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HOW Entrepreneurs can Literally save Cameroon

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The Cameroon economy faces major structural challenges. Indeed, according to a [2018 report](#) by the Nkafu Policy Institute, 79.1% of Cameroonians believe the economic situation of the country is bad or very bad. The report also notes that the poverty level is alarming as less than 17.65% of Cameroonians adults earn more than 200,000 FCFA (i.e. 400 US dollars approximately) and 41.58% of households spent more than 40% of their income on basic necessities like food, clothing, and housing. Based on these statistics, it is urgent to take actions that will change the current paradigm and place the country in a positive direction. In that perspective, entrepreneurs can play a major role. In fact, according to [Praag and Versloot \(2007\)](#), entrepreneurs are those individuals who have started a business and are self-employed or the owner-manager of an incorporated business. They can also be “disruptors” or “innovators” if they are involved in the process of finding and distributing new and useful resources/services to the public. In the context of Cameroon, entrepreneurs can literally save the country in two major ways. First, they can help to promote innovation and job creation. Secondly, they can facilitate the adoption of a free market or free enterprise system.

1. Entrepreneurs as an engine for innovation and job creation

Entrepreneurs have not traditionally been the main source of job creation in Cameroon. In fact, the government actually remains the [largest employer](#) in the country. Even the second employer, a parastatal company, the Cameroon Development Corporation (CDC) will, unfortunately, lose 20,000 jobs as a result of the ongoing [Anglophone Crisis](#). Put together, these indicators are not a good signal for an economy aspiring to join the ranks of “emerging nations” by 2035 or forecasting strong economic growth rates by 2027.

There is, therefore, a strong need for entrepreneurs to play their role of job creators and become the major employers. In fact, according to a report by [Ernst and Young](#), entrepreneurs are globally creating jobs at more than twice the rate of established companies. Cameroon should follow the same trend in order to shift the current paradigm. This can be done by applying a simple process: new ideas or innovations create new businesses, and new businesses create jobs. The implementation of such a process will surely reinforce market competition, increase productivity levels in the country, improve the quality of products, and reduce prices.

Contrary to the above unfavourable indicators, entrepreneurship in Cameroon has some positive records. For example, in 2015, the country was listed among the 9 countries in the world with the most self-employed population by the [World Economic Forum](#). In addition, a [2016 survey](#) from the National Institute of Statistics (Cameroon)

revealed that the number of ventures listed in 2016 in the country was superior to that of 2009 (i.e. 209,482 companies listed in 2016 against 93,969 units in 2009 representing an increase of 123%).

But it is not possible to directly link the above phenomenon of start-ups' booming to innovation or sustainable job creation. Instead, the situation can be analysed as the absence of other options for work. People are somehow forced to start businesses in order to escape from unemployment and poverty. There is the predominance of the informal sector in addition to import/export and a strong component of sole proprietorships. Because of these weak fundamentals, [80% of businesses die](#) before 5 years of existence and entrepreneurs are unable to fully establish and grow their enterprises. This situation certainly reveals the necessity of envisaging a new system.

2. Entrepreneurs as the pioneers of a free enterprise system

Entrepreneurs can also save Cameroon through the implementation of a free market system. A free enterprise system can be defined as a system in which (i) businesses or enterprises are free from significant government control and; (ii) individuals work to earn money and spend it in whatever ways they wish.

As highlighted above, the Cameroon government remains the largest employer in the country. The government wage bill for 2018 was an alarming 1058 billion FCFA in comparison to the formal sector enterprises wage bill estimated at 996 billion FCFA according to the National Institute of Statistics. Generally, when any government has such a large direct workforce without the potential for increased production capacity it is obliged to increase taxes or borrow more in order to finance its expenditures. This obviously has serious adverse effects across the economy.

In Cameroon, taxation is considered the major obstacle to entrepreneurship development according to the [General Enterprise Census in 2016](#). In fact, entrepreneurs pay the corporate tax (30% plus 10% additional municipal taxes meaning 33% in total) and consumers pay the added value tax (19.25%). Put together, these rates are very high compared to those of a growing economy like Nigeria. In Nigeria, for example, the corporate tax is 30% and the added value tax is 5%. Because of these structural differences, it will be very difficult for Cameroonian entrepreneurs to compete with their colleagues in Nigeria.

Given its direct and dominant role in the economy, the government is also obliged to borrow money in order to finance its usually inefficient expenditures. When borrowing at the level of financial markets (capital markets or money markets), the government usually benefits from very low rates. Unfortunately, this reduces the probability of entrepreneurs to

have access to finance at an affordable cost. That is why entrepreneurs are often charged higher real interest rates in the range of 20% or more according to recent [findings](#). In return, entrepreneurs consider access to credit as the third obstacle to the development of their activities according to the [General Enterprise Census in 2016](#).

Based on the above, it is obvious that the implementation of a free market system (that favours entrepreneurship) will save Cameroon. For example, a reduction in taxes can encourage private savings, private consumption, and private investments. Rwanda, for example, reduced its corporate tax rate by 5% from 35% in 2006 to 30% in 2007. This tax rate reduction has had a direct consequence in sustaining the economic boom of the last decade helping to make the country a major destination for foreign direct investments in Africa.

In a nutshell, while entrepreneurs alone cannot save Cameroon, they need the government to institute policies that promote economic freedom. This is what will catalyze Cameroon's economic transformation, create more jobs and opportunities in the country, and ensure that the country can achieve sustained economic growth.



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