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MEDIUM-TERM ECONOMIC AND BUDGETARY PROGRAMMING DOCUMENT 2025-2027

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INTRODUCTION

As a prelude to drawing up the State budget for 2025, the Government has submitted the medium-term Economic and Budgetary Programming Document (DPEB) to Parliament. Section 11 of the State Fiscal Regime provides that: *(1) "Each year before 1 July, Government shall forward to Parliament the medium-term framework documents ..., alongside a report on the macroeconomic situation and another on the execution of the budget of the current financial year"; (2) "On the basis of these documents and reports, Parliament shall organise a Budget Orientation Debate in an open sitting, but without voting".* The Budgetary Orientation Debate (DOB) is therefore a major stage in the preparation of the State budget. It is a political moment that enables elected representatives to express their opinion on the broad outlines of the State budget for the next three years.

For practical, readability and coherence reasons, the Government has decided to combine all the documents and reports required for the DOB into a single document. The DPEB includes: information on the State's recent financial situation and the information needed for a better assessment of the budgetary options adopted as part of the preparation of the 2025 budget. It also includes the nation's economic outlook for the period 2026-2027. It indicates, for example, the guidelines and also the multi-year commitments envisaged in terms of investment. These elements therefore enable the executive and legislative powers to debate the conditions, tools and resources that will ensure the sustainability of public finances.

In 2024, the DOB is being held against a backdrop of uncertainties linked to inflationary pressures. Despite this difficult context, the Government remains determined to take up many challenges, in particular those linked to the implementation of the National Development Strategy to 2030 (NDS30) and the pursuit of the Economic and Financial Programme (EFP) concluded in 2021 with the International Monetary Fund (IMF) and supported by all technical and financial partners.

This citizen's version summarises the DPEB. It is structured around five parts: (i) macroeconomic situation and outlook; (ii) public finance management; (iii) strategic orientations of public policies; (iv) budget outlook for the three-year period 2025-2027 and (v) 2025-2027 budget framework.

Exogenous shocks have influenced economic activity worldwide in 2023 and 2024, leading to a revision of growth forecasts for the Cameroonian economy over the period 2025-2027.

1 MACROECONOMIC SITUATION AND OUTLOOK

MACROECONOMIC SITUATION AND OUTLOOK

Exogenous shocks have influenced economic activity around the world in 2023 and 2024, leading to a revision of growth forecasts for the Cameroonian economy over the period 2025-2027.

1.1- Recent economic and social trends

The 2024 budget debate is taking place against an international backdrop marked by: (i) continuing disruption to supply channels caused by the Russian-Ukrainian conflict, among other things; (ii) continuing inflationary pressures leading to higher interest rates.

◆ **According to the World Economic** Outlook published by the International Monetary Fund (IMF) in April 2024, global growth, estimated at 3.2% in 2023, should maintain the same level in 2024 and 2025. These trends are attributable to the slowdown observed in most regions of the world.

• **In the advanced countries** (United States, eurozone, Japan, United Kingdom), growth should fall from 1.6% in 2023 to 1.7% in 2024, then to 1.8% in 2025. **In the group of emerging and developing countries,** after reaching 4.3% in 2023, growth should slow to 4.2% in 2024 and 2025. In China, growth is expected to fall from 5.2% in 2023 to 4.6% in 2024, and in India from 7.8% in 2023 to 6.8% in 2024.

• **In sub-Saharan Africa**, growth is set to rise from 3.4% in 2023 to 3.8% in 2024, driven mainly by Nigeria (3.3% in 2024 after 2.9% in 2023). Growth should continue in 2025, reaching 4.0%. As for the CEMAC zone, BEAC forecasts that the growth rate will be 3.6% in 2024, compared with 2.5% in 2023, and projected at 3.7% in 2025, in line with the good performance of non-oil activities.

• **Global inflation** was 6.8% in 2023, after peaking at 8.7% in 2022. It is projected at 5.9% in 2024 and 4.5% in 2025, as a result of the tightening of monetary policy combined with the expected fall in international commodity prices. In the CEMAC zone, inflationary pressures are expected to continue in 2024, with a projected inflation rate of 5.5% compared with 5.7% in 2023, above the Community norm of 3%.

◆ **On a national level**, , the DOB takes place against a difficult financial backdrop. The objective of reducing the public deficit and debt has resulted in a weakening of State support. In addition, the persistence of inflation is weighing on operating costs. At the same time, the policy of raising interest rates to curb inflationary pressures is increasing the cost of funding investments

In 2023, the Cameroonian economy has slowed, with growth estimated at 3.3% after 3.6% in 2022. However, good performances were recorded in "Forestry and logging" (+5.2% after +4.8%), "Construction and public works" (+4.1% after +4.5%), "Information and telecommunications" (+10.0% after +5.5%) and "Trade and repair of vehicles" (+3.6% after +3.1%). In 2024, economic activity should once again be on a favourable trend, with growth projected at 4.1%, despite the decline in crude oil and gas production.

In terms of prices, inflation has accelerated in 2023 to 7.4%, after 6.3% in 2022, due in particular to the rise in food prices (+10.9%) and transport costs (+15%). This trend is attributable to the combined effects of higher fuel prices at the pump and the multiplication of barriers to trade. In 2024, inflation is expected to remain high (around 7%), due to the increase in fuel prices at the pump in February 2024.

The current account deficit widened in 2023 to 4% of GDP, compared with 3.4% of GDP in 2022, due to the fall in the prices of the main export commodities. On the other hand, the balances on the services, primary and secondary income accounts improve. In 2024, the current account deficit should narrow to 3.2% of GDP.

With regard to **public finances**, estimates indicate that at the end of 2023, the overall budget deficit (based on ordinances) will be 0.6% of GDP, compared with 1.1% of GDP in 2022. The change in the budget balance has helped to reduce the central government's direct debt (excluding outstanding debts), which stood at 40.1% of GDP at the end of 2023, compared with 42.1% of GDP a year earlier. The reduction in the overall balance deficit should continue in 2024, to 0.4% of GDP.

The monetary situation was characterised by a 10.1% fall in net foreign assets and an 11.6% rise in domestic credit (particularly loans to the economy, which increased by 11.9%). As a result, the money supply (M2) grew by 3.2% to reach 8,269.8 billion at the end of 2023. In 2024, money supply is expected to grow by 11.9%.

Box 1: Welfare expenditure

With regard to the social sectors, the Government has allocated a budget of 1,244.7 billion (18.7% of the State budget) to the administrations involved in this area, an increase of 7.4% compared with 2022. Special attention is being paid to people living in rural areas, through subsidies for the supply of drinking water and photovoltaic energy.

In the education sector, the three ministries in charge of the sector have been allocated a budget of 789 billion (12% of the State budget) in 2023, an increase of 42 billion compared with 2022.

In the health sector, , the government has allocated a budget of 228.2 billion in 2023 to implement measures aimed at improving the health of the population. In addition, the pilot phase of universal health coverage (UHC) was launched in April 2023, with the priority target population being pregnant women, children under 5, and people of all ages suffering from certain specific pathologies.

In other social sectors, the Government's various initiatives have improved access to basic services (water, electricity, housing, etc.). To combat extreme poverty, the Government, with the help of certain partners, is continuing its efforts to support and protect vulnerable groups by setting up the Adaptive Social Nets and Economic Inclusion Project for the period 2023-2028, with total funding of 146.8 billion, including 92.8 billion from the World Bank and 54 billion from the State of Cameroon. The project targets 356,000 beneficiaries in 180 municipalities. For the year 2023, the project has targeted 22,000 households in the "Ordinary Cash Transfer" component, 12,500 households in the "Emergency Cash Transfer" component and 10,000 in the "High Labour Intensity Work" component ; these transfers began in November 2023.

1.2-Macroeconomic outlook 2025-2027

Cameroon's economic outlook remains positive, subject to a favourable external environment. The implementation of the NDS30 should continue, with a focus on industrial development.

GDP growth is projected at 4.4% in 2025 and 4.55% on average over the period 2026-2027. The oil sector is expected to remain on a downward trend, in line with the decline in oil and natural gas production. Growth in this sector is projected at 0.4% in 2025 and 9.3% on average over the period 2026-2027. The non-oil sector is expected to continue to drive economic growth, with growth of 4.6% in 2025 and an average of 4.7% over the 2026-2027 period.

Growth in the non-oil sector is expected to be driven by good performances in: (i) the agricultural sector thanks to the implementation of the Integrated Plan for Agropastoral and Fisheries Import-Substitution (PIISAH), as well as easier access to agricultural inputs; (ii) manufacturing industries due to an improved energy supply; and (iii) construction and public works linked to the continued implementation of major investment projects.

In terms of prices, inflation is expected to slow from 7.0% in 2024 to 4.0% in 2025, returning to a level close to the CEMAC community threshold of 3% over the period 2026-2027.

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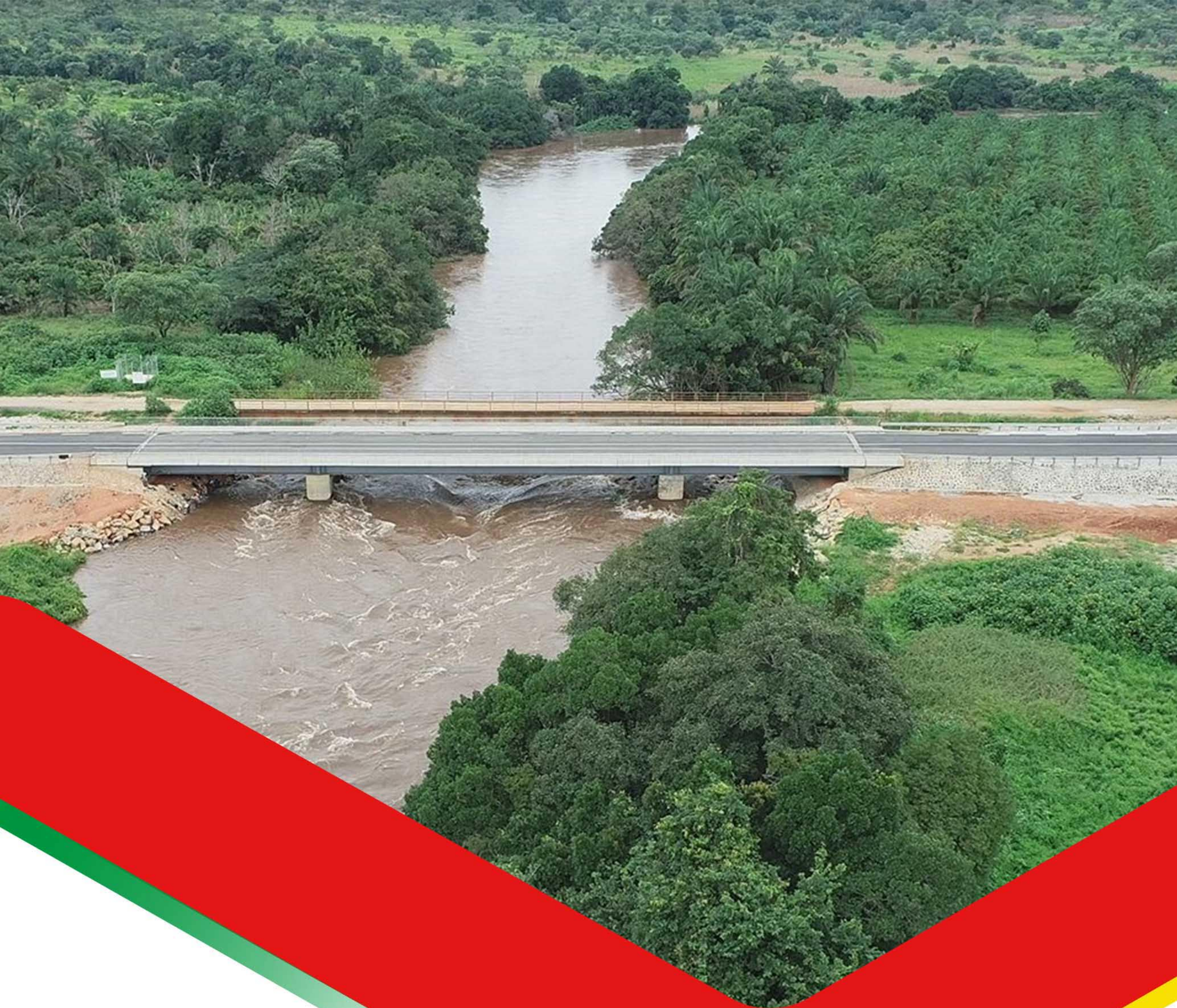
With regard to the external sector, the projections indicate a reduction in the current account deficit. This deficit is projected to fall from 3.3% of GDP in 2024 to 2.3% in 2025, and to 2.5% on average over the period 2026-2027. This improvement is due, among other things, to the increase in exports of processed products and remittances from the diaspora.



2 PUBLIC FINANCE MANAGEMENT

MEDIUM-TERM ECONOMIC AND BUDGETARY PROGRAMMING DOCUMENT 2025-2027

PUBLIC FINANCE MANAGEMENT

In 2023 and the first quarter of 2024, Government has created sufficient budgetary margins to stabilise and relaunch the economy. At the end of December 2023, Cameroon had met all the quantitative criteria of the programme with the IMF. In view of the various endogenous and exogenous shocks, the Government has submitted to Parliament an amending finance bill, which increases the 2024 budget by 538 billion.

2.1- Execution of the budget in 2023

En In 2023, **the State's overall resources** have been mobilised to the tune of CFAF 6,233.4 billion, including CFAF 45 billion in revenue from Special Appropriation Accounts (SAA). Compared with 2022, these resources are up by CFAF 251.4 billion, driven by revenue from the general budget and mainly internal revenue.

General budget resources comprise domestic revenues (877.0 billion in oil revenues and 3,965.5 billion in non-oil revenues), grants (139.4 billion), and funding resources (project-borrowing, programme-borrowing and capital market borrowing) amounting to 1,204.9 billion. Budgetary revenue (domestic revenue + grants) mobilised amounts to 4,981.9 billion, an increase of 484.5 billion (+10.8%) compared with 2022. Oil revenue accounts for 18.1% of domestic revenue. Non-oil revenue comprises tax and non-tax revenue. The amount of tax revenue raised is 3,644.6 billion, up 457.6 billion (+14.4%) on 2022. Tax revenue accounted for 71.9% of total tax revenue and customs revenus for 28.1%. Non-tax revenues amounted to 320.9 billion, representing an implementation rate of 1 19.2%.

In 2023, the forecast for **SAA resources** was 84.4 billion, including 24.4 billion from the general budget and 60 billion from SAA own resources. Of these 60 billion, 46.6 billion were actually raised, i.e. an implementation rate of 77.7%.

Total expenditure authorised amounted to €6,475.9 billion, including 6,437.4 billion for the general budget. This represents an increase of 552.3 billion (+9.3%) compared with 2022.

General budget expenditure comprises current expenditure (excluding interest on the debt), capital expenditure and servicing of the public debt. Current expenditure (excluding interest on the debt) comes to 3,657.3 billion, an overrun of 426.3 billion. Capital expenditure amounts to 1,117.8 billion, down 161.1 billion (-12.6%) on 2022. Public debt servicing totalled 1,662.4 billion, including 890.8 billion for domestic debt and 771.5 billion for foreign debt,

SAA charges , amounted to 38.5 billion of the 60 billion forecast from own resources, i.e. an implementation rate of 64.2%.

2.2- Budget execution to end March 2024

At the end of the first quarter of 2024, **total resources mobilised** amounted to 1,461.5 billion, down 76.9 billion (-5.0%) compared with the end of March 2023, mainly due to the low disbursement of borrowings. This represents an implementation rate of 86.5% compared with the target for the period, set at 1,690.0 billion.

Domestic revenue and grants mobilised totalled 1,215.2 billion, down by 38.7 billion (-3.1%) compared with the end of March 2023. Oil revenues collected amounted to 167.4 billion, down 81.7 billion compared with the same period in 2023. Non-oil revenues rose from 968.0 billion at the end of March 2023 to 1,027.9 billion, an increase of 59.9 billion (+6.2%), mainly attributable to tax revenues.

Borrowings disbursed amounted to 246.3 billion, down 38.2 billion year-on-year, attributable to budget support and project loans.

On the expenditure side, **total authorised expenditure** amounted to 1,468.4 billion at the end of March 2024. Current expenditure excluding interest rose by 111.9 billion (+19.0%) year-on-year to 699.4 billion at the end of March 2024.

The wage bill for the first quarter of 2024 amounted to 332.6 billion, up 33.7 billion (11.3%) compared with the end of March 2023. This increase is the result of the acceleration in the rate of settlement of arrears, which rose to 42.4 billion in 2024 from 32.2 billion in 2023, the 5% salary adjustment in February 2024 and the increase in the monthly family allowance from FCFA 2,800 to FCFA 4,500 per child.

Capital expenditure amounted to 144.7 billion at the end of March 2024 compared with 183.3 billion at the end of March 2023, a decrease of 38.5 billion (-21.0%). **Public debt servicing** stood at 544.6 billion at the end of March 2024 compared with 652.9 billion at the end of March 2023, a decrease of 108.3 billion (-16.6%).

2.3- Proposed revision of the 2024 budget

On 20 June 2024, the President of the Republic signed Ordinance No. 2024/001 amending and supplementing certain provisions of Law No. 2023/019 of 19 December 2023 to enact the Finance Law of the Republic of Cameroon for the financial year 2024. The ordinance brings the overall allocation to 7,278.1 billion, of which 7,212.5 billion for the general budget and 65.6 billion for the Special Appropriation Accounts, representing an increase of 538.0 billion (+8%) compared with the initial 2024 Finance Law.

The general State budget increases by 533.0 billion compared with the initial level of 6,679.5 billion. Revised domestic revenue and grants are estimated at 5,235.0 billion compared with 5,190.1 billion in the 2024 IFL, an increase of 45.0 billion. The main categories are:

- **oil revenues : 801.6 billion** compared with 809.5 billion in the initial budget, taking into account the drop in oil and gas production combined with the fall in world oil prices;
- **tax revenues : 3,998.7 billion** compared with 3,968.3 billion in the initial budget, an increase of 30.4 billion;
- **non-tax revenues : 331.0 billion** compared with 315.5 billion in the initial budget;
- **grants: 103.8 billion** compared with 96.8 billion in the initial budget.

General budget expenditure is amended as follows:

- **current expenditure** is estimated at **3,536.0 billion** compared with 3,435 billion in the initial budget. The upward trend in this expenditure, despite the 81.5 billion reduction in expenditure on goods and services, is explained by the 59.5 billion increase in expenditure on salaries, the 74 billion increase in the fuel subsidy at the pump and the 60 billion increase in resources allocated to miscellaneous payments to ENEO.

- **capital expenditure** amounted to **1,424.1 billion**, compared with 1,472.1 billion in the initial budget. This decrease is mainly due to the 124 billion reduction in expenditure on external funding, because of the low absorption capacity of these resources. 76 billion (+11.9%) in order to implement the various reform programmes in the electricity sector.

- **public debt** servicing increased by **480 billion**, from 1,772.3 billion in the initial Finance Act to 2,252.3 billion. This increase is linked to the revaluation of the allocation dedicated to the clearance of the Treasury's arrears to the tune of 317 billion and to the constitution of a provision of 163 billion intended for the reduction of outstanding BTAs.

The SAA budget has increased by 05 billion compared with the IFL, when it was 60.6 billion. This increase is linked to the inclusion of additional funding of 5.7 billion provided by the IDB as part of the reconstruction programme for the North-West and South-West Regions.

PUBLIC FINANCE MANAGEMENT

The budget deficit is **137.9 billion** compared with 125.4 billion in the IFL. The other needs to be met by the State are as follows:

DEBT REPAYMENT (STRUCTURED):
1,291.5 billion compared with 1,128.5 billion in the LFI;

REPAYMENT OF VAT CREDITS:
84 billion as in the initial Budget Act;

PAYMENT OF ARREARS:
537.0 billion compared with 220 billion in the initial Budget Law;

NET OUTFLOW OF FUNDS FROM CORRESPONDENTS:
19.7 billion as in the initial Budget Law.

In total, **the State's funding requirements** in 2024 are **2,070.1 billion** compared with 1,577.7 billion in the initial Finance Law. To meet its funding needs, the State intends to mobilise:

PROJECT LOANS:
783.2 billion compared with 907.2 billion in the initial Finance Law;

EFP BUDGET SUPPORT:
235 billion compared with 134.0 billion in the initial Finance Law;

EXCEPTIONAL FUNDING FROM DONORS:
165.6 billion compared with 22.1 billion in the IFL;

FUNDING OF PUBLIC SECURITIES:
280 billion compared with 375 billion in the initial Budget Law

BANK FINANCING:
522.4 billion compared with 55.4 billion

3 STRATEGIC ORIENTATIONS OF PUBLIC POLICIES

MEDIUM-TERM ECONOMIC AND BUDGETARY PROGRAMMING DOCUMENT 2025-2027

STRATEGIC ORIENTATIONS OF PUBLIC POLICIES

3.1- State of implementation of the NDS30 and main challenges

Adopted in 2019, the National Development Strategy (SND30) constitutes the reference framework for planning development policies to be implemented between 2020 and 2030. It aims to: (i) structurally transform the economy; (ii) develop human capital and well-being; (iii) promote employment and socio-economic integration; and (iv) governance, decentralisation and strategic management of the State. During the first four years of implementation of the NDS30, the government has implemented a series of reforms and actions that have achieved the following results:

In terms of the structural transformation, of the economy, installed electrical energy capacity has been increased from 1,528 MW in 2020 to 2,528 MW in 2024 thanks to the commissioning of the Lom Pangar and Mekin dams. As for the road network, the Kribi-lolabe, Yaounde-Nsimalen and Yaounde-Douala motorways (first phase) have been built, as well as the connection to the Yaounde urban network and the Nationale 3 via Boumnyébel. In addition, the level of growth prior to the Covid crisis has been restored. However, this level is below the profile recommended by the SND30, which targets an average annual growth rate of 8%.

In terms of human development, the government has increased capacity in the education and vocational training sectors. In addition, the law governing higher education was promulgated in 2023. This makes professionalisation the main objective of higher education, and promotes research and development through university-business partnerships. In the health sector, eight (08) regional hospital centres have been built and are operational. The government has strengthened the technical platforms of public health facilities across the country. Large stock of equipment such as scanners, dialysis generators, water treatment units and dialysis tablets have been acquired and distributed. In addition, the pilot phase of the CSU was launched in April 2023 in the Far North, North and East regions. Despite these efforts, Cameroon's Human Development Index (HDI) fell from 0.560 in 2020 to just 0.587 in 2022. The objective of the NDS30 is to reach an HDI level of 0.70 by 2030. The level of poverty remains a concern, insofar as its incidence in 2022 will be 37.7%, above the NDS30 target of 30.8%.

In terms of employment, Ithe public authorities have recruited successive waves of primary school teachers (12,000 over the period 2020-2023) in order to reduce the pupil/teacher ratio. New training courses have also been created.

In terms of governance, in July 2021 the government signed an economic and financial programme with the IMF to improve the sustainability of the country's public finances. All the reviews carried out so far have been conclusive, reflecting the satisfactory implementation of the reforms undertaken. In terms of transparency, the latest report from the Global Tax Expenditure Transparency Index (GTETI) ranks Cameroon 5th among African countries and 25th worldwide. Furthermore, the PEFA evaluation shows that the country's overall average in terms of public finance management has risen from 1.74 in 2017 to 1.98 in 2023. As regards political and administrative governance, a series of legislative and regulatory texts have been drawn up, adopted and promulgated with a view to accelerating the decentralisation process.

3.2- Major economic trends

Over the period 2025-2027, the Government intends to adopt strategic orientations that will guide its actions to achieve its development objectives. In general terms, the Government will work to

- significantly increasing local production ;
- boosting support for import/substitution policy and export promotion ;
- improving people's access to basic infrastructure and social services;
- continuing the decentralisation process and improving the overall governance framework.

Box: support for import/substitution policy

As part of the Initial Impetus Programme (P2I), activities to develop sites for setting up factories in the Kribi industrial port zone will be completed by 2025. As part of the Integrated Plan for Agricultural and Fisheries Import-Substitution (PIISAH), the State will start implementing the "central plain" project and continue activities to open up production basins.

There will also be a focus on promoting access to production equipment, and on gearing public procurement more towards local production. The aim will be to have a local production sector capable of processing a larger proportion of the timber produced before 2028, the year in which the CEMAC reform banning the export of logs comes into force.

At sector level, the strategic guidelines for the next three-year period are as follows:

• **In the infrastructure sector,** priority will be given to optimising infrastructure construction costs by supporting the construction of a bitumen plant, infrastructure maintenance and the promotion of alternative funding. The government also intends to focus on reducing the energy deficit.

• **In the rural sector,** the government's efforts will focus on implementing measures aimed at increasing the production of staple agricultural products. The aim is to increase rice production from 140,710 tonnes in 2024 to 460,000 tonnes in 2027, and fish production from 225,000 tonnes in 2024 to 600,000 tonnes in 2027. Actions will focus primarily on the construction and rehabilitation of fishing infrastructure and the implementation of the PIISAH, in particular through the construction of a high-capacity chemical fertiliser plant. In addition, the list of species banned from export in log form will be extended. In addition, the Government intends to organise and monitor the actions of government departments as part of Cameroon's Nationally Determined Contribution (NDC) with a view to meeting international commitments on climate change.

• **In the industrial and services sector,** the plan is to increase the share of manufacturing value added in GDP from the current 13.7% to at least 15% by the end of the three-year period 2025-2027. A priority will be to carry out projects that will provide the metallurgy and steel industries with sufficient inputs. A mineral terminal will also be built at the port of Kribi.

• **With regard to the development of human capital,** it is planned to fully implement the transfer of skills, particularly in the areas of education and health, which will enable the institutional configuration in this sector to be completed, thus giving greater visibility to the evaluation of the resources committed. Matching supply capacity and quality with demand in the various social sub-sectors also represents a major challenge.

• **In the health sector,** raising the technical level of hospital facilities will continue to be a priority, in order to improve the supply and quality of care and reduce infant and maternal mortality.

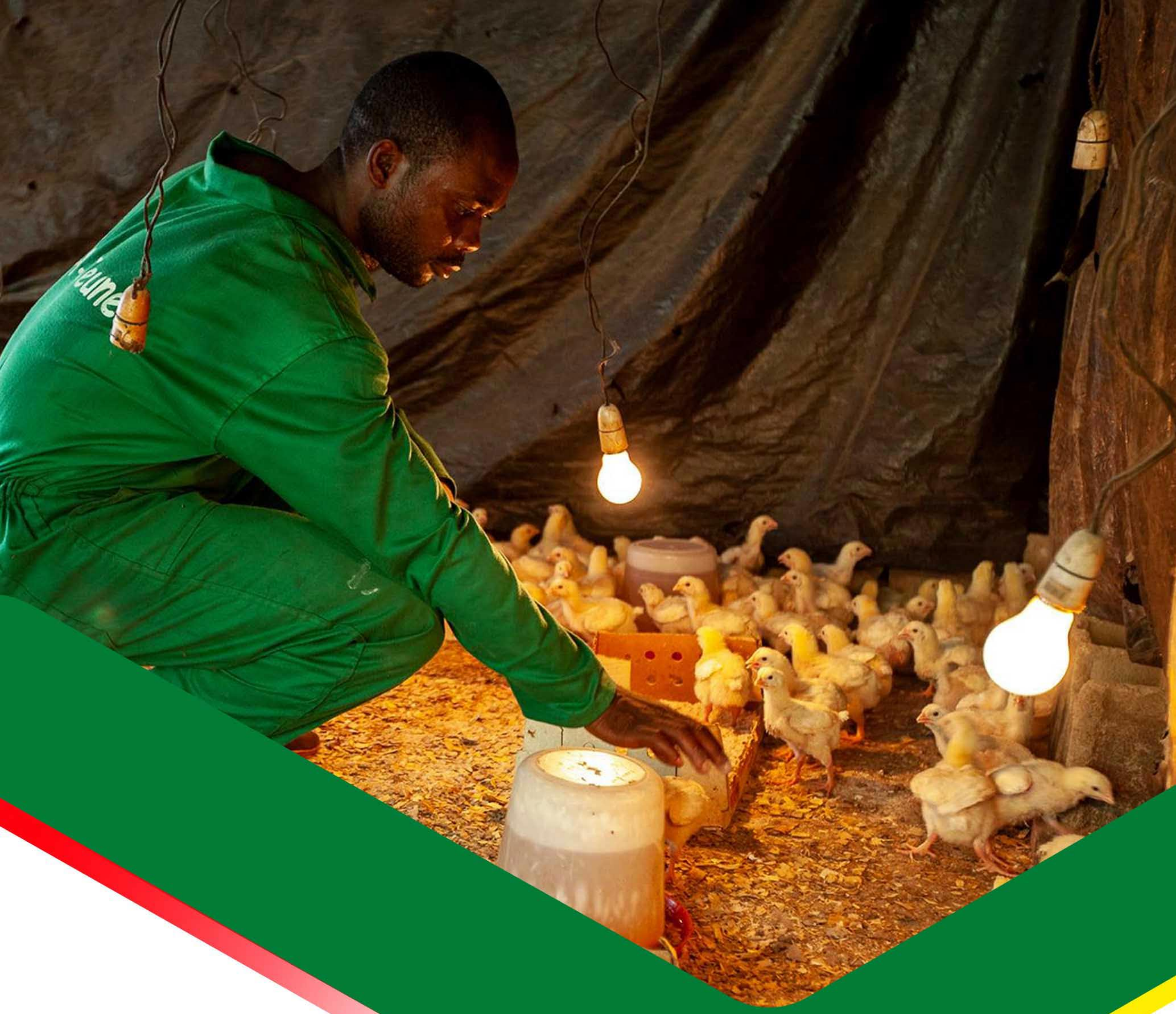
• **In the education and vocational training sector,** the aim is to increase the net enrolment rate in general secondary education from 38.1% in 2022/2023 to 42.0% in 2026/2027. To this end, the Government intends to step up the promotion of school infrastructure provision at local level by continuing to transfer resources linked to primary and secondary education responsibilities to the local authorities. The government will also build, equip and rehabilitate public vocational training facilities. It will also work to match training programmes with the skills needs of the labour market.

• **In the area of social protection and other social services,** the Government plans to increase the average number of vulnerable households receiving social transfers from 180,000 to 210,000 per year between 2025 and 2027. With this in mind, the Government intends to put in place a mechanism to improve equity in its support policy for disadvantaged groups. In addition, gender will be taken into account at every link in the public policy design and budgeting chain.

• **With regard to the promotion of employment and socio-economic integration,** the Government's efforts will focus on: 1) measures to encourage economic players to migrate from the informal to the formal sector. This will help to raise the profile of the players concerned and increase the number of decent jobs; 2) the transparency of the employment and labour market will continue, in particular through the creation of a system for collecting reliable and regular statistics, in order to better assess the progress made in this area.

• **In the area of governance, decentralisation and strategic management of the State,** the next three years will be marked by: (i) the acceleration of the decentralisation process; (ii) the continuation of the security watch coupled with the implementation of the Reconstruction and Development Programmes for the North-West, South-West and Far-North Regions; (iii) continuing to implement the new cycle of the Global Public Finance Reform Plan, in particular by improving the management of public enterprises and establishments, continuing to modernise the procurement system and integrating career and pay management systems for public servants; (iv) implementing measures to ensure the smooth running of forthcoming elections.

• **With regard to improving the country's attractiveness to FDI,** the government intends to develop a strategy for monitoring and actively managing the country's sovereign rating with a view to raising it to B+ by 2027. In addition, the reforms needed to bring the current economic and financial programme with the IMF to a satisfactory conclusion will be implemented.



4 BUDGETARY OUTLOOK FOR THE THREE-YEAR PERIOD 2025-2027

MEDIUM-TERM ECONOMIC AND BUDGETARY PROGRAMMING DOCUMENT 2025-2027

BUDGETARY OUTLOOK FOR THE THREE-YEAR PERIOD 2025-2027

4.1- Reference situation and overall orientations

With the support of the IMF, the government is implementing a prudent fiscal policy with a view to restoring macroeconomic balance and laying the foundations for a solid economic recovery. The country has satisfactorily concluded the fourth and fifth EFP reviews, which led to the disbursement of additional budgetary support.

In 2023, the overall budget balance will be in deficit by 181.4 billion, or 0.6% of GDP. The primary balance will be in surplus by 138.8 billion compared with a deficit of 97 billion in 2022, while the non-oil primary balance deficit will have fallen by 332.6 billion compared with 2022, to 738.3 billion. The debt ratio fell from 46.3% of GDP in 2022 to 44.5%.
At the end of March 2024, all budget balances are in surplus. The overall budget balance stood at 191.9 billion, while the primary and non-oil primary balances showed surpluses of 286.2 billion and 118.8 billion respectively.

Over the period 2025-2027, the overall thrust of the Government's fiscal policy will continue to be based on efforts to consolidate the public finance. Efforts to mobilise more non-oil domestic revenues will continue. Similarly, the Government will continue with reforms aimed at better prioritisation of public spending, as well as improving its socio-economic effectiveness and efficiency, with particular emphasis on gradually increasing the envelope earmarked for investment spending.

Table 1 : Public finance trajectory 2025-2027

Budget aggregates	2022	2023	2024	2025	2026	2027
Overall balance (% GDP, ordinal basis, including grants)	-1,1	-0,6	-0,4	-0,3	-0,3	-0,3
Non-oil primary balance (% of GDP)	3,9	2,6	-2,0	-1,7	-1,0	-0,7
CEMAC reference budget balance (% GDP)	-3,0	-1,0	-0,7	-0,3	+0,1	+0,0
Tax burden (%GDP)	12,3	13,5	13,6	14,0	14,2	14,4
Public expenditure (excluding debt servicing, %GDP)	16,6	16,4	15,9	16,0	15,4	15,3
Payroll sustainability ratio (% of tax revenue net of VAT credits)	38,4	37,8	38,0	38,4	36,6	35,2
Public debt (%GDP)	46,3	*44,5	42,9	50,0	50,0	50,0

Source: Minfi **The level of debt stock for 2024 is at the end of March.*

4.2- Budget revenue mobilisation policies

The Government's revenue policy will focus on :

- establishing a simple, fair and growth-friendly tax system ;
- promoting import-substitution ;
- gradually increasing the level of domestic non-oil revenue mobilisation in order to increase the budgetary space needed to fund public spending;
- continuing to modernise the tax authorities;
- introducing a tax policy that encourages economic operators;
- broadening the tax base;
- securing revenues, monitoring and combating fraud;
- standardising, securing and strengthening the monitoring of non-tax revenue collection;
- continuing to rationalise tax expenditure, particularly tax exemptions;
- continuing to strengthen environmental taxation, in line with Cameroon's international commitments.
- commitments.

TAXES AND DUTIES

Constraints :

- the high level of tax expenditure
- the size of the informal sector
- the low contribution of individuals to revenue
- protection of the tax base;
- risks associated with the digital transition.

Measures envisaged :

- consolidation of the reform of the annual recapitulative return for individuals ;
- setting up an intermediary structure between the Large Business Directorate and the Medium Business Tax Centres on the one hand, and on the other hand the Local Taxation and Individual Tax Monitoring Centres, the Specific Taxation Centres and the Non-Profit Organisation (NPO)
- Management and Monitoring Centres;
- finalising the process of automating the monitoring of the collection of certain taxes and duties, such as registration duties on legal documents;
- setting up a reformed local tax system to optimise FUNDING for decentralisation;
- rationalisation of measures to optimise the yield of IRPP in the salaries and wages category, enshrined in the Finance Act for 2024;
- strengthening the recovery of tax arrears from public enterprises;
- continuing to adapt legislation to better deal with electronic transactions;
- finalising the process of automating the monitoring of the collection of certain taxes and duties, such as registration duties on legal documents;
- finalising the system for electronic monitoring of business production and invoicing;
- continuing to strengthen the supervision of informal activities;
- finalising the implementation of the automatic exchange of information mechanism and the country-by-country reporting standard, as part of the ongoing alignment of the domestic system with international standards to combat tax base erosion;
- simplification of tax arrangements for small businesses.

CUSTOMS REVENUE

Constraints :

- Insufficient logistical means of control and surveillance to combat commercial fraud and smuggling;
- the reduction in formal trade with Nigeria and West Africa, due to persistent insecurity in the far north, north-west and south-west regions;
- the instability of the Naira exchange rate, which has led to a fall in the level of customs duties and taxes collected on goods imported from Nigeria;
- the shrinking of the tax base in connection with the implementation of the Economic Partnership Agreements, the African Continental Free Trade Area and the sub-regional economic communities (CEMAC and ECCAS);
- the gradual change in the structure of Cameroon's foreign trade, marked by an increase in the volume of imports from Asia with lower values than equivalent goods acquired in North America.

Measures envisaged :

- raising taxes on products derived from deforestation ;
- identifying revenue niches and broadening the tax base;
- rationalising tax expenditure;
- optimising revenue collection from public contracts and hydrocarbon imports;
- strengthening exchange controls as part of the fight against illicit transfers of funds;
- the continuation of customs exemptions for production inputs in growth and structural transformation sectors;
- abolishing exemptions and raising taxes on products with negative externalities for the environment and health, as well as those for which Cameroon has local production capacity;
- implementing measures to safeguard emerging national industries.

NON-TAX REVENUES

Constraints :

- weaknesses in the systems for issuing, collecting and securing such revenue
- failure to respect the principle of separation between the authorising officer and the public accountant;
- Weaknesses in the system for reporting and consolidating budgetary and financial information;
- the lack of control over the map of revenue offices throughout the country;
- the lack of security in some regions, which makes revenue collection difficult;
- the obsolescence of the relevant laws and regulations.

Measures envisaged :

- the drafting of a general code for non-tax revenues;
- dematerialisation of collection systems
- identifying new revenue niches;
- clearance of outstanding debts;
- identifying new revenue niches;
- clearing outstanding debts;
- identifying all operational revenue agencies;
- building the capacity of those involved in the issuing and collection chain..

4.2-Spending policy

Over the three-year period 2025-2027, the State will continue to face numerous budgetary demands in a highly constrained environment. This is the case for current expenditure, in particular that relating to: (i) staff salaries and the cost of security; (ii) debt servicing. Attention will also be paid to capital expenditure.

Salary expenditure is on a rising trend due to the ongoing nature of salaries, recruitment and various career benefits; controlling headcount remains the main challenge. The priorities for salary expenditure over the next three years mainly concern: (i) strengthening control mechanisms and cleaning up the State's payroll; (ii) continuing to reform the State's recruitment and human resources management process; (iii) continuing to clear the wage debt and putting in place mechanisms to reduce its accumulation; (iv) the implementation of the new Computerised Integrated Management System for State Personnel and Pay; (v) the continued development of a local civil service, in order to provide the RLA with quality human resources.

The objective in terms of **current expenditure** excluding salaries remains their control, or even their reduction. Within this framework, the Government plans to (i) continue to control this expenditure, through a judicious choice of priorities; (ii) control public consumption (water, electricity, telephone, etc.); (iii) control the cost of renting by better managing the procedure for allocating administrative housing; (iv) rationalise the contributions paid to international organisations; (v) reduce cash advances and limit the accumulation of outstanding payments; (vi) control the rents granted by the State in the context of PPPs.

The objective assigned to **public investment expenditure** over the period 2025-2027 is to improve the quality and supply of infrastructure. To this end, emphasis will be placed on increasing the own resources allocated to investment expenditure. In particular, this will involve controlling costs and better preparing public investment projects, increasing the financing of recurrent costs generated by public investment and promoting alternative financing methods (PPP and project finance). With regard to externally financed projects, efforts will have to be continued to ensure compliance with maturation procedures, so that only projects that will not contribute to maintaining SENDs are submitted for financing.

As far as **decentralisation** is concerned, the process of transferring resources to the local and regional authorities will continue with the signing of all the implementing decrees for the exercise of powers by the Regions. The government intends to complete the implementation of all the prerequisites necessary for the exercise of all the powers transferred to the regional and local authorities and to continue to support them by strengthening capacities and introducing necessary tools to enable them to improve the efficiency of their spending..

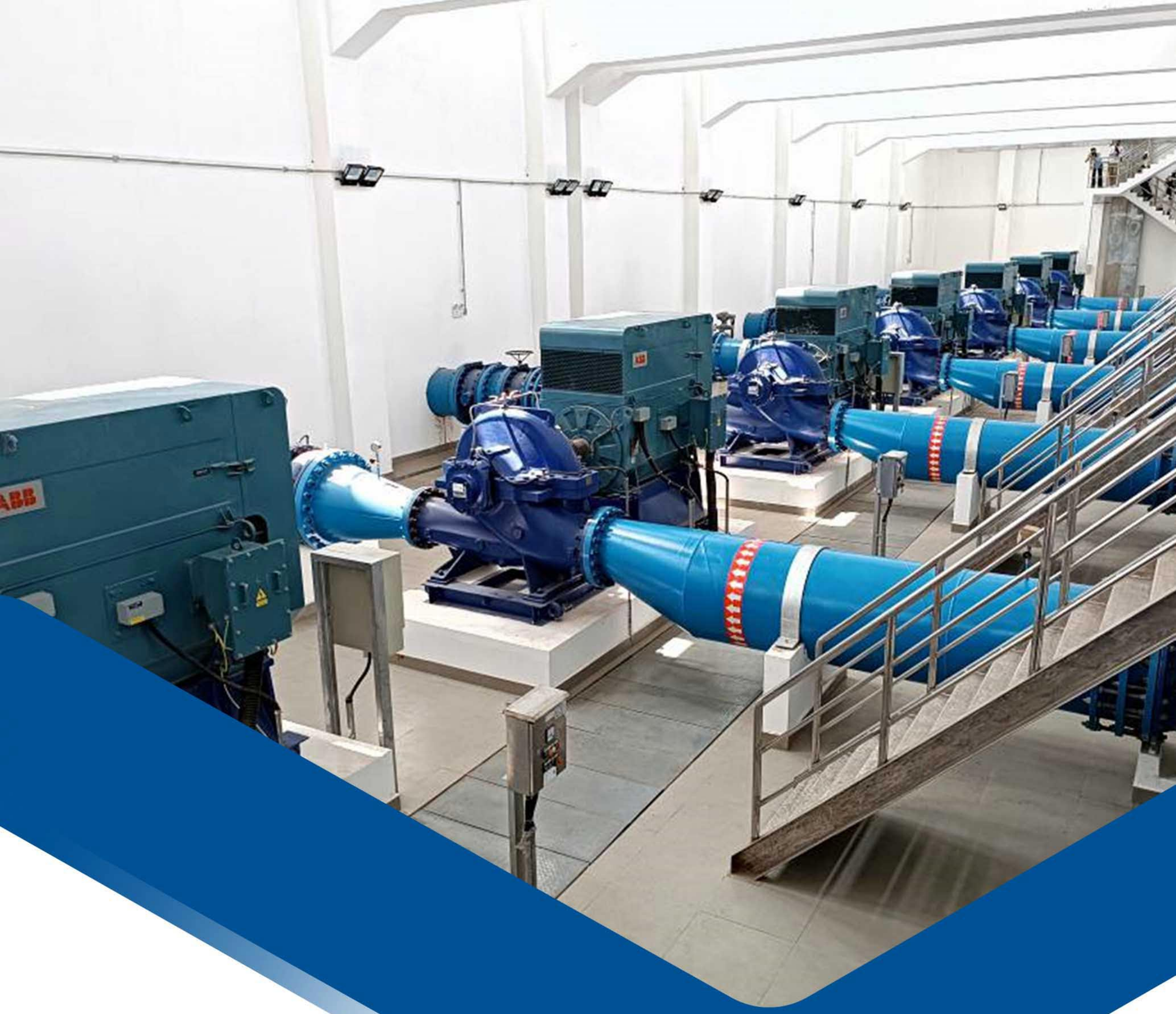
4.4- State funding/debt policy

The Government's debt policy over the three-year period will focus on public debt sustainability. Sustainability analysis at the end of December 2023 shows that Cameroon's public debt remains sustainable, with a high risk of debt distress caused by low budget and exports revenus. The ratios of debt servicing to export earnings on the one hand, and to budget revenues on the other, are above the respective thresholds of 10% and 15%, and justify the country's high risk of debt distress. This situation is a major source of concern, requiring the implementation of a prudent debt policy.

The debt strategy aims to: (i) meet the State's financing needs and payment obligations at the lowest possible cost; and (ii) facilitate the development and also smooth operation of efficient primary and secondary markets for domestic government securities. In addition, alternative sources of funding will be sought and new opportunities for economic and financial cooperation will continue to be explored. In operational terms, efforts will be made to encourage certain non-bank investors such as pension funds and insurance companies to increase their subscriptions to Treasury securities.

The targets for the period 2025-2027 are as follows *:*

- a public and publicly guaranteed debt ratio of no more than 50% of GDP;
- a debt portfolio composition of 75% external debt and 25% domestic debt;
- a proportion of short-term domestic debt of no more than 10%;
- a proportion of debt at variable interest rates of less than 20% of the total public debt portfolio;
- an average maturity of the public debt portfolio (central government) of at least 12 years, including 5 years for domestic debt, with an average interest rate of less than 3.0.



5 2025-2027 BUDGETARY FRAMEWORK

MEDIUM-TERM ECONOMIC AND BUDGETARY PROGRAMMING DOCUMENT 2025-2027

2025-2027 BUDGETARY FRAMEWORK

5.1- Assumptions made

The budget projections for the period 2025-2027 are based on the most likely macroeconomic assumptions.

• In 2025, overall economic growth is projected at 4.4%, including 4.6% for the non-oil sector. Inflation is projected at 4%, with the GDP deflator at 2.7%, including 3% for non-oil GDP. The IMF forecasts the world price of oil at US$73.8 per barrel, the price of gas at US$9.2 per barrel, and the exchange rate of the US dollar at CFAF 624.2.

• Between 2026 and 2027, economic activity is expected to remain dynamic at an average rate of 4.6%. Inflation is expected to fall to 3.2%. In addition, the downward trend in the world price of a barrel of oil is set to continue, with the price averaging 69.6 US dollars, and the dollar appreciating slightly to an exchange rate of FCFA 626.0

5.2- Expected budget revenue

The fiscal policy will gradually increase the level of non-oil domestic revenue from 13.6% of GDP in 2024 to 14.4% in 2027, with intermediate targets of 14.0% of GDP in 2025 and 14.2% in 2026.

In 2025, the State's total budgetary resources are projected at 5,684.5 billion. These revenues are projected to average 6,064.1 billion between 2026 and 2027.
Specifically, government revenue breaks down as follows:

Oil revenues are projected at 828.3 billion in 2025. In the medium term, oil revenues are expected to fall in line with the trend, averaging 596.6 billion between 2026 and 2027.

Non-oil revenues are forecast at 4,765.5 billion in 2025. This is made up of tax revenues of 3,205.6 billion, customs revenues of 1,205.1 billion and non-tax revenues of 354.8 billion. Between 2026 and 2027, domestic non-oil revenue is projected to average 5,417.7 billion, due to the continued momentum of non-oil activity and ongoing efforts to optimise the mobilisation of domestic non-oil revenue.

Grants are split between project grants and programme grants. They are projected at 90.7 billion in 2025. Between 2026 and 2027, grants will average 49.7 billion.

Table 2: expected budget revenue (in billions)

Heading	Real.2023	PLFI 2024	LFR 2024	Proj. 2025	Proj. 2026	Proj. 2027
Oil revenues	877,0	809,5	801,6	828,3	612,5	580,6
Non-oil revenues	3 965,5	4 283,8	4 329,7	4 765,5	5 187,6	5 647,8
Tax revenues	3 644,6	3 968,3	3 998,7	4 410,7	4 806,7	5 238,8
Non-tax revenues	320,9	315,5	331,0	354,8	380,9	409,1
Donations	139,4	96,8	103,8	90,7	52,4	47,1
Total budget revenue	4 981,9	5 190,1	5 235,0	5 684,5	5 852,5	6 275,6

Source : Minfi

5.3- Planned expenditure

Primary expenditure will be 16.0% of GDP in 2025, compared with 15.9% in 2024, before falling considerably to 15.4% of GDP in 2026 and 15.3% in 2027. Capital expenditure will rise from 4.5% of GDP in 2024 to 4.9% in 2025. It is projected to average 5.1% of GDP between 2026 and 2027.

State budgetary expenditure is projected at 5,702.4 billion in 2025. Between 2026 and 2027, this spending will average 6,092.2 billion. In detail :

- personnel costs are projected at 1,663.4 billion in 2025. Between 2026 and 2027, this expenditure would average 1,771.2 billion;

- Expenditure on goods and services is projected to rise from 9,21.8 billion in 2024 to 997.5 billion in 2025. It is projected to average 1,002.2 billion between 2026 and 2027;
- transfers and subsidies increase from 1,126.4 billion in 2024 to 1,034.7 billion in 2025. Between 2026 and 2027, expenditure on transfers is expected to average 1,033.5 billion.
- capital expenditure will increase by 227.3 billion (+16.0%) compared to 2024, reaching 1 651.4 billion in 2025. Between 2026 and 2027, capital expenditure is projected to average 1,897.3 billion.

Table 3: Proposed budget expenditure (in billions)

Heading	Real.2023	PLFI 2024	LFR 2024	Proj. 2025	Proj. 2026	Proj. 2027
Current expenditure	**4 047,50**	**3 785,10**	**3 886,10**	**4 051,00**	**4 085,00**	**4 304,70**
Staff costs	1 357,00	1 428,30	1 487,80	1 663,40	1 726,8	1 815,6
Purchases of goods and services	1 192,10	1 001,00	919,5	997,5	985,0	1 019,4
Transfers and subsidies	1 172,90	1 033,40	1 156,40	1 034,70	1 003,1	1 063,8
Exceptional expenses	14,2	2,3	2,3	2,4	2,6	2,8
Interest on debt	311,3	320,1	320,1	353	367,5	403,1
Capital expenditure	**1 038,90**	**1 442,10**	**1 394,10**	**1 651,40**	**1 808,6**	**1 986,0**
Expenditure on external financing	406,7	831,3	707,3	758,4	814,1	874,3
Expenditure from own resources	601,2	570,8	646,8	850,1	948,5	1 062,3
Expenditure on equity interests/restructuring	30,9	40	40	42,9	46,0	49,4
Total budget expenditure	**5 086,40**	**5 227,20**	**5 280,20**	**5 702,40**	**5 893,60**	**6 290,70**

Source: Minfi

5.4- Budget deficits and financing

The overall budget deficit will be 101.8 billion in 2025, compared with 137.9 billion in 2024, i.e. a reduction in the budget financing requirement of 36.1 billion. Over the period 2026-2027, the budget deficit should fall to 78.4 billion on average.

The State's other financing and cash expenses, apart from budgetary financing, relate to debt repayment and the payment of arrears. In 2025, the total cost of these operations is estimated at 1,499.3 billion, compared with 2,070.1 billion in 2024. Between 2026 and 2027, transactions relating to repayment of the State's debt and payment of arrears are projected to average 1,496.2 billion. To cover its financing needs, estimated at 1,601.2 billion in 2025, the Government will draw on external project loans (839.7 billion), budgetary support (241.1 billion), issues of public securities (300 billion) and draw on its bank reserves at the BEAC.

Table 4: Deficit financing (in billions)

Heading	Real.2023	PLFI 2024	LFR 2024	Proj. 2025	Proj. 2026	Proj. 2027
Project loans	479,3	907,2	783,2	839,7	901,4	968,0
PEF budget support	159,9	134,0	235,0	241,1	0,0	0,0
Issuance of public securities (MLT)	459,2	375,0	280,0	300,0	300,0	350,0
Bank financing (excluding public securities)	146,1	55,4	522,4	220,6	280,4	190,3
Other external borrowings	16,9	0,0	83,9	0,0	0,0	0,0
SDR IMF	60,0	0,0	0,0	0,0	0,0	0,0
Exceptional financing	23,3	17,9	165,6	0,0	37,6	21,2
Financing	**1 344,7**	**1 489,4**	**2 070,1**	**1 601,4**	**1 519,4**	**1 529,5**

Source: Minfi

5.5- Budgetary risks

The budget projections for the period 2025-2027 remain exposed to a number of risks that could undermine them. These include

- Macroeconomic risk linked to the assumptions used in the projections;
- the effectiveness of new measures designed to optimise the mobilisation of tax and customs revenues;
- the call on guarantees database, particularly in the context of PPPs;
- security shocks
- the liquidity of the domestic financial market
- the worsening financial situation of certain public and semi-public sector companies;
- the lack of control over PPP rents;
- the disbursement of budget support expected from our partners.

In addition, the growth momentum projected for the medium term is underpinned by the implementation of various programmes and projects, including P2I, PIISAH and the Nachtigal dam. A delay or limited effectiveness in their implementation would jeopardise growth projections and, consequently, tax revenues.

At the institutional level, social support and the impact of new tax measures could be limited in a pre-election context. This would lead to shifts in non-oil domestic revenue projections. Also, the possible entry into force in 2025 of the law on local taxation, as well as the decision to transfer to the Deposit and Consignment Office the guarantees paid by taxpayers in the context of tax disputes, would lead to a significant drop in revenue for the State budget. Added to this are the risks of new economic shocks in an uncertain global context, marked in particular by the escalation of geopolitical crises.

CONCLUSION

In an uncertain international environment, the Cameroonian economy is expected to remain resilient, with a growth rate of 4.1% in 2024. It is projected at 4.4% in 2025 and 2026, and 4.7% in 2027, below the 8% target set out in NDS 30.

Over the period 2025-2027, the government plans to: (i) improve access for the population to basic infrastructure and social services; (ii) significantly increase local production through P2I and PIISA, among other measures; (iii) boost support for the import/substitution policy and export promotion; (iv) continue the decentralisation process and improve the overall governance framework.

With regard to public finances, the government, with the support of the IMF, is implementing a prudent fiscal policy to ensure a solid economic recovery. At the end of March 2024, all budget balances showed a surplus.

Over the period 2025-2027, the overall thrust of the Government's fiscal policy will continue to be based on efforts to consolidate the public finance. Efforts to mobilise more non-oil domestic revenues will continue. Similarly, the Government will continue with reforms aimed at better prioritisation of public spending, as well as improving its socio-economic effectiveness and efficiency, with particular emphasis on gradually increasing the envelope earmarked for investment spending.

To cope with budget deficits and other financing costs, the debt policy will aim to mobilise national savings, seek concessional loans and innovative financing, while preserving the State's financial interests and economic sovereignty. However, the budget projections for the period 2025-2027 remain exposed to various risks that could undermine them. These risks need to be managed to avoid budgetary slippage.

APPENDIX: KEY INDICATORS FOR THE CAMEROONIAN ECONOMY

	Estimations			Projections		
	2023	2024		2025	2026	2027
	New	Budget	New			
GDP at constant prices (growth)	3,3	4,5	4,1	4,4	4,4	4,7
Inflation	7,4	4,0	7,0	4,0	3,5	3,0
Current account balance	-4,0	-2,7	-3,3	-2,3	-2,4	-2,5
Overall balance	-1,1	2,8	1,7	1,0	0,9	0,3
Current account balance excluding public transfers	-4,1	-2,9	-3,5	-2,5	-2,6	-2,7
Money supply (M2)	3,2	9,5	11,9	9,3	8,7	8,6
Net foreign assets	-10,1	7,3	-6,6	4,8	11,8	-1,1
Credit to the economy	11,9	8,6	10,9	8,1	9,8	9,7
GDP at current prices (FCFA billion)	**28 996**	**31 320**	**31 171**	**33 421**	**35 897**	**38 587**

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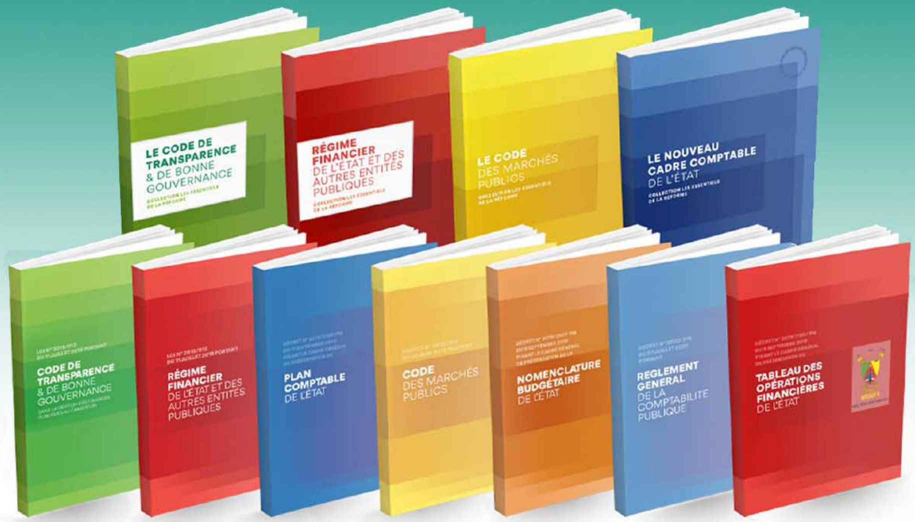

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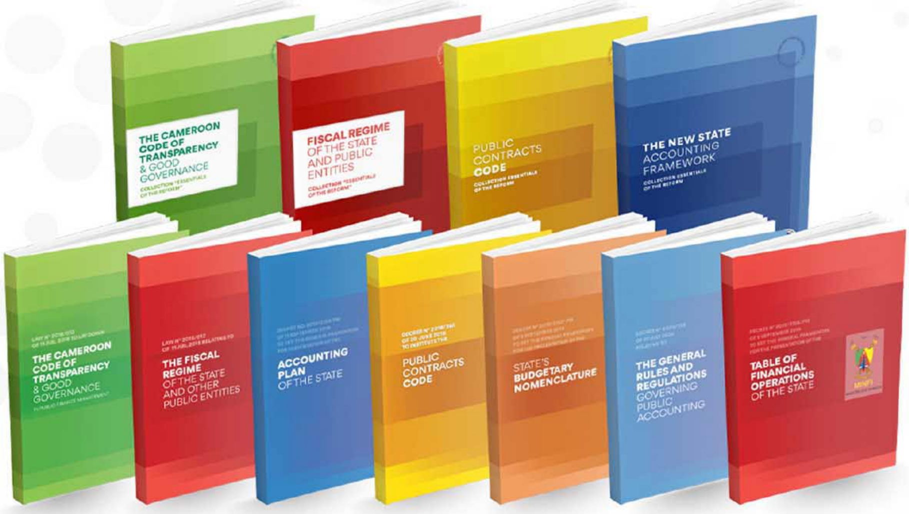

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