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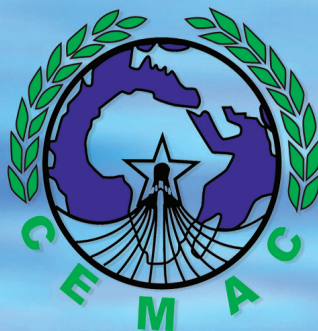
REPUBLIC OF CAMEROON
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Extraordinary Summit of Heads of State

Yaounde, 16th December 2024

PRESS KIT

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EXTRAORDINARY SUMMIT OF HEADS OF STATE

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Paper 1

CONTEXT AND STAKES OF THE SUMMIT

At the initiative of the President of the Republic H.E. Paul BIYA and the President of the Central African Republic H.E. Faustin Archange Touadera, an extraordinary Summit of the Heads of State of member countries of the Economic and Monetary Community of Central Africa – CEMAC (Cameroon, Central Africa, Congo, Gabon, Equatorial Guinea and Chad) (CEMAC), will meet on 16 December 2024 at the Unity Palace in Yaounde. The session is jointly organised by Cameroon and the Central African Republic, whose President Faustin Archange Touadera, is the current President, since the 15th session of the Summit of the Organisation in March 2023.

The present extraordinary Summit is taking place very much in the same circumstances as the one that held in Yaounde on 23 December 2016, on the economic and monetary situation of the sub-region. Once more, the sub-region is going through difficult moments.

The economies of the sub-region are facing high risks, because of disruptions and weaknesses noticed in some countries, which have failed to implement the recommendations and commitments for their economic and monetary stability.

This situation is preoccupying both for the CEMAC zone and for international partners. Indeed, the disruptions observed and the uncertain future evolution in some member countries can affect the whole zone, to the point of seriously compromising its development.

Even if the situation of Cameroon is less preoccupying, the necessity to share similar economic objectives within the same community, calls for constant coordination of community policies, to correct any insufficiencies, which can lead to the recession of the sub-region.

The Head of State, H.E. Paul BIYA has once more taken the initiative to call this extraordinary Summit of CEMAC in Yaounde in order to have a closer look at the challenges and to take concerted decisions which will enable us to go through these difficult times, just as he said on 23 December 2016. This time around, the leaders of the sub-region will have to renew their commitments so as to rescue their macro-economic aggregates.



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Paper 2

A BRIEF PRESENTATION OF CEMAC

The Economic and Monetary Community of Central Africa (CEMAC) was created by the Treaty signed on 16 March 1994 in N'Djamena, Chad, which came into force on 25 June 1999. It comprises six (06) member states: Cameroon, Central African Republic, Chad, Congo, Gabon, and Equatorial Guinea.

CEMAC's objectives are to strengthen the geographical and human solidarity of the peoples of its member states; to promote national markets by eliminating barriers to inter-community trade; and to create a genuine African common market.

CEMAC comprises four autonomous but interdependent institutions: the Central African Economic Union, the Central African Monetary Union, the Community Court of Justice and the Community Parliament.

The vision of the Heads of State is to make CEMAC "an integrated, emerging economic area where security, solidarity and good governance reign in the service of human development by 2025".

To make this vision a reality, in 2009 the Heads of State adopted the Regional Economic Programme (PER), which aims to create profound changes in the economies of the region in order to increase their added value and thus contribute to reducing unemployment and poverty.

This programme, which included 84 projects, is based on three key pillars: energy, agriculture and forestry, and mining and metallurgy.

The implementation of this programme has been inadequate, and the objectives set have not been achieved. The Conference of Heads of State therefore decided, in the context of phase 2 (EPR 2017-2021), to focus on a limited and realistic portfolio of flagship projects likely to accelerate the physical and commercial integration of CEMAC over the next five years.

On this basis, 11 initial priority integration projects have been identified for implementation over the period 2021-2025. These projects were selected using a participatory and iterative approach, based on the guidelines laid down by the Heads of State and the Regional Economic Programme (PER), in particular the regional dimension, feasibility, maturity and level of impact of the projects on the population.



Paper 3

OBJECTIVES OF INTEGRATION PROJECTS

Two important stages mark the appraisal and implementation of the integration projects in the new dynamics of the Regional Economic Programme. The first programme, comprising eleven (11) projects, aims to contribute to the development of physical infrastructure in support of the development and competitiveness of the sub-region's economies, and to promote the development of human capital.

The specific objective is to provide an appropriate response to the needs of sustainable development, growth, integration and user expectations, and to anticipate future infrastructure and human development needs.

The first phase of the eleven (11) priority integration projects is based on the following four areas of intervention: facilitation of transport and trade; production and interconnection of electricity and communications networks; the Common Market and economic diversification; and development of human capital.

A second programme, comprising thirteen (13) projects, has been drawn up on the basis of the criteria established under the first programme. In line with the reinforcement of the achievements of the first programme, this programme of 13 integration projects comprises the following four axes: the development of physical infrastructure to support the development and competitiveness of the economies of the sub-region; the reinforcement of the production of stable, affordable energy accessible to the populations of CEMAC; the promotion of the single market to reinforce trade integration; economic diversification conducive to the densification of the productive base, environmental protection, inclusive growth and development.

Paper 4

STATUS OF IMPLEMENTATION OF INTEGRATION PROJECTS

The two priority programmes of integration projects were the subject of two donor roundtables held in Paris (France) in November 2020 and November 2023.

At the end of the round table dedicated to mobilising funding for the first programme, comprising 11 projects, €3.8 billion (compared with the €3.3 billion initially sought) was mobilised. Implementation of eight (8) of the eleven (11) projects is proceeding satisfactorily. The remaining projects are being restructured with a view to their implementation in public-private partnership mode.

An update on the implementation of the 11 projects in the first programme shows that 80% of these projects have actually started, with an implementation rate of 67%. This represents good progress, less than four years after the first round table of donors in October 2020.

In this context, the five (05) projects concerning Cameroon are being implemented normally. These include

- Construction of the bridge over the River Ntem, as well as the construction of the Lolabe-Campo expressway between Cameroon and Equatorial Guinea, scheduled for completion by the end of 2028;
- Electricity interconnection project between Cameroon and Chad;
- The interconnection of Cameroon with the other CEMAC countries via fibre optics, and the Cameroon-Congo Inter-State University. The Sangmelima Campus received teaching equipment recently.

As for the funding announced by the partners during the round table held in November 2023, with a view to implementing 13 integration projects, the amount mobilised is 9,209.95 million Euros (6,041.331 billion CFA Francs), or 104% of the expected funding. What remains to be done is for all partners and investors to confirm their commitments. The procedures for implementing projects have also been clarified, in particular the referral of projects to partners by the Member States concerned in order to trigger the process of making resources available.



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Paper n°5



LIST OF SOME MAJOR INTEGRATION PROJECTS

Road projects

N°	Project name	Characteristics	State of development
1	Construction of the Sangmeli-ma-Djoum-Mintom (Cameroon) – Ouesso (Congo) road.	575Km	Asphalting completed. Installation of Equipment for the Single Border Control Post.
2	Construction of the Bongor bridge between Cameroon (Yagoua) and Chad (Bongor).	600 m 92 billion	Near completion. Inauguration ceremony is scheduled for January 2025.
3	Cameroon-Equatorial Guinea transnational road construction project via Kribi-Campo.	70 billion	Ongoing.
4	Construction of the Lolabe-Campo expressway on the Kribi-Bata corridor.	40 Km 61 billion	Ongoing. The enabling decree for phase 2, worth FCFA 26 billion, is expected.
5	Construction of the bridge over the River Ntem and facilitation of road safety on the Kribi-Campo-Bata transnational route.	155 billion	Studies completed. Cameroon's financial contribution mobilised. Equatorial Guinea's contribution is expected.
6	Construction of the Manki-Banyo-Tibati-Meidougou-Meiganga road.	575 Km	Ongoing.
7	Reconstruction of missing links in the Douala-N'djamena corridor - Dibamba-Yaounde - Ngaoundere-Garoua - Mora-Dabanga--Kousseri.	460 Km	Work on the Mora--Dabanga--Kousseri section is in progress.
8	-Reconstruction of missing links on the Yaounde-Brazzaville corridor -Yaounde-Sangmelima.	130 Km	Upgrading work is in progress.

Railway project

N°	Project name	Characteristics	State of development
1	Extension of the railway network (Ngaoundere-N'djamena line).	1800Km 1560 billion	Project in preparation. Feasibility studies completed.



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Telecommunications project

N°	Project name	Characteristics	State of development
1	Cameroon-CEMAC fibre optic interconnection project	36 billion	The Cameroon-Congo, Cameroon-Chad and Cameroon-CAR interconnections have been completed.

Energy projects

N°	Project name	Characteristics	State of development
1	Chad-Cameroon electricity interconnection project.	Lignes 400Kv de 1024 km 305 billion	Work is in progress. Financing has been obtained from the ADB, the WB and the IDB.
2	Chollet hydroelectric scheme and associated power lines (Cameroon - Congo).	600 Mw 1200 billion	Preliminary stages.

Education project

N°	Project name	Characteristics	State of development
1	Construction of the Cameroon-Congo Inter-State University in Sangmelima.	1538 billion	Open to students.

Development project

N°	Project name	Characteristics	State of development
1	Integrated Development Programme for the Tri-border Area (PDIZTF).		Ongoing



Paper 6

MACROECONOMIC AND FINANCIAL DEVELOPMENTS IN THE CEMAC ZONE

Recent macroeconomic developments in the CEMAC zone have been shaped by several shocks that are common to and unusual for member states. The most important of these include the fall in oil prices between 2018 and 2020; the COVID-19 pandemic; the conflict in Ukraine; global inflation and the subsequent tightening of international financial conditions; rising geopolitical tensions; and security tensions in some countries.

These shocks have had an impact on the performance of governments, and some latent effects continue to weigh on the sub-region's economic recovery.

According to the IMF, **economic growth** averaged 2.6% between 2010 and 2019, before falling to -1.5% in 2020 as a result of the Covid-19 pandemic. The national and sub-regional policies implemented, notably as part of the EU's post-Covid recovery plan, have helped to sustain the recovery, with real GDP rising by 1.8% in 2021, 3.3% in 2022 and 2.3% in 2023.

On average over these three years, growth has returned to its pre-pandemic level of 2.6%.

At country level, Cameroon remains the most resilient economy. The weakest performers are Equatorial Guinea, whose economy is heavily dependent on oil (40%). After recording negative rates since 2015, Congo has returned to growth since 2021.

Growth in CEMAC is expected to reach 3.7% in 2024 and 3.0% in 2025, with increased oil activity in 2024 and strong non-oil production in the short and medium term, particularly in the agricultural and agri-food sectors.

A country-by-country analysis shows that this growth would be driven in particular by the expected performances in Cameroon and Chad.

With regard to inflation, the Community threshold has not been respected since 2022, due to the rise in food prices as a result of the war in Ukraine. Inflation thus reached 5.3% over the same period, and persisted in 2023 at 5.4%.



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Among the Member States, only Cameroon has historically respected the Community threshold, thereby helping to control inflationary pressures. However, since 2022, the country has seen a sharp rise in inflation, which has contributed to the threshold being exceeded in the sub-region. In 2023, inflation in Cameroon was the highest in CEMAC.

Inflation in the CEMAC zone should gradually fall as a result of the easing of monetary policy and the increase in domestic supply in the sub-region. However, it should remain above the convergence threshold, at 4.0% in 2024 and 3.3% in 2025.

With regard to public finances, after a sharp deterioration in the budget balance (excluding grants) between 2012 and 2016, when it reached -7.3%, it has gradually improved to stand at -0.8% in 2019 as a result of the implementation of programmes with the IMF. However, this improvement was driven much more by a reduction in expenditure than by an improvement in revenue.

The budget balance then widened to -3% in 2020 as a result of health spending linked to the crisis, before recovering to -0.5% in 2023. It should be noted that it will be positive in 2022 (+2%), a situation unseen since 2011 in connection with the additional revenue linked to the significant rise in international commodity prices. Since then, these revenues have been on a downward trend.

The analysis by country shows that the period of deterioration in the balance between 2012 and 2016 was marked by major imbalances in Equatorial Guinea and Congo, and to a lesser extent in Cameroon. The consolidation that followed was mainly driven by the improvement in the public finance situation in these countries. Surpluses have been recorded in Equatorial Guinea and Congo since 2018, with the exception of 2020.

CEMAC's budget balance is expected to remain in deficit at -0.7% in 2024 and to deteriorate to -1.9% in 2025. This deterioration would be due to the situation observed in Gabon, with increased spending as a result of the reforms and other development measures being implemented by the country's new authorities.



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Public debt increased gradually, reaching a peak of 57.2% of GDP in 2020. This level, which nevertheless remains below the multilateral convergence criterion of 70%, was reached due to the acceleration of Cameroon's debt from 2016, as well as that of Congo and Gabon. Resources resulting from the implementation of economic and financial programmes agreed with the IMF and structural reforms supported by budgetary aid from other partners (World Bank, European Union, AFD, AfDB), as well as facilities obtained as part of the fight against the pandemic in 2020, have contributed to the easing of financing constraints.

This downward trend in indebtedness continued until 2023, thanks to the actions taken by governments to strengthen debt sustainability, even if these efforts were thwarted by the appreciation of the dollar and the rise in international interest rates over the period.

According to the latest debt sustainability exercises carried out by the IMF (2023), the public debt of the CEMAC countries remains viable, even if the risks of over-indebtedness, in terms of both total debt and external debt, remain high.

Continued efforts by countries to improve their debt sustainability, as part of programmes with the IMF, should lead to a fall in the debt ratio in the short and medium term to around 50% by 2025.

With regard to the external account, after a sharp deterioration in the current account balance over the period 2013-2016, due to the fall in commodity prices, the balance has improved significantly, falling from -12.2% of GDP in 2016 to -0.8% of GDP in 2019.

The sharp deterioration in the balance referred to above stems from the budget imbalances observed in Congo and Equatorial Guinea. These were absorbed from 2017 onwards due to the implementation of IMF-supported programmes and reforms under PREF-CEMAC. The CEMAC current account balance then stabilised at above -1% until 2023, with a significant surplus recorded in 2022 (3.7%) due to the explosion in international commodity prices, particularly oil.



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The evolution of the current account balance should be seen in relation to that of foreign exchange reserves. After falling from 5.9 months of imports to 2.2 months between 2014 and 2016, they have gradually been rebuilt to stand at around 4.2 months in 2023. This rebuilding of reserves has benefited not only from an improvement in the current account balance, but also from the new exchange rate policy introduced by BEAC in 2019. However, the level of reserves remains below the floor of 05 months recommended by the IMF for a monetary union rich in natural resources.

CEMAC's current account balance should remain in deficit and deteriorate slightly in 2024 and 2025, as international prices stabilise. The level of reserves should be around 4.6 months and 4.2 months in 2024 and 2025 respectively. In the absence of reforms supported by all CEMAC countries, the reserve coverage ratio could deteriorate to around 3 months of imports of goods and services over the next five years.

In addition, there was a sharp fall in inward foreign direct investment (FDI) between 2016 and 2018, from 6.9% of the sub-region's GDP to -3.6%, linked to a drop recorded particularly in Congo and Equatorial Guinea. FDI then picked up again, reaching 2.1% of GDP in 2023, without ever reaching the average for the 2010-2016 period (5.3%). It is expected to stabilise at around 2% on average between 2024 and 2025.

To sum up, recent macroeconomic developments in the CEMAC zone highlight the following points:

- economic growth has picked up again since the pandemic. It should reach 3.7% in 2024 (compared with 2.3% in 2023) and 3.0% in 2025, thanks to the increase in oil activity in 2024 and the good performance of non-oil production in the short and medium term. However, this performance is still below the average for Sub-Saharan Africa. In addition, some CEMAC countries remain heavily dependent on oil and extractive industries in general, notably Equatorial Guinea and Congo. This situation increases the sub-region's vulnerability to external shocks;



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- Since 2022, almost all countries have failed to meet the EU inflation threshold. This trend is set to continue in the medium term. The inflation rate in the CEMAC zone was 5.4% in 2023, and is estimated at 4.0% and 3.3% in 2024 and 2025 respectively. This situation is linked to the rise in costs, particularly for food products, due to the surge in world prices, and is impacting the price competitiveness of our products and therefore the external balance.
- CEMAC's budget balance appears to have been under control since 2018, with deficits generally around 0.8% of GDP (excluding the period of the pandemic). This trend is mainly the result of a significant reduction in expenditure, as revenue collected has not increased satisfactorily. In the medium term, a deterioration in the budget balance is inevitable, and would be driven by larger deficits in Gabon;
- Public debt is on a downward trend after peaking in 2020. However, the risks of over-indebtedness, both in terms of total debt and external debt, remain high. This increases debt-related vulnerability in many countries;
- The external position is expected to deteriorate in the medium term, resulting in a reserve coverage ratio estimated at 3 months of imports of goods and services, due to the high level of uncertainty surrounding the dynamics of oil prices;
- Foreign direct investment (FDI) has been on the rise again since 2019, reaching around 2.0% of GDP since 2023, without ever reaching the average for the 2010-2016 period (5.3%);
- Banks' exposure to sovereign risk (on loans and securities) remains high and has risen from 10% at the end of 2015 to 31% of total assets at the end of 2023.



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HEADS OF STATE OF CEMAC



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H.E. PAUL BIYA
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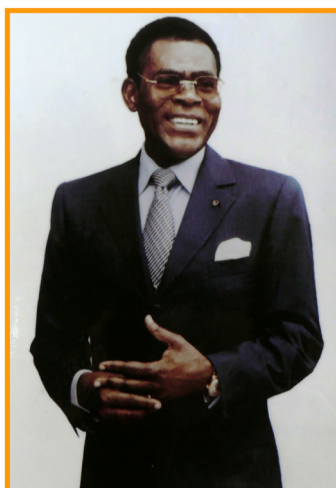
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