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July 30, 1998

To: Members of the Executive Board

From: The Secretary

Subject: **Cameroon—Enhanced Structural Adjustment Facility—Medium-Term  
Economic and Financial Policy Framework Paper (1998/99–2000/01)**

Attached for consideration by the Executive Directors is the policy framework paper for Cameroon for the period 1998/99–2000/01. This subject, together with Cameroon's request for the second annual arrangement under the Enhanced Structural Adjustment Facility (EBS/98/131, 7/30/98), will be brought to the agenda for discussion on a date to be announced.

Mr. M. Katz (ext. 37465), Mr. Ghura (ext. 34034), or Mr. Ntamatungiro (ext. 36964) is available to answer technical or factual questions relating to this paper prior to the Board discussion.

Unless the Documents Section (ext. 36760) is otherwise notified, the document will be transmitted, in accordance with the procedures approved by the Executive Board and with the appropriate deletions, to the African Development Bank (AfDB), the European Commission (EC), the Food and Agriculture Organization (FAO), the Islamic Development Bank (IsDB), the United Nations Development Programme (UNDP), and the World Food Programme (WFP), following its consideration by the Executive Board.

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**INTERNATIONAL MONETARY FUND**

**CAMEROON**

**Enhanced Structural Adjustment Facility  
Medium-Term Economic and Financial Policy Framework Paper  
(1998/99–2000/01)**

Prepared by the Cameroonian Authorities in collaboration with the staffs of the  
International Monetary Fund and the World Bank

July 28, 1998

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## **I. INTRODUCTION**

1. Since July 1, 1997, Cameroon has implemented a comprehensive Enhanced Structural Adjustment Facility (ESAF)-supported program, with a view to bringing the economy onto a sustainable path of growth and development, gradually restoring macroeconomic and financial balance, and improving living conditions. The program is supported financially by the international community, and in particular by the International Monetary Fund, the World Bank, the African Development Bank, the European Union, and France. Paris Club creditors also agreed on a flow rescheduling under Naples terms.

2. Performance during the first year of the program was consistent with its objectives. Economic activity remained buoyant, and inflation fell sharply. Significant progress was made in 1997/98 (July-June) in strengthening the public finances and regularizing relations with external official creditors. Progress was also made in implementing structural reforms, particularly as regards divestiture of public enterprises, rehabilitation of the banking system, liberalization of the markets for refined petroleum products and maritime transport, and strengthening of transparency in the oil sector. However, poverty remains widespread, with about half the population living below the poverty line (defined by food consumption of 2,400 calories per day for an adult, which is valued at US\$250 per year). Also, the Cameroonian economy continues to face a number of constraints that, without bold corrective measures, could hamper growth and social development.

3. This document updates and extends the policy framework paper (PFP) for 1997/98-1999/2000 (EBD/97/93), issued on July 28, 1997. It sets out the government of Cameroon's next phase of adjustment, which aims at consolidating and accelerating economic growth, and ensuring further job creation and poverty reduction. The revised PFP highlights the main achievements under the first year of the program and identifies a set of policy measures for 1998/99-2000/01 designed to maintain macroeconomic stability and to deepen structural reforms, so as to establish an environment enabling continued private sector development and to enhance productivity. These reforms are expected to continue to be supported by the international community, in particular the IMF and the World Bank.

## **II. RESULTS ACHIEVED UNDER THE FIRST YEAR OF THE PROGRAM**

4. The major macroeconomic objectives for 1997/98 were achieved. Economic activity remained buoyant, with real GDP growth estimated to have stabilized at 5 percent, fueled mainly by the primary and secondary sectors. The average inflation rate was reduced from 5.2 percent in 1996/97 to 2.8 percent. Export performance was mixed, reflecting the impact of the Asian crisis. While total non-oil exports are estimated to have grown by 6½ percent in volume terms, led by logs, cocoa, coffee, cotton, bananas, processed wood, and aluminum, the value of oil exports fell by 17 percent, as the increase in oil production (estimated at 6½ percent in volume terms) did not compensate for the 21 percent drop in the international price. Import volumes increased by about 7 percent. The external current account deficit (including official transfers) is estimated to have widened by about 1 percentage point to 2.4 percent of GDP, mirroring an increase in total domestic investment by 2 percentage points

to 18.4 percent of GDP and an improvement in national savings of only 1 percentage point to 16 percent of GDP.

5. On the fiscal front, the primary budgetary surplus was slightly above the program target, as oil revenue was higher than projected, owing to the payment of profit tax arrears by an oil company and the transfer of the windfall revenue from 1996/97. As programmed, the overall budget deficit widened by 1 percentage point to about 2 percent, reflecting an increase in foreign-financed investment. Non-oil revenue rose by 1.2 percentage points of GDP to 12.2 percent. On the policy front, progress was made in the issuance of tax identification numbers to enterprises subject to profit taxes (*régime réel*), a reform of forestry taxation was introduced, and a census of tax arrears, as of end-June 1997, was completed along with the elaboration of a collection strategy. In addition, exemptions contained in enterprise-specific agreements were reduced through renegotiation with some of the enterprises involved. Finally, to reinforce external competitiveness, nonforestry export taxes were reduced further in the context of the 1997/98 budget from 13.5 percent to 10 percent (from CFAF 6,000 to CFAF 4000 per ton for bananas). On the expenditure side, the share of outlays for priority expenditures increased: spending on education and health rose from 1.8 percent of GDP in 1996/97 to 2.2 percent on GDP in 1997/98. Finally, an inventory of domestic arrears accumulated from July 1, 1993 to June 30, 1997 has begun, and an audit of commercial claims is to be completed before end-July 1998.

6. Monetary developments in Cameroon were characterized by an increase in broad money, a pickup in private sector credit, and an improvement in Cameroon's contribution to the net foreign assets position of the regional central bank (BEAC). In the year ended May 1998, currency in circulation increased by 12.3 percent, and deposits were up by 4.5 percent. Private sector credit increased by 28 percent during the same period on account of robust economic activity. The increase in bank deposits was well below the expansion of credit, forcing commercial banks to draw on their reserves with the BEAC.

7. Competitive bids were launched for the privatization of (a) two agro-industrial enterprises (SOCAPALM and CAMSUCO); (b) two insurance companies (SOCAR and CNR); and (c) the public water company (SNEC). Progress was made in the privatization of the national railway system (REGIFERCAM) with the selection of a new concessionaire in May 1998. In the telecommunications sector, a new legislative framework was adopted, and competitive bids were launched to allow the private sector to establish a second cellular phone service. The government also completed the preparation of staffing plans for most ministries, and the civil service was reduced by about 1,200 people. In the oil sector, (a) an independent audit of the national oil company's (SNH) accounts for 1996/97 was completed, and an action plan to revamp the SNH's accounts was adopted; (b) an automatic mechanism for monthly revision of petroleum prices was introduced, reflecting developments in world market prices; and (c) the monopoly of the national refinery (SONARA) over the supply of refined petroleum products was eliminated through the opening up of the market to competing imports. Steps were taken to enhance efficiency in the transport sector: (a) all national preferences and cargo-sharing arrangements for maritime transportation were eliminated; and (b) a comprehensive restructuring plan for the port of Douala was adopted. These measures were complemented by the creation of the Competitiveness Committee in December 1997, a consultation

framework between the authorities and the private sector responsible for identifying competitiveness-enhancing measures. In the financial sector, the legal requirement that at least one-third of bank capital must be held by Cameroonian interests was eliminated, and competition within the banking sector was improved following its successful restructuring in 1996/97 and the liberalization of banking commissions. In addition, the government established a trust fund to guarantee part of the repayments of securitized bank debt. Finally, on the social front, a law orienting education policy was adopted, a national health map was prepared, and the National Center for Procurement of Essential Medicines (CENAME) was made operational, with the aim of improving the availability of essential medicines and reducing their cost.

8. Notwithstanding the progress made during 1997/98, Cameroon's financial situation remains fragile, and a number of structural constraints and rigidities are to be alleviated with a view to unleashing the country's considerable growth potential and to improving the living standards of the population. The main challenges ahead include (a) strengthening the collection of non-oil revenue; (b) improving expenditure quality and management; (c) maintaining external competitiveness; (d) raising saving and investment; (e) developing human capital; (f) improving economic and social infrastructure; (g) providing efficient public services; and (h) reducing the domestic and external debt burden.

### **III. MAIN OBJECTIVES AND STRATEGY FOR 1998/99-2000/01**

#### **A. Main Objectives**

9. Building on the positive results achieved during the first year of the program, the government is determined to deepen its adjustment efforts during 1998/99-2000/01, with a view to providing a stable macroeconomic environment, bringing the economy onto a path of high and sustainable growth, reducing poverty, and improving the living conditions of the population. The main macroeconomic objectives set for 1998/99-2000/01 are to (a) limit inflation to approximately 2 percent per year; and (b) stabilize the external current account deficit at about 2½ percent of GDP. Real GDP growth is projected to reach at least 5 percent a year, the absolute minimum needed for significant poverty reduction.

#### **B. Strategy**

10. To achieve these objectives, the government's program hinges on the following strategy: (a) the implementation of appropriate macroeconomic policies; (b) the establishment of an enabling environment for the private sector, so as to raise private saving and investment; (c) the implementation of structural reforms geared at reinforcing external competitiveness; and (d) the definition of social policies to reduce poverty, with greater emphasis placed on the development of human resources. Macroeconomic policies will aim at maintaining a low inflation rate. Budgetary policies will focus on the collection of non-oil revenue, the improvement in the quality and control of expenditure, with priority given to education, health, justice, basic infrastructure, and rural sectors. By maintaining appropriately tight fiscal policies, the government will contribute to the increase in total savings. To improve

infrastructure in support of private sector development, government investment (excluding restructuring outlays) is planned to increase from 2.7 percent of GDP in 1997/98 to about 5 percent by 2000/01. Monetary policy, which is conducted at the regional level by the BEAC, will be centered on implementing indirect instruments of monetary control and making greater use of market mechanisms to control liquidity.

11. The government recognizes that the private sector will be the main engine for growth. In this connection, measures to create an enabling environment for the private sector have been identified, including improved governance, the fight against corruption, reform of the judicial system, maintenance of a sound and competitive financial sector, and modernization of government financial agencies. International competitiveness will be maintained through prudent fiscal, monetary, and wage policies, as well as through further structural reforms. The latter include privatization, the restructuring of the port of Douala, the privatization of major public utilities, and the implementation of the action plan for the Competitiveness Committee. Finally, with regard to social policies, the government has prepared a framework paper for reducing poverty centered on growth and employment, investment in education, improvement in labor productivity, and the protection of vulnerable groups and the environment.

#### **IV. MACROECONOMIC POLICIES**

##### **A. Fiscal Policy**

12. The implementation of a rigorous fiscal policy is essential to ensure internal and external viability over the medium term. In view of the need to maintain a sustainable fiscal position and reduce the burden of government debt, the major policy challenges are to (a) raise total revenues in the face of declining revenues from the oil sector; (b) continue to improve the composition of expenditures by reorienting them toward priority sectors; and (c) improve expenditure management procedures so that outlays reach their intended destination and new expenditure arrears are avoided. To these ends, the government will aim at keeping the primary surplus at an average of 4  $\frac{3}{4}$  percent of GDP over the coming three years. With the planned expansion of government investment, the overall deficit will be contained at below 3 percent of GDP, whereas total government debt (both external and domestic) is expected to fall from 99 percent of GDP in mid-1998 to 62 percent by mid-2001.

13. Priority will continue to be attached to non-oil revenue collection. Since oil revenue is projected to decline as a percent of GDP during 1998/99-2000/01, the improvement in total revenue is predicated on an increase in non-oil revenue by some 2 percentage points of GDP, even though trade taxes will continue to be reduced to maintain external competitiveness and support trade liberalization. Despite some revenue losses from further reductions of trade taxes, the government intends to increase non-oil revenues by (a) reforming tax policies; (b) enlarging the tax base; and (c) improving tax administration. Envisaged tax policy changes include (a) the replacement of the sales tax by a value-added tax (VAT), as from January 1, 1999; (b) the introduction of a global income tax; and (c) a new land tax based on value rather than area. The VAT is expected to be revenue raising, particularly because certain services previously taxed at the reduced sales tax rate will be taxed at the new higher single rate. Also,



the taxation of the forestry sector will continue to be reviewed, with the objectives of managing resources wisely, preserving ecosystems, increasing the contribution of the forestry sector to the budget, and encouraging processing industries with high value added. To these ends, export taxes on forestry products will continue to be reduced, in line with the progress made in collecting "upstream" forestry taxes (the stumpage fee and the area tax).

14. The government plans to enlarge the tax base, especially for the VAT, by reducing tax and customs exemptions. In this context, the government has decided to maintain the freeze on the creation of new enterprise-specific industrial free zones and to harmonize all investment incentives to make them consistent with the Economic and Monetary Community of Central Africa (CEMAC) tax and customs reform. The tax base will also be widened by locating taxpayers that are presently outside the tax net. Steps to improve tax and customs administration include (a) combating fraud and tax evasion; (b) implementing the strategy for collecting tax arrears identified in the survey conducted in 1997; (c) reissuing tax notices and pursuing tax delinquents; (d) strengthening the large taxpayers' units; (e) expanding the issuance and use of unique taxpayer identification numbers; and (f) expanding tax audits (both off- and on-site). The government envisages the rehabilitation and modernization of the tax, customs and treasury administrations with donor assistance, particularly in the area of computerization and data processing. These measures will contribute to a better identification of taxpayers and help to combat fraud and tax evasion.

15. Major aims of expenditure policy are to (a) consolidate the priority accorded to social sector outlays (especially in education and health), poverty reduction, rural sectors, and infrastructure (notably through the proper funding of the road fund); (b) deepen civil service reform; (c) improve further the preparation and execution of the public investment program (PIP); and (d) strengthen public expenditure management and modernize the budgetary information system. Noninterest expenditure is to increase by 2 percentage points to 12½ percent of GDP in 2000/01, while the wage bill would be contained at about 5 percent of GDP. The government is determined to modernize the civil service. To this end, it will prepare a study on deepening the administrative reform implemented during previous years. This reform will in particular aim at (a) continuing the revision of the remuneration system to correct for the severe wage compression and provide increased incentives for civil servants; (b) instituting, after a study, a merit-based promotion system; (c) strengthening efforts to reduce the size of the civil service through departure programs and automatic retirement; (d) extending the integrated system for computerized personnel and payroll management (SIGIPES) to all ministries; and (e) modernizing the civil service through training programs, computerization, and installation of new equipment with a view to increasing productivity. Additionally, the government will provide adequate budgetary allocations for the social cost of restructuring public enterprises and paying departure packages to retrenched civil servants. As regards public investment, the system of rolling three-year PIPs will be maintained. Project portfolios will be appraised annually in collaboration with the World Bank and other donors to ensure adherence to priorities, and the comprehensiveness and efficient reprogramming of the PIP.

16. The government recognizes the need to improve transparency in the public expenditure management system so as to fight corruption and ensure that budgetary outlays

reach their intended destination. With this in mind, the number of steps involved in budget execution will be reduced, the responsibility of financial comptrollers in spending ministries will be increased, the control functions of both the Ministry of Finance and the Audit Office (Contrôle Supérieur de l'Etat) will be enhanced, and strict sanctions will be applied to officials found guilty of corruption or misappropriating public funds. Additionally, a comprehensive reform of the budget accounting system is planned, and the computerization of budgetary and accounting data will be improved following an audit of the current system. The accumulation of payments arrears will be avoided by improving procedures at each stage of the spending process, by ensuring that adequate resources are budgeted for government consumption, and by regularly paying both domestic and external debt obligations.

17. Domestic debt is one of the most serious obstacles to the resumption of economic activity. The burden of its service, in view of competing priority expenditures and, directly and indirectly, its impact on poverty, is inescapable, and so is the pressure it exerts on the management of public finances. The stock of domestic debt is estimated (before audit) to amount to about CFAF 1,400 billion, equivalent to 26 percent of GDP. During the last two years, the government has settled its bank, insurance company, social security, and commercial debts as at June 30, 1993, either by cash repayments or by securitization. The audit of debts as at June 30, 1997 will be completed by July 31, 1998 at the latest. The government plans to adopt a strategy for settling identified and verified arrears as at June 30, 1997, and to take specific actions under the plan by the end of 1998.

## **B. Monetary Policy and Financial Sector Reforms**

18. A well-functioning and efficient financial system is essential to private sector development and sustained economic growth. In this regard, Cameroon will continue to assume a leading role in the definition and direction of the regional monetary policy conducted by the BEAC. In particular, it will support reforms aimed at promoting the effective use of indirect monetary policy instruments and liberalizing interest rates so that they can reflect market conditions. In addition, regional interest rate policy will continue to be based on maintaining an adequate positive differential with the French money market rate.

19. With a view to safeguarding the benefits of the recent successful restructuring of the domestic banking system, the government will support the regional banking commission's (COBAC) banking supervision activities and enforce its decisions and prudential regulations for all credit institutions, including the savings and loan cooperatives. The government intends to withdraw further from the ownership and management of banks, so that it will hold no more than 20 percent ownership. To this end, the remaining public bank (BICEC) will be offered for sale by end-December 1998. To improve the collection of commercial banks' nonperforming loans, the government will continue to apply sanctions to defaulters by making them ineligible for bank credit, to participate in the privatization program, and to bid on any government contract.

20. At present, most insurance companies in Cameroon do not meet the prudential ratios and actuarial reserve requirements established under the regional insurance code (CIMA). To remedy this situation, restore confidence in the insurance sector, and encourage insurance

companies to play an increased role in the financial deepening process, the government intends in 1998/99 to continue to strictly apply rehabilitation measures prescribed by the regional commission of insurance control (CRCA), particularly the withdrawal of licenses in certain cases. The privatization of the two remaining public insurance companies (SOCAR and CNR) will be completed in 1998/99.

21. The government will continue to set annual quantitative collection targets in regard to loans transferred to the national loan collection agency (SRC) under the commercial bank restructuring program; the target for 1998/99 amounts to CFAF 11 billion. In addition, the government will strengthen the regulation and supervision of nonbank financial institutions, particularly to foster the development of (a) a financial market; (b) microfinancing institutions (providing credit to rural activities and to small and medium-size enterprises); and (c) specialized structures for the mobilization of long-term resources and investment financing. The government will also adopt an action plan for social security reform by December 1998.

## **V. STRUCTURAL POLICIES**

22. The government will intensify its efforts to establish an enabling environment for private sector development. Actions to reinforce external competitiveness will entail the realization of reforms initiated in 1997/98, including (a) the implementation of the Competitiveness Committee's work program; (b) the gradual elimination of export taxes; (c) the implementation of the action plan to restructure the port of Douala, so as to reduce costs and transit delays; (d) and the maintenance of a competitive and sound banking sector. The government will also remove distortions adversely affecting private sector activities, including by (a) eliminating the remaining import surcharges and nontariff barriers; (b) ratifying the CEMAC treaty and pushing for further reductions in the common external tariff (CET); (c) improving the functioning of the foreign exchange market through authorization of foreign exchange bureaus; (d) increasing competition through the effective liberalization of petroleum product imports, the elimination or reduction of tax exemptions, and the privatization of public enterprises; (e) examining ways to reduce domestic costs through the privatization of major utilities; (f) reforming the judiciary system; and (g) improving governance and reducing corruption.

### **A. Privatization of Public Enterprises**

23. The government will accelerate the privatization of public enterprises and utilities, in conformity with a plan established with World Bank assistance. According to this plan, (a) in the agro-industry sector, the privatization of the palm oil company (SOCAPALM) and of the sugar company (CAMSUCO) is expected to be completed in 1998/99, and competitive bidding for the privatization of the cotton company (SODECOTON) and the Cameroon Development Corporation (CDC) is to be launched in 1998/99; (b) the new concessionaire of the railway system (REGIFERCAM) is expected to take over rail operations by end-March 1999; (c) calls for the privatization of the electricity company (SONEL) are to be issued by end-June 1999; (d) the privatization of SNEC is expected to be completed in

1998/99; (e) competitive bidding for the privatization of the telecommunications company (CAMTEL)<sup>1</sup> will be launched before the end of February 1999; and (f) competitive bidding for the privatization of the national air company (CAMAIR) is to be launched in 1998/99. Privatization operations will be completely transparent, occurring within a regulatory framework that promotes competition and market-based price-setting mechanisms. Given the heavy privatization agenda (50 percent of the government portfolio and 35,000 employees), the administrative and technical capacity of the privatization commission will be strengthened.

### **B. Improvement in the Judiciary System**

24. The government is aware that a well-functioning judicial system is essential to investment security. Institutional and administrative reforms of the legal system and of the judiciary are envisaged that will permit the proper and rapid execution of commercial and financial contracts. The challenge is to establish conditions allowing the judiciary to work in conditions that guarantee its independence and its dignity, in strict conformity with the law and with its professional code of ethics. To this end, the government is committed to (a) providing adequate working means to the judiciary; (b) improving salaries and career development; (c) strengthening the supervision of the judicial system; and (d) applying appropriate sanctions. Finally, the government will establish a program for human resource development, entailing selection and training policies for professionals of the judiciary and the dissemination of legal rulings (Journal Officiel, supreme court decisions, and documents of the Organization for the Harmonization of Business Law in Africa ).

### **C. Improvement in Governance and Fight Against Corruption**

25. The authorities are determined to improve governance and to fight corruption, which constitutes a major impediment to increased private investment. The following actions are expected to deal with these issues: (a) the continuation of annual independent audits of SNH's accounts, so as to increase transparency in the oil sector; (b) the maintenance of transparency in the privatization operations; (c) an improvement in public expenditure management and in government procurement; (d) enhanced control by the Ministry of Finance over practices in the tax and customs departments, so as to reduce fraud and incentives for corruption; (e) the continuation of government withdrawal from productive activities, in order to eliminate rent-seeking opportunities and to set the stage for healthy competition; (f) the ongoing reform of the judiciary, so as to increase credibility and confidence in the profession; (g) the restructuring of the port of Douala, in order to increase the efficiency of private sector activities and improve competitiveness by reducing costs and transit delays; and (h) the strengthening of means and authority of the government audit body (Contrôle Supérieur de l'Etat) to allow it to inspect regularly ministerial and public enterprise management, and to apply strict sanctions to civil servants and managers convicted of misappropriation of public funds. Finally, the government plans to promote citizen and civil society participation in the formulation and implementation of action programs.

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<sup>1</sup> Resulting from the merger of INTELCAM and the commercial activities of the Directorate of Telecommunications.

#### **D. Expected Impact of the Envisaged Structural Reforms**

26. The implementation of the identified structural reforms should contribute to placing the economy on a strong and sustainable growth path. Overall, the institutional reforms in the transport sector (namely, the restructuring of the port of Douala, the privatization of the railway system, and the establishment of an operational road fund), the improvement in governance (consistency and predictability), the enhancements in the functioning of the judiciary, the elimination of trade barriers, and the privatization of major utilities are expected to raise profit prospects and increase investment, production, and employment. The privatization of major agro-industries, coupled with increased competition and tax reforms, will raise production, employment, and farmers' prices in the agricultural sector (e.g., SODECOTON), thereby contributing to a reduction in poverty in rural areas. The privatization of major public utilities is expected to raise investment and improve the supply and quality of electrical power, water, and telecommunications while reducing production costs and increasing productivity. Also, by increasing the supply of clean drinking water, the privatization of SNEC should improve the well-being of the population. Finally, financial sector reforms are expected to deepen financial intermediation through increased savings mobilization and access to bank credit; in particular, the restructuring of savings and loan cooperatives should improve banking services for lower-income populations.

### **VI. SPECIFIC SECTORAL POLICIES**

#### **A. Forestry and Environment Protection**

27. The rational and sustainable utilization of the country's rich forestry resources requires increased competition and transparency in the awarding of concessions, the design and strict implementation of appropriate forestry management plans, a clear policy for the preservation of the environment, and the protection of the interests of the populations living near forests. The government expects this sector to contribute to growth and to macroeconomic balance. In this context, a study of the forestry sector will be launched to assess its activity and to lay the basis for additional reforms, which will aim at (a) preserving balance among ecosystems; (b) ensuring rational and sustainable management of forestry resources; (c) redefining policies concerning log exports; and (d) promoting a local processing industry with a high degree of value added.

#### **B. Energy Production and Distribution**

28. The energy sector is expected to contribute to economic growth, notwithstanding the projected decline in oil production. Considerable offshore natural gas reserves remain unexploited, and the country's hydroelectrical potential is undeveloped; meanwhile, the power supply is insufficient. The planned structural reforms, notably the privatization of public enterprises in the energy sector, are expected to attract new investments in the sector. With a view to slowing the decline in oil production, the government recently revised a law for the oil sector's fiscal regime to provide incentives for increased exploration and production. Also, the

construction of an oil pipeline linking Chad to an offshore terminal at Kribi should have a positive impact on the economy. To face the impending electricity supply shortages, which could jeopardize the objective of sustained growth, the government intends to diversify energy sources. In this respect, it intends to adopt legislation to encourage the exploitation of the country's proven reserves of offshore natural gas. In addition, in the context of the general policy entrusting the private sector with the main responsibility for developing the output capacity of productive sectors, the government will adopt a comprehensive reform strategy for the petroleum sector (exploration and production), including a redefinition of the respective roles of the SNH and the private sector. Finally, the government will adopt new mining and petroleum codes.

## **VII. SOCIAL POLICIES AND POVERTY REDUCTION**

### **A. Poverty Reduction**

29. The share of the population living below the food poverty line was estimated in 1996 at 50 percent, with large variations between rural and urban areas (55 percent and 22 percent, respectively), and with a higher incidence for women. The government is determined to reduce the share of people living in poverty to 40 percent by 2000/01 and to reduce it further to about 15 percent by end-2010. In this context, it has prepared a policy framework paper for a poverty-reduction strategy containing measures to (a) promote high and sustainable economic growth that preserves ecosystems; (b) increase access to basic social services (education, health, and drinkable water); and (c) involve women in economic and social development. This paper will be the subject of a government declaration by end-December 1998, and, after discussion by interested parties (private sector, nongovernment organizations (NGOs), and donors), it will provide the basis for elaborating a comprehensive poverty-reduction strategy, to be adopted before end-April 1999, that will incorporate detailed action plans for both the rural and urban sectors. Meanwhile, specific actions are envisaged in collaboration with donors and/or NGOs, in the context of (a) the budget (allocating adequate and regionally targeted resources for education, health, roads, and retrenchment packages for public enterprise workers and civil servants); (b) the privatization of public enterprises; and (c) improved access by low-income populations to microcredit.

### **B. Human Resource Development**

30. The development of human resources and poverty reduction are among the government's most important priorities. Improvements in education and health have a lasting, direct impact on the living standards and the quality of human capital. In its improved expenditure management policy, emphasis will be put on increased effectiveness of budget allocations to the education and health sectors. The government will encourage a greater contribution by the private sector in the development of these essential sectors.

31. The government is committed to increasing the primary school enrollment rate from 81 percent in 1997/98 to 85 percent in 2000/01, especially the less-privileged segments of the population; increasing community participation in school management; and enhancing the

quality of education. To this end, a new education strategy policy was announced in the education orientation law adopted in March 1998. In implementing this strategy, the government will (a) ensure through training and upgrading that all primary schools have adequate numbers of qualified teachers; (b) revise the regulations relating to teacher assignments with a view to reducing regional imbalances in pupil-teacher ratios; and (c) prepare a national policy for schoolbooks aimed at increasing their availability at affordable prices.

32. The main objectives of the government's health sector policy will continue to be to increase access to primary health care for all segments of the population, especially in rural areas, and to expand the participation of local communities in the management and financing of health districts. To this end, the government will agree with donors on an action plan for developing and managing health districts and improving their services. As from July 1, 1998, the authorities suppressed the transfer to the budget of 35 percent of the revenue from health centers, allowing these centers to keep all such revenue for operating expenses. In addition, the government will implement an accelerated and enlarged vaccination plan (PEV) to raise the diphtheria, pertussis, tetanus (DPT) vaccination rate from 45 percent in 1997/98 to 70 percent in 2000/01. It will also launch a publicity campaign in support of the use of generic drugs and liberalize the distribution of good-quality pharmaceutical products.

### **VIII. IMPROVEMENT OF STATISTICS**

33. The government recognizes the importance of an adequate database for program monitoring. In this context, special efforts will be made to improve the quality, coverage and timely production of core economic and social data. Special attention will be given to the preparation of national accounts with better estimates of the contribution from the informal sector, the production of national producer and consumer price indices, the timely publication of monthly monetary data with a maximum delay not to exceed five weeks, the economic and functional classification of expenditure, the improved monitoring of domestic and external debt data, as well as of the financial performance of public enterprises (the SISEP system), and the establishment of regular household surveys to monitor poverty and social developments. Efforts will also be made to establish a mechanism for the automatic monitoring of external loan and grant disbursements.

### **IX. TECHNICAL ASSISTANCE**

34. Where needs are clearly identified, the government will continue to draw on national and international technical expertise and advice for the design and implementation of reforms. In the area of domestic resource mobilization and expenditure management, Cameroon expects to continue receiving extensive technical assistance from the IMF, the World Bank, the European Union, and bilateral donors such as France. The government will receive further IMF assistance in introducing the VAT and other envisaged fiscal reforms, and in improving expenditure management. World Bank assistance is expected for capacity building at the Ministry of Economy and Finance, including the rehabilitation and the computerization of the

tax and customs administration and the treasury. Moreover, to improve the investment climate, the government has requested financial and technical assistance from the World Bank in reforming the judiciary and establishing a harmonized investment code in the CEMAC context. The authorities expect to continue receiving additional multilateral and bilateral assistance in the area of civil service reform. In addition, the government expects to receive financial and technical assistance in clearing its domestic arrears and introducing a financial market. Lastly, the World Bank will continue to provide the government with technical support for its ongoing privatization program.

## **X. EXTERNAL SECTOR OUTLOOK, FINANCING REQUIREMENTS, AND DEBT MANAGEMENT**

### **A. External Sector Outlook**

35. The external program financing requirements for 1998/99–2000/01 are derived from projections based on the program's macroeconomic targets and on assumptions regarding developments in Cameroon's main export markets. It is assumed that the prices of Cameroon's main non-oil products will rise by some 2 percent annually over the next three years, and their volume by  $8\frac{1}{2}$  percent on average, while prices and volume of imports would grow by 1 percent and  $9\frac{1}{2}$  percent, respectively. Owing to the projected contraction of oil exports, the trade surplus would decline gradually from 5.8 percent of GDP in 1997/98 to 3.2 percent in 2000/01. On average, the services deficit is expected to amount to the equivalent of 7 percent of GDP over the next three years, while unrequited transfers would show an increasing surplus; the current account deficit should stabilize at about  $2\frac{1}{2}$  percent of GDP after 1997/98.

### **B. Financing Requirements**

36. The cumulative current account deficit is projected to reach CFAF 464 billion over the three-year period. In light of the scheduled external debt amortization of CFAF 1,256 billion, a targeted increase in net foreign exchange reserves of CFAF 351 billion, and the elimination of CFAF 40 billion in arrears, Cameroon's external financing requirements are estimated at about CFAF 2,167 billion (equivalent to US\$3.6 billion). In view of the envisaged reforms, the government expects private capital inflows, mainly from foreign direct investment and short-term trade credits, to total some CFAF 408 billion over the program period. An inflow of CFAF 470 billion is expected in concessional project assistance from bilateral and multilateral agencies in the context of the public investment program, and CFAF 382 billion in financing to support the program has been committed by bilateral and multilateral creditors, including disbursements under the third structural adjustment credit from the World Bank and the use of remaining Fund resources under the ESAF arrangement. In addition, reschedulings by Paris Club and non-Paris Club bilateral creditors are expected to provide CFAF 577 billion in exceptional financing. On this basis, the residual financing gap for the program period would amount to CFAF 330 billion. The gap for 1998/99, estimated at CFAF 40 billion, reflects the initial cost associated with the restructuring of commercial debts with the London Club, and it is expected to be fully covered by Cameroon's bilateral and multilateral partners. The



financing gaps for the subsequent years are expected to be covered by additional financial support from bilateral and multilateral donors.<sup>2</sup> These developments should allow Cameroon to reverse the trend of net transfers of external resources in its favor from 1998/99 onward.

### **C. Debt Management**

37. The success of the government's medium-term economic and financial program also depends on external debt relief, as the debt burden continues to weigh heavily on external viability. The October 1997 Paris Club agreement was an important step in this direction; its entry into force permitted a 50 percent reduction in net present value (NPV) terms of reschedulable arrears and maturities falling due during the three-year, ESAF-supported program. The authorities will continue to abide by the commitments of the agreement, including the nonaccumulation of arrears and implementation of the ESAF-supported program; this should enable Cameroon to benefit in 2000/01 from a Paris Club exit rescheduling, with a stock-of-debt operation on Naples terms. The authorities will seek from non-Paris Club official creditors and commercial banks terms as favorable as those granted by the Paris Club. In this regard, the government will intensify discussions with the London Club, with a view to reaching a commercial debt restructuring agreement during the second annual ESAF arrangement. In conjunction with these discussions, the government will approach the Bretton Woods institutions and possible bilateral donors to seek substantial contributions to finance the up-front costs for Cameroon of such an agreement.

38. A stock-of-debt reduction at the end of the ESAF program on the best possible Naples terms would bring external debt back to a sustainable level in the medium and long term. In particular, on the basis of the above-mentioned assumptions, external debt service would quickly return to an acceptable level, falling to 26 percent of budget revenue and 16 percent of exports of goods and nonfactor services, respectively, in 2000/01, and to about 20 percent and 12 percent, respectively, in 2017/18. Similarly, the NPV of Cameroon's external debt is expected to be reduced to the equivalent of 168 percent of exports of goods and nonfactor services in 2000/01 before falling to 99 percent in 2017/18.

39. Even with flow and stock external debt relief from bilateral creditors, Cameroon's capacity to meet its external obligations will depend also on other factors, such as economic growth, the buoyancy of exports, and commodity prices, as well as on the amount and concessionality of new external financing. If the growth of exports is 2 percentage points below current projections, debt service (after rescheduling) would be brought down from 26 percent of exports of goods and nonfactor services in 1997/98 to 17 percent in 2000/01 before stabilizing at around 18 percent in the outer years. If annual GDP growth is 1 percent below that estimated, the debt-service ratio would fall from 26 percent of exports of goods and nonfactor services to about 16 percent in 2000/01 and then to 15 percent by 2017/18.

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<sup>2</sup>Including the impact of an eventual stock-of-debt operation by the Paris Club.

Table 1. Cameroon : Policy Measures Implemented During the First year of the ESAF-Supported Program

Policy Area	Implemented Policy Measures	Implementation Date
<b>1. Incentives policies</b>		
<b>a. Exchange and trade system</b>	• Reduction of nonforestry export taxes from 13.5 percent to 10 percent (from CFAF 6,500 to CFAF 4,000 per ton of bananas).	July 1, 1997
	• Creation of a competitiveness committee with private sector participation.	December 31, 1997
<b>b. Regulatory and domestic pricing policy</b>	• Adoption of new competition law aimed at preventing and penalizing the abuse of market power and restrictive trade practices.	June 1998
	• Introduction of a mechanism for monthly revision of petroleum product prices to reflect movements in world market prices.	December 31, 1997
	• Elimination of the national refinery's (SONARA) monopoly over the supply of petroleum products via liberalization of competing imports, and establishment of a temporary surcharge on imported refined petroleum products.	July 1, 1998
<b>2. Fiscal policy and public sector</b>		
<b>a. Revenue and expenditure</b>	• Completion of a census of enterprise tax arrears as of June 30, 1997, and definition of a collection strategy.	December 31, 1997
	• Adoption of a value-added tax (VAT).	June 30, 1998
	• Timely transfer to the Treasury of the oil sector revenue collected by the national petroleum company (SNH).	1997/98
	• Issuance of tax identification numbers to all enterprises subject to profit taxes ( <i>régime réel</i> ).	December 31, 1997
	• Increase of forestry acreage fee and improved collection of forestry taxes by basing the stumpage fee and export taxes on f.o.b. export prices.	July 1, 1997
	• Renegotiation of enterprise-specific conventions to reduce tax exemptions.	1997/98
	• Increase in the share of nonwage primary spending on priority sectors from 51 percent to 55 percent.	1997/98
	• Adoption of first phase of the new accounting system at the Treasury (PATRIOT).	July 1, 1997
<b>b. Public enterprise reform</b>	• Provision of adequate financing of the Privatization and Rehabilitation Commissions.	1997/98
	• Selection of a private concessionaire for the railway system (REGEFERCAM).	May 1998
	• Launching of competitive bidding for the privatization of SOCAPALM, CAMSUCO, and SNEC.	1997/98
	• Completion of preparatory studies on the privatization of CDC.	May 1998
	• Adoption of new regulatory frameworks for the telecommunications sector.	June 30, 1998
	• Launching of competitive bids to allow the private sector to establish a second cellular telephone service.	June 1998
	• Progressive transfer to ordinary law status of a number of state companies with public capital and mixed enterprises.	1997/98

Table 1. Cameroon : Policy Measures Implemented During the First year of the ESAF-Supported Program

Policy Area	Implemented Policy Measures	Implementation Date
<b>c. Administrative reform</b>	<ul style="list-style-type: none"> <li>• Completion of organizational structures for the Culture Ministry.</li> <li>• Departure of 1,229 civil servants under the 1995/96 and 1996/97 departure program (POEs).</li> </ul>	<p>December 1997</p> <p>1997/98</p>
<b>3. Financial sector policy</b>	<ul style="list-style-type: none"> <li>• Initiation of a feasibility study on establishing a regional financial market.</li> <li>• Revocation of the legal clauses stipulating that at least one third of bank capital must be held by Cameroonian interests.</li> <li>• Constitution of a trust fund to guarantee payment of principal on 30-year bonds issued to restructure commercial banks.</li> <li>• Liberalization of commissions on bank transactions.</li> <li>• Submission of savings and loan cooperatives to COBAC supervision.</li> <li>• Collection of CFAF 13 billion of nonperforming assets (relative to a target of CFAF 7 billion) by SRC.</li> <li>• Launching of bids for the privatization of two public insurance companies (SOCAR and CNR).</li> </ul>	<p>May 1998</p> <p>July 1, 1997</p> <p>1997/98</p> <p>July 1998</p> <p>June 30, 1998</p> <p>1997/98</p> <p>June 30, 1998</p>
<b>4. External debt</b>	<ul style="list-style-type: none"> <li>• Restructuring of the debt to Paris Club creditors.</li> <li>• Implementation of the Commonwealth debt reporting system by the national debt management agency (CAA).</li> <li>• Initiation of the process of data reconciliation with London Club creditors.</li> </ul>	<p>October 1997</p> <p>1997/98</p> <p>1997/98</p>
<b>5. Sectoral and social policies</b>		
<b>a. Energy</b>	<ul style="list-style-type: none"> <li>• Completion of an independent audit of SNH's accounts by an independent public accounting company.</li> <li>• Adoption of an action plan to revamp SNH's accounting system.</li> </ul>	<p>December 31, 1997</p> <p>June 1998</p>
<b>b. Transport</b>	<ul style="list-style-type: none"> <li>• Adoption of a comprehensive restructuring plan for the port of Douala.</li> <li>• Elimination of all national preferences and cargo-sharing arrangements for maritime transportation.</li> </ul>	<p>May 1998</p> <p>December 31, 1997</p>
<b>c. Education</b>	<ul style="list-style-type: none"> <li>• Adoption of a law orienting education policy.</li> </ul>	<p>March 1998</p>
<b>d. Health</b>	<ul style="list-style-type: none"> <li>• Authorization of health centers to retain 100 percent of their revenues.</li> <li>• Completion of preparation of national health map.</li> <li>• Making the <i>Centre National d'Approvisionnement des Médicaments Essentiels</i> (CENAME) fully operational.</li> </ul>	<p>June 30, 1998</p> <p>June 1998</p> <p>September 1997</p>

**Table 2. Cameroon: Summary and Timetable of Policy Actions  
1998/99-2000/01**

Policy Area	Objectives and Targets	Strategies and Measures	Timing	Technical Assistance
<b>1. Incentives policies</b>				
<b>a. Exchange and trade system</b>				
	Promote external competitiveness	<ul style="list-style-type: none"> <li>● Halving of nonforestry export taxes to 5 percent.</li> </ul>	July 1, 1998	
		<ul style="list-style-type: none"> <li>● Elimination of all nonforestry export taxes.</li> </ul>	1999/2000	
		<ul style="list-style-type: none"> <li>● Elimination of import surcharges on maize meal and cement.</li> </ul>	1999/2000	
		<ul style="list-style-type: none"> <li>● Implementation of competitiveness committee's work program.</li> </ul>	From January 1, 1999	World Bank
<b>b. Regulatory and domestic pricing policy</b>				
	Improve the investment climate	<ul style="list-style-type: none"> <li>● Implementation of a reform of the judicial system to ensure improved enforcement of commercial and financial contracts.</li> </ul>	1998/99-2000/01	World Bank
		<ul style="list-style-type: none"> <li>● Adoption of a harmonized investment incentives framework within the context of the CEMAC which relegates all tax incentives for investment to the tax code and other specific codes (i.e., customs, mining, forestry, etc).</li> </ul>	July 1, 1999	World Bank
	Increase competition	<ul style="list-style-type: none"> <li>● Liberalization of the importation of refined petroleum products, and introduction of a temporary and declining surtax to protect the national oil refinery.</li> </ul>	July 1, 1998	World Bank
		<ul style="list-style-type: none"> <li>● Promulgation of a competition law to improve economic efficiency and to eliminate anti-competitive practices.</li> </ul>	December 31, 1998	
<b>2. Fiscal policy and public sector reform</b>				
<b>a. Tax policy and administration</b>				
	Reform tax policies with a view to modernizing the tax system and enlarging the tax base	<ul style="list-style-type: none"> <li>● Introduction of the VAT, which replaces the sales tax.</li> </ul>	January 1, 1999	IMF
		<ul style="list-style-type: none"> <li>● Introduction of a property tax levied on value derived from a property registry.</li> </ul>	2000/01	

Table 2. Cameroon: Summary and Timetable of Policy Actions  
1998/99-2000/01

Policy Area	Objectives and Targets	Strategies and Measures	Timing	Technical Assistance
b. Expenditure policy and management		● Introduction of a consolidated tax on personal income.	January 1, 2000	IMF
		● Reduction or elimination of the remaining tax exemptions granted to eight firms in enterprise-specific conventions.	1998/99-2000/01	
		● Implementation of the strategy to reduce collectible tax arrears.	1998/99	
		● Issuance of tax identification numbers to all enterprises and individual taxpayers.	1998/99-2000/01	
		● Strengthening of material and human resources in the Tax Department, especially the large taxpayer units.	1998/99-2000/01	
	Reform forestry taxation to promote efficiency in processing industries and increase the sector's contribution to government revenue	● Initiation of a study of the forestry sector that assesses its economic and revenue-raising potential at various stages of the production cycle, including for processing industries.	September 30, 1998	World Bank
	Rationalize public expenditure	● Completion of the tax verifications of the largest 20 forestry enterprises.	December 31, 1998	
		● Annual review of composition of public expenditure particularly for priority programs for human resource development, infrastructure, and poverty reduction.	1998/99-2000/01	
		● Provision of appropriate budgetary allocations to government consumption of utilities to avoid the accumulation of arrears.	1998/99-2000/01	
	Strengthen expenditure management so as to fight more effectively against embezzlement and corruption, and to ensure that budgeted outlays reach their final destination	● Strengthening of the quarterly monitoring of actual spending (locally and externally financed) by the Education and Health ministries, and the verification of delivery of goods and services, consistent with budget allocations.	1998/99-2000/01	IMF, World Bank, EU and France
		● Reinforcement of expenditure control by ensuring that managers in spending ministries are made responsible for the delivery of goods and services, and that effective ex post verifications are carried out by the Budget Department.	1998/99-2000/01	IMF and World Bank

Table 2. Cameroon: Summary and Timetable of Policy Actions  
1998/99-2000/01

Policy Area	Objectives and Targets	Strategies and Measures	Timing	Technical Assistance
c. Public investment		<ul style="list-style-type: none"> <li>Strengthening of the functioning of external audit body (<i>Contrôle Supérieur de l'Etat</i>) and reinvigorating of its inspections of financial management in public enterprises and ministries.</li> <li>Strict enforcement of sanctions against agents found guilty of corruption or embezzlement of public funds.</li> </ul>	1998/99-2000/01	
		<ul style="list-style-type: none"> <li>Adoption and implementation of a strategy to eliminate outstanding domestic payments arrears as of June 30, 1997.</li> </ul>	1998/99-2000/01	
	Strengthen private sector confidence in the government		December 31, 1998	
	Modernize the budget information system	<ul style="list-style-type: none"> <li>Evaluation of the reform of the accounting system under way.</li> </ul>	December 31, 1998	France and IMF
		<ul style="list-style-type: none"> <li>Audit of the computer systems of the Ministry of Economy and Finance.</li> </ul>	December 31, 1998	France, EU and World Bank
		<ul style="list-style-type: none"> <li>Implementation of the recommendations of the audit.</li> </ul>	1998/99-2000/01	
	Expand public investment and improve its programming	<ul style="list-style-type: none"> <li>Agreement with donors on the composition of the Public Investment Program (PIP).</li> </ul>	1998/99-2000/01	
		<ul style="list-style-type: none"> <li>Strengthening the administrative and technical capacity of the Privatization Commission.</li> </ul>	1998/99	
	Accelerate the pace of the privatization program in support of private sector-led growth objectives	<ul style="list-style-type: none"> <li>Launching of competitive bidding for the privatization of SODECOTON.</li> </ul>	February 28, 1999	
		<ul style="list-style-type: none"> <li>Launching of competitive bidding for the privatization of CDC.</li> </ul>	December 31, 1998	
d. Public enterprise reform		<ul style="list-style-type: none"> <li>Launching of competitive bidding for the privatization of CAMAIR, including the regional and international air traffic rights it uses.</li> </ul>	1998/99	
	Increase access to high quality public services	<ul style="list-style-type: none"> <li>Adoption of a new regulatory framework for the electricity sector.</li> </ul>	December 31, 1998	
		<ul style="list-style-type: none"> <li>Launching of competitive bidding for the privatization of SONEL.</li> </ul>	June 30, 1999	
		<ul style="list-style-type: none"> <li>Issuing of calls for tender for the final round of bidding for SNEC</li> </ul>	September 30, 1998	

**Table 2. Cameroon: Summary and Timetable of Policy Actions  
1998/99-2000/01**

Policy Area	Objectives and Targets	Strategies and Measures	Timing	Technical Assistance
e. Administrative reform	Restructure enterprises remaining in the government's portfolio	● Adoption of a restructuring plan for the postal sector.	September 30, 1998	World Bank
		● Launching of prequalification competitive bidding for the privatization of CAMTEL, a new telecommunications company resulting from the merger of INTEL.CAM and the commercial activities of the Directorate of Telecommunications.	February 28, 1999	
		● Publication and application of the implementing regulations under the General Charter for Public Enterprises.	With effect from January 1, 1999	
	Improve the efficiency of public administration and the quality of the civil service	● Beginning of the second phase of civil service reform and increase in government productivity.	1998/99	
		● Introduction of a merit-based promotion system and revision of the remuneration system to gradually reverse wage compression, within the limits of the wage bill.	1998/99-2000/01	
		● Accelerated reduction of the civil service by limiting recruitments to budgeted positions in priority sectors, continuing departure programs, and restructuring ministries.	1998/99-2000/01	
		● Removal of the employment guarantee for graduates of specialized training colleges, according to their branch of training.	1998/99-2000/01	
		● Strengthening of training programs.	1998/99-2000/01	
		● Modernization of management tools, including further computerization.	1998/99-2000/01	
		● Completion of implementation of the integrated computerized system for civil service and payroll management (SIGIPES) in all ministries.	December 31, 1999	
	Improve the control and management of civil service and payroll			
3. Financial sector policy				
Strengthen regional monetary policy in support of financial resource mobilization and allocation	● Supporting the reform of indirect instruments of monetary policy to allow interest rates to reflect market conditions.	In accordance with the timetable established by the BEAC		

Table 2. Cameroon: Summary and Timetable of Policy Actions  
1998/99-2000/01

Policy Area	Objectives and Targets	Strategies and Measures	Timing	Technical Assistance
		<ul style="list-style-type: none"> <li>● Endeavor within the BEAC toward the elimination of the medium-term credit refinancing mechanism (<i>guichet B</i>).</li> </ul>	Idem	
	Improve the effectiveness of monetary policy in supporting the adjustment effort.	<ul style="list-style-type: none"> <li>● Maintaining an adequate positive interest rate differential with French money market rates.</li> </ul>	1998/99-2000/01	
	Facilitate the development of money and capital markets	<ul style="list-style-type: none"> <li>● Implementation of procedures that foster the development of a secondary market in government securities and an active interbank market.</li> </ul>	1998/99-2000/01	
		<ul style="list-style-type: none"> <li>● Introduction of a regulatory framework aiming to develop financial markets in Cameroon.</li> </ul>	1998/99	
		<ul style="list-style-type: none"> <li>● Ensuring the implementation of the recommendations of the study launched by BEAC on the determination of the appropriate financial market for BEAC countries.</li> </ul>	1998/99-1999/2000	World Bank and France
	Enhance competition in the banking system	<ul style="list-style-type: none"> <li>● Establishment of a regulatory framework authorizing foreign exchange bureaux.</li> </ul>	December 31, 1998	
		<ul style="list-style-type: none"> <li>● Publication of an instruction abolishing the fixed commissions set by the government for bank transactions.</li> </ul>	July 31, 1998	
		<ul style="list-style-type: none"> <li>● Issuing of international tenders for the privatization of BICEC.</li> </ul>	December 31, 1998	
	Strengthen the regulation and supervision of commercial banks and savings and loan institutions	<ul style="list-style-type: none"> <li>● Supporting COBAC in its banking supervision activities and application of COBAC's prudential decisions.</li> </ul>	1998/99-2000/01	
		<ul style="list-style-type: none"> <li>● Prohibition of bad debtors from access to bank credit, participation in the privatization program, and bidding for government contracts.</li> </ul>	1998/99-2000/01	
		<ul style="list-style-type: none"> <li>● Scission-liquidation of the guarantee fund for credits to medium- and small-scale enterprises (FOGAPE) and development of appropriate alternative instruments.</li> </ul>	December 31, 1998	
	Improve the operation of the national loan recovery agency (SRC)	<ul style="list-style-type: none"> <li>● Setting of annual quantitative targets for the recovery of loans transferred to the SRC under the bank restructuring program.</li> </ul>	1998/99-2000/01	



**Table 2. Cameroon: Summary and Timetable of Policy Actions  
1998/99-2000/01**

Policy Area	Objectives and Targets	Strategies and Measures	Timing	Technical Assistance	
4. External debt	Strengthen the regulation and supervision of nonbank financial institutions	<ul style="list-style-type: none"> <li>● Publication of the implementing decree relating to small-scale financial institutions.</li> </ul>	July 31, 1998	World Bank	
	Strengthen the regulation and supervision of insurance companies	<ul style="list-style-type: none"> <li>● Continued application of the CIMA insurance code and strict enforcement of the rules governing prudential ratios and actuarial reserves.</li> </ul>	1998/99-2000/01		
	Reform Social Security	<ul style="list-style-type: none"> <li>● Adoption of an action plan to reform Social Security.</li> </ul>	December 31, 1998		
		<ul style="list-style-type: none"> <li>● Implementation of the action plan.</li> </ul>	From January 1, 1999		
	Ease external debt burden	<ul style="list-style-type: none"> <li>● Strict limitation of external borrowing and guarantees to concessional sources of finance.</li> </ul>	1998/99-2000/01		
<ul style="list-style-type: none"> <li>● Negotiations with London Club creditors.</li> </ul>		1998/99-1999/2000			
5. Other Sectoral adjustment policies					
a. Energy and natural resources	Provide energy at minimum cost	<ul style="list-style-type: none"> <li>● Adoption of a comprehensive strategy for the reform of the petroleum sector (exploration and production), including the respective roles of the national petroleum company (SNH) and the private sector.</li> </ul>	December 31, 1998		
		<ul style="list-style-type: none"> <li>● Enactment of annual audits of SNH's accounts by independent auditors.</li> </ul>	1998/99-2000/01		
		<ul style="list-style-type: none"> <li>● Enactment and implementation of new legislation in order to promote natural gas development.</li> </ul>	December 31, 1998		
		<ul style="list-style-type: none"> <li>● Drafting of a new petroleum code.</li> </ul>	December 31, 1998		
		<ul style="list-style-type: none"> <li>● Adoption of a new mining code.</li> </ul>	March 31, 1999		
b. Transport and infrastructure	Reduce costs and clearance time of the port of Douala	<ul style="list-style-type: none"> <li>● Implementation, in consultation with port users, of the action plan for the restructuring of the port of Douala.</li> </ul>	1998/99-2000/01		
		<ul style="list-style-type: none"> <li>● Establishment of a single window (<i>guichet unique</i>) at the port.</li> </ul>	1998/99		

**Table 2. Cameroon: Summary and Timetable of Policy Actions**  
1998/99-2000/01

Policy Area	Objectives and Targets	Strategies and Measures	Timing	Technical Assistance
		<ul style="list-style-type: none"> <li>● Adoption of an action plan aiming at reducing port clearance times to 7 working days for imports and 2 working days for exports.</li> </ul>	December 31, 1998	
	Increase availability and quality of air service through liberalization and privatization	<ul style="list-style-type: none"> <li>● Revision of the civilian aviation code to increase competition and enhance air transport security.</li> </ul>	December 31, 1998	
	Improve quality of road maintenance, via its privatization	<ul style="list-style-type: none"> <li>● Implementation of the road fund, by ensuring a direct and adequate funding of the Road Fund.</li> </ul>	1998/99-2000/01	
<b>6. Social policies</b>				
<b>a. Employment and poverty reduction</b>	Stimulate growth of employment opportunities	<ul style="list-style-type: none"> <li>● Adoption of a revised charter for NGOs to facilitate their participation in poverty-reduction activities.</li> <li>● Definition in collaboration with donors and NGOs of employment-generating programs for unemployed people (e.g. subcontracting of road maintenance), and improve access by women and the poor to institutionalized credit.</li> </ul>	June 30, 1999  1998/99-2000/01	
	Bring poverty reduction to center-stage in economic policy	<ul style="list-style-type: none"> <li>● Publication of a poverty reduction strategy declaration incorporating a preliminary action plan.</li> <li>● Adoption and implementation of the strategy for poverty reduction, including the poverty-monitoring action plan.</li> </ul>	December 31, 1998  Adoption: April 30, 1999	
<b>b. Education</b>	Develop human resources through an increase in the primary school enrollment ratio	<ul style="list-style-type: none"> <li>● Adoption of an education development plan that indicates the calendar for adopting the implementing texts of the scholastic orientation law.</li> <li>● Increase in volume and effectiveness of budget allocations for the education sector, particularly for under-schooled areas and groups.</li> </ul>	December 31, 1998  1998/99-2000/01	
	Increase availability of textbooks and exercise books	<ul style="list-style-type: none"> <li>● Removal of regulatory barriers to the distribution of textbooks.</li> </ul>	1998/99-2000/01	

Table 2. Cameroon: Summary and Timetable of Policy Actions  
1998/99-2000/01

Policy Area	Objectives and Targets	Strategies and Measures	Timing	Technical Assistance
c. Health	Increase the number of good quality teachers at the primary level	<ul style="list-style-type: none"> <li>Reduction of the pupil-teacher ratio to less than 60 in all primary education schools, by improving conditions for teachers in underprivileged regions.</li> </ul>	1998/99-2000/01	
	Increase access of population to primary health care	<ul style="list-style-type: none"> <li>Agreement with donors and on an action plan for the development of health districts and their management.</li> <li>Preparation and implementation of an action plan to accelerate the enlarged vaccination program (PEV) in order to increase the vaccination coverage (DTC) from 45 percent in 1997/98 to 70 percent by 2001.</li> <li>Increase in the volume and effectiveness of public spending in the health sector.</li> </ul>	December 31, 1998  Adoption: December 31, 1998; Implementation: from January 1, 1999  1998/99-2000/01	
	Ensure access of population to essential and generic drugs at affordable prices	<ul style="list-style-type: none"> <li>Rationalization of import procedures for medications, elimination of restrictive business practices regarding their production and distribution.</li> <li>Information and education campaign for use of generic drugs.</li> </ul>	December 31, 1998  1998/99-2000/01	
	Improve access of urban and rural poor to basic hygiene services	<ul style="list-style-type: none"> <li>Guaranteeing financing of operations covered by the Special Emergency Program (PSU).</li> <li>Adoption of a strategy to increase supply of clean drinking water and develop sewage systems in urban and rural areas.</li> </ul>	1998/99-2000/01  December 31, 1998	
	Promote environmentally sustainable use of forest resources	<ul style="list-style-type: none"> <li>Definition of areas to be declared as community forests and ensuring that adjacent communities get their revenues.</li> </ul>	December 31, 1998	
	Allocate cutting rights using a market mechanism	<ul style="list-style-type: none"> <li>Adoption of new regulations detailing criteria for the attribution of short- and long-term forestry concessions through public and transparent competitive bidding mechanisms.</li> </ul>	December 31, 1998	
7. Environment and Forests	Ensure compliance with forest management plans	<ul style="list-style-type: none"> <li>Establishment of mechanisms for monitoring proper execution, ensuring that foresters comply with the management plans.</li> </ul>	March 31, 1999	

**Table 2. Cameroon: Summary and Timetable of Policy Actions  
1998/99-2000/01**

Policy Area	Objectives and Targets	Strategies and Measures	Timing	Technical Assistance
<b>8. Improvement of Statistics</b>	Promote environmentally sustainable forestry development and efficient processing industry	<ul style="list-style-type: none"> <li>● Implementation of a forestry taxation policy that promotes high value-added industries and protects ecological systems.</li> </ul>	1998/99-2000/01	World Bank  IMF  World Bank
	Improve coordination of production and conservation activities	<ul style="list-style-type: none"> <li>● Review of the law relating to the prohibition of log exports.</li> <li>● Adoption of a national strategy for biodiversity management and for protected zones.</li> </ul>	July 1, 1999 December 31, 1998	
	Improve the presentation of budgetary data	<ul style="list-style-type: none"> <li>● Enhancement of administrative and economic classification of expenditure and establishment of a functional classification of expenditure.</li> </ul>	1998/99	
	Improve the monitoring of public enterprises	<ul style="list-style-type: none"> <li>● Expansion of the monitoring database (SISEP) to all public enterprises.</li> </ul>	September 30, 1998	
	Establish an adequate poverty-monitoring system	<ul style="list-style-type: none"> <li>● Monitoring of social developments through annual household surveys, detailing policy outputs in education and health.</li> </ul>	1998/99-2000/01	

Table 3. Cameroon: Selected Economic and Financial Indicators, 1993/94-2000/01 1/

	1993/94	1994/95	1995/96	1996/97	1997/98		1998/99	1999/2000	2000/01
				Est.	Revised program	Est.	Prog.	Projections	
(Annual percentage changes, unless otherwise indicated)									
National income and prices									
GDP at constant prices	-2.5	3.3	5.0	5.1	5.0	5.0	5.2	5.3	5.3
Of which: non-oil GDP	-2.2	4.1	5.5	5.0	5.0	5.0	5.6	5.9	5.8
GDP deflator	11.0	17.0	5.4	2.7	1.3	1.1	2.4	2.1	2.0
Consumer prices (12-month average) 2/	12.7	25.8	6.6	5.2	2.1	2.8	2.0	2.0	2.0
Consumer prices (end of period) 2/	33.8	16.2	4.3	9.6	2.0	-1.6	2.0	2.0	2.0
Nominal GDP (in billions of CFA francs)	3,416	4,130	4,571	4,932	5,250	5,240	5,649	6,075	6,525
Oil output (in thousands of barrels a day)	122	106	101	108	115	115	113	103	94
External trade									
Exports (in SDRs)	-12.5	8.6	7.1	16.5	2.1	-0.1	4.0	7.2	6.8
Of which: crude oil	-21.9	-9.9	-0.8	36.0	-13.5	-17.0	-5.6	-4.1	-8.1
Imports (in SDRs)	0.4	-1.2	13.1	16.5	10.4	7.3	10.5	12.1	10.8
Export volume	-11.0	2.0	5.9	11.5	5.1	4.7	6.0	2.9	3.8
Of which: non-oil sector	-16.6	15.9	16.1	11.9	5.8	6.7	8.0	8.9	9.3
Import volume	3.0	-5.7	13.2	19.5	9.6	7.3	9.3	10.8	8.7
Average oil export price (U.S. dollars per barrel)	14.2	15.6	16.7	19.7	15.7	15.5	14.3	15.0	15.2
Nominal effective exchange rate	-22.7	-26.5	6.5	-2.4	...	...	...	...	...
Real effective exchange rate	-24.7	-11.9	6.4	-1.8	...	...	...	...	...
Average exchange rate (CFA francs per SDR)	609	776	743	767	807	815	...	...	...
Terms of trade	0.9	1.7	-0.1	8.1	-3.3	-4.2	-2.9	3.1	0.9
Non-oil export price index (in CFA francs)	86.9	34.3	-10.0	1.1	10.8	9.5	-0.1	2.7	2.6
Money and credit (end of period)									
Net domestic assets 3/ 4/	33.7	2.2	-3.4	-5.8	9.2	14.9	5.9	2.3	0.6
Net credit to the public sector 3/ 4/	2.6	2.5	-3.0	0.0	3.0	3.0	1.3	-2.3	-3.5
Credit to the private sector 4/	-9.7	3.4	5.0	3.3	10.3	22.4	9.3	9.8	9.0
Broad money (M2) 4/	17.7	6.1	-5.1	13.8	18.1	15.1	16.1	13.2	12.6
Velocity (GDP/average M2) 4/	5.5	5.6	6.4	8.1	7.3	7.4	6.9	6.5	6.2
Discount rate (end of period) 4/	12.5	8.8	8.0	7.5	...	...	...	...	...
Central government operations									
Total revenue	-20.2	55.2	22.4	14.1	9.3	12.3	6.7	12.7	10.2
Of which: non-oil revenue	-15.5	58.0	19.8	6.0	18.5	18.6	14.7	13.0	12.3
Total expenditure	4.7	1.3	10.2	7.7	16.6	17.8	12.2	11.5	10.9
Current expenditure	0.4	13.9	10.6	2.7	8.9	10.3	6.3	5.7	8.5
Capital expenditure 5/	95.7	-72.7	38.1	51.1	47.8	47.1	47.4	30.0	26.6
(in percent of GDP)									
Gross national savings	11.2	13.7	13.0	14.9	15.7	16.0	16.8	18.2	18.9
Gross domestic investment	15.3	14.5	15.4	16.2	18.0	18.4	19.3	20.5	21.2
Central government operations									
Central government revenue	10.1	12.9	14.3	15.1	15.5	16.0	15.8	16.6	17.0
Of which: non-oil revenue	7.9	10.3	11.2	11.0	12.2	12.2	13.0	13.7	14.3
non-oil revenue 6/	8.7	11.3	12.1	12.2	13.3	13.3	14.0	14.6	15.1
Central government expenditure	19.3	16.2	16.1	16.1	17.6	17.8	18.6	19.2	19.9
Overall fiscal balance	-9.2	-3.3	-1.8	-1.0	-2.1	-1.9	-2.7	-2.7	-2.9
Primary balance 5/	0.8	3.8	5.4	5.8	5.6	5.8	5.0	4.8	4.7
Of which: non-oil sector	-1.4	1.2	2.3	1.7	2.3	2.1	2.2	2.0	2.0
Noninterest expenditure 5/	9.3	9.1	8.9	9.3	9.9	10.2	10.9	11.9	12.4
Domestic public debt (before audit)	51.6	38.1	32.6	28.5	25.5	25.6	22.3	19.2	16.8
External sector									
Current account balance (including grants)	-4.2	-0.8	-2.4	-1.3	-2.4	-2.4	-2.5	-2.3	-2.3
External public debt	122.7	97.4	89.0	83.5	65.9	73.7	59.3	55.4	45.3
(In percent of exports of goods and services, unless otherwise indicated)									
Net present value (NPV) of external public debt 7/	500.9	339.1	332.8	271.1	177.0	210.0	212.0	203.3	168.4
Scheduled external debt service	57.2	48.3	55.3	41.8	38.9	40.1	40.5	33.9	29.5
Scheduled external debt service 8/	125.4	96.4	93.4	74.1	67.4	67.0	66.9	53.7	46.1
Actual external debt service	43.7	15.0	23.1	18.5	...	16.0	...	...	...
Actual external debt service 8/	95.8	29.9	39.0	32.8	...	26.7	...	...	...
(in millions of SDRs)									
Current account balance	-234	-41	-148	-78	-156	-152	-172	-173	-187
Overall balance of payments	-694	-640	-438	-336	-146	-190	-179	-196	-196
Net international reserves (end of period)	-445	-454	-409	-286	-217	-256	-161	-43	105

Sources: Cameroonian authorities; and staff estimates and projections.

1/ Fiscal year begins in July.

2/ Starting in 1994/95, inflation reflects an updated basket of goods and services in the calculation of CPI; there is a break in the series with respect to the past.

3/ In percent of broad money at the beginning of the period.

4/ Starting in 1996/97, data is rebased to exclude information on two banks liquidated in 1996/1997; there is a break in the series with respect to the past.

5/ Excluding foreign-financed investment. In addition, the primary expenditure excludes restructuring expenditure.

6/ In percent of non-oil GDP.

7/ Based on the results of the baseline scenario of the debt sustainability analysis (Appendix V).

8/ In percent of government revenue.

Table 4. Income and Social Indicators

Indicator	Unit of measure	Latest Single Year					Program Period		
		1970-75	1980-85	1989-94	1996	1997	1998	1999	2000
<b>Population</b>									
Population (mid-year)	millions	6.4	10.1	12.9	13.6	13.9	14.3	15.2	15.6
Population growth rate	Percent	2.6	2.8	2.9	2.9	2.9	2.8	2.8	2.8
Total fertility rate	births per woman	6.3	6.4	5.7	5.7	5.7	5.7	5.6	5.6
<b>Poverty</b>									
National Poverty Line (local currency)	CFA francs, thousands	n.a	78.0	n.a	148.0	151.0	154.0	160.2	164.2
National Headcount Index									
Total	Percent of population	n.a	40.0	n.a	50.0	51.0	50.0	43.0	40.0
Urban	Percent of population	n.a	14.0	n.a	22.0	n.a	n.a	n.a	n.a
Rural	Percent of population	n.a	23.0	n.a	55.0	n.a	n.a	n.a	n.a
<b>Income and prices</b>									
GNP per capita	U.S. dollars p.a.	340	800	680	559	579	591	617	644
Consumer price index	Index, 1987 = 100	27.5	87.6	111.5	153.8	156.8	161.8	172.3	175.7
Food price index	Index, 1987 = 100	24.9	77.3	87.5	118.2	123.0	125.6	130.8	133.4
<b>Income/Consumption Distribution</b>									
Share of income or consumption									
Lowest quintile	Percent	n.a	n.a	n.a	8.9	8.9	8.9	8.9	8.9
Highest quintile	Percent	n.a	n.a	n.a	39.6	39.6	39.6	39.6	39.6
<b>Social Indicators</b>									
Share of social expenditures in GDP									
Education 1/	Percent of GDP	3.3	2.7	3.2	1.3	1.6	1.8	n.a	n.a
Health 1/	Percent of GDP	n.a	n.a	n.a	0.5	0.6	0.7	n.a	n.a
Social security and welfare	Percent of GDP	n.a	0.7	1.1**	n.a	n.a	n.a	n.a	n.a
Primary school enrollment rate 2/									
Total	Percent of school age group	97.0	102.0	93.0	80.7	80.7	81.0	85.0	85.0
Male	Percent of school age group	108.0	110.0	96.0	84.1	84.1	84.4	87.0	87.0
Female	Percent of school age group	87.0	93.0	82.0	76.0	76.0	76.4	78.0	78.0
Access to safe water									
Total	Percent of population	32.0	31.0	34.2	44.0	44.3	44.6	45.2	45.2
Urban	Percent of population	77.0	43.0	46.9	75.3	75.6	75.9	76.5	76.5
Rural	Percent of population	21.0	24.0	26.5	26.4	26.7	27.0	27.6	27.6
Immunization rate									
Measles	Percent under 12 months	n.a	47.0	41.0	46.0	45.6	46.0	n.a	n.a
DPT	Percent under 12 months	n.a	50.0	56.0	46.0	45.0	50.5	n.a	70.0
Child (under 5) malnutrition rate	Percent	n.a	n.a	13.6	24.4	24.4	24.4	n.a	n.a
Life expectancy at birth									
Total	Years	46.0	51.0	57.0	57.5	58.0	58.5	59.5	59.5
Male	Years	44.5	49.5	55.3	55.8	56.3	56.8	57.8	57.8
Female	Years	47.5	52.5	58.7	59.2	59.7	60.2	61.2	61.2
Infant mortality rate	Per 1,000 live births	119.0	88.0	57.0	63.0	63.0	63.0	57.0	n.a
Under 5 mortality rate	Per 1,000 live births	n.a	n.a	87.0	102.0	102.0	102.0	n.a	n.a
Adult (15-59) mortality rate	Per 1,000 population	n.a	n.a	n.a	11.4	12.0	n.a	12.0	12.0
Maternal mortality	Per 100,000 live births	n.a	430.0	550.0	550.0	550.0	n.a	n.a	n.a

Sources: World Bank; Direction de la Statistique et de la Comptabilité Nationale; and World Bank projections.

1/ The data shown are budgeted outlays (not outcomes) for fiscal years beginning on July 1 of shown calendar years.

2/ The data shown are for the gross enrollment ratio. Data are not yet available for the net enrollment ratio.

Table 5. Cameroon: External Financing Requirements and Sources, 1992/93-2000/01

(In billions of CFA francs)

	1992/93	1993/94	1994/95	1995/96	1996/97	Est. 1997/98	Program 1998/99	1999/2000	2000/01	Total 1998/99-2000/01
Requirements	161	799	161	871	254	963	824	705	639	2167
Current account deficit, excluding official grants	185	169	73	124	65	139	156	151	158	464
Medium- and long-term debt amortization payments	216	333	401	458	371	439	462	426	368	1256
Public debt (including IMF)	132	218	283	351	280	291	342	307	264	913
Private debt	83	115	118	106	92	148	120	119	104	343
Changes in external payments arrears (+ = decrease)	-162	433	-319	232	-256	329	95	0	0	95
Increase in the net foreign assets of the central bank (excluding IMF credit)	-77	-135	5	59	73	55	110	128	112	351
Resources	90	-98	-93	162	179	247	331	316	319	966
Official grants	20	26	41	14	0	15	17	10	6	33
Project loans	46	24	25	13	28	88	121	165	184	470
Private investment	57	94	117	134	148	152	109	113	103	325
Private short-term borrowing (net)	-29	-78	-79	0	-3	-8	84	28	26	138
Errors and omissions (net)	-5	-164	-198	1	6	0	0	0	0	0
Financing gap	72	898	254	710	75	716	493	389	319	1201
Exceptional financing	72	898	254	710	75	716	453	379	40	872
Use of IMF resources	0	18	0	21	0	44	44	44	0	88
World Bank program assistance	0	55	70	40	0	82	69	46	0	115
Other bilateral and multilateral assistance	47	115	0	50	0	86	63	44	40	147
Debt rescheduling and cancellation	25	710	184	599	75	504	277	245	0	522
Residual financing gap	0	0	0	0	0	0	40	10	279	330

Sources: Data provided by the Cameroonian authorities; and staff estimates and projections.

Table 6.1. Cameroon: Debt Sustainability Analysis, 1997/98 - 2017/18 1/

(In billions of CFA francs, unless otherwise indicated)

	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Total debt service	282.6	336.3	321.4	511.1	483.4	460.9	481.2	485.2	490.9	504.1	493.8	498.0	476.2	513.0	467.4	503.2	504.1	503.2	498.0	512.1	543.8
Principal	161.6	185.7	171.5	264.0	260.6	249.0	275.2	287.3	302.7	324.6	323.7	339.8	322.9	360.9	314.5	345.0	343.6	338.8	325.2	327.4	344.1
Interest	121.0	150.6	149.8	247.0	222.8	211.9	206.0	197.9	188.1	179.5	170.1	158.2	153.4	152.1	152.9	158.2	160.5	164.4	172.7	184.7	199.6
Debt service on existing debt 2/	255.1	331.8	314.2	498.6	432.0	399.8	383.0	352.6	306.3	282.4	244.7	217.5	163.7	165.0	95.5	102.1	96.2	77.6	66.9	57.8	50.2
Principal 2/	134.1	185.7	171.5	264.0	260.6	249.0	248.3	234.7	206.6	193.2	167.4	154.6	109.9	116.5	52.2	60.1	60.5	49.0	44.0	39.6	35.6
Multilateral	82.2	86.0	78.6	73.0	63.2	57.8	63.0	71.5	48.4	45.2	34.8	14.8	7.4	3.7	1.9	0.9	0.5	0.2	0.1	0.1	0.0
Of which: IMF	8.9	10.4	11.4	7.7	0.0	2.2	11.0	19.9	5.3	5.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bilateral	51.8	99.7	92.9	191.0	197.5	191.3	185.4	163.2	158.2	148.0	132.6	139.8	102.5	112.8	50.4	59.2	60.1	48.8	43.9	39.5	35.6
Official	34.6	53.0	67.2	172.2	181.9	181.3	175.0	163.2	158.2	148.0	132.6	139.8	102.5	112.8	50.4	59.2	60.1	48.8	43.9	39.5	35.6
Paris Club	29.3	46.7	62.4	168.6	178.4	178.8	173.2	161.6	156.9	146.6	131.4	138.7	101.5	111.9	50.4	59.2	60.1	48.8	43.9	39.5	35.6
Previously rescheduled debt	0.0	27.3	27.4	93.4	98.2	131.1	132.7	124.9	125.7	101.3	91.0	96.4	64.3	70.9	43.4	52.4	54.2	48.8	43.9	39.5	35.6
Of which: Paris Club V	0.0	25.8	25.7	26.1	26.3	26.5	26.7	3.3	5.3	5.6	6.2	6.9	7.5	8.2	8.9	9.7	10.5	9.5	8.5	7.7	6.9
Non-previously rescheduled debt	29.3	19.4	35.0	75.1	80.2	47.7	40.5	36.6	31.1	45.2	40.4	42.3	37.2	41.0	6.9	6.8	5.9	0.0	0.0	0.0	0.0
Pre-cutoff-date	0.0	0.0	0.0	54.1	59.2	26.7	19.5	15.6	10.2	11.9	7.1	9.0	3.8	7.7	6.9	6.8	5.9	0.0	0.0	0.0	0.0
Post-cutoff-date	29.3	19.4	35.0	21.0	21.0	21.0	21.0	21.0	21.0	33.3	33.3	33.3	33.3	33.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-Paris Club	5.3	6.3	4.8	3.6	3.4	2.5	1.8	1.6	1.3	1.5	1.3	1.1	1.0	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial	9.3	7.0	9.1	8.9	6.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other bilateral 3/	7.9	39.7	16.6	10.0	9.1	10.0	10.4	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
Interest 2/	121.0	146.1	142.7	234.6	171.3	150.8	134.7	117.9	99.6	89.2	77.2	62.8	53.8	48.5	43.2	41.9	35.7	28.6	22.8	18.3	14.6
Multilateral	47.1	38.3	41.3	35.6	27.0	23.0	19.6	15.9	12.3	9.9	7.9	1.3	0.7	0.3	0.2	0.1	0.0	0.0	0.0	0.0	0.0
Of which: IMF	2.7	2.4	2.2	1.6	1.5	1.5	1.4	1.3	0.4	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bilateral	73.9	107.8	101.4	198.9	144.4	127.7	115.1	102.0	87.4	79.3	69.3	61.5	53.1	48.2	43.1	41.9	35.7	28.5	22.8	18.3	14.6
Official	27.2	75.0	73.6	152.3	141.3	125.6	113.7	102.0	87.4	79.3	69.3	61.5	53.1	48.2	43.1	41.9	35.7	28.5	22.8	18.3	14.6
Paris Club	25.2	73.5	72.0	151.7	140.8	125.3	113.4	101.8	87.2	79.1	69.0	61.5	53.1	48.1	43.1	41.4	35.7	28.5	22.8	18.3	14.6
Previously rescheduled debt	1.7	45.7	36.4	115.4	107.7	99.2	90.0	78.5	69.1	63.2	56.9	50.9	45.3	41.5	37.9	37.2	32.3	25.8	20.7	16.5	13.2
Of which: Paris Club V	1.7	28.1	20.9	25.7	25.0	22.3	20.6	17.5	19.4	19.2	19.1	18.8	18.6	18.3	18.1	17.8	17.5	14.0	11.2	8.9	7.2
Non-previously rescheduled debt	23.5	27.8	35.6	36.4	33.2	26.1	23.5	23.3	18.1	16.0	12.1	10.6	7.7	6.7	5.2	4.2	3.4	2.7	2.2	1.7	1.4
Pre-cutoff-date	0.0	0.0	9.0	9.0	9.9	4.1	3.2	2.7	1.2	2.1	0.8	1.6	0.8	1.4	1.2	1.1	1.0	0.8	0.6	0.5	0.4
Post-cutoff-date	23.5	27.8	26.7	27.4	23.3	22.1	20.2	20.7	16.9	13.9	11.3	9.0	7.0	5.3	4.0	3.1	2.4	1.9	1.5	1.2	1.0
Non Paris Club	2.0	1.5	1.5	0.5	0.4	0.3	0.2	0.2	0.2	0.1	0.3	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.0
Commercial	22.2	9.0	2.5	1.9	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other bilateral 3/	24.6	23.8	25.3	44.7	2.7	2.1	1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt service on new borrowing	27.5	4.5	7.2	12.5	51.4	61.1	98.2	132.6	184.6	221.7	249.1	280.5	312.5	348.0	372.0	401.1	407.9	425.7	431.1	454.3	493.6
Principal	27.5	0.0	0.0	0.0	0.0	0.0	26.9	52.6	96.1	131.4	156.3	185.2	213.0	244.4	262.3	284.9	283.1	289.8	281.2	287.9	308.6
Interest	0.0	4.5	7.2	12.5	51.4	61.1	71.3	80.0	88.5	90.3	92.9	95.3	99.6	103.6	109.6	116.2	124.8	135.9	149.9	166.4	185.0
Memorandum items:																					
NPV of debt stock 4/	2955.5	3145.9	3266.2	2932.0	3121.7	3253.6	3421.4	3555.2	3688.1	3709.4	3734.3	3763.2	3838.3	3911.5	4008.5	4147.0	4296.5	4494.5	4730.6	5021.9	5356.3
In percent of GDP	56.4	55.7	53.8	44.9	44.5	43.2	42.3	40.9	39.5	37.5	35.6	33.8	32.5	31.2	30.2	29.4	28.7	28.3	28.1	28.1	28.3
In percent of exports 5/ 6/	210.0	212.0	203.3	168.4	168.1	163.8	162.2	159.3	155.9	147.5	139.5	131.8	125.7	119.7	114.5	110.4	106.5	103.6	101.4	100.0	99.0
Total debt service 4/	365.6	301.9	294.0	283.8	275.0	279.4	316.5	354.2	372.5	405.6	422.1	433.8	460.6	494.7	487.0	524.4	538.8	565.2	580.6	615.0	666.4
In percent of government revenue	43.7	33.8	29.2	25.6	22.8	21.3	22.4	23.2	22.8	23.5	23.2	22.5	22.6	22.9	21.2	21.5	20.7	20.4	19.7	19.5	19.8
GDP	5240.0	5649.0	6074.6	6524.5	7007.7	7526.7	8084.2	8682.9	9325.9	9893.0	10494.4	11132.5	11809.4	12527.4	13289.0	14097.0	14954.1	15863.3	16827.8	17850.9	18936.3
Exports 6/	1407.1	1483.9	1606.5	1740.9	1857.4	1986.4	2109.9	2231.1	2366.1	2514.0	2677.1	2856.2	3052.5	3267.1	3501.3	3756.5	4034.2	4336.3	4664.5	5020.9	5407.7
Government revenue	836.9	893.1	1006.4	1109.4	1205.4	1314.0	1411.1	1525.8	1633.7	1722.6	1819.3	1924.5	2038.6	2162.4	2296.4	2441.4	2598.1	2767.3	2949.8	3146.6	3358.5

Sources: Caisse Autonome d'Amortissement; and Fund staff estimates and projections.

1/ Fiscal year begins in July.

2/ After the October 1997 flow rescheduling by the Paris Club, but before comparable treatment by other creditors or the stock-of-debt operation envisaged for 2000/01.

3/ Including postal debt and a cushion built into the projections.

4/ Assuming a three-year flow rescheduling by all bilateral creditors on terms comparable with those of the 1997 Paris Club agreement (Naples, 50 percent net present value reduction--NPV), followed by a 67 percent stock of debt operation by all bilateral creditors. Includes payments due arising from rescheduling of eligible debt. The NPV levels of 1997/98, 1998/99 and 1999/2000 do not reflect the impact of the envisaged operation to reduce the stock of debt at the decision point.

5/ If a 50 percent NPV reduction were assumed for the stock of debt operation, then the NPV of debt would be brought to the equivalent of 188.1 percent of exports in the year 2000/01.

6/ Of goods and nonfactor services.



Table 6.2. Cameroon: Debt Sustainability Scenarios, 1997/98-2017/18 1/

(In billions of CFA francs, unless otherwise indicated)

	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
<b>Baseline scenario</b>																					
Total debt service after rescheduling 2/ 3/	366	302	294	284	275	279	316	354	373	406	422	434	461	495	487	524	539	565	581	615	666
In percent of exports 4/	26.0	20.3	18.3	16.3	14.8	14.1	15.0	15.9	15.7	16.1	15.8	15.2	15.1	15.1	13.9	14.0	13.4	13.0	12.4	12.2	12.3
In percent of Government revenue	43.7	33.8	29.2	25.6	22.8	21.3	22.4	23.2	22.8	23.5	23.2	22.5	22.6	22.9	21.2	21.5	20.7	20.4	19.7	19.5	19.8
Total debt stock (NPV) after rescheduling 2/	2955	3146	3266	2932	3122	3254	3421	3555	3688	3709	3734	3763	3838	3912	4008	4147	4296	4494	4731	5022	5356
In percent of exports	210.0	212.0	203.3	168.4	168.1	163.8	162.2	159.3	155.9	147.5	139.5	131.8	125.7	119.7	114.5	110.4	106.5	103.6	101.4	100.0	99.0
In percent of GDP	56.4	55.7	53.8	44.9	44.5	43.2	42.3	40.9	39.5	37.5	35.6	33.8	32.5	31.2	30.2	29.4	28.7	28.3	28.1	28.1	28.3
<b>Memorandum items:</b>																					
GDP	5240	5649	6075	6525	7008	7527	8084	8683	9326	9893	10494	11133	11809	12527	13289	14097	14954	15863	16828	17851	18936
Exports (in percent of GDP) 4/	26.9	26.3	26.4	26.7	26.5	26.4	26.1	25.7	25.4	25.4	25.5	25.7	25.8	26.1	26.3	26.6	27.0	27.3	27.7	28.1	28.6
Government revenue and expenditure																					
Revenue (In percent of GDP)	16.0	15.8	16.6	17.0	17.2	17.5	17.5	17.6	17.5	17.4	17.3	17.3	17.3	17.3	17.3	17.3	17.4	17.4	17.5	17.6	17.7
Non-interest expenditure (In percent of GDP)	2.7	3.5	4.6	5.0	5.2	5.4	5.7	6.0	6.3	6.4	6.6	6.7	6.9	7.0	7.2	7.4	7.5	7.7	7.8	8.0	8.2
Investment (In percent of GDP)	0.1	0.1	0.1	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	0.0	0.0	0.0	0.0	0.0
Primary fiscal balance (In percent of GDP)	-1.9	-2.8	-2.7	-2.9	-1.5	-1.6	-1.9	-2.2	-2.7	-2.5	-2.2	-2.4	-2.7	-2.7	-2.8	-2.9	-2.9	-3.0	-3.0	-3.0	-3.1
Overall fiscal balance (In percent of GDP)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Scenario 1: 2 percent lower export growth 5/</b>																					
Total debt service after rescheduling 2/ 3/	366	302	294	284	275	279	316	354	373	406	422	434	461	495	487	524	539	565	581	615	666
In percent of exports 4/	26.0	20.7	19.0	17.2	16.0	15.5	16.8	18.1	18.3	19.1	19.1	18.7	18.9	19.4	18.1	18.5	18.1	18.0	17.5	17.5	18.0
In percent of government revenue	43.7	33.8	29.2	25.6	22.8	21.3	22.4	23.2	22.8	23.5	23.2	22.5	22.6	22.9	21.2	21.5	20.7	20.4	19.7	19.5	19.8
Total debt stock (NPV) after rescheduling 2/	2955	3146	3266	2932	3122	3254	3421	3555	3688	3709	3734	3763	3838	3912	4008	4147	4296	4494	4731	5022	5356
In percent of exports 4/	210.0	216.1	211.1	178.2	181.2	180.0	181.6	181.9	181.3	175.0	168.6	162.3	157.8	153.1	149.2	146.6	144.1	142.9	142.5	143.2	144.5
In percent of GDP	56.4	55.7	53.8	44.9	44.5	43.2	42.3	40.9	39.5	37.5	35.6	33.8	32.5	31.2	30.2	29.4	28.7	28.3	28.1	28.1	28.3
<b>Scenario 2: 1 percent lower real GDP growth</b>																					
Total debt service after rescheduling 2/	366	302	295	285	277	282	320	360	382	420	442	460	496	540	544	595	624	668	703	760	814
In percent of exports 4/	26.0	20.4	18.4	16.4	14.9	14.2	15.2	16.2	16.1	16.7	16.5	16.1	16.2	16.5	15.5	15.8	15.5	15.4	15.1	15.1	15.1
In percent of Government revenue	43.7	34.1	30.0	26.7	24.1	22.8	24.3	25.5	25.5	26.8	26.9	26.8	27.5	28.5	27.3	28.3	28.2	28.6	28.6	29.2	29.7
Total debt stock (NPV) after rescheduling 2/	2956	3151	3282	2966	3182	3351	3565	3758	3961	4065	4184	4320	4517	4726	4975	5284	5622	6030	6498	7046	7378
In percent of exports 4/	210.0	212.3	204.3	170.4	171.3	168.7	169.0	168.4	167.4	161.7	156.3	151.3	148.0	144.7	142.1	140.7	139.4	139.1	139.3	140.3	136.4
In percent of GDP	56.4	56.3	55.0	46.8	47.1	46.6	46.6	46.2	45.8	44.7	43.8	43.0	42.8	42.6	42.7	43.2	43.7	44.6	45.8	47.2	47.0

Sources: Caisse Autonome d'Amortissement; and staff estimates and projections.

1/ Fiscal year begins in July.

2/ Taking into account the three-year flow Paris Club rescheduling of October 1997, which is assumed to be followed by a 67 percent stock-of-debt operation. A comparable treatment is assumed on the part of other bilateral creditors. The net present value (NPV) of debt during the ongoing ESAF program does not reflect the impact of the envisaged operation to reduce the debt stock of debt at the decision point.

3/ Including the CFAP 148 billion of external arrears paid to Paris Club creditors in 1997/98.

4/ Of goods and nonfactor services.

5/ Same GDP growth rate and external debt profile as in baseline scenario.

6/ If a 50 percent NPV reduction was assumed for the stock of debt operation under this less favorable scenario, then the NVP of debt would remain above 200 percent until 2005/06.

