International Monetary Fund

Cameroon and the IMF

Press Release:
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June 26, 2017

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Cameroon: Letter of Intent, Memorandum of Economic Financial Policies, and Technical Memorandum of Understanding

June 16, 2017

The following item is a Letter of Intent of the government of Cameroon, which describes the policies that Cameroon intends to implement in the context of its request for financial support from the IMF. The document, which is the property of Cameroon, is being made available on the IMF website by agreement with the member as a service to users of the IMF website.

Appendix I. Letter of Intent

June 16, 2017

Ms. Christine Lagarde
Managing Director
International Monetary Fund
700 19th Street, N.W.
Washington, D.C. 20431
U.S.A.

Dear Ms. Lagarde:

The economy of Cameroon has sustained the twin shock of falling petroleum prices and the security threats in the subregion. It continues to show resilience, particularly because of its diversification, which enabled the country to maintain robust growth. Nevertheless, these external shocks have led to fiscal deterioration due to the decline in petroleum revenue combined with an increase in security and humanitarian outlays related to the flood of refugees from Cameroon's neighboring countries (Nigeria and the Central African Republic), displaced persons within the country, and food-insecure populations. In addition, as we are faced with the need for our country to continue to acquire the infrastructure necessary for its development, public debt has increased substantially, although it remains sustainable. External accounts were also affected negatively by the decline in commodity prices, which contributed to the sharp decline in our country's reserve coverage.

The government is determined to restore fiscal and external sustainability in the medium term and to keep public debt on a sustainable path. This requires a fiscal consolidation of just under 5 percent of GDP over three years, of which about 3 percent of GDP will be in 2017. This consolidation is driven by measures designed to increase revenue and rationalize and improve the quality of public expenditure, particularly for expenditure linked to priority investments, while preserving certain social expenditure and emergency humanitarian aid in Northern and Eastern Cameroon. Special emphasis has been placed on strengthening the credibility and transparency of the budget as part of our fiscal reform plan. Debt policy will aim at slowing the pace of new external debt commitments by favoring concessional loans and financing in the form of public-private partnerships.

This economic and financial program is part of a collective effort of the CEMAC countries to address the economic crisis afflicting the subregion. In keeping with the commitments outlined in the final communiqué of the Extraordinary Summit of CEMAC Heads of State of December 23, 2016 in Yaoundé, the Government has agreed to take concerted action with the other CEMAC countries and regional institutions to ensure that the policies implemented are consistent with maintaining fiscal and external sustainability for the region, as well as the stability of its monetary arrangement.

Cameroon's program of economic reforms is consistent with the objectives of our Growth and Employment Strategy Paper (GESP), which aims to reduce poverty and underemployment and accelerate economic growth to achieve emerging country status by 2035. Accordingly, the government intends to continue its efforts to provide the country with modern infrastructures capable of attracting private investment while improving the business climate. The objective is to set the stage for the private sector to take over as the driving force for development. Economic activity will also benefit from enhanced stability in the financial sector and expanded access to credit.

The objectives of the government's economic and financial program are outlined in the attached Memorandum of Economic and Financial Policies (MEFP). The government of Cameroon would like to request the IMF's support in its implementation under a three-year arrangement supported by the Extended Credit Facility (ECF) covering the period 2017–20, in an amount equivalent to 175 percent of its quota, corresponding to SDR 483 million (or approximately CFAF 415 billion), to be disbursed in seven tranches, as well as through the establishment of quantitative performance criteria and structural measures until December 2017. To meet our balance of payments financing requirement, amounting to approximately 4.7 percent of GDP in 2017, and to support our fiscal consolidation effort, we are requesting an initial disbursement of 45 percent of our quota.

The government believes that the policies and measures outlined in the MEFP will make it possible to achieve the program's objectives. It agrees to undertake any additional measures that may be required for that purpose. The Cameroonian authorities will consult with the IMF on any additional measures that may be required in advance of any revisions to the policies contained in the MEFP, in accordance with the Fund's policies on such consultations. To facilitate program monitoring and assessment, the government undertakes to report all required information regularly to IMF staff, in a timely manner, and in accordance with the attached Technical Memorandum of Understanding.

Finally, the government confirms that it agrees to the publication of this Letter, the MEFP, the Technical Memorandum of Understanding, and the IMF Staff Report on this Program.

Sincerely yours,

/s/

Philemon Yang
Prime Minister and Head of Government

Attachments: Memorandum of Economic and Financial Policies
Technical Memorandum of Understanding

Attachment I. Memorandum of Economic and Financial Policies For 2017–19

I. INTRODUCTION

1. **This Memorandum of Economic and Financial Policies (MEFP) describes the recent economic developments and economic priorities and objectives** of the authorities of Cameroon concerning their request for an arrangement supported by the International Monetary Fund (IMF) through the Extended Credit Facility (ECF) for the period 2017–19.

2. **This economic and financial program is part of a collective effort by the countries of the Central African Economic and Monetary Community (CEMAC) to address the economic crisis affecting the subregion.** In keeping with the commitments outlined in the final press release of the Extraordinary Summit of the CEMAC Heads of State of December 23, 2016 in Yaoundé, the government undertakes to engage in concerted action with the other CEMAC countries and regional institutions to ensure that all policies implemented are consistent and that they collectively support the region's fiscal and external sustainability, as well as the stability of its monetary arrangement. The economic program of the government of Cameroon is being implemented against a particularly difficult backdrop characterized by the twin shock of falling petroleum prices and security threats in the Lake Chad Basin and in the Central African Republic. This program, supported by the ECF, aims to restore external and fiscal sustainability, to improve the competitiveness of Cameroon's economy while supporting economic growth and to strengthen the resilience of the financial sector.

3. **The economic reforms described in this Memorandum are consistent with the Growth and Employment Strategy Paper (GESP), which represents the country's 10-year development strategy for 2010–20.** The GESP's main objectives are to ensure strong, inclusive growth with a view to significantly reducing poverty and attaining emerging country status by 2035.

II. RECENT ECONOMIC DEVELOPMENTS AND POLICY FRAMEWORK

A. Recent economic developments

4. **Cameroon's economy has shown resilience to the twin external shock.** Economic diversification has been a major asset that has enabled the country to maintain strong economic growth despite the sharp decline in the price of oil and other commodities. However, growth has slowed somewhat, declining from 5.9 percent in 2014 to 5.8 percent in 2015 and then to around 4.5–5 percent in 2016. Oil production, which had increased since 2012 because of production in new oilfields and offset the price decline in 2015, declined slightly in 2016. In addition, some industries have been unable to benefit from investments made in the energy sector due to inadequate electricity transmission infrastructure. However, the positive performance attributable mainly to the primary sector through food agriculture and construction and public works offset this slowdown to a certain extent.

5. Following a slight increase of 2.7 percent in 2015 deriving from second-round effects of the increase in retail fuel prices in 2014, inflation in 2016 fell below the CEMAC convergence criterion of 3 percent. Inflation stood at 0.9 percent in 2016, a decline of 1.8 points. This decline primarily reflects lower prices for communication and, in particular, transportation costs, which fell by 0.7 percent in 2016 against an increase of 7.5 percent in 2015. The decline in transport costs was also supported by the government's decision in January 2016 to reduce the price of gasoline from CFAF 650 to CFAF 630 and the price of diesel fuel from CFAF 600 to CFAF 575.

6. The fiscal situation deteriorated in 2016. The significant fall in petroleum revenue, in addition to higher-than-expected disbursements in the 2016 budget, contributed to the widening of the fiscal deficit, which can be expected to amount to 6.5 percent (on a payment order basis). This is due in part to a substantial commitment in the budget devoted to the war against Boko Haram, refugees and displaced persons in Northern and Eastern Cameroon, capital expenditure related to the Emergency Plan, and the gradual clearing of arrears from prior fiscal years. The government has continued to implement its ambitious public investment budget to mitigate the infrastructure deficit and to attract the private investment required for stronger, inclusive growth.

7. Public debt remains under control, although it increased substantially between 2013 and 2016. The stock of public debt is expected to be around 34.1 percent of GDP at end-2016, as compared to 19 percent in 2013 as a result of (i) accelerated disbursements for the completion of major infrastructure projects (first generation of the GESP); (ii) the first international debt issue (Eurobonds) in 2015 in the amount of US$750 million, equivalent to approximately CFAF 450 billion; (iii) the mobilization of financing for the implementation of the three-year emergency plan to accelerate growth (PLANUT), which will impact growth beginning in 2018; and the incorporation of domestic and external payment arrears (3.5 percent of GDP) and the debt of SONARA, the national refinery, to its suppliers (0.5 percent of GDP).

8. The external accounts registered a sharp decline in coverage of our reserves from 5.9 months of imports in 2015 to 3.7 months in 2016. Despite a slight improvement in the current account of the balance of payments, driven by a substantial reduction in imports, the capital account was negatively affected by an accumulation of outward deposits from the private nonbanking sector, deriving substantially from the low level of export revenue repatriation. The monetary position reflected slow growth in money supply and credit to the economy combined with a sharp deterioration in the net position of the government *vis-à-vis* the banking system due to the concurrent effects of the use of Eurobonds and recourse to statutory advances from the Bank of Central African States (BEAC) and issuances of bills and bonds in the banking system.

B. Implementation of the Growth and Employment Strategy Paper

9. In August 2009, Cameroon adopted the GESP as reference framework for government action during the period 2010–20, aiming to reduce poverty and underemployment while accelerating economic growth with a view to attaining emerging country status by 2035 (Vision 2035). The main objectives of the GESP are as follows:

- Increase annual average economic growth to 5.5 percent between 2010 and 2020;
- Reduce underemployment by approximately one third, from 75.4 percent in 2005 to less than 50 percent in 2020;
- Reduce the poverty rate from 39.9 percent in 2007 to less than 28 percent in 2020.

10. Implementation of the GESP is monitored through semiannual and annual assessments. The most recent assessment was carried out in 2016. The report shows that the growth rate for the period 2010–15 was 4.9 percent, more than one percentage point below the target of 6.1 percent projected in the GESP. This growth was driven in particular by domestic demand following the implementation of major investment projects, including the construction of the Kribi gas fired power station, the Kribi industrial port complex, including the Kribi deep water port, the construction of the Lom Pangar reservoir dam, the construction of the eastern and western entrances to the city of Douala, the Memve'ele and Mekin hydroelectric dams, the start of works on the Douala-Yaoundé and Yaoundé-Nsimalen highways, and the construction of the second bridge over the Wouri River. In addition, the government has been implementing the PLANUT since 2015, the aim of which is to make up for the delays encountered in the implementation of its medium-term investment program, accelerate the fight against poverty, and promote job creation. The implementation of these projects has led to an increase in the share of capital expenditure in total government outlays from 24.5 percent in 2010 to 30.7 percent in 2015. In terms of employment, the underemployment rate reported in the results of the fourth Cameroonian household survey (ECAM-4) was situated at 79.0 percent in 2014, representing a deterioration in the labor market of 7.9 percentage points as compared with 2007. The poverty rate reported in the same survey registered a decline of 2.4 percentage points to 37.5 percent in 2014, although the disparities in the standard of living between urban and rural areas have widened. Moreover, the government is committed to achieve the objectives of the GESP.

III. ECONOMIC AND FINANCIAL PROGRAM FOR 2017–20

11. During the period 2017–20, the government intends to consolidate the achievements made to date and to strengthen the conditions enabling the private sector to take over from public investment in driving growth. Accordingly, during the period, we aim to:

a. Complete execution of the first-generation projects and make them operational;

b. Accelerate execution of the PLANUT projects and ensure that they come into operation;

c. Enable the start and effective implementation of the projects in progress and/or those in the startup phase, that are required not only to optimize the economic benefits of the projects that have been completed, but also to comply with Cameroon's international obligations. For these projects, whose financing is not yet secured, it will be our priority to seek financing under concessional terms, and/or to use public-private partnerships;

d. Ensure the selection and maturation of second generation projects;

e. Remove the main bottlenecks blocking the procurement process and undermining the efficiency of public investment;

f. Implement key structural reforms considered essential to stimulate the private sector and reduce poverty;

g. Promote the diversification of our economy, enhanced processing of our primary commodities, and enable our economy to be integrated more effectively into global value chains.

C. Macroeconomic Framework

12. Economic growth is expected to be around 4 percent in 2017. This performance, which represents a decline from 2016, is due to the low contribution from the extractive industries sector, where value added has reportedly declined despite the recovery in gas production expected during the fourth quarter of 2017. Furthermore, the persistent effects of the crises in Nigeria and in the CEMAC subregion, as well as the reduction in the government's spending patterns, should lead to a slowdown in economic activity. However, this negative impact will be compensated by growth in certain sectors that benefit from structural measures aimed at stimulating economic competitiveness. Accordingly, growth will be driven by: (i) food agriculture (in the primary sector), which represents 15 percent of total GDP and 70 percent of primary sector GDP; and (ii) the contribution from agrofood and manufacturing industries (in the secondary sector).

13. Growth can be expected to increase gradually in 2018 to 5 percent in 2019 and to stabilize at approximately 5.5 percent in the medium term. The positive impact of non-hydrocarbon exports that will benefit from the tariff elimination in August 2016 under the Economic Partnership Agreements (EPAs), the entry into operation of the Kribi deep water port, the Memve'ele hydroelectric dam, and the start of Kribi natural gas operations at end-2017 should help stimulate growth in the private sector and continue diversifying the Cameroonian economy. Moreover, investments in new oil fields may be followed by an increase in production after 2019. The pursuit of government policies aimed at improving the business climate and supporting development of the private sector will also contribute to accelerate structural transformation.

14. The government is determined to restore fiscal and external accounts sustainability in the medium term, and in so doing to keep public debt on a sustainable path.

i. To that end, the fiscal policy objectives include the continued implementation of measures to broaden the non-oil tax base and to increase the efficiency of non-oil revenue collection, particularly through the development of the property tax, more effective value-added tax (VAT) management, and through further control of exemptions. The proposed rationalization of expenditure will be carried out while protecting and even boosting various social expenditure items and promoting priority capital expenditure to support sustained economic growth. The overall budget deficit is expected to gradually reach 1.9 percent of GDP in 2019 (on a commitment basis), while the current account balance is expected reach 2.6 percent of GDP.

ii. Debt policy will aim to keep public debt on a sustainable path by slowing the pace of new external debt commitments and by favoring concessional borrowing. The strengthening of debt management policies will aim to (i) limit the debt ceilings in line with the capacity to prepare and implement projects; (ii) strengthen the authority of the National Public Debt Committee (CNDP) to approve new external loans, specifically involving debt undertaken by public enterprises; and (iii) improve the capacity of the Caisse Autonome d'Amortissement (CAA) to monitor external debt of public enterprises to avoid the accumulation of arrears.

15. The tighter regional monetary policy that the BEAC intends to implement complements fiscal policy with a view to gradually stabilize and restore the level of external reserves in the subregion. This will be achieved by a freeze on the ceiling on statutory advances at their 2014 level, an increase in the policy rate to absorb excess liquidity, and, if required, a limitation on the refinancing of government bills and bonds.

16. In light of the volume of available domestic and external resources, there will continue to be a significant financing gap that could be met through budgetary support from Cameroon's technical and financial partners, as well as with Fund resources. These resources are expected to amount to approximately 6.7 percent of GDP over four years, and would allow for a more moderate budget deficit contraction, for the stock of unpaid balances to be reimbursed and for an accumulation of a precautionary buffer in terms of both our deposits with the BEAC and of external reserves, which should help increase our reserve coverage from 3.7 months of imports in 2016 to more than 4 months by 2019–20.

17. However, this baseline scenario involves a number of risks, both external and domestic. These risks include (i) the rapid deterioration of imbalances at the regional level as a result of insufficient adjustments made by the countries or by inadequate management by the BEAC of "free riders", leading to a greater decline in foreign exchange reserves; (ii) a possible resurgence of the terrorist threat in the Lake Chad basin that would entail additional security costs and place an even greater strain on the already limited budget resources; or (iii) persistently sluggish external demand, which would reduce non-hydrocarbon exports. However, this risk might be mitigated if the oil price was to increase further. The government also stands ready to implement additional policies should any of these risks materialize. Regarding delayed adjustment by other CEMAC countries, Cameroon would consult with its CEMAC peers to ensure that the regional effort remains on track. The government is also committed to enhance budgeting of security spending and is engaged in a fund-raising effort with the United Nations to support additional humanitarian costs.

D. Fiscal Policy

Fiscal policy objectives for 2017

18. The overall budget deficit (on a payment order basis) can be expected to amount to CFAF 617 billion in 2017. While this represents a significant effort compared with 2016, it is nonetheless in line with the 2017 budget law, which aims for an overall budget deficit of CFAF 726 billion. The combination of decisive measures, designed to mobilize additional revenue and to reduce expenditure, should enable this target to be reached while preserving the progress made in the social sector.

19. The 2017 budget law represents a major step towards regaining fiscal and external sustainability. In particular, this law includes measures aimed at increasing non-oil revenue. These include: an increase in the excise tax on petroleum products (TSPP); the introduction of a tourist tax on overnight stays in hotels and other accommodation; VAT, and income tax on furnished rental accommodation; reestablishment of a 10 percent customs duty on imports of clinker (cement) and of 5 percent on fish; and the levy of excise duties on tourism vehicles over 10 years old, utility vehicles over 15 years old, and on nonreturnable packaging. It also consists of a 10 percent withholding tax on agricultural levies on cocoa and coffee. These measures could generate additional revenue of approximately CFAF 55 billion.

20. In the area of expenditure, the government is steadfastly committed to undertake profound changes in the structure of current expenditure and to improve the efficiency of such expenditure. First, the government has taken steps to reduce its expenditure patterns, specifically by freezing procurement of vehicles outside of the strategic and social sectors; reducing the scale of overseas missions; and streamlining committees and commissions, which can be expected to generate savings of approximately CFAF 60 billion compared to the 2016 budget law. Moreover, to improve the living conditions of the poorest sectors of the population, the government plans to allocate a greater share to health and education spending in particular, as well as to social protection. In fact, with the support of its partners, the government plans to prepare a national social protection strategy.

21. Where capital expenditure is concerned, the government has chosen to prioritize those expenditures with the greatest impact on growth and to defer other lower-priority spending. More specifically, to streamline public investment, the government has adopted a series of four criteria that will make it possible to limit the budget allocation for investment projects to a level that is consistent with the capacity to execute the projects involved. These criteria relate to:

- The rate of financial execution of the resources allocated to the PLANUT for the 2015 and 2016 fiscal years;
- The sectoral priorities set forth in the GESP;
- The requirement to use resources held in banks and financial institutions, which are already earning interest;

- The absorption capacity of project managers.

Where external financing is concerned, forthcoming projects will receive concessional loans as a priority. When concessional resources are insufficient to finance projects with confirmed socioeconomic and financial returns, the government will consult IMF staff to examine the possibility of amending the debt ceiling to include non-concessional loans, to the extent that such loans can be reconciled with debt sustainability. Moreover, public-private partnerships will be used to support the government's investment policy.

Fiscal policy objectives for 2018–19

22. For 2018 and 2019, fiscal consolidation will be fundamentally based on measures aiming to increase revenue while limiting and enhancing the quality of expenditure. Tax policy measures, supported by an improvement in the efficacy of the tax and customs administrations, should enable non-oil revenue to reach approximately 15 percent of GDP in 2019. There will be a gradual consolidation of expenditure from 20.1 percent of GDP in 2017 to 19.6 percent of GDP in 2019, while preserving priority social expenditure.

23. The tax policy measures identified are outlined below:

i. Beginning with the 2018 budget law, the government plans to develop the potential of personal income tax, focusing on the property tax, for which the collection system could be reformed through an enhanced partnership with the electricity distribution company. This measure could bring in approximately CFAF 10 billion to the government budget at the beginning of its implementation and up to CFAF 50 billion once it is fully deployed, based on the assumption that resources would be shared with the decentralized local governments.

ii. It aims to ensure better control of the transfer price practices applied by private operators, particularly in the petroleum and forestry sectors, but also in relation to the other large enterprises that are subsidiaries of multinationals by establishing a dedicated unit within the Directorate General of Taxes (DGI), that might benefit from appropriate technical assistance.

iii. Exemptions and other tax expenditure are an additional significant and growing source of shortfalls. They represented 0.93 percent of GDP in 2015 (CFAF 155 billion). Most of the measures giving rise to tax expenditure are included in the General Tax Code (CGI). VAT tax expenditure provided for in the CGI represent more than 80 percent of the total assessed expenditure.[1] While continuing the assessment of VAT tax expenditure by extending it to other indirect taxes and to income taxes, we will also begin with the 2018

[1] Information from: "*Définition, estimation et appréciation des dépenses fiscales de TVA au Cameroun pour l'année fiscale 2015*" (Definition, estimation, and assessment of VAT tax expenditure in Cameroon for the 2015 fiscal year), a study produced by the Foundation for International Development Study and Research (FERDI) with financing from the German cooperation authorities [Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)].

budget law to conduct a review of the texts governing tax exemptions designed to manage the periods during which special exemption regimes are granted; to shift their scope of application to priority sectors such as agriculture, health, education, and tourism; and to reserve tax and customs relief only to those holding mining or petroleum permits, excluding subcontractors.

24. The profitability of the national oil refinery, SONARA, is dependent on trends in world petroleum prices, the exchange rate for the U.S. dollar, and the structure of domestic prices for petroleum products. Having benefited from the substantial decline in petroleum prices since 2014, SONARA is now facing a shortfall from fuel sales as a result of its relatively limited refining capacity and the recent rise in petroleum prices. In order to ensure the sustainability of the reforms undertaken to restructure SONARA, we envisage reforms relating to the fuel price setting mechanism and the fuel price structure. Specifically:

a. Publishing the petroleum product price structure on a monthly basis, clearly highlighting the subsidy component, from end-June 2017 (structural benchmark).

b. Prepare a strategy aiming at ensuring the sustainability of the petroleum products' price structure and the financial viability of the SONARA, ahead of a possible future increase in world petroleum prices.

c. Undertaking a review of a fixed adjustment coefficient for SONARA's margins with a view to reducing its revenue volatility. Such an adjustment coefficient should be set at an appropriate level to allow SONARA to cover its operating costs associated with the supply of petroleum products to the domestic market.

25. The tax policy measures will be supported by efforts to continue the reforms already planned to enhance the efficiency of the tax and customs administrations. These reforms have already resulted in significant improvements to the collection process as well as an increase in the level of collections. For example, the performance of domestic non-oil tax revenue over the last five fiscal years has increased by almost 51 percent from CFAF 1,053 billion in 2012 to CFAF 1,585.5 billion in 2016. To expand the tax base while maintaining incentives in the priority sectors (agriculture, health, education, tourism, and agroindustry), we plan to take the following measures:

a. Increased efforts will be made to collect outstanding balances. For 2016, the backlog of outstanding balances pending collection by the Directorate General of Customs (DGD) from public administrations amounted to CFAF 107.3 billion, with a collection potential of approximately CFAF 9 billion in 2017. In 2016, 77 percent of the stock of outstanding balances pending collection (equivalent to CFAF 814.6 billion) of the DGI was derived from public agencies, of which approximately CFAF 45 billion could be collected in 2017.

b. The monitoring of exemptions at the DGI and the DGD will be strengthened through closer collaboration between the tax and the customs administrations in the areas of investigations and inspection.

c. Sharing of information and collaboration between the DGI and the DGD will be enhanced. Joint quarterly DGI-DGD reports will identify the results of such collaboration, in terms of identifying fraud and additional revenue, deriving from this information sharing based on the FUSION system (structural benchmark).

d. For various reasons, the DGD and the DGI are still unable to automate management of critical tasks to gain a command of the tax base. Where the DGI is concerned, apart from the introduction of electronic declaration procedures and the payment of taxes already implemented within the DGI, we will continue to implement the project involving an integrated tax management system that could be operational in 2020. We will also continue the computerization of the DGD through:

- Optimal use of the functionalities of the Customs information technology applications;
- Extension of the single form for foreign trade operations to all segments of customs clearance of goods (pre and post clearance) and its more effective internalization by the various parties involved;
- Continued geographical expansion of the electronic payment platform;
- Continued geographical expansion of the Automated System for Customs Data (ASYCUDA) and other applications;
- Development of a specific application for managing foreign exchange controls;
- Development of a new computerized customs system (CAMPASS).

26. More specifically with regard to the DGI, we will continue the efforts undertaken to improve the efficiency of VAT collection (control of refunds, gradual review of the system of withholding at the source, continuation of the taxpayer segmentation approach through the creation of Medium-sized Taxpayer Centers throughout the country). We will also continue the biometric registration of taxpayers to have a complete register by June 2018 (structural benchmark).

27. With reference to the DGD: We will take actions designed to strengthen the value checking system, based, inter alia, on the scanning of 100 percent of the merchandise offloaded, as well as on more advanced use of the information system. Additionally, we are considering the following measures:

i. Carry out more intensive monitoring of the informal sector;

ii. Strengthen the monitoring of customs disputes, which was successful in 2016;

iii. Continue the HALCOMI operation to stop illegal trading:

   - Operations at the borders with Gabon and Equatorial Guinea to avoid the dumping of tax-exempt products from these countries into Cameroon;

- Nigeria side: to restrict the negative effects of the devaluation of the naira on the Cameroonian economy;

iv. Strengthen the post customs clearing controls based, inter alia, on the partnership with the DGI (FUSION application);

v. Initiate a partnership with certain large operators that use subcontractors to ensure that the rules are observed in their subcontractors' customs operations;

vi. Sign the agreement with the Regulatory Agency for Public Procurement (ARMP) to improve monitoring of customs taxation for public procurement.

E. Structural Fiscal Reforms

Budget management

28. We plan to resolutely pursue the fiscal reforms already in progress to strengthen the credibility and transparency of the budget and to ensure that public expenditure is effective. Accordingly, we are planning several decisive measures to confirm the principle of universality (comprehensiveness) and annuality of the budget as part of a rolling medium-term expenditure program more closely aligned to the annual budget, to ensure that the resources available for a given year more accurately cover expenditure. In fact, the payment of previous years' arrears, and of budget appropriations from previous years with revenue from the following year displaces current year budgeted spending and undermines efficient cash management and transparency in budget execution. Full implementation of the program budgeting approach will enable us to ensure sufficient budget provisions for expenditure planned during the current year (even when such items have been undertaken during the previous year), thereby providing greater clarity and transparency in budget execution. This improved clarity will also be ensured with the entry of all revenue and expenditure into the budget, and avoiding offsetting operations, in particular between the central government and public enterprises.

29. We are planning the following measures for 2017:

a. Direct interventions by the Société Nationale des Hydrocarbures du Cameroun (SNH) hydrocarbon company enable a swift and flexible response to vital, mostly security-related emergencies. During 2016, these interventions accounted for 60 percent of total petroleum royalties. The Government intends to maintain the direct interventions by the SNH at a level compatible with the security challenges facing the country. Nevertheless, to avoid a substantial displacement in planned annual budget expenditure, we will limit such expenditure to 50 percent of the amount of SNH royalties and gradually reduce this ceiling thereafter. Total SNH petroleum revenue and the amount of direct interventions will be indicated as memorandum items in the table of government financial operations (TOFE), in addition to the amount of royalties (prior action). Beginning in 2018, we will envisage providing a sufficient budget entry to cover all security expenditure.

b. We will publish the quarterly budget execution reports on line, beginning with the first quarter of 2017 (prior action).

c. We will adopt a budget calendar enabling the medium-term expenditure framework to be aligned with the annual budgets to ensure that the budget law corresponds to the first year of the medium-term expenditure framework (MTEF), aiming specifically for the communication of expenditure ceilings in June of each year (prior action).

d. We will accelerate the transposition of the CEMAC public finance directives into Cameroon's body of legislation. More specifically, the draft law transposing the Directive on Budget Laws will be forwarded to the CEMAC for validation by September 30, 2017 (structural benchmark).

30. The process of fiscal reform will be continued in 2018–19. Specifically, we are planning full implementation of the program budget approach, and, beginning with the 2018 budget law, the preparation of a reliable, consolidated commitment plan based on the public procurement plan, to guide budget programming and support cash management. We will also prepare a TOFE on a payment order basis, and subsequently on a commitment basis.

Capital expenditure efficiency

31. With a view to improving the quality and efficiency of our capital expenditure, we plan to implement a number of measures based, in particular, on the recommendations from the Public Investment Management Assessment (PIMA) conducted in 2016.

a. First, this will involve ensuring that all sectors have strategies on which priority actions will be based, and to strengthen the capacity of line ministries to identify and prepare investment programs and projects.

b. We will concurrently continue the ongoing reforms aimed at improving the process of planning, allocation, and execution of capital expenditure, as well as the monitoring and evaluation process. This approach will involve creating a database of "mature" projects, using only "mature" projects in the medium-term budge framework (MTBF) and only budgeting for projects included in the MTBFs. The criteria for selecting projects for the budget will be specified in the project maturity guide (structural benchmark).

c. In terms of the process, when the extended programming discussions take place and in preparation for the preliminary budget conferences, the Ministry of Economy, Planning and Regional Development (MINEPAT) will begin in July 2017 to establish a multidisciplinary team tasked with reviewing the level of maturity of the projects in the following areas: administrative, technical and financial. During the discussions on the maturity status of the projects, this team will be responsible for ensuring or contributing to the quality of the studies, the quality of the bidding documents, efficient allocation of projects, the choice of appropriate procedures, identification of procedures to be undertaken in advance for year n-1, planning of operations to award and execute the relevant contracts, etc. Downstream, we will implement a strategic monitoring process for project execution. As a result, projects will be executed in a timely manner, while minimizing costs, to ensure that public resources are used optimally (end-2017-early 2018).

32. We will concurrently continue and intensify the management of multiyear commitments aimed at effective implementation of the program budget. This approach must incorporate compliance with the principle of annuality of the budget through the breakdown of overall commitment authorizations for multiyear projects into payment appropriations included in the subsequent budget laws. The objective remains to provide realistic annual programming of project execution to ensure that the required resources are included in the budget laws for the full investment project implementation period. On this issue, the government undertakes to integrate the medium-term expenditure framework (MTEF) module into the PROBMIS application.

33. Public-private partnerships (PPPs) provide an option to accelerate public investment program execution, considering the sometimes limited implementation capacity of the public authorities. In order to optimize the potential of PPPs, while limiting the risks of contingent liabilities, the government will limit the use of these to cost-effective projects for which the private sector is in a position to offer better service at lower cost. The assessment and monitoring of these projects will be enhanced and public bidding procedures will be systematically used. Contingent liabilities relating to PPPs will be analyzed and presented in an annex to the annual budget laws on fiscal risks, together with the analysis of risks stemming from public enterprises (structural benchmark).

Improving cash management

34. The gradual expansion of the scope of application of the treasury single account (CUT) will help to facilitate cash management by maximizing the use of the available resources and avoiding borrowing costs. Specifically, we plan to (i) conduct an inventory of the accounts of public administrative establishments in commercial banks and limit the opening of new accounts (structural benchmark); (ii) prepare a strategy for the gradual expansion of the scope of the CUT (structural benchmark); and (iii) with the support of the Bank of Central African States, carry out the CUT implementation process. Effective cash management should also benefit substantially from the adoption of credible commitment plans based on the budget. It is also important to build the capacities of the players to master cash management mechanisms, and specifically projection techniques, the preparation and analysis of summary tables, origination of bond issuances, risk management, and the legal framework of cash management instruments. The reform objectives include the following:

a. Make the cash plan the priority tool for cash management. This plan should accompany the draft budget law. This is a CEMAC directive, which aims at demonstrating the sustainability of the initial draft budget law submitted to Parliament, and we will formalize this directive in the budget calendar. For that purpose, we will establish a working group coordinated by the Directorate General of Treasury, Financial, and Monetary Cooperation (Treasury Directorate) comprising counterparts in the key data producing administrations (Economic Affairs Directorate, Directorate General of Budget, Directorate General of Taxes, Directorate General of Customs, Caisse Autonome d'Amortissement, and the Ministry of Economy, Planning, and Regional Development/Directorate General of Economy and Public Investment Programming) for its preparation and validation. In this context, efforts will be made to improve the reliability of the budget and accounting forecasts with the production of expenditure commitment plans by the various administrations. This approach should also allow to implement the budget regulations to reduce the outstanding balances payable and improve payment lags. The cash plan's assessment should be carried out by the treasury committee.

b. Implement appropriate actions to significantly reduce the use of exceptional procedures (in particular, cash advances and revolving funds, which have a negative impact on the government's cash position) and payments in cash. To this end, the Government will ensure the effective implementation of the following measures (most of which are already provided for in current texts):

   i. Limits applied to cash advances and decisions to release funds as there is a simplified procedure for undertaking expenditure commitments;

   ii. Prohibition of credit safeguard mechanisms (beyond the current fiscal year);

   iii. Observance of conventional practices in opening and managing revolving funds (*caisses d'avances*), including by limiting such advances to petty expenditures;

   iv. Reduction of cash disbursements through systematic transfers of all expenditure items in excess of CFAF 100,000 directly into the beneficiary's account;

   v. Use of the regular budget execution procedure for all capital expenditure items, including large projects;

   vi. Subordination of any expenditure commitment except for discounting prior to the start of activities to the presentation of a detailed statement or invoice along with a certificate indicating that the service has been provided;

   vii. Rejection of any decision to release funds to provision 420 and 450 accounts;

   viii. Setting annual ceilings on resources to be allocated to certain organizations such as Crédit Foncier [property credit], the Fonds Routier [road fund], and the Fonds National de l'Emploi [national employment fund];

   ix. Compliance with the annual budget principle in the execution of expenditure, and more specifically in the 420 accounts.

c. We will produce a monthly table designed to monitor correspondent accounts, showing cash inflows and outflows separately. As part of this effort, we will also clean up the 420 and 450 accounts and will make the transactions recorded under the 420 and 450 accounts more reliable by eliminating the unjustified transactions.

d. To establish mechanisms to manage cash balances in accordance with market conditions. Such actions should be carried out in coordination with the central bank and focus on reducing the costs of cash management (debt repurchases, placement of surpluses, coverage of the deficit with appropriate instruments, and risk management).

e. To ensure more effective control of the expenditure float and government arrears, we will carry out an audit (identification and validation) by end-September 2017 and, on this basis, we will prepare a gradual plan to clear these amounts, to be included in the budget beginning with the 2018 budget law. We will also prepare quarterly monitoring reports taking stock of the residual balances pending payment and other amounts owed beginning in December 2017 (structural benchmarks).

F. Debt Policy

35. Our debt policy will aim to avoid the risks of over-indebtedness and place public debt on a sustainable path. The external debt ceiling is set at CFAF 1,700 billion and the ceiling for securities issues on the regional market at CFAF 300 billion. However, to change the trend in public debt (as a percent of GDP), our debt plan for 2017 (and subsequent years) will focus on priority projects with substantial growth potential, on concessional terms. In particular, we expect the package of new concessional loans signed in 2017 to remain below CFAF 100 billion and for non-concessional loans to remain at CFAF 100 billion, taking into account the large number of loan agreements signed between January and May 2017 (Text tables 1 and 2). In addition, disbursements on non-concessional loans that have already been signed will be subject to a ceiling of CFAF 540 billion. For 2018–19, the non-concessional debt ceilings will be set to reflect the execution rate from the three previous years, the volume of projects considered to be mature, and the disbursements envisaged on the committed but non-disbursed balances ("soldes engages non-décaissés" -SENDs).

36. The large stock of committed but non-disbursed balances reflects the problem of the maturation of projects, and is the subject of various remedial measures. In particular, we are committed to conducting a careful review of the stock of SENDs to promote priority, growth-oriented projects with concessional financing. Moreover, the CNDP is in the process of coordinating the work on identification of projects having SENDs exceeding four years and to eliminate those that are no longer justified. This should enable a substantial reduction in the total stock of SENDs at end-December 2017. We will also ensure gradual disbursement of these funds, in accordance with the schedules shown in Table 1.

Text Table 1. Cameroon: Concessional and Non-Concessional Loans Contracted, January-May, 2017

Project	Lender	Sector	Amounts (FCFA billions)	Terms: Interest rate (percent)	Terms: Grace period (years)	Terms: Maturity (years)	Type
Project to supply drinking water to the cities of Meyomessala, Nkongsamba, Loum and Melong	GIEK (*Norwegian Export Credit Guarantee Agency*) et *Export Credit Norway*	Water	37.7	1.1%	2	8.5	Commercial
Construction of electricty transmission lines between Nkongsamba-Bafoussam and Ydé-Abong Mbang, and related infrastructure	EXIM India	Energy	57.0	6M Libor + 1.75%	5	10	Commercial
Drinking water project for 8 regions	Islamic Development Bank	Water	16.3	Libor + 1.3%	4	15	Semi-concessionnal
			2.5	Libor + 1.3%	5	15	
Electricity transmission lines for the Memve'ele hydroelectric dam	EXIM China	Energy	88.0	6M Libor + 3.2%	3	12	Commercial
Social housing project in Yaoundé	INTESA SANPAOLO	Housing	101.0	CIRR + 0.7%	3	10	Commercial
			14.1	IRS + 5.1%	3	4	
Kribi Port, phase II	EXIM China	Transport	322.4				
			89.0	2%	7	13	Semi concessional
Project for transport sector development	IBRD (World Bank)	Transport	113.1	6M Euribor + 1.5%	7	23	Semi-concessionnal
Integrated Rural Development Project (IRDP) Chari Logone (Phase II)	Islamic Development Bank	Agriculture	2.2	Administrative fee 1.5%	7	25	
			15.6	6M Libor + 1.55%	5	15	Semi-concessionnal
Project for the development of livestock commericialization and livestock breeding infrastructure	Islamic Development Bank	Livestock	2.9	Administrative fee 1.5%	7	25	
			2.8	6M Libor + 1.55%	5	15	
			19.3	6M Libor + 1.55%	5	15	Semi-concessionnal
Development of the Yde -Brazzaville international corridor phase II (Mintom lélé)	JICA	Transport	33.1	0.3%	10	40	Concessionnal
Livestock development project	World Bank (IDA)	Livestock	61.0	1.3%	5	25	Semi-concessionnal
Rebuilding transport networks and reform (SONATREL Project)	World Bank (IBRD)	Energy	202.3	6M Euribor+ 1.5%	7	30	Semi-concessionnal
Support to the transport sector, Phase II: rehabilitation of the Yaoundé -Baffoussam-Babadjou road; Development of roads Grand Zambi-Kribi and Maroua-Bogo-Pouss, section Bogo-Pouss	African Development Bank	Roads	177.0	Variable	4.5	20.5	Semi-concessionnal
			11.0		5	25	Semi-concessionnal
Total			**1,368.3**				
Commercial			297.9				
Semi-concessionnal			1070.4				
Concessionnel			33.1				

Source: Cameroonian authorities.

Text Table 2. Cameroon: Borrowing Plan (Preliminary), 2017

Project	Lender	Sector	Amounts (FCFA billions)	Terms: Interest rate (percent)	Terms: Grace period	Terms: Maturity (years)	Type
Project to support the improvement of the efficiency of public spending	African Development Bank	Governance	9.3	Variable	8	25	Semi-concessionnal
			9.3	1%	5	30	Concessionnal
Project to strengthen the national blood transfusion system	Islamic Development Bank	Health	3.7	Administrative fee 1.5%	7	25	
			4.1	6M Libor + 1.55%	5	12	
			9.5	0.0%	3	12	Concessional
Capacity building project for mining sector	World Bank (IBRD)	Mines	12.8	1.3%			
			3.6	1.1%			Concessional
Project to strengthen and stabilize electricity transmission systems in the city of Douala	SG Paris/Deutsche Bank	Energy	16.8	6M Euribor + 2.45%	0.75	5	Commercial
			91.9	6M Euribor + 1.80%	3	13	Commercial
Total			**160.9**				
Commercial			108.7				
Semi concessionnal			9.3				
Concessionnal			43.0				

Source: Cameroonian authorities

37. The government will continue to work to improve public debt management. The scope of the CNDP now extends to all commitments undertaken by the government and public enterprises regarding debt. To ensure that the use of external borrowing is consistent with our development program, all loan agreements on the government's account or on-lent to public enterprises will be subject to prior approval from the CNDP. In addition, we will take regulatory measures to ensure that public enterprises can no longer take on debt without prior opinion from the CNDP (prior action). Accordingly, the following matters are brought before the Committee:

- Requests and offers of financing of interest to the government and its bodies;
- Domestic and external public loans or those guaranteed by the government;
- The proposal of annual debt ceilings;
- Public debt restructuring, conversion, or on-lending operations.

38. We will undertake a review to improve the viability, efficiency, and competitiveness of public enterprises and agencies. In the short term, the government will strengthen the monitoring of fiscal risks generated by these enterprises through the presentation and analysis of their consolidated financial situation in the annex to future budget laws (structural benchmark). The government is also committed to strengthen the management of public enterprises in order to reduce and gradually eliminate the subsidies that are currently allocated to these enterprises.

G. Consistency with Regional Monetary Policy

39. The government undertakes to implement policies consistent with maintaining the stability of the monetary arrangement, which involves the stabilization and restoration of the BEAC's reserves. Implementation of a tighter regional monetary policy will support fiscal consolidation efforts and aims to limit direct and indirect monetary financing to countries to address the causes of the fall in reserves. In terms of government financing mechanisms, the government agrees to comply with the commitments made at the regional level involving the freeze of the ceiling on statutory advances at the level established based on 2014 budget revenue. As Cameroon's budget situation is not as tight as it is in other CEMAC countries, the country has already demonstrated prudence in its use of statutory advances and is committed to continue in this direction. The government also intends to promote the development of the financial market while refraining from any new direct financing from the banking system, except in exceptional circumstances, and at rates less than or equal to that of the most recent bond issues having the same maturity, including commissions and other fees. In the long term, all of the government's bank financing should be configured as government securities issues.

H. Maintaining the Stability of the Financial Sector and Expanding Access to Financial Services

40. Despite its overall resilience, the financial sector, which is already characterized by the structural burden of overdue claims and the concentration of banking portfolios, is showing several signs of vulnerability. While the banking system as a whole continues to show acceptable solvency, liquidity, and profitability ratios, this situation must not detract, on the one hand, from the accentuation of certain areas of weakness, in particular credit risk, in light of the loss rates and from the level of concentration in the portfolios, and on the other hand, the emergence of new risk factors (liquidity, foreign exchange, and interest rates).

41. To make financial sector more resilient and to enable it to contribute more effectively to the financing of the economy, we will adopt a program based on the elimination of the legacy from the past, and on the establishment of an environment that is consistent with best practices for the future. The first component of our program will have two objectives: the clearance of overdue claims and the rapid resolution of individual situations of banks in difficulty. The second component will involve the establishment of a legal, regulatory, and operational environment that will enable the financial sector to select, monitor, and actively manage its risks (including credit risk) according to best practices. Our program will also support the efforts of the regional authorities to strengthen the surveillance of other risks and financial safety nets (mechanisms for the resolution of credit institutions and deposit insurance).

42. Under the first component, it is an absolute priority to clear claims that are already overdue, under the supervision of the COBAC, by September 2017 (structural benchmark). We will support the assignment by that authority of operational targets to banks, with deadlines for addressing these claims, involving restructuring of claims for potentially solvent debtors, and compulsory collection for others. The oldest claims subject to full provisioning may be written off, or the authorities may consider using the Société de Recouvrement des Créances du Cameroun (SRC) loan recovery company after the claims have been sold to the government, in compliance with the principles of good governance as described below. We will also strengthen the legal environment to facilitate the recovery of claims, both through judiciary and extra-judiciary channels. We will introduce greater flexibility into the tax treatment of these resolution procedures (restructuring or write-offs).

43. Another essential part of the first component will be a plan for the resolution of banks in difficulty, developed in consultation with Fund staff and submitted to the COBAC by August 2017 (structural benchmark). Our activities will be based on two essential factors: preserving financial stability while avoiding the moral hazard, and privileging the use of private shareholder support in order to reduce budgetary costs. On that basis, until the resolution and deposit insurance mechanisms have been reinforced, and in coordination with the COBAC, we undertake to accelerate the negotiations in progress aimed at the recapitalization of institutions in difficulty by the shareholders. Otherwise, their resolution (if possible, through the transfer of sound assets and deposits to an outside institution followed by the liquidation of the residual assets and liabilities) will be implemented as soon as possible, based on the current CEMAC Regulation 02–14 and in compliance with the above-mentioned requirements, particularly at the lowest fiscal cost. Under this constraint, the State could only repurchase overdue claims based on a fair price valuation using an internationally-accepted methodology, and with a recovery strategy designed to maximize the net present value of the claims. Compliance with these requirements will be consistent with a review of the overall governance of SRC, if applicable, with the support of technical assistance from the IMF.

44. The second component of our program will focus on the establishment of a framework conducive to a more selective approach to the distribution of credit, stronger continuous monitoring of this risk by the banks, and more proactive risk management, with the following objectives:

a. A more selective approach to granting credit, and more responsive monitoring through enhanced financial transparency on debtors: more specifically, the widespread use of the Payment Incident Reporting Center – National Banking Register of Enterprises – Framework for Analysis and Monitoring of Microenterprises (CIP-FIBANE-CASEMF) platform for category one microfinance establishments (structural benchmark);

b. More effective coverage of risk through more reliable collateralization mechanisms, computerization of the property registry and of the registry of movable collateral (structural benchmark), and a more reliable registry of property collateral;

c. More effective use of execution mechanisms through the establishment of chambers specializing in financial matters within the courts (or through the creation of commercial courts), framework for procedural delays, and development of extra-judiciary arbitration mechanisms.

45. To promote an environment less vulnerable to financial shocks, we also undertake to support and accompany the adjustment of the prudential regulations. In this regard, we will expand the scope of our surveillance to include other types of risk, such as foreign exchange risk, interest rate risk in the banks' portfolio, and operational risk. We will support the regional plans to upgrade the safety nets (bank resolution and deposit guarantee mechanisms), particularly to ensure that these mechanisms are legally sound and that their operational capacity is effective, reflecting international best practices.

46. In order to increase public access to financial services, we will focus as a priority on strengthening the stability of the microfinance sector and facilitating the development of mobile banking as part of the implementation of the national strategy for inclusive finance adopted in 2014. This strategy is based on a number of priority areas, including: (i) regulatory reforms to the microfinance institutions (MFI) sector; (ii) strengthening social performance of MFIs, and specifically governance, resources, and financial and technical support; and (iii) capacity development among the parties involved, such as senior managers, corporate decision-making bodies, etc. In order to ensure the stability of the microfinance sector, we will also support the COBAC's efforts to finalize the new regulation on microfinance, as well as to help strengthen the supervision of this sector and the monitoring of contagion risks enabling the spread of risks between banks and MFIs. We will also contribute to the strengthening of the supervision of mobile banking operations, and, when required, we will support the review by the COBAC of the regulations governing such operations. Finally, where access to credit is concerned, we plan to complete in 2017 various ongoing reforms.

I. Competitiveness and development of the private sector

47. The government is committed to accelerate the implementation of measures to support private sector development and economic diversification. The main obstacles to greater competitiveness of the economy are, among others, the lack of infrastructures, the narrow private sector's access to financial services, and the unfavorable business environment. The completion of the large infrastructure projects, notably in energy and transport, ought to boost productivity and allow the private sector to take over from public investment as the engine of growth. Broader access to financial services, according to the financial inclusion strategy defined earlier, ought to support this process.

48. Improvement in the business climate is essential for the development of the private sector with the aim of long-term, sustainable, job-creating growth. The government is working together with other technical and financial partners to address key obstacles to private sector development, including the IFC on the business environment. In that context, approximately 10 areas of action have been identified. Several reforms, including some in coordination with the regional authorities, are under way to boost the competitiveness and attractiveness of Cameroon's economy to foreign direct investment and trade. These include:

a. Modernizing the legislative framework through the revision of the CEMAC Customs Code and implementation of the CEMAC customs tariff according to the 2017 version of the Harmonized System as part of the reform projects undertaken in connection with the regional program.

b. Finalizing, in 2017, the digitized cadastral plan of the cities of Douala, Yaoundé, Garoua, Maroua, as well as those at the national level;

c. Computerizing the commerce registry and the registry of equipment loans;

d. Establishing an escrow account earmarked specifically for the reimbursement of VAT credits and setting up an interactive system to monitor VAT credit reimbursement files online;

e. Implementing an electronic payment points will be established in the division tax centers;

f. Reducing processing lags for government invoices between the commitment and coverage by the treasury in order to reduce liquidity constraints of service providers (structural benchmark).

IV. PROGRAM ARRANGEMENTS

49. The government will take all necessary steps to achieve the objectives and criteria, as presented in Tables 1 and 2 of this Memorandum. The program will be subject to semiannual reviews and performance criteria, indicative targets and structural benchmarks, as set out in Tables 1 and 2 of this Memorandum and in the attached Technical Memorandum of Understanding (which also sets out the requirements for reporting the data to Fund staff). The first review will be based on end-June 2017 targets and is expected to be completed by December 15, 2017 and the second review will be based on end-December 2017 targets and is expected to be completed by June 30, 2018.

Table 1. Cameroon: Quantitative Performance Criteria and Indicative Targets (June 2017–June 2018)

(in billions of CFAF, cumulative for each fiscal year unless otherwise specified)

	2017				2018	
	End-Mar (preliminary)	End-Jun PC	End-Sep IT	End-Dec PC	End-March IT	End-June IT
A. Quantitative performance criteria and indicative targets [1]						
Floor on the non-oil primary fiscal balance (commitment basis)	**-61**	-392	-708	-974	-37	-348
Ceiling on the net domestic financing of the central government excluding IMF financing [2]	**-73**	-18	78	-200	-21	-5
Ceiling on the disbursement of non-concessional external debt contracted as of the date of program approval		280	540	540	315	315
Ceiling on net borrowing of the central government from the Central Bank excluding IMF financing (stock)	**-35**	0	85	-253	-286	-241
B. Continuous quantitative performance criteria [3]						
Ceiling on the accumulation of new external payments arrears		0	0	0	0	0
Ceiling on new non-concessional external debt contracted or guaranteed by the government [4; 5; 6]		100	100	100	500	500
C. Indicative Targets						
Floor on non-oil revenue	**599**	1,185	1,811	2,457	642	1,308
Ceiling on the net accumulation of domestic payment arrears	**-115**	0	0	-57	0	0
Floor on social spending		253	406	624	262	422
Ceiling on direct interventions of SNH		168	168	168		
Memorandum items:						
1. Cumulative external budget support, excluding IMF (earliest disbursement)	**0**	0	44	337	0	0
2. New concessional external debt contracted or guaranteed by the government [7]	**3**	100	100	100	152	152

Sources: Cameroon authorities; and IMF staff estimates and projections.

Note: The terms in this table are defined in the TMU.

[1] Program indicators under A are performance criteria at end-December and end-June; indicative targets otherwise.

[2] The ceiling on net domestic financing (excluding payment of arrears) of the budget will be adjusted if the amount of disbursements of external budgetary assistance excluding IMF financing, falls short of or exceeds program forecasts. If disbursements are less (higher) than the programmed amounts, the ceiling will be raised (reduced) pro tanto, up to a maximum of CFAF 70 billion at the end of each quarter of 2017.

[3] The targets are set from the time of program approval.

[4] Excluding ordinary credit for imports and debt relief obtained in the form of rescheduling or refinancing.

[5] This criterion applies from the date of approval of the program. As of April 30, the Government has signed CFAF 851.6 billion of non-concessional borrowing in 2017.

[6] The ceiling will be adjusted upwards by the amount of non-concessional budget support excluding IMF financing for debt management purposes, up to the amounts specified in memorandum item No. 1 below.

[7] On a contracting basis in accordance with the IMF's debt limits policy: http://www.imf.org/external/np/pp/eng/2014/111414.pdf.

Table 2. Cameroon: Prior Actions and Structural benchmarks, 2017–18			
Action	**Timeframe**	**Macroeconomic objective**	**Indicator**
Fiscal policy and revenue collection			
Adopt a budget calendar to facilitate alignment of the medium-term budget framework (MTBF) with the annual budgets as well as alignment of the preparation of the capital budget with that of the recurrent budget.	Prior action	Improve short- and medium-term budget planning	Circular
Publish quarterly budget execution reports.	Prior action (and quarterly structural benchmarks from end-June 2017)	Improve fiscal transparency	Report published in newspapers and online
Submit a draft law transposing the CEMAC Directive on Budget Laws into national law to the CEMAC commission.	September 2017	Align fiscal policy with regional regulations	Submission of the revised draft law to the CEMAC Commission
Improve collection of the property tax by linking it to the electricity distribution system, and share the revenue from the tax between the central government and the decentralized units of government.	December 2017	Increase mobilization of nonpetroleum revenue	2018 budget law
Strengthen information sharing between the Directorate General of Taxes (DGI) and the Directorate General of Customs (DGD). The two administrations will jointly prepare quarterly reports identifying, inter alia, results in terms of the identification of fraud and additional revenue collected.	Quarterly beginning June 2017	Increase mobilization of nonpetroleum revenue	Report submitted to IMF staff
Publish the petroleum product price structure on a monthly basis.	Monthly beginning in June 2017	Increase mobilization of revenue and reduce subsidies	Publication online and in newspapers
Prepare a strategy aiming at ensuring the sustainability of the petroleum products' price structure and the financial viability of the SONARA.	December 2017	Increase mobilization of revenue and reduce subsidies	Strategy document submitted to IMF staff.
Complete implementation of biometric taxpayer registration.	June 2018	Increase mobilization of revenue	System of operation
Prepare a report (i) evaluating the efficacy of the new VAT escrow account funding and (ii) proposing, in cooperation with the Directorate General of Treasury, a plan to clear the stock of appropriations identified at December 31, 2016.	December 2017	Increase mobilization of revenue and improve the business environment	Report submitted to IMF staff.
Public Financial Management and Debt Management			
Include the total petroleum receipts of national oil company SNH and direct interventions in the table of government financial operations (TOFE).	Prior action (and monthly structural benchmark from end-June)	Strengthen public financial management	Monthly TOFE
Issue a directive signed by the Minister of Finance stating that the National Public Debt Committee (CNDP) must issue a prior opinion for any external indebtedness on the part of public enterprises (other than debts arising from normal commercial transactions).	Prior action	Strengthen control of public borrowing by public enterprises	MINFI directive

Table 2. Cameroon: Prior Actions and Structural benchmarks, 2017–18 (Continued)			
Action	**Timeframe**	**Macroeconomic objective**	**Indicator**
Take stock of and confirm balances outstanding and arrears from prior fiscal years.	September 2017	Clear domestic arrears	Audit report submitted to IMF staff
Adopt a plan to gradually clear balances outstanding and arrears from previous fiscal years.	December 2017	Clear domestic arrears	Report submitted to IMF staff
Produce a quarterly report on balances outstanding and arrears from prior fiscal years.	Quarterly beginning April 2018 (reporting on end-2017 balances)	Clear domestic arrears	Report submitted to IMF staff
Disclose the type and volume of contingent liabilities in an annex to the budget law, including the firm and contingent liabilities of all existing public-private partnerships (PPPs).	Annual beginning October 2017	Take stock of contingent liabilities	Annexed to the budget law
Prepare an inventory of all accounts of public administrative establishments with commercial banks, and strictly limit the opening of new bank accounts.	June 2017	Improve and rationalize cash flow management	Inventory submitted to IMF staff
Adopt a strategy to gradually expand the coverage of the Treasury single account.	September 2017	Improve and rationalize cash management	Strategy submitted to IMF staff
Increase Social Spending and the Quality and Efficiency of Public Investment			
Develop a national social protection strategy (or policy) to be implemented starting with the 2018 budget law.	December 2017	Protect vulnerable segments of the population	Consultant report
Update and implement the guide to the project maturity process.	December 2017	Improve the selection of investment projects	Circular signed by the Prime Minister
Financial Sector Stability and Growth Driven by the Private Sector			
Adopt and submit to the Central African Banking Commission (COBAC) a strategy to clear the commercial banks' overdue claims.	September 2017	Stimulate credit to the private sector	Strategy forwarded by the Minister of Finance to COBAC
Adopt a resolution plan for banks in difficulty to be submitted to the COBAC.	August 2017	Maintain the stability of the financial sector	Plan forwarded by the Minister of Finance to COBAC
Expand access to creditor databases to all credit and microfinance institutions.	March 2018	Facilitate access to credit, especially for small and medium-scale enterprises (SMEs)	Database available
Computerize the movable collateral registry.	March 2018	Facilitate access to credit, particularly for SMEs	Registry available online
Reduce processing lags for invoices from the time they are committed till they are covered by treasury to two months.	March 2018	Reduce working capital requirements for SMEs	Report by the Director General of the Treasury

Attachment II. Technical Memorandum of Understanding

Provisions of the Extended Credit Facility (ECF)

1. **This Technical Memorandum of Understanding (TMU)** defines the quantitative performance criteria and indicative objectives that will be used to assess performance in connection with Cameroon's program supported by the Extended Credit Facility (ECF) in 2017. The ECF establishes the framework and deadlines for reporting data to be used by IMF staff to assess program implementation.

Conditionality

2. **The quantitative performance criteria and indicative objectives for end-June and end-December 2017** are provided in Table 1 of the Memorandum of Economic and Financial Policies (MEFP) attached to the Letter of Intent. The structural benchmarks defined in the program are provided in detail in Table 2 of the MEFP.

Definitions

3. **The Government**: Unless otherwise noted, "government" is defined as the central government of the Republic of Cameroon, which includes all implementing agencies, institutions, and any organizations receiving special public funds, whose powers are included in the definition of central government under the 2*001 Government Finance Statistics Manual (GFSM 2001,* paragraphs 2.48–50). This definition does not include local governments, the central bank, and any other public entity belonging to the government that has autonomous legal status and whose operations are not included in the government financial operations table (TOFE).

4. **A public enterprise is a commercial or industrial unit fully or partially owned by the government or its bodies, that sells goods and services to the public on a large scale.**

Revenue

5. **Total government resources** are comprised of tax and nontax budget revenue (as defined under Chapter 5 of *GFSM 2001*) and grants. Revenue is recorded in the accounting system on a cash basis. Proceeds from the sale of assets and privatization revenue (defined in paragraph 8) are not considered government revenue.

6. **Oil revenue** is defined as the total transferable balance of the SNH [*Société nationale des hydrocarbures*], the national hydrocarbons company, and income tax on petroleum companies and gas operators. The authorities will notify IMF staff of any changes in the tax systems that may occur that would lead to changes in revenue flows. Oil revenue is recorded in the accounting system on a cash basis.

7. Non-oil revenue includes all the government's (tax and nontax) revenue, with the exception of oil revenue as defined under paragraph 6. Value-added tax (VAT) is recorded net of VAT reimbursements. Pipeline fees paid by Cameroon Oil Transportation Company (COTCO) are recorded under nontax revenue.

8. Privatization revenue includes all funds paid to the government in connection with the sale or transfer of the management of a public enterprise (concession), agency, or facility to one or more private enterprises (including enterprises fully controlled by one or more foreign governments), one or more private entities, or one or more individuals. The proceeds from privatizations also include, inter alia, all funds deriving from the sale of shares held by the government in private companies or public enterprises. All privatization revenue must be recorded on a gross basis. Any costs that may be involved in the sale or concession must be recorded separately under expenditure.

Expenditure

9. Total government expenditure and net lending include are all wage and salary expenditure for civil servants, goods and services, transfers (including subsidies, grants, social security benefits, and other expenditure), interest payments, and capital expenditure, all of which are recorded in the accounting system on a payment authorization basis, unless otherwise indicated, and net lending (defined in *GFSM 2001*). Total government expenditure also includes expenditure items executed without prior authorization that are pending regularization.

10. Spending advances [*interventions directes*] by SNH (National Hydrocarbon Society) are part of government expenditure, and include emergency payments made by SNH on behalf of the government, substantially to cover exceptional security and sovereignty outlays.

11. Social expenditure includes public expenditure recorded in the government budget in connection with priority programs to accelerate attainment of the government's social development objectives. This item includes (i) for the education sector, total (current and capital) expenditure of the Ministries of Elementary Education, Secondary Education, and Employment and Professional Training; (ii) for the health sector, current expenditure of the Ministry of Public Health; and (iii) for the other social sectors, current expenditure of the Ministries of Labor and Social Security, Youth and Citizenship Education, Social Affairs, and Promotion of Women and the Family.

Balance and financing

12. Primary balance: The primary balance is defined as the difference between total government revenue (defined in paragraph 5) and total government expenditure and net lending (defined in paragraph 9) not including interest payments in connection with external and domestic debt.

13. Debt: The definition of "debt" is set out in paragraph 8 (a) of the Guidelines on Public Debt Conditionality in Fund Arrangement attached to the Executive Board Decision 15688–(14/107), but also includes commitments contracted or guaranteed, for which value has not been received. For purposes of these guidelines, "**debt”** is understood to mean a direct, i.e., non-contingent, liability, created under a contractual arrangement through the provision of value in the form of assets (including monetary assets) or services, and under which the debtor to is also required to undertake to make one or more payments in the form of assets (including monetary assets) or services, according to an established schedule. These payments will discharge the debtor of the principal and/or interest liabilities undertaken in connection with the contractual arrangement. In accordance with the foregoing definition of debt, any penalties or damages awarded by a court as a result of the nonpayment of a contractual obligation that constitutes debt are debt.

14. External debt, in the assessment of the relevant criteria, is defined as any borrowing or debt service in a currency other than the CFA franc. This definition also applies to debt between countries of the Central African Economic and Monetary Community (CEMAC). The relevant performance criteria apply to external debt of the government, public enterprises that receive transfers from the government and other public entities in which the government holds more than 50 percent of the capital, or any other private debt for which the government has offered a guarantee that should be considered to constitute a contingent liability. **Guaranteed debt** refers to any explicit legal obligation incumbent on the government to reimburse a debt in the event of payment default by the debtor (whether the payments must be made in cash or in kind).

15. Concessional external debt: External debt is considered concessional if it comprises a grant component of at least 35 percent.[1] The grant component is the difference between the face value of the loan and its present value expressed as a percentage of the face value. The present value of debt at the date on which it is contractually arranged is calculated by discounting to present value of the debt service payments at the date on which the debt was arranged.[2] A discount rate of 5 percent is used for that purpose.

16. Domestic debt is defined as all of the government's debts and obligations in CFA francs. This item includes unreimbursed balances, advances from the Bank of Central African States (BEAC), Treasury bills and bonds, structured debt, nonstructured debt, domestic payment arrears, and debt to SONARAs suppliers.

- **Structured debt** is defined as debt that has been subject to a formal agreement [*convention*] or securitization [*titrisation*]. Under the program, structured bank debt is included in net bank credit and structured nonbank debt is reflected in nonbank financing.

    i. ***Structured bank debt*** is defined as all claims of local banks on the government, with the exception of treasury bills and bonds. This item involves securitized bank debt, the outstanding balance of which at end-2016 was CFAF 86.36 billion, plus direct advance arrangements.

[1]The link to the IMF website below refers to an instrument used to calculate the grant component for a broad range of financial arrangements: http://www.imf.org/external/np/pdr/conc/calculator.

[2]The calculation of concessionality reflects all aspects of the loan agreement, including the maturity, grace period, schedule of maturities, commitment fees, and management fees. The calculation of the concessionality of Islamic Development Bank (IsDB) loans will reflect the existing agreement between the IsDB and the IMF.

ii. ***Structured nonbank debt*** is defined as all of the government's balances payable in connection with local nonbank institutions or individuals or the CEMAC, that have been securitized of subject to a formal reimbursement agreement according to a clearly defined schedule.

- **Nonstructured debt** is defined as all balances payable transferred to the national amortization fund [*Caisse Autonome d'Amortissement*] *(*CAA) that have not been subject to a formal reimbursement agreement or securitization arrangement. The outstanding balance of nonstructured debt was CFAF 113.96 billion at end-2016. In connection with the program, the stock of nonstructured debt is part of the stock of domestic payment arrears. Accordingly, any payments in connection with nonstructured debt will be deducted from the stock of domestic payment arrears and will therefore have an impact on the primarily balance on a cash basis.

17. Net domestic financing of the government: is defined as the sum of (i) net bank credit to the government; and (ii) net nonbank financing.

- Net bank credit to the government is equal to the change in the balance between government's liabilities and assets with the national banking system. These assets include (i) cash resources on hand with the treasury; (ii) treasury deposits with the central bank, not including the Heavily Indebted Poor Counties (HIPC) account and the Debt Reduction and Development Contract (C2D) account; and (iii) the credit balance of the accounts of the *Caisse Autonome d'Amortissement* with commercial banks earmarked for reimbursement of the government's debt obligations. The government's outstanding balances include (i) financing from the central bank, and specifically statutory advances; net IMF financing (disbursements net of reimbursements), refinancing of guaranteed bonds, and treasury paper held by the central bank; and (ii) financing from commercial banks, and specifically direct advances and loans, securities, and bills and bonds of the treasury held by local banks. Net bank credit to the government is calculated based on the data provided by the BEAC. These data should be subject to monthly reconciliations between the treasury and the BEAC.

- Net nonbank financing of the government includes (i) the change in the outstanding balance of government securities (treasury bills and bonds) issued in CFA francs on the regional financial market and not held by the local banking system; (ii) the change in the outstanding balance of structured nonbank domestic debt (defined in paragraph 16); (iii) privatization revenue (defined in paragraph 8); (iv) the change in the balance of correspondent bank accounts (including Account 42) and consignment accounts; and (v) the change in the balance of outstanding claims on the government abandoned by the private sector. The government's net nonbank financing is calculated by the public treasury.

18. Domestic payment arrears are the sum (i) of *payment arrears on expenditure and (ii) payment arrears on domestic debt:*

- **Payment arrears on expenditure** are defined as "balances payable" for which the payment lag exceeds the regulatory period of 90 days. **Balances payable** reflect the government's unpaid obligations. They are defined as expenditure items for which the normal expenditure execution procedures (commitment, validation, and authorization) has been followed until they were undertaken by the public treasury, but that are still pending payment. These obligations also include invoices due and not paid with public and private enterprises, but they exclude domestic financial debt service (principal and interest). Balances payable under 90 days represent **payments in progress.** Information used to determine the amount of balances payable is provided in Table 3 of the management indicators (TABORD). The treasury will monitor this information on a monthly basis to identify expenditure arrears in the stock of balances payable.

- **Payment arrears on domestic debt** are defined as the difference between the amount due under a domestic debt arrangement (defined in paragraph 11) or the reimbursement of treasury securities, bills, or bonds matured and the amount effectively paid after the payment deadline indicated in the agreement or after the maturity date of the treasury securities, bills, or bonds.

19. External payment arrears are defined as external debt obligations of the government that have not been paid when due in accordance with the relevant contractual terms (taking into account any contractual grace periods). This PC excludes arrears on external financial obligations of the government subject to rescheduling.

I. QUANTITATIVE PROGRAM OBJECTIVES

20. The quantitative objectives (QO) listed below are as specified in Table 1 of the MEFP. Unless otherwise noted, all quantitative objectives will be assessed on a cumulative basis from the beginning of the calendar year to which the quantitative objectives apply. The quantitative objectives and details for their assessment are provided below.

A. Non-oil primary balance

Performance criteria

21. A floor for the non-oil primary balance is defined as a quantitative objective in Table 1 of the MEFP. The non-oil primary balance is defined as the difference between the primary balance defined in paragraph 12 and oil revenue defined in paragraph 6.

22. To ensure consistency among data from different sources used to prepare the government financial operations table (TOFE), and particularly between the data on budget operations reported by the treasury and data on financing reported by the BEAC, the CAA, and the treasury, the cumulative level of miscellaneous expenditure not otherwise classified (including errors and omissions in the TOFE) for a given month should not exceed 5 percent of the cumulative expenditure for that month, in absolute value. Should this limit be exceeded, a comprehensive reconciliation exercise for all TOFE source data will be undertaken in consultation with IMF staff.

Cutoff dates for reporting information

23. **The detailed data on government financial operations** indicating the primary balance, oil revenue, and the level of miscellaneous expenditure not otherwise classified will be transmitted on a monthly basis within six weeks from the end of the month.

B. Net domestic financing of the government excluding net financing from the IMF

Performance criteria

24. **A ceiling on net domestic financing of the government excluding net financing from the IMF is defined as a quantitative objective in Table 1 of the MEFP.** For program requirements, net domestic financing of the government excluding net IMF financing will be net domestic financing of the government defined in paragraph 17, not including net IMF financing.

Adjustment

25. **The ceiling on net domestic financing of the government** excluding net financing from the IMF will be adjusted if the disbursements in connection with external budget support net of external debt service and the payment of external arrears are below the programmed levels.

26. **If, at the end of each quarter during 2017**, disbursements of external budget support net of external debt service and the payment of external arrears are below (above) the programmed amounts, the relevant quarterly ceilings will be adjusted upward (downward) commensurately, within the limit of CFAF 70 billion. This ceiling may be revised to reflect the rate of budget aid disbursements during the year.

Cutoff dates for reporting information

27. **The detailed data on net domestic financing of the government** (bank and nonbank) and the status of budget support disbursements, reimbursement of external debt service, and the status of external arrears (to be monitored continuously) will be submitted on a monthly basis within six weeks after the end of the month.

C. Disbursement of non-concessional external loans signed before the date the program was approved

Performance criteria

28. **A ceiling on disbursements of non-concessional external debt contracted before the date the program was approved** is defined as a quantitative objective in Table 1 of the MEFP. This performance criterion is applicable to contractual debt arranged but not disbursed at the date the program is approved. This performance criterion is based on external debt as defined in paragraph 14 and uses the concept of concessionality as defined in paragraph 15 of this Memorandum.

Cutoff dates for reporting information

29. Detailed information on disbursements of external debts contracted by the government must be reported within six weeks after the end of the month, indicating the date the loans were signed and making the distinction between concessional and non-concessional loans.

D. Net borrowing of the central government from the Central Bank

Performance criteria

30. A ceiling on net borrowing of the central government from the BEAC is defined as a quantitative objective in Table 1 of the MEFP. This criterion is defined as the difference between, on the one hand, the Central Bank's claims on the government, excluding IMF financing, in particular: unpaid balances of statutory advanced (capped at CFAF 300 billion), refinancing of guaranteed bonds, and treasury securities held by the Central bank, and on the other hand deposits of the Treasury with the Central Bank and cash balances.

Cutoff dates for reporting information

31. The detailed information on all financing from the BEAC to the government must be reported within six weeks after the end of the month.

E. Non-accumulation of external payment arrears

Performance criteria

32. A ceiling of zero on the accumulation of external payment arrears is defined as an continuous quantitative objective in Table 1 of the MEFP. This performance criterion applies to the accumulation of new external arrears as defined in paragraph 19 of this Memorandum. In connection with the program, the government undertakes not to accumulate any new external payment arrears on its debt, with the exception of arrears subject to rescheduling. The government's non-accumulation of arrears is a performance criterion to be observed on a continuous basis. This PC would be measured on a cumulative basis from the time of approval of the program.

Cutoff dates for reporting information

33. The data on balances, accumulation, and reimbursement of external arrears will be reported within six weeks after the end of each month. This PC is monitored continuously by the authorities and any occurrence of new external arrears should be immediately report to the Fund.

F. New non-concessional external debt contracted or guaranteed by the government

Performance criteria

34. A ceiling on new non-concessional external debt contracted or guaranteed by the government is defined as a continuous quantitative objective in Table 1 of the MEFP. The government undertakes on an ongoing basis not to contract or to guarantee any non-concessional external debt above the ceiling indicated in Table 1 of the MEFP. This performance criterion is applicable to external debt as defined in paragraph 14 of this Memorandum. It uses the concept of concessionality as defined in paragraph 15 of this Memorandum. This performance criterion is also applicable to any debt guaranteed by the government that constitutes a contingent liability as defined in paragraphs 14 and 15 of this Memorandum. Moreover, this criterion is applicable to public enterprises defined in paragraph 4 that receive transfers from the government, to municipalities, and other entities of the public sector (including agencies of general government and professional, scientific and technical organizations). However, this performance criterion is not applicable to borrowing arranged in CFA francs, treasury bills and bonds issued in CFA francs on the CEMAC regional market, regular short-term loans from suppliers, regular import credits, or to loans from the IMF, and debt relief obtained in the form of rescheduling or refinancing. This commitment is a performance criterion to be met on an ongoing basis. It is measured on a cumulative basis from the date on which the IMF Executive Board approves the extended credit facility, and will not be subject to any adjustment factors.

Adjustment

35. The ceiling on new non-concessional external debt contracted or guaranteed by the government will be adjusted upwards to accommodate budget support from the World Bank, the AFDB and France for debt management purposes, up to the amounts indicated in memorandum item Nr. 1 of MEFP Table 1.

Cutoff dates for reporting information

36. The monthly situation of on all loans (conditions and creditors) contracted by the government must be reported within six weeks after the end of the month. The same obligation is applicable to guarantees issued by the government. This PC is monitored continuously by the authorities and any contracting or guaranteeing of debt should be immediately reported to the Fund.

II. OTHER INDICATIVE QUANTITAVE OBJECTIVES

G. Non-oil revenue

37. A floor on non-oil revenue as defined in paragraph 7 is defined as an indicative objective in Table 1 of the MEFP.

H. Net accumulations of domestic payment arrears

38. A ceiling on net accumulations of domestic payment arrears is defined as an indicative objective in Table 1 of the MEFP. Domestic payment arrears are defined in paragraph 18.

I. Social expenditure

39. A floor on social expenditure as defined in paragraph 11 is defined as an indicative objective in Table 1 of the MEFP. This expenditure is monitored regularly in connection with program implementation.

Cutoff dates for reporting information

40. The data on the government's financial position as presented in the government financial operations table, the detailed listing of revenue highlighting oil revenue, domestic payment arrears, and the status of social expenditure execution must be reported within six weeks after the end of the month.

III. DATA SUBMISSION REQUIREMENTS

41. The quantitative data on the government's quantitative and indicative objectives will be reported to IMF staff with the periodicity described in Table 1 below. Moreover, all data revisions will be reported immediately to IMF staff. The authorities undertake to report to IMF staff any information or data not specifically addressed in this TMU, but required for program implementation, and to keep IMF staff abreast of the situation in terms of achieving the program objectives.

Table 1. Summary of Data Reporting Requirements			
Information	**Responsible institution**	**Frequency of the data**	**Reporting Lag**
Government finances The government financial operations table (TOFE) and customary annex tables; (data on execution of investments financed with external grants and loans must be available in a timely manner so that the quantitative objectives of the program can be determined as scheduled. If information on physical execution of externally financed projects is not available, the information on requests to withdraw funds from the donors will be used).	Ministry of Finance (MINFI)	Monthly	6 weeks
Domestic budget financing (net bank credit to the government, stock of treasury bills and bonds pending reimbursement, domestic debt reimbursement status, privatization revenue, and abandoned claims)	MINFI/BEAC	Monthly	6 weeks
Implementation status of social expenditure defined in Paragraph 11	MINFI	Monthly	6 weeks
Status of balances payable for the current fiscal year (orders unpaid) making the distinction between those over 90 days and those under 90 days	MINFI	Monthly	6 weeks
Domestic debt reimbursement status	MINFI/BEAC	Monthly	6 weeks
Statistics on external debt contracted and guaranteed (detailed listing of external debt service matured/paid, list of new loans specifying the financial conditions, loans guaranteed and external arrears, and list of arrangements in the process of negotiation)	MINFI/CAA	Monthly	6 weeks/ The contracting or guaranteeing of external debt, and the occurrence of external arrears should be immediately reported
A quarterly report on the consistency of (i) monetary statistics reflecting the net treasury positon with data from the TOFE on net domestic financing from the banking system and (ii) data on external debt produced by the CAA and on net external financing from the TOFE	MINFI/BEAC	Quarterly	8 weeks

Information	Responsible institution	Frequency of the data	Reporting Lag
Data on implementation of the public investment program, including a detailed listing of financing sources	MINFI/ Ministry of Economy, Planning and Regional Development (MINEPAT)/CAA	Quarterly	6 weeks
Prices, consumption, and taxation of petroleum products, including: (i) the current price structure for the month in question; (ii) the detailed calculation of the price structure based on the free on board price (or the ex refinery price from SONARA) to obtain the retail price; (iii) volumes purchased and distributed for consumption by the petroleum distributor (SONARA), with the distinction between retail sales and sales to industries; and (iv) a breakdown of tax revenue on petroleum products—customs duty, excise tax on petroleum products (TSPP), and value-added tax (VAT)—and unpaid subsidies	MINFI	Monthly	4 weeks
Monthly statement of the correspondent accounts (including Account 42) and consignment deposits with the treasury broken down into major categories (administrative services, public enterprises, public administration enterprises, international organizations, private depositors, and other)	MINFI	Monthly	6 weeks
Provide revenue forecasts for the Directorate General of Taxes; Directorate General of Customs; and Directorate General of Treasury, Financial, and Monetary Cooperation by type of tax on an annual basis and on a monthly basis, and outturn as compared with forecasts	DGI, DGD, DGTCFM	Monthly	6 weeks
VAT reimbursement balance (requests for reimbursement, payments made, and status of the VAT reimbursement account)	MINFI/DGI	Monthly	6 weeks
Status of the SNH, including volumes exported, prices, exchange rates, operating costs, spending advances, commitments to the government, and the balance transferable to the Treasury	MINFI	Monthly	6 weeks

Information	Responsible institution	Frequency of the data	Reporting Lag
Status of payment of invoices from the government to public enterprises. The status of payments of any subsidies and tax liabilities of these enterprises	MINFI	Quarterly	6 weeks
Monetary sector			
Consolidated balance sheet of monetary institutions	BEAC	Monthly	6 weeks
Provisional data on the comprehensive monetary survey	BEAC	Monthly	6 weeks
Final data on the comprehensive monetary survey	BEAC	Monthly	10 weeks
Government net position	BEAC	Monthly	6 weeks
Intervention rate and borrowing and lending interest rates	BEAC	Monthly	6 weeks
Balance of Payments			
Preliminary annual balance of payments data	MINFI	Annual	9 months
Foreign trade statistics	MINFI/National Statistics Institute (INS)	Monthly	3 months
Any revision of the balance of payments data (including services, private transfers, official transfers, and capital transactions)	BEAC/MINFI	On revision	2 weeks
Real sector			
Provisional national accounts and any revision of the national accounts	INS	Annual	7 months after year-end
Quarterly national accounts	INS	Quarterly	3 months
Disaggregated consumer price indices (Yaoundé and Douala)	INS	Monthly	2 weeks
Quarterly inflation note	INS	Quarterly	3 months
Structural reforms and other data			
Any official report or study devoted to Cameroon's economy, from its date of publication or finalization	MINEPAT		2 weeks
Any decision, decree, law, order, or circular having economic or financial implications, from its publication date or effective date.	MINFI/MINEPAT		2 weeks