



## **APPENDIX N° 1**

# **BUDGET EXECUTION AND FINANCING BUDGET DEFICIT**

***Settlement bill for  
The 2020 financial year***

# **BUDGET EXECUTION AND FINANCING BUDGET DEFICIT**

APPENDIX TO THE SETTLEMENT BILL FOR THE 2020 FINANCIAL  
YEAR

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## ACRONYMS AND ABBREVIATIONS

<b>CA:</b>	Commitment Authorization	<b>STA:</b>	Authorities Single Treasury Account
<b>AFD:</b>	French Development Agency	<b>DGD:</b>	Directorate General of Customs
<b>AMBACAM:</b>	Cameroon Embassy	<b>DGI:</b>	Directorate General of Taxation
<b>ANR:</b>	Attestation of Non Indebtedness	<b>DGTCFM:</b>	Directorate General of the Treasury, Financial and Monetary Cooperation
<b>EPA:</b>	Economic Partnership Agreement	<b>DIT:</b>	Douala International Terminal
<b>BCT:</b>	Trial balance	<b>SDR:</b>	Special Drawing Rights
<b>OB:</b>	Opening balance	<b>PE:</b>	Public Establishments
<b>BEAC:</b>	Bank of Central African States	<b>EVP:</b>	Twenty-Foot Equivalent
<b>BIP:</b>	Public Investment Budget	<b>FINEX:</b>	External financing
<b>FTBills:</b>	Fungible Treasury Bills	<b>IMF:</b>	International Monetary Fund
<b>BTP:</b>	Building and Public Works	<b>HALCOMI:</b>	Stop the Illicit Trade
<b>C2D:</b>	Debt Relief and Development Contract	<b>DI:</b>	Direct Interventions
<b>CA:</b>	Business turnover	<b>IISF:</b>	Tax Inspector Without Borders Initiative
<b>CAA:</b>	Autonomous Sinking Fund	<b>PIT:</b>	Personal Income Tax
<b>AFCON:</b>	African Cup of Nations	<b>IS:</b>	Company tax
<b>CEMAC:</b>	Economic and Monetary Community of Central Africa	<b>FL:</b>	Loi de Finances
<b>CIME:</b>	Medium-sized Enterprises Tax Centre	<b>MAG:</b>	Loss of income
<b>COCAN:</b>	AFCON Organising Committee	<b>TBonds:</b>	Treasury Bonds
<b>COPPE:</b>	Physical Count of State Personnel	<b>FTBonds :</b>	Fungible Treasury Bonds
<b>PA:</b>	Payment Appropriation	<b>PEC:</b>	Takeover
<b>CSPH:</b>	Hydrocarbons Price Stabilisation Fund	<b>EFP:</b>	Economic and Financial Programme
<b>RLA:</b>	Regional and Local	<b>GDP:</b>	Gross Domestic Product
<b>SME:</b>	Small and medium-sized enterprises	<b>PLANUT:</b>	Three-year Contingency Plan
<b>OP:</b>	Outstanding Payments		
<b>RI :</b>	RESSOURCES Intérieures		
<b>SGS :</b>	Société Générale de Surveillance		

<b>SNH:</b>	National Hydrocarbons Corporation
<b>SONARA:</b>	National Oil Refinery
<b>TEC:</b>	Common External Tariff
<b>WAIR:</b>	Weighted Average Intervention Rate
<b>STPP:</b>	Special Tax on Petroleum Products
<b>VAT:</b>	Value-added tax

## INTRODUCTION

This annex, produced for the second consecutive time as part of the preparation of the settlement bill, aims to provide a detailed account of the execution of revenue and expenditure included in the 2020 Finance Law. It also provides information on the resources that were mobilised to finance the budget deficit.

Budgetary authorisations for the 2020 financial year amounted to **CFAF 4 409 billion** in revenue and expenditure, obtained on the basis of the initial finance law appropriations of CFAF **4 952 billion** and subsequent adjustments in the amount of CFAF **543 billion** by Ordinance No. 2020/001 of 3 June 2020 amending and supplementing certain provisions of Law No. 2019/023 of 24 December 2019 to lay down the finance law of the Republic of Cameroon for the 2020 financial year. This adjustment is the result of the gloomy international economic environment due to the health crisis linked to COVID-19, which had a direct impact on the evolution of State budget revenue and the evolution of the barrel of oil, which remained below the assumptions of the initial finance law.

Produced in accordance with section 20 (2) of Law No. 2018/012 of 11 July 2018 relating to the Fiscal Regime of the State and other public entities, it is intended to inform Parliament and made available to the general public in compliance with the provisions of Law No. 2018/011 of 11 July 2018 on the Code of Transparency and Good Governance in the Management of Public Finances in Cameroon, which require the government to publish all information relating to the execution of public finances.

It is also produced in the light of section 21 of the aforementioned law n°2018/012 of 11 July 2018: "With the exception of the provisions of points f and i relating to the State accounts and the report of the Court of Auditors on the execution of the finance law, the list of documents mentioned in this section may be modified by the finance laws".

In this respect, this annex is opened as part of the production of the draft settlement law which, under the terms of Article 12 of the aforementioned law, has "... the character of a finance law".

With regard to the international context, the execution of the 2020 budget was marked by:

- recovery of the global economy from the business restrictions and economic disruption caused by the COVID-19 pandemic in the first half of the year, including the confinement of much of the world's population and the mothballing of production by many companies. This recovery was supported by a strong expansion in the manufacturing sector, while the service sector showed signs of weakness;
- second wave of COVID-19 infections in several countries in the third quarter, particularly in the euro area, and the emergence of new strains of the virus. To slow its spread, most governments have opted to reintroduce social distancing, border closures and population containment measures;
- uncertainties of the negotiations between the European Union and Great Britain for a post-Brexit trade agreement;
- trade war between the United States and its partners, which continues to negatively affect international trade
- geopolitical tensions between the United States and some major oil exporting countries, notably Iran and Venezuela, against a backdrop of economic sanctions.

At the national level, the execution of the 2020 budget was influenced by the following:

- holding in July 2020 of the second Budget Orientation Debate between the government and parliament, at the end of which the import-substitution policy, local processing of products and budget consolidation were retained, among other things, as guidelines for the 2021-2023 triennium
- preparation of the 2021 budget, triggered by the signing in July 2020 of the relevant presidential circular, which provided for a return to growth in 2021 and highlighted the need to take into account the implementation of the global response plan to the COVID-19 pandemic;
- adoption of an amending finance law following the adverse effects of the health crisis on budgetary revenues and the creation of a Special Appropriations Account (SAA) meant to combat this pandemic;
- exceptional disbursements of development partners in support of the financing of the global response plan against the coronavirus;
- persistence of security challenges in the northern part of the country as well as in the North West and South West Regions
- fall in oil prices to below the \$54.4 per barrel used in the initial finance law.

This report is divided into four parts: the first part is devoted to the analytical presentation of internal budgetary revenue collected; the second part deals with the execution of the budget in terms of expenditure on the basis of actual payments; and the third part deals with the budgetary balance. The appendix also includes a fourth part which deals with the financing of the budget deficit.



## PART ONE: Execution of general budget revenue

For the 2020 financial year, out of the revised forecasts of CFAF **2 848.5 billion**, budgetary revenue was executed to the tune of CFAF **3 178 billion** in absolute value and **111.56%** in relative value.

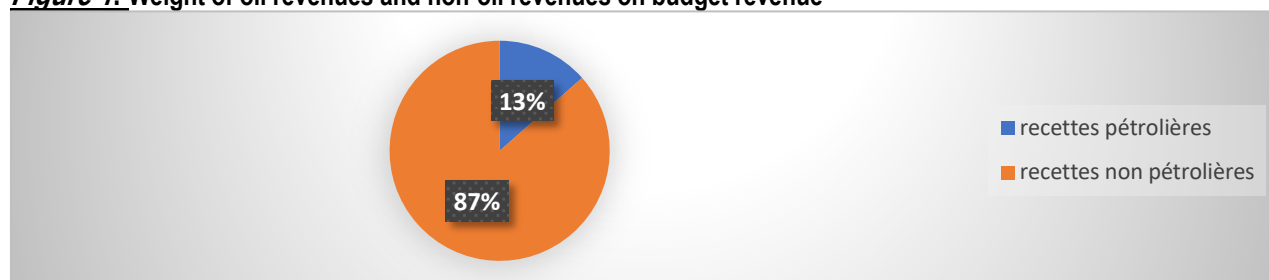
They are made up of oil revenues and non-oil revenues as shown in the following table and graph.

**Table 1:** situation of budget revenue in 2019 and 2020

HEADING	I.F.L	A.F.L	Jan - Dec 19	Jan - Dec 20	% Rate
	2020	2020	Executions	Executions	
<b>I-Oil revenue</b>	<b>443,0</b>	<b>269,7</b>	<b>584,5</b>	<b>428,2</b>	<b>158,8</b>
1-SNH royalties	341,5	169,7	471,5	321,4	189,4
2- Oil CT	101,5	100,0	113,0	106,8	106,8
<b>II- Non oil revenue</b>	<b>3 174,2</b>	<b>2 578,8</b>	<b>3 202,6</b>	<b>2 752,6</b>	<b>106,7</b>
<b>1- Tax revenue</b>	<b>2 962,2</b>	<b>2 374,8</b>	<b>3 038,2</b>	<b>2 563,0</b>	<b>107,9</b>
<b>a - Revenue from taxes and levies</b>	<b>2 113,4</b>	<b>1 725,1</b>	<b>2 233,4</b>	<b>1 855,9</b>	<b>107,6</b>
Of which- PIT	343,0	291,6	367,2	360,1	123,5
- VAT	808,1	621,6	739,6	617,7	99,4
- Non oil CT	370,0	330,1	345,5	352,0	106,6
- Excise duties	220,0	186,7	207,3	245,5	131,5
- Reg. and stamp duties	126,2	91,3	122,6	39,4	43,2
- STPP	135,0	112,8	128,7	135,7	120,3
- Unclassified taxes	111,1	91,0	322,5	105,5	115,9
<b>b - Customs revenue</b>	<b>848,8</b>	<b>649,7</b>	<b>804,8</b>	<b>707,1</b>	<b>108,8</b>
Of which- Customs duty import.	359,4	290,9	345,2	316,0	108,6
- VAT import.	402,8	295,3	394,1	319,9	108,3
- Excise duties import.	49,9	37,1	33,8	38,4	103,5
- Exit right	36,7	26,4	31,7	32,8	124,2
<b>2- Non-tax revenue</b>	<b>212,0</b>	<b>204,0</b>	<b>164,4</b>	<b>186,0</b>	<b>91,2</b>
<b>III- GRANTS</b>	<b>102,0</b>	<b>102,0</b>	<b>133,3</b>	<b>36,0</b>	<b>35,3</b>
<b>TOTAL BUDGET REVENUE</b>	<b>3 719,2</b>	<b>2 950,5</b>	<b>3 920,4</b>	<b>3 213,2</b>	<b>108,9</b>

**Source:** Trial Balance

**Figure 1:** Weight of oil revenues and non-oil revenues on budget revenue



## I.1. Oil revenue

In 2020, oil revenue collected amounted to CFAF 428.2 billion for a revised annual target of CFAF **269.7 billion**, thus an overrun of CFAF **158.5 billion** and an implementation rate of **158.8%**. Although this performance was higher than the forecasts of the rectifying finance law, it was necessary to note that it remained below the initial finance law, which forecast **CFAF 443.0 billion**.

The total amount of CFAF **428.22 billion** collected is divided into **CFAF 321.4 billion** in SNH royalties and **CFAF 106.8 billion** in oil revenue. Compared to 2019, oil revenue decreased by **CFAF 156.28 billion** in absolute value and **26.73%** in relative value. As a result of this performance, the weight of oil revenue in domestic revenue fell from **16.62%** in 2019 to **13.32% in 2020**.

## I.2. Non oil revenue

Compared to the 2019 financial year when they amounted to **CFAF 3 202.6 billion**, non-oil revenue was collected to the tune of CFAF **2 752.6 billion**, a drop of CFAF **450 billion** in absolute value and **14.05%** in relative value. The Revised annual target of CFAF **2 578.8 billion** was exceeded, with an achievement rate of **106.7%**. However, it should be pointed out that due to the downturn of domestic and external demand, mainly due to the health crisis, the forecast for Non-oil revenue was reduced by **CFAF 595.4 billion** in the budgetary supplement of 3 June 2020. The breakdown below shows the level of non-oil revenue mobilisation in relation to the allocations in the amended finance law.

### I.2.1. Tax revenue

For the year 2020, **CFAF 2 563.0 billion** of tax revenue was mobilised out of a Revised annual forecast of CFAF **2 374.8 billion**, representing an implementation rate of 107.9%. This performance is observed at the level of its two components: taxes and Customs revenue. Compared to 2019, tax revenue was reduced by **CFAF 475.2 billion** in absolute terms and by **15.6%** in relative terms.

#### I.2.1.1. Revenue from taxes and levies

Out of a Revised target of CFAF **1 725.1 billion**, revenue from taxes and levies was mobilised to the tune of CFAF **1 855.9 billion** in 2020, corresponding to an achievement rate of **107.6%**. This performance is explained by the good performance of the annual balances that were paid in March 2020 by eligible companies for 2019 activities, the increase in the yield of spontaneous payments for the first three months of 2020 and the significant contribution of the new measures.

#### a. 1. Analysis of revenue per type of tax

Per type of revenue, the following taxes and duties have increased significantly:

- **Excise duties:** collected for an amount of CFAF 207.3 billion in 2019, they rose to CFAF 245.5 billion in 2020, corresponding to an increase of 38.2 billion in absolute value and 18.4% in relative value, due to the full application of the reform adopted by the 2019 Financial Law from the beginning of the 2020 financial year and the extension of the scope of application of the said rights to digital audio-visual content and programme packages with a contribution of CFAF 3.2 billion ;
- **Tax on Income from Transferable Capital (IRCM):** the yield rose from CFAF 47.6 billion in 2019 to CFAF 54.2 billion in 2020, corresponding to an increase of CFAF

6.6 billion in absolute value and 13.9% in relative value, due to the higher IRCM payments on dividends in 2020;

- **Tax on non-oil companies** increased from CFAF 344.4 billion in 2019 to CFAF 352.3 billion in 2020, corresponding to an increase of CFAF 7.9 billion in absolute value and 2.3% in relative value following the good performance of the annual balances paid in March 2020;
- **Special Tax on Petroleum Products (STPP)**: in year-on-year terms, the yield is up by CFAF 6.9 billion in absolute value and 5.3% in relative value due to the increase in the volume of petroleum products consumed and the settlement of the debt of some marketers;
- **registration fees and taxes**: year-on-year, the yield increased by CFAF 1.2 billion in absolute value and 1.9% in value due to the upward revision of market registration fees.

The declining data concerned the following types of taxes:

- **Value Added Tax (VAT)** of which the drop of CFAF 123.3 billion (-16.7%) was the result of the drastic drop in the collection of tax arrears of some public entities. As a reminder, the DGI had recorded as exceptional revenue in November and December 2019, CFAF 116.7 billion as part of the budgetary coverage that allowed the clearance of tax debts of some public enterprises, including SONARA (CFAF 47.5 billion), AES SONEL and ENEO (CFAF 29.0 billion), CAMTEL (CFAF 12.1 billion), CAMWATER (CFAF 10.5 billion), the SIC (CFAF 6.5 billion). All of which helped to improve the level of collections of revenue from taxes and levies in 2019, which was not the case in 2020;
- **Stamp duties**, which fell by CFAF 17.5 billion in absolute terms and 30.9% in relative terms due to the decline in airport tax yields (-7.8 billion), stamps on passports and laissez-passer (-9.5 billion), as a result of restrictive measures linked to the Covid-19 pandemic, notably the closure of borders and airlines;
- **Forestry revenue**, which fell by 6.2% year-on-year in relative terms. This decline is explained Mainly by the drop in the yield of the Annual Forestry Levy (RFA), due in particular to the weakening of activity in the forestry sector, which led to non-payment of this levy;
- **Special Income Tax (SIT)**, which fell by CFAF 6.4 billion in absolute terms and 6.9% in relative terms, as a result of the slowdown in economic activity in the oil sector.

#### 1.2.1.2. Customs revenue

For the year 2020, the level of Customs revenue mobilisation was **CFAF 707.8 billion** out of a revised forecast of CFAF **650.0 billion**, thus an achievement rate of **108.9%**.

This performance was possible owing to a number of factors, including:

- expansion of activity at the Port of Kribi, which has made it possible to mobilise Customs revenue of CFAF 67.6 billion in 2020 compared to CFAF 23.4 billion in 2019, an increase of 188.9%;
- new measures of the 2020 finance law, particularly those related to forestry taxation, which increased the Exit right by CFAF 1.0 billion

- recovery of liquidations from years prior to 2020, which generated additional revenue of CFAF 16.0 billion, excluding marketeers;
- State's debt was cleared to the tune of CFAF 21.2 billion in 2020, compared with CFAF 18.2 billion in 2019;
- compromised rights amounted to CFAF 9.9 billion in 2020 compared to CFAF 8.8 billion in 2019 and fines increased to CFAF 12.5 billion compared to CFAF 9.4 billion in 2019.

Compared to the overall amount of CFAF 821.1 billion mobilised in 2019, Customs revenue fell by **CFAF 113.3 billion** in absolute value and 13.8% in relative value. This fall is attributable to customs import duties of 12.8%, VAT on imports of 18.8% and, in particular, to factual elements:

- 18.7% reduction in the value of foreign trade due to the combined action of a 16.3% drop in imports and a 22.4% drop in exports;
- fire incident at SONARA's facilities in May 2019, which led the company not to honour its commitments regarding the payment of duties and taxes for both past operations and those carried out during 2020. However, during 2019, SONARA had cleared its debt to the tune of CFAF 95.8 billion;
- drop in debt payments to marketeers of CFAF 42.5 billion in 2020;
- amount of lost revenue related to the EPAs in 2020 is CFAF 8.8 billion, compared to CFAF 7.8 billion in 2019.

The table below shows the trend in collections per type of Customs revenue between 2019 and 2020.

**Table 2:** revenue raised by DGD (in billion)

Description	2019	2020		Variation (in %)	Execution rate (in %)
	Executions	AFL	Execution	2020/2019	in 2020
<b>Customs revenue</b>	<b>820,4</b>	<b>650,0</b>	<b>707,8</b>	<b>- 0,14</b>	<b>108,9</b>
Customs duties on import	345,2	276,8	316,0	-8,4	114,7
VAT on import	394,1	295,3	319,9	-18,0	108,3
Excise duties	33,8	37,1	38,4	13,60	103,5
Exit right	31,7	26,4	32,8	3,5	124,2

Sources: MINFI/DGD-DGTCFM

### 1.2.2. Non-tax revenue

They are made up of revenue from the State property (royalties and rents for the use of the State property, transfers of State property assets); service revenue (proceeds from the sale of goods and services); pension contributions; petroleum transit duty and other non-tax revenue (dividends paid by companies in which the State is a shareholder etc.).

The performance of these revenues is presented in the table below.

**Table 3:** Executions of non-tax revenue (In billion)

Description	2019 Executions	2020 AFL	Execution	Variation 2020/2019	Execution rate in 2020
Revenue from property	5,0	4,2	5,1	-10%	121,4%
Service revenue	55,0	21,7	15,7	-128,5%	72,3%
Retirement contributions	45,0	60	53,3	18,4%	88,8%
Oil transit duty	30,0	17,1	36,8	22,7%	215,2%
Other non-tax revenue	65,0	101	74,8	20,3%	74,1%
<b>TOTAL Non oil revenue</b>	<b>200,0</b>	<b>204,0</b>	<b>186,0</b>	<b>-5,5%</b>	<b>91,2%</b>

Source: MINFI/DGB-DGTCFM

In 2020, the overall mobilisation recorded in the execution of these revenues was **CFAF 186.0 billion**, thus an execution rate of **91.2%**. They are down by CFAF 10.9 billion compared to 2019 when they stood at **CFAF 200 billion**. This counter-performance is explained by the drop in service revenues, of which the amount mobilised in 2020 amounted to **CFAF 15.7 billion**, representing an execution rate of **73.3%** compared to the rectifying finance law for the 2020 financial year and **CFAF 39.3 billion** compared to the 2019 financial year. This decrease is explained, as in the past, by the low operationalisation of revenue authorities.

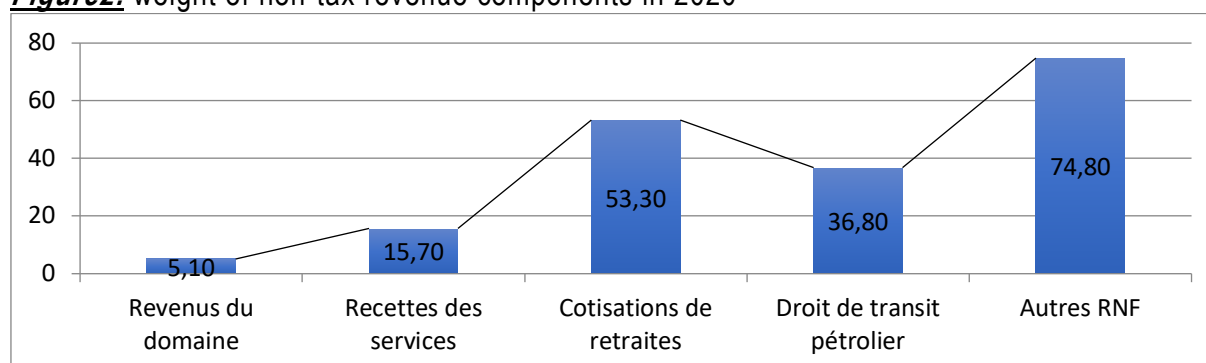
Despite this downward trend, some non-tax revenues recorded good performances in 2020. This is notably the case for:

- oil transit duties the collection of which was CFA F 36.8 billion, corresponding to a rate of execution compared to the forecast of 215.2%. Year-on-year, there was an increase of CFAF 6.8 billion compared to 2019;

- property revenue the collection of which amounted to CFA F 5.1 billion, a rate of 121.4% compared to the rectifying finance law.

However, these performances were not sufficient to reverse the downward trend in non-tax revenue already observed in 2019.

**Figure2:** weight of non-tax revenue components in 2020



Source: MINFI/DGB-DGTCFM

### I.3. GRANTS

Drawdowns on the grants were estimated at **CFAF 36 billion in 2020** out of a Revised annual forecast of CFAF **102.0 billion**, corresponding to an execution rate of **133.3%**. They can be broken down into grants programmes received to the tune of CFAF **15.6 billion** and grants projects obtained for CFA F **20.4 billion**.

## PART TWO: Execution of general budget expenditure

For the fiscal year 2020, out of the Revised forecasts of **CFAF 3 926.3 billion**, budgetary expenditure was executed to the tune of **CFAF 3 898.2 billion** in absolute value and 99.28% in relative value.

They are made up of major components of current expenditure which amounted to **CFAF 2 824.4 billion**, including financial charges (**CFAF 209.2 billion**) and VAT credit repayments (**CFAF 79 billion**) and capital expenditure (**CFAF 1 061.8 billion**).

The following table presents the detailed execution of budgetary expenditure.

**Table 4:** execution of general budget expenditure (in billion)

TYPE OF EXPENDITURE	PA AFL (a)	PA REVISED (b)	OVERALL AUTHORIZATION (c)	AUTH. RATE. (c)/ (a) (in %)
<b>A - OPERATING EXPENDITURE</b>	<b>2 532,9</b>	<b>2 833,1</b>	<b>2 824,4</b>	<b>100,2</b>
<b>I - Personnel expenditure</b>	<b>1 040,1</b>	<b>1 055,6</b>	<b>1 052,0</b>	<b>99,7</b>
Salaries)	980,3	980,2	978,6	99,8
Other Personnel expenditure	59,9	75,4	73,4	104,4
<b>II - Goods and services</b>	<b>666,7</b>	<b>881,3</b>	<b>876,1</b>	<b>99,4</b>
Goods and services Public bodies	393,4	398,0	394,3	99,1
Of which C2D Fcmt Adm.	0,8	2,5	2,4	96,0
Common chapters	273,3	483,1	481,8	99,7
<b>III - Transfers and subventions</b>	<b>534,2</b>	<b>608,8</b>	<b>608,1</b>	<b>99,9</b>
Grants and subventions	311,5	375,0	374,2	103,9
Of which: - Subv. payable	293,0	357,9	357,2	104,2
- Grants and internships	5,7	5,1	5,1	100,0
- Contributions	12,8	12,0	12,0	100,0
Pensions	222,7	233,9	233,9	100,0
<b>IV. Financial charges</b>	<b>291,9</b>	<b>288,2</b>	<b>288,2</b>	<b>100,0</b>
Domestic public debt	121,9	152,7	152,7	100,0
Of which Reimbursement VAT credits	72	79	79	100
External public debt	170,0	135,5	135,5	100
<b>B - CAPITAL EXPENDITURE</b>	<b>1 254,3</b>	<b>1 093,1</b>	<b>1 061,8</b>	<b>97,1</b>
<b>I - Investment expenditure on domestic resources</b>	<b>542,2</b>	<b>597,1</b>	<b>566,3</b>	<b>94,8</b>
RI Public bodies	442,0	447,9	419,3	93,6
Of which C2D Inv	8,7	11,1	11,0	97,3
Intervention expenditure	100,2	149,3	146,9	98,4
<b>II - SHARES</b>	<b>19,3</b>	<b>16,8</b>	<b>16,8</b>	<b>100,0</b>
<b>III - Rehab. / Restructuring</b>	<b>8,8</b>	<b>8,8</b>	<b>8,7</b>	<b>98,9</b>
<b>IV - External financing</b>	<b>684,0</b>	<b>470,4</b>	<b>470,0</b>	<b>99,9</b>
<b>TOTAL BUDGET EXPENDITURE</b>	<b>3 787,2</b>	<b>3 926,3</b>	<b>3 886,2</b>	<b>99,0</b>

Source: MINFI/DGB

## II.1. Recurrent expenditure

Current expenditure amounted to CFA F 2,824.4 billion and includes: Personnel expenditure; purchases of goods and services; Transfers and subsidies; and financial charges.

### II.1.1. Personnel expenditure

For the financial year 2020, Personnel expenditure was executed to the tune of CFAF **1 052.0 billion** out of a revised forecast of CFAF **1 055.6 billion**, corresponding to an execution rate of **99.7%**. They include salaries and wages of CFAF **978.6 billion**, corresponding to **99.8%** compared to the forecast of CFAF **980.2 billion**, and other personnel expenditure of CFAF **73.4 billion** out of a forecast of CFAF **75.4 billion**, corresponding to **104.4%**.

The level of this expenditure increased by **CFAF 38.6 billion** in absolute value and by **3.8%** in relative value compared to 2019 when it stood at **CFAF 1 013.4 billion**.



### II.1.2. Goods and services

Expenditure on goods and services is that which concerns the acquisition of goods and services intended for the functioning of the administration. The level of execution of this expenditure in 2020 was **CFAF 876.1 billion** out of a revised allocation of CFAF **881.0 billion**, corresponding to an execution rate of **99.4%**. The level of this expenditure is explained by the coverage of security expenditure and expenditure relating to the implementation of the government's response strategy to the health crisis, which increased compared to the allocations in the initial finance law. Indeed, security expenditure increased from **CFAF 322.0 billion** in the initial finance law to **CFAF 347.0 billion** in the revised finance law, an increase of CFAF **25 billion** and **7.7%** in relative value. The response strategy consisted of disbursements made from the Covid-19 Special Allocation Account, which was Mainly made up of budgetary support and grants received from partners, national and international generosity.

Compared to the 2019 financial year when they stood at CFA F 894.5 billion, expenditure on goods and services recorded a drop of CFAF 18.4 billion in absolute value and 2.05% in relative value.

### II.1.3. Transfers and subventions

Expenditure on Transfers and subsidies is made up of grants and pensions. For the 2020 fiscal year, this expenditure amounted to **CFA F 608.1 billion** for a revised forecast of CFAF **608.8 billion**, corresponding to an execution rate of **99.9%**. Compared to the 2019 fiscal year, at the end of which they stood at **CFAF 748.37 billion**, they decreased by **CFAF 140.27 billion** in absolute value and by **18.74%** in relative value. This decrease is Mainly attributable to grants and subsidies, which fell significantly by **CFAF 153.2 billion** compared to 2019.

#### II.1.3.1. Grants and subventions

Grants and subsidies were executed to the tune of CFAF **374.2 billion** out of a revised allocation of CFAF **375.0 billion**, corresponding to an execution rate of **97.8%**. They are made up of grants and internships of CFAF 5.1 billion, contributions of CFAF 12.0 billion and payable grants of CFAF 357.2 billion. Compared to 2019, when they amounted to CFAF 527.37 billion, grants and subsidies fell by CFAF 153.2 billion in absolute terms and by 29.04% in relative terms.

#### II.1.3.2. Pensions

Payments made for pensions in 2020 amounted to **CFAF 233.9 billion** out of a revised allocation of CFAF **233.9 billion**, corresponding to an execution rate of **100.0%**. The level of this expenditure is justified by the retirement of more than 1 900 military personnel and by the resumption of early retirement for more than 3 300 retirees affected by the four-year suspension. Transfers thus increased by **CFAF 12.9 billion** in absolute terms and by **5.8%** in relative terms compared to 2019.

#### II.1.3.4. Financial charges

Financial expenses consist of interest and commissions on loans. At the end of the 2020 financial year, they stood at **CFA F 288.2 billion** out of revised forecasts of CFAF **288.2 billion**, corresponding to an execution rate of **100.0%**. They include, on the one hand, interest on Domestic public debt which amounted to **CFAF 152.7 billion** at the end of 2020 (including VAT loan repayments which amounted to **CFAF 79 billion**) out of revised forecasts of CFAF **152.7 billion**, corresponding to an Execution rate of 100.0% and interest on External public debt which amounted to CFAF 135.5 billion at the end of 2020 out of revised forecasts of CFAF 135.5 billion, corresponding to an execution rate of 100.0%. Year-on-year, financial charges fell by CFAF 5.2 billion in absolute terms and by 1.7% in relative terms compared to 2019, when they stood at CFAF 293.4 billion.

## II.2. Expenditure en capital

Capital expenditures are those that contribute to gross fixed capital formation. They include investment expenditure on domestic resources and investment expenditure on external financing. They were executed to the tune of **CFAF 1 061.8 billion** out of a revised allocation of **CFAF 1 093.1 billion**, corresponding to an execution rate of **97.1%**. Compared to the 2019 financial year when they amounted to **CFAF 1 479.4 billion**, they are down by **CFAF 417.6 billion** in absolute value and 27.41% in relative value.

### II.2.1. Capital expenditure on domestic financing

Capital expenditure on domestic resources executed in 2020 amounted to CFAF 566.3 billion out of a revised allocation of CFAF 597.1 billion, corresponding to an execution rate of 94.8%.

The execution of budgetary credits at the central level amounted to **CFAF 419.3 billion** (including the C2D investment grants of **CFAF 11 billion**), out of a revised forecast of **CFAF 447.9 billion**, corresponding to an execution rate of **93.6%**. The execution of delegated credits amounted to **CFA F 146.9 billion** out of a revised forecast of **CFAF 149.3 billion**, corresponding to an execution rate of **98.4 %**.

### II.2.2. Capital expenditure on external resources

At the end of the 2020 fiscal year, capital expenditures on external financing amounted to **CFAF 470.0 billion** for a revised forecast of **CFAF 470.0 billion**, corresponding to an execution rate of **100%**. In addition to the **470 billion**, short-term loans that are not eligible for budgetary coverage were disbursed in the amount of **CFAF 24.7 billion**. This sum was dedicated to projects for the benefit of SODECOTON of which the financing had been endorsed by the State.

Compared to 2019 when actual disbursements amounted to **CFA F 800.3 billion**, they are down by **CFA F 284.9 billion** in absolute value and **35.6%** in relative value (including short-term loans of **CFAF 45.4 billion**). The weak performance recorded in 2020 is explained by the slowdown in activity and the confinement of the population due to the implementation of response measures against COVID-19.



## PART THREE: Budget balances

A distinction is made between the balance of the general budget and the overall balance which incorporates the net loans and the execution data of the Special Appropriation Accounts.

### III.1. General budget balances

The table below summarises the revenue and expenditure of the general budget and shows the budget balance for the year 2020. Obtained from the difference between the TOTAL amount of revenue (CFAF 3 134.2 billion) and the TOTAL amount of expenditure (CFAF 3 886.2 billion), it is a deficit of CFAF 752.0 billion.

*Table 5: determination of the general budget balance (in billion)*

RESOURCES	FORECASTS	EXECUTIONS	EXPENDITURE	FORECASTS	EXECUTIONS
<b>SUMMARY OF GENERAL BUDGET EXECUTION</b>					
<b>DOMESTIC REVENUE</b>	<b>2 950,5</b>	<b>3 177,2</b>	<b>OPERATING EXPENDITURE</b>	<b>2 833,1</b>	<b>2 824,4</b>
GROSS TAX REVENUE	2 374,8	2 563,0	Interests and commissions	202,3	288,2
<i>Of which repayment of VAT credits</i>	72,0	79,0	Personnel expenditure	1 036,2	1 052,0
<b>Net tax revenue</b>	<b>2302,8</b>	<b>2 484,0</b>	Goods and services	677,0	876,1
<b>OIL REVENUE</b>	<b>269,7</b>	<b>428,2</b>	Recurrent transfers	527,9	608,1
<b>NON-TAX REVENUE</b>	<b>204,0</b>	<b>186,0</b>	<i>Of which subventions payable to SAA</i>	-	
<b>EXCEPTIONAL REVENUE</b>	<b>137,0</b>	<b>-</b>	<b>CAPITAL EXPENDITURE</b>	<b>1 254,3</b>	<b>1 061,8</b>
<i>Privatisation revenue</i>	-	-	External financing	684,0	470,0
<i>Deductions from revenue for the benefit of SAA COVID-19.</i>	137,0	-			
<b>TOTAL NET DOMESTIC REVENUE</b>	<b>2 776,5</b>	<b>3 098,2</b>	Own resources	542,2	566,3
<b>GRANTS</b>	<b>102,0</b>	<b>36,0</b>	<i>RI Public bodies</i>	392,9	419,3
<i>GRANTS programmes</i>	73	15,6	<i>interventions</i>	149,3	146,9
<i>GRANTS Projects</i>	29	20,4	SHARES/Restructuring	28,1	25,5
<b>NET GENERAL BUDGET REVENUE</b>	<b>2 741,5</b>	<b>3 134,2</b>	<b>NET EXPENDITURE OF THE GENERAL BUDGET</b>	<b>3 697,7</b>	<b>3 886,2</b>
<b>GENERAL BUDGET BALANCE</b>					
Description	Forecasts	Executions			
Net budget balance	-956,2	- 752,0			

Compared to the revised forecasts of the initial finance law, which had set the imbalance of the general budget at **CFAF 956,2 billion**, on an execution basis, it stood at **CFAF 752.0 billion**, corresponding to a drop of CFAF **204.2 billion** in absolute value and 21.36% in relative value.

This drop is justified by the good behaviour of the Public financial bodies (Taxes and Customs) which achieved remarkable performances, because on the revised Tax revenue forecasts of CFAF 2 302.8 billion, they actually collected CFAF 2 563.0 billion, corresponding to an increase of CFAF 260.2 billion in absolute value and 11.29% in relative value. Also, the said drop is observed at the level of oil revenue

which was collected to the tune of CFAF 428.2 billion out of the revised forecasts of CFAF 269.7 billion, corresponding to a surplus of CFAF 158.5 billion in absolute value and 58.76% in relative value.

Year-on-year, the balance of the general budget fell by CFAF 10.1 billion in absolute terms and 1.3% in relative terms compared to 2019, when it stood at CFAF 762.1 billion out of forecasts of CFAF 628.98 billion. This performance shows that despite the economic context marked by the adverse effects of Covid-19, which had led to the budgetary collective which adjusted by prudence the Tax revenue of CFAF 587.4 billion in absolute value and 20.08% in relative value compared to the initial Forecasts of CFAF 2 924 billion, the government has shown resilience. All of which made it possible to finance the above-mentioned budget deficit.

### III.2. State budget balance

Compared to the revised forecasts of the initial finance law, which had projected a deficit of CFAF 986.7 billion obtained by the difference between the projected revenue of CFAF 2 934.7 billion and expenditure estimated at CFAF 3 921.4 billion, the execution of the State budget at the end of 2020 shows a budget deficit of CFAF 785.8 billion. The said deficit was obtained from the difference between net achieved budget revenue (CFAF 3 334.4 billion) and overall budget expenditure (CFAF 4 120.2 billion) of which net loans.

In accordance with Finance Law No. 2020/001 of 3 June 2020, the balance of the State budget includes the operations of Special Appropriation Accounts (SAA). Indeed, the said finance law provided for a total revised amount and closed in revenue in CFAF 193.2 billion and expenditure in CFAF at 223.7 billion, of which CFA 180 billion for the SAA Covid-19.

As at 31 December 2020, the said SAA had received a total amount of CFAF 200.2 in revenue, corresponding to an execution rate of 90.05%. Expenditure was settled for a total amount of CFAF 192.2, corresponding to an execution rate of 85.9%. From this execution, a surplus budget balance of CFAF 7.9 was obtained from the difference between revenue and expenditure thus executed.

The following tables provide information on the detailed execution of the Special Appropriation Accounts and the determination of the balance of the State budget for the year 2020.

***Table 6: SAA execution in 2020 financial year.***

N°	Special Appropriations Account	Initial allocations in revenue	Revenue		Expenditure	
			Execution	Exceeding rate	Execution	Exceeding rate
1	SAA for cultural policy support	1 000 000 000	30 170 236	0,00%	40 648 880	0,00%
2	SAA for the support and development of tourism and leisure activities	1 000 000 000	111 448 000	0,00%	728 466 310	0,00%
3	Special fund for the protection of wildlife	500 000 000	64 815 933	0,00%	58 611 799	0,00%
4	SAA for the financing of sustainable development projects in water and sanitation	500 000 000	354 284 568	0,00%	275 967 113	0,00%
5	Forestry Sector Development Fund	3 000 000 000	1 201 223 175	0,00%	901 781 638	0,00%
6	National Fund for the Environment and Sustainable Development	1 200 000 000	1 256 248 933	1,04%	1 048 088 834	0,00%
7	Special fund for the development of telecommunications	30 000 000 000	30 450 747 609	1,01%	22 614 799 218	0,00%
8	Special fund for electronic security activities	1 500 000 000	1 292 267 202	0,00%	376 112 225	0,00%
9	SAA for the development of the postal sector	1 000 000 000	825 266 943	0,00%	757 551 678	0,00%
10	SAA for the production of secure transport documents	4 000 000 000	2 719 397 639	0,00%	3 511 015 799	0,00%
11	Special Fund for National Solidarity in the fight against the Coronavirus and its economic and social repercussions	180 000 000 000	161 880 000 000	0,00%	161 880 000 000	0,00%
<b>TOTAL</b>		<b>223 700 000 000</b>	<b>200 185 870 238</b>	<b>2,05</b>	<b>192 193 043 494</b>	<b>0,00%</b>

Table 7. State budget balance for the year 2020

RESOURCES	FORECASTS	EXECUTIONS	EXPENDITURE	FORECASTS	EXECUTIONS
<b>I. BUDGET GENERAL</b>					
<b>DOMESTIC REVENUE</b>	<b>2 848,5</b>	<b>3 177,2</b>	<b>OPERATING EXPENDITURE</b>	<b>2 443,4</b>	<b>2 824,4</b>
<b>GROSS TAX REVENUE</b>	<b>2 374,8</b>	<b>2 563,0</b>	Interests and commissions	202,3	288,2
<i>Of which repayments of VAT credits</i>	72,0	79,0	Personnel expenditure	1 036,2	1 052,0
Net tax revenue	2 302,8	2 484,0	Goods and services	677,0	876,1
			Recurrent Transfers	527,9	608,1
<b>NON-TAX REVENUE</b>	<b>204,0</b>	<b>186,0</b>	<b>CAPITAL EXPENDITURE</b>	<b>1 254,3</b>	<b>1 061,8</b>
<b>REVENUE PETROLIERES</b>	<b>269,7</b>	<b>428,2</b>			
<b>EXCEPTIONAL REVENUE</b>	<b>137,0</b>				
<i>Privatisation revenues</i>		0,0			
<i>levies on Revenue for the benefit of the special national solidarity fund for the fight against the coronavirus</i>	137,0	0,0			
<b>TOTAL DOMESTIC REVENUE net</b>	<b>2 776,5</b>	<b>3 098,2</b>	External financing	684,0	470,0
<b>GRANTS</b>	<b>102,0</b>	<b>36,0</b>			
<i>Programme grants</i>	73,0	15,6	Own resources	542,2	566,3
<i>Project grants</i>	29,0	20,4	Shares/Restructuring	28,1	25,5
			<b>OTHER EXPENDITURE</b>	-	<b>41,8</b>
			<i>Net loans</i>	-	41,8
<b>TOTAL REVENUE OF THE GENERAL BUDGET</b>	<b>2 741,5</b>	<b>3 134,2</b>	<b>EXPENDITURE GENERAL BUDGET</b>	<b>3 697,7</b>	<b>3 886,2</b>
<b>II- SPECIAL TREASURY ACCOUNTS</b>					
<b>Special appropriations accounts</b>	<b>193,2</b>	<b>200,2</b>	<b>Special appropriations accounts</b>	<b>223,7</b>	<b>192,2</b>
<i>Of which Special Solidarity Fund for the fight against the coronavirus and its economic and social impact</i>	149,5	152,7	<i>Of which Special Solidarity Fund for the fight against the coronavirus and its economic and social impact</i>	180,0	150,0
Support fund Covid-19	12,5	9,1	Support fund Covid-19	43,0	11,9
Other Special appropriations accounts	43,7	38,3	Other Special appropriations accounts	43,7	30,3
<b>TOTAL NET STATE BUDGET REVENUE</b>	<b>2 934,7</b>	<b>3 338,0</b>	<b>TOTAL NET STATE BUDGET EXPENDITURE</b>	<b>3 921,4</b>	<b>4 078,4</b>
<b>III- BALANCES</b>					
	<b>Amount</b>	<b>Execution</b>	<b>% GDP</b>	<b>Execution<sup>1</sup></b>	
CAPACITY/FINANCING NEED	- 986,7	- 744,0	-4,5	-3,2	
OVERALL BALANCE incl. net loans	- 986,7	- 785,8	-4,5	-3,3	

<sup>1</sup> According to the INS, the GDP is estimated at CFAF 23 504,0 as at 31/12/2020

In sum, in relation to the Gross Domestic Product (GDP) with reference to the CEMAC multilateral convergence criteria, the implementation of the 2020 budget has enabled the following indicators to be identified:

- overall budget balance deficit ratio of 3.3%, which is higher than the 3% threshold set by the CEMAC. The latter corresponds to the difference between the total revenue of the state budget and the expenditure of the state budget, including net loans. This deficit reflects the strong pressure that public spending exerts on resources, hence the need for the government to optimise revenue collection in order to increase its self-financing capacity;
- primary deficit balance of 3.2%, which corresponds to the difference between primary resources (own revenue and grants) and primary expenditure (current and capital expenditure). The latter should be analysed in relation to the IMF criteria, which have not been decided for the 2020 financial year. However, it is important to take strong action to optimise budgetary resources;
- the non-oil primary balance which excludes oil products from primary revenue. During this fiscal year, this balance showed a deficit of 5.0%. This reflects the importance of oil resources in the execution of our public finances. However, this compunction should be put into perspective in relation to the other CEMAC countries which are Mainly dependent on oil;
- The ratio of the wage bill to tax revenue (CFAF 2 563) plus the oil-related tax (CFAF 106.8) was 39.4% during the same period, which is well above the threshold set by CEMAC, corresponding to less than 35%. This excess is a strong signal to the government, as it raises questions about the ever-increasing recruitment. Appropriate measures should be taken to prevent an excessively high wage bill from further increasing the volume of payment arrears (domestic debt) and possibly causing social crises;
- The debt-to-GDP ratio stood at 42.5% in 2020, below the 70% set by the CEMAC. This ratio reflects the sustainable nature of Cameroon's debt policy;
- The Net Government Position (NGP) stood at 2.9% in the 2020 fiscal year. It corresponds to the ratio of budget deficit financing by the banking system. All this reflects the increase in the confidence of the State and the affirmation of the quality of its signature with regard to private investors.

## PART FOUR: Financing budget deficit

### IV.1. Presentation of financing needs

The budget for the year 2020 was revised to **CFAF 4 409 billion** with a budget deficit of **4.5%** of GDP. This induced deficit corresponded to a projected budget deficit of **CFAF 986.7 billion**. In addition to this budget deficit, other financing and cash needs were added, which brought the projected imbalance to **CFAF 1 816 billion**, made up respectively of

- amortisation of the public debt excluding correspondents, projected at CFA F 685.4 billion, broken down into external debt of CFAF 339.6 billion and domestic debt of CFAF 345.8 billion
- outstanding payments/domestic arrears including unstructured debt projected at CFA F 72 billion;
- VAT credit repayments projected at CFAF 72 billion.

Compared to the above-mentioned forecasted financing needs, estimated at **CFAF 1 816 billion**, the actual financing need at the end of the year amounted to **CFAF 2 131.8 billion**, including the overall budget balance of **CFAF 785.8 billion**, of which net loans of **CFAF 41.8 billion**. This budget deficit balance is **3.3%** of GDP.

The table underneath provides information on the forecasts and executions of financing and cash flow needs and resources for the year 2020.

**Table 6:** presentation of financing charges and financing resources. (in billion)

CASH AND FINANCING NEEDS	FORECASTS	EXECUTIONS	CASH AND FINANCING RESOURCES	BUDGET REVISED	EXECUTIONS
Budget deficit	986,6	785,8			
Debt amortization(Excluding correspondents)	685,4	601,4	Project loans of which,	655,0	511,8
external debt	339,6	341,9	Multilateral Borrowing	215,2	193,1
Of which relief of the External public debt	118,0	124,0	Bilateral Borrowing	390,6	77,9
domestic debt	345,8	259,5	Commercial	49,2	199,0
			Net loans		41,8
Outstanding payments Outstanding arrears incl. unstructured debt	72,0	665,6	Government securities issuance of which,	420,0	366,0
			FTBills		10,9
			FTBonds		355,1
			bank financing of which,	152,0	685,1
			VAT escrow account	72,0	79,0
Repayment of VAT credits	72,0	79,0	Budgetary support	214,5	392,2
			Exceptional funding of which,	374,5	176,7
Net cash outflow to Correspondents	-	-	Net change in correspondent cash flow	-	52,7
			external debt relief	118,0	124,0
TOTAL	1 816,0	2 131,8	TOTAL	1 816,0	2 131,8

## IV.2. Presentation of the deficit budget financing mechanisms

To finance its budget deficit (CFAF 785.8) and its other financing needs (CFAF 1 346.0), corresponding to a TOTAL of CFAF 2 131.8 billion<sup>2</sup>, as in the past, the State had recourse to various financing mechanisms, of which the mobilisation of resources made it possible to achieve financial equilibrium of the budget.

Among these mechanisms were: disbursements from external financing (**CFAF 511.8 billion** in project loans); the issue of public securities (**CFAF 366.0 billion** representing the sum of the change in FTBonds (**CFAF 355.1 billion**) and FTBills (**CFAF 10.9 billion**); financing by the banking system (**CFAF 685.1 billion**). VAT of CFAF - 79 billion); budgetary support (**CFAF 392.1 billion**); exceptional financing (**CFAF 176.6 billion**, including the net change in the cash flow of depositors and Treasury correspondents (**CFAF 52.7 billion**) and the reduction of External Public Debt (**CFAF 124 billion**).

### IV.2.1. Project loans

The 2020 finance law provided for an amount of CFAF **655.0 billion** for project loans. At the end of the said exercise, the resources mobilised amounted to **CFA F 511.8 billion**, corresponding to an execution rate of 78.1%. The said loans recorded a drop of CFAF **250.0 billion** in absolute value and **32.8%** in relative value compared to the 2019 financial year when they stood at **CFA F 761.8 billion**.

By component, project loans are made up of multilateral loans, bilateral loans and commercial loans. They were concluded in the form of grants (**CFAF 20.3 billion**), concessional loans (**CFAF 157.4 billion**), non-concessional loans (**CFAF 292.1 billion**) and short-term loans of CFAF **41.8 billion**.

#### IV.2.1.1. Multilateral borrowings

Drawings on multilateral loans amounted to **CFA F 193.1 billion** out of forecasts of CFAF **215.2 billion**, corresponding to an execution rate of 89.7%. Compared to 2019 when they were **CFA F 196.2 billion**, they decreased by **CFA F 3.1 billion** in absolute value and by 1.6% in relative value.

#### IV.2.1.2. Bilateral borrowings

Drawings on bilateral loans amounted to **CFAF 77.9 billion** out of forecasts of CFAF **390.6 billion**, corresponding to an execution rate of 21.6%. Compared to 2019 when they were **CFA F 565.6 billion**, they decreased by **CFA F 487.7 billion** in absolute value and by 86.2% in relative value.

#### IV.2.1.3. Commercial borrowings

Drawdowns on commercial loans amounted to **CFAF 199.0 billion** against forecasts of CFAF **49.2 billion** (51%), an increase of CFAF **149.8 billion** in absolute terms and 304.5% in relative terms.

The following table gives details of the disbursements received in 2020 for project loans.

**NB.** Out of the actual disbursements of CFAF **496 billion** as indicated on the said table, only the concessional loans and the grants for a TOTAL amount of CFAF **469.9 billion** were eligible for budgetary coverage and were entirely covered by the DGB at the end of 2020.

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<sup>2</sup> thus an additional difference of CFA F 315.8 billion (17.4%) compared to the forecasts.

However, it should be noted that during the said exercise, gross disbursements made to SODECOTON of CFAF **45.4 billion** were recorded as net loans. Not being eligible for budgetary coverage, these were cash receipts which had impacted the execution of the State budget within the framework of external financing. This brought the TOTAL amount of project loans to **CFAF 515.4 billion**.

**Table 7:** FINEX disbursement situation.

Decaissements Prêts Projets				Total 2020**
<b>Multilateral</b>				<b>193 142 548,48</b>
BAD				153 916 780,04
dont Appuis budgétaires PEF				52 738 942,80
Appuis budgétaires COVID-19				57 724 216,00
BADEA				1 702 507,60
BDEAC				35 297,60
BID				64 729 335,12
BIRD				6 038 127,20
dont Appuis budgétaires PEF				
FAD				9 502 617,00
FIDA				7 357 225,15
FMI				268 178 926,40
dont appuis budgétaires PEF				45 051 590,40
appuis budgétaires COVID-19				223 127 336,00
FSN				162 799,60
FS OPEP				1 103 790,53
IDA				59 057 227,45
UE				-
<b>Bilateral</b>		-		<b>77 999 998,00</b>
KFW				818 722,10
Belgique				-
Espagne				-
AFD				44 689 863,54
dont Appuis budgétaires PEF				
JICA				6 335 975,70
NORGE				-
PAYS BAS				-
SUISSE				-
ARABIE SAOUDITE				-
Chine				-
EXKOR				1 547 545,60
EXTURK				3 236 638,00
EXIND				20 558 267,46
FKDEA				812 985,60
<b>Commerciaux</b>				<b>224 833 849,80</b>
Bank Of China				17 375 766,40
HUAWEI China				7 967 188,90
Belfius				5 318 310,70
BMCE Bank				-
CDS group				-
Eurobond				-
COMMERZBANK AG Paris				13 377 019,90
DEES				528 549,40
ICBC				-
Inter Islamic Trade Finance Corporation				45 388 381,30
INTESA SANPAOLO SPA				-
NR ECMR				-
EXIM BANK CHINA				134 878 633,20
RBIA				-
SG				-
SCBL				-
				<b>874 618 481,48</b>
				<b>495 976 396,28</b>
				<b>378 642 085,20</b>

\*données définitives \*\* données semi-définitives \*\*\* données provisoires

**Source:** CAA

#### IV.2.2. Issuance of public securities

The strategy for financing the economy during the 2020 financial year was based essentially on the prudent issuance of public securities to smooth the State's cash flow (FTBills) and finance basic infrastructure projects and possibly support strategic companies in difficulty (FTBonds).

At the end of the implementation of its financing programme, the Treasury was able to mobilise CFAF 774.63 billion on the capital market, corresponding to CFAF 413.92 billion in Fungible Treasury Bonds (FTBonds) and CFAF 360.71 billion in Fungible Treasury Bonds (FTBonds).



In the course of the year 2020, the Treasury honoured all its repayments on the capital market, corresponding to a TOTAL amount of CFAF 474.0 billion, of which CFAF 383.0 billion on the CEMAC market of public securities with free subscription (FTBills and FTBonds) and CFAF 91.3 billion of Treasury bonds (debenture loans) on the national financial market<sup>3</sup>.

During the 2010-2020 period, the Treasury mobilised securities on the capital markets for a TOTAL amount of CFAF **3 887.4 billion**, corresponding to CFA F 2 642.0 billion on the BEAC market for freely subscribed public securities, **CFA F 795.0 billion** on the national financial market and **CFA F 450.4 billion** on the international financial market (euro bond).

The outstanding securities at the end of the 2020 financial year amounted to CFAF 1 469.7 billion, corresponding to **CFAF 227.2 billion** of Fungible Treasury Bonds, **CFAF 601.0 billion** of Fungible Treasury Bonds, **CFAF 191.3 billion** on the sub-regional financial market (ECMR) and **CFAF 450.4 billion** of Euro Bonds on the international market.

#### IV.2.2.1. Auction issuance on the BEAC market

##### IV.2.2.1.1. Primary market

- **Issuances**

At the end of the implementation of its financing programme for the year 2020, the Treasury announced 33 issues of public securities on the BEAC market, awarded 33 issue lines and declared 01 line unfruitful.

**Table 8.** Summary of government securities issuance

CODE ISSUANCE	TYPE	MATURITES	QUARTER	DATE OF AWARD	DUE DATE	WAIR OR PMP	AMOUNT REQUESTED	AMOUNT SUBSCRIPTIONS	AMOUNT RECEIVED
CM1200000873 FTBILLS-26 04 SEPTEMBER 2020	FTBILLS	26 WEEKS	1	04-MARCH-20	04-sept-20	2,74%	20 000 000 000	32 700 000 000	20 000 000 000
CM1300000484 FTBILLS-52 19-MARCH-2021	FTBILLS	52 WEEKS	1	18-MARCH-20	19-MARCH-21	3,41%	10 000 000 000	8 518 000 000	7 518 000 000
CM1300000468 FTBILLS-52 15-JAN-2021	FTBILLS	52 WEEKS	1	15-Jan-20	15-Jan-21	2,69%	10 000 000 000	16 500 000 000	10 000 000 000
CM1200000840 FTBILLS-26 10-JULY-2020	FTBILLS	26 WEEKS	1	08-Jan-20	10-JULY-20	2,13%	20 000 000 000	4 103 000 000	20 000 000 000
CM1300000476 FTBILLS-52 19-FEB 2021	FTBILLS	52 WEEKS	1	19-Feb.-20	19-Feb.-21	3,35%	20 000 000 000	30 600 000 000	20 000 000 000
CM1200000857 FTBILLS-26 31-JULY 2020	FTBILLS	26 WEEKS	1	29-Jan-20	31-JULY-20	2,69%	50 000 000 000	53 000 000 000	47 000 000 000
CM1200000865 FTBILLS-26 AUGUST-2020	FTBILLS	26 WEEKS	1	12-Feb.-20	14-août-20	2,69%	20 000 000 000	18 900 000 000	5 200 000 000
TOTAL QUARTER 1							150 000 000 000	164 321 000 000	129 718 000 000
CM2B00000038 FTBONDS-05 YEARS 5,7% 10-APRIL-2025	FTBONDS	05 YEARS	2	27-MAY-20	10-Apr.-25	99,47%	35 000 000 000	55 121 000 000	35 000 000 000
CM1200000881 FTBILLS-26 02-CTO-2020	FTBILLS	26 WEEKS	2	01-Apr.-20	02-oct-20	2,46%	10 000 000 000	18 583 000 000	10 000 000 000
CM1200000915 FTBILLS-26 25-DECE-2020	FTBILLS	26 WEEKS	2	24-JUNE-20	25-Dec-20	2,71%	25 000 000 000	46 800 000 000	25 000 000 000
CM2B00000038 FTBONDS-05YEARS 5,7% 10-APRIL 2025	FTBONDS	5 YEARS	2	08-Apr.-20	10-Apr.-25	97,65%	100 000 000 000	75 637 000 000	71 637 800 000
CM2A00000054 FTBONDS-2YEARS 3,5% 01-MAY-2022	FTBONDS	02 YEARS	2	29-Apr.-20	01-MAY-22	97,37%	50 000 000 000	43 369 000 000	33 346 000 000
CM2J00000030 FTBONDS-3YEARS 4% 17-APRIL 2023	FTBONDS	03 YEARS	2	15-Apr.-20	17-Apr.-23	96,42%	70 000 000 000	37 046 000 000	35 000 000 000
CM1200000899 FTBILLS-26 06 NOVE-2020	FTBILLS	26 WEEKS	2	06-MAY-20	06-nov-20	2,63%	20 000 000 000	34 900 000 000	20 000 000 000
CM1200000907 FTBILLS-26 13-NOVE-2020	FTBILLS	26 WEEKS	2	13-MAY-20	13-nov-20	2,68%	20 000 000 000	25 000 000 000	19 500 000 000
CM2D00000028 FTBONDS-10 YEARS 7,00% 08-MAY-2030	FTBONDS	10 YEARS	2	06-MAY-20	08-MAY-30	2,95%	25 000 000 000	26 700 000 000	25 000 000 000
CM1300000907 FTBILLS-52 04-JUNE-2021	FTBILLS	52 WEEKS	2	03-JUNE-20	04-JUNE-21	3,80%	20 000 000 000	19 600 000 000	17 200 000 000
CM2C00000037 FTBONDS-7 YEARS 6,5% 19 JUNE 2027	FTBONDS	7 YEARS	2	17-JUNE-20	19-JUNE-27	95,55%	25 000 000 000	17 729 000 000	17 729 000 000
TOTAL QUARTER 2							400 000 000 000	400 485 000 000	309 412 800 000
CM1200000949 FTBILLS-26 05-MARCH-2021	FTBILLS	26 WEEKS	3	02-sept-20	05-MARCH-21	2,32%	20 000 000 000	56 600 000 000	20 000 000 000
CM2J00000055 FTBONDS-3YEARS 4,00%18-sept-2023	FTBONDS	03 YEARS	3	16-sept-20	18-sept-23	99,64%	30 000 000 000	54 087 000 000	30 000 000 000
CM1200000931 FTBILLS-26 12-FEB-2021	FTBILLS	26 WEEKS	3	12-août-20	12-Feb.-21	2,48%	30 000 000 000	47 480 000 000	30 000 000 000
CM1300000518 FTBILLS-52 06-AUGUST-2021	FTBILLS	52 WEEKS	3	06-août-20	06-août-21	2,72%	15 000 000 000	37 000 000 000	15 000 000 000
CM1100000833 FTBILLS-13 09-OCTO-2020	FTBILLS	13 WEEKS	3	08-JULY-20	09-oct-20	2,35%	20 000 000 000	52 060 000 000	20 000 000 000
CM1200000923 FTBILLS-26 15-JAN-2021	FTBILLS	26 WEEKS	3	15-JULY-20	15-Jan-21	2,50%	25 000 000 000	61 060 000 000	25 000 000 000
CM1300000500 FTBILLS-52 30-JULY-2021	FTBILLS	52 WEEKS	3	29-JULY-20	30-JULY-21	2,75%	15 000 000 000	49 400 000 000	15 000 000 000
TOTAL QUARTER 3							155 000 000 000	357 687 000 000	155 000 000 000
CM2B00000046 FTBONDS-5YEARS 5,50% 11-DECE-2025	FTBONDS	05 YEARS	4	09-Dec-20	11-Dec-25	99,06%	30 000 000 000	31 275 000 000	30 000 000 000
CM2D00000036 FTBONDS-10 YEARS 7,00% 23-	FTBONDS	10 YEARS	4	21-oct-20	23-oct-30	99,33%	35 000 000 000	20 761 000 000	20 000 000 000

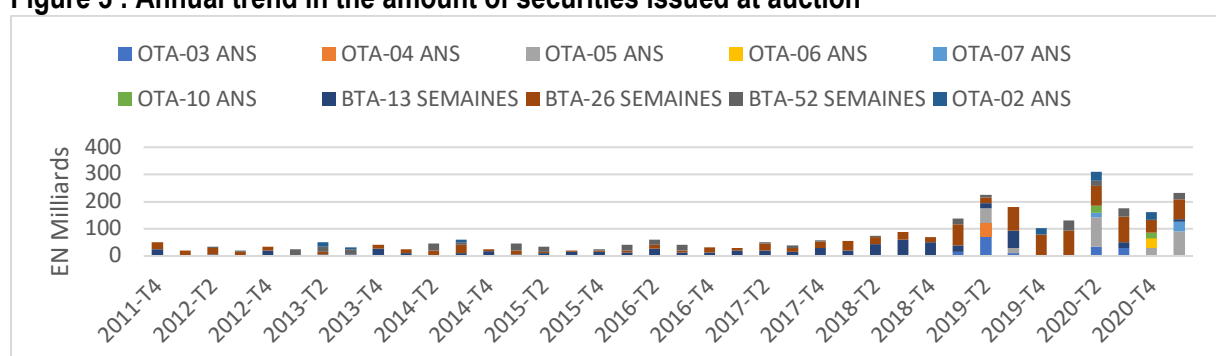
<sup>3</sup> Ex Douala Stock Exchange (DSX).

OCTO-2030									
CM2L0000010 FTBONDS-6YEARS 6,00%09 OCTO-2026	FTBONDS	6YEARS	4	07-oct-20	09-oct-26	97,98%	35 000 000 000	35 972 000 000	35 000 000 000
CM2A0000062 FTBONDS-02YEARS 3,40%20-NOVE-2022	FTBONDS	02 YEARS	4	18-nov-20	20-nov-22	99,79%	35 000 000 000	30 100 000 000	28 000 000 000
CM1200000964 FTBILLS-26 14-MAY-2021	FTBILLS	26 WEEKS	4	11-nov-20	14-MAY-21	2,05%	25 000 000 000	64 900 000 000	25 000 000 000
CM1200000956 FTBILLS-26 02-APRIL-2021	FTBILLS	26 WEEKS	4	30-sept-20	02-Apr.-21	2,24%	20 000 000 000	54 100 000 000	20 000 000 000
CM1200000972 FTBILLS-26 25-JUNE-2021	FTBILLS	26 WEEKS	4	23-Dec-20	25-JUNE-21	2,13%	25 000 000 000	23 500 000 000	22 500 000 000
CM2C00000045 FTBONDS-07YEARS 6,5% 06-nov2027	FTBONDS	07 YEARS	4	04-nov-20	06-nov-27		25 000 000 000	4 220 000 000	0
TOTAL QUARTER 4							230 000 000 000	264 828 000 000	180 500 000 000
TOTAL 2020							935 000 000 000	1 187 321 000 000	774 630 800 000

**Source:** MINFI/DGTCFM/DIRTRE

The Treasury's solicitations on the auction market increased by **CFAF 422.0 billion** compared to fiscal year 2019 to reach **CFAF 935.0 billion**. As for the bids of Primary Dealers and the amount auctioned, they increased by **CFAF 93.5 billion** and **CFAF 131.4 billion** respectively. The amount of issued securities auctioned amounted to **CFAF 775.0 billion** in 2020. This increase is explained by the Treasury's desire to significantly reduce its payment arrears from previous years.

**Figure 3 : Annual trend in the amount of securities issued at auction**



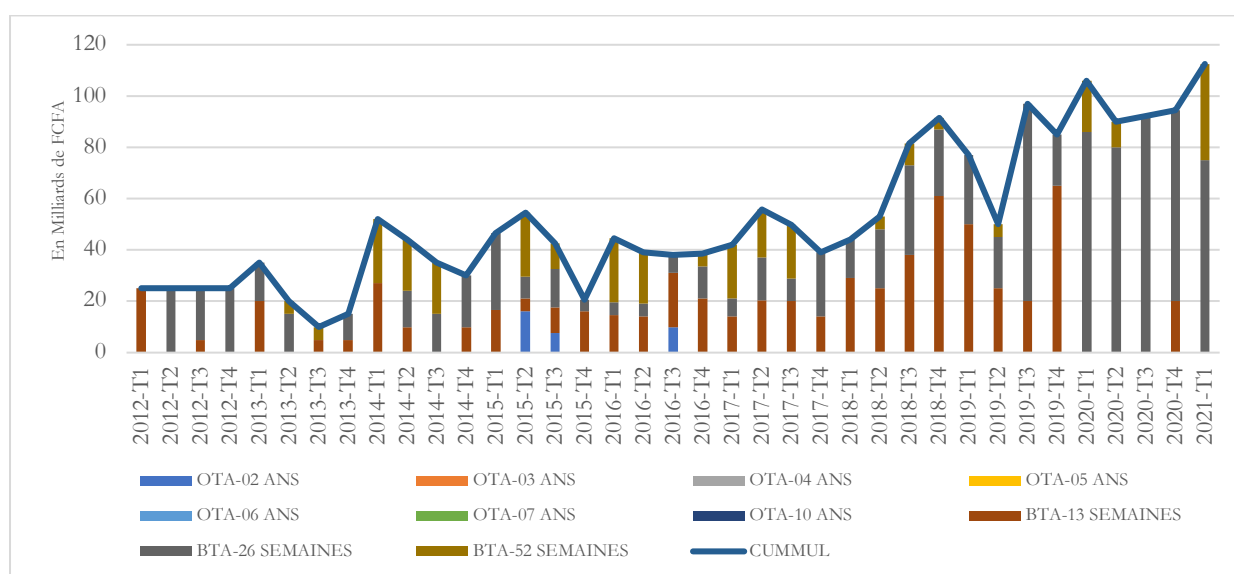
**Source:** MINFI/DGTCFM/DIRTRE

- **Repayments**

As at 31 December 2020, the Treasury had honoured all its repayment deadlines, corresponding to a total amount of **CFAF 1,814.0 billion**.

For the year 2020, the cumulative repayments of public securities issued by auction amounted to **CFAF 383.0 billion** against **CFAF 309.0 billion** in 2019, corresponding to an increase of 23.85%. This volume is composed of 5.23% of FTBILLS at 13 weeks, 86.94% of FTBILLS at 26 weeks and 7.84% of FTBILLS at 52 weeks.

**Figure 4: Annual trend of repayments**



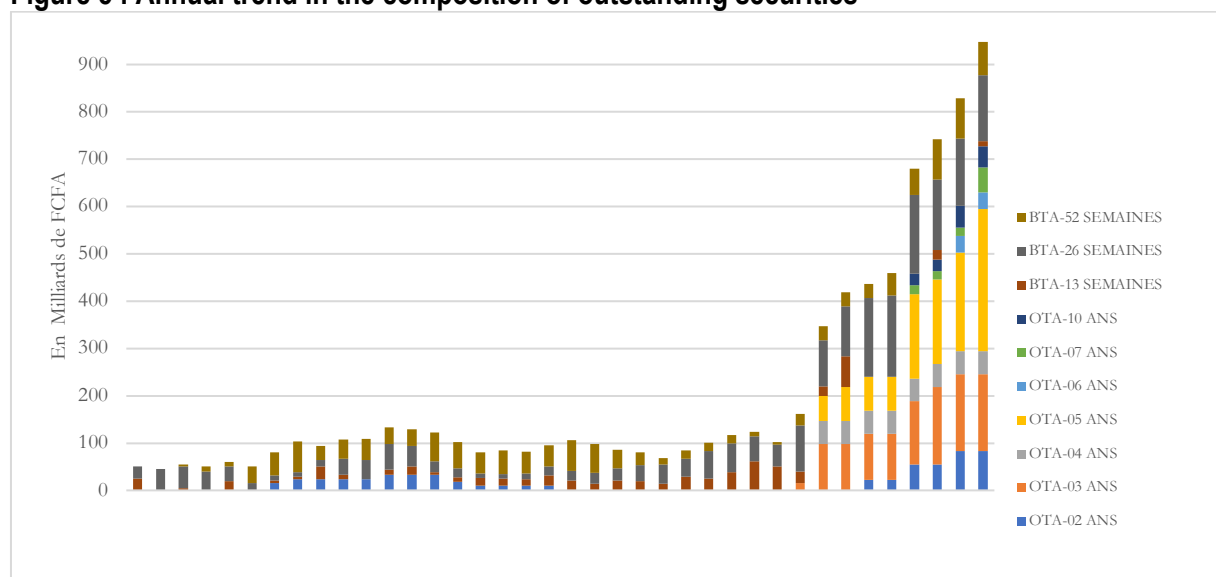
Source: MINFI/DGTCFM/DIRTRE

- Outstanding amounts**

The outstanding amount of public securities issued by auction amounted to **CFAF 828.1 billion** as at 31 December 2020, up by 217.1% year-on-year. This outstanding amount is composed of CFAF **227.2 billion** of FTBILLS and **CFAF 601.0 billion** of FTBONDS.

The outstanding amount of FTBONDS, of maturity 02, 03, 04, 05, 06, 07 and 10 YEARS amounted respectively to CFAF 85.3 billion; CFAF 161.8 billion; CFAF 48.5 billion, CFAF 208.6 billion, CFAF 35 billion, CFAF 17.7 and CFAF 45 billion. In addition, outstanding FTBILs are composed of CFAF 142.5 billion for FTBILs with a maturity of 26 weeks and CFA F 84.718 billion for securities with a maturity of 52 weeks.

**Figure 5 : Annual trend in the composition of outstanding securities**

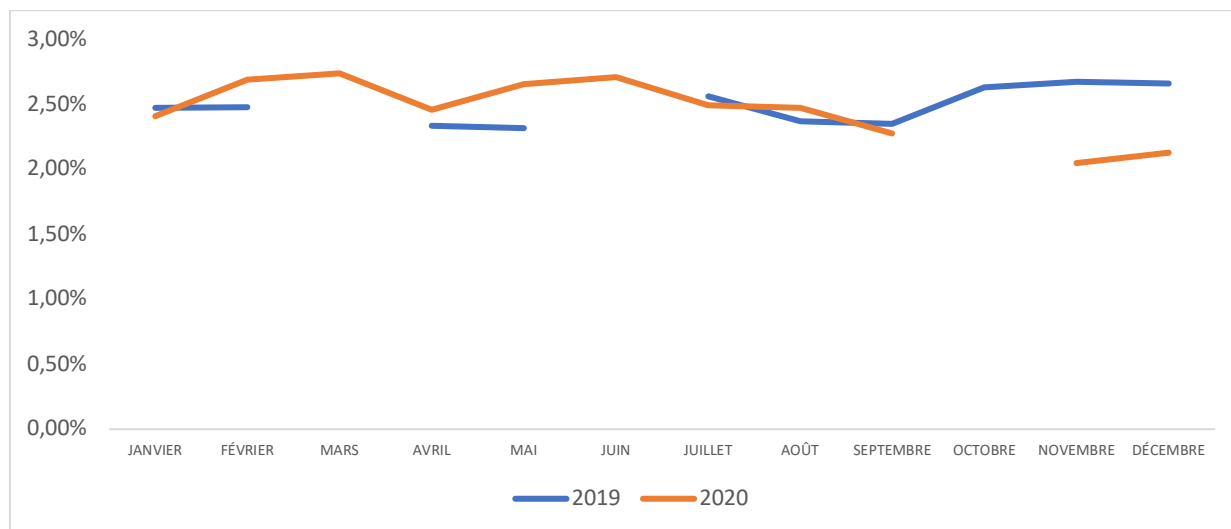


Source: MINFI/DGTCFM/DIRTRE

- Taux d'intérêt**

The Weighted Average Interest Rate (WAIR)<sup>4</sup> of FTBILLS at 26 weeks varied between 2.04% and 2.74 %. These interest rates dropped at the end of 2020.

**Figure 6 : Trend of the WAIR FTBILLS-26 weeks in 2019 and 2020**

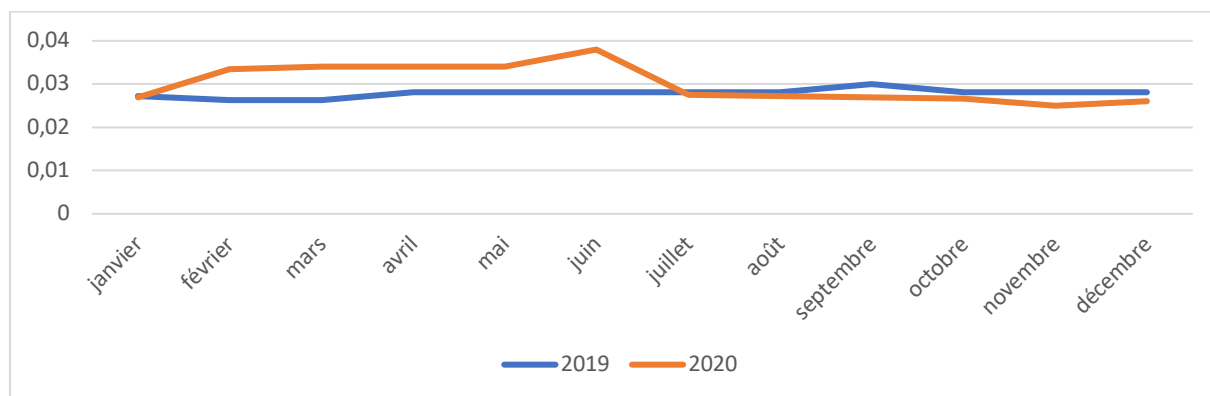


Source: MINFI/DGTCFM/DIRTRE

Six 52-week FTBILLS issues were announced and none were declared unsuccessful in the 2020 financial year. The interest rates of the auctioned issues were below 4%. Nevertheless, this instrument for financing the state budget was hardly used in FY2020 because of its high cost and the reluctance of banks.

In general, the weighted average interest rate on 52-week FTBILLS issues increased in 2020 compared to 2019 during the first three quarters, except in the last quarter of 2020 when interest rates were lower than in the same period in 2019.

**Figure 7: trend in the weighted average interest rate in 2019 and 2020**



Source: MINFI/DGTCFM/DIRTRE

- **Cost of issuances**

During the 2020 financial year, the interest charged on FTBILs amounted to **CFA F 6.6 billion**. Including the commissions for the organisation of the sessions levied by BEAC, which amounted to **CFA**

<sup>4</sup> WAIR is the average of the interest rates of successful bids

**F 0.95 billion**, the total cost of the public securities issuance programme for the 2020 financial year was **CFA F 6.7 billion**.

This cost is linked to the amount mobilised, which is up by **CFA F 131.4 billion** compared to that of 2019. Consequently, it has grown by 35.2% year-on-year. For the period 2011-2020, it is estimated at **CFA F 26.2 billion**.

#### IV.2.2.1.2. Secondary market

Transactions in the secondary market during 2020 were exclusively in FTBONDS issued by Cameroon.

The selling Primary Dealers were AFRILAND FIRST BANK, BGFI Bank, Crédit du Congo, ECOBANK Cameroon, ECOBANK GUINEA EQUATORIAL and Union Gabonaise de Bank. The latter were also buyers with shares of other Primary Dealers such as CITI Bank, ECOBANK Chad, SCB Cameroon and UBA.

#### IV.2.2.2. Syndication issuances on the sub-regional financial market

##### IV.2.2.2.1. PRIMARY MARKET

- **Issuances**

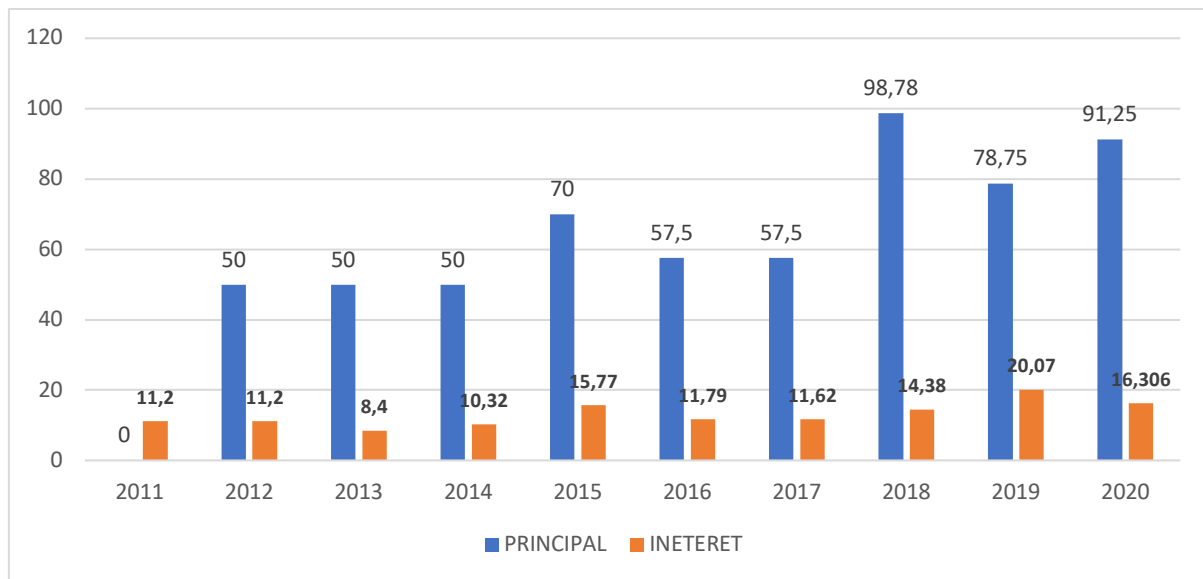
The Treasury did not issue any securities on the sub-regional financial market during the year 2020. The choice of the money market was motivated by the objective of limiting the Treasury's interventions in its traditional market, the money market, and leaving the financial market to companies. This policy aims to enable the various economic agents (the State and companies) to refinance themselves easily with a view to developing the national economy through robust growth.

Other, much more immediate advantages are to be attributed to this policy, namely the financial gains made due to the absence of costs linked to the placing and registration of the operation on the market and the absence of arrangement fees in the issuance of FTBONDS. In sum, the intervention on the money market by issuing FTBONDS allowed the State to save nearly CFAF 5 billion that it could have lost in bond operations carried out on the financial market for the same amounts..

- **Repayment**

From 2011 to the end of 2020, the Treasury has honoured all its repayment schedules. The cumulative amount of ECMR repayments over this period is **CFAF 737.0 billion**, corresponding to **CFAF 604.0 billion** in principal and **CFAF 134.0 billion** in interest.

**Figure 7: Annual trend in repayments (in billion CFAF)**



Source: MINFI/DGTCFM/DIRTRE

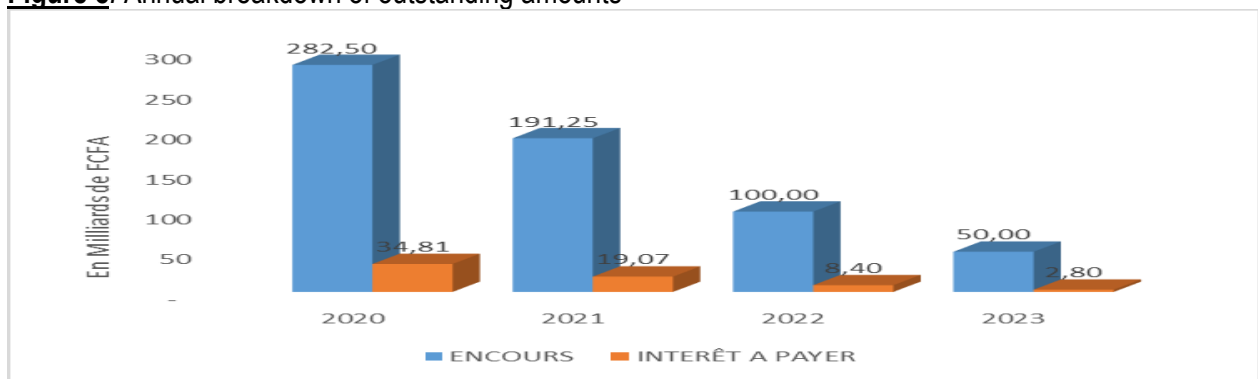
For the financial year 2020, the repayment of securities amounted to **CFAF 107.5 billion** against **CFAF 99.0 billion** in 2019, an increase of **CFAF 9.5 billion**.

The composition of the said repayments is as follows:

- "ECMR 5.5% net 2016-2021", principal amortized at CFAF 41.25 billion for interest of CFAF 5.106 billion;
- amortized principal of CFAF 50 billion for an interest of CFAF 11.20 billion.

As at 31 December 2020, the outstanding amount of government securities on the syndication market is CFAF 191.25 billion for a TOTAL amount of interest payable of CFAF 34.81 billion.

**Figure 8:** Annual breakdown of outstanding amounts



Source: MINFI/DGTCFM/DIRTRE

#### IV.2.2.2.2. Secondary market

In the course of the year 2020, this market segment was animated by a few transactions on the bonds, "ECMR 5.5% net 2016-2020" and "ECMR 5.6% net 2018-2023", listed on the BVMAC exchange.

#### IV.2.2.2.3. International market

With regard to the Euro bond 2015-2025 Of which the repayment of the principal is fixed in 2023, 2024 and 2025, the Treasury has met its semi-annual coupon (interest) payment deadlines for the 2020 financial year in the amount of CFAF **38.0 billion**, corresponding to **CFAF 19.0 billion** every six months. As a result, its outstanding amount remains unchanged at **CFAF 450.4 billion**.

#### IV.2.3. Bank financing

The finance law for the 2020 financial year authorised an amount of CFAF **152.0 billion** for bank financing. At the end of the said year, the resources mobilised from banks amounted to **CFA F 685.1 billion**, corresponding to an execution rate of 450.7%. The said financing recorded an increase of CFAF **546 billion** in absolute value and 392.5% in relative value compared to the financial year 2019 when it stood at **CFA F 139.1 billion**.

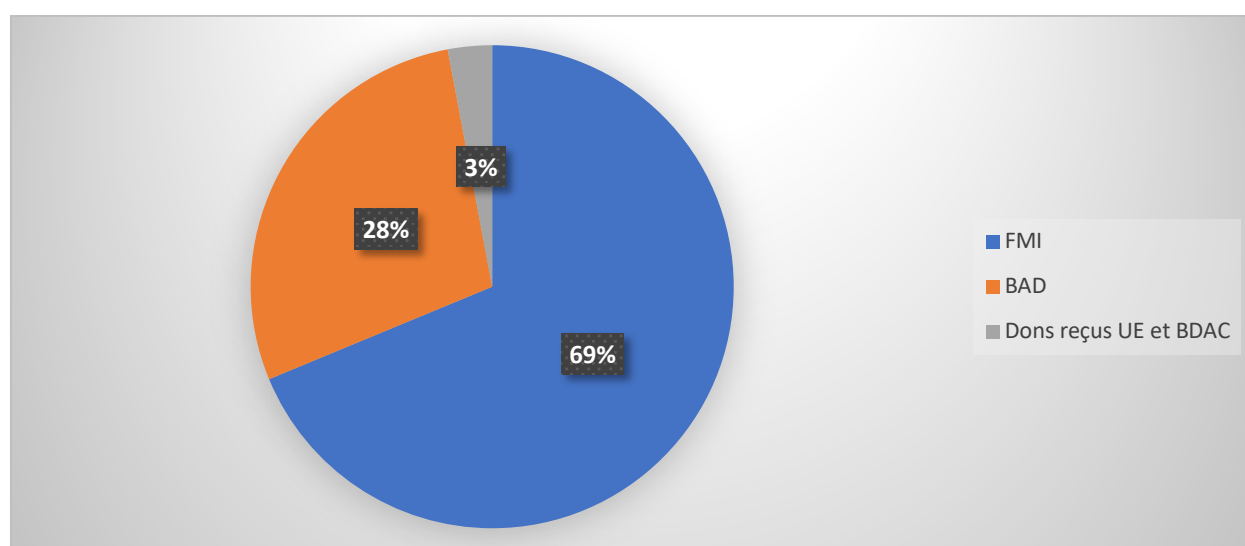
#### IV.2.4. Budget support

As regards budgetary support, the overall amount at the end of 2020 stood at CFAF 389.3 billion out of revised forecasts of CFAF 214.5 billion, corresponding to an implementation rate of 181.5%. Year-on-year, they recorded an increase of CFAF 161.3 billion in absolute value and 70.7% in relative value compared to 2019 when they were established at CFAF 228.1 billion.

By donor, the amount of budget support is as follows:

- **CFAF 267.7 billion<sup>5</sup>** of the International Monetary Fund, corresponding to **68,8%** ;
- **CFAF 110.2 billion** of the African Development Bank, corresponding to **28,3%** ;
- **CFAF 11.5 billion** in the form of grants, including CFAF 11 billion from the European Union and **CFAF 0.5 billion** from the Central African Development Bank, corresponding to **2,9%**.

**Figure 9:** Weight of budget support per donor



<sup>5</sup> Considering the CFAF 135.62 billion received in May under the Rapid Credit Facility to assist Cameroon in the fight against Covid-19 and its economic and social repercussions and the CFAF 86.78 billion received in October 2020.

#### IV.2.5. Exceptional financing

Exceptional financings<sup>6</sup> refer to "exceptional financing" refers to all other arrangements made by the authorities of an economy to finance balance of payments needs. Exceptional financing operations are defined on the basis of an analytical concept rather than precise criteria. These include debt forgiveness, debt-for-equity swaps and other types of debt restructuring operations. In some circumstances, certain government or other sector borrowings could fall into this category.

At the end of negotiations with donors and in view of the difficult health context, the State of Cameroon established the exceptional financing mechanism in the rectifying finance law. Thus, out of forecasts of **CFAF 374.5 billion**, exceptional financing amounted to **CFAF 176.6 billion** corresponding to a rate of 47.2%. The latter consisted of **CFAF 124 billion** for the relief of the external public debt and **CFAF 52.6 billion** representing the deposits of correspondents used to finance the Budget deficit.

**Table 9.** Net change in cash flow of Treasury correspondents in 2020

ACCOUNTS	Description	NET WITHDRAWALS 2020	NET DEPOSITS 2020	NET VARIATION NETTE 2020
420	Public Establishments	781 841 380 223	781 987 141 991	145 761 768
421	Councils	837 201 076 938	840 997 976 357	3 796 899 419
450	Public bodies	68 524 498 726	87 398 733 329	18 874 234 603
470	Others	550 336 188 126	580 270 550 338	29 934 362 212
TOTAL		2 237 903 144 013	2 290 654 402 015	52 751 258 002

<sup>6</sup> International Monetary Fund (IMF), "External Debt Statistics-Guide for Statisticians and Users; Appendix III. Glossary of External Debt Terms", Washington D.C., 2003.