

REPUBLIC OF CAMEROON

Peace – Work - Fatherland

**MINISTRY OF SMALL AND MEDIUM-SIZED
ENTERPRISES, SOCIAL ECONOMY AND
HANDICRAFTS**



REPUBLIQUE DU CAMEROUN

Paix - Travail - Patrie

**MINISTÈRE DES PETITES ET MOYENNES
ENTREPRISES, DE L'ÉCONOMIE SOCIALE
ET DE L'ARTISANAT**

ECONOMIC REPORT

1ST Term 2021

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Abbreviations and acronyms

BC	Trade balance
BEAC	Bank of Central African States
BPW	Buildings and public works
CEMAC	Economic and Monetary Community of Central Africa
CFA	African Financial Community
COVID-19	corona virus
CPM	Monetary Policy Committee
DEPP	Division of Studies, Projects and Prospective
CASE	Special Assignment Account
IMF	International Monetary Fund
ICAE	Composite Indicator of Economic Activities
ICCPB	Composite Commodity Price Index
NSI	National Institute of Statistics
ME/IM	Medium Enterprise / Medium Industry
MINPMEESA	Ministry of Small and Medium Enterprises, Social Economy and Handicrafts
SSO	Social Economy Organization
UN	United Nations
PE	Small business
GDP	Gross domestic product
SME	Small and medium enterprises
PMEESA	Small and Medium Enterprises, Social Economy and Crafts

Introduction

With the evolution of the health crisis since its appearance at the beginning of 2020 and its repercussions on the Cameroonian economy, there has been a downward trend in GDP explained mainly by the extroverted nature of its economy, mainly driven by activities related to imports and trade. The business sectors were impacted in different ways. Certain activities, in particular the manufacture of textiles, artisanal masks, cosmetics and traditional pharmacopoeia, have been able to benefit from this crisis, but the most vulnerable sectors due to their dependence on imports have been considerably degraded. For this purpose, the slowdown caused by this pandemic has affected the entire real economy, made up of companies and their employees. Small businesses constituting 99.8% of the Cameroonian economic fabric have been the most affected compared to large businesses due to the lack of resources necessary to adapt to the shock induced by this pandemic. These have struggled to take off again in the face of the changes caused by the health crisis given their low level of productivity, limited access to financial resources, and difficult integration into regional and global supply chains.

The main challenge for Cameroonian SMEs since the start of the pandemic has been to absorb the shocks of Covid-19 to guarantee the profitability of their activity given the deterioration in turnover and their cash balance. This decline in activity has limited the prospects for hiring and new investments. To respond to the economic shock caused by Covid-19, the Government, at the start of the second half of 2020, set up a support system, in particular the Special National Solidarity Fund for the Fight against the coronavirus and its economic and social repercussions. SMEs that have benefited from this measure as part of the allocation to MINPMEESA for economic and financial resilience, began to take possession of this subsidy in early March 2021. Despite this support, the effects of this crisis on the activity SMEs remain difficult for them to curb.

In order to assess the economic situation of SMEs in this economic context, MINPMEESA carried out a survey of certain SMEs over the period from April 15 to May 15, 2021 covering the activities of the 1st term 2021. Also, high-level statistical data frequency available in the administrations, made it possible to describe the economic situation of SMEs in the 1st term of the year 2021. The data collection carried out by the Project Studies and Forecasting Division focused on the activities of SMEs, the evolution of their turnover, the employment situation, the level of production and sales, the cash position and the investments made, and finally the measurement of the effects of the Covid-19 pandemic on the activity economics of SMEs. In the context of this economic report, the data analyzed come from 305 companies that responded to the planned questionnaire on time, i.e. a response rate of 61%.

This economic report for the 1st term 2021, which collects the perceptions of business leaders, relates to (I) economic activity in the CEMAC sub-region; (II) level of activity and employment status; (III) their cash position; and (IV) the impact of the Covid-19 pandemic on Small and Medium Enterprises.

Chapter 1: Economic activity in the CEMAC sub-region

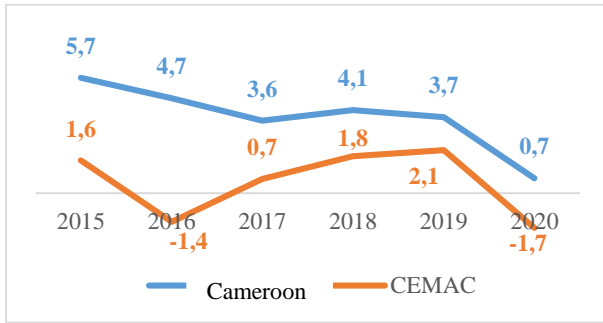
This chapter addresses the economic situation in the CEMAC sub-region during the 1st quarter of 2021 and its impact on the Cameroonian economic situation.

1. Macroeconomic situation

▪ In the CEMAC zone

The economy in the sub-region has suffered since the beginning of 2020 from the horrors of the Covid-19 pandemic; this shock occurred in a situation of improvement in national economic performance. Indeed, growth in the sub-region, after reaching 2.1% in 2019, experienced a recession of -1.7% in 2020. This recession is also observable in Cameroon.

Chart 1: Real growth in the CEMAC zone and in Cameroon



Source: BEAC, 2021

The effects of the global health crisis and the oil shock (first product exported from the area) have harmed the economy of the CEMAC sub-region during the year 2020. Also, the nature of the main products exported by the zone (crude oil, gas, diamonds, manganese, gold, cocoa, coffee, seed cotton, gum Arabic, timber, rubber) lessened the growth shock recorded during 2020.

To deal with this crisis, the governments of the member countries introduced various measures in 2020 to help mitigate the economic fallout, in this case the measures for businesses and households to be set out in the amending finance laws. Also, the BEAC, to allow banks to have sufficient liquidity, decided in a press release of March 27, 2020 to take monetary easing measures, in this case the downward revision of the Interest Rate for Calls Tenders (TIAO) by 25 basis points, i.e. an increase from 3.5% to 3.25%; the downward revision of 100 basis points of the rate of the marginal lending facility, i.e. a drop from 6% to 5% and increase the injections of liquidity from 240 billion CFA francs to 500 billion CFA francs.

▪ In Cameroon

In Cameroon, the economy is extroverted and, although the tertiary sector contributes mainly to the growth of its GDP, the growth of this macroeconomic aggregate is driven by the secondary sector. Also, this sector has been the most resilient and has helped to mitigate the effects of the global health shock. Cameroon's Trade Balance (TB) was also in deficit during 2020, which constitutes a weakness in terms of foreign trade. This deficit is mainly due to its strong dependence on world commodity prices, which are highly volatile, and to weak trade in the CEMAC zone.

To respond effectively to the scale of the health and economic situation, the Government has set up, with the support of Technical and Financial Partners, in particular the IMF, a National Solidarity Fund for the fight against the Coronavirus and its economic and social repercussions. Which extends over three (03) years and is estimated at 180 billion CFA Francs for the year 2020. Also, he announced various economic and fiscal measures to support the economy in this case of easing tax and deferred payments for companies as well as an increase in social benefits for the most vulnerable. For example, in Article 17 (Bis) paragraph (1) of the 2021 Finance Law, Cameroon is revising downwards the tax rate on the profits of SMEs (which constitute 99.8% of its economic fabric). 2 percentage points or 28%. Also, measures to support companies affected by the health crisis, to improve access to financing and the business climate have been taken with a view to reducing the recession and promoting the import-substitution advocated by the Strategy. National Development 2020-2030 (SND-30) which operationalizes the second phase of Cameroon's Vision for 2035.

▪ Economic outlook in the CEMAC zone for the year 2021

In terms of the outlook for the CEMAC zone for the year 2021, the IMF has downgraded the outlook for economic recoveries due to the surge in Covid-19 virus variants. Also, the BEAC's Monetary Policy Committee (CPM) lowered the growth rate expected for 2021 by nearly 1%. .9%. But then the BEAC remains optimistic that virus variants will have less impact on growth in 2021 compared to 2020 (-2.1% growth rate) in the sub-region.

This economic recovery is, according to the BEAC, the result of the *"dynamism of agriculture, construction industries, market services and the resumption of investments favored by the structural reforms undertaken by the States (SND 30 for Cameroon)"*

2. Household standard of living

▪ In the CEMAC zone

Since the appearance of the coronavirus pandemic, the economies of the CEMAC sub-region have

shared almost the same realities: the decline in the level of activity, the decline in household purchasing power, the difficulties in the supply of raw materials and other basic necessities.

The decline in household purchasing power is explained by job losses, downsizing, part-time work and lower wages caused by the coronavirus pandemic. The total non-opening of borders also leads to the shortage of certain market garden products such as tomatoes and vegetables in certain countries of the sub-region such as Gabon, while we are witnessing the overabundance of the same products in other countries with high agricultural productivity potential.

According to the IMF, on a year-on-year basis, the inflation rate in the CEMAC zone rose to 3.3% in September 2020, against 1% a year earlier. Conversely, compared to September 2019, annual average inflation fell to 2% at the end of September 2020, against 2.8% a year earlier. The analysis of inflation according to the contributions of the various consumption functions shows that, over the period, the evolution of the general level of prices was driven upwards by almost all of the functions. In particular, the contribution of the “food products and non-alcoholic beverages” function.

▪ **In Cameroon**

In Cameroon, inflation stood at +1.9% in the first quarter of 2021 compared to the same period in 2020 according to data from the National Institute of Statistics (INS). On average over the past twelve months, the general price level increased by 2.3% at the end of March 2021.

This development was mainly fueled by the rise in the prices of food products and non-alcoholic beverages, mainly linked to the surge in the prices of fruits (9.6%), vegetables (6.6%), and cereals (4.5%). The rise in prices for housing, water, gas, electricity and other fuels also contributed to the general increase in price levels in the first quarter of 2021. This situation of high cost of living is much more noticeable, especially since the he Cameroonian economy is mostly informal and made up of a population living in poverty.

In view of the economic context in which Cameroonian businesses and households and therefore SMEs have evolved, it is appropriate to question its impact on the activities of Cameroonian SMEs during the 1st quarter of 2021.

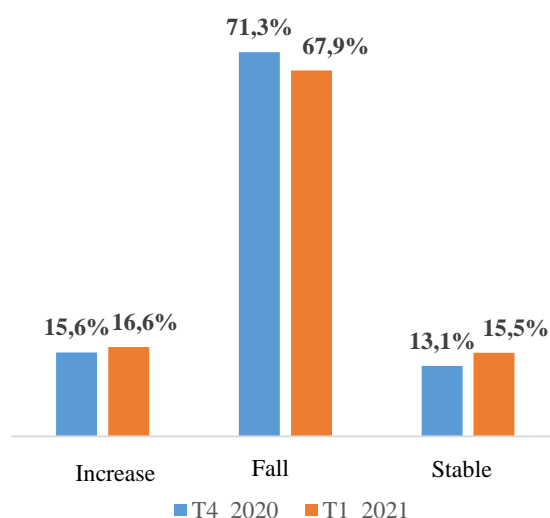
Chapter 2: Activity and employment

This chapter focuses on the analysis of the volume of activity, the level of production and sales achieved by SMEs and the employment situation during the 1st term 2021.

1. Activity level

During the 1st term 2021, activities for nearly 68% of SMEs are down compared to the 4th term 2020. This level of activity concerns 54.82% of companies in the tertiary sector in 1 occurrence trade (24.37%) and services (30.46%). This percentage of companies in a situation of declining turnover has tripled compared to the forecasts made by these promoters for the quarter during the survey carried out in February 2020 (Conjuncture report on SMEs, 2nd half of 2020).

Chart 2: Perception of business leaders on the level of their activities



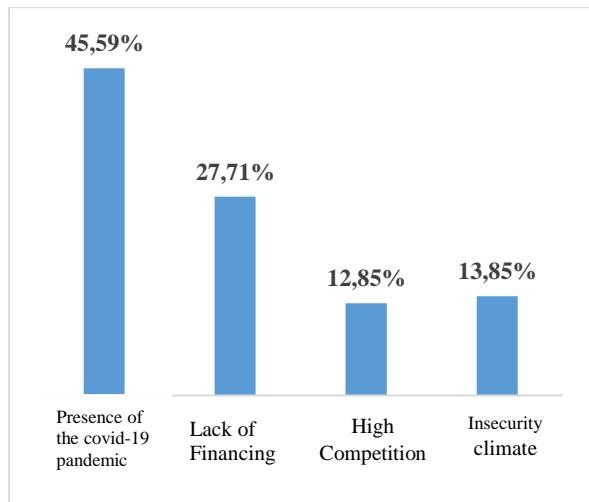
Source: Economic Survey Q4_2020, Q1_2021, Our calculations on Excel

The proportion of business leaders whose turnover fell during the 1st quarter of 2021 decreased by 3.4% compared to the proportion observed in the 4th term

of the previous year. Those whose activity level is increasing increased by 1%.

The presence of Covid-19 explains 45.59% of the drop in turnover; the lack of funding at almost 28% and the strong competition at 12.85%.

Chart 3: Main reasons for the level of activity during the 1st term 2021



Source: Economic Survey Q1_2021, Our calculations on Excel

Strong competition and the lack of financing for investment are cited by 20.3% of business leaders whose activity in the 1st term 2021 is down and mainly concerns the branches of trade and the provision of services (57, 5%).

International and domestic companies face the same barriers to trade and investment. There are no targeted protectionist measures that would benefit Cameroonian SMEs which are already fragile and which face competition from major foreign powers. Cameroonian SMEs, in an uncontrolled legal environment, are therefore abandoned in a phenomenon of “Cameroonian politico-administrative jungle”. Also, despite the lines of financing from TFPs and available in banks (Societe Generale, BGFI, etc.) for SMEs, they remain less bankable and do not take advantage of the financing opportunity.

Also, the collection of the CAS-Covid Funds for the 2020 financial year by the beneficiaries (whose payment began in March 2021), did not allow them to relaunch their activity during the 1st term. 2021. Indeed; 61.29% of these beneficiaries report a drop in their turnover during the 1st term 2021.

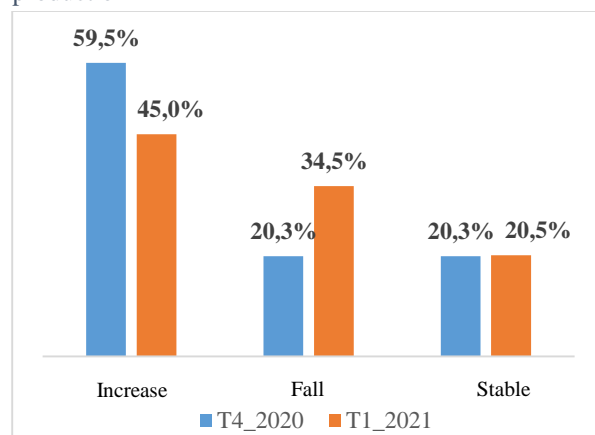
The increase in activity declared by 16.6% of the business leaders surveyed mainly concerns the

agro-industry (18.75%) and general trade & service provision (31.25%) sectors [See Appendix 1]. This level of activity compared to the previous quarter is justified by the improvement in the quality of service (33.7%), the increase in activity (26.97%), the increase in investments (21. 35%) and the opportunities of the presence of Covid-19 (17.97%).

2. Production cost

During the 1st term 2021, business leaders (45%) report an increase in the level of expenditure related to their activities compared to the 4th quarter of the previous year. Compared to this quarter, one would expect an improvement in production costs for the period of the economic survey.

Chart 4: Perception of business leaders on the cost of production

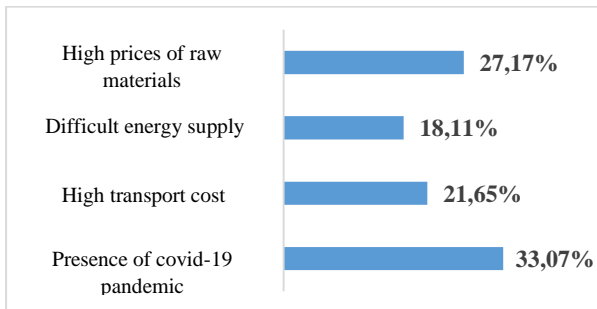


Source: Economic Survey Q4_2020, Q1_2021, Our calculations on Excel

The proportion of business leaders whose production costs fell during the 1st term 2021 increased by around 14.2% compared to the proportion observed in the 4th term of the previous year. Those whose production expenses are on the rise fell by 14.5%.

The increase in the cost of production is mainly observed in the formal units of the agro-industry branch (24.44%), followed by the provision of services (17.78%) and the textile industry (11.11%). [See Appendix 2].

Chart 5: Main reasons for the high level of production expenditure



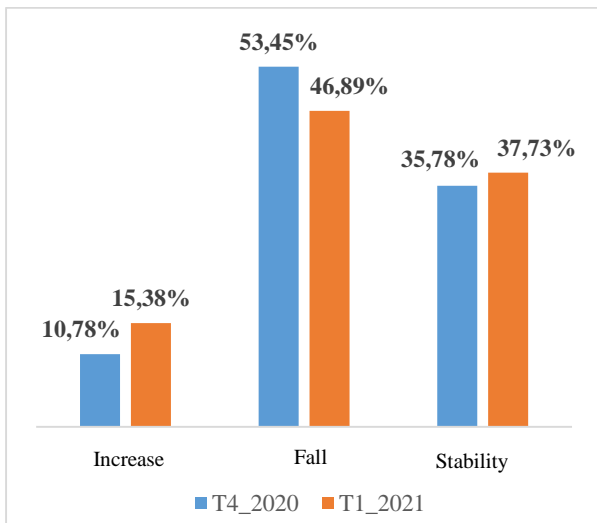
Source: Economic Survey Q1_2021, Our calculations on Excel

The high prices of raw materials relate to 50.72% the sectors of Agro-industry (27.54%) and general trade & Services (23.19%). These same branches of activity are the most affected by the high cost of transport (54.54%). More than a quarter (26.08%) of energy supply difficulties concern agro-industry, mainly for its raw material and production conservation needs.

3. Sales level

For 46.9% of business leaders, the selling price of their products is down compared to the last quarter of the previous year, a decrease of 6.56%.

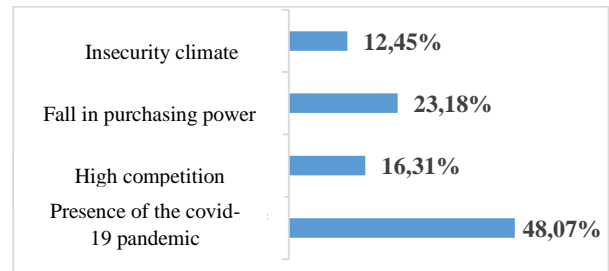
Chart 6: Perception of business leaders on the level of sales



Source: Economic Survey Q4_2020, Q1_2021, Our calculations on Excel

According to the opinions of the business leaders surveyed, this drop in the selling price is explained by the drop in purchasing power (23.18%), strong competition (16.31%), the climate of insecurity in the North-West, South-West and North (12.45%), as well as the presence of the Covid-19 pandemic which is still relevant.

Chart 7: Main reasons for the level of sales

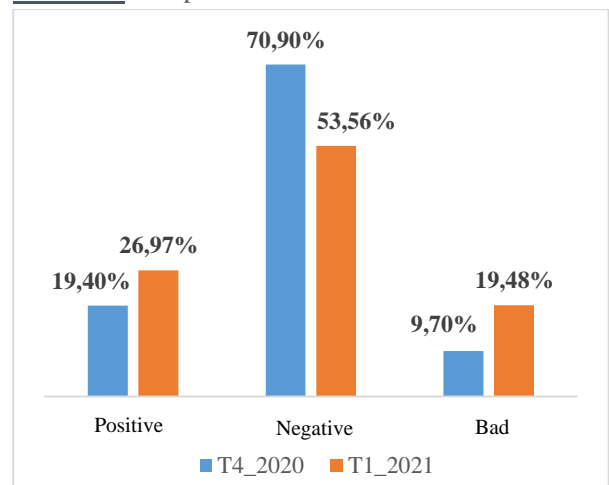


Source: Economic Survey Q1_2021, Our calculations on Excel

With regard to the decline in purchasing power cited by 23.18% of business leaders, it should be noted that during the 1st term 2021, the consumer price index changed and the level income remained unchanged. The high cost of food products during this quarter leads to an increase in household consumption expenditure to maintain the same level of food. Business leaders whose main activity is general trade & services (45%) decry this drop in purchasing power on their level of sales.

The level of activity and sales would sufficiently demonstrate the net result obtained by the business leaders surveyed for the 1st term 2021. At the end of this quarter, 53.56% of the respondents declared a negative result for the term.

Chart 8: Perception of net income

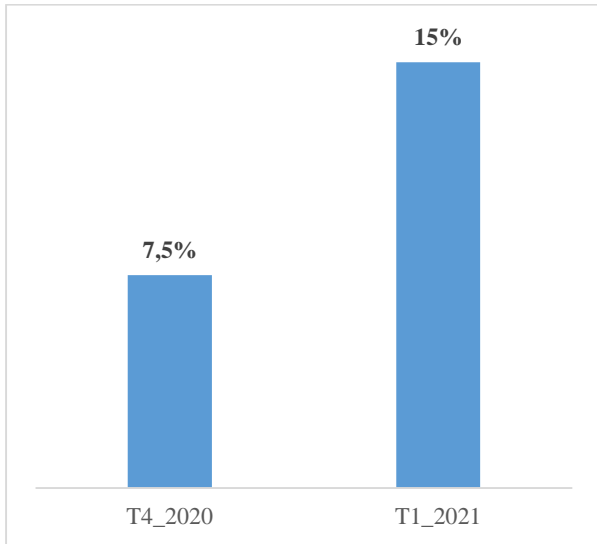


Source: Economic Survey Q4_2020, Q1_2021, Our calculations on Excel

4. Employment Status

Around 85% of business leaders surveyed during the 1st term 2021 say they have not recruited any additional staff.

Chart 9: Proportion of business leaders having recruited additional staff



Source: Economic Survey Q4_2020, Q1_2021, Our calculations on Excel

This level could find justification in the resumption of activities following the lifting of health resilience measures throughout this quarter. Also, a third of these employers have benefited from CAS-Covid Fund support.

The jobs created are mainly in the field of service provision (23.8%) and agro-industry (28.21%), in particular due to the resumption of activities with the lifting of certain resilience measures (See Appendix 3). Despite this additional staff, activity is down for 53.85% of them. One would wonder about the precariousness or qualification of the latter.

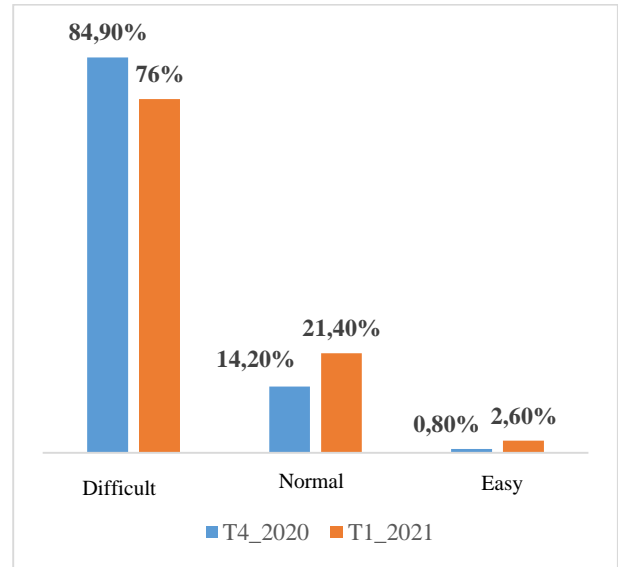
Chapter 3: Current cash position

This chapter addresses the cash position of the companies surveyed and the level of investment made during the 1st term 2021.

1. Apprehension of current cash

Business leaders fear a difficult cash flow in the 1st quarter of 2021 (76%). This situation is a clear improvement from the net level of the 1st term 2020 where the level of apprehension was set at 84.9%.

Chart 10: Apprehension of the cash position



Source: Economic Survey Q4_2020, Q1_2021, Our calculations on Excel

This apprehension is explained by the situation observed in the previous chapter, in particular the drop in activity, the high cost of production and the drop in the selling price.

According to the 76% of business leaders surveyed whose cash flow situation was not easy during the 1st quarter of 2021, the drop in activity would explain their cash flow situation for 65.53% of them, and 49.3% attribute it to poor sales.

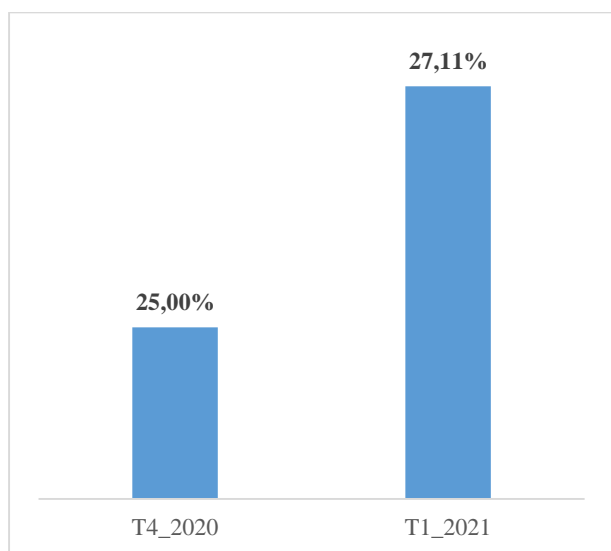
2. Financing and investments

The end of the 1st term 2021 was marked by the start of payment of the CAS-Covid Funds allocated to SMEs with high potential affected and to craftsmen and OES manufacturing masks and hydro-alcoholic gels. 720 PMEESA benefited from this measure, including 429 craftsmen and OES manufacturing artisanal masks and hydro-alcoholic gels and 291 SMEs with high potential affected. For companies that were the subject of the economic survey for the 1st term 2020, those that benefited from this subsidy represent 22.29%.

During the 1st term 2021, the beneficiaries of the CAS-Covid Fund surveyed (64.78%) as part of the economic survey declared a drop in their activity compared to the 4th term of the previous year; 73.53% say they have made no new recruitments and half say they have made new investments. These figures would be justified by the fact that these funds were effective only from the beginning of March 2021 (last month of the quarter).

Considering all the structures surveyed, approximately 73 out of 100 companies say they have made no new investments during the 1st term 2021.

Chart 11: Proportion of business leaders having made new investments



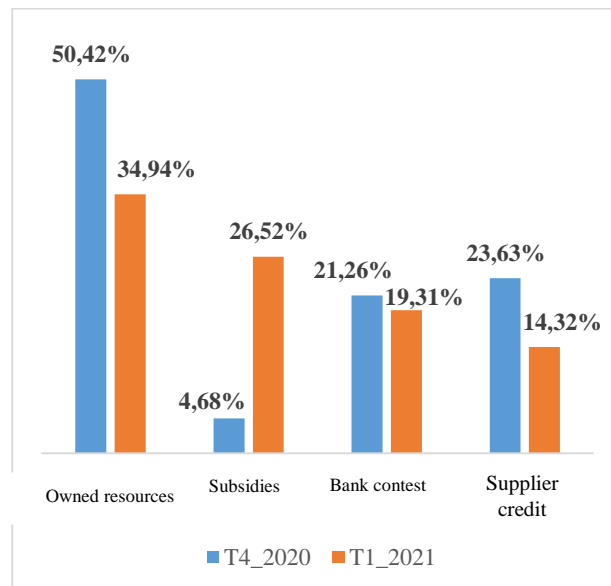
Source: Economic Survey Q4_2020, Q1_2021, Our calculations on Excel

These are mainly VSEs (62.16%) and PEs (32.43%). Agro-industry and services represent 51% of these.

Despite the supplement to maintain or further develop their domain, activity for almost half (49.29%) in this quarter is down.

Of those who invested, nearly 39.94% used their own resources. 19.52% of the subsidies used to make investments relate to CAS-Covid Fund support.

Chart 12: Main sources of investment financing



Source: Economic Survey Q4_2020, Q1_2021, Our calculations on Excel

During the 1st term 2021, we observe a reversal of the trend in the sources of financing.

Due to the effectiveness of payment of the State subsidy (1.5 billion for SMEs with high potential affected and 500 million CFA Francs for craftsmen and actors of cooperative societies manufacturing artisanal masks and hydro-gels alcoholics), companies have had less recourse to the usual sources of financing to finance their activity.

By focusing on the type of business, regardless of size, SMEs finance their activity mainly through their own resources. Medium-sized enterprises and those of small sizes have recourse to the resources specific to bank loans (See Appendix 4).

The high level of subsidies calls into question the effect of the use of CAS-Covid funds on the economic activity of SMEs.

Chapter 4: Effects of the Covid-19 pandemic on the economic activity of SMEs

This chapter addresses the situation of SMEs whose activity has been impacted by the effects of Covid-19, also emphasizes government support for economic resilience.

1. Effects on activities and employment

Like all other countries, the health crisis has impacted the Cameroonian economy, in particular through the resilience measures taken to limit the

spread of the disease. The effects of limiting the movement of goods and people have been more accentuated in countries where the economy is extroverted. Cameroonian SMEs, mainly in the tertiary sector (84.2%) and more particularly made up of traders, are the most affected by this crisis. Also, the country's dependence on the outside with regard to the supply of raw materials has not allowed companies in this sector to saturate the national market with substitute products for imported products.

The combined effects of the crisis and the volatility of orders (for example public orders with the supplementary budget at the start of 2020) had the immediate consequence of a drop in the level of business activity.

To cope with this decline in activity due to the application of health resilience measures, promoters have been forced to restructure their business to promote their recovery and resilience in the face of the Covid-19 crisis. In order to ensure the viability of their activity and to strengthen occupational safety and health measures, some promoters have decided to partially or completely stop their activity. About 40% of business leaders surveyed in the context of this situation have had recourse to the temporary cessation of their activities. Nevertheless, companies in the field of pharmacopoeia, textiles and pharmaceutical chemicals have been able to find an opportunity in this crisis to boost their activity, in particular with the production of artisanal masks, hydro-alcoholic gels, soaps and potions as a preventive and curative measure against Covid-19.

For 44% of the companies surveyed for the current situation, the reduction in the number of employees was one of the measures taken to redress the downward trend in their turnover. 27.97% opted for part-time work and 51.13% telework.

2. Government support to deal with the crisis

Since the application of health resilience measures to deal with the coronavirus crisis that occurred in March 2020, the activities of the mainly extroverted Cameroonian economy have been damaged. The Government has set up a Fund to support the economy and limit the spread of the disease.

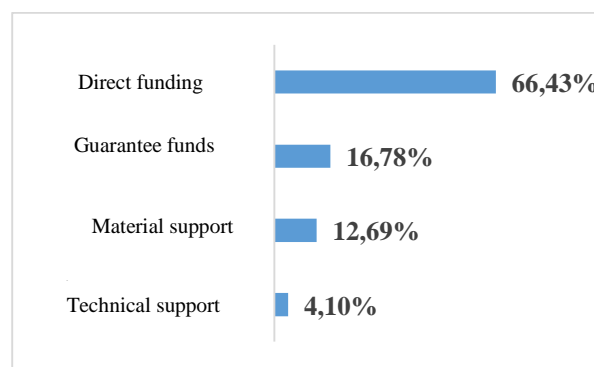
In favor of Decree No. 2020/3221/PM of July 22, 2020 setting the distribution of the endowment of the Special National Solidarity Fund for the fight against the coronavirus and its economic and social repercussions, MINPMEESA benefited from an envelope of 2 billion CFA Francs for SMEs with high potential affected for SMEs (up to 1.5 billion CFA Francs) and craftsmen and OES manufacturing artisanal masks and hydro-alcoholic gels (up to 500 million Francs CFA).

The period of March 2020 marks the start of the payment of the beneficiaries selected by the Specialized Payroll Fund CAS-Covid. From the use of data from the economic survey for the 1st quarter of 2021, the latter represent 22.9% of all respondents. 87.6% of the latter declare that this support has enabled them to relaunch their activity. However, their turnover in the 1st term 2021 compared to the 4th quarter of 2020 is down for 61.29% of them.

Also, despite the additional influx of resources; 47.27% of companies that benefited from the measure had a negative net result during the 1st term 2021. This situation suggests that the Government's one-off support has not made it possible to fully absorb the harmful effects of the health crisis on the activity of SMEs.

The appreciation of this subsidy remains mixed by the beneficiaries. 29.30% of them appreciate it on the other hand 26.7% denounce a slowness in the effective transfer of funds. However, in addition to ongoing support measures, they offer financial and technical support, and the establishment of a Guarantee Fund to facilitate their access to credit.

Chart 13: Proposal of accompanying measures in favor of SMEs



Source: Economic Survey Q1_2021, Our calculations on Excel

The SMEs surveyed during the 1st term, although for the most part the economic activity was sluggish, plan to increase their activity during the next term.

Chapter 5: Outlook for the 2nd term 2021

This chapter focuses on the analysis of the projections made by companies for the 2nd term 2021 with regard to the economic context in which they operate.

1. Outlook announced by SMEs for the 2nd term 2021

Given the level of activity achieved during the 1st quarter of 2021 by the companies surveyed, business leaders remain optimistic about the situation during the 2nd term 2021.

Around 47% of the business leaders survey plan to resume their activity during the 2nd quarter of 2021. These companies are mainly in the field of General Trade & Services (45%), Agro-industry (20.83%) and Hotels & restaurants (8.3%). 81% of these companies posted a positive net result during the 1st term 2021. This is a satisfactory result and should tend to improve during the 2nd quarter of 2021.

The least optimistic companies, which in terms of forecasts for the 2nd term of 2021 envisage a drop in their activity, are mainly in general trade & services (56.94%) and 93.85% achieved a net result negative during the first quarter of 2021.

Regarding companies that received state support during the 1st term 2021, around 56.36% are optimistic about the level of their activity for the 2nd term 2021.

2. Outlook with regard to the activity carried out and the economic context

The outlook based on the net result shows that most business leaders (61.5%) report that the economic activities of the 2nd term will lead to positive net

results. This would reflect a performance that would double in the next quarter, from 29.7% in the first quarter to 61.5% in the 2nd term 2021. It is equally interesting to note that 57.1% of companies that obtained a net result negative in the first quarter anticipate a positive net result in the second quarter of 2021. Also, less than 2/5th of the companies optimistic for the next half-year had a negative net result during the 1st term 2021. For those whose turnover business is on the rise, more than 4/5th believe that they achieve a higher turnover. These favorable opinions for the future would be partly explained by an attenuation of the negative effects of the Covid-19 pandemic and the positive effects of the support measures against covid-19 granted to Cameroonian SMEs.

In addition, among the companies whose turnover fell during the 1st term 2021, more than a third project an increase in the level of their activity for the next quarter. However, these projections remain mixed with regard to the net result obtained during this quarter (81.54% had a negative net result) and that no investment was made for 77% of the latter.

Also with regard to the economic environment in which Cameroonian SMEs are evolving, this optimism contrasts with the forecasts of the UN which in its report "Situation and prospects of the world economy in the first half of 2021"¹ which stipulates that the prospects for growth in several countries in South Asia, Sub-Saharan Africa, Latin America and the Caribbean remain low and uncertain. For many countries, economic production should not return to its pre-pandemic levels until 2022 or 2023. The hope for the better tomorrow anticipated by our SMEs is therefore limited in a current context marked by the knowledge of the variation of the Covid-19 genotype and its future effects on the economic activity of SMEs.

¹ Mid-2021 Global Economic Situation and Prospects | Department of Economic and Social Affairs (un.org)

Conclusion

All in all, the first quarter of 2021 was marked by a general increase in prices in the CEMAC sub-region. Since the onset of the Coronavirus pandemic, households in the sub-region have shared the same types of problems; decline in purchasing power, job loss, lower wages, etc. The national economy influenced by these phenomena has also undergone changes which have changed the profit structure of SMEs which, for the most part, declare a large drop in their activity during the first quarter of 2021. This drop, although less significant than in the fourth quarter of 2020 (14.2% difference) is not to be overlooked given the low growth prospects announced for sub-Saharan Africa for the coming quarters by the UN. The drop in activity recorded is mainly justified by the drop in household purchasing power, the limitation of the movement of goods and people following the measures taken to limit the spread of Covid-19. Most of the promoters surveyed during the 1st term 2021 business survey say they did not make any new recruitments or new investments during the quarter. This recruitment stoppage is due to a difficult cash flow that they have been recording since the start of the Coronavirus Pandemic and which still persists today. However, some companies, particularly those in the field of textiles, pharmacopoeia and pharmaceutical chemistry, have registered an important business opportunity. Companies that have benefited from CAS-Covid funds for the relaunch of their activity declare that these funds have made it possible to relaunch their activity. But this support is still truly imperceptible given the fact that payment only really started in the last month of the 2021 term. A careful look at global economies has shown that although the effects of the Coronavirus pandemic are evident in all countries, these effects are even more important for outward-looking economies. Hence the need to think about the effective implementation of the structural transformation of the economy to achieve the import-substitution policy as recommended in SND-30 in order to allow SMEs to be the real engine industrialization that will lead the country towards achieving its economic emergence objectives by 2035.

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Appendix

Appendix 1: Survey coverage

SMEs to be surveyed	500
SMEs that responded to the questionnaire	305
Coverage	61%

Appendix 2: Breakdown of the sample surveyed

Variables	Proportion (%)
Region	
Adamawa	5.25
Center	7.87
East	8.20
Far North	14.75
Littoral	29.84
North	9.51
North West	1.97
West	10.82
South	8.20
South West	3.61
Business typology	
ME/IM	6.91
PE	27.63
TPE	65.46
Sectors / Branches of activity	
Primary	2.95
Agriculture	2.95
Secondary	33.11
Agro industry	15.08
construction	5.57
Chemistry pharmacy	2.30
Textile and leather industry	4.92
Metallurgy	1.97
wood processing	3.28
Tertiary	63.93
General Trade & Service Provision	50.82
Digital Economy	3.93
Energy	2.30
Events	0.66
Hotels and restaurants	6.23

Appendix 3: Summary of the apprehension of business leaders surveyed about their activity during the 1st quarter of 2021 (in %)

	Volume of activity			Production cost			Sales level			Net profit		
	Rise	Decrease	Steady	Rise	Decrease	Steady	Rise	Decrease	Steady	Positive	Negative	Bad
Business typology												
TPE	1.7	4.8	0.3	3.5	2.5	1.5	1.8	1.8	2.9	3.0	3.4	0
PE	6.2	16.9	5.2	13.5	6	8	5.5	7.3	15	9.7	12	5.6
ME/IM	8.6	46.2	10	28.0	26	10.5	8.1	37.7	19.8	13.9	38.2	13.5
Sectors of activity / Branches of activity												
Primary	0.3	2.8	0	2.5	2	0	0	1.8	1.1	0.4	3	0
Agriculture	0.3	1	0	1	1	0	0	1.1	0.4	0.4	1.1	0
Breeding	0	1.7	0	1.5	1	0	0	0.7	0.7	0	1.9	0
Secondary	7.2	20.7	6.6	24	12.0	6.0	5.1	13.2	16.5	11.2	14.6	7.9
Agro industry	3.1	9.7	3.1	11	6.5	2	2.9	5.1	7.7	5.6	6.7	1.9
construction	0.3	4.1	1	4	1.5	1.5	0.4	1.8	3.3	2.2	1.5	1.9
Chemistry pharmacy	1.4	1	0	1	0.5	0.0	0.4	0.7	1.1	1.1	0.7	0.4
Textile and leather industry	1.4	2.8	1	5	1	1	0.4	2.9	2.2	1.1	2.2	2.2
Metallurgy	0.3	1	0.7	0	1.5	1	0.4	0.7	1.1	0.7	1.5	0
wood processing	0.7	2.1	0.7	3.0	1.0	0.5	0.7	1.8	1.1	0.4	1.9	1.5
Tertiary	9	44.5	9	18.5	20.5	14.5	10.3	31.9	20.1	15.4	36.0	11.6
General trade	2.4	16.6	2.1	4.5	10.5	3.5	4	12.8	5.5	4.1	12.4	4.5
Digital Economy	1.4	2.1	0.3	1	1	1.0	0.7	2.6	0.7	0.7	2.2	0.4
Energy	1.7	0.7	0	0.5	0	2.5	1.1	1.1	0.4	1.5	0.7	0
Events	0.3	0.3	0	0.5	0.5	0.0	0.4	0.4	0	0.4	0	0.4
Hotels and restaurants	0.3	4.1	1.4	4.0	0.5	1.0	0.7	3.7	2.2	1.9	3	1.5
Services	2.8	20.7	5.2	8	8.0	6.5	3.3	11.4	11.4	6.7	17.6	4.9
Grand Total	16.6	67.9	15.5	45.0	34.5	20.5	15.4	46.9	37.7	27	53.6	19.5

Appendix 4: Proportion of companies having recruited additional staff by branch of activity

Industry	Proportion (in %)
Agriculture	2.56
Agro industry	28.21
construction	2.56
Chemistry pharmacy	2.56
General trade	10.26
Digital Economy	10.26
Events	2.56
Hotels and restaurants	7.69
Textile and leather industry	5.13
Metallurgy	2.56
Service delivery	23.08
wood processing	2.56
Grand total	100

Appendix 5: Proportion of companies having made an investment by branch of activity

Industry	Proportion (in %)
Agriculture	1.35
Agro industry	31.08
construction	5.41
Chemistry pharmacy	1.35
General trade	9.46
Digital Economy	5.41
Breeding	2.70
Events	2.70
Hotels and restaurants	5.41
Textile and leather industry	6.76
Metallurgy	2.7
Service delivery	20.27
wood processing	5.41
Grand total	100

Appendix 6: proportion of business leaders using sources of financing by type of business (in %)

	ME/IM	PE	TPE
Own Resources	32.47	36.46	36.62
Subsidies	18.61	16.19	22.12
Supplier credits	25.11	21.31	19.68
Bank competition	23.81	26.04	21.58

Appendix 7: List of people involved in the process of preparing the 1st term 2021 economic report

1. STEERING AND ORIENTATION

Mr. ACHILLE BASSILEKIN III, MINPMEESA

2. GENERAL COORDINATION

Mr. JOSEPH TCHANA, SG MINPMEESA

3. TECHNICAL COORDINATION

Mr. BOBBO MAMOUDOU, DEPP MINPMEESA

4. TECHNICAL SECRETARIAT

Mrs. TCHANA SYLVIE, CELSTAT MINPMEESA

5. TECHNICAL TEAM

Mrs. NGAFFO Manuela, DEPP executive

Mrs. IHOULI Francine, DEPP executive

Mr. NONGNI DONFACK Abednego, DEPP executive

Mr. MBAZOA ZEBAZE Hervais, DEPP Executive