INTERNATIONAL MONETARY FUND

CAMEROON

February 25, 2025

SEVENTH REVIEWS UNDER THE EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY AND THE ARRANGEMENT UNDER THE EXTENDED CREDIT FACILITY, REQUEST FOR A WAIVER OF APPLICABILITY OF PERFORMANCE CRITERIA, AND SECOND REVIEW UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY ARRANGEMENT

EXECUTIVE SUMMARY

Context: Economic recovery has continued, but growth remains subdued. Structural and governance weaknesses, ongoing internal conflicts and security concerns, social tensions around presidential elections in October 2025, and climate hazards continue to hinder the growth outlook, which is also unfavorably affected by external headwinds marked by geoeconomic fragmentation.

Program performance: The program performance was broadly satisfactory. All QPCs and four out of six ITs were met at end-June. The IT on the share of spending through exceptional procedures was met for the first time during the program. Seven out of nine ITs were met at end-September 2024. Two QPCs, for which data are available, were met at end-December. All three continuous QPCs were met. The authorities have also made progress on the implementation of the structural benchmarks (SBs) under the ECF-EFF arrangements, but some reforms are delayed. Three out of nine SBs due for this review were met on schedule, and three were implemented with delay. Two SBs are proposed to be reset to a later date because their implementation requires more time, and one new SB is proposed. The two prior actions for the completion of the ECF-EFF review are: (i) submission to Parliament of the 2025 Budget Law in line with the program macroeconomic and budgetary framework, which has already been met; and (ii) signature of a contract with the consultant that will carry out the in-depth technical and economic study for the restructuring of SONARA. The authorities are requesting a waiver of applicability for two end-December QPCs because the information is not yet available, and there is no clear evidence that these QPCs will not be met. The two RMs due for the second review under the Resilience and Sustainability Facility (RSF) arrangement were met. Completion of the seventh reviews under the ECF-EFF arrangements will allow a disbursement of SDR 55.2 million (about US$73.5 million), and completion of the second review under the RSF arrangement will make available a disbursement of SDR 34.5 million (about US$46 million). The seventh

reviews under the ECF-EFF arrangements and the second review under the RSF arrangement are postponed due to a delay in obtaining CEMAC regional policy assurances and additional time needed to assess program performance.

Policy Discussions: The reviews focused on the remaining structural reforms and measures agreed under the program and mitigation of the risks to social stability and program implementation ahead of the upcoming presidential elections.

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CONTENTS

BACKGROUND 5

RECENT DEVELOPMENTS, OUTLOOK, AND RISKS 5
A. Recent Developments 5
B. Outlook and Risks 7

PROGRAM PERFORMANCE 8

POLICY DISCUSSIONS 9
A. Building Fiscal Resilience 9
B. Preserving Debt Sustainability 12
C. Strengthening Financial Sector Resilience and Inclusion 14
D. Improving Governance, Anti-Corruption and Financial Integrity 15
E. Addressing Climate Vulnerabilities 16

PROGRAM ISSUES 16

STAFF APPRAISAL 18

FIGURES
1. Real Sector Developments, 2019–24 20
2. Fiscal Developments, 2019–25 21
3. External Sector Developments, 2016–25 22
4. Monetary Sector Developments, 2017–24 23

TABLES
1. Selected Economic and Financial Indicators, 2023–29 24

2a. Central Government Operations, 2023–29 (CFAF Billion) 25
2b. Central Government Operations, 2023-29 (In Percent of GDP) 26
3. Balance of Payments, 2023–29 27
4. Monetary Survey, 2023–29 28
5. Capacity to Repay the Fund, 2023–44 29
6. Financial Soundness Indicators, 2018–23 30
7. Schedule of Disbursements and Purchases Under ECF and EFF, 2021–25 31
8 Schedule of Disbursements and RMs Availability Dates Under the RSF 32
9. External Financing Needs and Sources 32

ANNEXES

I. Risk Assessment Matrix 33
II. Climate Change and Disaster Financing Needs 35
III. The Electricity Sector Challenges and Potential 38
IV. Promoting Integrity at Customs Administration 40
V. Cost of Delays in Public Investment Implementation 42

APPENDIX

I. Letter of Intent 47
Attachment I. Supplementary Memorandum of Economic and Financial Policies in 2024–2025, Febrary 2025 49
Attachment II. Technical Memorandum of Understanding 68

BACKGROUND

1. The authorities remain committed to the objectives under the Fund-supported program, but upcoming elections pose challenges. They have signaled their intention to maintain a prudent fiscal stance through the presidential elections expected in October 2025, but the appetite for new deep reforms is limited. Legislative and local elections were postponed until after the Presidential vote, a move that was criticized by civil society organizations as anti-democratic.

2. While the recovery has continued following successive global shocks, growth remains subdued. Domestic challenges, including institutional weaknesses, electricity sector difficulties, ongoing internal conflicts, and security concerns have weighed on growth. The recovery is expected to firm up as inflation continues to cool down, fiscal adjustment is sustained, and reforms advance.

3. The economy remains vulnerable to climate change with adverse impact on economic activity, exacerbating social conflict in affected regions. The September floods in the already fragile North and Far North regions were caused by unusually heavy rains, which have impacted infrastructure and agriculture. The authorities have reprioritized expenditures for the emergency response to restore services, protect the vulnerable population, and avoid escalation of social tensions while the disaster-risk financing strategy is being developed (Annex II).

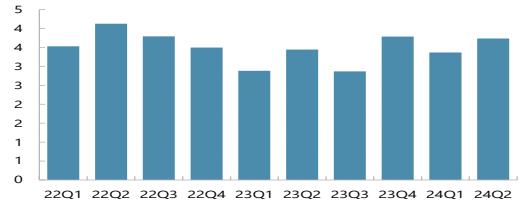
RECENT DEVELOPMENTS, OUTLOOK, AND RISKS

A. Recent Developments

4. Cameroon's economy continues to recover gradually. Real GDP growth slowed from 3.7 percent in 2022 to 3.2 percent in 2023 due to domestic and external headwinds, including supply chain disruptions, rising production costs, electricity shortages, and floods. Based on preliminary data, growth reached 3.6 percent year-on-year in the first half of 2024 driven by services (i.e., public administration and hotels and restaurants), construction, agriculture, and manufacturing (Text Fig 1).

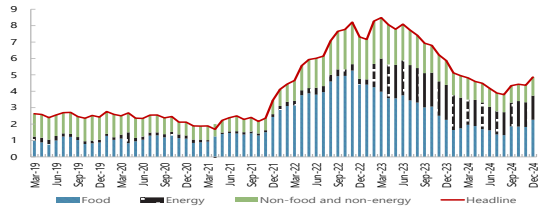
5. Inflation is declining. In December 2024, the twelve-month average CPI inflation decelerated to 4.5 percent from 7.4 percent the previous year due to lower food inflation and monetary policy tightening despite the fuel price increase in February 2024 (Text Figure 2).

Text Figure 1. GDP Growth
(Percentage change, year-on-year)



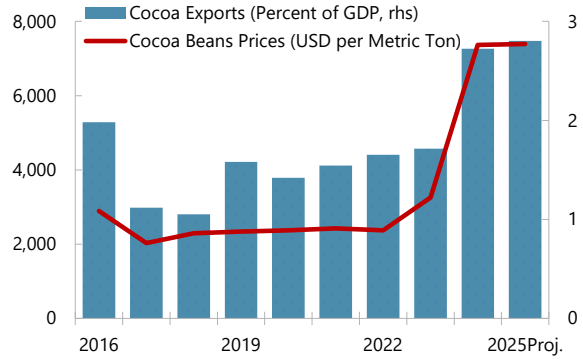
Source: Cameroon authorities; and IMF staff estimates.

Text Figure 2. Inflation
(Percent)

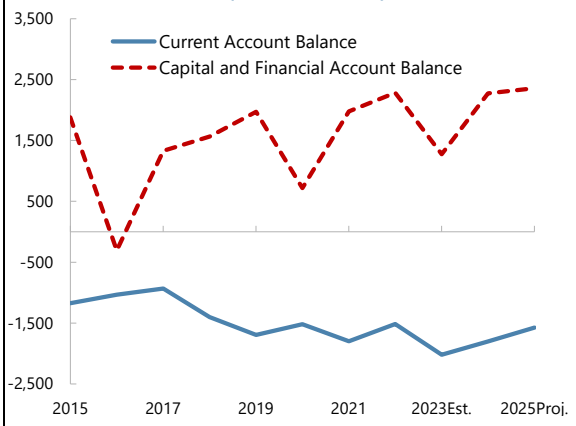


6. The current account is improving, supported by higher non-oil exports. The expected improvement in the current account deficit from 4.1 percent of GDP in 2023 to 3.4 percent of GDP in 2024 is driven by higher non-oil commodity exports, in particular cocoa whose price more than doubled compared to the previous year. This improvement in non-oil exports more than compensates for the decline in oil exports in terms of both volume and price.

Text Figure 3. Cocoa Exports



Text Figure 4. BOP Developments
(Billion CFAF)



Source: Cameroon authorities; and IMF staff estimates.

7. Budget outcomes are on track. The non-oil primary balance (NOPB) was in deficit by about CFAF 70 billion at end-September 2024. Non-oil revenue increased by 8 percent year-on-year in September 2024, driven by a solid performance in corporate and indirect taxes despite some stagnation in customs revenue due to a general decline in imports, including fuel. The lower-than-expected expenditures reflect delays in investment projects, leading to a smaller non-oil primary deficit compared to the programmed deficit (MEFP, Table 1).

8. Public debt-to-GDP ratio continues to decline. Public debt is expected to fall to 42 percent of GDP at end-2024 from 43.2 percent of GDP at end-2023, supported by GDP growth and fiscal consolidation.[1] External debt-to-GDP is expected to marginally edge up to 28.7 percent of GDP in 2024 from 28.2 percent of GDP in 2023, on the back of the debt management operation.

9. Banking sector capitalization increased. The recent capital injections into two undercapitalized banks boosted the sector's capitalization, and efforts to privatize another bank should improve profitability and banking sector competitiveness. Credit to the private sector grew by 11.7 percent while deposits increased by 4.1 percent year-on-year in November 2024. However, the share of NPLs remains high at about 13 percent in July 2024.

10. Safeguards assessment. The 2022 safeguards assessment found that the regional central bank (BEAC) maintained strong governance and external audit arrangements, while internal audit and risk management practices needed strengthening. A safeguards monitoring mission took place at end-2023 to follow up on the outstanding recommendations and developments in the

[1] Public debt is central government debt and includes SONARA's debt and publicly guaranteed debt (Debt Sustainability Analysis).

governance arrangements. The mission's recommendations included the need to strengthen onboarding for new members of senior management and the Board and the establishment of an enhanced delegation framework for executive decision-making. BEAC is in the process of addressing these recommendations, although additional efforts are needed to implement the recommendations of the 2022 assessment.

B. Outlook and Risks

11. The medium-term outlook remains broadly positive. GDP growth is expected to pick up to 3.9 percent in 2024 and 4 percent in 2025 and strengthen over the medium term to about 4.5 percent, as the external environment stabilizes, electricity and natural gas production increases, and reforms advance. The operationalization of the Nachtigal hydro power plant (HPP) would contribute to a more predictable and cheaper power supply and support private sector development (Annex III). Inflation is expected to decelerate further in 2025, falling below the CEMAC convergence level of 3 percent over the medium term. The current account is expected to slightly worsen over the medium term, to about 3.5 percent of GDP, on the back of continued decline in hydro-carbon exports. Public debt is expected to fall gradually reflecting continued fiscal consolidation and prudent debt management.

Text Table 1. Cameroon: Selected Economic Indicators

	2023	2024		2025		2026	2027	2028	2029
	Est.	6th Rev.	Proj.	6th Rev.	Proj.	Projections			
GDP growth (percent)	3.2	3.9	3.9	4.2	4.0	4.1	4.4	4.6	4.6
Consumer Price Inflation, average (percent)	7.4	5.9	4.5	5.5	3.5	3.0	2.8	2.6	2.5
Overall balance, incldluing grants (percent of GDP)	-0.6	-0.4	-0.6	-0.6	-0.3	-1.1	-1.1	-1.1	-1.1
Non-Oil Primary Balance (percent of GDP)	-2.5	-2.0	-2.0	-1.3	-1.3	-1.6	-1.6	-1.6	-1.7
Current Account (percent of GDP)	-4.1	-2.3	-3.4	-2.5	-2.8	-3.8	-3.6	-3.4	-3.2
Public Debt (percent of GDP)	43.2	42.0	42.0	39.5	39.4	37.9	36.5	35.0	33.7

Source: Country authorities; and IMF staff calculations.

12. However, the risks are tilted to the downside. At the domestic level, social tensions over the political transition in the runup to the presidential elections may manifest while violence in conflict-affected regions could persist and escalate, possibly exacerbated by natural disasters. Pre-electoral spending overruns may put pressure on the authorities' resolve to persevere on the fiscal consolidation. At the regional level, policies inconsistent with regional stability, security challenges, and political instability are among downside risks. At the external level, the outlook is clouded by geoeconomic fragmentation (e.g., Ukraine and Middle East), growth slowdown in major economies with repercussions on trade and financial flows, and the volatility of commodity prices and financial markets (Annex I). Delays in the disbursement of donor support would aggravate liquidity constraints and developmental challenges.

PROGRAM PERFORMANCE

13. Program performance at end-June, end-September, and end-December 2024 was broadly satisfactory.

- At end-June, all quantitative performance criteria (QPCs) and four of the six indicative targets (ITs) were met. The IT on the share of spending through exceptional procedures was met for the first time during the program.

- At end-September, seven out of nine ITs were met. The two ITs missed at end-June and end-September were the net accumulation of domestic payment arrears and the ceiling on the SNH direct interventions. The authorities reported that these interventions were largely explained by the expenditures on security necessitated by the persistence of the unrest in the North (MEFP, Table 1). Higher direct SNH interventions together with persistent weaknesses in cash management contributed to a small underperformance on clearance of unpaid domestic obligations—by CFAF 19 billion—despite the earlier-than-projected Eurobond issuance in July 2024, which helped reduce the stock of unpaid domestic obligations.

- At end-December, two QPCs, for which data are available, were met. The authorities are requesting a waiver of applicability for the two remaining QPCs under the EFF arrangement (i.e., for the floor on the non-oil primary balance and the ceiling on net domestic financing), as information will not be available before the Executive Board meeting, and there is no clear evidence that these QPCs will not be met (¶36).

- All continuous QPCs were met.

14. The seventh reviews under the ECF-EFF arrangements and the second review under the RSF arrangement are postponed due to a delay in obtaining CEMAC regional policy assurances and additional time needed to assess program performance.

15. The authorities have started implementing corrective measures for the missed ITs. While spending through Treasury advances have been contained, expenditures through the SNH direct interventions have increased. To improve transparency of the budget execution, the authorities have started producing reports on the direct SNH interventions and plan to gradually budget for such expenses.

16. Implementation of structural benchmarks (SBs) was broadly satisfactory. Out of nine SBs due for the seventh reviews, three were met on schedule: (i) the list of the 25 largest public companies was published on the Ministry of Finance website with links to the published audited financial statements of 11 of them on their websites (SB4); (ii) the authorities have created a dataset of wages and salaries suitable for simulating PIT calculations ahead of the set deadline (SB5), and (iii) an annex was included in the 2025 budget on 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 (SB6). Three SBs were implemented with delay: (i) the draft implementation texts of the 2016 Mining Code were finalized

and published in January 2025 (SB1); (ii) after adopting a timetable for the transformation of the common chapters, the authorities adopted a decree specifying the rules for managing budgetary authorizations and limiting common chapters to 10 percent of the budget in the 2025 (SB3); and (iii) the Minister of Finance issued 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 in January 2025 (SB8). Two SBs which were not met are proposed to be reset: (i) the authorities have identified key revisions to the 2013 Law on investment incentives (SB2) based on the studies by the authorities and the World Bank, but the adoption of the Law is delayed (SB2 proposed to be reset to April 2025) and (ii) one bank was recapitalized consistent with the 8 percent capital adequacy ratio and Basel requirements (SB10, MEFP¶34) while the recapitalization of the second one is delayed (SB10 proposed to be reset to April 2025). The SONARA restructuring study (SB9) was not completed due to a delay in contracting a consultant following a change in the company management and uncertainty over the financing sources for the study. A new SB is proposed with a due date of May 15, 2025 (SB11). Under the new SB, the authorities will submit an interim report of the study including four restructuring scenarios, estimates of operational and capital expenses, a financial study of maximum capacity, and a study of petroleum product markets in sub-Saharan Africa. The authorities are committed to finalizing and implementing the SONARA restructuring study by end-2025.

17. The two reform measures (RMs) due for the second review under the RSF arrangement were met (MEFP, Table 3). With the support of technical partners, the authorities integrated climate change considerations into the methodology for ex-ante project evaluation (RM4, MEFP¶46). Additionally, they adopted the revised Civil Protection Law and updated the order governing the National Risk Observatory (ONR). This update clarifies the tasks and functioning of the ONR in accordance with the revised Civil Protection Law, strengthening the ONR's mission by enhancing its disaster risk prevention capabilities, integrating key government actors, and establishing a coordinated national disaster risk monitoring and prevention system (RM6, MEFP¶46).

POLICY DISCUSSIONS

The UCT program discussions focused on the key measures and remaining policy commitments to achieve the program objectives as well as the policy priorities for the medium term.

A. Building Fiscal Resilience

18. Fiscal consolidation is on track and is expected to continue into 2025. The non-oil primary deficit is projected to improve from 2.5 percent of GDP in 2023 to 2 percent of GDP in 2024 and decline further to 1.3 percent of GDP in 2025 (Text Table 2). The authorities have submitted to Parliament the 2025 budget law in line with the program macroeconomic and budgetary framework

(prior action, MEFP¶7) and have identified contingency expenditure measures in case of unexpected shocks to preserve fiscal adjustment objectives.

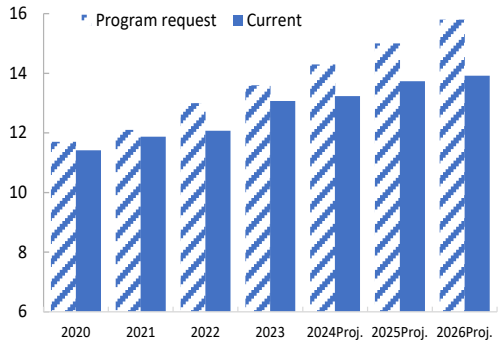
19. Non-oil revenue mobilization has increased, however at a slower pace than initial program projections. Non-oil revenues are projected to reach 13.2 percent of GDP in 2024 against the 14.3 percent of GDP projected at the time of the request for the arrangements in 2021 (Text Figure 5). Lack of progress on key tax policy reforms, including on the revisions to the 2013 law on investment incentives (SB2, reprogrammed to April 2025, MEFP¶18) and on the rationalization of VAT exemptions, have contributed to the weaker performance. The modest improvement in the non-oil revenue mobilization is driven mainly by advances in tax administration, intensified efforts in tax and customs arrears recovery, an increase in stamp duties, and one-off factors. The authorities will continue strengthening tax and customs administration in 2025 and beyond, including through advancing digitalization, recovering tax arrears, improving compliance, and strengthening integrity at customs in line with TA recommendations (Annex IV).

Text Table 2. Cameroon Fiscal Developments
(Percent of GDP)

	2023	2024		2025	
	Est.	6th Rev.	Proj.	6th Rev.	Proj.
Total revenue and grants	16.5	16.5	15.9	15.6	15.9
Oil revenue	2.9	2.6	2.4	1.6	2.1
Non-oil revenue	13.1	13.6	13.2	13.8	13.5
Grants	0.5	0.3	0.3	0.2	0.3
Total expenditure	17.1	16.9	16.5	16.3	16.1
Current expenditure	13.3	11.7	11.5	10.3	10.7
Wages and salaries	4.5	4.8	4.6	4.3	4.6
Goods and services	3.9	2.9	2.9	2.8	2.9
Transfers and subsidies	3.8	3.0	3.0	2.2	2.1
Interest payments	1.1	1.0	1.0	0.6	0.6
Capital expenditure	3.7	5.1	5.0	5.7	5.4
Overall balance	-0.6	-0.4	-0.6	-0.6	-0.3
Non-oil primary balance	-2.5	-2.0	-2.0	-1.3	-1.3

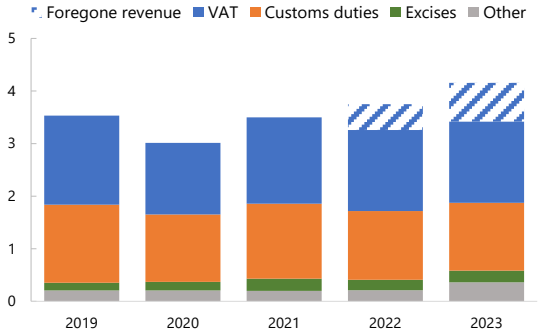
Source: Country authorities and IMF staff calculations.

Text Figure 5. Total Non-oil Revenue
(Percent of GDP)



Sources: Country authorities; and IMF staff calculations.

Text Figure 6. Customs Revenue
(Percent of GDP)



20. Cameroon has lowered the fuel subsidy considerably. The two pump price increases to date and lower international oil prices have substantially reduced the fuel subsidy to consumers and businesses. At latest projected international oil prices, the fuel subsidy is estimated at about 0.3 percent of GDP in 2025. While risks to oil prices are to the downside, in case of an upside risk, staff estimates that a 1-standard deviation increase in the oil prices would increase the subsidy to about 1.4 percent of GDP in 2025 (Text Figures 7 and 8).[2] Going forward, staff advised using the

[2] The standard deviation of about US$20 per barrel is calculated based on the historic oil prices data for the past ten years.

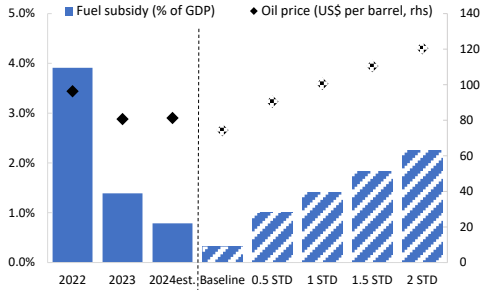
market oil price for taxation purposes and introducing an automatic fuel price adjustment mechanism over the medium term to help de-link economic decisions from the political cycle in the medium term. The use of a lower reference oil price for the calculation of taxes on fuel imports resulted in tax expenditures (i.e., foregone revenue) of about CFAF 356 billion, or 1.2 percent of GDP in 2022-23 (Text Figure 6).

Text Figure 7. Brent Prices
(US$ per barrel)



Source: Country authorities, IMF staff calculations.

Text Figure 8. Fuel Subsidy Projections
(Percent of GDP)



21. In view of this, staff advised the authorities to strengthen the social safety net to protect the vulnerable affected by price increases. Cameroon has numerous social protection programs but only a limited share of the poor is covered by them. Social assistance spending, at 0.2 percent of GDP in 2021, was less than half the average across peers and accrued mostly to the Central Region, benefiting richer and urban households (Public Expenditure Review, 2023, The World Bank). To improve targeting, it will be necessary to develop a unified registry of social assistance programs, map program beneficiaries, and identify the poor, which are medium-term reforms. In the near term, options include increasing funding for the health and education sectors where out-of-pocket expenditures are above the regional average and the average for countries at similar income level. Communicating the objectives and expected effects of this reform to affected parties would help gather support for the package of measures.

22. Public financial management (PFM) and public investment management (PIM) reforms are advancing and should be sustained. Investment spending has been below the budgeted amounts in recent years, often crowded out by other spending, while delays in implementation have raised project costs. In PFM, the authorities are implementing measures to strengthen budget controls, including by fully eliminating common budgetary chapters over time, limiting spending through exceptional procedures, and publishing procurement contracts online. Cash management reforms and management of Treasury correspondent accounts are ongoing (SB8, December 2024, MEFP¶24) as well as public procurement planning reforms (SB7, May 2025, MEFP¶24). These reforms should also help address delays in implementation of investment projects (Annex V). Furthermore, a strategic PFM plan adopted in October 2024 based on the recently completed PEFA and PFM evaluations will integrate gender and climate issues in public finances and improve information systems.

23. Bringing domestic arrears accumulation to a standstill remains a challenge. The additional external borrowing has helped reduce the stock of unpaid domestic obligations from CFAF 743 billion at end-2023 to CFAF 517 billion at end-September 2024. However, weaknesses in cash management and budget execution through exceptional procedures prevented the authorities from meeting the program ceiling on the accumulation of domestic arrears at end-September by a small margin. Taking into consideration the delay in the disbursements of budget support from the World Bank and the IMF, which partly contributed to the liquidity constraints, the net clearance of domestic obligations is expected to be below the program commitments by end-2024.

24. Fiscal risks from SOEs remain significant. There is no tangible progress on the restructuring of the national refinery SONARA, operating with a negative asset value and a significant cost to the budget.[3] A restricted tender was launched for the technical and economic feasibility study on the restructuring of the company and a contract will be signed with a consultant who will prepare the study (prior action, MEFP¶27). An interim study report is expected to be completed within three months from the signature, and a new SB is proposed to be implemented by May 15, 2025. Other SOE reforms have also been delayed, including signing performance contracts based on recent diagnostic studies of selected companies and resolving the cross debts with the state and between the SOEs. To advance these reforms and strengthen SOE oversight, a national investment agency was established in 2024 (MEFP¶29). Liquidity difficulties of the public utility company, ENEO, have already added to budget pressures in 2023 and 2024. The authorities now include a budget provision to cover potential losses in addition to spending related to the electricity subsidy and charges related to the operation of the new Nachtigal HPP. The authorities are negotiating acquisition of a stake in ENEO from the British private equity firm, Actis. Additional investment to meet the growing electricity demand, tariff reform, including through regulation to improve cost recovery, and efforts to strengthen billing and collection would put the sector on a stronger financial footing and limit risks to the budget (Annex III).

B. Preserving Debt Sustainability

25. While Cameroon remains at high risk of debt distress, public debt is sustainable, and on a downward trajectory. The debt carrying capacity remains weak and two out of four external debt indicators, debt service-to-revenue ratio and debt service-to-exports ratio, breach the respective thresholds under the baseline scenario, indicating a high risk of debt distress (DSA, ¶22 and ¶24). Nevertheless, external debt stock indicators remain below the threshold, and all debt service indicators are on a downward trend reflecting continued fiscal discipline. The debt service-to-revenue ratio is expected to fall below the threshold in the medium term. Moreover, the present value of public debt-to-GDP ratio fell below its threshold for the first time since the beginning of the ECF-EFF arrangements, indicating a declining risk of overall debt distress. The export shock and the commodity price shock are the most extreme shock scenarios across external debt indicators. Overall, Cameroon's debt is assessed as sustainable, given the authorities' commitment to program

[3] SONARA's debt to customs is estimated at about CFAF 250 billion at end-2023 (0.8 percent of GDP).

objectives, including fiscal consolidation and active debt management, which will contribute to anchoring fiscal targets during the upcoming elections.

26. The authorities are managing debt proactively. The government has contained new external borrowing and generally strives to pursue concessional loans to maintain debt sustainability. In 2023-24, the overall borrowing ceiling remained unchanged with an adjustor to accommodate concessional borrowing for infrastructure and social projects from the World Bank. To improve the liquidity profile of public debt, a debt management operation was undertaken with a loan of about CFAF 131 billion from Afreximbank in January 2024 and a Eurobond through private placement of US$550 million (CFAF 332 billion) in July 2024. The proceeds of these issuances have been utilized to clear the outstanding domestic obligations. Furthermore, the authorities are discussing with development partners cancelling contracted but non-performing project loans and reallocating unused external credit lines. The authorities plan to replace the planned regional long-term government bond issuance of CFAF 380 billion with external commercial financing in 2025 due to tight financing conditions in the regional market, as evidenced by low subscriptions to government bond issuances.

Text Table 3. Cameroon: 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/	**20,558**	**100.0**	**41.4**	**2,542**	**2,964**	**2,093**	**5.2**	**5.6**	**3.7**
External	**13,545**	**65.9**	**27.3**	**1,319**	**1,446**	**1,332**	**2.7**	**2.7**	**2.4**
Multilateral creditors	6,720	32.7	13.5	280	373	393	0.6	0.7	0.7
IMF	1,448	7.0	2.9						
World Bank	2,555	12.4	5.1						
AfDB	1,764	8.6	3.6						
Other Multilaterals	953	4.6	1.9						
o/w IsDB	698	3.4	1.4						
o/w IFAD	103	0.5	0.2						
Bilateral creditors	5,224	25.4	10.5	769	774	659	1.6	1.5	1.2
Paris Club	1,531	7.4	3.1	213	249	183	0.4	0.5	0.3
o/w France	1,303	6.3	2.6						
o/w Japan	81	0.4	0.2						
Non-Paris Club	3,536	17.2	7.1	549	520	484	1.1	1.0	0.9
o/w China	3,434	16.7	6.9						
o/w Turkey	103	0.5	0.2						
Eurobonds	850	4.1	1.7	108	104	98	0.2	0.2	0.2
Commercial lenders	751	3.7	1.5	161	195	182	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	**7,013**	**34.1**	**14.1**	**1,223**	**1,519**	**761**	**2.5**	**2.9**	**1.4**
T-Bills (BTA)	697	3.4	1.4	400	707	0	0.8	1.3	0.0
Bonds	2,319	11.3	4.7	460	263	400	0.9	0.5	0.7
Structured debt	1,415	6.9	2.8	359	466	292	0.7	0.9	0.5
Non-structured debt	88	0.4	0.2	5	32	18	0.0	0.1	0.0
BEAC advances	1,258	6.1	2.5	0	51	51	0.0	0.1	0.1
Floats and arrears	1,236	6.0	2.5						
Memo items:									
Contingent liabilities	**881**		**1.8**						
o/w: Public guarantees (external)	12		0.0						
o/w: Other contingent liabilities	869		1.7						
o/w external	473		1.0						
o/w domestic	396		0.8						
Nominal GDP (CFAF, billions)				29,891	32,099	34,452			
Exchange rate, end of period (CFAF/US$)				602	...	...			
Exchange rate, period average (CFAF/US$)				606	...	...			

Source: Country Authorities & IMF Staff estimates

1/ Excludes public guarantees and other contingent liabilities, which are noted under memo items.

Sources: Country Authorities; and IMF staff estimates.

1/ Excludes public guarantees and other contingent liabilities, which are noted under memo items.

C. Strengthening Financial Sector Resilience and Inclusion

27. Efforts are underway to address balance sheet vulnerabilities in the financial sector. While the ongoing recapitalization of two banks should strengthen the sector's resilience, high NPLs and sovereign-bank nexus are sources of vulnerabilities.[4] The SB on the recapitalization of the two banks was not met (SB10, MEFP¶34), although the authorities have fully recapitalized one bank and are committed to completing the recapitalization of the other bank by end-April 2025. Funding for increasing the second bank's capital base should be structured on marketable terms to ensure that the bank's medium-term viability is not compromised. The authorities are working on deepening the domestic secondary market, also supported by IMF technical assistance, which would help reduce banks' exposure (MEFP¶36). To reduce NPLs and improve MSMEs' access to credit in the medium term, the authorities are working on i) the creation of a credit registry, a balance sheet registry and a rating system for companies and individuals, in conjunction with the BEAC; ii) the creation of a land title registry; and iii) the establishment of a state guarantee fund for SMEs. It is also recommended to establish commercial courts and support additional training to commercial judges. For NPLs transferred to the state asset management company (*Société de Recouvrement des Créances*, SRC) a sunset clause is being introduced for the recovery of assets. The SRC has strengthened the security and judicial aspects of its activities by recruiting several new magistrates and is working on the recovery of illicit funds or funds seized abroad by collaborating with foreign authorities (MEFP¶40).

28. Financial stability risks from the growing role of the deposit and consignment fund should be mitigated by adopting formal supervision. The government has clarified the operational mandate of the *Caisse des Dépôts et Consignations* (CDEC) and is working toward its implementation in full compliance with Cameroonian legislation. The CDEC will collaborate with BEAC and COBAC to assess the need for the supervision of its activities and to ensure that depositors' interest is always protected, and risks to financial stability are minimized (MEFP¶38).

29. The implementation of the national financial inclusion strategy and financial sector development strategy is underway. The financial inclusion strategy aims to increase the penetration of banking services by: (i) strengthening financial education, (ii) improving quality, availability and accessibility of financial products and services; (iii) facilitating access to financing for agricultural value chains and MSMEs; and (iv) promoting innovation and digital finance. The mission recommended that the financial inclusion strategy be implemented in synergy with the CEMAC strategy to promote greater financial inclusion across the region. The government is operationalizing a guarantee fund that will improve SMEs' access to credit while a study undertaken in collaboration with the World Bank to improve the effectiveness and efficiency is underway. These financial sector developments would also facilitate funding for climate mitigation and adaptation efforts.

[4] Banks' exposure to the CEMAC's public sector, including state-owned enterprises (SOEs) was 37 percent at end-2023.

D. Improving Governance, Anti-Corruption, and Financial Integrity

30. The authorities are implementing the recommendations from the 2023 Governance Diagnostic Report selectively with limited progress on anti-corruption measures so far. The main reform focus has been on SOE management and transparency and on strengthening of the PFM framework. The recent publication on the Ministry of Finance website of hyperlinks to the audited annual financial statements of the 25 largest companies (SB4, November 2024) should increase transparency and oversight of SOE performance over time. As performance contracts of several public enterprises are being drafted, measures are taken to strengthen the control systems and to promote compliance with codes of conduct and ethics. The remaining reform agenda includes the alignment of anticorruption legal and institutional frameworks with the United Nations Convention Against Corruption including the criminalization of acts of illicit enrichment, drafting a Code of Financial Jurisdictions, amending of the Penal Code, and implementing the asset declaration law. Reforms underway will strengthen the legal and institutional framework for tax and customs administration and boost and strengthen integrity through digitalization and public sensitization (Annex IV).

31. Corrective actions undertaken towards lifting the suspension from the Extractive Industries Transparency Initiative (EITI) are already underway. Ahead of the next validation in April 2027, the government has finalized the appointment of the EITI committee, which includes members from civil society and published the implementing texts of the new Mining Code (SB1, June 2024).[5] In addition, a beneficial ownership registry was established at the General Directorate of Taxes of the Ministry of Finance allowing access to some public entities and the EITI committee. The authorities intend to adopt the implementing texts of the code of transparency and good governance in public finance management and publish the production sharing agreements in the extractive sector for which the private companies have already given consent. The multi-stakeholder group remains to be revamped to ensure civil society participation by initiating an open and transparent process for the selection and appointment of new members from civil society through a transparent and inclusive public procedure (MEFP¶42).

32. Cameroon is working with the FATF and GABAC to strengthen the anti-money laundering and combatting the financing of terrorism (AML/CFT) regime. Actions by the new National AML/CFT Policy Coordination Committee allowed for increasing the resources of the Financial Intelligence Unit and strengthening the capacity of investigative authorities and judicial bodies to effectively pursue money laundering and terrorist financing (ML/TF) cases with the aim of exiting the "grey list." Moreover, companies are now required to submit information on their beneficial owners in their annual returns while the framework for cooperation between ANIF and the BEAC will enhance audit of suspicious financial flows. The work ahead includes, among others,

[5] The EITI Board will decide if it is necessary to conduct a targeted assessment of specific requirements where progress appears insufficient, such as the stakeholder engagement, within 18 months from September 2024.

alignment of national AML/CFT policies with the findings of the national risk assessment and increased accessibility of adequate and up-to-date beneficial ownership information (MEFP¶43, 44).

E. Addressing Climate Vulnerabilities

33. Reforms implemented to date and supported by the RSF are already showing progress towards climate action. The National Committee for the Facilitation of the Implementation of Climate Change, established in May 2024 as part of the program has been pivotal in advancing the development of the National Climate Plan. The Committee is also working on updating Cameroon's 2025 Nationally Determined Contributions (NDCs) (MEFP¶45). The 2025 Update of the NDCs will revise objectives in the energy sector, with the aim of quadrupling production capacity, increasing the use of renewables in electricity production and improving soil management by developing carbon sinks. Furthermore, a framework for incorporating climate change considerations into project selection criteria (RM3) was used to identify 74 priority projects for inclusion in the 2025–27 investment program.

34. Efforts are underway to implement RMs for the upcoming and final review under the RSF arrangement. Notable advancements in institutional structures for climate change and C-PFM are expected with the implementation of the final measures due in April 2025. Following the IMF technical assistance in September 2024, the timetables for the development of a National Climate Plan (RM2) and the drafting of a disaster risk financing strategy (RM7) were prepared. The disaster-risk financing strategy will feature a mix of instruments to ensure timely and cost-effective mobilization of resources in response to disasters (Annex II). Progress on the forestry measure (RM8) is ongoing, and discussions regarding the integration of fiscal and forestry data infrastructures are also in progress. Deployment of the second-generation Forest Information Management System (SIGIF2) is underway with the commissioning of various operational modules such as the exports, control, and traceability modules, and issuance of certificates (MEFP¶47).

PROGRAM ISSUES

35. Regional assurances. BEAC missed its NFA target for end-June 2024 by a small margin and provided updated policy assurances in support of CEMAC countries' Fund-supported programs. BEAC remains committed to maintaining an appropriate monetary policy stance: it resumed its weekly liquidity injections in June 2024 to alleviate the increased volatility of liquidity conditions in the banking system, and appropriately maintained a tightening bias in its monetary policy to preserve both price and external stability. BEAC is also working to address COBAC's staff issues and to strengthen CEMAC's banking supervision and resolution frameworks and provided policy assurances on financial stability. A review of regional policies and policy assurances was discussed by the Executive Board in February 2025. Adequate policies and assurances are a condition for the conclusion of the review. The policy assurances on the regional NFA target and on financial stability are critical for the success of Cameroon's Fund-supported program and to help bolster the region's external sustainability.

36. There is one final review ahead of the program expiration in July 2025. The authorities are requesting the modification of the end-March 2025 ITs to reflect changes in the macroeconomic framework, budget projections, and program commitments.

37. The authorities also request a waiver of applicability for two end-December 2024 QPCs under the EFF arrangement. Information needed to assess the observance of these two QPCs (i.e., the ceilings on non-oil primary balance and on net domestic financing of the central government) will not be available by the Board date. Notwithstanding the unavailability of the information necessary to assess their observance, the program will be successfully implemented, and there is no clear evidence that these QPCs will not be met.

38. There are two prior actions for the completion of the seventh reviews of the ECF-EFF-supported program: (i) submit to Parliament the 2025 Budget Law in line with the program macroeconomic and budgetary framework, which has already been met; and (ii) sign a contract with the consultant that will carry out the in-depth technical and economic study for the restructuring of SONARA.

39. Cameroon's capacity to repay the IMF is adequate but subject to significant risks. As of end-October 2024, total outstanding credit from the Fund amounted to 409.5 percent of quota. Total Fund credit outstanding (based on existing and prospective drawings) peaks at 3.0 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 Fund are elevated and capacity to repay the Fund could be strained by the materialization of potential risks (¶12). Accelerating the pace of reforms, strong political support for the program's objectives, and engagement of other international partners are critical to mitigating these risks.

40. Program risks and mitigation. Risks to the program are elevated. Institutional and governance weaknesses, social and political tensions, security risks, election spending overruns, and potential external shocks may delay reform progress and divert the resources from program implementation. These risks are mitigated by Cameroon's past record of repaying the Fund and implementing its macroeconomic programs, close engagement with donors, a comprehensive CD program, and contingency planning.

41. Financing assurances. The program remains fully financed with firm commitments for the remainder of the program, which ends in July 2025. The African Development Bank and the French Development Agency provided budget support in 2024, while the budget support from the World Bank is expected to be delayed and disbursed by end-March 2025. The shortfall will be covered by other financing, including domestic financing.

42. Consistency with regional strategy. Outlined external and domestic risks will affect Cameroon's external position, and, thus, the projected level of BEAC's net foreign assets.

STAFF APPRAISAL

43. Cameroon's economic recovery has continued but growth remains subdued. Real GDP growth was 3.2 percent in 2023 and is expected to increase to 3.9 percent in 2024. The outlook for the medium term remains broadly positive, but risks are tilted to the downside and include the possibility of social tensions around elections and pre-electoral spending overruns.

44. Program performance was broadly satisfactory. All QPCs and four of the six ITs were met at end-June. The IT on the share of spending through exceptional procedures was met for the first time during the program. Seven out of nine ITs were met at end-September. Two QPCs, for which data are available, were met at end-December 2024. All three continuous QPCs were met. Out of nine SBs due for the seventh reviews, three were met on schedule, and three were implemented with delay. Out of the remaining three SBs, two are proposed to be reset to April 2025 for the eighth and final reviews of the ECF-EFF, and one is proposed to be replaced with a new SB.

45. Fiscal consolidation is on track and is expected to continue into 2025. The fiscal stance remained in line with program targets. A substantial reduction of the fuel subsidy is an important achievement creating fiscal space for much needed investment in human capital and infrastructure while protecting the poor. Stronger non-oil revenue mobilization requires bolder political action on tax incentives. Further strengthening of PFM is essential for growth-enhancing fiscal consolidation.

46. Financial sector capitalization improved, but structural vulnerabilities remain. The ongoing recapitalization of two banks to bring them in compliance with the COBAC regulations and Basel capital adequacy framework is a welcome step in strengthening the banking sector resilience. However, addressing high NPLs and limiting exposure of Cameroon's banks to public sector entities in CEMAC requires a deepening of the domestic secondary market for securities and monitoring of associated risks in close consultation with COBAC.

47. Pushing forward decisively with governance, anti-corruption, and financial integrity reforms is critical. Staff urges the authorities to cooperate with the FATF and GABAC to strengthen the anti-money laundering and combatting the financing of terrorism (AML/CFT) regime with the aim of exiting the "grey list" soon. Efforts towards implementing corrective actions to lift the suspension from the EITI at the next evaluation round remain crucial. Work on governance weaknesses identified in the IMF governance diagnostic report should continue.

48. Cameroon remains at high risk of debt distress, but its debt is sustainable. Public debt is expected to remain on a downward path. Staff urges the authorities to advance the restructuring of SONARA and implement reforms in the electricity sector and in other SOEs to limit contingent liabilities and lift the quality of public services.

49. The authorities have made good progress under the RSF. The two reform measures due for the second review under the RSF arrangement were met. Maintaining the reform momentum under the RSF arrangement 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.

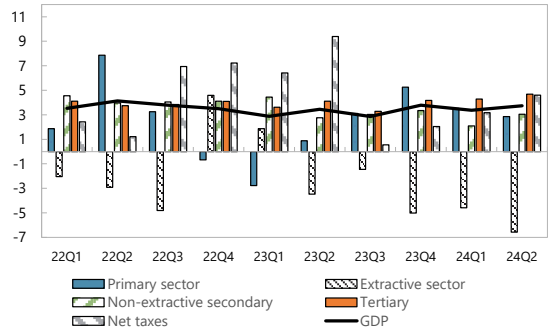
50. Based on Cameroon's performance under the program, and regional policy assurances established in the February 2025 union-wide paper, staff supports completion of the seventh reviews under the ECF-EFF arrangements and the second review under the RSF arrangement. Staff also supports the authorities' requests for the modification of the indicative targets for end-March 2025 and the request for a waiver of applicability for two end-December 2024 QPCs (i.e., for the floor on the non-oil primary balance and the ceiling on net domestic financing), as data will not be available by the time of the Board meeting, and notwithstanding the unavailability of the information necessary to assess observance, the program will be successfully implemented, and there is no clear evidence that such QPCs will not be met. The eighth reviews under the ECF-EFF arrangements will be conditional on the implementation of critical policy assurances on NFAs at the union level, set for end-March 2025, and as established in the February 2025 union-wide background paper.

Figure 1. Cameroon: Real Sector Developments, 2019–24

Growth continues in the primary and the tertiary sectors while the extractive sector is contracting.

Real GDP Growth, Supply-side Components

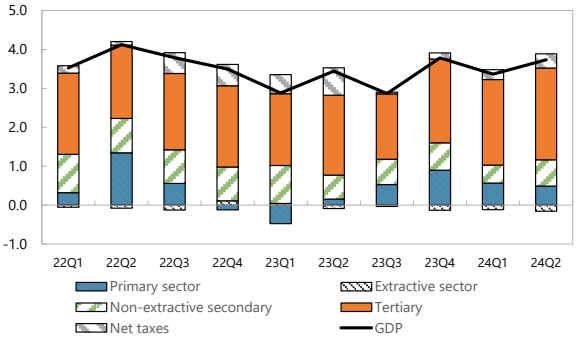
(Percent, YoY)



The tertiary sector remains the main driver of growth.

Real GDP Growth, Supply-side Contributions

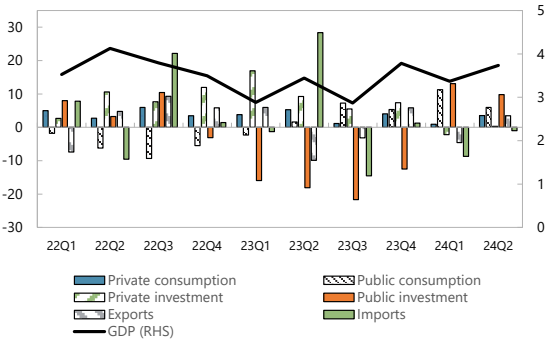
(Percent, YoY)



On the demand side, private consumption and investment are slowing down, but imports are also contracting, ...

Real GDP Growth, Demand-side Components

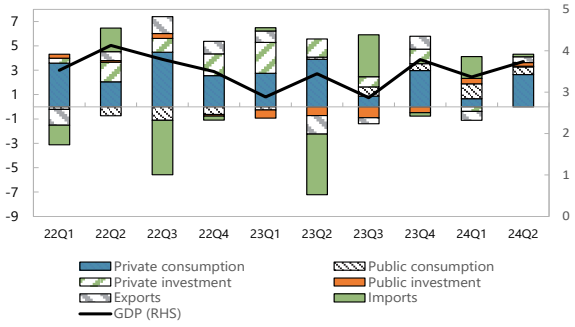
(Percent, YoY)



... which contribute to growth along with public demand.

Real GDP Growth, Demand-side Contributions

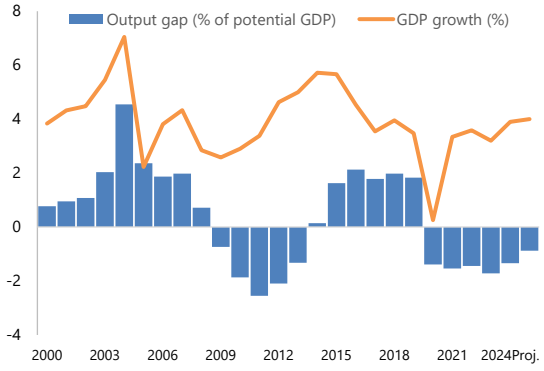
(Percent, YoY)



Overall GDP growth remains below its potential...

Output Gap and GDP Growth

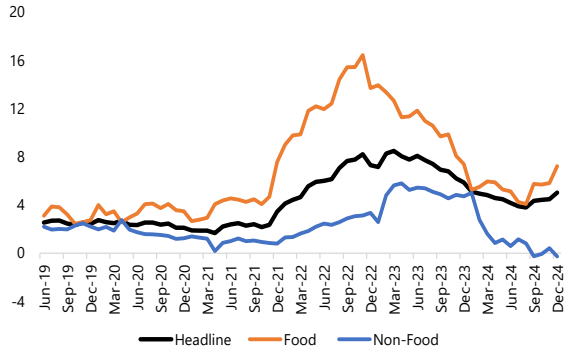
(Percent)



... while inflation pressures are easing.

Food and Non-Food Inflation

(Percent, YoY)

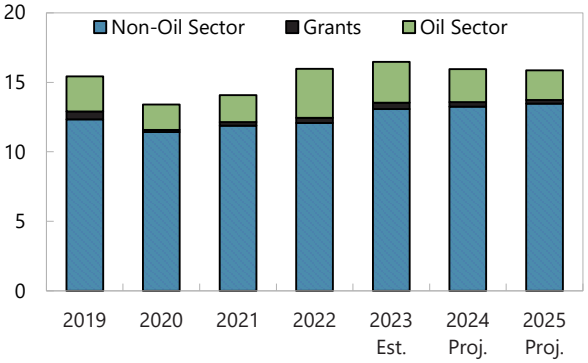


Sources: Country authorities, BEAC, and IMF staff calculations.

Figure 2. Cameroon: Fiscal Developments, 2019–25

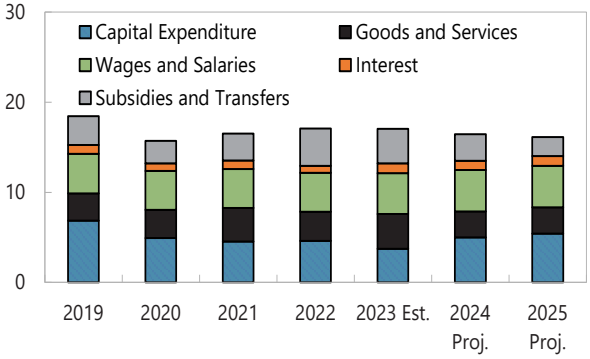
Non-oil revenues are expected to improve in 2024 and 2025...

Government Revenue
(Percent of GDP)



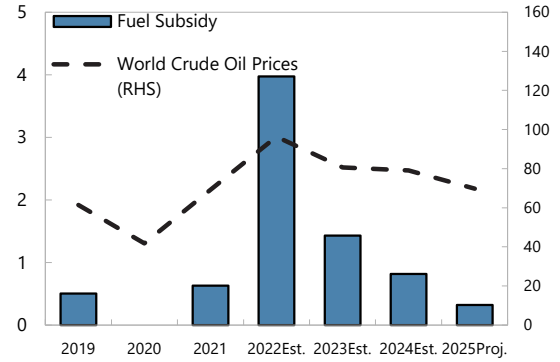
...while public spending will decline due to lower subsidies and transfers and goods and services.

Public Spending
(Percent of GDP)



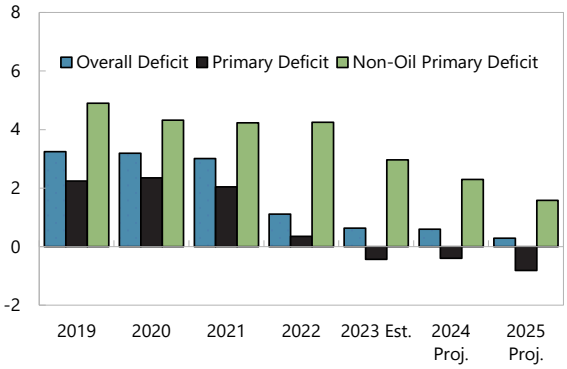
The fuel subsidy is expected to decline further in 2024 and 2025.

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



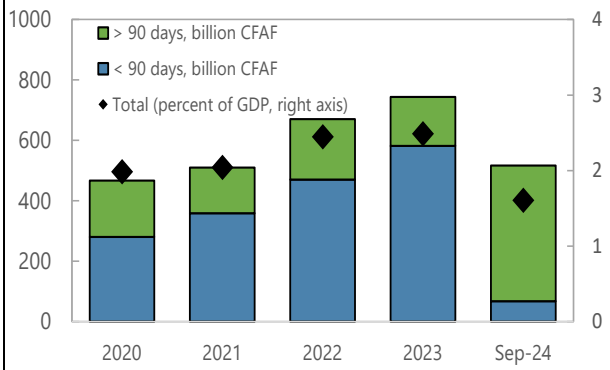
The overall balance and the NOPB are expected to continue improving.

Fiscal Balance
(Percent of GDP)



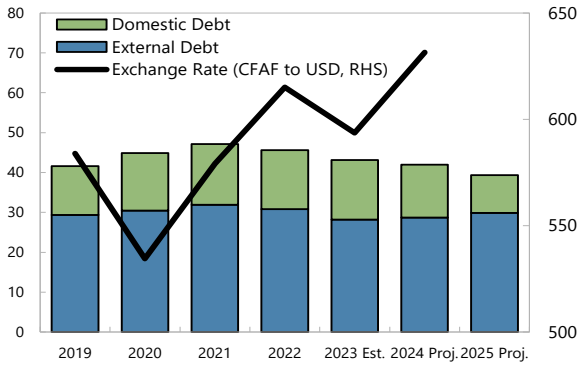
The authorities are making efforts to reduce the stock of domestic payment obligations.

Domestic Payment Obligations
(bn CFAF)



Continued economic recovery and fiscal adjustment have contributed to a favorable public debt dynamic.

Public Debt
(Percent of GDP)

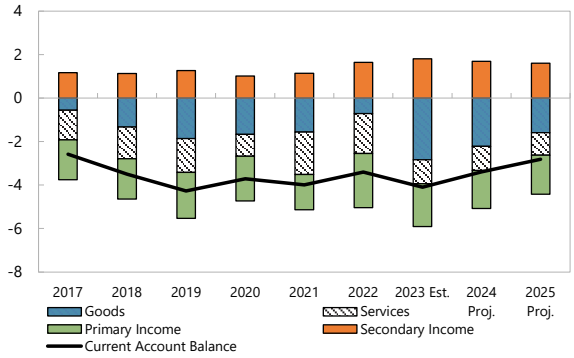


Sources: Country authorities, BEAC, and IMF staff calculations.

Figure 3. Cameroon: External Sector Developments, 2016–25

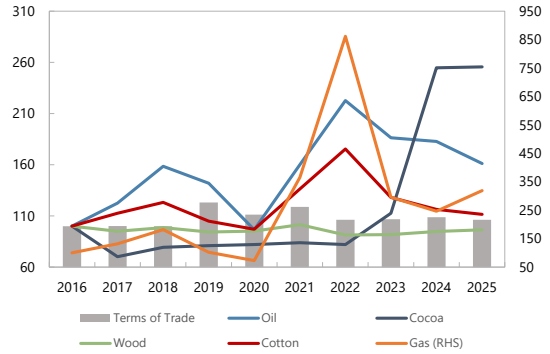
The current account is expected to improve in 2024 and 2025 on the back of strong non-oil exports.

Current Account Balance
(Percent of GDP)



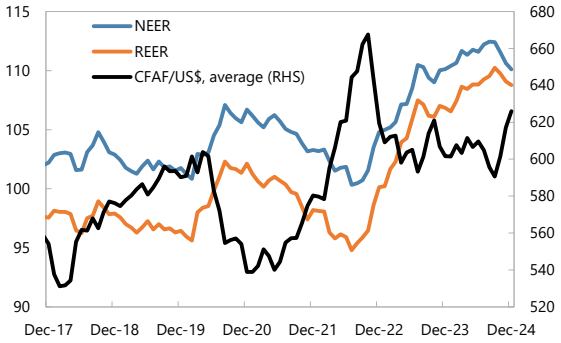
Cocoa prices increased significantly in 2024 and are expected to remain high in 2025 albeit declining.

International Commodity Prices
(Prices Index, 2016 = 100)



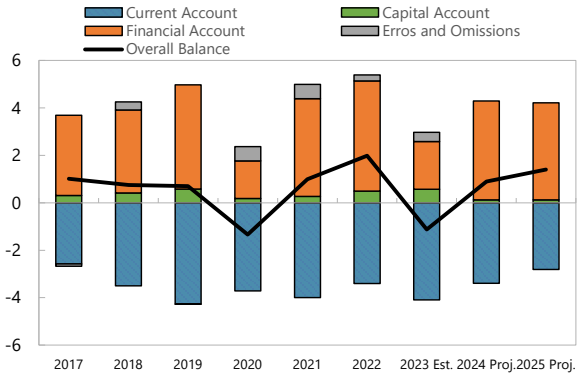
The CFA franc remained broadly stable against the US dollar in 2024 while the nominal and real effective exchange rates appreciated.

Effective Exchange Rates
(2010 = 100)



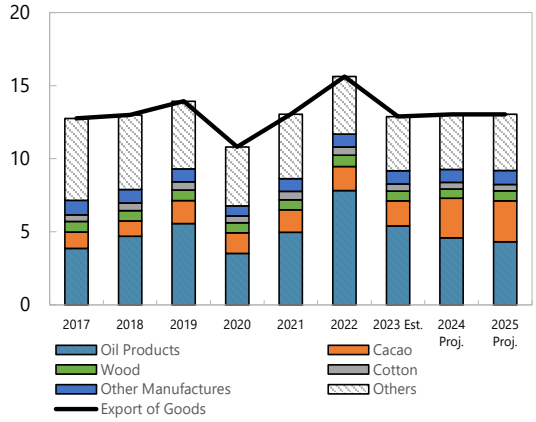
The external balance is expected to improve in 2024 with improved trade balance and stronger financial inflows.

Balance of Payments
(Percent of GDP)



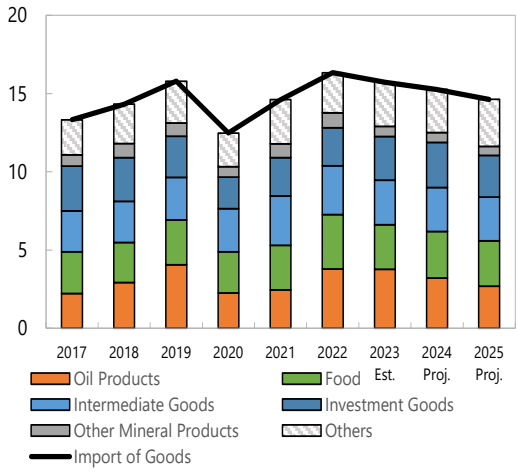
High cocoa prices have supported non-oil exports in 2024, more than offsetting the decline in oil exports.

Exports by Categories
(Percent of GDP)



Import volumes are increasing moderately, but declining import prices are containing the trade balance effect.

Imports by Categories
(Percent of GDP)

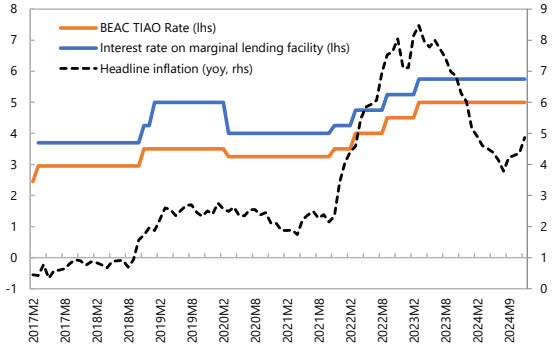


Sources: Country authorities; BEAC; and IMF staff estimates.

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

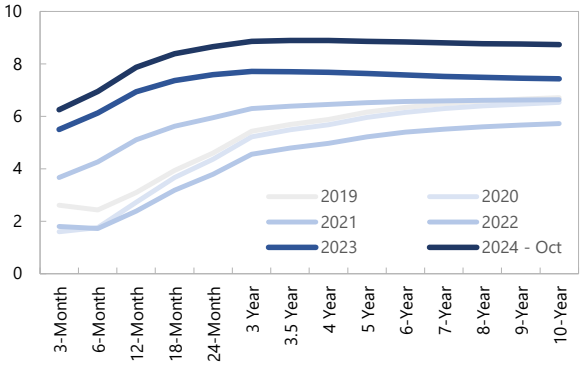
BEAC has maintained a tight monetary policy stance...

CEMAC Monetary Policy Rates
(Percent)



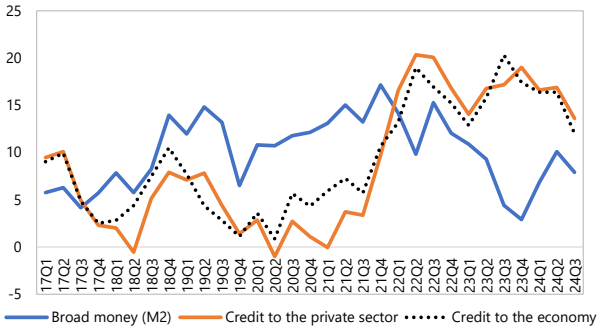
.... which contributed to the upward shift in the government yield curve amid high issuances from CEMAC countries.

Yield Curve
(Percent)



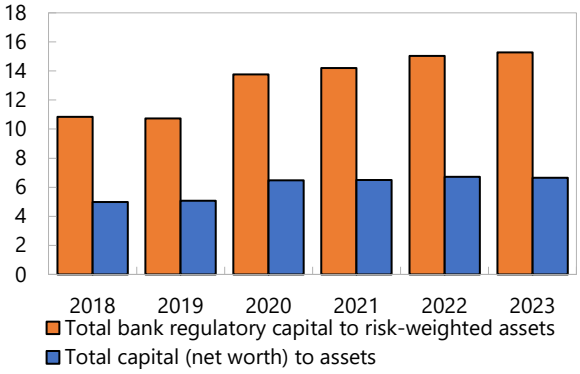
This has had little impact on the dynamics of broad money and credit due to a weak monetary policy transmission.

Broad Money and Credit Growth
(Percent change, YoY)



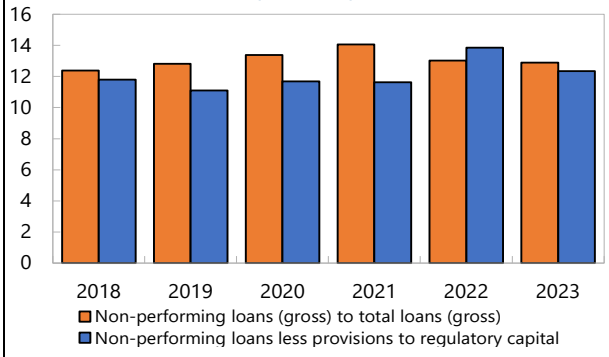
Capital adequacy has improved amid high zero-risk-weighted banks' exposure to the sovereign.

Capital Adequacy
(Percent)



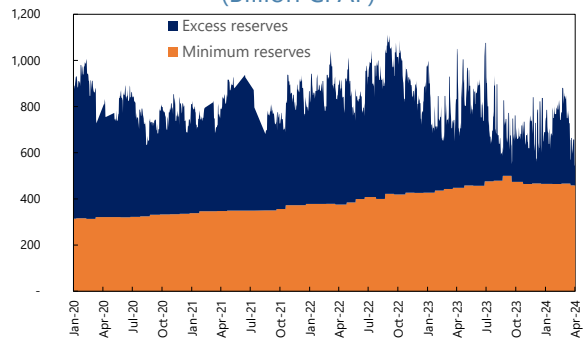
NPLs at end-2023 were slightly lower relative to end-2022 but remain high.

Asset Quality
(Percent)



Excess reserves have decreased moderately following BEAC's absorption operations.

Excess Reserves
(Billion CFAF)



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

Table 1. Cameroon: Selected Economic and Financial Indicators, 2023–29

(CFAF Billion, unless otherwise indicated)

	2023	2024		2025		2026	2027	2028	2029
	Est.	6th Rev.	Proj.	6th Rev.	Proj.	Proj.	Proj.	Proj.	Proj.
	(Annual percentage change, unless otherwise indicated)								
National account and prices									
GDP at constant prices	3.2	3.9	3.9	4.2	4.0	4.1	4.4	4.6	4.6
Oil GDP at constant prices	-2.1	-7.8	-2.7	-3.4	-7.7	-1.4	5.5	8.2	5.6
Non-Oil GDP at constant prices	3.4	4.1	4.0	4.4	4.2	4.2	4.4	4.6	4.6
GDP deflator	4.7	3.8	3.4	3.5	3.2	2.6	2.2	2.2	2.2
Consumer prices (average)	7.4	5.9	4.5	5.5	3.5	3.0	2.8	2.6	2.5
Consumer prices (eop)	5.9	5.5	5.0	5.2	3.4	2.9	2.6	2.4	2.0
Money and credit									
Broad money (M2)	2.9	9.3	8.8	7.6	7.0	6.5	6.2	6.4	6.9
Net foreign assets 1/	-6.9	10.7	4.6	4.2	7.8	-1.1	-1.0	-0.7	-0.4
Net domestic assets 1/	9.8	-1.3	4.2	3.4	-0.8	7.6	7.2	7.0	7.3
Domestic credit to the private sector	19.0	9.5	9.5	7.7	7.7	7.4	7.2	7.2	7.3
	(Percent of GDP, unless otherwise indicated)								
Savings and investments									
Gross national savings	15.4	17.5	17.2	17.6	18.3	18.4	19.3	19.8	20.3
Gross domestic investment	19.5	19.8	20.6	20.2	21.1	22.3	22.9	23.2	23.5
Public investment	3.9	5.4	5.4	6.0	6.0	6.9	7.4	7.7	8.2
Private investment	15.6	14.4	15.2	14.1	15.0	15.4	15.5	15.6	15.3
Central government operations									
Total revenue (including grants)	16.5	16.5	15.9	15.6	15.9	15.4	15.5	15.6	15.8
Oil revenue	2.9	2.6	2.4	1.6	2.1	1.6	1.6	1.5	1.6
Non-oil revenue	13.1	13.6	13.2	13.8	13.5	13.7	13.8	14.0	14.2
Non-oil revenue (percent of non-oil GDP)	13.6	14.1	13.7	14.2	13.8	14.0	14.1	14.3	14.5
Total expenditure	17.1	16.9	16.5	16.3	16.1	16.5	16.6	16.7	17.0
Overall fiscal balance (payment order basis)									
Excluding grants	-1.1	-0.7	-0.9	-0.8	-0.6	-1.3	-1.2	-1.2	-1.2
Including grants	-0.6	-0.4	-0.6	-0.6	-0.3	-1.1	-1.1	-1.1	-1.1
Overall fiscal balance (cash basis)									
Excluding grants	-0.9	-2.5	-2.6	-1.4	-1.2	-1.7	-1.5	-1.2	-1.2
Including grants	-0.5	-2.1	-2.3	-1.1	-0.9	-1.6	-1.4	-1.1	-1.1
Non-oil primary balance (payment order basis)	-2.5	-2.0	-2.0	-1.3	-1.3	-1.6	-1.6	-1.6	-1.7
Non-oil primary balance (payment order basis, percent of non-oil GDP)	-2.6	-2.0	-2.0	-1.3	-1.4	-1.6	-1.6	-1.6	-1.7
External sector									
Trade balance	-2.8	-1.7	-2.2	-1.9	-1.6	-2.6	-2.5	-2.4	-2.2
Oil exports	5.4	4.6	4.6	4.2	4.3	3.4	3.1	3.1	3.1
Non-oil exports	7.5	8.9	8.5	8.4	8.7	8.3	8.4	8.3	8.3
Imports	15.7	15.2	15.3	14.4	14.6	14.4	14.0	13.8	13.6
Current account balance									
Excluding official grants	-4.4	-2.6	-3.6	-2.8	-3.0	-4.0	-3.8	-3.6	-3.3
Including official grants	-4.1	-2.3	-3.4	-2.5	-2.8	-3.8	-3.6	-3.4	-3.2
Terms of trade	8.8	12.2	11.7	-4.9	2.7	-16.7	-4.9	1.5	1.0
Public debt									
Stock of public debt	43.2	42.0	42.0	39.5	39.4	37.9	36.5	35.0	33.7
Of which: external debt	28.2	29.9	28.7	29.0	29.9	28.7	27.5	26.3	25.2
Memorandum items:									
Nominal GDP (at market prices, CFAF billions)	29,891	31,267	32,099	33,746	34,452	36,791	39,264	42,004	44,922
Oil	1,184	1,082	1,130	982	919	882	917	986	1,039
Non-Oil	28,708	30,184	30,969	32,764	33,533	35,909	38,347	41,018	43,882

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, 2023–29

(CFAF Billion, unless otherwise indicated)

	2023	2024		2025		2026	2027	2028	2029
	Est.	6th Rev.	Proj.	6th Rev.	Proj.	Proj.	Proj.	Proj.	Proj.
Total revenue and grants	**4,923**	**5,151**	**5,118**	**5,278**	**5,464**	**5,653**	**6,087**	**6,532**	**7,114**
Total revenue	4,783	5,047	5,014	5,198	5,374	5,609	6,048	6,512	7,094
Oil sector revenue	877	802	762	556	735	585	624	649	731
Non-oil sector revenue	3,906	4,246	4,252	4,642	4,639	5,023	5,423	5,863	6,363
Direct taxes	939	1,053	1,056	1,189	1,171	1,306	1,454	1,610	1,739
Special tax on petroleum products	178	190	190	198	211	220	229	265	277
Other taxes on goods and services	1,975	2,151	2,154	2,393	2,352	2,560	2,751	2,994	3,253
Taxes on international trade	494	521	521	515	544	559	600	595	673
Non-tax revenue	321	331	331	347	361	379	388	399	421
Total grants	139	104	104	80	90	44	39	20	20
Projects	79	38	38	40	41	44	39	20	20
Other	60	66	66	40	50	0	0	0	0
Total expenditure	**5,112**	**5,280**	**5,309**	**5,484**	**5,564**	**6,072**	**6,535**	**7,013**	**7,621**
Current expenditure	3,978	3,653	3,682	3,465	3,701	3,810	4,000	4,247	4,490
Wages and salaries	1,357	1,488	1,478	1,440	1,587	1,569	1,648	1,745	1,786
Goods and services	1,153	892	930	938	1,010	1,055	1,091	1,171	1,269
Subsidies and transfers	1,148	953	954	748	726	755	801	854	938
Interest	320	320	320	339	378	432	460	478	496
External	210	182	182	190	212	254	271	275	279
Domestic	111	138	138	149	166	178	189	203	217
Capital expenditure	1,118	1,604	1,604	1,939	1,863	2,262	2,535	2,766	3,131
Domestically financed investment	680	857	857	925	1,090	1,279	1,455	1,676	1,957
Foreign-financed investment	407	707	707	974	758	943	1,040	1,050	1,133
Rehabilitation and participation	31	40	40	40	15	40	40	40	41
Net lending	17	0	0	0	0	0	0	0	0
Local production stimulus fund	0	13	13	0	0	0	0	0	0
Decentralization addendum special account	0	10	10	0	0	0	0	0	0
Overall balance (payment order basis)									
Excluding grants	-329	-233	-295	-286	-190	-463	-487	-502	-527
Including grants	-190	-129	-191	-206	-99	-419	-448	-482	-507
CEMAC reference fiscal balance	**-487**	**-219**	**-236**	**63**	**-23**	**-275**	**-434**	**-535**	**-672**
Adjustment to cash basis	**48**	**-537**	**-537**	**-170**	**-207**	**-170**	**-97**	**0**	**0**
Unexecuted payment orders (-=reduction)	0	0	0	0	0	0	0	0	0
Floats and arrears (- = reduction)	48	-537	-537	-170	-207	-170	-97	0	0
o/w Arrears (- = reduction)	-57	-211	-211	-150	-150	-150	-77	0	0
o/w Floats (- = reduction)	106	-306	-306	0	-37	0	0	0	0
o/w other arrears 1/	0	-20	-20	-20	-20	-20	-20	0	0
Overall balance (cash basis)									
Excluding grants	-281	-770	-832	-456	-397	-633	-584	-502	-527
Including grants	-141	-666	-728	-376	-306	-589	-545	-482	-507
Financing	**141**	**412**	**640**	**271**	**94**	**589**	**545**	**482**	**507**
External financing, net	-38	691	694	338	695	406	381	402	392
Amortization	-595	-643	-592	-596	-650	-493	-579	-625	-664
Drawings	557	1,334	1,286	934	1,345	900	960	1,027	1,056
Domestic financing, net	180	-279	-54	-67	-601	183	164	80	115
Banking system, net	374	-141	-176	-92	-344	164	136	176	187
Central Bank	273	-9	-94	-74	-120	-80	-125	-96	-100
SDR Allocation	80	0	0	0	0	0	0	0	0
RSF	0	56	28	56	84	0	0	0	0
Commercial Banks	101	-133	-82	-19	-224	244	260	273	287
Amortization of structured debt	-185	-116	-116	0	-101	-77	-73	-50	-50
Other domestic financing	-9	-22	239	25	-156	96	101	-47	-22
Financing gap	**0**	**254**	**88**	**106**	**213**	**0**	**0**	**0**	**0**
IMF Financing		**89**	**44**	**45**	**90**	**0**	**0**	**0**	**0**
ECF		30	15	15	30	0	0	0	0
EFF		59	30	30	60	0	0	0	0
Budget Support (excl. IMF)		**165**	**44**	**61**	**123**	**0**	**0**	**0**	**0**
AfDB		18	18	0	0	0	0	0	0
WB		122	0	61	123	0	0	0	0
France		26	26	0	0	0	0	0	0
EU		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)	131	191	129	133	279	12	12	-4	-11
Primary balance (cash basis, incl. grants)	179	-346	-408	-37	72	-158	-85	-4	-11
Non-oil primary balance (payment order basis, incl. grants)	-746	-611	-633	-423	-456	-573	-612	-652	-742
Non-oil primary balance (cash basis, incl. grants)	-698	-1,147	-1,170	-593	-663	-743	-709	-652	-742

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, 2023–29

(In Percent of GDP)

	2023	2024		2025		2026	2027	2028	2029
	Est.	6th Rev.	Proj.	6th Rev.	Proj.	Proj.	Proj.	Proj.	Proj.
Total revenue and grants	**16.5**	**16.5**	**15.9**	**15.6**	**15.9**	**15.4**	**15.5**	**15.6**	**15.8**
Total revenue	16.0	16.1	15.6	15.4	15.6	15.2	15.4	15.5	15.8
Oil sector revenue	2.9	2.6	2.4	1.6	2.1	1.6	1.6	1.5	1.6
Non-oil sector revenue	13.1	13.6	13.2	13.8	13.5	13.7	13.8	14.0	14.2
Direct taxes	3.1	3.4	3.3	3.5	3.4	3.5	3.7	3.8	3.9
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	6.6	6.9	6.7	7.1	6.8	7.0	7.0	7.1	7.2
Taxes on international trade	1.7	1.7	1.6	1.5	1.6	1.5	1.5	1.4	1.5
Non-tax revenue	1.1	1.1	1.0	1.0	1.0	1.0	1.0	1.0	0.9
Total grants	0.5	0.3	0.3	0.2	0.3	0.1	0.1	0.0	0.0
Projects	0.3	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0
Other	0.2	0.2	0.2	0.1	0.1	0.0	0.0	0.0	0.0
Total expenditure	**17.1**	**16.9**	**16.5**	**16.3**	**16.1**	**16.5**	**16.6**	**16.7**	**17.0**
Current expenditure	13.3	11.7	11.5	10.3	10.7	10.4	10.2	10.1	10.0
Wages and salaries	4.5	4.8	4.6	4.3	4.6	4.3	4.2	4.2	4.0
Goods and services	3.9	2.9	2.9	2.8	2.9	2.9	2.8	2.8	2.8
Subsidies and transfers	3.8	3.0	3.0	2.2	2.1	2.1	2.0	2.0	2.1
Interest	1.1	1.0	1.0	1.0	1.1	1.2	1.2	1.1	1.1
External	0.7	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.6
Domestic	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.5
Capital expenditure	3.7	5.1	5.0	5.7	5.4	6.1	6.5	6.6	7.0
Domestically financed investment	2.3	2.7	2.7	2.7	3.2	3.5	3.7	4.0	4.4
Foreign-financed investment	1.4	2.3	2.2	2.9	2.2	2.6	2.6	2.5	2.5
Rehabilitation and participation	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1
Net lending	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Local production stimulus fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Decentralization addendum special account	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance (payment order basis)									
Excluding grants	-1.1	-0.7	-0.9	-0.8	-0.6	-1.3	-1.2	-1.2	-1.2
Including grants	-0.6	-0.4	-0.6	-0.6	-0.3	-1.1	-1.1	-1.1	-1.1
CEMAC reference fiscal balance	**-1.6**	**-0.7**	**-0.7**	**0.2**	**-0.1**	**-0.7**	**-1.1**	**-1.3**	**-1.5**
Adjustment to cash basis	**0.2**	**-1.7**	**-1.7**	**-0.5**	**-0.6**	**-0.5**	**-0.2**	**0.0**	**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)	0.2	-1.7	-1.7	-0.5	-0.6	-0.5	-0.2	0.0	0.0
o/w Arrears (- = reduction)	-0.2	-0.7	-0.7	-0.4	-0.4	-0.4	-0.2	0.0	0.0
o/w Floats (- = reduction)	0.4	-1.0	-1.0	0.0	-0.1	0.0	0.0	0.0	0.0
o/w other arrears 1/	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	0.0	0.0
Overall balance (cash basis)									
Excluding grants	-0.9	-2.5	-2.6	-1.4	-1.2	-1.7	-1.5	-1.2	-1.2
Including grants	-0.5	-2.1	-2.3	-1.1	-0.9	-1.6	-1.4	-1.1	-1.1
Financing	**0.5**	**1.3**	**2.0**	**0.8**	**0.3**	**1.6**	**1.4**	**1.1**	**1.1**
External financing, net	-0.1	2.2	2.2	1.0	2.0	1.1	1.0	1.0	0.9
Amortization	-2.0	-2.1	-1.8	-1.8	-1.9	-1.3	-1.5	-1.5	-1.5
Drawings	1.9	4.3	4.0	2.8	3.9	2.4	2.4	2.4	2.4
Eurobond	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic financing, net	0.6	-0.9	-0.2	-0.2	-1.7	0.5	0.4	0.2	0.3
Banking system, net	1.3	-0.5	-0.5	-0.3	-1.0	0.4	0.3	0.4	0.4
Central Bank	0.9	0.0	-0.3	-0.2	-0.3	-0.2	-0.3	-0.2	-0.2
SDR Allocation	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RSF	0.0	0.2	0.1	0.2	0.3	0.0	0.0	0.0	1.0
Commercial Banks	0.3	-0.4	-0.3	-0.1	-0.7	0.7	0.7	0.6	0.6
Amortization of structured debt	-0.6	-0.4	-0.4	0.0	-0.3	-0.2	-0.2	-0.1	-0.1
Other domestic financing	0.0	-0.1	0.7	-0.7	-0.5	0.3	0.3	-0.1	0.0
Financing gap	**0.0**	**0.8**	**0.3**	**0.3**	**0.6**	**0.0**	**0.0**	**0.0**	**0.0**
IMF Financing		**0.3**	**0.1**	**0.1**	**0.3**	**0.0**	**0.0**	**0.0**	**0.0**
Budget Support (excl. IMF)		**0.5**	**0.1**	**0.2**	**0.4**	**0.0**	**0.0**	**0.0**	**0.0**
Exceptional Financing		**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**
Memorandum items:									
Primary balance (payment order basis, incl. grants)	0.4	0.6	0.4	0.4	0.8	0.0	0.0	0.0	0.0
Primary balance (cash basis, incl. grants)	0.6	-1.1	-1.3	-0.1	0.2	-0.4	-0.2	0.0	0.0
Non-oil primary balance (payment order basis, incl. grants)	-2.5	-2.0	-2.0	-1.3	-1.3	-1.6	-1.6	-1.6	-1.7
Non-oil primary balance (cash basis, incl. grants)	-2.3	-3.7	-3.6	-1.8	-1.9	-2.0	-1.8	-1.6	-1.7

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, 2023–29

(CFAF Billion, unless otherwise indicated)

	2023	2024		2025		2026	2027	2028	2029
	Est.	6th Rev.	Proj.	6th Rev.	Proj.	Proj.	Proj.	Proj.	Proj.
				(CFAF billion)					
Current account balance	**-1,225**	**-725**	**-1,089**	**-858**	**-968**	**-1,407**	**-1,415**	**-1,447**	**-1,460**
Trade balance	-848	-531	-713	-636	-547	-974	-990	-1,008	-970
Exports, goods	3,853	4,207	4,186	4,237	4,494	4,310	4,507	4,788	5,161
Oil and oil products	1,615	1,430	1,469	1,418	1,484	1,258	1,203	1,298	1,412
Non-oil sector	2,238	2,776	2,717	2,819	3,010	3,052	3,304	3,491	3,749
Imports, goods	-4,701	-4,737	-4,898	-4,873	-5,041	-5,284	-5,497	-5,797	-6,131
Services (net)	-330	-319	-357	-335	-357	-319	-300	-320	-330
Exports, services	1,219	1,293	1,292	1,410	1,405	1,557	1,680	1,782	1,905
Imports, services	-1,549	-1,611	-1,649	-1,745	-1,762	-1,876	-1,980	-2,103	-2,235
Income (net)	-588	-455	-562	-484	-618	-692	-738	-775	-814
Of which: interest due on public debt	-210	-182	-182	-190	-212	-254	-271	-275	-279
Transfers (net)	541	579	542	597	554	579	613	657	654
Inflows	821	795	844	828	875	918	975	1,036	1,047
Outflows	-280	-217	-302	-231	-320	-339	-361	-378	-393
Capital and financial account balance	**772**	**1,384**	**1,376**	**1,104**	**1,450**	**1,268**	**1,284**	**1,343**	**1,383**
Capital account	171	38	38	40	41	44	39	20	20
Capital transfers	79	38	38	40	41	44	39	20	20
Financial account	601	1,346	1,338	1,064	1,409	1,224	1,245	1,323	1,363
Official capital	-88	691	694	394	274	407	383	405	396
Borrowing	508	1,334	1,286	990	924	900	960	1,027	1,056
Of which: SDR Allocation	0	0	0	0	0	0	0	0	0
Amortization	-595	-643	-592	-596	-650	-493	-579	-625	-664
Non-official capital (net)	420	411	399	399	863	559	604	654	707
of which: Foreign direct investment	547	593	589	643	637	759	810	866	925
Oil sector (net)	119	129	128	139	138	165	176	188	201
Short-term private capital, net	269	244	244	272	272	258	258	264	260
Errors and omissions	**115**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Overall balance	**-337**	**659**	**287**	**247**	**482**	**-139**	**-131**	**-104**	**-77**
Financing	**337**	**-659**	**-287**	**-247**	**-482**	**139**	**131**	**104**	**77**
Gross Reserves Accumulation (without RSF) (+ = decrease)	261	-862	-324	-274	-616	269	282	240	213
Net use of IMF credit	77	-51	-51	-78	-79	-130	-151	-137	-136
IMF Repayments	-33	-51	-51	-78	-79	-130	-151	-137	-136
Financing gap	0	254	88	106	213	0	0	0	0
IMF Financing		89	44	45	90	0	0	0	0
Budget Support (excl. IMF)		165	44	61	123	0	0	0	0
Exceptional Financing		0	0	0	0	0	0	0	0
Residual gap		0	0	0	0	0	0	0	0
RSF disbursement	0	56	28	56	84	0	0	0	0
				(Percent of GDP)					
Trade balance	**-2.8**	**-1.7**	**-2.2**	**-1.9**	**-1.6**	**-2.6**	**-2.5**	**-2.4**	**-2.2**
Oil exports	5.4	4.6	4.6	4.2	4.3	3.4	3.1	3.1	3.1
Non-oil exports	7.5	8.9	8.5	8.4	8.7	8.3	8.4	8.3	8.3
Imports	15.7	15.2	15.3	14.4	14.6	14.4	14.0	13.8	13.6
Current account balance									
Including grants	-4.1	-2.3	-3.4	-2.5	-2.8	-3.8	-3.6	-3.4	-3.2
Excluding grants	-4.4	-2.6	-3.6	-2.8	-3.0	-4.0	-3.8	-3.6	-3.3
Overall balance	**-1.1**	**2.1**	**0.9**	**0.7**	**1.4**	**-0.4**	**-0.3**	**-0.2**	**-0.2**
Foreign direct investment	**1.8**	**1.9**	**1.8**	**1.9**	**1.8**	**2.1**	**2.1**	**2.1**	**2.1**
				(Percentage change, unless otherwise indicated)					
Export volume	-14.6	0.3	-0.4	7.8	7.1	16.5	10.2	4.7	6.5
Crude oil	-13.6	-10.5	-5.4	-4.5	-9.6	0.7	6.1	2.3	2.7
Nonoil	-14.7	2.4	0.5	9.9	10.2	18.8	10.7	5.0	6.9
Import volume	8.8	2.5	5.2	4.8	5.5	6.0	4.3	5.5	5.6
Terms of trade	8.8	12.2	11.7	-4.9	2.7	-16.7	-4.9	1.5	1.0
Non-oil export price index	21.6	21.1	20.8	-7.6	0.5	-14.6	-2.2	0.6	0.4
Export price index	1.6	11.7	12.0	-6.6	0.2	-17.6	-5.1	1.5	1.2
Import price index	-6.6	-0.4	0.3	-1.8	-2.4	-1.1	-0.3	0.0	0.0
Oil price ($US dollars per barrel)	80.6	81.3	79.0	76.4	69.8	68.0	67.0	66.6	66.5
Gross Reserves Accumulation (with RSF, CFAF billion) (+ = decrease)	261	-917	-352	-330	-700	269	282	240	213

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

Table 4. Cameroon: Monetary Survey, 2023–29

(CFAF Billion, unless otherwise indicated)

	2023	2024		2025		2026	2027	2028	2029
	Est.	6th Rev.	Proj.	6th Rev.	Proj.	Proj.	Proj.	Proj.	Proj.
Net foreign assets	**2,550**	**3,888**	**2,939**	**4,281**	**3,658**	**3,549**	**3,448**	**3,374**	**3,327**
Bank of Central African States (BEAC)	1,526	2,405	1,885	2,769	2,574	2,435	2,304	2,200	2,123
Of which: BEAC foreign assets	2,930	3,848	3,282	4,177	3,983	3,714	3,432	3,191	2,978
Of which: IMF credit	-871	-908	-864	-875	-875	-745	-594	-458	-322
Commercial banks	1,024	1,482	1,054	1,512	1,084	1,114	1,144	1,174	1,204
Net domestic assets	**5,896**	**5,448**	**6,250**	**5,765**	**6,176**	**6,923**	**7,677**	**8,460**	**9,329**
Domestic credit	7,187	7,155	7,440	7,446	7,552	7,893	8,473	9,124	9,827
Net claims on the public sector	2,568	2,466	2,386	2,398	2,112	2,054	2,215	2,419	2,635
Net credit to the central government	2,633	2,580	2,501	2,533	2,246	2,408	2,544	2,720	2,907
Central Bank	1,144	765	536	324	281	-29	-381	-704	-1,028
Claims	1,448	1,485	1,441	1,452	1,452	1,322	1,171	1,035	899
Credit under statutory ceiling	577	577	577	577	577	577	577	577	577
Counterpart of IMF credit	871	908	864	875	875	745	594	458	322
Deposits	-304	-720	-905	-1,128	-1,171	-1,352	-1,552	-1,739	-1,927
Commercial Banks	1,489	1,815	1,965	2,209	1,965	2,433	2,918	3,415	3,926
Claims on the Treasury	1,535	1,815	1,965	2,209	1,965	2,433	2,918	3,415	3,926
Deposits	-46	0	0	0	0	0	0	0	0
Deposits of other public entities	-587	-637	-637	-657	-657	-877	-877	-877	-877
Credit to autonomous agencies	36	36	36	36	36	36	38	40	42
Credit to the economy 1/	5,105	5,176	5,540	5,534	5,926	6,326	6,768	7,241	7,755
Credit to public enterprises	486	486	486	486	486	486	511	536	563
Credit to financial institutions	39	39	39	39	39	39	39	39	39
Credit to the private sector	4,580	4,650	5,015	5,008	5,401	5,801	6,218	6,666	7,153
Other items (net)	-1,291	-1,707	-1,190	-1,680	-1,376	-970	-795	-664	-498
Broad money	**8,445**	**9,336**	**9,188**	**10,046**	**9,834**	**10,472**	**11,125**	**11,834**	**12,656**
Currency outside banks	1,803	1,962	1,951	2,104	2,080	2,208	2,339	2,480	2,645
Deposits	6,643	7,374	7,237	7,943	7,753	8,264	8,786	9,353	10,011
Memorandum items:									
Net borrowing from the central bank excluding IMF	273	-143	-328	-551	-594	-775	-975	-1,161	-1,350
Contribution to the growth of broad money (percentage points)									
Net foreign assets	-6.9	10.7	4.6	4.2	7.8	-1.1	-1.0	-0.7	-0.4
Net domestic assets	9.8	-1.3	4.2	3.4	-0.8	7.6	7.2	7.0	7.3
Of which: net credit to the central government	2.9	-0.6	-1.6	-0.5	-2.8	1.6	1.3	1.6	1.6
Credit to the economy (annual percentage change)	17.4	8.5	8.5	6.9	7.0	6.7	7.0	7.0	7.1
Credit to the private sector									
Annual percentage change	19.0	9.5	9.5	7.7	7.7	7.4	7.2	7.2	7.3
In percent of GDP	15.3	14.9	15.6	14.8	15.7	15.8	15.8	15.9	15.9
Broad money (annual percentage change)	2.9	9.3	8.8	7.6	7.0	6.5	6.2	6.4	6.9
Currency outside banks	10.1	8.8	8.2	7.2	6.6	6.1	5.9	6.1	6.6
Deposits	1.1	9.4	9.0	7.7	7.1	6.6	6.3	6.5	7.0
Velocity (GDP/average M2)	3.5	3.3	3.5	3.4	3.5	3.5	3.5	3.5	3.5

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	159.5	130.0	85.9	56.4	34.3	9.8	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Charges and interest	15.2	32.0	27.2	26.8	25.8	24.3	22.4	20.3	18.3	16.6	15.4	14.9	14.7	14.6	14.4	14.3	14.1	14.0	13.9	13.7	13.6	13.5
Fund obligations based on existing and prospective credit (SDR millions)[1]																						
Principal	41.4	63.5	96.6	159.2	184.0	166.2	165.6	146.0	105.5	76.1	54.0	29.4	18.4	13.8	13.8	13.8	13.8	13.8	13.8	13.8	13.8	13.8
PRGT+GRA	41.4	63.5	96.6	159.2	184.0	166.2	165.6	146.0	105.5	76.1	54.0	29.4	9.8	-	-	-	-	-	-	-	-	-
RST	-	-	-	-	-	-	-	-	-	-	-	-	8.6	13.8	13.8	13.8	13.8	13.8	13.8	13.8	13.8	13.8
Charges and interest	17.3	32.3	31.1	33.7	32.7	31.3	29.3	26.9	24.4	22.2	20.6	19.6	18.9	18.4	17.8	17.3	16.7	16.2	15.6	15.1	14.5	14.0
Total obligations based on existing and prospective credit																						
SDR millions	58.7	95.8	127.7	192.8	216.7	197.5	194.9	172.9	129.9	98.2	74.6	49.0	37.4	32.2	31.6	31.1	30.5	30.0	29.4	28.9	28.3	27.8
CFAF billions	47.5	77.0	103.9	157.6	177.6	162.4	160.3	142.3	106.9	80.9	61.4	40.3	30.8	26.5	26.0	25.6	25.1	24.7	24.2	23.8	23.3	22.9
Percent of government revenue	1.0	1.5	1.9	2.8	2.9	2.5	2.3	1.9	1.3	0.9	0.6	0.4	0.3	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1
Percent of exports of goods and services	0.9	1.4	1.8	2.7	2.9	2.5	2.3	1.9	1.3	1.0	0.7	0.5	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1
Percent of debt service[2]	5.9	9.9	12.1	21.1	20.9	18.0	17.0	13.4	10.2	7.9	7.4	4.2	3.0	2.4	2.2	2.0	1.8	1.6	1.5	1.3	1.2	1.1
Percent of GDP	0.2	0.2	0.3	0.4	0.5	0.4	0.4	0.3	0.2	0.1	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	2.3	2.6	4.2	5.2	5.1	5.4	5.2	4.0	3.5	3.0	2.5	2.4	2.4	2.0	1.4	1.2	1.1	0.9	0.8	0.7	0.9
Percent of quota	21.3	34.7	46.3	69.9	78.5	71.5	70.6	62.6	47.1	35.6	27.0	17.8	13.5	11.7	11.5	11.3	11.1	10.9	10.7	10.5	10.3	10.1
Principal	15.0	23.0	35.0	57.7	66.7	60.2	60.0	52.9	38.2	27.6	19.6	10.7	6.7	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
PRGT+GRA	15.0	23.0	35.0	57.7	66.7	60.2	60.0	52.9	38.2	27.6	19.6	10.7	3.6	-	-	-	-	-	-	-	-	-
RST	-	-	-	-	-	-	-	-	-	-	-	-	3.1	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
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	724.3	558.7	412.8	307.3	231.2	177.3	147.8	129.4	115.6	101.8	88.0	74.2	60.4	46.6	32.8	19.0	5.2
PRGT+GRA	1,090.2	1,137.1	1,095.7	936.6	752.6	586.3	420.7	274.8	169.3	93.2	39.3	9.8	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	138.0	129.4	115.6	101.8	88.0	74.2	60.4	46.6	32.8	19.0	5.2
CFAF billions	882.0	969.4	1,004.0	877.9	729.9	595.6	459.7	339.8	253.0	190.4	145.9	121.7	106.5	95.1	83.8	72.4	61.1	49.7	38.3	27.0	15.6	4.3
Percent of government revenue	17.9	18.9	18.4	15.5	12.0	9.1	6.5	4.4	3.1	2.2	1.5	1.2	1.0	0.8	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	17.0	15.0	11.8	9.1	6.5	4.6	3.2	2.3	1.7	1.4	1.1	0.9	0.7	0.6	0.5	0.4	0.3	0.2	0.1	0.0
Percent of debt service[2]	109.6	125.2	116.4	117.5	85.9	66.2	48.7	32.1	24.2	18.7	17.6	12.5	10.5	8.6	7.0	5.6	4.3	3.3	2.3	1.5	0.8	0.2
Percent of GDP	3.0	3.0	2.9	2.4	1.9	1.4	1.0	0.7	0.5	0.3	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Percent of quota	395.0	437.0	447.0	389.3	322.7	262.4	202.4	149.6	111.3	83.8	64.2	53.6	46.9	41.9	36.9	31.9	26.9	21.9	16.9	11.9	6.9	1.9
PRGT+GRA	395.0	412.0	397.0	339.3	272.7	212.4	152.4	99.6	61.3	33.8	14.2	3.6	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	50.0	46.9	41.9	36.9	31.9	26.9	21.9	16.9	11.9	6.9	1.9
Net use of Fund credit (SDR millions)	124.2	115.9	27.6	-159.2	-184.0	-166.2	-165.6	-146.0	-105.5	-76.1	-54.0	-29.4	-18.4	-13.8	-13.8	-13.8	-13.8	-13.8	-13.8	-13.8	-13.8	-13.8
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	166.2	165.6	146.0	105.5	76.1	54.0	29.4	18.4	13.8	13.8	13.8	13.8	13.8	13.8	13.8	13.8	13.8
Memorandum items: (CFAF billions)																						
Nominal GDP	29,891	32,099	34,452	36,791	39,264	42,004	44,922	48,046	51,425	54,906	58,761	62,892	67,320	71,986	76,984	82,338	88,076	94,227	100,824	108,308	116,376	125,077
Exports of goods and services	5,073	5,478	5,899	5,867	6,187	6,571	7,066	7,465	8,020	8,273	8,574	8,912	9,551	10,382	11,330	12,335	13,126	13,974	14,883	15,897	16,989	18,168
Government revenue	4,923	5,118	5,464	5,653	6,087	6,532	7,114	7,675	8,248	8,795	9,508	10,274	11,084	11,996	13,010	14,131	15,340	16,664	18,140	19,838	21,748	23,895
Debt service[2]	805	774	862	747	850	900	943	1,059	1,047	1,018	831	972	1,011	1,102	1,200	1,294	1,418	1,516	1,650	1,816	1,953	2,098
Gross reserves	2,930	3,282	3,983	3,714	3,432	3,191	2,978	2,725	2,653	2,314	2,055	1,594	1,266	1,111	1,274	1,784	2,048	2,292	2,620	2,943	3,308	2,686
CFAF per SDR (period average)	809.0	803.7	813.8	817.0	819.6	822.2	822.7	823.2	823.2	823.2	823.2	823.2	823.2	823.2	823.2	823.2	823.2	823.2	823.2	823.2	823.2	823.2

Source: IMF staff estimates and projections.
1/ Based on the IMF Executive Board decisions The following interest rates are assumed: 0/0/0 percent per annum for the ECF, SCF, and RSF, 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 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)

	2024	2025	2026	2027	2028	2029
Total Financing Requirements	**2056**	**2313**	**1762**	**1863**	**1968**	**2047**
Current Account Deficit	1089	968	1407	1415	1447	1460
Amortization of PPG Debt	643	729	623	730	762	800
Gross Reserves Accumulation (+ = increase) (without RSF)	324	616	-269	-282	-240	-213
Financing Sources	**1968**	**2100**	**1762**	**1863**	**1968**	**2047**
Capital Account	38	41	44	39	20	20
Financial Account	1930	2059	1718	1824	1948	2027
Financing Gap	**88**	**213**	**0**	**0**	**0**	**0**
Additional/Exceptional Financing Sources	**88**	**213**	**0**	**0**	**0**	**0**
IMF Financing	**44**	**90**	**0**	**0**	**0**	**0**
ECF	*15*	*30*	*0*	*0*	*0*	*0*
EFF	*30*	*60*	*0*	*0*	*0*	*0*
Budget Support (excl. IMF)	**44**	**123**	**0**	**0**	**0**	**0**
AfDB	*18*	*0*	*0*	*0*	*0*	*0*
WB	*0*	*123*	*0*	*0*	*0*	*0*
France	*26*	*0*	*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	28	84	0	0	0	0
Reserve accumulation (with RSF)	352	700	-269	-282	-240	-213

Source: Country Authorities and IMF Staff Estimates

Annex I. Risk Assessment Matrix[1]

Risks	Likelihood	Impact if Realized	Recommended Policy Response
External 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.
Global growth surprises: • **Slowdown.** Growth slowdown in major economies, including due to supply disruptions, tight monetary policy, rising corporate bankruptcies, or a deeper-than-envisaged real estate sector contraction, with adverse spillovers through trade and financial channels, triggering sudden stops in some EMDEs. • **Acceleration.** Positive supply-side surprises, monetary easing, productivity gains from AI, and/or stronger EMDE performance raise global demand and trade, and ease global financing conditions.	Medium Low	• Slower growth due to weaker demand from trade partners, with worsening current account. • Stronger demand from trade partners would support external trade and economic growth.	• Adjust fiscal policy to anchor expectations of economic agents. • Prioritize and target public spending towards the most vulnerable people. • Monitor macro-financial 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.

[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.

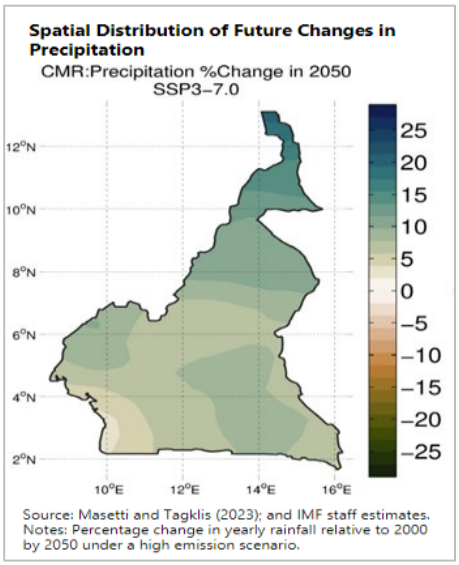
Risks	Likelihood	Impact if Realized	Recommended Policy Response
Monetary policy calibration. Amid high uncertainty and data surprises, major central banks' stances turn out to be too loose, hindering disinflation, or too tight for longer than warranted, which stifles growth and triggers increased capital-flow and exchange-rate volatility in EMDEs.	Medium	• High inflation would impact 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.
Sovereign debt distress. Domino effects from high global interest rates, deteriorating debt sustainability in some 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, loss of market access, and contraction of growth and social spending	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. • Strengthen investor relations
Cyberthreats. Cyberattacks on physical or digital infrastructure (including digital currency and crypto assets), technical failures, 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.
Climate change. Extreme climate events driven by rising temperatures cause loss of life, damage to infrastructure, food insecurity, supply disruptions, lower growth, and financial instability. A disorderly transition to net-zero emissions and regulatory uncertainty lead to stranded assets and low investment.	High	• 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. • Strengthen institutional and governance framework for climate change related policies. • Sustain progress on reform measures under the RSF.
Systemic financial instability. High interest rates and risk premia and asset repricing amid economic slowdowns and elevated policy uncertainty (including from elections) trigger market dislocations, with cross-border spillovers and an adverse macro-financial feedback loop affecting weak banks and nonbank financial institutions.	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.

Risks	Likelihood	Impact if Realized	Recommended Policy Response
Domestic Risks			
Social tensions over presidential election. Social tensions over the political transition may escalate, posing additional threat to peace and socio-economic stability.	Medium	• Could exacerbate existing social tensions and violence. • Economic slowdown or recession. • Food insecurity and poverty rate could increase. • Spending overruns. • Diversion of resources from efficient reforms. • Delays in the reforms under the current Fund arrangements (ECF, EFF and RSF)	• Improve governance. • Review and reprioritize public spending towards programs with higher economic and social impact. • Prioritize and target public spending towards the most vulnerable people. • Promote inclusive growth. • Sustain fiscal discipline and reform efforts.
Social discontent. High inflation, real income loss, spillovers from conflicts (including migration), and worsening inequality stir social unrest, drive populist policies, and increase resistance to reforms, especially in the context of polarized or disputed elections. This exacerbates imbalances and weakens growth prospects, leading to policy uncertainty and market repricing.	High	• 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.

Annex II. Climate Change and Disaster Financing Needs

Development of a disaster-risk financing strategy is a priority under the RSF-supported program, given Cameroon's vulnerability to natural disasters, their damaging economic impact, and the sizeable estimated funding gap for addressing the climate risks. According to IMF TA, such strategy would encompass the private sector into risk financing and mainstream the use of disaster-risk informed fiscal instruments outlined in this annex.

1. In 2024, Cameroon experienced floods that impacted over 300,000 individuals, causing extensive damage to homes, infrastructure, and agricultural land. In response, the government committed US$1.7 million for immediate relief to families in the affected areas and canceled debts owed by local councils. The floods exposed significant gaps in disaster preparedness, including limitations of early warning systems and rapid funding mobilization, highlighting the critical need for improvements. The increasing occurrence and severity of floods, droughts, and other extreme weather events threatens economic stability and exacerbates poverty, particularly in Northern regions. Average precipitation is expected to increase by 5-6 percent by 2050, however, extreme precipitation events and the number of days with heavy rainfall could rise even more significantly, with projections indicating up to 9.4 additional heavy precipitation days by 2080.[1] Consequently, both dry and wet periods are likely to become more extreme across all scenarios in the future.



2. Cameroon faces a significant funding gap for climate change risk management, heightening the need for effective disaster risk financing mechanisms. With ongoing disruptions to global weather patterns, Cameroon could incur economic losses of 4 to 10 percent of GDP between 2019 and 2050 due to climate-related disasters in absence of investment in adaptation .[2] Disaster funding gap analysis conducted by IMF technical assistance mission indicates that the government lacks sufficient resources to finance disaster recovery for events occurring every two years, and it would also encounter significant emergency response gaps for more catastrophic events. Specifically, while emergency response resources may cover 2- and 5-year events, the funding for recovery and reconstruction is inadequate, leading to a projected financing gaps of over US$30 million (2 percent of current domestically financed investment) for a 2-year event and escalating to US$650 million (over 45 percent of current domestically-financed investment) for a 50-year event.

3. With the support of technical partners, Cameroon is enhancing its disaster-risk financing framework under the RSF arrangement to mobilize resources for future recovery

[1] GIZ Climate Risk Profile: Cameroon.

[2] World Bank Group, 2022, Cameroon Country Climate and Development Report, CCDR Series.

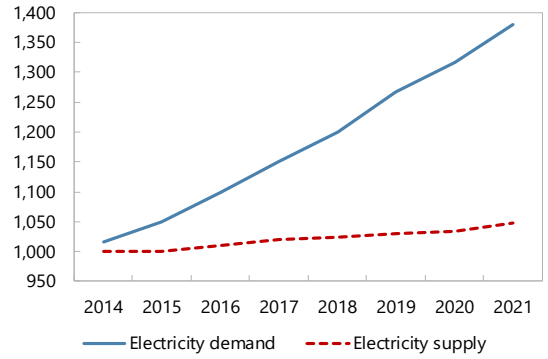
efforts timely. Existing tools available to address disaster response are mainly concentrated around budget mechanisms, and to a lesser extent humanitarian assistance. The latter often feature contingency allocation in the budgets for some sectors, intra- and inter-ministry within-year transfers, unallocated reserves for unexpected events, and provision of *ad hoc* supplementary budgets. The main pillars of a disaster-risk financing strategy for Cameroon would include the improved use of fiscal instruments, such as disaster-risk informed contingency budget allocation, enhanced climate expenditure tracking, and efficient use of emergency procurement procedures. In addition, a robust disaster risk financing strategy would integrate the financial sector, which is essential for fostering private sector resilience. By providing tailored financial instruments (e.g., bundling insurance, providing micro-credits, and offering guarantees) and improving access to credit, this integration ensures that businesses are better prepared to withstand and recover from disasters. These elements work together to address the financing gaps, which can ultimately contribute to a more climate-resilient economic environment in Cameroon.

Annex III. The Electricity Sector Challenges and Potential

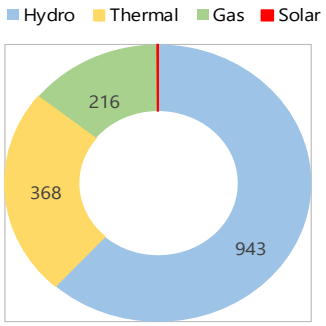
Cameroon's electricity sector can play an important role in supporting the country's development. To fully exploit Cameroon's energy generation potential and cater to the growing demand for services, important investments in transmission, distribution, and maintenance will be needed. Better tariff regulation and collection would improve the sector's profitability and minimize fiscal risks.

1. Cameroon's electricity sector is structurally in shortfall. Average annual supply growth was below one percent while average annual demand growth was 7.5 percent between 2014 and 2021 (KB SAP Consulting, 2022). The total electricity supply (1,047 Kwh) represented about 75 percent of the demand in 2021. This gap has generally led to electricity shortages, negatively affecting firms' productivity and profitability, public service delivery, and households' consumption. The challenge is heightened by substantial distribution losses estimated at 27 percent of total output.[1]

Electricity Demand and Supply, 2014-21 (KwH)



Energy Production Sources, 2021 (KwH)



Source: KB SAP Consulting; and IMF staff estimates.

2. If well managed, the well-augured arrival of energy from Nachtigal hydro power plant (HPP) since June 2024 could increase electricity supply and improve the energy production mix. The Nachtigal HPP's potential of 420 MW should increase energy production by 30 percent and will also lower the production cost. Nachtigal comprises 7 units of 60 MW capacity each, of which 3 were deployed starting June 2024 and the remaining four are expected to be deployed by January 2025. While the additional energy supply can significantly boost capacity, important investments needed for the transmission and distribution of energy have been delayed due to inadequate planning. The power purchase agreement with the new producer is designed as a take-or-pay contract, which means that the government is bound to pay for the production regardless of actual usage.

3. The electricity sector generates significant budget costs and financing needs. Tariffs below cost-recovery levels, under-collection of electricity bills, and technical inefficiencies make the

[1] KB SAP Consulting, 2022, La situation énergétique au Cameroun.

sector financially non-viable. There is an 18.2 percent price gap between an average tariff and a cost based on the World Bank estimates.[2] The government provides a subsidy to cover this difference and extends financial support to the public utility company, ENEO, to cover its urgent liquidity needs. The charges related to the operation of the Nachtigal HPP and the eventual acquisition of a stake in ENEO from the British private equity firm, Actis, are expected to put additional strains on the national budget. Moreover, there are significant investment needs in the electricity sector. The authorities have selected several projects in the sector that would require an investment of US$945 million (1.8 percent of GDP) over 2024-28, while the financing sources are yet to be secured.

4. Going forward, strengthening regulation and advancing a tariff reform, and better investment planning will be critical to leverage Cameroon's large electricity potential for economic and social development. The resources pledged by the World Bank and African Development Bank under the Program for Results instruments aim at supporting efforts to put the electricity sector on a sound financial footing including by supporting the tariff reform and strengthening regulation. To that end, the authorities are working with the development partners to: (a) strengthen planning and implementing stakeholders' coordination; (b) modernize monitoring tools; (c) address delays in project implementation; and (d) devote more resources to maintenance of the distribution network.

[2] These calculations are based on the World Bank report (The World Bank, 2024. Cameroon Power Sector Reform Program, Report No: PAD4903.)

Annex IV. Promoting Integrity at Customs Administration

*Cameroon has made progress with the implementation of some of the IMF's **Governance Diagnostic Report** recommendations, which underpin the governance reform pillar under the program. These reforms aim to strengthen the legal framework for revenue administration and notably to bolster integrity at customs administration through improved internal and external communication and scaled up digitalization. Reforms with the highest expected impact are summarized below.*

Recommendation: Adopt a fair and balanced legal framework and put in place a modernized institutional framework adapted to the challenges and resources available

1. Reforms underway will strengthen the legal and institutional framework for customs administration and boost logistical and operational resources. Three decrees are currently under review by the Ministry of Civil Service and Administrative Reforms: (i) the customs administration discipline regulation, a tool that establishes rules of conduct; (ii) the special statute, which aims to clarify the bargaining power of customs officers and the users' rights; and (iii) the reorganization of structures to better address security issues within the area of competence of customs.

Recommendation: Promote a culture of integrity, transparency, and accountability

2. Ongoing efforts focus on training, sensitization, and stronger internal control. The customs administration organizes training seminars on ethics and professional conduct. In addition, memoranda reiterating the rules of ethics and professional conduct are shared and include reminders prohibiting customs officers from involvement in transactions generating conflicts of interest, while revitalizing the fight against corruption with a view to zero tolerance. Stronger internal controls in the customs operations units were also introduced to monitor performance of officers while a committee for the promotion of ethics and governance in customs was established to discuss strategic issues.

Recommendation: Improve government transparency through systematic publication of operational and financial reports

3. Improvement in transparency is pursued through a systematic publication of operational and financial reports. The Directorate General of Customs publishes on-line annual reports on its missions in revenue mobilization, litigation, and fight against illicit trafficking. These publications are also distributed through public and private media and in certain professional fora.

Recommendation: Strengthen communication

4. The communication strategy was expanded and caters to internal needs and outreach. Internally, the authorities are disseminating best practices in the Customs Newsletter: publishing performance contract results as well as positive and negative sanctions of customs agents. They are also organizing training seminars for new recruits and conducting discussions in a forum open to partners who dispute information relating to the taxation of goods. Externally, the customs administration is organizing training sessions with representatives of brokers, banks, embassies, and diaspora on their roles and interactions with the customs administration in managing foreign trade and has disseminated a manual on the procedures in Cameroon Customs Information System and a Customs User's Guide. The customs administration disseminates digital and physical media on

electronic payment of customs duties and taxes; and has organized a training campaign for vocational learners in the foreign trade supply chain.

Recommendation: Accelerate widespread digitalization of current procedures

5. Trade facilitation is benefitting from newly digitalized customs' core procedures. Digitalization is expected to facilitate trade, improve transparency and traceability of main customs operations, allow better monitoring and reporting, improve risk analysis and strengthen overall accountability. In 2023, electronic payments of customs duties and taxes were rolled out nationwide. This mechanism enabled the operationalization of the Single Output Document allowing diversified payment methods (transfers, credit cards, cash, mobile money), and electronic processing and collection of handling fees, levies, contributions, and import declaration fees in addition to customs duties and taxes. Furthermore, collaboration between the directorates of customs, tax and other institutional partners was strengthened through sharing of digital information including with banks and other entities, such as the national transport and shipping groups (CNCC and GPAC) and the banks through information systems interface. Interfacing of the electronic customs clearance system, CAMCIS, with the information system of the Ministry of Transport is expected to curb fraud in the registration of vehicles, which are an important contributor to customs duties collected.

Annex V. Cost of Delays in Public Investment Implementation

Public investment implementation in Cameroon has often been delayed due to weaknesses in project preparation and management, public procurement, and cash flow planning resulting in significant economic, social, and environmental costs. There is a need to step up reforms in public investment and financial management. Strengthening coordination and aligning project standards with creditor requirements can help strengthen public investment management (PIM).

1. Public investment can drive economic growth in the short run and boost output in the long run promoting progress toward the Sustainable Development Goals. In the short term, public investment can support economic recovery by creating jobs and stimulating demand, while in the long term, spending on infrastructure and human capital can shift the path of potential output upward. However, empirical evidence on the long-term impact of public investment on growth is mixed. Factors such as weak project appraisal, selection, and management as well as absorptive capacity constraints are often cited as potential obstacles to growth benefits from public investment (Warner, 2014; Presbitero, 2016).

2. Weaknesses in project management often lead to delays in implementation. Such weaknesses may include poor planning, inadequate resource allocation, and lack of coordination and monitoring among others. Indeed, implementation of public investment projects in emerging markets and developing countries has often suffered delays. Espinoza and Presbitero (2022) analyze a sample of 4,010 investment projects approved since 1990 in 135 emerging markets and developing countries. They measure project delays by comparing the projected length of individual projects at the time of approval and the length of projects at completion and establish that almost 60 percent of investment projects have been delayed by at least one year.

3. In Cameroon, only about a quarter of projects were implemented on time, while the remaining three quarters were delayed by at least two years based on a sample of 20 large externally financed investment projects. These project loans were signed during 2012-20 across various sectors with multilateral, bilateral, and commercial creditors.[1] To analyze time delays in project implementation, we assume that the grace period is the expected project implementation horizon, since it allows postponing principal repayment on a project loan until the commissioning of the project. We find that by the end of the average grace period, which is estimated at six years in the sample, only about half of the portfolio is disbursed, and about 70 percent is disbursed over ten years, suggesting that some projects may go on for over a decade. Breaking down by creditor, only one third of projects from both bilateral and commercial creditors are completed within their contractual grace period with longer delays on record for projects financed by multilateral creditors, despite longer average grace period of about 8 years (Figure 1).

4. Delays in public investment projects may result in significant cost overruns. For example, Espinoza and Presbitero (2022) show a positive and robust correlation between time and cost overruns suggesting that a 10 percent extension in the project timeline translates into a 5 percent increase in project costs. The increase in project costs can also result from changes in the

[1] The average project size is around CFAF 144 billion or US$240 million. The selected projects are about 30 percent of the total project portfolio signed during 2012-20.

cost of inputs, additional charges due to project implementation delays and corruption. Some donors estimate that the project costs increased by at least 25 percent relative to the initial costs due to project implementation delays in Cameroon. There may also be opportunity costs if projects are not completed on time and do not generate immediate full economic benefits, including an associated income stream such as tax revenues or fees, while the debt service on these projects is being financed by budget revenues generated from other sources. Staff estimates that additional fees and opportunity costs based on the sample were around CFAF 123 billion, or around 0.4 percent of GDP and 16.3 percent of external debt service in 2022. These calculations include additional commission fees on undisbursed loan amounts beyond the grace period and assume that the principal repayments on these loans represent opportunity costs since they are financed by budget resources generated from other economic activities rather than an income stream from the delayed projects. In addition, based on a profile of a single project in the water sector in Yaoundé, staff estimates a budget revenue loss of about CFAF 6.2 billion annually, which corresponds to about a third of the national cash transfer budget (*filets sociaux*). These estimates only represent the observed estimated costs associated from project delays and do not take into account other costs, including the impact of inflation on the cost of inputs, potential administrative and legal costs, and the unrealized benefits for the economy.

5. Social and environmental costs from project delays may also be substantial. Delays in building critical infrastructure, such as roads, energy systems, and ports, may jeopardize industrial development and foreign investment. On the other hand, delays in projects that provide essential services such as health, education, and sanitation may worsen inequality and poverty. Moreover, building resilient infrastructure is important for achieving climate change adaptation objectives, where delays may result in increased vulnerability of the population to disasters such as droughts and floods. Delayed renewable energy projects can lead to continued reliance on fossil fuels and defeat climate mitigation goals.

6. Poor project management, public procurement, and cash planning are among the key reasons for delays. The PIMA (2020) identified weaknesses at all stages of project management, including project preparation, selection, and execution. The existing framework does not define the rules for the preparation of large projects that require significant financing and planning across sectors so that often projects that are not fully prepared and properly costed are included in the budget. The 2018 study by the World Bank shows that during preparation some large projects did not consider the need for the infrastructure to connect to existing networks which had resulted in higher project costs and compromised or delayed their commissioning.

7. There is a need to improve budget allocation for public investment through better macro-fiscal projections and planning of multi-year projects. Currently, budget commitments and the associated budget allocation are only planned annually, which often leads to underbudgeting for resources needed to continue multi-year project implementation as there are no clear procedures for carrying over budget allocation from one year to the following.

8. Due to delays in public procurement many projects cannot be fully executed as planned. The PIMA (2020) report also notes that the time for awarding contracts is on average

255 days and numerous contracts exceed authorized amounts, leading to the concentration of public investment spending in the last months of the year, cash constraints, delays in project implementation and higher costs.

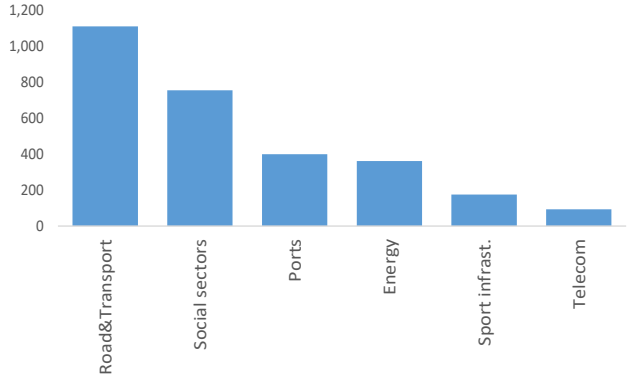
9. There are significant weaknesses in cash management that contribute to further delays in budget execution. Cash constraints are mainly related to governance weaknesses where spending through exceptional procedures crowds out the budgeted expenditures. For example, in 2023 public investment spending execution was about 80 percent relative to the budgeted amount, or about CFAF 260 billion lower. Furthermore, cash management weaknesses impact management of the Treasury correspondent accounts, which include cash balances of extrabudgetary units and local government entities overseeing execution of some investment projects. Challenges in accessing these accounts may hinder capital spending execution.

10. Discussions with the government and development partners revealed that there is a need for a better coordination and an alignment of the national frameworks for project preparation and management with the processes and standards of the creditors. The authorities have indicated that there are significant complexities of procedures associated with project financing by international donors, involving stringent requirements for documentation, lengthy approval timelines, and compliance with various regulatory frameworks and standards, which can slow down project initiation and execution. In their turn, in addition to the challenges identified by the PIMA report, development partners have indicated that long administrative delays, including between the time of the project approval, signature of a loan agreement by the authorities and its effective date, weak capacity of the staff recruited in the project management units, as well as a slow process for land acquisition, and resettlement of affected populations were among the key factors that hindered project implementation. They have also indicated that the pandemic and growing security challenges in the conflict-affected regions have also slowed down project implementation.

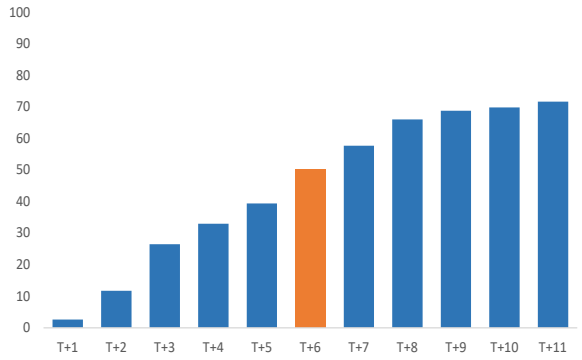
11. Going forward, reducing delays in public investment project implementation requires sustained reforms in PIM and PFM. Leveraging technical assistance will be essential to improve public investment efficiency, PFM, and budget execution. Ongoing reforms in the PFM area, including strengthening the framework for project preparation (*maturation des projets*), phasing out common chapters improving consistency between budget commitments and budget credit for large multi-year projects, and limiting spending through exceptional procedures, would help protect the budget space for much needed investment spending. Furthermore, integrating climate considerations into PIM would support the authorities' efforts to align the investment portfolio with the national climate agenda and integrate sustainable practices into project management to mitigate environmental risks.

Figure 1. Cameroon: Delays in Project Implementation

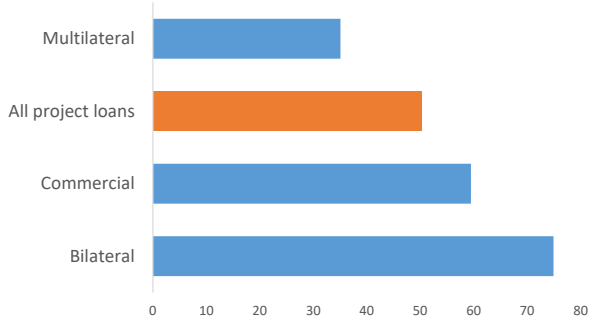
Investment Portfolio, by Sector
(Billions of CFAF)



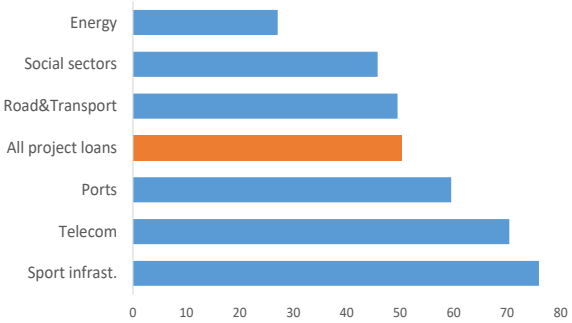
Project Portfolio Disbursed Annually
(Percent)



Portfolio Disbursed by the End of a Grace Period
by Creditor (Percent)



Portfolio Disbursed by the End of a Grace Period
by Sector (Percent)



Sources: Country authorities; and IMF staff calculations.

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Appendix I. Letter of Intent

Madam Kristalina Georgieva
Managing Director
International Monetary Fund
Washington, D.C. USA
February 25, 2025

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

Dear Madam Managing Director,

1. Despite a difficult national and international context, 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), Extended Fund Facility (EFF), and Resilience and Sustainability Facility (RSF). This economic recovery program, which aligns with our National Development Strategy for 2020–2030 (SND-30) and the regional economic and financial reform program (PREF-CEMAC), aims to reduce poverty, finance the balance of payments need, and rebuild foreign exchange reserves.

2. Cameroon's economy has shown resilience in the face of multiple shocks, and growth is expected to pick up and strengthen over the medium term as the external environment stabilizes, energy production increases, and public and private investment projects are implemented. Downside risks remain, given political instability and insecurity in economically depressed regions as well as the risks from Mpox and the consequences of climate change. In addition, the outlook could be compromised by external risks due to geopolitical tensions, supply chain disruptions, or the volatility of commodity prices and financial markets.

3. Program performance at end-June, end-September, and end-December 2024 was broadly satisfactory. All quantitative performance criteria and four of the six indicative targets were met at end-June. Seven out of nine ITs were met at end-September. The two missed indicative targets are the net accumulation of domestic payments arrears and the direct interventions by the National Hydrocarbons Company (SNH). Two QPCs, for which data are available, were met at end-December while information on two remaining QPCs is not yet available. All three continuous QPCs were met.

4. The government continues to make progress on its extensive reform agenda. In this respect, three of the nine structural benchmarks (SBs) due for the seventh review have been met on schedule, and three have been implemented after the due date. We are requesting that the two SBs are reset to April 2025 and a new SB with a due date of May 15, 2025 is introduced. Two reform

measures (RMs) due for the second review under the RSF arrangement have been implemented, and those for the last review are well advanced.

5. The attached Memorandum of Economic and Financial Policies (MEFP) supplements those submitted for previous reviews. It describes the current economic and financial situation, outlines the government's economic and financial policies through 2025, and defines the quantitative criteria and indicative targets for December 2024 and March 2025, and SBs and RMs through the end of the program.

6. We are requesting a waiver of applicability for two performance criteria for end-December 2024, as these data will not be available before the Executive Board meeting scheduled for March 14, 2025, and there is no clear evidence that these performance criteria will not be met.

7. The government also requests that the IMF Executive Board approve changes to the program targets for end-March 2025, which have been revised in line with the updated macroeconomic projections and adopted policies.

8. Based on Cameroon's program achievements and commitments in the MEFP, we request completion of the seventh reviews of the ECF-EFF arrangements and the disbursement and purchase of SDR 18.4 million and SDR 36.8 million, respectively. The government also requests completion of the second review under the RSF arrangement and the disbursement of SDR 34.5 million.

9. The government is convinced that the policies and measures presented in the MEFP are adequate to achieve the program targets and is committed to pursuing reforms relentlessly and to taking any additional measures required. The government will consult the IMF on additional measures or before revising the measures set out 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).

10. 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, February 2025

INTRODUCTION

1. The National Development Strategy for 2020–2030 (SND-30) continues to guide our strategic priorities. Our objective is to regain strong, sustained, and inclusive economic growth and to accelerate Cameroon's march towards economic and social emergence. To achieve this, we need to strengthen macroeconomic stability and ensure a structural transformation of the economy through significant investments in priority sectors. At the same time, we are committed to fiscal sustainability and to strengthening the country's resilience against external shocks and climate change.

RECENT ECONOMIC DEVELOPMENTS

2. Cameroon's economy continues to grow. Real GDP growth slowed from 3.7 percent in 2022 to 3.2 percent in 2023 due to domestic and external headwinds, including supply chain disruptions, rising production costs, electricity shortages, and floods. Real GDP growth rose to 3.6 percent year-on-year in the first half of 2024, driven by services, agriculture, livestock, and manufacturing. The tight monetary policy stance, fiscal consolidation, exchange rate appreciation, and a lower food price inflation contributed to easing of inflationary pressures. Thus, the inflation rate was reduced to 4.5 percent in December 2024 (average of the last 12 months), down from 7.4 percent for the same period a year ago.

3. The trade balance has improved in 2024. Trade data from January through August indicates the trade deficit narrowed to CFAF 1,320 billion, some CFAF 193 billion lower than last year for the same period. At the same time, export values were up by some 3.7 percent, driven by robust growth in the cocoa and cotton sectors, more than offsetting lower hydrocarbon and timber exports. Imports declined 3.7 percent due to lower prices for oil and some food products as a result of the implementation of the import-substitution policy.

4. Budget execution has remained on track. At end-September 2024, non-oil revenue performance was essentially in line with posted forecasts, driven by a strong performance in corporate and indirect taxes. Expenditure was lower than expected due to a slower-than-expected public investment execution.

5. Public debt-to-GDP ratio has continued declining. Fiscal consolidation and growth in nominal GDP have contributed to a reduction in public debt, which declined from almost 47.2 percent of GDP at end-2021 to about 43.2 percent of GDP at end-2023. Over the first two quarters of 2024, the public debt-to-GDP ratio continued to trend downward.

6. Banking sector soundness has improved, but vulnerabilities remain. The solvency ratio of banks has been improving since 2020, rising from 10.7 percent to 15.3 percent at end-2023. The

share of NPLs has been declining though it remains high at 13 percent as of July 2024. Banks' sovereign exposure, including exposure to state-owned enterprises, has risen since 2020 from around 27 percent in 2019 to 37 percent of total assets in December 2023.

IMPLEMENTATION OF THE ECONOMIC AND FINANCIAL PROGRAM

7. Program performance at end-June, end-September, and end-December 2024 was broadly satisfactory (Table 1). Four quantitative performance criteria (QPCs) and four out of six indicative targets (ITs) were met at end-June. Two of the six indicative targets were missed, namely (i) the ceiling on the net accumulation of domestic payment arrears and (ii) the ceiling on SNH's direct interventions. At end-September, seven out of nine ITs were met. The ceiling on the net accumulation of domestic payment arrears was missed marginally (by CFAF 19 billion), and the ceiling on the SNH direct interventions was missed. The latter underperformance is largely due to the continuing security crisis in the disaster-stricken regions. We have started to produce reports on SNH's direct interventions. We intend to gradually budget for this expenditure. Public financial management (PFM) weaknesses, including expenditure through Treasury advances and other exceptional procedures, contributed to the accumulation of domestic unpaid obligations. We have made progress on constraining budget execution through Treasury advances and remain committed to strengthening budget integrity under the 2025 Budget Law (LF2025), which was submitted to Parliament and is in line with the program macroeconomic and budgetary framework (**prior action, met**). At end-December, two QPCs were met, and information on the remaining two is not yet available. All three continuous QPCs were met.

8. We have made good progress on the implementation of structural benchmarks (SBs). Three of the nine structural benchmarks (SBs) due for the current review have been met on schedule: (i) the list of the 25 largest public companies was published on the Ministry of Finance (MINFI) website with links to the published audited financial statements of 11 of them on their websites (**SB4, November 2024**); (ii) we have created a dataset of wages and salaries suitable for simulating PIT calculations ahead of the set deadline (**SB5, November 2024**), and (iii) an annex was included in the 2025 budget on 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 (**SB6, November 2024)**). Three SBs have been implemented after the deadline: (i) the draft implementation texts of the 2016 Mining Code were finalized and published in January 2025 (**SB1, June 2024)**; (ii) after adopting a timetable for the transformation of the common chapters, we adopted a decree specifying the rules for managing budgetary authorizations and limiting common chapters to 10 percent of the budget in February 2025 (**SB3, November 2024)**; and (iii) the Minister of Finance issued 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 in January 2025 **(SB8, December 2024)**. We are requesting that two SBs are reset to April 2025: (i) we have identified key revisions to the 2013 Law on investment incentives **(SB2, November 2024**) based on the recommendations of the World Bank study, and we will be able to adopt it by end-April 2025; and (ii) we have recapitalized one bank to comply with the 8 percent capital adequacy ratio in consistency with the COBAC regulations and Basel requirements but recapitalization of the second bank is delayed (**SB10, November 2024)**. We are proposing a

new SB that will replace SB9 related to the SONARA restructuring study (**SB9, June 2024**) which was not completed due to a delay in contracting a consultant following a change in the company management and uncertainty over the financing sources for the study. Given that this reform has been significantly delayed, the contract signed with the firm selected for this service will be sent to IMF staff ahead of the completion of this review (**prior action**). Under the new SB, we will submit an interim report of the study to the IMF by May 15, 2025 (**SB11**).

ECONOMIC AND FINANCIAL PROGRAM IN THE MEDIUM TERM

9. Cameroon's economic policy remains focused on the SND-30 while ensuring the sustainability of public finances. Medium-term fiscal policy will ensure that the gains of the program are preserved while aligning with the CEMAC convergence criteria. It aims to provide adequate fiscal space for priority expenditure, including infrastructure and social spending, to achieve the objectives of SND-30 and inclusive growth driven by the private sector. The policies presented below complement those laid out in the previous memoranda, most recently in the January 2024 and June 2024 memoranda.

A. Macroeconomic Framework and Outlook

10. Real growth is expected to pick up in the near term. Growth is expected to accelerate from 3.2 percent in 2023 to nearly 4 percent in 2004 and 2025. Over the medium term, the implementation of the industrialization plan envisaged under SND-30 should bring about a structural transformation, with real GDP growth above 4.5 percent, driven mainly by the non-oil sector. Inflation will temporarily remain above the target of the Bank of Central African States (BEAC) in the near term, before returning to below 3 percent in the medium term, in line with the CEMAC convergence criterion. The outlook remains clouded by a number of external and domestic risks, including geopolitical tensions, possible further disruptions to the global supply chain, volatility in commodity prices and financial markets, as well as the recurrence of natural disasters, and insecurity prevailing in the Northwest, Southwest, and Far North.

11. Non-oil export growth will help underpin external sustainability. The current account deficit is expected to decline from 4.1 percent of GDP in 2023 to 3.4 percent of GDP in 2024, primarily driven by cocoa and cotton exports. In the medium term, the growth in non-oil exports, the inflow of foreign direct investment, and regional integration are expected to contain the current account deficit (including grants) to between 3 percent and 4 percent of GDP. Our import substitution policy could improve the current account performance.

12. We remain committed to a medium-term fiscal framework that underpins public debt sustainability. Our efforts continue to focus on increasing non-oil revenues and rationalizing expenditure. We will also continue to limit Treasury advances and other exceptional procedures to improve transparency and preserve budget integrity.

B. Building Fiscal Resilience

13. We will continue to improve fiscal sustainability, in line with the program objectives. Fiscal policy seeks to create space for priority spending, and it consists of mobilizing revenue and streamlining current spending. The latter is critical to avoid crowding out of much needed human capital and infrastructure investment, necessary for inclusive and durable growth. The objective continues to be a gradual reduction of the non-oil primary deficit from 2.5 percent of GDP in 2023 to 2 percent of GDP in 2024 and 1.3 percent of GDP in 2025. We will implement the necessary contingency measures to address any shortfalls in revenues in the event of unforeseen shocks, notably by reducing non-priority expenditures.

Mobilizing Domestic Non-Oil Revenues

14. Mobilizing non-oil revenues has been a key objective of our program. Non-oil revenues will increase from 11.4 percent of GDP in 2020 to a projected 13.2 percent of GDP in 2024, and we aim to raise them to 13.5 percent of GDP in 2025. To this end, work will continue toward strengthening the tax and customs administrations in accordance with our three-year plan to modernize the tax system. On the domestic tax front, we plan to strengthen environmental taxation, particularly in the mining sector, in line with Cameroon's international commitments; extend withholding tax on non-commercial income to remuneration paid to individual consultants; optimize the yield from airport stamp duty (DTA) by setting a specific rate for premium class; and clarify the procedures for collecting DTA on charter flights. On international taxation, the implementation of voluntary disclosure, automatic exchange of information, and country-by-country reporting standards will strengthen transparency and cooperation in tax matters.

15. Tax administration reform will involve continuing efforts to segment the tax population. This reform will be implemented by reorganizing the operation of the Large Business Directorate (DGE) and the Medium-Sized Business Tax Center (CIME) Bonanjo to make it possible to optimally allocate available resources to secure the collection of at least 80 percent of domestic tax revenues, and to uniformly deliver high-quality service to all large taxpayers. In addition, we intend to finalize the electronic monitoring systems for production and for gambling companies and to implement electronic invoicing. Similarly, to mitigate the risk of tax evasion, we will rely on the collection, processing, and risk analysis of data to improve the selection of files to be audited, thus allowing more precise targeting of taxpayers. Individualized monitoring of tax claims will facilitate the more efficient collection of tax and customs arrears. We expect that all the above reforms will generate gains of about CFAF 68 billion. With the support of technical and financial partners, we will continue implementing measures to improve governance in customs administration and will undergo a second Tax Administration Diagnostic Assessment Tool (TADAT) assessment in the first half of 2025.

16. In a gloomy international context, accompanied by the implementation of the import substitution policy, the Directorate-General of Customs (DGD) will focus on improving spontaneous revenues, intensifying controls, and clearing outstanding balances.

- Regarding spontaneous revenues, efforts will be made to improve the handling of goods by implementing measures to better control the tax base (strengthening interconnection with partners in the supply chain, in particular stevedores, ship agents, and airlines, the use of

Advanced Cargo Information, Draft Survey, automated access to the data of the original manifest, etc.).

- We will intensify controls based on the exchange and exploitation of data between the DGD and its partners (ANIF, BEAC, APECCAM, financial institutions, etc.) in order to combat illicit transfers of funds without import counterpart. In the same vein, we will strengthen digitalization of controls through the automated matching of commercial, transport, and financial data with certain partners such as SGS, CNSC, and banking institutions.
- Regarding the clearance and reduction of outstanding balances we aim to strengthen the collection strategy aimed primarily at marketers, SONARA, and public entities; and require them to pay customs duties and taxes at the gate for petroleum products when the economic situation allows for overcharges to be generated.
- For exports, updating of administrative amounts leviable on certain products (wood, cocoa beans, etc.) and improving the interconnection between CAMCIS and SIGIF2 will be prioritized.

17. We plan to continue the reform of the personal income tax (PIT) system. To simulate the impact of the proposed reforms, we will use the new wages and salaries database to assess the impact of the proposed reforms on income and equity (**SB5, November 2024**). We expect to publish the results from simulations by end 2025.

18. We remain committed to improving corporate taxation to ensure a competitive environment and strengthen the business climate. The structural benchmark on the revision of Law No. 2013/004 on investment incentives was not met (**SB2, November 2024, proposed to be reset to April 2025**). Based on in-depth studies and consultations with the private sector, we will adopt tax and customs incentives likely to promote our import-substitution policy in line with the SND-30. The main changes will be improving the targeting of strategic growth sectors, in line with the guidelines of the SND-30, streamlining tax incentives, simplifying procedures for accessing and withdrawing advantages in the event of abuse, as well as the establishment of monitoring and assessment mechanisms to ensure that the proposed measures have a real impact on the economy.

Reforming Fuel Subsidies while Protecting the Most Vulnerable

19. Removing fuel subsidies while protecting the most vulnerable remains a central reform underpinning our program. We have increased domestic fuel prices at the pump twice during the program, in February 2023 and in February 2024. This has contributed to improving fiscal sustainability and created room for other priority spending. We remain committed to eliminating fuel subsidies and are working on a timeline for introducing an automatic fuel price adjustment mechanism in the medium term. This reform will be accompanied by measures to mitigate its economic and social impact. We are also working on a communication strategy to explain the long-term benefits of this reform and better manage stakeholder expectations.

Improving Public Financial Management

20. The government is determined to continue the reform of public finances that has been underway for the past fifteen years. Two major PFM assessments have been conducted. With the

European Union's support, the government conducted the third Public Expenditure and Financial Accountability (PEFA) review and published the report in December 2023. The public finance review was also completed with the support of the World Bank. The results of these assessments have been used to develop a new program of reforms for 2024-2026 that will strengthen PFM. The Strategic Plan for Public Financial Management Reforms, validated in early October 2024, has nine priorities representing the main areas of the public financial management system, with—as potent innovations—one priority entirely dedicated to gender and climate issues in public finance and another to information systems.

21. We pursue efforts to improve budget integrity and execution. We have substantially reduced the use of Treasury advances, which declined to CFAF 35 billion by end-June 2024, from CFAF 369 billion in 2023, which has allowed respecting the associated IT for the first time during the program. We remain strongly committed to only using Treasury advances in cases of extreme urgency and to regularize such spending monthly.

22. The government will continue the reform initiated aimed, firstly, at reducing the size of common chapters and, secondly, transforming them into allocations for accidental and unforeseeable expenses. This reform, which has a timetable that extends over three years, highlights three main phases, namely: (i) the reduction of the common chapters to 10 percent of the 2025 national budget **(SB3, November 2024);** (ii) their transformation into an allocation for accidental and unforeseeable expenses in the 2026 Finance Bill; and (iii) the limitation of these allocations for accidental and unforeseeable expenses to 5 percent in the 2026 Finance Bill. A prime ministerial decree was adopted in February 2025 specifying the rules for the managing budgetary authorizations. This decree will provide a framework for the management of budget appropriations at program and allocation level, in particular by setting out the procedures for transferring appropriations for accidental and unforeseeable expenses to ministerial programs. Beyond 2026, we are considering establishing rules to cap such spending.

23. Clearing domestic payment obligations remains a top priority. To accelerate repayment of domestic payment obligations, we have undertaken a debt management operation and contracted external loans in January 2024 from Afreximbank and in July 2024 from private investors, totaling about CFAF 442 billion. This financing has enabled us to clear about CFAF 514 billion domestic payment obligations accumulated at the end of 2023. However, we have accumulated around CFAF 287 billion of new domestic obligations since the beginning of 2024. These new accumulations of arrears was explained in particular by increased spending through SNH direct interventions and persisting weaknesses in PFM. This debt operation was undertaken with full transparency with the proceeds deposited in an escrow account at the BEAC.

24. We are undertaking structural reforms to prevent further domestic arrears accumulation. With the support of the Ministry of Public Procurement (MINMAP), we are preparing comprehensive and realistic public procurement plans, which should allow for the development of commitment plans that are consistent with the monthly cash flow plans **(SB7, May 2025)**. These plans will cap waiting times on payments to suppliers to less than 90 days from the expenditure authorization date and limit excessive commitments at year-end. In addition, the Directorate General for Treasury, Financial and Monetary Cooperation (DGTCFM) is preparing an issuances schedule to further improve cash management and limit settlement of unpaid obligations to a maximum of 90

days. Finally, the audit of correspondent accounts to identify irregularities and ensure compliance has been completed, and the Minister of Finance has issued an instruction to strengthen their management. This instruction includes provisions on the closure of illegal accounts, the clearance of existing arrears, and enforcement of cash management rules consistent with the requirements of the annual budget law **(SB8, December 2024)**. Going forward, a comprehensive audit of correspondent accounts will be conducted annually, and any identified illegal accounts will be closed within 2 months.

25. We will continue reforms to improve the execution of public investment spending and public procurement practices.

- In terms of public investment, we are placing emphasis on refining the programming of expenditure in years N+1 and N+2. We recognize that accelerating public investment will require containing unbudgeted expenditures further but also boosting the effectiveness of such spending by implementing Public Investment Management Assessment (PIMA) recommendations on the maturation, selection, programming, and execution of projects. The implementing texts of Order No. 11/CM/CAB/PM of October 6, 2023, on the performance of project management units (PMUs) will be finalized, adopted, and applied to promote harmonization in the monitoring of the performance of PMUs. LF2025 includes an annex that outlines the management of commitment authorizations and payment appropriations to better manage multi-year investment projects **(SB6, November 2024)**.
- In terms of public procurement and contracting practices, we are expanding use of Cameroon's Online E-Procurement System (COLEPS) from 11 to 24 ministries. The total value of contracts awarded by the ministries using COLEPS is currently 85 percent in 2024 as of end-September 2024. We expect to reach at least 90 percent coverage by May 2025. In addition, the monitoring system for publication of tenders and awarded contracts – Pridesoft – implemented by the Agency for Regulation of the Public Procurement (ARMP) feeds into the public procurement evaluation reports for public contracts produced by MINMAP which are is included in the quarterly budget implementation reviews and include indicators/reports on public procurement contracts (www.minmap.cm, www.minfigov.cm and www.dgb.cm) in terms of performance statistics number, proportion or rate and monetary value), accompanied by summary tables. Depending on financial resources, this monitoring of public procurement has so far been carried out every six months, with the hope that digitalization in phase 2 of COLEPS could reduce the time allocated to data processing and lead to a quarterly periodicity. The quality of these data is also being improved through the imminent interoperability of COLEPS and Pridesoft which should make it possible to cross-reference data/indicators (programming, publication, procurement, and execution) and make them more exhaustive. We will also engage in discussions with development partners to find the ways and means to identify bottlenecks and reduce procurement timelines that could affect delays observed in the implementation of public investment projects.

26. Work is ongoing to ensure the sustainability of the civil service pension system. An IMF TA mission reviewed the civil service pension system in August 2024. We are planning to conduct an

actuarial study of the pension scheme by end-December 2024, with a view to reducing quasi-fiscal risks based on TA recommendations.

Managing Fiscal Risks

27. We consider it critically important to make progress on the long-standing technical work to restructure and rehabilitate SONARA. We will prepare an in-depth technical-economic and financial feasibility study on option 3 validated by the President of the Republic, related to a refinery with a hydrocracking unit, and accompanied by the plans and design of the new refinery **(SB9, June 2024)**. The competitive bidding process was abandoned due to the participation of a single bidder, its high cost, and the expected long implementation time. A new restricted invitation to tender has been launched for the completion of the study, which should reduce the cost of the project. In the meantime, we are committed to finalizing the tender process and signing the contract with a firm ahead of the completion of this review (**prior action**). We will share the terms of reference of the invitation to tender with IMF staff. An interim study report will be shared with IMF staff by May 15, 2025 (**proposed new SB11**). We are committed to finalizing and implementing the SONARA restructuring study by end-2025.

28. We remain committed to putting the energy sector on a sound financial footing. The Nachtigal dam power generation and transmission project is on track: three of the seven turbines are already operational, and the plant is connected to the southern grid. The LF2025 includes sufficient resources to cover the near-term increase in energy-related spending linked to this project and our broader commitments in the sector. We will take advantage of the Program for Results framework, in coordination with the World Bank and the African Development Bank, to upgrade investment and progressively ensure the full contribution of the energy sector in Cameroon's economic growth while reducing fiscal risks. The government is in discussions with ACTIS to acquire its majority shareholding stake in ENEO, Cameroon's national integrated power utility, and we will ensure that the fiscal cost incurred by Cameroon will be transparently reflected in the budget. In the medium term and following the conclusions of the study to optimize the Sanaga basin carried out with the support of the World Bank, the government intends to develop its significant hydroelectric potential, which could make electricity Cameroon's leading export product. Following the business model tested at Nachtigal, the private sector will be heavily involved in the construction of both generation and transmission facilities.

29. The National Investment Corporation of Cameroon (SNI) has been transformed into a publicly owned company. In addition to its traditional function as a holding company for its portfolio companies, it will have to devote itself to monitoring public companies and being an investor for the State. The SNI will be responsible for the restructuring and recapitalization of state-owned enterprises. It will analyze the performance of state-owned enterprises, make diagnoses, execute performance contracts, determine taxes and contributions, collect data and develop an information system for the monitoring and dissemination of financial reports of state-owned enterprises. The decree transforming SNI into a publicly owned company provided for an increase in its share capital of CFAF 200 billion. This increase in share capital will be financed by the national budget to the tune of CFAF 50 billion a year from 2025. We will develop and publish our strategy for the restructuring, recapitalization, and monitoring of state-enterprises in order to make them transparent, efficient, and competitive.

30. Settlement of cross-debts in the public sector is progressing. There is an inventory of the debts between the state and public enterprises as of end-2020 and a plan has been adopted for their clearance. We have completed an inventory of public enterprises' cross debts as of end-2020 that established asymmetries in mutual debts reported by SOEs. We are working on reconciling the financial information reported and preparing an action plan by May 2025 with concerted solutions to settle the cross-debts.

C. Maintaining Debt Sustainability and Reducing Debt Vulnerabilities

31. We are determined to lower debt vulnerabilities. As the risk of debt distress remains high, our debt policy aims favoring concessional loans and to deepen our domestic market for public securities. Recourse to non-concessional borrowing will continue to be limited to financing priority projects with proven socio-economic impact and cost-effectiveness and for which no concessional financing is available. As discussed earlier, to improve the liquidity profile of public debt, debt management operations were undertaken in 2024, most recently a US$ 550 million international private placement in July. The amount mobilized was used for the clearance of domestic payment obligations. We plan to replace the planned regional long-term government bond issuance (i.e., Treasury bonds) with external financing in 2025 due to tight financing conditions in the regional market.

32. We are exploring ways to reduce the stock of undisbursed committed balances (SENDs), in consultation with creditors. It is essential to contain the 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. The stock of SENDs was CFAF 3,756.3 billion at end-2023. Delays in disbursing project funds lead to their accumulation. We are monitoring 180 active projects closely and engaging with development partners to reduce non-performing SENDs and, if necessary, reallocate unused funds to other projects. We plan to review all the projects concerned with the aim of closing those that have become obsolete. We will also ensure that counterpart funds are budgeted according to the timetable set out for each project. We recognize that weaknesses in coordination in operation across a number of government agencies have led us to underestimate the projected domestic debt service obligations which have contributed to larger-than-expected financing needs in 2024 and accumulation of new domestic arrears. We will seek capacity development support from the IMF to better define the perimeter of and fiscal risks from government debt which should strengthen realism of the budget, help improve cash management, and lower the cost of financing over time.

D. Strengthening Financial Sector Resilience and Financial Inclusion

33. We are committed to complying with regulations designed to preserve the stability of the monetary union and of its banking system. Cameroon supports regional efforts to preserve the stability of the monetary cooperation agreement, notably ensuring that BEAC achieves an adequate level foreign exchange reserves. We remain committed to enforcing all aspects of foreign exchange regulations under our authority. We are taking steps to strengthen the resilience of the

banking sector, including compliance with prudential standards and implementation of COBAC's recommendations.

34. We are making progress with strengthening the banking sector. In July 2023, COBAC gave its approval for the government of Cameroon and the other shareholders to recapitalize the two troubled banks as provided for in the restructuring plans **(SB10, November 2024, reprogrammed to April 2025)**. As a result, one of the two banks has complied with the 8 percent capital adequacy ratio required in line with the Basel rules and efforts to complete the recapitalization of the other bank is underway. We are also continuing our work on the privatization of Commercial Bank Cameroon, for which we have hired a consulting firm. With the help of this firm, we launched an international tender to sell 51 percent of the bank's shares to a strategic private investor. We also plan to list an additional 30 percent of the bank's shares on the regional stock market of the Central Africa Stock Exchange. Together with BEAC and COBAC, we are committed to continuously addressing all identified vulnerabilities in the banking sector, including by resolving insolvent banks and deepening the interbank and secondary market for government bonds to improve liquidity in the banking sector.

35. We have adopted a Financial Sector Development Strategy. We remain convinced that improving access to credit for small and medium-sized enterprises (SMEs) is essential for their growth and for the inclusive growth of our economy. The rate of NPLs for the economy remains high (13 percent in July 2024). We will implement certain measures to reduce them, restore the confidence of banking and microcredit institutions in the SME sector, and improve the business environment. These measures are: i) the establishment of a credit registry, a balance sheet registry and a rating system for companies and individuals in collaboration with the BEAC; ii) the digitalization of the land registry to enable the creation of a registry of land titles; iii) the continuation of the training of judges in commercial cases; (iv) the implementation in the medium term of the government guarantee fund for SMEs. In the meantime, we are working on the operation of the government guarantee agreement for SME portfolios worth CFAF 200 billion, renewable each year. We are also committed to working with the tax administration, COBAC and APECCAM (the professional association of credit institutions of Cameroon) to agree guidelines for the cancellation of fully provisioned NPLs for which recovery efforts have proved futile and which banks have declared uncollectible.

36. Banks' exposure to sovereigns remains high. Cameroonian banks still hold a high proportion (37 percent at end-2023) of the subregion's sovereign bonds in their portfolios, and the liquidity of these securities is becoming a problem for some banks. To reduce the associated risk and strengthen the stability of the banking sector, we are working to develop the secondary market for government securities. To this end, we will work with BEAC to improve the liquidity of government securities in the local market and introduce additional measures to attract foreign investors to the secondary market. In addition, we will invest in the financial education of the population in order to encourage them to use treasury securities as a savings instrument.

37. We are working toward strengthening governance and transparency at the Debt Collection Corporation (SRC) and expanding its activities. For outstanding receivables transferred by each financial institution, the SRC is striving to define an automatic sunset clause for asset recovery activities. It is also working to develop its activities, including the recovery of illicit

funds or funds seized abroad. We will ensure that the SRC has sufficient resources to carry out its activities.

38. We have defined the terms of reference of the Deposit and Consignment Fund (Caisse des Dépôts et Consignations (CDEC)) and are working on its operationalization. The government of Cameroon is continuing its dialogue with financial sector representatives, BEAC and COBAC on the envisaged transfer of funds and securities to the CDEC, while ensuring concerns on risks to financial stability and depositors' interest are addressed. In collaboration with banks, COBAC, will provide the required information on the total balance of accounts classified as dormant and the implications of the transfer of the said balances on the operation of the banks to the MINDI and CDEC. The CDEC will work with BEAC, COBAC and the national monetary authority to ensure that any banking activities that may be carried out by it, either directly or through subsidiaries, are adequately supervised. A report on the joint work by the authorities on the operationalization of CDEC reflecting these issues will be shared with the IMF staff by end-March 2025.

39. The national financial inclusion strategy is currently being implemented. A financial inclusion strategy was finalized in February 2023 with an action plan for 2023-2027. We are now working with development partners to implement the plan and thereby increase the country's banking penetration rate, including by strengthening financial education. The main priorities of this strategy are: (i) improving the quality, availability, and accessibility of financial products and services; (ii) facilitating access to finance for agricultural and agri-food value chains and MSMEs; (iii) promoting innovation and digital finance; (iv) the promotion and development of Islamic finance; (v) promoting financial education and consumer protection; and (vi) improving the regulatory and fiscal framework.

E. Strengthening Governance, Financial Integrity, and Anti-Corruption

40. We will develop an action plan to address key recommendations of the diagnostic report on governance. Priority will be given to aligning anti-corruption framework with international standards. We plan to bring the national legal framework into compliance with the United Nations Convention Against Corruption, including the criminalization of acts of illicit enrichment. The IMF could, if needed, assist us in finding a legally robust solution, based on good international and regional practices. Other priorities are to improve the management and transparency of state-owned enterprises (SOEs), to continue improving financial governance through a stronger PFM framework. Our efforts to reduce the common budget chapters and extraordinary expenditures, as well as the audit of correspondent accounts, will contribute to improving the transparency and governance of public finances (see ¶ 20-24). We will implement decisive steps to regain full membership in the Extractive Industries Transparency Initiative (EITI) and exit the FATF grey list.

41. We are addressing shortcomings in the management and transparency of SOEs and public institutions highlighted in the governance diagnostics report. On November 29, 2024, the MINFI website published hyperlinks to the audited annual financial statements of the 25 largest public companies and/or references to the legal announcement in the newspapers in which they are

published **(SB4, November 2024).** As per the new performance contracts for SOEs, specific measures were taken to strengthen control systems. State-owned enterprises will be required to apply preventive anti-corruption measures by fostering respect of the codes of conduct and ethics. A diagnostic report on the governance of public enterprises was finalized and will provide the basis for strengthening of technical and financial supervision of SOEs through the definition of a clear shareholder policy for the State. The process of drawing up performance contracts has been initiated with three SOEs, namely PAD, CAMAIR Co, and CICAM.

42. We are working to lift the suspension under the EITI. First, we have published the implementing texts of the new Mining Code **(SB1, June 2024)** in January 2025 and finalized appointments of the EITI committee, including members of the civil society, in September 2024. Moreover, a register of beneficial owners was created at the General Directorate of Taxes of the MINFI and the regulatory framework provides access to this register for several public entities including the EITI Committee. We are in the process of adopting a 2024-26 work plan focused on the implementation of other corrective measures and strategic recommendations from the Cameroon 2023 Validation Report, without forgetting alignment with the 2023 EITI standards. With the help of the EITI secretariat, we will step up reforms that will help us restore our full membership. They include the adoption of the implementing texts of the code of transparency and good governance in the management of public finances and the publication of production-sharing agreements in the extractive sector. We will also regularize the contractual framework of the Permanent Secretariat staff and amend the draft Code of Financial Jurisdictions. We will revamp the multistakeholder group to ensure civil society participation by undertaking an open and transparent process for selecting and appointing new civil society members. Selection will include a public call for nominations of experienced candidates, followed by public consultations and a transparent procedure for vetting candidates. We continue to benefit from the technical, logistical, and financial support of development partners in these areas of reform.

43. We continue to work with the FATF and GABAC to implement an action plan with a view to addressing our strategic AML/CFT deficiencies and exiting the "grey list" as soon as possible. Since the adoption of the mutual evaluation report of the Action Group against Money Laundering in Central Africa (GABAC) and Cameroon's inclusion on the “grey list” of jurisdictions with strategic AML/CFT deficiencies by the Financial Action Task Force (FATF), we have established a National AML/CFT Policy Coordination Committee (within the MINFI). We have already obtained tangible results from AML/CFT investigations:

- We have increased the Financial Intelligence Unit resources and strengthened the capacities of investigative authorities and judicial bodies to effectively prosecute money laundering and terrorist financing (ML/FT) cases.
- The Directorate-General of Taxes has adopted a decree requiring companies to submit information on their beneficial owners in their annual returns.
- The Directorate-General of Customs has signed Memoranda of Understanding with ANIF and BEAC to set up a platform for data exchange and exploitation, which should lead to the control of suspicious financial flows.
- We introduced the application of sanctions since 2023.

44. We commit to undertake further work on our AML/CFT regime in line with the elements of the action plan. The objective will be to: (i) align national AML/CFT policies/strategies with the findings of the national risk assessment; (ii) improve the accessibility and availability of adequate, accurate, and up-to-date beneficial ownership information; (iii) improve AML/CFT supervision of financial institutions and Designated Non-Financial Businesses And Professions (DNFBPs); and (iv) step up efforts to combat money laundering and terrorist financing based on the country's risks. We receive technical support from the IMF to improve AML/CFT regulation and supervision of DNFBPs.

F. Addressing Climate Vulnerabilities

45. We are pursuing reforms to strengthen Cameroon's resilience to climate change. The recent devastating floods in the North and Far North regions are the latest manifestations of climate change. The attempts to respond that followed these floods reveal the urgency of developing and operationalizing a disaster risk financing strategy. As a signatory of all major companies and designated non-financial professions to international agreements on climate change, Cameroon intends to honor the commitments made in its Nationally Determined Contributions (NDC), particularly to the UNFCCC, 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 undermine development and exacerbate fragilities. We intend to strengthen institutional capacity to implement policies to combat climate change and to integrate our commitments on climate in an adequate legal framework. These efforts will help support adaptation and mitigation policies in line with the 2021 NDC and the National Climate Change Adaptation Plan. Emphasis will be placed on encouraging the development of Communal or Regional Adaptation Plans by providing these actors with a practical guide for the development of these tools. We are also working on updating our NDC 2026 as per the Paris Agreement.

46. The two reform measures for the second review under the RSF arrangement have been implemented. The Ministry of Economy, Planning and Regional Development (MINEPAT) finalized work in January 2025 defining a methodology for ex-ante evaluation of investment projects, including guidelines for climate change adaptation and mitigation, which has been integrated into a project maturation guide **(RM4, October 2024)**. The revised Law on Civil Protection was adopted by Parliament in December 2024, and the update of the decree on the creation, organization, and operation of the National Risk Observatory (ONR) was achieved in February 2025 **(RM6, October 2024)**.

47. Progress is ongoing on the implementation of the remaining reform measures. We have shared a detailed interim timeline to continue the dialog with our development partners toward the successful implementation of all the RSF commitments.

- Following the IMF technical assistance mission in September 2024 on the National Climate Plan (NCP), we have prepared a workplan on this measure **(RM2, April 2025).** A memorandum of understanding on the development of the national climate plan was signed between the authorities and a technical partner, GloH2O, in October 2024. Negotiations are underway with the Global Green Growth Institute (GGGI) for long-term support dedicated to the mobilization of

green finance and the development of green growth policies and regulations. The above-mentioned timetable provides, among other things, for the holding of two sessions of the National Committee for the Facilitation of the Climate Agenda before April 2025. This body will be responsible for approving the main strategic orientations of the NCP, verifying its alignment with the strategic axes of the SND-30, and validating the document which will then be transmitted to the Prime Minister, Head of Government. A first draft of the NCP will be shared with development partners in February 2025.

- We have benefited from an IMF technical assistance mission to formulate a disaster risk financing strategy. We have begun drafting the strategy that identifies the roles, responsibilities, and measures to strengthen national resilience to disasters **(RM7, April 2025)**. The Disaster Risk Financing Strategy will be shared in February 2025.
- We have started work on a draft revision of the 2018 decree on the project maturation process that will integrate climate considerations into each phase of the investment project cycle **(RM5, April 2025)**.
- The second phase of the deployment of the second-generation Computerized Forest Information Management System (SIGIF2) has already started with the implementation of the Exports, Control, and Traceability modules. All modules of SIFIF2 will be operational in [March] 2025 and we have established procedures for its annual evaluation. Technical discussions between Ministry of Forests and Wildlife (MINFOF) and MINFI are underway with a view to integrating SIGIF2 into the tax and customs infrastructure. A timetable detailing the intermediate stages and deadlines for interconnecting SIGIF2 with the tax and customs systems is currently being drawn up **(RM8, April 2025).**

PROGRAM MODALITIES

48. The authorities request the IMF Executive Board to approve the modifications to the indicative targets for end-March 2025. These changes reflect updated macroeconomic framework, fiscal projections in line with the program commitments.

49. The authorities request a waiver of applicability for two end-December 2024 QPCs, as data will not be available by the time of the Executive Board meeting, and there is no evidence that such QPCs will not be met.

50. We commit to 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 eighth review based on end-December 2024 targets is expected to be completed from 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-Jun 24				End-Sep 24				End-Dec 24				End-Mar 25[10]	
	QPC	QPC (adj.)	Est	Performance	IT	IT (adj.)	Est.	Performance	QPC	QPC (adj.)	Est.	Performance	IT (6th rev.)	IT (new)
A. Quantitative Performance Criteria 1/														
Floor on the non-oil primary fiscal balance (payment order basis) 2/	-214	-225	-72	Met	-382	-393	-70	Met	-610.7	-634			95	177
Ceiling on the net domestic financing of the central government (excluding IMF financing) 3/	9	9	-287	Met	-3	-3	-179	Met	-333	-209			-122	-248
Ceiling on net borrowing of the central government from the central bank (excluding IMF financing) 3/	-4	-4	-132	Met	-34	-34	-129	Met	-64	60	-47	Met	-27	-64
Ceiling on the disbursement of non-concessional external debt	370		193	Met	554		208	Met	739		363	Met	200	200
B. Continuous Quantitative Performance Criteria														
(starting from the program approval)														
Ceiling on the accumulation of new external payments arrears 4/	0			Met	0			Met	0			Met	0	0
PV of contracting and guaranteeing of new external borrowing 5/	512.9		274.6	Met	512.9		475.9	Met	512.9	579.7	571.4	Met	512.9	512.9
Ceiling on Treasury advances without a budget allocation 6/					15		5	Met	15		9	Met	15	15
C. Indicative Targets														
Floor on non-oil revenue	1,915		1,998	Met	2,900		2,987	Met	4,246				1,053	1,111
Ceiling on the net accumulation of domestic payment arrears 7/	-210		-122	Not met	-265		-246	Not met	-537				-43	-112
Floor for poverty-reducing social spending	539		652	Met	959		960	Met	1,368				399	280
Ceiling on direct interventions of SNH	80		112	Not met	110		177	Not met	145				40	40
Share of spending executed through exceptional procedures on authorized (payment order) spending 8/	4		2.1	Met	4		1.5	Met	4				4	4
Ceiling on Treasury advances without a budget allocation 9/	15		13	Met										
Memorandum Items														
1. Cumulative external budget support, excluding IMF (earliest disbursement)	*44*		*44*		*44*		*44*		*164*		*44*		*0*	*120*
2. Bank recapitalization			*11*		*11*		*11*		*23*		*23*			
3. Balance of the special account for the unused statutory advances	*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-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) is adjusted by the amount of budget spending, based on the signed payment orders, 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) proportionally, 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 adjustor in (ii) will be based on the amount of the effective cash transfers to the two undercapitalized banks.

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 the completion of the first review under the ECF-EFF arrangements. 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 came into effect on July 1, 2024, and is 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 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/ Payments made by the Treasury without prior authorization (i.e. issuance of payment orders, such as Treasury advances and provisional budget commitments), excluding debt service payments.

9/ The IT was upgraded to a continuous QPC starting from July 1, 2024.

10/ The final test date of the current ECF and EFF arrangements is December 2024.

Table 2. Cameroon: Prior Actions and Structural Benchmarks

	Prior Actions		Indicator	Status		Comments
	Submit to Parliament the 2025 Budget Law in line with the program macroeconomic and budgetary framework.		The budget law is submitted to Parliament.	Met		
	Sign a contract with the consultant that will carry out the in-depth technical and economic study for the restructuring of SONARA.		The terms of reference and signed contract are submitted to IMF.			
	Structural Benchmarks	**Due Date 1/**	**Indicator**	**Status**	**Proposed new due date 1/**	**Comments**
	Extractive Sector					
1	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	Not met, implemented with delay		Link
	Business Climate					
2	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.	Not met	Apr. 25	Proposed to be reset to April 2025. The authorities have identified key revisions to the law based on their comparative study and the study by the World Bank.
	Governance					
3	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 Budget Law transmitted to Parliament.	Not met, implemented with delay		
4	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.	Met		Link
	Revenue Mobilization					
5	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	Met		

Table 2. Cameroon: Prior Actions and Structural Benchmarks (concluded)

	Public Financial Management	Due Date 1/	Indicator	Status	Proposed due date 1/	Comments
6	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.	Met		
7	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.			
8	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.	Not met, implemented with delay		
9	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.	Not met		Prior action and a new SB are introduced (See SB11).
	Financial sector					
10	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	Not met	Apr. 25	Proposed to be reset. One bank was recapitalized consistent with the 8 percent capital adequacy ratio.
	Public Financial Management (new SB)		**Indicator**	**Status**	**Proposed due date 1/**	**Comments**
11	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.		Conduct and submit an interim study report to IMF staff.		May 15, 2025	

1/Refers to the end of the month, unless otherwise indicated.
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	FADCP	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	Met
		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	FADCP	Improving disaster preparedness and enabling better disaster prevention and climate adaptation.	End-October 2024	Met
		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	FADCP		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.	CCDR		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 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** 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,

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:

[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.

(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:

  - *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.

  - *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 arrangements and RSF arrangement.

Adjustments

- 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 2024 and March 2025. 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

29. 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 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 net domestic financing of

the central government (bank and non-bank) will be submitted by March 15 of the following year.

C. Disbursement of Non-Concessional External Debt

Performance Criteria

30. 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.

Adjustment

31. In 2025, the ceiling will be adjusted upward to allow replacing planned domestic long-term securities issuance (i.e., Treasury bonds) with external debt *pro tanto* by an amount not higher than CFAF 380 billion.

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 arrangements and RSF arrangement.

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 2024 and March 2025. 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,

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

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.

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	623.652	1
Euro	655.957	0.9508
AfDB XUA	820.595	0.7600
STG Pound	788.577	0.7909
Japanese Yen	4.079	152.90
Chinese Yuan	85.689	7.2781

Source: IMF Representative Exchange Rates, December 13, 2024; African Development Bank December 2024 Exchange Rates; staff calculations.

[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).

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 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.

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 2024 and 2025, 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 2024 and 2025, respectively.

47. In 2025, the external debt ceiling in PV terms will be adjusted upward to allow replacing planned domestic long-term securities issuance (i.e., Treasury bonds) with external debt *pro tanto* by an amount not higher than CFAF 380 billion.

Cutoff Dates for Reporting Information

48. 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

49. 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 has 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.

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

Cutoff Dates for Reporting of Information

51. 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

52. 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

53. 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

54. 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

55. 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

56. 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

57. 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

58. 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

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

STRUCTURAL BENCHMARKS

60. 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

61. 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

62. 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, except for end-December for which data will be reported by March 15 of the following year
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/ 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 taxpayers
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		

INTERNATIONAL MONETARY FUND

CAMEROON

February 25, 2025

SEVENTH REVIEWS UNDER THE EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY AND THE ARRANGEMENT UNDER EXTENDED CREDIT FACILITY, REQUEST FOR A WAIVER OF APPLICABILITY OF PERFORMANCE CRITERIA, AND SECOND REVIEW UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY ARRANGEMENT—DEBT SUSTAINABILITY ANALYSIS

Approved By
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Prepared by the staff of the International Monetary Fund (IMF) and the International Development Association (IDA).

Cameroon: Joint Bank-Fund Debt Sustainability Analysis	
Risk of external debt distress	High
Overall risk of debt distress	High
Granularity in the risk rating	Sustainable
Application of judgement	No

Cameroon remains at high risk of debt distress compared to the previous DSA report published in February 2024. The small negative short-term impact of the recent debt management operation and still-high interest rates are more than compensated by higher nominal growth, resulting in somewhat improved or substantially unchanged debt sustainability indicators. The debt carrying capacity continues to be weak as suggested by the latest score of the Composite Index (CI), and the bond spread is above the benchmark value.[1] On the other hand, while Cameroon's external debt stock indicators continue to lie below the threshold, its external debt service-to-export indicator remains above the threshold for all years and the external debt service-to-revenue indicator until 2030.

[1] The Cameroon Composite Indicator index, calculated based on the October 2024 World Economic Outlook and the 2023 Country Policy and Institutional Assessment, is at 2.60, indicating that Cameroon's debt-carrying capacity remains weak.

However, the external debt service indicators have improved, supported by the authorities' active debt management, and are on a downward trend. The PV of public debt-to-GDP

ratio fell below its threshold for the first time since the start of the current ECF-EFF program, suggesting declining risk of overall debt distress. Taking all these factors into consideration, staff maintains the assessment that Cameroon's debt is sustainable given the authorities' commitment to program objectives, including fiscal consolidation efforts and active debt management.

On key downside risks to this assessment, the overall macroeconomic situation could be affected by the rising social tensions amidst still-high inflation and upcoming presidential elections, a deterioration in regional stability with spillovers to Cameroon, and more frequent climate disasters such as flooding. A realization of contingent liabilities, such as state-owned enterprises (SOEs) and public-private partnership (PPP) projects, could weigh further on DSA baseline indicators. External downside risks include an escalation of geoeconomic tensions, which could set back the global recovery putting pressure on the Cameroonian economy. Prolonged tight global financial conditions and underperformance of advanced economies could lead to the deterioration of the financing environment and lower export demand. The high volatility of global energy prices could lead to uncertainty on both exports and fiscal revenue.

To mitigate the risks, Cameroon should firmly push forward its agenda to ensure its debt sustainability, while aligning macroeconomic policies with social objectives. First, keeping public debt dynamics on a sustainable path requires continued efforts in fiscal consolidation, including the elimination of fuel subsidies and increased revenue mobilization. Second, the authorities should closely monitor their debt service and strengthen the management of their debt portfolio to minimize interest rate risks. Third, vulnerable export-related debt indicators point to the need for export promotion. Reform momentum to improve the domestic business and investment environment should be further accelerated, boosting exports and inviting more foreign direct investment inflows. Lastly, management of SOEs and PPP projects should be strengthened to reduce risks related to contingent liabilities.

PUBLIC DEBT COVERAGE

1. Debt coverage remains unchanged since the previous DSA (Text Table 1). Public debt coverage, as agreed with the authorities in the Technical Memorandum of Understanding (TMU), includes debt of the central government, expenditure floats and arrears, guarantees, debt of National Refining Company (SONARA), and external arrears of other state-owned enterprises (SOEs).[2] The DSA does not cover the debt of local governments, which are not allowed to borrow from financial markets, and such debt is mostly owed to domestic suppliers, including SOEs, and is yet to be further verified.[3] Other elements of the general government such as social security funds or extra budgetary funds are not covered.[4] External debt is mainly defined based on currency denomination but is adjusted for residency where data are available.[5]

Text Table 1. Cameroon: Public Debt Coverage Under the Baseline Scenario

	Subsectors of the public sector	Sub-sectors covered
1	Central government	X
2	State and local government	
3	Other elements in the general government	
4	o/w: Social security fund	
5	o/w: Extra budgetary funds (EBFs)	
6	Guarantees (to other entities in the public and private sector, including to SOEs)	X
7	Central bank (borrowed on behalf of the government)	X
8	Non-guaranteed SOE debt	X

2. Domestic debt of SOEs other than SONARA is not included in the DSA's debt baseline perimeter but treated as contingent liabilities. Progress has been made in understanding overall SOE debt. In recent years the authorities have been improving the comprehensiveness of debt reporting by expanding the scope of SOE debt data, supported by the World Bank's Sustainable Development Finance Policy (SDFP) Performance and Policy Actions (PPA). As part of structural benchmarks under the IMF-supported program and based on the criteria of relative importance, 14 large SOEs were selected to produce diagnostic studies. The authorities have completed such a study and compiled an inventory of cross-debts between SOEs, finalizing a clearance plan to settle these debts. The authorities are investigating the differences in mutual claims of these enterprises found in the inventories. Based on data reported by the debt management agency, the Autonomous Sinking Fund of Cameroon (CAA), SOEs' external and domestic debt, excluding cross-debt to SOEs and the government, totaled CFAF 477.9 billion and CFAF 328.3 billion at end-September 2024, respectively, compared to CFAF 494.6 billion and CFAF 356.6 billion,

[2] Other SOEs' external arrears include a supplier credit to an SOE (Euro 8.9 million) and a compensation claim on an SOE for termination of contract (Euro 6.2 million).

[3] Debt stock of *Collectivités Territoriales Décentralisées* (CTD), in the form of commercial debt, wage, and other social debts, was CFAF 10 billion at end-2022, and no settlement plan has been confirmed. The authorities have not verified CTD debt at a broader national scope.

[4] The public pension system in Cameroon operates on a pay-as-you-go basis with defined benefit schemes. The diagnostic study of public pension suggests that the imbalance of the system is mainly related to the military sub-scheme.

[5] This is due to limited capacity in tracking debt holdings of non-residents. Debt with available data such as from the Development Bank of the Central African States is classified as external debt.

respectively, at the end of 2023. SONARA accounted for the majority of listed SOEs' debt, representing around 83 percent of external debt and 68 percent of domestic debt.

3. The parameters related to the contingent liability stress test, which accounts for vulnerabilities associated with uncovered debt including other SOEs' domestic debt and PPPs, have been updated (Text Table 2). The scope for reporting on contingent liabilities of public-private partnerships (PPPs) has been updated, on the back of a marginally lower capital stock of PPPs, at CFAF 4,896 billion or about 16.4 percent of GDP as of September 2024. In the DSA exercise, the aforementioned PPP value corresponds to a contingent liability of 5.7 percent of GDP. Meanwhile, all debt of SONARA and other SOEs' external arrears have already been captured in the baseline, and the shock scenario for the remaining uncovered SOE debt is set at 3 percent of GDP. Contingent liabilities from financial markets are set at the minimum value of 5 percent of GDP, representing the average cost to the government of a financial crisis in a LIC since 1980. Estimates of other elements not covered are currently not available.

Text Table 2. Cameroon: Coverage of the Contingent Liabilities' Stress Test

	The country's coverage of public debt	The central government, central bank, government-guaranteed debt, non-guaranteed SOE debt			
		Default		Used for the analysis	Reasons for deviations from the default settings
2	Other elements of the general government not captured in 1.	0	percent of GDP	0.0	
3	SoE's debt (guaranteed and not guaranteed by the government) 1/	3	percent of GDP	3.0	
4	PPP	35	percent of PPP stock	5.7	
5	Financial market (the default value of 5 percent of GDP is the minimum value)	5	percent of GDP	5.0	
	Total (2+3+4+5) (in percent of GDP)			13.8	

1/ The default shock of 2% of GDP will be triggered for countries whose government-guaranteed debt is not fully captured under the country's public debt definition (1.). If it is already included in the government debt (1.) and risks associated with SoE's debt not guaranteed by the government is assessed to be negligible, a country team may reduce this to 0%.

BACKGROUND

A. Evolution of Debt

4. The overall level of public debt further moderated in 2023 and through 2024. According to preliminary staff estimates, the total public and publicly guaranteed (PPG) debt was around 43.2 percent of GDP (CFAF 12,899 billion) as of end-2023, compared to 45.6 percent of GDP at end-2022 (Text Table 3). In 2023, the external debt stock was estimated at 28.2 percent of GDP (CFAF 8,441 billion) and domestic debt at 14.9 percent of GDP (CFAF 4,458 billion). In the first three quarters of 2024, the public debt-to-GDP ratio continued to trend downward.

Text Table 3. Cameroon: Evolution of Total PPG Debt

	2021		2022		2023 (Prel.)		Sep-24	
	Bn CFAF	% GDP 1/	Bn CFAF	% GDP 1/	Bn CFAF	% GDP 1/	Bn CFAF	% GDP 1/
Total Public Debt (authorities' estimate)	**11,444**	**45.8**	**12,382**	**44.8**	**12,644**	**42.3**	**13,497**	**42.0**
Debt of the central government	10,556	42.3	11,455	41.4	11,786	39.4	12,676	39.5
External debt	7,578	30.4	8,153	29.5	8,149	27.3	8,597	26.8
Domestic debt (excl. arrears)	2,815	11.3	3,084	11.2	3,476	11.6	3,585	11.2
Unpaid government obligations (float and arrears) 2/	163	0.7	217	0.8	162	0.5	495	1.5
Publicly guaranteed debt (external)	21	0.1	13	0.0	7	0.0	5	0.0
Debt of SOEs (unguaranteed) 3/	866	3.5	915	3.3	851	2.8	816	2.5
SONARA 3/	651	2.6	700	2.5	655	2.2	625	1.9
of which: external	366	1.5	434	1.6	410	1.4	396	1.2
of which: domestic	286	1.1	266	1.0	245	0.8	229	0.7
Ex-SONARA 4/	215	0.9	215	0.8	196	0.7	191	0.6
of which: external	93	0.4	88	0.3	85	0.3	82	0.3
of which: domestic	122	0.5	126	0.5	111	0.4	109	0.3
Total External	8,058	32.3	8,689	31.4	8,651	28.9	9,080	28.3
Total Domestic	3,386	13.6	3,694	13.4	3,994	13.4	4,418	13.7
Total Public Debt (staff estimate)	**11,770**	**47.2**	**12,608**	**45.6**	**12,899**	**43.2**	**13,435**	**41.8**
Debt of the central government	11,089	44.4	11,966	43.3	12,368	41.4	12,917	40.2
External debt	7,578	30.4	8,153	29.5	8,149	27.3	8,597	26.8
Domestic debt (excl. arrears)	2,815	11.3	3,084	11.2	3,476	11.6	3,585	11.2
Unpaid government obligations (float and arrears) 2/	695	2.8	729	2.6	744	2.5	736	2.3
Publicly guaranteed debt (external)	21	0.1	13	0.0	7	0.0	5	0.0
Debt of SOEs (unguaranteed)	660	2.6	628	2.3	523	1.7	513	1.6
SONARA 3/	651	2.6	619	2.2	513	1.7	503	1.6
of which: external (incl. arrears)	365	1.5	353	1.3	275	0.9	263	0.8
of which: domestic	286	1.1	266	1.0	238	0.8	240	0.7
Ex-SONARA (external) 4/	9	0.0	9	0.0	10	0.0	10	0.0
Total External	7,974	31.9	8,528	30.8	8,441	28.2	8,875	27.6
Total Domestic	3,796	15.2	4,079	14.7	4,458	14.9	4,560	14.2

Sources: Cameroonian authorities and IMF staff calculations.

1/ Reflects rebasing of the national accounts from 2005 to 2016.

2/ Staff estimate includes arrears, floats, and "floating" domestic debt at the Treasury as defined in the TMU, while authorities' estimate only includes overdue payments of more than three months.

3/ Authorities' estimate of historical SONARA debt varies significantly with previous data. Staff maintains estimates in the previous DSAs. The authorties data include other SOEs' domestic debt.

4/ Difference in estimates is due to the scope of coverage as described in paragraph 2 and related footnotes.

5. In line with Cameroon's debt strategy to increase average maturity of public debt, the share of multilateral debt in government external debt remains high. This share increased to 47.8 percent of the total PPG external debt at September-2024 (Text Table 4) from 43.9 percent at end-2022, while remaining substantially unchanged relative to end-2023. At end-September 2024, World Bank's loans accounted for 40.0 percent of multilateral loans or 19.2 of total external debt. Both bilateral and commercial debts declined in 2023, while the latter rebounded in 2024, due to the debt management operation (see also ¶17). In terms of external commitments signed in 2023, the amount reached CFAF 816 billion, mostly for non-concessional project loans. Seven projects amounting to CFAF 1103.9 billion were signed as of end-September 2024.

Text Table 4. Cameroon: External Debt Composition

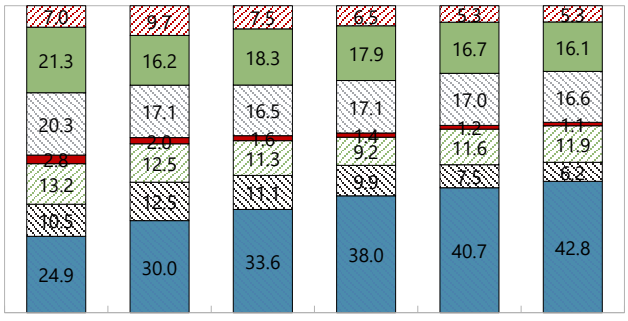
	2021	2022	2023	Sep-24	2021	2022	2023	Sep-24
	(Billions of CFAF)				(Percent, share)			
Total PPG External Debt (staff estimate)	**7974**	**8528**	**8441**	**8875**	**100.0**	**100.0**	**100.0**	**100.0**
Debt of the central government	**7578**	**8153**	**8149**	**8597**	**95.0**	**95.6**	**96.5**	**96.9**
Multilateral	**3268**	**3742**	**4043**	**4244**	**41.0**	**43.9**	**47.9**	**47.8**
IMF	671	789	871	900	8.4	9.3	10.3	10.1
World Bank (IDA, IBRD)	1214	1397	1537	1705	15.2	16.4	18.2	19.2
African Development Bank/Fund	906	1006	1062	1069	11.4	11.8	12.6	12.0
Other Multilateral	477	550	573	571	6.0	6.4	6.8	6.4
Bilateral	**3298**	**3405**	**3143**	**2968**	**41.4**	**39.9**	**37.2**	**33.4**
Paris Club	1089	1009	921	903	13.7	11.8	10.9	10.2
Non-Paris Club	2209	2396	2222	2066	27.7	28.1	26.3	23.3
of which: China	2046	2232	2066	1923	25.7	26.2	24.5	21.7
Commercial	**1012**	**1006**	**963**	**1384**	**12.7**	**11.8**	**11.4**	**15.6**
of which: Eurobond	542	542	511	511	6.8	6.4	6.1	5.8
Guaranteed external debt	**21**	**13**	**7**	**5**	**0.3**	**0.2**	**0.1**	**0.1**
Unguaranteed SOE debt (incl. arrears)	**374**	**362**	**285**	**273**	**4.7**	**4.2**	**3.4**	**3.1**
SONARA	365	353	275	263	4.6	4.1	3.3	3.0
Others	9	9	10	10	0.1	0.1	0.1	0.1

Sources: Cameroonian authorities, and IMF staff calculations.

6. Domestic public debt increased over 2023. This increase was mainly driven by government bond issuances—including *Bons du Trésor Assimilables* (BTA) and *Obligations du Trésor Assimilables* (OTA)—which reached 40.7 percent of the total domestic public debt at end-2023, from 38.0 percent at end-2022, and increased further in 2024 (Text Figure 1). Float and arrears, instead, declined in both nominal and percent values.

Text Figure 1. Cameroon: Domestic Public Debt Composition

(In Percentage, Share in Total)



7. Average maturity of public debt and weighted cost remain largely unchanged. As of September 2024, the average maturity of public debt remained substantially unchanged at 7.6 years, where the respective maturities of external debt and domestic debt were 8.9 and 4.7 years. The weighted cost for debt was 3.2 percent in September 2024, only marginally higher compared to the value a year ago.

8. The stock of contracted-but-undisbursed debt (SENDs) slightly increased in nominal terms due to new financing projects, but they edged down in percent of GDP. The stock of SENDs (excluding

budget support) signed by the authorities declined to 12.4 percent of GDP as of September 2024, compared to 12.8 percent at end-2023 and 13.3 percent at end-2022 (Text Table 5). In nominal terms, the stock of SENDs increased to CFAF 3,756 billion in 2023 due to the signing of agreements for the financing of new projects with the World Bank and other technical and financial partners. The government is seeking to reduce the stock of SENDs, in consultation with its creditors and has developed a monitoring mechanism 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.

Text Table 5. Cameroon: Stock of SENDs

	2020		2021		2022		2023		Sep-24	
	Bn CFAF	% GDP 1/	Bn CFAF	% GDP 1/	Bn CFAF	% GDP 1/	Bn CFAF	% GDP 1/	Bn CFAF	% GDP 1/
SENDs	**3146**	**13.4**	**3681**	**14.7**	**3673**	**13.3**	**3756**	**12.8**	**3980**	**12.4**
Domestic	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
External 2/	3146	13.4	3681	14.7	3673	13.3	3756	12.8	3980	12.4
o/w multilateral	1769	7.5	2223	8.9	2412	8.7	2544	8.7	2774	8.6
o/w bilateral	824	3.5	777	3.1	603	2.2	526	1.8	424	1.3
o/w commercial	554	2.4	681	2.7	658	2.4	687	2.3	781.1	2.4

1/ Reflects rebasing of the national accounts from 2005 to 2016.
2/ Excludes budget support.
Sources: Cameroonian authorities, and IMF staff calculations.

9. The stock of guaranteed debt and unguaranteed SOE debt has declined. The outstanding stock of guaranteed debt declined to CFAF 5.3 billion as of September 2024 from 7.9 billion at end-2023.[6] The unguaranteed SOE debt as agreed in the TMU, which comprises SONARA debt and other SOEs' external debt (including external arrears),[7] declined over 2023 and then remained substantially unchanged in the first half of 2024.

10. There were no reported breaches of the zero ceiling on the accumulation of external payment arrears (continuous QPC). After a minor and short delay of debt service to a creditor in the first half of 2024,[8] there were no additional breaches reported since the last staff report. An SB and a revised IT have been introduced to address the key factors underlying past breaches, including on treasury advances. The finalization of the debt management operation to borrow long-term external debt to pay down domestic arrears will also help improve the liquidity profile.

11. Cameroon's capacity to monitor and manage public debt for the purposes of the IMF's debt limits policy is adequate, but further improvements are needed. Cameroon's public debt management has been improving over time. All project financing proposals and projects financed through PPPs are examined by the National Public Debt Committee (CNDP) and signing of a new loan agreement is granted

[6] The guaranteed debt results solely from the old agreements, and additional guaranteed debt has not incurred since 2021.

[7] External arrears of SONARA are estimated by calculating the short-term external debt, including external supplier debt open account and old stock (2013 and 2014). External arrears of SONARA and other SOEs constituting non-payments to oil suppliers are included in DSA. While the DSA takes into account part of SOEs' debt and arrears, the arrears of SOEs do not represent government insolvency and/or illiquidity as these liabilities fall on the indebted SOEs and not the government.

[8] This breach was discussed in the staff report for the Sixth ECF-EFF reviews and First RSF review, July 2024.

only when there is unconditional approval. Procedures and responsibilities for loan operations and public debt management were clarified in the manual published in 2019. However, CNDP's engagement is often delayed until late in the debt contracting process, and Cameroon's debt policy is yet to be firmly anchored by its medium-term debt management framework, resulting in significant discrepancies between announced plans and actual financing. On the other hand, CNDP's scope has been extended to all domestic and external borrowing contracted by the government including CTDs, public companies, and public establishments. Further efforts are warranted to strengthen active engagement of the CNDP and enhance the effectiveness of the medium-term public debt strategy (MTDS), including through improved estimates of financing needs, development of consistent annual borrowing plans, and an enhanced communication strategy to facilitate creditors' understanding of the authorities' debt management objectives. Fund technical assistance has helped reinforce the domestic issuance plan formulation and implementation and address deficiencies in the MTDS.

12. External private sector debt edged down in 2022. Available data up to 2022 from the World Bank International Debt Statistics (IDS) indicate that non-guaranteed private external debt marginally declined to US$ 505 million at end-2022, compared to US$ 571 billion at end-2021.

B. Macroeconomic Forecast

13. Cameroon's economic growth continued in 2023 despite domestic headwinds and external shocks. Real GDP grew at 3.2 percent in 2023, slightly lower than the previous year. Average inflation accelerated to 7.4 percent (from 6.3 percent in 2022), driven by increasing food prices and the fuel price adjustment in February 2023. In 2023, the overall fiscal deficit (payment order basis, excluding grants) further declined to 1.1 percent, while the current account deficit widened to 4.1 percent of GDP.

14. Growth is expected to strengthen in 2024 but remains lower than projected in the previous DSA, while end-year inflation is expected to decline. The real GDP growth rate is projected at 3.9 percent in 2024, supported by non-oil GDP growth. Inflation, which has started to progressively decelerate since the second half of 2023, is expected to decline to 4.4 percent in 2024 while remaining above the CEMAC convergence level of 3 percent until 2025. The fiscal deficit is expected to further decline, contributing to containing the current account deficit. The external position is expected to strengthen, with growing non-oil exports and continued investment inflows. The baseline scenario is subject to possible headwinds from multiple fronts, including the domestic security situation, slow reforms, and an escalation of geoeconomic tensions.

15. Cameroon's prospects remain favorable in the medium term. The country could benefit from ongoing structural reforms to accelerate economic growth, mobilize fiscal revenues, and reduce debt vulnerabilities. Of the nine structural benchmarks (SBs) for the seventh review, three were met on schedule, three were implemented with delay, while two SBs are proposed to be reset to a later date because their implementation requires more time, and one new SB is proposed. Cameroon has a strong record of implementing its macroeconomic programs, maintains close engagement with donors, and its comprehensive capacity development program is well-aligned with the program objectives. The authorities are committed to adopting other contingency measures to achieve program objectives, including a revised budget if needed. Debt sustainability risks could also be further mitigated by strengthened public debt management and reduced reliance on non-concessional borrowing. In the medium term, growth is

expected to average 4.2 percent, and inflation is projected to stabilize around 3 percent. Macroeconomic assumptions underpinning these projections are laid out in Box 1.

Box 1. Cameroon: Medium- and Long-Term Macroeconomic Assumptions

Medium Term, 2024-2028

- Real GDP growth is projected to average 4.2 percent in the medium term (2024-2028), revised down by 0.3 percentage point from the previous DSA, reflecting the downward revision of the oil sector, only partially offset by improved non-oil GDP growth. Meanwhile, agro-industries, forestry, and services will continue to support growth. In comparison, the average growth in the pre-COVID-19 period (2011-2019) was similar, at 4.4 percent. The projection also builds on continued implementation—some with delays—of growth-enhancing reforms under the IMF-supported program, including lifting business impediments through a regular consultation with the private sector; revising the law on private investment incentives to promote competition; and revamping customs and port systems to reduce transit time and costs.
- Average annual inflation is projected to decline to 4.4 percent in 2024 and further to 3.5 percent in 2025, with a downward revision in both 2024 and 2025 with respect to the previous DSA. Inflationary pressures are expected to subside further in the following years. [1] Overall, considering BEAC's efforts to curb inflation, the Cameroonian authorities' fiscal consolidation and the fixed exchange rate with the Euro in the monetary union, inflation is expected to decline gradually, approaching 2.0 percent in the long term, below the CEMAC convergence criterion of 3 percent and in line with average inflation during 2011-2019, at 2.6 percent.
- The fiscal balance is expected to improve further in 2024, after the deficit narrowed in 2023. While upcoming presidential elections represent a downside risk for the fiscal balance, commitments to the Fund-supported program will help maintain adequate fiscal targets. The authorities adopted a three-year plan (2023-25) for modernizing the country's fiscal system and are working on tax policy measures based on the tax policy diagnostic by the IMF FAD in 2022.[2] Meanwhile, they are committed to reducing the non-oil primary deficit further to 2 percent of GDP in 2024. The fiscal deficit (excluding grants, payment order basis) is expected to average 0.9 percent of GDP (2024-2028), slightly increasing with respect to the previous DSA.
- In 2023 the current account deficit widened on the back of falling oil production, but it is expected to improve in 2024, as higher non-oil commodity exports outweighed the increase in imports. The current account deficit is expected to settle at around 3.5 percent of GDP in the medium term, around 0.8 pp larger than in the previous DSA, due to higher imports. The government's import-substitution policy has not yet produced substantial results, and imports have been revised up over the projection horizon. Less favorable terms of trade also contributed to the worsening of the current account. Net foreign direct investment (FDI) inflows are expected to average 2.0 percent of GDP in the medium term, close to the level observed in 2019. Given a continued fiscal consolidation in the medium term, building a more conducive business environment and enhancing governance are critical to attract more foreign direct investment. On this front, reforms such as revising law No 2013/004 of April 18, 2013 (SB2) could help rationalize incentives and promote healthy competition, contributing to economic diversification.

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[1] The expected decline in inflation already factors in the elimination of fuel subsidies in the medium term.

[2] In the budget law 2024, revenue-enhancing measures include phasing out of tax exemptions for businesses on interest from government securities, full taxation of in-kind benefits, reduction of VAT exemptions on carbonated drinks, and the introduction of electronic invoice tracking.

Box 1. Cameroon: Medium- and Long-Term Macroeconomic Assumptions (concluded)

Long Term, 2029-2043

- Long-term growth is expected to remain stable at 4.6 percent. The projection is predicated on a successful—albeit delayed—implementation of Cameroon's national development strategy, SND-30,

  which aims to boost growth, including through accelerating structural reforms and strengthening SOE management and oversight, while promoting economic diversification.[3] The strategy also aims to accelerate infrastructure projects in transport and electricity, enabling a more conducive business environment and reduce cost of production and barriers to trade. With respect to the start of the current ECF-EFF program, long-term growth has been revised down on the back of a weaker energy sector and structural supply-side bottlenecks.

- Fiscal revenue is projected to increase. The implementation of the Medium-Term Revenue Strategy (MTRS) is expected to boost revenue mobilization. The baseline projection also assumes that a gradual fiscal consolidation will continue beyond the program horizon.

- Exports of goods and services are projected to decline as a share of GDP in the medium term, reflecting falling domestic oil production. The path improved somewhat from the last review amidst higher projected non-oil commodity prices. The current account is expected to continue to improve in the medium term amidst rising natural gas production and more dynamic non-oil exports. Export diversification for both product lines and destinations, including a more intensive regional trade taking advantage of the African Continental Free Trade Area (AFCTA) will underpin an improvement of export performance over the long run.

[3] Policy reform scenarios show sizeable positive implications on potential growth, including through greater economic diversification, financial deepening, strengthened investment efficiency, and a gradual elimination of subsidies to SOEs and the removal of cross-sectoral distortions.

Table 1. Cameroon: Key Macroeconomic Assumptions[1]

	2021	2022	2023	2024	2025	2026	2027	2028	2024-2028	2029-2043
Real GDP growth (percent)										
Current	3.0	3.7	3.2	3.9	4.0	4.1	4.4	4.6	4.2	4.6
ECF-EFF 6th review	3.0	3.6	3.3	3.9	4.2	4.3	4.7	4.8	4.4	4.7
5th ECF-EFF review	3.6	3.6	4.0	4.3	4.5	4.5	4.5	4.6	4.5	4.8
ECF-EFF 4th review	3.6	3.8	4.0	4.2	4.4	4.5	4.5	4.6	4.5	4.8
ECF-EFF 3rd review	3.6	3.4	4.3	4.4	4.5	4.6	4.7	4.7	4.6	4.8
ECF-EFF 2nd review	3.6	3.8	4.6	4.7	5.0	4.9	4.9	4.9	4.9	4.9
ECF-EFF 1st review	3.5	4.5	4.8	5.0	5.1	5.1	5.2	5.2	5.1	5.4
ECF-EFF program request	3.6	4.6	4.9	5.3	5.4	5.6	5.6	5.7	5.5	5.8
Inflation (CPI, period average)										
Current	2.3	6.3	7.4	4.4	3.5	3.0	2.8	2.6	3.3	2.0
ECF-EFF 6th review	2.3	6.3	7.2	5.9	5.5	4.9	3.4	2.5	4.4	2.0
5th ECF-EFF review	2.3	6.3	7.2	5.9	5.5	4.9	3.4	2.5	4.4	2.0
ECF-EFF 4th review	2.3	6.3	6.2	4.8	3.0	2.3	2.0	2.0	2.8	2.0
ECF-EFF 3rd review	2.3	5.3	5.9	4.7	3.0	2.3	2.0	2.0	2.8	2.0
ECF-EFF 2nd review	2.3	4.6	2.8	2.6	2.1	2.1	2.0	2.0	2.1	2.0
ECF-EFF 1st review	2.3	2.1	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
ECF-EFF program request	2.3	2.1	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Overall fiscal balance (excl. grants, payment order basis, percent of GDP)										
Current	-3.3	-1.5	-1.1	-0.9	-0.6	-1.2	-1.2	-1.2	-1.0	-1.7
ECF-EFF 6th review	-3.3	-1.5	-1.1	-0.7	-0.8	-1.1	-1.1	-1.1	-1.0	-1.7
5th ECF-EFF review	-3.2	-1.5	-1.0	-0.7	-0.6	-0.9	-1.0	-0.9	-0.8	-1.7
ECF-EFF 4th review	-3.2	-1.5	-1.1	-1.0	-0.6	-0.9	-1.1	-1.0	-0.9	-1.7
ECF-EFF 3rd review	-3.2	-2.4	-1.1	-0.9	-0.5	-0.8	-1.2	-1.1	-0.9	-1.7
ECF-EFF 2nd review	-2.6	-2.5	-0.5	-0.6	-0.6	-1.4	-1.4	-1.2	-1.0	-1.0
ECF-EFF 1st review	-3.4	-2.4	-0.6	-0.8	-0.4	-0.6	-1.0	-1.5	-0.9	-1.7
ECF-EFF program request	-3.3	-3.0	-2.4	-2.2	-1.3	-1.4	-1.8	-1.9	-1.7	-1.6
Total revenue (excl. grants, percent of GDP)										
Current	13.8	15.6	16.0	15.6	15.6	15.2	15.4	15.5	15.5	16.5
ECF-EFF 6th review	13.8	15.8	16.5	16.1	15.4	15.5	15.6	15.7	15.7	16.7
5th ECF-EFF review	13.7	15.6	15.6	15.6	15.3	15.5	15.6	15.7	15.5	16.6
ECF-EFF 4th review	13.7	15.6	15.6	15.2	15.1	15.2	15.2	15.3	15.2	16.5
ECF-EFF 3rd review	13.7	15.6	15.1	15.0	15.0	15.1	15.3	15.3	15.1	17.0
ECF-EFF 2nd review	13.9	14.9	15.6	15.4	15.4	15.3	15.3	15.7	15.4	16.5
ECF-EFF 1st review	13.6	14.4	15.6	15.9	16.4	17.0	17.0	16.6	16.6	17.2
ECF-EFF program request	14.3	15.1	15.5	16.0	16.6	17.2	17.4	17.5	16.9	18.0
Total expenditure (percent of GDP)										
Current	17.1	17.1	17.1	16.5	16.1	16.5	16.6	16.6	16.5	18.2
ECF-EFF 6th review	17.1	17.4	17.6	16.9	16.3	16.7	16.7	16.8	16.7	18.4
5th ECF-EFF review	16.9	17.1	16.6	16.3	15.9	16.4	16.6	16.7	16.4	18.3
ECF-EFF 4th review	16.9	17.1	16.7	16.1	15.7	16.0	16.3	16.4	16.1	18.3
ECF-EFF 3rd review	16.9	18.0	16.2	16.0	15.5	15.9	16.4	16.4	16.0	18.7
ECF-EFF 2nd review	16.5	17.4	16.1	16.0	15.9	16.7	16.7	16.9	16.5	17.5
ECF-EFF 1st review	17.0	16.7	16.2	16.8	16.8	17.6	18.0	18.2	17.4	18.9
ECF-EFF program request	17.9	18.0	17.7	18.0	17.9	18.6	19.1	19.2	18.6	19.4
Current account balance (incl. grants, percent of GDP)										
Current	-4.0	-3.4	-4.1	-3.4	-2.8	-3.7	-3.5	-3.3	-3.3	-3.9
ECF-EFF 6th review	-4.0	-3.5	-4.0	-2.3	-2.5	-3.2	-2.9	-2.3	-2.6	-1.7
5th ECF-EFF review	-4.0	-3.4	-3.0	-2.8	-2.5	-2.8	-2.7	-2.7	-2.7	-1.9
ECF-EFF 4th review	-4.0	-1.8	-2.9	-3.0	-2.7	-2.9	-2.9	-3.0	-2.9	-2.0
ECF-EFF 3rd review	-4.0	-1.6	-2.8	-3.0	-2.6	-2.5	-2.5	-2.5	-2.6	-2.8
ECF-EFF 2nd review	-4.0	-2.1	-2.6	-3.2	-3.3	-3.2	-2.9	-2.8	-3.1	-2.3
ECF-EFF 1st review	-3.4	-2.0	-3.1	-3.2	-3.1	-3.0	-2.8	-2.8	-3.0	-2.5
ECF-EFF program request	-4.0	-3.6	-3.4	-3.2	-2.8	-2.5	-2.3	-2.0	-2.6	-2.1
Exports of goods and services (percent of GDP)										
Current	16.6	19.5	17.0	17.1	17.1	15.9	15.8	15.6	16.3	13.8
ECF-EFF 6th review	16.6	19.8	17.5	17.6	16.7	15.7	15.2	15.8	16.2	15.2
5th ECF-EFF review	16.4	19.5	18.3	18.0	17.7	16.9	16.3	16.0	17.0	15.9
ECF-EFF 4th review	16.4	20.0	18.1	17.3	17.2	16.9	16.6	16.5	16.9	16.4
ECF-EFF 3rd review	16.4	20.2	18.0	17.2	17.0	16.9	16.9	17.0	17.0	16.5
ECF-EFF 2nd review	18.2	22.4	20.1	18.2	17.4	16.8	16.4	16.3	17.0	15.2
ECF-EFF 1st review	17.3	19.0	17.4	16.7	16.4	16.2	15.9	15.7	16.2	14.5
ECF-EFF program request	17.6	18.0	17.5	17.5	17.5	17.5	17.4	17.1	17.4	15.4
Oil price (US dollars per barrel)										
Current	69.2	96.4	80.6	79.0	69.8	68.0	67.0	66.6	70.1	71.3
ECF-EFF 6th review	69.2	96.4	80.6	81.3	76.4	72.9	70.4	68.6	73.9	73.3
5th ECF-EFF review	69.2	96.4	80.5	79.9	76.0	72.7	69.9	67.5	73.2	74.4
ECF-EFF 4th review	69.2	96.4	75.3	69.8	67.6	66.0	64.7	63.7	66.3	70.2
ECF-EFF 3rd review	69.2	96.4	81.9	77.1	72.6	69.1	66.4	64.3	69.9	70.9
ECF-EFF 2nd review	69.1	106.8	92.6	84.2	78.5	74.7	72.5	73.6	76.7	81.1
ECF-EFF 1st review	69.8	75.7	70.2	67.3	65.2	63.8	63.1	64.1	64.7	70.7
ECF-EFF program request	58.5	54.8	52.5	51.3	50.7	50.5	50.5	50.5	50.7	50.5

Sources: Cameroonian authorities; IMF staff calculations.

1/ Reflects rebasing of the national accounts from 2005 to 2016.

16. The baseline projection also reflects policy parameters in the context of the IMF-supported program and PPAs under the World Bank SDFP, as well as the assumption of global decarbonization efforts. The IMF-supported program envisages a gradual fiscal consolidation path reflecting revenue measures, including strengthening tax and customs administration, streamlining tax exemptions, and recovering tax arrears. In addition, the baseline projection assumes that Cameroon will continue to remain on track implementing the PPAs on the management of fiscal risks and on contracting of non-concessional debt,[8] as part of the government's efforts to address key debt vulnerabilities. These measures will create space to support spending with higher economic and social impact and strengthen public investment, which would result in a gradual recovery in the medium term, followed by a more benign growth outlook, a higher export base, and stronger revenue mobilization in the long run. Meanwhile, the continued efforts on global decarbonization would impose a downward pressure on both demand and price of fossil energy, such as crude oil and gas, which are Cameroon's main exports. The baseline has taken the related price and volume trajectories into account.

17. Financing assumptions have been updated based on the most recent data. Cameroon's cumulative public gross financing needs over the 2024-26 period are estimated at around CFAF 5,000 billion (15.3 percent of 2024 GDP), of which around 70 percent is assumed to be financed externally. The DSA reflects IMF financing, including the RSF arrangement, of CFAF 245 billion and prospective budget support from donors amounting to CFAF 276 billion in 2024-2026. External project financing is based on the budget, and the mix of new disbursements is assumed to follow the composition of SENDs as of end-2022. After 2025, the composition gradually shifts towards commercial borrowing with a decreasing grant element. Regarding IDA financing, a loan of US$200 million was initially budgeted for 2024. However, this disbursement has not occurred due to Cameroon's weak performance in the context of World Bank-supported PforR program. The DSA has been modified accordingly, with lower fiscal spending compensating for missing IDA financing. In line with the previous DSA, domestic financing assumptions reflect a gradually increasing share of longer maturity bonds following the authorities' MTDS. Credit rating agencies have not revised their assessments following downgrades of Cameroon's bond rating in 2023 in response to delayed payments to a lender. However, Cameroon's bond markets yields have been declining during 2024, on the back of improving global and domestic financial conditions. In the context of the debt management operation, the authorities received a loan of about CFAF 131 billion from Afrexim bank in January 2024 and issued a Eurobond in the amount of CFAF 332 billion in July 2024. The proceeds of both operations have been used to repay domestic arrears. However, weaknesses in cash management and budget execution through exceptional procedures prevented the authorities from meeting the program ceiling on the accumulation of domestic arrears at end-September by a small margin. Taking into consideration the delay in the disbursements of budget support from the World Bank and the IMF, which partly contributed to the liquidity constraints, the net clearance of domestic obligations is expected to be below the program commitments by end-2024. Remaining domestic arrears are assumed to be cleared within the next three years. Finally, the authorities plan to replace the planned regional long-term government bond issuance of CFAF 380 billion with external financing in 2025 due to tight financing conditions in the regional market, as evidenced by low subscriptions to government bond issuances.

18. The reform measures under the RSF package are helping the authorities concretize the climate-related investment plan and improve expenditure management. The eight reform measures under four pillars in the RSF program, including integrating climate considerations at each phase of capital project development and the adoption of a national climate plan, will help formulate the authorities'

baseline scenario in climate-related investments and strengthen their management. 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 of 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. MINEPDED has defined the criteria for prioritization and selection of projects integrating climate change-related criteria, which will lead to the formulation of the climate investment plan.

19. The financing assumption regarding SONARA is unchanged from the last DSA, as the details of the restructuring plan are yet to be finalized. On debt restructuring, it reached agreement with its main supplier in September 2022 to pay down its debt, one step forward after restructuring debt with domestic banks in October 2021. After the agreement with another supplier in December 2023, a few remaining suppliers are still to sign agreements. A restructuring outline for SONARA and an action plan—with the core idea to advance the restructuring plan based on PPP—had already been delayed and rephased. Such a restructuring plan has not been produced by authorities. Staff maintains the current assumption of zero projected net income instead of mild positive income —as per SONARA's own projection, and the cost of potential reconstruction of the refinery operation is not incorporated in the baseline.

20. The realism tool highlights risks to the baseline projections (Figure 3). The projected three-year fiscal adjustment is considered achievable given the distribution of LICs' fiscal adjustments under the past IMF programs. While growth projections slightly deviate from the paths implied by the projected fiscal path, they may not fully capture other drivers of growth, such as stronger net exports for non-oil commodity products.

21. The forecast realism tool still indicates different debt dynamics compared to historical developments, but such differences are declining (Figure 4). Real GDP growth is projected to help reduce further the external debt ratio, together with exchange rate dynamics, substantially in line with historical developments. On the other hand, the projected improvement in debt ratios driven by declining primary and current account deficits contrasts with past trends, but such differences are reduced compared to previous DSAs. Finally, the unexpected increase in public debt during the past 5 years is comparable with other LICs.[2] Large unexplained residuals for past debt-creating flows highlight risks but may be explained by the broadened debt perimeter including domestic arrears and SONARA's debt.

C. Country Classification and Determination of Scenario Stress Tests

Cameroon's debt carrying capacity remains weak. The Composite Indicator (CI) score based on the October 2024 WEO projections and the 2023 World Bank CPIA score is 2.60, signaling a weak debt-carrying capacity.[9] The CI score is substantially unchanged compared to the previous DSA, as slightly higher CPIA score and remittances compensate for somewhat lower reserves (Text Table 7).

[9] The score assesses a country's debt-carrying capacity drawing on a set of country-specific and global factors (including institutional strength measured by the World Bank calculated on the CPIA score).

Text Table 6. Cameroon: Calculation of the CI Index

Country	Cameroon
Country Code	622
Debt Carrying Capacity	Weak

Final	Classification based on current vintage	Classification based on the previous vintage	Classification based on the two previous vintage
Weak	Weak 2.60	Weak 2.61	Weak 2.60

Reference: Thresholds by Classification

EXTERNAL debt burden thresholds	Weak	Medium	Strong
PV of debt in % of			
Exports	140	180	240
GDP	30	40	55
Debt service in % of			
Exports	10	15	21
Revenue	14	18	23

TOTAL public debt benchmark	Weak	Medium	Strong
PV of total public debt in % of GDP	35	55	70

22. Stress tests follow standardized settings, with the addition of a market financing shock and a commodity price shock. The standardized stress tests apply the default settings, while the contingent liability stress test is based on the quantification of contingent liabilities discussed above. The tailored stress tests for Cameroon include a market financing shock and a commodity price shock due to an outstanding Eurobond and exports of fuel and other commodities making up more than 50 percent of total exports. For these shocks the standard scenario designs are applied.

DEBT SUSTAINABILITY

A. External Debt Sustainability

23. External risk of debt distress is assessed to remain high as two indicators breach the thresholds under the baseline scenario (Figure 1 and Table 3). The external debt service-to-exports ratio and the external debt service-to-revenue ratio breach their respective thresholds for a prolonged period. On the other hand, both ratios show a gradual downward path due to stronger revenue prospects, and the external debt service-to-revenue ratio will decline below the threshold after 2030. The upticks on the longer end reflect a jump of projected debt service related to the maturing Eurobond.

24. Thresholds for all four indicators are breached upon the most extreme stress scenarios. The export shock and the commodity price shock are the most extreme shock scenarios across external debt indicators.[10] The historical scenario points towards an exploding PV of debt-to-exports, which reflects a large historical current account deficit. This differs from the projection under the baseline, which assumes the improvement in the current account balance driven by dynamic non-oil exports and moderate imports growth supported by fiscal balance converging to the CEMAC criterion.

[10] Extreme shocks in the previous vintages, which include exchange rate, real GDP and inflation, primary balance shocks, continue to be critical to debt sustainability, requiring the authorities' continued effort in fiscal consolidation and increasing non-oil exports through economic diversification.

B. Public Debt Sustainability

25. Risk associated with public debt distress is also assessed to remain high, despite the PV of debt-to-GDP fell below its threshold under the baseline scenario. The PV of public debt-to-GDP ratio fell below the benchmark over the whole projection horizon for the first time since the start of the current ECF-EFF program, indicating a declining risk of overall debt distress. The PV of debt-to-revenue ratio and the debt service-to-revenue ratio are also projected to decline gradually. The most extreme shock for public debt indicators, including the PV of debt-to-GDP ratio, the PV of debt-to-revenue ratio and debt-service-to-revenue ratio, are the combined contingent liabilities and commodity price shocks.[11] The historical scenario projects an explosive path for the PV of debt-to-GDP and PV of debt-to-revenue ratios, which is mainly driven by large historical primary deficits compared to projections.

C. Market Module

26. The market financing tool points to risks associated with market financing pressures (Figure 5). Cameroon's maximum three-year gross financing needs are estimated at 5 percent of GDP, which is lower than the suggested benchmark (14 percent). The latest available EMBI spread for Cameroon (764 bps as of January 28, 2025) remains above the benchmark (570 bps), although at lower levels compared to the previous DSA (above 900 bps at end-2023).[12] With the EMBI spread breaching its threshold, the module signals continued market financing pressures.

D. Risk Rating and Vulnerabilities

27. While Cameroon continues to be at a high risk of debt distress, its debt remains sustainable. The risk of external debt distress remains high as two out of four indicators temporarily breach the thresholds under the baseline scenario. On the other hand, the PV of public debt-to-GDP ratio fell below the benchmark for the first time since the start of the current ECF-EFF program, indicating a declining risk of overall debt distress. Furthermore, Cameroon's external debt stock indicators continue to lie below the threshold, and its external debt service indicators have improved supported by the authorities' active debt management. Both the debt service-to-exports ratio and the debt service-to-revenue ratio, albeit above the thresholds, will be on a gradual downward trend. Compared with the previous DSA report, the debt indicators have either marginally improved or remained substantially unchanged, with higher nominal growth offsetting the impact of the debt management operation. Taking all these factors into consideration, staff maintains the assessment that Cameroon's debt is sustainable given the authorities' commitment to program objectives, including fiscal consolidation efforts and active debt management. The likelihood that Cameroon will not be able to meet its current and future financial obligations is low.

28. The risks are tilted to the downside. On the domestic front, high inflation and upcoming presidential elections could intensify socio-economic tensions, while continuing fuel subsidy could reduce fiscal space and derail Cameroon's fiscal consolidation efforts. Delays in implementing SONARA's debt restructuring and rehabilitation plan would jeopardize debt sustainability. Regional security conflicts—if not

[11] For the commodity price shock stress test, initial price drop of 37 percent for fuel products and 24 percent for other agricultural commodities is assumed, with a mitigating factor of 16 percent for fuel products. The gap is assumed to close in six years.

[12] The current DSA cites the data from IMF MCM's Sovereign Spread Monitor.

well contained—could also compound the fiscal challenges. Other risks include a realization of contingent liabilities from bank restructuring and from SOEs not included in the DSA baseline, and an acceleration in disbursements due to the large stock of SENDs. The longer-term risks, including no success in export diversification and events resulting from climate-related shocks, such as droughts and desertification, could jeopardize debt sustainability. On the external front, an escalation of geoeconomic tensions could set back the global recovery and prolong supply chain disruptions, putting pressure on the external balance. Longer-than-expected tight global financial conditions and underperformance in advanced economies could lead to deterioration of the financing environment and lower export demand. The high volatility of global energy prices could introduce uncertainty to both exports and fiscal revenues.

29. Domestic debt remains below the median level across LICs and does not signal additional sustainability risk. While domestic debt has increased over the past years, it is expected to fall from 2024 onwards (Figure 6). This decline is driven by the debt management operation and by additional reliance on external finance in the next few years. Domestic debt stock and domestic debt service remain below the median level across countries using the LIC DSF, without signaling additional risks for domestic debt sustainability in the medium term. While net domestic debt issuance experiences a trough in 2025 due to the higher reliance on external financing (¶17 of the DSA), it is expected to stay around zero—at a level allowing just the roll-over of pre-existing domestic debt—from 2026 onwards.

30. Climate change is an additional source of risk for the medium term. According to the World Bank's Country Climate and Development Report, the negative impact of climate change on GDP ranges between 4 to 10 percent by 2050 in Cameroon. Additional adaptation and mitigation investments (US$32 billion and US$26 billion, respectively, over a horizon of 10 years) would effectively limit the GDP losses, reverse the losses in agriculture, and reduce the poverty rate, potentially turning into an opportunity. In a simulation based on the Debt, Investment, Growth, and Natural Disaster model, upfront adaption investment will reduce GDP losses in the event of climate shock and will allow for a faster recovery. While adaptation investments may initially have a negative impact on debt burden indicators, they help improve these indicators in the long term by reducing the potential need for additional investments following disasters.

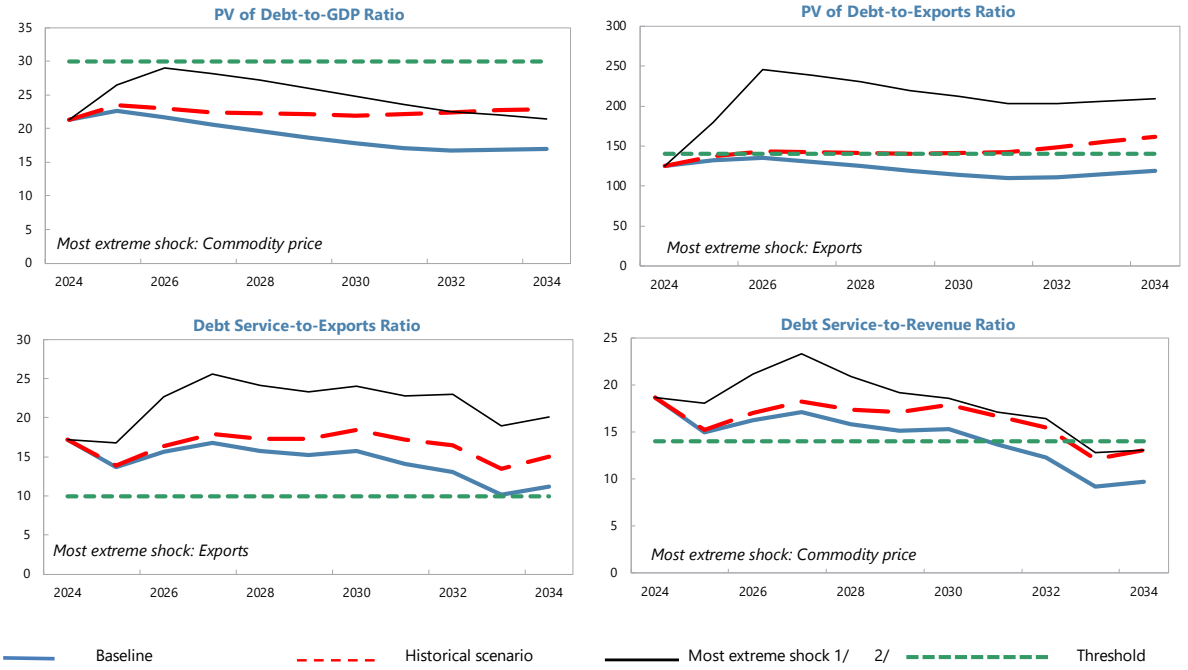
31. Cameroon should push forward its reform agenda steadily to ensure its debt sustainability and reduce associated risks. First, keeping public debt dynamics on a sustainable path requires a gradual fiscal consolidation. Containing fiscal deficit in the short term is needed to ensure debt sustainability. This should be coupled with structural fiscal reforms, including eliminating fuel subsidies and enhancing revenue mobilization. A prudent borrowing policy skewed towards concessional loans and limiting reliance on non-concessional borrowing should be pursued, while strengthening the management of SENDs. On the other hand, redirecting resources with targeted spending should be strengthened, using windfall oil revenue gains for areas such as protecting the most vulnerable and prioritizing growth-enhancing public investment. Second, the authorities should closely monitor their debt servicing costs and actively manage their debt portfolio to minimize interest rate risks. Third, vulnerable export-related debt indicators point to the need for improving competitiveness and achieving economic diversification. Reform momentum to improve the domestic business and investment environment should be accelerated, inviting more FDI and boosting exports. The management of SOEs should be also strengthened to reduce risks related to contingent liabilities. Lastly, while important challenges remain in the implementation of climate policies as

identified in SND-30, the reform package under the RSF could accelerate the progress in addressing climate-related risks and enhance the longer-term debt sustainability.

Authorities' Views

32. Authorities will continue to address various pockets of debt vulnerabilities. Authorities are committed to an improvement of Cameroon's debt risk assessment, which will depend on continued active debt management, exports, and budgetary revenue performance, as well as the country's CI score, which reflects the country's debt carrying capacity. Authorities are also working on deepening domestic financial markets, supported by IMF technical assistance. Finally, they remain committed to service external and domestic debt in a timely fashion and plan to clear remaining domestic arrears.

Figure 1. Cameroon: Indicators of Public and Publicly Guaranteed External Debt under Alternative Scenarios, 2024–2034



Customization of Default Settings	Size	Interactions
Tailored Stress		
Combined CL	Yes	
Natural disaster	n.a.	n.a.
Commodity price	No	No
Market financing	No	No

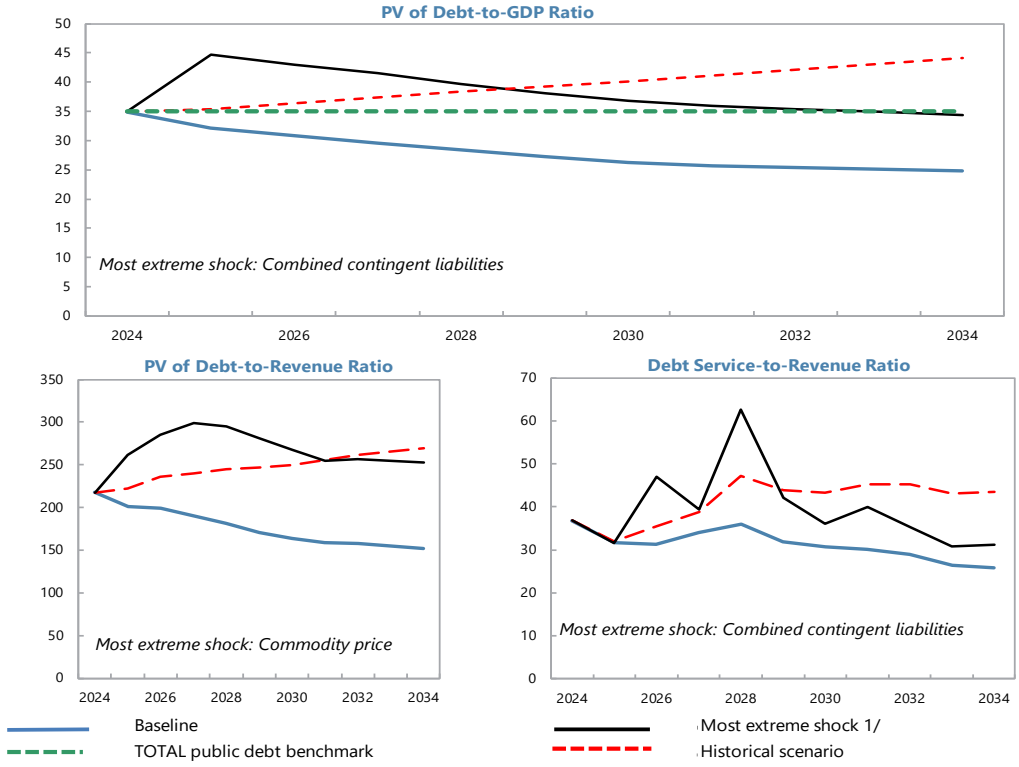
Note: "Yes" indicates any change to the size or interactions of the default settings for the stress tests. "n.a." indicates that the stress test does not apply.

Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
Shares of marginal debt		
External PPG MLT debt	100%	
Terms of marginal debt		
Avg. nominal interest rate on new borrowing in USD	3.3%	3.3%
USD Discount rate	5.0%	5.0%
Avg. maturity (incl. grace period)	21	21
Avg. grace period	5	5

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

Sources: Country authorities; and staff estimates and projections.
1/ The most extreme stress test is the test that yields the highest ratio in or before 2034. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.
2/ The magnitude of shocks used for the commodity price shock stress test are based on the commodity prices outlook prepared by the IMF research department.

Figure 2. Cameroon: Indicators of Public Debt under Alternative Scenarios, 2024–2034



Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
Shares of marginal debt		
External PPG medium and long-term	54%	54%
Domestic medium and long-term	32%	32%
Domestic short-term	15%	15%
Terms of marginal debt		
External MLT debt		
Avg. nominal interest rate on new borrowing in USD	3.3%	3.3%
Avg. maturity (incl. grace period)	21	21
Avg. grace period	5	5
Domestic MLT debt		
Avg. real interest rate on new borrowing	2.8%	2.8%
Avg. maturity (incl. grace period)	3	3
Avg. grace period	2	2
Domestic short-term debt		
Avg. real interest rate	0.5%	0.5%

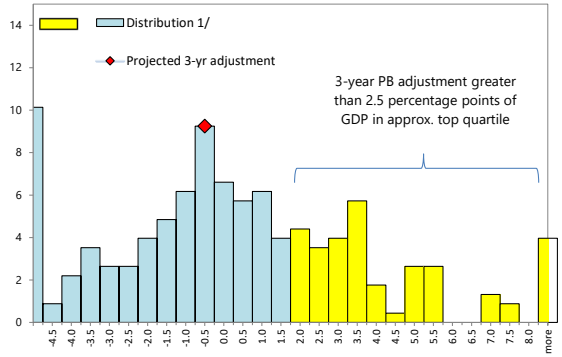
* Note: The public DSA allows for domestic financing to cover the additional financing needs generated by the shocks under the stress tests in the public DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2034. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

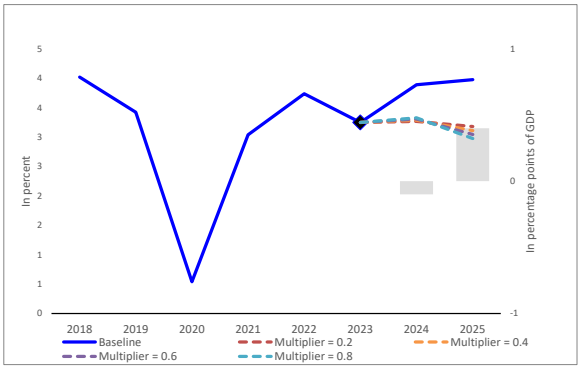
Figure 3. Cameroon: Realism Tools

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



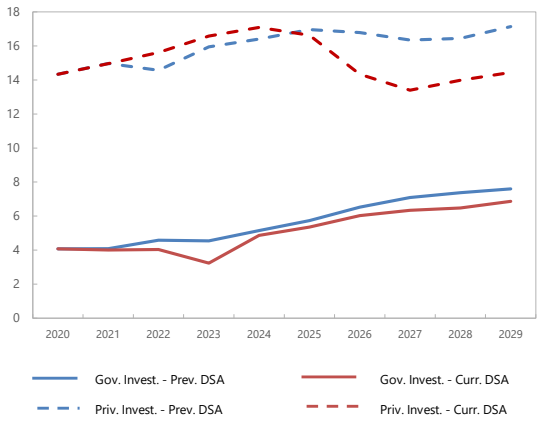
1/ Data cover Fund-supported programs for LICs (excluding emergency financing) approved since 1990. The size of 3-year adjustment from program inception is found on the horizontal axis; the percent of sample is found on the vertical axis.

Fiscal Adjustment and Possible Growth Paths 1/



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

Public and Private Investment Rates
(percent of GDP)



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

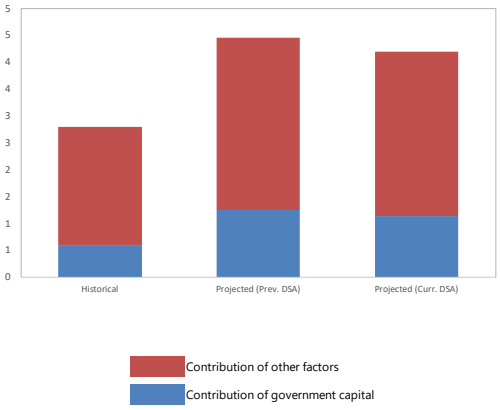
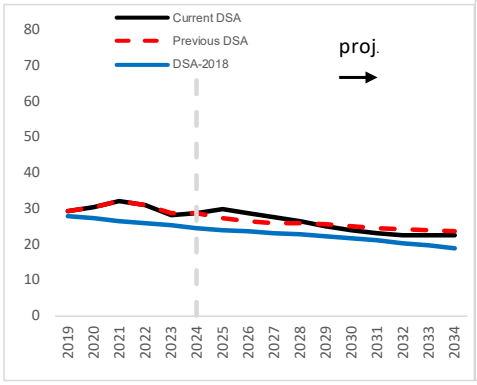


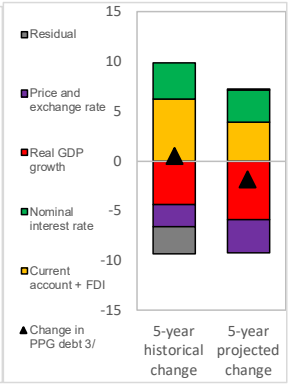
Figure 4. Cameroon: Drivers of Debt Dynamics - Baseline Scenario[1]

External debt

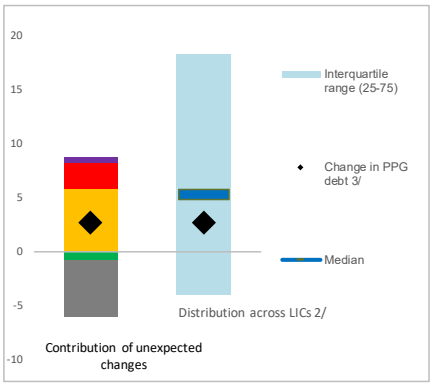
Gross Nominal PPG External Debt
(in percent of GDP; DSA vintages)



Debt-creating flows
(percent of GDP)

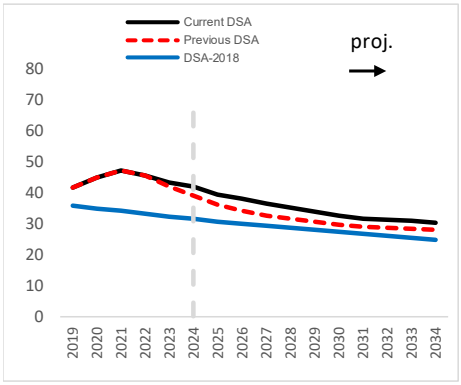


Unexpected Changes in Debt 1/
(past 5 years, percent of GDP)

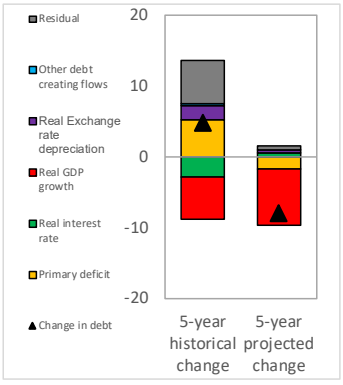


Public debt

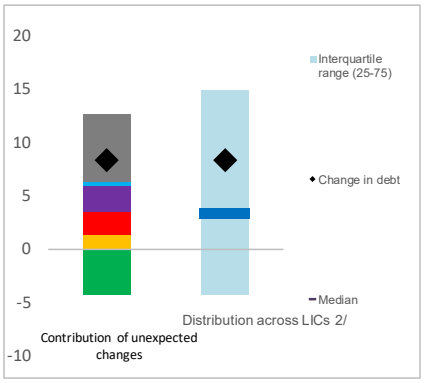
Gross Nominal Public Debt
(in percent of GDP; DSA vintages)



Debt-creating flows
(percent of GDP)



Unexpected Changes in Debt 1/
(past 5 years, percent of GDP)



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

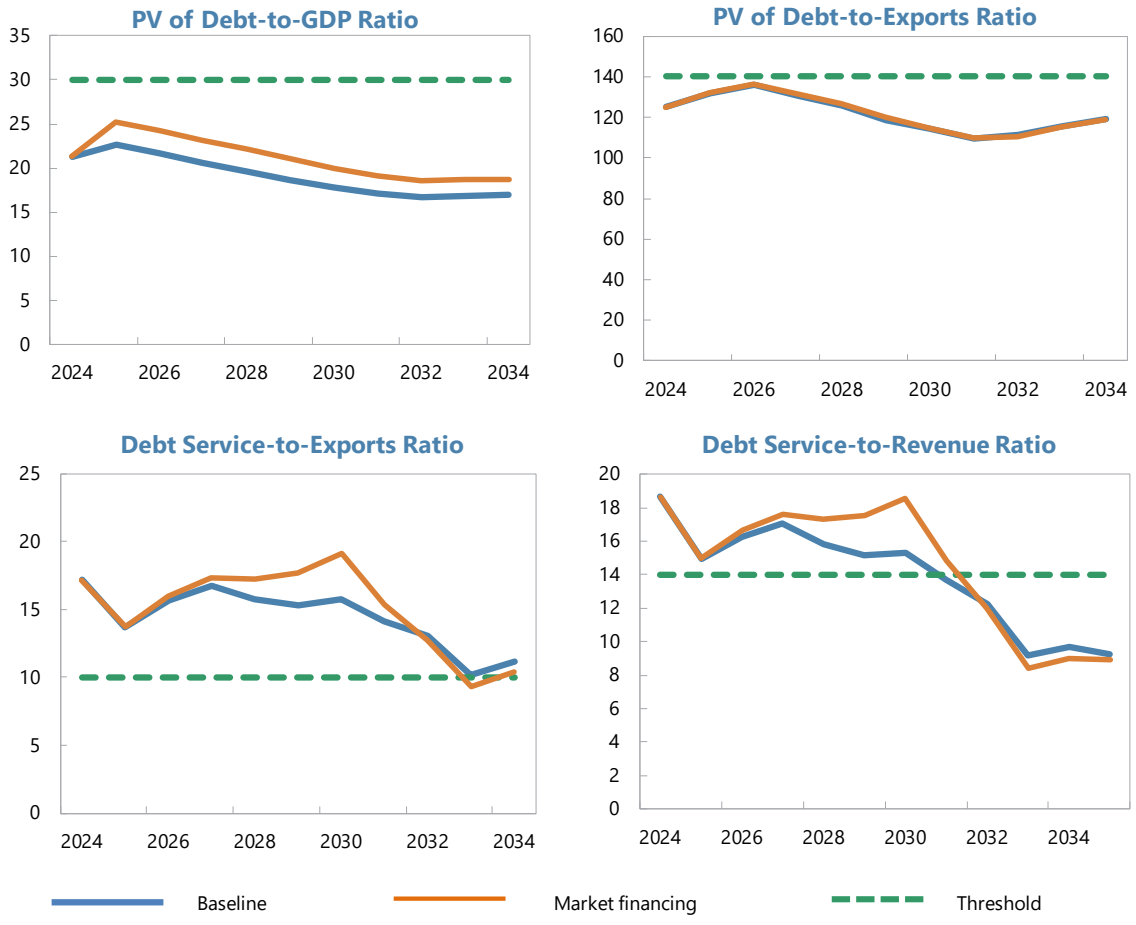
2/ Distribution across LICs for which LIC DSAs were produced.

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

Figure 5. Cameroon: Market- Financing Risk Indicators

	GFN 1/	EMBI 2/
Benchmarks	14	570
Values	5	764
Breach of benchmark	No	Yes
Potential heightened liquidity needs	Moderate	

1/ Maximum gross financing needs (GFN) over 3-year baseline projection horizon.
2/ EMBI spreads correspond to the latest available data.



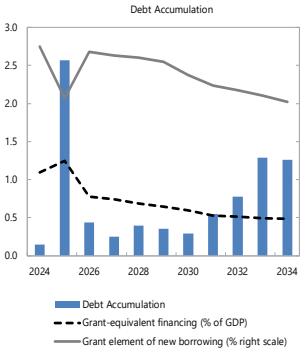
Sources: Country authorities; and staff estimates and projections.

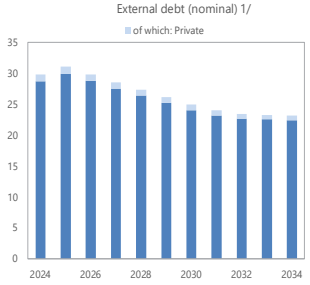
Table 2. Cameroon: External Debt Sustainability Framework, Baseline Scenario, 2021–2044

(In percent of GDP, unless otherwise indicated)

	Actual			Projections								Average 8/	
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2034	2044	Historical	Projections
External debt (nominal) 1/	**33.2**	**32.0**	**29.4**	**29.8**	**31.0**	**29.8**	**28.5**	**27.3**	**26.1**	**23.1**	**19.1**	**28.2**	**26.5**
of which: public and publicly guaranteed (PPG)	**31.9**	**30.8**	**28.2**	**28.7**	**29.9**	**28.7**	**27.5**	**26.3**	**25.2**	**22.4**	**18.7**	**25.9**	**25.5**
Change in external debt	-1.4	-1.2	-2.6	0.4	1.2	-1.2	-1.3	-1.2	-1.2	-0.2	-0.7		
Identified net debt-creating flows	**-1.2**	**1.8**	**-0.9**	**0.5**	**-0.2**	**0.6**	**0.3**	**0.1**	**0.0**	**0.9**	**-0.5**	**0.6**	**0.3**
Non-interest current account deficit	**3.3**	**2.8**	**3.4**	**2.8**	**2.2**	**3.1**	**2.9**	**2.8**	**2.6**	**3.2**	**1.3**	**2.9**	**2.8**
Deficit in balance of goods and services	3.5	2.6	3.9	3.3	2.6	3.5	3.3	3.2	2.9	3.7	1.9	**2.9**	**3.2**
Exports	16.6	19.5	17.0	17.1	17.1	15.9	15.8	15.6	15.7	14.2	14.5		
Imports	20.1	22.1	20.9	20.4	19.7	19.5	19.0	18.8	18.6	17.8	16.4		
Net current transfers (negative = inflow)	-1.1	-1.6	-1.8	-1.7	-1.6	-1.6	-1.6	-1.6	-1.5	-1.6	-1.8	**-1.2**	**-1.6**
of which: official	-0.2	-0.3	-0.3	-0.2	-0.2	-0.2	-0.2	-0.1	0.0	0.0	0.0		
Other current account flows (negative = net inflow)	0.9	1.9	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	**1.2**	**1.2**
Net FDI (negative = inflow)	**-2.0**	**-2.0**	**-1.8**	**-1.8**	**-1.8**	**-2.1**	**-2.1**	**-2.1**	**-2.1**	**-1.9**	**-1.5**	**-1.9**	**-2.0**
Endogenous debt dynamics 2/	**-2.5**	**1.1**	**-2.4**	**-0.5**	**-0.5**	**-0.5**	**-0.5**	**-0.6**	**-0.5**	**-0.5**	**-0.3**		
Contribution from nominal interest rate	0.7	0.6	0.7	0.6	0.6	0.7	0.7	0.7	0.6	0.5	0.6		
Contribution from real GDP growth	-1.0	-1.3	-0.9	-1.1	-1.1	-1.2	-1.2	-1.2	-1.2	-1.0	-0.9		
Contribution from price and exchange rate changes	-2.3	1.7	-2.2	...	...	...	...	...	...	...	...		
Residual 3/	**-0.2**	**-3.1**	**-1.7**	**-0.1**	**1.4**	**-1.8**	**-1.6**	**-1.3**	**-1.2**	**-1.0**	**-0.1**	**1.1**	**-0.9**
of which: exceptional financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Sustainability indicators													
PV of PPG external debt-to-GDP ratio	**...**	**...**	**22.8**	**21.3**	**22.6**	**21.7**	**20.6**	**19.6**	**18.7**	**16.9**	**15.3**		
PV of PPG external debt-to-exports ratio	**...**	**...**	**134.4**	**124.9**	**132.1**	**135.8**	**130.6**	**125.6**	**118.9**	**119.4**	**105.1**		
PPG debt service-to-exports ratio	**20.4**	**14.0**	**15.9**	**17.2**	**13.7**	**15.6**	**16.8**	**15.8**	**15.3**	**11.2**	**11.6**		
PPG debt service-to-revenue ratio	**23.6**	**17.5**	**16.7**	**18.6**	**15.0**	**16.3**	**17.1**	**15.8**	**15.2**	**9.7**	**8.8**		
Gross external financing need (Billion of U.S. dollars)	3.2	1.7	2.3	2.2	1.6	2.2	2.3	2.2	2.2	3.0	3.1		
Key macroeconomic assumptions													
Real GDP growth (in percent)	3.0	3.7	3.2	3.9	4.0	4.1	4.4	4.6	4.6	4.7	5.1	**3.7**	**4.4**
GDP deflator in US dollar terms (change in percent)	7.0	-4.9	7.4	3.6	1.6	2.2	1.9	2.0	2.3	2.2	2.2	**0.4**	**2.3**
Effective interest rate (percent) 4/	2.2	1.8	2.5	2.2	2.1	2.4	2.5	2.5	2.5	2.5	3.2	**2.9**	**2.4**
Growth of exports of G&S (US dollar terms, in percent)	22.1	16.2	-3.5	8.3	6.0	-0.9	5.2	6.0	7.6	3.9	6.9	**1.4**	**5.1**
Growth of imports of G&S (US dollar terms, in percent)	25.5	8.4	5.1	5.0	2.2	4.9	4.1	5.5	5.9	5.9	6.7	**2.6**	**5.3**
Grant element of new public sector borrowing (in percent)	...	...	...	27.4	20.7	26.8	26.3	26.0	25.5	20.2	14.7	**...**	**23.8**
Government revenues (excluding grants, in percent of GDP)	14.3	15.7	16.1	15.7	15.7	15.3	15.5	15.6	15.9	16.4	19.1	**15.0**	**15.9**
Aid flows (in Billion of US dollars) 5/	0.1	0.2	0.2	0.2	0.4	0.2	0.2	0.2	0.2	0.2	0.2		
Grant-equivalent financing (in percent of GDP) 6/	...	...	...	1.1	1.2	0.8	0.7	0.7	0.6	0.5	0.3	**...**	**0.7**
Grant-equivalent financing (in percent of external financing) 6/	...	...	...	34.9	24.8	30.2	29.2	27.5	26.8	20.2	14.7	**...**	**25.8**
Nominal GDP (Billion of US dollars)	45	44	49	53	56	60	63	68	73	102	202		
Nominal dollar GDP growth	10.2	-1.3	10.9	7.7	5.6	6.4	6.4	6.8	7.0	7.0	7.5	**4.1**	**6.8**
Memorandum items:													
PV of external debt 7/	...	...	24.0	22.4	23.7	22.7	21.6	20.6	19.6	17.6	15.7		
In percent of exports	...	...	141.1	131.5	138.7	142.5	137.1	131.8	124.7	124.4	108.1		
Total external debt service-to-exports ratio	35.5	15.3	18.0	17.9	14.4	16.3	17.5	16.4	15.9	11.7	11.9		
PV of PPG external debt (in Billion of US dollars)			11.2	11.3	12.7	12.9	13.1	13.3	13.6	17.2	30.9		
(PVt-PVt-1)/GDPt-1 (in percent)				0.1	2.6	0.4	0.2	0.4	0.4	1.3	0.7		
Non-interest current account deficit that stabilizes debt ratio	4.7	4.0	6.0	2.4	1.0	4.3	4.2	4.0	3.8	3.4	2.0		

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





Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.

2/ Derived as [r - g - ρ(1+g) + εα(1+r)]/(1+g+ρ+gρ) times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, ρ = growth rate of GDP deflator in U.S. dollar terms, ε=nominal appreciation of the local currency, and α= share of local currency-denominated external debt in total external debt.

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

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

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

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

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

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

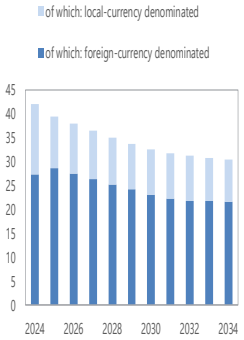
Table 3. Cameroon: Public Sector Debt Sustainability Framework, Baseline Scenario, 2021–2044

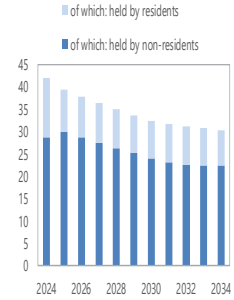
(In percent of GDP, unless otherwise indicated)

	Actual			Projections								Average 6/	
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2034	2044	Historical	Projections
Public sector debt 1/	**47.2**	**45.6**	**43.2**	**42.0**	**39.4**	**37.9**	**36.5**	**35.0**	**33.7**	**30.3**	**27.4**	**38.2**	**34.6**
of which: external debt	**31.9**	**30.8**	**28.2**	**28.7**	**29.9**	**28.7**	**27.5**	**26.3**	**25.2**	**22.4**	**18.7**	**25.9**	**25.5**
Change in public sector debt	2.3	-1.6	-2.4	-1.2	-2.6	-1.5	-1.4	-1.4	-1.4	-0.4	-0.2		
Identified debt-creating flows	**2.0**	**-1.3**	**-3.7**	**-2.2**	**-2.5**	**-1.5**	**-1.5**	**-1.5**	**-1.4**	**-0.4**	**-0.3**	**1.2**	**-1.3**
Primary deficit	**1.5**	**0.3**	**-0.6**	**-0.5**	**-0.9**	**-0.1**	**-0.1**	**-0.1**	**0.0**	**0.7**	**0.7**	**2.3**	**0.1**
Revenue and grants	14.5	16.0	16.6	16.0	16.0	15.5	15.6	15.6	15.9	16.4	19.1	**15.3**	**15.9**
of which: grants	0.3	0.4	0.5	0.3	0.3	0.1	0.1	0.0	0.0	0.0	0.0		
Primary (noninterest) expenditure	16.1	16.3	16.0	15.5	15.1	15.3	15.5	15.6	15.9	17.1	19.8	**17.5**	**16.0**
Automatic debt dynamics	**0.5**	**-1.6**	**-3.1**	**-1.7**	**-1.6**	**-1.4**	**-1.4**	**-1.4**	**-1.3**	**-1.1**	**-0.9**		
Contribution from interest rate/growth differential	-2.2	-3.7	-2.0	-1.7	-1.6	-1.4	-1.4	-1.4	-1.3	-1.1	-0.9		
of which: contribution from average real interest rate	-0.8	-2.0	-0.5	0.0	0.0	0.2	0.2	0.2	0.2	0.3	0.4		
of which: contribution from real GDP growth	-1.3	-1.7	-1.4	-1.6	-1.6	-1.6	-1.6	-1.6	-1.5	-1.4	-1.3		
Contribution from real exchange rate depreciation	2.6	2.1	-1.1	0.2	...	...	...	...	...	...	...		
Other identified debt-creating flows	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**-0.1**	**0.0**
Privatization receipts (negative)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Recognition of contingent liabilities (e.g., bank recapitalization)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Debt relief (HIPC and other)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Other debt creating or reducing flow (please specify)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Residual	**0.3**	**-0.2**	**1.3**	**0.7**	**-0.1**	**0.0**	**0.1**	**0.0**	**0.0**	**0.0**	**0.0**	**1.3**	**0.1**
Sustainability indicators													
PV of public debt-to-GDP ratio 2/	**...**	**...**	**37.5**	**34.9**	**32.2**	**30.8**	**29.6**	**28.4**	**27.2**	**24.9**	**24.0**		
PV of public debt-to-revenue and grants ratio	**...**	**...**	**226.5**	**217.4**	**201.5**	**199.6**	**190.0**	**181.5**	**170.9**	**151.8**	**125.4**		
Debt service-to-revenue and grants ratio 3/	**46.2**	**35.0**	**32.3**	**36.8**	**31.6**	**31.2**	**34.1**	**36.0**	**31.9**	**25.9**	**22.3**		
Gross financing need 4/	8.3	5.9	4.8	5.4	4.1	4.7	5.2	5.6	5.0	4.9	5.0		
Key macroeconomic and fiscal assumptions													
Real GDP growth (in percent)	3.0	3.7	3.2	3.9	4.0	4.1	4.4	4.6	4.6	4.7	5.1	**3.7**	**4.4**
Average nominal interest rate on external debt (in percent)	2.2	2.0	2.5	2.2	2.2	2.5	2.6	2.5	2.5	2.6	3.3	**2.6**	**2.5**
Average real interest rate on domestic debt (in percent)	-1.3	-3.6	-1.6	0.0	0.4	1.1	1.6	1.8	1.9	2.5	3.0	**-1.2**	**1.7**
Real exchange rate depreciation (in percent, + indicates depreciation)	9.1	7.1	-3.9	...	...	...	...	...	...	...	...	**3.0**	**...**
Inflation rate (GDP deflator, in percent)	3.1	6.8	4.7	3.4	3.2	2.6	2.2	2.2	2.2	2.2	2.2	**2.2**	**2.5**
Growth of real primary spending (deflated by GDP deflator, in percent)	6.5	5.4	1.0	1.1	0.7	6.0	5.4	5.2	6.6	5.6	7.4	**2.2**	**5.1**
Primary deficit that stabilizes the debt-to-GDP ratio 5/	-0.8	1.9	1.8	0.7	1.7	1.4	1.3	1.4	1.3	1.1	0.9	**1.0**	**1.2**
PV of contingent liabilities (not included in public sector debt)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		

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

Public sector debt 1/





Sources: Country authorities; and staff estimates and projections.

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

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

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

4/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period and other debt creating/reducing flows.

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

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

Table 4. Cameroon: Sensitivity Analysis for Key Indicators of Public Debt, 2024–2034

	Projections 1/										
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
PV of Debt-to-GDP Ratio											
Baseline	35	32	31	30	28	27	26	26	25	25	25
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2024-2034 2/	35	**35**	**36**	**37**	**38**	**39**	**40**	**41**	**42**	**43**	**44**
B. Bound Tests											
B1. Real GDP growth	35	33	34	33	33	32	32	32	32	33	33
B2. Primary balance	35	**37**	**41**	**39**	**38**	**36**	**35**	34	34	33	33
B3. Exports	35	35	**37**	**36**	34	33	32	31	31	30	29
B4. Other flows 3/	35	33	33	31	30	29	28	27	27	26	26
B5. Depreciation	35	**37**	34	31	29	26	24	23	21	20	19
B6. Combination of B1-B5	35	35	**37**	**35**	33	32	30	29	29	28	27
C. Tailored Tests											
C1. Combined contingent liabilities	35	**45**	**43**	**42**	**40**	**38**	**37**	**36**	**35**	35	34
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	35	**35**	**37**	**39**	**41**	**41**	**41**	**41**	**41**	**41**	**41**
C4. Market Financing	35	32	31	30	29	27	26	26	25	25	25
TOTAL public debt benchmark	35	35	35	35	35	35	35	35	35	35	35
PV of Debt-to-Revenue Ratio											
Baseline	217	202	200	190	181	171	163	159	158	155	152
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2024-2034 2/	217	222	236	240	245	246	250	255	262	265	269
B. Bound Tests											
B1. Real GDP growth	217	209	218	213	209	201	198	197	200	201	201
B2. Primary balance	217	230	265	253	242	228	219	213	210	204	199
B3. Exports	217	218	241	230	221	208	200	194	190	184	178
B4. Other flows 3/	217	207	211	201	192	181	174	169	167	163	159
B5. Depreciation	217	229	219	201	184	166	151	140	132	123	114
B6. Combination of B1-B5	217	217	238	225	214	200	189	183	179	173	168
C. Tailored Tests											
C1. Combined contingent liabilities	217	280	278	266	254	240	230	223	220	215	210
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	217	261	286	299	295	281	268	255	256	254	253
C4. Market Financing	217	202	200	191	183	172	164	159	158	154	151
Debt Service-to-Revenue Ratio											
Baseline	37	32	31	34	36	32	31	30	29	26	26
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2024-2034 2/	37	32	35	39	47	44	43	45	45	43	43
B. Bound Tests											
B1. Real GDP growth	37	32	33	37	40	37	36	36	36	33	33
B2. Primary balance	37	32	38	42	49	45	37	38	37	33	33
B3. Exports	37	32	32	36	37	33	32	32	32	29	29
B4. Other flows 3/	37	32	31	34	36	32	31	31	30	27	27
B5. Depreciation	37	32	35	37	39	34	34	32	30	27	26
B6. Combination of B1-B5	37	31	35	39	42	40	33	32	31	27	26
C. Tailored Tests											
C1. Combined contingent liabilities	37	32	47	39	63	42	36	40	35	31	31
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	37	38	39	44	49	43	46	45	43	41	41
C4. Market Financing	37	32	32	35	37	34	34	31	29	26	25

Sources: Country authorities; and staff estimates and projections.

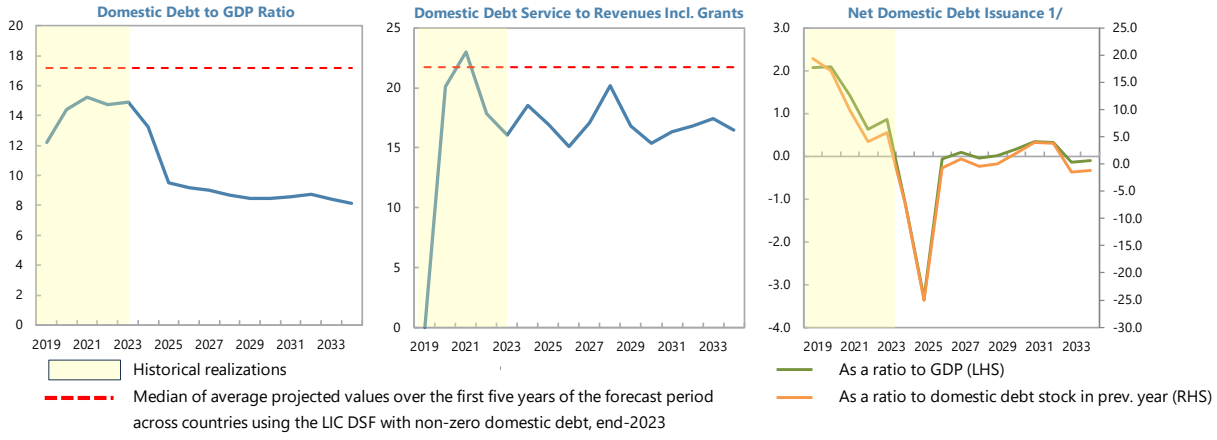
1/ A bold value indicates a breach of the benchmark.

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

3/ Includes official and private transfers and FDI.

Figure 6. Cameroon: Indicators of Domestic Public Debt, 2019-2034

(Percent)



Borrowing Assumptions (average over 10-year projection)	Value
Shares in new domestic debt issuance	
Medium and long-term	68%
Short-term	32%
Borrowing terms	
Domestic MLT debt	
Avg. real interest rate on new borrowing	2.8%
Avg. maturity (incl. grace period)	3
Avg. grace period	2
Domestic short-term debt	
Avg. real interest rate	0.5%

Sources:

Note: 1/ Net domestic debt issuance is an estimate based on the calculated public gross financing need net of gross external financing, drawdown of assets, other adjustments and domestic debt amortization. It excludes short-term debt that was issued and matured within the calendar year.

Statement by the Staff Representative on Cameroon
March 12, 2025

1. This statement provides information that has become available since the staff report was finalized. This information does not alter the thrust of the staff appraisal.

2. The prior action on signing a contract with the consultant that will carry out the in-depth technical and economic study for the restructuring of the SONARA oil refinery has been met. The contract with Axens, a French company that provides services for refining, petrochemical, gas processing and alternative fuel industries, was signed on February 19, 2025. Staff received the terms of reference and the signed contract on March 5.

Statement by Mr. Regis O. N'Sonde and Mr. Kelvio Carvalho da Silveira on Cameroon
March 12, 2025

Introduction

1. On behalf of our Cameroonian authorities, we express gratitude to the IMF Executive Board, Management, and Staff for their continued support and constructive engagement in the context of the seventh reviews under the Extended Credit Facility (ECF) and Extended Fund Facility (EFF) and the second review under the Resilience and Sustainability Facility (RSF). Our authorities broadly agree with staff's assessment and policy advice.

2. Amid a challenging global and domestic environment, Cameroon has made significant progress in enhancing macroeconomic stability and climate resilience, under its IMF-supported program. The economy has shown resilience, with growth expected to strengthen in the medium term, supported by stabilized external conditions, increased energy production, and investment projects. All quantitative performance criteria and most indicative targets for the period under review have been met, and structural reforms continue to advance albeit some with delay. Efforts are also underway to enhance fiscal and financial management and further reinforce program performance.

3. Against this backdrop, the authorities request the IMF Executive Board's approval of the seventh reviews of the ECF and EFF, the completion of the second RSF review, and the related disbursement of SDR 89.7 million. Additionally, they seek approval of revised program targets for December 2024 and March 2025, in line with updated macroeconomic projections. The authorities remain firmly committed to sustaining reforms and taking necessary policy actions to further strengthen macroeconomic stability and promote sustainable and inclusive growth. Their program is consistent with the renewed commitment by CEMAC's Heads of State in December 2024 to the strategy to strengthen the region's internal and external stability.

Recent Economic Developments and Outlook

4. Cameroon's economy demonstrated resilience in 2024, with real GDP growth rebounding to 3.6 percent in the first half of the year, following a slowdown to 3.2 percent in 2023 due to supply chain disruptions, rising production costs, electricity shortages, and flooding. Inflationary pressures eased, with 12-month average inflation falling to 4.5 percent in December 2024, compared to 7.4 percent a year earlier, supported by monetary tightening, fiscal adjustments, currency appreciation, and a slowdown in food price inflation. The trade deficit narrowed, as strong growth in cocoa and cotton exports offset the decline in hydrocarbon exports, while imports decreased due to lower petroleum and food imports. On the fiscal front, non-oil revenue collection remained solid in line with projections, expenditure execution was slower than anticipated, and the public debt-to-GDP ratio continued its downward trend, projected to reach 42 percent at the end of 2024.

5. The banking sector strengthened, with the solvency ratio improving to 15.3 percent and non-performing loans (NPLs) declining to 12.9 percent in July 2024, while recent capital injections into two undercapitalized banks improved their capitalization and contributed to overall sector resilience. At the same time, banks' exposure to sovereign borrowers, including public enterprises, increased from 27 percent in 2020 to 37 percent of total assets in December 2023, reflecting a greater role of public sector lending in the financial system.

6. Our authorities anticipate a continued economic recovery, with growth reaching nearly 4 percent in 2024 and 2025 as domestic and external pressures ease. Over the medium term, the industrialization strategy outlined in National Development Strategy (SND-30) is expected to drive structural transformation, fostering broad-based expansion across all sectors and pushing real GDP growth above 4.5 percent. Inflation is projected to gradually decline below the CEMAC convergence threshold of 3 percent in the medium term. The external position would strengthen, supported by a rise in non-oil exports particularly cocoa and cotton, increased foreign direct investment, and deeper regional integration. As a result, the current account deficit is expected to stabilize between 3 and 4 percent of GDP in the medium-term, with import substitution policies further reinforcing external sustainability.

7. While the outlook remains positive, our authorities recognize several risks that could undermine economic performance and reform efforts. These include rising geopolitical tensions, trade disruptions, delays in donor disbursements, commodity price volatility, and tight global financial conditions. On the domestic front, natural disasters and security challenges in the conflict-affected areas pose potential risks to growth and fiscal stability. In this context, the authorities remain committed to maintaining sound fiscal policies, advancing structural reforms, and strengthening resilience in alignment with their SND30.

Performance under the ECF, EFF and RSF Arrangements

8. Cameroon's program performance at end-June, end-September and end-December 2024 was broadly satisfactory, reflecting steady progress while addressing ongoing challenges. By end-June, all quantitative performance criteria (QPCs) were met, along with most indicative targets (ITs), including a first-time achievement in limiting exceptional spending procedures. By end-September, the authorities met seven out of nine ITs, though challenges persisted in domestic arrears clearance and direct interventions of the national hydrocarbon company SNH, mainly due to heightened security-related expenditures and cash flow constraints. At end-December, the two available QPCs were met, and authorities have requested a waiver of applicability for the remaining QPCs under the EFF arrangement, as data will not be available before the Executive Board meeting. While the seventh ECF-EFF reviews and second RSF review were delayed due to pending CEMAC regional policy assurances and the need for further assessment, the authorities have initiated corrective measures for missed targets, including enhanced transparency on SNH direct interventions through reporting and gradual budget integration. The government is also strengthening budget discipline and integrity under the 2025 Finance Law to support these efforts.

9. Structural reforms are advancing, with six of nine structural benchmarks achieved, particularly in budget management, public enterprise transparency, tax administration, and banking stability. However, delays in the restructuring of the national refinery company SONARA and the revision of the Investment Incentive Law have pushed their completion to April 2025. To address this, authorities have contracted a contract with a consultant to carry out an in-depth technical and economic study for the restructuring of SONARA as a prior action before the eighth reviews under the ECF/EFF arrangements.

10. Cameroon is also making notable progress under the RSF, completing two key reform measures (RMs) on schedule, including the adoption of a climate-conscious project evaluation methodology (RM 4) and the revision of the Civil Protection Law (RM 6). Work continues on the National Climate Plan, a disaster risk financing strategy, and the integration of climate considerations into public investment planning.

Policy Priorities Going Forward

Fiscal Policies and Reforms

11. The Cameroonian authorities remain steadfast in their commitment to fiscal resilience and sustainable debt management, focusing on enhanced revenue mobilization, better expenditure control, and structural fiscal reforms. Considerable progress has been made in narrowing the non-oil primary deficit, which fell from 2.5 percent of GDP in 2023 to an estimated 2.0 percent in 2024, with a further decline to 1.3 percent expected by 2025.

12. Raising non-oil revenue remains a central pillar of the authorities' strategy. Revenues have steadily improved, growing from 11.4 percent of GDP in 2020 to 13.2 percent in 2024, with projections indicating an increase to 13.5 percent by 2025. Efforts to strengthen tax

administration, expand environmental taxation, and enhance international tax compliance are already underway, alongside digitalization initiatives such as electronic invoicing and automated tax monitoring. A second Tax Administration Diagnostic Assessment Tool (TADAT) review is planned for 2025 to assess progress in these areas. In parallel, the authorities are advancing personal income tax (PIT) reforms, leveraging a new wages and salaries database to inform policy adjustments, with results expected by end-2025.

13. To improve fiscal governance, the authorities are implementing public financial management (PFM) reforms aimed at enhancing spending discipline and transparency. The use of Treasury advances has been drastically curtailed, declining from CFAF 369 billion in 2023 to CFAF 35 billion by mid-2024, with further restrictions ensuring they are limited to emergencies only. Additionally, measures are in place to improve project selection, expand e-procurement coverage to 90 percent of public contracts by May 2025, and enforce tighter budget execution rules, including capping payment delays at 90 days.

14. Over the medium term, the authorities are focused on restructuring key state-owned enterprises (SOEs) and ensuring energy sector sustainability. The National Investment Corporation (SNI) has also been restructured to strengthen oversight of state-owned enterprises (SOEs) and improve their financial performance, thereby mitigating fiscal risks. The SONARA restructuring process is advancing, with a new restricted tender launched for the feasibility study on the hydrocracking refinery project. The government also plans to acquire a majority stake in ENEO, Cameroon's strategic national power utility, and include budgetary provision for potential losses and electricity subsidies while ensuring full budgetary transparency in the transaction. In this connection, budgetary provisions were made in the budget law LF2025 to cover near-term energy sector spending needs, while collaboration with the World Bank and African Development Bank under the Program for Results framework will support further investment and help manage fiscal risks. Authorities recognize the need for tariff adjustments to improve cost recovery and reduce fiscal pressures. They will consider updating tariffs over the medium term as part of broader energy sector reforms. Looking ahead, the authorities aim to expand hydroelectric capacity by advancing the Nachtigal dam project and developing the Sanaga basin's hydro potential to position electricity as a key export sector, leveraging private sector investment in generation and transmission.

15. The phased removal of fuel subsidies remains an integral part of expenditure rationalization, allowing for more effective allocation of fiscal resources while ensuring that vulnerable populations are protected. Fuel price adjustments implemented in February 2023 and 2024 have already freed up resources for priority spending. Plans are in progress to introduce an automatic fuel price adjustment mechanism over the medium-term, which will be accompanied by targeted social protection measures to ease the transition. The authorities are expanding social safety nets through the World Bank-supported Social Safety Nets Adaptive Project (2023–2028), which has already disbursed a quarter of its funding. Efforts focus on improving targeting, fiscal sustainability, and ensuring assistance reaches the most

vulnerable. To facilitate public acceptance, the authorities are also developing a comprehensive communication strategy to outline the long-term benefits of subsidy reform.

16. The authorities welcome and agree with staff's analysis that Cameroon's public debt remains sustainable. However, as it carries a high risk of debt distress, they are reinforcing debt management strategies to ensure long-term sustainability and prevent further arrears accumulation. While progress has been made in reducing domestic arrears, clearance efforts have not been sufficient to fully meet program targets, as new arrears have emerged due to liquidity constraints and weaknesses in cash flow management. The situation has been further strained by delays in budget support disbursements, impacting liquidity and slowing arrears clearance. To prevent further accumulation, the government is enhancing cash flow planning, improving budget execution discipline, and ensuring spending commitments are more closely aligned with available resources. Measures include limiting payment delays to 90 days, strengthening budget execution rules to curb excessive year-end commitments, and implementing a structured approach to securities issuance to better manage liquidity. In parallel, the authorities have initiated the repayment of debt service under the cross-debt clearance agreements finalized in April 2024. They remain committed to settling outstanding obligations while reinforcing financial oversight to prevent the future accumulation of inter-agency arrears. The authorities remain committed to restricting non-concessional borrowing to high-impact projects with clear economic benefits while tightening financial oversight through annual audits and eliminating unauthorized accounts. To further improve debt transparency and risk assessment, they are seeking capacity development support from the IMF to better define the perimeter of government debt and fiscal risks associated with it.

Structural Reforms to Strengthen Financial Sector Stability, Governance and Climate Resilience

17. The authorities remain committed to preserving financial stability within the monetary union, working closely with the regional central bank BEAC and banking commission COBAC to uphold foreign exchange regulations and prudential standards. Progress has been made in recapitalizing two undercapitalized banks, with one now meeting Basel capital adequacy requirements, while efforts continue to bring the second into compliance. To reduce NPLs and improve access to credit, the government is developing a credit registry, digitizing land records, and expanding the SME guarantee fund. Given significant sovereign bond exposure, the authorities are working with BEAC to enhance liquidity in the government securities market and encourage foreign investment. Additionally, efforts to strengthen the Debt Collection Corporation (SRC) aim to improve asset recovery, while the Deposit and Consignment Fund (CDEC) is being operationalized to manage dormant accounts without disrupting financial stability. Meanwhile, the financial inclusion strategy (2023-2027) is being implemented to broaden SME and agricultural financing, promote digital and Islamic banking, and enhance consumer protection, reinforcing efforts to expand financial access and deepen banking penetration.

18. Cameroonian authorities are advancing governance, financial transparency, and anti-corruption efforts to align national policies with international best practices. As part of this commitment, they are reinforcing the anti-corruption legal framework to comply with the United Nations Convention Against Corruption, which includes criminalizing illicit enrichment. In parallel, measures are being taken to enhance fiscal transparency, streamline public financial management, and reestablish full compliance with the Extractive Industries Transparency Initiative (EITI) by improving oversight and civil society engagement in the extractive sector.

19. Efforts are also underway to strengthen financial integrity and exit the FATF "grey list" by addressing strategic deficiencies in the anti-money laundering and counter-terrorism financing (AML/CFT) framework. Progress has already been made in enhancing financial intelligence, mandating beneficial ownership disclosure, and improving cooperation between regulatory agencies. The authorities are taking further steps to align AML/CFT policies with risk assessments, reinforce supervision of financial institutions and non-financial businesses, and enhance prosecution efforts for financial crimes. The IMF continues to provide technical assistance to support these efforts and improve regulatory oversight.

20. On the climate agenda, recognizing the urgent need to strengthen climate resilience, the government is integrating climate adaptation and disaster risk management into economic planning. Under the RSF, the authorities are advancing key reforms to be completed by April 2025, including finalizing a disaster risk financing strategy (RM7), updating the National Climate Plan (NCP) (RM2), and integrating climate considerations into public investment planning (RM5). Progress has also been made in green finance mobilization, and the expansion of the forest resource monitoring system (RM8), is strengthening environmental oversight. These reforms aim to enhance Cameroon’s ability to mitigate climate risks, attract sustainable financing, and align with its commitments under the Paris Agreement. The authorities continue to engage with development partners to ensure effective implementation and long-term sustainability of these initiatives.

Conclusion

21. Cameroonian authorities remain committed to their ECF, EFF, and RSF-supported arrangements, which support their SND-30 development agenda. Despite external and domestic challenges, they have sustained macroeconomic stability, advanced key structural reforms, and strengthened climate resilience. Given this progress and their continued reform efforts supported by the regional policy assurances at the CEMAC level, the authorities seek the IMF Executive Board’s approval of the completion of the seventh reviews under the ECF and EFF arrangements and the second review under the RSF arrangement.