

# CAMEROON

**Table 1**

	<b>2021</b>
Population, million	27.2
GDP, current US\$ billion	42.0
GDP per capita, current US\$	1543.7
International poverty rate (\$1.9) <sup>a</sup>	26.0
Lower middle-income poverty rate (\$3.2) <sup>a</sup>	47.0
Upper middle-income poverty rate (\$5.5) <sup>a</sup>	71.0
Gini index <sup>a</sup>	46.6
School enrollment, primary (% gross) <sup>b</sup>	105.7
Life expectancy at birth, years <sup>b</sup>	59.3
Total GHG Emissions (mtCO2e)	126.1

Source: WDI, Macro Poverty Outlook, and official data.

a/ Most recent value (2014), 2011 PPPs.

b/ Most recent WDI value (2019).

*The completion of infrastructure projects is expected to boost GDP growth in 2022. Driven by higher oil prices, the fiscal deficit is projected to narrow in the medium term, while the current account deficit would decline gradually. The impact of the shipping crisis, along with the Ukraine-Russia war, could put further pressure on inflation and incomes. The outlook remains favorable, but is subject to several risks, hence the need to accelerate structural reforms.*

## Key conditions and challenges

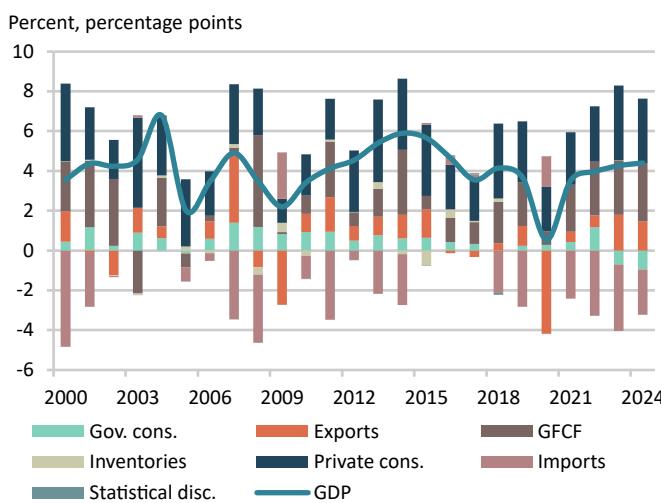
Cameroon is the largest economy in the Economic and Monetary Community of Central Africa (CEMAC), accounting for over 40 percent of the region's GDP and over 60 percent of regional foreign exchange reserves. The oil sector accounts for 4 percent of the country's GDP and 13.8 percent of its fiscal revenues in 2021, highlighting Cameroon's exposure to commodities and oil price shocks. The current development model has run out of steam, as governance indicators have deteriorated, human capital remains weak, and the business environment is unfavorable. High market concentration and state ownership of commercial enterprises also limit domestic competition. The country has become more fragile. Conflicts affecting 6 out of 10 of Cameroon's regions have displaced people, increased violence, and led to a collapse in social services. The current growth level is too low to achieve a substantial poverty reduction. Although the poverty rate has declined over the last decade, the absolute number of poor people has increased consistently due to population growth. The COVID-19 crisis has reversed progress in poverty reduction, with the poverty rate estimated to have increased in 2020. The debt stock has been rising since 2016, calling for improved debt management to attract new investment.

For growth to accelerate and become more inclusive, the government's role needs to shift from being the main driver of economic activity to: (i) providing a stable and fair regulatory environment and adequate infrastructure services; and (iii) effectively delivering basic services to the population.

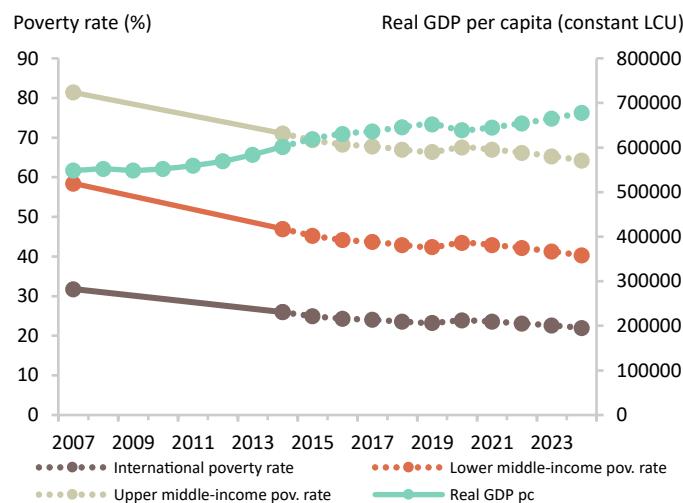
## Recent developments

Cameroon's economic activity gradually recovered in 2021 on the back of dynamic secondary and tertiary sectors and stronger external demand. Real GDP growth reached 3.5 percent in 2021, or 0.8 percent in per capita terms. Higher oil production and prices and a rebound in services and external demand have supported private consumption and investment. Increased shipping costs have put pressure on prices in recent months, limiting the availability of food staples in local markets. Meanwhile, higher exports and oil prices have improved Cameroon's current account balance. Following a sharp decline in 2020, imports moderately increased in 2021, driven by large infrastructure projects, including initiatives related to the Africa Cup of Nations. Despite the improving economic context, vaccination against COVID-19 remains low at 2.9 percent of the total population, as of end-March 2022.

The fiscal deficit remained unchanged to 3.2 percent of GDP in 2021, owing to improved revenue collection and expenditure controls. Oil revenues reached 1.9

**FIGURE 1 Cameroon / Real GDP growth and contributions to real GDP growth**

Source: World Bank.

**FIGURE 2 Cameroon / Actual and projected poverty rates and real GDP per capita**

Source: World Bank. Notes: see Table 2.

percent of GDP in the same year due to higher oil prices. Tax revenues also increased in 2021 due to better-than-expected collection of the value-added tax (VAT), corporate income tax, and excises. Similarly, efforts to improve the tax administration, including digitization and tax audits, also contributed to the revenue increase. On the expenditures side, even though higher oil prices led to higher fuel subsidies, the authorities cut current expenditures on goods and services, allowing for some expansion of capital outlays. Capital spending increased from 4.6 percent of GDP in 2020 to 5.4 percent of GDP in 2021, while the public debt stock increased from 44.9 percent of GDP in end-2020 to 47.2 percent of GDP by end-2021.

The Bank of Central African States tightened its monetary policy in late 2021 over concerns about the evolution of foreign exchange reserves. Despite higher oil prices and the International Monetary Fund Special Drawing Rights allocation (equivalent to US\$1.4 billion), the country's foreign exchange reserves represented just above 3 months' worth of imports of goods and services by end 2021 (same as by end 2020).

## Outlook

The economic recovery is expected to consolidate, with growth projected to reach 4.0 percent in 2022 and 4.4 percent in 2023. Economic growth would benefit from sustained higher oil prices as the pandemic comes progressively to an end. Unless the government introduces price subsidies, the Ukraine-Russia war will affect the outlook, have an impact on poverty reduction, and weigh on inflation. Key transmission channels are: (i) increased wheat prices, translating into higher prices for bread; (ii) higher oil and energy prices, leading to higher production costs; and (iii) higher fertilizer prices, affecting the majority of people working in agriculture. Efforts to reduce poverty will also be hampered by the ongoing security crisis in parts of the country. Nevertheless, the poverty rate is expected to remain constant at 23 percent in 2022.

The current account balance should continue to improve, owing to robust oil and non-oil commodity exports. The country's fiscal deficit is projected to narrow from

3.2 percent of GDP in 2021 to 2.8 percent in 2024. Non-oil revenues are expected to increase, due to simplified administrative measures on property income and the new tax on mobile money transfers. Spending reprioritization, including the gradual reduction of subsidies to SOEs, would contain expenditure in the medium term. Still, Cameroon remains at high risk of external and overall debt distress, although debt is assessed as sustainable, according to the latest Debt Sustainability Analysis conducted in February 2022.

The outlook remains subject to risks associated with: (i) a further tightening of monetary policy; (ii) a protracted Ukraine-Russia war; and (iii) a persistent security crisis in the North-West, South-West, and Far North regions. Should such risks materialize, real GDP would grow more modestly than under the baseline scenario, affecting fiscal and external accounts. A sharp rise in global risk premia following a monetary policy tightening in advanced economies would affect the outlook and debt sustainability. The increase in international oil and food prices would add on existing inflationary and fiscal pressures.

**TABLE 2 Cameroon / Macro poverty outlook indicators**

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
<b>Real GDP growth, at constant market prices</b>	3.7	0.5	3.5	4.0	4.3	4.4
Private Consumption	4.5	3.3	3.8	4.0	5.4	4.6
Government Consumption	1.8	2.3	3.4	9.1	-5.2	-7.9
Gross Fixed Capital Investment	8.1	2.4	8.2	8.9	8.5	8.9
Exports, Goods and Services	5.1	-21.0	3.2	3.9	11.5	8.8
Imports, Goods and Services	10.5	-5.4	9.0	11.5	11.0	7.0
<b>Real GDP growth, at constant factor prices</b>	3.6	0.5	3.5	4.0	4.3	4.4
Agriculture	2.8	0.1	4.1	4.3	5.6	5.6
Industry	3.6	1.3	4.1	4.4	4.5	4.5
Services	3.9	0.3	3.1	3.7	3.8	4.0
<b>Inflation (Consumer Price Index)</b>	2.5	2.5	2.5	3.0	2.5	2.0
<b>Current Account Balance (% of GDP)</b>	-4.4	-3.7	-4.0	-3.9	-3.8	-3.7
<b>Fiscal Balance (% of GDP)</b>	-3.3	-3.2	-3.2	-3.0	-2.9	-2.8
<b>Debt (% of GDP)</b>	43.0	45.8	47.1	45.1	42.3	39.8
<b>Primary Balance (% of GDP)</b>	-2.4	-2.3	-2.1	-1.9	-2.0	-1.9
<b>International poverty rate (\$1.9 in 2011 PPP)<sup>a,b</sup></b>	23.2	23.9	23.6	23.1	22.6	22.0
<b>Lower middle-income poverty rate (\$3.2 in 2011 PPP)<sup>a,b</sup></b>	42.4	43.4	42.9	42.2	41.3	40.3
<b>Upper middle-income poverty rate (\$5.5 in 2011 PPP)<sup>a,b</sup></b>	66.4	67.5	67.0	66.2	65.3	64.2
<b>GHG emissions growth (mtCO2e)</b>	0.9	0.4	0.9	1.0	1.0	1.1
<b>Energy related GHG emissions (% of total)</b>	9.6	9.5	9.8	10.1	10.3	10.5

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

a/ Calculations based on 2007-ECAM-III, 2019-, and 2014-ECAM-IV. Actual data: 2014. Nowcast: 2015-2021. Forecasts are from 2022 to 2024.

b/ Projection using point-to-point elasticity (2007-2019) with pass-through = 1 based on GDP per capita in constant LCU.