

Ref. N° 0001/OI/SNEIRDE/MRC

Yaoundé, 7 February 2024

The CRM National President
A
IMF Resident Representative
Yaoundé - Cameroun

1

Subject: Fuel subsidies and the IMF's social policies
of the International Monetary Fund (IMF) in Cameroon

Dear Resident Representative,

In the report on her trip to Cameroon from 19 October to 1 November 2023 and remote meetings from 2 to 16 November 2023 as part of the fifth review of the programme supported by the Extended Credit Facility (ECF) and the Extended Fund Facility (EFF), Ms Cemile SANCAK, IMF Head of Mission for Cameroon, stresses that “the execution of [Cameroon's] budget was facilitated by a significant increase in non-oil revenues. However, it was affected by fuel subsidies in 2022, which were significantly higher than expected and postponed to 2023. A substantial part of the subsidies in 2023 should also be carried over to 2024”.

This statement, on which the Cameroonian authorities largely based their decision to increase fuel prices on 2 February 2024, suggests that fuel, sold at the pump at 730 CFA francs per litre for super and 720 CFA francs per litre for diesel until 2 February, remains a product subsidised by the Government of Cameroon.

Mr Resident Representative, the Cameroon Renaissance Movement (CRM) would like to have, through you, the IMF's clarifications for the Cameroonian people on this alleged subsidy.

Taking the example of some neighbouring countries, we can see that Nigeria, which stopped subsidising petroleum products in the second half of 2023, had a pump price of 440 CFA francs/litre of super in January 2024, whereas when the subsidy was applied the pump price was well below 200 CFA francs, with the average international production cost of a litre of super being around 225 CFA francs. In the same order of comparison, a litre of super costs 595 CFA francs in Gabon, 570 CFA francs in Equatorial Guinea and 518 CFA francs in Chad, without any subsidy from these countries. Since 3 February 2024, pump prices in Cameroon

have been 840 CFA francs per litre of super (almost double the price in Nigeria) and 828 CFA francs per litre of diesel.

Mr Resident Representative, your clarifications will enable us to be convinced that Cameroon does not operate on a parallel international market, where prices and costs have nothing in common with the international trading space known to all.

The fifth review of the three-year programme supported by arrangements under the Extended Credit Facility (ECF) and the Extended Fund Facility (EFF) resulted in an extension of the programme's deadline and a pledge by the IMF to Cameroon of \$72.7 million (SDR 55.2 million). According to our information, the fundamental condition set by the IMF for the disbursement of this funding was an increase in the price of petroleum products at the pump. This is what the Cameroon government decided to do on 2 February 2024.

It should be noted that a country under structural adjustment is under the surveillance of the IMF. And given the rigour advocated by your institution, it is difficult to understand why we have witnessed, in the context of the organisation of the 2021-2022 African Cup of Nations, with your presence, this calamitous management through private contracts, which would have brought the total cost to nearly 2,000 billion CFA francs, as evoked in the scandal known as "CANGATE", even though the planned infrastructure has not all been completed. The 2010 World Cup in South Africa cost 820 million euros, or 538 billion CFA francs. The 2023-2024 African Cup of Nations currently being played in Côte d'Ivoire cost 900 billion CFA francs, including infrastructure such as roads, motorways, hospitals and accommodation, as well as stadiums, all of which have been completed. Similarly, a kilometre of asphalt road in Cameroon currently costs nearly 8 billion CFA francs, whereas in Côte d'Ivoire and Morocco it costs around 3 billion CFA francs, or even a little less. The 11-kilometre Yaoundé-Nsimalen motorway, under construction since 2014 and scheduled for completion in 2024, is one of the most expensive in the world, with an overall budget of 465.8 billion CFA francs, or 42.345 billion CFA francs per kilometre. Yet one of the main aims of structural adjustment is to substantially reduce public spending and the cost of living for the State.

You are no stranger to poor governance and chronic corruption in Cameroon. In the oil market, the traders used by the State of Cameroon are corrupt, following the example of Glencore, which has acknowledged this publicly, without any action on the part of the government. As a result, Cameroon's oil is sold for less than the market price, while its imports of petroleum products are overvalued by traders. By stating that the State of Cameroon has put nearly 1,200

billion CFA francs into subsidising oil in 2022, is the IMF indicating the irrationality of its economic measures for Cameroon? How is it possible to subsidise oil to such an extent when one-sixth of the figure in question would enable the country to equip itself with a state-of-the-art refinery and move away from imports once and for all?

The State's lifestyle is exuberant and essentially relies on the Cameroonian taxpayer, who pays a heavy price. For example, the main consumers of fuel in Cameroon are executives in the public administration, who pay for their consumption with fuel vouchers, the final bill for which falls on the taxpayer. The volume of fuel allocated to each of these executives is so large that some of them sometimes redistribute it to relatives or resort to the black market to sell off their stocks.

Monthly consumption of petroleum products in Cameroon is estimated at 80 million litres. Cameroon currently produces 100,000 barrels of crude oil a day, or 15,898,700 litres a day, equivalent to a monthly production of 476,961,000 litres. This production represents almost six times monthly consumption. Revenues from the sale of crude oil would thus make it possible to offset imports, and to sell petroleum products at the pump for around 400 CFA francs without the State intervening to subsidise oil.

The IMF's involvement in this policy of suffocating the poor raises questions about the aims of the structural adjustment policy, particularly the social policies implemented to reduce the macroeconomic imbalances observed in the field.

Nearly 4 years ago, the IMF and GICAM (now GECAM) agreed on the need to re-evaluate workers' incomes in Cameroon. While nothing has been achieved in this direction, the discourse is now oriented towards a serious deterioration in the purchasing power of the population through measures that will remain counterproductive, all other things being equal.

Since the first structural adjustment plan put in place in Cameroon by the IMF in 1988, the impoverished population has borne the brunt of the cost of structural adjustment, even though it is those in power who are the primary cause of the observed slippages in the national economy. The burden on the Cameroonian people began with the recruitment freeze at the end of the 1980s, staff cuts and the early retirement of civil servants, the double pay cut in 1993 and the devaluation of the CFA franc in 1994. It continues today with galloping inflation, indecent and essentially precarious employment and accelerating growth in extreme poverty, all of which call into question the very relevance of the structural adjustment programme to which the

country has signed up. An assessment of the IMF's role in Cameroon's economic development therefore seems appropriate in order to examine the progress made over the past 36 years.

The CRM, in the interest of clear, precise and complete information, requests a meeting with interested parties from the IMF Resident Representative in Cameroon, in which our political party is willing to participate, in order to shed light on the concept of subsidies as practised by your institution and to understand the social aims of the IMF in the Cameroonian context. The CRM will comply with the timetable that the Resident Representative will communicate to us.

Yours sincerely,

The National President

Maurice KAMTO