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To: Members of the Executive Board

From: The Secretary

Subject: **Cameroon—Third Annual Arrangement Under the Poverty Reduction
and Growth Facility—Performance During the First Quarter**

Attached for the information of the Executive Directors is a report on Cameroon's performance during the first quarter of the third annual arrangement under the Poverty Reduction and Growth Facility.

Mr. Katz (ext. 37465), Mr. Abdoun (ext. 38394), and Mr. Kpodar (ext. 34437) are available to answer technical or factual questions relating to this paper.

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 WTO Secretariat on Thursday, December 30, 1999; and to the African Development Bank, the European Commission, and the Islamic Development Bank.

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INTERNATIONAL MONETARY FUND

CAMEROON

Third Annual Arrangement Under the Poverty Reduction and Growth Facility—Performance During the First Quarter

Prepared by the African Department

(In consultation with the Fiscal Affairs, Legal, Monetary and Exchange Affairs,
and Policy Development and Review Departments)

Approved by Ernesto Hernández-Catá and Jesús Seade

December 21, 1999

1. *The staff team¹ that visited Cameroon during November 7–21, 1999 to review performance during the first quarter (July–September) of the program supported by the third annual arrangement under the Poverty Reduction and Growth Facility (PRGF) confirmed that four quantitative benchmarks for end-September had not been met, largely because of a delay until October in the transfer of oil revenue to the budget. To prevent such a recurrence, a new mechanism has been worked out to enhance the timeliness of oil revenue transfers to the budget. The structural measures continue to be implemented broadly as scheduled. The mission, together with the World Bank team, discussed with the authorities the modalities of the Poverty Reduction Strategy Paper (PRSP) and a tentative timeline for the Initiative for Heavily Indebted Poor Countries (HIPC) and the PRSP has been proposed. Cameroon would have to make significant improvements in expenditure management, social policies, and governance.*

2. The Executive Board approved Cameroon's request for a three-year PRGF arrangement (July 1, 1997–June 30, 2000) on August 20, 1997, in an amount of SDR 162.12 million (120 percent of the old quota and 87 percent of the new quota), and the first annual arrangement thereunder in an amount of SDR 54.04 million (40 percent of the

¹The staff team consisted of Mr. Katz (head), Mr. Kpodar (AFR), Mr. Yucelik (FAD), Mr. Mlachila, and Mr. Choudhury (both PDR). Mr. Gondwe joined the mission during December 7–9. The mission was assisted by Mr. Matungulu, the Fund's Resident Representative in Cameroon. Mr. Thiam, Advisor in Mr. Barro-Chambrier's office, participated in some of the discussions. The mission worked closely with a parallel World Bank team as part of the pilot project on enhanced Bank-Fund collaboration.

old quota).² The third annual arrangement under the PRGF was approved by the Executive Board on September 7, 1999 (EBS/99/153; 8/11/99). Executive Directors were encouraged by Cameroon's satisfactory performance during the first two annual PRGF arrangements but stressed the importance of strengthening policy implementation capacity, and the need to take decisive and visible actions to improve transparency and governance. Cameroon's outstanding use of Fund resources amounted to SDR 142.65 million (76.8 percent of the new quota) on November 30, 1999.

3. Data on economic activity and international trade appeared to be broadly consistent with the projected **real GDP growth** of 4.8 percent for the year as a whole, despite a decline in log and rubber exports in the first quarter; 12-month consumer price **inflation** remained low at 1.9 percent at end-September 1999. **Monetary developments** point to a slowdown in the expansion of credit to the private sector, reflecting primarily a decline in forestry exports and a weakening of the net foreign assets position of the regional central bank, BEAC; deposits have begun to recover, largely because of increased confidence in the banking system. The staff urged the authorities to take appropriate actions to enhance Cameroon's contribution to the net foreign assets position of the BEAC.³ Cameroon has agreed to participate in the pilot project on Financial Sector Stability Assessment (FSSA).

4. **Program performance for the first quarter has been disappointing.** Four quantitative benchmarks for end-September—the floors on total budgetary revenue and the primary budget surplus and the ceilings on net bank credit to the government and to the nonfinancial public sector—were missed because of a delay (until late October) in the transfer of CFAF 15 billion in oil revenue (equivalent to 6 percent of total revenue for the quarter and 28 percent of oil revenue) to the budget, higher-than-programmed domestic debt-service payments, and a shortfall in foreign financing (Table 1). Non-oil revenue was slightly higher than expected, owing to a strong domestic tax revenue performance, which more than offset a weak outcome by the customs administration.⁴ The oil revenue shortfall was corrected in October 1999 with the transfer of CFAF 40 billion to the national treasury—

² It will be recalled that the Board had requested quarterly reports on performance under the first annual PRGF-supported program. The Cameroonian authorities have requested that this enhanced monitoring be continued in view of the volatility in the international economic environment.

³ These actions include: (a) strict enforcement of the foreign exchange regulations regarding the obligation of repatriation of export earnings, which have to be made to banks operating within the Central African Economic and Monetary Community, CEMAC; (b) retrocession of foreign currencies to the BEAC within 30 days after their collection; and (c) suppression of ad hoc derogations on repatriation of exports earnings granted to companies.

⁴ A Fund tax administration mission on the modernization of the tax department overlapped with the mission.

including half of the windfall (of CFAF 14 billion) accruing in the first quarter (which is typically transferred with a lag of one quarter).⁵

5. **To ensure timely transfers of oil revenue to the treasury, a new monitoring mechanism** has been worked out with the Ministry of Finance and the national oil company (SNH), with the assistance of the World Bank and Fund staff. Under this enhanced mechanism, monthly meetings are to be held between the program's Technical Monitoring Committee (CTS) and officials of SNH to review the company's cash-flow position on the basis of actual data on production, exports, international oil prices, and exchange rates, and to agree on the timing of the transfers to the budget. Furthermore, quarterly reports are to be prepared on the basis of detailed documentation of trade contracts, operating costs, and bank accounts. Finally, the financial audit of SNH for 1998/99 (July-June), which was recently begun, is to examine, inter alia, whether the key recommendations of the past two audits regarding computerization and the adoption of international accounting standards have been implemented, and an operational and managerial audit is to be concluded by end-June 2000; corrective measures will have to be implemented, as necessary.

6. Consultants have been selected and work is under way, with World Bank assistance, on the institutional audit of the **petroleum sector**, with a view to defining the respective role of the SNH and the private sector in the production and distribution of oil products. A new petroleum code, which aims to align Cameroon's framework with international industry practices and attract investors, is being discussed by the National Assembly. Finally, the Chad-Cameroon pipeline project has suffered a setback as Shell and Elf, two of the three participants in the consortium (with 60 percent of the shares) have announced their withdrawal.⁶ Exxon, the remaining company in the consortium, is currently holding discussions with potential new partners.

7. **Non-oil revenue mobilization** was enhanced by actions taken by the authorities to implement most of the recommendations of the Fund's technical assistance on the value-added tax (VAT) and the modernization of tax administration, including the reinforcement of tax collection and audit divisions, as well as the staffing of the tax intelligence unit, which helps to improve audit selection by cross-checking customs and treasury information. An action plan has been worked out with the recent FAD mission to carry out the remaining

⁵ Under the program, oil revenue windfall gains are to be transferred in full with a lag of one quarter to the government's account at the BEAC. Up to 50 percent of the windfall can be spent on priority sectors or used to reduce domestic arrears, and the remainder is to be saved with corresponding increases in related performance criteria. Some of the first quarter windfall will be used to clear domestic arrears.

⁶ No official explanation has been given by the two withdrawing companies. World Bank experts suggested that this decision may be linked to the merger of Elf with Total and a strategic and commercial reassessment by Shell.

measures. The customs administration is to be reformed on the basis of recommendations made by an FAD mission in July 1999. In this regard, a customs monitoring committee has been set up, but the implementation of other reform measures has been slow. A study (sponsored by the World Bank) on rationalizing forestry taxation in a way that will help preserve the environment is currently under way and is expected to be completed by end-January 2000 (structural performance criterion); the study's recommendations are to be adopted starting in 2000/01.

8. On the **expenditure side**, some progress has been recorded in expenditure management, with the reduction in the number of steps in the spending process and the timely preparation of treasury balances. However, the quality of the accounting for treasury balances needs further improvement, and major problems remain at the level of spending ministries and the procurement system. In particular, work on strategies for the health and education sectors has exposed major weaknesses in the functioning of the two ministries, and the first quarterly reports prepared by the two ministries (structural benchmark) were of poor quality; these reports are to be revised on the basis of comments provided by the mission. Also, a committee composed of key departments has been formed to address the shortcomings in the production of the treasury balances and improve their quality. The mission was encouraged by the constructive attitude of the authorities regarding the procurement system. At a meeting convened by the CTS with the independent auditor (Ernst & Young) of the procurement system, the latter presented his preliminary findings to the mission, which reveal major flaws. The report is to be finalized before end-December 1999 (structural performance criterion), and its recommendations are to be implemented in the second half of the fiscal year.

9. To strengthen the **cash-flow management of the budget**, a committee consisting of all key departments in the Ministry of Finance and the autonomous debt agency (CAA) has been formed; to further enhance accountability in key spending ministries, the mission and the authorities have agreed that the practice of issuance of quarterly reports be extended to five additional ministries, namely, the Ministries of Economy and Finance; Public Works; Public Investment; Agriculture; and Energy and Mining. The mission stressed the importance of an early completion of the census of domestic arrears, which would help to strengthen budgetary execution.⁷

⁷ As of end-September 1999, the stock of domestic debt amounted to CFAF 1,272 billion (23.5 percent of GDP), including CFAF 385 billion of arrears (almost 7 percent of GDP). Debt to the banking system, securitized debt (resulting from past actions to clear domestic arrears), and audited and validated arrears totaling CFAF 894 billion, or 70 percent of the total stock of domestic debt, continue to be serviced according to agreed modalities and timetables. The remaining arrears are to be audited, and a timetable for their settlement is to be prepared by end-March 2000.

10. Implementation of **structural reforms** continues broadly as scheduled. The Autonomous Port of Douala was established, with the board of directors nominated, its president elected, and its general director selected on the basis of competence at end-September; a second-round call for bids for the privatization of the national water company (SNEC) was made at end-September, with the accompanying documentation sent to bidders in early October; and a call for prequalification bids for the national electricity company, SONEL, was made in October. Progress is being made toward the completion of the *privatization and liberalization of the telecommunication sectors, and the privatization of the large agro-enterprise, CDC*. The mission urged the authorities to heighten their vigilance and to ensure that the privatization program is carried out in an open and transparent fashion. The authorities have indicated that all necessary actions to that effect will be taken. On governance, in early September, the Minister of Post and Telecommunications, several top officials of his ministry, and the director of the social security agency were removed from office and arrested on charges of corruption. In the financial sector, the privatization of the recently restructured bank (BICEC) is well advanced, the draft securities market law has been presented to the National Assembly, and the strategy for the reform of the social security system has been approved by the interministerial committee.

11. The staff examined with the authorities the **prospects for the second quarter** and concluded that, with the timely transfer of oil revenue to the budget and the implementation of accompanying measures, the continued non-oil revenue mobilization efforts, and the control over nonpriority expenditures, the end-December performance criteria and benchmarks were still attainable. The first meeting under the new oil monitoring mechanism was held in November, and a transfer of CFAF 20 billion to the budget was made as scheduled (including the remaining CFAF 7 billion of the windfall of the first quarter). Non-oil revenue in October was broadly consistent with the program target (Table 3).⁸

12. The mission, together with the World Bank team, discussed with the authorities the **modalities of the PRSP, including a timetable for the participatory process**, and a preliminary outline was agreed upon; comments were provided on a preliminary draft strategy that the authorities had prepared with World Bank assistance. The mission participated in a meeting with nongovernmental organizations (NGOs) organized by a World Bank specialist on the participatory process and got a first-hand glimpse at the complexity of the operation and the challenges that lie ahead. This process is expected to start in mid-January 2000, with World Bank, Fund, and other donors' assistance, and a preliminary PRSP would be prepared by the Cameroonian authorities by early April. On that basis, it is

⁸The program was based on the June World Economic Outlook (WEO) assumptions, with an average oil price for Cameroon of US\$15.5 per barrel for the first two quarters of 1999/2000 (July-June). The outcome for the first quarter was US\$19.7 per barrel; based on the October WEO assumptions, the average oil price for Cameroon is projected at US\$22.2 per barrel for the second quarter.

expected that a preliminary PRSP could be presented to the Boards of the World Bank and the Fund in July-September.

13. In preparing the debt sustainability analysis (DSA), the mission completed the first round of the data reconciliation process,⁹ discussed key macroeconomic assumptions underlying the DSA, and initiated work on assembling key inputs into the DSA. It is expected that the midterm review mission (February 2000) would finalize the DSA and agree on the results with the authorities, and that a joint Bank-Fund preliminary HIPC Initiative document could be presented to the Executive Boards in the spring. The mission reiterated to the authorities its position that, in order to reach the decision point, they would have to successfully complete the third year of the program, strengthen expenditure management, develop strategies for the social sectors, and demonstrate an improved efficiency of delivery of the additional resources in the priority areas of health, education, and poverty alleviation. Progress in the London Club debt- and debt-service-reduction operation has been slow, mainly owing to protracted problems in negotiating a contract with the legal advisor. The contract was finalized only in the first half of October. The lack of a legal advisor's opinion has thus delayed the debt-reconciliation process, especially with regard to the nonbank claims. On current planning, the operation is unlikely to be closed before end-2000.

14. While developments during July–September 1999 were disappointing against the backdrop of rising oil prices, **the Cameroonian authorities reiterated their commitment to the program and stressed that they would take all necessary actions to ensure that the third annual arrangement was successfully concluded, including actions to fight corruption and improve governance.** The authorities will need to continue to strengthen policy implementation in key areas. In particular, in order to achieve the non-oil revenue targets under the program, efforts should be reinforced to broaden the tax base, improve tax and customs administration, and fight fraud. On the expenditure side, there is a continued need to enhance the efficiency and transparency of budgetary management, to monitor closely the implementation of the expenditure control measures, to develop comprehensive strategies in health and education sectors, and to ensure strict adherence to spending priorities in favor of the social sectors and infrastructure. In addition, in view of the heavy agenda for the preparation of the PRSP and other reforms in the period ahead, the authorities will need to reinforce implementation capacity to ensure that the actions are executed in a timely manner.

⁹ Reconciliation with multilateral creditors, on the basis of end-June 1999 stocks, is almost completed. Work under way on bilateral debt reconciliation is expected to be completed in the spring of 2000.

Table 1. Cameroon: Quantitative Performance Criteria and Benchmarks During the Third Annual Arrangement Under the Enhanced Structural Adjustment Facility, July 1, 1999-June 30, 2000

(In billions of CFA francs, cumulative from July 1, 1999, unless otherwise indicated)

	September 30, 1999									
	Adjustments ¹									
Program	Excess or shortfall in oil revenue	Excess or shortfall in program financing	Excess privatization proceeds	Total adjustment	Adjusted Program Target	Cumulated Estimated Outcome	Excess over Adjusted or Target	Met (M) Not met (N)		
Ceiling on the increase in net claims of the banking system on the central government ^{2 3 4 5}	6	0	-3	5	2	4	27	23	N	
Floor on the primary budget balance ^{2 3 4}	80	0			0	80	75	-5	N	
Floor on the net reduction of the external payments arrears of the public sector ^{2 7}	0 ⁸		0			0	0	0	M ⁹	
Ceiling on new medium- and long-term nonconcessional external loans contracted or guaranteed by the government ^{2 9}	0						0	0	M	
Ceiling on the net disbursement of external loans with a maturity of less than one year ^{2 9 10}	0						0	0	M	
Ceiling on the increase in net claims of the banking system on the nonfinancial public sector ^{3 4 5 11 12}	6	0	-3	5	2	4	25	21	N	
Floor on total revenue of the central government ^{11 13 14}	234	0			0	234	222	-12	N	
Of which: non-oil revenue ^{11 14}	180	0			0	180	183	3	M	
Memorandum items:										
Assumed external debt relief	68						57			
External program financing ¹⁵	29						23			
Privatization proceeds	5						10			
Stock of net credit to the central government	450						471			
Stock of credit to the nonfinancial public sector	511						529			

Sources: Cameroonian authorities, Bank of Central African States (BEAC); and staff estimates

¹ Cumulative since end-June 1999.

² These targets will constitute performance criteria for end-December 1999.

³ These targets will be adjusted (a) upward for a shortfall in program financing and external debt relief up to an amount equivalent to 50 percent of the shortfall (for a total cumulative shortfall of CFAF 35 billion), (b) downward for the full amount of any excess in program financing and external debt relief and privatization proceeds in excess of the amount programmed, and (c) downward by the full amount of any shortfall in the reductions of domestic arrears in comparison with the program. See Section III of the technical annex (EBS/99/153, 8/11/99).

⁴ The flows have been constructed on the basis of projected end-June 1999 data; they will be adjusted on the basis of the actual outcome.

⁵ The targets will be adjusted upward/downward for 50 percent of the windfall/shortfall in oil revenue. For a windfall/shortfall beyond a threshold of CFAF 35 billion, the authorities will consult with Fund staff to formulate policies to adjust performance criteria. See Section III of the technical annex (EBS/99/153, 8/11/99).

⁶ Defined as government revenue (excluding privatization proceeds) minus noninterest expenditure (excluding foreign-financed investment and restructuring expenditure).

⁷ Excluding reschedulable external arrears. The targets will be adjusted for deviations from projected program financing. No new external payments arrears will be accumulated during the program period.

⁸ The original program documents called for a reduction in *nonreschedulable* external payments arrears of CFA franc 11 billion. However, all existing external payments arrears are *reschedulable*, and thus the target should have been zero (The CFAF 11 billion figure referred to the expected clearance of reschedulable arrears contained in the fiscal program).

⁹ In millions of U.S. dollars. Nonconcessional loans defined as loans with a grant element of less than 35 percent, using discount rates based on the commercial interest reference rates (CIRRs). Exception will be made during 1999/2000 for the contraction of a nonconcessional IBRD loan in an amount of US\$65 million contracted by the government of Cameroon in the context of the Chad-Cameroon pipeline construction.

¹⁰ Excluding normal, import-related credit. To be monitored on a continuous basis.

¹¹ These benchmarks will not constitute performance criteria.

¹² Net for the central government and gross for the others.

¹³ These targets will be adjusted for the full amount of higher/lower-than-programmed oil revenue. See Section III of the technical annex (EBS/99/153, 8/11/99).

¹⁴ Excluding privatization proceeds.

¹⁵ Including IMF disbursements.

Table 2. Cameroon. Selected Economic and Financial Indicators, 1995/96-2001/02 1/

	1995/96	1996/97	1997/98	1998/99 Rev. Est	1999/00 Prog	2000/01 Projections	2001/02 Projections
(Annual percentage changes, unless otherwise indicated)							
National income and prices							
GDP at constant prices	5.0	5.1	5.0	4.4	4.8	5.3	5.5
Of which: non-oil GDP	5.5	5.0	5.0	4.4	5.5	5.7	5.7
GDP deflator	5.4	2.7	1.1	-1.2	2.1	2.0	2.0
Consumer prices (12-month average) 2/	3.6	4.1	3.9	2.9	2.0	2.0	2.0
Consumer prices (end of period) 2/	4.6	7.0	2.2	2.2	2.0	2.0	2.0
Nominal GDP (in billions of CFA francs)	4,571	4,932	5,240	5,406	5,785	6,215	6,688
Oil output (thousands of barrels a day)	101	108	115	119	108	105	104
External trade							
Exports (in SDRs)	7.5	19.4	-6.3	-5.7	7.6	7.0	8.9
Of which: crude oil	-0.8	36.0	-16.7	-9.6	15.6	-7.7	0.0
Imports (in SDRs)	13.1	16.5	13.4	3.3	4.7	7.0	7.2
Export volume	7.4	13.8	11.1	8.2	2.3	5.0	5.7
Of which: non-oil sector	18.7	15.4	16.5	5.8	8.3	8.4	8.2
Import volume	13.2	19.5	14.5	1.0	6.1	5.9	7.2
Average oil export price (U.S. dollars per barrel)	16.7	19.7	15.5	12.3	15.2	14.9	15.1
Nominal effective exchange rate	6.5	-2.4	-1.9	4.1	...	...	...
Real effective exchange rate	6.4	-1.8	-0.6	8.5	...	...	...
Average exchange rate (CFA francs per SDR)	743	767	815	810	...	...	...
Terms of trade	-8.6	5.1	-4.5	-15.1	7.0	0.9	3.1
Non-oil export price index (in CFA francs)	-21.5	-4.4	9.2	-11.9	2.5	4.2	4.0
Money and credit (end of period) 3/							
Net domestic assets 4/	-3.4	-5.8	12.7	7.2	6.8	4.3	1.1
Net credit to the public sector 4/	-3.0	0.0	1.8	4.4	0.0	-2.3	-2.5
Credit to the private sector	5.0	3.3	30.3	10.8	10.4	11.8	6.5
Broad money (M2)	-5.1	13.8	7.8	10.2	12.5	13.5	10.5
Velocity (GDP/average M2)	6.4	8.1	7.6	7.2	6.9	6.6	6.4
Discount rate (end of period, in percent)	8.0	7.5	7.0	7.6	...	...	...
Central government operations							
Total revenue	22.4	10.9	17.1	-1.2	14.8	12.1	6.5
Of which: non-oil revenue	19.8	1.9	23.8	9.5	10.6	12.4	12.7
Total expenditure	10.2	7.7	18.2	9.1	10.5	9.8	5.5
Current expenditure	10.6	2.7	10.6	5.7	2.0	9.2	4.4
Capital expenditure 5/	38.1	51.1	41.7	12.7	69.8	11.7	4.2
(In percent of GDP, unless otherwise indicated)							
Gross national savings	11.2	13.4	15.7	14.6	16.6	17.1	18.1
Gross domestic investment	15.4	16.2	18.4	18.8	19.8	20.1	20.5
Central government operations							
Central government revenue	14.3	15.1	16.2	15.5	16.6	17.3	17.2
Of which: non-oil revenue	11.2	11.0	12.3	13.0	13.5	14.1	14.8
non-oil revenue 6/	12.1	12.2	13.4	13.9	14.5	15.0	15.7
Central government expenditure	16.1	16.1	17.9	18.9	19.6	20.0	19.6
Overall fiscal deficit (excl. grants)	-1.8	-1.0	-1.7	-3.4	-2.9	-2.6	-2.4
Overall fiscal deficit (incl. grants)	-1.3	-1.0	-1.4	-3.2	-2.6	-2.6	-2.3
Primary balance 5/	5.4	5.8	5.9	4.6	5.2	5.4	5.4
Of which: non-oil sector	2.3	1.7	2.0	2.1	2.0	2.1	3.0
Noninterest expenditure 5/	8.9	9.3	10.3	11.0	11.6	12.1	11.8
Domestic public debt (before audit)	32.6	28.5	25.5	23.3	20.3	16.7	14.1
External sector							
Current account balance (including grants)	-4.1	-2.8	-2.7	-4.2	-3.2	-3.0	-2.4
External public debt 7/	89.0	83.5	87.8	87.9	78.7	75.9	70.0
(In percent of exports of goods and services, unless otherwise indicated)							
Net present value (NPV) of external public debt 8/	332.8	271.1	210.0	274.4	189.4	193.1	182.2
Scheduled external debt service	59.5	44.3	40.4	44.9	42.2	32.5	29.3
Scheduled external debt service 9/	93.4	74.1	66.2	71.2	65.7	48.9	46.2
Actual external debt service	24.9	19.6	16.1	...	...	...	...
Actual external debt service 9/	39.0	32.8	26.4	...	...	...	...
(In millions of SDRs)							
Current account balance	-151	-36	-173	-286	-228	-227	-197
Overall balance of payments	-438	-336	-249	-377	-337	-205	-88
Net international reserves (end of period)	-409	-286	-312	-276	-231	-129	-14

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 the consumer price index.

3/ Starting in 1996/97, data are rebased to exclude information on two banks liquidated in 1996/1997.

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

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

6/ In percent of non-oil GDP.

7/ External stocks at the end of 1997/98 have been revised upward to reflect new drawings and the conclusion of some Paris Club V bilateral agreements.

8/ Based on the preliminary results of the baseline scenario of the update of the debt sustainability analysis.

9/ In percent of government revenue.

Table 3. Cameroon: Central Government Operations, 1998/99-1999/2000 1/
(In billions of CFA francs, unless otherwise indicated)

	1998/99		1999/2000					
	July-June		July-Sep		Oct-Dec	Jan-March	April-June	July-June
	Rev	Est	Prog	Est	Dec	March	June	Prog
	prog		Program					
Total revenue and grants	849	848	241	222	240	244	253	978
Total revenue	832	838	234	222	230	244	253	961
Oil sector revenue	129	133	54	39	44	42	42	182
Non-oil sector revenue	703	704	180	183	186	202	211	779
Direct taxes	171	174	43	46	46	51	52	193
Special tax on petroleum products	62	65	16	15	17	18	19	69
Taxes on international trade	145	138	36	32	38	41	43	158
Other taxes on goods and services	267	275	71	82	73	80	83	307
Of which: turnover tax /value-added tax		226	58	66	60	65	68	251
Nontax revenue	59	52	12	8	12	13	14	52
Total grants (current)	17	10	7	0	10	0	0	17
Total expenditure	1,028	1,023	256	199	286	279	311	1,131
Current expenditure	813	824	193	171	214	206	229	841
Wages and salaries	279	275	74	71	74	74	74	297
Other goods and services	155	167	38	40	43	43	51	176
Subsidies and transfers	95	100	25	22	26	25	26	104
Scholarships and subsidies	44	55	12	9	12	12	12	47
Pensions	43	43	12	13	12	12	12	47
Separation grants (POEs)	8	2	2	0	3	2	3	10
Interest due	284	282	56	38	70	63	77	265
External	255	254	49	31	67	56	74	246
Domestic	29	28	7	8	3	7	3	20
Capital expenditure	214	194	63	28	72	73	82	290
Foreign-financed investment	121	121	41	6	41	41	41	165
Domestically financed investment	69	47	18	14	25	25	28	95
Restructuring	25	27	4	8	6	7	13	30
Unclassified expenditure	0	4	0	0	0	0	0	0
Overall balance, commitments basis								
Excluding grants	-196	-185	-23	23	-56	-34	-58	-170
Including grants	-179	-175	-16	23	-46	-34	-58	-153
Net change in arrears	-58	-46	-32	-23	-30	-344	-14	-420
External (interest)	41	40	-11	0	-11	-314	-11	-348
Domestic	-99	-86	-21	-23	-18	-30	-3	-72
Overall balance, cash basis								
Excluding grants	-254	-231	-55	0	-85	-378	-72	-590
Including grants	-237	-221	-48	0	-75	-378	-72	-573
Financing	237	222	37	1	64	-112	61	49
External financing (net)	196	181	28	-16	63	-122	61	30
Amortization	-332	-332	-87	-87	-102	-92	-94	-376
Drawings	528	514	116	71	165	145	155	582
Project financing	121	121	41	6	41	41	41	165
Program financing (loans)	129	115	7	8	25	37	25	94
Debt rescheduling	278	278	68	57	99	67	89	322
Reduction in arrears (principal)	0	0	0	0	0	-176	0	-176
Domestic financing (net)	41	41	8	17	2	10	-1	20
Banking system	20	15	6	27	1	0	-7	0
Of which: IMF (net)	31	34	12	13	-3	-3	12	18
Amortization	-1	0	-7	0	-7	-7	-7	-29
Nonbank financing	-13	-7	0	-6	0	0	0	0
Privatization proceeds	11	11	5	10	0	17	13	35
Reserves	-15	0	-4	0	0	-8	-8	-19
Financial sector	-4	-4	-1	0	-1	-1	-1	-4
Securitization	43	27	9	0	9	9	9	37
VAT refund	0	0	0	-7	0	0	0	0
Other	0	0	0	-7	0	0	0	0
Remaining financing needs	0	0	11	0	11	490	11	523
Of which: possible debt relief 2/	0	0	11	0	11	490	11	523
Residual financing gap	0	0	0	0	0	0	0	0
Memorandum items								
Primary budget balance 3/	242	246	80	75	65	79	76	301
Noninterest expenditure	590	591	153	147	166	165	176	671
Primary budget balance (percent of GDP)	4.5	4.6	...	...	...	...	...	5.2
Overall deficit (excl. grants, in percent of GDP)	-3.6	-3.4	...	...	...	...	...	-2.9
Non-oil revenue (percent of non-oil GDP)	13.9	13.9	...	...	...	...	...	14.5
Noninterest expenditure (percent of GDP)	11.1	11.0	...	...	...	...	...	11.6
Wages and salaries (percent of GDP)	5.2	5.1	...	...	...	...	...	5.1

Source: Cameroonian authorities; and staff estimates and projections

1/ Fiscal year begins in July.

2/ The projected reduction in payment arrears in 1999/2000 assumes a London Club operation for a stock of arrears of CFAF 479 billion in the third quarter and CFAF 44 billion (CFAF 11 billion per quarter) of arrears owed to non Paris Club bilateral creditors

3/ Excluding foreign-financed investment, privatization proceeds, and restructuring expenditure.

Table 4 Cameroon: Monetary Survey, December 1996-June 2000 1/

	1996	1997				1998				1999				2000		
	Dec.	Mar.	June	Sep.	Dec.	Mar.	June	Sep.	Dec.	March	June	September Prog	Prel.	Dec. Projections	March Projections	June
(In billions of CFA francs, unless otherwise indicated; end of period)																
Net foreign assets	-278.8	-220.2	-188.5	-175.6	-179.1	-246.5	-220.5	-202.3	-170.5	-183.9	-199.2	-191.8	-203.3	-171.8	-166.8	-154.3
Bank of Central African States (BEAC)	-288.3	-262.0	-228.0	-217.6	-204.7	-252.1	-251.3	-228.9	-191.3	-226.8	-234.6	-227.2	-248.0	-207.2	-202.2	-189.7
Commercial banks	9.5	41.8	39.5	42.0	25.6	5.5	30.8	26.5	20.7	42.9	35.4	35.4	44.7	35.4	35.4	35.4
Net domestic assets	989.6	982.1	849.3	868.8	887.1	941.0	933.0	905.3	930.6	943.3	984.3	1,024.5	1,014.4	1,024.5	1,021.5	1,037.5
Domestic credit	869.1	857.6	779.8	797.0	832.4	865.3	891.3	875.1	905.8	912.7	959.0	999.1	987.9	999.1	996.1	1,012.1
Net claims on the public sector	450.2	450.6	461.1	479.3	472.2	472.9	472.9	437.8	462.2	474.6	504.6	511.3	529.4	512.4	512.4	504.6
Net credit to the central government	400.3	406.3	423.9	434.9	423.5	426.3	429.4	389.3	398.6	418.8	444.0	450.0	471.4	451.0	451.0	444.0
Claims	520.0	517.0	507.1	519.8	498.3	504.2	514.6	482.8	522.5	540.6	566.5	557.9	567.7	546.3	579.2	583.1
Deposits	-119.7	-110.7	-83.3	-84.9	-74.8	-77.9	-85.2	-93.6	-123.9	-121.8	-122.5	-107.9	-96.3	-95.3	-128.2	-139.2
Credit to autonomous agencies	9.4	9.6	9.2	8.6	9.0	9.3	10.0	11.4	9.7	9.6	11.1	11.1	9.7	11.1	11.1	11.1
Credit to public enterprises	40.4	34.7	28.0	35.8	39.8	37.4	33.5	37.1	53.9	46.2	49.5	50.2	48.3	50.3	50.3	49.5
Credit to financial institutions	9.3	8.5	8.5	9.3	12.0	13.3	14.3	14.6	14.8	13.8	6.7	9.2	5.9	10.7	13.2	13.2
Credit to the private sector	409.7	398.5	310.2	308.4	348.1	379.1	404.1	422.7	428.8	424.3	447.7	478.7	452.6	476.1	470.6	494.4
Other items (net)	120.5	124.5	69.6	71.9	54.7	75.7	41.7	30.2	24.8	30.6	25.4	25.3	26.5	25.3	25.3	25.3
Money and quasi money	710.8	761.8	660.8	693.2	708.0	694.5	712.5	702.9	760.1	759.4	785.1	832.7	811.1	852.7	854.7	883.1
Currency outside banks	94.5	117.3	137.4	150.4	180.3	158.4	169.8	163.4	205.8	196.8	195.1	195.0	200.9	200.0	205.0	210.0
Deposits	616.3	644.6	523.4	542.8	527.7	536.1	542.7	539.5	554.3	562.6	590.0	637.7	610.2	652.7	649.7	673.1
Memorandum items:	(Annual percentage change, unless otherwise indicated)															
Contribution to the growth of broad money																
Net foreign assets	5.8	7.2	19.6	26.3	16.9	-4.2	-4.8	-3.9	1.2	9.0	3.0	1.5	-0.1	-0.2	2.2	5.7
Net domestic assets	-5.5	-1.7	-5.8	-4.8	3.2	12.5	12.7	5.1	6.1	0.3	7.2	17.0	15.5	12.4	10.3	6.8
Of which: credit to the central government	-4.7	-3.8	1.4	1.1	5.6	2.2	0.8	-6.6	-3.5	-1.1	2.0	8.6	11.7	6.9	6.8	0.0
Private sector credit	10.3	8.4	3.3	-0.9	4.4	17.3	30.3	37.1	23.2	11.9	10.8	13.3	7.1	11.0	10.9	10.4
Broad money	0.3	5.5	13.8	21.5	20.1	8.2	7.8	1.4	7.4	9.3	10.2	18.5	15.4	12.2	12.5	12.5
Currency	-7.6	9.9	49.3	99.8	88.5	34.1	23.6	8.7	14.1	24.3	14.9	19.3	22.9	-2.8	4.1	7.6
Deposits	1.6	4.7	7.1	9.6	6.8	2.3	3.7	-0.6	5.0	4.9	8.7	18.2	13.1	17.7	15.5	14.1
Claims on government/domestic credit ratio 2/	46.1	47.4	54.4	54.6	50.9	49.3	48.2	44.5	44.0	45.9	46.3	45.0	47.7	45.1	45.3	43.9
Currency outside banks/deposit ratio 2/	15.3	18.2	26.2	27.7	34.2	29.5	31.3	30.3	37.1	35.0	33.1	30.6	32.9	30.6	31.6	31.2
Velocity (non-oil GDP/average M2)			7.3		7.0		6.9				6.8					6.2
Velocity (GDP/average M2)			8.1		7.7		7.6				7.2					6.9
Net claims on the public sector 3/	358.7	341.4	394.7	410.1	412.6	417.6	408.8	382.3	398.2	422.9	454.7	454.7	461.3	448.3	465.8	454.7

Sources: Cameroonian authorities, and staff estimate and projections

1/ Excluding information on two banks (Banque Méridien-BIAO-Cameroun and Crédit Agricole du Cameroun) that were liquidated in October 1996 and June 1997, respectively; thus, there is a break in the series.

2/ In percent.

3/ In billions of CFA francs, using BEAC's definition, that is, including deposits of public enterprises and autonomous agencies