

CAMEROON

Table 1 **2023**

| | |
|--------------------------------------------------------|--------|
| Population, million | 28.8 |
| GDP, current US\$ billion | 47.4 |
| GDP per capita, current US\$ | 1646.1 |
| International poverty rate (\$2.15) ^a | 23.0 |
| Lower middle-income poverty rate (\$3.65) ^a | 46.7 |
| Upper middle-income poverty rate (\$6.85) ^a | 76.0 |
| Gini index ^a | 42.2 |
| School enrollment, primary (% gross) ^b | 110.7 |
| Life expectancy at birth, years ^b | 60.3 |
| Total GHG emissions (mtCO2e) | 134.6 |

Source: WDI, Macro Poverty Outlook, and official data.
 a/ Most recent value (2021), 2017 PPPs.
 b/ WDI for School enrollment (2022); Life expectancy (2021).

Cameroon's economy grew by 4.0 percent in 2023, up from 3.6 percent in 2022.

However, poverty reduction remains slow, with 23.0 percent living below the international poverty line of \$2.15 PPP per person per day. Sustained fiscal consolidation kept the deficit at 0.8 percent of GDP in 2023. Looking ahead, while the medium-term outlook is favorable, risks include commodity price volatility and persistent security crisis in certain regions. Low per capita growth coupled with high food and energy prices may worsen poverty.

Key conditions and challenges

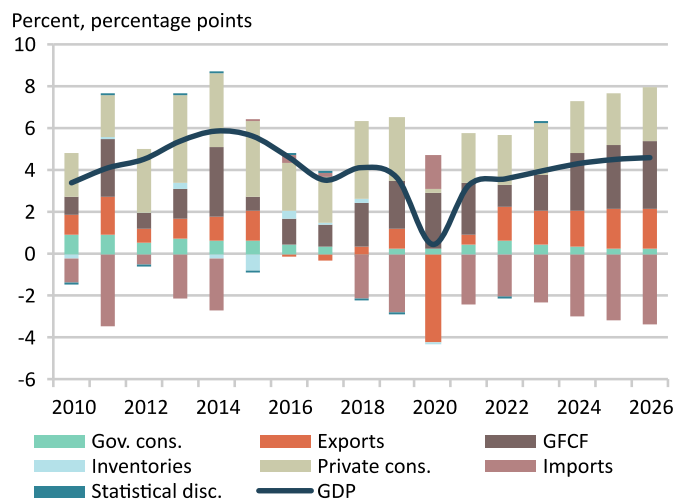
Cameroon is the largest economy in the CEMAC region, accounting for 45 percent of the region's GDP and 63 percent of regional foreign exchange reserves in 2023. It is also the region's most diversified economy. However, the oil sector still accounts for 2.2 percent of GDP and 18.4 percent of fiscal revenues, keeping the country vulnerable to oil price shocks. Cameroon's debt pressures have intensified, calling for cautious fiscal policies and improved debt management. The current development model appears incapable of delivering Cameroon's ambition of becoming an upper middle-income country by 2035, as institutions of governance have deteriorated, human capital remains weak, the business environment is unfavorable, and climate change represents a growing threat. The employment landscape reflects concerning trends, particularly for the youth, with half of the working-age population either unemployed or otherwise disengaged from the workforce. The informal sector, constituting over 85 percent of total employment, is experiencing a shift from agriculture to urban informal activities, calling for urban development. Productivity, notably in agriculture, lags similar countries due to high input costs, limited financing, and underutilization of innovative technologies. Cameroon has failed to reduce extreme poverty over the past two decades.

Household survey data collected in 2021/22 suggest 23.0 percent of the population lives below the extreme international poverty line of \$2.15 PPP per person per day. The extreme poverty rate has remained unchanged since 2001, decreasing by only 0.9 percentage points between 2014 and 2021. The population living in extreme poverty has swelled by over 2 million since 2001 and now exceeds 6 million. Inequality remains high, with a consumption Gini coefficient of 42.2, indicating large disparities in living standards between regions and urban and rural areas. Furthermore, fragility is proliferating, with six out of Cameroon's ten regions now affected by conflict, including spillovers from conflicts in neighboring countries. Climate change also threatens Cameroon's poverty-reduction prospects given its reliance on natural resources, with around 4 in 10 workers being primarily engaged in agriculture.

Recent developments

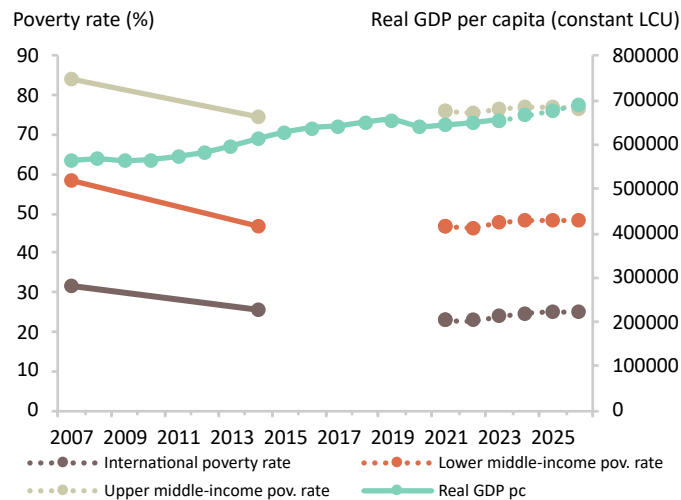
Cameroon's economic recovery continued in 2023, with real GDP growing by 4.0 percent, up from 3.6 percent in 2022 driven by improvements across various sectors. Services and manufacturing sectors expanded respectively by 4.5 percent and 5.5 percent, thanks to better energy supply and market conditions. Private investments supported the construction sector's growth despite lower public spending. Agriculture sector grew by 3.5 percent, driven by high cocoa and cotton prices and the recovery of the Cameroon Development Corporation.

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.

Inflation increased to 7.4 percent as of the end 2023 from 6.3 percent in 2022 mainly due to higher domestic fuel prices, despite the tight monetary policies and global inflation easing. Despite service and income balance improvements, the current account balance deteriorated slightly, reaching 3.6 percent of GDP from 3.5 percent due to a widened trade deficit caused by declining oil and gas exports.

Fiscal consolidation efforts in 2023 resulted in a reduced fiscal deficit of 0.8 percent of GDP, down from 1.1 percent in 2022, supported by lower fuel subsidies, reduced capital spending, and improved tax collection. Public debt decreased to 41.9 percent of GDP in 2023 from 45.3 percent in 2022. Nonetheless, Cameroon remained at a high risk of debt distress, despite sustainable debt levels.

The regional central bank (BEAC) maintained in 2023 a tight monetary policy to contain inflation and support the exchange rate. While Cameroon's banking system remained strong, vulnerabilities remained, with the non-performing loan ratio reaching 15.3 percent in 2023 and a significant exposure to sovereign bonds.

The gradual reduction in fuel subsidies will provide additional fiscal space for pro-poor spending but may lead to short-term inflationary pressures. Tax incentives for agriculture and minimum wage increases will

mitigate impacts, though the latter's effect on poverty reduction may be limited due to the prevalence of informal employment.

Outlook

The medium-term economic outlook for Cameroon is positive on balance but subject to downside risks. Real GDP growth is projected at 4.3 percent in 2024 and 4.5 percent in 2025 and 2026, driven by dynamism in agro-industry, forestry, and services. The anticipated LNG production boom is expected to offset declining oil field production in 2025. Improved energy supply from projects like the Nachtigal hydroelectric dam and Memve'ele power plant transmission lines will benefit manufacturing and construction, backed by robust public investment.

The current account deficit is expected to gradually narrow over the medium term, benefiting from sustained high commodity prices, the LNG boom in 2025, and government export efforts. Over the medium term, inflation is expected to drop from 7.0 percent in 2024 to 4.9 percent by 2026, supported by moderating import price inflation, improved industrial production from better energy supply, and the BEAC's tight monetary policy.

The fiscal deficit is projected to remain below 1 percent of GDP, supported by measures aimed at enhancing revenue and gradually reducing current expenditures, particularly fuel subsidies. These actions are expected to counterbalance the anticipated rise in capital expenditure necessary for accelerating investment projects. Public debt is projected to decline, reaching 35.5 percent of GDP by 2026, driven by improved debt management.

However, low per capita growth may exacerbate poverty, with the poverty rate at the international poverty line of \$2.15 PPP per person per day projected to reach 25.0 percent by 2026, leaving around 8 million Cameroonians in poverty. Moreover, food prices are projected to rise faster relative to other goods. Redirecting budgetary savings from fuel subsidy reductions into productive spending, including investments in social programs and human capital, could support the poor and vulnerable in the short run, but sustained poverty reduction will require accelerating economic growth that creates more jobs.

The outlook is subject to risks such as commodity price volatility, ongoing security crises in certain regions, uncertain budget support from external donors, exchange rate fluctuations impacting debt and fuel subsidies, and increased climate-related disasters.

TABLE 2 Cameroon / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

| | 2021 | 2022 | 2023e | 2024f | 2025f | 2026f |
|----------------------------------------------------------------------------|------|------|-------|-------|-------|-------|
| Real GDP growth, at constant market prices | 3.3 | 3.6 | 4.0 | 4.3 | 4.5 | 4.6 |
| Private consumption | 3.5 | 3.6 | 3.7 | 3.7 | 3.8 | 4.0 |
| Government consumption | 3.4 | 5.1 | 3.1 | 2.4 | 2.2 | 1.7 |
| Gross fixed capital investment | 7.9 | 3.2 | 5.1 | 8.4 | 9.0 | 9.1 |
| Exports, goods and services | 3.2 | 10.1 | 10.1 | 10.0 | 9.9 | 9.9 |
| Imports, goods and services | 9.0 | 7.3 | 7.8 | 9.7 | 9.9 | 10.0 |
| Real GDP growth, at constant factor prices | 3.3 | 3.6 | 4.0 | 4.3 | 4.5 | 4.6 |
| Agriculture | 4.1 | 4.3 | 4.7 | 5.0 | 5.6 | 5.6 |
| Industry | 4.1 | 4.2 | 4.5 | 4.8 | 5.4 | 5.4 |
| Services | 2.7 | 3.1 | 3.5 | 3.9 | 3.8 | 3.9 |
| Inflation (consumer price index) | 2.5 | 6.3 | 7.4 | 7.0 | 5.7 | 4.9 |
| Current account balance (% of GDP) | -3.8 | -3.5 | -3.6 | -3.3 | -3.4 | -3.0 |
| Fiscal balance (% of GDP) | -2.9 | -1.1 | -0.8 | -0.7 | -0.8 | -0.7 |
| Revenues (% of GDP) | 14.2 | 15.9 | 16.0 | 16.1 | 16.1 | 16.3 |
| Debt (% of GDP) | 47.3 | 45.3 | 41.9 | 40.1 | 38.8 | 35.5 |
| Primary balance (% of GDP) | -1.9 | -0.3 | 0.2 | 0.2 | 0.0 | 0.0 |
| International poverty rate (\$2.15 in 2017 PPP)^{a,b} | 23.0 | 22.9 | 23.9 | 24.8 | 25.2 | 25.0 |
| Lower middle-income poverty rate (\$3.65 in 2017 PPP)^{a,b} | 46.7 | 46.3 | 47.7 | 48.3 | 48.4 | 48.4 |
| Upper middle-income poverty rate (\$6.85 in 2017 PPP)^{a,b} | 76.0 | 75.6 | 76.5 | 77.0 | 77.0 | 76.7 |
| GHG emissions growth (mtCO₂e) | 1.8 | 1.4 | 1.5 | 1.5 | 1.8 | 1.7 |
| Energy related GHG emissions (% of total) | 7.3 | 7.4 | 7.6 | 7.8 | 8.1 | 8.4 |

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

Notes: e = estimate, f = forecast.

a/ Calculations based on 2021-ECAM-V. Actual data: 2021. Nowcast: 2022-2023. Forecasts are from 2024 to 2026.

b/ Projections using microsimulation methodology.