

SU/20/10

January 24, 2020

**The Acting Chair's Summing Up  
Cameroon—Fifth Review Under the Extended Credit Facility and Request for  
Waiver of Nonobservance of a Performance Criterion and  
Modification of Performance Criteria  
Executive Board Meeting 20/7  
January 22, 2020**

Executive Directors welcomed the progress made by Cameroon under the Fund-supported program despite challenges arising from the security situation and the suspension of oil production at the national refinery. Looking ahead, Directors emphasized the need for strong program implementation aimed at building fiscal buffers, safeguarding debt sustainability, preserving financial stability, and enhancing governance. They welcomed Cameroon's leadership role in supporting the CEMAC regional strategy.

Directors underscored that fiscal consolidation is essential to build fiscal and external buffers. They called for resolute efforts aimed at broadening the non-oil revenue base, reducing discretionary tax exemptions, combatting tax fraud and evasion, enhancing tax and customs administration, and streamlining the civil service payroll. The reform of the Treasury Single Account is also important to enhance short-term liquidity. Directors encouraged the authorities to further improve budget execution and transparency by reducing direct interventions and exceptional spending procedures.

Directors called for urgent action to address the National Oil Refinery (SONARA)'s debt problems to safeguard financial stability and fiscal sustainability. They highlighted that restructuring efforts should consider the cost and benefits of all available options. Directors also called for accelerating the audits of four large state-owned enterprises (SOEs) and to adopt plans to clear government' cross-debts with SOEs and government arrears.

Noting Cameroon's high risk of debt distress, Directors recommended strict implementation of the disbursement plan for contracted-but-undisbursed loans. They also emphasized the need to limit nonconcessional borrowing and to enhance the debt management framework.

Directors encouraged the authorities to enhance the business climate and governance by strengthening contract enforcement and improving compliance with the Extractive Industry Transparency Initiative (EITI) recommendations and AML/CFT standards. Reducing nonperforming loans and resolving ailing banks is essential to make financial

intermediation the engine of growth and inclusion. Diversifying the export base and enhancing investment efficiency can help unlock Cameroon's long-term growth potential.

Directors noted that Cameroon's program continues to be supported by the implementation of policies and reforms by the CEMAC regional institutions, which are critical to the program's success. These comprise the policy assurance provided in the June 2019 follow-up letter of Policy Support on regional net foreign assets (NFA) accumulation at end-June 2019, which was largely exceeded, and the assurance on NFA accumulation at end-December 2019 and end-June 2020, which was provided in the updated letter of November 2019 and discussed in the December 2019 union-wide staff report. Completion of the sixth review will be conditional on the implementation of the updated policy assurance.