INTERNATIONAL DEVELOPMENT ASSOCIATION

INTERNATIONAL MONETARY FUND

CAMEROON

JOINT WORLD BANK-IMF DEBT SUSTAINABILITY ANALYSIS

October 2020

Prepared Jointly by the staffs of the International Development Association (IDA)

and the International Monetary Fund (IMF)

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Cameroon: Joint Bank-Fund Debt Sustainability Analysis	
Risk of external debt distress:	High[1]
Overall risk of debt distress	High
Granularity in the risk rating	Sustainable
Application of judgment	No
Macroeconomic projections	The current DSA reflects a further deteriorated outlook due to COVID-19 pandemic, including lower growth, wider fiscal deficit and deterioration in external balances. The shock is still expected to be temporary and a gradual recovery is forecast starting from 2021.
Financing strategy	The ECF has expired without completing the final 6th review and subsequent disbursement (20 percent of quota or SDR 55.2 million). The Cameroonian authorities have requested debt service suspension under the DSSI and received positive responses from nine official bilateral creditors to suspend debt service payment totaling CFAF 123.5 billion. The DSA also reflects agreed rescheduled debt service projections on about a third of SONARA's debt, a reclassification of existing short-term debt with external suppliers as arrears, and the expectation that SONARA will no longer make use of such financing under its new business plan to operate solely as an importer.
Realism tools flagged	None
Mechanical risk rating under the external DSA	High
Mechanical risk rating under the public DSA	High

[1] Cameroon's Composite Indicator score is 2.76 based on the April WEO 2020 and the World Bank's 2019 CPIA. This implies that Cameroon has medium debt-carrying capacity.

This debt sustainability analysis (DSA) provides an update to the joint World Bank-IMF LIC-DSA of April 2020, in the context of the Cameroonian authorities' request for a second disbursement under the Rapid Credit Facility (RCF-2). It reflects updated projections for the macroeconomic framework and new information on borrowing, including SONARA's agreed debt restructuring with the creditor banks. Overall, Cameroon is at high risk of debt distress; however, debt is assessed to remain sustainable. Thresholds for two external debt service indicators and one debt stock indicator are breached under the baseline, but the debt service indicators continue their downward trajectory except for a temporary increase due to the maturing Eurobond. Debt stock indicators remain below the thresholds after a one-off breach in 2020. On balance, debt is assessed as sustainable, although at high risk of external and overall public distress. The rating is highly vulnerable to a range of risks including unsuccessful completion of SONARA's debt restructuring, more protracted and severe disruptions due to the pandemic, and socio-political tensions. Should downside risks materialize, the authorities would likely need to identify additional measures to maintain debt sustainability.

1. **The macroeconomic outlook has deteriorated with a more pronounced negative impact from the COVID-19 pandemic.** Real GDP is expected to decline by an additional 1.6 percentage points relative to RCF-1, reaching -2.8 percent in 2020. Growth in 2021 was revised down to 3.4 percent (from 4.5 percent), reflecting a more gradual economic recovery. The current account deficit is expected to widen to 6 percent of GDP in 2020, 0.3 percentage point larger than projected at the time of the RCF-1 (including official grants). In the absence of corrective measures, the overall fiscal deficit is expected to reach CFAF 1,315 billion or 5.9 percent of GDP, 0.9 percentage point higher than RCF-1. After spending reprioritization, the overall deficit is expected to remain broadly unchanged compared to the one projected at the time of RCF-1. As this DSA reflects updated 2019 figures including fiscal position and the debt stock, total public sector debt and public and publicly guaranteed external debt have been revised to 41.7 and 29.0 percent of GDP respectively from 40.9 and 30.4 percent in RCF-1.

2. **There are significant changes to the financing assumptions, including to reflect the DSSI and progress on the restructuring of SONARA.** Notably, the ECF arrangement has expired as of end-September 2020, without completing the final 6th review and subsequent disbursement. Consequently, financing under the ECF was reduced by CFAF 45 billion (20 percent of quota or SDR 55.2 million). Financing under the RCF was increased by CFAF 90 billion to 226 billion and financing gaps over the medium-term were incorporated based on the assumption that 50 percent of the gaps would be financed locally. As the Cameroon authorities have requested debt service suspension under the DSSI and intend to adhere to the needed commitments, the DSA incorporates debt service relief agreed from nine official bilateral creditors totaling CFAF 123.5 billion (or 0.6 percent of GDP). In terms of medium-term projections, debt indicators were benchmarked against higher exports due to stronger oil and gas exports driven by additional production from explorations. On SONARA's debt amounting to CFAF 731 billion as of end-July 2020, the DSA reflects rescheduled debt service projections in line with the restructuring agreement reached in September 2020 with local banks, representing about a third of SONARA's debt. Discussions are ongoing with other creditors including oil traders but given the uncertainty regarding the final terms of these agreements, restructuring of this debt is not assumed in the baseline. As the agreement with the local banks is predicated on SONARA's new business plan to operate solely as an importer, short-term debt from external oil traders is no longer expected to be rolled-over and is reclassified as arrears (0.7 percent of GDP as of end-2020). Partial clearance of these arrears including SONARA's asset sales and conversion of debt held by SNH into SONARA shares is reflected in the baseline. The agreement with local banks also includes access to trade financing, which is expected to replace financing from external suppliers over the projection period. In addition, the DSA incorporates SONARA's improved profitability supported by the new oil price structure for refined oil products including levy of CFAF 47.88 per liter, which has been in effect since March 2020.

3. **Cameroon's debt is assessed to be sustainable, albeit at high risk of external and overall public distress.** The worsened outlook and increased financing needs are likely to weigh on Cameroon's debt dynamics in the near-term. As in the previous DSA, two external debt service indicators breached their thresholds under the baseline scenario (debt-service-to-exports and debt-

service-to-revenue), along with a one-off breach for the PV of debt-to-exports ratio. While SONARA has been accumulating external arrears following the 2019 refinery fire, these obligations are not government guaranteed and are below the LIC DSF's de minimis threshold (1 percent of GDP). With the progress made on the reprofiling of SONARA's debt and ensuring its viability, debt service indicators are projected to continue their downward trajectory barring a temporary increase due to maturing Euro Bond (2023-2025). Moreover, thanks to stronger exports driven by higher oil and gas exports, debt dynamics are expected to improve in the medium and long term.

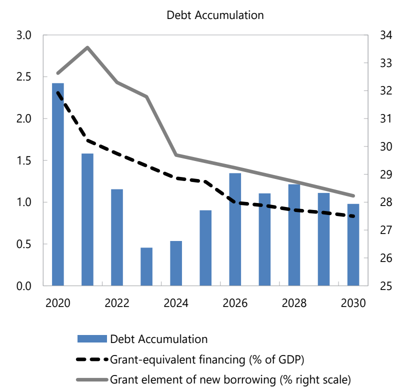
4. This rating is highly vulnerable to a range of risks. Key downside risks include a more protracted and severe COVID-19 shock, less-than-expected oil and gas exports due to slower recovery in trading partners, socio-political tensions, and realization of contingent liabilities, including from unsuccessful or incomplete restructuring on SONARA's debt. Allowing for new non-concessional borrowing would further weaken already compromised debt sustainability and undermine their efforts to secure international community's support in an environment in which G20 agreed on debt service suspension on bilateral government loans for low-income countries. On the upside, a possible extension of the G20-DSSI could reduce Cameroon's debt service burden in the near-term and provide additional resources to bolster its crisis mitigation efforts. If downside risks materialize, the authorities would likely need to identify additional measures to ensure that debt is sustainable.

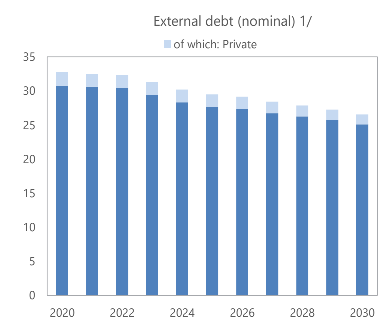
Table 1. Cameroon: External Debt Sustainability Framework, Baseline Scenario, 2017–2020

(In percent of GDP, unless otherwise indicated)

	Actual			Projections								Average 8/	
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030	2040	Historical	Projections
External debt (nominal) 1/	**27.7**	**30.4**	**30.9**	**32.7**	**32.5**	**32.3**	**31.3**	**30.2**	**29.5**	**26.6**	**18.4**	**20.0**	**29.8**
of which: public and publicly guaranteed (PPG)	**25.1**	**28.6**	**29.0**	**30.8**	**30.6**	**30.4**	**29.4**	**28.3**	**27.6**	**25.1**	**17.5**	**18.1**	**28.0**
Change in external debt	2.3	2.7	0.4	1.9	-0.2	-0.2	-1.0	-1.1	-0.7	-0.7	-0.6		
Identified net debt-creating flows	**-1.3**	**-0.7**	**1.9**	**4.7**	**1.4**	**0.0**	**-1.0**	**-1.8**	**-2.1**	**-3.4**	**-5.0**	**0.6**	**-1.3**
Non-interest current account deficit	**1.9**	**2.5**	**3.4**	**4.4**	**3.6**	**2.2**	**1.5**	**0.7**	**0.5**	**-1.0**	**-2.9**	**2.8**	**0.9**
Deficit in balance of goods and services	2.0	2.9	3.5	5.0	4.4	3.3	2.5	1.9	1.6	0.0	-2.3	**2.8**	**2.0**
Exports	18.7	18.9	19.9	14.5	16.0	16.6	16.8	16.9	16.8	15.5	13.5		
Imports	20.6	21.8	23.4	19.5	20.4	19.9	19.3	18.8	18.5	15.5	11.2		
Net current transfers (negative = inflow)	-1.2	-1.2	-1.3	-1.2	-1.3	-1.4	-1.2	-1.2	-1.2	-1.1	-0.9	**-1.1**	**-1.2**
of which: official	-0.2	-0.2	-0.3	-0.4	-0.4	-0.4	-0.3	-0.3	-0.2	-0.2	-0.1		
Other current account flows (negative = net inflow)	1.1	0.8	1.2	0.6	0.5	0.3	0.2	0.1	0.0	0.1	0.3	**1.1**	**0.2**
Net FDI (negative = inflow)	**-2.3**	**-1.7**	**-2.3**	**-1.6**	**-2.2**	**-1.9**	**-1.9**	**-1.8**	**-1.8**	**-1.7**	**-1.6**	**-2.1**	**-1.8**
Endogenous debt dynamics 2/	**-1.0**	**-1.5**	**0.8**	**1.9**	**0.0**	**-0.3**	**-0.6**	**-0.7**	**-0.7**	**-0.7**	**-0.5**		
Contribution from nominal interest rate	0.8	1.1	1.0	1.1	1.0	1.0	0.9	0.8	0.8	0.7	0.5		
Contribution from real GDP growth	-0.8	-1.0	-1.2	0.9	-1.0	-1.3	-1.5	-1.6	-1.5	-1.4	-1.0		
Contribution from price and exchange rate changes	-0.9	-1.6	1.1	...	...	...	...	...	...	...	...		
Residual 3/	**3.6**	**3.5**	**-1.5**	**-2.8**	**-1.7**	**-0.2**	**0.0**	**0.7**	**1.4**	**2.7**	**4.4**	**1.4**	**0.9**
of which: exceptional financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Sustainability indicators													
PV of PPG external debt-to-GDP ratio	**...**	**...**	**26.4**	**28.7**	**26.6**	**25.9**	**24.6**	**23.3**	**22.5**	**20.4**	**14.4**		
PV of PPG external debt-to-exports ratio	**...**	**...**	**132.4**	**198.0**	**166.5**	**155.5**	**146.5**	**138.0**	**133.9**	**131.3**	**106.7**		
PPG debt service-to-exports ratio	**14.1**	**17.3**	**19.3**	**16.4**	**15.3**	**15.5**	**18.4**	**17.1**	**14.7**	**11.9**	**10.7**		
PPG debt service-to-revenue ratio	**15.6**	**18.5**	**22.4**	**17.0**	**15.2**	**15.5**	**18.6**	**17.1**	**14.6**	**11.2**	**9.7**		
Gross external financing need (Billion of U.S. dollars)	1.5	2.6	2.9	2.2	1.9	1.6	1.6	1.2	0.9	-0.4	-4.9		
Key macroeconomic assumptions													
Real GDP growth (in percent)	3.5	4.1	3.9	-2.8	3.4	4.3	4.8	5.4	5.4	5.5	5.6	**4.5**	**4.4**
GDP deflator in US dollar terms (change in percent)	3.6	6.3	-3.3	3.3	10.0	2.7	2.3	2.1	2.0	1.8	1.8	**-0.2**	**2.8**
Effective interest rate (percent) 4/	3.2	4.5	3.2	3.5	3.5	3.3	3.0	2.9	2.8	2.6	2.6	**3.3**	**2.9**
Growth of exports of G&S (US dollar terms, in percent)	4.4	12.3	5.5	-27.0	25.4	11.8	8.0	8.5	7.1	5.6	6.0	**5.0**	**5.7**
Growth of imports of G&S (US dollar terms, in percent)	2.0	16.9	7.6	-16.2	18.7	4.9	3.8	4.6	5.9	4.0	3.9	**4.5**	**3.7**
Grant element of new public sector borrowing (in percent)	...	...	...	32.6	33.5	32.3	31.8	29.7	29.5	28.2	25.1	**...**	**30.3**
Government revenues (excluding grants, in percent of GDP)	16.9	17.7	17.2	14.0	16.1	16.6	16.7	16.9	17.0	16.4	15.0	**16.9**	**16.4**
Aid flows (in Billion of US dollars) 5/	3.7	4.1	4.5	1.0	0.8	0.8	0.9	0.9	0.9	0.9	1.0		
Grant-equivalent financing (in percent of GDP) 6/	...	...	...	2.3	1.7	1.6	1.4	1.3	1.2	0.8	0.6	**...**	**1.3**
Grant-equivalent financing (in percent of external financing) 6/	...	...	...	37.6	40.2	39.3	38.0	36.1	35.6	31.6	29.9	**...**	**35.1**
Nominal GDP (Billion of US dollars)	35	39	39	39	44	48	51	55	59	84	174		
Nominal dollar GDP growth	7.2	10.6	0.4	0.4	13.8	7.2	7.2	7.6	7.5	7.4	7.5	**4.3**	**7.4**
Memorandum items:													
PV of external debt 7/	...	...	28.2	30.6	28.5	27.8	26.5	25.2	24.4	21.8	15.3		
In percent of exports	...	...	141.8	211.7	178.4	166.8	157.7	149.1	145.1	140.7	113.2		
Total external debt service-to-exports ratio	18.2	23.0	22.5	20.5	18.4	18.0	20.9	19.5	17.1	14.0	12.2		
PV of PPG external debt (in Billion of US dollars)			10.2	11.2	11.8	12.3	12.5	12.8	13.3	17.2	25.1		
(PVt-PVt-1)/GDPt-1 (in percent)				2.4	1.6	1.2	0.5	0.5	0.9	1.0	0.6		
Non-interest current account deficit that stabilizes debt ratio	-0.4	-0.3	3.0	2.5	3.8	2.4	2.5	1.8	1.2	-0.3	-2.3		

Definition of external/domestic debt	**Residency-based**
Is there a material difference between the two criteria?	**Yes**





Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.

2/ Derived as [r - g - ρ(1+g) + Ɛα (1+r)]/(1+g+ρ+gρ) times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, ρ = growth rate of GDP deflator in U.S. dollar terms, Ɛ=nominal appreciation of the local currency, and α= share of local currency-denominated external debt in total external debt.

3/ Includes exceptional financing (i.e., changes in arrears and debt relief); changes in gross foreign assets; and valuation adjustments. For projections also includes contribution from price and exchange rate changes.

4/ Current-year interest payments divided by previous period debt stock.

5/ Defined as grants, concessional loans, and debt relief.

6/ Grant-equivalent financing includes grants provided directly to the government and through new borrowing (difference between the face value and the PV of new debt).

7/ Assumes that PV of private sector debt is equivalent to its face value.

8/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

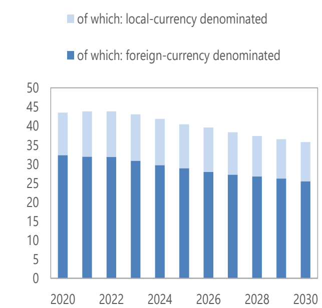
Table 2. Cameroon: Public Sector Debt Sustainability Framework, Baseline Scenario, 2017–2040

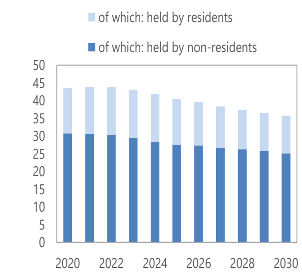
(in percent of GDP, unless otherwise indicated)

	Actual			Projections								Average 6/	
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030	2040	Historical	Projections
Public sector debt 1/	37.7	39.5	41.7	43.5	43.8	43.8	43.1	41.8	40.4	35.8	31.3	27.0	40.4
of which: external debt	25.1	28.6	29.0	30.8	30.6	30.4	29.4	28.3	27.6	25.1	17.5	18.1	28.0
Change in public sector debt	4.4	1.8	2.2	1.8	0.3	0.0	-0.8	-1.2	-1.4	-0.7	-0.4		
Identified debt-creating flows	0.9	-0.2	2.0	4.7	1.1	0.1	-0.8	-1.2	-1.4	-0.8	-0.4	2.2	-0.2
Primary deficit	4.2	1.6	2.5	2.9	2.3	1.5	0.9	0.7	0.4	0.8	0.8	2.9	1.1
Revenue and grants	17.2	18.1	17.8	14.4	16.5	17.0	17.0	17.2	17.3	16.6	15.1	17.3	16.7
of which: grants	0.3	0.4	0.6	0.4	0.4	0.4	0.3	0.3	0.3	0.1	0.1		
Primary (noninterest) expenditure	21.3	19.7	20.3	17.4	18.8	18.5	17.9	17.9	17.7	17.4	15.9	20.2	17.8
Automatic debt dynamics	-3.3	-0.4	-0.8	1.8	-1.1	-1.4	-1.7	-1.9	-1.9	-1.6	-1.2		
Contribution from interest rate/growth differential	-1.0	-1.5	-1.4	1.8	-1.1	-1.4	-1.7	-1.9	-1.9	-1.6	-1.2		
of which: contribution from average real interest rate	0.2	-0.1	0.1	0.6	0.3	0.4	0.3	0.3	0.3	0.3	0.5		
of which: contribution from real GDP growth	-1.1	-1.5	-1.5	1.2	-1.4	-1.8	-2.0	-2.2	-2.2	-1.9	-1.7		
Contribution from real exchange rate depreciation	-2.3	1.2	0.6	...	...	...	...	...	...	...	...		
Other identified debt-creating flows	0.0	-1.4	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.0
Privatization receipts (negative)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Recognition of contingent liabilities (e.g., bank recapitalization)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Debt relief (HIPC and other)	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Other debt creating or reducing flow (please specify)	0.0	-1.4	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Residual	3.6	2.0	0.2	-2.9	-0.8	-0.1	0.0	0.0	0.0	0.1	0.0	0.7	-0.3
Sustainability indicators													
PV of public debt-to-GDP ratio 2/	...	...	39.2	39.9	39.7	39.2	38.2	36.9	35.4	31.0	28.2		
PV of public debt-to-revenue and grants ratio	...	...	220.4	276.5	240.4	230.3	224.5	214.1	204.9	187.4	186.5		
Debt service-to-revenue and grants ratio 3/	15.3	18.1	21.6	51.6	44.6	54.0	59.5	60.0	58.6	42.6	46.4		
Gross financing need 4/	8.0	5.1	8.4	10.4	9.6	10.7	11.0	11.0	10.5	7.9	7.8		
Key macroeconomic and fiscal assumptions													
Real GDP growth (in percent)	3.5	4.1	3.9	-2.8	3.4	4.3	4.8	5.4	5.4	5.5	5.6	4.5	4.4
Average nominal interest rate on external debt (in percent)	3.4	3.0	2.8	2.7	2.7	2.6	2.3	2.2	2.1	2.0	2.1	2.9	2.2
Average real interest rate on domestic debt (in percent)	-1.5	-1.6	-2.0	1.2	1.1	2.2	2.1	2.1	2.3	3.1	3.4	-1.7	2.3
Real exchange rate depreciation (in percent, + indicates depreciation)	-10.6	4.8	2.2	...	...	...	...	...	...	...	...	2.9	...
Inflation rate (GDP deflator, in percent)	1.5	1.6	2.0	1.2	2.2	1.7	1.8	1.9	1.9	1.8	1.8	1.8	1.8
Growth of real primary spending (deflated by GDP deflator, in percent)	-0.5	-3.9	7.2	-17.0	11.7	3.0	1.5	5.2	4.2	5.5	3.5	8.0	3.2
Primary deficit that stabilizes the debt-to-GDP ratio 5/	-0.3	-0.2	0.3	1.1	1.9	1.5	1.7	1.9	1.8	1.6	1.2	0.0	1.7
PV of contingent liabilities (not included in public sector debt)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		

Definition of external/domestic debt	**Residency-based**
Is there a material difference between the two criteria?	**Yes**

Public sector debt 1/





Sources: Country authorities; and staff estimates and projections.

1/ Coverage of debt: The central government, central bank, government-guaranteed debt, non-guaranteed SOE debt . Definition of external debt is Residency-based.

2/ The underlying PV of external debt-to-GDP ratio under the public DSA differs from the external DSA with the size of differences depending on exchange rates projections.

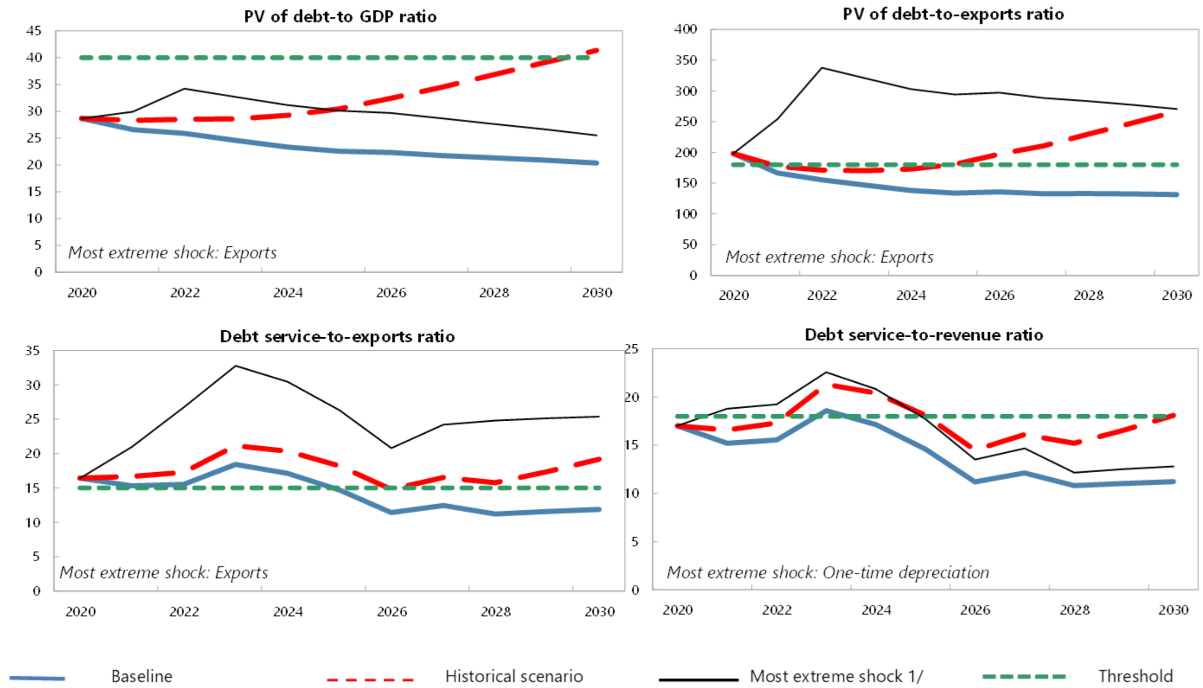
3/ Debt service is defined as the sum of interest and amortization of medium and long-term, and short-term debt.

4/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period and other debt creating/reducing flows.

5/ Defined as a primary deficit minus a change in the public debt-to-GDP ratio ((-): a primary surplus), which would stabilizes the debt ratio only in the year in question.

6/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

Figure 1. Cameroon: Indicators of Public and Publicly Guaranteed External Debt under Alternative Scenarios, 2020–2030



Customization of Default Settings	Size	Interactions
Tailored Stress		
Combined CL	Yes	
Natural disaster	n.a.	n.a.
Commodity price [2/]	No	No
Market financing	No	No

Note: "Yes" indicates any change to the size or interactions of the default settings for the stress tests. "n.a." indicates that the stress test does not apply.

Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
Shares of marginal debt		
External PPG MLT debt	100%	
Terms of marginal debt		
Avg. nominal interest rate on new borrowing in USD	1.9%	1.9%
USD Discount rate	5.0%	5.0%
Avg. maturity (incl. grace period)	21	21
Avg. grace period	5	5

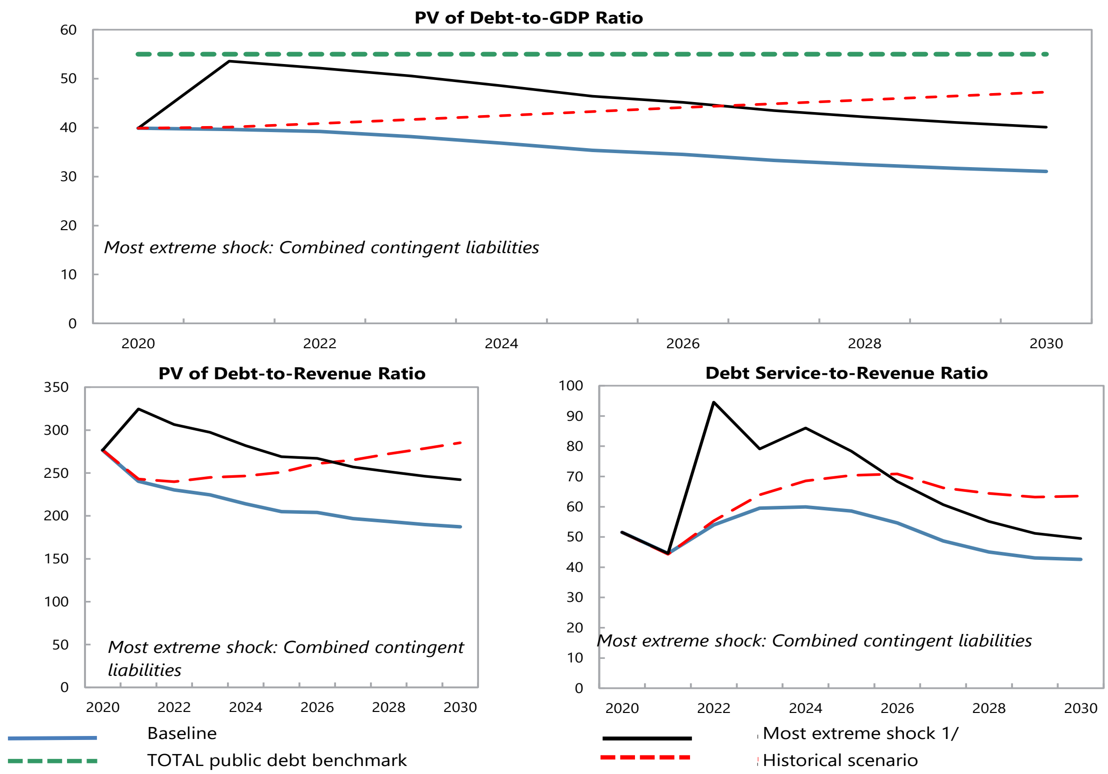
* Note: All the additional financing needs generated by the shocks under the stress tests are assumed to be covered by PPG external MLT debt in the external DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2030. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

2/ The magnitude of shocks used for the commodity price shock stress test are based on the commodity prices outlook prepared by the IMF research department.

Figure 2. Cameroon: Indicators of Public Debt Under Alternative Scenarios, 2020–2030



Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
Shares of marginal debt		
External PPG medium and long-term	35%	35%
Domestic medium and long-term	21%	21%
Domestic short-term	44%	44%
Terms of marginal debt		
External MLT debt		
Avg. nominal interest rate on new borrowing in USD	1.9%	1.9%
Avg. maturity (incl. grace period)	21	21
Avg. grace period	5	5
Domestic MLT debt		
Avg. real interest rate on new borrowing	3.6%	3.6%
Avg. maturity (incl. grace period)	3	3
Avg. grace period	2	2
Domestic short-term debt		
Avg. real interest rate	1.5%	1.5%

* Note: The public DSA allows for domestic financing to cover the additional financing needs generated by the shocks under the stress tests in the public DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2030. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

Table 3. Cameroon: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2020–2030 (In percent)

	Projections 1/										
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
PV of debt-to GDP ratio											
Baseline	29	27	26	25	23	23	22	22	21	21	20
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2030 2/	29	28	29	29	29	30	32	34	37	39	**41**
B. Bound Tests											
B1. Real GDP growth	29	27	27	25	24	23	23	22	22	21	21
B2. Primary balance	29	27	28	27	26	26	25	25	24	24	23
B3. Exports	29	30	34	33	31	30	30	29	28	27	26
B4. Other flows 3/	29	27	27	26	25	24	24	23	22	22	21
B5. Depreciation	29	33	29	28	26	25	25	25	24	24	24
B6. Combination of B1-B5	29	32	30	29	28	27	26	25	25	24	23
C. Tailored Tests											
C1. Combined contingent liabilities	29	30	31	30	30	30	30	29	29	29	28
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	29	28	29	28	26	26	25	25	24	23	23
C4. Market Financing	29	29	29	27	26	25	25	24	24	23	23
Threshold	40	40	40	40	40	40	40	40	40	40	40
PV of debt-to-exports ratio											
Baseline	**198**	167	155	146	138	134	136	133	133	132	131
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2030 2/	**198**	177	171	170	173	**181**	**197**	**211**	**229**	**248**	**267**
B. Bound Tests											
B1. Real GDP growth	**198**	167	155	146	138	134	136	133	133	132	131
B2. Primary balance	**198**	170	169	162	154	152	155	152	152	151	150
B3. Exports	**198**	**254**	**338**	**320**	**303**	**294**	**297**	**288**	**283**	**277**	**271**
B4. Other flows 3/	**198**	171	164	154	145	141	143	140	139	138	137
B5. Depreciation	**198**	167	143	134	126	122	124	122	123	123	123
B6. Combination of B1-B5	**198**	**237**	170	**233**	**220**	**213**	**216**	**209**	**208**	**206**	**204**
C. Tailored Tests											
C1. Combined contingent liabilities	**198**	**190**	**187**	**182**	178	177	**181**	179	**181**	**181**	**180**
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	**198**	**189**	**183**	172	162	156	156	152	151	150	148
C4. Market Financing	**198**	167	157	148	140	135	136	133	133	132	131
Threshold	180	180	180	180	180	180	180	180	180	180	180
Debt service-to-exports ratio											
Baseline	**16**	**15**	**16**	**18**	**17**	15	11	12	11	12	12
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2030 2/	**16**	**17**	**17**	**21**	**20**	**18**	15	**17**	**16**	**17**	**19**
B. Bound Tests											
B1. Real GDP growth	**16**	**15**	**16**	**18**	**17**	15	11	12	11	12	12
B2. Primary balance	**16**	**15**	**16**	**19**	**18**	**15**	12	13	12	13	13
B3. Exports	**16**	**21**	**27**	**33**	**30**	**26**	**21**	**24**	**25**	**25**	**25**
B4. Other flows 3/	**16**	**15**	**16**	**19**	**17**	15	12	13	12	12	12
B5. Depreciation	**16**	**15**	**16**	**18**	**17**	14	11	12	10	11	11
B6. Combination of B1-B5	**16**	**20**	**23**	**27**	**25**	**22**	**17**	**20**	**18**	**18**	**19**
C. Tailored Tests											
C1. Combined contingent liabilities	**16**	**15**	**16**	**19**	**18**	**16**	12	13	12	13	13
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	**16**	**17**	**17**	**21**	**19**	**16**	13	14	13	13	14
C4. Market Financing	**16**	**15**	**16**	**19**	**17**	**16**	13	14	12	11	11
Threshold	15	15	15	15	15	15	15	15	15	15	15
Debt service-to-revenue ratio											
Baseline	17	15	16	**19**	17	15	11	12	11	11	11
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2030 2/	17	17	17	**21**	**20**	**18**	14	16	15	17	**18**
B. Bound Tests											
B1. Real GDP growth	17	15	16	**19**	18	15	11	12	11	11	12
B2. Primary balance	17	15	16	**19**	18	15	12	13	12	12	13
B3. Exports	17	15	16	**20**	**19**	16	12	14	15	15	15
B4. Other flows 3/	17	15	16	**19**	17	15	11	13	11	12	12
B5. Depreciation	17	**19**	**19**	**23**	**21**	18	13	15	12	13	13
B6. Combination of B1-B5	17	16	17	**21**	**19**	16	12	15	13	13	13
C. Tailored Tests											
C1. Combined contingent liabilities	17	15	16	**19**	18	16	12	13	12	12	12
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	17	18	**18**	**22**	**20**	17	13	13	12	13	13
C4. Market Financing	17	15	16	**19**	17	16	13	14	11	11	11
Threshold	18	18	18	18	18	18	18	18	18	18	18

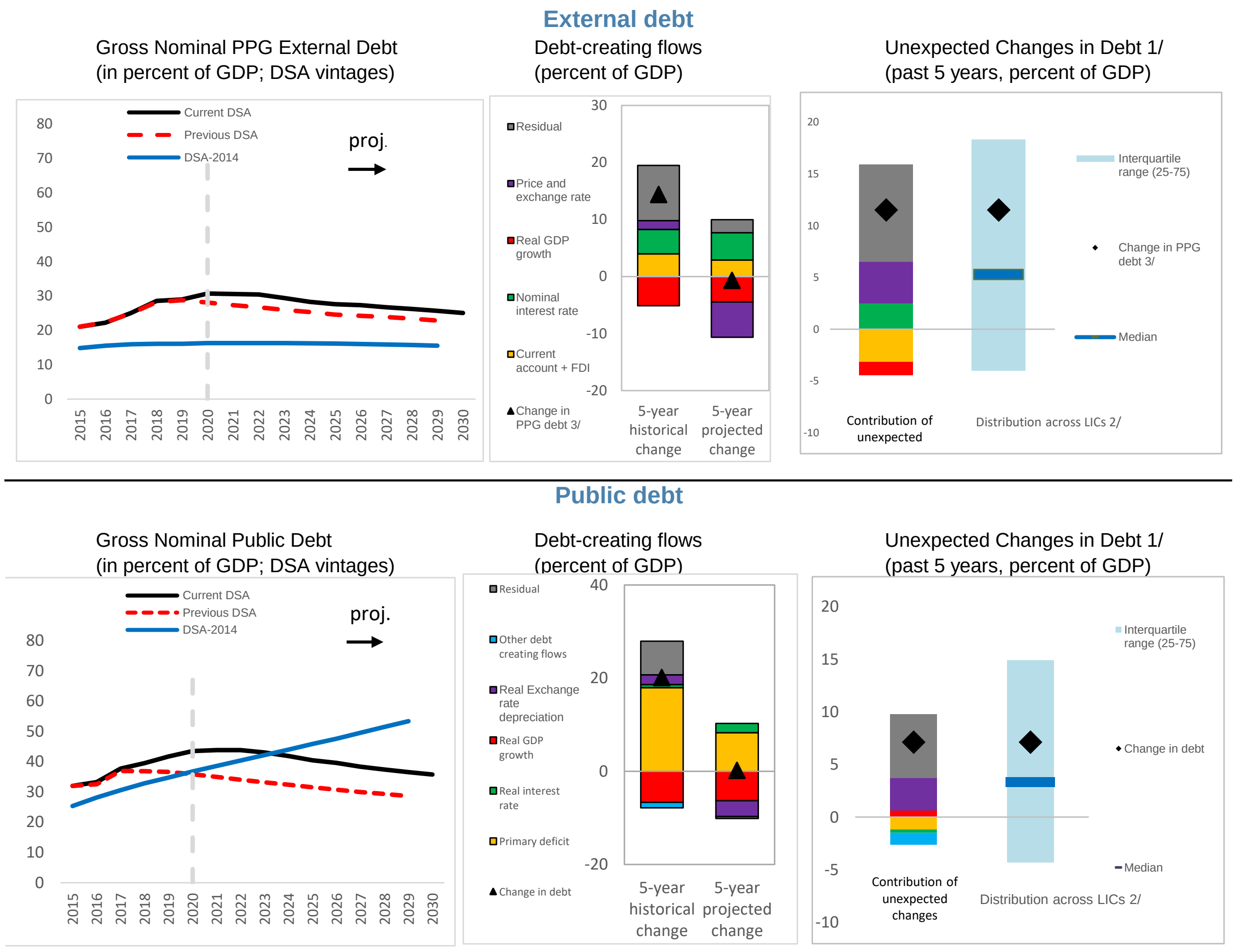
Sources: Country authorities; and staff estimates and projections.
1/ A bold value indicates a breach of the threshold.
2/ Variables include real GDP growth, GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.
3/ Includes official and private transfers and FDI.

Table 4. Cameroon: Sensitivity Analysis for Key Indicators of Public Debt, 2020–2030

	Projections 1/										
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
PV of Debt-to-GDP Ratio											
Baseline	40	40	39	38	37	35	35	33	32	32	31
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2030 2/	40	40	41	42	42	43	44	45	46	46	47
B. Bound Tests											
B1. Real GDP growth	40	40	41	40	39	38	38	37	36	36	35
B2. Primary balance	40	42	45	43	42	40	39	38	37	36	35
B3. Exports	40	43	47	46	44	42	41	40	38	37	36
B4. Other flows 3/	40	40	41	39	38	37	36	34	33	33	32
B5. Depreciation	40	46	44	41	38	36	33	31	29	27	26
B6. Combination of B1-B5	40	39	41	40	38	36	35	33	32	31	30
C. Tailored Tests											
C1. Combined contingent liabilities	40	54	52	51	49	46	45	43	42	41	40
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	40	42	44	45	46	45	45	44	43	42	41
C4. Market Financing	40	40	39	38	37	36	35	33	32	32	31
TOTAL public debt benchmark	55	55	55	55	55	55	55	55	55	55	55
PV of Debt-to-Revenue Ratio											
Baseline	277	240	230	224	214	205	204	197	194	190	187
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2030 2/	277	243	240	245	247	251	261	265	272	278	285
B. Bound Tests											
B1. Real GDP growth	277	245	240	237	228	221	222	217	215	213	212
B2. Primary balance	277	253	262	255	243	232	231	222	218	214	210
B3. Exports	277	259	276	269	256	246	245	235	228	221	216
B4. Other flows 3/	277	245	238	232	221	212	211	204	200	195	192
B5. Depreciation	277	282	259	243	223	206	198	184	174	165	156
B6. Combination of B1-B5	277	238	242	233	220	208	205	196	191	185	180
C. Tailored Tests											
C1. Combined contingent liabilities	277	325	306	297	282	269	267	257	252	246	242
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	277	290	292	302	291	278	274	258	255	251	249
C4. Market Financing	277	241	231	226	216	206	205	197	193	190	187
Debt Service-to-Revenue Ratio											
Baseline	52	45	54	60	60	59	55	49	45	43	43
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2030 2/	52	44	55	64	69	70	71	66	64	63	64
B. Bound Tests											
B1. Real GDP growth	52	45	56	63	64	63	60	54	51	49	49
B2. Primary balance	52	45	60	71	68	67	62	54	50	48	47
B3. Exports	52	45	54	61	61	60	56	51	49	46	46
B4. Other flows 3/	52	45	54	60	60	59	55	49	46	44	43
B5. Depreciation	52	44	56	62	62	60	55	49	45	44	43
B6. Combination of B1-B5	52	43	53	65	61	60	54	48	44	42	41
C. Tailored Tests											
C1. Combined contingent liabilities	52	45	95	79	86	78	68	61	55	51	49
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	52	51	66	77	80	79	74	65	60	58	57
C4. Market Financing	52	45	54	60	60	60	56	50	46	43	42

Sources: Country authorities; and staff estimates and projections.
1/ A bold value indicates a breach of the benchmark.
2/ Variables include real GDP growth, GDP deflator and primary deficit in percent of GDP.
3/ Includes official and private transfers and FDI.

Figure 3. Cameroon: Drivers of Debt Dynamics – Baseline Scenario



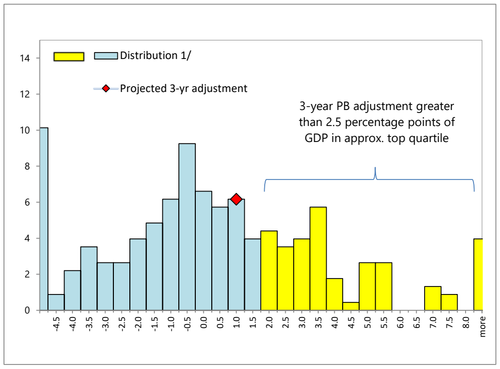
1/ Difference between anticipated and actual contributions on debt ratios.

2/ Distribution across LICs for which LIC DSAs were produced.

3/ Given the relatively low private external debt for average low-income countries, a ppt change in PPG external debt should be largely explained by the drivers of the external debt dynamics equation.

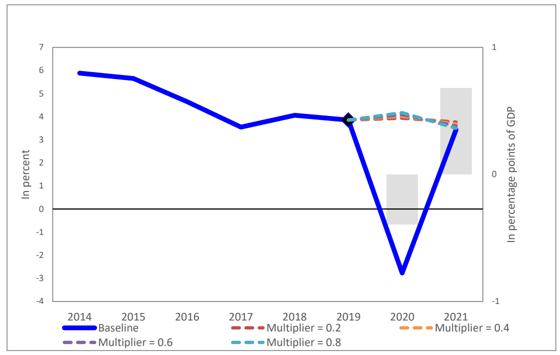
Figure 4. Cameroon: Realism Tools

3-Year Adjustment in Primary Balance
(Percentage points of GDP)



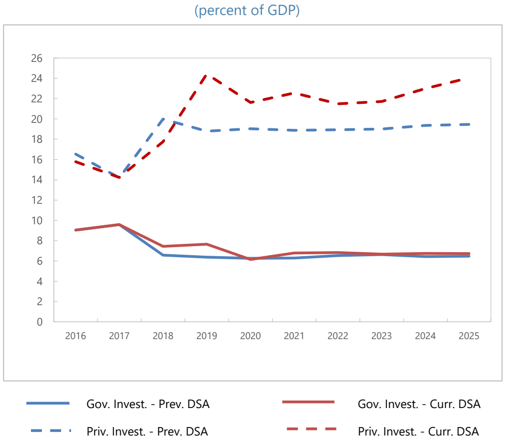
1/ Data cover Fund-supported programs for LICs (excluding emergency financing) approved since 1990. The size of 3-year adjustment from program inception is found on the horizontal axis; the percent of sample is found on the vertical axis.

Fiscal Adjustment and Possible Growth Paths 1/



1/ Bars refer to annual projected fiscal adjustment (right-hand side scale) and lines show possible real GDP growth paths under different fiscal multipliers (left-hand side scale).

Public and Private Investment Rates
(percent of GDP)



Contribution to Real GDP growth
(percent, 5-year average)

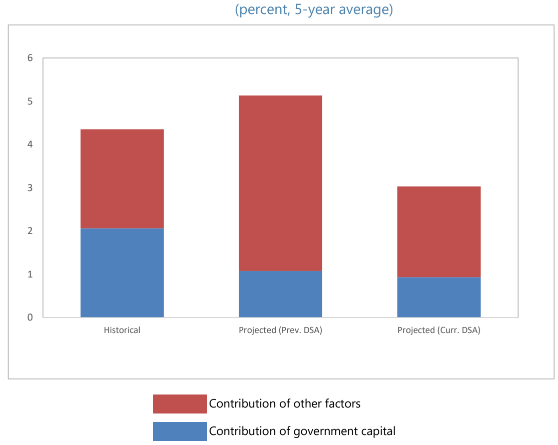
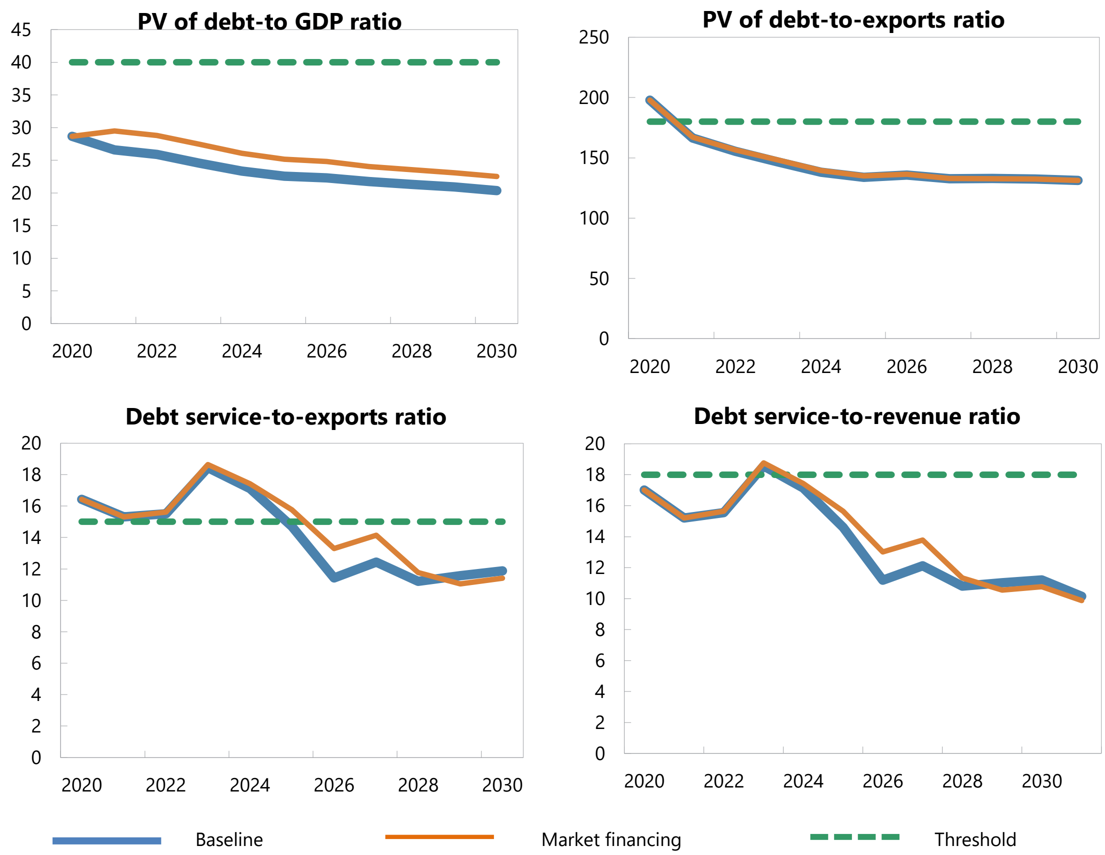


Figure 5. Cameroon: Market-Financing Risk Indicators

	GFN 1/	EMBI 2/
Benchmarks	14	570
Values	11	753
Breach of benchmark	No	Yes
Potential heightened liquidity needs	Moderate	

1/ Maximum gross financing needs (GFN) over 3-year baseline projection horizon.
2/ EMBI spreads correspond to the latest available data.



Sources: Country authorities; and staff estimates and projections.