

JOINT CIRCULAR-LETTER N° **0000025** /JC/MINFI/MINDDEVEL OF **03 OCT 2023**
relating to the preparation of budgets of Regional and Local Authorities for the 2024 financial year.

The Minister of Finance
and
The Minister of Decentralization and Local Development

To

The

- **Presidents of Regional Councils;**
- **Presidents of Regional Executive Councils;**
- **Mayors of City Councils;**

The

- **Mayors of Sub-Divisional Councils;**
- **Mayors of Councils.**

1. This joint circular letter relates to the preparation of the budgets of Regional and Local Authorities (RLA) for the 2024 financial year.
2. It outlines the macroeconomic context, sets the objectives of local public action as well as the practical provisions defining the preparation of the budgets of Regional and Local Authorities for the 2024 financial year.
3. It complies with the provisions of the following texts:
 - law no. 2018/011 of July 11, 2018 on the Code of Transparency and Good Governance in the Management of Public Finances in Cameroon;
 - law No. 2018/012 of July 11, 2018 on the Financial Regime of the State and Other Public Entities;
 - law No. 2019/024 of December 24, 2019 on the General Code of Regional and Local Authorities;
 - law no. 2009/019 of 15 December 2009 on local taxes;
 - decree No. 2021/3353/PM of June 17, 2021 setting the budget nomenclature for Regional and Local Authorities.
4. In addition, it is in line with the guidelines of the budgetary policy defined by Circular No. 001 of August 23, 2022 of the President of the Republic relating to the preparation of the State budget for the 2024 financial year, as well as the Joint Order No. 00031/JO/MINDDEVEL/MINFI of March 3, 2021 fixing the budget calendar for Regional and Local Authorities.

5. The process of preparing RLAs budgets for the 2024 financial year is part of the implementation of the Nation's economic, social and cultural development policy, underpinned by the National Development Strategy 2020-2030 (NDS30). This strategy operationalizes the second phase of the 2035 vision, taking into account the requirements of the Economic and Financial Programme concluded with the International Monetary Fund (IMF). In addition, the preparation of the 2024 budgets take place in a security context marked by the persistence of endogenous and exogenous threats to our country.
6. The preparation of RLA budgets for the 2024 financial year, aims to provide them with a socio-economic impact budget. To this effect, particular emphasis should be placed on strengthening social cohesion and deepening the process of decentralization, with a view to consolidating the sustainable growth of the region.

I. MACROECONOMIC CONTEXT

A. At the International level

7. The preparation of the RLAs budgets for the 2024 financial year is taking place in an international environment marked by the gradual recovery of the world's economy, despite the persistent uncertainties, in particular:
 - degradation of climatic conditions which would negatively impact agricultural yield;
 - continues disruption of supply chains caused by the Russian-Ukraine conflict;
 - continues depreciation of the euro against the US dollar, which leads to an increase in the cost of servicing the external debt and imports.
8. In 2023, the International Monetary Fund (IMF) estimates the growth of the world's economy at 2.8%, compared to 3.4% in 2022. This decline was mainly due to economic slowdowns recorded in most regions of the world. In the group of advanced economies, growth is expected to slow to 1.3%, after 2.7% in 2022, in line with the reduction in production in the manufacturing sector and the persistence of inflationary pressures. In emerging and developing countries, economic activity is expected to experience a slight slowdown, with growth estimated at 3.9% after 4.0% in 2022.
9. With particular regard to sub-Saharan Africa, due to inflationary pressures, the tightening of financial conditions and the decline in external demand, it should record a slowdown in economic activity with growth that would drop from 3.9% in 2022 to 3.6% in 2023.

10. Global inflation is expected to slow to 7% after 8.7% in 2022. This is mainly due to the sharp turnaround in energy and food prices. In advanced countries, it would be 4.7% after 7.3% in 2022. In emerging and developing countries, it should return to 8.6% after 9.8% in 2022. In sub-Saharan Africa, inflation is estimated at 9.6% after 12.2% in 2022.
11. In 2024, the IMF forecasts an improvement in global growth, with a rate of 3.0%, assuming inflation and other effects of the Ukrainian crisis would have gone better. Growth would be 1.4% in advanced countries and 4.2% in emerging and developing countries. In sub-Saharan Africa, growth is projected at 4.2%.
12. The inflation rate would be 4.9% for the global economy. It would be 2.6% in the group of advanced countries and 6.5% in that of emerging and developing countries.
13. On the international markets, crude oil prices are expected to decline in 2024 to settle on an average of 79.9 dollars per barrel after an average level of 80.5 dollars estimated in 2023, non-fuel commodity prices are expected to remain broadly unchanged.

B. At the community level

14. In the CEMAC zone, the BEAC expects a slowdown in economic activity, with a growth rate estimated at 2.7% in 2023, after 2.9% in 2022. This situation would continue to be maintained by inflationary surges and the pursuit of a restrictive monetary policy. Overall, growth is projected at 2.9% in 2024. Inflation is expected to decline to 2.7% in 2023 from 5.2% in 2022.

C. At the National level

15. Economic growth has been revised to 3.9% in 2023, against 4.2% retained for the initial finance law, due to the deterioration in the outlook for the world economy and the latest developments in the national situation. On the supply side, the oil sector is expected to decline to -1.7% in 2023, due to a fall in oil production.
16. In the non - oil sector, growth is projected at 4.2%, compared with 4.5% initially forecast, following a revision mainly in manufacturing industries, which continues to face difficulties in the supply of raw materials and higher production cost. Growth in the non –oil sector will be driven mainly by local production, in line with the implementation of the “tax substitution policy”.
17. With regards to Gross Domestic Product (GDP), household consumption should grow by 3.0%, due to the favorable trend in agricultural income, consumer credit,

transfers from the diaspora and the measures taken by the Government to mitigate the investment impact which is expected to slow to 2.6% from 3.4% in 2022, in line with the decline in public investment.

18. With regard to prices, inflation is estimated at 6.7% in 2023 against 3% initially forecast, taking into account the effects of the readjustment of fuel prices at fuel stations and its induced effects on other products.
19. In 2024, Cameroon's economic outlook remains positive, although marked by uncertainties related to the international environment. Real GDP growth is projected at 4.2%, being 4.6% for the non-oil sector and -2.3% for the oil sector. The non-oil sector should benefit from the improvement in energy supply with the commissioning of the Nachtigal dam and the strengthening of the electricity distribution network. This should, in addition to the implementation of the import substitution policy, the increase in supply of power energy would favour the production capacities of certain factories, and support the dynamism of manufacturing industries.
20. In particular, as concerns RLAs, economic growth should be driven by companies emanating from the following sectors:
 - **primary sector**, "industrial agriculture and exportation" (5.2% projected growth), "food crop agriculture" (2.7%), "livestock and hunting (4.1%)", "Forestry and logging (3.6%) and "fishing and fish farming" (3.6%);
 - **secondary sector**, "agro-food industries" (5.8%), "other manufacturing industries" (6.7%), "Buildings and Public Works" (5.6%), "production and distribution of water and sanitation" (4.2%);
 - **tertiary sector**, "trade and repair of vehicles" (3.7%), "transport, warehouses and communications" (6.3%), "restaurants and hotels" (4.7%), "education" (4.8%) and "health and social action" (4.1%).
21. Inflation should gradually return below the 3% threshold for the CEMAC zone, thanks to the adjustments and measures to combat price increases implemented by the Government

II. OBJECTIVES OF LOCAL PUBLIC ACTION

22. Local public action in Cameroon in 2024 will focus, on accelerating and deepening the decentralization process, promoting local development, as well as strengthening local governance, with a view to improve the environment and living conditions of the populations. It must contribute to the strengthening of economic and social progress.

23. The RLAs will have to position themselves more as poles of inclusive economic growth, in strict compliance with the powers transferred to each level of Regional and Local Authorities and in accordance with the legislation and regulations in force, local public action will have to be built around the main points below:

- strengthening governance and local administration;
- improving the supply of basic social services;
- promoting economic development and protecting the environment;
- promotion of citizenship, culture, sports, tourism and support for youths.

24. In terms of governance and local governing, the efforts already undertaken will need to be strengthened. As such, improving transparency and cleaning up the management of local Public Finances must be continued through the following measures:

- promote results-based management based on the RLAs strategy in line with the strategic vision of the State;
- aligne activities and actions under the RLA programs with national public policies;
- move towards a multi-annual expenditure and revenue approach, clearly defined in the framework documents, without altering the financial equilibrium;
- respect of budgetary principles of sincerity and transparency, without omitting the exigencies of regularity and conformity;
- guarantee rational management of material and heritage resources;
- guarantee good control of human resources by prioritizing performance and skills.
- refrain, as far as the Regions are concerned, from recruiting staff, pending the recruitment procedures defined by regulation;
- refrain from granting staff already in service, remunerations, allowances and other benefits not provided for by the regulations in force;
- set up council police services within the limits of local resources and the needs of the council;
- ensure the training of police agents who would be deployed at the municipal police service in strict compliance with the provisions of Decree N°2022/354 of 09 August 2022 laying down the procedures for exercising the council police;
- guarantee equal access to civil status services;
- finalise the process of drawing up special planning tools for RLAs that have not yet fulfilled these regulatory requirements;
- promote citizen participation at all levels of local governance, particularly in the planning, programming and budgeting of local projects, while considering well-structured opinions of the citizens;
- clear contracted debts in a chronological manner with respect to a well-structured plan for that purpose;

- put in place auditing, monitoring and management systems including any other form of control of local actions and activities;
- ensure the functioning of the deliberative bodies while respecting the regulatory deadlines for holding all council or regional deliberative sessions;
- systematically submit for opinion to the National Public Debt Committee (CNDP) any external debt project, including those resulting from Public-Private Partnerships (PPP).
- guarantee free access for all to public procurement;
- implement awareness-raising actions, monitoring of hate speech as well as those relating to the promotion of living together and citizenship;
- guarantee the enforcement of final court judgement.

25. In terms of improving the supply of basic social services, this will involve:

- to strengthen the offer in terms of health and assistance to populations with an emphasis on vulnerable people, in particular people with disabilities and economically fragile people;
- continue to strengthen the provision of education;
- to promote technical and vocational training;
- mainstream gender throughout the budget cycle;
- to ensure that waste management plans are drawn up in compliance with decree n° 2023/04186/PM of 24 July 2023.

26. In terms of economic development and environmental protection, it will be a question to:

- develop the local economic fabric while protecting the environment and natural resources;
- strengthen the inclusive nature of economic growth, by favoring the High Intensity of Labour (HIMO) approach in the design and implementation of investment projects;
- rehabilitate and maintain existing infrastructure;
- plan and develop Regional and Local Authority sites, with a view to promote on one hand, the implementation of second-generation agriculture and increase local supply of goods and agricultural products and on the other hand, to reinforce food storage, packaging and distribution capacities;
- promote the conditions for job creation;
- promote income-generating activities;
- direct public procurement of goods and services towards local production;
- develop transport infrastructure and open up production areas, in order to facilitate trade and the supply of markets under the best possible conditions.

27. In terms of promoting citizenship, culture, sports, tourism and support for youths, it will be necessary to take into account:

- the supervision of youth, civic education and promoting the socio-professional integration and self-employment of youths;
- promote the national policy on bilingualism in application of law n° 2019/019 of 24 December 2019;
- the promotion and enhancement of culture, arts and national languages;
- the creation and promotion of leisure sites.

III. PRACTICAL ARRANGEMENTS FOR THE PREPARATION OF BUDGETS

28. The objectives pursued by the RLAs in matters of local Public Finance is to ensure optimal mobilization of their revenue, while anchoring the quality of expenditure in compliance with budgetary principles.

A. In terms of revenue

29. The revenue forecasts will be made on the basis of the average of the achievements appearing in the approved administrative accounts of the last three financial years, taking into account the objectives of local tax yield and the income from the exploitation of the estate and services.
30. The base services of RLAs and the State tax services should systematize the holding of concertations, under the auspices of the competent administrative authority, with a view to the development of realistic forecasts. Likewise, they will have to collaborate with the sectoral administrations, in order to explore new revenue prospects.
31. The priority remains the optimal mobilization of revenue, while ensuring, in conjunction with the dedicated state services, better support for the local economy through the supervision of very small businesses, to cope with the economic repercussions resulting from the exogenous and endogenous crises.
32. Outstanding amounts to be collected correspond to revenue issued and not collected by the RLAs accountant for various reasons. They must be taken into account in the budget for the 2024 financial year.
33. The RLAs revenue is made up of tax revenue, proceeds from the operation of the domain and services, endowments and subsidies, as well as other revenue.

a- Tax revenue and proceeds from the operation of the estate and services

34. The tax revenues of RLAs are made up of all deductions made for them by the State tax services, as well as those made by their tax base services.
35. Revenue from the operation of the estate and services, is made up of income from the regional or municipal public estate, income from the regional or municipal private estate and income from services;
36. Tax revenue and operating income from property and services must be realistically evaluated and included in CTD budgets.
37. RLAs need to forecast resources to optimize tax revenues for:
 - widening of the base;
 - securing revenues and their collection circuit;
 - implementation of collection incentives;
 - strengthening control operations;
 - the fight against fraud and tax evasion;
 - promoting tax compliance.

b- Endowments and subsidies

38. the General Decentralization Endowment, intended for the partial financing of decentralization, includes, excluding tax transfers, all the financial resources that the state provides, in the form of budgetary allocations included in the Finance Law, in particular at the disposal of the Regional and Local Authorities for the exercise of powers transferred. It is divided into two main components: the general operating grant and the general investment grant.
39. The repayment of the General Operating Grant (DGF) allocated by the City Councils to Sub-Divisional Councils remains compulsory. To this end, they must provide the necessary resources for its indexation and effective payment in accordance with the regulations in force.
40. The indexation modalities, repartition and repayment of General Operating Grants have to conform with Order n° 4011/A/MINDDEVEL of 16 February 2021, modified and completed by Order n°000130/A/MINDDEVEL of 16 June 2022.
41. General Operating Grant to be paid by the City Councils must be evaluated and included in the budget of the Sub-Divisional Councils.
42. With regards to subsidies, any resource from the state or any other public body must imperatively be included in the budgets of RLAs, on the basis of formal conventions or agreements between the RLAs and the said partners.

c- Other revenue

43. Revenue from forestry, wildlife, fisheries, livestock, survey and land tenure, mines should be budgeted taking into account the contracts or any other document in lieu of fact effectively signed on the basis of the average of the achievements appearing in the approved administrative accounts of the last three fiscal years.
44. The RLAs and their establishments must inform the Ministers in charge of RLAs and of finance respectively, of any funding provided to them in terms of decentralized cooperation, their external actions as well as the various partnerships with private bodies in accordance with the regulations in force. The same obligation of information is incumbent on the various partners indicated, including international donors.
45. Any resource resulting from decentralized cooperation and partnerships must imperatively be included in the budgets of RLAs, on the basis of conventions or formal agreements between the RLAs and the said partners.
46. Donations and legacies must be the subject of a regularly approved deliberation before its acceptance and its inclusion in their budget prior to its use. However, RLA executives may accept gift and legacies with reservation and request authorisation from the deliberative body prior to their use.

B. In terms of expenditure

47. Budgetary choices will continue to be guided by the search for greater efficiency in spending, the improvement of local public service through allocation, and transparent and efficient management of public funds. Particular emphasis will be placed on general interest expenditure.
48. Expenditure forecasts must be made inclusive of all taxes (TTC) in line with the actual level of own revenue generated by the RLAs, the resources allocated by the State as well as the various sources of funding to be received from partners.
49. The RLAs will take care to include in their budgets, as a priority, the appropriations for the 2024 financial year, to cover the expenses incurred and not authorized for the 2023 and previous financial years.
50. In order to reduce the arrears and debts of RLAs, a quota of budgetary appropriations must be devoted to the budgeting of previous commitments.
51. Priority in the recording of credits will be given to ongoing commitments.

a- Operating expenses

52. Operating expenses are those related to the operation of services and which is renewed without affecting the assets. They allow Regional and Local Authority to meet its current charges and obligations.
53. The RLAs will ensure that the amounts of credits voted correspond to the real and priority operating needs, while respecting the following ratios, set by the law on the General Code of RLAs:
 - *for the Regions* : operating expenses will not exceed 40% of total expenses and personnel expenses will not exceed 30% of operating expenses;
 - *for City Councils and Councils* : operating expenses will not exceed 60% of total expenses and personnel expenses will not exceed 35% of operating expenses.
54. The RLAs must include in their budgets the resources necessary to cover all the compulsory expenses provided for by the legislation in force.
55. The projected recruitments must take into account Regional and Local Authorities, as well as budgetary availability. The cost of recruited personnel must be within the limits of authorized ceilings for personnel expenses and backed by a realistic annual recruitment plan.
56. The operating resources allocated to the RLAs by the MINSANTE are intended for the management of Medical and Paramedical personnel, the number and quality of which are determined according to the needs expressed by the Health Facilities (FO_{SA}) under the responsibility of RLA.
57. With regards to the payment of tax and social security debt arrears, special attention should be paid to their proper budgeting, in order to honour the clearance plan drawn up by mutual agreement.
58. The RLAs, before any new contractual commitment for the removal of household waste with a third party, will ensure that the State's share should not exceed the provision stipulated in the 2024 Finance Law.
59. In order to guarantee the optimal functioning of the council and regional services, the RLAs will have to ensure that their respective budgets include the resources necessary to finance the activities of the said services, in this case the council and regional revenue, the procurement commissions, main and secondary civil status centres.

60. The Yaoundé and Douala City Councils, will take care to include in their respective budgets, credits for the management of public procurement regulatory rights in accordance with Decree No. 2011/1339 / PM of May 23, 2011 on the exemption of regulation of public contracts and granting the benefit of the costs of acquisition of tender documents for contracts to RLAs.
61. The RLAs must also provide, in their respective budgets, the necessary resources for monitoring the execution of their public investment projects.
62. Councils, City Councils and Sub-Divisional Council planning to set up municipal police departments, will ensure that resources are set aside in their budgets for the training of municipal police officers.

b- Investment expenditure

63. Investment expenditures are those which allow the construction of equipment, buildings and infrastructures, as well as the acquisition of materials relating to works, in the economic, social, health, educational, cultural and sports fields.
64. Investment expenditure at the local level should primarily be used to strengthen existing infrastructure and complete the one under construction, with a view to optimize their social or economic performance.
65. The inclusion of a project in the Investment Budget of Regional and Local Authorities must be done in compliance with the regulatory procedures in force, in terms of maturation, programming and budgeting.
66. The choice of an investment project at the local level must take into account the capacity of RLA to ensure, in the future, the operating and maintenance costs that will result from it.
67. RLAs have to budget resources for the elaboration of the planification and programming of budgetary tools.
68. The new development projects of RLAs to be carried out for the 2024 financial year must be derived from their local planning documents and meet the requirement of harmonious, balanced, united and sustainable development of their respective territories within the limited competences transferred.
69. The executives of RLAs will have to take into account the conclusions resulting from the Budgetary Orientation Debate (DOB) and the citizens' consultations.
70. The representatives of the State, the legislative bodies and the executives of RLAs will also have to ensure compliance with the ratios fixed by law in terms of

investment, namely: 40% minimum of the total expenses of the Councils and 60% minimum for the Regions.

71. The resources transferred to the RLAs from the State Public Investment Budget will be allocated in the form of allocations by the ministries concerned, it being up to these Communities to budget them in projects.
72. The resources transferred to Regional and Local Authorities registered in the budgetary chapter of MINDDEVEL, will have to be used for the realization of the multi-sectoral public investment projects and falling under the competences which are devolved to them.
73. With regards to the resources transferred to Regional and Local Authorities registered in the budgetary chapters of other administrations, they must be used for the realization of sectoral public investment projects falling exclusively within the areas of competence of the said administrations, under the technical supervision of the decentralized structures, authorities of the said Ministries in accordance with the powers transferred and the provisions of the related implementing decrees.
74. The projects approved by the RLAs will be budgeted within a consultation framework chaired by the representative of the State.
75. A copy of the minutes sanctioning the work of this consultation framework must be sent to MINEPAT, MINFI, MINMAP and the sectoral Ministries concerned for the purposes of monitoring, developing and publishing the related expenditure authorizations.

IV. MISCELLANEOUS AND FINAL PROVISIONS

76. The budgets of Councils must be consistent with the programmes of the Regions to which they are attached. Similarly, this consistency must be established between the budgets of the Regions and those of the Councils within their territorial jurisdiction.
77. The Councils and Regional Executives should strive to ensure better mobilization of their resources and good control of their expenditure, in order to better follow up the decentralization process.
78. The RLAs budget, produced in 12 copies, must be voted on by December 15, 2023 at the latest and approved by order of the State representative, within fifteen (15) days of the date of its reception.

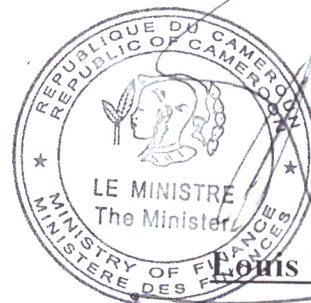
79. The RLAs budget must comply with the budget presentation requirements introduced by the reform and modernization of Public Finances, including the annexes mentioned in articles 418 and 420 of the Law relating to the General Code of Regional and Local Authorities.
80. A copy of the voted and approved budget of each RLA is sent, at the behest of the Chief Executive of the RLA concerned, to the Minister in charge of finance and to the Minister in charge of Regional and Local Authorities respectively.
81. The Specialized Finance Controller assists in the various budget preparation works. In the course of this work, the opinion of the Finance Controller relates to the sustainability of revenue and expenditure forecasts.
82. The Finance Controller gives an opinion on the sincere and sustainable nature of the expenditure commitment plans.
83. The Minister in charge of finance and the Minister in charge of regional and local authorities attach great importance to the strict application of the guidelines contained in this Circular Letter. /-

**The Minister of Decentralization and
Local Development,**



Georges ELANGA OBAM

The Minister of Finance,



Louis Paul MOTAZE

Copies:

- MINETAT/SG/PR;
- SG/PM;
- MINEPAT;
- GOVERNORS;
- SENIOR DIVISIONAL OFFICERS;
- DG/FEICOM;
- ARC;
- CVUC.