

INAUGURAL LECTURE

Theme: “COMPETITIVENESS OF SOCIAL ECONOMY UNITS AND REGIONAL DEVELOPMENT IN THE LIGHT OF THE NDS30”

By Roger MOUNDOUE, Full Professor, Expert in SSE, University of Douala.

mondoue@yahoo.fr

I. CONTEXT

In 2020, Cameroon’s economy was hard hit by the combined effects of the COVID-19 pandemic, the persistence of security and political crises and the drop in oil prices worldwide. The real GDP shrunk by 2.4% in 2020 while growth stood at 3.7% in 2019.¹ However, conscious of Cameroon’s objective² to reach the upper-middle income category by 2035, the country will have to specifically reach a real GDP growth of about 8% (that is 5.7% per head) during the 2015-2035 period.³

However, although the poverty rate has slightly dropped (from 39.9% in 2007 to 37.5% in 2014), the current pace will not enable to achieve the main objectives of the long-term development vision: underemployment of the workforce falling from 76% to 50% and a poverty rate of 28.7% in 2020. This means that the registered economic growth has not been sufficiently inclusive to develop human capital. In actual fact, ranked 151st in the global ranking (21st in the African ranking) of the 2018 Human Development Index⁴, Cameroon’s human development results remain relative. In addition, the highly precarious informal sector represents a significant proportion of the economy yet it contributes close to 50% of the GDP as compared to 35.5 for industry, 29.7% for trade and 34.8% for other services⁴.

In this regard, public authorities initiated reforms based on the quest for growth and industrialisation, strengthening human capital and instituting social equity. The National Development Strategy for Small and Medium-sized Enterprises,

¹ African Development Bank available on the following address <https://www.afdb.org/fr/countries/central-africa/cameroon/cameroon-economic-outlook>

² Republic of Cameroon, Growth and Employment Strategy Paper (2009), available on the following address: <https://www.undp.org/content/dam/cameroon/docs-one-un-cameroun/2017/dsce.pdf>

³ World Bank, available on the following address:

<https://www.banquemondiale.org/fr/country/cameroon/overview#1>

⁴ OIT, Study on migration from the informal to the formal economy: strategy proposal for the Employer’s Association of Cameroon (2019), available on the following address:

<https://www.ilo.org/wcmsp5/groups/public/—africa/—ro-abidjan/—sro-yaounde/documents/publication/wcms625017.pdf>

Social Economy and Handicrafts spanning 2010-2014 falls under this transformation drive by supporting SMEs and social economy units⁵.

Within this framework, social economy is considered not only as one of the relevant solutions to wealth and employment creation, economic growth and the fight against poverty but also as an engine to strengthen the private sector⁶. In order to achieve the ambitious vision of the Growth and Employment Strategy Paper⁷, in 2009, the Government of Cameroon set a number of objectives through the Strategy for the Development of Small and Medium-sized Enterprises, Social Economy and Handicrafts⁸. Under the Social Economy Component, the targets are:

- Improving knowledge in the Social Economy sector;
- Adopting an appropriate institutional, legislative and regulatory framework;
- Promoting collective or group entrepreneurship;
- Facilitating the access of Social Economy Organisations (SEOs) to funding; and
- Promoting the Social Economy culture.

In recent years, there has been a significant improvement in the relevant legislative framework. In April 2019, Framework Law No. 2019/004 governing Social Economy in Cameroon set up the standards, principles and forms of social economy units and established the structures and instruments that foster their development with a supplement. This law was supplemented last year by Decree No. 2020/0001 of 3 January 2020 laying down the structuring and functioning of Social Economy Units networking.

Nevertheless, other elements are necessary to create an environment which is favourable for the development of SE given the many obstacles of this entity in Cameroon including the following, as stated in the PNDES:

- The low visibility of SE Units and their products that are not able to go beyond the glass ceiling of periodic sales during (MIRAP, exhibitions, fairs) and their absence from popular sales channels such as mini-markets, food shops and supermarkets;

⁵ MINPMEESA, Development Strategy for Small and Medium-sized Enterprises, Social Economy and Handicrafts (2009), available on the following address: <http://www.minpmeesa.gov.cm/site/?media dl=846>

⁶ In 2004, the Ministry of Small and Medium-sized Enterprises, Social Economy and Handicrafts was created (MINPMEESA).

⁷ Republic of Cameroon (2009)

⁸ MINPMEESA (2009)

- A diversified but non-competitive sector due to failure to regroup in sectors, the lack of platforms to market their products, poor use of internal resources and the weak negotiating might of social economy players who work in a dispersed manner;
- The weak contribution to local economic development leading to a loss in taxes and added value;
- Failure to harmonise various interventions and players contributing to support the SE and duplicate support which leads to the poor use of funds;
- The precariousness of employment in SEOs given that employment in these organisations is seasonal and poorly remunerated (payment by the job). Employees do not have a contract and do not enjoy any social protection including the promoters themselves.

The aim of this exposé is to chart courses for solutions in order to overcome these difficulties. We set out to answer the following specific question: **How to make Social Economy Units more competitive so that they can better contribute to the structural transformation of communities and thus of Cameroon's economy as envisaged by the NDS30?** But before we proceed, let us define the terms used here.

II. DEFINITION OF CONCEPTS

1/ Social Economy Unit

In the face of the plurality of concepts, paradigms and theories on social economy and given the diversity of players, the Cameroonian legislator sought to be specific, concise and rigorous. Thus, “social economy”, must be understood as the “set of economic activities carried out by organisations and enterprises based on the principles of solidarity and participation that seek the collective interest of their members and/or the economic and social interest of the community”.⁹

In the same vein, **a social economy unit** is construed as any “player of social economy that can either be an organisation or a social economy enterprise to which the State grants this status”.¹⁰

⁹Law No. 2019/004 of 25 April 2019, Framework Law governing Social economy in Cameroon, Article 2

¹⁰Law No. 2019/004 of 25 April 2019, Framework Law governing Social economy in Cameroon, Article 2

Characteristics of a SEU¹¹ and requirements for creation

Organisations or enterprises, regardless of their legal form, that meet the following criteria are eligible to the status of Social Economy Unit:

- The primacy of Human Being and the precedence of the social finality over capital;
- Freedom of membership;
- Transparent, democratic and participatory governance;
- Collective or social utility of the project;
- The quest for collective interest and the fair distribution of surpluses;
- Pooling the resources of its members; and
- Compliance with the original legal status.

The transition of organisations and enterprises to the SEU status as required by the Decree, will be done via **networking**. **Networking** is the process of setting up a network by sector, activity and type of Social Economy Unit in a bid to defend their collective interests, ensure the sharing of information, consultation, mobilisation around common stakes, expertise and experience sharing, knowledge transfer and the pooling of production and training tools.¹²

2/ Competitiveness

There are two definitions of competitiveness:

- When applied to an **enterprise**, the notion of competitiveness can be defined as the capacity of the latter **to stand-out from competition and gain market shares**, either through lower prices for equivalent quality products (price competitiveness) or through the differentiation of the said products via innovation or quality (non-price competitiveness).
- On the **national scale**, competitiveness represents “the capacity of a country to make the most of its international integration in order **to improve the living standard of all its citizens on the long term**”¹³. This

¹¹Law No. 2019/004 of 25 April 2019, Framework Law governing Social economy in Cameroon, Article 3

¹² Decree No. 2020/0001/PM of 3 JAN 2020 LAYING DOWN THE STRUCTURING AND FUNCTIONING OF SOCIAL ECONOMY UNITS NETWORKING. Chap 1, Art 2

¹³ Flora Bellone et Raphaël Chiappini, La compétitivité des pays, Paris : La Découverte, 2016, p. 8.

definition therefore takes into account all the effects of international openness by not focussing solely on openness to trade and puts the objective of the population's well-being at the heart governments' concerns.

Competitiveness at global scale

With this definition in mind, a country's competitiveness cannot be mistaken for its **productivity** which measures the efficient use of production factors (capital and work). In fact, a country can be less productive but competitive at the same time for it made the most of its international integration. This is typically the case of China which a relatively low total factor productivity - 38% of the American TFP in 2017 - meanwhile China made the most of its international openness. Similarly, the definition suggested above cannot be assimilated to the concept of **attractiveness of communities**. The latter can be defined as the capacity of an economic area to attract factors of production, be they physical capital through foreign direct investments (FDI) or human capital. The fact that strong attractiveness can help a country to derive net positive profit from its international integration through the introduction of a new technology or skills does not mean that it is either a sufficient or necessary condition for its competitiveness.

Competitiveness in Cameroon¹⁴

The overall competitiveness index is calculated according to the twelve criteria below:

“Institutions”, “ICT adoption”, “Health” and the “Goods market”. “Infrastructure”, “Macro-economic stability”, “Skills”, “The labour market”, “The financial system”, “The market size”, “Business dynamism” and “The innovation capacity”.

¹⁴ According to the recent ranking done in Davos in 2019, Singapore was the world champion of competitiveness.

Tableau 3 : Classement des pays africains

Pays	Classement 2019		Variation par rapport à 2018	
	Rang	Score	Rang	Score
Afrique du Sud	60	62.4	+7	+1.7
Seychelles	76	59.6	-2	+1.1
Tunisie	87	56.4	-	+0.8
Algérie	89	56.3	+3	+2.5
Botswana	91	55.5	-1	+1.0
Namibie	94	54.5	+6	+1.8
Kenya	95	54.1	-2	+0.5
Rwanda	100	52.8	+8	+1.9
Ghana	111	51.2	-5	-0.1
Cap-Vert	112	50.8	-1	+0.6
Sénégal	114	49.7	-1	+0.7
Uganda	115	48.9	+2	+2.1
Nigeria	116	48.3	-1	+0.8
Tanzanie	117	48.2	-1	+1.0
Côte d'Ivoire	118	48.1	-4	+0.6
Gabon	119	47.5	-	-
Zambie	120	46.5	-2	+0.5
Eswatinie	121	46.4	-1	+1.1
Guinée	122	46.1	+4	+2.9
Cameroun	123	46.0	-2	+0.9

Source: Overall Competitiveness index, Davos, November 2019.

The table below shows that we are ranked 20th and that the criteria used are mainly macro-economic which more or less obviates the specific sector of Social Economy. This shows how much the competitiveness of Cameroon's economy could be further boosted if absolute priority was granted to the competitiveness of SEUs. How is this possible?

3/ Regional development: constant progress

The fast-tracking of the decentralisation process enabled to expand the understanding of the notion of regional development under SSE to include the Region as it was hitherto limited to communities. In the Organisational Chart, the community is an aggregate under the Region (case of the Municipality) or the Nation (case of the Region). It is constituted and structured on the basis of aggregation, participation, proximity, de-concentration, mutualisation and solidarity principles. Its components are inter alia: share capital, human capital,

tangible and intangible potential and governance. The competitiveness of SEUs is definitely a major stake for regional development especially at a time when Cameroon has endowed itself with a new compass that should lead it in less than a decade to the status of emerging country: **the NDS30**.

III. COMPETITIVENESS OF SEUs: TWO ESSENTIAL BENCHMARKS

There are two essential benchmarks through which the government intends to promote the competitiveness of SEUs: the Vision (NDS30) and the Mission (Law on SE and its Implementing Decree)

1/ The NDS30: A huge opportunity for the competitiveness of SEUs

The issue of competitiveness is at the heart of the Government's strategy, as can be seen in the NDS30.

As far as the development of productivity and agricultural production are concerned, it will be a question of: “(i) increasing the productivity, production and **competitiveness** of agricultural products (plant, forestry, animal and fisheries)”.¹⁵ The Government intends to further promote a sector-based approach structured around value chains and clusters while taking into account specificities related to the different agro-ecological areas, improving access to entrants and promoting the most innovative technologies.

As regards the development of industries and services, the Government intends to address difficulties including: “**the low competitiveness of enterprises** (cost and quality); insufficient own funds and managerial resources related to the fact that most shareholders in enterprises are family members; and the persistence and proliferation of anti-competitive practices”¹⁶.

More so, in the field of arts and culture the Government is pushing to **improve the competitiveness of cultural enterprises and their products**”.¹⁷

In this struggle for competitiveness, social economy occupies centre stage.

The promotion of employment and youth integration into the economic system is actually the third pillar of government's development strategy. To be more specific, this has to do with issues such as underemployment, adequacy between

¹⁵ NDS30, P. 7.

¹⁶ NDS30, P. 42.

¹⁷ NDS30, P. 47.

training and employment especially adequacy between the training offer and demand for labour from the productive sector. Thus, it will be a question of setting up an efficient framework for the blossoming of enterprises creating the most jobs namely VSEs, SMEs/SMIs, social economy, especially cooperatives and handicrafts. Furthermore, special focus will be granted to the regulation of the labour market so as to optimise the use of human resources.

Therefore, in a bid to promote the development of social economy which stands today as an opportunity to boost wealth and employment creation, **the Government sets out to structure players** in this field by organising them under a network and providing them with necessary support. To be more specific, it will be a question of: “(i) organising the players in this field **into networks in municipalities**, by component and by sector; (ii) supporting the professionalisation of players; (iii) organising cooperative markets; (iii) setting up a multi-player cooperation platform; (iv) building the managerial, entrepreneurship and financial capacities of players; (v) increasing potential in terms of creativity and potential; (vi) setting up a funding mechanism tailored to the sector; and (vii) operationalising the national programme for the development of social economy. ”.

In a nutshell, the NDS30 sets the stage to fast-track the competitiveness of SEUs. Here, we are referring to a vision, better still, a huge opportunity that SEUs have to seize. This vision is outlined in a mission and translated into reality by the Law which highlights two major players in promoting the competitiveness of SEUs.

2/ The State and RLAs: major actors of the promotion of SEUs’ competitiveness

The priority axes for promoting the competitiveness of SEUs are defined in the Law governing SE in Cameroon. In this regard, there are two main levels of intervention: The State and RLAs¹⁸

At the level of the State

Article 8 of the Law on Social Economy is clear. It stipulates the following: “The State shall ensure the promotion of social economy by:

¹⁸ Framework Law No. 2019/004 of 25 April 2019, governing Social economy in Cameroon, Chapt 4, Par. 1, Art. 8 and 12.

Creating an environment that enhances the development of economic and social initiatives as part of social economy; creating operational units capable of contributing to the training in collective entrepreneurship as well as follow up and support organisations and enterprises of social economy units; creating national platforms for coordination, defence and dialogue between public authorities and all the stakeholders in the promotion of the social economy; promoting the principles and values of social economy; facilitating access of social economy entrepreneurs to the technological and organisational innovation process; improving access of social economy units to financial and social services; encouraging vulnerable persons to participate in social economy units; and promoting financial education ”.

At the level of RLAs

Article 12 is crystal clear as per the support SEUs have to receive from RLAs. In fact, it is specified that: “Without prejudice to the prerogatives ascribed to the State, Regional and Local Authorities shall ensure the promotion of social economy by:

Developing or creating collective or social utility services;

Developing local tourism; promoting alternate solutions in the fields of ecology, energy, employment, housing, trade and social security; taking local initiatives in terms of creating Social Economy Units in order to participate in the economic activity of employment basins and develop initiatives to create local productive systems; Consolidating initiatives, sharing experiences, advices and training; Social economy units **networking** at the regional and local level.

However, beyond these measures taken by the Government, how can we explain the fact that SEUs are still struggling to be highly competitive as it is brilliantly pointed out in the NDS30?

3/ BEYOND THE GOVERNMENT’S STRATEGY: COMPLEMENTARY INCENTIVE MEASURES

Complementary measures and strategies deserve to be envisaged to offer more solid benchmarks to SEUs, enabling them to combine the quantitative leap already available thanks to the structuring and networking to the qualitative leap that will significantly transform communities and as a result, Cameroon’s

economy. Thus: Increase the mobilisation of field players, namely SEUs themselves; Support SEUs supervisory bodies; contribute to the attractiveness of communities; normalisation-standardisation; create consultation frameworks; and ensure international cooperation and certification; are competitiveness levers.

- **Mobilising field players**

For SEUs, continuing the random structuring by sector and basin, providing them with adequate training (seminars, workshops, practical guides) on principles, governance and best practices; granting subsidies in the production, processing and marketing process; holding a local, regional and national Data File; set up a **map of SEUs' innovations** and envisaging a **system to promote these innovations during JNES(fairs-exhibitions)**.

For supervisory organisms such as RELESS, RESSCAM, **providing them with institutional, financial and logistic support for their field deployment.**

For RLAs (Councils, city mayors, regions), encouraging them to set up a hub for SEUs: **Build large hangars grouping together each sector, basin and cluster on site.** This will bring a strong contribution to the attractiveness of their community, bring SEUs out of the informal, bring added value to their products and expand the community's tax base. This will also enable to set up **Municipal Funds to Guarantee SEUs' Activities** that often face huge funding difficulties with banks. Granting tax concessions to SEUs.

- **Normalisation-standardisation-labelling**

The inability for SEUs to produce, process or market products in accordance with standards is an impediment for demanding consumers. ANOR will have to work towards disseminating existing standards and crafting new ones (as seen in Morocco). Come up with a **map of standards or the ANOR label for SEUs.**

- **Creating consultation frameworks**

Two consultation frameworks between the stakeholders of SEUs, State institutions (ministries) and development partners can be envisaged: **The National Council for Social Economy** and the **National Confederation for SEUs.**

- **Cooperation and certification: fair trade**

Encourage study tours and best practices sharing between SEUs' champions and supervisory organisms within the country and abroad. **Subsidise export-substitution of products labelled "Made in Cameroon" or having received a**

bio or eco-sustainable certification and thus registered in the fair-trade process (Ecocert, Fairtrade, etc.) Grant institutional and financial incentives for players to embark on fair trade (producers-buyers-consumers). Here, unequal exchange gives way to fair, ethical, ecological and sustainable partnerships. This explains why fair trade has a triple revolutionary stake and which the Herth Report did well to decipher¹⁹:

- A response to economic stakes: it is an opening for the North given that enterprises engaged in this type of trade are flourishing and doing good business in it. It is a revolution in the South given the progressive elimination of unscrupulous buyers which has henceforth paved the way for producers to be fairly remunerated. The South is making an effort to sell in the South by adapting its products to the needs of its consumers.
- A response to social stakes: there is a real re-organisation of social life, good democratic practices are shared within cooperatives and associations in which producers who were previously abandoned to themselves, are taking part. Moreover, the fight against discriminations and exclusion derives all its meaning from the sharing of the fruits of collective production.
- A response to environmental stakes: the re-appropriation of ancestral knowledge becomes the vector for the promotion of identities and labels or designs, as well as the producers who have raised themselves to be custodians of biodiversity.

¹⁹ The report of Hon. Antoine Herth to the French Prime Minister Jean Pierre Raffarin of May 2005 on *Fair Trade: 40 propositions pour soutenir son développement* à assezdifiant à cetégard., pp. 15-17.