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MINISTRE DES PETITES ET MOYENNES
ENTREPRISES, DE L'ECONOMIE SOCIALE ET
DE L'ARTISANAT

Economic Outlook

*« SMEs Catalysts of National Economic
Development »*



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Abbreviations and acronyms

APME	Promotion Agency for Small and Medium Enterprises
BADEA	Arab Bank for Economic Development in Africa
BC	Trade balance
BCD	Dacquoise Central Bank
BCPME	Cameroonian Banks of Small and Medium Enterprises
BEAC	Bank of Central African States
EIB	European Investment Bank
IDB	Islamic Development Bank
BPW	Buildings and public works
THAT	Agricultural credit
CASE	Special Assignment Account
CFA	African Financial Community
CFCE	Business Creation Formalities Center
COVID-19	corona virus
CPM	Monetary Policy Committee
DEPP	Division of Studies, Projects and Prospective
IMF	International Monetary Fund
FOGAPE	Agriculture and Fisheries Guarantee Fund
NSI	National Institute of Statistics
JCP	Cooperation and Partnership Day
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
PMI	Small and Medium Industries
PMI	Small and Medium Industries

SND-30	National Development Strategy 2020-2030
TPE	Very Small Business
GO	Added Value

Introduction

THe SMEs are seen as catalysts of economic growth and national development, as they constitute a major source of employment, income and tax revenue for States in both developed and developing countries. However, despite their major role in the economic dynamic, SMEs are still confronted with multiple difficulties among which we can cite the lack of sufficient cash to cover their operating cycle, their low debt capacity, a business environment not conducive to their development, the difficulties of access to international standards, the difficulties related to their organization, the lack of an accounting and financial information system and the inability to respond effectively to change.

The Cameroonian economic fabric is numerically dense in SMEs (99.8%) compared to GEs (0.2%), operating in all areas of activity. These economic units occupy part of the active population and absorb part of the local demand. However, their involvement in economic activity is limiting, in particular because of the exogenous and endogenous difficulties with which they are confronted. These constraints contribute to the level of activity recorded by them. Indeed, their share in the national GDP remains marginal compared to their workforce. However, this share, although marginal, contributes to raising the level of growth of this macroeconomic aggregate.

Compared to SHGs which have already reached their optimum growth, SMEs have a large margin of growth to develop and better absorb national demand covered mainly by imports. Through this posture of SMEs, they offer the possibility of creating more added value and decent jobs.

This perspective note, which focuses on the added value of SMEs in the economy, focuses on (I) their structuring; (II) their contribution to growth and employment; (III) the prospects for achieving the development objectives set by the National Development Strategy 2020-2030.

Chapter 1: STRUCTURING OF SMEs

This chapter discusses the structuring of SMEs by type, by sector of activity, according to the legal form and gender of the promoter in the light of the latest data presented in the 2020 statistical yearbook of MINPMEESA.

1.1. Conceptual approach

The definition of SMEs often varies from country to country and is generally based on the number of employees, the annual turnover or the company's balance sheet total . In Cameroon, the definition of an SME is based on Law No. 2015/010 of July 16, 2015 amending and supplementing certain provisions of Law No. 2010/001 of April 13, 2010 on the promotion of SMEs in Cameroon. There are three categories of SMEs:

The Very Small Enterprise (TPE) is a company that employs a maximum of five (05) people and whose annual turnover excluding taxes does not exceed fifteen (15) million CFA francs.

The Small Business (PE) is a business that employs between six (06) and twenty (20) people and whose annual turnover excluding taxes is greater than fifteen (15) million CFA francs and does not exceed two hundred fifty (250) million CFA Francs.

The Medium Enterprise (ME) employs between twenty-one (21) and one hundred (100) people and its annual turnover excluding taxes is greater than two hundred and fifty (250) million CFA francs and n not exceed three (03) billion CFA francs.

1.2. Legal and institutional framework

The concept of development of SMEs and entrepreneurship appeared in thinking about growth and development from the end of the 1940s, where it found its concrete expression in the adoption of targeted measures (aid, subsidized loans, preferential taxes, etc.) and the setting up of aid organizations for SMEs in Japan (1948), the United States (1953), India (1954), Tanzania (1966) and Turkey (1976).

As far as Cameroon is concerned, it is the 3rd five-year plan from 1972 to 1976 which lays the foundations for the interest of policies towards SMEs with the creation of support organizations, in particular the Aid Fund and Guarantee for SMEs (FOGAPE), the National Fund for Rural Development (FONADER), Crédit Agricole (CA), the Mission for the Development of Food Crops (MIDEVIV). The said organizations, whose role was to help SMEs to create and grow, were not

able to prosper sufficiently because of the implementation of the Structural Adjustment Plan initiated in 1988, thus leaving the private sector to the abandonment. However, a number of reforms were instituted from 2004, both institutional and regulatory.

At the institutional level:

- The Ministry in charge of Small and Medium-Sized Enterprises, Social Economy and Handicrafts was created thanks to Presidential Decree No. 2004/320 of December 8, 2004 on the organization of the Government:

- The organization of MINPMEESA established by Decree No. 2005/090 of March 29, 2005 amended by Decree No. 2013/169 of May 27, 2013 and supplemented by Decree No. 2016/128 of March 21, 2016. This ministerial department has in its organic structure, three technical departments, one of which is exclusively dedicated to SMEs.

- An Agency for the Promotion of Small and Medium-Sized Enterprises was set up by Decree No. 2013/092 of April 3, 2013 on the organization and operation of the Agency for the Promotion of Small and Medium-Sized Enterprises, amended and supplemented by Decree No. 2013/297 of September 09, 2013. This structure includes, among other attached structures, the Centers for Formalities and Business Creation (CFCE). These centers are visible in the 10 regions of Cameroon and governed by Interministerial Circular No. 001 MINJUSTICE/MINFI/MINPMEESA of 30 May 2012 relating to the procedure before the CFCEs.

- The Subcontracting and Partnership Exchange (BSTP), it is the result of the Decree of the Prime Minister Head of Government No. 002PM of February 15, 2012, promoting subcontracting in terms of contracts, partnerships and other contracts , in the context of investments.

- The Cameroonian Bank of Small and Medium Enterprises (BCPME) was set up by Order No. 00243/MINFI of 16/08/2014.

Finally, the opening of multiple incubators, like the EDEA National Pilot Incubator.

On the regulatory level:

- Law No. 2010/001 of April 13, 2010, promoting SMEs, amended and supplemented by Law No. 2015/010 of July 16, 2015 . This text proposes criteria for classifying companies by category: Very Small Enterprises (TPE), Small Enterprises (PE) and Medium Enterprises (ME).

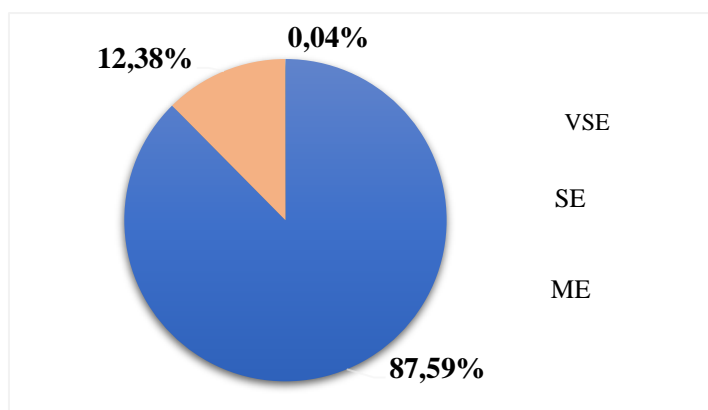
- Decree No. 2020/0301/PM of January 22, 2020 setting the terms for the accomplishment of the missions of the incubation structures of Small and Medium Enterprises.

- Order No. 00003/MINPMEESA of July 13, 2021 specifying the form, the elements of the content of the act of approval of private incubation structures and the conditions for its renewal.
- Order No. 00004/MINPMEESA of July 13, 2021 specifying the content of the partnership agreements between the Ministry in charge of Small and Medium-Sized Enterprises and the public incubation structures, and the related specifications.
- Order No. 00005/MINPMEESA of July 13, 2021 setting the composition and operating rules of the validation committee for support systems and training modules in incubation structures.

1.3. Characterization of SMEs in Cameroon

In Cameroon, according to data from the National Institute of Statistics 2020, SMEs carry 99.8% of the national economic fabric. But then their contribution to GDP remains marginal compared to those of large under-represented companies (0.2%). In this section, a breakdown of Cameroonian SMEs is made according to the size of the company, the sector of activity, the sex of the promoter and according to the legal form.

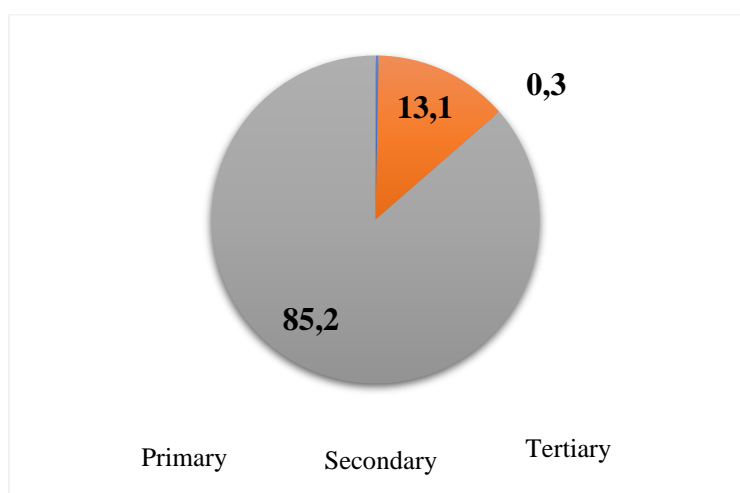
Chart 1: Breakdown of SMEs created in 2020 by type



Source: MINPMEESA /*(e) our calculations on Excel.

The distribution of SMEs created by type in 2020 shows an unbalanced structure where VSEs are the most representative.

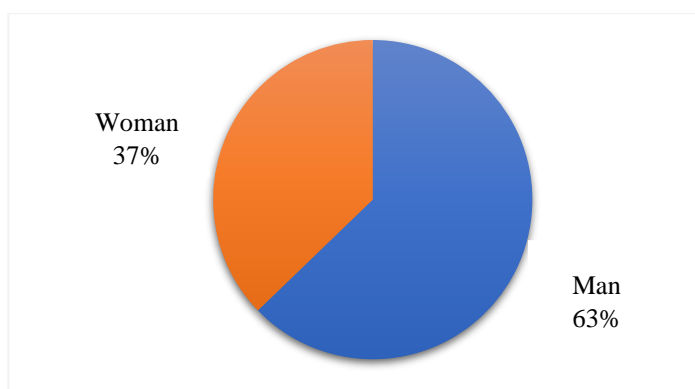
Chart 2: Breakdown of SMEs created by sector of activity in 2020 (in %)



Source : MINPMEESA /*(e) our calculations on Excel.

This cartography presents a dominant tertiary sector, which justifies the instability of the Cameroonian economy.

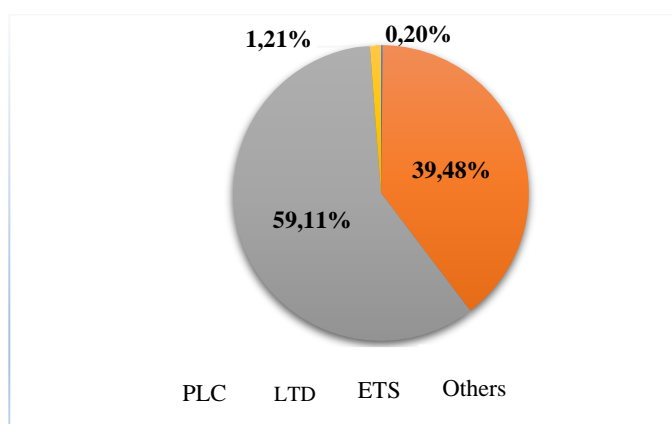
Chart 3: Breakdown of SMEs created by sex of promoter in 2020



Source : MINPMEESA /*(e)our calculations on Excel

This mapping shows that in 2020, in terms of business creation by sex of promoter, men are the most representative.

Chart 4: Breakdown of SMEs created in 2020 by legal form



Source: MINPMEESA /*(e) our calculations on Excel

1.4. Main problems of SMEs in Cameroon

The problems faced by enterprises in the course of their development have been the subject of relatively thorough studies. Recent studies on the main problems of SMEs in Cameroon are those of (i) GICAM in 2019 in partnership with 2IE on the theme “the *survival of Cameroonian SMEs*” ; and (ii) the SME Research Institute of the University of Quebec at Trois-Rivières in 2018 on the theme “ *the obstacles to the development of Cameroonian SMEs: what do entrepreneurs think ?* ”.

1.4.1. Core problem analysis

Questioning the main problems of SMEs or the origin of their recurring mortality amounts to making a diagnosis according to two categories of actors: business leaders and institutional actors in charge of the policy of promoting SMEs. The main reason given by business leaders is generally related to access to finance. However, questioning the problems of inventory management, production quality and human resource management leads MINPMEESA to recognize the problem elsewhere. For the Secretary General of MINPMEESA "The problem of SMEs in Cameroon is linked to management", this statement by the SG of MINPMEESA made to the media in 2020, leads to a diagnosis to establish with more precision the main problem of SMEs in Cameroon.

1.4.2. Structuring of SMEs

The creation and development of SMEs require a harmonious and favorable framework, and must make it possible to obtain resources in sufficient quantity and quality, which can be physical, financial, human, informational and relational. However, the business environment and the shortcomings of the Cameroonian ecosystem are considered to be one of the causes of the failure or low competitiveness of businesses. In terms of difficulties related to the structuring, can be observed on the strategic and managerial level, the lack of mastery of the market, the absence of appropriate elements of maturity for the projects, the individualism of the promoters, the evolution in the informal , poor bookkeeping, poor financial management and lack of managerial training. Also with the advent of SND-30, which places particular emphasis on the structural transformation of the economy via the import-substitution model, it becomes clear that the public authorities have a major project ahead of them to enhance the level of competitiveness of SMEs and this requires modernization of the infrastructures in place in order to bring them into line with world standards and reduce the trade balance deficit.

By 2035, Cameroon aspires to be an emerging country with an economy characterized by the predominance of the industrial sector in general, and manufacturing in particular (in GDP and exports), and effective integration into the world economy. . In this perspective, Cameroon plans to have, in 2030, a healthy, competitive and diversified manufacturing sector, capable of reversing the structure of foreign trade (exports and imports); exports of manufactured products becoming more important to the detriment of primary products. Cameroon, to achieve its objectives, should have a favorable framework for the development of enterprises in general, and manufacturing enterprises in particular. These elements place the structuring of SMEs at the center of their concerns in the context of the implementation of their activities.

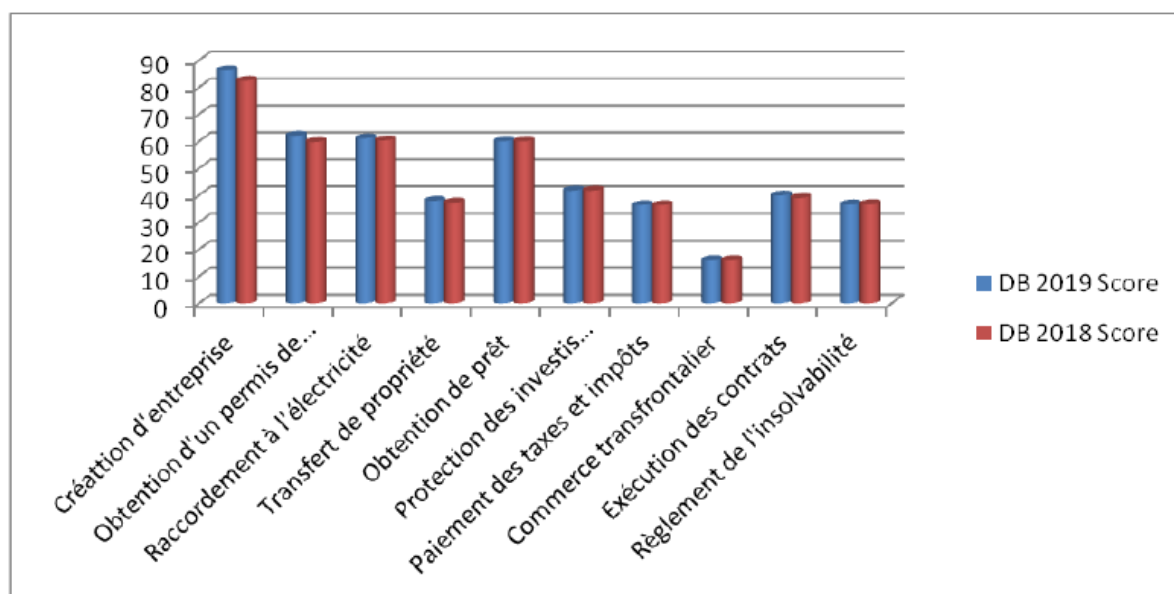
1.4.3. SME business environment

The problem of structuring Cameroonian SMEs questions the business environment which nowadays occupies an important place for the survival and development of the company. It is made up of all the external elements and actors likely to affect the company's activity. These external factors can appear as threats or opportunities for the latter.

The business environment can be defined as a set of political, legal, institutional and regulatory conditions that govern business activities. It is therefore a system of interrelated and even interdependent forces.

These forces can be divided into two categories: i) so-called contractual forces (macro environment): this concerns the general environment of the company (legal framework, legal, political, economic, socio-cultural, socio-demographic, technological , ecological etc.); ii) the so-called structural forces (micro environment): this is the immediate environment of the company, specific to each company and associated with its sector of activity in which it does business: the customers of the sector, competitors, suppliers, intermediaries, tariff and non-tariff measures, etc.

Figure 1: presentation of the level of certain indicators between 2018 and 2019



Source : Doing business 2019, evolution of indicators for Cameroon

Several indicators are still problematic for Cameroon. The country is ranked 140th^{on} the protection of minority investors. He ranks 127th on the Insolvency Settlement, and getting the loans earns him the rank of 73rd.

1.4.4. Access to finance for SMEs

The financing structure of SMEs in the banking system according to their needs is unstable. The lack of working capital (stocks, factors of production, current and operating expenses, the very high rate of credit (up to 20%), the weakness of long-term resources, the predominance of short-term resources constitute an obstacle to the activity of SMEs in Cameroon. The financing solutions (loans) offered by banks to Small and Medium Enterprises are as follows: - overdrafts: for the financing of shifts in the operating cycle; - depreciable loans short-term loans to finance working capital or its reinforcement; - medium- and long-term amortisable loans to finance investments; - campaign loans for companies with seasonal activities; - spot loans and overdraft facilities (pre-financing, discounts, advances) for one-off cash requirements.

1.4.5. Access to international standards

In view of the fierce competition on the market favored by globalization, the probable entry into force of the Economic Partnership Agreements (EPA), preferential access to the American market through the African Growth and Opportunity Act (AGOA), problems related to compliance with international standards and norms arise. Despite a level of funding deemed insufficient and a deterioration of the business environment, SMEs want to increase their production and subsequently their export. However, they are confronted with international standards which require that products for export comply with them. Unfortunately, Cameroonian SMEs still use inappropriate production techniques or even outdated technologies. In Cameroon, on the technical level, the difficulties faced by SMEs relate to the absence of efficient production processes, the poor organization of processes or even the obsolescence of installations. Many companies, despite the depreciation of production equipment, continue to use it.

1.4.6. SME mortality

According to INS statistics, the poverty rate in Cameroon was set at 37.5% in 2014. It is in this precarious environment that Cameroonian SMEs are required to move, producing and recruiting, among the poor. . Although for the most part concentrated in the large metropolises occupied by large companies (Yaoundé, Douala, Bafoussam, Garoua), SMEs are finding it difficult to sustain themselves. Indeed, they constitute the category of enterprises which records the greatest number of closures or bankruptcies between the creation and the third year. This, as presented to us by the statistics of the INS: 45% in 2009, 69% in 2010 and 72% in 2016.

1.5. The challenges of SMEs in Cameroon

The challenges of SMEs in Cameroon are outlined through the development objectives presented in SND-30 which require that: (i) SMEs effectively play their role as engine of the economy; (ii) SMEs contribute to the development of the strong secondary sector, which creates wealth and productive jobs; and (iii) SMEs are more competitive in order to densify exports and reduce the trade balance deficit.

These three major challenges require a certain number of prerequisites favoring their condition of success, among which we can cite:

Prerequisite 1: Sustainably increase the competitiveness of SMEs likely to lift and execute satisfactorily. The competitiveness of a company can be defined as its ability to compete in a specific market, to increase its market share, to penetrate international markets by exporting and to achieve sustainable growth and profitability.

Prerequisite 2: Establish and preserve healthy and effective competition in the various markets where SMEs operate.

Prerequisite 3: Increase financing possibilities and conditions for SMEs by:

- regulation and regulation of payment terms (supplier credits);
- the development of the investment capital offer;
- increasing the supply of investment financing (long-term credit).

Prerequisite 4: Increase SMEs' access to standards (products and services, professional management system and conformity assessment) and associated technologies.

Prerequisite 5: Develop and implement a specific approach to support SMEs for participation in the implementation of structuring projects.

Chapter 2: **CONTRIBUTION OF SMEs TO GROWTH AND EMPLOYEMENT**

This chapter analyzes the contribution of SMEs to Cameroon's economic growth and employment.

2.1. Contribution of SMEs to growth

The contribution of SMEs to the economic growth of developing countries shows the importance of this type of company. The production of Cameroonian SMEs improves the national added value and thus participates in the evolution of the increase in GDP. Similarly, the payment of taxes by SMEs improves the tax revenue of the State and the activities of SMEs promote the creation of numerous jobs.

2.1.1. Economic activity in Cameroon

Cameroon has been recording single-digit GDP growth for several years. The trend of the growth rate of its GDP is in three stages over the period 2010-2020. It increases from 2010 to 2014 with an average growth rate of 14.5% then decreases from 2015 to 2020 with a slight recovery in 2018.

From 2010 to 2014, an increase in GDP was recorded by 4.67 on average over the favorable period for the implementation of the new development policy driven by Vision Cameroon 2035 in its first phase of implementation (DSCE).

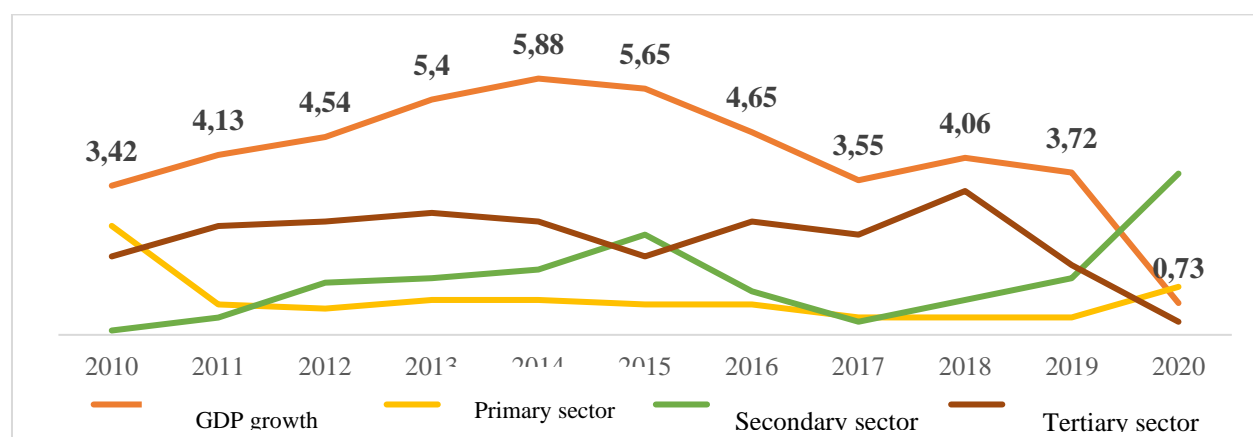
From 2014 to 2020, there is a general decline in GDP growth even if the change in trend is observed for the year 2018, the persistence of the effects of the fall in commodity prices, the security crisis in the North, insecurity in the borders of the East of the Country and in the North-West and South-West regions favor the continuous fall of this aggregate.

The period 2019 to 2020 is decisive because the decline is more sustained due to the effect of the global health crisis which has upset all the world's economies. In 2020, Cameroon experienced a variation of -3% in its growth rate compared to 2019, yet set at 3.72% in 2019. This fairly considerable drop is largely explained by the fall in world oil prices and contraction in demand due to the pandemic and the effects of protective measures taken to limit its spread in countries. The GDP shock could not be contained due to the extroverted nature of the Cameroonian economy, driven mainly by import and trade activities.

It should be remembered that since 2010, the country's trade balance has been in deficit and is deteriorating from year to year. The fluctuation of world prices of raw materials and the mass purchase of hydrocarbons, food products, machinery, mechanical, electrical and transport

equipment are the main cause of this deficit. In 2020, due to the global crisis and related measures, the Trade Balance improved compared to 2019. Indeed, the closure of borders led to a contraction in foreign trade with a drop in exports of 24.2 % and a drop in imports of 16.5% compared to 2019.

Chart 5: Contribution of sectors of activity to GDP growth



Source: INS data, National Accounts 2010-2020 and our calculations on Excel

In general, the tertiary sector contributes the most to GDP growth. However, with the health shock, he could not be resilient. This sector, consisting mainly of trade and service activities, was the most affected by the application of measures to contain the pandemic. The contribution of the primary sector has been constant since 2011. As for the secondary sector, with a fluctuating contribution, it was resilient in the face of the health shock and made it possible to maintain positive GDP growth.

It is important to note that on reading graph 5, the contribution of the primary and tertiary sectors remain constant regardless of the level of GDP. However, that of the processing sector practically follows that of GDP growth until 2018. In 2020, despite the predominance of service sector activities, its contribution to GDP growth was negative.

Thus, the densification of this sector (which in the presence of the pandemic, contributes mainly to the GDP, the overall turnover and the total value added of the country) will make it possible to achieve the growth objective of the SND30 (reach a growth rate of 11.3% in 2030).

Thus, all other things being equal, the actions taken to improve production in this sector and substitute imported products for local products will necessarily impact the level of GDP.

2.1.2. Impact of SME activity on economic growth

Cameroonian SMEs constitute 99.98% of the Cameroonian economic fabric, dominated by activities in the tertiary sector (79%). According to RGE 2, these SMEs contribute 20.3% to GDP.

This contribution is carried by the ME (15.94% of the GDP) according to the type of company, and by the activities of the tertiary sector (15.92% of the GDP) according to the sector of activity.

Table 1: Contribution of SMEs to GDP

Contribution of SMEs to GDP		20.3%
Business typology		
ME		15.94%
PE		3.98%
TPE		0.39%
Activity area		
Primary		0.28%
Secondary		4.12%
Tertiary		15.92%

Source : INS, RGE-2

2.3 Contribution of SMEs to employment

SMEs play an important role in reducing poverty and unemployment. Since the civil service cannot absorb the large number of graduates from schools and universities, SMEs appear to be a real alternative and an opportunity to the problem of unemployment, placed at the center of government policies.

2.2.1. Employment situation in Cameroon

Cameroon must provide jobs each year to 43% of the population, mainly young people. This problem will become more acute in the days to come in view of the growing population, as shown in Table 2 below.

Table 2: Estimates of the evolution of the population in millions of inhabitants

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total population	20.3	20.9	21.5	22.1	22.7	23.3	23.9	24.6	25.2	25.9	26.5
Active population	8.7	9.0	9.2	9.5	9.8	10.1	10.4	10.7	11.0	11.4	11.5

Source: World Bank

2.2.2. Impact of SME activities on employment

According to the latest RGE 2 data, there were 635,696 permanent employees employed by companies, or 1.57% of the working population in 2015. SMEs accounted for 69.46% of permanent jobs.

However, LEs, although representing less than 2% of active businesses, concentrate more than a third of jobs. Thus, the densification of the number of companies and their transformation into GEs will make it possible to significantly increase the volume of jobs.

Consequently, to contribute to the employment objective, particular emphasis should be placed on the formalization of businesses on the one hand and on the other hand on the transformation of businesses. According to the Cameroonian SME mapping document produced by the APME with the technical support of the INS, 44 VSEs and PEs changed to become MEs, and 62 SMEs became large in 2017.

Chapter 3: OUTLOOK

3.1. Perspectives of SMEs with regard to the SND30

The National Development Strategy 2020-2030 requires the revitalization of Cameroonian SMEs through the densification of the manufacturing industry as well as the high productivity sectors of service and technological catch-up resulting in increased productivity in agriculture and its modernization.

3.1.1. Structural transformation of the economy in the light of the SND30

The production system of the national economy is dominated by the tertiary sector which represents 48.3% of GDP over the period 2010-2018, exports made up of 66% raw materials reflect a low processing income which does not allow generate significant added value and make better use of comparative advantages. Also the structure of imports highlights an increase in final consumer goods, this increase, the counterpart of which is not filled by exports, leads to a deficit in the trade balance. Based on these findings, the definition of mechanisms aimed at structuring SMEs becomes essential and fundamental in order to promote the densification of the Cameroonian industrial fabric in favor of inclusive and sustainable development.

Two main directions of industrial development are retained within the framework of SND 30 with a view to facilitating global economic integration and accelerating import-substitution while increasing the density of exports, these are:

- the promotion of the manufacturing industry;
- technological catch-up.

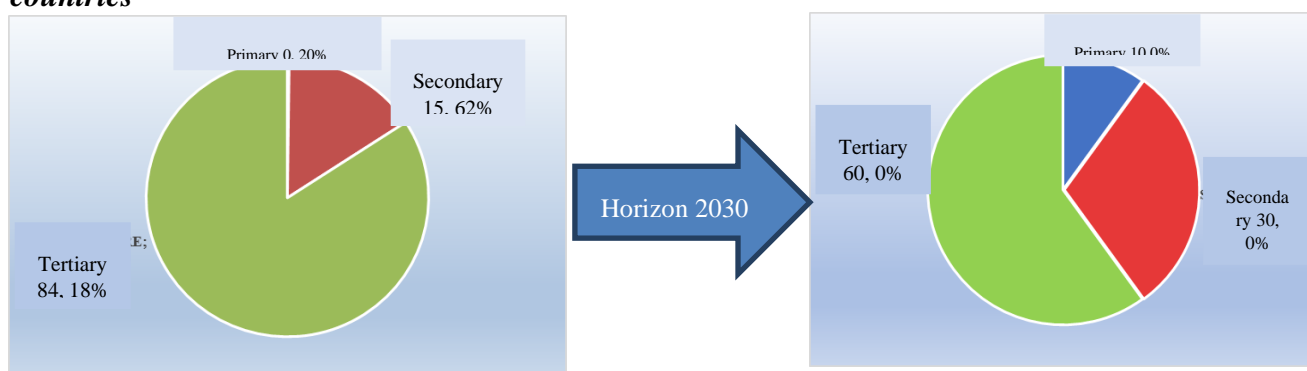
Box 1: Major key consideration to take into account in the SME sector

The orientations of the SND30 effectively take shape at the center of the key considerations drawn up as major benchmarks which make it possible to verify the implementation of the strategy. The import-substitution model advocated by the SND 30 imposes minimum and explicit conditions for SMEs that carry the backbone of strategic intelligence and serve to reveal the political commitment of the authorities.

Major consideration: bring to less than 60% the share of public procurement of goods and services, addressed to local industries. It will be a question of formalizing an incentive approach and opening up opportunities for the local industrial production of goods but also and above all of services, in particular for SMEs and SMIs, also making it possible to boost job creation.

Cameroon's development objectives aiming for economic emergence by 2035 impose a convergence of the current structure of our economy towards the standards of emerging countries whose gap is still enormous. Thus, to achieve these standards, it is necessary to take strong actions that will trigger the process of transition of our economy towards these reference standards (see graph). With regard to MINPMEESA, a major player involved in this issue, with regard to the entities for which it is responsible, it could act at the level of the establishment of mechanisms aimed at changing the structure of SMEs, both in terms of type, sector of activity and territorial network, capable of guaranteeing the achievement of the growth objectives of the SND 30.

Chart 6: Structural transformation of the business sector towards the standards of emerging countries



Source : MINPMEESA, World Bank

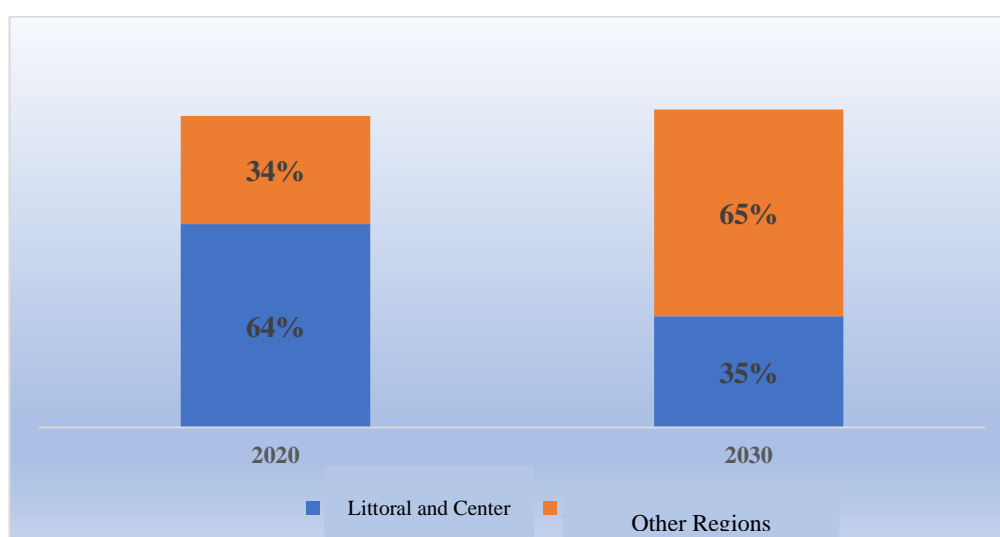
3.1.2. Structural transformation at the level of the territorial network of companies

Particularly concerning the territorial network, it constitutes a real challenge insofar as the current territorial distribution of companies does not facilitate the achievement of the objectives of the

SND30. To this end, a considerable densification of companies must take place so as to go from an average concentration of **36%** at present to that of **55%** in the other regions other than the Center and the Littoral (graph 2). To achieve this, possible solutions could focus on actions aimed at:

- the exploitation of the potentialities of the different agro-ecological zones and the development of enterprises on the basis of its comparative advantages;
- the creation of industrial zones in the various regions with a low density of enterprises;
- developing a national incubation policy;
- the creation of a dynamic business life centered around major structuring projects (deep water port of Kribi, etc.);
- the acceleration of the decentralization process by placing particular emphasis on entrepreneurship and support for local development projects which have the particularity of better integrating the local difficulties encountered by the populations.

Chart 7: Territorial distribution of companies desired by 2030



Source: national strategy documents and our calculations on Excel

3.1.3. Need to promote import substitution and made in Cameroon

The covid-19 pandemic has given the opportunity to rethink industrial development and to promote more than ever the made in Cameroon, "produce Cameroonian and consume Cameroonian". Indeed, the containment adopted by several countries and the closing of borders in 2020 has brought to light the dangers for an economy to depend greatly on imports: impossibility of importing manufactured raw materials from countries such as China or India; the importation of foodstuffs for mass consumption is compromised causing panic among the populations due to fear of the insufficiency of available reserves. For example in Cameroon, some companies importing goods from China or

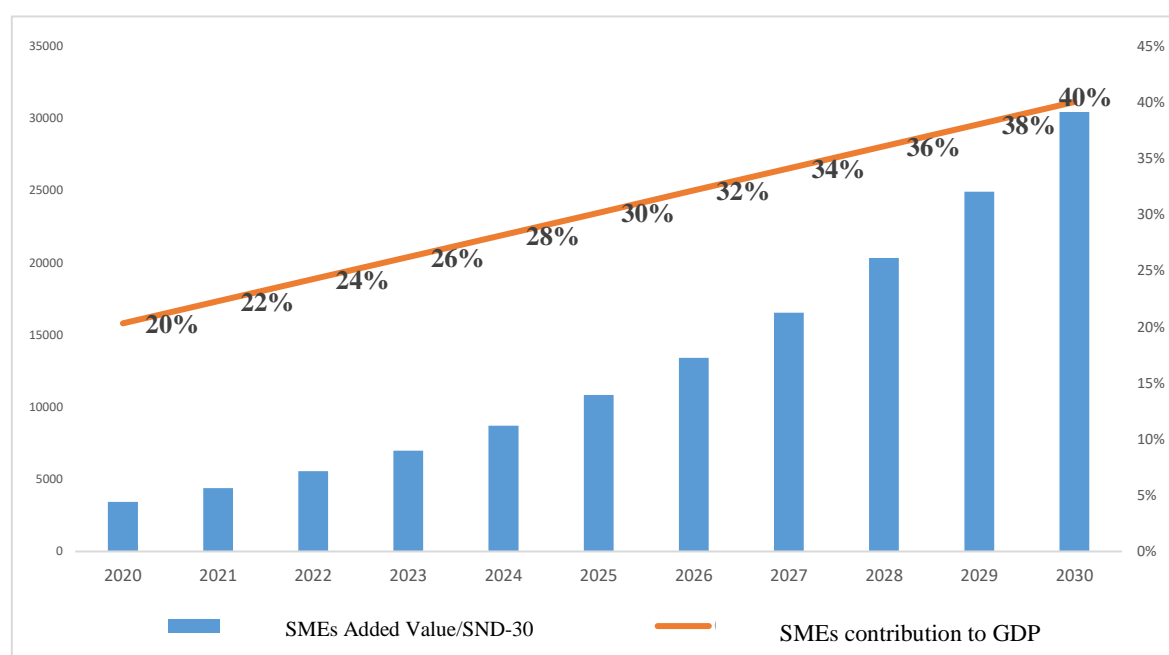
India had difficulty operating in 2020 due to border closures. Achieving the objectives of the SND30 will make it possible to obtain the structural modifications essential for the industrialization of the country (in particular with regard to the densification of the secondary sector). It will also allow several levels of transformation of the raw material (increase in value chains) and the supply of a certain local market, thus reducing a certain expenditure abroad, in particular that linked to the imports of certain foodstuffs for consumption from masses that are costing the country huge sums of money. Particularly with regard to this last point, specific policies will have to be developed in order to boost the development of priority agricultural sectors. For example, funds could be mobilized to support the maize, rice and fish sectors, which are foodstuffs in high national demand and which constitute a fairly large part of imports.

The MINPMEESA began to act in this direction in 2020, by granting priority resources from the special Covid-19 fund to affected SMEs and therefore the main activity was based in the local processing of agri-food products.

3.2. Prospects in terms of valuing the VA of SMEs

SMEs have a major role to play in the development of Cameroon through the achievement of the objectives of the SND30 and particularly that of enabling the country to be able to sustain an average growth of 8% in the next 10 years. To contribute to this, SMEs will have to create considerably more wealth by increasing their value added (VA) so as to increase from 3440.78 billion in 2020 to 30428.63 billion in 2030. A corollary to this performance will be reflected in significant contributions to GDP, then specifically a contribution that will have to increase from 20.3% in 2020 to 40% in 2030 and will average 30% over the same period. Chart 3 provides a detailed assessment of the simulations of the evolution of VAs and contributions to GDP of SMEs for the achievement of the SND30 objectives by 2030.

Chart 8: Simulations of VA in light of growth rate average set by the SND30.



Source: MINPMEESA and our calculations on Excel

3.3. Prospects in terms of densification of sources of financing for SMEs

The financing of SMEs has always been a real problem in economies, especially for developing ones like Cameroon. The traditional factors that play against SMEs in obtaining financing are generally the cost of credit, the business environment and the weight of the informal sector. To increase the chances of SMEs gaining access to credit, it is necessary to seek innovative financing by setting up original financing mechanisms of a new type which make it possible to collect funds for the development of SMEs in addition to traditional financing. Official Development Assistance. Thus, in the search for this innovative financing, the MINPMEESA was able to find two lines of credit from two banks: (i) a line of credit of 25 billion in favor of SMEs and VSEs by the European Investment Bank (EIB) in 2020; (ii) a 54 billion line of credit for SMEs by the Islamic Development Bank (IDB); Also, two other lines are in progress, in particular a line of 10.7 billion CFA Francs in favor of SMEs by the Arab Bank for Economic Development in Africa (BADEA) and one of 14.86 billion CFA Francs by the IDB.

3.4. Perspectives in terms of partnership and cooperation

MINPMEESA, within the framework of the development of partnership and cooperation for the development of SMEs, organized from June 12 to 14, 2021 at the Palais des Congrès in Yaoundé

the days of Cooperation and Partnership under the theme "Technical and financial partners and the development of the PMEESA sector".

The objective of these days was to promote the emergence of an SME, social economy and handicrafts sector that is more conducive to inclusive growth and creates decent jobs in Cameroon, through a substantial improvement in the supply Cooperation and partnership with Technical and Financial partners. It was a platform for exchanges on issues related to PMEESA and opportunities for cooperation, partnership and exchange of experience on innovative techniques undertaken in the context of the development of SMEs in foreign countries, following the example of the ' Germany, Japan, Turkey, etc. the JCPs were an opportunity for the coordinator of the united nations system to congratulate the efforts of the Cameroonian Government in the establishment of a framework of information, awareness and dialogue between all the stakeholders of the SMESME sector with a view to Achieving the development objectives set by the SND 30. MINPMEESA recalled that: "the technical and financial partners are actors of choice in supporting the Government's efforts in achieving its development objectives". It is a question for the Government within the framework of the national development strategy 2020-2030 (SND30) to: "review, expand and improve the nature and scope of the contribution of external partners to Cameroon's development process".

These days of cooperation and partnership also constituted a framework for reviewing with all national and foreign actors the mechanisms, levers and instruments of cooperation and partnership in the sector of Small and Medium Enterprises, Social Economy and Crafts; to assess their effectiveness and pitfalls, and to lay the groundwork for their optimization. In terms of prospects, an advocacy document has been drawn up to be implemented over the period 2021-2030 in favor of the substantial improvement of the offer of cooperation and partnership with Technical and financial partners aimed at highlighting a number of major actions focused on the promotion of entrepreneurship and the transformation and modernization of production units to be coordinated by MINPMEESA in order to better consolidate the contribution of our small and medium-sized enterprises, artisans and actors in the social economy to the production of national wealth.

Conclusion

Ultimately, the study on the contribution of Cameroonian SMEs to growth in terms of economic perspective situates us on the need to act on the structuring of Cameroonian SMEs predominated by the tertiary sector and VSEs. The convergence of MINPMEESA's actions to respond favorably to the issues raised with a view to revitalizing the secondary sector, which is more compelled to promote more sustained and inclusive growth, requires that the contribution of MEs to the production of Added Value be greater in view of the

constraints endogenous and exogenous they face. With access to financing, problems related to the structuring and organizational functioning of SMEs remain major obstacles to their expansion, given the country's still under-exploited potential.

In the analysis of GDP growth and the contributions of sectors of activity, the main observation concerns the secondary sector which follows the trend of GDP growth. Indeed, although the tertiary sector contributes the most to GDP, its contribution and that of the primary sector remain constant regardless of the level of GDP reached. Also, the global health crisis of 2020 highlighted the volatile nature of this sector, which was unable to cope with the shock due to the predominance of trade activities based on imports; the secondary sector is the most resilient but its production is not capitalized enough.

According to RGE-2 data, the contribution of SMEs to GDP was around 20.3% and was mainly driven by medium-sized companies. Furthermore, in terms of jobs, RGE-2 counted 441,734 jobs created by a stock of 199,998 listed SMEs. VSEs carried 73.26% of these jobs with 2 jobs on average per VSE, and MEs 9.12% with 15 jobs on average per ME.

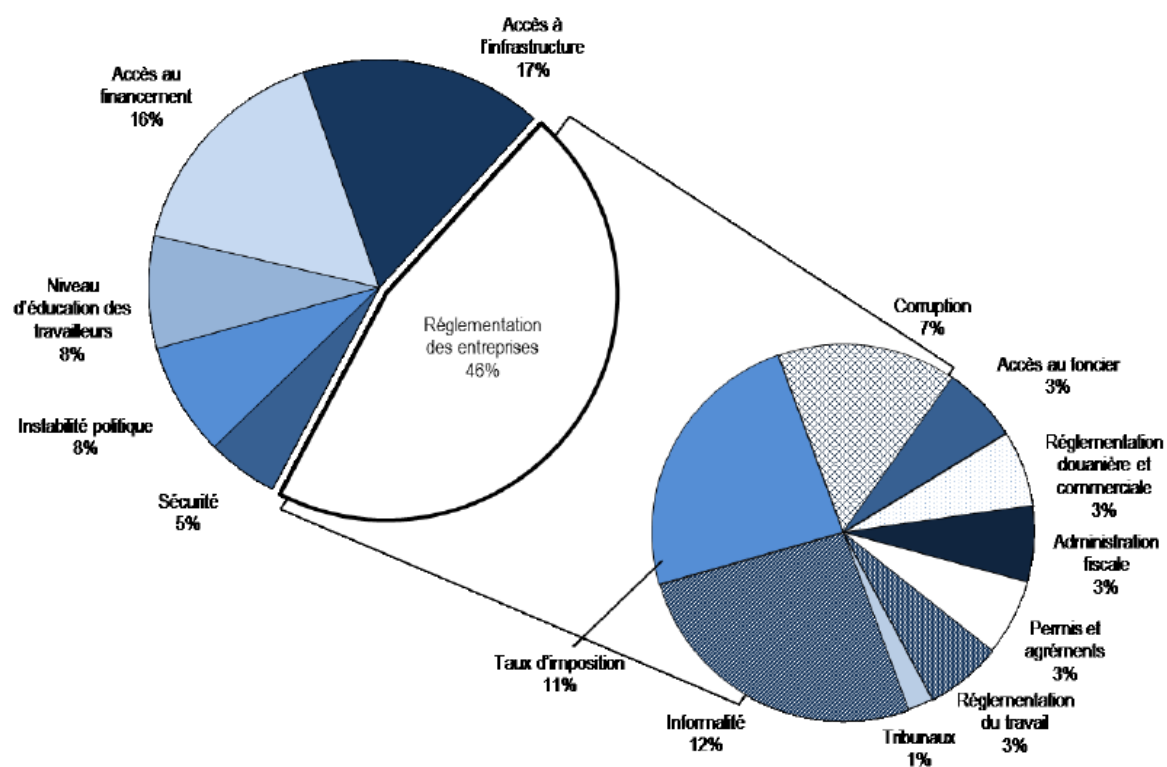
Thus, with regard to the contribution according to the typology of SMEs to GDP and employment, it is appropriate to carry out incentive actions for the densification of the fabric of SMEs on the one hand and, on the other hand, to support the SMEs in the migration process. And thus increase the contribution of SMEs to GDP from 20.3% to around 40% over the period 2020-2030 to help achieve an average of 8% GDP growth over the same period. Aware of this challenge, MINPMEESA must capitalize on the partnership and cooperation options to be defined over the long term with the aim of revitalizing SMEs with more favorable access to technology and financing.

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Appendices

Appendix 1: Consolidation of major obstacles to SME development



Source: World Bank 2016

Appendix 2: List of people involved in the process of developing the outlook note

1. MANAGEMENT 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

Mr. ZOMBOU Marcel, CEA1/CP

Mr. AKONO Daniel, CEA1/CEP

Ms NGAFFO Manuela, DEPP executive

Mrs IHOULI Francine, DEPP executive

Mr. NONGNI DONFACK Abednego , DEPP executive

Mr. MBAZOA ZEBAZE Hervais , DEPP Executive