

# Cameroon

## Recent macroeconomic and financial developments

In 2021, GDP growth picked up to 3.5% from 0.5% in 2020, driven by revival of nonoil activity and continued investment. The budget deficit narrowed to 3.1% of GDP in 2021 from 3.3% in the two previous years, stemming from budgetary consolidation measures aimed at reducing expenditure and increasing nonoil budgetary revenue. Of the SDR 264.5 million allocation in August 2021, SDR 61.5 million was used in fiscal year 2021. The realization of structural infrastructural projects financed for the most part by commercial and public loans and implemented within the framework of the country emergence politics has led to a strong increase in debt. The rate of public debt distress rose from 28.8% of GDP in 2015 to 46% in 2021.

Inflation reached 2.5% in 2021, up from 2.4% in 2020, owing to a price control system for necessities. In March 2022, the central bank raised its principal key rate from 3.5% to 4%. Gross receivable NPLs represented 16.8% of outstanding banking system loans. The current account deficit widened to 4.1% of GDP in 2021 from 3.5% in 2020, linked to the sharp increase in import prices. Foreign exchange reserves fell slightly in 2021 to 3.7 months of imports from 3.8 months in 2020. In 2021, the unemployment rate stood at 6.1%, up from 3.84% in 2020, while the underemployment rate declined by 4 percentage points, to 65%.

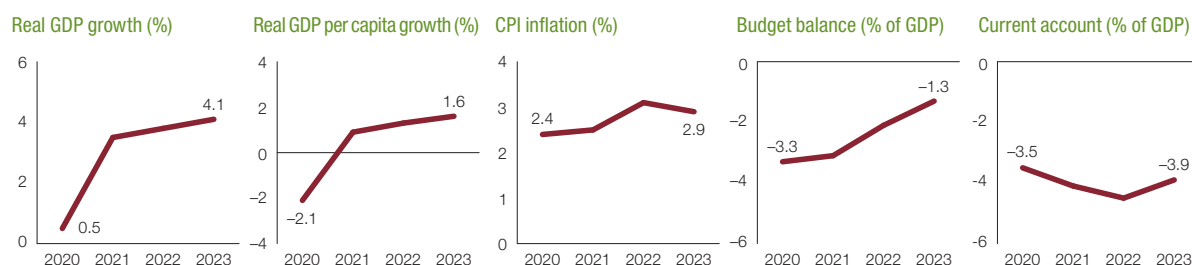
## Outlook and risks

Growth could reach 4.1% in 2022 and 4.3% in 2023, due particularly to increased gas output. With continued budgetary consolidation engaged within the framework of an economic and financial program signed with the IMF in July 2021, the budget deficit is forecast to

improve to 1.9% of GDP in 2022 and 1.3% in 2023. Inflation should remain below 3% in 2022 and 2023, due mainly to continuation of the price control system and government consultation with actors in the production and marketing of the main consumption products. The current account is likely to remain in deficit, owing to the rigidity of the decrease in import prices. Foreign exchange reserves are projected at 3.9 months of imports in 2022 and 4.2 months in 2023. Yet, the outlook remains uncertain—and dependent on the evolution of the health crisis as well as on the adherence of a greater number of the population to vaccination, the continuation of barrier measures, and global supply chain disruptions.

## Climate change issues and policy options

Cameroon is 68 on the 2021 GCRI. It is subject to flooding, deforestation, recurrent droughts in the north, and an uncertain duration of rainy seasons. Climate change heavily affects the agricultural sector, and more particularly agro-industry, which accounts for nearly 33% of industry sector output. The urbanization rate, which reached 58% against the average of 41% in Sub-Saharan Africa in 2020, heightens challenges of sustainable urbanization, urban planning, and pollution reduction. The Nationally Determined Contribution, submitted in October 2021, aims to reduce emissions by 35% by 2030. The share of the population with access to electricity is 90% in urban areas against only 20% in rural areas. The proportion of renewable energy in the electricity mix is predicted to reach 25% by 2035, up from 2% in 2019. The population's water access rate reached nearly 62% in 2020, with a target of 80% in 2025.



Source: Data are as of April 2022 and are from domestic authorities; figures for 2021 are estimates and figures for 2022 and 2023 are projections by the African Economic Outlook team.