

REPUBLIQUE DU CAMEROUN

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REPUBLIC OF CAMEROON

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MINISTRY OF FINANCE

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SECRETARIAT GENERAL

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DEPARTMENT OF FORECASTS

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PUBLIC FINANCES UNIT

## ***BUDGETARY EXECUTION AT THE END OF JUNE 2020***

During the first half of the 2020 fiscal year, the State budget was implemented within a context marked at the international level by: (i) restrictions on activities and economic disruptions caused by the COVID-19 pandemic, which broke out in China in December 2019 and quickly spread around the world, with an acceleration in contamination and deaths. During the first four months of the year, it led, among other things, to the containment of a good frank of the world population, the putting on hold of the production of many enterprises, and the breakdown of supply chains; (ii) the expected recession of the global economy due to the COVID-19 pandemic. The IMF and the World Bank have revised their forecasts for world growth downwards, with negative growth rates for 2020 estimated at -3% and -5.1% respectively; (iii) the resumption of economic activities throughout the world since May, in connection with the de-confinement decided by various governments, as well as the massive budgetary and monetary measures taken by the States to support recovery; (iv) the uncertainties hanging over the global economic outlook, in particular due to the possibility of a second wave of COVID-19 infections, the likely reorganization of supply chains to ensure access to critical goods, and the deterioration of relations between the United States and China which threatens world trade.

At the national level, the context of budget execution is marked by: (i) the holding of the twin legislative and municipal elections on 9 February 2020; (ii) the health, economic and social consequences of the COVID-19 pandemic, in particular with the increase in confirmed cases and the expected recession of the national economy. The estimated growth rate for 2020 has been revised downwards and stands at -1.1% against 4% previously; (ii) the low level of world oil prices, which are difficult to recover after the fall recorded in March 2020, and whose average price per barrel is estimated at 39.9 dollars, below the 54.4 dollars retained in the finance law, negatively affecting oil revenues; (iii) the elaboration of a comprehensive response plan against the COVID-19 pandemic aimed at controlling the health crisis and supporting economic recovery; (iv) the adoption of a budgetary collective to adjust the finance law in relation to the loss of nearly 800 billion in budgetary revenue expected in 2020, due to the COVID-19 pandemic; (v) The creation of a Special Assignment Account (SAA) endowed with 180 billion, to properly supervise the national and international solidarity that has manifested itself and the actions carried out in the context of the fight against the COVID-19 pandemic. This SAA makes it possible to centralize the resources mobilized and the expenditure carried out relating to the response to this pandemic and its induced socio-economic effects.

As for the prices of the main exported products, year on year they are up for cocoa, Arabica coffee, palm oil and aluminium. On the other hand, those of petroleum, cotton, rubber and Robusta coffee are down. In fact, the average price of raw cocoa increased by

8.1% to stand at 2,519.5 dollars per tonne in the first half of 2020. That of Arabica coffee increased by 11.3% and stood at 107.9 US cents/pound. Average palm oil and aluminium prices rose by 8.1% and 5% respectively to \$ 583.3 and \$ 1,591.4 per tonne. The average price of crude oil fell by 39.6% to \$ 39.9 per barrel. Rubber, cotton and Robusta coffee fell by 14.9%, 14.8% and 11.3%, respectively, to 272.9 cents/kg, 70 dollars per tonne and 66.5 US cents/pound.

This context influenced the execution of the State budget, in terms of the mobilization of budgetary resources and the execution of budgetary expenditure. With regard to performance analysis, the resources mobilized are compared with the objectives for the semester, while the expenditure executed, which is subject to budgetary regulation, is compared to the forecasts of the amending finance law.

## I- BUDGETARY RESOURCES

**Total budgetary resources** provided for in the State budget have been revised downwards by ordinance No.2020/001 of June 03, 2020 to amend and supplement certain provisions of law No. 2019/023 of 24 December 2019 on the finance law of the Republic of Cameroon for the 2020 fiscal year. These resources thus decrease by 542.7 billion (-11%), bringing the State budget to 4,409 billion against 4,951.7 billion in the initial finance law.

At the end of the first six months, the resources mobilized amounted to 2,516.8 billion. They increased by 136.5 billion (+ 5.7%) compared to the first half of 2019. This increase is mainly attributable to loans and donations. Compared to the half-year objective set at 2,167.3 billion, they exceeded by 349.5 billion, representing an achievement rate of 116.1%. This performance is attributable both to internal revenues and to loans and donations, which show achievement rates of 105.2% and 137.9% respectively.

**Internal budgetary revenues** were collected to the tune of 1,516.5 billion, down by 123.5 billion (-7.5%) compared to the same period of the previous year when they stood at 1,640 billion. This decline can be seen in both oil and non-oil revenues. The rate of achievement of this revenue is 105.2% compared to the half-year target set at 1,441.7 billion.

**Oil revenues** amounted to 197.1 billion at the end of June 2020, down by 79.4 billion (-28.7%) compared to the end of June 2019, mainly due to the decrease of 39.6% on an annual basis of world oil prices. They include 152.8 billion in NHC oil royalties and 44.3 billion in oil company taxes. Compared to the half-yearly forecast of 122.3 billion, they record a realization rate of 161.2%.

**Non-oil revenue** fell from 1,363.4 billion at the end of June 2019 to 1,319.4 billion at the end of June 2020, showing a decrease of 44 billion (-3.2%) between the two periods. Compared to the 1 319.4 billion half-yearly forecast, it presents an achievement rate of 100%, which is explained exclusively by the achievements recorded in terms of revenue from internal levies and taxes. Customs revenue recorded an underperformance due to the COVID-19 health crisis, so too is non-tax revenue which suffers on the one hand from the lack of coverage of assigned revenue for education and health during the period under review, and, on the other hand, the late holding of boards of directors of public companies that pay dividends to the Treasury. The evolution and achievements of the main components of non-oil revenue are given below.

**Revenue from taxes** collected in the first half of 2020 amounted to 946.3 billion against 908.9 billion in the first half of 2019, showing an increase of 45.6 billion (+ 5.1%) year-on-year. This increase can be seen in all headings, with the exception of registration fees and stamp duties which fell by 4.9 billion (-9.2%) year-on-year to stand at 48.5 billion. The PIT increased by 13.2 billion (+8.6), VAT by 4.6 billion (+1.6%), the tax on non-oil companies

by 16.2 billion (+7.7% ), excise duties by 17.7 billion (+ 17.3%). Compared to the 908.9 billion target for the first half of the year, tax revenue is in excess of 37.4 billion, that is an achievement rate of 104.1%. This performance can be seen mainly in excise duties, which show a realization rate of 117.8%, and tax on non-oil companies, whose realization rate is 106.3%.

**Customs revenue** amounted to 300.7 billion at the end of June 2020 against 359.5 billion at the end of June 2019, showing a decrease of 58.8 billion (-16.4%) year-on-year. All the items are on a downward trend as follows: customs duties on imports (-25.2 billion), VAT on imports (-29.2 billion), excise duties on imports (-2.6 billion). Compared to the 308.5 billion forecast for the first half of 2020, customs revenue is down by 7.8 billion, i.e. an achievement rate of 97.5%. The collection of customs revenue is linked in particular to the 25.2% drop in global trade, following the drop in imports (-27.6%) and exports (-21.4%). However, the target set by the amending finance law could be achieved at the end of the fiscal year if marketers manage to pay off their debt.

**Non-tax revenue** fell by 5.9 billion (-7.9%) on an annual basis and stood at 68.8 billion at the end of June 2020. Compared to the 102 billion in the half-yearly forecast, it was down by 33, 2 billion, recording an achievement rate of 67.5%. This development can be explained in particular by the low return on revenue from services and other non-tax revenue.

**Loans and donations** disbursed during the first half of 2020 amounted to 1,000.3 billion compared to 740.3 billion in the first half of 2019, showing an increase of 260 billion (+35.1%) between the two periods. This increase results from the acceleration of drawings for IMF loans, budgetary support, major issues of OTA and BTA on the BEAC money market and bank loans. Loans and donations show an achievement rate of 137.9% compared to the 725.6 billion half-yearly forecast.

**Table 1: Mobilization of budgetary resources at the end of June 2020***(In billions of CFAF, except otherwise specified)*

HEADINGS	2020	2020	Jan.-June20	Jan.-June20	Jan.-June19	Diff. (e)=(c-b)	Achievement	Variation	
	F. L.	R.F.L. (a)	Forecasts (b)	Achievements (c)	Achievements (d)		Rate (c/b) (%)	(c/d) (abs)	(c/d) (%)
<b>A- INTERNAL REVENUES</b>	<b>3617.2</b>	<b>2848.5</b>	<b>1441.7</b>	<b>1516.5</b>	<b>1640.0</b>	<b>74.8</b>	<b>105.2</b>	<b>-123.5</b>	<b>-7.5</b>
<b>I-Oil revenue</b>	<b>443.0</b>	<b>269.7</b>	<b>122.3</b>	<b>197.1</b>	<b>276.5</b>	<b>74.8</b>	<b>161.2</b>	<b>-79.4</b>	<b>-28.7</b>
1- NHC royalties	341.5	169.7	84.9	152.8	232.1	68.0	180.1	-79.3	-34.2
2- Oil Company Tax	101.5	100.0	37.4	44.3	44.4	6.9	118.3	-0.1	-0.3
<b>II- Non-oil revenue</b>	<b>3174.2</b>	<b>2578.8</b>	<b>1319.4</b>	<b>1319.4</b>	<b>1363.4</b>	<b>0.0</b>	<b>100.0</b>	<b>-44.0</b>	<b>-3.2</b>
<b>1- Tax Revenues</b>	<b>2962.2</b>	<b>2374.8</b>	<b>1217.4</b>	<b>1247.0</b>	<b>1260.2</b>	<b>29.5</b>	<b>102.4</b>	<b>-13.2</b>	<b>-1.1</b>
<b>a- Revenues from levies and taxes</b>	<b>2103.0</b>	<b>1724.8</b>	<b>908.9</b>	<b>946.3</b>	<b>900.8</b>	<b>37.4</b>	<b>104.1</b>	<b>45.5</b>	<b>5.1</b>
of which - PIT	343.0	291.6	157.6	165.4	152.3	7.8	105.0	13.2	8.6
- VAT	808.1	621.6	288.8	285.7	281.1	-3.1	98.9	4.6	1.6
- Non-oil CT	370.0	330.1	211.6	225.0	208.8	13.4	106.3	16.2	7.7
- Excise duties	220.0	186.7	101.5	119.5	101.9	18.1	117.8	17.7	17.3
- Registration fees and stamp duties	126.2	91.3	44.1	48.5	53.5	4.4	110.1	-4.9	-9.2
- STPP	135.0	112.8	63.0	68.5	65.6	5.5	108.8	2.9	4.4
<b>b- Customs revenue</b>	<b>859.2</b>	<b>650.0</b>	<b>308.5</b>	<b>300.7</b>	<b>359.5</b>	<b>-7.8</b>	<b>97.5</b>	<b>-58.8</b>	<b>-16.4</b>
of which - Import customs duty.	359.4	276.8	134.5	126.9	152.1	-7.6	94.3	-25.2	-16.6
- import. VAT	402.8	295.3	136.1	134.2	163.4	-1.9	98.6	-29.2	-17.9
- Import excise duties	49.9	37.1	16.6	17.1	19.7	0.5	102.9	-2.6	-13.3
- Exit duties	36.7	26.4	14.6	17.5	17.2	2.9	119.7	0.3	1.6
<b>2- Non-tax revenue</b>	<b>212.0</b>	<b>204.0</b>	<b>102.0</b>	<b>68.8</b>	<b>74.7</b>	<b>-33.2</b>	<b>67.5</b>	<b>-5.9</b>	<b>-7.9</b>
<b>3- Repayment of loans</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>3.6</b>	<b>28.5</b>	<b>3.6</b>	<b>-</b>	<b>-24.9</b>	<b>-87.4</b>
<b>B- LOANS AND DONATIONS</b>	<b>1334.5</b>	<b>1560.5</b>	<b>725.6</b>	<b>1000.3</b>	<b>740.</b>	<b>274.7</b>	<b>137.9</b>	<b>260.0</b>	<b>35.1</b>
- Project loans	600.0	655.0	327.5	208.8	319.6	-118.7	63.7	-110.8	-34.7
- Donations	102.0	102.0	51.0	10.6	59.3	-40.4	20.8	-48.7	-82.1
- IMF loans	87.0	89.0	44.5	180.9	0.0	136.3	406.2	180.9	-
- Budgetary support	115.5	214.5	52.6	52.6	0.0	0.0	100.0	52.6	-
- Issue of government securities	350.0	420.0	210.0	472.5	361.4	262.5	225.0	111.1	30.7
- Bank loans	80.0	80.0	40.0	75.0	0.0	35.0	187.5	75.0	-
<b>TOTAL BUDGETARY REVENUE</b>	<b>4951.7</b>	<b>4409.0</b>	<b>2167.3</b>	<b>2516.8</b>	<b>2380.3</b>	<b>349.5</b>	<b>116.1</b>	<b>136.5</b>	<b>5.7</b>

Source: MINFI/DF

## II- BUDGETARY EXPENDITURE

The expenditure planned in the budget for the 2020 fiscal year also saw, through the budgetary balance, a decrease of 542.7 billion (-11%) in the amending finance law. At the end of June 2020, total authorized budgetary expenditure amounted to 2,117.1 billion against 2,197.7 billion at the end of June 2019, showing a decrease of 80.6 billion (-3.7%) between the two periods. This decline can be seen mainly in investment expenditure and public debt service. It has an execution rate of 48% compared to the 4,409 billion provided for in the amending finance law.

**Current expenditure** increased by 52.6 billion (+4.6%) year-on-year to stand at 1,160.3 billion at the end of June 2020. Compared with the 2,231.7 billion forecast for the year, its execution rate is 52%. The evolution and achievements of the main headings of this expenditure are given below.

**Personnel expenditure** increased by 5.5% and amounted to 511.7 billion in the first half of 2020 against 485.3 billion in the same period of the 2019 fiscal year. At mid-term, they were executed to the tune of 49.2% compared to the 1,040.8 billion annual forecast.

**Expenditure on goods and services** decreased by 3.7 billion (-1%) year-on-year and amounted to 356.7 billion at the end of June 2020. The execution rate of these expenditures is 55.6% compared to the 642.1 billion provided for in the amending finance law.

**Expenditure on transfers and pensions** amounted to 291.8 billion at the end of the first half of 2020, thus increasing by 29.8 billion (+11.4%) compared to the same period of the previous year, due in particular to the support for fuel prices. Compared to the 548.7 billion forecast for the year, they recorded an execution rate of 53.2%.

**Investment expenditure** amounted to 424.9 billion at the end of June 2020 against 579.8 billion at the end of June 2019, showing a decrease of 154.9 billion (-26.7%) between the two periods. Compared to the annual forecast of 1,263.4 billion, these expenditures show an execution rate of 33.6%. The development and achievements of the various headings of investment expenditure are presented below.

**Investment expenditure on own resources** amounted to 189.3 billion at the end of June 2020, thus falling by 34.4 billion (-15.4%) on an annual basis. Compared to the forecast for the year, their completion rate is 34.3%. Investment expenditure on external financing stood at 219.4 billion at the end of June 2020 and fell by 123.5 billion at an annual rate (-36%). Compared to the 684 billion of the amending finance law, their execution rate is 32.1%.

**Restructuring expenditure** amounted to 16.2 billion at the end of June 2020 against 13.3 billion in the same period of the 2019 fiscal year. The execution rate is 57.7% compared to the 28.1 billion forecast annual.

### 3- Public debt service

Public debt service stood at 408.5 billion in the first half of 2020 against 435.7 billion in the first half of 2019, showing a decrease of 27.2 billion (-6.2%) year-on-year. This decline can be seen in both major categories of public debt. Compared to the 913.9 billion forecast for the year, the public debt service execution rate is 44.7%.

**The effective external debt service** amounted to 201.6 billion at the end of June 2020 against 217.8 billion at the end of June 2019, recording a decrease of 16.3 billion (-7.5%). Its completion rate is 53.9%.

**Domestic debt payments** fell by 10.9 billion (-5%), from 217.8 billion at end-June 2019 to 207 billion at end-June 2020. Compared to the 539.9 billion forecast for the year, the execution rate for these payments is 38.3%.

### III- BASIC BUDGETARY BALANCES

At the end of the first half of the 2020 fiscal year, reflecting the revenues and donations mobilized and the expenditure executed, the overall balance on the payment authorization basis stands at -816.4 billion. The primary balance on payment authorization basis is -584.8 billion, and the non-oil primary balance stands at -1169.3 billion. On the basis of financial cover, the primary balance stands at -528.2 billion, and the non-oil primary balance stands at -1112.7 billion./-

**Table 2: Execution of budgetary expenditure at the end of March 2019**

(In billions of CFAF, unless otherwise specified)

HEADINGS	2020 F. L.	2020 R. F. L. (a)	Jan.-June 20	Jan.-June 19	Difference (d)=(b-a)	Execution Rate (b/a) (%)	Variation	
			Achievements (b)	Achievements (c)			(c/b) (abs)	(c/b) (%)
<b><i>I-Current expenditure</i></b>	<b>2434.2</b>	<b>2231.7</b>	<b>1160.3</b>	<b>1107.7</b>	<b>-1071.4</b>	<b>52.0</b>	<b>52.6</b>	<b>4.7</b>
Personnel expenditure	1071.1	1040.8	511.7	485.3	-529.1	49.2	26.5	5.5
Expenditure on Good & Services	735.9	642.1	356.7	360.4	-285.4	55.6	-3.7	-1.0
Transfers and pensions	627.2	548.7	291.8	262.0	-256.9	53.2	29.8	11.4
<b><i>II- Investment expenditure</i></b>	<b>1505.5</b>	<b>1263.4</b>	<b>424.9</b>	<b>579.8</b>	<b>-838.6</b>	<b>33.6</b>	<b>-154.9</b>	<b>-26.7</b>
On external financing	796.0	684.0	219.4	342.8	-464.6	32.1	-123.5	-36.0
On own resources.	663.6	551.3	189.3	223.6	-362.1	34.3	-34.4	-15.4
Restructuring expenditure	45.9	28.1	16.2	13.3	-11.9	57.7	2.9	21.5
<b><i>III- Sundry expenditures to be regularized</i></b>	<b>0.0</b>	<b>0.0</b>	<b>123.4</b>	<b>74.5</b>	<b>123.4</b>	-	<b>49.0</b>	<b>65.8</b>
<b><i>IV- Public debt service</i></b>	<b>1012.0</b>	<b>913.9</b>	<b>408.5</b>	<b>435.7</b>	<b>-505.4</b>	<b>44.7</b>	<b>-27.2</b>	<b>-6.2</b>
External debt	472.2	374.0	201.6	217.8	-172.4	53.9	-16.3	-7.5
Domestic debt	539.8	539.9	207.0	217.8	-333.0	38.3	-10.9	-5.0
of which are Amortization of principal	417.3	417.3	67.7	57.9	-349.5	16.2	9.8	17.0
- Refund of VAT credits	72.0	72.0	62.0	36.0	-10.0	86.1	26.0	72.2
- Domestic arrears	0.0	72.0	43.3	110.5	-28.7	60.2	-67.1	-60.8
<b>TOTAL BUDGETARY EXPENDITURE</b>	<b>4951.7</b>	<b>4409.0</b>	<b>2117.1</b>	<b>2197.7</b>	<b>-2291.9</b>	<b>48.0</b>	<b>-80.6</b>	<b>-3.7</b>

Source: MINFI/DF