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REPUBLIC OF CAMEROON  
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MINISTRY OF ECONOMY, PLANNING  
AND REGIONAL DEVELOPMENT

COMPETITIVENESS COMMITTEE

# REPORT ON THE COMPETITIVENESS STATUS OF CAMEROON'S ECONOMY IN 2023



**ATTRACTING AND RETAINING TALENT:  
OVERLOOKED DRIVERS OF COMPETITIVENESS?**

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This report was prepared by the Standing Secretariat of the Competitiveness Committee, with relevant contributions from the Committee's partners, namely the Ministry of the Economy, Planning and Regional Development, the Ministry of Agriculture and Rural Development, the Ministry of Transport, the Ministry of Finance/Directorate General of Customs, the Ministry of Posts and Telecommunications, the Union of Cameroonian Enterprises, the Industrialists' Union of Cameroon, and the Land Freight Management Office. Data used to prepare this report are diverse and come from both national (NIS, MINFI, BEAC, sector administrations, etc.) and international (ITC database, UNCTAD, COMTRADE, etc.) sources.

# Foreword

The global economy in 2023 was marked by persistent geopolitical tensions, with repercussions on the prices of certain goods and disruptions to supply chains.

Despite this difficult international environment, and the lingering security crises in three of the country's regions, the economy of Cameroon recorded a consolidated production momentum, with an estimated growth rate of 3.3% after 3.6% in 2022.

The fifth edition of the Annual Report on the Competitiveness Status of the Economy of Cameroon provides an overview of the situation while making practical recommendations for stimulating the competitiveness of Cameroon's talents. The production, attraction and retention of talent is seen as an essential driver of economic and enterprises competitiveness. It is based on a multidisciplinary approach, combining economic analyses, sector-based assessments, surveys and interviews. Data collected was reviewed to provide a fairly comprehensive view of the current status of competitiveness of the economy of Cameroon.

More needs to be done to substantially improve the functioning of institutions, infrastructure and innovation. Overall, the country has made progress in some sectors but lags behind the world average in others.

Meeting the challenges of accelerating structural transformation and global competition will require a combination of actions on factors (physical and cognitive infrastructures, institutions) relating to the minimum requirements needed for ensuring the country's competitiveness in a relatively short time.

Contributions from all economic stakeholders (public, private and even the civil society) are crucial to strengthening the competitiveness of the economy and improving Cameroon's attractiveness.

**THE PRESIDENT OF THE TECHNICAL SECRETARIAT  
PROTAIS AYANGMA AMANG**

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# List of acronyms and abbreviations

<b>ACA</b>	: African Cotton Association
<b>ACP</b>	: Africa Caribbean Pacific
<b>IPA</b>	: Investments Promotion Agency
<b>AfDB</b>	: African Development Bank
<b>BEAC</b>	: Bank of Central African States
<b>PIB</b>	: Public Investment Budget
<b>CAA</b>	: Autonomous Sinking Fund
<b>CAMCIS</b>	: Cameroon Customs Information System
<b>ITC</b>	: International Trade Centre
<b>ECCAS</b>	: Economic Community of Central African States
<b>CEMAC</b>	: Economic and Monetary Community of Central Africa
<b>CNSC</b>	: Cameroon National Shippers' Council
<b>NEFC</b>	: National Economic and Financial Committee
<b>UNCTAD</b>	: United Nations Conference for Trade and Development
<b>MPC</b>	: Monetary Policy Committee
<b>DGB</b>	: Directorate General of the Budget
<b>DGD</b>	: Directorate General of Customs
<b>STR</b>	: Statistical and Tax Returns
<b>TEU</b>	: Twenty-foot Equivalent Unit
<b>FAO</b>	: United Nations Food and Agriculture Organisation
<b>WEF</b>	: World Economic Forum
<b>IMF</b>	: International Monetary Fund
<b>GB</b>	: Gigabyte
<b>GII</b>	: Global Innovation Index
<b>LE</b>	: Large enterprise
<b>GTCI</b>	: Global Talent Competitiveness Index
<b>ICOR</b>	: Incremental Capital Output Ratio
<b>FDI</b>	: Foreign Direct Investment
<b>NIS</b>	: National Institute of Statistics
<b>CPI</b>	: Consumer Price Index

<b>MINADER</b>	: Ministry of Agriculture and Rural Development
<b>MINEPAT</b>	: Ministry of the Economy, Planning and Regional Development
<b>MINEPIA</b>	: Ministry of Livestock, Fisheries and Animal Industries
<b>MINFI</b>	: Ministry of Finance
<b>n.e.i</b>	: Not elsewhere identified
<b>WHO</b>	: World Health Organisation
<b>NCCB</b>	: National Cocoa and Coffee Board
<b>PAD</b>	: Port Authority of Douala
<b>PARPAC</b>	: Support Project for the Strengthening of Agricultural Production in Cameroon
<b>GDP</b>	: Gross Domestic Product
<b>PIISAH</b>	: Agricultural and Fisheries Import-Substitution Integrated Plan
<b>SME</b>	: Small- and Medium-Sized Enterprise
<b>GNI</b>	: Gross National Income
<b>SCDP</b>	: Cameroon Petroleum Depots Company
<b>NDS30</b>	: 2020-2030 National Development Strategy
<b>RBER</b>	: Real Bilateral Exchange Rate
<b>NEER</b>	: Nominal Effective Exchange Rate
<b>REER</b>	: Real Effective Exchange Rate
<b>APR</b>	: Annual Percentage Rate
<b>ICT</b>	: Information and Communication Technologies
<b>VAT</b>	: Value-Added Tax
<b>EU</b>	: European Union
<b>WDI</b>	: World Development Indicators
<b>WEF</b>	: World Economic Forum
<b>AfCFTA</b>	: African Continental Free Trade Area
<b>...</b>	: Findings not available

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## Executive summary

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This report takes stock of the state of competitiveness of the economy of Cameroon in 2023, with special focus on the retention and attractiveness of talent, a crucial issue for the country's competitiveness.

Cameroon's economy has demonstrated remarkable resilience despite the difficult context, marked on the one hand by geopolitical tensions and logistical disruptions at the international level, and on the other by persisting security crises in certain regions. As a result, Cameroon has been able to strengthen its economic growth, which is projected to reach 3.3% in 2023. The main drivers of this growth are the non-oil sector, notably industrial agriculture and the agri-food industries.

The global business environment is increasingly complex and competitive, which demands greater adaptation and competitiveness from Cameroonian firms if they are to prosper in a fast-changing environment. On the international goods market, the country has secured its position in products such as liquefied natural gas, sawn timber, cocoa paste and cocoa butter. However, large parts of the domestic market continue to be dominated by imports of products with high domestic production potential.

The international labour market has become very lively, and several countries are taking steps to attract the best human resources. Internationally, the Global Talent Competitiveness Index (GTCI) ranks Cameroon 118th out of 134 countries, with a score (25.9/100) below the average for sub-Saharan Africa (32.0/100) in terms of talent competitiveness. A review of Cameroon's performance in the six pillars of the GTCI reveals scores below the average.

The most striking weaknesses are in retaining talent (125th) and attracting talent (119th).

In order to enhance the contribution of quality skills to achieving an emerging, competitive economy, a strategy for developing, retaining and attracting talent should be devised. This strategy will need to involve tapping into the talents of the Cameroonian diaspora, a key driver for economic competitiveness.

In a fast-changing world, economic competitiveness has become a major challenge for countries wishing to prosper and establish themselves on the world stage. Cameroon attaches the utmost importance to this requirement, which has far-reaching repercussions on the performance and innovation of its enterprises.

In 2023, Cameroon continued to address the challenges of competitiveness in an uncertain and complex global economic context. The purpose of this Report is to assess the competitiveness status of the economy of Cameroon, through an analysis of the various dimensions that influence the country's economic performance. Special attention is paid to the **retention and attractiveness of talent**, a crucial issue for the competitiveness of Cameroon's economy.

The Report is built on a number of main themes, including macroeconomic performance, international comparisons and initiatives to strengthen competitiveness. The first part focuses on trends in the main macroeconomic indicators, providing an overall view of the country's economic health and resilience to external shocks.

Secondly, the Report provides an international comparison of Cameroon's competitiveness, using data from the World Economic Forum and other benchmarking institutes. This comparison highlights the country's strengths and weaknesses, and also offers insights into the improvements needed to align Cameroon with international best practices.

Finally, the Report reviews Government and private sector initiatives to improve the competitiveness of enterprises and the national economy. These initiatives include institutional and regulatory measures, strengthening of the productive base, trade facilitation and export support, as well as infrastructural developments. A special focus is given to the analysis of import-substitution policies and efforts to reduce production costs.

Designed at providing a clear and comprehensive vision of Cameroon's competitiveness in 2023, the Report suggests strategic recommendations to support sustainable and inclusive economic growth.

## 1. Retaining and attracting talent: a major challenge for the competitiveness of the economy of Cameroon

Cameroon's ability to develop, retain and attract the best talent is a key factor in its competitiveness in a highly competitive global economic environment. Addressing this challenge, through proactive policies and strategies, would enhance the human capital base and safeguard the expertise and know-how required for the economy to remain competitive in the long term.

This section aims to analyse issues relating to the development, retention and attractiveness of talent. It measures Cameroon's position on the global talent competitiveness scale. It also makes recommendations for improving the country's ability to retain and attract talent.

### 1.1. Contextual setting

The idea here is to define the concepts of talent and competitiveness, illustrate some of the issues and outline their implications for the national economy.

#### 1.1.1. Definition of concepts

##### ▪ **The concept of talent**

The dictionary defines talent as a special natural ability for doing something. The term is also used to designate people with such abilities. Thus, talent represents the most qualified, highest-performing and most innovative individuals within an organisation. Their expertise, creativity and ability to adapt are essential to meeting the challenges facing companies in a constantly changing economic environment that is subject to unprecedented economic battles. Talent contributes to improving the productivity, innovation and financial performance of companies, thereby creating and strengthening their competitive advantages in the marketplace.

##### ▪ **The concept of competitiveness**

The World Economic Forum (WEF) defines competitiveness as a set of institutions, public policies and factors that determine a country's level of productivity. Twelve (12) pillars determine this competitiveness: *Institutions, Infrastructure, Technological integration capacity, Macroeconomic stability, Health, Education and skills, Goods market, Labour market, Financial system, Market size, Companies vitality and Innovation.*

At **company** level, competitiveness is generally defined as a company's ability to compete, i.e. to maintain and increase its market share in the face of competition from other national or foreign companies. A company's competitiveness is therefore seen as its ability to outperform the average.

A **country's competitiveness** is usually considered as its ability 'to increase its share of the export market or to sustain a higher rate of growth without its current account balance falling'. It reflects not only the ability to export, but also to raise the standard of living of the population. It takes into account both prices (price competitiveness) and costs (cost competitiveness), but also product quality, innovation, the state of competition and regulation, human capital, social cohesion, etc. (non-cost competitiveness).

### 1.1.2. Some illustrations of the problem

Like many other developing countries, Cameroon is faced with the phenomenon of talent emigration. This trend, which is characterised by the departure of the most qualified talents to developed countries, deprives the economy of Cameroon of precious human resources. According to a report published by the International Labour Organisation (ILO) in 2022, Cameroon will have lost around 23,000 qualified professionals by 2020, representing 2.2% of its qualified workforce.

The **health sector** is among those most affected by this phenomenon. Although there are no recent official statistics, according to a survey carried out by the National Order of Physicians

in 2006, nearly 5,000 Cameroonians doctors were practising abroad. Given recent trends in the emigration of healthcare workers, this figure is far lower than the current reality.

The **cultural sector**, particularly sports, is also affected by the phenomenon. There are countless sportsmen and women in various fields (football, basketball, jumping, etc.) whose talent contributes to the influence of other nations.

The **science sector** is no exception. A number of Cameroonians are world-renowned in various scientific fields. One of the best mathematicians in the world is Cameroonian.

### 1.1.3. Consequences on the national economy

Talent emigration affects the national economy in several ways. In direct terms, this phenomenon represents a loss of human resources.

In the health sector, for example, the excessive loss of these workers undermines the capacity and quality of health services. This is reflected in inadequate care and a lack of patient follow-up, especially in rural areas. When skilled labour leaves a country, productive capacity is stripped of the human resources needed to build the institutions and infrastructure that sustain strong economies.

From another perspective, investment in education and training represents a large cost for countries that supply skilled personnel. Indeed, when a highly-educated individual emigrates, he or she will have benefited from the public expenditure used to fund his or her education, without receiving anything in return. This brain drain is a loss for the country of origin, which makes a considerable investment in education.

The emigration of qualified personnel is also an economic loss for Cameroon. Tax on income and capital investment, which could increase GDP, is reduced by the gradual departure of skills. Skilled emigrants remove not only their own income but also the value of related externalities from national income by taking their human capital with them.

Furthermore, a skilled workforce is an instrumental factor in attracting foreign investment, the capacity to internalise and absorb technological externalities, and the successful adoption of foreign technologies.

## 1.2. The competitiveness of talent in Cameroon

This sub-section is devoted to taking stock of talent competitiveness in Cameroon. After reviewing the methodology for measuring talent competitiveness, Cameroon's position in this area is presented, together with a few elements for diagnosis.

### 1.2.1. Measuring the competitiveness of talent

Talent competitiveness is measured through the Global Talent Competitiveness Index (GTCI), published annually by the European Institute of Business Administration. The GTCI assesses all the policies and practices that enable a country to develop, retain, attract and strengthen a skilled workforce. The method used to calculate the index is summarised in the box below.

#### Box1: Method of calculation of the Global Talent Competitiveness Index

Human capital is a key factor for countries competitiveness in a globalised world. Countries are competing not only to develop human capital, but also to attract and retain it within the national territory. Talent competitiveness in the GTCI sense refers to a set of policies and practices that enable a country to attract, develop and empower human capital that contributes to a country's productivity and prosperity. In order to compare the performance of countries, the GTCI uses a composite index based on an input-output model which makes it possible to assess:

**Inputs:** the overall business environment as well as the policies and resources mobilized in favour of human capital. This pillar comprises four sub-categories: Enable, Attract, Grow and Retain.

**Outputs:** skills level and quality. This pillar comprises two sub-categories, namely medium-level skills which have a technical or professional basis and are acquired through training and experience (Vocational and Technical Skills or VT Skills) and high-level skills, such as creativity and problem-solving ability, which benefit innovation and entrepreneurship (Global Knowledge Skills or GK Skills).

To calculate the Global Talent Competitiveness Index composite scores, the 68 individual GTCI variables are standardised and then cascaded down to sub-category and pillar level. The overall index is calculated on the basis of a simple arithmetic average of the six sub-categories. The index can take a score between 0 (worst performance) and 100 (best performance).

### 1.2.2. Cameroon's positioning

In 2023, Cameroon recorded a score of 24.5 out of 100 in the Global Talent Competitiveness Index and ranked 118<sup>th</sup> out of 134 countries ranked. Compared with 2022, the score has improved by 4.7 points and the rank by one position. The country performs best in terms of high-level skills (102<sup>nd</sup> place) and skills development capacity (107<sup>th</sup> place). However, the score is lowest (9.0 out of 100) for high-level skills, reflecting the overall difficulty of countries in developing such skills.

The ranking is the lowest for the ability to retain talent (125<sup>th</sup>). These results show that while the country makes efforts to develop talents, it finds it difficult to retain them. It should also be noted that Cameroon's scores are far below the average of 50 out of 100 for all the pillars of the index, indicating the extent of efforts required to move to a more respectable position on the scale of the most competitive nations in terms of developing, retaining and attracting talent.

**Table 1: Cameroon scores and rank in the GTCI**

Pillars	2022		2023		Changes	
	Score	Rank / 133	Score	Rank / 134	Score	Rank
Facilitators	24.3	122	26.3	122	+2.0	0
Attractiveness capacity	35.5	120	35.3	119	-0.2	+1
Development capacity	22.6	100	24.3	107	+1.7	-7
Retention capacity	24.8	120	24.0	125	-0.8	-5
Technical and professional skills	30.7	114	31.8	110	+1.1	+4
High level skills	9.0	103	13.7	102	+4.7	+1
<b>Global index (GTCI)</b>	<b>24.5</b>	<b>119</b>	<b>25.9</b>	<b>118</b>	<b>+1.7</b>	<b>+1</b>

*Source: Based on GTCI reports' 2022 and 2023 data*

Pillars which deserve particular attention for improving Cameroon's overall positioning in the GTCI are those relating to facilitators (122<sup>nd</sup>), attraction capacity (120<sup>th</sup>) and retention capacity (120<sup>th</sup>).

Globally, Switzerland is the most competitive nation for talent, with a score of 79.0 out of 100. It is followed by Singapore (score of 77.1 out of 100). The top position in Africa is held by South Africa, with a score of 43.0 out of 100. In Africa, Cameroon ranks 16<sup>th</sup> out of 31 countries evaluated. It did less well than countries such as Botswana, Rwanda, Côte d'Ivoire, Senegal and Nigeria, but performed better than other countries such as Mali, Ethiopia and Chad.

**Table 2: GTCI scores and ranks for a selection of countries**

Country	Scores	Ranks
Switzerland	79.0	1
Singapore	77.1	2
South Africa	43.0	68
Botswana	42.3	73
Rwanda	28.7	110
Côte d'Ivoire	28.7	111
Senegal	28.6	112
Nigeria	28.1	114
Cameroon	28.9	118
Mali	22.0	127
Ethiopia	19.8	132
Chad	14.8	134

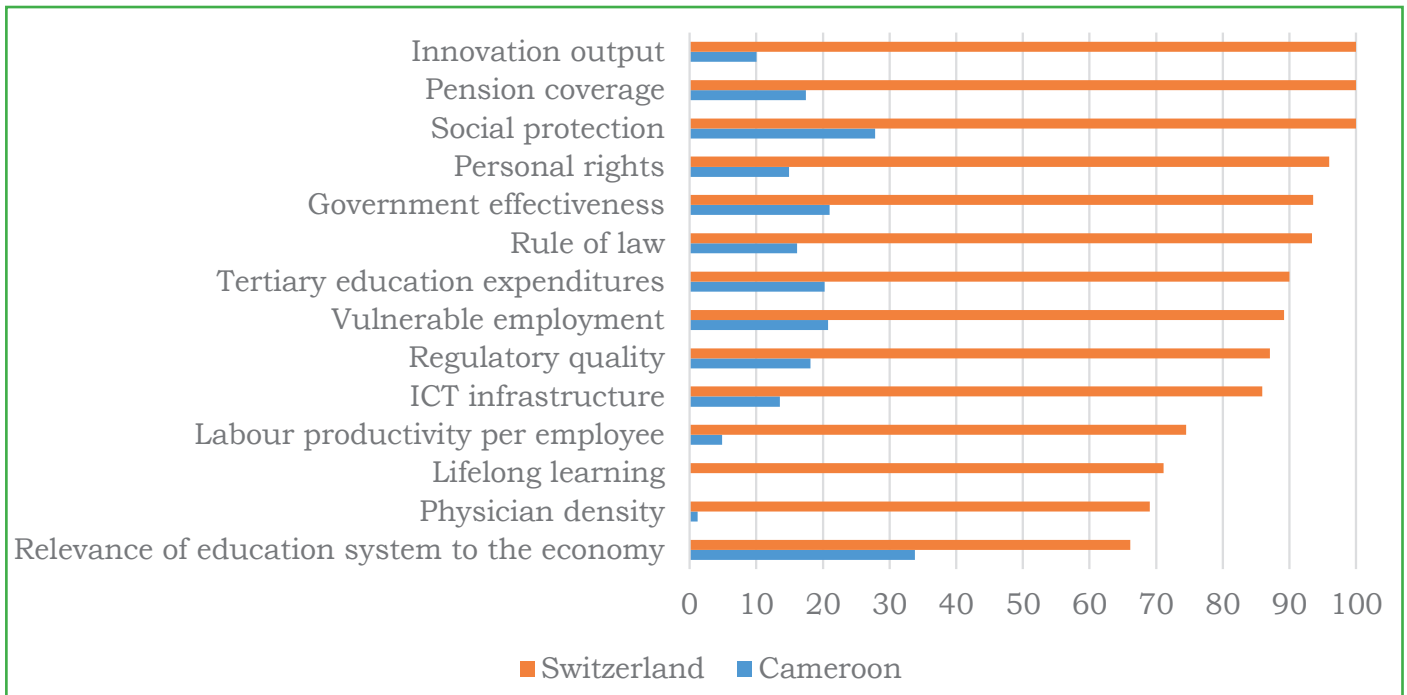
*Source: Based on GTCI reports' 2022 and 2023 data*

### 1.2.3 Diagnosis

A comparison of the scores of Cameroon in the GTCI's various sub-indices with those of the leaders at world level (Switzerland) and in Africa (South Africa) reveals factors behind its poor ranking.

The score differences between Cameroon and Switzerland are above 50 for most of the GTCI sub-indices. These gaps indicate that the most competitive countries in terms of talent adopt policies to promote: technological development (innovations, ICT infrastructure), social security (pension coverage, personal protection, social protection, less vulnerable jobs, doctor density), a better business environment (rule of law, government efficiency, regulatory quality) and quality education (lifelong learning, spending on higher education, relevance of the education system to the economy).

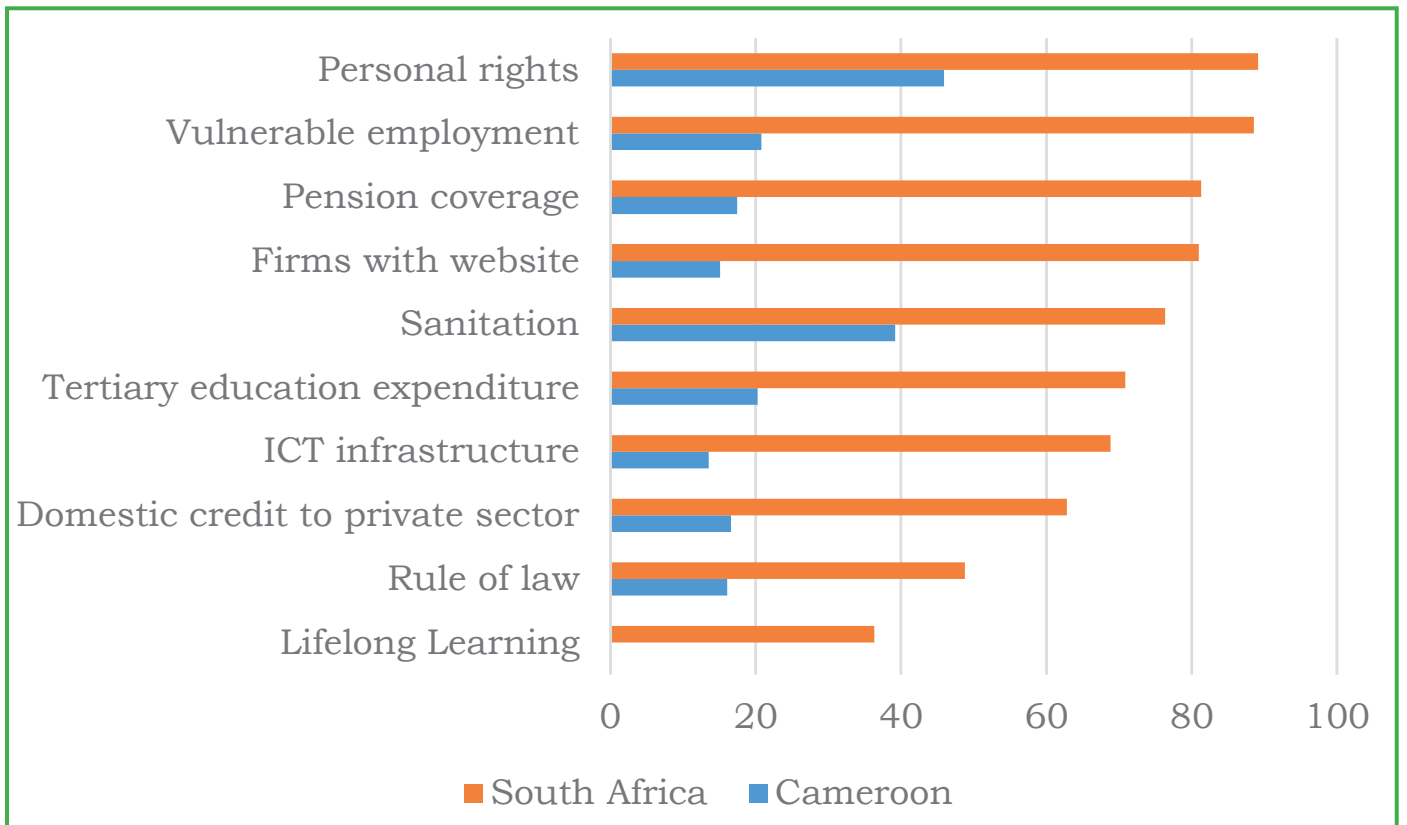
**Graph 1: Scores of Cameroon and Switzerland in the GTCI sub-indices**



Source: Based on GTCI 2023 Report

Differences in scores with South Africa are consistent with the findings above but in a different order of importance. Whereas in the European context, issues of innovation and pension protection lead in terms of factors attracting or retaining talent, in the African context, the issue of job vulnerability tops the list. Employment vulnerability includes issues related to salary and, subsequently, purchasing power. This is followed by factors related to ICTs and pension coverage.

**Graph 2: Gaps in GTCI sub-dimension scores between Cameroon and South Africa**



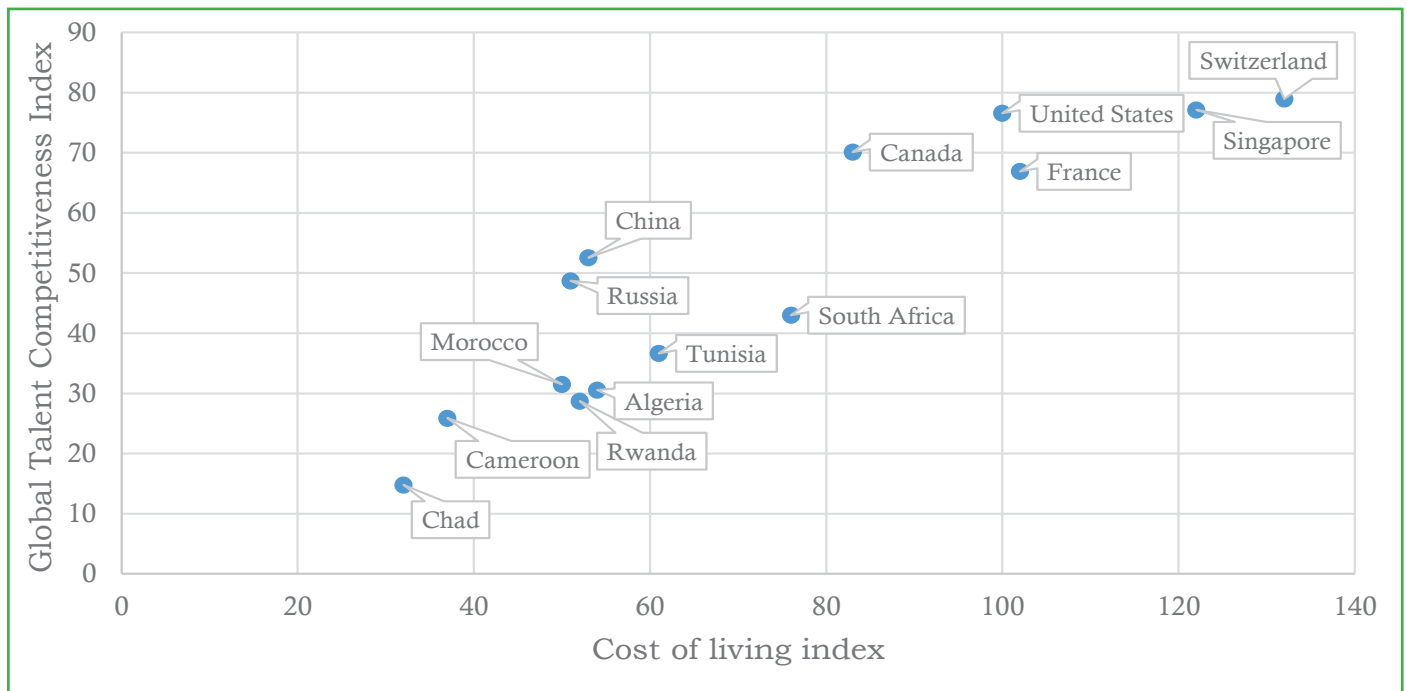
Source: Based on GTCI 2023 Report

The findings above point to some factors that play a decisive role in the competitiveness of talent, such as better working conditions (salaries, purchasing power, or cost of living) and better social protection policies.

- *Cost of living and talent competitiveness*

It can be seen from the graph below that countries with a better cost of living index tend to have a better position on the global talent competitiveness scale. This suggests that talent competitiveness improves as the cost of living index increases.

**Graph 3: Relationship between the cost of living index and talent competitiveness**



Source: Competitiveness Committee

To retain local talent and attract non-resident talent, countries need to implement measures offering lower living costs for their citizens.

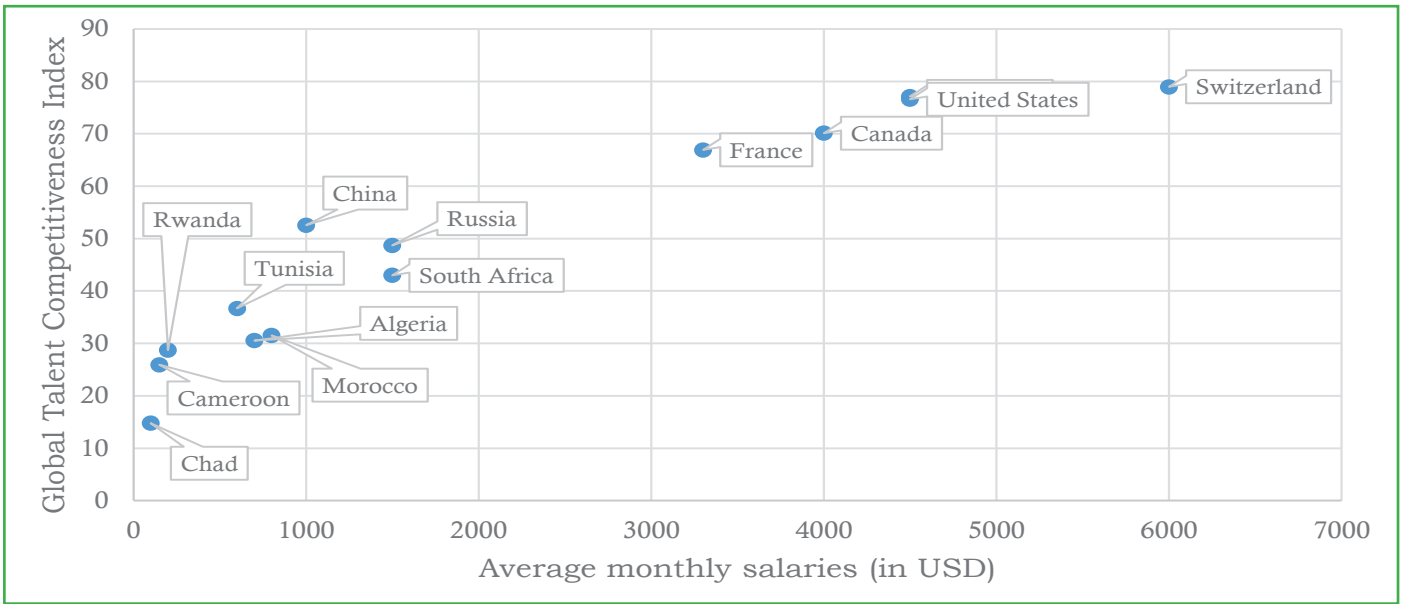
- *Salary levels and talent competitiveness*

A cross-check of average monthly salary levels and GTCI scores for a selection of countries reveals that countries with higher salary levels (Switzerland, USA, Canada, France) perform best in terms of talent competitiveness. There is a correlation between the salaries paid to employees and the competitiveness of talent. An attractive wage policy that enables employees to cover their minimum living expenses without difficulty is a factor in attracting talent from other countries and retaining talent produced locally.

For equivalent salaries, other factors contribute to the decision to move talent around the world. We can see, for example, that Russia and South Africa have similar salaries, but Russia is more competitive in terms of talent than South Africa. Similarly, with a lower average salary than Morocco, Tunisia manages to climb to a more favourable position on the global talent competitiveness benchmark.



**Graph 4: Relationship between salaries and Talent Competitiveness**

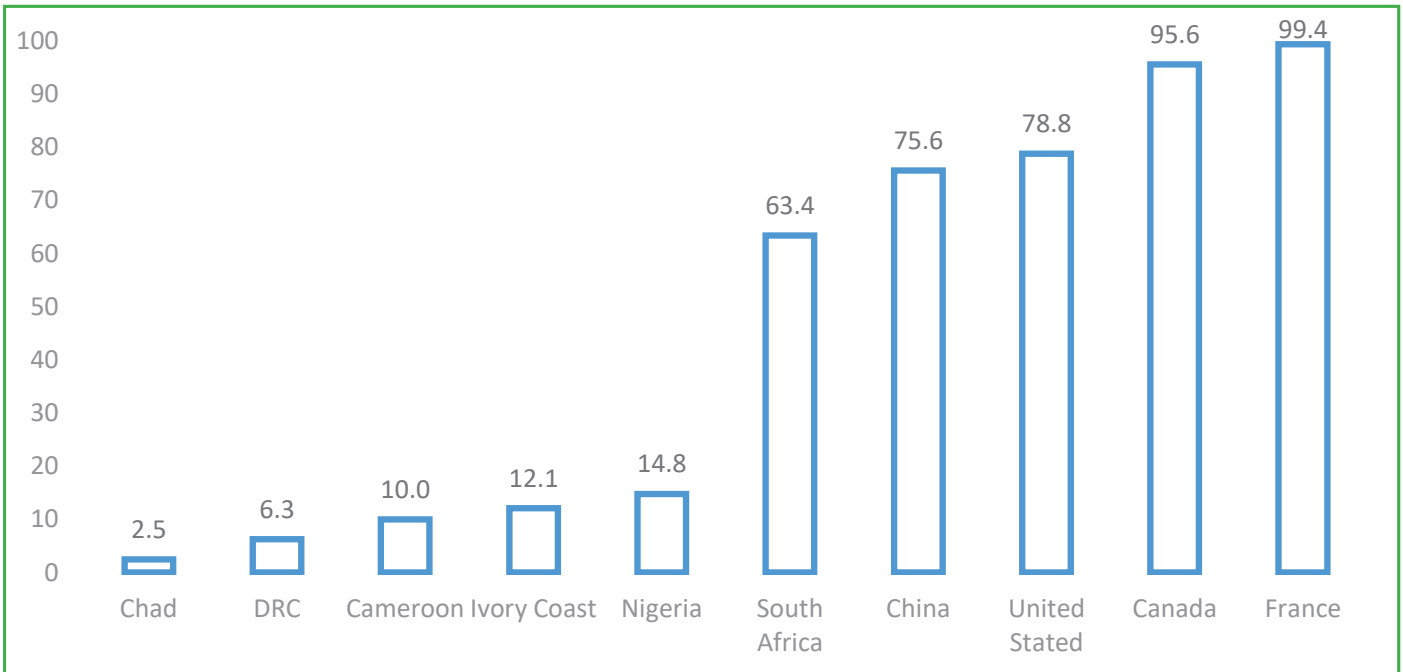


Source: Competitiveness Committee

- Social protection and talent competitiveness

Countries with effective social protection policies perform best in terms of talent competitiveness, such as France, Canada, the United States, China and South Africa. Countries with low levels of social protection (Chad, DRC, Cameroon), by contrast, do not fare well in the world rankings of countries in terms of talent competitiveness.

**Graph 5: Percentage of the population covered by at least one social protection benefit in 2022**



Source: From International Labour Organisation data (2022)

In addition to retaining and attracting talent, a major challenge for Cameroon in terms of talent competitiveness relates to capitalising on its rich diaspora. In this respect, a study carried out by the Ministry of External Relations (MINREX) among the Cameroonian diaspora identified the main obstacles to capitalising on the latter. These include:

- a lack of coordination and communication:
  - ✓ More than 75% of Cameroonians abroad surveyed were unaware of government initiatives aimed at mobilising the diaspora.
- poor infrastructure:
  - ✓ There is no on-line platform dedicated to the diaspora;
  - ✓ 50% of Cameroonians abroad would be prepared to invest in Cameroon if internet access were better.
- Lack of awareness:
  - ✓ 60% of Cameroonians abroad are not aware of investment opportunities in Cameroon;
  - ✓ 80% of Cameroonians abroad would be interested in mentoring and networking programmes.
- brain drain:
  - ✓ 30% of Cameroonian graduates choose to move abroad each year;
  - ✓ 70% of Cameroonians living abroad would return to Cameroon if they found suitable job opportunities there.

### 1.3. Proposals for improving the competitiveness of talent in Cameroon

Previous analyses have highlighted key factors in the competitiveness of talent. These factors relate to social protection, technology and innovation, the best working conditions, infrastructure, the business environment and the quality of the education system.

To enhance the competitiveness of talent in Cameroon, the following measures are needed:

- Speeding up the effective implementation of universal health coverage;
- Pursuing efforts to increase the quality and quantity of economic infrastructure;
- Increasing the inclusion of science, technology, engineering and mathematics (STEM) in the various curricula;
- Increasing substantially R&D investment in universities and research institutes.

Companies, for their part, need to attract and retain the best talent if they are to compete in an increasingly competitive environment. To do this, they can promote a positive and inclusive corporate culture in which employees feel valued and respected, and a more professional approach to human resources management.

*Because the determining factors in attracting, producing and retaining talent are diverse, multidimensional and complex, a specific strategy must be developed and implemented if Cameroon should be ranked among the top 50 countries in terms of talent competitiveness.*

## II. Macroeconomic performance

This section analyses the overall performance of the economy through trends in real GDP, inflation, the current account balance, the real effective exchange rate, FDI inflows and investment productivity.

### 2.1. Economic growth

Despite a challenging international context<sup>1</sup> in 2023 and the persistence of the security crisis in three regions of the country, Cameroon's economy has remained resilient, with an estimated growth rate of 3.3%. This growth is driven by the performance of the non-oil sector, supported by 'Industrial and export agriculture' (+5.7% after +3.9% in 2022), 'Agri-food industries' (+5.5% after 4.9%), 'Other manufacturing industries' (5.2% against +1.2%) and 'Electricity production and distribution' (+4.7% against 1.2%).

Cameroon's performance was below the average for Franc zone member countries. It is better than the average for oil-exporting countries, however. Since 2020, Cameroon has been the CEMAC country least dependent on oil (which will account for only 17.6% of internal budget revenues in 2023) and which has recorded the highest growth rate.

**Table 3: Trend in real GDP from 2020 to 2023 (%)**

	2020	2021	2022	2023
Cameroon	0.5	3.6	3.6	3.3
CEMAC	-1.5	1.8	3.1	2.7
Frank zone member countries	0.3	4.5	4.8	4.2
Sub-Saharan Africa	-1.6	4.7	4.0	3.4
Oil exporting countries	-2.3	3.1	3.2	2.5

Source: IMF

### 2.2. Current account balance and foreign exchange reserves

According to the Ministry of Finances<sup>2</sup>, the current account deficit increased from 3.4% of GDP in 2022 to 4.2% of GDP in 2023. This deficit is the result of a reduction in a persistently unfavourable balance of goods, balances of trade in services and primary income, and an improvement in the balance of secondary income.

Net foreign assets fell by 13.1% in 2023 to €2,792.1 billion. Foreign exchange reserves represent 4.1 months of imports for CEMAC member countries, while Cameroon's reserves represent 6.8 months of imports.

<sup>1</sup> Tighter financial conditions and the negative impact of the war in Ukraine on commodities markets

<sup>2</sup> Explanatory document for 2023 Balance of Payments (BOP) estimates and 2024-2023 BDP projection assumptions

The balance of trade in goods and services remains in deficit. Local supply of intermediate and final consumption products is struggling to position itself successfully on markets relative to imported products.

## 2.3. Trends in price competitiveness

A nation's price competitiveness reflects its ability to perpetuate its price/cost advantage over its competitors. It is determined by several factors such as domestic prices, the exchange rate, the interest rate, etc.

### 2.3.1. Prices

In 2023, household consumer prices rose by 7.4% after 6.3% in 2022, driven by food prices and transport costs. Over the period 2021-2023, cumulative inflation reached 16.7%, resulting from price surges in 2022 and 2023.

The increase in the inflation rate is indicative of a deterioration in price competitiveness. Internationally, this rise is attributable to the disruption of supply chains and the fluctuation of the CFAF against the dollar. Internally, it has been driven by the reduction in subsidies on fuel prices at the pump and security challenges in certain regions (agricultural production basins).

Compared with the average for the geo-economic zones, this inflation rate is higher than that of other CEMAC and Franc Zone member countries, but lower than the average inflation rate for sub-Saharan African countries and oil-exporting countries.

In 2022 and 2023, the Bank of Central African States (BEAC) continued to tighten its monetary policy in order to contain inflationary pressures.

**Table 4: Inflation rates per consumption function (in %)**

Country or economic zone	2020	2021	2022	2023
Cameroon	2.5	2.3	6.3	7.2*
CEMAC	2.9	1.2	5.6	5.1
Frank zone member countries	2.5	2.7	6.5	4.2
Sub-Saharan Africa	10.2	11.0	14.5	16.2
Oil exporting countries	12.9	15.7	17.1	20.1

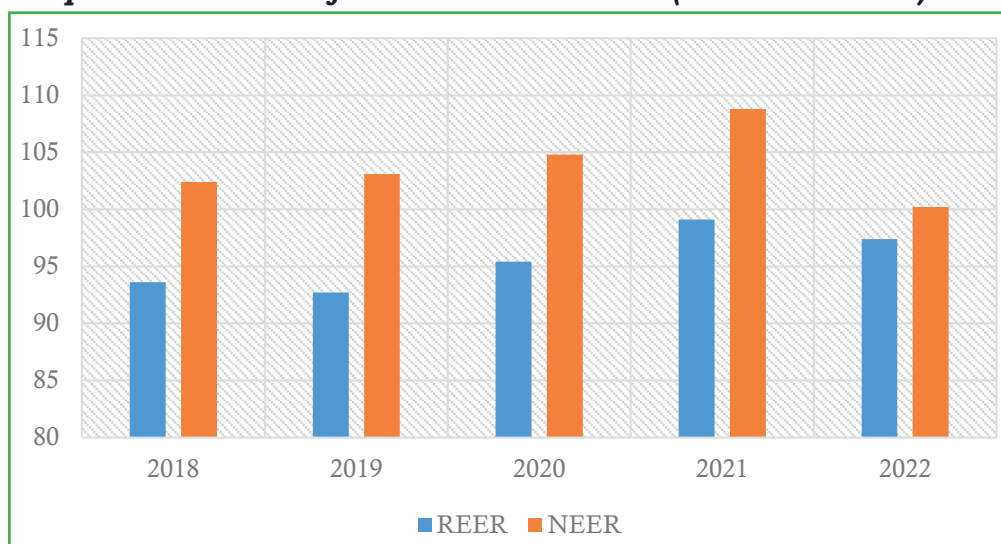
Source: IMF, *Regional Economic Outlooks: Sub-Saharan Africa*, April 2024

\*The latest figure from NIS is 7.4%.

Assuming all other things are equal, this reflects an economy with a slowly improving productivity. In addition, world prices drive inflation up for the inputs needed by industry and agriculture.

### 2.3.2. Exchange rates

The real effective exchange rate is the relative domestic price compared with the average of partner prices. It establishes the extent to which variations in exchange rates, prices or costs in different trading partners influence the competitiveness of the country concerned.

**Graph 6: Evolution of the REER and NEER (base 2010=100)**

Source: Competitiveness Committee, 2023

The analysis of price competitiveness between 2022 and 2023 shows an appreciation of the CFAF against trading partners' currencies. The loss of Cameroon's competitive position in 2023 stems from adverse price differential and the appreciation of the Nominal Effective Exchange Rate (NEER).

## 2.4. Budget balance and external debt

Consolidating macroeconomic stability is a factor in competitiveness. This factor can be appreciated through the level of the budget balance and the viability of the external debt. In recent years, Cameroon has embarked on a process of public finance reform aimed at better control of public accounts.

### 2.4.1. Budget balance

The primary balance provides information on a country's capacity to meet its commitments independently of external resources. It is also a measure of the State's ability to intervene in the economy and support its investment strategies over the long term (thereby improving attractiveness and reducing the costs of production or transaction factors).

The primary balance will move from a deficit of 0.2% of GDP in 2022 to a surplus of 0.5% of GDP in 2023. The deficit in the overall budget balance worsened slightly from 0.4% of GDP in 2022 to 0.6% of GDP in 2023.

**Table 5: Trend in budget balances from 2021 to 2023 (as a % of GDP)**

Type of balance	2021	2022	2023
Primary balance	-1.5	-0.2	+0.5
Overall balance (payment order basis)	-2.5	-0.4	-0.6

Source: MINFI/DGB, June 2024

### 2.4.2. External debt

At the end of December 2023, the public debt ratio stood at 41.9% of GDP, compared with 45.3% in 2022, according to IMF figures. This improvement is due to the continued reduction in the budget deficit, financed by a healthy inflow of domestic budget revenues. Moreover, the continued improvement in budget revenues is a performance indicator for strengthening the economy's resilience to exogenous shocks. However, the ratio of public debt servicing to exports has worsened from 39.4% in 2022 to 55.6% in 2023.

## 2.5. Investment

This section reviews the trends in investment efforts, as well as the efficiency and productivity of investment.

### 2.5.1. Investment planning patterns

In 2023, the projected amount of public investment was CFAF 1,359.2 billion. The largest share was assigned to infrastructure construction (965 billion), production and trade (106.5 billion), and general and financial administration (93.5 billion).

The overall situation shows a physical project execution rate of 63.5% and a financial commitment rate of 72.3%. The poor performance of PIB execution between 2022 and 2023 is mainly due to the low level of execution of jointly funded projects. The execution of externally funded projects shows a disbursement rate of 56.2% in 2023, compared with 98.7% in 2022. The physical execution rate fell from 76.0% in 2022 to 55.9% in 2023. This is due to the completion of AFCON projects and major first-generation projects. Furthermore, most of the projects scheduled for 2023 were still in the start-up phase.

Yet, PIB execution on internal and devolved resources shows a physical completion rate of 73.7% in 2023 compared with 72.9% in 2022. The execution of the PIB on appropriations transferred to the State devolved services and resources transferred to Local and Regional Authorities (LRAs) shows a physical project completion rate of 82.5% in 2023 compared with 73.5% in 2022.

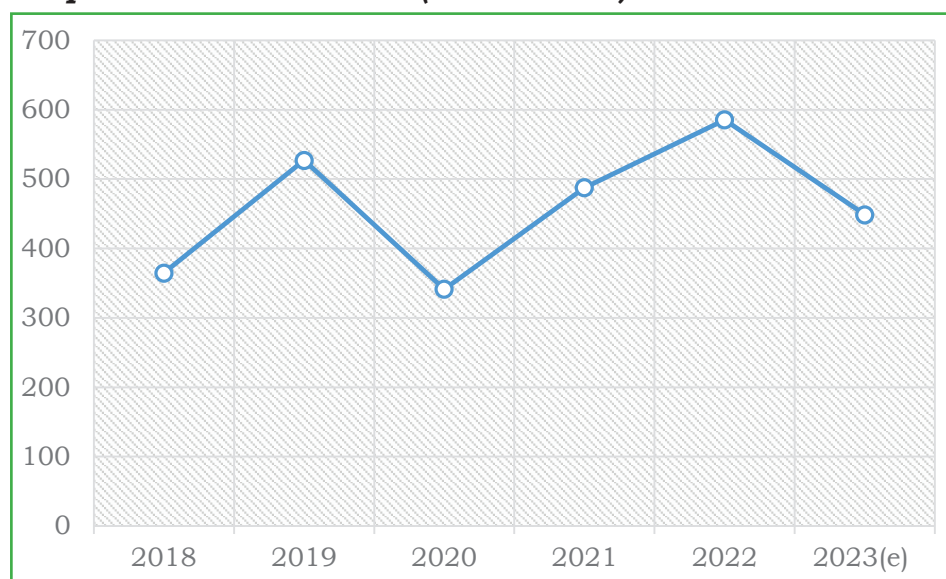
The execution of the public investment budget for 2023 has been influenced by a national and international economic context marked by rising costs for local materials and imported products. Added to this general rise in prices are constraints linked to project contracting.

Buoyant private investment is reflected in the high level of investment in buildings and public works, as well as increased demand for machinery and furniture products.

### 2.5.2. Foreign Direct Investment (FDI)

Between 2022 and 2023, Cameroon recorded a 23.4% decrease in net FDI inflows, from CFAF 585.4 billion to CFAF 448.6 billion.

**Graph 7: Trend in net FDI (billion CFAF)**



Source: MINFI/DP (\*Data for 2023 are estimates)

According to the UNCTAD 2023 World Investment Report, the stock of FDI in Cameroon has increased by 12.3% compared with 2022, reaching \$7,283 million in 2023. The FDI performance of Cameroon is below that of Angola (USD 12,177 million) and Gabon (USD 17,742 million).

### 2.5.3. Investment efficiency

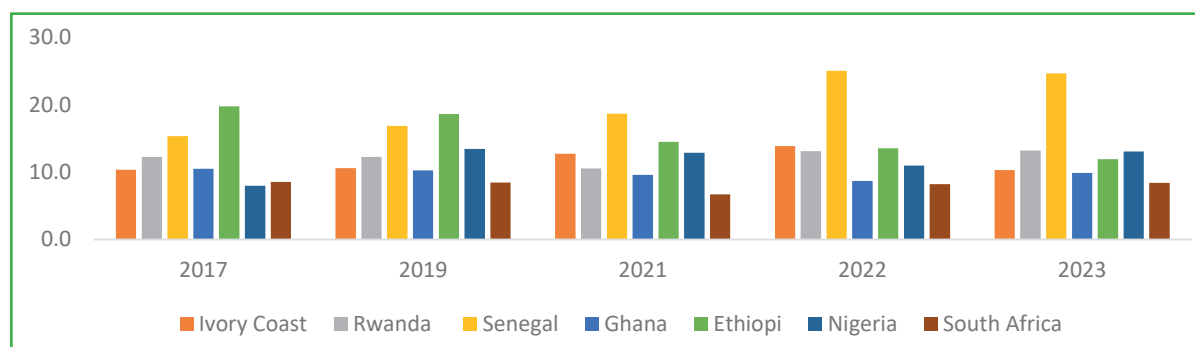
The latest evaluation of public investment management reveals that the efficiency deficit is 60%, compared with 40% for sub-Saharan African countries. The Debt, Investment and Growth (DIG) model has highlighted the positive macroeconomic results associated with increasing the efficiency of public investment. An increase in GDP leads to favourable financing, private consumption and long-term investment. This momentum reinforces the need to prioritise high-return investments.

#### 2.5.3.1. Relative investment ratio

A country's investment performance is measured by its investment rate. A comparative analysis of a country's investment performance is based on the relative investment ratio. This is the ratio of domestic investment to that of the main reference countries, expressed as a percentage. Its evolution enables the assessment of the potential competitiveness of the country in question.

A review of the relative investment ratio over the 2017-2023 period reveals that, for all the countries selected, Ethiopia, Nigeria and Senegal have made less of an investment effort than Cameroon.

**Graph 8: Trend of Relative investment ratio (%)**

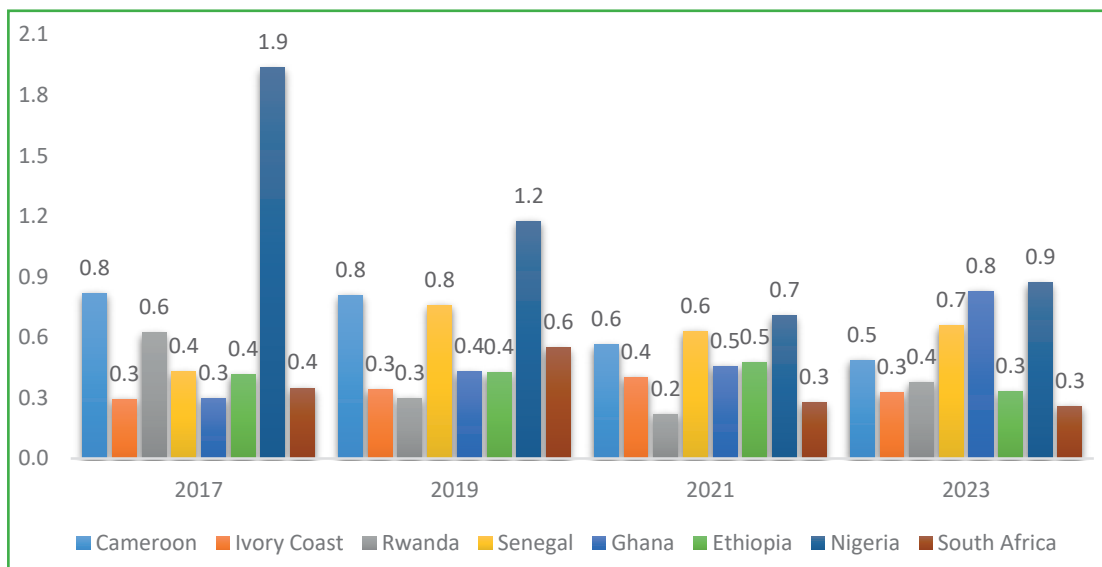


*Source: Based on WEO data*

For the increase in the relative investment ratio to yield a gain in competitiveness, the country must achieve a level of marginal capital efficiency comparable to that of the benchmark countries. In this respect, changes in the Incremental Capital Output Ratio (ICOR) can help refine the analysis of the relative investment ratio. The ICOR is a measure of the marginal amount of investment capital required to generate one unit of output (GDP). A high value of the ICOR indicates that the country's production is inefficient. It should also be noted that a negative value of the ICOR reflects an unproductive or inefficient use of resources.

The ICOR value for 2023 reveals that, on average, the marginal quantity of investment capital required to generate one unit of output (GDP) and thus increase investment is more efficient in Cameroon (4.9 points) than in Nigeria (8.7 points), Ghana (8.3) and Senegal (6.6 points).

It should also be pointed out that the value of the ICOR for Cameroon remains above the efficiency threshold. This result reveals difficulties in completing investment projects on time. It also echoes the delays observed in the commissioning of certain public investment projects (energy, telecommunications, highways, etc.). This in turn affects the expected effects in terms of reducing the costs of certain factors or increasing the supply of infrastructure.

**Graph 9: Comparative evolution of the ICOR**

*Source: Based on WEO data*

Also, the volume of private or public investment in the production of goods and services is likely to be insufficient. The relative cost of complying with regulatory requirements, although not specific to Cameroon, may partly explain the slowdown in investment productivity.

Investment resources are allocated more to the service sector than to industry or upstream activities. There is also a shortage of upstream supplies of raw materials and other inputs such as electrical power, which undermines the optimal use of investment in the industrial sector.

*In a context where world economic activity continues to be weakened by uncertainties linked to the war in Ukraine, tighter financial conditions, inflationary pressures and tensions in supply chains, the economy of Cameroon is proving resilient compared with other countries. This resilience is justified by the diversity and quantity of local products on the market. However, economic growth in Cameroon is hampered by low productivity and inefficiencies in investment.*

*Boosting Cameroon's overall factor productivity offers an opportunity to develop the economy more efficiently and sustainably. This involves i) enhancing the effectiveness of public investment; ii) improving the quality of infrastructure and eliminating the main bottlenecks in logistics services to encourage regional trade and competition; iii) speeding up the consolidation of the financial and banking system and access to financial services.*



## III. Trade performance

In this section, competitiveness will be looked from the trade performance perspective. Indicators considered here relate to trade in goods and services with the rest of the world. The positioning of certain strategic or high-potential products on domestic or international markets shall also be assessed.

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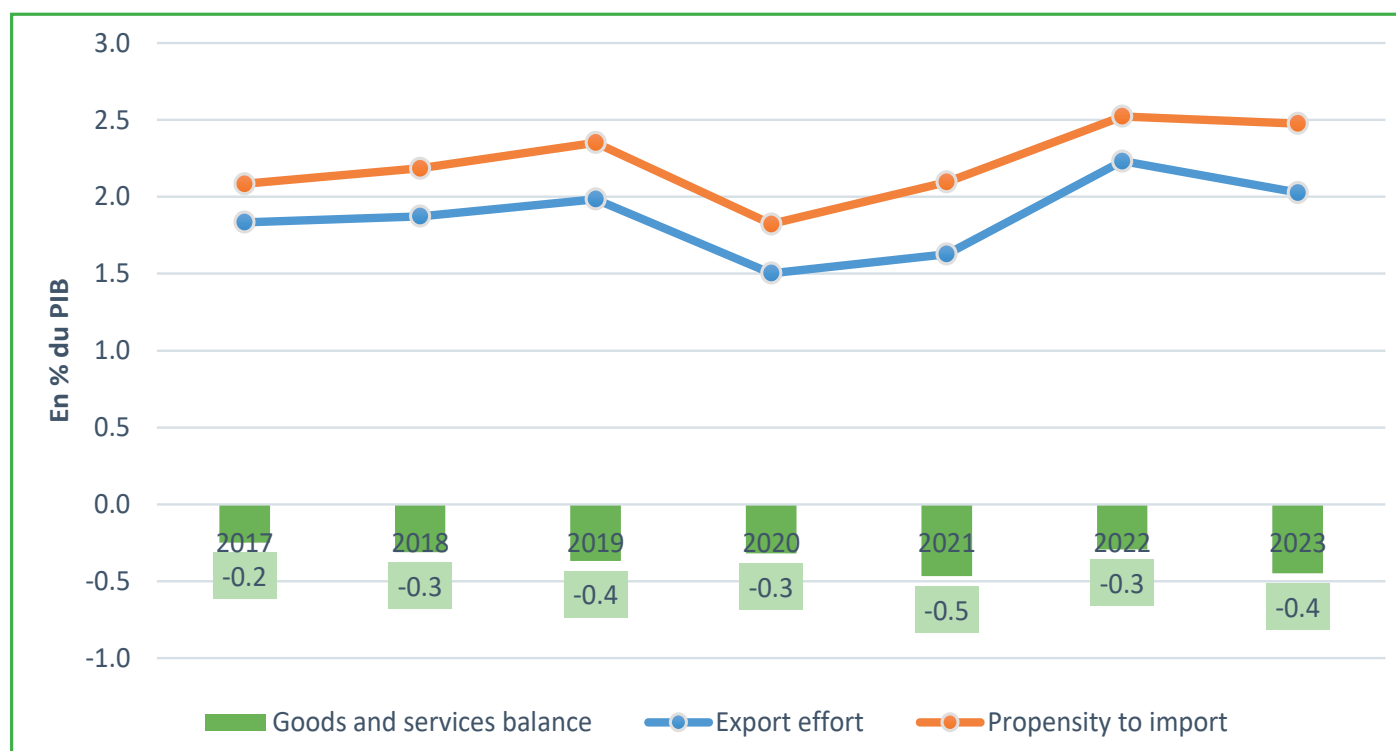
### 3.1. Trade in goods and services

This sub-section will focus on the development of a number of indicators that provide an overall picture of the commercial competitiveness of the economy and assess the dynamics of trade by product.

#### 3.1.1. Overall picture

In 2023, the value of Cameroon's trade in goods and services fell by 2.1% compared with the previous year. However, Cameroon is increasingly involved in world trade. Its degree of openness has increased from 14.5% in 2022 to 16.0% in 2023.

**Graph 10: Trend in the balance of goods and services, export effort and propensity to import (% of GDP)**



Source: Based on the NIS data

The export effort (or export rate) has fallen by two points to 20.3% of GDP in 2023. The share of imports in GDP has remained relatively stable (25.2% in 2022 versus 24.8% in 2023). The deficit in the balance of goods and services widens in 2023, rising from 2.9% of GDP in 2022 to 4.5% of GDP.

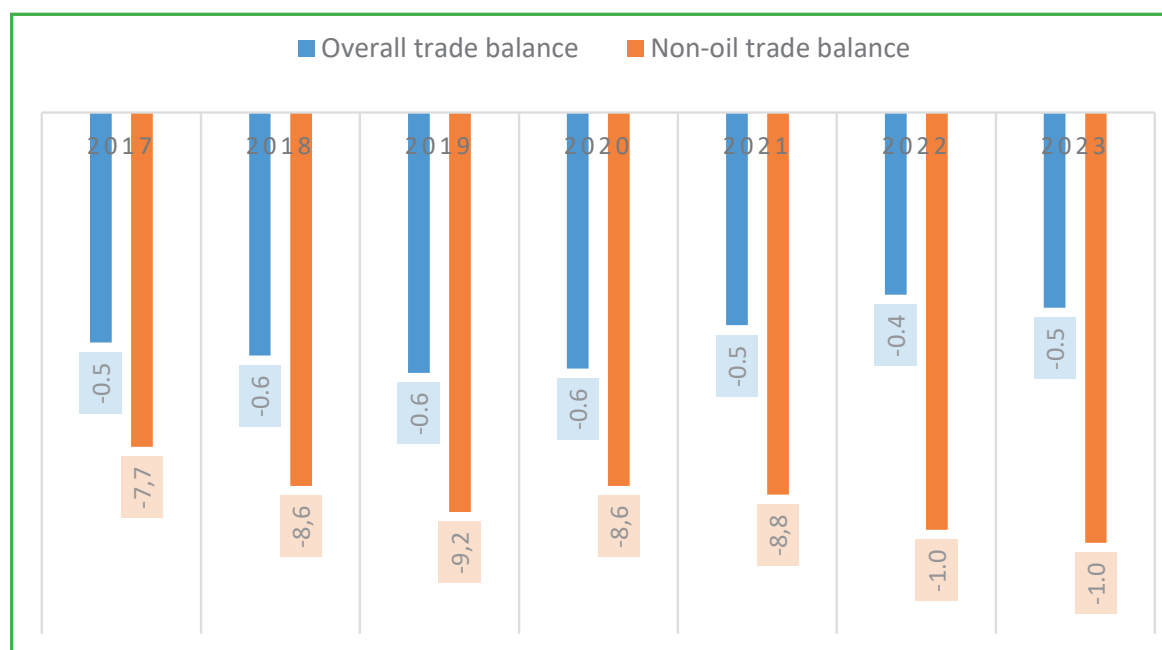
### 3.1.2. Trade in goods

According to customs statistics (published in May 2024), the value of trade in goods fell by 4.9% in 2023, following on from the 6.3% fall recorded the previous year. Imports continued to account for a larger share of GDP (20.0% in 2023 compared with 12.0% for exports) due to an increase in purchases of fuels and lubricants. Imports are growing faster than exports. Imports rose by 1.7%, while exports fell by 14.2%. The low technological content of goods exported by Cameroon was also observed. The export basket changed very little in 2023, consisting mainly of primary goods and a few low-processing products (cocoa butter/paste, sawn timber, etc.).

#### 3.1.2.1. Trade balance

The trade balance has remained negative for the last ten years. The size of the deficit has increased in 2023 (4.5% of GDP compared with 4.2% in 2022). Excluding oil, the deficit is larger (9.9% of GDP in 2023) and widens at an average annual rate of 1.5 percentage points over the period 2019-2023.

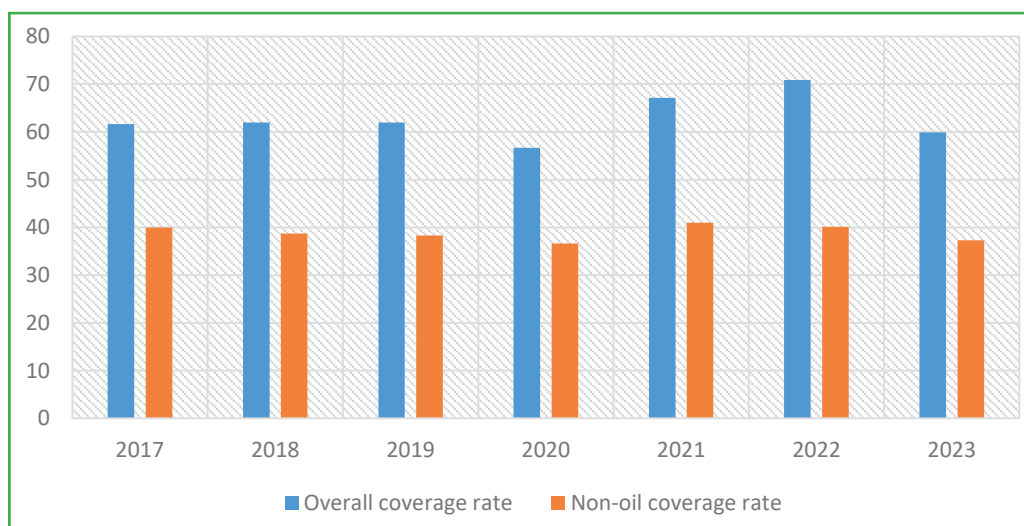
**Graph 11: Trend in trade balance (% of GDP)**



*Source: Based on MINFI/DGD and NIS data*

#### 3.1.2.2. Rate of imports covered by exports

The rate of imports covered by exports was 59.9% in 2023, 11 points down compared with 2022. This rate recorded in 2023 is the lowest since 2017. The non-oil coverage rate is also the lowest (38.8% on average over the period).

**Graph 12: Trend in rates of imports covered by exports**

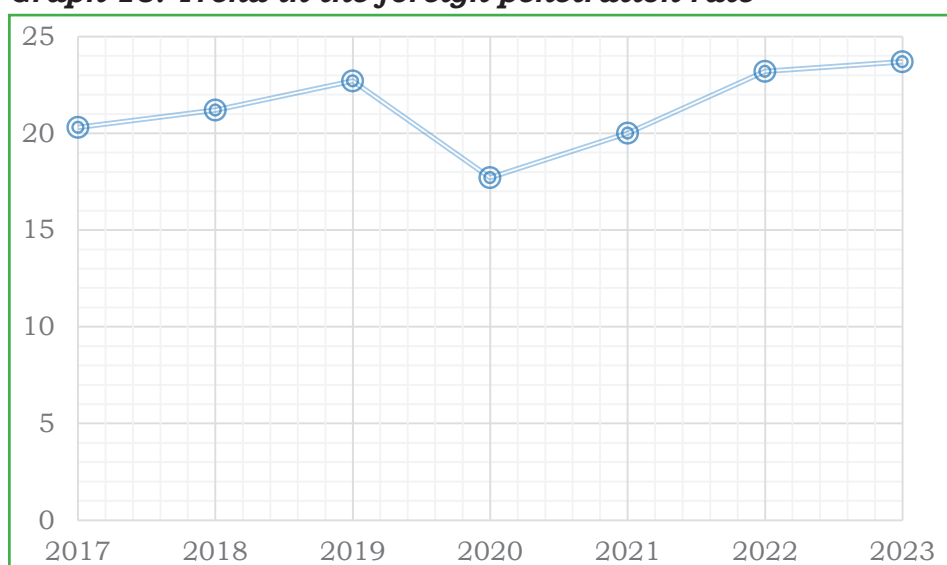
*Source: Based on MINFI/DGD data*

### 3.1.2.3. Domestic market penetration rate

The domestic market penetration rate is often overlooked in conversations about economic indicators, overshadowed by more popular measures such as GDP, the employment rate and the trade balance. However, this rate is a crucial indicator for understanding the vitality of a country's competitiveness in an international context. Indeed, it highlights the dependency or otherwise of countries on imports, as well as the vitality of the production sector.

An increase in penetration rates could indicate a decline in the ability of domestic companies to compete with foreign suppliers. A decreasing penetration rate may result from increased competitiveness of domestic suppliers (with import substitution) or from investment (or technology transfer) by foreign companies in the domestic economy.

The penetration rate of foreign products in the domestic market was 23.7% in 2023, an increase of 0.5% on the previous year (23.2%). This reflects the difficulty for local producers to gain more share of the domestic market.

**Graph 13: Trend in the foreign penetration rate**

*Source: Based on MINFI/BP and NIS data*

#### **3.1.2.4. Dynamics of trade in key products**

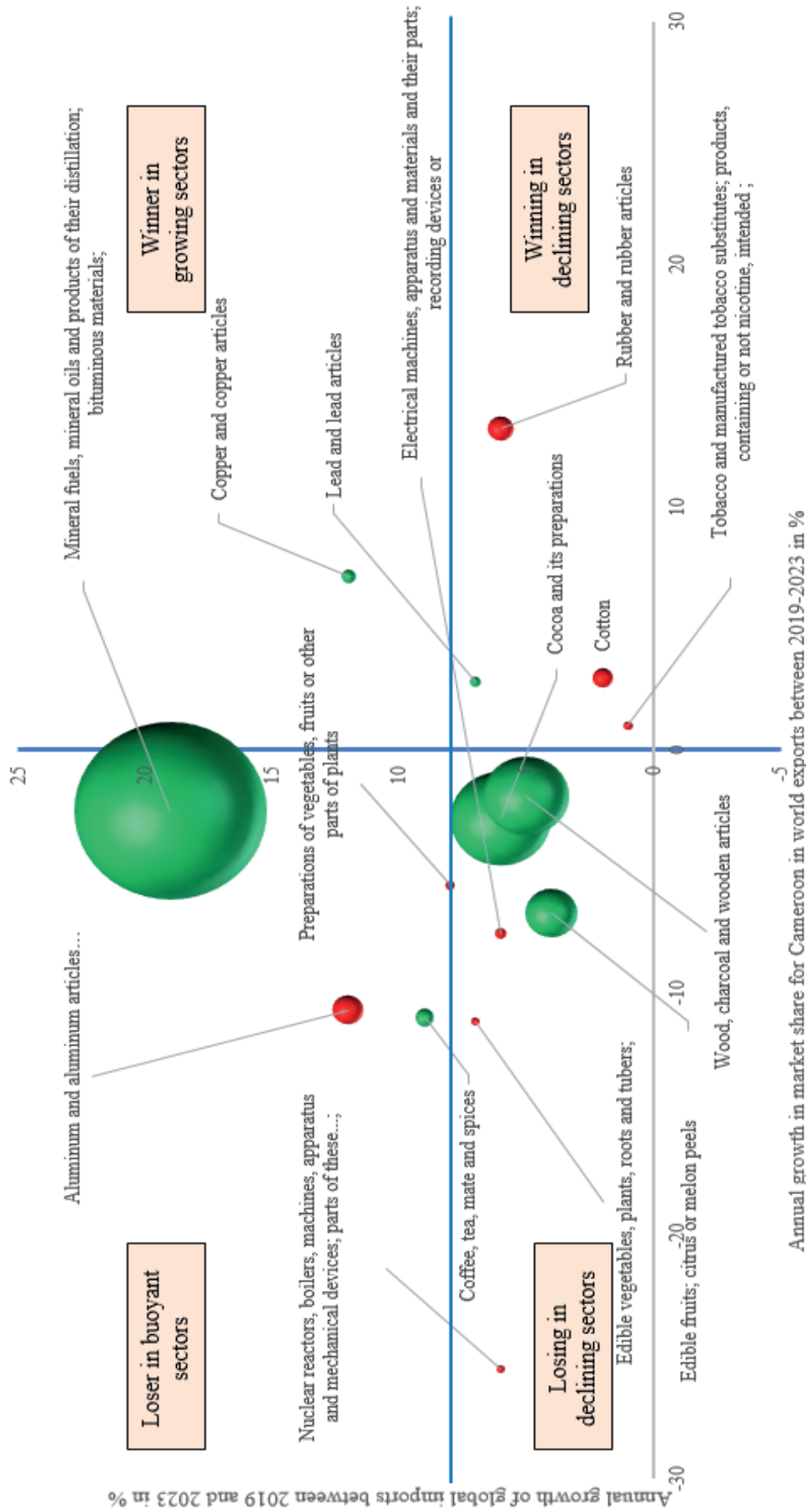
In 2023, the top ten export goods from Cameroon accounted for almost 94.6% of the total value of exports. They included crude petroleum oils (37.7% of total exports), liquefied natural gas (14.1%), raw cocoa beans (12.0%), sawn timber (6.7%), raw cotton (4.9%), cocoa paste (3.3%), fuels and lubricants (2.2%), logs (2.2%) and cocoa butter (1.9%).

Over the 2019-2023 period, exports of bananas, raw cocoa beans, raw rubber, logs and raw aluminium fell, while the other six products recorded an increase in the quantities exported.

Based on an analysis of Cameroon's exports and world demand, three groups of products can be identified: (i) those described as buoyant (rise in national exports and global demand); (ii) those described as losing momentum (fall in national exports and global demand); and (iii) those with strong potential (fall in national exports and rise in global demand).

Over the period 2019-2023, mineral fuels, copper and copper products, and coffee, tea and spices were the most dynamic products. On the contrary, edible fruit, cotton, rubber and cocoa and cocoa products were in a downturn. Products with strong potential included bananas, cocoa and cocoa products, pineapples, household soaps, palm oil and fertilisers.

**Graph 14: Growth in domestic supply and international demand for the top 15 products exported by Cameroon in 2023**



● Cameroon is a net importer of this product    
 ● Cameroon is a net exporter of this product    
 The size of the bubbles is proportional to the value of exports

Source: Based on ITC/ UNCTAD data

### 3.1.3. Trade in services

The structural deficit on the external account for services narrowed in 2023. This improvement is mainly driven by freight transport services, induced by the increase in imports of goods whose freight is provided by foreign companies.

**Table 6: Trend in the balance of trade in services (in billions of CFA francs)**

	2019	2020	2021	2022	2023
<b>Transport: of which</b>	-228.4	-113.4	-212.6	-424.7	-338.0
<i>Passengers</i>	-121.9	-82.2	-88.8	-101.7	-121.6
<i>Freight</i>	-191.7	-101.0	-294.9	-361.9	-265.5
<i>Other transport</i>	85.3	69.8	46.4	38.8	49.1
<b>Travelling</b>	-55.5	-70.5	-59.5	-41.2	97.2
<b>Insurance and pension services</b>	-45.5	-37.8	-48.9	-30.6	-62.8
<b>Other services n.e.i of which:</b>	-93.2	-50.7	-22.7	-120.5	16.7
<i>Technical Assistance to enterprises</i>	-95.2	-70.6	-164	-130.1	-51.9
<b>Total</b>	<b>-361.6</b>	<b>-236.4</b>	<b>-343.7</b>	<b>-508.4</b>	<b>-275.4</b>

*Source: Based on MINFI/DP data*

Apart from land and pipeline transport (goods and Chadian oil), the other sectors exposed to international competition are finding it hard to conquer the local market. The non-competitiveness of transport services inevitably creates a bias that can adversely affect the performance of goods exports.

The balance of purchases/sales of technical assistance services indicates a low level of competitiveness of national skills. This also shows that the application of national preference in the solicitation of expertise for the performance of certain technical work by companies is also weak. Indeed, nearly 1,000 billion was spent by the private sector on importing foreign technical assistance services over the 2017-2023 period.

All these trends illustrate a loss of competitiveness in the economy of Cameroon for the period under review. They also demonstrate the limited capacity of Cameroon's supply to respond to the ever-increasing demand for a number of services. Numerous constraints continue to hamper the development of foreign trade, including: (i) Identifying potential markets and buyers, access to inputs at competitive prices, and the costs associated with international transport in the case of exports; (ii) Overcrowding at ports, low ownership of reforms, and unofficial payments made along cross-border corridors in the case of imports.

## 3.2. Trends in market shares

In this report, market shares are referred to as a result indicator of competitiveness. An economy or company capable of producing quality goods at relatively lower costs is more likely to conquer and maintain its share of the various markets.

Cameroon's share of the world market was insignificant in 2023 (0.002%), and it was ranked 116<sup>th</sup> among the world's exporters in 2023 (down two places on 2022). The country does, however, occupy a respectable position in exports of a number of products. These include: 1) sawn sapelli and iroko wood (1<sup>st</sup> exporter worldwide); 2) other sawn tropical wood (3<sup>rd</sup> worldwide); 3) cocoa paste (8<sup>th</sup>); 4) veneer sheets (8<sup>th</sup>); 5) natural rubber latex (8<sup>th</sup>); 6) fresh bananas and cocoa butter (13<sup>th</sup>); 7) liquefied natural gas (20<sup>th</sup>) and 8) crude petroleum oils (20<sup>th</sup> worldwide).

### 3.2.1. World market ranking of some products

This sub-section analyses Cameroon's share of the international market for some export products in which the country benefits from comparative advantages. These are *pineapples*, *bananas*, *cotton*, *coffee*, and *cocoa*.

- **Pineapple**

In 2023, the world pineapple market was buoyant, with the value of imports up by almost 7.3% on the previous year. The European Union (EU) remains the main export market for Cameroon pineapple. The three main customers for Cameroon's pineapple are France (59.0%), Belgium (32.0%) and Italy (4.7%). The United States of America, with 32.2% of imports of this product, represents a potential outlet.

Cameroon's share of the global pineapple market remains relatively low, at 0.1% in 2023, and 0.1% on average over the period 2019-2023. They have been unchanged since 2020. Major efforts are still necessary to further benefit from this market, which is led by countries such as Costa Rica (1<sup>st</sup> world's exporter) and the Philippines (2<sup>nd</sup> world's exporter), respectively with a market share of 49.2% and 14.8% in 2023.

**Table 7: Trends in the market shares of some pineapple exporting countries (%)**

Exporters	Rank	2019	2020	2021	2022	2023	Average
Cameroon	37 <sup>th</sup>	0.2	0.1	0.1	0.1	0.1	0.1
Costa Rica	1 <sup>st</sup>	44.9	45.6	48.6	48.6	49.2	47.1
The Philippines	2 <sup>th</sup>	14.8	15.2	13.2	13.2	14.8	14.6
Côte d'Ivoire	19 <sup>th</sup>	0.5	0.5	1.5	1.5	0.4	0.7

Source: From ITC/UNCTAD data

In 2023, Cameroon dropped one place to 37<sup>th</sup> in the world rankings for fresh pineapple exports (down from 36<sup>th</sup> in 2022), behind African competitors such as Côte d'Ivoire, which ranked 19<sup>th</sup> with a 0.4% market share.

Productivity and land area ratio for pineapple production are among the factors underlying Cameroon's performance for this product, whose prospective demand is high. According to the Food and Agriculture Organisation of the United Nations (FAO<sup>3</sup>), pineapple yields per hectare are half those in countries such as Costa Rica.

- **Bananas**

Cameroon's share of this market has fallen by 0.5 percentage points, from 2.3% in 2022 to 1.8% in 2023. Cameroon is the 2<sup>nd</sup> largest producer in the African Caribbean Pacific (ACP) countries, and the 13<sup>th</sup> largest banana exporter in the world (down 3 places on 2022), behind countries such as Ecuador (1<sup>st</sup> with 26.2% share) and the Philippines (2<sup>nd</sup> with 8.9% share), but ahead of Côte d'Ivoire (16<sup>th</sup> with 1.4% share).

Banana exports (down 10.0% by 2023) are mainly destined for Europe, namely Belgium (69.3%), France (16.2%) and the United Kingdom (12.5%). Cameroon holds almost 3.5% of European banana imports (compared with 4.0% in 2022).

<sup>3</sup> <http://www.fao.org/faostat/fr/#data>, consulted on 23/06/2023

**Table 8: Trends in the market shares of some bananas exporting countries**

Exporters	Rank	2019	2020	2021	2022	2023	Average
Cameroon	13 <sup>th</sup>	2.1	2.1	2.2	2.3	1.8	2.1
Ecuador	1 <sup>st</sup>	24.6	27.2	26.0	26.0	26.2	26.5
The Philippines	2 <sup>nd</sup>	14.9	12.2	8.6	8.6	8.9	18.0
Côte d'Ivoire	16 <sup>th</sup>	1.3	1.2	2.9	2.9	1.4	1.6

Source: From ITC/UNCTAD data

FAO data point to a per-hectare yield in Cameroon being less than half that of Ecuador.

- **Cotton**

In 2023, the world cotton market was still led by China, the United States, India and Brazil, with market shares of 20.7%, 14.1%, 12.6% and 6.2% respectively. Cameroon is the world's 60<sup>th</sup> largest exporter of cotton (down four places on 2022), with a market share of 0.1%. Cameroonian cotton is mainly exported to Bangladesh (63.1%), Vietnam (8.3%), Pakistan (6.3%) and Malaysia (5.3%).

According to the African Cotton Association<sup>4</sup> (ACA), world cotton production is falling steadily. This has had no impact on prices, as large stocks are held by the world's biggest producers.

**Table 9: Trends in the market shares of some cotton exporting countries**

Exporters	Rank	2019	2020	2021	2022	2023	Average
Cameroon	56 <sup>th</sup>	0.1	0.3	0.1	0.2	0.1	0.2
China	1 <sup>st</sup>	25.2	23.3	22.0	20.8	20.7	22.4
The United States	2 <sup>nd</sup>	14.1	14.8	11.5	16.8	14.1	14.3
Côte d'Ivoire	20 <sup>th</sup>	0.7	0.7	0.4	0.6	0.4	0.6

Source: From ITC/UNCTAD data

Cameroon's low market share reflects the unfavourable differential in yield per hectare, which is five times lower than in China.

- **Coffee**

In 2023, the value of world coffee imports was 10.1% lower than in 2022. Cameroon's share of this market remained marginal (0.1% on average over the period 2019-2023). Cameroon is ranked 50<sup>th</sup> in the world coffee export market in 2023 (against 54<sup>th</sup> rank in 2022), behind Côte d'Ivoire (40<sup>th</sup>). The main customers for Cameroon coffee are Algeria (18.6%), France (15.8%), Belgium (14.5%) and Portugal (14.3%).

**Table 10: Trends in the market shares of some coffee exporting countries**

Exporters	Rank	2019	2020	2021	2022	2023	Average
Cameroon	50 <sup>th</sup>	0.1	0.1	0.1	0.1	0.1	0.1
Brazil	1 <sup>st</sup>	15.3	16.1	16.0	18.4	17.4	16.6
Vietnam	4 <sup>th</sup>	7.5	6.4	6.5	6.4	8.0	7.0
Côte d'Ivoire	40 <sup>th</sup>	0.5	0.3	0.3	0.2	0.1	0.2

Source: From ITC/UNCTAD data

Coffee production yields per hectare in leading countries such as Brazil and Vietnam are respectively 6 and 8 times higher than in Cameroon.

<sup>4</sup> <http://www.hubrural.org/L-Association-cotonniere-africaine.html?lang=fr>, consulted on 23/06/2023



## • Cocoa

In 2023, world exports of cocoa beans (by volume) rose by 12.7% compared to 2022. During this period, world imports increased by 21.2% in value. The world cocoa market remains dominated by Côte d'Ivoire, the leading exporter (33.7% market share), followed by Ecuador (11.9%) and Ghana (11.2%).

Cameroon stands as the 4<sup>th</sup> largest exporter of cocoa beans, with a 7.6% market share (up two places on 2022), ahead of Nigeria (6.3% market share). Cameroonian cocoa is mainly sold to the Netherlands (73.8%), Malaysia (9.4%), Indonesia (8.0%) and Turkey (3.2%).

**Table 11: Comparative trends in Cameroon's share of the cocoa market**

Exporters	Rank	2019	2020	2021	2022	2023	Average
Cameroon	4 <sup>th</sup>	7.4	7.1	5.6	5.7	7.6	6.7
Côte d'Ivoire	1 <sup>st</sup>	38.5	40.1	42.9	36.6	33.7	38.4
Ghana	3 <sup>rd</sup>	20.0	46.1	16.1	14.4	11.2	11.2
Nigeria	6 <sup>th</sup>	2.7	3.1	5.1	6.3	6.3	6.3

Source: From ITC/UNCTAD data

Also, it is noteworthy that Cameroon's share has not progressed significantly since 2018, mainly due to the emergence of a domestic market driven by the increase in local processing capacity<sup>5</sup> of cocoa bean. This processing strategy should be further sustained, given an export market likely to become more competitive with the influx of exports from China. In other respects, measures should be taken to improve the post-harvest treatment of cocoa, to ensure the quality of the beans.

### 2.2.2. Domestic market shares

This sub-section seeks to review the changes in the domestic market shares of local producers for a few consumer goods, including *rice, fish, maize, sugar, crude palm oil, soya cake, and pharmaceuticals*. The choice of products is guided by their tradability and the availability of data for analysis.

## • Rice

Though on an upward trend in recent years, national rice production has remained far below national demand. Over the years, the production shortfall, which has led to a rise in imports, has been exacerbated by inadequate performance in the production of substitutable goods such as starchy foods and cereals. In 2023, rice imports fell by 26.3% to 620,400 tonnes.

**Table 12: Trends in production, imports and the share of local supply on the domestic rice market**

	2019	2020	2021	2022	2023
Production (10 <sup>3</sup> tonnes)	334.0	140.2	217.3	271.2*	--
Imports (10 <sup>3</sup> tonnes)	894.5	591.6	776.6	841.0	620.4
Domestic market (10 <sup>3</sup> tonnes)	1228.5	731.8	993.9	1,112.7	--
Share of local supply (%)	27.2	19.2	21.9	24.4	--

Source: Based on MINADER, MINFI/DGD data

Data from the report on the implementation and budgeting of the 2023-2024 import-substitution policy

<sup>5</sup> According to the National Cocoa and Coffee Board (NCCB), the volume of locally processed cocoa increased by 3.3% in 2020 to 62,341 tonnes, mainly due to the entry of a new operator, Atlantic Cocoa.

To improve the local supply of rice on the market, the government has adopted a strategy to develop the rice sector, aimed at raising local production to 750,000 tonnes by 2030 and bringing the self-sufficiency rate up to 97%. The strategy's key actions include: (i) substantially increasing the area under cultivation (development of 60,000 ha for irrigated rice and 200,000 ha for rainfed rice); (ii) improving planting material (production of 6,000 tonnes of certified seed per year); (iii) mechanising farming (providing producers in various production basins with power tillers, mini-crushers, threshers and huskers) and (iv) reorganising stakeholders in the industry.

- **Fish**

Over the past five years, national fish production seems to have stagnated below its 2019 level (335,000 tonnes). This is still insufficient to satisfy domestic demand. The shortfall in local supply is made up by imports, which amounted to 234,600 tonnes in 2023, down 3.0% on 2022. It is worth noting that domestic fish production fell by 1.3% in 2023.

**Table 13 : Production, imports and local producers' share on the domestic market**

	2019	2020	2021	2022	2023
Production (10 <sup>3</sup> tonnes)	335.1	219.6	223.4	233.1	230.0
Imports (10 <sup>3</sup> tonnes)	185.7	201.7	190.0	241.8	234.6
Demand satisfied (10 <sup>3</sup> tonnes)	520.8	421.3	413.4	474.1	464.6
Local producers' share (%)	64.3	52.1	54.0	49.1	49.5

*Source: Based on MINEPIA, MINFI/DGD data*

The Government has taken numerous actions to raise the level of production in the fisheries sector. These include better control of the coastal strip, continuing the fight against illegal fishing and the development of commercial fish farming. In addition, the Government has adopted an Agricultural and Fisheries Import-Substitution Integrated 2024-2026 Plan (PIISAH). PIISAH envisages the production of 450,530 tonnes of fish by 2030 in order to reduce the level of dependence on imports to 3% (50% in 2023).

- **Crude palm oil**

Domestic production generally covers more than 70% of domestic demand for crude palm oil. It supplies refining plants, soap factories and final household consumption. Some of this production is exported to countries in the Central African sub-region, notably Chad.

In 2023, the share of local supply in the domestic crude palm oil market fell by 2.2 percentage points to 71.1%. Cameroon is facing a structural deficit due to strong demand from processors.

**Table 14: Production, imports, exports and local producers' share of the domestic crude palm oil market**

	2019	2020	2021	2022	2023
Production (10 <sup>3</sup> tonnes)	420.0	450.0	450.0	300.0	350.0
Imports (10 <sup>3</sup> tonnes)	56.3	58.2	82.5	110.1	144.1
Exports (10 <sup>3</sup> tonnes)	1.6	1.3	4.2	0.7	1.7
Domestic market (10 <sup>3</sup> tonnes)	474.7	506.7	528.3	409.4	492.4
Local producers' share (%)	88.5	88.8	85.2	73.3	71.1

*Source: Based on MINADER, MINFI/DGD data*

The structural shortfall is steadily worsening, with processing capacity growing faster than crude palm oil production capacity. In 2023, Novia, a new operator in the processing sector, entered the market. This operator has an installed daily production capacity of 500 tonnes of refined oil and 150 tonnes of soap. Two other operators have been announced, Société de raffinage du Cameroun (Sorac) and Nouvelle raffinerie du Cameroun.

- **Sugar**

Cameroon is faced with a structural shortfall in the sugar sector. The proportion of demand covered by local supply fell from 59.8% in 2020 to 56.3% in 2021. In 2023, government authorisations allowed an increase in imports of 64.4%, equivalent to 203,100 tonnes.

**Table 15 : Trends in production, imports, exports and local producers' share of the domestic sugar market**

	2019	2020	2021	2022	2023
Production (10 <sup>3</sup> tonnes)	130.0	140.0	140.0		--
Imports (10 <sup>3</sup> tonnes)	71.7	94.7	109.1	108.1	203.1
Exports (10 <sup>3</sup> tonnes)	0.1	0.5	0.5	0.5	0.3
Domestic market (10 <sup>3</sup> tonnes)	201.6	234.2	248.6		--
Local producers' share (%)	64.5	59.8	56.3		--

Source: Based on MINADER, MINFI/DGD data

- **Maize**

In 2023, Local demand for maize was mainly met by local producers (98.6%). Production is on an upward trend due to growing demand from industry.

**Table 16: Trends in production, imports and the share of local supply on the domestic maize market**

	2019	2020	2021	2022	2023
Production (10 <sup>3</sup> tonnes)	2200.0	2100.0	2592.9	2719.9	2853.2
Imports (10 <sup>3</sup> tonnes)	14.6	19.6	34.1	12.2	40.0
Domestic market (10 <sup>3</sup> tonnes)	2214.6	2119.6	2627.0	2732.1	2893.2
Share of local supply (%)	99.3	99.1	98.7	99.6	98.6

Source: Based on MINADER, MINFI/DGD data

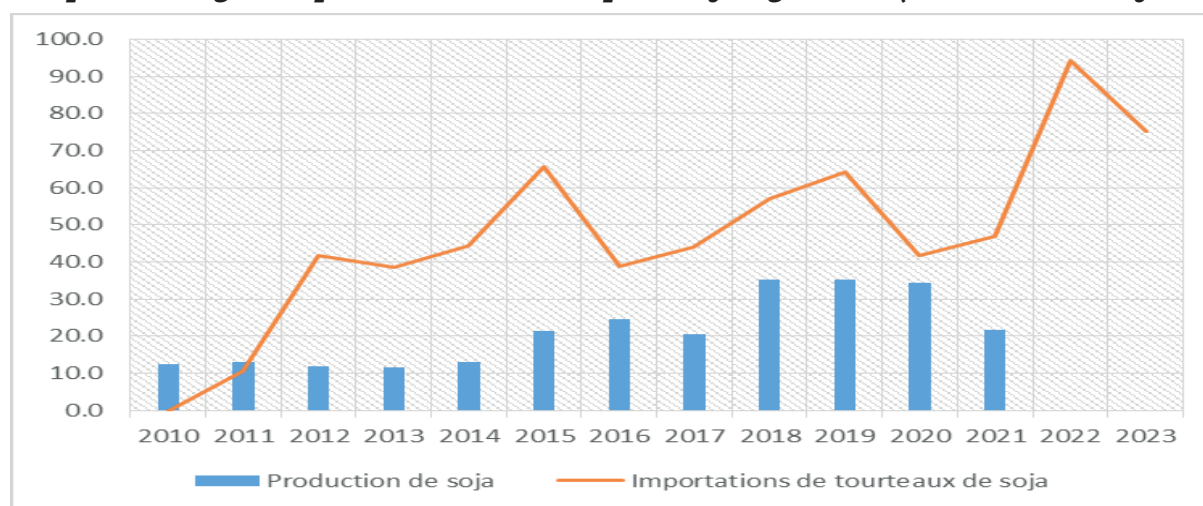
Maize imports reached a record level in 2023, at 40,000 tons, up 229.0% on 2022. Over the past five years, maize imports have almost tripled. Given the strong domestic demand, maize production needs to be scaled up to bridge the local supply gap and conquer the sub-regional market.

- **Other products**

These are products with a high utility value for businesses and households.

- *Soya-meal*

Soya plays an important role in livestock farming, particularly as a protein source in the manufacture of animal feed. However, as shown in Graph 14, domestic soybean production is far lower than soya-meal imports.

**Graph 15: Soybean production and imports of soya-meal (in thousands of tonnes)**


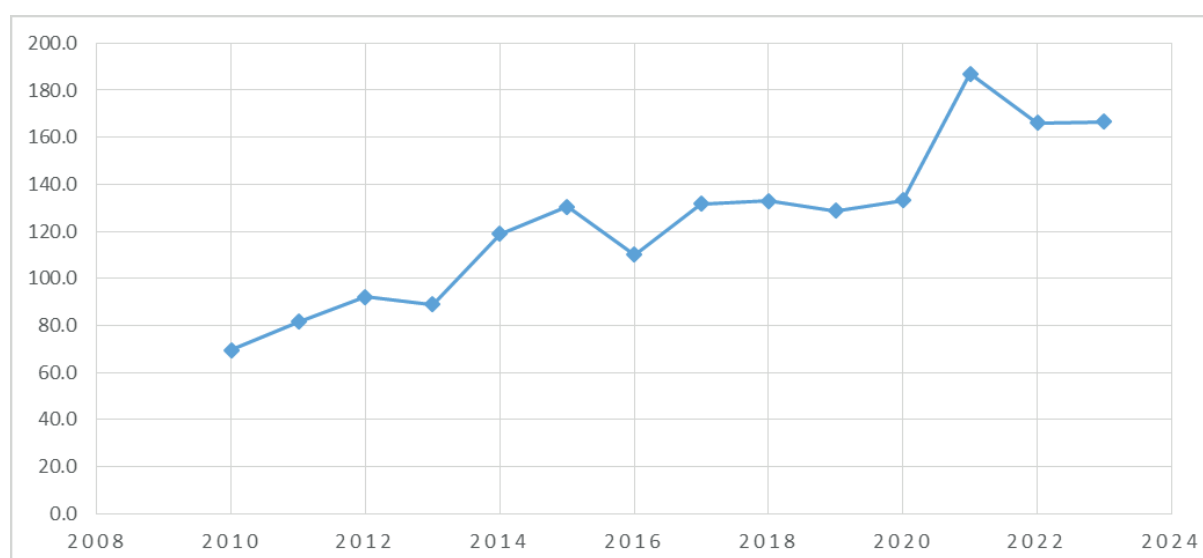
*Source: Based on MINADER, MINFI/DGD data*

For example, in 2021, imports of soy cake amounted to 47,000 tonnes, while soy production stood at 21,400 tonnes. This means that if all soybean production were dedicated to the manufacture of meals, demand would be far from being met by local supply. Imports of soya-meal, however, fell by 20.3% in 2023 to 75,100 tonnes.

- *Pharmaceuticals*

The local pharmaceutical industry is still in its early stages. The country has about fifteen industrial units for the manufacture of medicines and medical consumables. Domestic supply is very insufficient and covers only about 5% of the domestic demand. The pharmaceutical products market is thus dominated by imports, whose bill has more than doubled between 2010 and 2023, rising from 69.5 billion to 166.6 billion CFA francs.

Numerous constraints hinder the development of the pharmaceutical industry in Cameroon, namely: (i) the high costs of production factors, (ii) massive and fraudulent imports of medicines and (iii) the lack of materials and equipment.

**Graph 16: Trends in imports of pharmaceutical products (in billions of CFA francs)**


*Source: Based on MINFI/DGD data*

Health authorities are implementing measures to promote the local pharmaceutical industry. In this regard, the Ministry of Public Health has implemented several measures: (i) simplifying procedures for issuing marketing authorisations for locally manufactured products; (ii) defining order quotas for wholesalers (70/30) and (iii) reducing the time taken to issue approvals.

*This section points to the persistence of (i) difficulties in integrating into global value chains and (ii) weaknesses in the positioning of tradable goods on the local market. Such difficulties impact both on the productive sector, struggling to modernise, and on the support policy, in need of improvement. It is important to prioritise initiatives across industries and sectors, as well as in the concentrated products identified by PIISAH. It is therefore vital to speed up the modernisation and diversification of production sectors.*

## IV. Production costs and performance of the production system

This section analyses companies' production costs (unit costs and costs structure), the costs of certain factors of production, and the performance of the production system. A downward trend in these costs indicates favourable conditions for achieving competitiveness gains and vice versa.

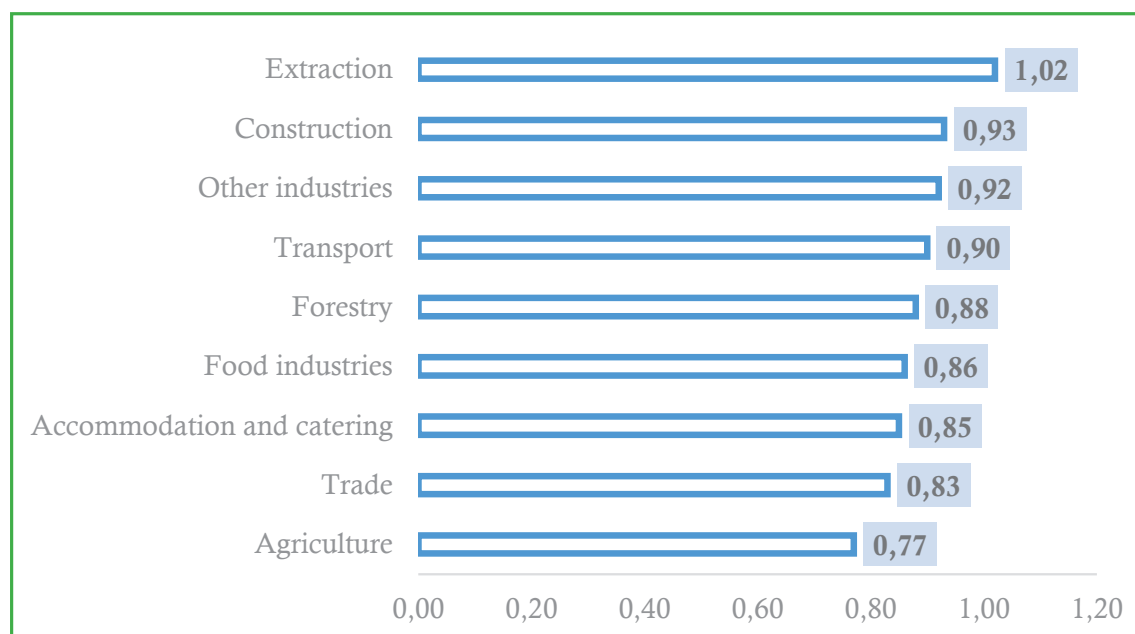
### 4.1. Production costs

#### 4.1.1. Unit costs

The analysis of unit production costs indicates that most industries have unit costs close to unity. This result reflects to some extent the weakness of companies. The Mining & quarrying branch recorded average unit production costs close to unity.

It should be noted, that 25% of companies have a unit cost of less than 0.81 (i.e. a profit margin of 19%), while 50% have a unit cost of less than 0.86, which corresponds to a profit margin of 14%).

**Graph 17: Average unit production costs of companies by industry in 2022**

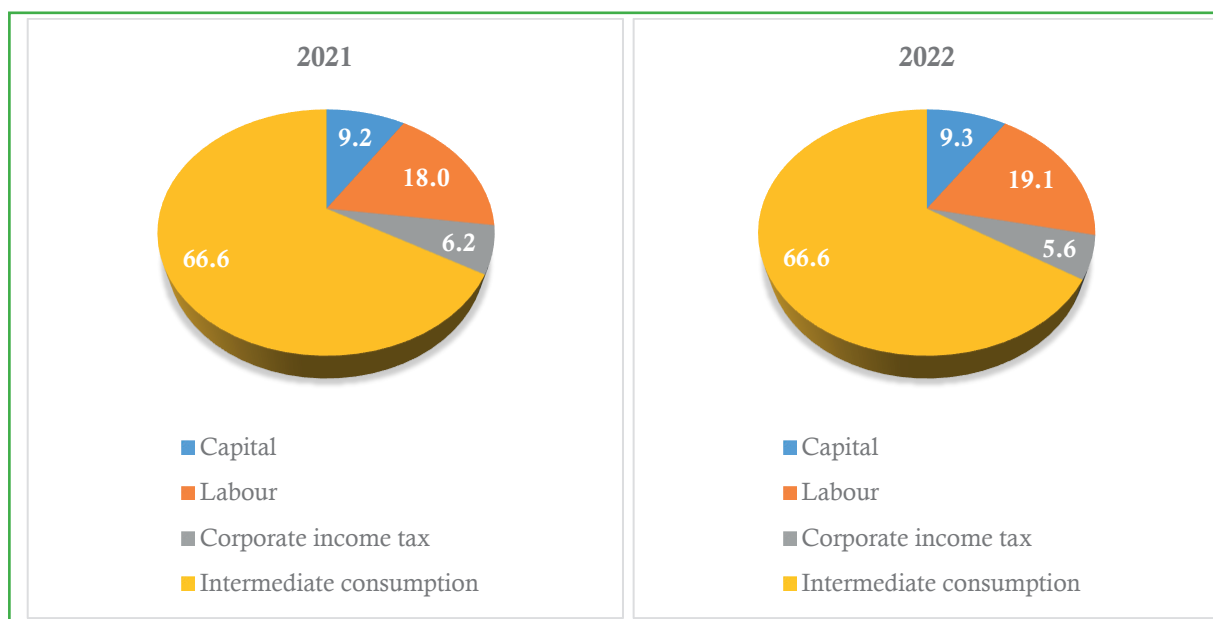


*Source: Based on Statistical and Fiscal Declarations (SFD) 2022*

#### 4.1.2. Structure of production costs

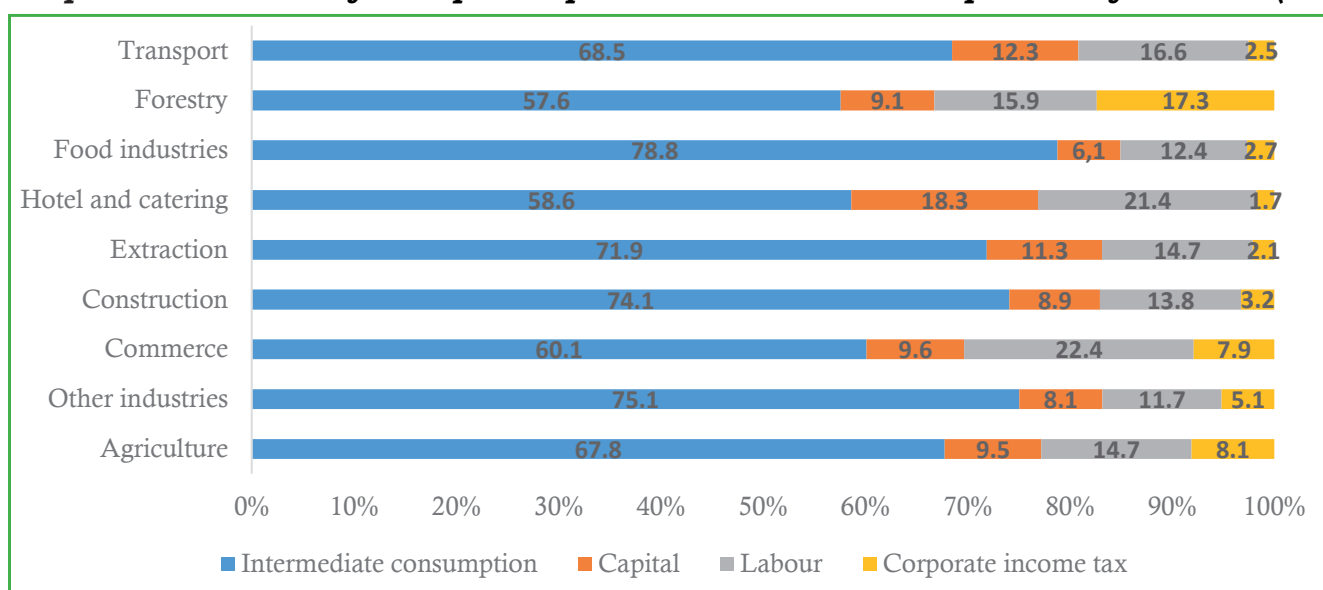
In 2022, the structure of corporate production costs included an average of 65.9% of intermediate consumption expenditure, followed by labour costs (19.1% of total costs on average) and capital expenditure (9.3%). Taxes on company profits represent an average of 5.6% of company costs.

There has been little change in the cost structure of companies between 2021 and 2022. Compared with 2021, the weight of capital expenditure is up by 0.1 percentage points, while wage costs have risen by 1.1%. By contrast, the share of intermediate consumption expenditure fell from 66.6% to 65.9% over the same period. The same applies to taxes, which fell from 6.2% to 5.6%.

**Graph 18: Structure of enterprises production costs in 2020 and 2021**

*Source: Based on 2021 and 2022 SFDs*

This structure of production costs is reflected at industry level. Expenditure on intermediate consumption accounts for a large proportion of production costs. This share is particularly high in industry.

**Graph 19: Structure of enterprises' production costs in 2022 per line of business (in %)**

*Source: Based on 2022 SFDs*

The Statistical and Fiscal Declarations (SFD) reveal that inputs are the main component of business costs. However, data highlight only corporate income tax. Other tax items are included in the purchase prices of other components. This is particularly the case for oil products whose price served by the markers incorporates a succession of charges generated from the import stage through the price (including all taxes) exiting the Cameroon Oil Depots Company (SCDP).

In order to create more added value or increase their competitiveness, companies should keep improving the quality of their products and services, but also give priority to cost control. Public authorities should support them through efforts aimed at achieving high-quality, low-cost inputs.

### 4.1.3. Industrial production price index

This index provides information on changes in factory gate prices for industrial goods. It is an indicator of trends in the production costs of industrial companies. According to the National Institute of Statistics (NIS), industrial producer prices in Cameroon fell by 5.4% in 2023 compared with the previous year. This decline can be linked to the stabilisation of raw material prices, which soared in 2022.

However, the overall downturn in the price index conceals a number of disparities. Indeed, manufacturing producer prices stagnated in 2023 (+0.3%), following a sharp surge of 8.6% in 2022. Producer prices in the agri-food industry, by contrast, fell by 1.7% in 2023, after soaring by 10.9% in 2022.

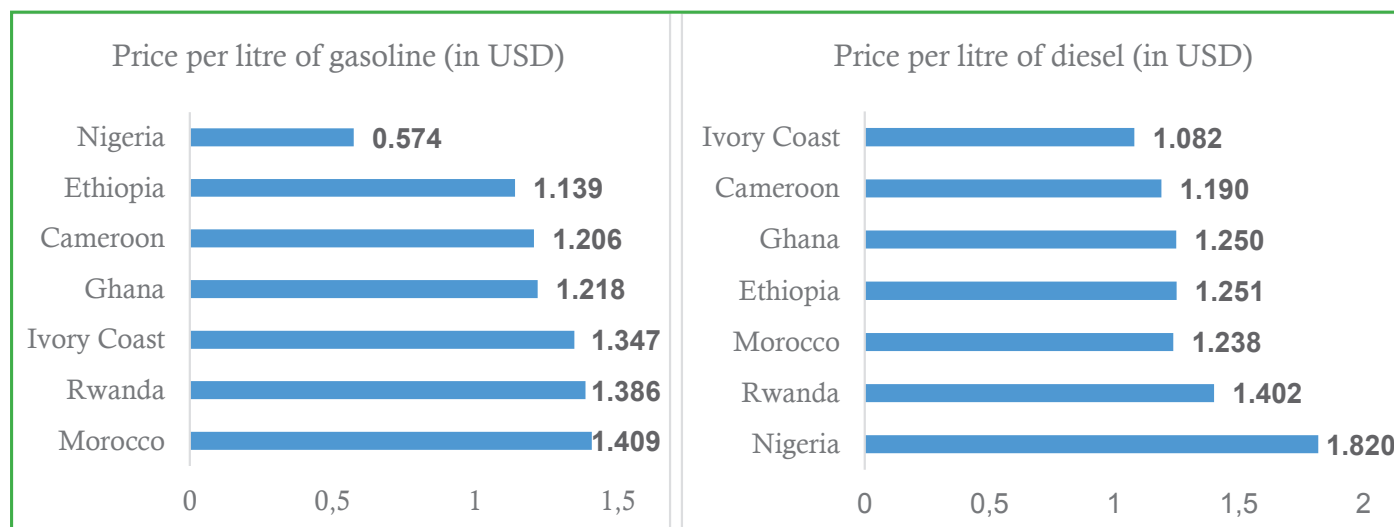
Most of the raw materials used in these industries are imported (wheat, milk, clinker, etc.). Better control of their costs, which is likely to lead to a significant reduction in industrial production prices, will therefore require the production of substitutes for these inputs.

## 4.2. Costs of some production inputs

### 4.2.1. Cost of oil products

According to Global Petrol Price figures, petrol and diesel are relatively cheaper in Cameroon than in Ghana, Ethiopia, Morocco and Rwanda. Prices are also lower in Ethiopia on average than in some oil-producing countries. Petroleum product prices are generally approved because of the socio-economic stakes involved. With a view to reducing subsidies on petroleum products, the government of Cameroon increased the pump prices of petrol and diesel by 15.8% and 25.2% respectively in February 2023.

**Graph 20: Pump prices per litre of petrol and diesel in 2023**



*Source: Global Petrol Price*

The current price breakdown of petroleum products in Cameroon shows that taxes and duties constitute 37.6% for petrol, 31.6% for diesel, and 13.3% for paraffin. A levy of FCFA 44.88 is charged on each litre of product to support the raw product processing industry.

### 4.2.2. Electricity costs

Electricity is an important production factor for industrial companies. The rate of access to electricity in Cameroon stands at 59.6%. However, electricity costs remain above the average for Sub-Saharan Africa.

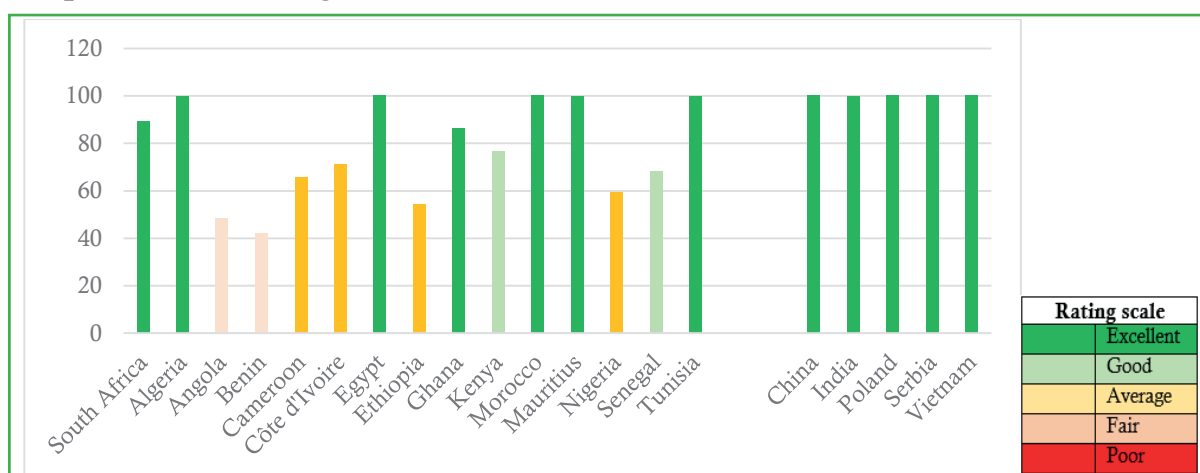


**Table17: Cost of electricity for companies in a selection of African countries (in US dollars per kWh)**

Country	2022	2023
Cameroon	0.15	0.15
Côte d'Ivoire	0.20	0.20
Ghana	0.11	0.07
Morocco	0.11	0.10
Nigeria	0.10	0.08
Ethiopia	0.02	0.02

Source: Global Petrol Price

Despite significant investment in hydroelectric infrastructure, electricity supply remains inadequate. Some enterprises continue to rely on their own sources, thereby incurring extra costs and undermining their competitiveness. Algeria, Egypt, Ghana, Mauritius, Morocco, South Africa and Tunisia have levels of access to electricity comparable to those of countries such as China and Poland. Besides, Cameroon is at an average level of access with countries such as Côte d'Ivoire, Nigeria and Ethiopia. To improve access to electricity for households and companies, the transmission and distribution segment deserves special attention.

**Graph 21: Electricity access rates in selected countries in 2021**

Source: Based on World Bank data (World Development Indicators)

#### 4.2.3. Cost of mobile telephony

Competition in the mobile telephony sector has contributed to bringing down communication costs. In 2022, the average charge for a minute's call by mobile phone was \$0.12. This rate is lower than the average cost in Morocco and Côte d'Ivoire, but higher than in Ghana and Rwanda.

**Table18: Average local price per minute for a phone call in selected countries (in US dollars)**

	2021	2022
Cameroon	0.13	0.12
Morocco	0.15	0.13
Ghana	0.04	0.03
Côte d'Ivoire	0.15	0.15
Ethiopia	0.02	0.01
Rwanda	0.08	0.08

Source: <https://www.combien-coute.net/>

Digitalisation is now an essential factor in business competitiveness. To enable as many businesses as possible to keep pace with this trend, it is vital to facilitate access to a quality internet network. Every year, the London-based firm Cable Co. ranks countries according to the average cost of a Gigabit (GB) of high-speed internet. Malawi tops the list in Africa, with an average cost of USD 0.38 for a GB of broadband. Cameroon is ranked 36<sup>th</sup> (with a cost of USD 1.63), behind countries such as Ghana (3<sup>rd</sup>), Rwanda (7<sup>th</sup>) and Côte d'Ivoire (15<sup>th</sup>).

**Table 19: Cost of a Gigabyte (GB) of mobile broadband in 2023**

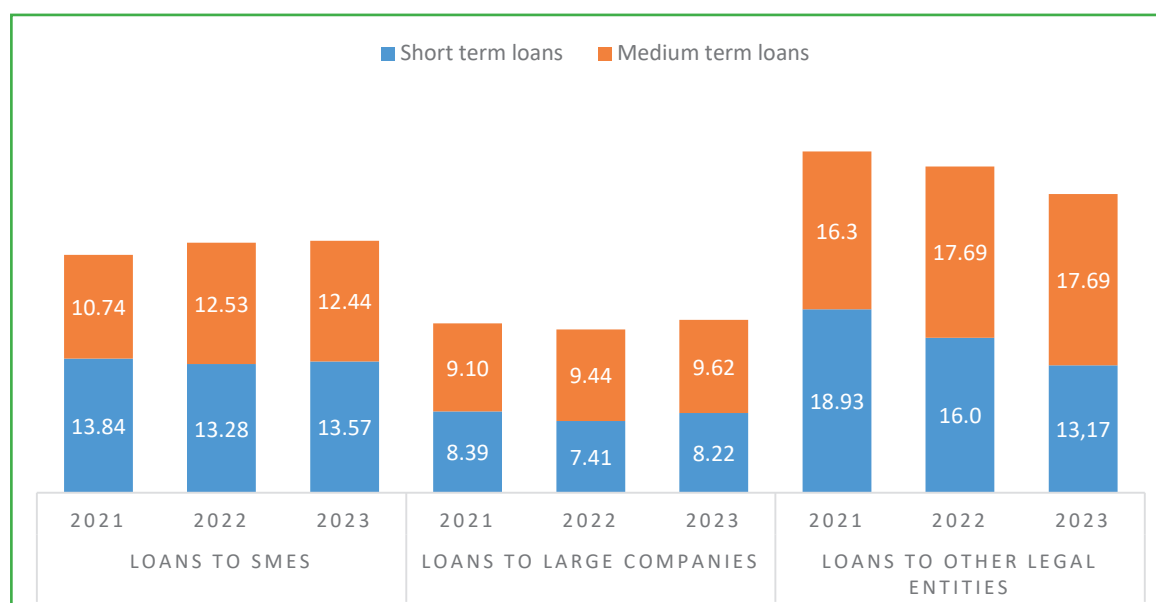
	Cost (in US dollars)	Rank in Africa	Rank in the world
Cameroon	1.63	36 <sup>th</sup>	140 <sup>th</sup>
Morocco	0.63	10 <sup>th</sup>	60 <sup>th</sup>
Ghana	0.40	3 <sup>rd</sup>	33 <sup>rd</sup>
Nigeria	0.89	26 <sup>th</sup>	31 <sup>st</sup>
Côte d'Ivoire	1.18	15 <sup>th</sup>	110 <sup>th</sup>
Ethiopia	0.68	15 <sup>th</sup>	69 <sup>th</sup>
Malawi	0.38	1 <sup>st</sup>	29 <sup>th</sup>
Rwanda	0.55	7 <sup>th</sup>	52 <sup>nd</sup>

Source: Cable Co., Worldwide mobile data pricing 2023

#### 4.2.4. Cost of capital

The cost of capital is assessed on the basis of the Annual Percentage Rate (APR) applied by banks, which measures the real cost of credit borne by the borrower on an annual basis<sup>6</sup>. Between 2022 and 2023, the cost of medium-term loan fell slightly for small and medium-sized businesses (-0.09 percentage points). At the same time, there was a slight increase for large companies (+0.18 percentage points). These costs remained stable for other legal entities. The cost of short-term credit rose by 0.29 percentage points for SMEs and 0.81 percentage points for large enterprises. For other legal entities, however, the rate fell by 2.83 points.

**Graph 22: APR by loan term and type of legal entity**



Source: Based on CNEF data

<sup>6</sup> According to Regulation No. 4/19/CEMAC/UMAC/CM on the annual percentage rate of charge and usury and the publication of banking conditions in the CEMAC.

#### 4.2.5. Cost of sea freight

Sea freight costs are a key factor in business competitiveness. They affect input supply costs and hence production costs. The analysis focuses on container traffic by Twenty-Foot Equivalent Units (TEU), which accounts for more than 60%<sup>7</sup> of overall traffic. These containers come essentially from Asia (47%), Europe (36%) and Africa (10%). Ports included in this analysis represent at least 60% of TEUs for their respective continents. The average freight rate per TEU between 2022 and 2023 in the main ports bound for the port of Douala has fallen.

**Table 20: Average freight for 20-foot containers arriving from various ports and landing in Douala (in thousands of CFAf)**

Port	2022	2023	Change (%)
Hamburg	1803	1,662	-8
Jebel Ali	1827	1,652	-10
Durban	1686	1,643	-3
Shanghai	3019	1,621	-46
Qingdao	2338	1,611	-31
Ningbo	2198	1,467	-33
Nansha	2201	1,430	-35
Le Havre	1525	1,362	-11
Antwerp	1484	1,341	-10
Casablanca	1297	1,224	-6
Abidjan	933	1,097	+18

Source: Based on CNSC data

The trend is similar for freight to the port of Kribi.

**Table 21: Average freight for 20-foot containers arriving from various ports and landing Kribi (in thousands of CFAf)**

Port	2022	2023	Change (%)
Durban	1,788	1,775	-1
Casablanca	1,253	1,605	+28
Jebel Ali	1,806	1,500	-17
Shanghai	3,215	1,475	-54
Antwerp	1,445	1,408	-3
Hamburg	2,109	1,227	-42
Ningbo	1,424	1,198	-16
Nansha	1,358	1,143	-16
Qingdao	1,809	1,099	-39
Le Havre	1,420	815	-43

Source: Based on CNSC data

#### 4.2.6. Cost of land freight

Land freight costs affect companies' supply costs. Their upward trend is likely to increase their production costs. According to estimates by the Bureau de Gestion du Fret Terrestre (Land Freight Management Office - BGFT), overland freight costs on the various corridors have risen by 8 to 9% as a result of higher fuel and lubricant prices. Prices hike is also due to higher prices for spare parts.

7 According to the National Shippers' Council of Cameroon ( NSCC)

Fuel accounts for more than 37.0% of the cost of transporting goods by land freight, followed by tyres (18.9%), the durability of which depends on the quality of the roads.

**Table 22: Land freight cost structure for a semi-trailer in Cameroon in 2023**

<b>Fixed costs</b>	<b>%</b>
<i>Depreciation</i>	11.2
<i>Vehicle insurance</i>	0.7
<i>Salaries and wage costs</i>	6.5
<i>Miscellaneous taxes and duties</i>	1.7
<b>Total fixed costs</b>	<b>20.1</b>
<b>Variable costs</b>	
<i>Fuel</i>	37.5
<i>Lubricants</i>	1.8
<i>Tyres</i>	18.9
<i>Maintenance and repair</i>	7.5
<i>Road expenses</i>	4.5
<i>Road tolls</i>	0.6
<b>Total variable costs</b>	<b>70.8</b>
<b>Overheads</b>	<b>9.1</b>
<b>Total</b>	<b>100.0</b>

Source: BFGT

According to UNCTAD, variable costs relating to fuel, tyre wear, truck maintenance, and informal payments could be more than twice as high on the Ngaoundere-Moundou corridor as in East Africa, between Mombasa and Kampala. On the Douala-Bangui corridor, fixed costs (staff costs, license fees, administrative expenses, insurance, communication, and security costs) are more than double those in West Africa, between Tema and Bamako. In general, transport costs in Central Africa remain high, which affects the price of transit operations and the countries' international competitiveness<sup>8</sup>.

#### 4.2.7. Mobile money transaction rates

The cost of mobile cash withdrawals is higher in Cameroon (2%) than in Côte d'Ivoire (1%). They are, however, higher in Morocco, Ghana and Rwanda.

**Table 23: Money transaction rates by MTN in selected countries (in CFA francs)**

<b>Operator</b>	<b>Cameroon</b>	<b>Côte d'Ivoire</b>	<b>Rwanda</b>	<b>Ghana</b>
Withdrawal	2% Min 50 - Max 3 500	1% Max: 5000	6.0%	0.75% +1.5% duty fee Max: 596+1.5% duty fee
Transfer	0.5% Max 500	0	0	0.75% +1% taxes Min 20 - Max 395

Source: Based on operators' websites<sup>9</sup>

The cost of sending money is relatively low in Cameroon, averaging 0.5% compared to Morocco (7.2 % average). In Côte d'Ivoire and Rwanda, remittance operations are free.

<sup>8</sup> <https://unctad.org/fr/news/pourquoi-le-transit-des-marchandises-coute-si-cher-en-afrique-centrale>, Accessed on 18/09/2023

<sup>9</sup> <https://mtn.cm/fr/>, Accessed on 21/07/2023

**Table 24: Money transaction rates by Orange in some countries (in CFA francs)**

Operator	Cameroon	Côte d'Ivoire	Morocco
Withdrawal	1.5% Min 50 - Max 3.500	1%	2%
Transfer	0.5% Max 500	0	3%

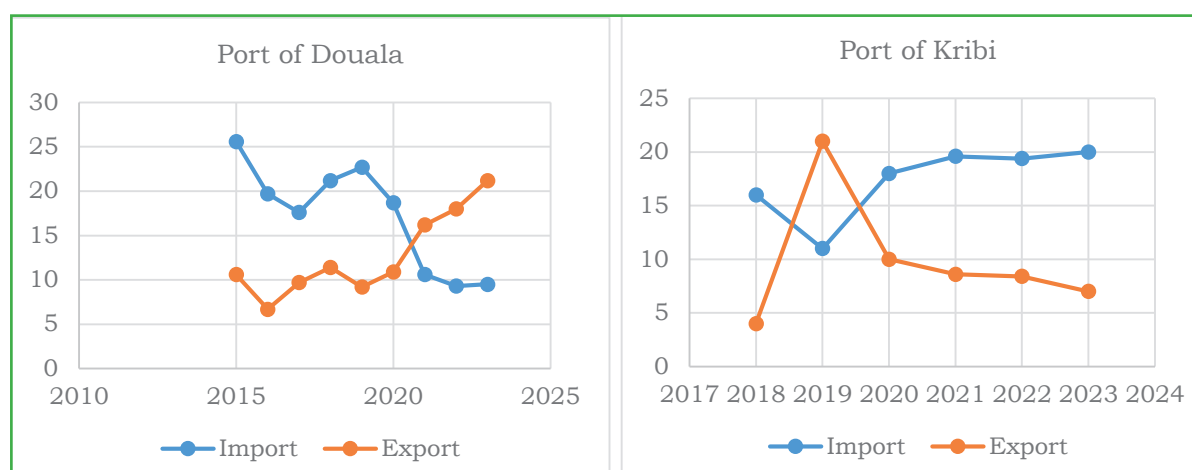
Source: Based on operators' websites<sup>10</sup>

#### 4.2.8. Transit times and costs for goods at the port

Import transit times at the Port of Douala have been reduced over the 2015-2023 period, from 25.6 to 9.5 days. At the Port of Kribi, these time limits have fallen from 16 days in 2018 to 20 days in 2023.

Export lead times at the Port of Douala increased from 10.6 days in 2015 to 21.2 days in 2023. Conversely, they fell from 21 days in 2019 to 7 days in 2023 at the port of Kribi.

**Graph 23: Trends in container transit times in the port of Douala (in days)**



Source: Based on data from the Port Authority of Douala (PAD) and the Port Authority of Kribi (PAK)

## 4.3. Performance of the production system

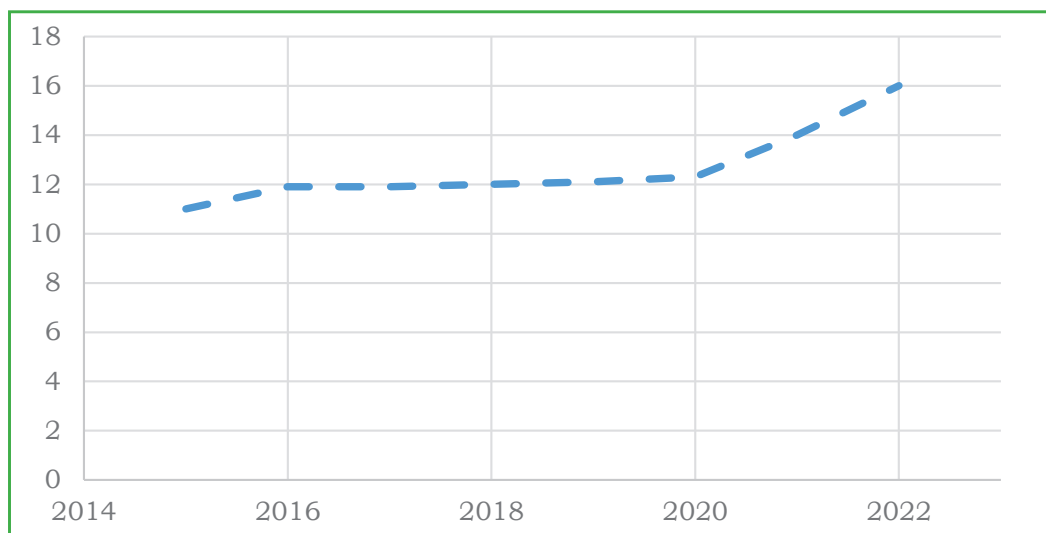
The performance of the production system is assessed through changes in the apparent productivity of capital and labour, as well as through the global positioning of the production of some agricultural products.

### 4.3.1. Productivity analysis

For a company, productivity measures its efficiency in using available resources to manufacture goods or provide services. Indicators used to account for changes in productivity relate output to a single input (usually labour or capital).

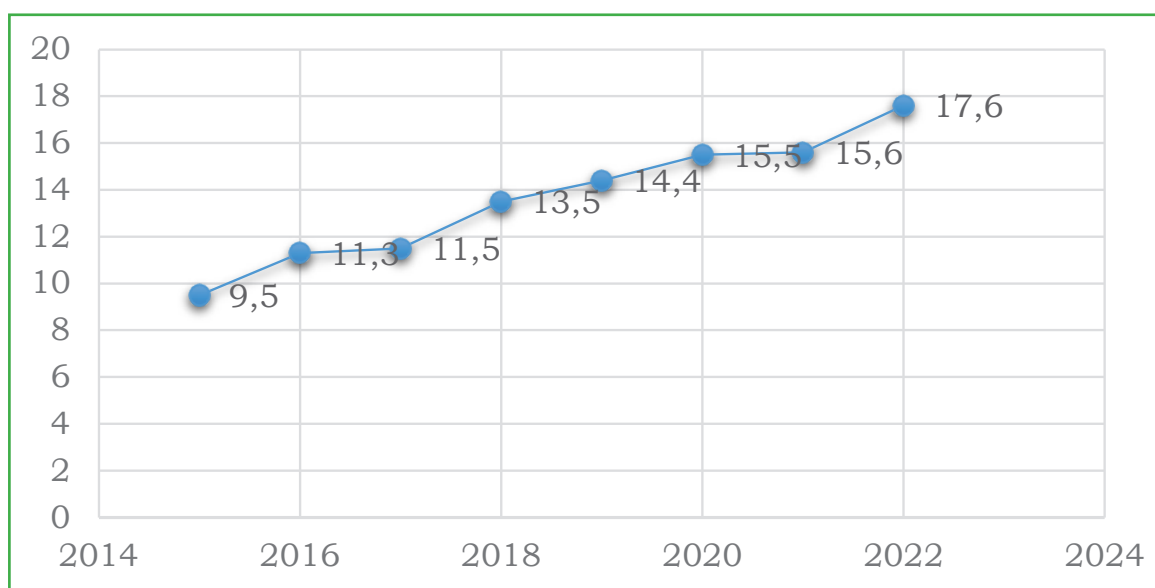
In 2022 and compared with 2021, there has been an increase in the apparent productivity of both labour and capital. Apparent labour productivity (which reflects the volume of output generated per person employed) rose by 15.5% from CFAF 14.2 million in 2021 to CFAF 16.4 million in 2022.

10 <https://www.orange.cm/>, Accessed on 21/07/2023

**Graph 24: Trend in apparent labour productivity (in millions of CFA francs)**

*Source: based on NIS and SFD data*

Apparent capital productivity rose from 15.6% in 2021 to 17.6% in 2022. In addition, over the period 2015-2022, apparent capital productivity continued to rise. This may be due to measures taken by the authorities through various programmes and projects. To drive a more marked increase in business productivity, particular attention needs to be paid to the targeting of these projects and programmes. In addition, efforts should be made to ensure synergy and coherence in their actions to ensure maximum impact.

**Graph 25: Trends in apparent capital productivity (%)**

*Source: based on NIS and SFD data*

#### **4.3.2. Global positioning of the production of some agricultural crops**

Cameroon's weak market position is largely due to relatively low levels of production. The desired structural transformation of the economy and the promotion of import-substitution (of which the agro-industry is one of the pillars) requires a densification of production in the primary sector. The tables below analyse the competitive positioning of the primary sector. The purpose is to place Cameroon's level of production within the context of the best performances in Africa and the world.

**Table 25: Global positioning of production of some agricultural crops in 2022**

Cassava			Soya bean		
Country	Rank	Weight (%)	Country	Rank	Weight (%)
Nigeria	1 <sup>st</sup>	18.1	Brazil	1 <sup>st</sup>	32.7
Thailand	3 <sup>rd</sup>	10.2	Nigeria	13 <sup>th</sup>	0.3
Cameroon	13 <sup>th</sup>	1.9	Cameroon	43 <sup>th</sup>	0.0
Maize			Sweet potatoes		
Country	Rank	Weight (%)	Country	Rank	Weight (%)
The United States	1 <sup>st</sup>	24.2	China	1 <sup>st</sup>	35.1
South Africa	10 <sup>th</sup>	1.1	Malawi	3 <sup>th</sup>	6.0
Cameroon	43 <sup>th</sup>	0.2	Cameroon	21 <sup>th</sup>	0.4
Potatoes			Rice		
Country	Rank	Weight (%)	Country	Rank	Weight (%)
China	1 <sup>st</sup>	20.3	China	1 <sup>st</sup>	21.3
Algeria	18 <sup>th</sup>	0.9	Nigeria	14 <sup>th</sup>	0.9
Cameroon	74 <sup>th</sup>	0.1	Cameroon	59 <sup>th</sup>	0.0
Sugar cane			Fresh tomatoes		
Country	Rank	Weight (%)	Country	Rank	Weight (%)
Brazil	1 <sup>st</sup>	35.8	China	1 <sup>st</sup>	26.9
South Africa	14 <sup>th</sup>	0.9	Egypt	6 <sup>th</sup>	2.5
Cameroon	54 <sup>th</sup>	0.1	Cameroon	21 <sup>th</sup>	0.5

Source: Based on FAOSTAT data

By 2022, Nigeria will be the world's leading cassava producer, accounting for 18.1% of global production. Cameroon is the world's 13<sup>th</sup> largest cassava producer, with a 1.9% share. Cassava, along with other products such as sweet potatoes and yams, is used to produce bread flour, which is a raw material for the production of the main goods in the bakery and confectionery sector.

Cameroon ranks 21<sup>st</sup> in world production of fresh tomatoes and sweet potatoes, with 0.5% and 0.4% respectively. It ranked 43<sup>rd</sup> among the world's top producers of maize and soya, 54<sup>th</sup> for sugar cane, and 74<sup>th</sup> for potatoes.

*Production factor costs were relatively high in Cameroon. Moreover, inputs, which are generally supplied from outside the country, account for the bulk of companies' costs. Nevertheless, business productivity improved in 2023. Efforts to produce these inputs locally should be continued, to reduce imports. Companies need to focus on controlling costs through optimisation of all manufacturing processes. To support them, public authorities need to develop policies focused on energy, land, and capital, which should be available and accessible at costs that do not compromise the relative performance of businesses. Effective deployment of a plan to reduce the cost of these factors, combined with a plan to promote energy efficiency, is a relevant step towards achieving these objectives.*

## IV. Competitiveness through international indicators

This section compares Cameroon's competitiveness on a global scale. It is chiefly based on data from the World Economic Forum (WEF<sup>11</sup>) and other international competitiveness benchmarking institutes. The dimensions of competitiveness considered are: institutions, infrastructure, innovation, human capital, financial market, labour market, product market, business dynamism and resilience. A benchmark analysis of the competitiveness of port logistics is also provided.

### 5.1. Institutions

Institutions refer to the fundamental rules (constitution, laws, regulations) that define the respective place of the State, individuals and organisations in society as well as property rights. Assessing the institutions dimension involves the WEF Institutions Pillar and Transparency International's Corruption Perceptions Index.

#### 5.1.1. WEF Institutions Pillar

Cameroon's score in the 'institutions' pillar improved by 1.3 points in 2023 compared with 2022. This uptrend stems from a general increase in scores for most of the sub-indicators, particularly those relating to 'unofficial payments'. These performances can be attributed to the pursuit of the paperless policy and streamlining of administrative and financial procedures. Efforts are still needed to improve the effectiveness of the legal framework for settling disputes. In terms of institutional ranking, Rwanda was 1st in Africa, while Cameroon occupied the 15th position (down one position from 2022).

**Table 26: Scores (over 100) in the sub-dimensions of the Institutions pillar**

	2022	2023	Change	Gap relative to Rwanda (2023)
Easy compliance with regulations	46.2	45.7	-0.5	25.5
Judicial independence	38.8	39.9	+1.1	28.9
Unofficial import and export payments	37.3	38.8	+1.5	29.1
Facilitation payments in public services	43.1	43.7	+0.6	27.2
Facilitation payments in tax collection	36.8	39.5	+2.7	32.3
Facilitation payments in public contracts	30.8	34.4	+3.6	31.9
Facilitation payments in the judiciary sector	36.3	38.2	+1.9	29.1
Effectiveness of the legal framework in dispute settlement	49.1	47.7	-1.4	18.1
Government commitment to political stability	48.8	47.1	-1.7	27.6
Government responsiveness to change	45.2	45.0	-0.2	28.3

Source: Based on the 2023 WEF data

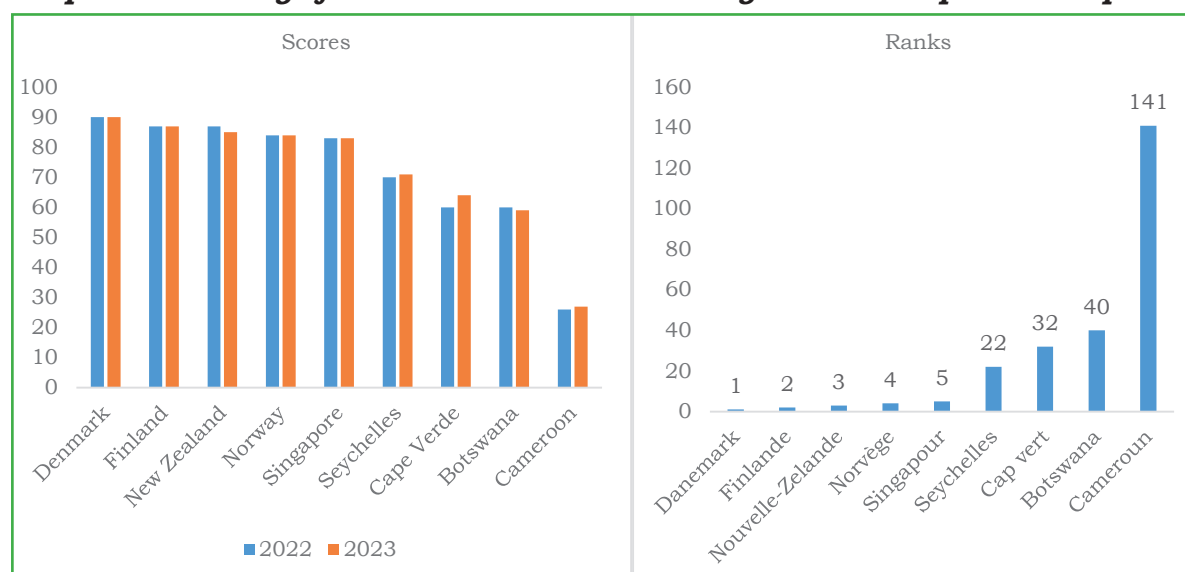
11 World Economic Forum (WEF)



### 5.1.2. Corruption Perceptions Index

The Corruption Perceptions Index ranks countries according to the level of perceived corruption in the public sector. The scale of this index ranges from zero (highly corrupt) to one hundred (minimally corrupt).

**Graph 26: Ranking of selected countries according to the Corruption Perceptions Index in 2023**



*Source: Transparency International 2023 Report*

In 2023, Cameroon recorded a score of 27 out of 100 in the Corruption Perceptions Index (up one point on 2022). The country moved up one place to 141<sup>st</sup> out of 180 countries ranked according to the extent of corruption. The least corrupt country in 2023 as in 2022 remains Denmark (with a score of 90 out of 100). The Seychelles is the least corrupt country in Africa (22<sup>nd</sup> in the world with a score of 71).

## 5.2. Infrastructure

This pillar reports on the quality and density of transport infrastructure (road, railway, maritime and aeronautical), the quality and sustainability of utility infrastructure, and the level of internet connectivity in the countries.

In 2023, Cameroon was still weakly competitive under 'Infrastructure' pillar of the WEF. Between 2023 (41.6) and 2022 (41.5), it scored relatively unchanged. Sub-indicator scores are still below 50 out of 100. Further efforts are required in terms of the quality of road infrastructure, efficient rail transport services and the reliability of water supplies.

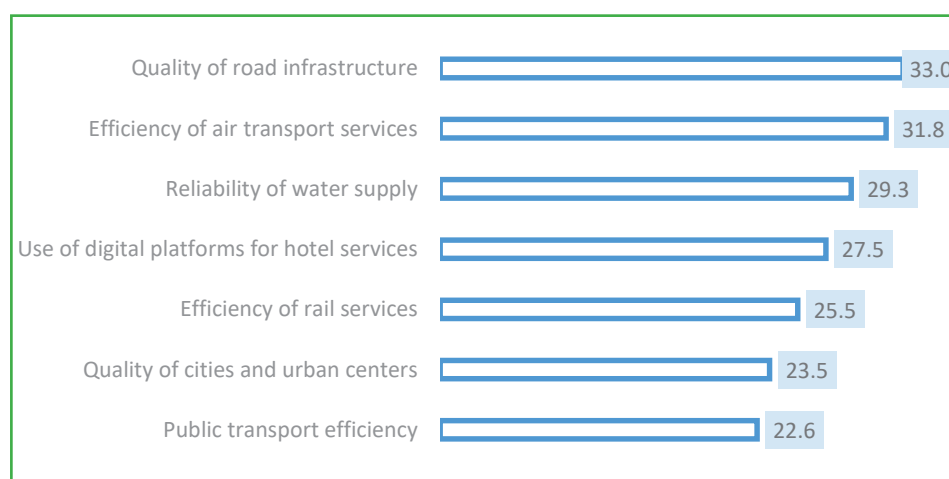
**Table 27: Scores in the sub-dimensions of the Infrastructure pillar**

Headings	2019	2020	2021	2022	2023	Change
Quality of road infrastructure	24.1	28.4	35.8	37.7	37.5	
Efficiency of rail services	28.8	27.8	31.5	36.8	37.5	↑
Performance of air transport services	37.6	35.0	33.4	38.2	40.9	↑
Reliability of water supply	26.8	26.9	33.7	37.4	36.0	↓
Performance of public transport services				43.4	41.0	↓
Quality of cities and urban centres				44.8	46.8	↑
Use of digital platforms in hotel-management				52.0	51.8	↓

*Source: Based on the 2023 WEF data*

Comparing Cameroon's performance with the leading country in Africa (Egypt), there are significant differences in the quality of road infrastructure, the reliability of water supply and the efficiency of air transport services. The density of the paved road network is estimated at 0.32 km per 100 inhabitants and projected to reach 0.48 km in 2030. In addition, the first 38.5 km section of the Cameroon highway linking Kribi to Lolabe (1<sup>st</sup> phase of the Edea-Kribi-Lolabe highway) has been commissioned. It will provide access to the port of Kribi and improve the competitiveness of the transport chain to and from the port.

**Graph 27: Gaps in the sub-dimensions scores of the Infrastructure pillar between Cameroon and Egypt**



Source: Based on WEF 2023 data

### 5.3. Financial market

This pillar covers four sub-dimensions associated with the financial conditions of an economy. These dimensions are: (i) availability of risk capital; (ii) SME financing; (iii) availability of long-term credit and (iv) resilience of the financial system.

In 2023, the scores for the 'availability of venture capital' and 'SME funding' sub-dimensions improved on the previous year. Yet venture capital remains weak, as does the availability of long-term credit. This compromises the emergence of a class of innovative SMEs capable of driving the structural transformation envisaged in the NDS 30.

**Table 28: Scores in the sub-dimensions of the "Financial Market" pillar**

	2019	2020	2021	2022	2023	Change
Availability of risk capital	26.6	26.3	27.8	31.4	34.3	↑
SME financing	31.8	34.0	39.3	40.7	41.5	↑
Availability of long-term loans	-	-	-	-	39.9	
Resilience of the financial system	-	-	-	-	43.4	

Source: Based on the 2023 WEF data

Comparing performance between Cameroon and Egypt (the best African performer) highlights a gap of about 25 points in relation to SMEs funding and the availability of long-term loans.

**Table 29: Comparison of Cameroon's scores with Egypt's (over 100) in 2023**

Sub-indices	Country		Gap
	Egypt (1)	Cameroon (2)	(2)-(1)
Availability of risk capital	49.0	34.3	-14.7
SME financing	70.8	41.5	-29.3
Availability of long-term loans	66.2	39.9	-26.3
Resilience of the financial system	56.5	43.4	-13.1

Source: Based on the 2023 WEF data

## 5.4. Product market

The competitive environment is one of the necessary inputs for growth. Markets' efficiency depends on the nature of state control to limit distortions, unfair competition and monopoly situations. Since 2023, WEF has been assessing competition conditions in markets using the 'Extent of Market Dominance' index. This index captures the extent to which economic activities are dominated by a small number of groups, or divided between several companies. Cameroon's score in this index has risen from 49.4 in 2022 to 51.8 in 2023.

**Table 30: Scores in the sub-dimensions of the "Commodities segment" pillar**

	2019	2020	2021	2022	2023	Change
Distorting effect of taxes and subsidies on competition	35.6	36.1	47.7	48.1	--	--
Prevalence of non-tariff barriers	41.9	42.5	53.3	55.9	--	--
Extent of market leadership	39.3	40.2	49.3	49.4	51.8	↑

Source: Based on the 2022 WEF data

Better coordination of business support policies would enable a number of dynamic businesses to flourish. A comparison with Benin (the best performer in Africa) reveals considerable differences in the three pillar indices.

**Table 31: Comparison of Cameroon's scores with Benin's in 2021**

Sub-dimensions	Country		Gap
	Benin (1)	Cameroon (2)	(2)-(1)
Distorting effect of taxes and subsidies on competition	64.7	48.1	-16.6
Prevalence of non-tariff barriers	66.6	55.9	-10.7
Extent of market leadership	65.0	51.8	-13.2

Source: Based on the 2023 WEF data

## 5.5. Labour Market

The WEF assesses the functioning of labour market through productivity-related aspects. A more flexible labour market indicates an efficient labour distribution between sectors of activity, with a consequent improvement of productivity gains.

Cameroon was ranked 72<sup>nd</sup> in 2023, 5 places up as compared to 2022. In terms of the sub-indices, the lowest scores are: 'professional career management practices' and "salary and productivity". This indicates a persistence of poor practices in career professional management and workers remuneration based on productivity.

**Table 32: Scores in the sub-dimensions of the “Labour Market” pillar**

Headings	2019	2020	2021	2022	2023	Change
Professional career management practice	37.5	38.2	45.8	47.2	48.3	↑
Ability to recruit and dismiss	38.8	39.6	48.7	48.5	51.2	↑
Labour relations cooperation (respect for collective agreements and trade unions, etc.)	38.2	39.6	51.2	53.4	54.2	↑
Salaries and efficiency	34.6	37.1	45.6	48.2	48.9	↑
Ability to recruit foreign workers	43.7	42.9	53.2	54.3	53.6	↓

Source: Based on the 2023 WEF data

Botswana is the leading African country on the “labour market” pillar. As compared with Botswana, Cameroon recorded poor performance in all sub-indices. The most significant gaps are recorded in the areas of careers *professional management practice* and the easy recruitment of foreign labour.

**Table 33: Comparison of Cameroon's scores with Botswana's**

Sub-dimensions	Country		Gap
	Botswana (1)	Cameroon (2)	(2)-(1)
Careers professional management practice	73.0	48.3	-24.7
Ability to recruit and dismiss	68.7	51.2	-17.5
Cooperation within professional relations	65.5	54.2	-11.3
Salaries and efficiency	63.9	48.9	-15.0
Ability to recruit foreign workers	73.0	53.6	-19.4

Source: Competitiveness Committee based on the 2023 GEF data

## 5.6. Human capital

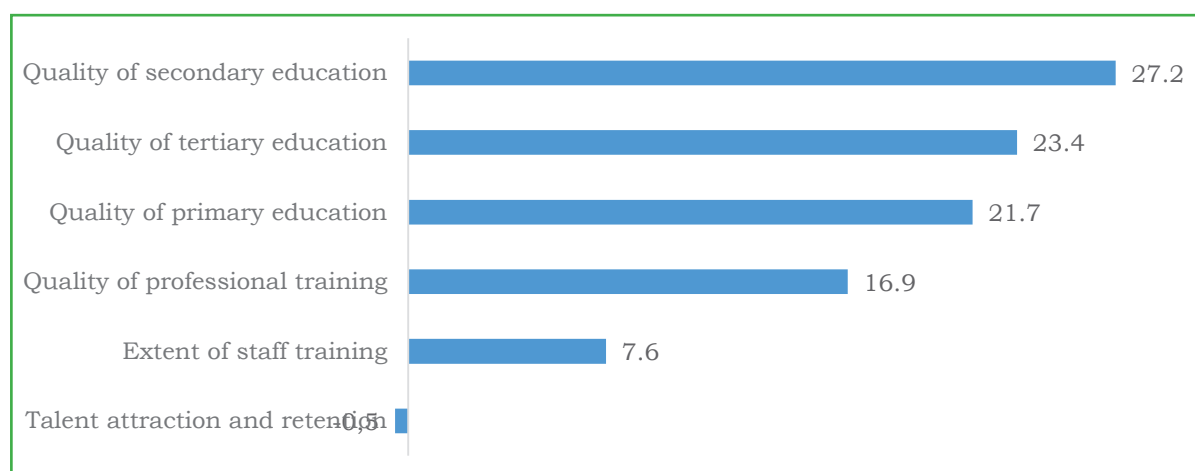
This WEF pillar assesses both the quality and accessibility of education in countries. With a score of 52.7 out of 100 (up 1.1 points on 2022), Cameroon ranked 63<sup>rd</sup> in the world in the Skills pillar. In terms of the sub-dimensions of this pillar, the quality of tertiary education (56.1), the quality of vocational training (57.6) and the extent of staff training (55.6) recorded above-average scores. However, the quality of primary education (46.5), the quality of secondary education (47.9) and the ability to attract and retain talent (41.2) should continue to be priorities for solidifying the foundations of a competitive economy.

**Table 34: Scores in the sub-dimensions of the “Skills” pillar**

	2022	2023	Gaps
Quality of primary education	47.7	46.5	-1.8
Quality of secondary education	47.6	47.9	+2.9
Quality of tertiary education	55.0	56.1	+2.4
Quality of vocational training	56.6	57.6	+5.0
Extent of staff training	51.6	55.5	+1.2
Attracting and retaining talent	--	41.2	--

Source: Based on the 2023 WEF data

Botswana, the best performer in Africa, could be a benchmark for implementing reforms to improve the quality of the education system as a whole.

**Graph 28: Score gaps for sub-dimensions of the Skills pillar between Cameroon and Botswana**

Source: Based on the 2023 WEF data

## 5.7. Business dynamism

Business dynamism refers to the ability of companies to develop relationships with their suppliers, subcontractors and prime contractors. A flexible and responsive private sector increases productivity by testing new ideas and creating innovative products and services.

In this pillar, Cameroon scored 43.4 (9<sup>th</sup> in the world and 16<sup>th</sup> in Africa). It has improved its score compared with 2022 (42.4), but has lost one place in the global and African rankings. Scores improved slightly in two of the sub-indicators. Performance fell, however, on the adoption of disruptive ideas. It is therefore necessary to insist on the uptake of disruptive ideas by companies and their adoption of innovations through strong initiatives to support innovators. A fund to support innovative companies would be a good way of achieving this.

The relative weakness of business innovation is reflected in difficulties in introducing and sustaining the market positioning of new products. This also affects existing and new products (under bilateral and multilateral trade agreements) on the market.

**Table 35: Scores in the sub-dimensions of the “Business Vitality” pillar**

	2021	2022	2023	Change
Attitudes towards entrepreneurial risk	45.7	43.0	43.8	↑
Growth of innovative companies	41.4	41.8	44.9	↑
Companies switch to disruptive ideas	40.5	42.3	41.6	↓

Source: Based on WEF 2023 data

Below-average scores on the ‘Attitudes towards entrepreneurial risk’ index reflect the difficulties encountered by companies. These difficulties include (i) access to capital; (ii) corruption and (iii) uncertainties related to the economic environment and the application of regulations.

Benin is the country with the highest ranking in the ‘Business Vitality’ pillar. Cameroon lags behind Benin in all three indices. The gap is most pronounced in the adoption of disruptive ideas and in attitudes to entrepreneurial risk.

**Table 36: Comparison of scores for Cameroon and Benin in 2023**

	Country		Gap
	Benin (1)	Cameroon (2)	(2)-(1)
Attitudes towards entrepreneurial risk	62.9	43.8	-19.1
Growth of innovative companies	56.2	44.9	-11.3
Companies switch to disruptive ideas	61.5	41.6	-19.9

*Source: Based on WEF 2023 data*

## 5.8. Innovation

### 5.8.1. WEF Innovation Pillar

In 2023, Cameroon's score was 47.3 out of 100, compared with 43.7 in 2022. This performance reflects improved scores in two indices: the state of development of clusters (+2.2) and co-operation between businesses (+3.2).

**Table 37: Scores in the sub-dimensions of the "Innovation capacity" pillar**

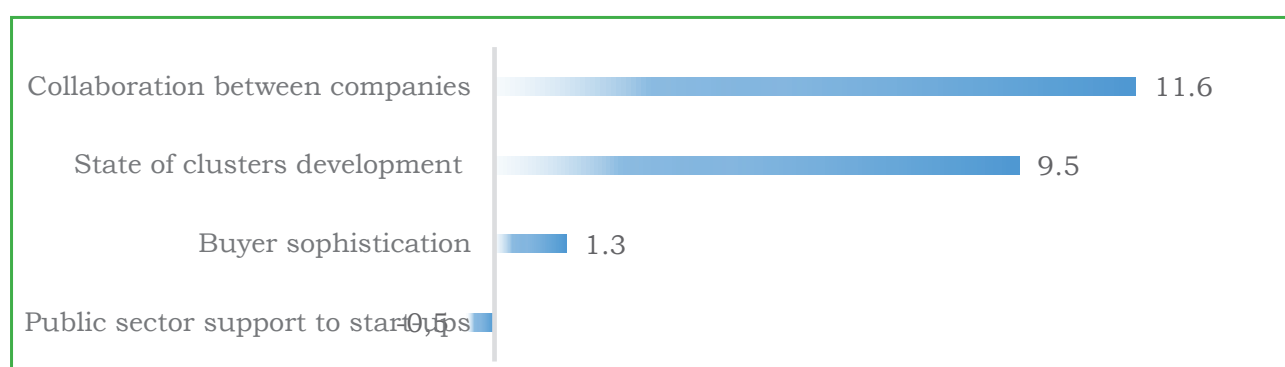
	2019	2020	2021	2022	2023	Difference
Buyer sophistication	33.1	35.1	46.5	48.3	48.1	↓
State of development of clusters	40.0	42.0	41.4	43.4	45.6	↑
Cooperation between companies	37.4	37.8	38.0	42.1	45.3	↑
Public sector support to start-ups	--	--	--	--	43.1	--

*Source: Based on the 2023 WEF data*

Factual data shows that industrial companies (agri-food and manufacturing) make very little use of the findings of both local and international research (barely 13% use them). This proportion rises to just 2.2% of companies that have acquired research and development services (MINMIDT, 2022).

Cameroon ranks 10<sup>th</sup> among African countries with a high capacity for innovation. The leading African country (Tanzania) has a score of 53.9 out of 100. Compared with Tanzania, Cameroon lags behind in three indices, with a more pronounced gap in public sector support for start-ups.

### Graph 29: Score gaps for the sub-dimensions of the Innovations pillar between Cameroon and Tanzania



*Source: Based on the 2023 WEF data*

### 5.8.2. Global Innovation Index

The Global Innovation Index (GII), compiled and published by the World Intellectual Property Organisation, reports on the performance of innovation ecosystems and the latest global trends in this area. The GII is made up of two indices. The first index, entitled 'Innovations Inputs', refers to resources devoted to innovation (institutions, human capital and research, infrastructure, market sophistication and business improvement). The second index, 'Innovations Outputs', targets the actual outcomes of innovation activities (knowledge, technologies and products of creativity).

In 2023, Cameroon occupied the 123<sup>rd</sup> position in the world out of 132 countries rated (compared with 121<sup>st</sup> position in 2022). In Africa, Cameroon ranked 19<sup>th</sup> with a score of 15.3 out of 100. Switzerland held the 1<sup>st</sup> position in the world (score of 67.6) and Mauritius the first position in Africa (57<sup>th</sup> position in the world with a score of 32.1).

**Table 38: Ranking of selected countries based on the Global Innovation Index**

Country	2022	
	Rank	Score
Switzerland	1	65.5
Sweden	2	61.8
USA	3	61.6
France	12	55.0
Mauritius	52	35.2
South Africa	61	29.8
Kenya	88	22.7
Cameroon	121	15.1

Source: Based on the Global Innovation Index 2023 report

Cameroon's underperformance is due to particularly low scores in the 'Innovations Outputs' sub-index: (i) knowledge and technology (128<sup>th</sup>); (ii) creative outputs (123<sup>rd</sup>) and (iii) business environment not conducive to innovation (115<sup>th</sup>). Furthermore, the current level of the sub-indices: 'patent applications' (0.1 per million inhabitants, 110<sup>th</sup>) and 'exports of R&D-intensive products' (0.2% of total exports, 119<sup>th</sup>) contribute to dragging Cameroon down.

## 5.9. Container Port Performance Index

The Container Port Performance Index (CPPI) is calculated on the basis of the total number of hours a ship spends in port, i.e.: (i) the time elapsed between its arrival in the harbour and (ii) its departure from the berth once the cargo exchange has been completed. It is measured in a sample of 405 ports using two approaches: an administrative approach and a statistical approach.

For 2022 and 2023, the best performing port was Yangshan in China. It was followed by the port of Salaah in the Sultanate of Oman. In Africa, the port of Tangier Med in Morocco (ranked 4<sup>th</sup> in the world) was the best-performing port. It was followed by the port of Saïd, which fell five places in the world rankings (15<sup>th</sup> in the world).

Compared with 2022, the port of Douala has dropped 70 places worldwide to 370<sup>th</sup> place. It is ranked 28<sup>th</sup> in sub-Saharan Africa out of the 40 ports classified. The port of Kribi has dropped 42 places worldwide to 366<sup>th</sup> and 26<sup>th</sup> in sub-Saharan Africa. The report indicates that this performance may be attributed to factors such as waiting time, berthing time, crane productivity, etc.

**Table 39: 2023 CPPI for Cameroon ports and comparison ports**

Ports	CPPI
King Abdullah	67.6
Salaah	91.9
Hamad	80.6
Yangshan	93.9
Tanger Med	84.3
Saïd	78.2
Damiette	1.2
El Dekheila	1.5
Douala	-27.1
Kribi	-55.1
Lagos	-8.5
Abidjan	-84.6
Pointe-Noire	-46.0
Durban	-123.9
Cape	-164.2

**Source:** World Bank and S&P Global Market Intelligence 2023

*This section shows that the competitiveness of the economy of Cameroon is growing at a slower rate than the world average. The change in the scores of the various indices seems to reflect the absence of a coherent, coordinated and regular approach which should enable structural deficiencies to be corrected and benchmarks of competitiveness consolidated.*



## IV. Initiatives to strengthen competitiveness

This section presents Cameroon's major initiatives in 2023 to improve the competitiveness of enterprises and the economy. These initiatives relate to: (i) institutional and regulatory measures; (ii) reinforcement of the productive base; (iii) trade facilitation and support to exports; and (iv) densification of infrastructure.

### 6.1. Institutional and regulatory measures

At the institutional and regulatory level, the Government's measures are aimed at improving the business and investment environment. These measures are mainly customs, tax and administrative.

#### 6.1.1. Customs measures

The economic stimulus measures taken from 2021 have advocated reducing imports of goods for which Cameroon has real potential in terms of local supply. They also focus on promoting local processing of certain products. In line with these measures, the 2023 Finance Law provided for:

- a readjustment of gate taxes from 5% to 12.5% on certain imported goods. These include wines, malt beers, mineral waters, soft drinks and other fermented beverages;
- application of a 25% ad valorem excise duty on imports of the following products:
  - ✓ cardboard and kraft paper articles and packaging;
  - ✓ stoppers, caps, lids and other closing devices for bottles, made of plastic and base metals;
  - ✓ paper and cellulose wadding of a kind used for domestic, sanitary or toilet purposes;
  - ✓ plastic tubes, pipes and sheets.
- an ad valorem excise duty of 12.5% on imports of the following products: mustards and other tomato preparations or preparations for sauces, soups, broths, condiments and seasonings, compound or homogenised;
- an increase in exit duties on timber exported in log form from 50% to 60% of the FOB value of the species;
- an increase in exit duties from 10% to 15% on sawn timber;
- an autonomous exit duty of 10% on cocoa beans exported in the form of beans, in addition to the regulatory fees.

Similarly, a ban on imports of concrete reinforcing bars has been introduced, as local companies (PROMETAL, METAFRIQUE and ACIERIES du CAMEROUN) have indicated that they have the capacity to meet national demand, estimated at around 180,000 tonnes.

#### 6.1.2. Measures relating to the taxation of companies

The 2023 Finance Law has instituted measures aimed at relieving production costs for certain priority sectors of the NDS 30, as follows:

- reducing the tax base for the advance payment of income tax and the minimum tax in the pharmaceutical industry by 50%;

- deducting 50% of the income tax instalment and the minimum levy in the fertiliser industry;
- deducting 50% of the monthly advance payment, income tax and minimum tax for companies that process local raw materials;
- enabling the Minister of Finance (under the provisions of Article 124) to waive the 40% minimum threshold required in the event of unavailability of local raw materials duly recorded by the competent authorities;
- reducing the tax base for ad valorem excise duties on beverages by 30% for a period of 03 years from 1 January 2023;
- reducing the rate of corporation tax for SMEs from 28% to 25%;
- raising the rate of deductibility on losses relating to damage and breakage specific to the brewing sector from 0.5% to 1% of the total volume of production.

As part of its drive to improve Cameroon's sector mix, the Government has taken steps to reduce production costs in the agro-industry. These include

- In the investment phase:
  - ✓ Waiver of tax and employers' contributions on salaries paid to seasonal agricultural workers;
  - ✓ Exemption from VAT on the purchase of pesticides, fertilisers and inputs, as well as agricultural, livestock and fishing equipment and materials;
  - ✓ Exemption from registration duties on transfers of land used for agriculture, livestock farming and aquaculture;
  - ✓ Exemption from registration duty on loan agreements to finance agricultural, livestock and fisheries activities;
  - ✓ Exemption from property tax for properties belonging to agricultural, livestock and fishing businesses and used for these activities, excluding office buildings.
- During the operating phase:
  - ✓ for the first five years:
    - exemption from business tax;
    - exemption from advance payment and minimum income tax collection;
    - exemption from income tax.
  - ✓ after the fifth year:
    - exemption from business tax;
    - payment of a flat-rate income tax deduction at a rate of 0.5% of turnover, plus 10% for additional municipal levies.

The following measures have been taken to encourage local production of building materials and equipment:

- Exemption from VAT on the purchase of equipment and materials for the manufacture of local building materials and on the sale of products manufactured using these materials;
- Corporation tax at a reduced rate of 20%;
- 50% deduction from the monthly advance payment of corporation tax.

### 6.1.3. Administrative measures

As part of efforts to improve the business environment, the 2023 Finance Law prescribes some measures. These are:

- defining the procedures for extending the deadlines for closing an a posteriori inspection when failure to meet the deadlines is caused by delaying tactics during the inspection;
- providing a legal framework for advances of funds received by certain economic operators as part of the advance financing of subsequent exports;
- establishing a legal framework for financial payments made from Cameroon for goods not intended for the national territory (triangular trade);
- introducing the concept of the 'Integrated Tax Partner' to promote a climate of trust between the tax authorities and taxpayers;
- extending remote payment to all large and medium-sized businesses;
- establishing the prior agreement procedure for transfer pricing, to enable companies to protect themselves against subsequent reassessments;
- setting up a mechanism to improve the quality of tax audit issues by providing the Director General of Tax with a right of appeal when the amount of the proposed reassessment is likely to cause clear prejudice to the taxpayer;
- granting a deferment of payment to companies that have applied for automatic relief from taxes issued as a result of clerical errors, so that they can continue to benefit from the no-fee certificate;
- extending the time limit for processing disputed claims (from 30 to 45 days) at the level of the Director General of Taxation to take account of the complexities associated with tax audits;
- automating the procedure for cancelling penalties and interest for late payment, in line with reforms to digitalise procedures;
- pursuing the creation of land reserves for investors;
- ensuring priority is given to the use of local iron in public procurement contracts awarded by the Ministry of Housing and Urban Development;
- launching the central plain project (PATIPAPLACE) covering an initial phase of 400,000 ha, which will eventually be extended to 1,200,000 ha and opened up to agro-industrial developers.

### 6.1.4. Access to funding

Measures taken to facilitate access to finance include:

- setting up a guarantee fund for young entrepreneurs (Fogajeunes) to support and finance socio-economic integration projects for young people. The funding granted to a beneficiary is 70% provided by financial institutions, 20% by the Government and 10% by projects;
- the signing of framework agreements relating to the introduction of portfolio guarantees for credit institutions (€170 billion) and microfinance institutions (€30 billion) to ease access to credit for businesses in the priority sectors of the NDS30;
- setting up a fund to facilitate the supply of credit for the development of agricultural, livestock and fish farming value chains (2FC-CVAEP).

## 6.2. Strengthening the national production base

The Government has set up various programmes to strengthen the resilience of local businesses and boost the Cameroonian economy's competitiveness.

### ***6.2.1. The Agricultural and Fisheries Import-Substitution Integrated Plan (PIISAH)***

PIISAH is a plan designed at reducing the dependence of agropastoral and fisheries products on imports, by substituting local production for imports. The cost of implementation for the period from 2024 to 2026 amounts to CFAF 1,367 billion. The priority sub-sectors selected are: Wheat flour/bakery flours made from local products, rice, dairy cattle, maize, millet/sorghum, soya and fish. The Plan has three main components: (i) securing and developing hydro-agricultural and fisheries areas; (ii) enhancing production, processing and marketing; and (iii) improving access to research, training and funding.

### ***6.2.2. The “Cameroon Private Sector Support Operation” project (with its French acronym OSSP-CMR)***

The government has set up the OSSP-CMR project, with the overall goal of strengthening the resilience of the private sector, particularly SMEs, in the face of the consequences of COVID-19 and other external shocks, and promoting the revival of economic growth. Its activities are organised around four strategic areas: (i) diagnosing and mapping opportunities; (ii) preserving the survival of SMEs and improving the business climate; (iii) empowering targeted businesses to improve their productivity, competitiveness and capacity to innovate; and (iv) providing SMEs with access to appropriate financial products and services. The programme is scheduled to run for three years from 2023, at an estimated cost of CFAF 12.5 billion.

### ***6.2.3. The Support Project for the Strengthening of Agricultural Production in Cameroon (PARPAC)***

PARPAC's main objective is to increase production of Cameroon's main agricultural crops (rice, maize, sorghum/millet, soya, potatoes, oil palm and vegetables/tomatoes) and mitigate the impact of the food crisis. The programme involves supporting farmers through the supply of agricultural inputs (seeds, quality seedlings and fertilisers), providing support for agricultural extension and implementing food resilience measures. These interventions are carried out while minimising the carbon impact while taking steps to mitigate the vulnerability of production systems to climate risks.

### ***6.2.4. Support Mechanism for the Competitiveness of Cameroon's economy (DACC)***

The results of the DACC for the 2020-2024 period show that the instrument offered financial and non-financial services to more than 270 Cameroonian SMEs. The main non-financial services offered included business diagnostics, drawing up and updating business plans, producing investor and import/export guides, and training entrepreneurs.

Concerning financial services for the private sector, the DACC facilitated the raising of a credit line worth CFAF 17.7 billion from the European Investment Bank (EIB). This credit line was made available to local banks to grant credit at subsidised rates to more than 57 SMEs.

### 6.3. Trade facilitation and export support policies

As regards export promotion, the following actions have been carried out:

- support to ten (10) companies in the chemicals and agri-food sectors in obtaining approval for the CEMAC and CEEAC preferential schemes, for a total of 223 products;
- approval for the CEMAC/CEEAC Preferential Tariff to 210 Cameroon industrial products, thus facilitating their circulation within the Community without customs barriers;
- removal or reduction of road checkpoints to reduce informal payments on the corridors;
- deregulation and liberalisation of the trucking sector to improve service quality and reduce transport prices.

### 6.4. Densification of infrastructure supply

In terms of infrastructure, the Government has taken a number of steps to increase the density of supply:

- with regard to electrical energy,
  - ✓ an increase (from 1,528 MW in 2020 to 1,700 MW in 2023) in the installed capacity of electricity generation;
  - ✓ an increase in the installed capacity (from 1,222 MW in 2020 to 1,500 MW in 2023) for transit (transport of energy) in the network;
  - ✓ the inauguration of a 30 MW photovoltaic solar power plant in Guider;
- In terms of transport infrastructure
  - ✓ asphaltting and rehabilitation of 700 km of roads in 2023 thanks to the combined efforts of the Government;
  - ✓ ongoing construction of phase 2 of the Kribi deep-sea port, with a completion rate of around 60% by 2023;
  - ✓ construction of 5 km of access roads, including a 20,000 m<sup>2</sup> parking area for trucks in the downstream zone at the Port of Douala-Bonaberi;
  - ✓ construction of 5 km of bypass roads and 5 km of feeder roads at the Port of Douala;
  - ✓ renewal of 175 km of rail track along the Batchenga-Ka'a section (around 138 km) and in urban areas in the cities of Douala and Yaounde, totalling 37 km.
- As regards telecommunications infrastructure
  - ✓ continued implementation of the 'Central African fibre optic backbone' project with financial support from the AfDB;
  - ✓ development of cybersecurity infrastructures and the prevention of cybercrime.

## and recommendations

Despite a challenging international backdrop marked by geopolitical tensions and disruptions to supply chains, Cameroon has recorded economic growth of 3.3% in 2023. This was driven by the performance of the non-oil sector, supported by 'industrial and export agriculture', 'agri-food industry', 'other manufacturing industries' and 'production and distribution of electricity'.

This edition of the annual report on the competitiveness of the economy of Cameroon focused on the competitiveness of talent. This new approach has highlighted how the development, retention and attractiveness of talent are essential levers for competitiveness. In 2023, Cameroon ranked 118<sup>th</sup> out of 134 countries worldwide in terms of talent competitiveness, with a score of 25.91/100. In Africa, it ranked 16<sup>th</sup> out of 31 countries assessed. This ranking reflects the need for the public authorities to find solutions for an improvement.

An assessment of Cameroon's trade competitiveness reveals difficulties in integrating into global value chains and weaknesses regarding the positioning of tradable goods on the local market. In 2023, the penetration rate of foreign products in the domestic market rose by 0.5 percentage points to 23.7%. This has led to a loss of domestic market share for local producers.

Analysis of the costs of production and transaction factors has revealed that these are relatively high in Cameroon despite a slight improvement in business productivity in 2023, input costs remained relatively high compared to other African countries.

An assessment of Cameroon's competitiveness based on international comparisons indicates a deterioration in the various scores in 2023. In spite of recent measures, major efforts are still required to significantly correct the structural shortcomings observed.

Some initiatives could be taken to enhance the attractiveness and retention of talent:

- speeding up the effective implementation of universal health coverage (by exploring funding mechanisms such as taxation);
- improving the match between training and economic potential with an emphasis on training skilled workers and technicians
- building strategic partnerships between government departments, universities, research institutes, financial institutions and companies to promote the products of research;
- extend the celebration of talents to other sectors of activity (for example, establish thesis prizes in universities and higher institutes in specific areas having impact on competitiveness, or a prize for the best producer in the fisheries sector).

Overall, a national strategy/programme to develop the competitiveness of talent needs to be implemented.

The Report recommended some other measures to address the issue of private sector financing and the shortfall in the supply of infrastructure:

- exploring other mechanisms for raising long-term resources (e.g. pension funds);
- promoting innovative funding mechanisms (e.g. crowd-funding);
- pursuing efforts to increase the quality and quantity of economic infrastructure.

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# Appendices

## Scores and rankings of Cameroon, South Africa and Switzerland in the GTCI 2023

	Cameroon		South Africa		Switzerland	
	Score	Rank	Score	Rank	Score	Rank
<b>ENABLE</b>	<b>26.26</b>	<b>122</b>	48.59	57	87.33	1
<i>Regulatory Landscape</i>	18.45	126	41.96	71	90.72	5
Government effectiveness	21.03	122	42.43	71	93.54	2
Rule of law	16.12	126	48.77	57	93.36	6
Political stability	24.6	126	42.8	105	90.59	6
Regulatory quality	18.15	123	40.2	74	87.07	9
Corruption	12.33	116	35.6	58	89.04	7
<i>Market Landscape</i>	31.72	110	48.78	57	80.87	2
Extent of market dominance	44.14	58	37.85	70	100	1
Domestic credit to private sector	16.62	120	62.83	31	78.17	7
Cluster development	34.47	91	50.54	47	91.74	3
R&D expenditure	n/a	n/a	11.3	54	59.54	7
ICT infrastructure	13.56	127	68.86	60	85.89	15
Urbanisation	49.84	84	61.31	64	69.87	47
<i>Business and Labour Landscape</i>	28.62	125	55.03	29	90.41	2
<i>Labour Market</i>						
Labour rights	n/a	n/a	88.86	47	97.59	14
Labour-employer cooperation	34.99	97	16.88	124	100	1
<i>Management Practice</i>						
Professional management	34.23	104	56.76	49	88.54	7
Relationship of pay to productivity	52.96	70	46.91	92	100	1
<i>Technology Adoption</i>						
Enterprise software	21.69	62	41.23	29	78.11	7
Cloud computing	12.72	80	55.58	10	78.19	4
Firms with website	15.13	102	80.98	20	n/a	n/a
<b>ATTRACT</b>	<b>35.32</b>	<b>119</b>	<b>55.73</b>	<b>53</b>	<b>82.55</b>	<b>3</b>
<i>External Openness</i>	28.11	115	48.88	60	83.78	5
<i>Attract Business</i>						
FDI regulatory restrictiveness	n/a	n/a	86.22	34	78.65	48
Financial globalisation	28.13	120	63.08	62	95.54	8
<i>Attract People</i>						
Migrant stock	29.93	86	45.38	58	78.47	12
International students	10.03	70	10.88	65	66.61	11
Brain gain	44.34	74	38.82	85	99.66	2
<i>Internal Openness</i>	42.56	116	58.59	55	81.31	9
<i>Social Inclusion</i>						
Tolerance of minorities	13.83	117	40.43	76	77.66	13
Tolerance of minorities	61.54	60	70.77	43	76.92	29
Social mobility	48.1	58	35.59	100	97.51	3
<i>Gender Equality</i>						
Economic empowerment of women	43.36	120	83.19	47	83.19	47
Gender parity in high-skilled jobs	56.48	98	79.5	53	82.23	49
Leadership opportunities for women	31.93	109	42.08	86	70.36	16
<b>GROW</b>	<b>24.3</b>	<b>113</b>	35.78	69	75.45	5
<i>Formal Education</i>	14.72	113	31.6	66	67.75	6
<i>Enrolment</i>						
Vocational enrolment	29.98	40	8.47	89	55.73	10
Tertiary enrolment	8.6	103	15.27	93	42.77	46
<i>Quality</i>						
Tertiary education expenditure	20.28	109	70.83	37	89.98	3
Reading, maths, and science	n/a	n/a		n/a	66.99	20
University ranking	0	76	31.81	42	83.28	4
<i>Lifelong Learning</i>	31.72	73	37.17	52	85.41	4



	Cameroon		South Africa		Switzerland	
Business masters education	0	57	36.35	30	71.11	9
Prevalence of training in firms	44.75	41	5.31	96	n/a	n/a
Employee development	50.4	71	69.84	32	99.7	2
<i>Acess to Growth Opportunities</i>	<i>26.61</i>	<i>111</i>	<i>38.57</i>	<i>87</i>	<i>73.2</i>	<i>15</i>
<i>Empowerment</i>						
Delegation of authority	23.05	112	57.79	42	70.27	15
Youth inclusion	66.12	58	27.26	113	83.95	22
<i>Collaboration</i>						
Use of virtual social networks	10.8	117	39.11	95	78.21	20
Use of virtual professional networks	6.46	106	30.12	46	60.36	16
<b>RETAIN</b>	<b>24.03</b>	<b>125</b>	<b>53.07</b>	<b>82</b>	<b>92.07</b>	<b>1</b>
<i>Sustainability</i>	<i>21.75</i>	<i>124</i>	<i>54.28</i>	<i>68</i>	<i>93.77</i>	<i>1</i>
Pension coverage	17.47	104	81.31	66	100	1
Social protection	27.86	111	34.57	96	100	1
Brain retention	23.49	103	35.92	75	100	1
<i>Environmental performance</i>	<i>19.15</i>	<i>113</i>	<i>31.02</i>	<i>87</i>	<i>79.66</i>	<i>9</i>
<i>Vulnerable employment</i>	<i>20.76</i>	<i>116</i>	<i>88.58</i>	<i>35</i>	<i>89.2</i>	<i>29</i>
Lifestyle	26.32	124	51.85	89	98.38	9
Personal rights	49.95	100	89.13	37	95.44	18
Personal safety	14.91	126	29.79	115	95.96	4
Physician density	1.2	122	12.13	93	70.22	14
Sanitation	39.22	116	76.37	97	99.89	17
<b>VOCATIONAL AND TECHNICAL SKILLS</b>	<b>31.79</b>	<b>110</b>	<b>38.2</b>	<b>93</b>	<b>75</b>	<b>2</b>
<i>Mid-Level Skills</i>	<i>11.42</i>	<i>116</i>	<i>45.55</i>	<i>55</i>	<i>5.1</i>	<i>8</i>
Workforce with secondary education	18.2	108	41.42	70	53.29	43
Population with secondary education	n/a	n/a	76.21	14	66.75	18
Technicians and associate professionals	11.17	105	33.64	57	69.04	16
Labour productivity per employee	4.9	104	30.92	55	74.48	8
<i>Employability</i>	<i>52.15</i>	<i>83</i>	<i>30.86</i>	<i>131</i>	<i>84.86</i>	<i>4</i>
Ease of finding skilled employees	69.56	37	32.06	115	74.52	28
Relevance of education system to the economy	33.88	88	24.88	100	100	1
Skills matching	37.1	98	59.95	65	76.9	28
Highly educated unemployment	68.05	84	6.55	121	88.02	26
<b>GLOBAL KNOWLEDGE SKILLS</b>	<b>13.73</b>	<b>102</b>	<b>28.66</b>	<b>58</b>	<b>61</b>	<b>10</b>
<i>High-Level Skills</i>	<i>12.11</i>	<i>103</i>	<i>21.45</i>	<i>75</i>	<i>52.86</i>	<i>15</i>
Workforce with tertiary education	7.46	112	18.67	85	51.61	21
Population with tertiary education	n/a	n/a	20.24	64	52.61	13
Professionals	11.61	106	14	94	59.42	13
Researchers	n/a	n/a	5.44	70	63.67	12
Senior officials and managers	17.28	79	47.79	21	49.63	15
Digital skills	n/a	n/a	22:54	41	40.23	16
<i>Talent impact</i>	<i>15.35</i>	<i>102</i>	<i>35.88</i>	<i>46</i>	<i>69.14</i>	<i>6</i>
Innovation output	10.07	110	34.65	60	100	1
High-value exports	12.55	63	10	71	25.63	35
Software development	37.2	111	55.69	74	94.61	2
New business density	n/a	n/a	68.96	9	25.46	31
Scientific journal articles	1.57	95	10.08	60	100	1

**REPORT ON THE COMPETITIVENESS STATUS  
OF CAMEROON'S ECONOMY IN **2023****