REPUBLIC OF CAMEROON
****
MINISTRY OF SMALL AND MEDIUM-SIZED ENTERPRISES, SOCIAL ECONOMY AND HANDICRAFTS
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REPUBLIQUE DU CAMEROUN
****
MINISTERE DES PETITES ET MOYENNES ENTREPRISES, DE L'ECONOMIE SOCIALE ET DE L'ARTISANAT
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MINPMEESA

SMESEHs STATISTICAL YEARBOOK 2022

ANALYSIS REPORT

DIVISION OF STUDIES, PROJECTS AND FORECASTS

May 2023

Foreword

The National Development Strategy 2020-2030 (SND30), reference framework for the implementation of the second phase of the vision of emerging Cameroon by 2035, places particular emphasis on the import-substitution mix and export promotion.

In this perspective, Small and Medium Enterprises (SMEs) are major players in this dynamic. It should be noted that the Cameroonian economic fabric is made up of 99.8% SMEs, of which 79.32% are Very Small Enterprises (VSE), 19.43% Small Enterprises (SE), and 1.25% Medium Enterprises (ME). According to the distribution by sector of activity, these actors of our productive fabric are found at 84.2% in the tertiary sector, 15.63% in the secondary sector and only 0.17% in the primary sector.

In view of the objectives of the SND30 in terms of industrialization, it is important to intensify the support of our various targets so that they become agents of structural change in the Cameroonian economy in accordance with the traditional standards of emerging countries.

To this end, the revitalization of the primary and secondary sectors is necessary to increase local production, stimulate industrial transformation in priority sectors having an accelerator effect on growth and finally, limit imports of mass consumption products.

In 2022, my Ministerial Department carried out three (03) studies aimed at structuring PMEESA in three (03) promising priority sub-sectors: “Agro-Industry”, “Textile-Confection-Leather” and “Forest-Wood ". The results of these various studies have confirmed the interest of strengthening the contribution of Small and Medium-Sized Enterprises, Social Economy actors and Artisanal Production Units (SMESEHS) to the formation of the Gross Domestic Product (GDP) through the production in quality and quantity of competitive mass consumer products on both domestic and foreign markets.

In a national economic context marked by the effects of the Russian-Ukrainian crisis and the persistence of inflationary pressures, the activity of SMESEHSs improved during the 2022 financial year. In terms of assets, the stock of SMEs is estimated at 349,722 in 2022, i.e. an increase of 7.85% compared to 2021. In terms of densification of the industrial fabric, SMEs contributed 4.45% in 2022. There is an increase in registrations of Social Economy Organizations (SEO) by 57.21%, while registrations of Artisanal Production Units (UPA) carried by women peaked at 51.38%.

The 12th edition of the Statistical Directory on Small and Medium-Sized Enterprises, Social Economy Organizations and Artisans constitutes a statistical dashboard on SMESEHS which facilitates the evaluation of the results of public policies implemented in favor of our targets to achieve Cameroon's accelerated industrialization ambitions by 2030.

The Minister of Small and Medium-sized Enterprises, Social Economy and Handicrafts

REPUBLIQUE DU CAMEROUN
Republic of Cameroon
Ministère des Petites et Moyennes Entreprises, de l'Economie Sociale et de l'Artisanat
Ministry of Small and Medium Sized Entreprises, Social Economy and Handicrafts
LE MINISTRE
The Minister

Achille BASSILEKIN III

Summary

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Acronyms and Abbreviations

…	Data not available
APE	Economic Partnership Agreements
BADEA	Arab Bank for Economic Development in Africa
BCA	Municipal Handicraft Offices
BC-PME	Cameroonian Bank of Small and Medium Enterprises
BEI	European Investment Bank
BID	Islamic Development Bank
BSTP	Subcontracting and Partnership Scholarship
CBC	Commercial Bank of Cameroon
CCA	African Community Credit
CEMAC	Economic and Monetary Community of Central Africa
CFCE	Business Creation Formalities Center
COVID-19	Coronavirus disease 2019
FCFA	Francs of the African Financial Community
ME	Medium Enterprise
MEGCD	Dynamic Computable General Equilibrium Model
MINADER	Ministry of Agriculture and Rural Development
MINPMEESA	Ministry of Small and Medium Enterprises, Social Economy and Handicrafts
SEOs	Social Economy Organizations
NGO	Non-Governmental Organization
SE	Small business
GDP	Gross domestic product
SMEs	Small and medium enterprises
SMESEHs	Small and Medium Enterprises, Social Economy and Crafts
PNPE	Edea National Business Pilot Incubator
RGE-2	General Business Census 2016
SND30	National Development Strategy 2020-2030
VSEs	Very Small Business
HPUs	Artisanal Production Unit
VA	Added Value
AfCFTA	African Continental Free Trade Area

Introduction

The economy in the world in 2022 was marked by the persistence of the effects due to the Covid-19 pandemic and the Russo-Ukrainian crisis triggered in February 2022. The slowdown, as well as the imbalances observed, favored the imbalance of the supply chain of a large number of raw materials (oil, gas, metals, agricultural commodities), thus accentuating already high inflation.

Thus, according to the forecasts of the International Monetary Fund, global growth fell from 6.2% in 2021 to 3.4% in 2022. The level of inflation fell from 4.7% in 2021 to 8 .8% in 2022.

In the CEMAC zone, economic growth was more favorable (3.8% in 2022 against 1.5% in 2021). This development can be attributed to the oil-producing countries. Cameroon is also recording an evolution in its economic growth (3.6% in 2022), although the inflation rate (6.3%) increased by 4 points compared to the level recorded in 2021. This level of observed inflation shows the importance of implementing the import-substitution policy promoted by the SND30.

In this strategy document, Cameroon emphasizes the structural transformation of its economic fabric and inclusive growth. This ambition suggests a change in the structure of the productive sector, thus ensuring the promotion of primary and secondary sectors favorable to the production and massive transformation of mass consumer products. The densification of local production aims to guarantee food self-sufficiency, limit imports of manufactured products and promote exports of products for which Cameroon has a comparative advantage.

Thus, the policy of structural transformation of the Cameroonian economy is based mainly on SMEs which constitute the bulk of its economic fabric. SMEs are an essential factor on which the Government relies to improve its trade balance surplus and guarantee the competitiveness of its economy.

To this end, the MINPMEESA, which belongs to the "Industries and Services" sector, in the achievement of the Government's objectives, intervenes through the establishment of an institutional framework promoting the improvement of the environment of SMESEHs as well as their development. . The statistical yearbook produced by MINPMEESA for several years is intended to be a decision-making tool and constitutes an instrument for monitoring and evaluating the implementation of public policies in its sector of activity. It makes it possible to assess the contribution of SMEs, SEOs and HPUs to the economy, and also to assess their contribution to the densification of the economic fabric and the implementation of public policies in favor of industrialization.

Chapter 1: Analysis of statistical data on SMESEHs

This chapter presents and analyzes statistical data on Small and Medium-sized Enterprises, Social Economy Organizations and Handicrafts Production Units.

1.1 Statistical data on SMEs

1.1.1 Analysis of Business Stock in 2022

The estimate of the stock of companies in 2022 was made on the basis of a Dynamic Computable General Equilibrium Model. This model takes into account the results of the estimations made in the 2021 statistical yearbook on SMESEHs.

Frame 1: Methodology for estimating the stock of SMEs in 2022

The method used for this estimation is the MEGCD (Dynamic Computable General Equilibrium Model). This model integrates all the agents of an economy and the various interrelations that interact with each other. Also, it makes it possible to capture the effects due to shocks such as Covid-19 and the Russian-Ukrainian crisis.

Considerations:

- Evolution of business sectors in 2022;
- Link between the GDP growth rate and the total stock of companies in the three sectors of activity;
- GDP evolution between 2009 and 2016;
- Evolution of SMEs between 2009 and 2016.

Assumptions taken into account

- The effects of the spread of Covid-19 are gradually fading through the demand channel and through the supply channel due to the measures taken by the Government;
- The repercussions of the advent of the Russo-Ukrainian conflict on economic activities in Cameroon;
- The total labour supply is exogenous and depends on the demographic growth rate of the population;
- The capital supply of each branch is exogenous and depreciates over time;
- Transfers between agents are assumed to be exogenous as well as the level of public expenditure.

Data used:

2019 Social Accounting Matrix	Foreign Trade
Standard Matrix of the Cameroonian Economy in 2019 (Macro-SAM)	Monetary and financial situation of Cameroon
Table of Financial and Economic Operations	Resource and Employment Table and data from Cameroon's national accounts for the year 2019
Balance of payment	Quantified objectives of the SND30 by 2030

The results from this model result from the resolution of a system of 28 equations presented in the appendix.

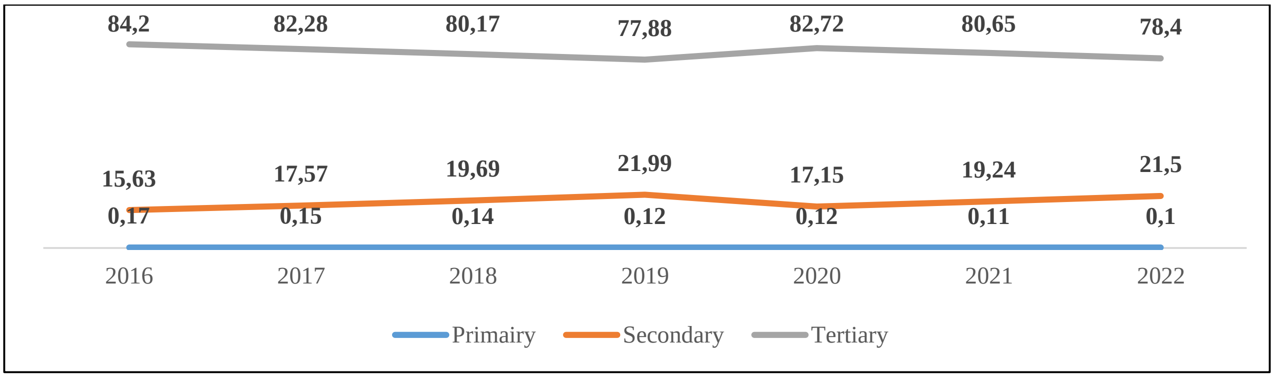
This model makes it possible to obtain the desired changes in the number of companies until 2030. These proportions are applied to the stock of companies enumerated by the RGE-2 in 2016 to obtain the values (number of companies) over the periods identified. The disaggregation of this stock according to legal form, typology and region is deduced from RGE-2. The estimate of the stock of SMEs in 2022 was made on the basis of company data for the year 2021 present in the 2021 statistical yearbook on PMEESA. From these estimates, a stock of 350,422 companies emerges, including 349,722 SMEs in 2022, which represents 99.8% of all companies present on the national territory.

Source : MINPMEESA

The results of this model make it possible to assess the evolution of the stock of companies over the period 2016-2022. Thus, there is a stock of companies estimated at 350,422 companies present on the national territory.

Depending on the sector of activity, we observe in terms of proportion an evolution of companies in all sectors. Moreover, the development in the secondary sector is more appreciated than in the other sectors over the period 2019-2022.

Graph 1: Evolution of the stock of companies from 2016 to 2022 according to the sector of activity (in %)

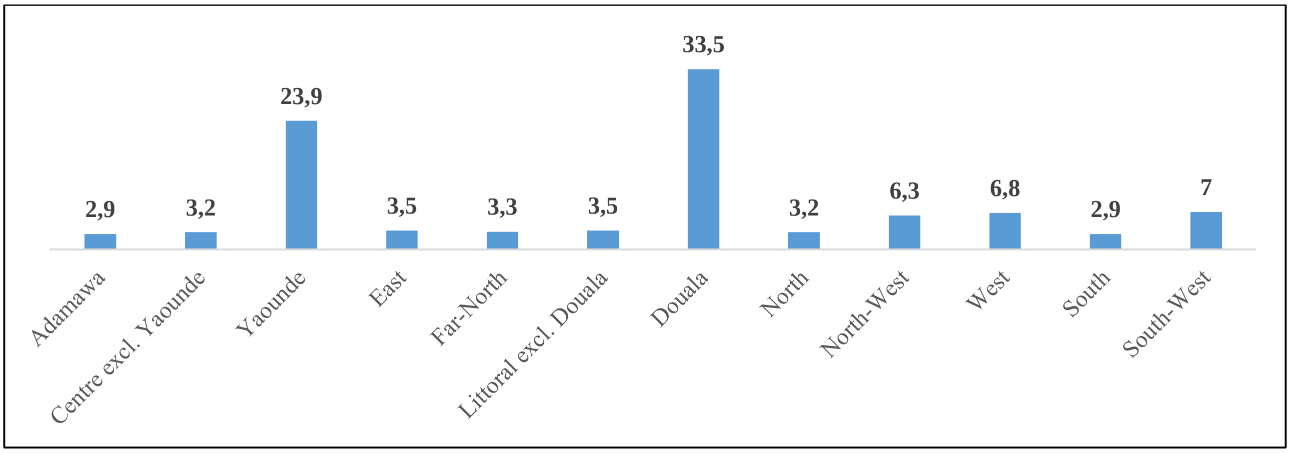


Source: MINPMEESA/our estimations

Of the companies present on the national territory, 349,722 are SMEs and represent 99.8% of the total.

According to territoriality, Douala and Yaoundé concentrate 57.4% of SMEs operating in Cameroon, including 33.5% in Douala.

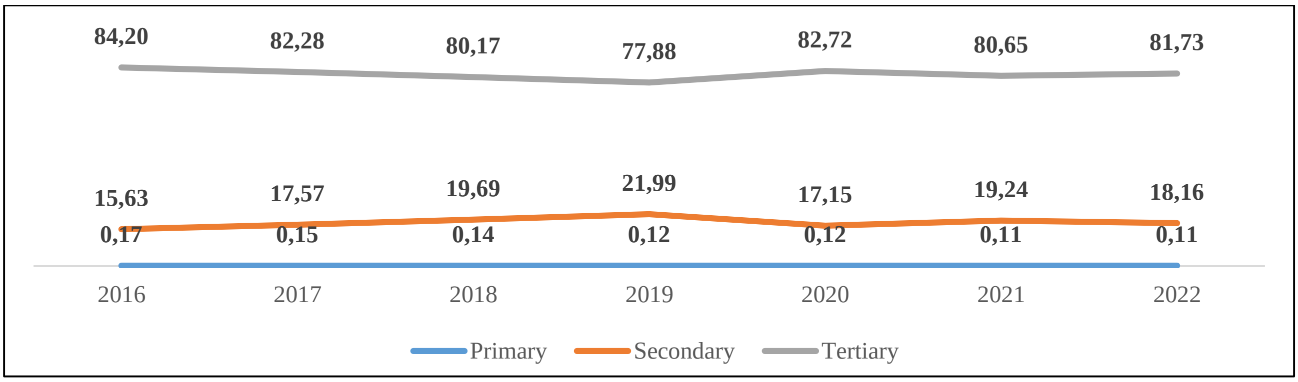
Graph 2: Breakdown of the stock of SMEs in 2022 by region (in %)



Source: MINPMEESA/our estimations

The breakdown of the stock of SMEs by sector of activity shows that they are mainly from the tertiary sector (81.73%) in 2022.

Graph 3: Evolution of the stock of SMEs from 2016 to 2022 according to the sector of activity (in %)



Source: MINPMEESA/our estimations

In the stock of SMEs in the secondary sector (18.16%), the three (03) priority sub-sectors "Agro-industry", "Textile-Confection-Leather" and "Wood-Processing" represent 38.53%.

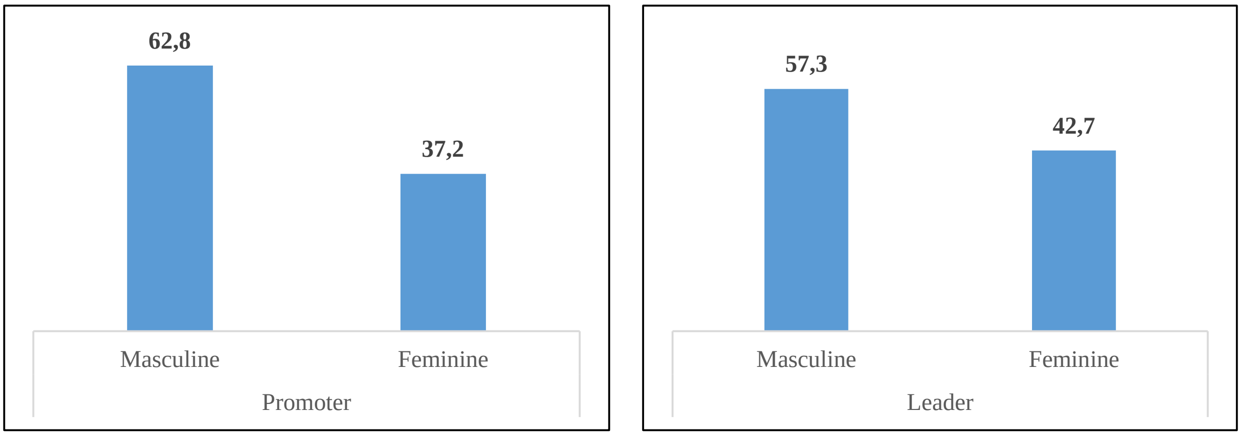
Table 1: Breakdown of the stock of SMEs by sector of activity and priority branch/sector

Sectors/Branches/Lines of activity	**2016**	**2021(e)**	**2022(e)**	
			Effective	**%**
Primary sector	**341**	**365**	**371**	**0.11**
Secondary sector	**31,695**	**62,370**	**63,520**	**18.16**
- "Agro-industry"	. . .	19,510	19,839	31.23
- " Wood-Processing"	. . .	3,309	3,379	5.32
- "Textile-Confection-Leather"	. . .	1,188	1,256	1.98
Other branches/sectors	. . .	38,363	39,046	61.47
Tertiary sector	**170 710**	**261,515**	**285,831**	**81.73**
Total	**202,746**	**324,250**	**349,722**	**100**

Source: MINPMEESA / *(e) our estimations … = data not available

According to the sex of the Promoter and the Manager, men are represented in the majority compared to women.

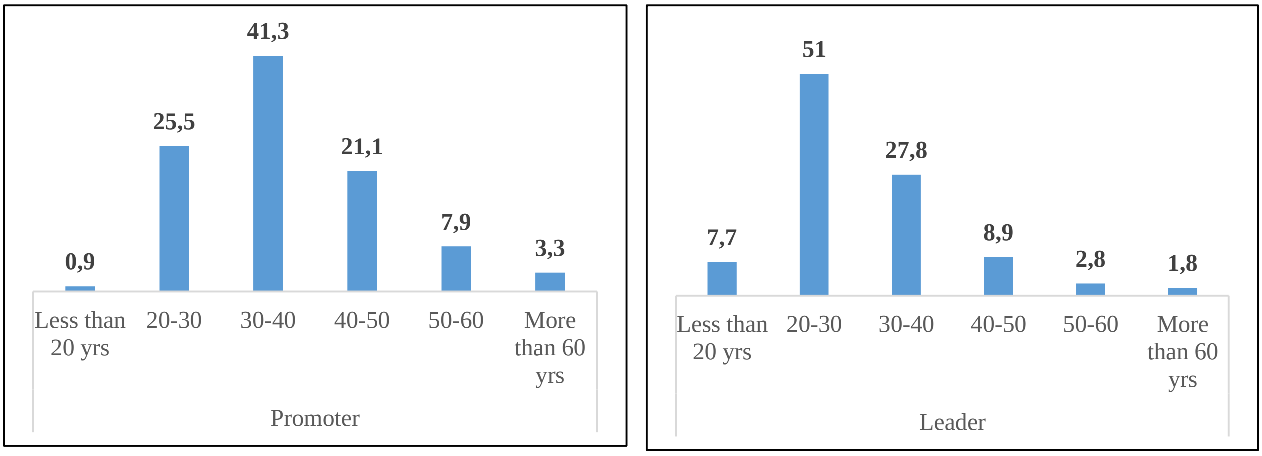
Graph 4: Distribution of the stock of SMEs by sex of promoter and manager (in %) in 2022.



Source: MINPMEESA /our estimations

Also, SME promoters are mainly included in the age bracket] 30-40[(41.3%) and Managers in the bracket] 20-30[(51%).

Graph 5: Breakdown of the stock of SMEs according to the age group of the promoter and the manager (in %)

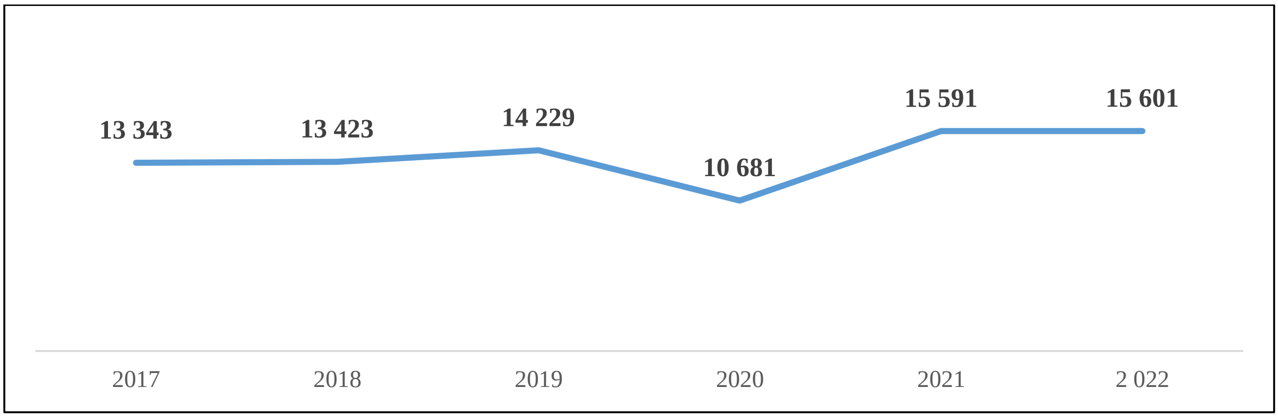


Source: MINPMEESA /our estimations

1.1.2 Analysis of SME creations

The Business Creation Formalities Centers (CFCE) represented in the ten (10) regions of the country, registered 15,601 SMEs during the year 2022.

Graph 6: Evolution of SMEs created in CFCEs between 2017 and 2022



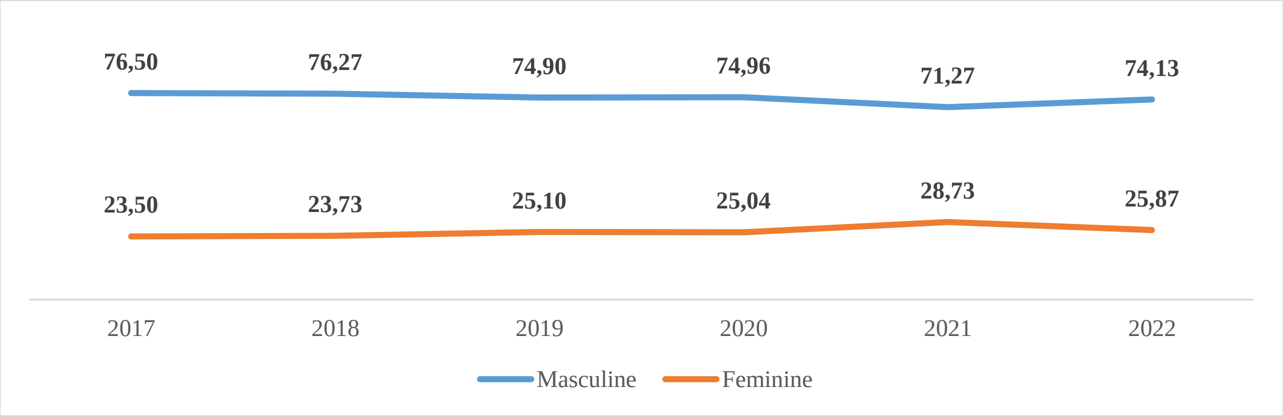
Source: MINPMEESA / CFCE (2017-2022)

After the drop in the number of companies registered in CFCEs in 2020 due to the effects of the Covid-19 pandemic, there has been a slight recovery in the process of formalizing small and medium-sized companies since 2021.

Despite the effects of the Russo-Ukrainian crisis triggered in February 2022 which created disruptions in the supply chains of certain raw materials (oil, gas, metals, agricultural commodities) favorable to galloping inflation, the recording of SMEs in CFCEs increased by 0.06% in 2022 compared to 2021. This growth is mainly observed in SMEs in the secondary (+5.57%) and tertiary (+1.32%) sectors; on the other hand, we note a drop in registrations of SMEs in the primary sector (-32.37%).

According to the gender of the promoter, in 2022 SMEs created by men are the most representative (74.13%). Also, we observe an increase in the proportion of SMEs created by men (+2.86).

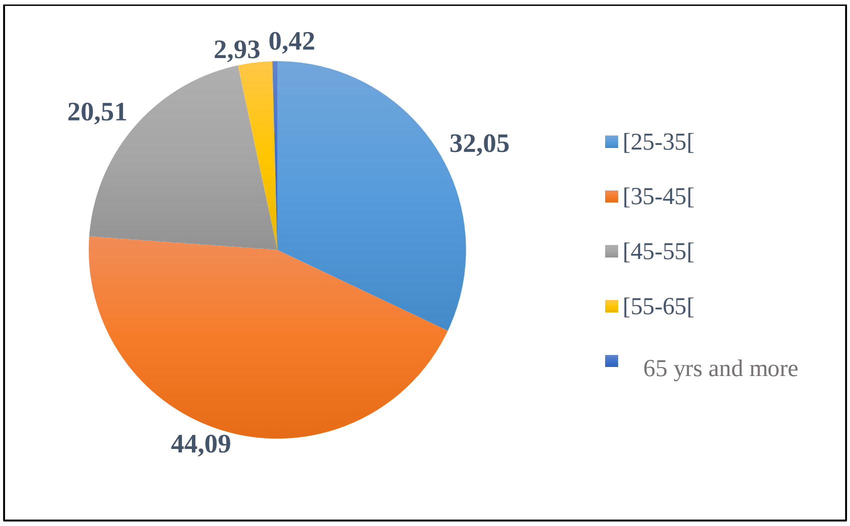
Graph 7: Evolution of SMEs created in CFCEs between 2017 and 2022 according to the sex of the promoter (in %).



Source: MINPMEESA/ CFCE 2017-2022

Considering the promoter's age bracket, the SMEs created in the CFCEs during the year 2022 are mostly in the [35-45[(44.09%) bracket.

Graph 8: Breakdown of SMEs created in CFCEs in 2022 by promoter age group (in %).

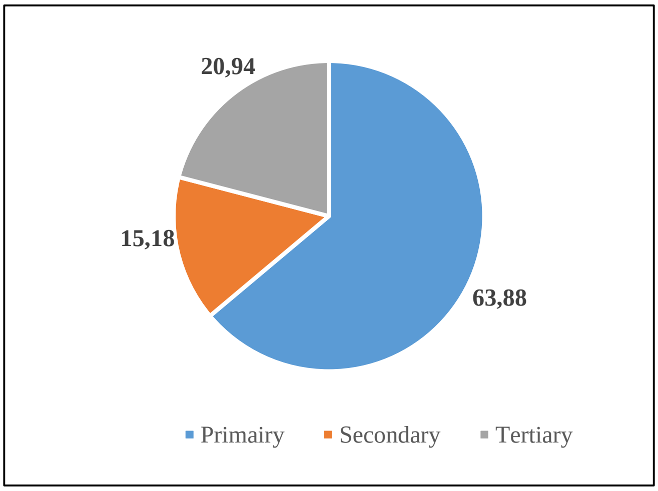


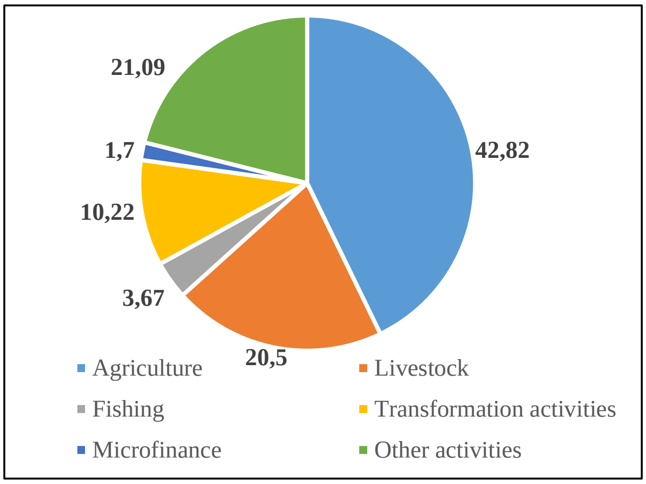
Source: MINPMEESA/ CFCE 2022

1.2 Statistical data on SEOs

In 2022, the compilation of registration data for Social Economy Organizations reports 3,405 SEOs registered [1]in the registers of MINADER services. The activities of these players are mainly organized around the primary sector (63.88%) driven by the "agriculture" branch of activity (42.82%).

Graph 9: Breakdown of SEOs registered in 2022 by sector and branch of activity (in %)





Source : MINADER 2022, our calculations

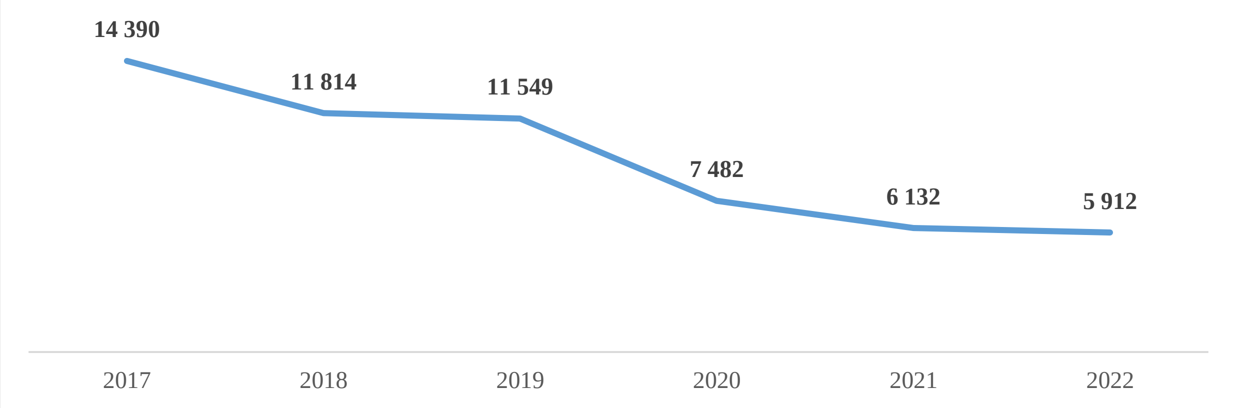
SEOs are concentrated in the primary sector and more particularly in agro-pastoral activities unlike SMEs which are dominated by the tertiary sector (83.16%). These registrations were in the majority in the South (34.07%), Center (18.27%) and Littoral (10.98%) regions.

[1] Excluding Far North data

1.3 Statistical data on HPUs

In 2022, the records in the directories of the Municipal Crafts Offices show 5,912 Artisanal Production Units recorded against 6,132 in 2021, i.e. a drop of 3.59%.

Graph 10: Evolution of HPUs registered in BCAs over the period 2017-2022.

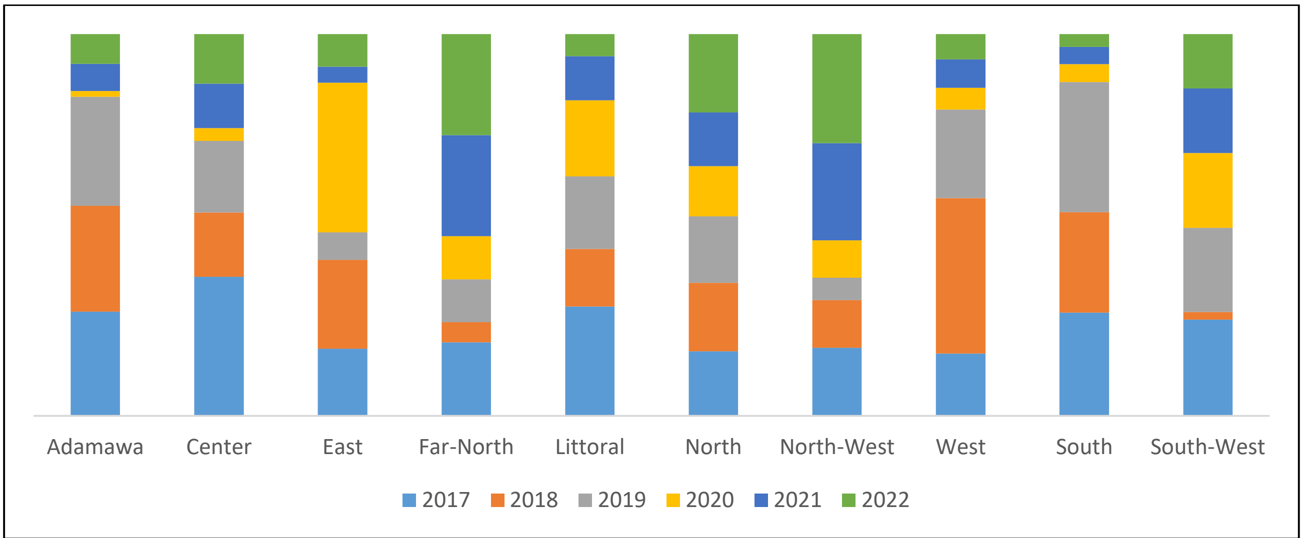


Source: Communal Crafts Offices 2017-2022

1.3.1 Analysis of HPUs registrations according to the territorial network

In 2022, HPUs registration is the majority in the Far North (26.49%), Center (16.85%) and Littoral (11.82%) regions.

Graph 11: Evolution of HPUs registered in the Municipal Offices from 2017 to 2022 by Region (in %)

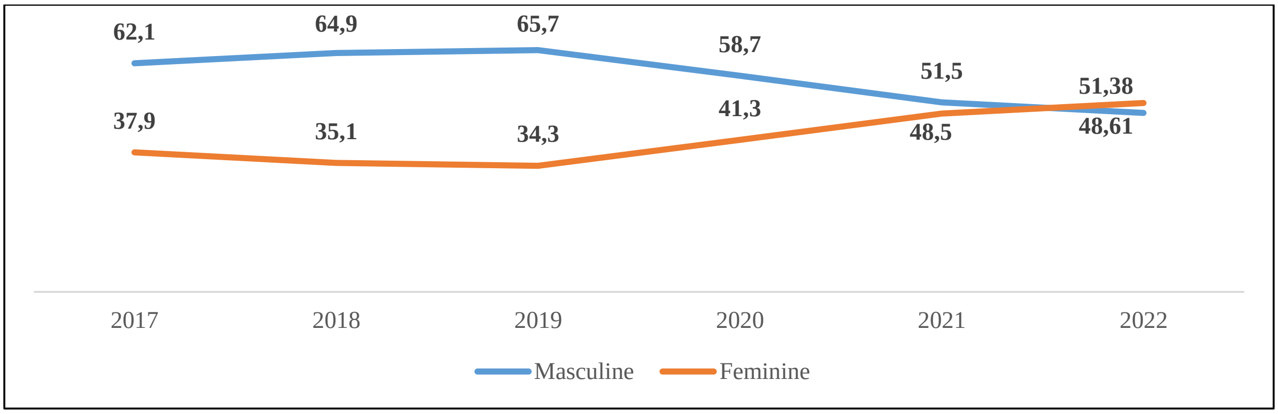


Source: Communal Crafts Offices 2017-2022

1.3.2 Analysis of HPU registrations by promoter gender

Over the period 2017-2022, we observe a good dynamic of HPU registrations carried by women. Until the year 2021, these economic entities were mainly represented by men (more than 50%). The distribution in 2022 shows that women have reached more than half (51.38%) of representation in the registration of their craft structures.

Graph 12: Evolution of HPUs registered in the Communal Offices from 2017 to 2022 according to the sex of the promoter (in %)

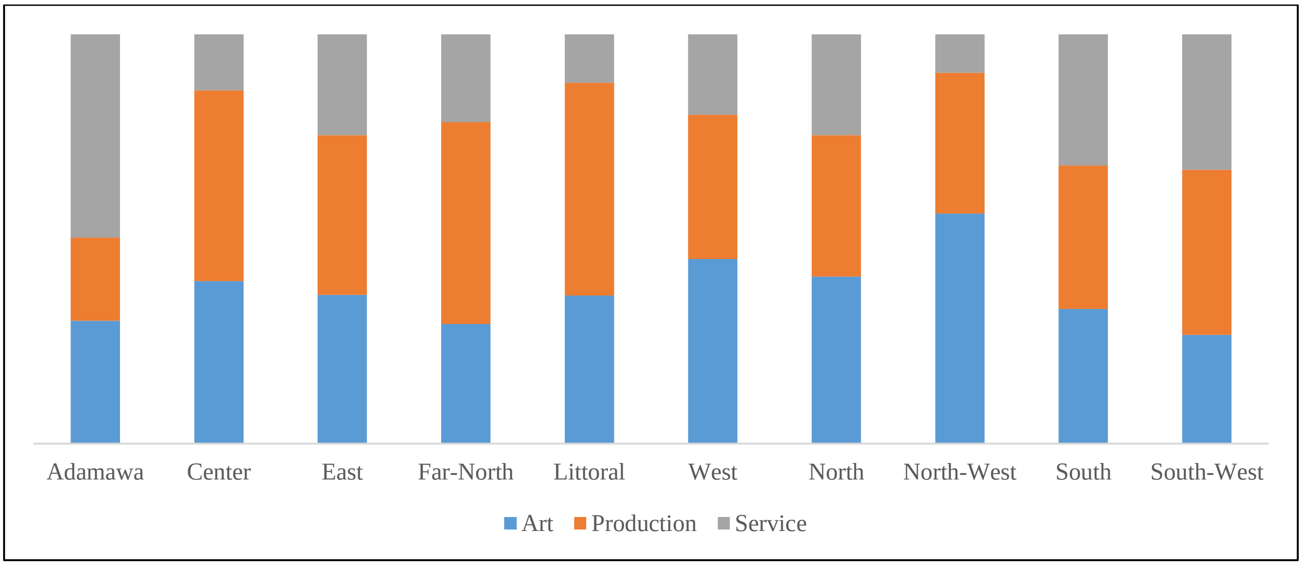


Source: Communal Handicraft Offices, 2022

1.3.3 Analysis of HPUs records according to the typology of craftsmanship

During the year 2022, the HPUs registered in the BCAs are mainly represented in production crafts (41.84%) followed by service crafts (35.42%).

Graph 13: Evolution of HPUs registered in the Communal Offices in 2022 according to the type of Craft and by Region (in %)



Source: Communal Handicraft Offices, 2022

Artisans working in production crafts are more represented in the regions of the Littoral (52.03%), the Far North (49.63%), the Center (46.59%), the South-West (40.29%), East (39.03%) and South (35.02%). Those working in arts and crafts mainly concern the North-West (56.25%), West (45.16%) and North (40.78%) Regions. Records in the Adamawa region, on the other hand, are dominated by service crafts (49.66%).

Chapter 2: Contribution of SMESEHs to the economy

2022 was marked by a gradual recovery from the effects of the Covid-19 pandemic. However, this recovery was not consistent due to the Russo-Ukrainian crisis which destabilized the supply circuits of certain raw materials and thus contributed to the rise in the price of certain products on the national market.

2.1 Summary of the economic situation of Cameroon in 2022

Cameroon's economic growth in 2022 is estimated at 3.6%, identical to the level of GDP growth recorded in 2021. This growth is driven by activities in the primary sector (+4.8%) and the tertiary sector (+ 5.0%). The secondary sector, on the other hand, contributed 0.6% to this growth (after 3.2% in 2021.

The low contribution of the processing sector would be influenced by the Russo-Ukrainian crisis generating inflationary pressures on certain raw materials, in particular fuel, gas, wheat and fertilizers. The production and export of these raw materials are mainly ensured by the countries in conflict; and Cameroon is almost a net importer of these products.

In 2022, the inflation rate is 6.3% after 2.3% in 2021. This inflation is driven by the rise in the prices of food products (+12.9%), in particular bread and cereals (+16 .3%), oils and fats (+27.0%), meats (+12.2%), as well as fish and seafood (+14.4%). Also, restaurants and hotels (+6.3%), furniture, household items and routine household maintenance (+5.6%) also contributed to the level of inflation in 2022.

2.2 Endogenous and exogenous shocks recorded in 2022 and their effects on the Cameroonian economy

Three (03) major crises have hit the world economy and their impact on the Cameroonian economy has been felt since 2020, starting from the Covid-19 pandemic, climate change and the Russo-Ukrainian crisis. The evolution of the major macroeconomic aggregates is changing and since 2020 there has been a drop in the economic growth rate compared to forecasts. Also, strong inflationary pressures are recorded on most mass consumer products. These effects lead to the interest of strengthening the local production of products for which Cameroon has a comparative advantage in order to limit imports which bring the inflation rate to a level higher than the norm of the CEMAC zone.

The ambition to bring the Cameroonian economy to its industrialization by 2030 as advocated by the SND30 requires having an industrial fabric capable of promoting real GDP growth of 10% in 2030.

Small and Medium Enterprises (SMEs) main targets challenged by the Cameroonian industrialization model because of their weight in the industrial fabric (99.8%) have suffered since 2020 the harmful consequences of the Covid-19 crisis which has generated a drop in the level of activity and a drop in the jobs created.

The recovery in 2021 has been quite slow because although the funds deployed by the Government and the Technical and Financial Partners in response to the crisis have enabled certain companies to recover the costs of the inputs (fertilizers, raw materials, etc.) necessary for industrial production increased giving way to the birth of an uncontrollable inflation induced by imported inflation. As for the climate, it was not the most favorable to reverse the trend and allow reaching the level of agricultural production necessary to meet local consumption needs. The onset of the Russo-Ukrainian crisis contributed to strengthening the growth of inflation.

Faced with these findings, it is necessary to strengthen support for SMEs to make global crises (covid-19, climate, and Russian-Ukrainian crisis) opportunities for Cameroon through green, inclusive and sustainable transformation.

The effects of the recorded shocks were most numerous, among others we can mention:

- **the soaring food prices that are likely to persist**

From the fourth quarter of 2021, Cameroon experienced a general increase in prices (Inflation set at 2.3%) on most mass consumer products. Moreover, this inflation was most noticeable on food products and non-alcoholic beverages (wheat, oil, milk, meat, fish, etc.).

A rather worrying situation for households who have seen their purchasing power decline.

In 2022, this inflation continues to grow due to the drop in production recorded in the countries (Ukraine-Russia) in conflict known as the main producers and exporters of cereals in the world; and stands at 6.3%.

- **inflation in the prices of energy products (gas, electricity, hydrocarbons)**

The IMF statistics on the evolution of world energy prices attest to a much greater increase than for agricultural prices, with in one year, a multiplication by five of the price of gas, by three for coal and by two for oil. This rise, before the start of the Russo-Ukrainian crisis, was mainly due to strong demand from China and the post-Covid-19 economic recovery of economies worldwide.

Cameroon should, because of its price freeze policy, experience an increase in fuel price support at the pump which had been evaluated in the Finance Law (LF) 2022 at 120 billion FCFA, for a price per barrel estimated at $61. However, the price of crude oil, which opened the year 2022 at nearly 77 dollars per barrel, has been on an upward trend, and specialists are forecasting a level well above 100 dollars at the end of the year. 2022.

- **The increase in public debt**

Public debt has risen considerably over the past 18 months as governments have been forced to borrow to finance their response to Covid-19 and stimulus measures to mitigate the economic impact of restrictions taken to curb the pandemic. The public debt/GDP ratio for the entire African continent is at its highest for twenty years, at more than 65% against 60% at the end of 2020.

The IMF estimates in its debt sustainability analysis that 22 countries in sub-Saharan Africa are in a delicate situation in terms of debt sustainability; Cameroon is at high risk.

- **The employment sector hard hit**

Since 2020 companies have been strongly affected by the health crisis, compliance with the barrier measures enacted by the Government has also favored the drop in the level of activity of companies which for the most part (VSEs/SMEs) have experienced the cessation of their activities. . Informal economy players also have mostly lost market share; many companies have closed, others have carried out restructuring with job cuts or the suspension of the operation of important branches of their activities. The unemployment and underemployment rate has risen worryingly, leaving thousands of young people ready to offer their labor force on the margins of society.

- **Growth sectors hard hit**

With regard to the agroindustry sector, the country should register a significant increase in the prices of certain inputs, such as wheat, barley and corn. Indeed, Cameroon imported 966,400 tons of wheat in 2021, an increase of 106,400 tons (+12.30%) compared to 2020 for an outflow of foreign currency of 182.7 billion CFA francs. Such a development is likely to induce a rise in producer prices in several branches of activity, as well as inflationary pressures on certain consumer products. The branches directly exposed are in particular: flour milling, the main input of which is wheat; bakeries whose main input is wheat flour; the brewing industries, which import barley and corn; industries producing pasta, biscuits, etc. who use wheat flour as inputs.

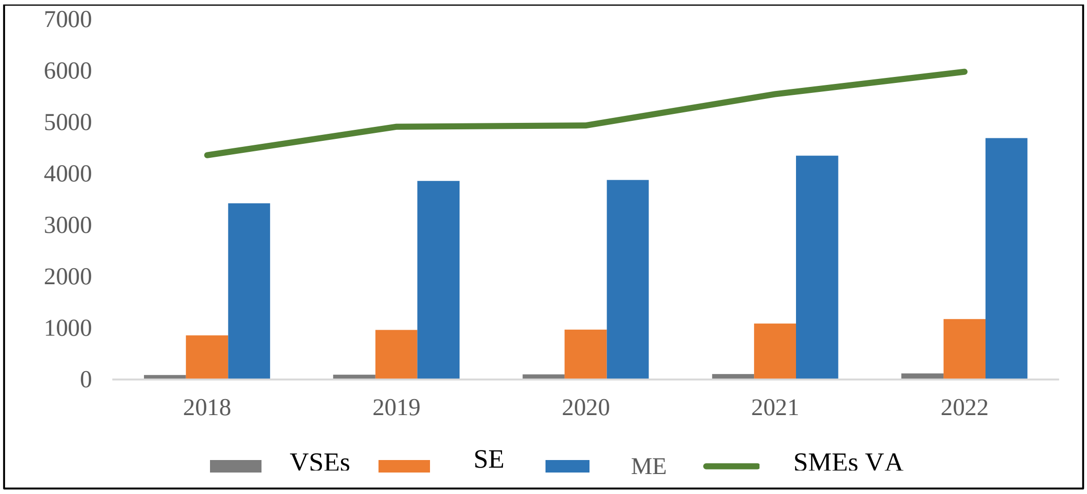
With regard to the agro-pastoral component, we could notably see: (i) an increase in the price of agricultural inputs, especially imported fertilizers; (ii) a fall in the prices of some of our main exported agricultural products (cocoa, coffee, bananas, etc.). After the start of this crisis, the prices of chemical fertilizers, of which Russia is one of the world's main exporters, quickly soared. This situation should lead to higher production costs in the agricultural sector, resulting in an increase in the prices of agricultural products on the local market. This should also encourage an increase in household consumer prices and a deterioration in household purchasing power. It should also be noted that due to Covid-19, the price of fertilizers had already increased by almost 80% in 2021.

All these negative influences have had the final consequences: the slowdown in economic growth and social progress in the territory, the questioning of the economic models in force, the fragility of social balances. This situation, which generates new challenges, requires a global repositioning integrating the social and the economic in a perspective that is more real than speculative.

2.3 Description of the contribution of SMEs to GDP

Over the period 2018-2022, we observe a growth in the Added Value of SMEs. Also, although SMEs are mainly represented by VSEs (79.36%), the share of VSEs in the Added Value of SMEs remains marginal (1.90%). Furthermore, Medium-Sized Enterprises, which represent 1.32%, mainly contribute to this Added Value (78.50%).

Graph 14: Evolution of Added Values of SMEs over the period 2018-2022



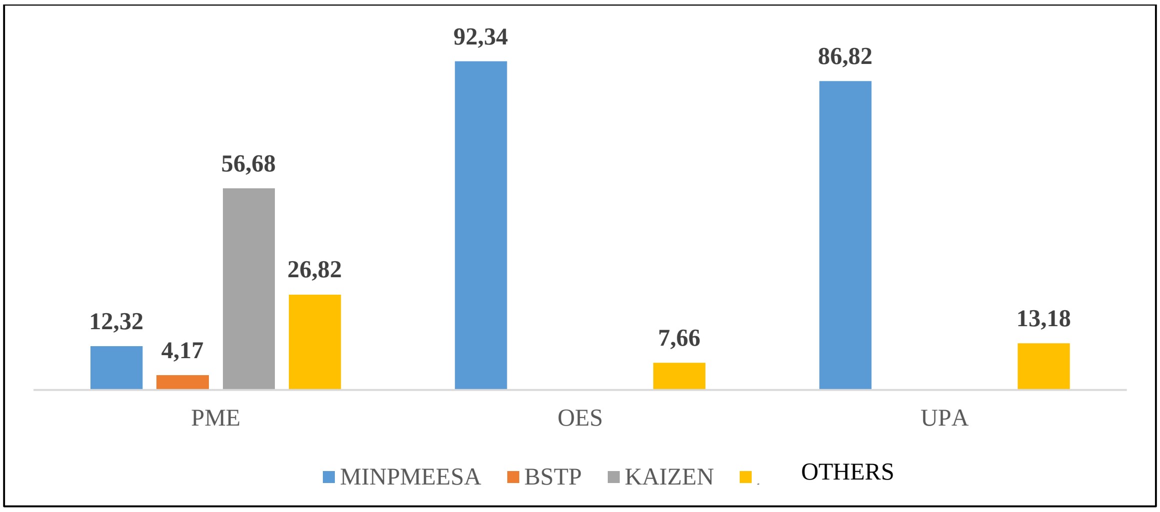
Source: MINPMEESA /our estimations

2.4 Contribution of public policies in favor of the development of SMESEHs

Improving the contribution of SMESEHs to the economy is also materialized by the actions that MINPMEESA and its subordinate and attached structures carry out in favor of their development.

Specifically, this support is essentially technical and financial. In terms of technical support, they mainly concern technical and managerial capacity building for SMEs, SEOs and HPUs.

Graph 15: Proportion of SMEs, SEOs and HPUs having benefited from technical support in 2022



Source: MINPMEESA /our estimations

With regard to financial support, the MINPMEESA granted during the year 2022 a subsidy in the amount of one hundred million (100,000,000) CFA Francs to finance the projects of 12 incubated from the National Pilot Nursery of 'Companies of Edea. In addition, the Cameroonian Bank of Small and Medium Enterprises (BC-PME) has released ten billion nine hundred and forty-two million seven hundred and three thousand four hundred and forty-three (10,942,703,443) CFA francs of loans to 434 companies during the year 2022.

During the year 2022, MINPMEESA with the support of external partners contributed to the opening of lines of credit with commercial banks for the financing of SMEs. It is mainly about:

- eighteen billion (18,000,000,000) CFA francs made available by the European Investment Bank to the Commercial Bank of Cameroon (CBC) and the African Community Credit (CCA) for the financing of SMEs in the sectors industry, agriculture, trade and services;
- eighteen billion nine hundred million (18,900,000,000) CFA Francs made available by the Arab Bank for Economic Development in Africa (BADEA) to strengthen the resilience of SMEs, VSEs and startups in the face of the negative consequences of COVID- 19.

Also, a number of initiatives undertaken in 2022 are still being implemented to facilitate access to financing for SMESEHs activities. It is:

- the digitization, capacity building and working capital improvement project for VSEs/SMEs through factoring in Cameroon, in partnership with BLUPASS;
- the establishment and operationalization of the SME Promotion Fund;
- review of the NGO's financing offer for SMEs.

Chapter 3: Challenges and outlook for SMESEHs

3.1 Challenges for SMESEHs

The low productivity of the main consumer products has contributed to the increase in product prices on the national market. In 2022, there is also an increase in the level of industrial producer prices of 13.3% compared to 2021. This increase could explain the level of inflation observed on local products.

Thus, several challenges are imposed on SMEs, which constitute 99.8% of the economic fabric, on SEOs and craftsmen in the sense of making available in quantity and quality products that can replace the main products that weigh down the Trade Balance and for which the country has comparative advantages.

3.1.1 Main challenges

The main challenge for Cameroon in response to the crisis is the implementation of the real policy of the mix import substitution/promotion of exports which requires the promotion of vigorous and sustained growth over time in order to confer on Cameroon the status of New Industrialized Country (NIC).

To this end, the possible challenges are:

- **(i)** support for the production and processing of consumer products;
- **(ii)** the establishment of appropriate and dedicated mechanisms for financing businesses;
- **(iii)** revitalization of priority growth branches/sectors;
- **(iv)** strengthening the competitiveness of enterprises;
- **(v)** strengthening debt management and reducing debt vulnerabilities;
- **(vi)** implementation of structural reforms to accelerate economic diversification, strengthen resilience and financial inclusion, promote gender equality and a greener economy;
- **(vii)** revitalization of regional integration in order to take advantage of economies of scale, particularly in the production and supply of certain crops and inputs;
- **(viii)** strengthening the system for monitoring, alerting and analyzing the risks of the occurrence of headwinds (fall in commodity prices, fragility of supply chains, drop in demand, pandemics, exchange rate risk, rigidities in the world supply of certain inputs, etc.).

3.1.2 Key Considerations

To achieve this, a number of considerations are essential, including:

- **Invest in people** , by protecting, improving and increasing investments in human resources, including through increased spending on education and skills development, building pandemic-responsive health systems, developing safety nets and strengthening national data collection systems to measure progress in human capital;
- **Accelerating the energy transition,** with measures to ensure universal access to affordable, reliable, sustainable and modern energy for all by 2030. These measures include mobilizing public and private investments, strengthening the local market for the energy trade and promote investment in low-carbon energy;
- **Develop transport infrastructure** capable of meeting the needs of industry. The implementation of the industrialization process requires the existence of high-performance infrastructure networks that will facilitate trade and promote accessibility and connectivity of SMESEHs to markets;

- **Accelerate digitalization,** stepping up efforts to achieve universal access to broadband connectivity by 2030. This will involve investing in infrastructure and in policy and regulatory reforms. The need to encourage strong involvement of the private sector in cross-cutting projects on the digital economy was reaffirmed;
- **Strengthen food security response mechanisms,** with actions including addressing issues such as fragility, climate change, environmental degradation, revitalizing ecosystems, and improving agricultural productivity and supply chains value. The aim is for Cameroon to produce, sell and export affordable and climate-resilient food, and to be less dependent on food imports.
- **Accelerate local product standardization processes;** within the framework of the implementation of the import-substitution policy and taking into account the opportunities of the Economic Partnership Agreements (EPA) as well as the African Continental Free Trade Area (AfCFTA) which constitute levers for development regional and inter-regional markets, the Cameroonian economy should have an economic fabric made up of a competitive private sector. Thus, the products to be put on the market should be able to replace imported products in quality and quantity.

3.2 Outlook

The persistence of the effects due to the Russo-Ukrainian crisis and the weak local supply of manufactured goods for mass consumption could induce an increase in the inflation rate already above the CEMAC standard. This situation would therefore lead to an increase in production costs, a drop in household purchasing power and uncertainties associated with the risk of the unsustainability of the hydrocarbon subsidy which could generate investment opportunities for Cameroonian companies aware of the situation of the year 2023.

3.2.1 Promotion of local production; innovations of the 2023 Finance Law

In response to this international situation, which has remained favorable to inflation in 2022 and has a considerable impact on the activity of SMESEHs, certain measures are envisaged by the Government for the year 2023 in favor of stabilizing the prices of petroleum products and industrial gas aimed at improving the activity of the production units.

In addition to these measures, there are those related to the exemption from tax and customs taxes on the import of certain products provided for in the 2023 Finance Law, the suspension of the port fee, the reduction in the cost of freight to be included in the customs value, the suspension of the prepayment of the purchase on several products and the dismantling of illegal roadblocks to reduce the costs of transporting agricultural products to the markets.

3.2.2 Increase in the supply of financing for SMESEHs

In addition to the financial support measures negotiated with the Technical and Financial Partners where very recently the Cameroonian Government obtained from the African Development Bank Group a line of 62.99 million Euros, to support companies in the agricultural sector for the production of rice, maize, sorghum, millet, soybeans, palm oil, potatoes and market garden products, the Government has also temporarily suspended the export of certain products (vegetable oil, cereals) to neighboring countries, as well as promotional sales campaigns at low prices throughout the national territory.

These measures, to which is added the approval of a list of basic necessities before any sale on the national market, are with a view to encouraging the production and competitiveness of local products.

These actions are a response to the orientations of the Head of State in his speech of December 31, 2022, which focused on the promotion of "Made in Cameroon" in order to strengthen local production and optimally exploit the various opportunities of the African Continental Free Trade Area.

Conclusion

In 2022, the economic situation at the national level was marked by the effects of the Russo-Ukrainian crisis and the persistence of inflationary tensions which led to a reduction in household purchasing power and increased production costs for companies, inducing a net slowdown in economic activity. In this regard, the national accounts for the 3rd quarter of 2022 recorded GDP growth of 3.6% year-on-year.

In this 12th edition of the Statistical Yearbook on SMESEHs, it appears that the stock of businesses in Cameroon is estimated in 2022 at 350,889, including 349,722 SMEs. The structure of its actors has not fundamentally changed since the 2nd General Census of Companies (RGE-2) in particular with the concentration of companies in the two metropolises Douala and Yaoundé and a preponderance of Individual Companies (97%) and SMEs working in the tertiary sector (81.73%).

In terms of creation, there are 15,601 companies created in CFCEs in 2022 across the national territory, mainly Sole Proprietorships (52.97%); VSEs are the most represented (83.73%); the most enterprising age group is between 35 and 45 years old. Also the majority of business promoters in 2022 are male. However, there is good momentum in female entrepreneurship over the period 2017-2022 with an increasing trend in the number of businesses created by women over the period.

As for Social Economy actors, there are 3,405 SEOs registered in 2022. Their activities are mainly in the primary sector (63.88%) and oriented towards agriculture (47.88%). The South region has the highest number of OES registrations (34.07%) in 2022.

The number of Artisanal Production Units registered in the Communal Registration Offices is 5,912 in 2022. Compared to the previous year, this figure is down by 3.59%. These registrations are more important in the Far North region (26.49%) and we observe a good dynamic in the registration of HPUs carried by women (51.38%).

The statistical data on SMESEHs in 2022 show an overall change of 7.85% in the stock of SMEs compared to 2021. In addition, the contribution of SMEs to the densification of the economic fabric stands at 4.45%, while OES registrations increased by 57.21%, while those of HPUs carried by women stood at 51.38%.

The analysis of statistical data on SMESEHs illustrates an improvement in the level of activity of SMESEHs in 2022. However, the fairly increased inflation rate (6.3% in 2022) and driven by food products (+12.9 %) in particular breads and cereals (+16.3%), oils and fats (+27.0%), meats (+12.2%), as well as fish and seafood (+14.4 %) could negatively influence the activity of SMESEHsfor the next year due to the increase in the cost of the inputs necessary for production.

In terms of prospects, the Government is considering for the year 2023 and provided for in the 2023 Finance Law the following incentive measures:

(i) exemption from fiscal and customs duties on the import of certain products;
(ii) the suspension of the port fee;
(iii) reduction in the cost of freight to be included in the customs value;
(iv) the suspension of the withholding tax on the purchase of several products;
(v) the dismantling of illegal roadblocks to reduce the cost of transporting agricultural products to markets.

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APPENDICES

Appendix 1: Definition of SME according to the Law

The classification of companies by type 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. According to this law:

• **A Very Small Enterprise (VSE**) is a company with no more than 5 employees and whose turnover is less than 15 million FCFA;

• **A Small Enterprise (SE)** is a company whose number of employees is between 6 and 20 with a turnover of between 15 and 250 million FCFA;

• **A Medium Enterprise (ME)** is a company whose number of employees is between 21 and 100 with a turnover greater than 250 million and less than or equal to 3 billion FCFA.

Appendix 2: Definition of craft sectors according to the Law

(1) **Craftsmanship** consists of all the activities of extraction, production, transformation, maintenance, repair or provision of essentially manual services and exercised as a main activity.

Craftsmanship is subdivided into three sectors, namely:

• **Arts and crafts**: Trades in the arts and crafts sector are characterized by the manufacture and marketing of objects having essentially an aesthetic and cultural value, and revealing a good use of natural resources as well as a refinement in the presentation of forms and the expression of beauty;

• **Production craftsmanship**: Production craftsmanship concerns the manufacture of everyday goods, but without recourse to industrial standardization, through the exclusive or dominant use of manual shaping.

• **Service trades**: Service trades concern the distribution on a small scale of everyday necessities, as well as the provision of small services necessary for ordinary life.

(2) **A craftsman** is any self-employed person who exercises an activity and assumes full responsibility for its direction and management, while participating himself in the work.

(3) **A craft enterprise** is any unit carrying out a craft activity employing less than ten (10) employees, and realizing a minimum investment of one (1) million FCFA.

Appendix 3: Editorial team

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