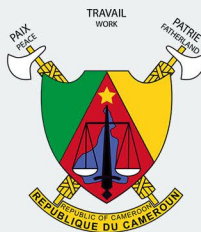


REPUBLIQUE DU CAMEROUN  
Paix – Travail – Patrie



REPUBLIC OF CAMEROON  
Peace – Work – Fatherland

# MEDIUM-TERM ECONOMIC AND BUDGETARY PROGRAMMING DOCUMENT 2024 - 2026

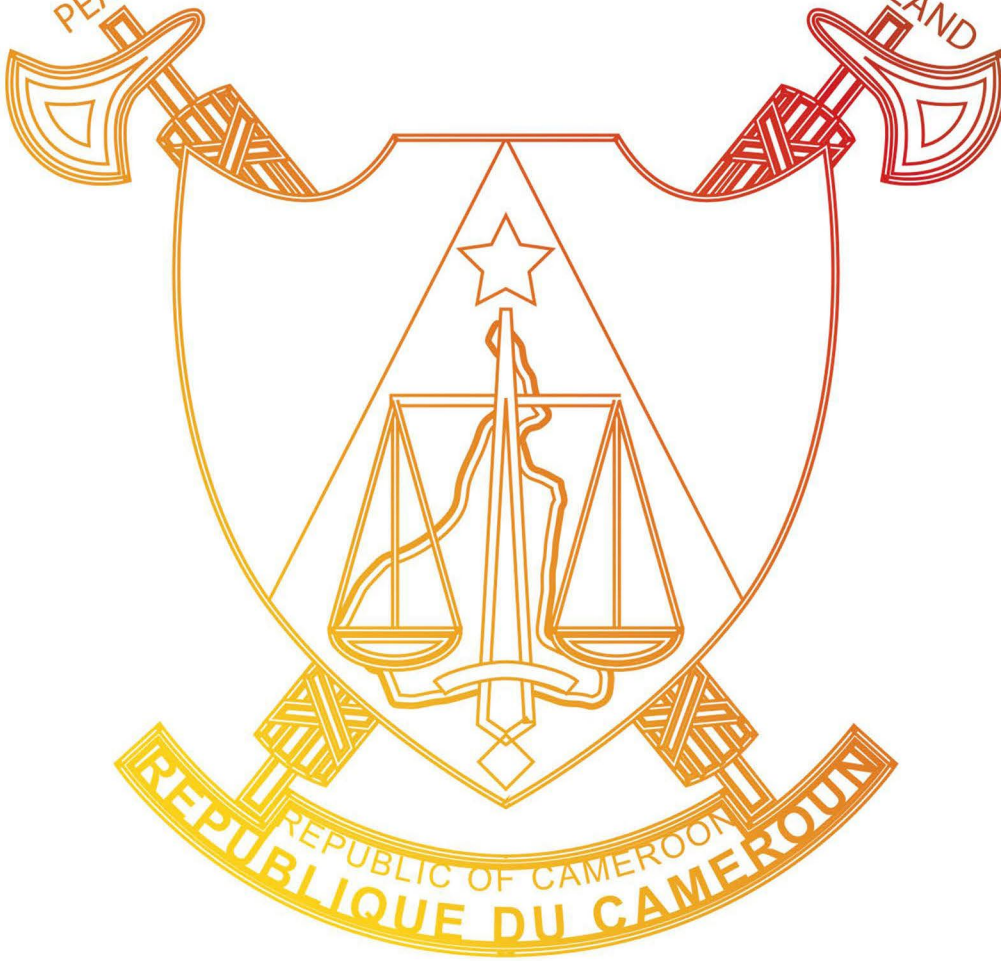
**CITIZEN VERSION**



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# INTRODUCTION

**A**s a prerequisite to drawing up the State budget for 2024, the Government has sent Parliament the medium-term Economic and Budgetary Planning Document (DPEB) and its appendices.

All of these documents are to be submitted to a Budget Orientation Debate (DOB). Article 11 of the law on the financial regime of the State and other public entities requires that Parliament be provided with the medium-term budget framework necessary for the DOB, which must be held before 1 July each year.

The Government's guidelines and objectives presented in the medium-term budget framework 2024-2026 are of vital importance, as they are the annual expression in figures of the commitments made by the President of the Republic. They provide the executive and legislative powers with an opportunity to discuss the conditions, tools and means of ensuring the medium-term sustainability of public finances through better monitoring of budget deficits. The 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. It provides Parliament with all the information it needs to better assess the context and the strategic options and budgetary guidelines adopted for the conduct of the nation's public policies over the period 2024-2026. For example, it sets out not only the guidelines, but also the multi-year commitments envisaged in terms of investment. The Priority Investment Programme (PPI) is presented. Its purpose is therefore to discuss the budget guidelines and provide information on the State's financial situation.

The Government in Cabinet adopts the medium-term Economic and Budgetary Programming Document submitted to Parliament for discussion, in accordance with articles 26 and 28 of the decree of 31 May 2019 setting the State's budgetary calendar. The DOB is therefore preceded by the submission of the DPEB, which is none other than a Budget Orientation Report (ROB).

Since its first session in 2019, the DOB has been governed by the provisions of Law No. 2018/011 of 11 July 2018 on the Code of Transparency and Good Governance in the Management of Public Finances in Cameroon.

The citizen's budget guidance report (ROBCI), like the citizen's budget, summarizes the DPEB and is structured around five sections: (i) the overall economic environment; (ii) the State's financial situation; (iii) the broad outlines of public policies for 2024-2026; (iv) budget policy for the three-year period; (v) the draft budget for 2024.



# 1 GLOBAL ECONOMIC ENVIRONMENT

MEDIUM-TERM ECONOMIC AND BUDGETARY PROGRAMMING DOCUMENT

# GLOBAL ECONOMIC ENVIRONMENT

Exogenous shocks have influenced economic activity worldwide in 2022 and 2023, leading to a revision of growth forecasts for the Cameroonian economy over the period 2024-2026.

## I.1 RECENT ECONOMIC AND SOCIAL DEVELOPMENTS

The 2023 budget debate is being held in an international context marked in 2022 by: (i) high inflation reaching levels not seen for several decades; (ii) the tightening of financial conditions in most regions; (iii) the persistence of the Covid-19 pandemic in China, resulting in the disruption of supply chains; (iv) the energy crisis, particularly in advanced countries in connection with the conflict in Ukraine.

According to the World Economic Outlook published by the International Monetary Fund (IMF) in April 2023, global economic activity in 2022 will slow to an estimated 3.4%, compared with 6.2% in 2021. This deceleration in growth is expected to continue in 2023, when growth is forecast at 2.8%. These developments are mainly attributable to the widespread slowdown observed in most regions of the world.

- **In the advanced countries**, economic growth is expected to be 1.3% in 2023, after 2.7% in 2022 and 5.4% in 2021. This situation can be explained by the underperformance of the United States and the Eurozone countries, linked to persistent inflationary pressures, high interest rates and a gloomy global context. The sluggishness of the economy is likely to be sustained by the sharp rise in energy costs, caused by disruptions to Russian oil and gas supplies, and the fall in household disposable income due to inflation.

- **In emerging and developing countries**, growth is estimated at 3.9% in 2023, after 4.0% in 2022. Sub-Saharan Africa is also expected to see a slowdown in economic activity, due to inflationary pressures, tighter financial conditions and weaker external demand. For the CEMAC zone, BEAC forecasts a growth rate of 2.7% in 2023, compared with 2.9% in 2022.

Global inflation has reached record levels. It is expected to reach 8.7% in 2022, after 4.7% in 2021. Europe is the region most affected, given the economic repercussions of the war in Ukraine. In 2023, global inflation is expected to remain high at 7.0%, according to the IMF.

- **On the domestic front, growth in the national economy has been consolidated in 2022**, with an estimated rate of 4.0% after 3.6% in 2021, supported by the non-oil sector.

In terms of prices, inflation is expected to accelerate in 2022 to 6.3%, compared with 2.5% in 2021, due to the significant increase in food prices (+12.9%). It is estimated at 5.9% in 2023.

- **Budget allocations in the social sectors** is 1,159 billion in 2022, up by 4.9% compared with 2021. In addition, the various resources allocated by the State to the social sectors are being bolstered by multi-faceted support from development partners.

- **In the health sector, the government is** continuing to implement measures to improve people's health, particularly in the areas of: (i) epidemiological surveillance; (ii) maternal, child and adolescent health; and (iii) disease control and health promotion. In terms of patient care, the Government has, among other things, subsidized the cost of radiotherapy treatment. This subsidy has reduced the cost of radiotherapy from 275,000 to 50,000. The Ministry of Public Health's budget, excluding CAS-Covid, will be 207.2 billion in 2022, an increase of 5.1% compared with 2021.

**In terms of employment and social security**, the Government's actions have focused on continuing to promote employment, developing vocational training, and promoting protection at work and social security.

As part of the fight against extreme poverty, the Government is continuing, with the help of certain partners, its efforts to support and protect vulnerable groups by stepping up the social safety net programme.

# ENVIRONNEMENT ECONOMIQUE GLOBAL

The cash transfer programme has been extended to cover an additional 139,000 beneficiaries in 2022, including 20,000 households for the TMU and TMO, and 10,000 temporary workers for the THIMO in beneficiary communes in the North-West and South-West regions. Overall, the social safety net programme supported 256,500 households in 2022, for an estimated volume of cash transfers of 29.942 billion. In addition, during the third quarter of 2022, the Government launched an emergency cash transfer programme to combat the high cost of living. The aim of this programme is to provide financial assistance to: (i) households affected by the high cost of living who have already benefited from other programmes in the cities of Yaoundé, Douala, Bafoussam and Ebolowa; and (ii) households in the communes of the East region where there has been a significant increase in the number of refugees.

Similarly, on 26 October 2022, the Government and the World Bank signed a credit agreement for \$160 million, or around 92.752 billion, to finance the Social Safety Net and Economic Inclusion Project, which will: (i) continue to assist 150,500 poor households; (ii) assist 65,000 young workers aged 18 to 35 in the informal sector who are "subsistence entrepreneurs" in urban areas; (iii) assist 2000 young entrepreneurs aged between 18 and 35 with promising business projects in targeted production sectors that are a priority for the government; and (iv) to assist with the creation of a Unified Social Register (RSU) that will serve as a social information system supporting the processes of identifying, registering and assessing the needs and conditions of the poor and vulnerable population.

## I.2 MACROECONOMIC OUTLOOK 2024-2026

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Cameroon's economic outlook remains positive, although uncertainties remain regarding: (i) the acceleration in food and manufactured product prices; (ii) worsening weather conditions; (iii) continued disruption to supply channels; and (iv) the continued depreciation of the euro against the dollar.

GDP growth is projected at 4.3% in 2024 and 5.1% on average over the 2025-2026 period.

From a supply-side perspective, growth in the primary sector is projected at 4.4% in 2024 and 4.8% on average over the 2025-2026 period.

Growth in the secondary sector is projected at 2.9% in 2024, and 4.9% on average between 2025 and 2026. In the tertiary sector, growth is projected at 4.9% in 2024 and 5.2% on average between 2025 and 2026.

In addition, growth in the Cameroonian economy will continue to be underpinned by the components of domestic demand, mainly household consumption and investment. This domestic demand should benefit from the induced effects of the measures taken by the Government to stimulate economic activity and control inflation.

As far as the public accounts are concerned, fiscal policy will continue to focus on widening the fiscal space with a view to increasing spending on productive investment and social protection. Budget revenues should remain stable as a percentage of GDP. The overall deficit will remain at around 1.1% of GDP, while the non-oil primary deficit will fall more significantly to 3.8% of GDP.

In the external sector, policies to promote non-oil exports, substitute local products for imports and strengthen regional integration should help to gradually reduce the current account deficit and stabilize it at below 3% of GDP.



# **2 PUBLIC FINANCE MANAGEMENT**

MEDIUM-TERM ECONOMIC AND BUDGETARY PROGRAMMING DOCUMENT

# PUBLIC FINANCE MANAGEMENT

In 2022, and in the first quarter of 2023, the government has created sufficient budgetary margins to stabilize and relaunch the economy. At the end of December 2022, Cameroon had met all the quantitative criteria of the programme with the IMF. In view of the impact of the economic environment, the Government has submitted a draft amending finance law to Parliament, which revises upwards the amount of the 2023 budget.

## II.1 BUDGET IMPLEMENTATION IN 2022

- In 2022, the State's financial situation was marked by an increase in both budgetary resources and public expenditure.
- The State's budgetary resources are 5,988.5 billion compared with 5,052.5 billion in 2021. This increase is driven by budgetary revenues, mainly internal revenues.
- Budgetary revenues (internal revenues + donations) amount to 4,497.4 billion, an increase of 889.5 billion compared with 2021.
- Oil revenues collected have more than doubled, rising from 482.2 billion in 2021 to 973.8 billion, and account for 22.2% of domestic revenues.
- Non-oil revenues, made up of tax and non-tax revenues, totaled 3,419.3 billion. Tax revenues amounted to 3,187.0 billion, up 12.1% on 2021. Tax revenue accounted for 71.7% of total tax revenue and customs revenue for 28.3%.
- 2,285.9 billion has been raised, an increase of 295 billion (+14.8%) compared with 2021.
- Compared with 2021, customs revenue will increase by 48.9 billion to 901.2 billion. Non-tax revenue mobilized amounts to 232.3 billion, up 60.4 billion on 2021. Drawings on grants are estimated at 104.2 billion.
- Financing resources were mobilized to the tune of 1,491.0 billion, including 639.3 billion in drawings on project loans, 70 billion in drawings on IMF SDR allocations, 296.4 billion in budget support and 485.3 billion in domestic financing (BTA, OTA and OT). Total authorised expenditure amounts to 5,816.1 billion, an increase of 768.6 billion (15.2%) compared with 2021.
- Operating expenditure (excluding interest on debt) comes to 3,237.6 billion, an overrun of 239.2 billion. Capital expenditure amounts to 1,278.8 billion, an increase of 174.1 billion (+15.8%) compared with 2021. Public debt servicing totaled 1,299.7 billion, including 638.6 billion for domestic debt and 661.1 billion for foreign debt. The overall budget balance showed a deficit of 307.7 billion, or 1.1% of GDP, compared with 2.5% of GDP in 2021. The deficit in the non-oil primary balance widens by 0.2 points compared with 2021, to stand at 1,070.8 billion, or 3.8% of GDP.
- The reference budget balance for the CAEMC, the difference between revenue and expenditure adjusted for a saving on oil revenues of 20%, stood at -811.6 billion, representing a deficit of 2.9% of GDP, above the CAEMC convergence threshold (1.5% of GDP).
- The debt ratio is 44.2% of GDP in 2022, and is projected at 41.1% in 2023, well below the Community ceiling of 70% of GDP. At the end of April 2023, outstanding public sector debt is estimated at 12,122 billion, or 41.1%. Public sector debt comprises
  - (i) 92.6% direct central government debt, representing 37.4% of GDP;
  - (ii) 7.1% public company debt, representing 3.1% of GDP; (iii) and 0.1% CTD debt.

# PUBLIC FINANCE MANAGEMENT

The proportion of debt denominated in currencies other than the FCFA is 72.7% of total public debt, i.e. an actual exposure of 44.7% of the portfolio, considering debt denominated in euros, valued at 28.0% of total debt, compared with an exposure of 44.9% at the end of 2022. The weighted average cost of debt is 2.4%, including 2.1% for external debt and 3.1% for domestic debt.

In terms of assessing overall risk and vulnerabilities, the analysis reveals that the liquidity ratios of debt service to export earnings, debt service to budget earnings and the ratio of the present value of debt to export earnings have exceeded their thresholds.

## II.2 BUDGET IMPLEMENTATION TO THE END OF MARCH 2023

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At the end of the first quarter of 2023, total resources mobilized amounted to 1,557.0 billion, down 24.3 billion compared with the same period in 2022 due to the low level of borrowing.

Internal revenue and grants collected totaled 1,205.7 billion, an increase of 198.0 billion (+19.6%) compared with the same period in 2022.

Recovered oil revenues totaled 244.6 billion, up 83.0 billion compared with the end of March 2022.

Non-oil revenues rose from 846.2 billion at the end of March 2022 to 961.1 billion, an increase of 114.9 billion (+13.6%), attributable to tax revenues.

Borrowings disbursed amounted to 351.2 billion, down 204.1 billion year-on-year, attributable to budgetary assistance (-50.6%) and government securities issues (-49.3%).

The Treasury issued 131.8 billion in government securities, 128.1 billion less than in the same period of 2022.

Total budget expenditure amounted to 1,399.1 billion compared with 1,180.5 billion at the end of March 2022, an increase of 218.6 billion.

Operating expenditure excluding interest rose by 67.9 billion year-on-year to 550.1 billion. Capital expenditure rose to 177.4 billion from 160.1 billion year-on-year.

Public debt servicing stood at 588.9 billion compared with 477.3 billion at the end of March 2022, an increase of 111.6 billion.

All budget balances are in surplus. The overall budget balance stood at 318.2 billion, while the primary balance and the non-oil primary balance stood at 374.5 billion and 129.9 billion respectively..

# PUBLIC FINANCE MANAGEMENT

## II.3 SUPPLEMENTARY BUDGET ORDINANCE

On 02 June 2023, the President of the Republic signed Ordinance No. 2022/001 amending and supplementing certain provisions of Law No. 2022/020 of 27 December 2022 to enact the Finance Law of the Republic of Cameroon for the financial year 2023.

The May update of the macroeconomic framework brings growth down to 3.8% from the 4.2% forecast in the initial Finance Law. The revision in the oil sector mainly concerns the downward adjustment in oil production, while the revision in the non-oil sector mainly concerns manufacturing industries, which continue to face difficulties in the supply of raw materials and rising production costs.

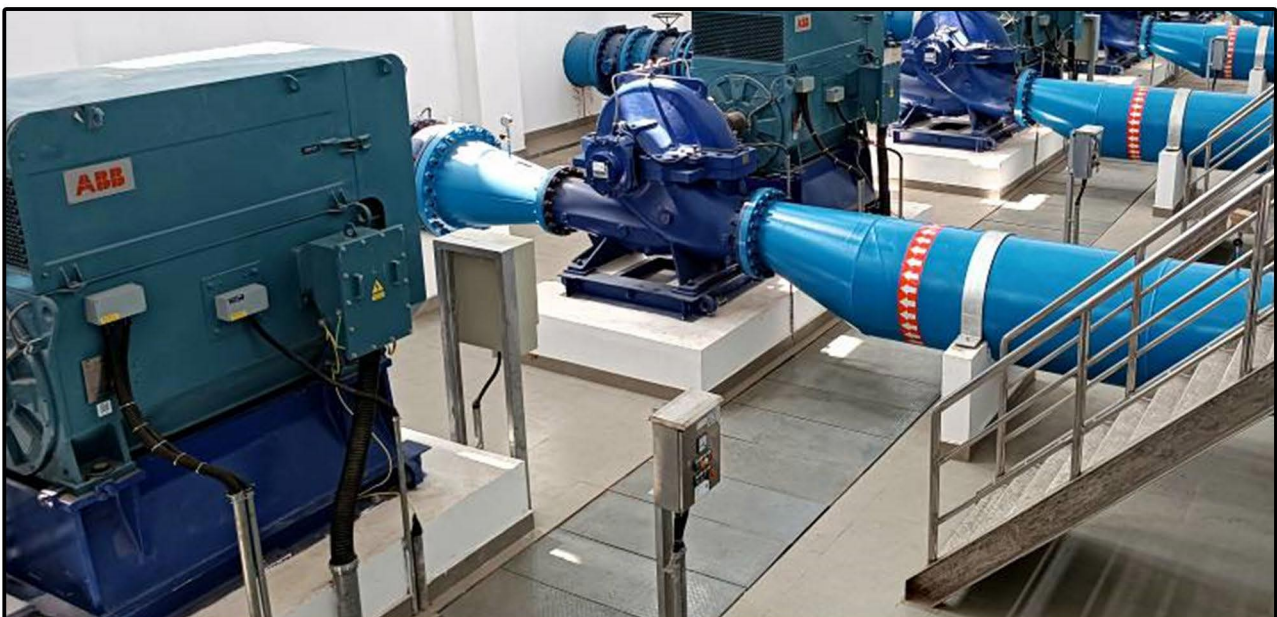
In addition, the latest global economic trends point to a fall in oil prices and the dollar exchange rate. To this end, an assumption of \$77.98 per barrel has been used in the Ordinance, compared with a projection of \$85.5 used in the initial Finance Law. The dollar exchange rate has also been revised downwards to 617 CFA francs, compared with 640 CFA francs in the initial Budget Law.

The supplementary budget is also intended to take into account (i) the surplus in tax and customs revenue resulting from the impact of the good performance recorded by the tax authorities in 2022 compared with the estimates used in the 2023 Finance Law, (ii) the budgetary impact of the increase in the salaries of public employees, (iii) the effects on the level of fuel subsidies of the increase in prices at the pump and the halving of the market value of hydrocarbon imports, (iv) the gas price subsidy and (v) the reduction in the stock of outstanding payments at the level of the Treasury in order to promote the proper execution of the budget by reducing payment times.

In this context, and in order to guarantee budgetary sincerity, the Ordinance revises upwards the level of the State budget to 6,726.9 billion (of which 6,642.5 billion for the general budget and 84.4 billion for the Special Appropriation Accounts), compared with 6,345.1 billion in the initial 2023 Finance Law, with an overall budget deficit that is reduced to 0.8% of GDP compared with 0.9% in the initial Finance Law. The State's general budget increased by 367.7 billion compared with the initial level of 6,274.8 billion.

Revised domestic revenue and grants are estimated at 4,780.4 billion compared with 4,676.4 billion in the initial Budget Act, an increase of 104.0 billion (+2.2%).

They break down as follows, by major category:



# PUBLIC FINANCE MANAGEMENT

The budget deficit resulting from the revision of State revenue and expenditure in 2023 amounts to 226.3 billion compared with 257.6 billion in the initial Finance Law.

The other financing and cash expenses borne by the State, in addition to the requirement arising from the financing of the budget deficit, are as follows:



**REPAYMENT OF STRUCTURED DEBT:**  
1,225.8 billion as in the initial 2023 Budget Law;



**REPAYMENT OF VAT CREDITS:**  
84 billion as in the initial 2023 Budget Law;



**ARREARS INCLUDING UNSTRUCTURED CAA DEBT:**  
374.2 billion compared with 115 billion in the Initial Budget Bill, of which 200 billion will be covered by funds raised on external markets;



**NET CASH OUTFLOWS FROM CORRESPONDENTS:** 40 billion compared with 0 billion in the BIA. Like the increase in the envelope dedicated to clearing outstanding payments, this entry is also intended to limit the crowding-out effect of the drawdown of funds by Treasury correspondents on expenditure for the current year.

is also intended to limit the crowding-out effect of the drawdown of funds by Treasury correspondents on expenditure for the current year.

The State's borrowing requirement in 2023 will be 1,950.3 billion, compared with 1,682.4 billion in the IFL, i.e. an increase of 267.9 billion, mainly due to cash expenses (accrued liabilities and correspondents).

To meet its financing needs, the State intends to mobilize the following instruments:



**PROJECT LOANS:**  
795.4 billion as in the initial 2023 Budget Law;



**BUDGET SUPPORT:**  
265 billion compared with 281.3 billion in the initial budget



**EXCEPTIONAL FINANCING:**  
84.2 billion consisting of the SDR drawdown of 80 billion and the Islamic Development Bank's financial contribution of 4.2 billion within the framework of the Special Fund for the financing, reconstruction and development of economically devastated areas (Far North, North West and South West);



**ISSUANCE OF DOMESTIC GOVERNMENT SECURITIES:**  
450 billion as in the initial budget law;



**EXTERNAL BANKING MARKET:**  
200 billion;



**DOMESTIC BANK FINANCING:**  
155.7 billion compared with billions in the Initial Budget Law.



# 3 STRATEGIC ORIENTATIONS OF PUBLIC POLICIES

MEDIUM-TERM ECONOMIC AND BUDGETARY PROGRAMMING DOCUMENT

# STRATEGIC ORIENTATIONS OF PUBLIC POLICIES

Through the NDS30, the State affirms its commitment to multiplying the economy's resources and placing it on more stable and robust foundations in order to accelerate economic growth and achieve a substantial improvement in the living conditions of Cameroonians. To this end, the chosen option is investment in strategic sectors with high potential.

## III.1- MACROECONOMIC GUIDELINES 2024-2026

The conduct of economic policy in 2024 will continue to be in line with the major options adopted in the National Development Strategy 2020-2030 (SND30) and the commitments made by the State as part of its economic and financial programme (EFP) with the IMF.

The reference scenario is aligned with the 2021-2024 economic and financial programme. It is cautious in relation to the government's ambitions, and takes into account the risks weighing on the economy, including the trend in world commodity prices, a slower-than-expected pace of implementation of the various economic reforms and public investment, etc.

The alternative scenario is the rapid implementation of the NDS30, which aims to foster a structural transformation of the national economy and promote development that is more inclusive. The SND30 sets out a framework of strategic objectives based on the following targets:

- **To create conditions conducive to economic growth and the accumulation of national wealth, and to ensure that the structural changes required for the country's industrialization are achieved;**  
**Améliorer les conditions de vie des populations et leur accès aux services sociaux de base tout en assurant**
- **Improve people's living conditions and their access to basic social services, while significantly reducing poverty and underemployment;**
- **Improve governance in order to strengthen the performance of public action with a view to achieving development objectives.**

To achieve this, the strategy defines the reforms that will have to be carried out by the Government to build the foundation for its harmonious and effective deployment. These include:

- i) to increase the share of resources transferred to the local authorities to at least 15% of State revenue and to speed up the establishment of the local civil service;
- ii) increase to at least 60% the proportion of public orders for goods and services placed with local industries, including the defence and security forces;
- iii) complete all ongoing projects and finalize all the procedures for bringing into service the infrastructure resulting from the major first-generation projects through the completion of their related projects, to enable them to produce the expected economic effects;
- iv) finalize land reform in order to facilitate the effective availability of land resources to investors, etc.
- v) promote the emergence and support of national champions in the sectors driving the structural transformation of the economy, in particular through the establishment and operation of economic zones and greater fluidity in the introduction of business development incentives;
- vi) to give priority to the maintenance of existing equipment and infrastructure to guarantee their durability and functionality.

# STRATEGIC ORIENTATIONS OF PUBLIC POLICIES

A number of actions have been undertaken as part of the implementation of the NDS30, relating to the reforms carried out to operationalize the fundamental guidelines and the implementation of initiatives under the pillars of the strategy. In particular, they have been undertaken to address each of the four pillars of the NDS30.

With regard to the structural transformation pillar, the main actions and interventions undertaken are as follows:

(i) an Integrated Multimodal Transport Infrastructure Strategy (S2ITM-SND30) for the development of multimodal transport has been adopted and is the subject of a collaboration agreement between MINTP and MINT;

(ii) the extension of ALUCAM, the first phase of which has been the subject of a feasibility study for a 25% increase in capacity;

(iii) the Kribi industrial port complex project has been the subject of major planning work; (iv) several mining conventions have been signed.

In terms of more concrete achievements, some major projects have been definitively commissioned between 2021 and 2022. These included the Memve'le hydroelectric dam in November 2022 and the Kribi-Iolabe motorway in July 2022.

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## Several other actions have been carried out as part of the implementation of the SND30, including:

(i) the introduction of national preference in international calls for tender. This procedure was reiterated in circular n°00001/PR/MINMAP/CAB of 05 April 2022;

(ii) the development of a national policy for school, university and vocational guidance;

(iii) the introduction by circular n°00001/PR/MINMAP/CAB of 05 April 2022 from the Prime Minister, Head of Government, of a margin of preference to be given to equivalent bids and in the order of priority to bids during the award of a contract in the context of an international consultation, submitted by:

*a) a natural person of Cameroonian nationality, or a legal entity governed by Cameroonian law,*

*b) a company whose capital is wholly or mainly owned by persons of Cameroonian nationality,*

*c) a natural person or legal entity demonstrating economic activity on Cameroonian territory,*

*d) a group of companies associating Cameroonian companies. The margin of preference varies between 10% and 15% depending on the nature of the service;*

(iv) the launch of the pilot phase of Universal Health Coverage.

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## However, there are many challenges to be met. These include:

- improve the resilience of the economy to external shocks;
- strengthen economic patriotism, through actions aimed at ensuring that national preference and local consumption become deeply rooted in the economic, social and cultural habits of all players in society;
- intensify local production of essential products;
- direct public spending towards actions that are most consistent with the development objectives pursued;
- strengthen tools and mechanisms to promote greater accountability and transparency in the management of public finances;

# STRATEGIC ORIENTATIONS OF PUBLIC POLICIES

## III.2- STRATEGIC SECTOR GUIDELINES

- **In the infrastructure sector, priority will be given to:**

- (i) improving the determination of infrastructure production costs;
- (ii) prioritizing the construction of public infrastructure;
- (iii) defining a policy for the maintenance and renovation of public infrastructure.

- **In the rural sector, the mechanisms needed to get the agricultural sector off the ground** should be put in place as a matter of urgency, so that the agro-food industries also have access to the raw materials they need to increase production. In addition, the Government's efforts will focus on improving the effectiveness and efficiency of the actions it undertakes to support farmers. Particular emphasis will be placed on the production of goods that have the greatest impact on the balance of trade, such as rice, maize, wheat, fish and milk. Making agricultural equipment available to producers in rural areas will also be a priority. Finally, by 2025, the State intends to put in place an effective mechanism to enable players in the livestock sector to acquire the materials and equipment they need to produce agro-pastoral inputs.

- **In the Industries and Services sector**, there are plans to encourage manufacturing production, which accounts for a relatively large share of exports.

- **With regard to the development of human capital**, there are plans to complete the transfer of skills, particularly in the areas of education and health, which will make it possible to complete the institutional configuration in this sector, thus giving greater visibility to the evaluation of the resources committed. Matching supply capacity and quality with demand in the various sub-sectors of the social sector 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 interventions will be aimed at, among other things:

- (i) setting up a specific psychosocial support mechanism for pupils and teachers in difficult situations;
- (ii) finalizing and implementing the skills development strategy;
- (iii) harmonizing the non-formal and informal education on offer, with the emphasis on practical and skills training.

- **In the social development sector, this will involve, among other things:**

- (i) drawing up the Unified Social Register of Cameroon (RESUC) to improve targeting of vulnerable groups;
- (ii) setting up a national solidarity fund to provide better care for vulnerable groups; and
- (iii) systematically taking account of the gender aspect in all links in the budget preparation chain.

- **With regard to the promotion of employment and socio-economic integration**, the Government's efforts will focus on measures to encourage the migration of economic players from the informal to the formal sector.

- **The Government's priorities in the area of governance, decentralization and strategic management of the State** over the next three years relate to:

- (i) speeding up the decentralization process;
- (ii) improving the infrastructural coverage of the judicial system (creation of new courts, specialized jurisdictions and prisons) to reduce procedural delays;
- (iii) improving the quality of public investment for optimal implementation of the NDS30.

- **With regard to improving development financing, this will involve:**

- (i) formalize the constituent elements of the National Integrated Financing Framework;
- (ii) update the investment charter;
- (iii) put in place mechanisms for mobilizing resources from the diaspora and channeling these resources into productive investment projects.



# **4** BUDGET OUTLOOK FOR THE **2024-2026** TRIENNIUM

MEDIUM-TERM ECONOMIC AND BUDGETARY PROGRAMMING DOCUMENT

# BUDGET OUTLOOK FOR THE 2024-2026 TRIENNIUM

The Government has chosen to pursue a prudent budgetary policy with a view to first restoring macroeconomic balances and secondly, ensuring the basis for a solid recovery of the Cameroonian economy. This is the budgetary stance with which spending will be aligned for the next three years.

In this regard, the 2024-2026 medium-term budget framework is based on the President of the Republic's 2035 vision, the implementation of which will be based on:

- 1- the satisfactory execution of the economic and financial program with the IMF;
- 2- support for social sectors;
- 3- the implementation of economic and administrative reforms;
- 4- Accelerating the diversification of the economy.

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## 4.1- OBJECTIVES OF THE BUDGETARY POLICY FOR THE THREE-YEAR PERIOD

The Government's budgetary policy in the period 2024-2026 will focus on:

In terms of revenues, on:

- the establishment of a simple, fair and growth-friendly tax system;
- Gradually increasing the level of domestic non-oil revenue mobilization in order to increase the fiscal space needed to finance public spending;
- the continuation of the modernization of the Base Administrations;
- the introduction of a tax incentive policy for economic operators;
- broadening the tax base;
- standardizing, securing and strengthening the monitoring of non-tax revenue collection;
- Further rationalization of tax expenditures, in particular exemptions.

In terms of expenditure, on the effectiveness and efficiency of public spending, with a focus on the rigorous and rational selection of investment spending.

In terms of indebtedness, on restoring the viability and sustainability of public debt.

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### 4.1.1- Revenue Mobilization

#### 4.1.1.1- Public Revenue Mobilization Policies

The increase in non-oil revenues will be achieved through the strengthening of the efficiency of the tax administration and the improvement of the business climate. A simple and fair tax system should reduce the incentive for tax evasion and thus encourage taxpayers to join the formal economy. Overall, tax policy will continue to be oriented towards:

- strengthening taxpayers' rights and guarantees;
- the adoption of fiscal measures to support private investment and job creation;
- the operationalization of the training centre of the Directorate General of Taxes;
- improving tax education and communication;
- the start of the simplification of tax systems, following the success of the simplification of procedures.

# BUDGET OUTLOOK FOR THE 2024-2026 TRIENNIUM

The customs administration, for its part, will place particular emphasis on improving the quality of goods handling, controlling the tax bases, and optimizing the program to secure customs revenues. To this end, the following specific tax measures are envisaged:

- the identification of revenue loopholes and the incidental broadening of the tax base;
- the continuation of the policy of taxing goods on exports according to the degree of local processing;
- systematic control of the preferred destination of customs facilities granted to economic operators;
- rationalization of tax expenditure, in line with public policy objectives;
- Optimizing the collection of revenues from the execution of public contracts and hydrocarbon imports.

In addition, improving the business climate will remain a strategic focus of the tax policy for the 2024-2026 three-year period. Tax policy pays particular attention to economic and social promotion. Thus, economic recovery has remained a strategic choice through fiscal measures to support the import-substitution policy.

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## In the field of social advancement

In addition to the numerous VAT exemptions already granted to households for the acquisition of basic necessities (wheat, flour, bread, eggs, etc.) for a tax expenditure of 200 billion on average, the 2022 Finance Act has provided a new response from the Government to the need to preserve the purchasing power of households through:

- the renewal of the suspension of the advance payment of income tax for companies in the flour milling sector;
- Reduction of registration fees for transfers by death;
- the establishment of a tax amnesty for taxpayers who spontaneously regularise their situation with regard to inheritance tax.

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## In the field of economic promotion

The promotion of economic activity takes the form of fiscal measures to support permanent or ad hoc socio-economic activities in times of crisis. In 2023, the permanent support measures for companies are related to the reduction of the tax burden of natural and legal persons through:

- the extension of the 50% rebate of the income tax advance rate to pharmaceutical and fertilizer production companies in order to promote local production;
- exemption from VAT on purchases of essential foodstuffs made from farmers by public entities in charge of regulating or managing food stocks.

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## Promoting the import-substitution policy

The following measures have been adopted in line with the guidelines of the Head of State:

- strengthening fiscal measures to promote the agricultural, livestock and fisheries sectors;
- Strengthening measures to promote local processing;
- Streamlining the promotion of beverages produced from local inputs.

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**In addition, several customs levers are in force** to implement new measures to support competitiveness and economic recovery. These policies relate to:

- the preservation of peace and national security, at the service of social and political stability;
- the enhancement of exports, in order to increase of foreign exchange and the balance of trade and payments;
- Improving the business environment and facilitating trade.

# BUDGET OUTLOOK FOR THE 2024-2026 TRIENNIUM

However, achieving fiscal potential in the 2023 financial year requires effectively addressing all the cyclical challenges and, above all, structural challenges related to the mobilization of non-oil domestic tax revenues. These include:

## **(i) the weight of the tax expenditure**

Tax expenditure, although declining in 2021 (439.6 billion, or 15.5% of tax revenues), remains significant in a context of tightening of the State's budgetary margins. In view of the increase in non-oil revenues, the further rationalization of the tax expenditure is therefore a fundamental axis of the fiscal policies to be strengthened in the coming years. Similarly, a study on the effectiveness of the 2013 law on the promotion of private investment

## **(ii) The size of the informal sector**

The constraints on the taxation of the informal sector are linked, among other things, to tax incivility and the use of cash transactions carried out outside the banking circuits. In addition to the measures put in place in recent years to meet this challenge, emphasis has been placed on the establishment of the Integrated Tax Partner, which makes it possible to broaden the base and reduce the size of the informal sector, facilitating the taxation of the largest number of operators in this sector and the improvement of the VAT yield.

## **(iii) The low contribution of individuals to tax revenues**

Revenue margins in this area are still high. This is particularly the case for property tax, whose revenues represented less than 1% of tax revenues in 2022. The effective implementation of the annual recapitulative declaration for non-professional taxpayers would improve this contribution of individuals to tax revenues.

## **(iv) Protection of Taxable Bases**

The tax base must be preserved against two main threats, namely: (i) fraud and tax evasion, and (ii) the dematerialization of economic transactions, which means that taxable income is increasingly difficult to capture.

With regard to intensifying the fight against international tax fraud and evasion, it should be noted that the overall volume of illicit financial flows in Cameroon is estimated at about 6% of GDP, resulting in losses of tax revenues estimated at CFAF 100 billion annually.



# BUDGET OUTLOOK FOR THE 2024-2026 TRIENNIUM

In addition to the emphasis placed in recent years on international tax cooperation (densification of the network of tax treaties) and the exchange of information for tax purposes to handle this threat, the forthcoming implementation of a multilateral instrument of the OECD signed and ratified by Cameroon will lead to: (i) prevent the misuse of international tax treaties by multinational enterprises; (ii) improve the resolution of tax disputes; (iii) prevent the artificial avoidance by multinationals of permanent establishment status; (iv) neutralize the effects of hybrid mismatch arrangements.

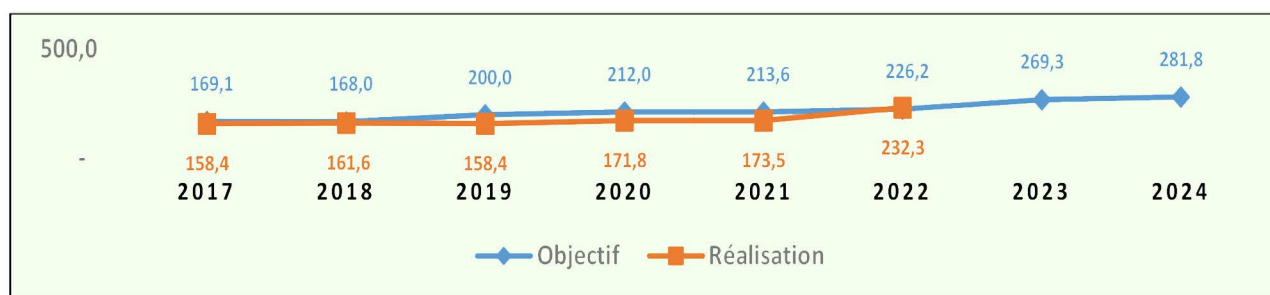
With regard to the dematerialization of economic transactions, Cameroon, thanks to the Finance Law for the 2020 financial year, has amended its legislation to strengthen the efficiency of VAT collection on e-commerce operations.

In addition to VAT, the levying of Income Tax (IR) is also envisaged by 2023 at the end of the work carried out by the OECD's Inclusive Framework, in which Cameroon is actively participating. An implementation plan published by the OECD is being implemented through meetings of all members of the Inclusive Framework, with a view to transposing it into law in the second half of 2022, and entry into force in 2023. As a result of this reform, an annual minimum return of 20 billion CFA francs is expected for Cameroon.

Certain endogenous and exogenous factors that can significantly influence the implementation of customs dynamics need to be taken into account. These include, but are not limited to: (i) the adoption by the Government of measures aimed at reducing the subsidy on fuel prices at the pump as well as the pressure exerted on public finances; (ii) the reduction or prohibition of the import of certain goods that once generated significant customs revenues, such as iron rods, cement, soybean meal, etc. ; (iii) the inadequacy of adequate logistical means of control and surveillance for the fight against commercial fraud and smuggling; (iv) the reduction of trade with Nigeria and West Africa; (v) the continued increase in the scope of the tax expenditure related to customs measures to support economic recovery and combat the high cost of living. In terms of capacity building, staff in base administrations are trained in digital tools and adaptation to the new environment. The imminent opening of the new staff development centre is expected to better meet these needs.

Actions to optimize non-tax revenues would involve standardizing, securing and strengthening the monitoring of the collection of these revenues through, in particular: (i) the implementation of a dematerialized system for collection procedures; (ii) identification of new niches; (iii) the animation of campaigns for the recovery of the outstanding balances; (iv) the identification of all operating revenue agencies; and (v) capacity building of actors in the collection chain.

**Figure 1 : Evolution of tax and non-tax revenues from 2017-2024 (in billions)**



Source : MINFI

# BUDGET OUTLOOK FOR THE 2024-2026 TRIENNIUM

## 4.1.1.2- Revenue projection for the period 2024-2026

The resources of the state budget would stand at 7,362.8 billion on average from 2025 to 2026.

Between 2025 and 2026, oil revenues are expected to average \$667.2 billion. Non-oil revenues are projected at \$4,790.8 billion on average, at a rate of 0.3% of GDP per year. The tax burden is expected to increase from 12.7% of GDP in 2023 to 13.1% in 2024 with a view to reaching the target of 13.7% of GDP in 2026. It should be noted that internal tax revenues contributed 52% of the state budget's own revenue in 2022. The financing resources that the State could expect are estimated at 1,843.1 billion.

Non-oil tax revenue projections are as follows:

**Table 1: Projection of State resources over the period 2024-2026**

(in billions of F.CFA)	2023		2024		2025	2026
	IFL 2023	Rev. 2023	Initial	Proj. Rev	Proj.	Proj.
<b>Total resources</b>	<b>6 274,8</b>	<b>6 642,5</b>	<b>6 550,2</b>	<b>6 472,4</b>	<b>7 072,2</b>	<b>7 653,3</b>
<b>Internal Revenue and Donations</b>	<b>4 676,4</b>	<b>4 780,4</b>	<b>5 042,2</b>	<b>4 925,3</b>	<b>5 329,7</b>	<b>5 709,6</b>
Oil Revenues	807,0	841,8	786,4	646,5	670,8	663,5
Non oil revenues	3 778,5	3 837,7	4 159,6	4 182,5	4 578,6	5 002,9
Tax revenue	3 528,1	3 568,4	3 894,3	3 912,1	4 289,0	4 710,2
Taxes and duties	2 523,4	2 594,7	2 798,5	2 854,5	3 140,0	3 459,2
Of which CTD Tax Transfer				130,0	130,0	130,0
Deposit and consignment cash register				50,0	50,0	50,0
Customs revenue	1 004,7	973,7	1 095,8	1 057,6	1 149,0	1 250,9
Non-tax revenue	250,4	269,3	265,3	270,5	289,6	292,7
Donations	91,0	101,0	96,2	96,3	80,3	43,2
<b>Gross Funding</b>	<b>1 598,4</b>	<b>1 862,1</b>	<b>1 508,0</b>	<b>1 547,0</b>	<b>1 742,6</b>	<b>1 943,7</b>
Project Loans	795,4	795,4	843,0	907,7	1 172,8	1 330,4
Budget support (IMF, EU, AFD, WB, AFDB)	240,0	224,1	146,0	134,0	0,0	0,0
Issuance of Securities (MLT)	450,0	450,0	450,0	450,0	450,0	450,0
Bank financing (excluding advertising titles)	71,7	271,7	69,0	55,4	119,7	163,3
IMF SDR	0,0	80,0				
<b>Exceptional Funding</b>	<b>41,3</b>	<b>40,9</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
<i>AfDB (PARPAC)</i>	41,3	40,9				

Source : MINFI/DGB

## 4.1.2- Expenditure outlook 2024-2026

### 4.1.2.1-Public Expenditure Management Policy

The Government intends to continue to implement reforms aimed at rationalizing public spending, through better prioritization and promotion of efficiency, to enable the effective achievement of the objectives of the NDS30. The management of public expenditure over the three-year period will be marked by a context of strong budgetary constraints characterized by the large volume of the State's commitments in the face of increasingly limited resources. These commitments relate in particular to:

# BUDGET OUTLOOK FOR THE 2024-2026 TRIENNIUM

- (i) transfers to households (fuel subsidy, gas, social safety nets);
- (ii) staff and pension costs;
- (iii) security spending;
- (iv) debt service payments;
- (v) public investment projects under construction;
- (vi) arrears and outstanding payments;
- (vii) transfers to Decentralized Local Authorities;
- and (viii) public-private partnership (PPP) rents.

To achieve this, it would be necessary to optimize the State's current expenditure, through relevant budgetary choices and judicious programming of all categories of expenditure, based on a good identification of priorities, their evaluation on a real basis and the quest for greater performance of public action.

It will be a question of working on budgetary savings by targeting current expenditure in order to raise the level of investment and achieve the structural transformation of the economy.

Over the course of the three-year period, the Government will endeavour to reduce current expenditure on goods and services by controlling its main determinants.

In order to reduce the voluminous subsidy bill, due to the support of the price of fuel at the pump, the Government intends, *inter alia*, to rehabilitate and modernize SONARA, with a view to reducing the volume of imports of white goods.

In addition, with a view to reducing the amount of subsidies to public companies and institutions, the Government intends to continue and deepen the reform initiated since 2017 with the laws on the general status of these entities.

The rationalization of contributions to international organizations will continue.

Efforts will continue to be sustained with a view to reducing to the simplest possible expression the amount of expenditure carried out under the derogation procedures.

In summary, this will involve:

- Timely payment of fuel price subsidies at the pump;
- Maintain an ever-increasing focus on all hotspots of crisis throughout the country, not only to bring peace and security to people and their property, but also to implement the important reconstruction programme in these affected areas;
- accelerate the implementation of the import substitution policy, the basis of the NDS30;
- finalize the decentralization process by setting up the regions and transferring substantial resources to them for the exercise of the competences transferred to them by the State;
- increase the level of social spending for the underprivileged;
- Support the extension of universal health coverage to all segments of the population;
- Contribute to the maintenance of built infrastructure.

# BUDGET OUTLOOK FOR THE 2024-2026 TRIENNIUM

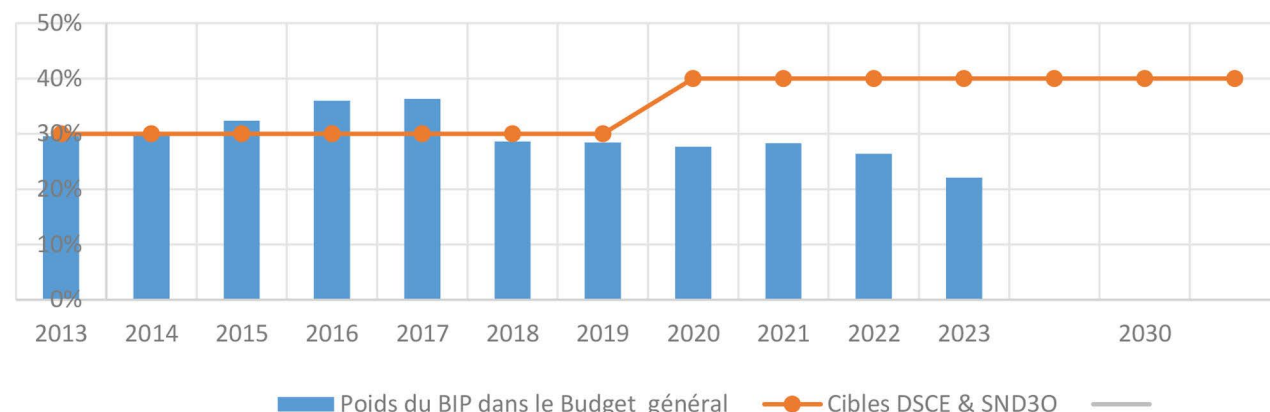
Priorities for staff costs over the next three years will focus on the following actions:

- the strengthening of control mechanisms and the continuation of the consolidation of the State's payroll;
- Reform of the State's recruitment and human resources management process;
- Acceleration of the conditions for the effective implementation of the new personnel and pay management system, i.e. SIGIPES II;
- Further development of a local civil service.

As far as capital expenditure is concerned, the objective assigned to its management in the period 2024-2026 is mainly based on two aspects:

- optimizing and improving the quality of projects through cost control, the implementation of selection tools and the taking into account of recurrent public investment costs;
- the development of innovative financing of public investments.

**Figure 2: Evolution of the share of the PIB in the State budget**



Source : MINEPAT

**At the global level,** the aim will be to preserve public investment, with the aim of catching up with the level of 30% of investment expenditure on total expenditure over the period 2024-2026, and of approaching the target of 40% set by the NDS30. The allocation of resources will have to be in line with the requirements defined by the NDS30, particularly on expenditure that contributes to Cameroon's structural transformation.

The NDS30 places special emphasis on the completion and commissioning of the first generation projects currently being implemented. The status of implementation of these first-generation infrastructure projects is shown in the table below.

# BUDGET OUTLOOK FOR THE 2024-2026 TRIENNIUM

**Table 2 : Status of Major Projects (Cost by Component)**

Project Title	Implementation status	Observations
<b>Lom Pangar hydroelectric development</b> - Dam with a water retention capacity of 6 billion m3. - 30 MW foot plant. - Evacuation lines: 305 km in 90 kV and electrification of the Eastern Region	- Reservoir Dam: Completed and functional. - Foot Plant: 65%. - Evacuation lines: 70%.	- Completion date: 31/12/2023 - Budget requirements for completion: 20.3 billion FCFA
<b>Kribi Industrial Port Complex</b> - Phase 1: 01 container terminal (350 m quay), 01 multipurpose terminal (265 m quay) and 01 1355 m protective breakwater. - Phase 2: Extension of the protective dike by 675m; Extension of the container terminal by 700m; and Creation of a storage area of 3ha...	- Phase 1: Completed and functional - Phase2: 50%. - Water supply to the Port and its components: 81%.	- Completion date: 2024 - Budget requirements for completion: 129.3 billion FCFA - What remains to be done urgently <ul style="list-style-type: none"> <li>• Electricity supply to the port (225 Kv Lolabé-Kribi line);</li> <li>• The logistics area;</li> <li>• Road connectivity of the Port (rehabilitation of the Edéa-Kribi road, completion of the Yaoundé-Kribi road, construction of the Ebolowa-Kribi road and the Kribi-Campo road)</li> </ul>
<b>Memve'ele Hydroelectric Development</b> 211 MW power plant. - Power transmission line (Nyabisan-Ebolowa-Yaoundé)	- Power plant and transmission line completed and commissioned.	- Budget needs: 21 billion FCFA
<b>Nachtigal Hydroelectric Development</b> 420 MW power plant. - Power transmission line (65km Nachtigal-Yaoundé)	- Power plant: 83% (first turbine in December 2023 and full commissioning in August 2024) - Integration of the dam into the ongoing network/	Very urgent investments to be made for the integration of the Dam into the network (transmission and distribution) of 400 billion FCFA over 2023-2026 (financing to be sought).
<b>Mekin Hydroelectric Development</b> 15 MW power plant. - Power Transmission Line (Mbalmayo-Mekin)	Completed and partially functional (5Mw)	Flooding of the infrastructure in the dam area during optimal operation. Mekin (Djom Yekombo)-Mbalmayo line unfinished.
Hydroelectric development from Bini to Warak	Memorandum of understanding signed in April 2023 with the company SAVANNAH for the resumption of the project in PPP mode for an amount of 179 billion FCFA.	
Electricity Transmission Network Upgrading and Sector Reform Project	Taux de réalisation physique : 22%	- Completion Date : 31/12/24
Project to supply Yaoundé and its surroundings with potable drinking water from the Sanaga River (PAEPYS)	95,3%	- Completion date: 2024 - Budget requirements for completion: 2 billion FCFA
Development of the eastern entrance to the city of Douala (Phase II)	11%	- Completion Date: 03/2025 - Budgetary requirements for completion: 76.3 billion FCFA

# BUDGET OUTLOOK FOR THE 2024-2026 TRIENNIUM

**Table 2 : Status of Major Projects (Cost by Component)**

Project Title	Implementation status	Observations
Yaoundé-Douala Highway (196 km)	<ul style="list-style-type: none"> <li>- Phase I: 60 Km + 25 Km of recovery pathways (Yaoundé-Bibodi) <ul style="list-style-type: none"> <li>• Current section of the Highway completed and received since December 2022</li> <li>• Connection to the RN3 and the city of Yaoundé: 85%</li> </ul> </li> <li>- Phase II: 136 km (Bibodi-Douala), being prepared for PPP by 2025</li> </ul>	Phase I: <ul style="list-style-type: none"> <li>- Completion date for connection work: 2023</li> <li>- Budget requirements for completion: CFAF 100 billion</li> </ul>
Kribi--Lolabé motorway (40 km)	Completed	Operational since July 2022
Yaoundé Nsimalen Highway	Open Countryside Section: <ul style="list-style-type: none"> <li>- Execution rate: 97%, of the residual works necessary for the optimal functioning of the structure, which are the vertical signage and public lighting.</li> </ul> Urban Section: <ul style="list-style-type: none"> <li>- Study in the process of being updated</li> <li>- Ongoing contracts with the companies in charge of the works, BUNS (Lot 1) and Razel (Lot 2 and 3);</li> <li>- Ongoing negotiations with Afriland First Bank for the financing of Lot 1.</li> <li>- Ongoing negotiations with BPI France for the financing of Lots 2 and 3.</li> </ul>	<ul style="list-style-type: none"> <li>- Open traffic on the rural section since 2022.</li> <li>- Budget requirements for the rural section: CFAF 10 billion</li> </ul>
Bipindi-Grand Zambé Industrial Iron Ore Project	Estimated date for work to start: 2024	
Kribi Industrial Iron Ore Project (Lobé)	Estimated date for work to start: 2024	
Mbalam-Nabeba Industrial Iron Ore Project	Estimated date for work to start: 2024	

*Source: MINEPAT*

# BUDGET OUTLOOK FOR THE 2024-2026 TRIENNIUM

## 4.1.2.2- Expenditure projections for the 2024-2026 period

The expenditure drivers present the main interventions that the State budget will finance over the period 2024-2026. A summary of the Priority Investment Program of in the period under review, is also presented for this purpose. The State budget over the three-year period amounts to 21,447.3 billion, including 6,472.4 billion in 2024. Almost half of the State's resources over the three-year period will be devoted to personnel costs and debt servicing, i.e. 9,444.5 billion euros..

Specifically, the structure of State expenditure is as follows:

- Current expenditure (on average 47.4% of total budget) ;
- Capital expenditure (on average 28.5% of the budget);
- Debt servicing (on average 24.1% of budget).

Current expenditure continues to be driven by personnel costs and spending on goods and services, averaging 1,426.27 billion (42.3%) and 876.4 billion (25.9%) per year respectively.

As for public debt servicing, an annual average of 1,721.9 billion is scheduled for the 2024-2026 triennium, including 1,621.6 billion in 2024. Domestic debt servicing will amount to nearly 796.6 billion in 2024.

Capital expenditure is scheduled to average 2,054.2 billion over the three-year period. They continue to be driven by disbursements from external financing, with an average value of 1,055.0 billion over the three-year period 2024-2026.

Between 2025 and 2026, these expenses and charges would average 7,362.8 billion. Personnel costs are expected to average 1,450.2 billion, while spending on goods and services is projected to average 1,085.2 billion between 2025 and 2026.

Expenditure on transfers and subsidies will average 1,076.3 billion between 2025 and 2026. Capital expenditure is projected to average 1,976.5 billion. In this respect, the level of public investment expenditure will be increased from 3.9% of GDP in 2023 to 5.9% in 2026, while containing the overall level of public spending at around 15.4% of GDP.

**Table 3: State expenditure projections for 2024-2026**

<i>(In billions of F.CFA)</i>	2023		2024		2025	2026
	LFI 2023	Rév. 2023	Initiale	Proj. Rév	Proj.	Proj.
<b>Total expenses and net loans</b>	<b>6 274,8</b>	<b>6 642,5</b>	<b>6 550,1</b>	<b>6 472,4</b>	<b>7 072,3</b>	<b>7 653,3</b>
<b>Current expenditure</b>	<b>3 314,5</b>	<b>3 401,5</b>	<b>3 460,5</b>	<b>3 367,4</b>	<b>3 476,3</b>	<b>3 562,1</b>
Title 2: Personnel expenses	1 257,7	1 313,2	1 359,4	1 382,2	1 426,6	1 473,9
Title 3: Purchases of goods and services	1 021,7	913,4	1 053,1	949,8	982,0	998,5
Title 4: Transfers and subsidies	1 033,0	1 172,8	1 045,7	1 033,2	1 065,3	1 087,2
Title 6: Exceptional expenses	2,1	2,1	2,3	2,3	2,4	2,6
<b>Title 5: Capital expenditure</b>	<b>1 169,7</b>	<b>1 142,2</b>	<b>1 392,1</b>	<b>1 403,4</b>	<b>1 816,5</b>	<b>2 136,5</b>
<b>Expenditure on external financing.</b>	<b>723,5</b>	<b>723,5</b>	<b>766,8</b>	<b>831,3</b>	<b>1 091,1</b>	<b>1 242,7</b>
<b>Expenditure on own resources</b>	<b>416,2</b>	<b>388,7</b>	<b>543,5</b>	<b>480,2</b>	<b>591,3</b>	<b>707,2</b>
<b>Participation/restructuring expenses</b>	<b>30,0</b>	<b>30,0</b>	<b>31,8</b>	<b>41,9</b>	<b>34,1</b>	<b>36,6</b>
<b>Local production stimulus fund</b>	<b>21,0</b>	<b>21,0</b>	<b>50,0</b>	<b>50,0</b>	<b>70,0</b>	<b>60,0</b>
<b>Decentralization addendum (DGD)</b>	<b>31,0</b>	<b>31,0</b>	<b>31,0</b>	<b>30,0</b>	<b>30,0</b>	<b>30,0</b>
<b>P2I (Investment)</b>		<b>0,0</b>	<b>50,0</b>	<b>50,0</b>	<b>100,0</b>	<b>150,0</b>
<b>Public debt service</b>	<b>1 738,6</b>	<b>2 046,8</b>	<b>1 616,6</b>	<b>1 621,6</b>	<b>1 679,4</b>	<b>1 864,7</b>
<b>External debt service</b>	<b>898,0</b>	<b>898,0</b>	<b>845,0</b>	<b>825,0</b>	<b>809,0</b>	<b>868,0</b>
<b>Domestic debt service</b>	<b>840,6</b>	<b>1 148,8</b>	<b>771,6</b>	<b>796,6</b>	<b>870,4</b>	<b>996,7</b>

Source : MINFI/DGB

# BUDGET OUTLOOK FOR THE 2024-2026 TRIENNIUM

## 4.1.2.3- Priority investment program 2024-2026

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The Priority Investment Program (PIP) is the Government's tool for selecting and programming priority investment projects over a three (03) year period. It makes it possible to :

- improve the impact of public investment;
- strengthen project preparation and prioritization within administrations ;
- limit the practice of "sprinkling", in view of the multiplicity of projects and programs that are often juxtaposed, rendering the projects implemented ineffective;
- strengthen the coherence of the Government's portfolio of public investment projects, in relation to the National Development Strategy;
- organize the breakdown of the National Development Strategy into coherent, mutually integrated operational projects, by year of implementation.

The 2024-2026 PIP was drawn up in a context marked by: (i) continued implementation of the SND30, (ii) a budgetary space severely constrained by the large volume of outstanding commitments; (iii) significant debt constraints; (iv) implementation of the WEP with the IMF; (v) lessons learned from project management.

Based on this context, the main challenges addressed by the 2024-2026 PIP are as follows:

- Complete and commission major projects currently underway;
- Accelerate the import-substitution policy, in particular by modernizing production factors in the rural and agricultural sectors;
- Ensure proper implementation of the Initial Impulse Program (P2I);
- Continue to implement reconstruction plans for the North-West, South-West and Far North;
- Continue to strengthen and consolidate the decentralization process..

In order to achieve the objectives set out in the NDS30, it is essential to increase the average share of investment in total State expenditure to at least 30% over the 2024-2026 period. In addition, in the context of promoting more inclusive growth, concerns about preserving a sufficient level of public investment spending at central government level also arise at the level of the Decentralized Territorial Collectivities (CTD).

To accelerate the implementation of the SND30, the government has set up the SND30 Initial Impetus Program (P2I). This program, costing 6,116.2 billion euros, calls for a State contribution of 470 billion euros, in order to raise the share of financing expected from the private sector.

### **At sector level, it should be noted that:**

receive average annual allocations of 1,604.7 billion and 1,316.5 billion respectively, in line with the Government's inclusive growth objectives.

A budget of 3,988.9 billion is allocated to the infrastructure sector for the three-year period 2024-2026, including 1,082.8 billion in 2024, for spending on: 1) the development of transport infrastructure; 2) boosting the supply of electricity and drinking water; 3) developing social housing and modernizing the land registry..

# BUDGET OUTLOOK FOR THE 2024-2026 TRIENNIUM

- A budget of 704.8 billion for this rural sector over the three-year period 2024-2026, including 171.1 billion in 2024, will be used to improve productivity and production in the cereals and industrial sectors, among others..
- A budget of 120.4 billion is earmarked for the Industries and Services sector, including 35.4 billion in 2024. The overall allocation for the three-year period 2024-2026 for the health and nutrition sector amounts to 777.9 billion, including 235.4 billion in 2024.
- **In the education sector** 2,857.4 billion is projected for the three-year period 2024-2026, including 892.9 billion in 2024.
- **In the social development sector**, an allocation of 187.54 billion is projected for the three-year period 2024-2026, including 59.6 billion in 2024.
- **In the field of employment and socio-economic integration**, the overall objective is to promote and foster access to decent employment for a large number of workers, by expanding and enhancing job creation opportunities in the economy. An allocation of 223.7 billion euros is projected for the three-year period 2024-2026, including 65.6 billion euros in 2024.
- **In the area of governance**, the main challenges are to involve the population more closely in the implementation of public policies and to significantly improve the business climate. The allocation in this area for the three-year period 2024-2026 is 3,134.4 billion, including 950.5 billion in 2024.

## 4.1.3- Financing/debt policy

The overall budget deficit is expected to rise gradually from 0.8% of GDP in 2023 to 1% in 2024, before stabilizing at 1.4% in 2025 and 2026. Over the period 2025-2026, the budget deficit is expected to increase by a further 159.1 billion to average 489.7 billion. However, compliance with the CEMAC reference balance (-1.5% of GDP) will be guaranteed throughout the period, and growth in the stock of public debt will be contained below 50% of GDP.

Over the period 2024-2026, the policy for financing the budget deficit is essentially debt-based. Accordingly, the Government will pursue a debt policy aimed at keeping its public debt viable, with a degree of risk of over-indebtedness that is at most moderate.

This policy should be based on the adoption and implementation of a medium-term public debt and debt management strategy, aimed at

- (i) meeting the State's financing needs and payment obligations at the lowest possible cost over the medium and long term,
- and (ii) facilitating the development and smooth operation of efficient primary and secondary markets for domestic public securities, not forgetting recourse, where necessary, to public-private partnerships for projects of proven importance and for which a partnership is essential.

In line with the CEMAC sub-region's multilateral convergence program, the targets set for the end of the period 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 (debt denominated in foreign currencies, including 25% in dollars) and 25% domestic debt (debt denominated in CFAF);
- A share of short-term domestic debt of no more than 10%;

# BUDGET OUTLOOK FOR THE 2024-2026 TRIENNIUM

- A share of variable-interest debt of less than 20% of the total public debt portfolio (taking into account SEND's disbursements);
- An average maturity of the public debt portfolio of at least 12 years, including 5 years for domestic debt, with an average interest rate of less than 3.0%.

**With regard to domestic debt**, the implementation of a prudent public securities issuance policy is a key factor in the creation of a liquid and efficient market.

Domestic financing will take the form of direct financing from the banking sector or public securities issues on domestic financial markets. As in previous years, the strategy for issuing public securities over the next three years will be based on transparency, regularity, diversification and security.

The Government has opted to clear outstanding payments of more than 03 months in fiscal 2023 through actual payments and the cancellation of unjustified balances, which should be re-committed if necessary.

## Budgetary constraints and risks

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Budget projections for the period 2024-2026 remain exposed to a number of risks that could weaken them. These include the macroeconomic risk associated with the assumptions used in the projections, the effectiveness of the implementation of new measures designed to optimize the mobilization of tax and customs revenues, the call on guarantees given in the context of PPPs, the security shock, the liquidity of the domestic financial market, and the disbursement of budgetary support expected from our partners..

On the institutional front, the limited impact of new tax and administrative measures represents a risk of a delay in own-revenue projections. For example, the entry into force of the local taxation law, or the decision to transfer to the Cameroon Fund deposits and Consignment, the guarantees paid by taxpayers in tax disputes, would result in total revenue losses of 180 billion.

On the financial front, the deterioration in financial conditions on the domestic financial market, notably market depth and interest rates, is forcing the mobilization of 450 billion in public securities over the three-year period. In addition, disbursements of budgetary support from development partners, notably the IMF, the World Bank and the AFD, are dependent on compliance with certain quantitative benchmarks and prior measures in the implementation of structural reforms undertaken as part of the Economic and Financial Program currently being implemented. In addition, a further appreciation of the dollar against the FCFA will lead to delays in forecasts of oil revenues, external debt servicing and disbursements of external financing. The security crisis and health shocks continue to weigh on the State budget.

Lastly, the worsening financial situation of certain public and semi-public sector companies, as well as PPP rents, will continue to weigh on the State budget.

## 4.2- DRAFT 2024 BUDGET

### 4.2.1- Outlook for budget revenue mobilization

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On the basis of macroeconomic assumptions and the fiscal policy efforts envisaged, as well as the potential financing that the State can expect, total State resources in 2024 are projected at 6,472.4 billion, down 170.1 billion (-2.6%) on 2023..

# BUDGET OUTLOOK FOR THE 2024-2026 TRIENNIUM

	LF 2023	Projection LF 2024	Variation
Oil revenues	841,8 billions	646,5 billions	195,3 billions
Non-oil revenues	3 837,7 billions	4 182,5 billions	+ 344,8 billions
Non-tax revenues	269,3 billions	269,3 billions	Stable
Donations	101 billions	96,3 billions	-4,7 billions

## 4.2.2- Budget expenditure 2024

Total State expenditure and expenses are projected at 6,472.4 billion in 2024, down 170.1 billion (-2.6%) on 2023. In detail :

	LF 2023	Projection LF 2024	Variation
Personnel expenses	1 313,2 billions	1 382,2 billions	69,0 billions (+5,3%)
Expenditure on goods and services	965,4 billions	1 029,8 billions	64,4 billions (+6,7 %)
Transfers and subsidies	1 172,8 billions	1 033,2 billions	139,5 billions (-11,9%)
Capital expenditure	1 142,2 billions	1 403,4 billions	311,1 billions (+27,2%)
Public debt	2 046,8 billions	1 621,6 billions	425,2 billions (-20,8%)

If we compare the State's own revenues with its expenditure as projected above, the result is a budget deficit of 325.6 billion in 2024, compared with 222.1 billion in 2023.

# CONCLUSION

Cameroon's economic cycle can be summed up in three stages: resilience, slowdown and recovery. Resilience in 2022, as the economy resists shocks better than expected. The INS has revised its forecast for this year slightly upwards to +4% (compared with 3.6% previously). The slowdown is due to the fact that the scenario adopted for the 2023 budget (growth rate of 4.2%) will not be achieved. Given the impact of the environment, the new forecast is 3.8%. An economic recovery is expected in 2024 (+4.3%).

While the fiscal policy in place is designed to avoid an economic recession, this is not the case with the BEAC's monetary policy, which has raised its key rates in order to combat inflation. Monetary tightening is detrimental to economic activity, with financing capacities deteriorating for businesses, public administrations and private individuals at a time when spending and consumption have already slowed.

In terms of public finance management, State budget resources mobilized in 2022 amount to 5,988.5 billion, against a forecast of 5,992.7 billion. Compared with 2021, these resources will increase by 935.7 billion (+18.5%), due to the good performance of domestic revenues, particularly oil revenues.

As for the strategic orientations of public policies for the 2024-2026 period, the various challenges concern the finalization and commissioning of major projects, the modernization of production factors in the rural and agricultural sectors, and the implementation of the import substitution policy. In addition, during this three-year period, the government intends to take steps to strengthen and consolidate the decentralization process.

The Government's public finance policy will continue to be based on fiscal consolidation aimed at ensuring the sustainability of the budget deficit, with a view to ensuring debt sustainability, while guaranteeing satisfactory implementation of the SND30, in line with the Economic and Financial Program agreed with the IMF.

On the basis of macroeconomic assumptions, planned fiscal efforts and potential financing, the State's projected resources in 2024 are 6,472.4 billion. These resources would average 5,519.6 billion between 2025 and 2026. Over the period 2024-2026, the budget deficit should continue its downward trend, in line with the objective of consolidating fiscal policy, averaging 242.4 billion. As a result, the overall budget deficit should stand at 1.0% of GDP in 2024. In the medium term, this deficit should widen to 1.4% in 2026.

It should be noted, however, that these budget projections are still exposed to a number of risks which could weaken them, and which we must strive to control in order to avoid budgetary slippage. In the same spirit, the principle of prudence should govern the search for financing in the context of domestic and external indebtedness.

## ANNEXE : ÉVOLUTION DES INDICATEURS CLÉS DE L'ÉCONOMIE CAMEROUNAISE

Appendix : Key indicators for the Cameroonian economy

	History		Estimations			Projections		
	2020	2021	2022	2023		2024	2025	2026
Real sector				Budget	New			
<b>GDP at current prices (billions of FCFA)</b>	<b>23 469</b>	<b>25 141</b>	<b>27 959</b>	<b>29 255</b>	<b>29 446</b>	<b>31 288</b>	<b>33 499</b>	<b>35 946</b>
Oil GDP	477	943	1 643	1 082	1 252	1 096	1 178	1 278,9
Non-oil GDP	22 991	24 199	26 316	28 173	28 194	30 192	32 321	34 667
<b>GDP at constant prices (growing)</b>	<b>0,3</b>	<b>3,6</b>	<b>4,0</b>	<b>4,2</b>	<b>3,8</b>	<b>4,3</b>	<b>5,0</b>	<b>5,1</b>
Oil GDP	3,0	-3,2	-0,8	-1,3	-1,8	-2,2	11,0	7,9
Non-oil GDP	0,2	3,8	4,2	4,5	4,2	4,6	4,7	4,9
<b>Price</b>								
GDP deflator	0,8	3,4	6,9	1,7	1,5	1,9	2,0	2,1
Consumer prices	2,5	2,5	6,3	3,0	5,9	3,0	2,5	2,5
Export prices	-15,9	81,2	28,5	-20,9	-20,9	2,5	6,4	7,5
<i>Cameroonian oil prices</i>	<i>-46,9</i>	<i>65,9</i>	<i>40,3</i>	<i>-12,9</i>	<i>-22,4</i>	<i>-10,5</i>	<i>-3,2</i>	<i>0,6</i>
Import prices	-4,3	3,6	20,6	3,3	7,5	2,6	1,0	0,7
Terms of trade	<b>-11,6</b>	77,7	7,9	-16,2	-28,4	-0,1	5,5	6,9
<b>Sector breakdown</b>								
Primary sector	17,5	16,9	16,9	16,1	16,9	16,7	16,5	16,4
Secondary sector	23,0	24,5	26,9	24,1	25,4	24,5	24,2	23,9
oil	2,0	3,8	5,9	3,7	4,2	3,5	3,5	3,6
Service sector	51,8	51,1	50,8	52,6	52,9	54,0	54,6	55,2
<b>Demand components</b>								
Consumer	85,6	84,8	83,8	83,2	83,4	83,6	83,8	79,6
Private	73,3	72,8	72,2	71,4	71,4	70,7	70,2	67,5
Public	12,3	12,0	11,5	11,8	12,0	12,9	13,6	12,2
GFCF	18,2	18,8	18,7	18,6	19,0	17,9	18,1	21,0
Private	14,1	14,8	15,1	15,2	15,5	14,4	14,4	17,1
Public	4,1	4,0	3,7	3,5	3,5	3,6	3,6	3,9
G&S exports	15,2	16,7	17,6	17,9	17,4	17,1	15,5	15,5
G&S imports	18,5	20,4	20,1	19,7	19,8	18,7	17,4	16,1
<b>Public Sector</b>								
Total revenues and Donations	13,7	14,4	16,1	16,1	16,2	15,8	16,2	16,2
Total revenues (excluding Donations)	13,5	13,9	15,9	15,5	15,9	16,0	15,8	15,7
<i>Oil companies</i>	<i>2,1</i>	<i>2,3</i>	<i>1,53</i>	<i>1,66</i>	<i>1,6</i>	<i>3,1</i>	<i>2,5</i>	<i>1,8</i>
<i>non-oil (tax pressure)</i>	<i>11,3</i>	<i>11,7</i>	<i>11,9</i>	<i>12,6</i>	<i>12,7</i>	<i>13,1</i>	<i>13,4</i>	<i>13,7</i>
Expenditures	16,8	16,9	17,3	16,6	16,7	16,6	16,7	15,0
<i>current</i>	<i>12,1</i>	<i>12,3</i>	<i>12,3</i>	<i>12,4</i>	<i>12,6</i>	<i>11,6</i>	<i>11,1</i>	<i>9,8</i>
<i>capital</i>	<i>4,9</i>	<i>5,1</i>	<i>4,1</i>	<i>4,8</i>	<i>4,8</i>	<i>5,3</i>	<i>5,6</i>	<i>5,2</i>
<b>Overall budget balance (ordinance basis))</b>								
<b>Donations included</b>	<b>-3,1</b>	<b>-2,2</b>	<b>-1,1</b>	<b>-0,9</b>	<b>-0,8</b>	<b>-1,0</b>	<b>-1,4</b>	<b>-1,4</b>
Reference budget balance (CEMAC)	-3,3	-2,4	-2,9	-1,8	-1,7	-0,9	-1,2	-1,4
<b>Non-oil primary budget balance</b>	<b>-4,1</b>	<b>-3,5</b>	<b>-3,8</b>	<b>-2,6</b>	<b>-2,5</b>	<b>-2,1</b>	<b>-2,4</b>	<b>-2,3</b>
<b>External sector</b>								
<b>Current account balance</b>	<b>-3,7</b>	<b>-4,0</b>	<b>-2,8</b>	<b>-2,3</b>	<b>-2,9</b>	<b>-3,5</b>	<b>-2,6</b>	<b>-2,5</b>
<b>Overall balance</b>	<b>-1,8</b>	<b>-0,6</b>	<b>1,8</b>	<b>0,3</b>	<b>0,6</b>	<b>0,2</b>	<b>0,0</b>	<b>-1,4</b>
<b>Monetary situation (nominal growth)</b>								
Money supply (M2)	12,8	17,1	9,4	8,1	10,5	8,2	8,5	8,6
Net foreign assets	-0,5	11,4	4,5	3,2	1,2	2,8	1,5	1,6
Credit to the economy	4,8	12,7	19,5	7,0	9,3	7,3	7,5	9,8

Source : Scoping committee



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