5 percent is expected by end-2024.
- The authorities continue to make progress on Cameroon's economic reform agenda. Going forward, the authorities should accelerate the reform agenda in public financial management, foster structural transformation, and advance climate change adaptation and mitigation efforts.

Washington, DC, July 3, 2024: The Executive Board of the International Monetary Fund (IMF) completed today the sixth reviews under Cameroon's Extended Credit Facility (ECF) and the Extended Fund Facility (EFF) arrangements. The completion of the ECF-EFF reviews allows for an immediate disbursement of SDR 55.2 million (about US$ 72.7 million), bringing total disbursements under the arrangements to SDR 483 million (US$ 644.6 million). The Executive Board also completed the first review under the Resilience and Sustainability Facility (RSF) arrangement. Completion of this review makes available SDR 34.5 million (US$ 45.4 million).

The Executive Board approved waivers of nonobservance of two performance criteria on the floor on the non-oil primary fiscal balance at end-December 2023 and the continuous zero ceiling on the accumulation of new external payment arrears on the ground that the nonobservance was minor and temporary. In addition, the Executive Board approved a waiver of applicability for four end-June 2024 performance criteria, for which data are not yet available and there is no evidence that they were not observed.

Cameroon's three-year ECF-EFF arrangements were originally approved by the IMF Executive Board for a total amount of SDR 483 million (US$ 689.5 million, or 175 percent of quota) in July 2021. An extension of these arrangements of 12 months was approved in December 2023 to allow more time to implement the policies and reforms, and access was augmented by SDR 110.4 million (US$ 145.4 million, or 40 percent of quota). The 18-month RSF was approved by the Executive Board in January 2024 in the amount of SDR 138 million (US$ 181.7 million, or 50 percent of quota).

Cameroon's ECF-EFF-supported program continues to provide a strong anchor for the authorities' economic program, notably efforts to achieve post-COVID-19 recovery, restore the country's fiscal and external sustainability and unlock inclusive and private sector-driven growth. The RSF supports Cameroon's efforts to adapt to and mitigate the impact of climate change, reinforce the growing engagement of development partners and other stakeholders in climate-resilient development and catalyze additional climate financing.

Preliminary data indicate that Cameroon's post-COVID-19 recovery continued last year, with overall economic growth estimated at 3.3 percent, slightly below expectations due to external and domestic factors, including supply chain and energy disruptions and a contraction of oil production. Growth is expected to pick up to 3.9 percent in 2024 and remain above 4 percent in the medium term as domestic demand strengthens and the external environment stabilizes. Inflation moderated to 5.9 percent at end-2023. A continued decline to 5.5 percent is expected by end-2024.

At the conclusion of the Executive Board's discussion, Mr. Kenji Okamura, Deputy Managing Director and Acting Chair, made the following statement:

"Cameroon's economic growth continues despite the challenging domestic and external environment. Moreover, while the balance of risks remains tilted to the downside, the country's medium-term outlook is favorable. Although performance under the Fund-supported program has been mixed, the ECF-EFF arrangements are supporting the authorities' efforts to maintain macroeconomic stability and implement priority reforms to promote inclusive growth. Moreover, the authorities are committed to implementing corrective measures to improve program performance and accelerate reforms.

"To preserve macroeconomic stability, it is important to maintain a fiscal path in line with program objectives. This implies strengthening domestic non-oil revenue mobilization and public financial management. Limiting spending done through exceptional procedures is essential to achieve budget discipline and integrity.

"Cameroon's financial soundness indicators have generally improved, but vulnerabilities remain. The commitment by the authorities to advance bank recapitalization in compliance with the COBAC regulations and Basel capital adequacy framework is welcome.

"To improve the business environment and support private sector-led inclusive growth, it is critical to implement governance reforms, address corruption vulnerabilities, and strengthen the AML/CFT regime.

"The authorities have made commendable progress under the RSF, which is helping Cameroon integrate climate considerations into its institutional and regulatory frameworks and enhance its capacity to adapt and mitigate the effects of climate change. It is essential to maintain the reform momentum to further strengthen the institutional framework for climate policies, build resilience to climate shocks, and catalyze new investments from donors and the private sector."

Table 1. Cameroon: Selected Economic and Financial Indicators, 2022-28
(CFAF billion, unless otherwise indicated)

	2022	2023		2024		2025	2026	2027	2028
	Est.	RSF	Proj.	RSF	Proj.	Proj.	Proj.	Proj.	Proj.
	(Annual percentage change, unless otherwise indicated)								
National account and prices									
GDP at constant prices	3.6	4.0	3.3	4.3	3.9	4.2	4.3	4.7	4.8
Oil GDP at constant prices	-1.0	0.5	-2.1	2.7	-7.8	-3.4	-1.5	3.6	5.6
Non-Oil GDP at constant prices	3.7	4.1	3.4	4.3	4.1	4.4	4.4	4.8	4.8
GDP deflator	5.3	3.1	3.1	3.5	3.8	3.5	3.2	3.0	3.0
Nominal GDP (at market prices, CFAF billions)	27,223	29,704	28,996	32,063	31,267	33,746	36,338	39,209	42,343
Oil	1,692	957	1,164	976	1,082	982	923	923	950
Non-Oil	25,531	28,747	27,832	31,088	30,184	32,764	35,416	38,286	41,394
Consumer prices (average)	6.3	7.2	7.4	5.9	5.9	5.5	4.9	3.4	2.5
Consumer prices (eop)	7.3	6.2	5.9	5.5	5.5	5.2	3.6	2.0	2.0
Money and credit									
Broad money (M2)	11.7	9.0	4.4	8.4	9.3	7.6	7.4	7.4	7.4
Net foreign assets 1/	7.7	-0.8	-2.6	6.0	10.7	4.2	1.3	1.4	4.4
Net domestic assets 1/	4.0	9.8	7.0	2.4	-1.3	3.4	6.1	6.0	3.0
Domestic credit to the private sector	13.6	11.2	13.5	9.5	9.5	7.7	7.4	7.2	7.2
	(Percent of GDP, unless otherwise indicated)								
Savings and investments									
Gross national savings	14.3	15.6	14.4	16.2	17.5	17.6	18.2	19.1	20.1
Gross domestic investment	17.8	18.6	18.4	19.0	19.8	20.2	21.3	22.0	22.3
Public investment	4.7	4.6	3.9	5.3	5.4	6.0	6.9	7.4	7.7
Private investment	13.1	13.9	14.5	13.7	14.4	14.1	14.5	14.6	14.7
Central government operations									
Total revenue (including grants)	16.2	16.0	17.0	15.9	16.5	15.6	15.7	15.7	15.8
Oil revenue	3.6	2.9	3.0	2.5	2.6	1.6	1.6	1.6	1.6
Non-oil revenue	12.3	12.7	13.5	13.1	13.6	13.8	14.0	14.1	14.2
Non-oil revenue (percent of non-oil GDP)	13.1	13.1	14.0	13.5	14.1	14.2	14.3	14.4	14.5
Total expenditure	17.4	16.6	17.6	16.3	16.9	16.3	16.7	16.7	16.8
Overall fiscal balance (payment order basis)									
Excluding grants	-1.5	-1.0	-1.1	-0.7	-0.7	-0.8	-1.1	-1.1	-1.1
Including grants	-1.1	-0.7	-0.7	-0.4	-0.4	-0.6	-1.0	-1.0	-1.0
Overall fiscal balance (cash basis)									
Excluding grants	-1.6	-1.6	-1.0	-2.0	-2.5	-1.4	-1.6	-1.4	-1.1
Including grants	-1.2	-1.3	-0.5	-1.7	-2.1	-1.1	-1.5	-1.3	-1.0
Non-oil primary balance (payment order basis)	-3.9	-2.5	-2.6	-1.9	-2.0	-1.3	-1.6	-1.6	-1.6
Non-oil primary balance (payment order basis, percent of non-oil GDP)	-4.2	-2.6	-2.7	-2.0	-2.0	-1.3	-1.6	-1.6	-1.6
External sector									
Trade balance	-0.7	-1.7	-2.9	-1.5	-1.7	-1.9	-2.5	-2.2	-1.5
Oil exports	7.9	5.5	5.6	5.1	4.6	4.2	3.4	3.1	3.4
Non-oil exports	7.9	8.4	7.7	8.5	8.9	8.4	8.0	7.9	8.2
Imports	16.6	15.6	16.2	15.1	15.2	14.4	14.0	13.2	13.1
Current account balance									
Excluding official grants	-3.8	-3.3	-4.2	-2.9	-2.6	-2.8	-3.4	-3.1	-2.4
Including official grants	-3.5	-3.0	-4.0	-2.8	-2.3	-2.5	-3.2	-2.9	-2.3
Terms of trade	-10.6	-2.2	5.1	1.6	12.2	-4.9	-7.1	-1.4	4.5
Public debt									
Stock of public debt	46.3	41.8	44.5	39.0	42.0	39.5	37.6	35.8	34.1
Of which: external debt	31.3	28.6	29.1	28.6	29.9	29.0	27.9	26.6	25.7

Sources: Country authorities; and IMF staff estimates and projections.
1/ Percent of broad money at the beginning of the period.

CAMEROON

June 21, 2024

SIXTH REVIEWS UNDER THE EXTENDED CREDIT FACILITY AND THE EXTENDED FUND FACILITY ARRANGEMENTS, FIRST REVIEW UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY ARRANGEMENT, AND REQUESTS FOR WAIVERS OF APPLICABILITY OF PERFORMANCE CRITERIA, NONOBSERVANCE OF PERFORMANCE CRITERIA, AND MODIFICATION OF PERFORMANCE CRITERIA AND A REFORM MEASURE

Context. Economic recovery has continued in the face of successive external shocks. While global headwinds are moderating, domestic and regional risks may intensify with persisting security challenges and possible social tensions around Presidential elections expected in late 2025. Completion of the sixth reviews under the ECF and EFF arrangements will allow a disbursement of SDR 55.2 million (about US$73.8 million), and completion of the first review under the RSF arrangement will allow a disbursement of SDR 34.5 million (about US$46.1 million).

Policy Discussions. The sixth ECF-EFF reviews focused on the reform priorities and policy gaps for achieving key program objectives, in particular, accelerating structural reforms to support private sector-led inclusive growth, creating fiscal space, strengthening public debt sustainability, boosting financial sector resilience, and improving governance. The first RSF review assessed reform implementation and further capacity development needs to achieve the program objectives and improve climate change preparedness.

Program performance. Four of the six QPCs were met at end-December 2023. The QPCs on the floor on the non-oil primary fiscal balance and on the ceiling on the accumulation of new external payment arrears had minor and temporary breaches. Four of the six indicative targets (ITs) were not met, namely the ceilings on the net accumulation of domestic payment arrears, direct interventions of the National Hydrocarbons Company (SNH), the share of expenditure through exceptional procedures, and the ceiling on Treasury advances without a budget allocation. Corrective measures are to include in the revised 2024 budget law allocations for spending likely to generate Treasury advances (prior action) and the upgrade of the IT on the ceiling on Treasury advances without a budget allocation to a continuous QPC. All external arrears have since been cleared. Progress on structural benchmarks (SBs) has continued. Four of the five structural benchmarks under the sixth ECF-EFF reviews were implemented on time. The SB on including the stock of domestic arrears at end-2023 in the 2024 budget law was not met. Both reform measures under the first RSF review were implemented. A modification to the reform measure on forestry management is proposed. The authorities request waivers of nonobservance of an end-December 2023 QPC on the floor on the non-oil primary balance and the continuous QPC on non-accumulation of external arrears and waivers of applicability for four end-June 2024 QPCs given that data will not be available by the time of the Executive Board meeting.

Approved By
Vitaliy Kramarenko (AFR) and Bergljot Barkbu (SPR)

An IMF team comprising Ms. Sancak (Head), Ms. Nkhata, Ms. Isakova, Mr. Adom (all AFR), Ms. Goyal (FAD), Messrs. Huang (SPR), Dehmej (MCM), and Orav (Resident Representative), and Messrs. Tchakote and Ambassa (local economists), held discussions with the authorities in person in Yaoundé during April 25–May 8, 2024 and virtually on May 9–31, 2024. Mr. Nguema Affane (OED) participated in some of the meetings. Research assistance was provided by Mr. Cai (AFR) and administrative assistance by Ms. Biloa (AFR) and Ms. Essia Ngang (Field Office Manager).

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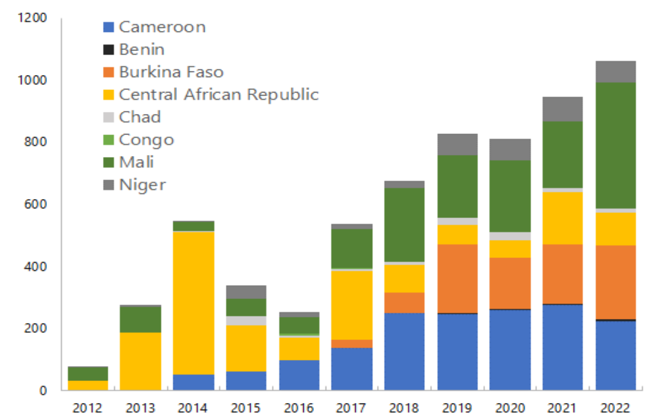
CONTEXT

1. **The economy has shown resilience in the face of successive external shocks.** The post-pandemic recovery has continued in a challenging environment with growing global geopolitical tensions, continuing inflationary pressures, supply chain disruptions, and tight global financial conditions. A gradually improving global environment is expected to support a tepid domestic economic rebound.

2. **While external headwinds are moderating, the domestic context remains challenging.** Social tensions could grow around Presidential elections expected in late 2025. Additional domestic challenges include the increasing frequency of climate shocks, high food insecurity, and a rising number of internally displaced persons (IDPs), including due to increased conflicts in the region (Text Figure 1). Moreover, there are growing pressures on domestic public finances stemming from persisting weaknesses in public financial management, structural issues in the electricity sector, and liquidity shortfalls due to tight international and regional financial conditions. A failure to address these challenges could jeopardize fiscal sustainability, perpetuate disruptions in the domestic energy supply, and pose a risk to growth and development.

Text Figure 1. Number of Conflict Events in Selected SSA Countries, 2012-22



Sources: UCDP Georeferenced Event Dataset (GED).

3. **The authorities remain committed to the program objectives**. Despite challenges, the authorities continue to pursue key reforms. They increased domestic fuel pump prices in early February 2024, in line with the program commitments, and have emphasized their resolve to implement the reforms under the Fund arrangements.

RECENT ECONOMIC DEVELOPMENTS, OUTLOOK, RISKS, AND PROGRAM PERFORMANCE

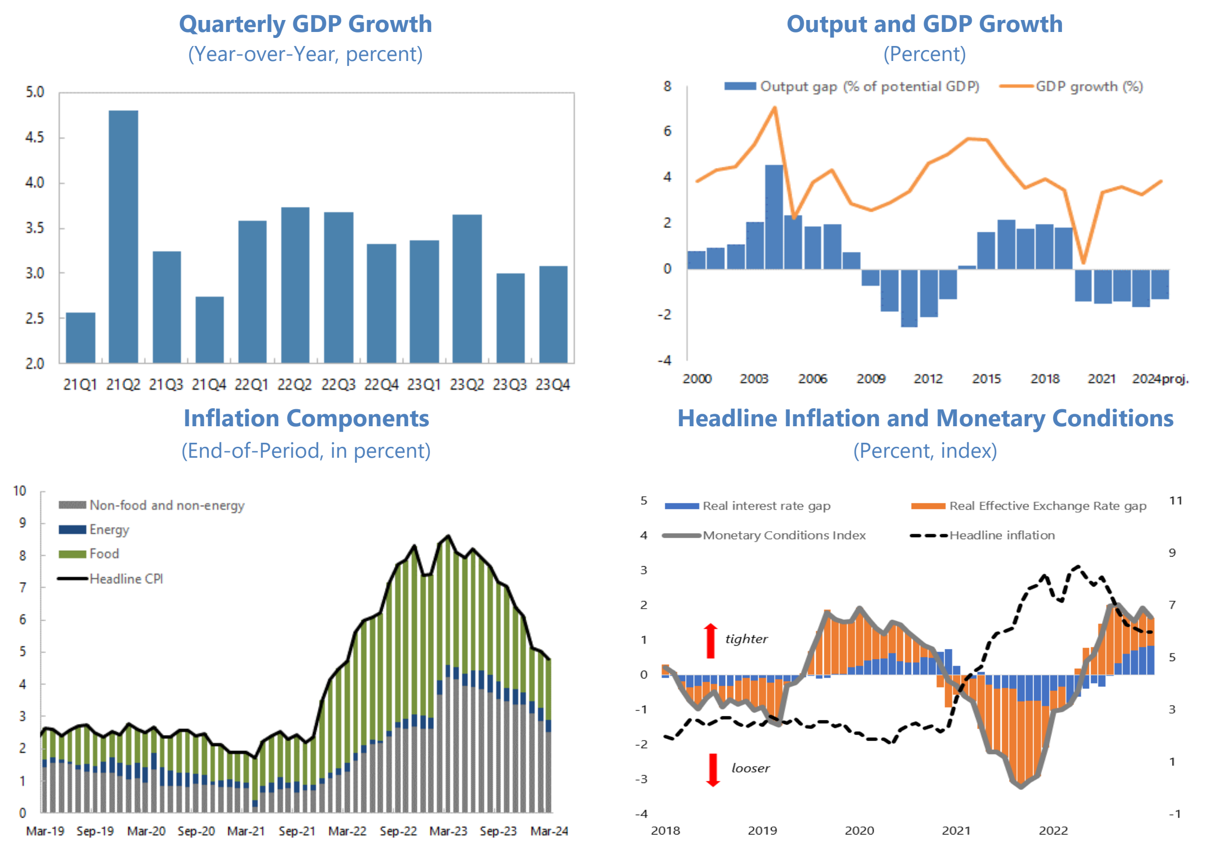
A. Recent Economic Developments

4. **Cameroon's economic growth continued in 2023 despite domestic headwinds and external shocks.** Notwithstanding the attenuation of external challenges, fragilities persist. Based on preliminary data, GDP growth was estimated at 3.3 percent, lower than the 3.6 percent in 2022 and the previously projected 4 percent. This performance is due to a contraction of economic activity in the hydrocarbon and agricultural export sectors, as well as weaker-than-expected growth in

manufacturing. The economy—especially cocoa and cotton sectors—experienced input supply disruptions, rising production costs, electricity shortages, and floods.

5. **Inflation remains relatively elevated but is expected to decelerate.** Average inflation accelerated from 6.3 percent in 2022 to 7.4 percent in 2023, driven by increasing food prices, recovery in domestic demand, and the fuel price adjustment in February 2023. Nonetheless, the regional central bank's (BEAC) tight monetary policy, continued fiscal consolidation, and exchange rate appreciation have limited inflation pressures. By end-2023, inflation decelerated to 5.9 percent and continued to slow down on the back of declining food prices (Text Figure 2).

Text Figure 2. Cameroon: GDP and Inflation Developments



Sources: Country authorities, staff calculations.

6. **The external balance deteriorated in 2023 amidst maturing oil production, adverse weather conditions, and slow project implementation.** The current account deficit deteriorated to an estimated 4 percent of GDP in 2023 from a deficit of 3.5 percent in 2022. Oil production has continued to decline and, together with lower energy prices, led to lower oil exports. Agricultural production was adversely affected by the weather shocks and a shortage of inputs, which led to lower agricultural exports. In addition, the deterioration of the overall external balance was driven by slow project disbursements by external creditors and weaker other financial inflows. In 2024, stronger international cocoa prices are expected to support exports with current account deficit improving to 2.3 percent of GDP.

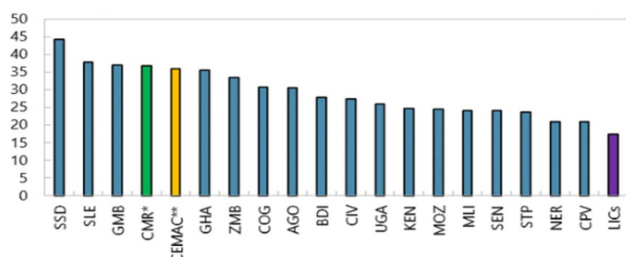
7. The authorities maintained a fiscal path in line with the program objectives, supported by strong non-oil revenues. The non-oil primary balance (NOPB) improved from a deficit of 3.9 percent of GDP in 2022 to 2.6 percent of GDP in 2023, driven mainly by higher-than-projected non-oil revenues and grants. The non-oil revenues increased from 12.3 percent of GDP in 2022 to 13.5 percent of GDP in 2023, despite weaker growth, due to policy measures, administrative efforts, and one-off factors. The latter are expected to contribute to revenues only in 2023. However, higher-than-budgeted current expenditures offset the revenue overperformance and crowded out public investment.

8. The public debt-to-GDP ratio continued to improve. It declined from 46.3 percent at end-2022 to 44.5 percent of GDP at end-2023, driven by stronger local currency and an improved fiscal deficit although the 2023 level was higher than projected at the RSF approval.[1] The external debt-to-GDP declined from 31.3 percent of GDP in 2022 to 29.1 percent of GDP in 2023, remaining on a downward path.

9. The resilience of the banking sector has slightly improved, but vulnerabilities remain. The banks' capital adequacy ratio (CAR) improved, from 10.7 percent in 2020 to 15.3 percent by end-2023. The share of non-performing loans (NPLs) has slightly decreased but remains high. The size of the banks' balance sheets has grown in recent years, driven by deposits and profitability. However, banks' exposure to the CEMAC's public sector, including state-owned enterprises (SOEs), has rapidly increased since the COVID-19 crisis, moving from 27 percent of total assets in 2019 to 37 percent in December 2023. This places Cameroon in the group of five Sub-Saharan African countries with the highest sovereign-bank nexus (Text Figure 3). The banks' sovereign portfolios are significant (CFAF 3,402 billion) with significant exposures to Congo, Gabon, and Chad. This represents a vulnerability to contagion risk and commodity price cycles. The growing nexus explains, in part, the improvement in CAR as a large share of the sovereign exposure benefits from zero-risk weights.

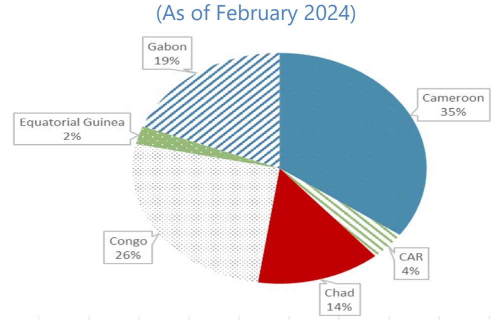
Text Figure 3. Cameroon: Sovereign-Bank Nexus

Highest bank's exposure to the public sector in SSA
(Includes SOEs, share of assets as of 2023-06)



Sources: COBAC, IMF MFS, staff calculations.
*Cameroon's coverage includes all CEMAC countries.

Composition of Cameron investor's holding of CEMAC sovereign securities
(As of February 2024)



Sources: BEAC, staff calculations.

[1] The main drivers for the higher level include the recognition of government debt to SOEs and a lower nominal GDP.

10. Cameroon continues to grapple with climate-related challenges. Its geographical diversity exposes it to droughts, floods, and rising sea levels. In 2023, the country experienced elevated temperatures alongside floods, landslides, and droughts, posing significant risks to its predominantly agricultural and livestock-dependent population.

B. Outlook and Risks

11. The medium-term outlook remains broadly positive. GDP growth is expected to increase to above 4 percent in the medium term, as output approaches its potential, domestic demand strengthens, and the external environment stabilizes. Inflation is expected to remain elevated in the near term before returning to the CEMAC convergence level of below 3 percent over the medium term. The external position is expected to continue to strengthen with growing non-oil and gas exports and continued investment inflows to the government and the private sector.

Text Table 1. Cameroon: Selected Economic Indicators

	2022	2023		2024		2025	2026	2027	2028
	Est.	RSF	Est.	RSF	Proj.	Projections			
GDP growth (percent)	3.6	4.0	3.3	4.3	3.9	4.2	4.3	4.7	4.8
Consumer Price Inflation, average (percent)	6.3	7.2	7.4	5.9	5.9	5.5	4.9	3.4	2.5
Overall balance, inclduing grants (percent of GDP)	-1.1	-0.7	-0.7	-0.4	-0.4	-0.6	-1.0	-1.0	-1.0
Non-Oil Primary Balance (percent of GDP)	-3.9	-2.5	-2.6	-1.9	-2.0	-1.3	-1.6	-1.6	-1.6
Current Account (percent of GDP)	-3.5	-3.0	-4.0	-2.8	-2.3	-2.5	-3.2	-2.9	-2.3
Public Debt (percent of GDP)	46.3	41.8	44.5	39.0	42.0	39.5	37.6	35.8	34.1

Source: Country Authorities, staff calculations.

12. However, the balance of risks to the outlook remains tilted to the downside.

- On the **external side**, while the outlook appears to gradually improve, risks remain, including prolonged geopolitical tensions (e.g., Ukraine and Middle East), possible global supply chain disruptions, and lower-than-expected growth in large economies. This could lead to adverse spillovers to global demand and commodity prices resulting in terms of trade shocks and lingering tight global financial conditions.

- On the **domestic side**, risks from increasing social tensions over the political transition in the runup to the Presidential elections and violence in conflict-affected regions may intensify. Furthermore, a failure to address structural and liquidity difficulties in the domestic electricity sector can pose a significant risk to growth and development. Climate-related shocks are also among key downside risks.

- Finally, **sub-Saharan Africa (SSA) region-specific risks** increasingly weigh on the outlook. Deterioration in regional stability with recent coups, geopolitical fragmentation, and growing insecurity could have spillovers in Cameroon impacting regional trade, financial flows, and population displacement.

C. Program Performance

13. Program performance at end-December 2023 was mixed (MEFP, Table 1). Four out of six QPCs were met at end-December 2023. The QPCs on the floor on the non-oil primary fiscal balance (NOPB) (payment order basis) and the ceiling on the accumulation of external payment arrears had minor (i.e., both 0.005 percent of GDP) and temporary breaches. Four out of six indicative targets were missed. Spending execution through exceptional procedures, including Treasury advances, together with the postponement to 2024 of the debt operation for the repayment of CFAF 200 billion of unpaid domestic obligations, and a shortfall in budget support and domestic and regional financing resulted in a lower repayment of domestic arrears relative to the program commitment. The ceiling on Treasury advances without a budget allocation was breached mainly due to liquidity difficulties in the electricity sector and emergency spending related to domestic security. The share of spending through exceptional procedures also exceeded the target following a large amount of Treasury advances and SNH direct interventions.

14. The authorities have committed to corrective measures to address the mixed performance. To maintain budget integrity and ensure that the expenditure execution follows adopted budget principles the authorities will submit to Parliament a revised 2024 budget law which includes expenditures likely to generate Treasury advances (**prior action**). In addition, the IT on the ceiling on Treasury advances without a budget allocation will be upgraded to a continuous QPC starting from July 1, 2024 (**MEFP, Table 1**).

15. Progress on structural benchmarks (SBs) has continued (MEFP, Table 2). Four of the five SBs under the sixth ECF-EFF reviews were met on time. The authorities: i) completed an inventory of respective debts and a clearance plan between the government and SOEs, and an inventory of respective cross debts between SOEs (**SB1, MEFP ¶28**); ii) adopted a timetable for the transformation of common chapters into allocations for the benefit of the authorizing officers of the ministries and managers concerned as part of the decentralization of processes (**SB4, MEFP ¶42**); (iii) prepared a detailed action plan to recover the first 100 outstanding tax and customs debts (**SB7, MEFP ¶17**); and iv) increased to 80 percent (number and total value) the proportion of procurement through the Cameroon Online E-Procurement System (COLEPS) in selected key ministries from January to May 2024 (**SB13, MEFP ¶24**). The SB on including the stock of arrears at end-2023 in the 2024 budget law was not met (**SB8, MEFP ¶9)**. Given the large stock of domestic unpaid obligations at end-2023, the authorities plan to repay CFAF 467 billion with long-term external financing in 2024. They will develop a plan to clear the remaining stock of CFAF 277 billion over 2025-27. The status of the two SBs for the next review with end-June 2024 due dates is as follows: The revised Mining Code was adopted in November 2023, and the implementation texts are expected to be finalized and published by end-June 2024 (**SB2, MEFP ¶29**). While a firm has been identified to undertake the technical-financial and economic feasibility study for SONARA, the study will likely be completed with a delay (**SB12, MEFP ¶27**).

16. Progress in implementing the reform measures (RMs) under the RSF-supported program has been notable (MEFP, Table 3). In May 2024, the government issued a decree (Arrêté No 00002/CAB/MINEPDED dated May 21, 2024) formally establishing the institutional framework for the coordination of the climate action agenda, which defines the central role the Ministry of Environment, Natural Protection, and Sustainable Development (MINEPDED) as the key authority responsible for coordinating the national climate agenda (**RM1, MEFP ¶46**). The decree also defines the role and responsibilities of other sectoral ministries and public agencies involved in executing the climate agenda. In addition, with the support of the World Bank, the Ministry of Economy, Planning and Regional Development (MINEPAT), in collaboration with the other ministries concerned, has defined the criteria for prioritizing and selecting projects integrating criteria related to climate change and has developed a manual of selection procedures (**RM3, MEFP ¶46**). The manual has been published on the MINEPAT website.

POLICY DISCUSSIONS

The UCT program discussions focused on the reform priorities and remaining policy gaps for achieving key program objectives, in particular, supporting private sector-led inclusive growth, creating fiscal space, strengthening public debt sustainability and financial sector resilience, and improving governance.

A. Building Fiscal Resilience

Continued Fiscal Adjustment While Boosting Growth

17. The authorities expressed their commitment to maintain a fiscal path in line with the program objectives. They plan to tighten the fiscal stance further from a non-oil primary deficit of 2.6 percent of GDP in 2023 to 2 percent of GDP in 2024. This will be achieved mainly through expenditure rationalization, including through lower spending on the fuel subsidy, following the increase in domestic pump prices in early 2024 and further improvements in non-oil revenue mobilization (Text Table 2). Continued fiscal adjustment through stronger expenditure discipline will be key to address liquidity challenges amidst tight financing conditions.

Text Table 2. Cameroon: Fiscal Performance and Projections
(Percent of GDP)

	2022	2023		2024	
	Est.	RSF	Proj.	RSF	Proj.
Total revenue and grants	16.2	16.0	17.0	15.9	16.5
Oil revenue	3.6	2.9	3.0	2.5	2.6
Non-oil revenue	12.3	12.7	13.5	13.1	13.6
Grants	0.4	0.3	0.5	0.3	0.3
Total expenditure	17.4	16.6	17.6	16.3	16.9
Current expenditure	12.7	11.8	13.7	10.9	11.7
Wages and salaries	4.4	4.4	4.7	4.5	4.8
Goods and services	3.3	2.8	4.0	2.9	2.9
Transfers and subsidies	4.2	3.5	4.0	2.6	3.0
Interest payments	0.8	1.1	1.1	1.0	1.0
Capital expenditure	4.7	4.6	3.9	5.3	5.1
Overall balance	-1.1	-0.7	-0.7	-0.4	-0.4
Non-oil primary balance	-3.9	-2.5	-2.6	-1.9	-2.0

Sources: Country authorities and IMF staff calculations.

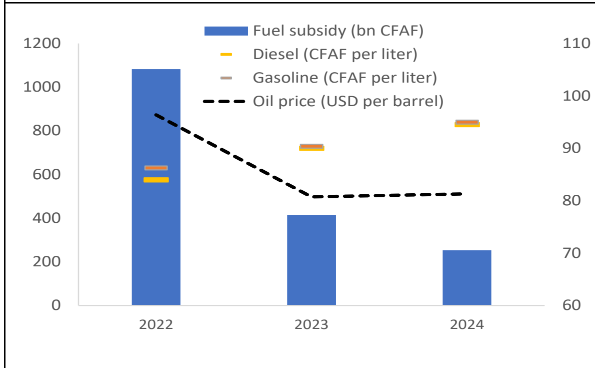
Strengthening Domestic Non-Oil Revenue Mobilization

18. Further progress in implementing tax policy and revenue administration reforms is necessary. Non-oil revenues improved in 2023, including due to increased stamp duties and customs duties on information technology goods, better recovery of fiscal and customs arrears, and continued efforts to improve administration and the coordination between the national tax and customs agencies. To maintain these efforts, the authorities are implementing the measures planned in 2024, including the tax base readjustment for the excise tax on beverages, taxation of benefits in kind, introduction of excise duties on several goods, removal of tax exemptions on certain products (e.g., precooked and flavored rice), and implementation of an electronic transaction monitoring system. Furthermore, the authorities are establishing a comprehensive database on wages and salaries suitable for simulating the personal income tax (PIT) calculations that comprises both the entire public sector and a representative sample of private sector employees (**SB6, MEFP ¶15**). This database will be key in assessing the impact of possible PIT reforms. The authorities are also working on a study of Law No. 2013/004 on private investment incentives, which will inform the revision of this law (**SB3, MEFP ¶15**). To recover tax and customs arrears, they have prepared detailed action plans identifying the top 100 unpaid tax and customs debts, including those owed by SOEs **(SB7, MEFP ¶17**).

Sustaining Fuel Subsidy Reform while Mitigating the Impact on the Most Vulnerable

19. The authorities remain committed to implementing fuel subsidy reforms. They increased domestic pump prices by 15 percent in early 2024—the second price adjustment since 2016. Staff estimates that the 2024 increase would reduce the subsidy by about CFAF 190 billion (0.6 percent of GDP) given current assumptions, including lower international oil prices (Text Figure 4). The 2024 revised budget, however, includes a carry-over of the fuel subsidy of about CFAF 196 billion (0.6 percent of GDP) from 2022 and 2023, and an additional levy of CFAF 48 billion (0.2 percent of GDP) on fuel products for infrastructure rehabilitation.

Text Figure 4. Cameroon: Fuel subsidy, Domestic Pump Prices and Global Oil Price



Sources: Country authorities, staff calculations

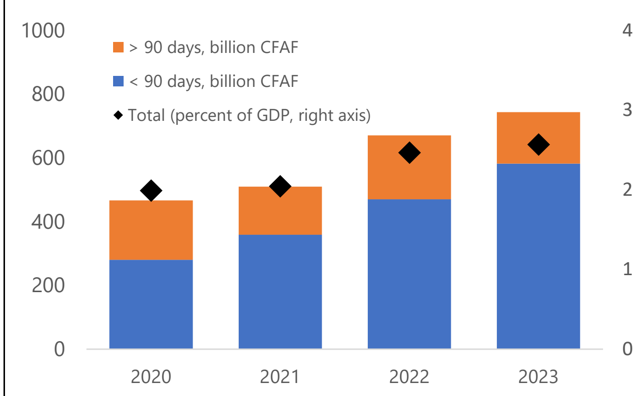
20. To mitigate the impact of higher fuel prices, the authorities envisage new measures in the 2024 revised budget law. These measures include an increase in family allowances and an increase in municipal transfers for the purpose of improving the living environment in cities. The authorities will also keep the higher allocations for monetary transfers (*filets sociaux*) introduced in 2023. Going forward, staff recommends strengthening the social safety nets to allow for more targeted measures to mitigate the impact of lower fuel subsidies.

21. The authorities acknowledge that an unexpected increase in international oil prices will increase the fuel subsidy and could undermine fiscal sustainability. They note that the cost of the fuel subsidy in 2022 exceeded CFAF 1000 billion (3.7 percent of GDP) and has had an adverse impact on government finances in 2023 and 2024, narrowing the room for other priority spending. The authorities remain committed to phasing out the fuel subsidy by the end of the program.

Strengthening Public Financial Management (PFM) and reforming SOEs

22. Budget execution through exceptional procedures, including Treasury advances, has been the key driver behind accumulation of domestic unpaid obligations. Spending through exceptional procedures has prevented clearing the large stock of unpaid obligations at the start of the program (Text Figure 7). This spending and the tight financing conditions in 2023 have contributed to a higher stock of domestic unpaid obligations at end-2023 leading to a breach of the related SB (**SB8, MEFP ¶9)**. To ensure a prompt settlement of domestic unpaid obligations, the authorities plan a second external long-term loan of CFAF 336 billion to clear CFAF 467 billion of unpaid domestic obligations in 2024, which corresponds to the pre-program stock at end-2020. The authorities will create an escrow account at the BEAC and share with staff monthly statements for monitoring against the clearance of these obligations. In addition, the authorities will develop a plan to clear the remaining stock of unpaid obligations of CFAF 277 billion at end-2023 over 2025-27.

Text Figure 5. Cameroon: Unpaid Domestic Obligations



Sources: Country authorities, staff calculations.

23. There is a need to ensure budget integrity and improve spending execution. Spending through exceptional procedures has undermined budget integrity. This practice not only impedes effective cash management, but also crowds out priority expenditures such as public investment. To support the authorities' efforts to limit these practices, the revised budget will include an allocation to support liquidity needs in the electricity sector and other potential emergency spending by prioritizing and reducing other current spending. The revised 2024 budget law consistent with the macroeconomic framework of the program and which includes expenses likely to generate Treasury advances will be submitted to Parliament (**prior action, MEFP ¶21**). Furthermore, the IT on the ceiling on Treasury advances without a budget allocation will be upgraded to a continuous QPC (**MEFP, Table 1**).

24. The authorities pursue other reforms to enhance budget transparency and execution. They have adopted a timetable for the transformation of the common budget chapters (*chapitres communs*)—chapters covering undistributed budget expenditures across government agencies and ministries—for the benefit of the authorizing officers of the ministries and the managers concerned into accidental and unforeseen expenditures (**SB4, MEFP ¶42**). With common chapters exceeding 18 percent in the 2024 budget law, the authorities propose a phased approach to reduce them to 10 percent in 2025. Furthermore, the authorities will enact a decree establishing the procedures for managing budgetary authorizations (**revised SB5, MEFP ¶42**). The decree will outline the principles for transitioning from common chapters to allocations and from common expenses to accidental and unforeseeable expenses, serving as a reference framework for transforming the budget structure in preparation for the 2026 budget law.

25. Efforts to improve transparency of public procurement procedures continue. The authorities have expanded the utilization of the Cameroon Online E-procurement System (COLEPS) and increased the number and a total value of contracts awarded through COLEPS in certain key ministries (i.e., infrastructure, education, health, posts, and telecommunications) to over 80 percent between January and May 2024 (**SB13, MEFP ¶24**).

26. The authorities are taking steps to improve management of SOEs. They have compiled an inventory of cross-debts between SOEs and the government as of end-2020 and have finalized a clearance plan to settle these debts (**SB1, MEFP ¶28**). Additionally, an inventory of cross-debts between SOEs has been completed, and the authorities are investigating the differences in mutual claims of these enterprises found in the inventories. Furthermore, efforts are underway to publish the implementing texts of the revised Mining Code adopted in December 2023**,** which incorporates the definition of the role of the National Mining Corporation (SONAMINES) (**SB2, MEFP ¶29**). Similarly, the authorities are taking measures to ensure the restructuring and rehabilitation of SONARA. They have selected a firm to conduct a study on the technical, economic, and financial feasibility of various options for the new refinery, but the study will likely be completed with a delay (**SB12, MEFP ¶27).**

Boost Priority Investment Spending and its Efficiency

27. The authorities remain committed to reforms to improve public investment efficiency. There are significant weaknesses in public investment management practices, including in the management of multi-year projects. The authorities plan to strengthen execution of capital expenditures by including in the 2025 budget law the commitment authorizations (CAs) and payment appropriations (PAs) that comply with the Medium-Term Budget Framework (MTBF) and are consistent with the timetable for the implementation of investment projects (**SB9, MEFP ¶23**). To strengthen public investment project procurement and to avoid accumulation of domestic arrears, the government will develop comprehensive and realistic procurement plans that will help ensure consistency between of the government's commitment plans and monthly cash flows plans (**SB10, MEFP ¶25**). These reforms aim to improve the planning and execution of investment projects, in line with the IMF's Public Investment Management Assessment (PIMA) recommendations.

28. There is an urgent need to advance reforms and resolve the liquidity crisis in the electricity sector. Weaknesses in operational performance, payment discipline by public agencies, and the enforcement of sector regulations, have undermined the financial viability of the electricity sector. The sector receives government subsidies and is not financially self-sufficient. Developing the sector requires substantial investments that could yield significant budget savings over the medium term. The construction of a new hydro power plant (HPP), Nachtigal, is expected to significantly improve energy supply and the generation mix. However, significant investments are needed to build transmission and distribution infrastructure. Until the HPP is connected to consumers, there are associated fixed charges to be borne by the state. The authorities developed an energy sector program that would require an investment of US$945 million (1.8 percent of GDP) over 2024-28 and will be implemented with support from international development partners. The World Bank is planning a US$300 million project over 2024-28 to support a transmission line construction, with the first disbursement of US$60 million expected in 2024. The African Development Bank (AfDB) is planning a sectoral budget support of US$80 million. The reform measures to support the electricity development program include a tariff increase and the installation of electricity meters in public agencies.

B. Maintaining Debt Sustainability and Reducing Debt Vulnerabilities

29. Despite its relatively low and declining debt-to-GDP ratio, Cameroon remains at high risk of debt distress. Constrained by its low and volatile exports and weak domestic revenue mobilization, two out of four external debt sustainability indicators continue to breach the thresholds under the baseline scenario which suggests a high risk of external debt distress. The above-the-benchmark present value (PV) of public debt-to-GDP ratio and weak Composite Index (CI) score also show a high risk of overall debt distress and a low debt carrying capacity. The external debt service indicators trend downwards. The debt service-to-revenue ratio is expected to stop breaching the threshold in the medium term. The downside risks come from a challenging global environment, including geopolitical tensions and tight global financial conditions. Elevated domestic risks, such as further delays in SONARA's debt restructuring and contingent liabilities related to SOEs and public-private partnership (PPP) projects, could further impact public debt sustainability. The upside risks include improved export prospects related to progress with iron ore and bauxite projects.

30. While the program ceilings and active debt management have constrained debt accumulation and helped improve the liquidity profile, more efforts are needed. The ceilings on the PV of newly contracted or guaranteed external public debt and disbursement of non-concessional external debt have helped slow down debt accumulation and contain the cost of financing. The overall debt ceiling in 2024 remains unchanged at a PV of CFAF 512.9 billion with an adjustor to accommodate concessional infrastructure and social projects by the World Bank. Avoiding treasury advances and strengthening budget discipline will enhance public debt management. Recent capacity development by the IMF should support these efforts.[2]

31. A debt management operation to borrow external debt to clear domestic unpaid government obligations will help improve the debt profile in 2024. To reduce the overall pressure on public debt service in the short term and enhance the capacity to clear domestic arrears, the authorities aim to carry out a debt management operation totaling CFAF 467 billion in 2024, which corresponds to the outstanding unpaid obligations pre-program at end-2020. The first tranche of CFAF131 billion has been implemented in January 2024 through a euro-denominated loan from an external creditor. While external debt stock and service indicators would deteriorate with the new external borrowing, the overall public debt stock indicator would remain unchanged while the debt service ratios would improve (Figure 5). The operation would result in an improvement of the public

[2] Preparation of the public securities issuance calendar and buyback operations (February 2024) and use of the low-income country debt sustainability framework analysis (planned for FY25).

debt profile and is aligned with the authorities' 2023-25 debt strategy to increase average maturity and reduce refinancing risk.

Text Table 3. Cameroon: Decomposition of Public Debt and Debt Service by Creditor, 2023–25

	Debt Stock			Debt Service					
	2023	2023	2023	2023	2024	2025	2023	2024	2025
	$US, millions	*Percent of total debt*	*Percent of GDP*	*$US, millions*			*Percent of GDP*		
Total 1/	**20558**	**100.0**	**42.7**	**2542**	**2951**	**2142**	**5.3**	**5.7**	**3.9**
External	**13545**	**65.9**	**28.1**	**1319**	**1438**	**1381**	**2.8**	**2.8**	**2.5**
Multilateral creditors	6720	32.7	13.9	280	371	419	0.6	0.7	0.8
IMF	1448	7.0	3.0						
World Bank	2555	12.4	5.3						
AfDB	1764	8.6	3.7						
Other Multilaterals	953	4.6	2.0						
o/w IsDB	698	3.4	1.4						
o/w IFAD	103	0.5	0.2						
Bilateral creditors	5224	25.4	10.8	769	770	688	1.6	1.5	1.2
Paris Club	1531	7.4	3.2	213	248	197	0.4	0.5	0.4
o/w France	1303	6.3	2.7						
o/w Japan	81	0.4	0.2						
Non-Paris Club	3536	17.2	7.3	549	517	498	1.1	1.0	0.9
o/w China	3434	16.7	7.1						
o/w Turkey	103	0.5	0.2						
Eurobonds	850	4.1	1.8	108	103	99	0.2	0.2	0.2
Commercial lenders	751	3.7	1.6	161	194	175	0.3	0.4	0.3
o/w Bank of China	143	0.7	0.3						
o/w Intesa San Paolo SPA	80	0.4	0.2						
Domestic	**7013**	**34.1**	**14.6**	**1223**	**1512**	**761**	**2.6**	**2.9**	**1.4**
T-Bills (BTA)	697	3.4	1.4	400	703	0	0.8	1.4	0.0
Bonds	2319	11.3	4.8	460	262	397	1.0	0.5	0.7
Structured debt	1415	6.9	2.9	359	464	265	0.8	0.9	0.5
Non-structured debt	88	0.4	0.2	5	33	25	0.0	0.1	0.0
BEAC advances	1258	6.1	2.6	0	50	74	0.0	0.1	0.1
Floats and arrears	1236	6.0	2.6						
Memo items:									
Contingent liabilities	**882**		**1.8**						
o/w: Public guarantees (external)	13		0.0						
o/w: Other contingent liabilities	869		1.8						
o/w external	473		1.0						
o/w domestic	396		0.8						
Nominal GDP (CFAF, billions)				28996	31267	33746			
Exchange rate, end of period (CFAF/US$)				602	...	...			
Exchange rate, period average (CFAF/US$)				606	...	...			

Sources: Country authorities and IMF staff calculations.
1/ Excludes public guarantees and other contingent liabilities, which are noted under memo items.

C. Strengthening Financial Sector Resilience and Financial Inclusion

32. The resilience of the financial sector needs strengthening. The mission reiterated the need for banks to: i) implement COBAC's recommendations on provisioning and capitalization; ii) strengthen their credit risk assessment frameworks; iii) diversify away from the sovereign—both Cameroonian and other CEMAC governments; iv) follow a strategy to reduce the high share of NPLs; v) ensure that data are submitted to the movable collateral registry (RNSM).

33. Progress is underway to recapitalize two weak banks and to privatize a public bank. In July 2023, COBAC authorized Cameroon authorities to enter in the capital of two undercapitalized banks. The authorities will recapitalize these banks to comply with the 8 percent capital adequacy ratio (CAR) by November 2024, in compliance with COBAC regulations (R2010-01 and R2016-03) and the Basel capital adequacy framework (**new SB16, MEFP ¶33**). In parallel, the authorities will complete, in 2024, the ongoing privatization of another public bank.

34. The authorities are committed to strengthening governance and transparency of the State Asset Management Company (*Société de Recouvrement des Créances*, SRC). The agency has recovered from the 2022 losses which were due to internal organizational restructuring and considering broadening the scope of its activities. It is important to ensure a sound governance framework, operational and budgetary independence, and strong transparency and accountability rules. Staff emphasized that, for NPLs transferred by each financial institution, the SRC should commit to a sunset clause for the asset recovery activities.

35. The authorities will define the terms of reference of the deposit and consignment fund (*Caisse des Dépôts et Consignations*, CDEC) and submit to the Fund for review. Staff emphasized that, the CDEC should receive full supervisory recognition by COBAC as a financial institution, without benefiting from specific exemptions due to state ownership. Its terms of reference (ToR) should make this explicit, as well as embedded in the implementing texts of the law regulating the activities of CDEC to be adopted by the authorities.

D. Strengthening Governance and Transparency

36. The authorities are taking steps to strengthen governance. In November 2023, Cameroon published a Diagnostic-Report of the country's governance and corruption vulnerabilities, presenting the findings and recommendations of IMF experts based on in-depth discussions with the authorities and other key stakeholders (Annex 2). The authorities are also making progress in strengthening the legal basis for PFM and moving procurement transactions to an online public procurement platform **(MEFP ¶24)** and to reform the budget's common chapters **(MEFP ¶42)**. In 2023, the authorities published an action plan to strengthen the frameworks for preparing, publishing, and monitoring public expenditure audits, including recommendations to strengthen relevant institutions, in particular the Supreme Court's Audit Bench. The authorities have discussed how the strategic oversight plan should be prioritized and supported, based on the recommendations of the TA. Discussions are still ongoing on how to amend the draft Code of Financial Jurisdictions, which needs to be adopted by Parliament, and would strengthen the mandate of the Audit Bench. In parallel, efforts to simplify the tax system and key tax procedures have helped curtail opportunities for corruption.

37. Nevertheless, significant challenges remain, particularly on the anticorruption legal and institutional framework. The diagnostic report highlights immediate and short-term measures to address risks, such as gaps in existing legal frameworks, as well as structural reforms that require more time and resources, but are essential to strengthen governance and initiate lasting change.

The authorities plan to bring the legal framework and institutional provisions for the fight against corruption in line with international standards **(MEFP ¶39)**. Implementation of the asset declaration law is also important. Absent structural improvements in transparency and accountability, there will be no meaningful progress in addressing pervasive corruption. The authorities also intend to intensify efforts to address shortcomings in SOE management and transparency and have identified measures for implementation over the next few months, including publication on the website of the Ministry of Finance of a list of the 25 largest SOEs that have published audited annual financial statements on the website of the Ministry of Finance **(new SB14, MEFP ¶40)**. Staff stressed the need for a comprehensive action plan to further strengthen economic governance, including to address immediate core risks and to reinforce PFM, public procurement and expenditure auditing processes and to amend the Penal Code to criminalize all acts of corruption in accordance with the United Nations Convention against Corruption (UNCAC), including illicit enrichment.

38. In February 2024, Cameroon was suspended from the EITI. The EITI Board's decision to suspend Cameroon until the next validation (starting April 2027) was motivated by concerns about progress in civil society engagement and the government's constraints on civil society's freedoms of expression and association. The EITI Board will take stock of progress within 18 months of its February Board decision and assess the need to conduct a targeted assessment of specific EITI requirements where progress on remedial actions appears to be insufficient, including with regard to stakeholder engagement. Although Cameroon is suspended, it remains an EITI member country, except for the nomination of representatives to EITI organizational structures, with the same rights and obligations as other members, including the publication of reports. EITI technical assistance is expected to support the implementation of follow-up of corrective actions, mainly related to stakeholder engagement and beneficial ownership and the integration of the EITI into national reporting systems. The government issued a new decree to govern the implementation of the EITI in Cameroon, and the process of engaging with civil society representatives is ongoing.

39. Efforts are ongoing to strengthen the anti-money laundering and combatting the financing of terrorism (AML/CFT) regime. Following strategic AML/CFT deficiencies identified in the 2021 Mutual Evaluation Report (published in March 2022) by the Inter-governmental Agency against Money Laundering in Central Africa's (GABAC),[3] Cameroon was placed on a "grey list" by the standard setter, the Financial Action Task Force (FATF). To be removed from the "grey list," the government has taken steps to improve the effectiveness of the AML/CFT regime, including increasing the resources of the Financial Intelligence Unit and building capacity among criminal law enforcement and judicial bodies. The authorities are working with the FATF, GABAC, and the Fund to expeditiously implement an action plan agreed with the FATF.

E. Addressing Climate Vulnerabilities

40. The authorities have made progress on improving the governance framework to support the climate agenda. They have formally established the institutional framework for coordinating action on the climate agenda by adopting a decree in May 2024 (Arrêté No

[3] GABAC is an FATF-style regional body of which Cameroon is a member.

00002/CAB/MINEPDED dated May 21, 2024), which defines the role of the Ministry of Environment, Nature Protection, and Sustainable Development (MINEPDED) as the central coordinating body for the climate agenda (**RM1, MEFP ¶46**).[4] The decree bolsters Cameroon governance framework to include climate change considerations in the country's main planning tools. In addition, with the support from the World Bank, the authorities have developed a manual outlining criteria for prioritizing and selecting projects that incorporate climate-related considerations (**RM3, MEFP ¶46**). This project selection criteria has been published on the website of the Ministry of Economy, Planning and Land Planning (MINEPAT).

41. Efforts are underway to implement reform measures for upcoming reviews. The authorities are preparing the law governing civil protection in Cameroon, which will outline guidelines for disaster risk prevention, response, and recovery. Additionally, authorities are revising the 2003 presidential decree on the National Risk Observatory to redefine its mission of collecting, analyzing, managing, and disseminating information on various risks (**RM6, MEFP ¶48**). These reform steps are instrumental in establishing an effective Disaster Risk Management (DRM) framework in Cameroon. In addition, the authorities have prepared a TOR to hire a consultant to support the development of a disaster risk financing strategy **(RM7)** and are preparing a timetable detailing the action steps for the other reform measures (**MEFP ¶48)**.

42. The authorities and staff agreed on a modification to reform measure on forest management (RM8, MEFP ¶47). Under the original formulation, this reform measure aimed at encouraging sustainable forestry through fiscal incentives. Strengthening this incentive, possibly through a revenue-neutral feebate approach, hinges on the credibility of certification and the efficiency of traceability and verification systems. It is essential to align these interim steps with international best practices. Consequently, the authorities proposed modifying RM8 to focus on the interim step of enhancing the traceability and legality system of timber and integrating it with the fiscal infrastructure. With the support of technical partners, the authorities have developed the second-generation Computerized Forest Information Management System (SIGIF 2) to digitalize the forest management procedures, enhance traceability, and improve legality in the forest sub-sector. The revised reform measure aims at: i) ensuring full operational functionality of all SIGIF2 modules, as well as at integrating them with an aerial satellite imagery for real-time monitoring of forest loss; ii) establishing procedures for an annual evaluation of the traceability function of the SIGIF2 platform; and iii) interconnecting the SIGIF2 platform with tax and customs information systems and developing a roadmap to utilize these data to enhance taxation of the forestry sector. This would lay the groundwork for future fiscal incentives for sustainable forestry practices.

[4] RM1 creates the institutional framework to establish the role of MINEPDED and other ministries to coordinate the development of the National Climate Plan (RM2). In other words, RM1 creates the building block and the technical committees that would help support the discussions, development, and adoption of a national climate plan (RM2) and the implementation of this plan.

PROGRAM ISSUES

43. Regional assurances. BEAC met its end-December 2023 Net Foreign Assets (NFA) target and provided updated policy assurances in support of CEMAC countries' Fund-supported programs. A review of regional policies and policy assurances is scheduled to be discussed by the Executive Board in June 2024. Adequate policies and assurances are a condition for the conclusion of the review. The regional assurances on regional NFA are critical for the success of Cameroon's Fund-supported program and to help bolster the region's external sustainability.

44. The authorities request waivers for nonobservance of performance criteria related to the floor on the non-oil primary balance for end-December 2023 and the ceiling on the accumulation of external payments arrears. The breach of the continuous zero ceiling on accumulation of external payment arrears was due to unpaid obligations by a ministry to a foreign commercial supplier for services provided in 2021, which the commercial supplier claimed through its state insurance company. The authorities committed to repay all outstanding obligations by end-March 2024, but payment delays led to a breach of the related QPC in 2024. All arrears have since been cleared. Waivers for nonobservance are requested due to the minor and temporary nature of the nonobservance of both criteria, and all arrears have been cleared.

45. The authorities also request waivers of applicability for four end-June 2024 QPCs. The data to assess observance will not be available by the Board date scheduled in early July 2024, the program will be successfully implemented, and there is no clear evidence that these QPCs will not be met. According to the TMU, the cutoff date for reporting information under the program is set within six weeks from the end of the month, except for end-December data, for which the cutoff date includes an additional 30 days due to the complementary period.

46. Program performance reviews will continue semi-annually through six-monthly and continuous QPCs, quarterly ITs, and SBs. QPCs and ITs for end-June, end-September, and end-December 2024 have been reset to reflect changes in the macroeconomic framework, budget projections, and program commitments based on its findings, and new targets were set for end-March 2025. The reset QPCs for June and December-2024 include the floor on the non-oil primary balance, the ceiling on the net domestic financing of the central government (excluding IMF financing) and the ceiling on net borrowing of the central government from the central bank (excluding IMF financing).

47. Cameroon's capacity to repay the Fund is adequate but subject to significant risks (Table 5). As of end-December 2023, total outstanding credit from the Fund amounted to 395 percent of quota. Total Fund credit outstanding (based on existing and prospective drawings) peaks at 3.1 percent of GDP in 2024, while annual obligations to the Fund peak at about 3.0 percent of revenues in 2027. Risks to the program and the capacity to repay the Fund are elevated. The capacity to repay could be strained by the materialization of potential risks (e.g., external spillover risks, longer-than-expected tight financial conditions, increased domestic political and social tensions, further delays in implementing critical reforms, and security risks). Accelerating the pace of reforms, strong political support for the program's objectives, and support of international partners are critical to mitigating these risks.

48. Financing assurances. The World Bank, the African Development Bank, and French Development Agency are expected to provide budget support in 2024. The program remains fully financed with firm commitments for the upcoming 12 months, with good prospects for the remainder of the program.

Text Table 4. Cameroon: External Financing
(In billions of CFAF, unless otherwise indicated)

	2023	2024	2025	Total (CFAF, billions)	Total (SDR, millions)	Percent of Gap	Percent of Quota[1]
Financing Gap	**183**	**254**	**106**	**543**	**673**	**100**	**244**
IMF Financing	**134**	**89**	**45**	**268**	**331**	**49**	**120**
ECF	45	30	15	89	110	16	40
EFF	89	59	30	178	221	33	80
Budget Support from other Donors	**49**	**165**	**61**	**276**	**342**	**51**	**124**
AfDB	23	18	0	41	51	8	18
World Bank	0	122	61	183	226	34	82
France	26	26	0	52	65	10	23
EU	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Exceptional Financing	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Residual Gap	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Memorandum items							
RSF	**0**	**56**	**56**	**111**	**138**	**0**	**50**

Source: IMF staff calculations.
1/ Cameroon's current quota is SDR 276.0 million.

49. Consistency with regional strategy. Outlined external, domestic, and regional risks and uncertainty over commodity prices, global demand, and financial conditions will affect Cameroon's external position, and the projected level of BEAC's NFA.

STAFF APPRAISAL

50. Cameroon's economic growth continued in a challenging domestic and external environment. Based on preliminary data, GDP growth weakened slightly from 3.6 percent in 2022 to an estimated 3.3 percent, while inflation remained relatively elevated but is expected to decelerate following the appropriate monetary policy stance by the regional central bank (BEAC), continued fiscal consolidation, and easing pressures from food prices.

51. Program performance was mixed. Two of the six QPCs and four of the six ITs at end-2023 were not met. The QPCs on the floor on the NOPB (payment order basis) and the ceiling on accumulation of external payment arrears were not met. Four out of five structural benchmarks for the sixth reviews were met. The SB on including the stock of domestic arrears at end-2023 in the 2024 budget law was not implemented. As a corrective measure for the missed QPCs, the authorities will submit to Parliament, a revised 2024 budget law, which includes an allocation for spending likely to generate Treasury advances (prior action). Moreover, to accelerate clearance of domestic unpaid obligations, the authorities will look for external financing to settle CFAF 467 billion by end-2024.

52. Staff welcomes the authorities' commitment to fiscal consolidation. The authorities' fiscal stance remained in line with the program objectives despite a minor and temporary breach of the NOPB target in 2023. This performance was mainly driven by stronger domestic revenue mobilization, including on the back of one-off factors, while a part of spending was executed through exceptional procedures that undermined budget discipline and integrity and led to repetitive breaches of the related IT targets. Accelerating reforms to improve domestic non-oil revenue mobilization and strengthen PFM is essential for continued fiscal consolidation.

53. Financial soundness indicators have generally improved, but vulnerabilities remain. The commitment by the authorities to advance bank recapitalization in compliance with the COBAC regulations and Basel capital adequacy framework is welcome. However, the high exposure of Cameroon's banks to public sector entities in CEMAC, with one of the highest sovereign-banks nexuses in SSA's region, requires a close monitoring of the associated risks in close consultation with COBAC.

54. Engaging in structural governance and anti-corruption reforms is critical. The authorities are encouraged to formulate a concrete action plan to follow the governance diagnostic report published in 2023. It is also of paramount importance to continue to work with international bodies responsible for anti-corruption and financial integrity and to accelerate implementation of actions aimed at strengthening the AML/CFT regime. While some structural reforms have been introduced in the program based on the governance diagnostic report, more efforts are needed to meaningfully address corruption vulnerabilities, including on the criminalization of acts of corruption and asset declarations. In addition, Cameroon's suspension from the EITI is a concern and efforts toward validation at the next round remain crucial.

55. Cameroon remains at high risk of debt distress, but its debt is sustainable. Staff urges the authorities to advance SONARA's debt restructuring, reforms in the electricity sector and other SOEs reforms to limit contingent liabilities.

56. The authorities have made commendable progress under the RSF. Maintaining the reform momentum under the RSF and strengthening the institutional framework for climate policies is essential for building resilience to climate shocks and for catalyzing new investments from donors and the private sector.

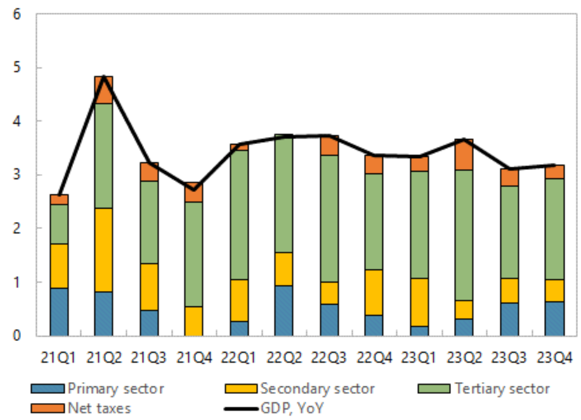
57. Based on Cameroon's performance under the program, the implementation of the end-December 2023 regional policy assurances and regional policy assurances established in the June 2024 union-wide paper, staff supports the authorities' request for the waivers of nonobservance of the QPCs on the floor on the NOPB and on the ceiling on accumulation of external payment arrears, and completion of the sixth reviews under the ECF-EFF and the first review under the RSF. Staff also supports the authorities' requests for (i) the modification of the program quantitative performance criteria and indicative targets, (ii) setting new indicative targets and a modification of a reform measure, and (iii) waivers of applicability for four end-June 2024 QPC targets as data will not be available by the time of the Board meeting, the program will be successfully implemented, and there is no clear evidence that such PCs will not be met. Staff proposes that the completion of the seventh reviews under the ECF-EFF arrangements, and the second review under the RSF arrangement, be conditional on the implementation of critical policy assurances on NFAs at the union level established in the June 2024 union-wide background paper.

Figure 1. Cameroon: Real Sector Developments, 2017–23

Growth continued, driven by a dynamic tertiary sector, …

Growth Composition

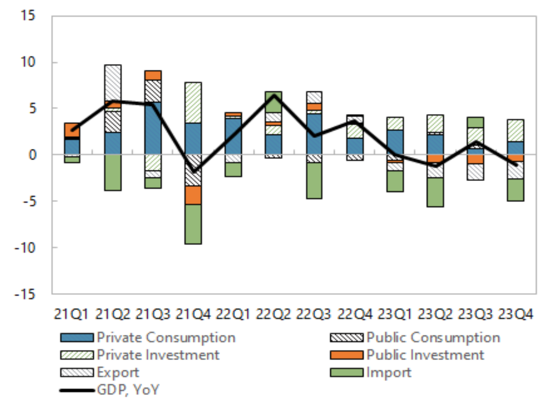
(Percent, YoY)



…and private consumption continued to recover while public spending continued to contract.

Contribution to growth of GDP net of stock variations

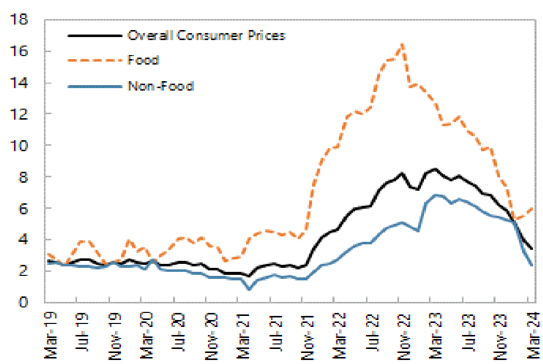
(Percent, YoY)



Inflation accelerated rapidly due to food and energy prices, but seems to have peaked…

Consumer Price Indices

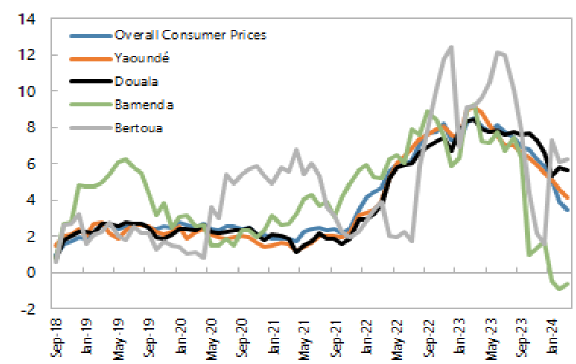
(Percent, YoY)



… with some regional variations.

Consumer Price Indices

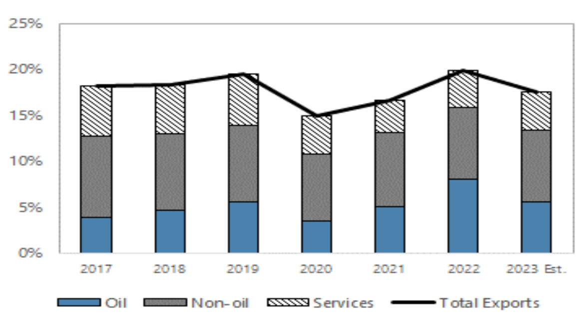
(Percent, YoY)



Exports recovered from pandemic lows, driven by oil exports, which are projected to slow down…

Export, 2017-23

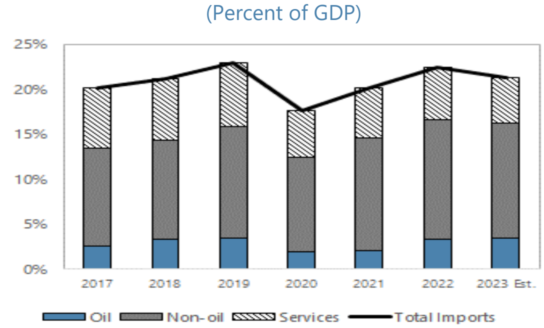
(Percent of GDP)



… with imports slowing in parallel.

Import, 2017-23

(Percent of GDP)

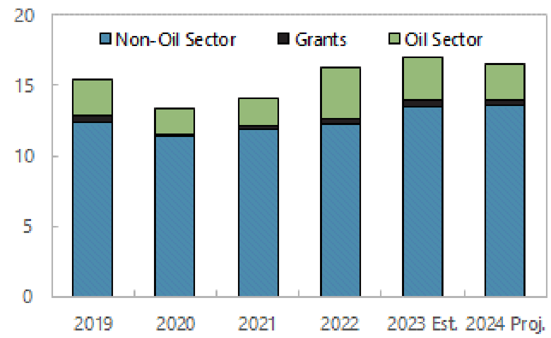


Sources: Country authorities, BEAC, and IMF staff calculations.

Figure 2. Cameroon: Fiscal Developments, 2019–24

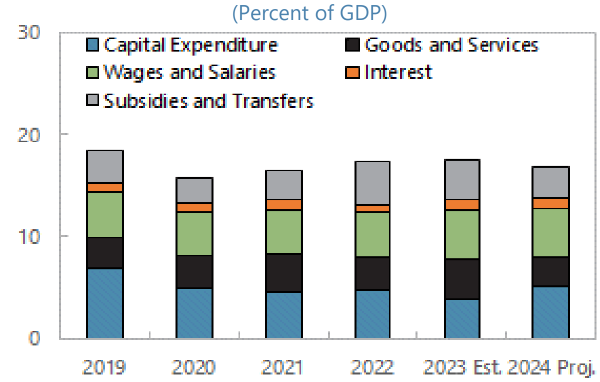
Revenues improved in 2023 following strong non-oil revenue mobilization…

Government Revenue
(Percent of GDP)



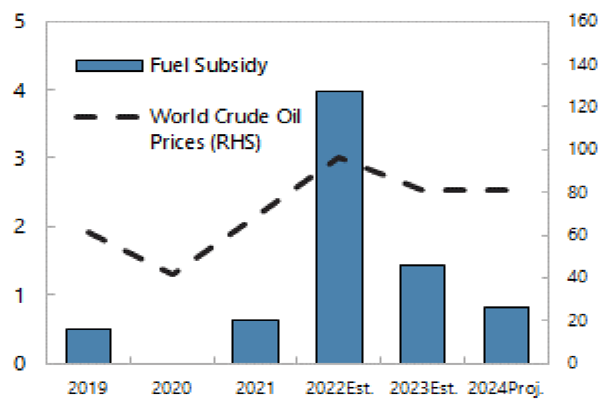
…while public spending increased with high current expenditures crowding out public investment.

Public Spending
(Percent of GDP)



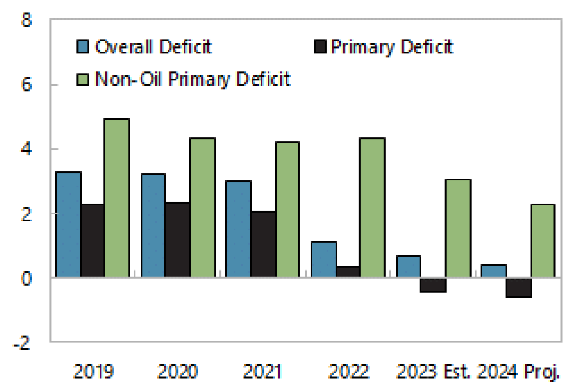
The fuel subsidy cost declined in 2023 and is expected to decline further in 2024 following two pump price adjustments and lower international oil prices.

Fuel Subsidy and World Oil Prices
(Percent of GDP, USD per barrel)



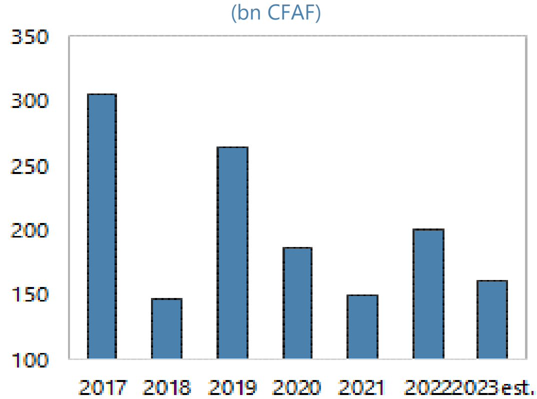
The overall balance and the NOPB are estimated to have improved in 2023.

Fiscal Balance
(Percent of GDP)



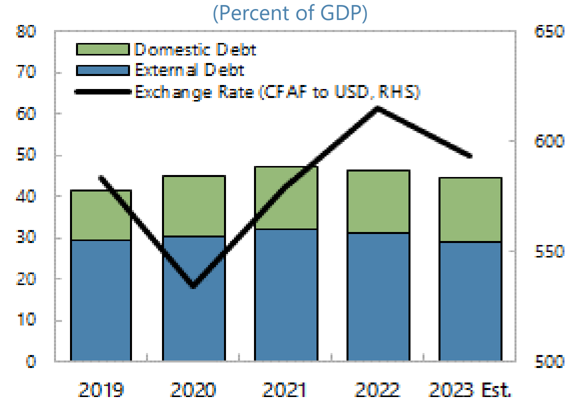
Weak public financial management resulted in accumulation of domestic payment obligations,

Domestic Payment Obligations
(bn CFAF)



While the lower deficit and an exchange rate appreciation supported the favorable public debt dynamics in 2023.

Public Debt
(Percent of GDP)

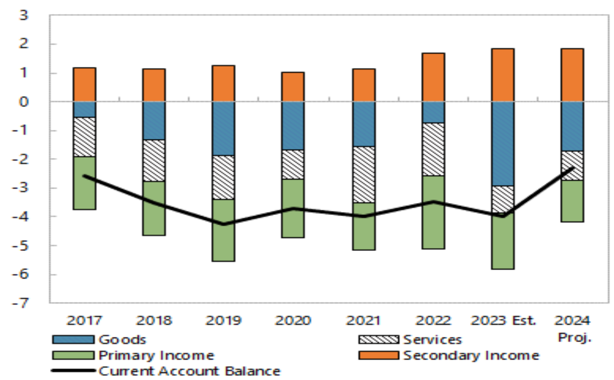


Sources: Country authorities, BEAC, and IMF staff calculations.

Figure 3. Cameroon: External Sector Developments, 2016–24

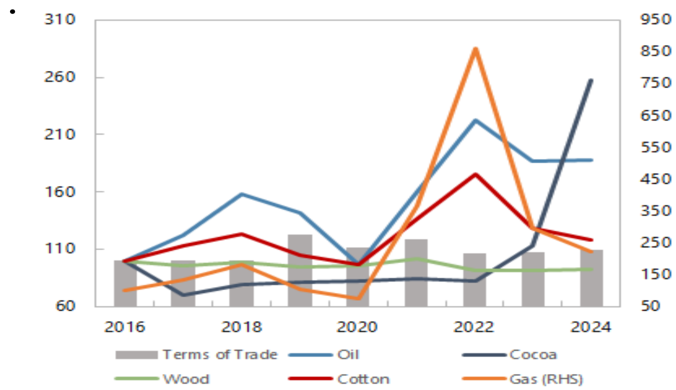
Current account deteriorated in 2023 amidst a larger goods trade deficit but is expected to improve somewhat in 2024.

Current Account Balance
(Percent of GDP)



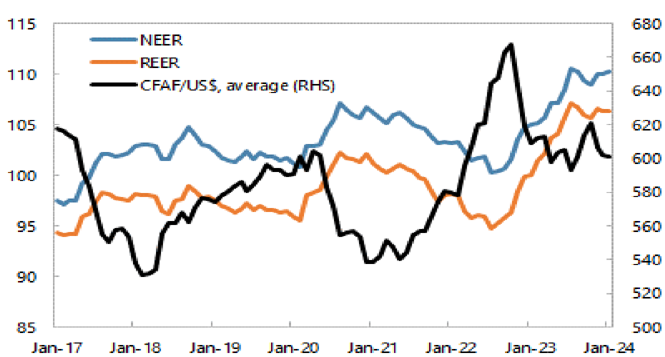
Most export good prices were lower in 2023, in tandem with lower import prices.

International Commodity Prices
(Prices Index, 2016 = 100)



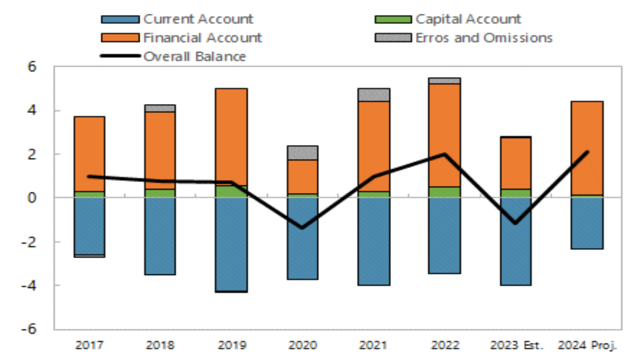
The currency appeared stronger, after a sharp depreciation in 2022.

Effective Exchange Rates
(2010 = 100)



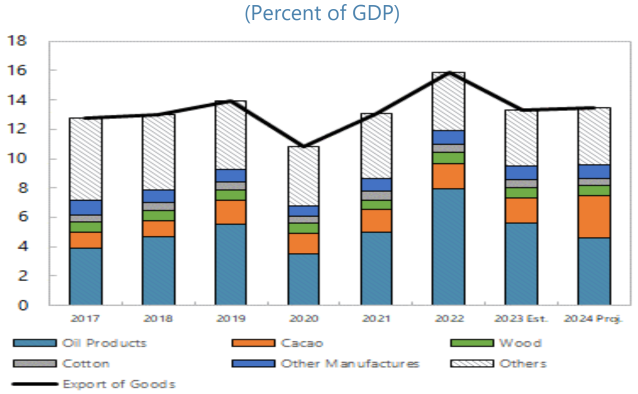
External balance is expected to improve in 2024 with improved trade balance and stronger project disbursement.

Balance of Payments
(Percent of GDP)



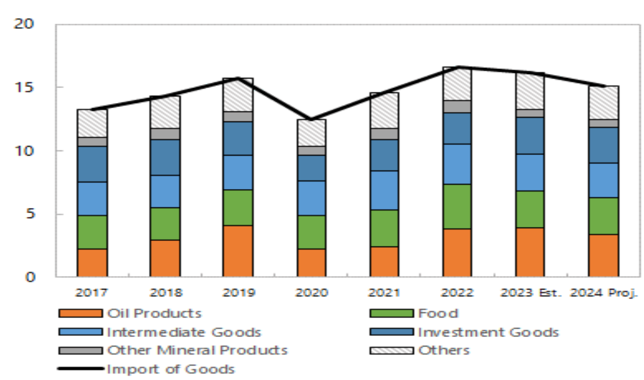
The declining oil price and volume are expected to put pressure on overall exports but be supported by rising cocoa price in 2024.

Exports by Categories
(Percent of GDP)



On the other hand, the declining import prices will help contain import-to-GDP ratio.

Imports by Categories
(Percent of GDP)

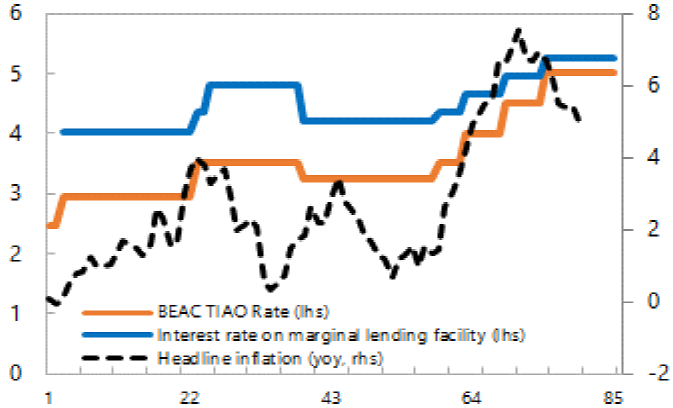


Sources: Country authorities, BEAC and IMF staff calculations.

Figure 4. Cameroon: Monetary Sector Developments, 2017–24

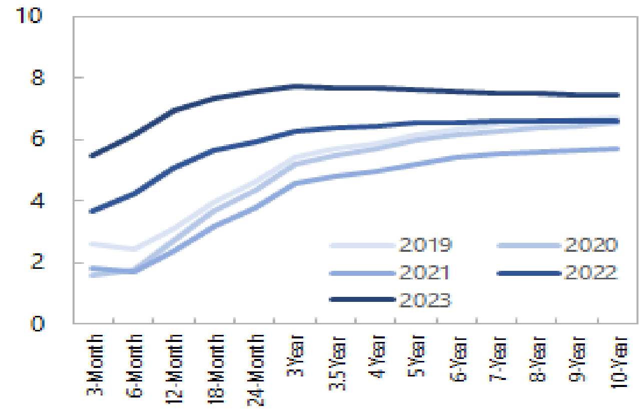
BEAC tightened monetary policy in response to accelerating inflation…

CEMAC Monetary Policy Rates
(Percent)



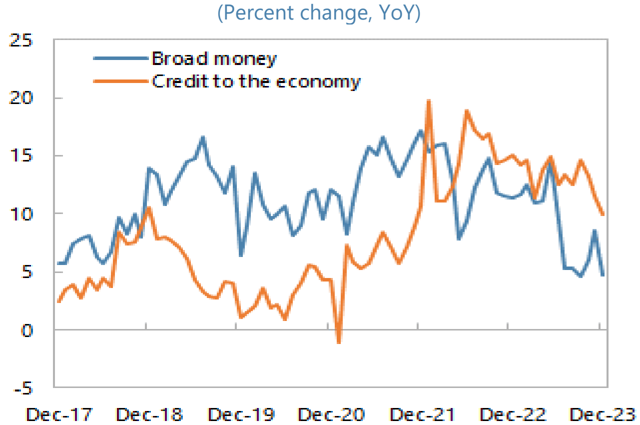
…. which contributed to the upward shift in the government yield curve amid high issuances from CEMAC countries.

Yield Curve
(Percent)



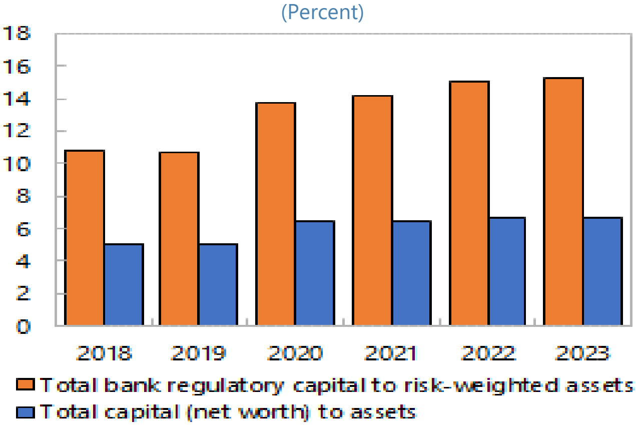
This had little impact on the dynamics of broad money and credit due to a weak monetary policy transmission.

Broad Money and Credit Growth
(Percent change, YoY)



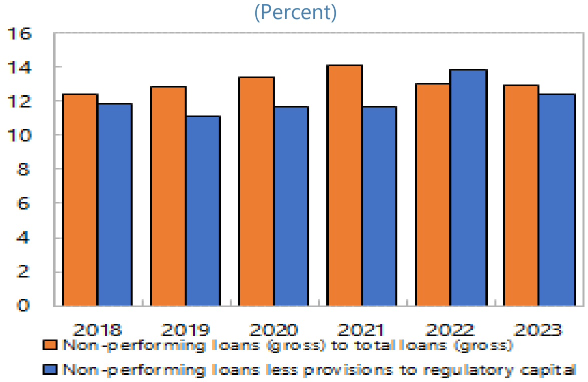
Capital adequacy continues to rise as banks increase their exposure to the sovereign while applying zero-risk weights.

Capital Adequacy
(Percent)



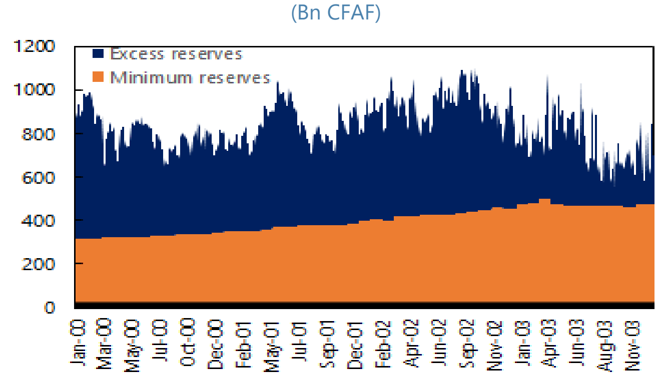
NPLs at end-2023 were slightly lower relative to end-2022 but remain high.

Asset Quality
(Percent)



Excess reserves continue to be important, though decreasing, following BEAC's absorption operations to strengthen monetary policy transmission.

Excess Reserves
(Bn CFAF)



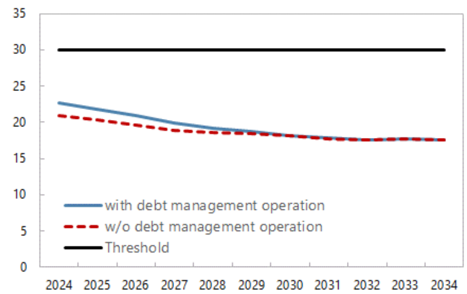
Sources: Country authorities, BEAC and IMF staff calculations.

Figure 5. Cameroon: Debt Sustainability Indicators

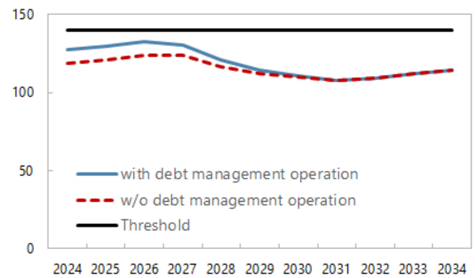
Cameroon remains at high risk of debt distress while its overall debt sustainability indicators have been broadly stable compared to the previous DSA report published in February 2024. While Cameroon's external debt stock indicators continue to lie below the threshold, its external debt service indicators remain above the threshold. Both external debt service indicators are on a downward trend. The external debt service-to-revenue ratio is expected to fall beneath the threshold post-2028.

Indicators of Public and Publicly Guaranteed External Debt (Percent)

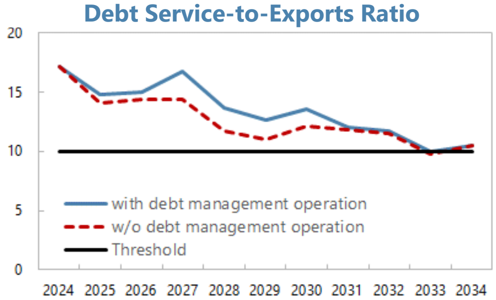
PV of Debt-to-GDP Ratio



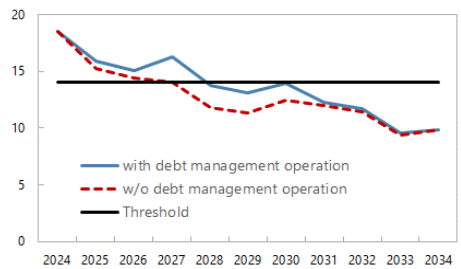
PV of Debt-to-Exports Ratio



Debt Service-to-Exports Ratio



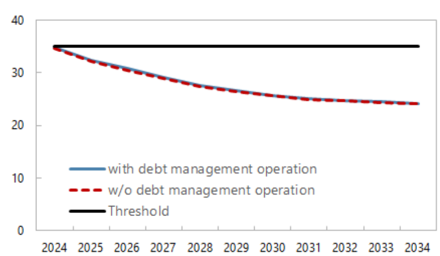
Debt Service-to-Revenue Ratio



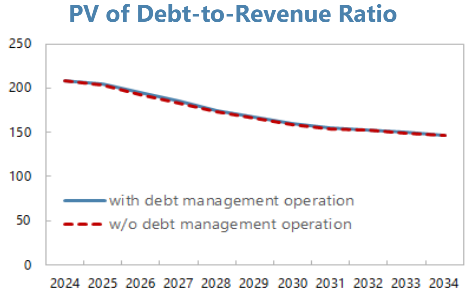
A debt management operation in 2024 will lead to a deterioration of external debt indicators. However, it will improve the short-to-medium term debt service capacity and enhance the debt profile, without affecting the public debt-to-GDP ratio.

Indicators of Public Debt (Percent)

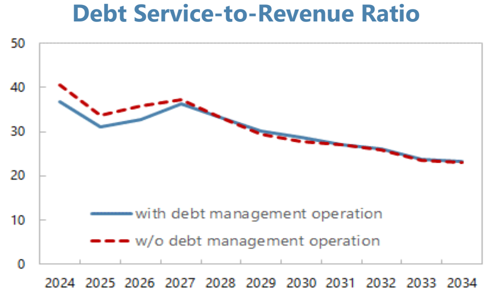
PV of Debt-to-GDP Ratio



PV of Debt-to-Revenue Ratio



Debt Service-to-Revenue Ratio



Sources: Country authorities and IMF staff calculations.

Table 1. Cameroon: Selected Economic and Financial Indicators, 2022–28

(CFAF billion, unless otherwise indicated)

	2022	2023		2024		2025	2026	2027	2028
	Est.	RSF	Proj.	RSF	Proj.	Proj.	Proj.	Proj.	Proj.
	(Annual percentage change, unless otherwise indicated)								
National account and prices									
GDP at constant prices	3.6	4.0	3.3	4.3	3.9	4.2	4.3	4.7	4.8
Oil GDP at constant prices	-1.0	0.5	-2.1	2.7	-7.8	-3.4	-1.5	3.6	5.6
Non-Oil GDP at constant prices	3.7	4.1	3.4	4.3	4.1	4.4	4.4	4.8	4.8
GDP deflator	5.3	3.1	3.1	3.5	3.8	3.5	3.2	3.0	3.0
Nominal GDP (at market prices, CFAF billions)	27,223	29,704	28,996	32,063	31,267	33,746	36,338	39,209	42,343
Oil	1,692	957	1,164	976	1,082	982	923	923	950
Non-Oil	25,531	28,747	27,832	31,088	30,184	32,764	35,416	38,286	41,394
Consumer prices (average)	6.3	7.2	7.4	5.9	5.9	5.5	4.9	3.4	2.5
Consumer prices (eop)	7.3	6.2	5.9	5.5	5.5	5.2	3.6	2.0	2.0
Money and credit									
Broad money (M2)	11.7	9.0	4.4	8.4	9.3	7.6	7.4	7.4	7.4
Net foreign assets 1/	7.7	-0.8	-2.6	6.0	10.7	4.2	1.3	1.4	4.4
Net domestic assets 1/	4.0	9.8	7.0	2.4	-1.3	3.4	6.1	6.0	3.0
Domestic credit to the private sector	13.6	11.2	13.5	9.5	9.5	7.7	7.4	7.2	7.2
	(Percent of GDP, unless otherwise indicated)								
Savings and investments									
Gross national savings	14.3	15.6	14.4	16.2	17.5	17.6	18.2	19.1	20.1
Gross domestic investment	17.8	18.6	18.4	19.0	19.8	20.2	21.3	22.0	22.3
Public investment	4.7	4.6	3.9	5.3	5.4	6.0	6.9	7.4	7.7
Private investment	13.1	13.9	14.5	13.7	14.4	14.1	14.5	14.6	14.7
Central government operations									
Total revenue (including grants)	16.2	16.0	17.0	15.9	16.5	15.6	15.7	15.7	15.8
Oil revenue	3.6	2.9	3.0	2.5	2.6	1.6	1.6	1.6	1.6
Non-oil revenue	12.3	12.7	13.5	13.1	13.6	13.8	14.0	14.1	14.2
Non-oil revenue (percent of non-oil GDP)	13.1	13.1	14.0	13.5	14.1	14.2	14.3	14.4	14.5
Total expenditure	17.4	16.6	17.6	16.3	16.9	16.3	16.7	16.7	16.8
Overall fiscal balance (payment order basis)									
Excluding grants	-1.5	-1.0	-1.1	-0.7	-0.7	-0.8	-1.1	-1.1	-1.1
Including grants	-1.1	-0.7	-0.7	-0.4	-0.4	-0.6	-1.0	-1.0	-1.0
Overall fiscal balance (cash basis)									
Excluding grants	-1.6	-1.6	-1.0	-2.0	-2.5	-1.4	-1.6	-1.4	-1.1
Including grants	-1.2	-1.3	-0.5	-1.7	-2.1	-1.1	-1.5	-1.3	-1.0
Non-oil primary balance (payment order basis)	-3.9	-2.5	-2.6	-1.9	-2.0	-1.3	-1.6	-1.6	-1.6
Non-oil primary balance (payment order basis, percent of non-oil GDP)	-4.2	-2.6	-2.7	-2.0	-2.0	-1.3	-1.6	-1.6	-1.6
External sector									
Trade balance	-0.7	-1.7	-2.9	-1.5	-1.7	-1.9	-2.5	-2.2	-1.5
Oil exports	7.9	5.5	5.6	5.1	4.6	4.2	3.4	3.1	3.4
Non-oil exports	7.9	8.4	7.7	8.5	8.9	8.4	8.0	7.9	8.2
Imports	16.6	15.6	16.2	15.1	15.2	14.4	14.0	13.2	13.1
Current account balance									
Excluding official grants	-3.8	-3.3	-4.2	-2.9	-2.6	-2.8	-3.4	-3.1	-2.4
Including official grants	-3.5	-3.0	-4.0	-2.8	-2.3	-2.5	-3.2	-2.9	-2.3
Terms of trade	-10.6	-2.2	5.1	1.6	12.2	-4.9	-7.1	-1.4	4.5
Public debt									
Stock of public debt	46.3	41.8	44.5	39.0	42.0	39.5	37.6	35.8	34.1
Of which: external debt	31.3	28.6	29.1	28.6	29.9	29.0	27.9	26.6	25.7

Sources: Country authorities; and IMF staff estimates and projections.
1/ Percent of broad money at the beginning of the period.

Table 2a. Cameroon: Central Government Operations, 2022–28
(CFAF billion, unless otherwise indicated)

	2022	2023		2024		2025	2026	2027	2028
	Est.	RSF	Proj.	RSF	Proj.	Proj.	Proj.	Proj.	Proj.
Total revenue and grants	**4,417**	**4,743**	**4,923**	**5,106**	**5,151**	**5,278**	**5,687**	**6,159**	**6,685**
Total revenue	4,313	4,644	4,783	5,009	5,047	5,198	5,644	6,120	6,664
Oil sector revenue	973.8	870	877	810	802	556	570	608	663
Non-oil sector revenue	3,339	3,774	3,906	4,200	4,246	4,642	5,073	5,511	6,001
Direct taxes	838	964	939	1,069	1,053	1,189	1,339	1,476	1,627
Special tax on petroleum products	150	173	178	181	190	198	207	217	252
Other taxes on goods and services	1,699	1,915	1,975	2,125	2,151	2,393	2,629	2,878	3,132
Taxes on international trade	420	453	494	509	521	515	534	565	603
Non-tax revenue	232	269	321	316	331	347	365	375	387
Total grants	104	99	139	97	104	80	43	39	21
Projects	49	35	79	38	38	40	43	39	21
Other	55	64	60	59	66	40	0	0	0
Total expenditure	**4,725**	**4,937**	**5,112**	**5,227**	**5,280**	**5,484**	**6,055**	**6,565**	**7,119**
Current expenditure	3,448	3,506	3,978	3,494	3,653	3,465	3,731	4,004	4,301
Wages and salaries	1,193	1,313	1,357	1,428	1,488	1,440	1,512	1,658	1,796
Goods and services	893	833	1,153	927	892	938	1,036	1,073	1,150
Subsidies and transfers	1,151	1,037	1,148	818	953	748	816	871	940
Interest	211	323	320	320	320	339	368	403	414
External	169	194	210	182	182	190	207	230	227
Domestic	42	129	111	138	138	149	161	173	187
Capital expenditure	1,279	1,379	1,118	1,690	1,604	1,939	2,274	2,560	2,819
Domestically financed investment	581	627	680	819	857	925	1,216	1,482	1,740
Foreign-financed investment	688	723	407	831	707	974	1,018	1,039	1,039
Rehabilitation and participation	10	29	31	40	40	40	40	40	40
Net lending	-2	0	17	0	0	0	0	0	0
Local production stimulus fund	0	21	0	13	13	0	0	0	0
Decentralization addendum special account	0	31	0	30	10	0	0	0	0
Overall balance (payment order basis)									
Excluding grants	-412	-294	-329	-218	-233	-286	-411	-445	-455
Including grants	-308	-194	-190	-121	-129	-206	-368	-406	-434
CEMAC reference fiscal balance	**-826**	**-489**	**-500**	**-216**	**-219**	**63**	**-237**	**-410**	**-559**
Adjustment to cash basis	**-25**	**-185**	**48**	**-420**	**-537**	**-170**	**-170**	**-97**	**0**
Unexecuted payment orders (-=reduction)	0	0	0	0	0	0	0	0	0
Floats and arrears (- = reduction)	-25	-185	48	-420	-537	-170	-170	-97	0
o/w Arrears (- = reduction)	-43	-170	-57	-350	-211	-150	-150	-77	0
o/w Floats (- = reduction)	18	0	106	-50	-306	0	0	0	0
o/w other arrears 1/	0	-15	0	-20	-20	-20	-20	-20	0
Overall balance (cash basis)									
Excluding grants	-436	-478	-281	-638	-770	-456	-581	-542	-455
Including grants	-332	-379	-141	-541	-666	-376	-538	-503	-434
Financing	**332**	**193**	**-42**	**289**	**412**	**271**	**538**	**503**	**434**
External financing, net	310	91	-87	464	691	338	373	331	454
Amortization	-589	-704	-595	-643	-643	-596	-607	-728	-690
Drawings	898	795	508	1,107	1,334	934	980	1,059	1,143
Eurobond	0	0	0	0	0	0	0	0	0
Domestic financing, net	22	102	46	-176	-279	-67	165	172	-20
Banking system, net	73	302	240	61	-141	-92	-95	-41	-15
Central Bank	102	110	139	-9	-9	-74	-150	-113	-100
SDR Allocation	70	80	80	0	0	0	0	0	0
RSF		0	0	55	56	56	0	0	0
Commercial Banks	-28	192	101	70	-133	-19	56	72	84
Amortization of structured debt	-149	0	-185	0	-116	0	0	0	0
Other domestic financing	98	-200	-9	-236	-22	25	259	213	-4
Financing gap	**0**	**186**	**183**	**253**	**254**	**106**	**0**	**0**	**0**
IMF Financing		**136**	**134**	**89**	**89**	**45**	**0**	**0**	**0**
ECF		45	45	30	30	15	0	0	0
EFF		91	89	59	59	30	0	0	0
Budget Support (excl. IMF)		**50**	**49**	**164**	**165**	**61**	**0**	**0**	**0**
AfDB		23	23	18	18	0	0	0	0
WB		0	0	120	122	61	0	0	0
France		27	26	26	26	0	0	0	0
EU		0	0	0	0	0	0	0	0
Other		0	0	0	0	0	0	0	0
Exceptional Financing		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Residual gap		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Memorandum items:									
Primary balance (payment order basis, incl. grants)	-97	129	131	199	191	133	0	-3	-20
Primary balance (cash basis, incl. grants)	-122	-56	179	-221	-346	-37	-170	-100	-20
Non-oil primary balance (payment order basis, incl. grants)	-1,071	-741	-746	-611	-611	-423	-570	-611	-683
Non-oil primary balance (cash basis, incl. grants)	-1,095	-926	-698	-1,031	-1,147	-593	-740	-708	-683

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

1/ Other arrears include the stock of unstructured debt held by CAA and the "floating" domestic debt at the Treasury, as defined in the TMU.

Table 2b. Cameroon: Central Government Operations, 2022–28

(In percent of GDP)

	2022	2023		2024		2025	2026	2027	2028
	Est.	RSF	Proj.	RSF	Proj.	Proj.	Proj.	Proj.	Proj.
Total revenue and grants	**16.2**	**16.0**	**17.0**	**15.9**	**16.5**	**15.6**	**15.7**	**15.7**	**15.8**
Total revenue	15.8	15.6	16.5	15.6	16.1	15.4	15.5	15.6	15.7
Oil sector revenue	3.6	2.9	3.0	2.5	2.6	1.6	1.6	1.6	1.6
Non-oil sector revenue	12.3	12.7	13.5	13.1	13.6	13.8	14.0	14.1	14.2
Direct taxes	3.1	3.2	3.2	3.3	3.4	3.5	3.7	3.8	3.8
Special tax on petroleum products	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Other taxes on goods and services	6.2	6.4	6.8	6.6	6.9	7.1	7.2	7.3	7.4
Taxes on international trade	1.5	1.5	1.7	1.6	1.7	1.5	1.5	1.4	1.4
Non-tax revenue	0.9	0.9	1.1	1.0	1.1	1.0	1.0	1.0	0.9
Total grants	0.4	0.3	0.5	0.3	0.3	0.2	0.1	0.1	0.0
Projects	0.2	0.1	0.3	0.1	0.1	0.1	0.1	0.1	0.0
Other	0.2	0.2	0.2	0.2	0.2	0.1	0.0	0.0	0.0
Total expenditure	**17.4**	**16.6**	**17.6**	**16.3**	**16.9**	**16.3**	**16.7**	**16.7**	**16.8**
Current expenditure	12.7	11.8	13.7	10.9	11.7	10.3	10.3	10.2	10.2
Wages and salaries	4.4	4.4	4.7	4.5	4.8	4.3	4.2	4.2	4.2
Goods and services	3.3	2.8	4.0	2.9	2.9	2.8	2.9	2.7	2.7
Subsidies and transfers	4.2	3.5	4.0	2.6	3.0	2.2	2.2	2.2	2.2
Interest	0.8	1.1	1.1	1.0	1.0	1.0	1.0	1.0	1.0
External	0.6	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.5
Domestic	0.2	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Capital expenditure	4.7	4.6	3.9	5.3	5.1	5.7	6.3	6.5	6.7
Domestically financed investment	2.1	2.1	2.3	2.6	2.7	2.7	3.3	3.8	4.1
Foreign-financed investment	2.5	2.4	1.4	2.6	2.3	2.9	2.8	2.6	2.5
Rehabilitation and participation	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Net lending	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Local production stimulus fund	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Decentralization addendum special account	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Overall balance (payment order basis)									
Excluding grants	-1.5	-1.0	-1.1	-0.7	-0.7	-0.8	-1.1	-1.1	-1.1
Including grants	-1.1	-0.7	-0.7	-0.4	-0.4	-0.6	-1.0	-1.0	-1.0
CEMAC reference fiscal balance	**-3.0**	**-1.6**	**-1.7**	**-0.7**	**-0.7**	**0.2**	**-0.7**	**-1.0**	**-1.3**
Adjustment to cash basis	**-0.1**	**-0.6**	**0.2**	**-1.3**	**-1.7**	**-0.5**	**-0.5**	**-0.2**	**0.0**
Unexecuted payment orders (-=reduction)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Floats and arrears (- = reduction)	-0.1	-0.6	0.2	-1.3	-1.7	-0.5	-0.5	-0.2	0.0
o/w Arrears (- = reduction)	-0.2	-0.6	-0.2	-1.1	-0.7	-0.4	-0.4	-0.2	0.0
o/w Floats (- = reduction)	0.1	0.0	0.4	-0.2	-1.0	0.0	0.0	0.0	0.0
o/w other arrears 1/	0.0	-0.1	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	0.0
Overall balance (cash basis)									
Excluding grants	-1.6	-1.6	-1.0	-2.0	-2.5	-1.4	-1.6	-1.4	-1.1
Including grants	-1.2	-1.3	-0.5	-1.7	-2.1	-1.1	-1.5	-1.3	-1.0
Financing	**1.2**	**0.7**	**-0.1**	**0.9**	**1.3**	**0.8**	**1.5**	**1.3**	**1.0**
External financing, net	1.1	0.3	-0.3	1.4	2.2	1.0	1.0	0.8	1.1
Amortization	-2.2	-2.4	-2.1	-2.0	-2.1	-1.8	-1.7	-1.9	-1.6
Drawings	3.3	2.7	1.8	3.5	4.3	2.8	2.7	2.7	2.7
Eurobond	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic financing, net	0.1	0.3	0.2	-0.5	-0.9	-0.2	0.5	0.4	0.0
Banking system, net	0.3	1.0	0.8	0.2	-0.5	-0.3	-0.3	-0.1	0.0
Central Bank	0.4	0.4	0.5	0.0	0.0	-0.2	-0.4	-0.3	-0.2
SDR Allocation	0.3	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0
RSF		0.0	0.0	0.2	0.2	0.2	0.0	0.0	0.0
Commercial Banks	-0.1	0.6	0.3	0.2	-0.4	-0.1	0.2	0.2	0.2
Non-bank financing, net	-0.2	-0.7	-0.7	-0.7	-0.4	0.1	0.7	0.5	0.0
Financing gap	**0.0**	**0.6**	**0.6**	**0.8**	**0.8**	**0.3**	**0.0**	**0.0**	**0.0**
IMF Financing	**0.0**	**0.5**	**0.5**	**0.3**	**0.3**	**0.1**	**0.0**	**0.0**	**0.0**
Budget Support (excl. IMF)	**0.0**	**0.2**	**0.2**	**0.5**	**0.5**	**0.2**	**0.0**	**0.0**	**0.0**
Exceptional Financing	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Residual gap	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Memorandum items:									
Primary balance (payment order basis, incl. grants)	-0.4	0.4	0.5	0.6	0.6	0.4	0.0	0.0	0.0
Primary balance (cash basis, incl. grants)	-0.4	-0.2	0.6	-0.7	-1.1	-0.1	-0.5	-0.3	0.0
Non-oil primary balance (payment order basis, incl. grants)	-3.9	-2.5	-2.6	-1.9	-2.0	-1.3	-1.6	-1.6	-1.6
Non-oil primary balance (cash basis, incl. grants)	-4.0	-3.1	-2.4	-3.2	-3.7	-1.8	-2.0	-1.8	-1.6

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

1/ Other arrears include the stock of unstructured debt held by CAA and the "floating" domestic debt at the Treasury, as defined in the TMU.

Table 3. Cameroon: Balance of Payments, 2022–28
(CFAF billion, unless otherwise indicated)

	2022	2023		2024		2025	2026	2027	2028
	Est.	RSF	Est.	RSF	Proj.	Proj.	Proj.	Proj.	Proj.
				(CFAF billion)					
Current account balance	**-942**	**-884**	**-1,158**	**-896**	**-725**	**-858**	**-1,155**	**-1,139**	**-954**
Trade balance	-197	-513	-845	-484	-531	-636	-907	-858	-641
Exports, goods	4,322	4,135	3,853	4,371	4,207	4,237	4,167	4,305	4,918
Oil and oil products	2,163	1,645	1,615	1,648	1,430	1,418	1,243	1,202	1,455
Non-oil sector	2,159	2,490	2,238	2,724	2,776	2,819	2,924	3,103	3,463
Imports, goods	-4,519	-4,648	-4,698	-4,856	-4,737	-4,873	-5,075	-5,163	-5,560
Services (net)	-508	-437	-275	-426	-319	-335	-367	-399	-460
Exports, services	1,073	1,287	1,212	1,413	1,293	1,410	1,534	1,651	1,788
Imports, services	-1,581	-1,724	-1,487	-1,840	-1,611	-1,745	-1,901	-2,050	-2,248
Income (net)	-690	-411	-568	-414	-455	-484	-527	-574	-599
Of which: interest due on public debt	-169	-194	-210	-182	-182	-190	-207	-230	-227
Transfers (net)	454	477	530	429	579	597	646	692	745
Inflows	749	757	737	731	795	828	891	955	1,024
Outflows	-295	-280	-207	-302	-217	-231	-245	-264	-279
Capital and financial account balance	**1,421**	**693**	**796**	**1,184**	**1,384**	**1,104**	**1,253**	**1,262**	**1,428**
Capital account	135	35	113	38	38	40	43	39	21
Capital transfers	49	35	79	38	38	40	43	39	21
Financial account	1,287	657	683	1,146	1,346	1,064	1,210	1,223	1,407
Official capital	145	91	-88	464	691	394	374	333	457
Borrowing	733	795	508	1,107	1,334	990	980	1,059	1,143
Of which: SDR Allocation	0	0	0	0	0	0	0	0	0
Amortization	-589	-704	-595	-643	-643	-596	-607	-728	-690
Non-official capital (net)	419	586	379	657	411	399	578	632	692
of which: Foreign direct investment	560	554	548	622	593	643	772	834	900
Oil sector (net)	122	120	119	135	129	139	168	181	195
Short-term private capital, net	723	-20	392	25	244	272	258	258	258
Errors and omissions	**69**	**0**	**24**	**0**	**0**	**0**	**0**	**0**	**0**
Overall balance	**548**	**-191**	**-337**	**288**	**659**	**247**	**98**	**124**	**474**
Financing	**-548**	**191**	**337**	**-288**	**-659**	**-247**	**-98**	**-124**	**-474**
Gross Reserves Accumulation (without RSF) (+ = decrease)	-669	39	261	-489	-862	-274	31	26	-335
Net use of IMF credit	121	-33	77	-51	-51	-78	-129	-150	-139
IMF Repayments	0	-33	-33	-51	-51	-78	-129	-150	-139
Financing gap	0	186	0	253	254	106	0	0	0
IMF Financing		136		89	89	45	0	0	0
Budget Support (excl. IMF)		50		164	165	61	0	0	0
Exceptional Financing		0		0	0	0	0	0	0
Residual gap		0		0	0	0	0	0	0
RSF disbursement	0	0	0	55	56	56	0	0	0
				(Percent of GDP)					
Trade balance	**-0.7**	**-1.7**	**-2.9**	**-1.5**	**-1.7**	**-1.9**	**-2.5**	**-2.2**	**-1.5**
Oil exports	7.9	5.5	5.6	5.1	4.6	4.2	3.4	3.1	3.4
Non-oil exports	7.9	8.4	7.7	8.5	8.9	8.4	8.0	7.9	8.2
Imports	16.6	15.6	16.2	15.1	15.2	14.4	14.0	13.2	13.1
Current account balance									
Including grants	-3.5	-3.0	-4.0	-2.8	-2.3	-2.5	-3.2	-2.9	-2.3
Excluding grants	-3.8	-3.3	-4.2	-2.9	-2.6	-2.8	-3.4	-3.1	-2.4
Overall balance	**2.0**	**-0.6**	**-1.2**	**0.9**	**2.1**	**0.7**	**0.3**	**0.3**	**1.1**
Foreign direct investment	**2.1**	**1.9**	**1.9**	**1.9**	**1.9**	**1.9**	**2.1**	**2.1**	**2.1**
				(Percentage change, unless otherwise indicated)					
Export volume	7.5	5.8	-11.6	4.6	0.3	7.8	8.1	6.8	9.1
Crude oil	-0.4	-6.4	-10.6	-9.7	-10.5	-4.5	0.7	6.1	2.3
Nonoil	9.2	8.2	-11.8	7.0	2.4	9.9	9.1	6.9	10.0
Import volume	-8.1	10.1	8.8	5.0	2.5	4.8	6.3	3.7	7.4
Terms of trade	-10.6	-2.2	5.1	1.6	12.2	-4.9	-7.1	-1.4	4.5
Non-oil export price index	-2.1	6.6	17.5	2.3	21.1	-7.6	-4.9	-0.7	1.5
Export price index	23.4	-9.6	-1.8	1.1	11.7	-6.6	-9.0	-3.3	4.7
Import price index	38.0	-7.6	-6.6	-0.5	-0.4	-1.8	-2.0	-1.9	0.3
Oil price ($US dollars per barrel)	96.4	80.5	80.6	79.9	81.3	76.4	72.9	70.4	68.6
Gross Reserves Accumulation (with RSF, CFAF billion) (+ = decrease)	-669	39	261	-545	-917	-330	31	26	-335

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

Table 4. Cameroon: Monetary Survey, 2022–28
(CFAF billion, unless otherwise indicated)

	2022	2023		2024		2025	2026	2027	2028
	Est.	RSF	Proj.	RSF	Proj.	Proj.	Proj.	Proj.	Proj.
Net foreign assets	**3,193**	**3,127**	**2,978**	**3,664**	**3,888**	**4,281**	**4,409**	**4,563**	**5,067**
Bank of Central African States (BEAC)	1,854	1,713	1,526	2,220	2,405	2,769	2,867	2,991	3,464
Of which : BEAC foreign assets	3,191	3,152	2,930	3,697	3,848	4,177	4,146	4,120	4,455
Of which: IMF credit	-794	-896	-871	-934	-908	-875	-746	-595	-457
Commercial banks	1,339	1,414	1,452	1,444	1,482	1,512	1,542	1,572	1,602
Net domestic assets	**4,988**	**5,766**	**5,563**	**5,979**	**5,448**	**5,765**	**6,377**	**7,020**	**7,369**
Domestic credit	6,151	6,983	6,854	7,478	7,155	7,446	7,499	7,872	8,299
Net claims on the public sector	2,353	2,766	2,568	2,865	2,466	2,398	2,081	2,066	2,078
Net credit to the central government	2,392	2,705	2,633	2,854	2,580	2,533	2,436	2,395	2,379
Central Bank	1,002	914	1,144	744	765	324	-246	-775	-1,290
Claims	1,371	1,473	1,448	1,511	1,485	1,452	1,323	1,172	1,034
Credit under statutory ceiling	577	577	577	577	577	577	577	577	577
Counterpart of IMF credit	794	896	871	934	908	875	746	595	457
Deposits	-368	-560	-304	-767	-720	-1,128	-1,569	-1,947	-2,323
Commercial Banks	1,390	1,791	1,489	2,110	1,815	2,209	2,677	3,162	3,659
Claims on the Treasury	1,442	1,791	1,535	2,110	1,815	2,209	2,677	3,162	3,659
Deposits	-52	0	-46	0	0	0	0	0	0
Deposits of other public entities	-510	-510	-587	-560	-637	-657	-877	-877	-877
Credit to autonomous agencies	28	27	36	27	36	36	36	38	40
Credit to the economy 1/	4,241	4,762	4,772	5,157	5,176	5,534	5,905	6,316	6,757
Credit to public enterprises	443	544	486	544	486	486	486	511	536
Credit to financial institutions	57	57	39	57	39	39	39	39	39
Credit to the private sector	3,742	4,161	4,247	4,556	4,650	5,008	5,379	5,766	6,182
Other items (net)	-1,163	-1,217	-1,291	-1,499	-1,707	-1,680	-1,122	-851	-930
Broad money	**8,182**	**8,893**	**8,541**	**9,643**	**9,336**	**10,046**	**10,786**	**11,583**	**12,436**
Currency outside banks	1,638	1,761	1,803	1,911	1,962	2,104	2,252	2,411	2,582
Deposits	6,544	7,132	6,738	7,732	7,374	7,943	8,534	9,172	9,854
Memorandum items:									
Net borrowing from the central bank excluding IMF	208	17	273	-191	-143	-551	-992	-1,370	-1,746
Contribution to the growth of broad money (percentage points)									
Net foreign assets	7.7	-0.8	-2.6	6.0	10.7	4.2	1.3	1.4	4.4
Net domestic assets	4.0	9.8	7.0	2.4	-1.3	3.4	6.1	6.0	3.0
Of which : net credit to the central government	1.3	5.4	2.9	1.7	-0.6	-0.5	-1.0	-0.4	-0.1
Credit to the economy (annual percentage change)	12.4	9.7	12.5	8.3	8.5	6.9	6.7	7.0	7.0
Credit to the private sector									
Annual percentage change	13.6	11.2	13.5	9.5	9.5	7.7	7.4	7.2	7.2
In percent of GDP	13.7	14.0	14.6	14.2	14.9	14.8	14.8	14.7	14.6
Broad money (annual percentage change)	11.7	9.0	4.4	8.4	9.3	7.6	7.4	7.4	7.4
Currency outside banks	6.3	9.1	10.1	8.5	8.8	7.2	7.0	7.1	7.1
Deposits	13.1	9.0	3.0	8.4	9.4	7.7	7.5	7.5	7.4
Velocity (GDP/average M2)	3.3	3.3	3.4	3.3	3.3	3.4	3.4	3.4	3.4

Sources: BEAC and IMF staff calculations.
1/ Credit to the economy includes credit to public enterprises, financial institutions, and the private sector.

Table 5. Cameroon: Capacity to Repay the Fund, 2023–44

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Fund obligations based on existing credit																						
(SDR millions)																						
Principal	41.4	63.5	96.6	159.2	184.0	166.2	153.3	120.2	76.1	46.6	24.5	-	-	-	-	-	-	-	-	-	-	-
Charges and interest	15.2	31.3	32.0	31.6	30.3	28.4	25.9	23.5	21.1	19.1	17.9	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5
Fund obligations based on existing and																						
prospective credit (SDR, millions)[1]																						
Principal	41.4	63.5	96.6	159.2	184.0	169.3	170.5	147.8	105.5	76.1	54.0	26.3	15.3	13.8	13.8	13.8	13.8	13.8	13.8	13.8	13.8	12.1
PRGT+GRA	41.4	63.5	96.6	159.2	184.0	169.3	170.5	147.8	105.5	76.1	54.0	24.5	4.9	-	-	-	-	-	-	-	-	-
RST	-	-	-	-	-	-	-	-	-	-	-	1.7	10.4	13.8	13.8	13.8	13.8	13.8	13.8	13.8	13.8	12.1
Charges and interest	17.3	33.2	41.2	43.9	42.7	40.7	38.0	34.8	31.4	28.5	26.4	25.0	24.1	23.5	22.8	22.1	21.5	20.8	20.1	19.5	18.8	18.1
Total obligations based on existing and																						
prospective credit																						
SDR millions	58.7	96.7	137.8	203.1	226.7	210.0	208.5	182.6	136.9	104.5	80.3	51.2	39.4	37.3	36.6	35.9	35.3	34.6	33.9	33.3	32.6	30.2
CFAF billions	47.5	77.9	111.6	165.2	185.0	172.0	171.1	149.9	112.4	85.8	65.9	42.1	32.3	30.6	30.0	29.5	28.9	28.4	27.8	27.3	26.7	24.8
Percent of government revenue	1.0	1.5	2.1	2.9	3.0	2.6	2.4	1.9	1.3	0.9	0.7	0.4	0.3	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1
Percent of exports of goods and services	0.9	1.4	2.0	2.9	3.1	2.6	2.3	1.9	1.3	0.9	0.7	0.4	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.1	0.1
Percent of debt service[2]	5.9	9.4	14.2	20.3	19.3	18.8	18.2	13.7	10.8	8.0	7.0	4.0	3.0	2.6	2.3	2.1	1.9	1.7	1.6	1.4	1.3	1.1
Percent of GDP	0.2	0.2	0.3	0.5	0.5	0.4	0.4	0.3	0.2	0.2	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Percent of gross reserves	1.6	2.0	2.7	4.0	4.5	3.9	3.5	2.8	1.8	1.3	0.9	0.5	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.1
Percent of quota	21.3	35.0	49.9	73.6	82.1	76.1	75.5	66.2	49.6	37.9	29.1	18.6	14.3	13.5	13.3	13.0	12.8	12.5	12.3	12.0	11.8	10.9
Principal	15.0	23.0	35.0	57.7	66.7	61.3	61.8	53.6	38.2	27.6	19.6	9.5	5.5	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.4
PRGT+GRA	15.0	23.0	35.0	57.7	66.7	61.3	61.8	53.6	38.2	27.6	19.6	8.9	1.8	-	-	-	-	-	-	-	-	-
RST	-	-	-	-	-	-	-	-	-	-	-	0.6	3.8	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.4
Outstanding IMF credit based on existing																						
and prospective drawings																						
SDR millions	1,090.2	1,206.1	1,233.7	1,074.6	890.6	721.3	550.8	403.0	297.5	221.4	167.4	141.2	125.9	112.1	98.3	84.5	70.7	56.9	43.1	29.3	15.5	3.5
PRGT+GRA	1,090.2	1,137.1	1,095.7	936.6	752.6	583.3	412.8	265.0	159.5	83.4	29.4	4.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RST	0.0	69.0	138.0	138.0	138.0	138.0	138.0	138.0	138.0	138.0	138.0	136.3	125.9	112.1	98.3	84.5	70.7	56.9	43.1	29.3	15.5	3.5
CFAF billions	882.0	971.7	999.1	873.9	727.0	590.9	452.1	330.7	244.1	181.7	137.4	115.9	103.4	92.0	80.7	69.4	58.0	46.7	35.4	24.1	12.7	2.8
Percent of government revenue	17.9	18.9	18.9	15.4	11.8	8.8	6.3	4.2	2.9	2.0	1.4	1.1	0.9	0.7	0.6	0.5	0.4	0.3	0.2	0.1	0.1	0.0
Percent of exports of goods and services	17.4	17.7	17.7	15.3	12.2	8.8	6.1	4.1	2.8	2.0	1.4	1.2	1.0	0.8	0.7	0.5	0.4	0.3	0.2	0.1	0.1	0.0
Percent of debt service[2]	109.6	117.8	127.0	107.4	75.9	64.5	48.1	30.3	23.4	17.0	14.5	11.0	9.5	7.7	6.3	4.9	3.8	2.8	2.0	1.2	0.6	0.1
Percent of GDP	3.0	3.1	3.0	2.4	1.9	1.4	1.0	0.7	0.5	0.3	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Percent of quota	395.0	437.0	447.0	389.3	322.7	261.3	199.6	146.0	107.8	80.2	60.7	51.2	45.6	40.6	35.6	30.6	25.6	20.6	15.6	10.6	5.6	1.3
PRGT+GRA	395.0	412.0	397.0	339.3	272.7	211.3	149.6	96.0	57.8	30.2	10.7	1.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RST	0.0	25.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	49.4	45.6	40.6	35.6	30.6	25.6	20.6	15.6	10.6	5.6	1.3
Net use of Fund credit (SDR millions)	124.2	115.9	27.6	-159.2	-184.0	-169.3	-170.5	-147.8	-105.5	-76.1	-54.0	-26.3	-15.3	-13.8	-13.8	-13.8	-13.8	-13.8	-13.8	-13.8	-13.8	-12.1
Disbursements	165.6	179.4	124.2	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
Repayments and repurchases	41.4	63.5	96.6	159.2	184.0	169.3	170.5	147.8	105.5	76.1	54.0	26.3	15.3	13.8	13.8	13.8	13.8	13.8	13.8	13.8	13.8	12.1
Memorandum items: (CFAF billions)																						
Nominal GDP	28,996	31,267	33,746	36,338	39,209	42,343	45,562	48,978	52,794	56,665	60,872	65,398	70,268	75,425	80,970	86,934	93,351	100,256	107,691	116,127	125,254	135,133
Exports of goods and services	5,065	5,499	5,646	5,702	5,956	6,706	7,428	8,027	8,670	9,066	9,520	10,031	10,603	11,229	11,920	12,683	13,600	14,592	15,667	16,872	18,184	19,614
Government revenue	4,923	5,151	5,278	5,687	6,159	6,685	7,222	7,862	8,534	9,133	9,907	10,742	11,599	12,544	13,585	14,739	16,057	17,510	19,142	21,032	23,172	25,600
Debt service[2]	805	825	786	814	958	917	940	1,091	1,045	1,067	947	1,054	1,086	1,193	1,286	1,403	1,540	1,654	1,794	1,966	2,110	2,264
Gross reserves	2,930	3,848	4,177	4,146	4,120	4,455	4,871	5,360	6,110	6,816	7,694	8,490	9,357	10,169	11,044	11,996	12,795	13,694	14,828	16,131	17,677	17,049
CFAF per SDR (period average)	809.0	805.7	809.8	813.3	816.4	819.3	820.8	820.8	820.8	820.8	820.8	820.8	820.8	820.8	820.8	820.8	820.8	820.8	820.8	820.8	820.8	820.8

Source: IMF staff calculations.

1/ In July 2023, the IMF Executive Board extended the zero-interest rate policy on ECF and SCF through July 2025, while interest rate on RCF remains at zero percent, in line with the Executive Board’s decision in 2015. Based on these decisions, the following interest rates are assumed beyond July 2025: 0/0/0 percent per annum for the ECF, SCF and RCF, respectively. The Executive Board will review the interest rates on concessional lending by end-July 2025 and every two years thereafter.

2/ Total debt service includes IMF repurchases and repayments.

Quota (in SDRs) 276,000,000.

Table 6. Cameroon: Financial Soundness Indicators, 2018–23

(Percent)

	2018	2019	2020	2021	2022	2023
Capital adequacy						
Total bank regulatory capital to risk-weighted assets[1]	10.8	10.7	13.8	14.2	15.0	15.3
Total capital (net worth) to assets	5.0	5.1	6.5	6.5	6.7	6.6
Total assets (growth)	10.3	11.1	8.5	15.9	17.4	10.9
Asset quality						
Non-performing loans (gross) to total loans (gross)	12.4	12.8	13.4	14.1	13.0	12.9
Non-performing loans less provisions to regulatory capital	11.8	11.1	11.7	11.6	13.8	12.3
Earnings and profitability						
Return on equity[2]	14.2	16.0	6.4	28.8		19.2
Return on assets	1.8	2.1	0.9	3.9		2.4
Non interest expense to gross income	87.7	96.6	89.3	84.3		60.0
Liquidity						
Liquid assets to total assets	26.4	25.9	30.1	30.3	31.4	28.5
Liquid assets to short-term liabilities	162.4	161.9	182.4	189.3	187.7	178.1
Credit						
Gross loan (banks' book) - bn FCFA	3741	3819	4119	4566	4961	5612
Gross loan - annualized growth rate	6.5	2.1	7.9	10.9	8.6	13.1
Other						
Foreign-currency-denominated loans to total loans	1.0	0.8	0.5	0.1	0.1	0.1
Foreign-currency-denominated liabilities to total liabilities	0.1	0.1	0.1	2.1	5.8	7.6

Source: Banking Commission of Central Africa (COBAC).
1/ Calculated according to the Basel I guidance.
2/ Return in ROE is calculated based on annualized net profit before tax.

Table 7. Cameroon: Schedule of Disbursements and Purchases Under ECF and EFF, 2021–25

Availability Date	Conditions for Disbursement	Amount (Percent of Quota)[1]			Amount (Millions of SDRs)		
		Total	ECF	EFF	Total	ECF	EFF
7/29/2021	Executive Board approval of the ECF & EFF Arrangements.	45.0	15.0	30.0	124.2	41.4	82.8
12/15/2021	Observance of the performance criteria for July 30, 2021 and completion of the first review under the arrangements	30.0	10.0	20.0	82.8	27.6	55.2
6/15/2022	Observance of the performance criteria for December 31, 2021 and completion of the second review under the arrangements	20.0	6.7	13.3	55.2	18.4	36.8
12/15/2022	Observance of the performance criteria for June 30, 2022 and completion of the third review under the arrangements	20.0	6.7	13.3	55.2	18.4	36.8
6/15/2023	Observance of the performance criteria for December 31, 2022 and completion of the fourth review under the arrangements	20.0	6.7	13.3	55.2	18.4	36.8
12/15/2023	Observance of the performance criteria for June 30, 2023 and completion of the fifth review under the arrangements	20.0	6.7	13.3	55.2	18.4	36.8
6/15/2024	Observance of the performance criteria for December 31, 2023 and completion of the sixth review under the arrangements	20.0	6.7	13.3	55.2	18.4	36.8
12/15/2024	Observance of the performance criteria for June 30, 2024 and completion of the seventh review under the arrangements	20.0	6.7	13.3	55.2	18.4	36.8
6/3/2025	Observance of the performance criteria for December 31, 2024 and completion of the eighth review under the arrangements	20.0	6.7	13.3	55.2	18.4	36.8
Total		***215.0***	***71.7***	***143.3***	***593.4***	***197.8***	***395.6***

Source: IMF staff calculations.

1/ Cameroon's current quota is SDR 276.0 million.

Table 8. Cameroon: Schedule of Disbursements and RMs Availability Dates under the RSF

Availability Date	Conditions of Access	Percent of Quota[1]	SDR, million
1/22/2024	RSF approval	0	0
6/15/2024	Completion of RSF review of reform measure 1 implementation	6.25	17.25
6/15/2024	Completion of RSF review of reform measure 3 implementation	6.25	17.25
12/15/2024	Completion of RSF review of reform measure 4 implementation	6.25	17.25
12/15/2024	Completion of RSF review of reform measure 6 implementation	6.25	17.25
6/3/2025	Completion of RSF review of reform measure 2 implementation	6.25	17.25
6/3/2025	Completion of RSF review of reform measure 5 implementation	6.25	17.25
6/3/2025	Completion of RSF review of reform measure 7 implementation	6.25	17.25
6/3/2025	Completion of RSF review of reform measure 8 implementation	6.25	17.25
Total		***50.0***	***138.0***

Source: IMF staff calculations.
1/ Cameroon's current quota is SDR 276.0 million.

Table 9. Cameroon: External Financing Needs and Sources
(CFAF, billions)

	2023	2024	2025	2026	2027	2028
Total Financing Requirements	**1526**	**2281**	**1806**	**1860**	**1991**	**2118**
Current Account Deficit	1158	725	858	1155	1139	954
Amortization of PPG Debt	629	694	675	736	878	828
Gross Reserves Accumulation (+ = increase) (without RSF)	-261	862	274	-31	-26	335
Financing Sources	**1342**	**2027**	**1701**	**1860**	**1991**	**2118**
Capital Account	113	38	40	43	39	21
Financial Account	1229	1989	1661	1817	1951	2097
Financing Gap	**183**	**254**	**106**	**0**	**0**	**0**
Additional/Exceptional Financing Sources	**183**	**254**	**106**	**0**	**0**	**0**
IMF Financing	**134**	**89**	**45**	**0**	**0**	**0**
ECF	*45*	*30*	*15*	*0*	*0*	*0*
EFF	*89*	*59*	*30*	*0*	*0*	*0*
Budget Support (excl. IMF)	**49**	**165**	**61**	**0**	**0**	**0**
AfDB	23	*18*	*0*	*0*	*0*	*0*
WB	0	*122*	*61*	*0*	*0*	*0*
France	26	*26*	*0*	*0*	*0*	*0*
EU	0	*0*	*0*	*0*	*0*	*0*
Other	0	*0*	*0*	*0*	*0*	*0*
Exceptional Financing	**0**	**0**	**0**	**0**	**0**	**0**
Residual gap	**0**	**0**	**0**	**0**	**0**	**0**
Memorandum items						
RSF disbursement	0	56	56	0	0	0
Reserve accumulation (with RSF)	-261	917	330	-31	-26	335

Source: Country authorities and IMF staff calculations.

Annex I. Global Risk Assessment Matrix [1]

Risks	Likelihood	Impact if Realized	Recommended Policy Response
	Conjunctural Risks		
• **Intensification of regional conflicts.** Escalation or spread of the conflict in Gaza and Israel, Russia's war in Ukraine, and/or other regional conflicts or terrorism disrupt trade (e.g., energy, food, tourism, supply chains), remittances, FDI and financial flows, payment systems, and increase refugee flows.	High	• Higher inflation and increased food insecurity would intensify. • Supply chain disruptions would continue to affect businesses. • Spending pressures (including on fuel subsidies) would increase, with extension of tax exemptions, which jeopardize fiscal strategy. • Could amplify existent social risks.	• Create fiscal space through wage bill control, spending review, and revenue mobilization for new policies to mitigate supply shocks in the economy. • Prioritize and target public spending towards the most vulnerable people. • Review and reprioritize tax exemptions for programs with higher economic and social impact.
• **Commodity price volatility.** A succession of supply disruptions (e.g., due to conflicts, export restrictions, and OPEC+ decisions) and demand fluctuations causes recurrent commodity price volatility, external and fiscal pressures in EMDEs, cross-border spillovers, and social and economic instability.	High	• Worsening terms of trade in case of lower commodity prices, improvement in case of higher prices for Cameroon's main commodity exports (e.g., timber and cocoa) • Unstable fiscal position, with delays in fiscal adjustment and reform efforts. • Further social unrest.	• Review export promotion incentives to ensure that they encourage higher growth and diversification of the economy. • Prioritize and target public spending towards the most vulnerable people.
• **Abrupt global slowdown.** Global and idiosyncratic risk factors cause a synchronized sharp growth downturn, with recessions in some countries, adverse spillovers through trade and financial channels, and market fragmentation triggering sudden stops in EMDEs. • **China:** Sharper-than-expected contraction in the property sector weighs on private demand, further amplifies local government fiscal strains, and results in disinflationary pressures and adverse macro-financial feedback loops. • **Europe:** Intensifying fallout from Russia's war in Ukraine, supply disruptions, tight financial conditions, and real estate market corrections exacerbate economic downturn. • **U.S.:** Amid tight labor markets, inflation remains elevated, prompting the Fed to keep rates higher for longer and resulting in more abrupt financial, housing, and commercial real estate market correction.	Medium Medium Medium Medium	• Slower growth due to weaker demand from trade partners, with worsening current account. Weaker demand could cool inflation.	• Adjust fiscal policy to anchor expectations of economic agents. • Prioritize and target public spending towards the most vulnerable people. • Monitor macro-financial risks.

[1] The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline path. The relative likelihood is the staff's subjective assessment of the risks surrounding the baseline ("low" is meant to indicate a probability below 10 percent, "medium" a probability between 10 and 30 percent, and "high" a probability between 30 and 50 percent). The RAM reflects staff views on the source of risks and overall level of concern as of the time of discussions with the authorities. Non-mutually exclusive risks may interact and materialize jointly. The conjunctural shocks and scenarios highlight risks that may materialize over a shorter horizon (between 12 to 18 months) given the current baseline. Structural risks are those that are likely to remain salient over a longer horizon.

Global Risk Assessment Matrix February 7, 2024 (Continued)			
Monetary policy miscalibration. Amid high economic uncertainty, major central banks loosen policy stance prematurely, hindering disinflation, or keep it tight for longer than warranted, causing abrupt adjustments in financial markets and weakening the credibility of central banks.	Medium	• Impact on the vulnerable and food insecurity • Increase in risk premia, including sovereign risk premium, heightened financial sector instability risk.	• In the short term, the regional central bank will need to remain vigilant, adjusting the monetary stance as needed. In the medium-term, Cameroon needs to accelerate implementation of reforms to strengthen the resilience of the financial sector.
Systemic financial instability. High interest rates and risk premia and asset repricing amid economic slowdowns and political uncertainty (e.g., from elections) trigger market dislocations, with cross-border spillovers and an adverse macro-financial feedback loop affecting weak banks and NBFIs.	Medium	• Limited credit extension would hamper investment and growth. • Potential contingent liabilities would add to fiscal pressures.	• Enhance banking supervision and enforce prudential regulations. • Improve processes and procedures for collection of debts and collateral. • Create fiscal space to absorb financial shocks.
Sovereign debt distress. Domino effects from high global interest rates, a growth slowdown in AEs, unfunded fiscal spending, and/or disorderly debt events in some EMDEs spillover to other highly indebted countries, amplified by sovereign-bank feedback, resulting in capital outflows, rising risk premia, and loss of market access.	Medium	• Capital outflows. • Increase in borrowing costs.	• Enhance banking supervision and enforce prudential regulations. • Create fiscal space to absorb economic, financial, and other shocks. • Advance SOE restructuring and PFM reforms.
Social discontent. High inflation, real income loss, spillovers from conflicts (including migration), worsening inequality, and disputed elections cause social unrest and detrimental populist policies. This exacerbates imbalances, slows growth, and leads to policy uncertainty and market repricing.	Medium	• Social unrest could delay fiscal adjustment. • Social discontent and spillovers from regional crises (e.g., displacements of populations) could fuel existing internal tensions. • Rising unrest would further disrupt agricultural production and growth. • Delays in investment projects might be exacerbated.	• Review and reprioritize public spending towards programs with higher economic and social impact. • Create fiscal space to tackle financial vulnerabilities. • Mobilize additional grants and concessional loans from financial and technical partners to cover prioritized needs.
Structural Risks			
• **Deepening geoeconomic fragmentation.** Broader conflicts, inward-oriented policies, and weakened international cooperation result in a less efficient configuration of trade and FDI, supply disruptions, protectionism, policy uncertainty, technological and payments systems fragmentation, rising shipping and input costs, financial instability, a fracturing of international monetary system, and lower growth.	High	• Risk of reconfiguration of relations with traditional partners. • Further supply disruptions. • High input costs, financial instability. • Lower potential growth.	• Accelerate labor and product market reforms to support diversification of exports and extend trade relations. • Diversify trade partners, especially by leveraging the potential of the AfCFTA.

Global Risk Assessment Matrix February 7, 2024 (concluded)			
• **Cyberthreats.** Cyberattacks on physical or digital infrastructure and service providers (including digital currency and crypto assets) or misuse of AI technologies trigger financial and economic instability.	**Medium**	• Impact on public services that rely on digital infrastructure. • Could slow down financial inclusion progress.	• Create contingent plans for cyberattacks.
• **Extreme climate events.** Extreme climate events driven by rising temperatures cause loss of human lives, severe damage to infrastructure, supply disruptions, lower growth, and financial instability.	**Medium**	• Harm agricultural production, worsening the livelihood of people in rural areas and exacerbating extreme poverty and inequalities. • Higher recovery spending, higher financing costs, and lower revenues. • Supply disruptions and weaker confidence.	• Improve capacity for monitoring and assessing climate policies and strengthening early warning systems. • Address infrastructure gaps and income/developmental disparities among regions, while instituting appropriate social safety nets. • Promote climate-smart agriculture.
• **Disorderly energy transition.** A disorderly shift to net-zero emissions (e.g., owing to shortages in critical metals) and climate policy uncertainty cause supply disruptions, stranded assets, market volatility, and subdued investment and growth.	**Medium**	• Energy supply disruptions • Stranded assets	• Energy sector reform.
• **Regional instability.** Political crises in the region, including the recent events in Gabon, may lead to, disruption in regional trade integration, further destabilization of cross-border security, cause intra-region contagion in the banking sector.	**Medium to High**	• Increased sovereign financing costs. • Intraregional banks' exposure	• Address bank vulnerability/advance bank restructuring. • Advance reforms supporting public debt sustainability.

Annex II. Governance Diagnostic: Main Findings and Recommendations

1. Efforts to address weaknesses in accountability and corruption in Cameroon are critical to achieving sustained progress on fiscal consolidation and inclusive economic and social growth. A mission of IMF experts (LEG/FAD/MCM) tasked with performing a diagnostic assessment of governance and corruption took place in February/March 2023. In line with the IMF's Framework for Enhanced Engagement on Governance (2018), the assessment focused on factors contributing to weakness and vulnerability in governance and corruption in the following priority areas of high macroeconomic importance (i) combating corruption, money laundering, and terrorist financing (ii) fiscal governance (e.g., public financial management, tax policy and revenue administration, management of state-owned enterprises (SOEs), and public procurement) and (ii) the execution of contracts and the protection of property rights.

2. The Governance-and-Corruption-Diagnostic-Report, which was published in November 2023, notes steps to improve economic governance, while highlighting their insufficiency in the face of weaknesses and vulnerabilities to corruption in some key government functions. These vulnerabilities include challenges in public financial management (including budget formulation and execution), administration of public procurement (tendering and contract execution), management and oversight of state-owned enterprises, transparency in revenue policy and administration, and land ownership (problems with clarity and security). Individuals, businesses, and institutions in Cameroon face a complex and fragmented governance environment at the organizational and procedural levels.

3. The report highlights immediate and short-term measures to address key corruption issues, as well as structural reforms that require more time and resources, but are essential to strengthen governance and initiate lasting change. They focus mainly on short-term measures that address immediate risks, such as gaps in existing legal frameworks. Each of the subsections of the report contains a more comprehensive list of recommendations, including structural and institutional measures to achieve more transparent and efficient governance that operates with integrity and respect for the rule of law (Annex Table 1).

4. The report notes that a comprehensive approach to addressing governance shortcomings requires medium- and long-term initiatives, the mobilization of substantial resources, and long-term work, possibly with the support of Cameroon's international partners. The recommendations stemming from the diagnostic assessment are intended to contribute to the design of governance and anti-corruption policies and programs, to improvement of the legal and institutional architecture, and to the implementation of the program supported by the IMF.

	Measure	Timetable[1]
1	Publish property and asset declarations on the Cameroonian government's website, in accordance with the amended legislation and/or a presidential decree	ST
2	Bring the Criminal Code into full compliance with the mandatory provisions of the United Nations Convention against Corruption (UNCAC), in particular by making illicit enrichment a criminal offense	ST
3	Enact an anti-corruption law that guarantees the independence of the anti-corruption agency, which has a mandate and the power to conduct criminal investigations	MT
4	Establish a separate budget line for the Audit Bench in the Supreme Court chapter of the budget	ST
5	Ensure that the competent authorities have access to sufficient, accurate, and up-to-date beneficial ownership information.	MT
6	Starting in 2024, reduce the use of "common chapters" in accordance with a decree on their use, in particular regarding chapters 57, 65, and 94, and set a timetable to limit the allocation to 3%-5% of the budget	ST
7	In 2025, set a ceiling for authorizing expenditures under exceptional procedures, in accordance with a decree restricting their use, and a timetable to limit these procedures to between 3% and 5% of expenditures	ST/MT
8	Starting in 2024, include public procurement monitoring in quarterly budget execution reviews and publish indicators/reports on public procurement in Cameroon	ST
9	Improve the governance of state-owned enterprises by strictly enforcing the provisions of the law on the term of office of managing directors and chairmen of the board of directors and the prohibition on holding multiple positions, and by ensuring the selection of qualified candidates, in accordance with a decree	MT
10	Publish the annual financial statements of the 15 largest state-owned enterprises	ST
11	Publish all production-sharing agreements in the extractive sector	ST
12	Starting in 2024, publish all transactions performed by the minister and the two directors general on official websites within 30 days of the action, produce and publish a detailed annual report on settlements, and take steps to eliminate the minister's regulatory authority regarding transactions	ST
13	Starting in December 2024, publish on the Ministry of Finance website data on the number of complaints and sanctions concerning tax and customs officials, as well as the number of cases referred to the National Anti-Corruption Commission (CONAC) for further investigation	MT
14	Increase the transparency of the selection process for members of the Supreme Judiciary Council to guarantee its independence, and ensure adequate budget, resources, and staffing for the judiciary by December 2024	MT
15	Establish an online digital cadaster and make progress in digitizing state land titles by December 2024	MT/LT

[1] The recommendations are classified as short-term (ST), to be implemented within a maximum of 12 months, or medium-term (MT), to be implemented within 24 to 30 months.

Appendix I. Letter of Intent

Madam Kristalina Georgieva
Managing Director
International Monetary Fund
Washington, D.C. USA
June 21, 2024

Subject: Letter of Intent for the Extended Credit Facility and the Extended Fund Facility, and Resilience and Sustainability Facility

Dear Madam Managing Director,

1. The Government of Cameroon continues to implement its 2021-25 Economic and Financial Program supported by the International Monetary Fund's Extended Credit Facility (ECF) and Extended Fund Facility (EFF) and the Resilience and Sustainability Facility (RSF) in a difficult domestic and regional context, exacerbated by subdued global growth and geopolitical tensions in Europe and the Middle East. To reduce poverty, finance balance of payments needs and rebuild regional foreign exchange reserves, the Cameroonian authorities have been implementing an economic recovery program, in line with the regional economic and financial reform program (PREF-CEMAC.

2. Cameroon's economy has shown resilience in the face of domestic and regional challenges and successive external shocks. While the post pandemic recovery has continued, the country continues to face risks from domestic and regional developments, as well as a constraining external environment, including due to the intensification of global geopolitical tensions, tight financial conditions, inflationary pressures, and oil price volatility. Nevertheless, the outlook remains favorable, provided the global environment remains supportive.

3. Program performance at end-December 2023 remained mixed. Two of six quantitative performance criteria were not met, namely the floor on the non-oil primary balance (on a payment order basis), which was not met at end-December 2023 and the ceiling on the accumulation of external payments arrears. Four of the six indicative targets were not met, namely the ceilings on the net accumulation of domestic payments arrears, the direct interventions by the National Hydrocarbons Company (SNH), Treasury advances without a budget allocation, and the share of expenditure executed through exceptional procedures. We have proposed corrective measures to improve performance.

4. Progress on implementing structural benchmarks (SBs) has accelerated. Four out of the five SBs due for the sixth reviews were met on time. In addition, the government has continued efforts to achieve two SBs due end-June 2024. The SB relating to the inclusion, in the 2024 Budget Law (LF2024), of a budget allocation to clear the stock of domestic payment arrears dating back to more than 90 days at the end of the 2023 exercise was not met **(SB8, December 2023)**. Two reform measures due for the first review under the RSF arrangement were completed and actions are underway in relation to RMs due for the next review.

5. The attached Memorandum of Economic and Financial Policies (MEFP) supplements those of July 2021, February 2022, July 2022, February 2023, June 2023, December 2023, and January 2024. It describes the economic and financial situation in 2023, outlines the government's economic and financial policies for 2024, and defines the quantitative criteria, indicative targets, and SBs through end-2024 and March 2025.

6. We are requesting waivers for the breaches of two quantitative performance criteria related to the floor on the non-oil primary balance (on a payment order basis) at end December 2023, as well as to the ceiling on the accumulation of external payments arrears, as the breaches are minor and temporary, and all external arrears have been cleared. In addition, we request waivers of applicability for four performance criteria for end-June 2024 as the data will not be known before the IMF Executive Board meeting scheduled for July 2024, and there is no clear evidence that such performance criteria will not be met. We also request that the IMF Executive Board approve changes to the program targets for end-June 2024, end-September 2024, and end-December 2024, as well as to establish new targets for end-March 2025, set in line with updated macroeconomic projections and adopted policies, and the modification of a reform measure.

7. Based on Cameroon's program achievements and commitments in the MEFP, Cameroon requests completion of the sixth reviews of the ECF-EFF supported arrangements and the disbursement and purchase of SDR 18.4 million and SDR 36.8 million, respectively. The government also requests completion of the first review under the RSF arrangement and the disbursement of SDR 34.50 million.

8. The government is convinced that the policies and measures presented in the MEFP are adequate for achievement of program targets and is committed to implementing reforms with determination and taking any necessary additional measures. The authorities will consult with the IMF on additional measures or before revising measures in the MEFP in accordance with the IMF policy on such consultations. To facilitate program monitoring, the government will report the information required to IMF staff by the prescribed deadlines in accordance with the attached Technical Memorandum of Understanding (TMU).

9. Finally, the government agrees to the publication of this letter, the MEFP, the TMU, and the IMF staff report for this review.

Very truly yours,

/s/

Joseph Dion Ngute
Prime Minister, Head of Government

Attachments:

1. Supplementary Memorandum of Economic and Financial Policies
2. Technical Memorandum of Understanding

Attachment I. Supplementary Memorandum of Economic and Financial Policies in 2024-25, May 2024

INTRODUCTION

1. **The National Development Strategy for 2020–30 (SND-30) remains central to our strategic priorities.** We will continue our efforts to restore strong, sustained, and inclusive economic growth, and to accelerate Cameroon's march towards economic and social emergence. This requires strengthening macroeconomic stability and ensuring a deep structural transformation of the economy through significant investments in priority sectors, while maintaining debt and fiscal sustainability and strengthening the country's resilience to external shocks and to climate change.

RECENT ECONOMIC DEVELOPMENTS

2. **Cameroon's economic recovery has been sustained despite successive external shocks and in a difficult domestic context.** Global headwinds are moderating, but domestic and regional risks have intensified. Provisional data show that real GDP growth is expected to increase from 3.6 percent in 2022 to 3.3 percent in 2023, compared to 4 percent as initially expected. This reflects a contraction in activity in the hydrocarbon and export agriculture sectors, as well as weaker-than-expected growth in the manufacturing industries. Indeed, the domestic economy has experienced difficulties with the provision of inputs following disruptions in global supply chains, production cost increases, and insufficient supply of electricity. Inflation declined to 6 percent by end-2023 but remains high, driven by the February 2023 fuel pump price increase, and stronger demand pressures. Continued monetary tightening, fiscal consolidation, exchange rate appreciation and lower food inflation contributed to a decline in inflationary pressures.

3. **The current account deficit increased in 2023.** The current account deficit widened to 4.0 percent of GDP in 2023 compared to 3.5 percent of GDP in 2022, reflecting lower oil exports and adverse weather conditions affecting the agricultural sector. However, the deterioration in the overall external balance also reflects a decline in disbursements linked to the end of the first-generation project cycles and the late launch of SND-30 projects, as well as capital inflows, which led to a drop in international reserves.

4. **The non-oil primary deficit improved in 2023 due to revenue mobilization efforts and unforeseen factors.** It contracted to about 2.6 percent of GDP in 2023, from 3.9 percent in 2022 reflecting higher-than-expected non-oil revenues and grants in the revised 2023 budget (LFR2023) and was slightly above the program target. Non-oil revenues increased from 12.3 percent of GDP in 2022 to around 13.5 percent of GDP in 2023, while grants increased from 0.4 percent of GDP in 2022 to 0.5 percent of GDP in 2023. At the same time, there was an under-execution of public investment of 0.8 p.p. of GDP, due to the poor performance of FINEX (externally financed) projects, and an overrun of current expenditure of about 1.9 p.p. of GDP compared to the expenditure planned in the LFR2023 due to expenditure on wages, goods and services, and higher transfers and subsidies.

5. **The public debt ratio as a percentage of GDP continues to improve.** The improvement in fiscal balances has contributed to a reduction in public debt, which declined to about 44.5 percent of

GDP by end-2023 from over 46 percent of GDP at end-2022. External public debt fell to 29.1 percent of GDP in 2023 down from 31.3 percent in 2022. In contrast, contingent liabilities associated with public enterprises and public-private partnerships have increased from 12.8 percent in 2022 to 13.9 percent of GDP in 2023.

6. The soundness of the banking sector is improving overall, but vulnerabilities remain, particularly regarding banks' exposure to sovereign risk. The banks' solvency ratio has improved continuously since 2020, rising from 10.7 percent to 15.3 percent at end-2023. The proportion of non-performing loans decreased slightly to 12.9 percent compared to end-2022 but remains high. The size of bank balance sheets has grown strongly in recent years, by 11 percent in 2023, driven by an increase in deposits. However, banks' exposure to the public sector, including state-owned enterprises, has changed rapidly, especially since the COVID-19 crisis, from around 27 percent in 2019 to 37 percent of total assets in December 2023. Finally, liquidity ratios deteriorated slightly compared to 2022.

IMPLEMENTATION OF THE ECONOMIC AND FINANCIAL PROGRAM

7. Program performance remains mixed as weaknesses in public financial management (PFM) and governance continue hampering performance. Two of the six quantitative performance criteria have not been met, namely the floor of the non-oil primary fiscal balance (payment order basis) for end-December 2023 and the ceiling on the accumulation of external payments arrears. All arrears have been cleared. Four of the six indicative targets were not met, namely (i) the ceiling on the net accumulation of domestic payment arrears; (ii) the ceiling on SNH's direct interventions; (iii) the share of expenditure through exceptional procedures; and (iv) the ceiling on Treasury advances without a budget allocation. This reflects liquidity constraints due to lower-than-expected budget support disbursements, tight domestic and regional financing conditions, and the postponement of a debt operation to 2024. They can also be explained by persistent weaknesses in public financial management, in particular, by non-budgetary expenditures, which includes a part of Treasury advances, direct interventions by SNH, as well as by a non-compliance with the expenditure chain. The authorities remain committed to pursuing the objectives of the program and will implement corrective measures. They will identify the expenses that may require Treasury advances and submit to Parliament a 2024 Revised Budget Law (LFR2024) consistent with the macroeconomic framework of the program and which includes expenditures likely to generate Treasury advances (**prior action**). In addition, the indicative target that sets the ceiling on Treasury advances without a budget allocation will be reclassified as a continuous quantitative performance criterion (Table 1).

8. Progress is ongoing on achieving structural benchmarks (SBs). Four of the five SBs for the sixth review were achieved on time: (i) the establishment of an inventory of the respective debts between the public enterprises and the government and between the public enterprises themselves, as at end-2020, and adoption of a plan for the clearance of the respective debts between the government and public enterprises. **(SB1, April 2023)**; ii) the adoption of a timetable for the transformation of common chapters for the benefit of the authorizing officers of the ministries and the managers concerned in the context of the reform of the devolution of the authorization. **(SB4, May 2024)**]; iii) the preparation by the authorities of a detailed action plan to recover the first 100 unpaid tax and customs debts **(SB7, April 2024)** ; and iv) the increase to at least 80 percent (in number and in total value) the proportion of public procurement contracts awarded through the Cameroon Online E-Procurement System (COLEPS) in some key ministries for the period from January to May 2024 **(SB13, May 2024)**. In addition, an SB due for the next program review—the publication of all the implementing texts of the Mining Code, which now includes the operations of the National Mining Company (SONAMINES), will be achieved on time **(SB2, June 2024)**.

9. One SB for this review was not met, and one due next review will not be met on time. The stock of unpaid domestic obligations (RAPs) of more than 90 days at end-2023 exceeded the allocation included in the LF2024 for clearing these arrears **(SB8, December 2023)**. In addition, the technical-financial and economic feasibility study for SONARA will not be completed on time **(SB12, June 2024).**

ECONOMIC AND FINANCIAL PROGRAM IN THE MEDIUM TERM

10. Cameroon's overall economic policy remains geared towards implementing the SND-30, while ensuring the sustainability of public finances. Fiscal policy will continue to focus on fiscal consolidation in line with the objectives of the IMF supported program and the CEMAC convergence criteria, while providing adequate fiscal space to implement priority expenditures for the SND-30. The policies presented below complement those laid out in previous memoranda, most recently in the December 2023 and January 2024 memoranda.

A. Macroeconomic Framework and Outlook

11. Cameroon's economic outlook remains positive, subject to a favorable external environment. SND-30 emphasizes industrial development to achieve a profound structural transformation of the economy and to support growth. Real GDP growth is expected to accelerate to above 4.5 percent in the medium term, driven by the primary (industrial agriculture, livestock and fisheries, and forestry and logging) and the tertiary sectors. Inflation is likely to remain high in the near term, before returning to below 3 percent in the medium term, in line with the CEMAC convergence criterion.

12. The current account deficit (including grants) will deteriorate in the short term, while improving in the long term. This is mainly due to confirmed reinvestment by the current investors in existing oil wells to maintain oil production, and an expected delay in the increase in gas production. Over the medium term, the growth in non-oil exports, the inflow of foreign direct investment, and regional integration are expected to further narrow the current account deficit to below 2 percent of GDP by the end of the decade**.**

13. Regarding medium-term fiscal policy, the authorities' objective is to reduce the overall fiscal deficit (including grants) and the non-oil primary deficit to sustainable levels in the short and medium terms to keep public debt on a sustainable path. To this end, the focus will be on increasing domestic non-oil revenues to around 13.8 percent of GDP in 2025, compared to 13.5 percent in 2023. The authorities will also continue to prioritize expenditure rationalization and to strengthen their efforts to eliminate the practice of spending through Treasury advances and other exceptional procedures to ensure better expenditure management and budget integrity.

B. Building Fiscal Resilience

Fiscal Consolidation and Strengthening Public Finance Resilience.

14. In 2024, we will continue fiscal consolidation and strengthening the resilience of public finances, in line with the program objectives. Fiscal policy needs to create space for priority spending, including productive investment and social protection. This means continuing adjustment while increasing revenue mobilization and streamlining spending to minimize the impact on growth, public investment, and social spending, as public investment spending has been delayed and contributed to the fiscal consolidation efforts in 2022-23. LFR2024 aims to contain the non-oil primary deficit to around 2 percent of GDP, while maintaining the overall deficit (on a payment order basis) at 0.4 percent of GDP. This requires increasing domestic revenues from 13.5 percent in 2023 to 13.6 percent of GDP, while reducing the current primary expenditure from 12.7 percent in 2023 to 10.7 percent of GDP in 2024. We will implement the necessary contingency measures to address shortfalls in revenues in the event of unforeseen external or internal shocks, notably the reduction of compressible current expenditures.

Mobilizing Domestic Non-Oil Revenues

15. The authorities are committed to continuing reforms to improve revenue mobilization. They plan to continue measures related to reforming personal income tax (PIT), rationalizing tax expenditures and incentivizing private investment. To better assess the impact of the revision of the PIT system, the authorities are developing a database on wages and salaries that is suitable for simulating PIT calculations and that comprises both the entire public sector and a representative sample of private sector employees **(SB6, November 2024)**. In terms of tax expenditures, the authorities intend to abolish VAT exemptions on certain consumer products (pre-cooked rice, flavored rice, and luxury fish). They will continue to rationalize tax expenditure through the gradual transposition of the new CEMAC directive on VAT by instituting reduced rates on certain basic necessities. In addition, the authorities will revise Law No. 2013/004 on investment incentives **(SB3, November 2024)**. To this end, they will conduct a study on the implementation and effects of this law on economic activity, with a view to rationalizing incentives to promote healthy competition between economic actors.

16. The authorities are committed to strengthening efforts to improve tax and customs administration. With the support of technical and financial partners, they plan to continue the implementation of measures to improve governance, the management and processing of tax and customs data and arrears, digitalization, institutional risk assessment and tax compliance. In addition, they look forward to the preparations for the TADAT (Tax Administration Diagnostic Assessment Tool) expected in the second half of 2025.

17. The authorities are strengthening action undertaken to recover tax and customs duty arrears. To start with, the authorities have prepared a detailed action plan, including the first 100 outstanding tax and customs debts, including those of state-owned enterprises, to manage and recover at least 15 percent of the outstanding recoverable tax arrears (as at end-June 2023) and implement 50 percent of the measures included in the action plan (**SB7, April 2024**). These efforts will help strengthen tax and customs revenue collection, clear overdue accounts, and strengthen the governance of tax administrations, while enhancing the transparency of fiscal management and public enterprises and contributing to additional revenue mobilization.

Fuel Subsidy Reforms and Mitigation of the Impact on the Most Vulnerable

18. Fuel subsidies are falling but they could undermine fiscal sustainability if international oil prices increase, and reform efforts are not sustained. The government increased domestic fuel prices at the pump in February 2023—for the first time since 2016—and again in February 2024. It recognizes the need to phase out fuel subsidies by 2025 to create room for other priority spending and support the objective of fiscal sustainability. To free up space for other priority spending and support fiscal sustainability, the government plans to gradually reduce fuel subsidies to make them sustainable. The authorities are committed to eliminating fuel subsidies by the end of the program, depending on changes in world prices. In the medium term, they are exploring approaches for an automatic adjustment of domestic fuel prices. Potential future increases in fuel pump prices should be accompanied by measures to mitigate their economic and social impact, including strengthening domestic social safety nets.

Public Financial Management

19. The government continues efforts to strengthen public financial management (PFM). It remains committed to improving budgetary integrity and execution, ensuring discipline in budget execution, improving the efficiency of expenditure related to investment projects, and reducing domestic payment delays to less than 90 days.

20. The government has finalized two PFM assessments and is preparing a new program of measures in this area. With the European Union's support, the government has finalized the third Public Expenditure and Financial Accountability (PEFA) review, following those of 2007 and 2017. The PEFA report was published in December 2023., With the support of the World Bank, the government has also completed a review of public spending. These assessments will be used to develop a new program of structural measures to strengthen public financial management (supported by a detailed action plan), which will be finalized by June 2024.

21. The government is continuing to strengthen the integrity and execution of the budget. Expenditure carried out using derogation procedures, including Treasury advances, and direct interventions by SNH, exceeded the amounts that would be consistent with the program objectives and the authorities' commitments. The authorities note that some of this expenditure is of an urgent nature and was not included in the adopted budget law, creating a crowding out effect on other important expenditures, in particular, on public investments. In addition, the practice of spending through exceptional procedures leads to the accumulation of domestic payment arrears. The authorities remain strongly committed to reducing these expenditures by limiting Treasury advances to 15 billion CFAF per quarter and using them only in cases of extreme urgency **(new quantitative performance criterion, Table 1)**. In addition, to avoid crowding out of other budgetary expenditures, the government will submit to Parliament LFR2024 consistent with the macroeconomic framework of the program, and which includes expenditure likely to generate Treasury advances **(prior action).**

22. **The government places a high priority on the settlement of domestic unpaid obligations as soon as possible.** Spending through exceptional procedures has prevented the authorities from clearing the large stock of arrears at the start of the program. The authorities committed to clearing in 2023 the total stock of domestic arrears accumulated at end-2022 in the amount of CFAF 200 billion. The stock of domestic arrears at end-2023 was estimated at CFAF 161 billion. This clearance of arrears was lower than the objective set in the LFR2023 and is explained by a lower-than-expected disbursement of budget support, a tightening of financing conditions, and the postponement of a debt operation to 2024. As a result, the stock of arrears at end-2023 was higher than the allocation of CFAF 150 billion planned in the LF2024 (see ¶18). To ensure the clearance of these arrears, the government will contract a second external non-concessional loan of CFAF 336 billion to repay the stock of unpaid domestic obligations of CFAF 467 billion recorded at end-2020, before the beginning the program. In addition, the authorities commit to depositing the resources from this operation in an escrow account at the BEAC, using them for clearing the above-mentioned obligations in a transparent manner, and transmitting to the IMF staff a monthly report on the use of this account with a list of settled obligations. To clear the remaining stock of domestic obligations at end-2023 of about CFAF 277 billion, the authorities will develop a plan for their clearance covering the period 2025-27.

23. **The government intends to improve the effectiveness of public investment, in line with the recommendations of the Public Investment Management Assessment (PIMA) on project selection, planning and implementation.** The authorities will work to master the management of commitment authorizations (CAs) and payment appropriations (PAs) to better manage multi-year investment projects. To this end, the LF2025 will include an annex on CAs and PAs that comply with the medium-term budgetary framework and are consistent with the timetable for the implementation of investment projects **(SB9, November 2024)**.

24. **Improving public procurement practices will help strengthen the effectiveness of public investment spending and the governance of public finances.** Between January and May 2024, the authorities increased the number and total value of contracts awarded through the COLEPS system in some key ministries (infrastructure, education, health, post and telecommunications), to over 80 percent in order to monitor the award of public contracts at the level of central services **(SB13, May 2024)**. The government will continue to increase the use of the COLEPS system from 11 to 24 ministries and intends to increase the total value of contracts awarded through COLEPS in these ministries in 2024 to 90 per cent by May 2025. In addition, the authorities will ensure that the PRIDESOFT public procurement monitoring system is operational.

25. The government is undertaking further structural reforms to prevent arrears accumulation. For example, the government will prepare comprehensive and realistic public procurement plans, which should allow for the development of commitment plans that are consistent with the monthly cash flow plans **(SB10, May 2025)**. These plans will aim to cap waiting times for suppliers to less than 90 days of the expenditure's settlement date and to limit excessive commitments at year-end. In addition, the Directorate General for the Treasury, Financial and Monetary Cooperation (DGTCFM) will prepare and update an issuance schedule to further improve cash management and limit the settlement of unpaid obligations to a maximum of 90 days. In addition, following an audit, Minister of Finance will issue an instruction, to strengthen the management of correspondent accounts with provisions on the closure of illegal accounts, the clearance of existing arrears, and relevant cash management rules consistent with the requirements of the annual budget law **(SB11, December 2024)**.

26. The government aims to reform the civil service pension system to achieve its sustainability. Following the diagnosis of the civil service pension scheme, the authorities will conduct an actuarial study of the pension scheme by end-December 2024 with a view to reducing quasi-fiscal risks and will use the recommendations of this study to ensure the sustainability of the pension scheme.

Fiscal Risks from SOEs

27. The government is taking steps to ensure the restructuring and rehabilitation of SONARA. An in-depth technical-economic and financial feasibility study is underway on option no.3 as validated by the President of the Republic, relating to a complex refinery with a hydrocracking unit, and is accompanied by the plans and design of the new refinery, **(SB12, June 2024).**

28. The settlement of cross-debts in the public sector has progressed. The government drew up an inventory of the debts between the state and public enterprises as at end-2020, and a plan for the clearance of these debts was adopted. The inventory of debts between public enterprises themselves as of end-2020, has been completed **(SB1, April 2024, met)**. The government has committed to analyzing the problem of information asymmetry between the public companies concerned and to finding concerted solutions by May 2025.

29. The Mining Code has been revised, and the publication of the implementing texts is imminent. The new code reflects the creation of the National Mining Company, SONAMINES, responsible for defending the state's interests in this sector and was presented to Parliament in November 2023. The publication of the implementing texts is expected by end-June 2024 **(SB2, June 2024).**

C. Maintaining Debt Sustainability and Reducing Debt Vulnerabilities

30. The government is determined to maintain public debt sustainability. As the risk of debt distress remains high, debt policy focuses on slowing new external borrowing, while favoring concessional loans. Recourse to non-concessional borrowing will continue to be limited to financing priority projects with proven socioeconomic and financial cost-effectiveness and for which no concessional financing is available. To improve the liquidity profile of public debt, a management operation undertaken in 2023 should continue to reduce the outstanding domestic debt arrears of CFAF 467 billion, of which CFAF 131 billion were already used in early 2024.

31. The government is seeking to reduce the stock of undisbursed committed balances (SENDs), in consultation with its creditors. At end-2023, the stock of SENDs had increased to 3,756.3, due in particular to the signing in November 2023 of agreements for the financing of new projects with the World Bank and other technical and financial partners. The government has developed a monitoring document for active projects covering 180 projects. It will consult with development partners to reduce undisbursed non-performing SENDs and, if necessary, reallocate unused funding to other projects. Timely disbursement, in line with each project’s schedule, is a prerequisite for containing SENDs and the associated budgetary and economic costs, in a context where there is an urgent need to conclude new projects to fill the infrastructure gap.

D. Strengthening Financial Sector Resilience and Financial Inclusion

32. The government is committed to complying with regulations designed to preserve the stability of the monetary union and of its banking system. The country supports regional efforts to preserve the stability of the monetary cooperation agreement, which requires replenishing the foreign exchange reserves of the BEAC (Bank of Central African States). Cameroon ranks first in the CEMAC in terms of foreign exchange reserves and the Government remains committed to enforcing all aspects of foreign exchange regulations under its jurisdiction. The country requires, in particular, compliance with regulations by state-owned enterprises, new concession contracts or revenue-sharing agreements with the extractive sector, as well as the new Petroleum Code. They are also taking steps to strengthen the resilience of the banking sector, including compliance with prudential standards and the implementation of COBAC's recommendations.

33. The recapitalization of the two troubled banks, and the privatization of CBC, are progressing in the right direction. In July 2023, COBAC authorized Cameroon and the historical shareholders who had committed to do so, to participate in the capital of the two troubled banks (NFC and UBC), as provided for in the restructuring plans. The authorities will provide a schedule for the disbursement of the remaining capital tranches at the deadline agreed with COBAC (December 31, 2024) and for recapitalization, from the budget, to bring the two banks with capital shortfalls in line with the net capital coverage ratio of 8 percent by November 2024 (COBAC regulations R2010-01 and R2016-03) and with the Basel capital framework **(new SB16, November 2024)**. At the same time, the government will continue the privatization of CBC (Commercial Bank Cameroon), which is well underway, with a view to completion in 2024.

34. Access to credit for SMEs is essential for their growth, but it is often limited. To strengthen the confidence of banking and microcredit institutions in the SME sector, measures are needed to improve the business environment and reduce the risk of non-performing loans.

Significant actions include: (i) the establishment of credit registers, balance sheet registers and a rating system for companies and individuals in collaboration with the BEAC; (ii) digitization of the land registry to enable the creation of a registry of land titles; (iii) the training of commercial judges and the establishment of competent commercial courts; (iv) the implementation of the government guarantee fund for SMEs; (v) the prevention of the crowding-out effect on the financing of SMEs in the public securities market.

35. The authorities will ensure that the governance and transparency of the operations of the Debt Collection Corporation (SRC) are strengthened before any expansion of its activities. In addition, for outstanding receivables transferred by each financial institution, the CBC will provide an automatic sunset clause for asset recovery activities. The government will ensure that the CBC has sufficient resources to carry out its activities.

36. The authorities will speed up the signing of the other implementing texts of the law on deposits and consignments of the Caisse des dépôts et consignations (CDEC). They will clearly define the terms of reference (ToR) of the CDEC and share the draft ToR with the IMF for review before end-September 2024.

37. The national financial inclusion strategy is currently being implemented. The authorities finalized a financial inclusion strategy in February 2023 and adopted an action plan for 2023-2027. The authorities are now working with development partners to implement the plan and thereby increase the country's banking penetration rate, while reducing inequalities affecting disadvantaged populations, including by strengthening financial education.

E. Strengthening Governance, Transparency and Anti-Corruption Frameworks

38. The authorities have taken important steps to strengthen governance. After publication of COVID-19 expenditure reports, the authorities published an action plan to strengthen frameworks for preparing, publishing, and monitoring public expenditure audits, including recommendations to strengthen relevant institutions, in particular the Supreme Court's Audit Chamber. In November 2023, they published a diagnostic of the country’s governance vulnerabilities.

39. However, significant challenges remain, as underlined by the diagnostic report. In light of the priority recommendations from the diagnostic assessment, the authorities will develop an action plan to further strengthen economic governance. In this regard, priority will be given to bringing the legal framework and institutional provisions for the fight against corruption into line with international standards. Another priority is to improve the management and transparency of state-owned enterprises and to continue reforming PFM practices.

40. The authorities intend to continue to address shortcomings in the management and transparency of enterprises and public institutions. More specifically, the authorities are working to ensure publication on the Ministry of Finance's website, of the list of the 25 largest public companies that have published their audited annual financial statements with hyperlinks to the published reports on the websites of the said companies and/or the references of the legal announcement newspapers in which they are published **(new SB14, November 2024).**

41. The authorities are stepping up their efforts to ensure compliance of the legal framework and institutional arrangements to combat corruption with international standards. To this end, they commit to continuing to bring the national legal framework into compliance with the United Nations Convention against Corruption (UNCAC), including the criminalization of acts of illicit enrichment. The IMF could, if needed, assist the authorities in finding a legally robust solution, based on good international and regional practices.

42. The government will continue reforms on the budget's common chapters, to reduce accidental and unforeseeable expenditure to 5 percent of the government budget by 2026. The government has adopted a timetable for the transformation of common chapters for the benefit of authorizing officers of the ministries and the managers concerned in the context of the reform of the devolution of the authorization (**SB4, May 2024**). As a next step, the authorities will adopt a legal text (decree by the Prime Minister) specifying the rules for the managing budgetary authorizations. Furthermore, they will limit common chapters to 10% of the budget in the 2025 Finance Bill (**SB5, November 2024, reformulated**). The reduction of these allocations to 5 percent of the budget, their inclusion in the allocations for accidental and unforeseen expenditure, and the decentralization of their authorization will be effective in 2026.

43. Cameroon is working towards validating compliance under the Extractive Industries Transparency Initiative (EITI). The authorities published the 2020 EITI Reconciliation Report in December 2022 and the 2021 EITI Reconciliation Report in September 2023. Despite some challenges in implementing the 15 corrective actions prescribed by the EITI International Secretariat Board during the last validation, the validation process under the 2019 EITI Standard was launched in October 2023. However, on 29 February 2024, Cameroon was suspended from the EITI due to insufficient progress on civil society engagement and government constraints on civil society freedoms of expression and association. The authorities are working to implement the EITI recommendations. EITI technical assistance is expected to support implementation of follow-up of corrective actions, mainly related to stakeholder engagement, beneficial ownership, and the integration of the EITI into national reporting systems. The government has issued a new decree to govern the implementation of the EITI in Cameroon, and the process of appointing civil society representatives for consultations is ongoing.

44. The government is committed to strengthening the fight against money laundering and terrorist financing (AML/CFT). Since the adoption of its Mutual Evaluation Report (MER) in October 2021 (published in March 2022), the government has made progress on some recommended actions by increasing the Financial Intelligence Unit's resources and strengthening the capacities of investigative authorities and judicial bodies to effectively administering AML/CFT cases. The government is continuing to work with the Financial Action Task Force (FATF) and the Action Group against Money Laundering in Central Africa (GABAC) to implement an action plan to strengthen the fight against money laundering and the financing of terrorism, with a view to removing the country from the grey list.

F. Addressing Climate Vulnerabilities

45. The authorities recognize the need to strengthen Cameroon's resilience to climate change. The effects of climate change are already being felt on the population and the national economy. Cameroon is a signatory to all key international agreements on climate change and aims to transform the climate constraint into a major development opportunity in line with the SND-30 and other strategic documents. Indeed, climate shocks are likely to further undermine development and exacerbate fragilities. The authorities intend to strengthen the institutional capacity to implement its policies to combat climate change, and to integrate their commitments relating to climate in an adequate legal framework. These efforts will help support adaptation and mitigation policies in line with the 2021 Nationally Determined Contributions and the National Climate Change Adaptation Plan.

46. The Government has stepped up efforts to improve the climate policy framework, supported by the recently approved RSF arrangement. In May 2024, the government has adopted a decree formally establishing the institutional framework for the coordination of the climate action agenda, which defines the central role the Ministry of Environment, Natural Protection, and Sustainable Development (MINEPDED) as the key authority responsible for coordinating the climate agenda **(RM1, April 2024).** The decree also defines the role and responsibilities of other sectoral ministries and public agencies involved in executing the climate agenda. The government intends to strengthen public financial management by integrating climate-sensitive policies. With the support of the World Bank, the Ministry of Economy, Planning and Regional Development (MINEPAT) in collaboration with the other ministries concerned, has defined the criteria for prioritizing and selecting projects integrating criteria related to climate change and has developed a manual of selection procedures **(RM3, April 2024)**. The manual has been published on the MINEPAT website.

47. Sustainable forest management is a priority for the government. The reform measure planned in the forest subsector will be revised to ensure the completion of several intermediate stages over the duration of the program. The implementation of the initially planned tax incentives requires an accredited sustainability certification and traceability infrastructure, guaranteed by the requirements of the Voluntary Partnership Agreement between the European Union and the Republic of Cameroon on Forest Law Enforcement, Governance and Trade in Timber and Timber Products to the European Union (VPA/FLEGT), which takes time. The authorities are stepping up their efforts to improve the timber sector's traceability and legality in line with the VPA/FLEGT provisions. Traceability is important for the transparency of natural resource management, and as a tool to demonstrate compliance with the requirements of legality and sustainability, in accordance with the requirements of the Legality Assurance System defined in the framework of the VPA/FLEGT. With the support of development partners, the government has set up the Computerized Forest Information Management System, second generation (SIGIF2) which is functional and operational and plans to i) fully operationalize all SIGIF2 modules and integrate SIGIF2 with satellite aerial imagery; ii) establish procedures for the annual evaluation of the traceability function of the SIGIF2 platform, including through the activation of the existing Comité Nationale de Suivi for VPA/FLEGT (composed of relevant administrations, civil society, industry experts, development partners and NGOs), with a first assessment no later than one year after the activation of the said committee, and to publish the independent evaluation report on the VPA and MINFOF websites, with an action plan to address the committee's recommendations, iii) interconnect the SIGIF2 platform with IT infrastructure (DGI and DGD) and establish a roadmap for using this data to improve the taxation of the forestry sector **(revised RM8, April 2025).**

48. **Progress is also ongoing on the implementation of other reform measures.** The draft Law on Civil Protection was finalized and transmitted to Parliament in June 2024. Moreover, the update of the decree on the creation, organization, and operation of the National Risk Observatory (ONR) is underway **(RM6, October 2024).** The authorities have shared with the IMF the terms of reference (ToR) for the development of a national disaster risk financing strategy that will clearly identify roles, responsibilities and measures to strengthen financial resilience to disasters **(RM7, April 2025)**. IMF technical assistance will be instrumental in establishing the modalities for elaborating this strategy. The authorities are continuing efforts to elaborate a National Climate Plan **(RM2, April 2025),** and to adopt climate-related public investment management measures **(RM4, October 2024 and RM5, April 2025)** as well as traceability measures in the forest sector **(revised RM8, April 2025).** The authorities will prepare a timetable for the implementation of reform measures for the remainder of the program. They will continue the dialog with other development partners to consider support for the implementation of further commitments under the RSF.

PROGRAM MODALITIES

49. **The authorities request the IMF Executive Board to grant waivers for non-observance of two criteria as the breaches were minor and temporary, namely (i) the performance criterion on the floor on the non-oil primary fiscal balance and (ii) of the performance criterion on non-accumulation of external arrears as these arrears have since been cleared. They also request waivers of applicability for four performance criteria for end-June 2024 and approval to modify program objectives and a reform measure.** The waiver of applicability will be needed because the data on the end-June 2024 quantitative performance criteria will not be available for assessment of the performance targets before the IMF Executive Board meeting scheduled for July 2024, and there is no clear evidence that such performance criteria will not be met. In light of the changes in the macroeconomic framework, fiscal projections, and program commitments, the authorities request an approval of the modifications to the quantitative performance criteria for end-June 2024 and end-December 2024, as well as the indicative targets for end-September 2024, the setting of new indicative targets for end-March 2025 and the modification of a reform measure.

50. **The government will take all necessary measures to meet the targets and criteria presented in Tables 1, 2 and 3 of this memorandum.** The program will be monitored at semiannual reviews using the performance criteria, indicative targets, SBs and reform measures defined in Tables 1, 2 and 3 of this memorandum and in the attached Technical Memorandum of

Understanding (which also defines the requirements for data reporting to IMF staff). The seventh review based on end-June 2024 targets is expected to be completed from December 15, 2024. The eighth review based on end-December 2024 targets is expected to be completed by June 3, 2025.

Table 1. Cameroon: Quantitative Performance Criteria (QPC) and Indicative Targets (IT) Under the ECF and EFF Arrangements

(In billions of CFAF, unless otherwise indicated)

	End-Dec 23				End-Mar 24			End-Jun 24		End-Sept 24		End-Dec 24		End-Mar 25[11]
	QPC	Adj. QPC	Est.	Performance	IT	Est.	Performance	QPC (5th Rev.)	QPC (new)	IT (5th Rev.)	IT (new)	QPC (5th Rev.)	QPC (new)	IT (new)
A. Quantitative Performance Criteria 1/														
Floor on the non-oil primary fiscal balance (payment order basis) 2/	-745		-746.4	Not met	-30			-508	-214	-480	-382	-610.5	-610.7	95
Ceiling on the net domestic financing of the central government (excluding IMF financing) 3/	39	118	49	Met	12			224	9	112	-3	-176	-333	-122
Ceiling on net borrowing of the central government from the central bank (excluding IMF financing) 3	111	190	139	Met	0			0	-4.5	0	-34	0	-64	-27
Ceiling on the disbursement of non-concessional external debt	691		254	Met	185	25	Met	370	370	554	554	739	739	200
B. Continuous Quantitative Performance Criteria														
(starting from the program approval)														
Ceiling on the accumulation of new external payments arrears 4/	0			Not met			Not met	0		0		0		0
PV of contracting and guaranteeing of new external borrowing 5/	512.9		381	Met	512.9	148	Met	512.9	512.9	…	…	512.9	512.9	…
Ceiling on Treasury advances without a budget allocation 6/										…	15	…	15	15
C. Indicative Targets														
Floor on non-oil revenue	3,754		3906	Met	1038			1974	1915	2958	2900	4200	4246	1053
Ceiling on the net accumulation of domestic payment arrears 7/	-374		71	Not met	-55			-110	-210	-165	-265	-220	-537	-43
Floor for poverty-reducing social spending	1325		1418	Met	265			539	539	959	959	1368	1368	399
Ceiling on direct interventions of SNH	145		185	Not met	40			80	80	110	110	145	145	40
Share of spending executed through exceptional procedures on authorized (payment order) spending 8/	4		9.7	Not met	4			4	4	4	4	4	4	4
Ceiling on Treasury advances without a budget allocation 9/	15		135	Not met	15			15	15					
Memorandum items 10/:														
1. Cumulative external budget support, excluding IMF (earliest disbursement)	*129*		*50*		*18*	*18*		*78*	*26*	*78*	*44*	*164*	*164*	*0*
2. Balance of the special account for the unused statutory advances	*1*		*1*		*1*	*1*		*1*	*1*	*1*	*1*	*1*	*1*	*1*

Sources: Country authorities and IMF staff calculations.

Note: The terms in this table are defined in the TMU.
** In addition to QPCs enumerated in this table, the Standard Continuous Performance Criteria will also apply: (i) Not to impose new or intensify existing restrictions on the making of payments and transfers for current international transactions; (ii) Not to introduce new or intensify existing multiple currency practices; (iii) Not to conclude bilateral payments agreement that are inconsistent with the IMF's Articles of Agreement (Article III); and (iv) Not to impose new or intensify existing import restrictions for balance of payments reasons.
1/ Program indicators under A are performance criteria at end-December 2023, end-June 2024, and end-December 2024, indicative targets otherwise.
2/ Starting from end-June 2024, the floor on the non-oil primary balance (payment order basis) will be adjusted by the amount of budget spending for the recapitalization of the two undercapitalized banks to comply with the 8 percent capital adequacy ratio.
3/ The ceiling on net domestic financing (excluding payment of arrears) of the budget and the ceiling on the net borrowing from the central bank will be adjusted (i) if the amount of disbursements of external budgetary assistance excluding IMF financing, falls short of or exceeds program forecasts: If disbursements are less (higher) than the programmed amounts, the ceiling will be raised (reduced) pro tanto, up to a maximum of CFAF 120 billion at the end of each quarter; and (ii) by the amount of budget spending for the recapitalization of the two undercapitalized banks to comply with the 8 percent capital adequacy ratio The ceiling on borrowing from the Central Bank at end-2023 includes the use of 2021 SDR allocation of CFAF 80 billion.
4/ The zero ceiling applies until the end of the arrangement.
5/ Cumulative ceiling calculated from January 1, 2022, and reset annually, and monitored on a continuous basis from completion of the first review under the ECF-EFF arrangement. It excludes ordinary credit for imports, debt relief obtained in the form of rescheduling or refinancing, and budget support loans from the World Bank. An adjustor applies to the World Bank project loans, as defined in the TMU.
6/ This new continuous QPC will come into effect on July 1, 2024, and the ceiling will be set at CFAF 15 billion per quarter and monitored on a cumulative basis starting from the beginning of each quarter.
7/ Starting from end-June 2024, the ceiling on net accumulation of domestic payment arrears will be adjusted if the disbursements in connection with external financing for the purpose of debt management operation are below the programmed levels. At the end of each quarter, if disbursements of external financing for the purpose of debt management operation are below the programmed amounts, the relevant quarterly ceiling will be adjusted upward commensurately. From end-June 2024, the ceiling will include balances payable of less than 90 days.
8/ This refers to payments made by the Treasury without prior authorization (issuance of payment orders, such as Treasury advances and provisional budget commitments), excluding debt service payments.
9/ This IT will be upgraded to a continuous QPC starting from July 1, 2024.
10/ Updated based on the recent staff estimates.
11/ The final test date of the current ECF and EFF arrangements is December 2024.

Table 2. Cameroon: Prior Action and Structural Benchmarks

	Prior Action	Due Date[1]	Indicator	Status	Comments
	Submission to Parliament of a revised 2024 Budget Law consistent with the macroeconomic framework of the program and which includes expenditures likely to generate Treasury advances.	Prior action	The revised budget is submitted to Parliament.		
	Structural Benchmark	**Due Date[1]**	**Indicator**	**Status**	**Comments**
	Public Finance and Debt Management				
1	Establish an inventory of the respective debts between the public enterprises and the government and between the public enterprises themselves, as at end-2020, and adopt a plan for the clearance of the respective debts between the government and public enterprises.	Apr-24	Audited Inventory report and arrears clearance plan shared with IMF staff.	Met	The inventories were established and a clearance plan for the debts between the public enterprises and the government has been finalized.
	Extractive Sector				
2	Finalize and publish all implementation texts of the 2016 Mining Code (Law n ° 2016/017 of December 14, 2016).	June-24	Publication of implementation texts.		The draft implementing texts of the mining code have not been finalized. The creation of the national mining company, SONAMINES, responsible for defending the interests of the State in the sector, necessitated a revision of the Mining Code, which was adopted by Parliament in 2023 Following its enactment in December 2023, the government will publish the implementing texts of the new mining code as soon as possible.
	Business Climate				
3	Revise Law No. 2013/004 of April 18, 2013, to rationalize incentives and promote healthy competition between economic operators.	Nov. 24	A revised act is published.		The revision of Law No. 2013/004 of April 18, 2013, was delayed to allow an intermediate step of reviewing CIT holidays to be implemented: this SB was met during the 5th reviews.
	Governance				
4	Adopt a timetable for the transformation of the common chapters for the benefit of the authorizing officers of the ministries and the managers concerned in the context of the reform of the devolution of the authorization.	May 24	Validated timetable for transforming common chapters into allocations is sent to IMF staff.		This SB aims to improve transparency in the use of *common chapters*.

Table 2. Cameroon: Prior Action and Structural Benchmarks (continued)

5	Adopt a decree validated by the Prime Minister, specifying the rules for managing budgetary authorizations and limit common chapters to 10 percent of the budget in the 2025 budget transmitted to Parliament.	Nov. 24	A decree specifying the rules for managing budgetary authorizations is validated by the IMF before adoption and the 2025 Finance Law transmitted to Parliament.		This SB aims to improve transparency in the use of *common chapters*.
	Revenue Mobilization				
6	Create a dataset of wages and salaries that is suitable for simulating PIT calculations and that comprises both the entire public sector and a representative sample of private sector employees	Nov. 24	Share the database with IMF staff		This database plays a key role in assessing the impact of possible IRPP reforms on income and equity.
7	Prepare a detailed action plan, including the first 100 outstanding tax and customs debts, including state-owned enterprises, to manage and recover at least 15 percent of the outstanding recoverable tax arrears (outstanding as at end June 2023) and implement 50 percent of the measures included in the action plan	Apr. 24	Submit to IMF staff a detailed and sequenced action plan.	Met	Tax arrears are a significant problem in Cameroon as established in the March 2022 IMF technical assistance report. This measure will help improve tax revenue recovery and reinforce the governance of tax administration by improving transparency and budget management.
	Public Financial Management				
8	Include in the budget law of year N+1 a budgetary allocation for the clearance of outstanding unpaid obligations (RAPs) of more than 90 days at the end of year N.	Dec-23	Allocation in the 2024 initial budget law.	Not met	This SB aims to limit outstanding balances of more than 90 days at the end of the fiscal year.
9	Take into account in the budget the commitment authorizations (CAs) and payment appropriations (PAs) that comply with the MTBF and are consistent with the timetable for the implementation of investment projects	Nov. 24	Inclusion in the budget of an annex on CAs and PAs that comply with the MTBF and are consistent with the timetable for the implementation of investment projects (from the 2025 budget). Draft budget law to be presented to IMF staff.		There are significant weaknesses in public investment management practices, including the management of multi-year projects. Improving the efficiency of investments, particularly in public infrastructure, will support the private sector and economic growth
10	Develop comprehensive and realistic public procurement plans, which should allow for the development of commitment plans consistent with monthly cash flow plans.	May 25	Prepare and publish an annual report for 2024, assessing consistency between commitment and cash plans and based on the work of the Treasury Committee (CTRB) and its Secretariat.		This measure aims to strengthen the management of public expenditures, in particular regarding public procurement of investment projects.

Table 2. Cameroon: Prior Action and Structural Benchmarks (continued)

11	Minister of Finance to issue an instruction, following an audit, to strengthen the management of correspondent accounts with provisions on the closure of illegal accounts, the clearance of existing arrears, and relevant cash management rules consistent with the requirements of the annual budget law.	Dec. 24	Submit the instruction to IMF staff.		The measure aims to strengthen cash management of correspondent accounts.
12	Implementation of the SONARA Restructuring Plan. Carry out the in-depth technical economic and financial feasibility study of option no.3 validated by the President of the Republic related to a refinery complex with a hydrocracking unit, accompanied by the plans and design of the new refinery.	June 24	Conduct and submit the study report to IMF staff.		The development of a restructuring plan for SONARA has been completed and validated by the IMC, but the in-depth technical economic and financial feasibility study of option 3 for a complex refinery with a hydrocracking unit has not yet been finalized and submitted to IMF staff.
	Public Investment Management				
13	Increase to at least 80 percent the number and total value of contracts awarded through the COLEPS (Cameroon Online E-Procurement System) in some key ministries (infrastructure, education, health, posts and telecommunications) between January and May 2024, in order to monitor the awarding of public contracts at the level of central services.	May-24	Report on the number and value of online procurement contracts from January to May 2024 (as a percentage of total) submitted to IMF staff.	Met	COLEPS is currently operational, but only a limited share of procurement contracts is registered in the system. This SB aims to reinforce measures in this area.
	New Structural Benchmarks				
	Governance				
14	Publish on the Ministry of Finance's website, the list of the 25 largest public companies that have published their audited annual financial statements with links to the published reports on the websites of the said companies and/or the references of the legal announcement newspapers in which they are published	Nov. 24	Statements for end-2023 are published.		This SB aims to increase transparency of SOE's overall financial conditions and profitability, which in turn will help detect anomalies.
	Financial sector				
15	Recapitalize the two undercapitalized banks to comply with the 8 percent capital adequacy ratio, in compliance with COBAC regulations (R2010-01 and R2016-03) and the Basel capital framework.[2]	Nov. 24	Two banks recapitalized. Recapitalization process and funding confirmed to be consistent with the 8 percent capital adequacy ratio and Basel requirements		Progress is ongoing in the restructuring of the two banks, but the recapitalization needs to be finalized.

1/ Refers to the end of the month

2/ An instrument to be included in Common Equity Tier 1 is directly issued and paid-in and the bank cannot directly or indirectly have funded the instrument or the purchase of the instrument.

Table 3. Cameroon: RSF Reform Measures (RMs) and Timeline for Completion							
Main Pillars	**Key Challenge**	**Reform Measure**	**Diagnostic Reference**	**CD (Capacity Development) Input**	**RM Expected Outcome**	**Target Date**	**Status**
Strengthening climate governance framework and coordination	Complex institutional arrangements and lack of coordination	**RM1.** Issue a regulatory act that: (i) defines the central role of the MINEPDED as the key authority responsible for the coordination of the climate agenda supported by the Ministry of Economy, Planning, and Land Planning (MINEPAT) and the Ministry of Finance (MINFI); and (ii) defines the roles and responsibilities of other sector ministries and public agencies in implementing the climate agenda. PM (Prime Minister) Office or President's Office	PEFA, CCDR		Strengthening the framework for coordinating and managing activities, policies and program across government agencies related to climate change	End-April 2024	Met
	Lack of an implementation strategy	**RM2.** Develop and adopt an NCP validated by the Prime Minister, in line with the 2021 NDC, that (i) states key climate actions, targets, policies, and measures by the government to address adaptation and mitigation challenges; and (ii) defines roles and responsibilities of sector ministries and public agencies in implementing the NCP. The NCP to be published on the MINEPDED website. PM Office and MINEPDED	CCDR		Establishing a comprehensive framework and guidance for integrating climate change adaptation into national development planning and decision-making processes.	End-April 2025	
Mainstreaming the climate agenda into the PFM processes	The project selection criteria do not follow a multi-criteria assessment (MCA) methodology and does not include climate project selection criteria	**RM3**. MINEPAT, in collaboration with the other ministries concerned, will define, and publish the criteria for prioritization and selection of projects integrating climate change-related criteria and develop a manual of selection procedures. MINEPAT	CCD, CCIA, PEFA, PIMA	FADM2	Enhanced climate sensitive public investment planning and budgeting.	End-April 2024	Met
		RM4. MINEPAT will define a methodology for ex-ante evaluation of investment projects including guidelines for climate change adaptation and mitigation and integrate this methodology into a project maturation guide. MINEPAT	CCDR, CCIA, PEFA, PIMA	FADM2	Generate a robust pipeline of green and climate resilient projects.	End-October 2024	
		RM5. Revise Decree 2018/4992 of 21 June 2018, which sets out the rules governing the project maturation process and Decree 2013/7987 on the creation, organization and functioning of the Monitoring Committees for the Physical-Financial Execution of Public Investment to integrate climate considerations into each phase of the investment project cycle (e.g., ex-ante evaluation, selection). MINEPAT	CCDR, CCIA, PEFA, PIMA	FADM2	Quality-assured as well as green and climate resilient projects are included into the PIP, and capital budget execution is improved.	End-April 2025	

Table 3. Cameroon: RSF Reform Measures (RMs) and Timeline for Completion (concluded)

Enhancing adaptation efforts		**RM6.** Adopt and promulgate the revised Civil Protection Law and update Order no. 037/PM on creation, organization, and operation of a National Risk Observatory (ONR). President's Office	CCDR		Improving disaster preparedness and enabling better disaster prevention and climate adaptation.	End-October 2024	
		RM7. Develop and adopt a Disaster Risk Financing Strategy, with clear roles and responsibilities and milestones to build financial resilience against disasters. MINFI/MINEPDED	CCDR			End-April 2025	
Supporting mitigation efforts		**RM8.** (a) Fully operationalize all modules of the SIGIF2 platform (Computerized Forest Information Management System, second generation), and integrate it with aerial satellite imagery. (b) Establish procedures for annual evaluation of the traceability function of the SIGIF2 platform, including through the activation of the existing National Monitoring Committee for VPA/FLEGT (composed of relevant administrations, civil society, industry experts, development partners and NGOs), with a first assessment no later than one year after the activation of the said committee, and requiring that the evaluation report is published on the VPA and MINFOF websites along with an action plan to address committee recommendations. (c) Interconnect the SIGIF2 platform with the tax and customs infrastructure and develop a roadmap to utilize these data to enhance taxation of the forestry sector.			This measure has been modified to focus on the interim step of enhancing the traceability and legality system of timber and integrating it with the fiscal infrastructure.	End-April 2025	

Attachment II. Technical Memorandum of Understanding

Provisions of the Extended Credit Facility and the Extended Fund Facility, 2021–25

1. **This Technical Memorandum of Understanding (TMU) defines the quantitative performance criteria and indicative objectives** that will be used to assess performance in the framework of Cameroon's program supported by arrangements under the Extended Credit Facility (ECF) and the Extended Fund Facility (EFF) and Resilience and Sustainability Facility over the period 2021-25. The TMU also establishes the framework and cutoff dates for reporting the data to enable IMF staff to assess program implementation.

CONDITIONALITY

2. **The quantitative performance criteria and indicative objectives from end-June 2023 until end-March 2025** are provided in Table 1 of the Memorandum of Economic and Financial Policies (MEFP) attached to the Letter of Intent. The structural benchmarks and reform measures defined in the program are provided in detail in Table 2 and Table 3 of the MEFP.

DEFINITIONS

3. **Government:** Unless otherwise indicated, "government" is defined as the central government of the Republic of Cameroon, which includes all implementing agencies, institutions, and any organizations receiving special public funds, whose powers are included in the definition of central government under the *2001 Government Finance Statistics Manual* (*GFSM 2001*, paragraphs 2.48–50). This definition does not include local governments, the Central Bank, or any other public entity, or entity belonging to the government that has autonomous legal status and whose operations are not included in the table of government financial operations (TOFE).

4. **A nonfinancial public enterprise** is a commercial or industrial unit, fully or partially owned by the central government or its bodies, that sells goods and services to the public on a large scale. With effect from June 2017, all operations between the government and these public enterprises should be treated on a gross basis in the TOFE with the proper treatment of revenue operations and those related to expenditure.

REVENUE

5. **Total government resources** are comprised of tax and nontax fiscal revenue (as defined in Chapter 5 of *GFSM 2001*) and grants. Revenue is recorded in the accounting system on a cash basis. Proceeds from the sale of assets and revenue from privatizations (defined in paragraph 8) are not considered government revenue.

6. **Oil revenue** is defined as the total transferable balance of the *Société Nationale des Hydrocarbures* (the national hydrocarbons company—SNH), and income tax on oil companies and gas operators. The authorities will notify IMF staff of any changes in the tax systems that may occur that would lead to changes in revenue flows. Oil revenue is recorded in the accounting system on a cash basis.

7. **Non-oil revenue** includes all government's (tax and nontax) revenue, with the exception of oil revenue as defined under paragraph 6. Value-added tax (VAT) is recorded net of VAT refunds. Pipeline fees paid by the *Cameroon Oil Transportation Company* (COTCO) are recorded under nontax revenue.

8. **Privatization revenue** includes all funds paid to the government in connection with the sale or transfer of the management of a public enterprise (concession), agency, or facility to one or more private enterprises (including enterprises fully controlled by one or more foreign governments, one or more private entities, or one or more individuals). Privatization revenue also includes all funds deriving from the sale of shares held by the government in private companies or public enterprises. All privatization revenue must be recorded on a gross basis. Any costs that may be involved in sales or concessions must be recorded separately under expenditure.

EXPENDITURE

9. **Total government expenditure and net lending** include all wage and salary expenditure for civil servants, goods and services, transfers (including subsidies, grants, social security benefits, and other outlays), interest payments, and capital expenditure, all of which are recorded in the accounting system on payment order basis, unless otherwise indicated, and net lending (defined in *GFSM 2001*). Total government expenditure also includes expenditure carried out without any prior payment authorization and pending regularization.

10. **Direct interventions by *Société Nationale des Hydrocarbures* (SNH)** are included in government expenditure. They include emergency payments made by the SNH on behalf of the government, substantially to cover exceptional sovereignty and security outlays.

11. **Social expenditure** includes public expenditure recorded in the government budget in connection with priority programs to accelerate attainment of the government's social development objectives. This item includes: (i) for the education sector, total expenditure (current and capital) of the Ministries (Basic Education, Secondary Education, and Employment and Vocational Training); (ii) for the health sector, current and capital expenditure of the Ministry of Public Health, including COVID-19 related expenditures; and (iii) for other social sectors, current and capital expenditure of the Ministries of Labor and Social Security, Youth and Civic Education, Social Affairs, and Promotion of Women and Family; (iv) administered price subsidies (fuel at the pump, electricity to households), (v) gas subsidy, and (v) expenditures for the Social Safety Net Program.

BALANCE AND FINANCING

12. Primary balance: Primary balance: The primary balance is defined as the difference between total government revenue (defined in paragraph 5) and total government expenditure and net lending (defined in paragraph 9) not including interest payments in connection with external and domestic debt.

13. Debt: The definition of "debt" is set out in paragraph 8 (a) of the Guidelines on Public Debt Limits in Fund-Supported Programs attached to the Executive Board Decision 16919– (20/103) adopted on October 28, 2020, but also includes commitments contracted or guaranteed, for which the values have not been received. For purposes of these Guidelines, **"debt"** is understood to mean a current, i.e., not contingent, liability created under a contractual arrangement through the provision of value, in the form of assets (including currency) or services, at some future point(s) in time. These payments will discharge the debtor from the principal and/or interest liabilities undertaken under the contract. In accordance with the foregoing definition of debt, any arrears, penalties and judicially awarded damages arising from the failure to make payment under a contractual obligation that constitutes debt are debt.

14. External debt, in the assessment of the relevant criteria, is defined as any borrowing or debt service in a currency other than the CFA franc. This definition also applies to debt between countries of the Central African Economic and Monetary Community (CEMAC) and debt from the Development Bank of Central African States (BDEAC). The relevant performance criteria apply to external debt of the government, public enterprises that receive transfers from the government, and other public entities in which the government holds more than 50 percent of the capital stakes, or any other private debt for which the government has provided a guarantee that should be considered to constitute a contingent liability. **Guaranteed debt** refers to any explicit legal obligation incumbent on the government to reimburse a debt in the event of payment default by the debtor (whether the payments must be made in cash or in kind).

15. Concessional external debt: External debt is considered concessional if it comprises a grant component of at least 35 percent.[1] The grant component is the difference between the face value of the loan and its present value (PV) expressed as a percentage of the face value. The PV of debt at the date on which it is contractually arranged is calculated by discounting the debt service payments at the date on which the debt was arranged.[2] A discount rate of 5 percent is used for that purpose.

16. Domestic debt is defined as all government's debts and obligations denominated in CFA francs. This item includes unreimbursed balances, advances from the Bank of Central African States,

[1] The link to the IMF website below refers to an instrument that can be used to calculate the grant component for a broad range of financial arrangements: http://www.imf.org/external/np/pdr/conc/calculator.

[2] The calculation of concessionality reflects all aspects of the loan agreement, including the maturity, grace period, schedule of maturities, commitment fees, and management fees. Concessionality calculations for Islamic Development Bank (IsDB) loans will reflect the existing agreement between the IsDB and the IMF.

Treasury bills and bonds, structured debt, domestic payment arrears, and SONARA’s domestic debt.

17. **Structured debt** is defined as debt that has been subject to a formal agreement or securitization. Under the program, structured bank debt is included in net bank credit and structured non-bank debt is reflected in non-bank financing.

- ***Structured bank debt*** is defined as all claims of local banks on government, with the exception of Treasury bills and bonds.

- ***Structured non-bank debt*** is defined as all government's balances payable in connection with local non-bank institutions, individuals, or the CEMAC, that have been securitized or subject to a formal reimbursement agreement according to a clearly defined schedule.

18. **Net domestic financing of the government** is defined as the sum of (i) net bank credit to the government; and (ii) net non-bank financing.

- Net bank credit net to the government is equal to the change in the balance between the government’s commitments and assets with the national banking system. These assets include: (i) the Treasury’s cash resources on hand; (ii) Treasury deposits with the Central Bank, not including the Heavily Indebted Poor Counties (HIPC) account and the Debt Reduction and Development Contract (C2D) account; and (iii) the credit balance of the accounts of the *Caisse Autonome d'Amortissement (CAA)* with commercial banks earmarked for reimbursement of the government's debt obligations. The government's commitments include: (i) financing from the Central Bank; net IMF financing (disbursements net of reimbursements), refinancing of guaranteed bonds, and Treasury paper held by the Central Bank; and (ii) financing from commercial banks, specifically loans and direct advances; and Treasury securities, bills, and bonds held by local banks. Net bank credit to the government is calculated based on the data provided by the Bank of Central African States (BEAC). These data should be subject to monthly reconciliation between the Treasury and the BEAC.

- Net non-bank financing to the government includes the following: (i) the change in the outstanding balance of government securities (Treasury bills and bonds) issued in CFA francs on the regional financial market and not held by the local banking system; (ii) the change in the outstanding balance of structured non-bank domestic debt (defined in paragraph 16);
(iii) privatization revenue (defined in paragraph 8); (iv) the change in the balance of correspondent bank accounts (including Account 42) and consignment accounts; and (v) the change in the balance of outstanding claims on government abandoned by the private sector. The government’s net non-bank financing is calculated by the public treasury.

19. **Domestic payment arrears** are the sum of (i) payment arrears on expenditure; (iii) payment arrears on structured domestic debt; and (iii) unstructured debt:

- **Payment of arrears on expenditure** are defined as "balances payable" for which the payment lag exceeds the regulatory period of 90 days. **Balances payable** reflect the government's unpaid obligations. They are defined as expenditure items for which the normal expenditure execution procedure (commitment, validation, and authorization) has been followed until they were undertaken by the public treasury, but that are still pending payment. Balances payable under 90 days represent **payments in progress**. The Treasury will monitor this information on a monthly basis to identify expenditure arrears in the stock of balances payable.

- **Payment arrears on structured domestic debt** are defined as the difference between the amount due under a domestic debt arrangement (defined in paragraph 11) or the reimbursement of matured Treasury securities, bills, or bonds and the amount effectively paid after the payment deadline indicated in the agreement or after the maturity date of the Treasury securities, bills, or bonds.

- **Unstructured debt** is defined as:

i. *Unstructured debt of the CAA,* which includes all balances payable, and liabilities of the government transferred to the CAA that have not been subject to a reimbursement or securitization agreement. The stock of unstructured debt is estimated at CFAF 53 billion at end-December 2023.

ii. *Domestic "floating" debt*, including all government's commitments for which a service was provided by a public or private service provider but that has not been subject to any budget commitment. These obligations include invoices payable and not settled to public and private enterprises but exclude tax debt deriving from debt offsetting operations with public enterprises and the execution of externally financed public procurement agreements that have not been covered by the budget as a result of insufficient budget appropriations. The Directorate General of Budget will conduct a monthly assessment of these commitments in collaboration with the public treasury.

20. **External payment arrears** in the program are defined as external debt obligations of the government (principal and interest) not paid 30 days after the due date specified in the underlying agreement, taking into account any applicable contractual grace periods. This performance criterion excludes payment arrears on external financial obligations of the government that are subject to rescheduling.

21. **Treasury advances** do not follow the normal expenditure chain and are defined as any payments made by the Treasury in the absence of a commitment or payment order issued by the relevant authorizing officer at the General Directorate of Budget (DGB) and regularized retroactively.

QUANTITATIVE PROGRAM OBJECTIVES

22. **The quantitative targets (QTs)** provided in the list below are as specified in Table 1 of the MEFP. Unless otherwise indicated, all quantitative targets will be assessed on a cumulative basis from the beginning of the calendar year to which the quantitative targets apply. The quantitative targets and details for their assessment are provided below:

A. Non-Oil Primary Balance

Performance Criteria

23. **A floor for the non-oil primary balance (based on payment order)** is defined as a quantitative objective in Table 1 of the MEFP. The non-oil primary balance is defined as the difference between the primary balance defined in paragraph 12 and oil revenue defined in paragraph 6.

24. **To ensure consistency among data from different sources used to prepare the table of government financial operations (TOFE), and particularly between the data on fiscal operations reported by the Treasury and data on financing reported by the BEAC, the CAA, and the Treasury**, the cumulative level of financing discrepancies in the TOFE (including errors and omissions) for a given month should not exceed 5 percent of the cumulative expenditure for that month, in absolute value. Should this limit be exceeded, a comprehensive reconciliation exercise for all TOFE source data will be undertaken in consultation with IMF staff.

Adjustment

25. The floor for the non-oil primary balance (based on payment order) will be adjusted starting from end-June 2024 by the amount of budget spending for the recapitalization of the two undercapitalized banks to comply with the 8 percent capital adequacy ratio.

Cutoff Dates for Reporting Information

26. The detailed data on government financial operations indicating the primary balance, oil revenue, and the level of miscellaneous expenditure not otherwise classified will be submitted monthly within six weeks from the end of the month, with the exception of end-December data. Cameroon's Law No 2018/012 on the public finance provides for a complementary period of 30 days after the end of the calendar year to complete all pending payments from the budget year. Therefore, the end-year data on government financial operations will be submitted by March 15 of the following year.

B. Net Domestic Financing of the Government Excluding Net IMF Financing

Performance Criteria

27. **A ceiling on net domestic financing of the government excluding net IMF financing** is defined as a quantitative objective in Table 1 of the MEFP. For program requirements, net domestic financing of the government excluding net IMF financing will be net domestic financing of the government defined in paragraph 16, not including net IMF financing.

28. **The ceiling on net domestic financing of the government** excludes IMF financing related to the disbursement under ECF-EFF and RSF arrangements.

Adjustment

29. The ceiling on net domestic financing of the government excluding net IMF financing will be adjusted if (i) the disbursements in connection with external budget support net of external debt service and the payment of external arrears, and (ii) the rescheduling of bilateral external debt service is lower than the program forecasts, are below the programmed levels.

- At the end of each quarter, if disbursements of external budget support are below (above) the programmed amounts, the relevant quarterly ceilings will be adjusted upward (downward) commensurately, within the limit of CFAF 120 billion for each quarter of 2023 and 2024. This ceiling may be reviewed depending on the rate of budget aid disbursements during the year.

- At the end of each quarter, if the rescheduling of bilateral external debt service is below (above) the programmed amounts, the corresponding quarterly ceilings will be adjusted upward (downward) pro-tanto.

- Starting from end-June 2024, the relevant ceilings will be adjusted by the amount of budget spending for the recapitalization of the two undercapitalized banks to comply with the 8 percent capital adequacy ratio.

Cutoff Dates for Reporting Information

30. The detailed data on net domestic financing of the government (bank and non-bank) and the status of budget support disbursements, reimbursement of external debt service, and the status of external arrears will be submitted on a monthly basis within six weeks after the end of the month.

C. Disbursement of Non-Concessional External Debt

Performance Criteria

31. **A ceiling on disbursements of non-concessional external debt** is defined as a quantitative objective in Table 1 of the MEFP. This performance criterion is applicable to debt contractually arranged to finance projects. This performance criterion is based on external debt as defined in paragraph 14 and uses the concept of concessionality defined in paragraph 15 of this Technical Memorandum. The non-concessional external debt ceiling would exempt debt contracted or disbursed under the debt management operation for clearance of the domestic arrears. The debt management operation exemption to the debt ceiling would (i) cover only the amount of new borrowing related to the debt management operation (CFAF 467 billion), and (ii) would need to show either an improvement in the key liquidity and/or solvency debt burden indicators without adversely affecting the risk rating.

Cutoff Dates for Reporting Information

32. Detailed information on disbursements of external debt contracted by the government must be reported within six weeks after the end of the month, indicating the date on which the loans were signed and making the distinction between concessional and non-concessional loans.

D. Net Claims of the Central Bank on the Central Government

Performance Criteria

33. **A ceiling on net claims of the Central Bank on government** is defined as a quantitative objective in Table 1 of the MEFP. This criterion is defined as the difference between the Central Bank's claims on government, excluding IMF financing, in particular unpaid balances of consolidated statutory advances, refinancing of guaranteed bonds, and Treasury securities held by the Central Bank; and cash and total deposits of the Treasury with the Central Bank, including the balance of the special account of unused statutory advances. The balance of this special account will be regularly monitored to maintain the objectives defined in Table 1 of the MEFP.

34. **The ceiling on net claims of Central Bank on government** includes the agreed use of the 2021 SDR allocation.

35. **The ceiling on net claims of Central Bank of the government** excludes IMF financing related to disbursement under ECF-EFF and RSF arrangements.

36. **The ceiling on net claims of the Central Bank on government** will be adjusted if the disbursements in connection with external budget support are below the programmed levels. At the end of each quarter, if disbursements of external budget support are below (above) the programmed amounts, the relevant quarterly ceilings will be adjusted upward (downward) commensurately, within the limit of CFAF 120 billion for each quarter of 2023 and 2024. This ceiling may be reviewed depending on the rate of budget aid disbursements during the year.

37. **Starting from end-June 2024, the ceilings on net claims of the Central Bank on government** will be adjusted by the amount of budget spending for the recapitalization of the two undercapitalized banks to comply with the 8 percent capital adequacy ratio.

Cutoff Dates for Reporting Information

38. The BEAC must report the detailed information on all financing from the Central Bank to the government and the statement on the balance of the special account of unused statutory advances within six weeks after the end of the month.

E. Non-Accumulation of External Payment Arrears

Performance Criteria

39. **A ceiling of zero on the accumulation of new external payment arrears** is defined as a continuous quantitative objective in Table 1 of the MEFP. This performance criterion applies to the accumulation of external arrears as defined in paragraph 20 of this Memorandum. In connection with the program, the government undertakes not to accumulate any external payment arrears on its debt, with the exception of arrears subject to rescheduling. The government's non-accumulation of arrears is a performance criterion to be observed on an ongoing basis. This performance criterion will be measured on a cumulative basis on approval of the program.

Cutoff Dates for Reporting Information

40. **The data on balances, accumulation, and reimbursement of external arrears will be reported within six weeks after the end of each month.** This performance criterion will be monitored continuously by the authorities and any new external arrears should be reported immediately to the Fund.

F. PV of External Debt Contracted or Guaranteed by the Government and Certain Other Public Entities

Performance Criteria

41. **A performance criterion (ceiling) applies to the PV of new external debt contracted or guaranteed by the government and certain other public entities.**[3] The ceiling applies also to debt contracted or guaranteed for which value has not yet been received, including private debt for which official guarantees have been extended. This performance criterion is applicable to external debt as defined in paragraph 14 of this Memorandum and to debt guaranteed by the government that constitutes a contingent public liability as defined in paragraph 13 of this Memorandum. Moreover, this criterion is applicable to external debt contracted or guaranteed by (i) public enterprises defined in paragraph 4 that receive transfers from the government, (ii) municipalities, and (iii) agencies of general government including professional, scientific, and technical organizations. However, this performance criterion is not applicable to borrowing arranged in CFA francs, Treasury bills and bonds issued in CFA francs on the CEMAC regional market, regular short-term loans from suppliers, regular import credits, loans from the IMF, and budget support loans from the World Bank or debt relief or rescheduling. New debt contracted or disbursed for debt management operation in the amount of CFAF 467 billion resulting in an improvement in the overall debt profile (as specified in paragraph 29) is exempt from this performance criterion. For the assessment of this performance criterion, debt relief is defined as the restructuring of debt with the existing creditor that reduces the net present value of the debt, and debt rescheduling is defined as the operations with the existing creditor that spread the average weighted maturities of financial flows without increasing the net present value.

[3] Guidelines on Public Debt Limits in Fund-Supported Programs attached to the Executive Board Decision No. 16919-(20/103), adopted October 28, 2020.

42. The PV of debt at the time of its contracting is calculated by discounting the future stream of payments of debt service due on this debt.[4] For debts with a grant element equal to or below zero, the PV will be set equal to the nominal value of the debt. The discount rate used for this purpose is the unified discount rate of 5 percent set forth in Executive Board Decision No. 15248-(13/97). The PV of external debts in currencies other than the U.S. dollar will be calculated in U.S. dollar terms at program exchange rates as specified in TMU Text Table 1. For any debt carrying a variable interest rate in the form of a benchmark interest rate plus a fixed spread, the PV of the debt would be calculated using a program reference rate plus the fixed spread (in basis points) specified in the debt contract. The program reference rate for the six-month USD SOFR is 0.04 percent and will remain fixed for the duration of the program. The spread of the six-month Euro EURIBOR over six-month USD SOFR is -56 basis points. The spread of six-month JPY OIS over six-month USD SOFR is -8 basis points. The spread of six-month GBP SONIA over six-month USD SOFR is 1 basis point. For interest rates on currencies other than Euro, JPY, and GBP, the spread over six-month USD SOFR is 15 basis points.[5] Where the variable rate is linked to a benchmark interest rate other than the six-month USD SOFR, a spread reflecting the difference between the benchmark rate and the six-month USD SOFR (rounded to the nearest 50 bps) will be added.

Text Table 1. Cameroon: Program Exchange Rates

Currency	CFA franc per currency unit	Currency units per US Dollar
US Dollar	595.082	1.00
Euro	655.957	0.9072
AfDB XUA	800.090	1.3333
STG Pound	757.867	0.7852
Japanese Yen	4.193	141.910
Chinese Yuan	83.303	7.144

Source: IMF Representative Exchange Rates, December 22, 2023; African Development Bank December 2023 Exchange Rates; staff calculations.

Adjustment

43. An adjustor upward (downward) by the amount by which budget support exceeds (falls short of) the projected amounts. Any adjustment will be capped to 10 percent of the external debt ceiling set in PV terms and must be consistent with maintaining debt sustainability.

44. The external debt ceiling set in PV terms ceiling would be adjusted upward by the full amount in PV terms of any project financing dedicated to COVID-19 vaccine interventions that was not anticipated at the time of setting of the performance criterion. In this connection, the authorities will consult with IMF staff on any planned external concessional borrowing for this purpose and the conditions on such borrowing before the loans are either contracted or guaranteed by the national government.

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[4] The calculation of concessionality takes into account all aspects of the debt agreement, including maturity, grace period, payment schedule, upfront commissions, and management fees.

[5] The program reference rate and spreads are based on the “average projected rate” for the six-month USD SOFR over the following 10 years from the April 2021 World Economic Outlook (WEO).

45. An adjustor of up to 5 percent of the external debt ceiling set in PV terms applies to this ceiling, in case deviations from the performance criterion on the PV of new external debt are prompted by a change in the financing terms (interest, maturity, grace period, payment schedule, upfront commissions, management fees) of a debt or debts. The adjustor cannot be applied when deviations are prompted by an increase in the nominal amount of total debt contracted or guaranteed.

46. If the PV of the amount of the World Bank loans signed in 2023 and 2024, respectively, is greater than the PV of the World Bank loans signed in 2022 (CFAF 179.4 billion), the ceiling will be adjusted upward pro-tanto. This adjustment to the ceiling will be capped at a maximum of CFAF 182.5 billion (PV) in 2023 and 2024, respectively.

Cutoff Dates for Reporting Information

47. The detailed information on all loans (conditions and creditors) contracted by the government must be reported within six weeks after the end of the month. The same obligation is applicable to guarantees issued by the government. This criterion is monitored continuously by the authorities and any signing or guaranteeing of debt should be reported immediately to the Fund.

G. Treasury Advances Without a Budget Allocation

48. A ceiling on Treasury advances without a budget allocation is defined as a continuous quantitative objective in Table 1 of the MEFP. This quantitative performance criterion will become effective from July 1, 2024, and will be tested on a cumulative basis starting from the beginning of each quarter. Treasury advances are defined in paragraph 21.

49. The ceiling on Treasury Advances excludes Treasury advances related to assigned revenues (*recettes affectées*).

Cutoff Dates for Reporting of Information

50. Monthly accounting statements showing the amount of Treasury advances must be reported to IMF staff within six weeks after the end of each month.

OTHER INDICATIVE QUANTITATIVE TARGETS

H. Non-Oil Revenue

51. A floor on non-oil revenue as defined in paragraph 7 is defined as an indicative objective in Table 1 of the MEFP.

I. Accumulation of Domestic Payment Arrears

52. A ceiling on net accumulations of domestic payment arrears is defined as an indicative objective in Table 1 of the MEFP. Domestic payment arrears covered by the Treasury are defined in paragraph 19 and do not include unstructured floating debt not covered by the Treasury. Starting from end-June 2024, this ceiling will include **payments in progress** defined as balances payable under 90 days in paragraph 19.

Adjustment

53. The ceiling on the net accumulation of domestic payment arrears will be adjusted if the disbursements of external financing for the debt management operation are below the programmed levels. From end-June 2024, if disbursements of external financing for the debt management operation are below the programmed amounts, the relevant quarterly ceilings will be adjusted upward commensurately. The adjustor will only apply to balances payable of more and under 90 days as defined in paragraph 19.

J. Social Expenditure

54. **A floor on social expenditure pursuant to paragraph 11** is defined as an indicative objective in Table 1 of the MEFP. These expenditure items will be monitored regularly in connection with program implementation.

Cutoff Dates for Reporting Information

55. The data on the government's financial position as presented in the table of government financial operations, the detailed listing of revenue highlighting oil revenue, domestic payment arrears, and the status of social expenditure execution must be reported within six weeks after the end of the month with the exception of end-December data as indicated in paragraph 25.

K. Share of Exceptional Expenditure in Total Authorized Expenditure Not Including Debt

56. **A ceiling on the share of exceptional expenditure in total authorized expenditure not including debt** is defined as an indicative objective in Table 1 of the MEFP. This criterion will be calculated based on the ratio between exceptional expenditure (expenditure excluding debt service paid without prior authorization, including cash advances and provisional commitments) and total authorized expenditure, excluding debt service, that is domestically financed (including wages). Exceptional expenditure will be monitored regularly as part of program implementation.

Cutoff Dates for Reporting of Information

57. Monthly accounting statements showing the amount of cash advances, provisional budget commitments, and advance funds must be reported to IMF staff within three weeks after the end of each month. Authorized expenditure presented in Table M1 of the table of government financial operations will be used to compute this ratio.

L. Treasury Advances Without a Budget Allocation

58. This previous indicative target will be upgraded to a continuous quantitative performance criterion starting from July 1, 2024, as discussed in ¶48.

STRUCTURAL BENCHMARKS

59. A limit on the share of **common chapters** expenditures in budget is included as a structural benchmark 5 in Table 2 of the MEFP. This criterion will be calculated based on the ratio between common chapters (expenditures on chapters 60, 65, 92, 93, 94, and 95) and total expenditures (excluding debt service).

REFORM MEASURES

60. Procedures for the annual evaluation of the traceability feature of the SIGIF2 platform are to be established under the RSF Reform Measure 8 on forestry (Table 3 of the MEFP). An independent evaluation committee, including, concerned administrations, civil society, industry experts, development partners, and NGOs, will be constituted (by the reactivation of the existing Comité National de Suivi set up for the APV/FLEGT), with the first annual review to be completed within one year of the committee's activation. This review will outline key performance indicators, recommendations, and an implementation roadmap for the next evaluation. The annual evaluation reports will be published on the APV and the MINFOF websites within three months of the evaluation.

DATA SUBMISSION REQUIREMENTS

61. The quantitative data on the government's quantitative and indicative objectives will be reported to IMF staff with the periodicity described in Table 1 below. Moreover, all data revisions will be reported promptly to IMF staff. The authorities undertake to report to IMF staff any information or data not specifically addressed in this TMU, but required for program implementation, and to keep IMF staff abreast of the situation in terms of achieving the program objectives.

Table 1. Cameroon: Summary of Data Reporting Requirements

Information	Responsible institution	Frequency of the data	Reporting lag
Government Finance			
The summary situation of Treasury Operations (La situation résumée des Operations du Trésor (SROT)), including statement of unpaid orders of more than 90 days or less than 90 days, as well as statement of the correspondent accounts.	Ministry of Finance (MINFI)/DGTC	Monthly	6 weeks
The table of government financial operations (TOFE) and customary annex tables; (data on execution of investments financed with external grants and loans must be available in a timely manner so that the quantitative targets of the program can be determined in a timely manner. If information on physical execution of externally financed projects is not available, information on requests to draw funds from the donors will be used).	MINFI/DP	Monthly	6 weeks, except for end-December for which data will be reported by March 15 of the following year
Domestic budget financing (net bank credit to the government, stock of Treasury bills and bonds pending reimbursement, domestic debt reimbursement status, privatization revenue, and abandoned claims).	MINFI/BEAC	Monthly	6 weeks
Implementation status of social expenditure defined in Paragraph 11.	Ministry of Finance (MINFI)/DGB	Monthly	6 weeks
Domestic debt reimbursement status.	MINFI/CAA	Monthly	6 weeks
Statistics on external debt contracted and guaranteed (detailed listing of external debt service matured/paid, list of new loans specifying the financial conditions, loans guaranteed and external arrears, and list of contracts in the process of negotiation).	MINFI/CAA	Monthly	4 weeks The signing or guaranteeing of external debt, and the occurrence of external payment arrears must be reported immediately to the IMF.
Monthly structured bank and non-bank debt service forecast and actual payments	MINFI/CAA	Monthly	6 weeks

Table 1. Cameroon: Summary of Data Reporting Requirements (continued)

Monthly monitoring report on calls for funds and effective disbursements.	CAA/MINEPAT	Monthly	4 weeks
Data on the implementation of the public investment program, including a detailed listing of financing sources.	MINFI/Ministry of Economy, Planning and Regional Development (MINEPAT)/CAA	Quarterly	6 weeks
Monthly accounting statements showing the amount of cash advances, advance funds, and the balance of provisional budget commitments.	MINFI	Monthly	6 weeks
Monthly accounting statements showing the amount of Treasury (cash) advances without a budget allocation by type of expenditures.	MINFI	Monthly	6 weeks
Publish the oil product price structure.	MINFI/CSPH	Monthly	First week of the current month
Prices, consumption, and taxation of oil products, including: (i) the current price structure for the month in question; (ii) the detailed calculation of the price structure based on the free on board price to obtain the retail price; (iii) volumes purchased and distributed for consumption by the oil distributor (SONARA and marketers), with the distinction between retail sales and sales to industries; and (iv) a breakdown of tax revenue on petroleum products—customs duty, excise tax on petroleum products (TSPP), and value-added tax (VAT)—and support for the refinery and the situation of shortfalls and overpayments.	MINFI/CTR/CSPH	Monthly	6 weeks
Provide revenue forecasts for the Directorate General of Taxes, Directorate General of Customs, and Directorate General of Budget by type of tax on an annual basis and on a monthly basis, and outturn as compared with forecasts.	DGI, DGD, DGB	Monthly	6 weeks
VAT refund balance (refund requests, payments made, and VAT refund account status).	MINFI/DGI	Monthly	6 weeks
DGI/DGD joint quarterly collaboration reports indicating, in particular, the results in terms of identification of fraud and collection of additional revenue.	DGI/DGD	Quarterly	6 weeks

Table 1. Cameroon: Summary of Data Reporting Requirements (continued)

The situation of the SNH, including the volumes exported, the prices, the exchange rates, the costs of operations, the direct interventions, the commitments towards the State, the balance transferable to the Treasury.	MINFI	Quarterly	6 weeks
Include the total amount of oil revenue from the national oil company SNH and direct interventions in the monthly table of government financial operations (TOFE)	MINFI	Monthly	6 weeks
Accounting and budgetary extract indicating the status of payment of State invoices to public service companies (ENEO, CAMWATER, CAMTEL, SONARA CAMPOST, SIC)	MINFI	Quarterly	6 weeks
Publish quarterly budget execution report	MINFI	Quarterly	8 weeks
Fiscal Performance Indicators as indicated in Table 2	MINFI/DGI	Quarterly	6 weeks
The balance of the escrow account at the BEAC for the payment of domestic arrears on expenditure and payments in progress and the list of all unpaid domestic obligations cleared.	MINFI/DGTCFM/BEAC	Monthly	2 weeks
Monetary Sector			
Consolidated balance sheets of monetary institutions	BEAC	Monthly	6 weeks
Provisional data on the integrated monetary survey	BEAC	Monthly	6 weeks
Final data on the integrated monetary survey	BEAC	Monthly	10 weeks
Net government position.	BEAC	Monthly	6 weeks
The situation of the balance of the special account of undisbursed statutory advances	BEAC	Monthly	6 weeks
The key rate and the credit and debit interest rates	BEAC	Monthly	6 weeks
Balance of Payments			
Preliminary annual balance of payments data.	MINFI	Annual	9 months
Foreign trade statistics.	MINFI/INS	Monthly	6 weeks

Table 1. Cameroon: Summary of Data Reporting Requirements (concluded)

Any revision of the balance of payments data (including services, private transfers, official transfers, and capital transactions).	BEAC/MINFI	On revision	2 weeks
Real Sector			
Provisional national accounts and any revision of the national accounts.	INS	Annual	6 months
Quarterly National Accounts.	INS	Quarterly	3 months
Disaggregated consumer price indices for the cities of Douala and Yaoundé	INS	Monthly	4 weeks
Consumer price indices disaggregated by city, product and at the national level.	INS	Monthly	6 weeks
Structural Reforms and Other Data			
Any official report or study devoted to Cameroon's economy, from its date of publication or finalization.	MINEPAT		2 weeks
Any decision, decree, law, order, or circular having economic or financial implications, from its publication date or effective date.	MINFI/MINEPAT		2 weeks
Report on the implementation of expenditure of the special allocations account (CAS) COVID-19	MINFI/DGB	Bi-annually	3 months
CAS-COVID-19 expenditure audit report	MINFI/DGB	Annually	6 months
Data on SNH interventions	MINFI/DGB	Quarterly	6 weeks

Table 2. Cameroon: Fiscal Performance Indicators

	Tax	Number of active taxpayers	Total number of tax payers
DGE – Directorate for Large Enterprises	VAT		
	CIT		
	Tax on industrial and commercial profits		
	Salary deductions		
CIMES – Center for Taxes on Medium Enterprises	VAT		
	CIT		
	Tax on industrial and commercial profits		
	Salary deductions		
CDI – Divisional Tax Center	CIT		
	Tax on industrial and commercial profits		
	Salary deductions		
	Withholding tax		

CAMEROON

SIXTH REVIEWS UNDER THE EXTENDED CREDIT FACILITY AND THE EXTENDED FUND FACILITY ARRANGEMENTS, FIRST REVIEW UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY ARRANGEMENT, AND REQUESTS FOR WAIVERS OF APPLICABILITY OF PERFORMANCE CRITERIA, NONOBSERVANCE OF PERFORMANCE CRITERIA, AND MODIFICATION OF PERFORMANCE CRITERIA AND A REFORM MEASURE—SUPPLEMENTARY INFORMATION

July 1, 2024

Approved By
Vitaliy Kramarenko (African Department) and Bergljot Barkbu (Strategy, Policy, and Review)

African Department

The information below has become available following the issuance of the Staff Report. It does not alter the thrust of the staff appraisal.

1. **The President signed a decree on the revised 2024 budget law on June 20, 2024 allowing its immediate execution.** The revised budget law has been published and is aligned with the macroeconomic framework of the program and includes expenditures likely to generate Treasury advances, consistent with the agreed corrective measure to address a breach of an indicative target. While the revised budget law has not yet been submitted to Parliament as called for under the prior action as it requires "submission to Parliament of a revised 2024 Budget Law," in staff's view, the adoption of the revised budget law by a Presidential decree accomplishes the objective of the prior action, and the overall judgment is that the objective of Cameroon's program will be achieved. Therefore, staff recommends completion of the six reviews.

2. **Based on preliminary data, program performance at end-March 2024 remained mixed (MEFP Table 1 below).**[1] The continuous QPC on the ceiling on the present value of

[1] Data on the performance of the various ITs and continuous QPCs as at end-March 2024 have been included. Otherwise, no other changes have been made to Table 1 as included in EBS/24/78.

contracting and guaranteeing of new external borrowing was met. Five out of ten ITs were met at end-March 2024. The ITs on the floor on non-oil revenues, the ceilings on accumulation of domestic payment arrears, the share of spending executed through exceptional procedures, SNH direct interventions, and Treasury advances without a budget allocation were not met. Although not meeting the performance target, non-oil revenues increased by over six percent in 2024Q1 year-on-year, while spending through Treasury advances and other exceptional procedures have decreased in Q1. Lack of financing in early 2024 impeded clearance of the large stock of domestic unpaid obligations at end-2023, which became arrears by end-March 2024. Full implementation of the agreed remedial measures is expected to improve performance on ITs.

Table 1. Cameroon: Quantitative Performance Criteria (QPC) and Indicative Targets (IT) under the ECF and EFF Arrangements (Updated with end-March 2024 data)

(In billions of CFAF, unless otherwise indicated)

	End-Dec 23				End-Mar 24			End-Jun 24		End-Sept 24		End-Dec 24		End-Mar 25[11]
	QPC	Adj. QPC	Est.	Performance	IT	Est.	Performance	QPC (5th Rev.)	QPC (new)	IT (5th Rev.)	IT (new)	QPC (5th Rev.)	QPC (new)	IT (new)
A. Quantitative Performance Criteria 1/														
Floor on the non-oil primary fiscal balance (payment order basis) 2/	-745		-746.4	Not met	-30	119	Met	-508	-214	-480	-382	-610.5	-610.7	95
Ceiling on the net domestic financing of the central government (excluding IMF financing) 3/	39	118	49	Met	12	-188	Met	224	9	112	-3	-176	-333	-122
Ceiling on net borrowing of the central government from the central bank (excluding IMF financing) 3	111	190	139	Met	0	-89	Met	0	-4.5	0	-34	0	-64	-27
Ceiling on the disbursement of non-concessional external debt	691		254	Met	185	30	Met	370	370	554	554	739	739	200
B. Continuous Quantitative Performance Criteria (starting from the program approval)														
Ceiling on the accumulation of new external payments arrears 4/	0			Not met			Not met	0		0		0		0
PV of contracting and guaranteeing of new external borrowing 5/	512.9		381	Met	512.9	148	Met	512.9	512.9	...	...	512.9	512.9	...
Ceiling on Treasury advances without a budget allocation 6/										...	15	...	15	15
C. Indicative Targets														
Floor on non-oil revenue	3,754		3906	Met	1038	1023	Not met	1974	1915	2958	2900	4200	4246	1053
Ceiling on the net accumulation of domestic payment arrears 7/	-374		71	Not met	-55	298	Not met	-110	-210	-165	-265	-220	-537	-43
Floor for poverty-reducing social spending	1325		1418	Met	265	329	Met	539	539	959	959	1368	1368	399
Ceiling on direct interventions of SNH	145		185	Not met	40	51	Not met	80	80	110	110	145	145	40
Share of spending executed through exceptional procedures on authorized (payment order) spending 8/	4		9.7	Not met	4	4.1	Not met	4	4	4	4	4	4	4
Ceiling on Treasury advances without a budget allocation 9/	15		135	Not met	15	35	Not met	15	15					
Memorandum Items 10/														
1. Cumulative external budget support, excluding IMF (earliest disbursement)	*129*		*50*		*18*	*18*		*78*	*26*	*78*	*44*	*164*	*164*	*0*
2. Balance of the special account for the unused statutory advances	*1*		*1*		*1*	*1*		*1*	*1*	*1*	*1*	*1*	*1*	*1*

Sources: Country authorities and IMF staff calculations.

Note: The terms in this table are defined in the TMU.
** In addition to QPCs enumerated in this table, the Standard Continuous Performance Criteria will also apply: (i) Not to impose new or intensify existing restrictions on the making of payments and transfers for current international transactions; (ii) Not to introduce new or intensify existing multiple currency practices; (iii) Not to conclude bilateral payments agreement that are inconsistent with the IMF's Articles of Agreement (Article III); and (iv) Not to impose new or intensify existing import restrictions for balance of payments reasons.
1/ Program indicators under A are performance criteria at end-December 2023, end-June 2024, and end-December 2024, indicative targets otherwise.
2/ Starting from end-June 2024, the floor on the non-oil primary balance (payment order basis) will be adjusted by the amount of budget spending for the recapitalization of the two undercapitalized banks to comply with the 8 percent capital adequacy ratio.
3/ The ceiling on net domestic financing (excluding payment of arrears) of the budget and the ceiling on the net borrowing from the central bank will be adjusted (i) if the amount of disbursements of external budgetary assistance excluding IMF financing, falls short of or exceeds program forecasts: If disbursements are less (higher) than the programmed amounts, the ceiling will be raised (reduced) pro tanto, up to a maximum of CFAF 120 billion at the end of each quarter; and (ii) by the amount of budget spending for the recapitalization of the two undercapitalized banks to comply with the 8 percent capital adequacy ratio The ceiling on borrowing from the Central Bank at end-2023 includes the use of 2021 SDR allocation of CFAF 80 billion.
4/ The zero ceiling applies until the end of the arrangement.
5/ Cumulative ceiling calculated from January 1, 2022, and reset annually, and monitored on a continuous basis from completion of the first review under the ECF-EFF arrangement. It excludes ordinary credit for imports, debt relief obtained in the form of rescheduling or refinancing, and budget support loans from the World Bank. An adjustor applies to the World Bank project loans, as defined in the TMU.
6/ This new continuous QPC will come into effect on July 1, 2024, and the ceiling will be set at CFAF 15 billion per quarter and monitored on a cumulative basis starting from the beginning of each quarter.
7/ Starting from end-June 2024, the ceiling on net accumulation of domestic payment arrears will be adjusted if the disbursements in connection with external financing for the purpose of debt management operation are below the programmed levels. At the end of each quarter, if disbursements of external financing for the purpose of debt management operation are below the programmed amounts, the relevant quarterly ceiling will be adjusted upward commensurately. From end-June 2024, the ceiling will include balances payable of less than 90 days.
8/ This refers to payments made by the Treasury without prior authorization (issuance of payment orders, such as Treasury advances and provisional budget commitments), excluding debt service payments.
9/ This IT will be upgraded to a continuous QPC starting from July 1, 2024.
10/ Updated based on the recent staff estimates.
11/ The final test date of the current ECF and EFF arrangements is December 2024.

Statement by Regis N'Sonde, Executive Director for Cameroon, Mbuyamu Matungulu, Alternate Executive Director, and Oumar Diakite, Senior Advisor to Executive Director
July 3, 2024

I. Introduction

Our Cameroonian authorities would like to thank Management and staff for the valuable policy dialogue held in the context of the sixth reviews under the Extended Credit Facility (ECF) and Extended Fund Facility (EFF) Arrangements, and the first review under the Resilience and sustainability Facility (RSF) Arrangement. The policy discussions focused on the need to build fiscal resilience; preserve debt sustainability and reduce debt vulnerabilities; strengthen financial sector resilience and inclusion; improve governance and transparency in public resources management; and address climate vulnerabilities, with the view to accelerate private sector-led inclusive growth.

The Cameroonian economy has been resilient amid recent external and domestic shocks. Despite the difficult environment, post-pandemic recovery has continued. However, Cameroon still confronts the negative spillovers of the intensification of global geopolitical tensions, tight financial conditions, elevated inflationary pressures, and volatile oil prices.

Against this backdrop, program implementation has remained challenging. Nonetheless, four of six quantitative performance criteria (QPC) and two of six indicative targets (ITs) were met. Progress in the implementation of structural reforms was faster notably with four of five structural benchmarks (SBs) having been observed in a timely manner. The authorities remain committed to the objectives of the program supported by the ECF, EFF, and RSF arrangements, and have made strong corrective measures to address areas of past delays and keep program performance on track. Regarding the RSF, two reform measures (RM1 and RM3) have been met.

The authorities' policies remain consistent with the development agenda under the regional economic and financial reforms program (PREF-CEMAC). In this context, they will continue the efforts in train to mitigate the negative spillovers from the difficult domestic and international context on vulnerable groups. They are determined to steadfastly address the pressing social and infrastructure needs the country faces, while preserving fiscal and external stability and contributing to the effort to rebuild foreign exchange reserves at the regional central bank (BEAC). Cameroon's economic transformation agenda is laid out in the National Development Strategy (SND-30) aimed to restore strong, sustained, and inclusive growth, and advance adaptation and mitigation efforts to strengthen the country's resilience to climate change.

II. Recent Economic Developments and Outlook

Disruptions in global supply chains, domestic electricity shortages and rising production costs in 2023contracted activity in the hydrocarbon and agricultural exports sectors, and weakened growth in manufacturing. As a result, real GDP growth decelerated to 3.3 percent from 3.6 percent in 2022 and against a forecast of 4 percent. While fiscal and monetary tightening, exchange rate appreciation and lower food inflation contributed to moderate domestic price pressures, inflation remained elevated at 6 percent notably underpinned by the February 2023 upward adjustment of fuel pump prices.

In the fiscal area, with stronger revenue mobilization efforts, the non-oil primary deficit narrowed to 2.6 percent of GDP in 2023 from 3.9 percent of GDP in 2022. Non-oil revenues and grants were higher than projected in the 2023 revised budget (LFR 2023) and under the program In parallel, while expenditures on goods and services, transfers and subsidies increased, the public investment budget was under-executed. Improved budget balances helped to reduce public debt to around 44.5 percent of GDP at end-2023, down from over 46 percent of GDP in 2022.

In the external sector, the current account deteriorated as oil prices and exports declined and agricultural output contracted due to unfavorable climate conditions, leading to rising net food imports. The current account deficit widened to 4 percent of GDP against 3.5 percent of GDP in 2022. An aggravating factor has been a drop in both capital inflows and disbursements for externally funded projects, contributing to an overall decline in international reserves.

The health of the banking sector continued to improve overall, but pockets of vulnerabilities remain, particularly the exposure of banks to the sovereign. The solvency ratio has steadily improved since 2020, from 10.7 percent to 15.3 percent at end-2023. Although slightly declining, the non-performing loans ratio remains elevated at 12.9 percent. The exposure of banks to the public sector, including state-owned enterprises (SOEs), has risen rapidly since the covid-19 pandemic, from 27 percent of total assets in 2019 to 37 percent in 2023.

The authorities concur that Cameroon's economic outlook remains broadly positive. They consider that real GDP growth should accelerate and exceed 4.5 percent in the medium term under the impetus of the SND–30 which puts an emphasis on industrial development to spur a profound structural transformation of the economy to support stronger and sustained inclusive growth. Inflation is expected to remain high in the short term before returning below 3 percent in the medium term, in line with the relevant CEMAC convergence criterion. The current account deficit would deteriorate in the short term as well, but should improve over the medium term driven by stronger non-oil exports, FDI inflows, and advances in regional integration. Mindful that the outlook remains susceptible to the uncertain external developments, the authorities agree with staff on the policy priorities to strengthen domestic and external buffers.

III. Program Performance under the ECF, EFF and RSF Arrangements

Program performance was mixed in an environment of multiple shocks, and weaknesses in public financial management (PFM). All quantitative performance criteria at end-December 2023 were met with the exception of the floor on the non-oil primary fiscal balance, and the zero ceiling on the accumulation of new external arrears which saw minor and temporary breaches. All external arrears have been cleared. Four of the six ITs were missed, namely the net accumulation of domestic arrears, the ceilings on direct financing of government operations by the National Hydrocarbons Company (SNH), the share of expenditures using exceptional procedures, and the ceiling on Treasury advances without a budget allocation. These difficult budget developments mainly reflected the severe liquidity constraints the authorities faced owing to lower-than-expected budget support disbursements, tight national and regional financing conditions, and the postponement of a major debt restructuring operation to 2024. However, cognizant of the contributing role of persistent PFM weaknesses, the authorities are determined to implement needed corrective measures, including the ex-ante identification of expenditures that could require cash advances and their integration in the revised budget which the authorities have adopted by presidential decree and published.

Progress in the implementation of structural reforms has accelerated**.** Four of the five SBs set for the sixth reviews were met on time, while the SB on the stock of domestic obligations of more than 90 days was not achieved. The authorities are stepping up the efforts to address the delayed SB.

Regarding the RSF, the reform measure 1 (RM1) under the Arrangement has been met following the issuance of a decree of the Government formally establishing the institutional framework for coordinating the climate action agenda. The decree defines the Ministry of the Environment, Nature Protection and Sustainable Development (MINEPDED) as the central authority responsible for coordinating the climate agenda. Furthermore, with the support of the World Bank, the Ministry of Economy, Planning and Regional Development (MINEPAT), in collaboration with other relevant Ministries, has developed and published a manual defining the criteria for prioritizing and selecting projects that incorporate climate considerations, thus fulfilling reform measure 3 (RM3).

IV. Medium-term Macroeconomic Policies and Structural Reforms

Fiscal Policy and Reforms

The authorities are committed to maintaining a prudent fiscal stance to preserve fiscal and debt sustainability and create adequate space to finance priority social and infrastructure spending. To that end, they will continue to focus on increasing non-oil domestic revenues from 12.3 percent in 2022 to 13.6 percent of GDP in 2024, while continuing to rationalize and better prioritize expenditure. They will also implement contingency measures should revenue shortfalls occur as a result of unforeseen external and domestic shocks.

On the revenue side, the authorities are determined to significantly boost non-oil revenue collection. Key policy actions include the reform of the personal income tax, and drastic reduction of tax expenditures by notably removing the VAT exemption on certain consumer products, and continuation of the transposition of the new CEMAC directive on establishing reduced rates on certain essential goods. Moreover, the authorities will revise the Law on private investment incentives with a view to rationalizing these incentives and promoting fair competition between economic actors. The authorities are also taking steps to strengthen tax and customs administration with the support of technical and financial partners and implement measures to improve governance, data management, recovery of tax and customs arrears, and digitalization.

On the expenditure side, the authorities continue to phase out energy subsidies. In line with their firm commitment to create the fiscal space necessary for productive investment and social spending, and support the objective of fiscal sustainability, fuel prices on the domestic market were increased twice, in February 2023 and February 2024. Recognizing the vulnerability of fiscal sustainability to volatile international oil prices, the authorities will continue to gradually reduce subsidies with the view to eliminate these by the end of the program period. The authorities are also exploring options for the establishment of an automatic adjustment of fuel prices at the pump to reflect price fluctuations on international markets in the medium term. In line with their commitment, the authorities will accompany fuel price increases with measures to mitigate the economic and social impacts of the adjustments on the most vulnerable, including the reform of existing social safety net mechanisms.

The authorities will pursue on-going reforms to strengthen public financial management. In this area, they remain committed to enhancing the credibility, discipline and transparency of budget execution, improving public investment efficiency, and reducing delays for settling domestic financial obligations to less than 90 days. They will anchor their PFM reforms on recently completed reviews of public finances conducted with the assistance of the European Union (EU) and World Bank, which will inform their new action plan of structural measures. The authorities are determined to reduce expenditures made under exceptional procedures, including Treasury advances and direct interventions by SNH and limit these to cases of extreme urgency. Other key PFM reforms to limit fiscal risks will aim at strengthening the civil service pension, buttressing the framework for selection, planning, and execution of investment projects, and reinforcing the governance and management of SOEs while improving service delivery.

The authorities are committed to continue strengthening debt sustainability and improving debt management. Mindful of the high risk of debt distress, they will pursue a debt reduction policy focused on a carefully paced borrowing policy that favors concessional loans. The use of borrowing on non-concessional conditions will continue to be limited to the financing of priority projects with proven socio-economic and financial returns, and for which no concessional financing is available. The prudent debt policy will be supported by efforts to strengthen overall debt management and improve the liquidity profile of public debt. In this regard, the authorities implemented in early 2024 the first tranche of a debt management operation to borrow external debt with the view to reduce the outstanding amount of unpaid government obligations, and reduce the pressure on public debt service in the short term.

Structural Reform Agenda to Strengthen Financial Sector Resilience and Inclusion, Governance, and Climate Change Policies

The authorities remain committed to preserving the stability of the monetary union and its banking system. In support of the efforts to enhance the foreign exchange regional pool, they will continue to ensure compliance with foreign exchange regulations by public companies, new concession contracts or revenue sharing agreements in the extractive sector. The authorities are also taking measures to strengthen the resilience of the banking sector, including compliance with prudential standards and the implementation of the regional banking commission' (COBAC) recommendations. In this regard, the recapitalization and privatization of the troubled banks are progressing well. The authorities are also implementing the national financial inclusion strategy and its action plan covering the period 2023-2027 with the aim to increase the country's banking penetration rate while reducing inequalities affecting disadvantaged populations, in particular by strengthening financial education.

The authorities are tackling gaps in their governance and anti-corruption framework, building on the important steps taken in recent years. Further to the publication of Covid-19 spending reports, they have also published an action plan to strengthen frameworks for preparing, publishing and monitoring public expenditure audits, including recommendations to strengthen relevant institutions, in particular the Audit Chamber of the Supreme Court. On the basis of the governance diagnostic published in November 2023, they have identified remaining challenges which will be addressed in an action plan. An immediate priority will be to upgrade the anti-corruption framework to international standards, and improve the management and transparency of SOEs. The authorities will also continue to address other macro critical vulnerabilities affecting economic activity, including by stepping up the implementation of the Extractive Industries Transparency Initiative (EITI) recommendations, and strengthening the fight against money laundering and the financing of terrorism (AML/CFT).

The agenda on climate change remains a priority for our authorities as they recognize the need to strengthen Cameroon's resilience to climate change. In compliance with the SDN-30, they will accelerate the efforts in train to improve the climate policy framework, building on the strong momentum that has allowed them to timely complete two important reform measures under the RSF. Going forward, the authorities will strive to demonstrate continued progress on other key reforms under their climate agenda.

V. Conclusion

Our Cameroonian authorities remain committed to the objectives of the ECF, EFF, and RSF Arrangements, which support their development strategy under the SND-30. They will continue to implement sound policies and reforms aimed at preserving macroeconomic and regional stability, improving public financial management and the business environment, and advancing the climate agenda, all of which are critical to advancing the country's determined quest for strong and sustainable economic growth.

In view of satisfactory performance under their Fund-supported programs amid challenging circumstances, and their steadfast commitment to reform efforts going forward, the authorities seek Executive Directors' approval of the completion of the sixth reviews under the ECF and EFF Arrangements, and the first review under the RSF Arrangement. We would appreciate Executive Directors' favorable consideration of their request.