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# ECONOMIC AND STRATEGIC INTELLIGENCE NOTE

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## **CAMEROON, THE EPAs, THE AfCFTA, AND THE BRICS : TIME FOR OPPORTUNITIES AND DECISIONS, FOR A NEW ECONOMIC VISION OF CAMEROON**



**T**he world is moving. In fact, it is moving too fast. The national and international context is in a constant state of evolution, albeit at varying degrees. This situation is a cause for concern to us.

With this reality, over which individuals and even organizations such as States do not always have control, the only way to survive is to build the capacities and the skills to constantly adapt, readjust and even reinvent in order not to disappear. As on a bicycle, the unstable balance has become the guarantee and the sine qua non condition to ride on and move forward.



**APE**

Contrary to the general rhetoric widely spread by some politicians, and other economic institutions (BEAC), it is no longer or not about being resilient, but being at the right position. Indeed, in our humble opinion, resilience is not a long-term development objective. Resilience is not avoiding decline or the worst, and success is not obtained if the objective is not achieved!

Thus, modern management approach now requires that we take into account, in near real time, factors (internal and external) that are likely to influence the course determined. Once the parameters and input variables are no longer stable over time and space, the integrating function itself should embrace this dynamic and unstable nature in the medium and long term. Just like other countries across the world, Cameroon is concerned.

In this regard, the reference frameworks that serve as a compass for the Cameroonian economy should not be an exception. It is this point that we buttressed during the Cameroon Prospective Day organized by MINEPAT on 02 and 03 August 2023 in Yaoundé that we are trying to substantiate in the following lines ■





**L** The latest news on the BRICS (and to a lesser extent, the situation in Gabon) gives us further reasons to re-extend to decision makers and to the national community this invitation to (re) invent our immediate and distant future in order not to miss a historic opportunity and compromise the future of generations to come. What are the “weapons,” capacities and skills that Cameroonian youths must have to be able to compete without fear or shame at a regional African and global scales in 2030, 2040 and beyond?

This is the humble reflection that we intend to trigger in this September 2023 edition of the economic and strategic policy note at the time when the start of the new school and academic year is the focus and the concern of the entire national community. May this other call find a place in the agenda and the files of parents and students, each at their level.



*Bilateral Economic partnership agreement with United Kingdom*



## I. Some chronological benchmarks

\* **2009.** Adoption of Cameroon’s long-term Vision, emergent Cameroon in 2035/ Cameroon, an emergent, democratic and united country by 2035, a 25-year journey.

\* **2010.** Launch of the first phase of the Vision: the Growth and Employment Strategic Paper (GESP) is intended for the period 2010–2019, that is 10 years. But in 2015, the GESP is absorbed by the PLANUT<sup>1</sup>, initially scheduled to run from 2015 to 2017, and is still not completed by 30 August.

\* **2014.** Signing of the Economic Partnership Agreement (EPA) with the European Union. The EPA is a trade agreement signed between Cameroon and the European Union on 15 January 2009, implemented in 2014, but which came into effect in 2016.

\* **2015.** Official extension of the deadline for the Millennium Development Goals (agenda 2015 of the MDG) for Cameroon to 2020. At the initial deadline, two (02) targets out of 18 were achieved in 2015 and seven (07) had encouraging prospects of being achieved in 2020. Three of the eight targets were still in a critical zone (1, 4, 15). MDG 2 and MDG 3 had the best chances of achievement. Target 6A “halt and begin to reverse the spread of HIV/ aids” is one of the best victories obtained so far<sup>2</sup>.

<sup>1</sup> - Decree no 2014/575 of 19 December 2014 sets up a committee to follow up the implementation of the Emergency Three-year Plan for Growth Acceleration (2015-2017) placed under the authority of the Prime Minister, with 09 project managing departments! The results are mixed and has not yet been terminated in 2023

<sup>2</sup> - Visit by Dr. John Nkengasong, Coordinator of the US government program on HIV/Aids.

In September 2015, the UN Agenda for Sustainable Development Goals (SDG-17-169-230) was adopted. As far as we are concerned, the midterm evaluation till date (pending the official figures published by the NIS and the Government) is not promising.

\* **2016**, on August 04, the Cameroon/EU bilateral EPA enters into force. Cameroon anticipates the CEMAC/EU community agreement. This agreement provides the entry into the Cameroonian market of goods from the EU in three stages that corresponds to the three product groups to be liberalized according to their nature. Cameroon has 13 years, spread over 03 phases, to lift customs duties on goods imported from the EU.

\* **Late 2016**. Currency crisis in the CEMAC zone and the return of Structural Adjustment Programmes (SAP) under a “softer” name: Extended Credit Facility (ECF). Following the extraordinary summit of the sub-region’s heads of States in Yaoundé in December 2016, an economic programme<sup>3</sup> is set up under the supervision of the IMF, the World Bank, the AfDB and other TFPs. The GESF is again suspended with the adoption of a revised version for the 2018-2020 period. The result is known! Since then, Cameroon remains under economic programme with the supervision of the IMF and the other TFPs. How can a country with ambitions of emergence reconcile short term requirements with the IMF’s close surveillance and its expansion options? It is the beginning of the end<sup>4</sup>...

\* **2017**. IMF’s Approval of the new economic and financial program underpinned by a new instrument known as the 2018-2021 Extended Credit Facility.

\* **2019**. Ratification<sup>5</sup> of the African Continental Free Trade Agreement (AfCFTA). Fifty-four African States signed the AfCFTA, which entered into force on 29 April 2019 when the threshold of 22 countries having ratified the Agreement was reached.

Cameroon is among the 08 countries that have agreed to “test the operational, institutional, legal and commercial policy environment of the AfCFTA”. These countries include *Tunisia, Ghana, Rwanda, Tanzania, Kenya, Egypt and Mauritius*. While we expected the consequences of the Russia-Ukraine war that shook the African continent to be a lever for boosting intra-regional trade through the implementation of the AfCFTA<sup>6</sup>, the machine seems to be struggling to get off the ground. To put things plainly, only 96 goods out of an initial list of over 5,000, including food supplies, have been selected, that is less than 2%. Within this framework, Cameroon received on 17 July 2023 (two years after the launch) its first shipment of resin from Tunisia at the Kribi autonomous port.

In terms of exports, the very first AfCFTA certificate of origin for goods manufactured locally by GIC AFATEX was issued on 6 October 2022 by the Chief of the Douala Airport Main Customs Office. The said goods, weighing a total of 155 kg bound for Ghana, were made up of ginger tea, safous and dried pineapple. As of September 15, 2023, the results remain very modest, if not mixed, in our view.

\* **2020**. Outbreak of the global Covid’19 pandemic. The foundations, achievements, and beliefs of the entire world were upset. The humanity recognized its fragility and its vulnerability. Nothing will never be the same again! It was a historic milestone. From now on, there will be a before and after Covid’19.

\* **2021**. Official launch of the second phase of the 2020-2030 Vision dubbed National Development Strategy 2030 (NDS30).

<sup>3</sup> - Extended Credit Facility 2018-2021

<sup>4</sup> - See CAMERCAP-PARC, Brief Economic Policy Note No. 07, June 2021

<sup>5</sup> - Decree No. 2019/586 of 31 October 2019, ratifying the Agreement creating the African Continental Free Trade Agreement (AfCFTA).

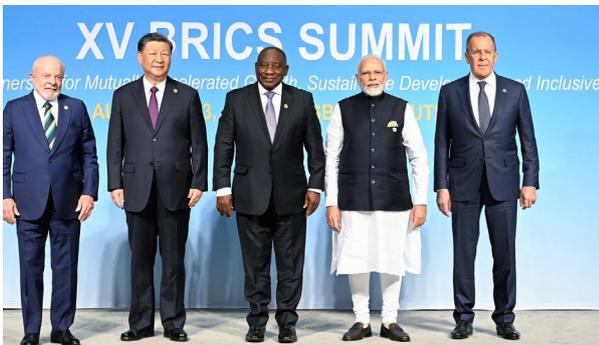
<sup>6</sup> - See CAMERCAP-PARC Economic and Strategic Note No. 03 of 07 April 2022



\* **2022** (February 24). Outbreak of the Russian/Ukrainian war. The conflict triggered one of the global inflationary tensions and the scarcity of basic products including wheat and other goods creating risks of food insecurity especially in Africa.

\* **2023**. On 05 July 2023, during the seventh meeting of the Cameroon-European Union EPA Committee in Yaoundé, Cameroonian officials (MINEPAT) admitted that the overall balance sheet for the Cameroonian economy, midway of the 13-year dismantling process, was negative.

\* **August, 2023**. 15<sup>th</sup> BRICS summit that culminated with the integration of six (06) new members to make 11 full members states: *Brazil, Russia, India, China, South Africa, Iran, Argentina, Egypt, Ethiopia, Saudi Arabia and the UAE*. A new world order is underway with the Adoption of the Johannesburg II Declaration: “BRICS and Africa: Partnership for mutually accelerated growth, sustainable development and inclusive multilateralism.”



### Textbox 1 : 2023 BRICS Declaration

The commitment to strengthen and improve global governance by promoting a more agile, effective, efficient, inclusive, democratic, and responsible international and multilateral system” on the one hand, and the call for greater representation of emerging markets and developing countries in international organizations and multilateral forums in which they play a major role.

We also call for a greater role and share by women from emerging developing countries at various levels of responsibility in international organizations” among others.

On the issue of exchange currency, the BRICS leaders affirm their desire to improve the stability, reliability and fairness of the global financial architecture, by creating a transaction currency between member countries of this group, and hence of associate and partner countries...

(...) they agree to ask finance ministers of BRICS and/or central banks governors, as appropriate, to examine the issue of local currencies, payment instruments and platforms and to report back to BRICS leaders by next summit.

The New Development Bank (NDB) will play a key role in promoting infrastructures and sustainable development in its member countries, by offering the most effective funding solutions for sustainable development, a continuous process of member expansion and improvements in corporate governance (...). /-

### **Our opinion**

From January 2010 to September 2023, Cameroon marked the 14th year in its march towards emergence. To be precise, we are 165 months into the 300-month journey (at the latest!) The first stage was not a great success. The GESP has been assessed by the highest competent authorities of the Republic. The second stage, which was supposed to make up for the shortcomings of the first phase, seems to have taken off with some difficulties since 2020. Should we maintain the same pace? The same goals and the same approach?

It is high time we start raising these questions and bring appropriate answers if we want to meet the sustainable development agendas

## II. Cameroon’s weaknesses on the way to its emergence ... in few clichés

Long referred to as economies in transition, then emerging economies (emergent countries), some leaders of this group of countries, according to an OECD ranking, have decided to form the bloc called BRICS, to make their voices heard and propose an alternative to the western bloc and its hegemony. Aware of their demographic weight (2/5 of the world population?), and of their economic power,

countries of this group of second best should serve as model to developing countries, like Cameroon, that are struggling to find a place in the global economic system. Hence the endless call for a new world order, of which the President of the Republic of Cameroon is one of the world's leading champions on various occasions. This BRICS alternative (in a broader sense) now offers the hope of seeing and appreciating things differently. However, whether it is the old or the new order, the good remains good and universal values will ever be constant and unchanging. For this reason, the prerequisites for emergence, seen from both sides, are no exception to the rule.

Without claiming to be exhaustive, we will discuss a few clichés below that render the country ineligible to join this group.

Beyond what may fall under the official purview of the government and political authorities, we would like to draw attention here to weaknesses in the private sector and CSOs. In reality, if the process of emergence is to be steered by public authorities, the contribution of each and every one is necessary. The flaws of Cameroon's civil society and the private sector are also obstacles to Cameroon's veritable takeoff.

#### A. THE NATIONAL CONTEXT

Spontaneously and by default, any questioning of public policy, in economic and social terms, highlights the role of the State. However, the participatory management approach promoted in the frameworks of good governance and public policies transparency, of inclusive development to leave no one behind as proclaimed by the 2030 agenda of the SDG, convenes to the decision-making and action table (implementation), other social components namely the private sector and CSOs. Nothing, absolutely nothing can be done in the states without involving these essential components, in their public service mission on the one hand, and beneficiaries of public actions.

Based on this observation and this analysis, we have decided to focus in this note/this section on the expectations with regard to the private sector and CSOs in the quest for emergence, seen here as eligibility for membership in the BRICS club (new version 2023).

It is a choice to focus on these other actors that must bring their contribution to the achievement of development goals, alongside the Government. Studies focusing on the government are many and commonplace. Of course, implementation remains a concern; but the issue here is placing the private sector and CSOs before their responsibility. We need to get them out of permanent criticism and endless complaints. Each must do its part.

We will do this in a few clichés to illustrate, in the hope that it will serve as a wake-up call to pool efforts for the wellbeing of all and sundry. There is a saying in the South of Cameroon that everyone loves goodness and peace.

#### (i) (i) Civic education hampered by the educated ...

The image that the Cameroonian society conveys to a foreign visitor is often delusional and replete with incongruities! Despite the literacy and overall education level that is generally above the average in Africa below the Sahara, behaviors are most often at opposite ends. Philosopher Hubert MONO NDJANA developed a theory about it over two (02) decades ago when he spoke of “**deviating from norms to normalize deviations**”. Any careful observer can easily see that the situation is not improving. Despite moral rearmament campaigns organized; despite the creation of a whole ministry in charge of Civic Education, nothing seems to be changing:

- The attitude of motorists on the public highway, whether in private cars or public transport (bus and taxis), coupled with the “necessary evil” composed of motorcycle taxis (...) makes traffic in the major cities of Cameroon a real conundrum.
- The handling of domestic wastes has turned our cities into giant trash cans with the clear risk and dangers on health (public and individual);
- The disrespect of national emblems, especially by those in charge of protecting them, notably law enforcement officers. Negative examples being easily emulated, we have been witnessing for some time now scenes of confrontations between ordinary citizens “disrespecting” those who are supposed to represent public authority.

All these anecdotal and deviant behaviors and attitudes, which are a shared responsibility, are not likely to support the march toward emergence. The likelihood of us joining the BRICS club remains hypothetical due to the lack of useful and sufficient capacity to generate a collective dynamic of sustainable development.

Beyond any fixed indicator, any comparison with the other BRICS candidate countries would disqualify us before the qualifiers! And yet, if the country is recognized as potentially rich and endowed with enormous assets, how can we turn potential into tangible and measurable reality?.



**Our opinion**

One of the key characteristics of all the States in the pioneering BRICS club and even those entering the second phase, is that they are strong states. These governments have a strong grip on the management of public affairs, on public order and security as well as on collective discipline.

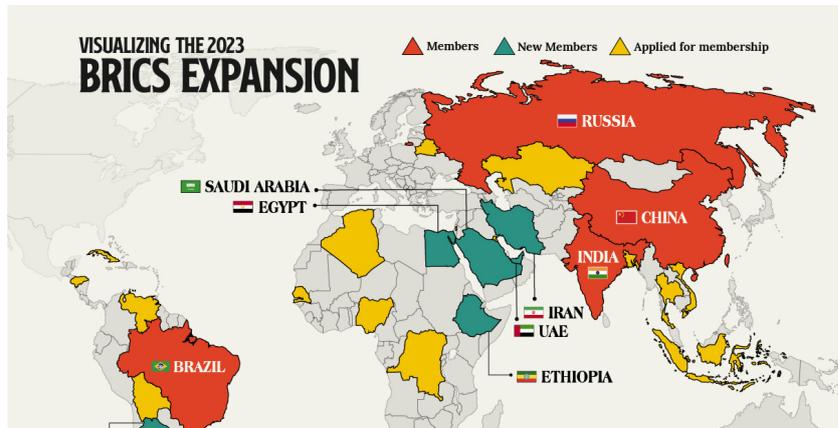
There is no harm or shame in copying a successful model. Cameroonian authorities must make public order and discipline their priorities once again. Prevailing and systemic waywardness and indiscipline in Cameroon, under the cover of watered-down democracy, are serious obstacles to emergence.

Table 1: Some statistical indicators of the BRICS

Year 2022	No.	Countries	Population in 2022 <sup>8</sup>	GDP (M \$ USD )	Exchange rate in USD currency	(%) Poverty rate
BRICS	1	Russia	145,5	2.240.422	Russia ruble	10,50
	2	India	1407	3.386.403	India Rupee	13,40
	3	China	1410,00	18.100.044	Yuan Renminbi	19
	4	Brazil	214,32	1.924.134	Real	31,40
	5	South Africa	60,6	405.705	Rand	30
	6	Argentina	45,8	632.770	Argentinian peso	36,50
	7	Egypt	102,1	475.231	Egyptian pound	7,20
	8	Iran	84,84	352.213	Iranian Riyal	36,40
	9	Ethiopia	101,9	126.783	Birr	30,80
	10	Saudi Arabia	34,11	1.108.149	Saudi Riyal	9,70
	11	UAE	9,55	507.535	Dirham	20
AUTRES	12	Nigeria	213,4	477.376	Naira	63
	13	Cameroon	27,91	44.342	CFAF	40
	14	Côte d'Ivoire	27,47	70.019 M\$	CFAF	35%
	15	Kenya	54,027	113.420	Kenyan Shilling	40

countryeconomy.com

With a global population estimated at 8.1 billion inhabitants, the demographic weight of the BRICS account for 3,237.42 for the first members and 3,615.72 for the 11 countries, that is 40% and 45% respectively.



<sup>8</sup> - Population in million of inhabitants

**(ii) A non-functional Bar Association**

Postponed several times due to the lack of a quorum, the electoral process at the Cameroonian Bar Association is a cause for concern. In fact, this professional association of women and men of the law, which is expected to protect the rights of citizens, individuals and corporate bodies, cannot reassure citizens on its ability to guarantee a rule of law, which is a prerequisite for achieving development goals that Cameroon is striving for. The present and future world in the new international context cannot be reconciled with insufficient or even absent capacities and skills in protecting and guaranteeing individual and collective rights. A credible legal system also relies on one or two effective bar associations. This uncomfortable situation has led to the failure to organize the entrance examination into the profession over the last 10 years.

One of the immediate consequences is the fact that Cameroonians are traveling to Rwanda and Kenya for their legal training, and many are settling there to practice. Brain drain! Whose fault is it?

**(iii) The medical association in crisis since 2022.<sup>7</sup>**

The consequence of this state of affair is that no new registration has been made since then, making it impossible for new doctors (over a thousand) to practice legally, for lack of registration number, and for those who wish to operate in private to obtain accreditations. This is a deplorable and catastrophic situation for a country that is striving to improve its health system and indicators.

One of the many consequences is that more and more young Cameroonians trained in the medical field are going abroad to practice meanwhile the country is in need. Some people's ego and the prevailing confusion drive them into exile to the detriment of the country that sponsored their long studies. Brain drain again!

The majority of these professional bodies (civil and technical engineers, architects and urban planners, etc.) also face huge difficulties to organize themselves or to enforce ethics and professional code of conduct that they are supposed to promote among others.

**(iv) The Cameroonian sports movement devoid of fair-play and far from olympic ideals**

From the number one sport in Roger Milla's and Samuel Eto'o's Cameroon, football whose federation has been battling with endless crisis for decades, to volleyball and many other federations, the sports movement does not display serenity and promote peace. We are sending out the wrong signal and it is not compatible with the BRICS' ideal. We cannot fight for a new world order when we cannot maintain order inside our national territory.

**(v) Creators of intellectual works, artists and cultural players lacking inspiration to manage authors' rights<sup>8</sup>, like bottomless pits, for several decades.**

Whether in the musical arts, the literary and dramatic arts, the audiovisual and photographic arts, the plastic and graphic arts, or other corporations of a similar nature, the ideal of beauty, harmony and dreams conveyed by the arts is far from being shared by its associates. Several Cameroonian artists of international reputation, such as the late Manu Dibango, have not come out of it unscathed. Being freedom-loving by nature, arts professionals have the duty of self-management in order to make their profession credible and respectable. The current situation honors no one, neither the State nor the artists themselves, and the image it portrays to the international community is that of a lack of organizational capacity and skills to get out of the mess we have been in for ages.

It is an attitude that is incompatible with an emerging economy where the arts are now part of the industrial sector.

**(vi) A shredded political map.**

As civil associations, political parties certainly contribute to the universal suffrage and the conquest of power, in order to manage public affairs, but it is first and foremost useful to recognize that they are civil associations. However, with almost 350 political parties registered by MINAT, it has to be said that the message sent out by Cameroon's political players is that of the inability to seek, and therefore reach, a minimum consensus. It also seems incompatible with the broader BRICS approach. Popular wisdom teaches us that together we are strong and can go farther.

<sup>7</sup> - The frontpage of the daily newspaper, Mutations, No. 5898 of Wednesday 30 August 2023 and the editorial by Evelyne Mengué à Kougou on CRTV, on Tuesday 29 August 2023.

<sup>8</sup> - The Civil society of audiovisual arts and photography (SCAAP), the Cameroonian authors' rights society of plastic and graphic arts (SOCADAP), the Cameroonian authors' rights society of literature and theater arts (SOCILADRA), the National society of musical arts (SONACAM), and the Cameroonian civil society of associated rights (SCDV)

**(vii) The Cameroon employers' union in turmoil...**

Since the beginning of 2023<sup>9</sup>, Cameroon's employers' movement has entered a deep crisis zone, inhibiting its role as the State's main interlocutor representing the (formal) private sector. The plan to merge the 02 main inter-employers' associations, GICAM and ECAM, has left the living rooms of business leaders and entered the courts.

The objection to the principle and process of the merger - while the noble ideal of a stronger organization remains laudable - by certain members has caused a great deal of controversy and sparked off a number of endless debates that have remained unresolved until now (08 September 2023). Obviously, the consequences are far from being negligible, both institutionally and individually :

- a) a) The body representing the private sector has been weakened and split into factions/fractions: the committee of wise men and some members are holding firm on the lack of the majority required to amend the by-laws by the Extraordinary General Meeting (3/4); while the "yes" supporters of the (02) two Presidents behind the project were already jubilant following the EGM vote of 73.25%.
- b) b) The legal battles before and after took their toll on interpersonal relations, with voluntary and involuntary departures, resignations and exclusions. Several members of the executive of GICAM, Cameroon's main employers' organization, were forced to resign following opposition to the project.

In a word, this situation does not send a positive message to Cameroon's private sector partners on all sides. And it's not a good point on the checklist for membership of the BRICS club.

**(viii) A private sector conspicuously devoid of ethics**

The private sector in Cameroon has unfortunately been characterized in recent times by controversial, unethical and immoral practices. Without claiming to cite everything here, we can take the national news as witness to decry cases of :

- a) Counterfeit consumer products of all kinds: Liquors, Wines, Beers, Juices, Water and even medicines!
- b) Use of prohibited and dangerous products on foodstuffs (formalin on fruits, vegetables and bananas, potassium bromate in bakery products, tuber flour for tablets, etc.).

- c) Counterfeit construction products and materials leading to the collapse of buildings throughout the country;
- d) d) Non-compliance with building principles and standards leading to non-compliance with building nature and standards, with exposure to risks and natural disasters such as landslides and floods.

Cases are numerous, and counterfeiters seem to be developing their «negative and fatal intelligence» more and more as technology and control procedures evolve. Nevertheless, we firmly believe that, in the collective interest and in view of the extent of the evil that persists and the long-term consequences for the health of resident populations and our country's image abroad, the initiative should/could just as easily come from the private sector or civil society for citizen control. It is not just the government and public sector that need to be monitored or held to account. We therefore feel it is vital and urgent to set up a **national health safety agency, with authority over food, beverages and medicines.**

ANOR lacks the capacity and skills to do this. The operationalization of this institution would spare the entire national community from the spectacle of another kind of letter battle between MINSANTE and a fish importer and politician over health inspection procedures.

On another level, for other weaknesses and vulnerabilities such as *the scarcity of coins on the market, the low level of coverage of the territory by ATMs as a sign of the development of electronic banking, and the weakness of the Internet network*, which can just as easily be the responsibility of the public as the private sector, the private sector should be able to drive the dynamic. In fact, on the scale of large countries, this is all a matter for the private sector. This is also what the BRICS are proposing.

<sup>9</sup> - (1) On 03/03/2023, the board of directors of GICAM and ECAM approved the project to merge the organizations.

**Textbox 2 :** Some health inspection bodies in Africa

**Nigeria :** The National Agency for Food and Drug Administration and Control (NAFDAC) is a Nigerian federal agency under the Federal Ministry of Health that is responsible for regulating and controlling the manufacture, importation, exportation, advertisement, distribution, sale, and use of food, drugs, cosmetics, medical devices, chemicals, and packaged water.



**Ghana :** Food and Drugs Authority Food and Drugs Authority est une agence gouvernementale ghanéenne responsable de l'inspection, de la certification et de la distribution appropriée des aliments et des produits alimentaires ainsi que des médicaments au Ghana.



**Maroc :** L'Office National de Sécurité Sanitaire des Produits Alimentaires (ONSSA) The ONSSA is a public establishment with legal personality and financial autonomy, created by law n° 25-08 of 18/2/2009 and placed under the supervision of the State. The ONSSA carries out, on behalf of the State, missions and responsibilities relating to consumer health protection and the preservation of animal and plant health.

**(ix) Other weaknesses of the private sector ...**

The abuse and preference for imports by Cameroonian businessmen, to the detriment of production to supply the local market and exports. This is the case for the main food products that have strained the trade balance for years: wheat, rice and fish. No large-scale private initiative in this direction for 20 years, even though the real demand exists. Should we expect everything from the State? NOT AT ALL.

In Nigeria, for example, captains of industry and national champions have set out to capture the vital sectors of countries<sup>10</sup>. Dangote Aliko began by securing food autonomy with investments in flour, sugar and fertilizers. Then rice before cement and petroleum products. This «wait-and-see» and passive attitude on the part of the private sector is not compatible with an approach that marks a desire to join the BRICS club. We need product creators, not traders.

Another structural vulnerability of the national private sector is to get **Made in Cameroon out of trade shows and into local stores**: increase production to a critical threshold.

The import substitution anticipated in the NDS30 will not take place at conferences, workshops, symposiums and celebrations in offices and hotels. Rather, ordinary consumers should be flooded everyday in local stores. And supermarkets and other large retailers should not only sell exotic products. To achieve this, it is important to improve distribution channels, which is not the responsibility of the state, but of private players, since this is a business niche. Local preference can only be imposed and established in habits (becoming structural and not event-driven) when local products are present on a massive scale. After that, we will call on the public authorities for a minimum of protectionism. A subtle way of proceeding, like all other countries entering the trade war, is to use non-tariff barriers such as standards. And this is where ANOR will find a second impetus in its missions. That is the way to become an emerging country and join the BRICS club.

<sup>12</sup> - Voir CAMERCAP-PARC, Note d'orientation économique, n° 07, Et si le Cameroun s'accrochait d'avantage au Nigéria ?, juillet 2023



**(x) An inconspicuous middle class**

One of the main characteristics of emerging countries is the existence of a dynamic, resourceful middle class. And it is this class that drives development indicators, because it is the one that produces and consumes. In reality, the rich are so rich that their marginal satisfaction is almost nil. They have reached a saturation point (beyond pleasure). And on the other hand, the poor are so poor that their consumption keeps them below the extreme poverty line, until strong action is taken to strengthen their resilience (social safety nets).

However, in Cameroon, and while we await the next official statistics on poverty level assessment (ECAM 5, carried out in 2021 by the NIS, empirical observation shows that if there is a middle class in Cameroon, it would be made up mostly of public sector employees. The predominance of informality in the private sector (the RGE 3, 2018 by NIS estimates that over 98% of VSE/SMEs are informal). Yet for an emerging country, including one eligible for the BRICS club, the middle class is generally drawn from the private sector, made up of skilled workers and employees and entrepreneurs of SMEs. As the political narrative in Cameroon puts it, the private sector should be the engine of growth and wealth creation, but also the creator of decent jobs and thus the breeding ground for a dynamic middle class.

With these ten (10) illustrations of Cameroon’s vulnerabilities in the private sector and CSOs, we are still far from outlining all the shortcomings and weaknesses of our country on the road to emergence. Identifying and addressing them can in itself give a good signal and create a positive overall dynamic for a real take-off to reach the BRICS 2023 stage.

**B. IN SUB REGIONAL CONTEXT :**

**(i) The currency issue and the XAF nest future**

The question of the currency to cover international foreign exchange transactions is one of the major concerns of the BRICS, particularly in view of the hegemony of the US dollar and, to a lesser extent, the euro. Debates on the future of the CFAF have already sparked a lot of comments, to the point of unleashing passions between supporters and opponents of maintaining this community currency (Franc Zone). Following in the footsteps of the WAEMU zone, where the process of creating a single currency as part of the ECOWAS integration process is well advanced, the CEMAC Heads of State have tasked their ministers with initiating discussions on the subject, which is no longer taboo.

In short, Cameroon must have the courage to squarely face this problem, beyond its stated intentions (since the GESP) and intellectual debates. Reform of the CFAF and/or a monetary policy embraced by Cameroon are prerequisites for emergence and therefore ...eligibility for the BRICS club.



**(ii) The uncertain integration process in the CEMAC/ECCAS sub-region.**

This process, which is part of the objective of rationalizing the RECs for the first ten years of the African Union’s Agenda 2063, seems to be racing along on a skateboard, whereas we are on a Formula One track. And the future is not certain in the short to medium term. The latest publication from CAMERCAP-PARC (photo) elaborates a little more on the subject.

It shows, among other things, that successful sub-regional integration (ECCAS) is a prerequisite for regional integration (in Africa), and that this local integration is more driven and stimulated by the people. Hence the major role of the private sector and CSOs in achieving this.

For all these reasons, and many others that fall within the remit of public authorities, a roadmap for emergence, supported by the ambition to join the BRICS club, seems a promising way forward. Its main advantage would be to bring the private sector and CSOs directly on board as key players, alongside public players.

### III. The accelerated...new world order in the making .

The BRICS 2023 summit held from 22 to 24 August 2023 in Johannesburg, South Africa, was the 15th summit of its kind between the 05 countries making up this alternative organization to the dominant world system and order driven by the Western bloc <sup>11</sup>.

Unquestionably, this meeting marked a major step towards the implementation of a new, alternative order to that steered by Western countries. Not only with the accession of a new country, formerly a strategic ally of the West (Saudi Arabia), but also with the interest shown by others, and above all with the firm resolutions to set up institutions to finance and regulate the international financial system, which will no longer be depended on the US Dollar.

As a reminder, the world has witnessed great landmark moments that have reinforced or disrupted the established order, which we can mention here without any claim to exhaustiveness, but which are important in our humble opinion :

**(i) The Berlin Conference (1884-1885) is generally perceived as the moment when the European colonial powers sat down around the table to divide up the African continent. This meeting did not, however, carve up the continent, but rather helped to provide the conditions for doing so, at a time when colonization was not yet imagined as a goal in itself.**

(ii) The League of Nations (League), which is the predecessor of the United Nations, was created in similar circumstances during the First World War, and was established in 1919 by the Treaty of Versailles "to promote international cooperation and to achieve peace and security".

(iii) (iii) The United Nations (UN) is an international organization with 193 member states. It was established on October 24, 1945, following ratification of the United Nations Charter signed on June 26, 1945 by the representatives of 51 states. It replaced the League of Nations.

And it is this same UN that is being criticized today, and which many countries are constantly calling for it to be reformed, particularly with regard to the Security Council and the veto right

<sup>11</sup> - It is mainly OECD countries and financial institutions such as the World Bank and the IMF which, in a non-written manner, determine the way the United Nations (UN) is organized and hence the way the world moves

held by certain countries for over 70 years. The President of the Republic of Cameroon, Paul BIYA, is one of the champions of this desired reform.

The BRICS 2023 summit reiterated this for the umpteenth time.

And so, how can we call for a new world order without giving ourselves the means to find our place in it? This is the challenge we dare bring to the attention of the national community of actors, decision-makers and Cameroonian authorities, in order to invent another future right now. Scholars would say it is a mere outlook exercise. But it is timely and urgent, in our view!

#### III.1. Cameroon in the world ... in 2023, brief overview and profile of the recent economic history of Cameroon

After a flourishing period of almost 02 decades in the aftermath of independence, the Cameroonian economy fell into crisis in 1986. This crisis went on over the period 1987-1993, due to the combined effects of a downward trend in oil production, falling prices for the main export products and a 40% appreciation in the real effective exchange rate of the CFA franc. As a result, real GDP per capita plummeted by over 40%, macro-economic balances were disrupted and the country resorted to external debt.

*From September 1988 to June 1995, several structural adjustment programs (SAPs) were implemented, supported by the IMF and the World Bank, but with little positive result. The country continued to stagnate.*

Following the devaluation of the CFA franc in January 1994, the government drew up, adopted and implemented a medium-term economic and financial program (1997/1998 - 1999/2000), backed by an IMF ESAF (which became a FPRG in November 1999), and supported by the World Bank's CAS III and the AFD's SAP II. This program was the first to be satisfactorily implemented, and enabled the Cameroonian economy to return to growth. This validates the value of medium and long-term programmes to the detriment of essentially short-term SAPs.

Cameroon reached the HIPC decision point in October 2000, and was declared eligible for the debt relief initiative. This eligibility was to enable the country to benefit from external debt service relief during an interim period running from 1 October to 30 September 2003.



From 2003, the country embarked on the elaboration and implementation of the HIPC completion point triggers. In May 2006, Cameroon reached the HIPC completion point, giving it free rein to pursue a bolder development policy.

The 2006–2009 period (that of the PRSP) was marked by a commitment to developing Cameroon's long-term strategic vision, with the aim of making it an emerging country by 2035. The growth and employment strategy set out in the GESP was the reflection of the first 10-year phase of this vision, covering the period 2010–2020. The other 02 phases are proposed for periods of 7 and 8 years. The 02 documents were adopted in 2009. As a result, the GESP is being implemented from 2010 to 2019, i.e. over a 10-year period, as opposed to the 07 years initially planned. And its successor, the National Development Strategy (NDS30), is also designed for a 10-year period (2020–2030).

#### And yet there have been adjustments...

Beyond the changes in the duration of the initial phases of the path towards emergence, certainly motivated by actual realities and current events, there has been the (unfortunate) return to (new generation) structural adjustment programs : **The economic and financial programme for the 2017–2020 period under the ECF.**

The adverse effects of the twin oil and security shocks have triggered a currency crisis in the economies of the CEMAC sub-region, causing a recession in all countries in the zone. To overcome this, an extraordinary summit of heads of state was held in Yaoundé on 23 December 2016, at the end of which it was decided to set up a regional economic program with the IMF. Several other technical and financial partners such as the African Development Bank (AfDB) group and the French Development Agency (AFD), the European Union and the World Bank are involved in supporting the country with specific instruments.

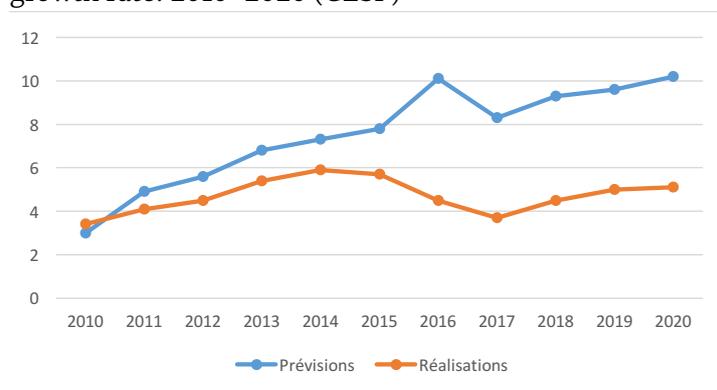
To do this, the country had to update its GESP for the remaining period between now and 2020, entitled «**Government's strategic priorities for the 2018–2020 period**». It is this document that has served as the reference basis for the various TFPs' support under the ECF, with the IMF as Lead Partner.

As in the myth of Zizyphe, the ECF, which failed to achieve the expected results by the end of its term in 2020, will give rise to another program with the same players and the same overall objective. This one is called ECF/EMC (Extended Credit Facility

Associated with the Extended Credit Mechanism). It is scheduled to run for 03 years, from 2021 to 2024. Unfortunately, the latter has been signed and launched in parallel with NDS30. This is what we described as incompatible and untimely in a brief economic policy note published in July 2021<sup>12</sup>.

According to reliable sources, a third program is in the pipeline to take over from the second. Question: What do we do with the NDS30? Born with a handicap, or stillborn? What's the relevance of aligning it with Vision 2035 as we enter the second half of its life expectancy?

Chart 1 : Forecasts and achievement of the GDP growth rate: 2010–2020 (GESP)



In theory, the GDP represents the sum of value added, that is the wealth created by an economy over a year. The growth rate is therefore the difference in wealth creation in real term<sup>13</sup> or volume compared with the previous year. To this must be «removed» the annual population growth rate. Based on these assumptions, the GESP forecast an average GDP growth rate of 7% over the 10-year period, in order to achieve the objectives of reducing poverty and creating decent jobs.

Looking at the graph above, it is clear to all that the deadline has passed. We are a long way from our forecasts, and the gap has worsened over time. In conclusion, we are in a situation of mixed success for the GESP.

<sup>12</sup> - CAMERCAP-PARC, Brief economic policy note no. 07, June 2021 Website

<sup>13</sup> - The overall inflation rate is deducted from the nominal value to obtain the constant value for the previous year

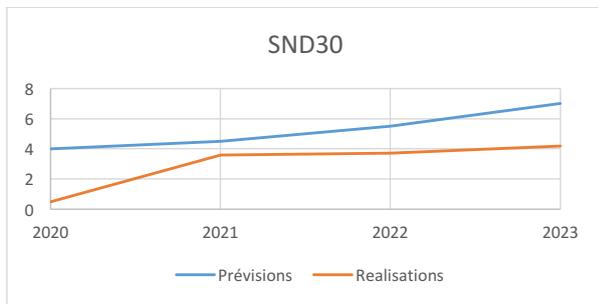
Table 2 : Achievement of the growth rate since the NDS30

Year	Forecasts	Achievements	Gaps
2020	4	0,5	-3,5
2021	4,5	3,6	-0,9
2022	5,5	3,7	-1,8
2023	7	4,2	-2,8
2024	7,6		
2025	8,5		
2026	8,8		
2027	9		
2028	9,2		
2029	9,4		
2030	10		

We dare open this reflection to anticipate the immediate future of Cameroon’s place in the world, in the light of the new world order in the making, driven by the BRICS. No one can behave as if nothing is going to change. Even the countries of the WESTERN bloc opposed to the BRICS are getting ready for it. Cameroon should not fold its arms and wait to be affected. That, too, is the role of foresight.

Cameroon’s economic policy instruments and reference framework need to be reviewed and revised to adapt and update to this new international environment.

Chart 2 : Forecasts and achievements of the GDP growth rate since the launch of the NDS30



**Will the history be the same?**

### III.3. What guidelines after the JCP 2023 ?

On August 1 and 2, 2023, the Ministry of Economy organized the first Cameroonian Prospective Days in Yaoundé, under the theme: strategic anticipation at the service of national development. Two days of intense work in the form of presentations, exchanges and discussions, with a large number of participants from public administrations, decentralized local authorities (CTDs), the private sector and CSOs. We took part. We asked the question: **so, what next?** Will this be just another intellectual exercise<sup>14</sup> of the kind in the country as usual? We have had CBFs, CIEPs, JERSIs, JAPMEs and so on. These are laudable initiatives, but the benefits are slow to be visible and shared.

<sup>14</sup> - We may recall the major international economic conference on investment opportunities in Cameroon, from 17 to 18 May 2016 in Yaoundé, under the theme «Investing in Cameroon, land of attractiveness»

### As a conclusion...

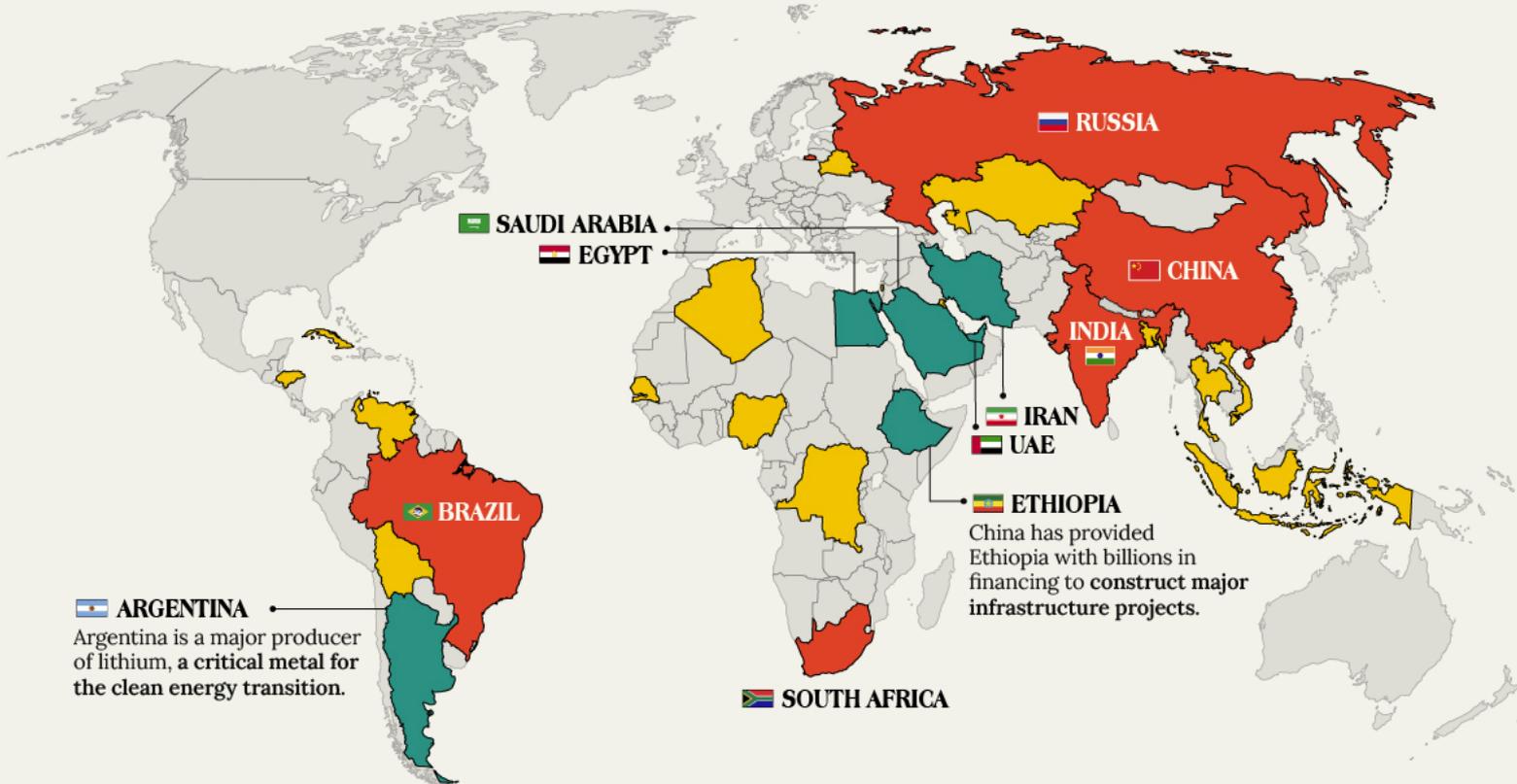
For a strong state, with a government that is rigorously and firmly in charge. A culture of discipline, not watered-down democracy. All the BRICS have gone this way. This is the unavoidable path, the critical path to development.

Cameroonians are resourceful and hard-working. They have proven themselves beyond our borders in various fields, including the most complex. Talent and capacity exist. But not enough in-house skills. **BUT WE LACK DISCIPLINE**, the mother of lasting success. Only a strong state can meet this challenge at the current stage of the country’s development.

# VISUALIZING THE 2023 BRICS EXPANSION

BRICS, a bloc of developing countries formed in 2010, is set to welcome six new members at the beginning of 2024.

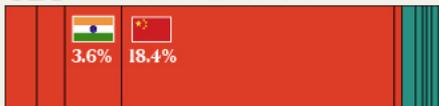
▲ Members    ▲ New Members    ▲ Applied for membership



## SHARE OF GLOBAL

GDP 2023 EoY PROJECTION

BRICS total with new members



Saudi Arabia is the only trillion-dollar economy being added to BRICS.

POPULATION 2023



Adding high-population-growth countries like Ethiopia means BRICS could soon represent over half the world's population.

OIL PRODUCTION 2022



The addition of Saudi Arabia, Iran, and the UAE will more than double BRICS' share of global oil production.

EXPORTS OF GOODS\* 2022



BRICS' share of global exports will increase slightly, continuing to be led by China.

\*Merchandise trade only.

Sources: IMF, World Population Review, EI Statistical Review of World Energy, World Trade Organization

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