Year 2021

NATIONAL ECONOMIC AND FINANCIAL COMMITTEE - CAMEROON
SECRETARIAT GENERAL

REPORT ON CURRENCY, CREDIT AND THE FUNCTIONING OF THE FINANCIAL SYSTEM

Acronyms and abbreviations

AFB	Afriland First Bank
AFD	French Development Agency
AIBE	Other Eligible Banking Institution
ANEMCAM	National Association for Microfinance Institutions in Cameroon
APE	Economic Partnership Agreement
APECCAM	Professional Association for Credit Institutions in Cameroon
APU	Public Administration
ASAC	Association for Insurance Companies in Cameroon
BAC	Banque Atlantique Cameroun
BAD	African Development Bank
BCE	European Central Bank (ECB)
BCM	Money Creating Bank (MCB)
BDEAC	Development Bank of Central African States
BEAC	Bank of Central African States
BGFI	Banque Gabonaise et Française Internationale
BIC	Credit Information Bureau
BICEC	Banque Internationale du Cameroun pour l'Epargne et le Crédit
BID	Islamic Development Bank (IDB)
BTA	Assimilable Treasury Bonds
BTP	Building and public works
BVMAC	Central African Stock Exchange
C2D	Debt Reduction and Development Contract
CAF	Freight Insurance Cost
CAMPOST	Cameroon Postal Services
CAN	African Cup of Nations
CAS	Special Allocation Account
CASEMF	Framework for the Analysis and Monitoring of Microfinance Institutions
CBC	Commercial Bank - Cameroun
CBF	Cameroon Business Forum
CCN	National Clearing House
CCR	Regional Clearing House
CEA	Economic Commission for Africa
CEMAC	Communauté Economique et Monétaire d'Afrique Centrale Economic and Monetary Community of Central Africa
CICA-RE	Joint Reinsurance Company of the Member States of the Inter-African Conference on Insurance Markets
CIMA	Inter-African Conference on Insurance Markets
CIP	Payment Incident Board
CNC	National Credit Council
CNDP	National Public Debt Committee
CNEF	National Economic and Financial Committee
CNUCED	United Nations Conference on Trade and Development
COBAC	Banking Commission of Central Africa
COVID-19	Coronavirus Desease 2019
CPM	Monetary Policy Committee
CRCT	Securities Settlement and Custody Unit
CREMF	Risks Board for Microfinance Institutions

DA	Directorate of Insurance
DAB	Automated Teller Machine
DAT	Time Deposit
DAT	Time Deposit
DAV	Sight Deposit
DP	Forecast Unit
DSCE	Growth and Employment Strategy Paper
DTS	Special Drawing Rights (SDR)
EDC	Electricity Development Corporation
EMF	Microfinance Institution (MFI)
EUROSTAT	European Statistics Office
F CFA	Franc of Financial Cooperation in Central Africa
FAGACE	African Guarantee and Economic Cooperation Fund
FDSE	Electricity Sector Development Fund
FEC	Extended Credit Facility (ECF)
FIBANE	National Banking File for Enterprises
FIP	Payment Incident Board
FIPI	Irregular Payment Instruments File
FMI	International Monetary Fund
FOB	Free On Board
FRCB	Regional Database for Bank Accounts and Clients
GAB	Automated Teller Machine
GICAM	Cameroon Employers Association
GIMAC	Interbank Electronic Banking Network for Central Africa
GUCE	Single Window for Foreign Trade Operations
IARDT	Fire, Accident, General Risks and Transport
IDA	Direct Compensation to Policy holders
IDE	Foreign Direct Investment
IFC	End of Career Allowance
INS	National Institute of Statistics
IRPP	Personal Income Tax
ITIE	Extractive Industries Transparency Initiative
MINADER	Ministry of Agriculture and Rural Development
MINEPIA	Ministry of Livestock, Fisheries and Animal Industries
MINFI	Ministry of Finance
MINFOF	Ministry of Forests and Wildlife
NFC-BANK	National Financial Credit Bank
OCDE	Organisation for Economic Co-operation and Development
OHADA	Organisation for the Harmonisation of Business Law in Africa
OICV	International Organisation of Securities Commissions
OPCVM	Fund for Collective Investment in Transferable Securities
OTA	Assimilable Treasury Bonds
OTZ	Zero Coupon Treasury Bonds
PACD/PME	Support Programme for the Creation and Development of SMEs processing and keeping local mass consumption products
PAR30	30-day portfolio at risk
PGRGFP	Comprehensive Plan for Public Finance Management Reforms
PIB	Gross Domestic Product (GDP)
PME	Small and Medium sized Enterprise
PNB	Net Banking Income
PNG	Government Net Position

PNT	Net Treasury Position
PNUD	United Nations Development Programme
PPFMMIC	Support Programme to the Microfinance Funding Project Through the Islamic Model in Cameroon
RBTR	Real Time Gross Settlement
SAFACAM	Société Africaine Forestière et Agricole du Cameroun
SCB	Société Commerciale de Banque
SCBC	Standard Chartered Bank Cameroon
SEMC	Société des Eaux Minérales du Cameroun
SENDs	Undisbursed committed balances
SGC	Société Générale Cameroun
SICAV	Sociétés d'Investissement à Capital Variable
SMAC	Monetary System in Central Africa
SMI	Interbank Monetary System of Central Africa
SMID	Douala Metropolitan Investment Company
SNFI	National Strategy for Inclusive Finance
SNH	National Hydrocarbons Company
SNI	Société Nationale d'Investissement
SOCAPALM	Société Camerounaise de Palmeraie
SONARA	Société Nationale de Raffinage
SONATREL	National Electricity Transmission Company
SPNF	Non-Financial Private Sector
SVT	Treasury Securities Specialists
SYGMA	Large Amounts Automated System
SYNDUSTRICAM	Cameroon Industrial Trade Union
SYSTAC	Central African E-clearing System
TCM	Minimum Lending Rate
TEG	Annualized Percentage Rate (APR)
TFDM	Marginal Deposit Facility Rate
TFPM	Marginal Lending Facility Rate
TIAO	Tender Interest Rates
TIMP	Weighted Average Interbank Rate
TIPP	Repurchase agreement interest rate
TPE	Very Small Enterprises
TVA	Value Added Tax (VAT)
UBA	United Bank for Africa
UBC	Union Bank of Cameroon
UE	European Union (EU)
UEMOA	West African Economic and Monetary Union
UMAC	Central African Monetary Union

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Executive Summary

During the year 2021, Cameroon financial system evolved in a context characterized, at the **international level**, by the resumption of growth thanks to (i) the additional budgetary incentives in several countries; (ii) the improvement in health indicators, due to the vaccination campaigns against the COVID-19, especially in developed countries; and (iii) the continuous adjustment of the economic activity to fit with restricted mobility.

As a result, the global economy recorded a growth rate of 6.1% in 2021as compared to -3.1% in 2020. **In the group of developed countries**, economic growth is estimated at 5.2% as compared to -4.5% in 2020. The main economies in this group have returned to positive growth: The United States (+5.7% as compared to -3.4%); the Eurozone (+5.3% as compared to -6.4%); the United Kingdom (+7.4% as compared to -9.4%) and Japan (+1.6% as compared to -4.5%). However, the restricted mobility towards the end of 2021, particularly in Europe, due to the resurgence of COVID-19, has moderated the improvement.

In **emerging and developing countries**, growth was estimated at 6.8%, as compared to -2.0% in 2020. This dynamic is driven by China that, despite the resurgence of the epidemic, is experiencing an acceleration of its growth (+8.1% from 2.3% in 2020), thanks to the effectiveness of mitigating measures, a strong public investment strategy and an abundant supply of liquidity by the Chinese central bank. The other main countries in the group, that had experienced a decline in 2020, are also returning to positive growth (India: +8.9% as compared to -7.3%; Brazil: +4.6% as compared to -4.1%; Russia: +4.7% as compared to -3%).

In **sub-Saharan Africa**, growth in 2021 was estimated at 4.5% as compared to -1.7% in 2020, supported by stronger foreign demand from developed countries. Among the region largest economies, Nigeria is projected to grow by 3.6 % from -1.8 % in 2020 and South Africa by 4.9 % from -6.4 %. The economic recovery in this region has been affected by the poor coverage of the COVID-19 vaccine. **Within CEMAC**, economies are also returning to growth, estimated by BEAC at 1.9%, up from -1.7% in 2020.

Global inflation is estimated at 3.5 % in 2021, from 0.7 % in 2020. It is 1.6% in developed countries and 4.9% in emerging and developing countries. In some countries of the sub-Saharan Africa, the Middle East of and Central Asia, food prices have risen significantly, in a context of shortages and rising world food prices.

As regards **international trade**, despite disruptions in supply chains, the volume of global trade grew by 9.3 % in 2021. That positive trend is mainly due to the increase in commodity prices, the mitigation of pandemic-related restrictions and the strong recovery in demand, thanks to various economic incentive measures.

At the national level, the year 2021 marked the consolidation of Cameroon economic resilience over a number of years, in a particularly challenging global economic environment, and especially due to the COVID-19 health crisis. The Gross Domestic Product (GDP) thus

increased by 3.6% in 2021 from 0.5% in 2020. The economic growth in 2021 also increased in the various business sectors.

With regard **to inflation**, the trend in the consumer price index shows inflation of 2.3% down from 2.5% in 2020. That reduction enabled the economy to remain within the Community standard range (maximum 3%). Despite the deceleration in inflationary pressure in 2021as compared to the previous year, there is a demarcation from the relatively quiet years of 2017 and 2018, driven by rising food prices.

As regards **public finances**, At December 31st, 2021, the estimated total budgetary resources amount to 5 131.5 billion, thus increasing by 83.2 billion as compared to 2020. Total budgetary expenditure on an accrual basis (including the Special Allocation Account (COVID-19 (CASE) will amount to 5 577.4 billion in 2021, thus increasing by 480.1 billion as compared to 2020. Ultimately, based on revenue and grants received and the expenditure made, the primary balance on accrual basis is estimated at -519.8 billion as compared to -628.2 billion as at the end of 2020, and the non-oil primary balance at -1 002.9 billion as compared to -1 056.4 billion. The overall balance on accrual basis is estimated at -761.5 billion from -825.7 billion as at the end of 2020, reflecting revenue and grants received and the expenditure made. The primary balance on accrual basis is estimated at -519.8 billion as against -628.2 billion as at the end of 2020, and the non-oil primary balance at -1 002.9 billion as against -1 056.4 billion.

With regard to the **foreign sector**, Cameroon 2020 sovereign rating was maintained in 2021 by the rating agencies Standard & Poor's and Fitch Ratings, at "B-" and "B" respectively. Similarly, on the Country Policy and Institutional Assessment (CPIA) index for sub-Saharan Africa, Cameroon maintained its rating at 3.3 and is ranked 16th out of 39 low-income countries with average policy and institutional quality. The ranking shows that Cameroon is improving in economic management, particularly with respect to budgetary, fiscal and debt policies. However, efforts are still required in the areas of governance, business climate, and quality of public spending. In the same vein, the perception of business executives, collected by GICAM at the end of 2020, reveals several factors that continue to plague the competitiveness of the Cameroonian economy. Those factors include: (i) the inadequacy and disruption of electricity supply and telecommunications networks; (ii) the poor quality of the road network; (iii) the increase in port transit costs; (iv) difficult access to foreign exchange; (v) the increase in commissions on foreign exchange transfers; and (vi) difficult formal lending activity.

In the **monetary sector**, Cameroon main monetary aggregates increased: (i) money supply (+17.0 %); (ii) domestic loans (+15.8 %); and (iii) net foreign assets (+11.4 %). During the year 2021, BEAC monetary policy was conducted taking into account the persistence of the COVID-19 pandemic in CEMAC and the need to preserve the currency external stability. Thus, given the satisfactory level of market liquidity, the Central Bank kept the weekly refunding volume unchanged until December 8th, 2021, at 250 billion, and decided on November 25th, 2021, to reorient its policy by raising its main policy rate (TIAO) and the

marginal lending rate by 25 basis points, bringing them to 3.50% and 5.25% respectively. The marginal deposit facility rate was kept at 0 %.

In that environment**, the banking system** activity increased by 15.4% in 2021, from 8.3% in 2020. On the assets side, that increase is largely due to the rise in cash and interbank transactions (+640.6 billion), customer transactions (+321.2 billion) and fixed assets (+99.9 billion). On the liabilities side, it was due to the increase in customer transactions (+859.8 billion), cash and interbank transactions (+116.3 billion) and investment capital (+88.8 billion). On the liabilities side, shareholders' equity and deposits collected by banks once again increased from a strictly accounting perspective, by 70.3 and 859.8 billion respectively.

Net Banking Income (NBI) increased by 13.6% in 2021, from 3.9 % in 2020. That increase may be attributed to improved margins on financial transactions (+45.3 billion), margins on customer transactions (+21.5 billion), and margins on leasing and simple rental transactions (+3.0 billion). Income from ordinary activities increased by 12.5 billion, as against a decline by 10.7 billion in 2020. As regards to the loan portfolio delinquency situation, net overdue loans fell sharply from 152.1 billion to 64.5 billion (+40.9 billion), thus decreasing by 57.6%. Thus, the quality of the loan portfolio improved, with the gross delinquency rate falling from 16.6 % to 14.9%.

The banks' branch network has been enriched by 22 new branches opened during the year 2021, bringing the number of branches throughout the national territory from 328 in 2020 to 353 in 2021. In terms of geographical coverage, the Littoral and Centre regions have the largest number of branches in 2021, with 126 and 94 branches respectively, which represents 62% of the total. The South-West and West regions have 30 and 31 branches respectively, while the South region has 18 branches, and the North-West and Far North regions have 17 and 13 branches respectively. The regions with the fewest branches are the North (9 branches), the East (8 branches) and Adamaua (7 branches).

Banks have continued to significantly expand their ATM networks in an effort to modernize and improve customer service quality. The number of ATMs increased by 8.6 %, from 741 in 2020 to 805 in 2021. The largest cities, Yaounde, Douala and Bafoussam, alone account for 72.3 % of those ATMs.

In terms of access to banking services, the banking services coverage rate in the strict sense of the term improved relatively. It reached 28.4% from 26.9 % in 2020, thus increasing by 1.5 %points. The said rate for the adult population also improved, rising by 1.2 % points from 21.2% in 2020 to 22.4% in 2021. The density of the banking network remained stable at 1.3 branches per 100,000 inhabitants in 2021.

In the broad sense, the proportion of the working population and the adult population that are that are covered by banking services was 47.7 % and 36.8 % respectively. The density of the banking network in the broad sense remained virtually stable between 2020 and 2021, at 3.1 branches per 100,000 inhabitants, down from 3.2 branches per 100,000 inhabitants in 2020.

Mobile money continued to grow significantly in 2020, both in terms of volume and value of transactions. Data collected by the NEFC shows that the mobile money transactions value in

Cameroon rose from 12,544.0 billion in 2020 to 15,329.6 billion in 2021, thus increasing by 22.2%. The number of transactions followed the same trend over the same period, with a growth rate of 19.6% as against 42.3% in 2020. The number of mobile money accounts opened grew slightly from 15,649,570 in 2020 to 16,557,053 in 2021, thus increasing by 5.8 %.

As regards **financial companies**, their activity was characterized by a 2.0 % increase in total assets, in contrast to the 0.9 % decline observed in 2020. On the assets side, that increase was mainly due to the rise in miscellaneous transactions (+7.8 billion) and customer transactions (+1.2 billion). On the liabilities side, it is explained by the increase in investment capital (+18.2 billion), mitigated by the decrease in miscellaneous transactions (-4.4 billion), cash and interbank transactions (-3.6 billion) and customer transactions (-1.5 billion).

In terms of portfolio losses, net overdue loans decreased by 8.5% from 50.2 billion to 46.0 billion. The rate of overdue loans (58.4%) remains however very high as compared to the other components of the banking sector, although it declined from 60.4% in 2020.

With regard to the network of financial companies, in 2021, the number of branches remained stable at 26. The Littoral and South regions are the most covered, with 4 branches each, followed by the Centre and West regions, each with 3 branches. Those four regions alone account for 53.8% of the network of financial companies.

In the **microfinance sector**, the number of operating licensed institutions fell from 415 in December 2020 to 402 in December 2021. They are divided into three categories: 334 operating in the first category, 66 in the second category, and 02 in the third category.

In terms of intermediation activity, deposits collected by MFIs rose from 624.8 billion at end-December 2020 to 728.4 (+103.6) billion at end-December 2021, thus increasing by 16.58%. With deposits amounting to 373.0 billion, the second category occupies the first position (51.21%), followed by the first category (48.79%). Third category MFIs are not authorized to collect customer deposits. The volume of loans granted by MFIs rose from 454.6 to 539.7 billion (+85.0) between December 2020 and December 2021, thus increasing by 18.70 %. At the end of December 2021, the second category was the one that granted most of the loans, with 304.0 billion, as compared to 235.4 billion for the first category. The third category has a total loan volume of 0.3 billion. In total, 49.51% of loans granted to customers are short-term, as compared to 35.78% for long-term loans and only 14.72% for medium-term loans. In terms of portfolio quality, the volume of overdue loans increased by 15.10% from 104.9 to 120.8 billion (+15.8). The delinquency rate, on the other hand, decreased from 23.08% as of December 31, 2020, to 22.37% as of December 31, 2021 (-0.71 points).

At the level of **the payment system and means of payment**, the number of transactions carried out through SYSTAC in 2021 was 9,170,054, amounting to 8,005.3billion as compared to 8,797,844 transactions amounting to of 7,229.4 billion in 2020, thus increasing by 4.2% in terms of number, and thus increasing by 10.7% in terms of amount. Payment incidents (rejections for insufficient funds, no funds or closed accounts) decreased by 9.4% in number and 17.8% in amount, from 15,195 incidents worth 45.4 billion in 2020 to 13,766

incidents worth 37.3 billion in 2021. As for SYGMA transactions, all participants in Cameroon exchanged 148,005 transactions amounting to 51,206.2 billion, as against 125,704 transactions amounting to 46,507.9 billion in 2020, which represents growth rates of 17.7% in number and 10.1% in amount.

The **insurance sector** for its part was marked in 2021 by, among others, the continuation of the upgrading of the minimum share capital for non-life insurance companies to five (05) billion as well as the market reorganization and, in particular, the introduction of new, more secure motor insurance certificates. In terms of activity for the year 2020, the market was driven by 28 licensed insurance companies, 105 General Agents, 136 brokers and 121 non-wage earners agents. It mobilizes more than 5,000 people for an annual payroll exceeding 18 billion. Insurance transactions across all lines of business generated overall income up by 1.15% to 211.4 billion in 2020, as compared to 209.01 billion in 2019. The year 2020 ended with a net operating income amounting to 17.4 billion.

As for the **stock exchange market**, it was marked in 2021 by a revival of activity confirming the tremor noted in the first quarter of 2021. On the primary market, there was an upturn in the bond portfolio. The latter benefited from six transactions authorized by COSUMAF. The total amount raised was 458.4 billion as compared to 106.8 billion as at December 31st, 2020. The floating market capitalization amounted to 36.2 billion as compared to 31.0 billion in 2020. The Treasury securities market was also very dynamic, with the total outstanding amount of securities issued for Cameroon rising from 837.1 billion to 1,176.0 billion between 2020 and 2021.

I. GLOBAL ECONOMIC ENVIRONMENT OVERVIEW AND TREND IN CAMEROON ECONOMY[1]

I.1. Global economic environment

I.1.1. Trend in economic activity

The World Economic Outlook (WEO) for April 2022, published by the IMF, places global economic growth at 6.1% in 2021 as compared to -3.1 % in 2020. That recovery is mainly driven by: (i) additional tax incentive measures in many countries; (ii) improved health indicators linked to vaccination campaigns, particularly in developed countries; and (iii) the continued adjustment of economic activity to reduced mobility.

In developed economies, economic growth is estimated at 5.2% as compared to -4.5% in 2020. The main economies in this group have returned to positive growth: The United States (+5.7% vs. -3.4%); the Eurozone (+5.3% vs. -6.4%); the United Kingdom (+7.4% vs. -9.4%) and Japan (+1.6% vs. -4.5%). However, the restrictions imposed in terms of mobility towards the end of 2021, particularly in Europe, in connection with the resurgence of COVID-19, had mitigating effects on that upturn.

In emerging and developing countries, growth is estimated at 6.8%, as compared to -2.0% in 2020. This dynamic is driven by China that, despite the new outbreaks of the epidemic, is experiencing an acceleration of its growth (+8.1% from 2.3% in 2020), thanks to the effectiveness of containment measures, a vigorous public investment strategy and an abundant supply of liquidity by the Chinese central bank. The other main countries in the group, that had experienced a decline in 2020, are returning to positive growth (India: +8.9% as compared to -7.3%; Brazil: +4.6% as compared to -4.1%; Russia: +4.7% as compared to -3%).

In sub-Saharan Africa, growth in 2021 is estimated at 4.5% as compared to -1.7% in 2020. That development is driven by stronger external demand from developed countries. Among the region largest economies, Nigeria is projected to grow by 3.6 % from -1.8 % in 2020 and South Africa by 4.9 % from -6.4 %. The economic recovery in this region has been affected by the poor deployment of immunization. In the CEMAC zone, economies are also returning to growth which, according to BEAC, is estimated at 1.9 %, from -1.7 % in 2020.

[1] Sources : BEAC, NIS, MINFI/PD, IFM, EUROSTAT.

Table 1.1 : Selected Performance Indicators of the World Economy

	2020	2021*	2022**
Real GDP growth			
Global economy	-3,1	6,1	3,6
United States	-3,4	5,7	3,7
Eurozone	-6,4	5,3	2,8
United Kingdom	-9,8	7,4	3,7
Japan	-4,5	1,6	2,4
China	2,3	8,1	4,4
India	-7,3	8,9	8,2
Sub-Saharan Africa	-1,7	4,5	3,8
Nigeria	–1,8	3,6	3,4
South Africa	-6,4	4,9	1,9
CEMAC	**-1,7**	**1,9**	**3,3**

Source: IFM/BEAC **Forecasts

With regard to prices, the economic recovery in 2021 is accompanied by accelerating inflation in developed and emerging countries, fueled by strengthening demand, supply shortages, and rapidly rising commodity prices. The inflation rate is estimated at 3.5 % for the global economy in particular; it is 1.6 % in developed countries and 4.9 % in emerging and developing countries. In some countries in sub-Saharan Africa, the Middle East, and Central Asia, food prices have risen significantly, amid shortages and rising world food prices. Currency depreciation has also contributed to higher prices for imported goods, adding to overall inflation. However, underlying inflation, that excludes the influence of energy and food prices, remains largely under control.

I.1.2. Trend in world trade and raw material prices

Despite disruptions in supply chains, the volume of world trade recorded a growth of 9.3% in 2021. According to UNCTAD, that trade is estimated at $28.5 trillion in value, up by 25% from 2020 and 13% from 2019. That positive trend is mainly linked to the increase in commodity prices, the waiving of COVID-19 pandemic-related restrictions and the strong recovery in demand, thanks to the various economic incentive measures. Generally, trade in goods and services grew more strongly in the developing countries (11.1 % in volume terms) than in developed countries (8.3 %).

With regard to commodities, after a drop in 2020 due to the significant decline in global demand, linked to the COVID-19 pandemic, their prices increased in 2021. In particular, the average price of oil, that had fallen by 32.8% in 2020, rose by 67.3% to $69.07 per barrel, in line with the global economic recovery. Non-oil commodity prices rose by 26.7 % in 2021 from 6.7 % in 2020, driven by sharp increases in metals and food prices.

Table 1.2 : Price outlook for Cameroon main export commodities

Headings	Units	History							Projections		
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Crude oil	$/barrel	50,79	42,84	52,81	68,33	61,39	41,29	65,68	106,83	92,63	70,00
Cocoa	$/kg	3,14	2,89	2,03	2,29	2,34	2,37	2,40	2,45	2,50	2,53
Arabica coffee	$/kg	3,53	3,61	3,32	2,93	2,88	3,32	4,30	4,20	4,15	4,21
Robusta coffee	$/kg	1,94	1,95	2,23	1,87	1,62	1,52	1,95	2,00	1,90	1,92
Crude palmoil	$/mt	663	736	751	639	601	752	1 100	1 075	1 050	1 054
Banana	$/kg	0,96	1,00	1,08	1,15	1,14	1,22	1,23	1,24	1,25	1,25
Wood logs	$/cum	389	387	395	414	392	399	415	420	420	422
Cotton	$/kg	1,55	1,64	1,84	2,01	1,72	1,59	2,10	2,20	2,15	2,16
Rubber	$/kg	1,57	1,61	2,00	1,57	1,64	1,73	2,05	1,85	1,90	1,94
Aluminium	$/mt	1 665	1 604	1 968	2 108	1 794	1 704	2 550	2 700	2 500	2 400

Source : World Bank

I.1.3. Global economic outlook

In 2022, the war in Ukraine significantly disrupted global commodity markets and clouded the global economic outlook. Global economic growth is projected at 3.6 % in 2022 and 2023. After 2023, global growth is expected to decline to around 3.3% in the medium term. In emerging and developing countries where government support is more limited and immunization progresses more slowly, the economic impact is expected to be much more pronounced than in developed countries, and output is expected to remain below the pre-pandemic trend.

The commodity price shock would have asymmetric effects on government revenues and budget balances. Commodity-exporting countries, namely oil exporters, are expected to experience revenue increases across the region, but the impact of those increases on budget balances would be much more moderate, due to increased spending on energy subsidies. In contrast, the budget balances of natural resource poor countries could deteriorate sharply.

Inflation is expected to remain high, reflecting rising commodity prices and generalized war-related pressures. Inflation is projected at 5.7 % in developed countries and 8.7 % in emerging countries.

The Ukrainian crisis has made two economic policy choices more difficult: (i) between controlling inflation and consolidating the recovery; (ii) between helping the most vulnerable and restoring budget flexibility.

With regard to Sub-Saharan Africa in particular, the decline in demand from major trading partners due to the global slowdown is an additional obstacle. Besides, the slow pace of the vaccination campaign and/or security threats make several countries in the region vulnerable. After accelerating in 2021, economic growth in the region is expected to slow to 3.8 % in 2022 and 4.0 % in 2023.

I.2. Trend in economic activity in Cameroon

I.2.1. Trend in the real sector

With a 3.6 % increase in real Gross Domestic Product (GDP), the year 2021 marks a recovery in economic activity, which slowed down considerably in 2020 (0.5 %) as a result of the COVID-19 health crisis. That dynamic consolidates the resilience shown by the national economy for a number of years in a sufficiently morose global economic environment. Economic growth in 2021 is strong in the various sectors of activity. The primary sector grew by 4.7%. The secondary sector g by 3.1%, and the service sector by 3.7%.

Economic activity in the primary sector was supported by industrial and export agriculture (+7.6%), which benefited from the good performance of world prices and the recovery of global external demand following the weaving of barriers related to the health crisis. Food crops grew by 2.6%, while forestry grew by 9.1%. The livestock, hunting and fishing sector grew by 1.8%.

The improvement in the secondary sector is due to the dynamism of the agri-food industry (+4.5%) as well as construction and public works (+5.1%). In addition to the infrastructure work undertaken by the State in relation to land communication facilities, the construction and public works sector has benefited from the acceleration of large-scale works in the run-up to the African Cup of Nations soccer tournament that the country will host in January 2022. The agri-food industries are supported by a policy of local processing of agricultural products, particularly cocoa and coffee, in view of insuring better value-added creation. Favorable developments were also observed in the water and sanitation sector (+3.0%) and other manufacturing industries (+2.5%). On the other hand, economic activity in the extractive industries was sluggish (-2.5%), due to a contraction in hydrocarbon extraction (-3.2%).

The tertiary sector, which was severely impacted by the COVID-19 pandemic in 2020, shows renewed growth (+3.7%). This is the result of the vigorous recovery observed in the accommodation and catering sector, where economic activity is up by 7.4% from a negative trend in 2020 in a context of restricted movements of persons. The same situation applies to the trade and repairs and transport branches, which grew by 3.8% and 3.4% respectively. Financial services are also significant at 11.8% and, to a lesser extent, other market services (1.6%)

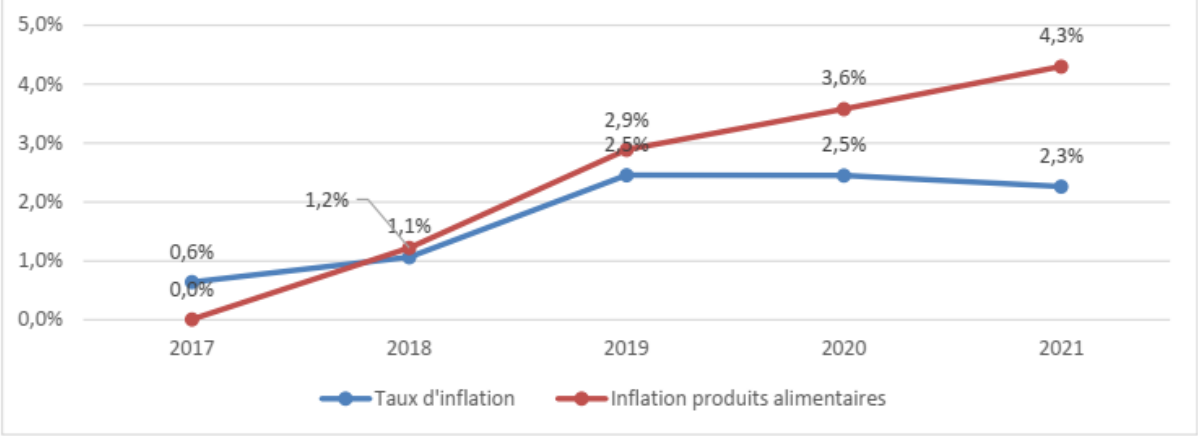
In terms of GDP related expenditure, household final consumption and investment drove economic growth in 2021. Household final consumption grew by 4.6%, while investment rose by 6.9%, with private investment showing remarkable dynamism (8.3%). Foreign trade has become more intense in terms of both imports of goods and services (+13.4%) and exports of goods and services (+5.1%). Nevertheless, the trade balance remains in deficit.

I.2.2. Inflation

In 2021, the consumer price index trend shows an inflation rate of 2.3 % from 2.5 % in 2020. This easing enables the economy to remain within the range foreseen by the CEMAC norm (at most 3 %). Despite the deceleration in inflationary pressure in 2021 as compared to the

previous year, there is a marked difference from the calm situation observed in 2017 and 2018 (when there were changes of 0.6% and 1.1% respectively), due to the rise in food products.

Graph 1.1: Trends in inflation and Food Price increases from 2017 to 2021



Source: NIS

Food products are driving inflation, with prices rising by 4.3% in 2021, thus representing 2 points above the overall trend. As a result, they will contribute 1.3 points to national inflation. The rise in food prices is, in fact, reflects an acceleration that began in 2019 (+2.9%) and will continue in 2020 (+3.6%).

The surge in food prices is driven in 2021 mainly by four (4) product groups: "bread and cereals" (+5.7% and a 1.3% contribution to food inflation), "vegetables" (+3.8% and a 0.8% contribution to food inflation), "meat" (+4.6% and a 0.7point contribution to food inflation) and "oils and fats" (+6.9% and a 0.5point contribution).

In addition to food products, inflation is sustained in 2021 by two other consumption functions, namely "clothing and footwear" and "housing, water, gas, electricity and other fuels", whose prices rise by 2.2% and 1.8% respectively. Each of those functions contributes 0.2 points to national inflation. In a nutshell, those three consumption functions contribute to three quarters of national inflation.

Geographically, inflation is present in the country's various localities with varying degrees of intensity. The cities of Bertoua (+4.4 %), Bamenda (+3.8 %), Maroua (+3.7 %) and Ebolowa (+3.2 %) recorded the highest rates, that are above the national average. In terms of contributions, Yaounde, Douala, Maroua, Bamenda and Bafoussam are identified with an overall contribution of 1.7 % points to national inflation thus representing slightly more than 75 % of the change observed in the economy.

I.2.3. Public finances

I.2.3.1. Budgetary resources

At the end of the 2021 fiscal year, provisional data reveal that total budgetary resources amount to 5 131.5 billion, thus increasing by 83.2billion as compared to 2020. That increase

can mainly be attributed to **internal revenue**, that amounts to 3,504 billion, thus increasing by322.9 billion as compared to the previous year.

Oil revenues amounted to 482.2 billion, up by 54 billion from 2020 financial year, in line with the increase in world oil prices. That includes 409 billion in NHC royalties and 73.2 billion in oil company taxes.

Non-oil revenues rose from 2,749.2 billion in 2020 to 3,007.3 billion in 2021, thus increasing by 258 billion mainly due to the 269.3 billion rise in tax revenues. The trend and achievements of the non-oil revenues sub-components are as follows.

Revenue from taxes and duties amounted to 1,977.5 billion, thus increasing by 124.7 billion. That increase is mainly due to the rise in VAT (+41.4 billion), non-oil corporate income tax (+41.9 billion), excise duties (+24.9 billion), registration and stamp duties (+12.8 billion) and the STPP (TSPP) (+11.2 billion). On the other hand, there was a drop of 1.1 billion in PPIC (IRPP).

Customs revenues amount to 852.3 billion as against 707.8 billion in 2020, thus increasing by144.6 billion, driven by import duties (+47.8 billion), import VAT (+76.1 billion), import excise duties (+19.7 billion) and exit duties (+5.8 billion).

Non-tax revenues fell by 11.2 billion to 177.4 billion in 2021. Other internal resources, that only include the repayment of loans reallocated to SODECOTON and SONARA, amount to 14.5 billion.

Borrowing and subsidies amounted to 1,627.5billion as against 1,867.3 billion in 2020, thus decreasing by 239.8 billion. That decrease is the result of the decline in bank loans (-170.7 billion), IMF loans (-119.7 billion) and other budget support (-55.1 billion).

With regard to **State securities** in particular, in 2021, issuances covered Treasury Bonds (OTAs) for 336 billion and Treasury Bonds (BTAs) for 429 billion. Repayments amounted to 21.9 billion for OTAs and 465.2 billion for BTAs.

Table 1.3 Trend in budgetary resources

RESOURCES SECTION	Jan-Dec 2020	Jan-Dec 2021	Variations	
	((in billion CFAF))		In %	) In absolute value ((in billion CFAF))
A-DOMESTIC BUDGETARY REVENUES	**3 181,1**	**3 504,0**	**10,2**	**322,9**
I- Oil revenues	**428,2**	**482,2**	**12,6**	**54,0**
1-NHC royalties	321,4	409,0	27,3	87,7
2- Oil CT (IS)	106,8	73,2	-31,5	-33,7
II- Non-oil revenues	**2 749,2**	**3 007,3**	**9,4**	**258,0**
1- Tax revenues	**2 560,6**	**2 829,8**	**10,5**	**269,3**
a- Tax revenues	**1 852,8**	**1977,5**	**6,7**	**124,7**
of which – PPIT (IRPP)	304,0	303,0	-0,3	-1,1
-VAT	616,4	657,8	6,7	41,4
-Non-oil CT(IS)	352,3	394,2	11,9	41,9
-Excise duties	245,5	270,4	10,2	24,9
-Registration and stamp duties	105,3	118,0	12,1	12,8
-STPP (TSPP)	135,7	146,8	8,3	11,2
b- Customs revenues	**707,8**	**852,3**	**20,4**	**144,6**
of which - customs import duty	301,0	348,8	15,9	47,8
- VAT on imports	319,9	396,0	23,8	76,1
- Import excise duties	38,4	58,1	51,2	19,7
- Exit duties	32,7	38,5	17,6	5,8
2- Non-tax revenues	**188,7**	**177,4**	**-6,0**	**-11,2**
III-Other domestic revenues (Loan repayments)	**3,6**	**14,5**	**303,3**	**10,9**
B-BORROWING AND SUBSIDIES	**1867,3**	**1627,5**	**-12,8**	**-239,8**
- Project loans	449,5	478,2	6,4	28,7
- Subsidies	44,0	65,0	47,7	21,0
-IMF loans -IMF loans	268,3	148,6	-44,6	-119,7
- Budgetary supports	110,3	55,2	-50,0	-55,1
- Issuance of State securities	768,7	765,0	-0,5	-3,7
- Bank loans	181	10,3	-94,3	-170,7
- Other loans	45,4	105,2	131,8	59,8
TOTAL BUDGETARY RESOURCES	**5 048,3**	**5 131,5**	**1,6**	**83,2**

Source : MINFI/DP

I.2.3.2. Budgetary Expenditure

At the end of fiscal year 2021, total budgetary expenditure based on ordinances (including CAS COVID-19) will amount to 5,577.4 billion in 2021, thus increasing by480.1billion as compared to 2020.

Current expenditure excluding interest increased by +146.1 billion to 2,778.9 billion. Staff expenses increased by +22.2 billion to 1,074.2 billion. Expenditure on goods and services amounted to 1 013.5 billion, up by 64.5 billion. Expenditure on transfers and pensions amounted to 691.3 billion, thus increasing by 59.5 billion.

Investment expenditure is estimated at 1,132.7 billion in 2021, up by 55.7 billion as compared to the previous year. Investment expenditure from own resources is estimated at 582.6 billion, thus increasing by1.1 billion. Investment expenditure from foreign funding amounted to 519 billion, up by 49 billion. Restructuring expenditure amounted to 31 billion, up by 5.5 billion.

Public debt actual servicing was 1,560.5 billion, up by 218.5 billion. Actual foreign debt servicing is 750.5 billion in 2021, of which 164.8 billion is interest and 585.7 billion is principal. Domestic debt payments are estimated at 810 billion and include: 76.8 billion in interest; 306.6 billion in amortization; 72 billion in VAT refunds; and 354.6 billion in arrears payments.

Table 1.4 Trend in Public Expenditure

EXPENDITURE ITEMS	Jan-Dec 2020 ((in billion CFAF))	Jan-Dec 2021 ((in billion CFAF))	Variations	
			En % In %	In absolute value ((in billion CFAF))
I- Current expenditure*	**2 632,80**	**2 778,90**	**5,6**	**146,1**
Staff expenses	1052	1074,2	2,1	22,2
Expenses on Goods & Services	949	1013,5	6,8	64,5
Transfers and pensions	631,80	691,30	9,4	59,5
II- Investment Expenditures	**1 077,00**	**1 132,70**	**5,2**	**55,7**
On Foreign funding	470,00	519,00	10,4	49
On own resources	581,5	582,6	0,2	1,1
Restructuring expenses	25,50	31,00	21,6	5,5
III- Reallocated loans	**45,40**	**105,20**	**131,8**	**59,8**
IV- Public debt servicing	**1 342,00**	**1 560,50**	**16,3**	**218,5**
Foreign debt	357,1	750,5	110,1	393,3
- Interest	135,60	164,80	21,5	29,1
- Principal	221,5	585,7	164,4	364,2
Domestic debt	984,90	810,00	-17,8	-174,8
-Interest	59,4	76,8	29,3	17,4
- Amortization of principal	313,80	306,60	-2,3	-7,2
- VAT refunds	98	72	-26,5	-26
- Domestic arrears	513,60	354,60	-31	-159,1
TOTAL BUDGETARY EXPENSES	**5 097,30**	**5 577,40**	**9,4**	**480,1**

Source: MINFI/DP (FP)* exclusive of interest

I.2.3.3. Budget balances and funding flows

At the end of the 2021 fiscal year, reflecting revenues and subsidies received and expenditures made, the primary balance based on budget allocations is estimated at -519.8 billion as compared to -628.2 billion at the end of 2020 and the non-oil primary balance at -1,002.9 billion as compared to -1,056.4 billion. The overall balance based on budget allocations is estimated at -761.5 billion, as compared to -825.7 billion at end-2020.

Foreign funding flows recorded a positive balance of 502.2 billion in 2021. This is the result of new drawings on foreign borrowing amounting to 1,087.9 billion and the amortization of the foreign debt principal amounting to 585.7 billion, including 571.2 billion in direct debt. New borrowings consisted of 478.2 billion in project loans, 55.2 billion in non-IMF program loans, 105.2 billion in other borrowings and 449.3 billion in Eurobonds.

With regard to domestic funding, the Net Treasury Position (NTP) vis-à-vis the banking system increased by 433 billion at the end of December 2021, reflecting the increase in its commitments by that amount.

I.2.3.4. Public Debt

As at December 31st, 2021, outstanding public sector debt was estimated at 11,331 billion, thus increasing by 9.7 % as compared to the end of December 2020. That stock is made up of 10,463 billion in direct central government debt, 868 billion in public enterprise debt and 1,249 billion in explicit contingent government liabilities.

The direct debt of the central government comprises 7,555 billion in foreign debt and 2,908 billion in domestic debt. The stock of public foreign debt rose by 12%, mainly driven by multilateral debt (+502 billion, including +184 billion in budget support) and bilateral debt (+228 billion). Domestic debt, excluding outstanding debts, amounted to 2,766 billion and breaks down into 1,276 billion in State securities, 577 billion in BEAC consolidated loans, 851 billion in structured debt and 62 billion in unstructured debt.

The debt of public enterprises includes 459 billion in foreign debt and 410 billion in domestic debt with the banking system. The government explicit contingent liabilities are mainly related to Public Private Partnerships (1228 billion).

Cumulative actual public debt servicing for the January-December 2021 period amounted to 1,029.1 billion as compared to 577 billion for the same period in 2020. That servicing is broken down into 833.3 billion in principal and 195.8 billion in interest. Based on debts categories, this cumulative public debt service is made up of 737.3 billion in external debt (of which 572.5 billion in principal) and 291.8 billion in domestic debt, excluding outstanding debts (of which 260.8 billion in principal).

Table 1.5: Outstanding public and State guaranteed debt

Headings	December 31st, 2020 **	December 31st , 2021 **	Change (in %)
	(in billion CFAF)		
1. Foreign debt	**6 747**	**7 555**	**12,0**
Multilateral	2 764	3 266	18,2
of which budgetary support	1 103	1 287	16,7
Bilateral	3 070	3 297	7,4
of which budgetary support	197	197	0,0
Commercial	913	991	8,6
2. Domestic debt	**2 692**	**2 908**	**8,0**
2.1. Domestic debt (excluding outstanding payments)	**2 505**	**2 766**	**10,4**
State securities	1 013	1 276	25,9
BEAC consolidated borrowing	577	577	0,0
Structured debt	847	851	0,4
Unstructured debt	68	62	-8,5
2.2. Outstanding payments of more than 3 months	**187**	**142**	**-23,9**
Direct debt from central administration	**9 439**	**10 463**	**10,8**
of which total budget support	1 300	1 484	14,1
3. Public enterprises debt	**891**	**868**	**-2,5**
Dette extérieure directe des entreprises publiques Public enterprises direct foreign debt	460	459	-0,3
Domestic debt from the banking system	431	410	-4,8
Decentralized Local Authorities (DLAs)Debt		**N/D**	
DLAs direct foreign debt		N/D	
DLAs direct domestic debt		N/D	
State explicit conditional liabilities	**29**	**1 249**	**4155,9**
Endorsed debt	29	21	-27,4
Public-Private Partnerships		1 228	
7. Total Public Debt (unconsolidated) (Public Sector - excluding contingent liabilities) (3+4+5)	**10 329**	**11 331**	**9,7**

Source : CAA

I.2.4. Relationship with the international community

I.2.4.1. Competitiveness and attractiveness

The rating agencies, Standard & Poor's and Fitch Ratings, have each kept Cameroon 2020 sovereign rating at "B-" and "B" respectively. Those ratings, that place Cameroon in the category of highly speculative countries for donors, are justified for those agencies by the crises and political uncertainties that weigh on the national economic outlook.

On the Country Policy and Institutional Assessment (CPIA) index for sub-Saharan Africa, Cameroon kept its rating of 3.3 and is ranked 16th out of 39 low-income countries whose policies and institutions are rated as average. According to the ranking, Cameroon is improving in economic management, particularly with regard to budget, fiscal, and debt policies. However, it must redouble its efforts in the areas of governance, business climate, and the quality of public spending.

In the same vein, the perception of business leaders, gathered by GICAM at the end of 2020, reveals several factors that continue to plague the competitiveness of the Cameroon economy. Those factors include: (i) the inadequacy and disruption of electrical power and telecommunications networks; (ii) the poor quality of the road network; (iii) the increase in port passage costs; (iv) difficulties in accessing foreign currency; (v) the increase in

commissions on foreign currency transfers; and (vi) difficulties in Banks loan granting and access.

I.2.4.2. Balance of payments

In 2021, the estimates of the balance of payments show a current account deficit of 1,002.6 billion (representing 4.0 % of GDP), up from the 872.0 billion deficit (3.7 % of GDP) recorded in 2020. That development would reflect a worsening of the services and primary income deficit. The goods deficit would narrow slightly while the secondary income surplus would improve.

- **Goods and services balances**

For the year 2021 as a whole, customs statistics show a 32.7% increase in export earnings, driven by crude oil and gas prices (+329 billion for oil earnings and +69.1 billion for gas). Excluding hydrocarbons, exports increased by 18.2%, due to raw wood (+31.4%), sawn wood (+7.8%), raw cocoa beans (+9.2%), raw cotton (+26.9%), raw rubber (+44.5%), and cocoa paste (+44.9%). Exports of raw aluminum fell by 24.5%.

Imports increased by 21.8%, mainly due to the increase in non-hydrocarbon imports. The main products and product groups involved are: transport equipment (+60%), machinery and mechanical or electrical equipment (+21.3%), pharmaceuticals (+41.5%), cast iron and steel (+57%), iron and steel (+26.6%), rice (+30.1%), plastics (+25.2%), crude or refined oils (+101.7%), clinker (+34.1%).

At the end of 2021, the balance of goods deficit could narrow slightly by 12.6 billion to 378.8 billion. This would be the result of an increase in the value of exports, which is greater than that of imports.

The services deficit is expected to worsen by 107.3 billion to reach 343.7 billion. The primary income deficit is projected to deteriorate from 483.5 billion in 2020 to 571.5 billion in 2021, mainly as a result of higher interest payments on foreign public debt and dividends from foreign direct investment.

- **Primary income balance**

The primary income deficit worsened from 483.5 billion in 2020 to 571.5 billion in 2021, mainly due to higher interest payments on foreign public debt and dividends from foreign direct investment.

- **Secondary income balance**

The secondary revenue surplus increased from 239.2 billion in 2020 to 291.4 billion in 2021. That increase is justified by the return to growth in remittances from the diaspora, following the economic recovery in Europe and America.

- **External funding**

External funding increased by 582.3 billion to reach 1,014 billion, thanks to the increase in net inflows in the public and private non-bank sectors and the reduction in net outflows in the banking sector. Public sector net drawings increased by 207.7 billion to reach 520.1 billion, reflecting lower program disbursements and the gain on the raising of a new Eurobond to repay the previous Eurobond. The non-bank private sector recorded net inflows of 536.7 billion, up from 393.9 billion in 2020. That rise was due to an increase in Foreign Direct Investment (FDI) and a substantial improvement in the repatriation of export earnings. The banking sector financial transactions resulted in a net outflow of 42.8 billion, down from the net outflow of 274.6 billion recorded in 2020.

- **Overall balance**

At the end of the year 2021, the overall balance of foreign transactions showed a deficit of 154.5 billion, down from the 432.6 billion deficit recorded in 2020. That deficit is due to an increase in external funding that is greater than the worsening of the current account deficit.

Table 1.6: **Trend in the balance of payments**

HEADINGS	2019	2020	2021*	2022**	2023**	2024**
			(in billion CFAF)			
I- CURRENT BALANCE (including public transfers)	**-992,0**	**-872,0**	**-1002,6**	**-830,8**	**-999,2**	**-1121,8**
1- Balance of Goods	-431,6	-391,3	-378,8	-296,1	-521,7	-512,5
2- Balance of Services	-361,6	-236,4	-343,7	-330,1	-304,1	-462,2
3- Balance of primary income	-493,8	-483,5	-571,5	-536,0	-530,8	-544,5
4- Balance of Secondary Income	295	239,2	291,4	331,4	357,4	397,4
II- FOREIGN FUNDING	**1155**	**431,7**	**1014,0**	**1129,3**	**1031,9**	**1255,4**
1- Non-bank private sector	**404,2**	**393,9**	**626,7**	**533,9**	**553,0**	**777**
(IDE) Foreign Direct Investment (FDI)	527,1	341,3	359,2	372,2	376,2	541,1
Portfolio Investment	57,3	29,9	110,0	32,3	22,4	50,1
Net drawdowns (excluding FDI and FPI)	-180,2	22,7	157,5	129,5	154,5	185,8
2-Public administration	**873,1**	**312,4**	**520,1**	**652,8**	**463,9**	**444,4**
Project subsidies (including C2D)	133,3	36,8	64,7	142,3	90,9	96,4
Net drawings on bonds	-11,3	-6,2	90,0	0,0	0,0	0,0
Net drawings (excluding treasury bonds)	751,1	281,8	365,4	510,5	373,0	348
3- Money-creating banks	**-122,3**	**-274,6**	**-42,8**	**-57,5**	**14,9**	**34**
III- ERRORS AND OMISSIONS	**-7,4**	**7,7**	**0,0**			
IV- OVERALL BALANCE	**155,7**	**-432,6**	**-154,5**	**298,4**	**32,6**	**133,6**
IV- FUNDING THE OVERALL BALANCE	**-155,7**	**432,6**	**154,5**	**-298,4**	**-32,6**	**-133,6**

Source : MINFI/DP * estimates ** projections

I.2.4.3. Foreign Trade[2]

In 2021, the trade balance deficit will amount to 1,479 billion, as compared to 1,375 billion in 2020, thus increasing by104 billion (7.5%) as compared to 2020.

[2] *The data presented in this section are derived from customs statistics that record CIF (Cost of Freight Insurance) imports and FOB (Free On Board) exports.*

That situation is due to an increase in import expenditure by 693 billion (+21.8%), which is much higher than the increase in export earnings by 590 billion (32.7%) recorded in 2020. The favorable trend recorded in both exports and imports marks the revival of foreign trade slowed in 2020 by the effects of the COVID 19 pandemic.

Excluding crude oil, the trade balance deficit is more pronounced and amounts to 2,448 billion, which represents a deterioration by 433 billion (21.5%) as compared to 2020.

Excluding crude oil and gas, the trade balance is in greater deficit. That deficit amounts to 2,649 billion, up by 471 billion (21.6%) as compared to the year 2020.

- **Les importations : 3 872 milliards, soit +21,8 % Imports: 3 872 billion, up 21.8**

Amounting to 3,871.8 billion, imports of goods will increase by 21.8% in 2021as compared to the previous year. They are sustained by five product groups: mineral products, hydrocarbons, plant products, machinery and mechanical appliances as well as cereals.

Expenditure on mineral products amounted to 832.6 billion and accounted for 21.5% of total import expenditure. Those products include pharmaceuticals, fertilizers and chemicals. They are followed by hydrocarbons (700.8 billion), that account for 18.1% of total imports. Hydrocarbons are dominated by fuels and lubricants that amount to 614 billion and represent 15.9% of imports.

Plant products stood at at 457.4 billion, including 398.5 billion for cereals broken down into 207.9 billion for rice and 182.7 billion for wheat.

Machinery and mechanical appliances amounted to 470.2 billion, thus representing 12.1% of the total value of imports in 2021.

- **Exports: 2,393 billion, representing +38.5**

The amount of exports will be 2,392.7 billion in 2021, thus increasing by 32.7% over the previous year. The supply of goods to the foreign market is dominated by crude petroleum oils, whose revenues are estimated at 969.3 billion in 2021, from 640.3 billion in 2020, thus increasing by 51.4%. Crude oil accounts for 40.5% of the country's total export earnings. Those products are followed by wood and wood products, with revenues of 292.1 billion representing 12.2% of total export revenues.

Sales of raw cocoa beans amounted to 269 billion (11.3 %), up by 9.2 % in amount as compared to 2020. Cocoa paste and cocoa butter amounted to 73.5 billion (3.1%) and 42.6 billion (1.8%), respectively.

Natural gas exports are estimated at 252.7 billion (10.6%) in 2021, from 183.6 billion in 2020, thus representing an increase in amount by 37.7%.

Wood logs will generate resources amounting to 98.4 billion (4.1% of export earnings), while raw cotton will account for 143.2 billion (6.0% of overall earnings).

Monetary sector

Between 2020 and 2021, Cameroon main monetary aggregates increased.

I.2.5.1. Trend in money supply (M2) counterparts

The money supply (M2) counterparts in the CEMAC zone mainly include (i) net foreign assets (that is made up of the net foreign assets of BEAC and the net international investment position of credit institutions), and (ii) net domestic loan (made up of loans to the economy and net debt to the State).

Table 1.7: Trend in money supply counterparts

	Dec-19	Dec-20	Dec-21	Change in % (2021/2020)
	(Amount in billion CFAF)			
MONEY SUPPLY COUNTERPARTS	**6 539,3**	**7 420,1**	**8 488,9**	**14,4**
NET FOREIGN ASSETS	**2 370,8**	**2 358,8**	**2 627,0**	**11,4**
BEAC net Foreign assets	1 653,0	1 339,5	1 350,6	0,8
of which Transactions Account	2 079,7	2 067,7	2 282,8	10,4
BCM and AIBE net foreign assets	717,8	1 019,3	1 276,4	25,2
Foreign commitments	393,5	338,9	419,7	23,8
Foreign assets	1 111,3	1 358,2	1 696,1	24,9
DOMESTIC LOAN	**4 168,5**	**5 061,2**	**5 861,9**	**15,8**
Net debt to the State	745,7	1 475,9	1 835,4	24,4
Loan to the economy	**3 422,8**	**3 585,3**	**4 026,5**	**12,3**

Source : BEAC

I.2.5.1.1. Net Foreign assets of the Monetary system

Year-on-year, Cameroon net external assets increased by 11.4 % to 2,627.0 billion in December 2021. That was mainly due to the increase in the stock of non-resident government securities held by Cameroonian banks and, to a lesser extent, the recovery in export earnings following the rise in commodity prices.

At the level of the Central Bank, net foreign assets increased by 0.8 % to reach 1,350.6 billion. Cameroon assets balance on the transactions account rose by 10.4% to reach 2,282.8 billion. Official foreign exchange reserves rose by 17.4 % to reach 2,521.7 billion, driven mainly by the IMF new allocation of Special Drawing Rights (SDRs) in August 2021 (+211 billion), and to a lesser extent by improved export earnings and better monitoring of foreign exchange repatriation by exporters. For the CEMAC zone as a whole, official foreign exchange reserves rose by 5.5 % year-on-year to 4,632.9 billion. However, taking into account the faster increase in BEAC demand liabilities, the currency external coverage ratio[3] declined from 65.7 % to 64 %. Net external assets of primary banks increased by 25.2 %, from 1,019.3 billion to 1,276.4 billion. This trend was mainly driven by the increase in their

[3] *Since September 2020, BEAC no longer calculates the foreign currency coverage rate for each country.*

portfolio of government securities issued by other CEMAC countries (+20.7%), that rose to 1 148.9 billion.

I.2.5.1.2. Net domestic loans

Domestic loans increased by 15.8%, due to the simultaneous rise in loans to the economy and net debts on the State.

a) Credits to the economy

After the slowdown that could still be perceived in the first quarter of 2021, loans to the economy increased by 12.3 % year-on-year, with 4,026.5 billion outstanding as of December 2021, as a result of the recovery in the economic activity.

b) Net claims on the State

The State net debit position vis-à-vis the banking system rose from 1,475.9 billion in December 2020 to 1,835.4 billion in December 2021 (+24.4%). Similarly, the Government net debit position vis-à-vis the banking system increased by 29% over the same period, to reach 1,865.8 billion. That development is linked to the government securities issued by the Treasury during the year, the repurchase by some banks of some government debts to companies, and the disbursement of loans contracted by the government under agreements signed with some banks.

At BEAC level, consolidated debts on the Treasury amounted to 576.9 billion as at December 31st, 2021, and the outstanding amount of the Cameroon government securities repurchased by BEAC as part of monetary policy transactions stood at 13.4 billion at the end of the transaction.

I.2.5.2. Money supply ccomponents

The M2 money supply stood at 7,151.3 billion in December 2021, up by 17 % year-on-year, as compared to a 12.8 % increase a year earlier.

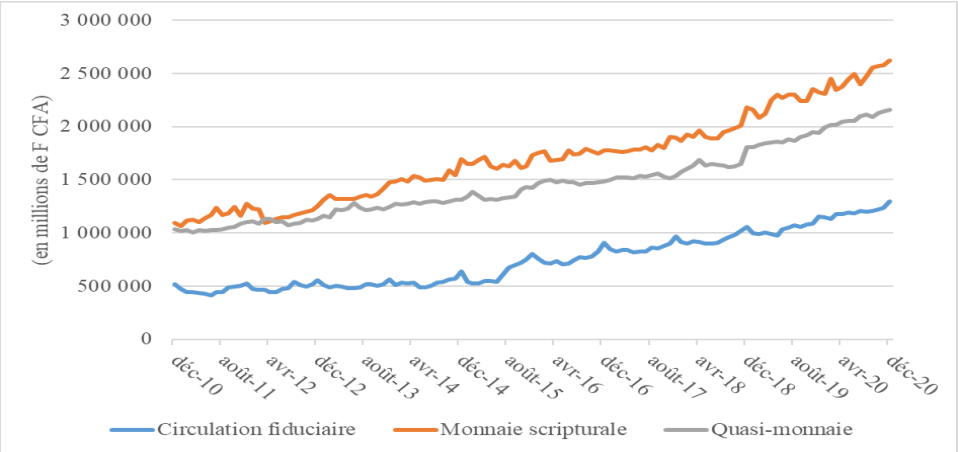
As regards M2 components, bank deposits and currency in circulation increased by 17.5 % and 15.5 %, respectively. Bank liquidity declined, with the ratio of bank reserves to deposits falling from 20.7 % to 18.7 % during the period under review.

Table 1.8: Trend in money supply and its components

		(in billion CFAF)		Variations (%)	
	Dec. 2019	Dec. 2020	Dec. 2021	(2020/2019)	(2021/2020)
Money supply (M2)	**5 416,4**	**6 109,8**	**7 151,3**	**12,8**	**17,0**
Cash currency	1 151,4	1 333,4	1 540,1	15,8	15,5
Non-cash currency	2 326,6	2 620,8	3 236,0	12,6	23,5
Quasi currency	1 938,4	2 155,5	2 375,1	11,2	10,2

Source : BEAC

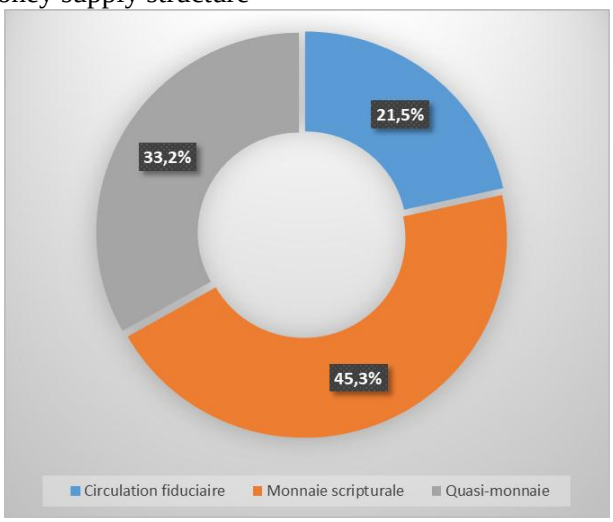
Graph 1.2: Money supply components



Source : BEAC

In terms of money supply structure, the relative share of money supply deposits increased moderately during the period under review, from 78.2 % to 78.5 %.

Graph 1.3: Money supply structure



Source : BEAC

I.2.5. Réformes structurelles et institutionnelles Structural and Institutional Reforms

In 2021, the Government continued to implement structural reforms in view of increasing the performance and competitiveness of its economy. In that context, the National Development Strategy 2020-2030 (NDS30) adopted in 2020 constitutes the government action reference framework for the period. It aims at the structural transformation of the economy by making fundamental changes in the productive, industrial, financial, administrative, social and environmental structures.

In the mining sector, SONAMINES created by presidential decree on December 14th, 2020, effectively launched its activities in June 2021 with the holding of the very first session of its Board of Directors, a session devoted to the adoption of the budget, organic texts and the first

tools for strategic and transactional steering. It should be recalled that SONAMINES is responsible for carrying out the inventory of mining indices, in conjunction with other administrations and competent bodies, to conduct exploration and exploitation of mineral substances and ensure the implementation of measures relating to the restoration, rehabilitation and closure of mining sites.

Under the multilateral cooperation, the IMF approved on July 29th, 2021, a new economic and financial program for the 2021-2024 period. The satisfactory implementation of that new program should contribute to initiating economic recovery and achieving strong, sustained and inclusive growth backed by adequate funding and a fiscal policy in line with the fight against the Coronavirus pandemic and poverty alleviation.

The reference framework of the program strategic orientations covers both the four pillars of the National Development Strategy for 2020-2030 (NDS-30), and the four axes of the post COVID-19 support and economic recovery plan. At the regional level, it remains consistent with the strategic framework of the Regional Economic and Financial Reform Program (PREF-CEMAC) adopted for the second generation agreements of CEMAC countries with their international technical and financial partners, announced in the final press release of the Extraordinary Summit of CEMAC Heads of State held in Yaounde on November 21st, 2019. In that regard, the Authorities intend to: (i) continue the health response to COVID-19; (ii) reduce obstacles to private sector development; (iii) accelerate public finance management reforms, in particular through the effective implementation of CEMAC directives; (iv) continue to expand the non-oil revenue base; (v) improve the efficiency of public investment spending; (vi) strengthen the performance management of public enterprises; (vii) implement a plan for the financial and physical rehabilitation of SONARA; and (viii) strengthen the sustainability of public debt. In keeping with the previous program, IMF support combined with the effective implementation of reliable reforms should also help stimulate private sector investment and catalyze additional funding from development partners. The disbursement of all the expected financial support will make it possible to fill the projected funding gap over the 2021-2024 period.

I. MONETARY SYSTEM

II.1. BEAC monetary policy

II.1.1. Institutional framework

BEAC monetary policy is governed by an institutional framework that defines the modalities for its design and implementation. That framework is based mainly on three basic legal instruments: the Central African Monetary Union (UMAC) convention, the monetary cooperation agreement between UMAC member states and France, and the BEAC Articles of Association.

Article 21 of the convention creating the Central African Monetary Union (CAMU) and article 1 of the BEAC articles of association stipulate that the objective of BEAC monetary policy is to guarantee monetary stability. Monetary stability is expressed, at domestic level, by a low inflation rate and, foreign level, by an adequate currency cover. Without prejudice to that objective, BEAC supports the general economic policies developed in the member states of the Monetary Union. Thus, those two legal instruments clearly establish a hierarchy among the Central Bank objectives and enshrine the monetary stability objective as the final objective of the BEAC monetary policy.

Box 1: BEAC institutional framework, strategy and monetary policy

I. *BEAC monetary policy strategy*

The monetary policy strategy is based on four main pillars

1. *A framework for analyzing and identifying, on a quarterly basis, the trend of the main key rate (TIAO), whose deviation from the refe setting the amounts to be injected or withdrawn:*
   - *Those volumes are derived from the weekly bank liquidity Forecasts exercise;*
   - *FALB, the weekly intervention volume is finally decided by the Currency market Committee (MMC) mainly on the basis of the fore before and after a possible Central Bank intervention on the currency market.*
   -
2. *A corridor regulating the main market intervention rate, consisting of two standing facilities, the Marginal 24-hour Lending Facility R Rate (DFR: as a floor rate);*
3. *A symmetric arrangement, in principle, of the ceiling and floor rates around the OATR, in order to guarantee the same negotiation ma interbank compartment*
4. *A weekly steering mechanism of the interbank reference rate (TIPM7d a priori) around the TIAO and within the corridor made up reference rate (TIPM7d a priori) around the TIAO and within the corridor made up of the* "TFPM" and the *"TFD":*

Practically, the strategy involves weekly interventions under the main injection liquidity transaction (MILT) reinforced, if necessary, by fine-tu requirement period. To that end, those interventions are based on a tender procedure for the entire issuance area (regional tender) and a "mu been served under the main transaction or who has been served only partially, is offered another possibility at its initiative to meet its needs, pr facility.

II. Monetary policy instruments

Monetary policy instruments refer to the variables directly controlled by the BEAC (transactional objectives) in order to act on other target vari are the means used by the BEAC to steer inflation, the currency foreign coverage ratio or activity.

BEAC monetary policy instruments are mainly open market transactions, standing facilities, intraday advances, reserve requirements and mediu

a. *Open market transactions*

Open market transactions are interventions at BEAC initiative for the purpose of steering interest rates, managing bank liquidity and indicating the monetary policy trend (Article 23 of Decision No. 10/CPM/2019 of December 18th, 2019). Open market transactions consist of (i) main transactions; (ii) longer-term transactions; (iii) one-off fine-tuning transactions; and (iv) structural transactions.

b. *Standing facilities*

Standing facilities are instruments for BEAC intervention at counterparts' initiative. They are made up of the marginal lending facility and the deposit facility. The interest rate to apply to the marginal lending facility is defined by the Monetary Policy Committee.

c. *Intraday advances*

Intraday advances are loan facilities subject to the prior provision of collateral, granted by BEAC to direct participants in exchanges on the Automated Gross Settlement System (ASYCUDA) within CEMAC, in order to enable them to meet a specific cash flow requirement during the trading day.

d. *Mandatory reserves*

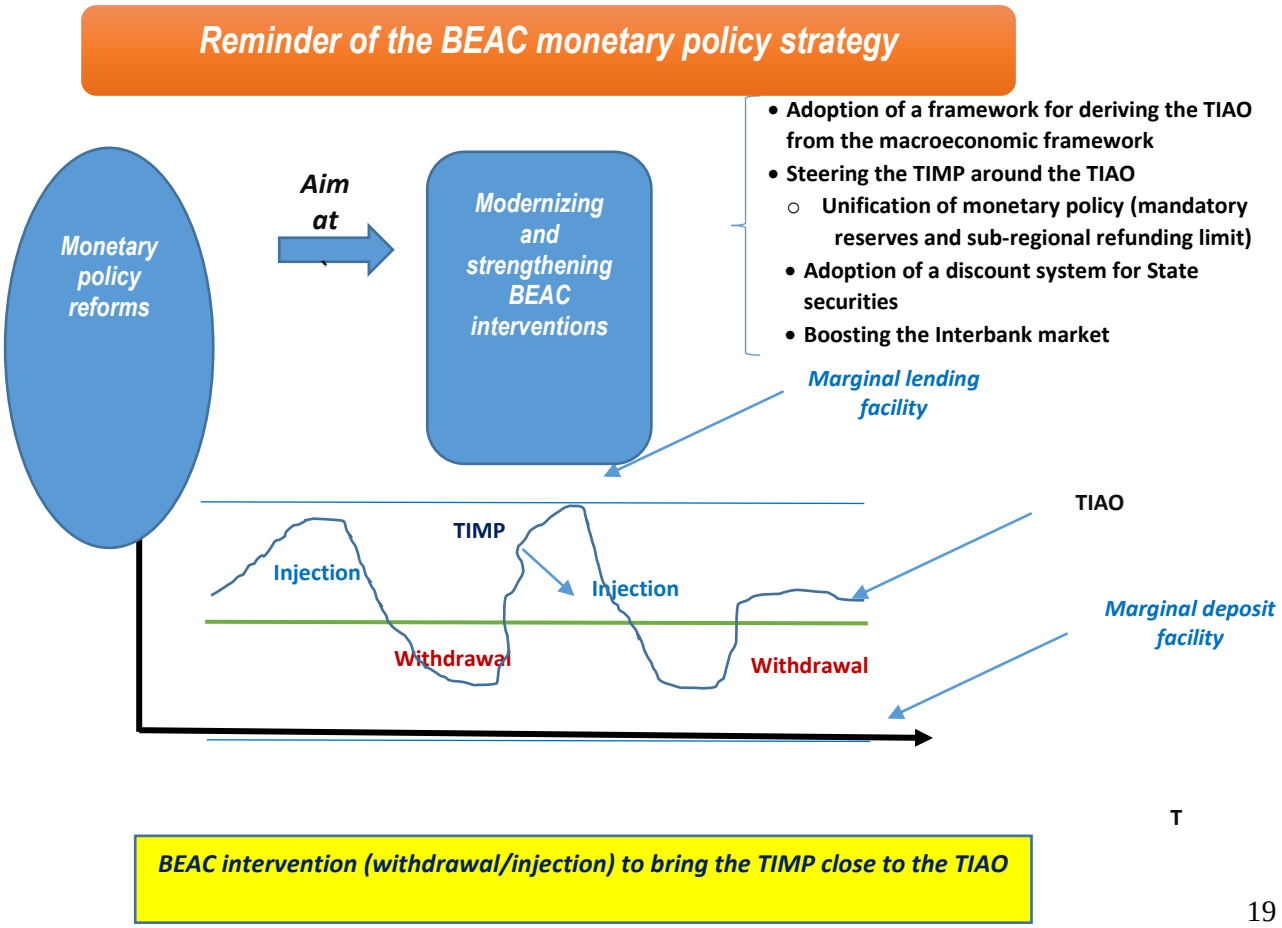
The main purpose of mandatory reserves is to create a structural refunding need where necessary. Those reserves also represent a form of guarantee for depositors (safety net). The minimum reserves are constituted by commercial banks on an average monthly basis in remunerated minimum reserve accounts opened for that purpose with BEAC National Directorates in compliance with the provisions of Decision No. 11/CPM/2017 modifying the method of constituting minimum reserves within the CEMAC.zone

e. *Medium-term loan refunding transactions at the special counter*

BEAC has a special counter for the refunding of medium-term loans with a maturity term of more than 2 years and less than 7 years, intended for refunding productive investments. Under the provisions of Article 37 of Decision No. 10/CPM/2019 of December 18th, 2019, counterparts that are eligible for refunding medium-term loans, including BDEAC, shall deposit as collateral, in advance, at BEAC counters, primary bills based on loans that have previously been authorized for individual mobilization.

Source: BEAC

Figure 2.1: BEAC monetary policy strategy



II.1.2. Implementation of monetary policy

II.1.2.1. Implementing the Operational framework for the monetary policy

Since June 2018, BEAC has implemented a new operational framework for its monetary policy. That framework includes: (i) a collateral management system in terms of eligible asset categories and associated discounts; (ii) instruments and modalities for intervention on various maturities; (iii) a methodology for setting the direction and volume of intervention; (iv) mandatory reserves; and (v) a system for data collection, analysis, and currency market animation by the Central Bank.

Under the guidelines set by the BEAC monetary policy decision-making body, national refunding targets have been abandoned in favor of a sub-regional limit on Central Bank intervention to establish a single monetary policy. That sub-regional limit is the main internal tool for steering the Central Bank interventions in the currency market.

II.1.2.2. Monetary policy orientation in 2021

II.1.2.2.1. 2021 Macroeconomic framework

In 2021, BEAC monetary policy was conducted taking into account the persistence of the COVID-19 pandemic within CEMAC and the need to preserve the currency external stability.

Externally, the year was globally marked by the recovery of global economic activity. However, growth began to slow in the third quarter of 2021 due to a number of challenges, including supply chain disruptions, rising inflation, high debt levels, and continued uncertainty about the outcome of the COVID-19 pandemic, with the emergence of new variants (Omicron). Against that backdrop, the International Monetary Fund (IMF), in its April 2022 update of the world economic outlook, estimated global growth at 6.1% in 2021.

In such a relatively favorable international environment, and despite the emergence of new vulnerabilities in the third quarter, the economic situation of CEMAC countries has generally improved, both in terms of economic growth and other macroeconomic accounts.

The zone recorded a 1.4 % recovery in real GDP (after a 1.7 % contraction in 2020), driven by the good performance of the oil sector (+4 %), that largely offset the sluggishness of the non-oil sector (-1.9 %). Inflationary pressures increased from the fourth quarter onwards, linked to higher freight and food prices, while the year-on-year inflation rate rose to 2.6 % in December 2021, from 2 % a year earlier. In line with the rise in the prices of commodities exported by CEMAC, as well as the new allocation of Special Drawing Rights (SDRs), public finances began to recover, and the overall budget deficit fell to 1.5 % of GDP, from 2.1 % of GDP a year earlier. At the same time, foreign account developments were marked by a significant improvement in the current account balance from a deficit of 0.5 % of GDP in 2020 to a surplus of 3.1 % in 2021, driven mainly by the improvement in trading terms. As regards currency, the money supply grew by 12.3 % at the end of December 2021, driven mainly by net debt on the government (+14.2 %) and loans to the economy (+10.6 %). In contrast, net foreign assets contracted by 24.3%, due to the sharp rise in the foreign liabilities

of the monetary system (+34%). However, as a result of the increase in official foreign exchange reserves, that may partly be attributed to the new allocation of SDRs by the IMF, the currency foreign coverage ratio improved to 66.8 % at the end of 2021, from 63.6 % a year earlier.

On the basis of all those developments on the one hand, and in a context still marked by the continued implementation of economic programs agreed upon between the IMF and most CEMAC countries on the other hand, the Monetary Policy Committee (MPC) has reoriented its monetary policy, putting an end to measures to ease monetary conditions in order to cope with rising inflation and strengthen the currency foreign resilience.

The monetary and credit targets for the year 2021 are presented in the table below.

Table 2.1: Monetary and credit targets as of December 31, 2021

AGREGATES	Value
Money supply	
(Annual variations)	11,6 % - 13,6 %
Achievements	12,3 %
Loans to the economy	
(Annual variations)	2,7 % - 3,7%
Achievements	10,6 %
Currency coverage rate	67,4 % - 69,4 %
Achievements	66,8 %

Source : BEAC

II.1.2.2.2. Monetary policy measures in 2021

a) Prime lending rates and liquidity injections

In 2021, noting the satisfactory level of market liquidity, the Central Bank kept the weekly refunding volume unchanged until December 8th, 2021, at 250 billion, and decided on November 25th, 2021, to reorient its policy by raising its prime lending rate (TIAO) and the marginal lending rate by 25 basis points, bringing them to 3.50 % and 5.25 %, respectively. The marginal deposit facility rate was kept at 0%.

b) BEAC loans to national treasuries

In line with the decision to end statutory advances and to consolidate the overall outstanding amount of those advances into long-term government debt as at December 31st, 2017, the Treasury commitments to BEAC remained stable at 577 billion in 2021. The repayment of that debt, actually supposed to start in 2022, has been deferred for another 3 years, following the signing of an agreement between MINFI and BEAC in December 2021.

As regards BEAC government securities buyback program, it was actually implemented from March to August 2021, and by the end of September 2021, securities from five countries had already been bought back for a total of 403.3 billion (including 13.4 billion for Cameroon).

c) Mandatory Reserves

Throughout the year, the Monetary Policy Committee (MPC) kept mandatory reserves requirements at 7.00% on demand liabilities and 4.50% on term liabilities.

Box 2: BEAC interest rate policy

As part of its Monetary Policy, BEAC acts indirectly on liquidity in circulation by influencing the interest rates charged by all currency market participants.

At its December 18th, 2019 session, the Monetary Policy Committee (MPC) reorganized the rules, instruments and modalities of BEAC intervention in the currency market.

A. *BEAC intervention modalities on the currency market*

The BEAC intervenes in the currency market through calls for tender and bilateral procedures. It may conduct either standard or quick tenders, depending on the nature of the instruments used. Standard tenders differ from quick tenders in particular in the length of time between the date of the tender notice and the date of publication of the tender results.

B. *BEAC currency market intervention instruments*

The instruments used by the BEAC for its interventions on the currency market include:

- *Open market transactions ;*
- *Standing facilities ;*
- *Intraday cash advances ;*
- *Transactions carried out by the special counter for refunding medium-term loans*

C. *BEAC intervention interest rate*

1. *On open market transactions and standing facilities:*

Interventions on those counters mainly involve open market transactions (main transactions, longer-term transactions, fine-tuning transactions as well as structural transactions) and marginal facilities (loans and deposits).

The major rates applied are set by the Monetary Policy Committee. They are:

- *The interest rate on tenders (TIAO - corresponds to the BEAC prime lending rate);*
- *The marginal lending rate (MRL)*
- *The marginal deposit facility rate (MDFR).*

2. *On the transactions of the special counter for refunding medium-term loans:*

The special counter for refunding medium-term loans with a maturity term of more than two years and less than seven years is intended for funding productive investments.

The initial interest rate for refunding applied to that component is the BEAC prime lending rate (the TIAO). That initial interest rate may be revised downwards at the end of each half-year if the average of the prime lending interest rates applied over the last six months is lower than this rate. It may also be revised upwards under the same conditions without exceeding the initial prime lending interest rate.

D. *Interbank component rates*

The rates of the interbank market are totally free. They are determined by the law of supply and demand.

*However, the BEAC seeks to indirectly influence the orientation of those rates by aligning the volumes of liquidity injections and withdrawals with the gap in the reference rates of the two components (TIAO - TIMP) *. In addition to those actions, BEAC influence on those rates is through the setting of the rates of the marginal deposit and lending facilities, that constitute the floor (TFDM) and ceiling (TFPM) rates of the interbank compartment.*

E. *Rates of the other components*

Ils sont librement fixés par les émetteurs de titres. *They are freely defined by securities issuers*

*The MIRR is the weighted average interbank rate.

Mandatory reserves shall be calculated and remunerated in compliance with the procedures summarized below:

I. *Calculation of mandatory reserves*

Mandatory reserves are calculated by is applying regulatory ratios to the deposit base of reporting institutions.

1) *Mandatory reserve base*

a- *Sight deposits, namely the credit balances on sight credit Accounts (residents and non-residents);*
b - *time and savings deposits, namely:*

- *Special deposit accounts ;*
- *Time deposit accounts (residents and non-residents) : this item includes time deposit accounts.*

The deposit figures to be considered in calculating the regulatory level of mandatory reserves are those relating to the total deposits on the 10th, 20th and 30th (or 31st) of the reference month.

Once the coefficients are applied to the average of the respective liabilities, the sum obtained is used to calculate the average minimum account balance to be observed by the reporting institutions for the period from 11th of the month to 10th of the month+1.

2) *Coefficient of mandatory reserves*

The Monetary Policy Committee decided in 2016 to abandon the old framework, that defines coefficients per country group, taking into account the country's overall liquidity situation.

Under the new framework, the MPC sets a threshold for the calculation of mandatory reserves requirements for demand and term liabilities respectively. The level of mandatory reserves for each credit institution is calculated on the base determined from the decadal declarations of liabilities for the month preceding the reporting period. It is calculated by applying the mandatory reserve ratios in force to the respective portions of the demand and time deposits base above the threshold set by the MPC.

On March 21st, 2018, the exemption treshold was cancelled and the mandatory reserves ratio levels standardized and defined as follows:

- *Coefficient applicable to demand liabilities : 7% ;*
- *Coefficient applicable to term liabilities: 4.5%.*

II. *Remuneration of mandatory reserves and sanctions procedure*

1) *Remuneration of mandatory reserves*

.

The BEAC Governor had been delegated the power to define and modify the rate of remuneration of mandatory reserves under the same conditions as the Bank's intervention rates, but that power was transferred to the Monetary Policy Committee since its creation in 2007.

2) *Control of banks' reportings*

The Issuing Institute must also be able to ensure that the deposits reported by credit institutions are accurate. To that end, two types of controls are implemented:

- ***Distant checks*** *for reconciling reportings with the banks' monthly statements;*
- ***On-site controls****, carried out periodically and unannounced, at the initiative of BEAC (Currency market Department) and/or COBAC.*

3) *Sanctions Procedure*

Financial sanctions may be applied to banks that have insufficient mandatory reserve or that report their outstanding deposits late or incorrectly.

Source : BEAC

II.2.: Trend in ccurrency market

In 2021, currency market activity was characterized by changes in the Central Bank main intervention rates. 57 liquidity injection transactions by way of auction were organized, out of which 52 under the Main Liquidity Injection Transaction and 5 under the Long Maturity Liquidity Injection Transaction. As for the liquidity collection transactions, 18 transactions were carried out.

Trend in BEAC interventions

II.2.1.1. Liquidity Injections

During the period under review, liquidity injection transactions in favor of credit institutions in Cameroon amounted to 2 814 724 million. Cash advances under the Main Liquidity Injection Transaction accounted for the majority of BEAC interventions. Those loans can be summarized as follows

- 2 301 767 million in main liquidity injection transactions ;
- 482,114 million in marginal overnight lending facilities;
- 30,843 million in long-term transactions.

Table 2.2: Liquidity injections

Amounts in million CFAF - (End of month situation)								
	LIQUIDITY INJECTIONS FOR CREDIT INSTITUTIONS							
	Cash advances at the penalty rate	Long-term transactions	Main liquidity injection transactions	Marginal Loan Facility	Intraday cash advances	TOTAL	Special Counter	Grand Total Interventions
Jan 21		0	64 260		0	64 260	0	64 260
Feb 21		0	122 285		0	122 285	0	122 285
Mar 21		0	251 551	10 465	0	262 016	0	262 016
Apr 21		0	157 457	41 398	0	198 855	0	198 855
May 21		0	41 473	64 526	0	105 999	0	105 999
Jun 21		0	138 945	24 384	0	163 329	0	163 329
Jul 21		0	121 837	112 220	0	234 057	0	234 057
Aug 21		8 250	293 364	3 410	0	305 120	0	305 120
Sept 21			245 141	129 576	0	374 717	0	374 717
Oct 21		20 000	307 980	4 000	0	331 980	0	331 980
Nov 21		0	312 521	3 100	0	315 621	0	315 621
Dec. 21		2 593	244 953	89 035	0	336 581	0	336 581
TOTAL		**30 843**	**2 301 767**	**482 114**	**0**	**2 814 724**	**0**	**2 814 724**

Source : BEAC

II.2.1.2. Liquidity recoveries

During the period under review, the Central Bank organized 18 liquidity-recovery transactions. The auctions recorded in those transactions amounted to 161 250 million.

II.2.1. Interbank market

During the year 2021, the interbank segment recorded a slight increase in activities. The total transactions amounted to 1,537billion from 1,064 billion in 2020.

Those national and sub-regional transactions were carried out with interest rates ranging from 1.25% to 7%, for terms of between one day and one year.

The average weighted interbank rate (AWIR) increased in 2021, settling at between 5 and 6.25% overall, up from 3 and 4% for one-week transactions in 2020.

II.2. Payment Systems and Means

Box 4: Regulatory framework for payment system, means and incidents

The regulatory framework for transactions related to payment systems and means is mainly governed by Regulation 03/CEMAC/UMAC/CM of December 21st 2016 on payment systems, means and incidents. The implementation of that new regulatory framework is justified by a number of shortcomings noted at the level of payment systems on the one hand, and the behaviour of the population vis-à-vis the banking system on the other. These shortcomings include: (i) the inadequacy of the payment systems in force within CEMAC member states with the constraints of efficiency, speed and security required for participating in an open and globalized world economic system, (ii) the low rate of banking services coverage rate of CEMAC member states populations, (iii) the public distrust in non-cash means of payment, particularly with regard to cheques, and the resulting disadvantages for all relevant economic partners.

Furthermore, it became essential to revise and modify some provisions of Regulation n°02/03/CEMAC/UMAC/CM of April 3rd, 2003 relating to payment systems, means and incidents, taking into account the technological innovations and the requirements imposed on the financial system. Those innovations and requirements include: (i) the opportunity and the need to enact fundamental rules intended for promoting and supervising the usage and the expansion of modern non-cash means of payment (transfer, direct debit, payment cards and electronic money); (ii) the automation of payment systems and the introduction of biometric identification of reporting institutions' clients through the Payment Incident board.

II.3.1. Trend in values traded under SYSTAC

At the national level, in 2021 Cameroon participants traded 9,170,054 transactions amounting to 8,005.3 billion, up from 8,797,844 transactions amounting to 7,229.4 billion in 2020, which represents a 4.2% increase in number and a 10.7% increase in amount.

Per category, credit transfers increased by 14.4% in amount between 2020 and 2021, up from 11.0% increase for direct debits. The number of cheque transactions, on the other hand, decreased by 1.1% from 583,318 transactions in 2020 to 576,630 in 2022, while in terms of value, they have increased slightly by 0.6%.

Table 2.3: Trend in National Transactions under SYSTAC

	2020		2021		Trend (%)	
	Number	Amounts (in billion CFAF)	**Number**	Amounts (in billion CFAF)	**Number**	Amounts
Transfers						
Transfers ordered	8 191 409	5 276,8	8 568 517	6 041,3	4,6	14,5
Rejects issued	6 737	8,6	6 427	7,8	-4,6	-9,6
Cancellations issued	162	0,9	419	1,1	158,6	24,4
Subtotal 1	**8 198 308**	**5 286,2**	**8 575 363**	**6 050,1**	**4,6**	**14,4**
Deductions						
Presentation	12 007	1,9	13 691	2,1	14,0	12,7
Rejection	4 209	0,6	4 370	0,6	3,8	5,7
Cancellations issued	2	0,0	-	-	-	-
Subtotal 2	**16 218**	**2,5**	**18 061**	**2,8**	**11,4**	**11,0**
Cheques						
Presented and represented	558 664	1 846,2	552 397	1 865,7	-1,1	1,1
Rejections	24 433	93,4	24 017	85,8	-1,7	-8,1
Cancellations issued	221	1,1	216	1,0	-2,3	-3,8
Subtotal 3	**583 318**	**1 940,6**	**576 630**	**1 952,5**	**-1,1**	**0,6**
Total	**8 797 844**	**7 229,4**	**9 170 054**	**8 005,3**	**4,2**	**10,7**

II.3.2. Payment incidents

Globally, payment incidents (rejections for insufficient funds, no funds or closed accounts) have decreased by 9.4% in number and 17.8% in value, from 15,195 incidents worth 45.4 billion in 2020, to 13,766 incidents worth 37.3 billion in 2021.

II.3.3. Values traded under SYGMA

In 2021, all participants in Cameroon traded 148,005 transactions for a value of 51,206.2 billion, as compared to 125,704 transactions and a value of 46,507.9 billion in 2020, which representing growth rates of 17.7% in number and 10.1% in value.

Table 2.4: Trend in SYGMA transactions

	2020		2021		Trend (%)	
	Number	Amount (in billion CFAF)	**Number**	Amount (in billion CFAF)	**Number**	**Amount**
January	11 723	5 170,7	10 544	3 400,6	-10,1	-34,2
February	8 835	3 975,4	11 076	3 668,4	25,4	-7,7
March	10 084	4 293,9	13 195	4 513,5	30,9	5,1
April	10 178	3 681,9	11 650	4 093,8	14,5	11,2
May	8 149	3 216,9	10 119	3 124,4	24,2	-2,9
June	10 910	3 968,7	12 417	4 152,1	13,8	4,6
July	11 166	3 966,3	12 835	4 372,9	14,9	10,3
August	10 082	3 270,6	12 695	4 290,2	25,9	31,2
September	10 343	3 518,2	12 817	4 778,3	23,9	35,8
October	10 999	3 515,9	12 501	4 684,5	13,7	33,2
November	10 910	3 726,5	13 115	4 504,2	20,2	20,9
December	12 325	4 202,8	15 041	5 623,4	22,0	33,8
TOTAL	**125 704**	**46 507,9**	**148 005**	**51 206,2**	**17,7**	**10,1**

Box 5: Organization of the CEMAC payment and settlement system

1. *Operating principles*

The CEMAC payment and settlement system is based on several principles, including:

- *The system is considered a national mono-currency system;*
- *The system is said to be V-shaped because the information flows and the processing flows are superimposed. The central bank is be settlement bank. The advantage of this type of configuration is that the central bank controls the entire payment chain: it has real-ti of the market; it is able to take all necessary measures in a timely manner to prevent a payment incident;*
- *Centralization of transactions: a common order processing platform and a single settlement system ;*
- *The specialization of tradings ;*
- *The dematerialization ;*
- *The irrevocability of payments ;*
- *The real-time execution.*

2. *Participants and modes of participation*

The participants in the System are commercial banks, public treasuries, financial institutions and the Central Bank.
The modes of participation in the System are as follows:

***Direct participation**: the participant has a settlement account and technical access to the system;*
***Indirect participation**: the participant is known to the system and has a settlement account but no direct technical access;*
***Sub-participation**: the participant does not have a settlement account and is not known to the System.*
***Direct or indirect participation** is formalized by the signing of SYGMA and SYSTAC membership agreements between the participant and*

3. *Transactions processed and processing deadlines*

The transactions taken into account by the System include the issuing of payment orders, the transmission of information and the processi
Once the transaction is entered into the system, settlement deadlines are 24 hours for transfers and direct debits and 48 hours for cheques

Source : BEAC

Box 6: Modernization of payment systems and means within CEMAC

Over the past decade, BEAC has undertaken a vast project to modernize payment systems and means within CEMAC, with the active participation of the banking sector and support from foreign partners, namely the Banque de France, the World Bank and the MFI.
In a context marked by the dematerialization of all means of payment, the proper functioning and security of payment systems have become a priority for the Central Bank, particularly because of the vulnerabilities inherent in the automation of processing and the acceleration of financial transactions settlement.

Moreover, an effective, secure and efficient payment system is an asset for the conduct of the State economic and budgetary monetary policy. In particular, it helps:

- *Contributing to monetary and financial stability ;*
- *Improving the translation of monetary policy into real economy;*
- *Ensuring the speed and fluidity of financial and commercial transactions in the economy ;*
- *Accelerating and making reliable the collection of tax and customs revenues;*
- *Guaranteeing the confidence of economic agents in non-cash money and thus, promoting the banking services coverage of the economy;*
- *Accelerating and make reliable the payment of public expenditure, especially the salaries of civil servants who play an important role in the redistribution of income among our populations.*

Three major payment systems are operational within the CEMAC zone. They are:

- *SYSTAC (Central African E-clearing System);*
- *SYGMA (Large Amounts Automated System);*
- *CIP (Payment Incidents Board).*

SYSTAC is a secure, automated and fully dematerialized Net Mass Payment System that processes large volume debit and credit transactions that are not urgent in nature and whose unit amount is less than 100 million CFA francs. The eligible securities are mainly cheques, transfers and direct debits. It is made up of :

- *A National Clearing Centre (NCC) installed in each National Directorate (ND) of the BEAC for remote clearing of domestic flows;*
- *A Regional Clearing Centre (RCC) hosted at the BEAC Central Services and dedicated to the remote clearing of cross-border transactions within the CEMAC.*

This system uses a reliable and dedicated telecommunications infrastructure as a data transmission medium. For domestic clearing, it is a network set up by the local Professional Associations of Credit Institutions, that consists of two redundant links (dedicated and radio) between the Participants' headquarters and the National Directorate (ND) in their jurisdiction. BEAC private network is used for the transmission of regional data to the RCC.

SYGMA is a Real Time Gross Settlement System (RTGS) that allows for the instant, irrevocable and secure settlement of amounts equal to or greater than CFAF 100 million, and smaller amounts in case of emergency.
It uses a reliable security infrastructure based on the certification of participants and their users in accordance with international standards.
It is made up of:

- *A central platform installed at BEAC Central Services, serving all participants in the CEMAC zone*
- *A platform installed in each BEAC National Directorate (ND);*
- *A bureau service platform installed at the National Directorate and the Douala Agency for direct participants;*
- *Participants with platforms enabling them to trade in.*

The CIP is a system for the prevention and repression of payment incidents on cheques, commercial paper and payment cards.

It collects, centralizes and disseminates information on payment incidents and irregular payment instruments; enables the monitoring of sanctions for banking and judicial prohibitions and ensures reasonable preventive protection of economic actors against irregularity of payment instruments. It was launched on July 25th, 2016. To date, participants are cleaning up their customer files in order to feed the RFBAC (Regional Files for Bank Accounts and Customers). Besides, they declare payment incidents and irregular instruments to enrich the CIP (Payments Incidents Board) and the Irregular, payment Instruments Board (IPIB) respectively.

Source : BEAC

II. FUNCTIONING OF THE FINANCIAL SYSTEM

III.1. Activity of credit and microfinance institutions

III.1.1. Situation of banks

III.1.1.1. Banking activity[4]

The banking activity in 2021 increased by 15.4 % as compared to 2020. It was driven by four banks: Afriland First Bank, SGC, BICEC and SCB, which remain the largest in the national banking system. Those four institutions account for 53.0% of the banking system consolidated balance sheet total, and, together, account for 54.0% of total loans and 53.0% of customer deposits. The trend in banks' activity is determined from their balance sheets, off-balance sheet items and consolidated income statements for the years 2020 and 2021.

III.1.1.1.1. Balance sheet position

Between December 31st, 2020 and December 31st, 2021, the balance sheet total of banks increased by 15.4 % from 7,010.7 billion to 8,087 billion. That increase led to changes in the main items of bank assets and liabilities.

On the assets side, customer loans are the most important and represent 46% of the balance sheet total; they have increased by 9.3% as compared to 2020. Securities transactions, that account for 23% of the balance sheet total, increased by 36.1% as compared to 2020. Bank liquidity is considerable, representing 41% of the balance sheet total in 2021, up by 23.6% from 2020.

The quality of the loan portfolio improved, with the gross delinquency rate falling from 16.6% to 14.9%. In terms of loan portfolio losses, net past delinquent loans fell sharply, thanks in particular to more favorable economic activity than in the previous year and to the support and easing measures taken by the public authorities at national and sub-regional level. They fell by 57.6% from 152.1 billion to 64.5 billion (-87.6 billion).

On the liabilities side, the banks' most important resources come from customer deposit transactions, which, in 2021, accounted for 77% of the balance sheet total, up by 15.9% as compared to 2020. The interbank market resources represent only 8% of the balance sheet total, but are up by 23.7% as compared to 2020. As for banks' consolidated equity in 2021, it represents 9% of the balance sheet total, up by 10.1% from the 2020 level.

[4] *Between January 1st, and December 31st, 2021, the banks operating in Cameroon were: BICEC, CCA-BANK, SCB, Société Générale Cameroun, Standard Chartered Bank, Afriland First Bank, CBC, CITIBANK, ECOBANK, UBC, NFC-BANK, UBA, BAC, BGFI Bank, BC-PME and BANGE BANK.*

Table 3.1: Trend in banks' consolidated balance sheet

(in billion CFAF)				
ASSETS	2020	2021	Change in % of total	Change in volume
Amounts to be deducted from investment capital	**130,5**	**111,4**	**-14,6**	**-19,1**
Fixed assets	**561,9**	**661,8**	**17,8**	**99,9**
of which financial fixed assets	335,3	397,1	18,4	61,8
Customer transactions	**3 443,7**	**3 764,8**	**9,3**	**321,2**
Long-term loans	87,4	118,3	35,3	30,8
Medium-term loans	1 860,3	2 120,4	14,0	260,1
Short-term loans	965,2	1 134,1	17,5	168,9
Net receivables in arrears	152,1	64,5	-57,6	-87,5
Customer accounts receivable	329,3	282,7	-14,2	-46,6
Other amounts receivable from customers	9,2	6,8	-26,7	-2,5
Unallocated values	9,5	7,6	-20,4	-1,9
Related receivables	30,6	30,5	-0,5	-0,2
Miscellaneous transactions	**160,5**	**194,2**	**21,0**	**33,7**
Treasury and interbank transactions	**2 714,2**	**3 354,8**	**23,6**	**640,6**
Of which marketable and trading securities	**1 376,5**	**1 873,2**	**36,1**	**496,7**
Total balance sheet assets	**7 010,7**	**8 087,0**	**15,4**	**1 076,3**
(in billion CFAF)				
LIABILITIES	2020	2021	Change in % of total	Change in volume
Investment capital	**833,0**	**921,8**	**10,7**	**88,8**
of which equity	696,9	767,2	10,1	70,3
Customer transactions	**5 398,8**	**6 258,6**	**15,9**	**859,8**
Special deposit accounts	434,1	463,9	6,8	29,7
Time deposit accounts	705,9	813,9	15,3	108,0
Sight accounts payable	3 853,2	4 476,5	16,2	623,3
Other accounts payable	386,0	479,5	24,2	93,5
Related debts	19,5	24,8	26,8	5,2
Miscellaneous transactions	**288,4**	**299,8**	**4,0**	**11,4**
Cash and interbank transactions	**490,5**	**606,8**	**23,7**	**116,3**
Total balance sheet liabilities	**7 010,7**	**8 087,0**	**15,4**	**1 076,3**

Source : CERBER

III.1.1.1.2. Off-Balance Sheet Items

Customer and correspondents' transactions increased by 12.9% and 35.4%, as compared to increases of 1.5% and 13.6% respectively in 2020. Leasing commitments amounted to only 93.1 billion, although up by 20.7% as compared to 2020.

Other commitments and foreign currency transactions, on the other hand, declined by 58.7% and 17.9%, as compared to increases by 51.7% and decreases by 55.2%, respectively the previous year.

Table 3.2: Banks consolidated off-balance sheet items

Item Heading	(in billion CFAF) 2020	2021	Year-on-year change in % of GDP	Year-on-year change in volume
Correspondents' transactions	**872,1**	**1 181,0**	**35,4%**	**308,9**
Commitments on behalf of correspondents	271,4	291,1	7,3	19,7
Commitments received from correspondents	600,7	889,9	48,1	289,2
Customer transactions	**4341,2**	**4 900,7**	**12,9**	**559,5**
Commitments on behalf of customers	1188,1	1 268,5	6,8	80,4
commitments received from customers	3153,1	3 632,2	15,2	479,1
Pledges	556,2	539,2	-3,1	-17,0
Guarantees and sureties received from customers	558,9	556,7	-0,4	-2,1
Securities managed on behalf of customers	197,3	422,9	114,4	225,6
Other guarantees received from customers	1003,1	1 076,6	7,3	73,6
Leasing commitments	**77,1**	**93,1**	**20,7**	**16,0**
Outstanding lease charges	6,2	5,3	-15,3	-1,0
Commitments received from customers	68,9	87,1	26,4	18,2
Leasing commitments given to customers	1,4	0,1	-92,1	-1,3
Accruals and deferred income	0,6	0,6	0,0	0,0
Foreign currency transactions	**45,0**	**37,0**	**-17,9**	**-8,1**
Foreign exchange spot transactions	9,5	13,1	37,3	3,5
Forward exchange transactions	45,0	23,6	-47,6	-21,5
Foreign currency loans and borrowings	0,0	0,0	-	0,0
Premium/discount	0,1	0,0	-53,8	0,0
Foreign currency adjustment account	0,2	0,3	17,3	0,0
Other liabilities	**3557,8**	**1 470,0**	**-58,7**	**-2 087,8**
Currency market liabilities	85,6	165,5	93,3	79,9
Securities transactions	0,0	0,0	-	0,0
Commitments received from the State and specialized agencies	449,3	384,5	-14,4	-64,7
Doubtful commitments	677,6	860,0	26,9	182,4
Computer deferrals	2345,3	59,9	-97,4	-2 285,4

Source : CERBER

III.1.1.1.3. Compte de résultat Income statement

Net Banking Income (NBI) increased by 13.6% in 2021, as compared to 3.9% in 2020. That increase may be attributed to improved margins on financial transactions (+45.3 billion), margins on customer transactions (+21.5 billion), and margins on leasing and operating leases (+3.0 billion).

As a result, current income increased by 12.5 billion as compared to a 10.7 billion decrease in 2020.

With an exceptional result of 0.4 billion and an income tax of 26.5 billion, the banks' net income rose by 24.1% year-on-year from 84.9 to 105.4 (+20.5 billion).

Table 3.3: Trend in banks' consolidated income statement

	(in billion CFAF)			
	2020	**2021**	**Change in %**	**Change in volume**
Margins on cash transactions	**-4,2**	**-2,5**	**-40,6**	**1,7**
Income on cash transactions	10,2	12,9	25,6	2,6
Expenses on cash transactions	14,4	15,3	6,5	0,9
Margin on financial transactions	**81,6**	**125,1**	**53,3**	**43,5**
Income from Investment capital	84,9	128,1	50,9	43,2
Interest on investment capital	3,3	2,9	-10,5	-0,3
Margin on customer transactions	**203,8**	**225,4**	**10,6**	**21,5**
Produits des opérations avec la clientèle Income from customer transactions	275,4	299,1	8,6	23,7
Expenses on customer transactions	71,6	73,7	3,0	2,2
Margins on leasing and simple rental transactions	**6,4**	**9,3**	**46,9**	**3,0**
Income from leasing and simple rental transactions	42,0	47,2	12,3	5,2
Expenses on leasing and simple rental transactions	35,7	37,9	6,1	2,2
Margin on other transactions	**149,7**	**139,7**	**-6,7**	**-10,0**
Income from other transactions	1 409,7	869,8	-38,3	-539,9
Expenses on other transactions	1 260,0	730,1	-42,1	-529,9
Net banking income	**437,4**	**497,1**	**13,6**	**59,7**
Gross operating income	**197,7**	**227,1**	**14,9**	**29,4**
Provision	**75,2**	**91,1**	**21,1**	**15,8**
Losses on bad debts	**3,6**	**4,6**	**27,9**	**1,0**
Current income	**119,0**	**131,5**	**10,5**	**12,5**
Extraordinaire income	**-7,6**	**0,4**	**-105,7**	**8,1**
Interim income	**111,3**	**131,9**	**18,5**	**20,6**
Income tax expense	**26,4**	**26,5**	**0,4**	**0,1**
Net income	**84,9**	**105,4**	**24,1**	**20,5**

Source : CERBER

The major indicators on banks operating in Cameroon as at the end of December 2021 are summarized in the following table:

Table 3.4: Banks Activity Indicators in 2021

Banks	(in billion CFAF)				
	Share capital	**Net income**	**sheet total**	**Deposits**	**Loans**
BICEC	49,1	2,0	771,8	642,2	292,6
SCB	10,5	6,4	702,1	562,2	360,7
SGC	12,5	15,7	1 199,5	961,3	580,4
STD BK	10,0	-1,6	296,3	251,8	84,5
AFBK	50,0	23,6	1 508,3	1 188,3	793,3
CBC	16,5	3,4	528,2	339,3	331,2
CITIBANK	10,0	4,1	179,1	132,7	63,9
ECOBANK	10,0	10,6	512,6	364,6	198,3
UBC	20,0	1,9	129,1	77,9	5,6
NFC-BANK	6,1	2,9	163,5	109,6	65,1
UBA	10,0	20,0	630,7	514,8	220,2
BAC	23,9	1,9	574,2	466,8	277,8
BGFIBANK	20,0	8,2	424,5	247,3	299,2
BC-PME	20,0	-0,2	42,6	11,8	24,7
CCA BANK	13,8	6,6	424,4	388,1	167,3
TOTAL	**282,4**	**105,4**	**8 087,0**	**6 258,6**	**3 764,8**

Source : CERBER

III.1.1.1.4. Situation with regard to the prudentiel requirements

At the prudential level, based on the information reported by the 15 banks operating in Cameroon as at December 31st, 2021:

- in terms of solvency, 13 banks have achieved a ratio of coverage of weighted risks by net equity greater than or equal to the minimum of 8%;
- with regard to the coverage of fixed assets by investment capital, 13 banks have presented a ratio greater than or equal to the minimum of 100%;
- As regards the liquidity ratio, 14 banks had cash at sight or at less than one month equal to or greater than the regulatory minimum of 100% of their liabilities for the same term;
- In terms of compliance with the long-term transformation ratio, 12 banks managed to finance at least 50% (regulatory treshold) of their assets with a residual maturity of more than five years with investment capital.

Box 7: Prudential standards

Representation of the minimum capital: *Credit institutions must always have paid-up capital or an endowment of at least an amount fixed by a decree from the public authorities. To that end, every credit institution must prove at all times that its net internal liabilities are equal to or greater than the required minimum.*

Net equity: *credit institutions must have a significant amount of equity to ensure the continuity of their transactions and absorb losses in the event of liquidation. In addition to shareholders' equity, net equity includes other items defined by prudential regulations (funding and guarantee funds, net income, equity of consolidated subsidiaries, revaluation reserves, etc.) from which are deducted (i) equity securities, debt securities and other financial assets, and (ii) other assets.) from which are deducted (i) equity securities, portfolio securities and subordinated loans held on reporting credit and microfinance institutions; (ii) net commitments directly or indirectly carried by a credit institution on a related party, when they exceed 5% of the net equity; (iii) the amount of the surplus, in case of exceeding the limits set for shareholdings of a credit institution in the capital of companies; (iv) additional provisions recommended by the General Secretariat of COBAC.*

Risk coverage: *Reporting credit institutions are required, under the conditions provided for in the Regulation on shareholding, to comply at all times with a ratio between the amount of their net equity capital and the total loan risks they incur as a result of their transactions, at least equal to 8%.*

Coverage of fixed assets by investment capital: *credit institutions are required to keep a ratio between the amount of their net equity and their investment capital on the one hand, and that of their tangible fixed assets on the other, set at a minimum of 100%.*

Liquidity ratio: *credit institutions must hold sufficient liquid assets to cover net cash outflows over a 30-day period. A credit institution must keep a minimum ratio of cash to liquid assets of less than one month at all times, set at a minimum of 100%.*

Transformation ratio: *Credit institutions collect savings and provide liquidity to the economy as a whole through balance sheet transactions, managing illiquid, medium- to long-term assets, while liabilities are more liquid and short-term. This activity generates well-known risks, particularly interest rate and liquidity risks. Thus, all credit institutions are required to keep a ratio between their resources with a maturity of more than 5 years as well as their usage their usage and commitments of the same term, set at a minimum of 50%.*

Source : COBAC

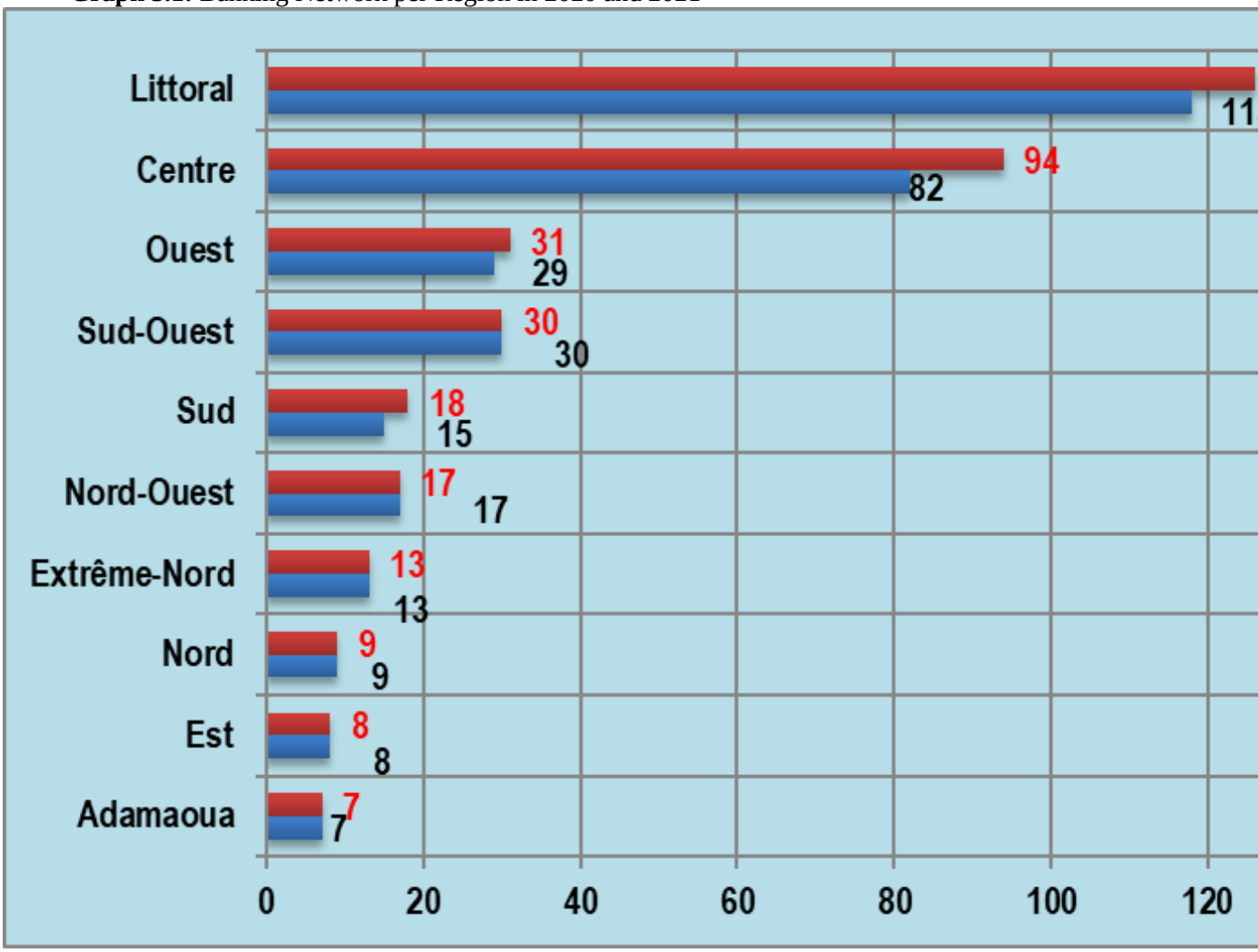
III.1.1.2. Banking Network and Indicators of Banking services coverage rate

III.1.1.2.1.Branches and counters

The banking network has been expanded by 22 new branches opened in 2021, bringing the number of branches nationwide from 328 in 2020 to 353 in 2021.

In terms of geographical coverage, the Littoral and Centre regions will have the largest number of branches in 2021, with 126 and 94 branches respectively, which represents 62% of the total. The South-West and West regions have 30 and 31 branches respectively, while the South region has 18 branches; the North-West and Far North regions have 17 and 13 branches respectively. The regions with the fewest branches are the North (9 branches), the East (8 branches) and Adamaua (7 branches).

Graph 3.1: Banking Network per Region in 2020 and 2021



Source : CERBER Reportings

III.1.1.2.2.Banking service coverage rate

Since 2016, through the CIP-FIBANE-CASEMF platform, the National Economic and Financial Committee has been calculating a series of banking services coverage indicators, including the those of the active population and of the adult population, as well as the density of the banking network.

The banking services coverage rate is the ratio of the number of individuals with a bank account (individuals with more than one account are counted once) to the population (total population, adult population, working population, etc.).

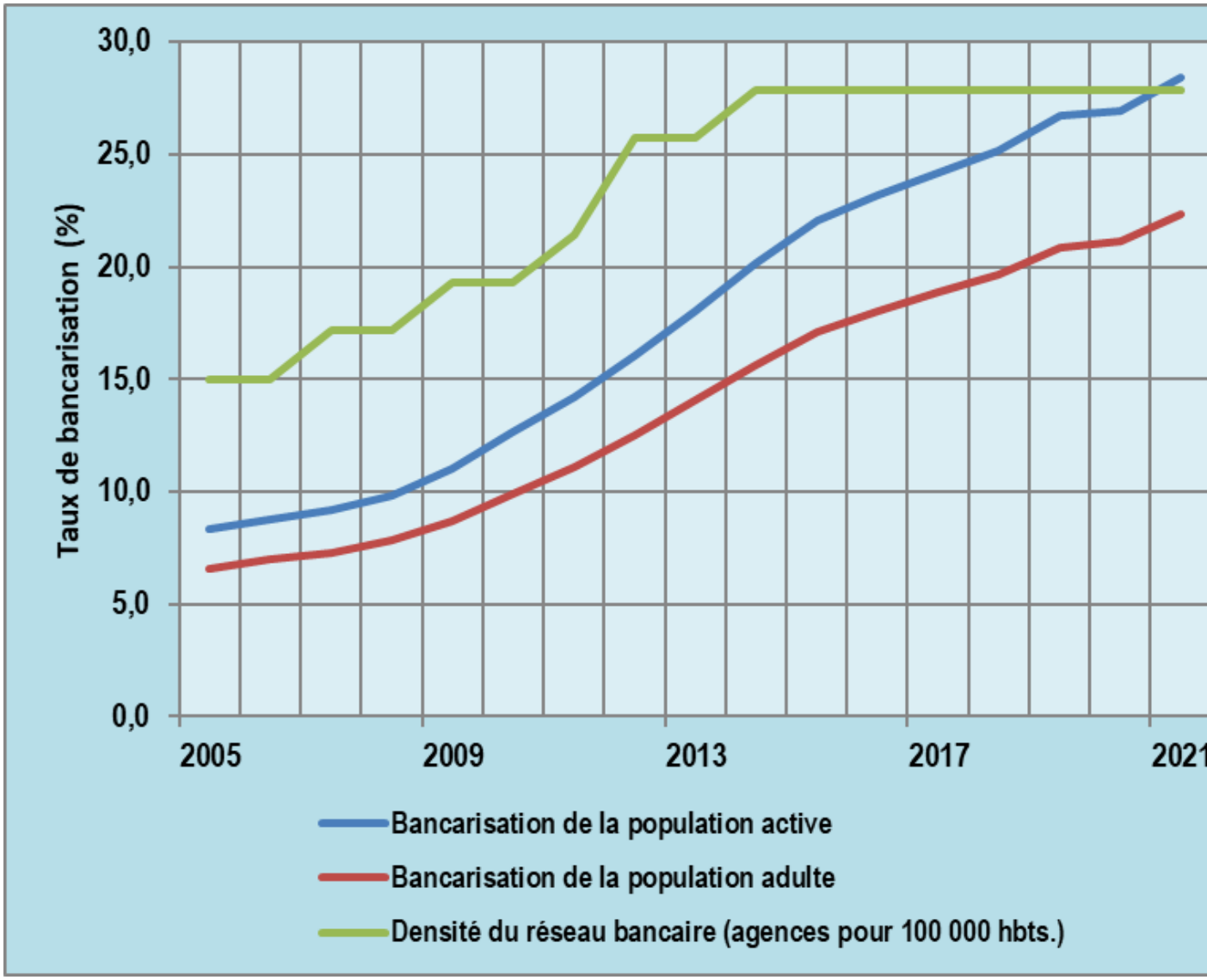
The density of the banking network is the number of bank branches per 100,000 inhabitants.

Taking into account the Cameroonian context, the CIP-FIBANE-CASEMF platform of the National Economic and Financial Committee calculates those indicators in the strict sense (by limiting itself to bank accounts) and in the broad sense (by integrating the accounts held by financial institutions, CAMPOST and the MFIs).

Thus, based on data reported by all credit institutions, all second- and third-category microfinance institutions, and some first-category microfinance institutions, the NEFC was able to compile a series of indicators on the population access to banking services.

According to these data, although still low, the rate of the banking services coverage rate of the Cameroonian population in the strict sense has been increasing over the past fifteen years, as illustrated in the graph below.

Graph 3.2: Trend in the banking services coverage rate and the density of the banking network in the strict sense

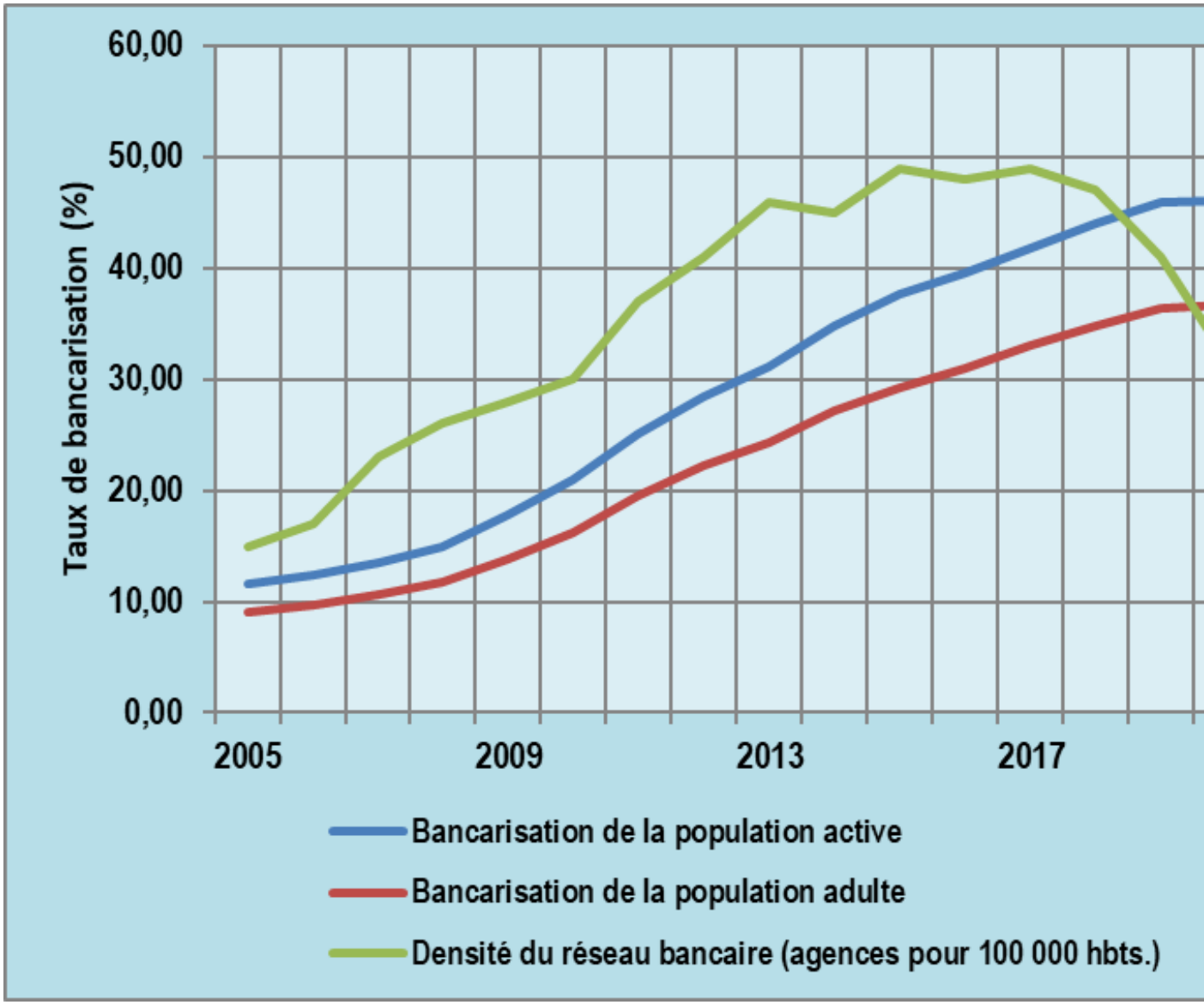


Source: NEFC

In 2021, banking services coverage rate in the strict sense of the term for the working population improved relatively by 1.5 points to reached 28.4 % from 26.9 % in 2020. That of the adult population has also improved by 1.2 points, thus rising from 21.2 % in 2020 to 22.4 % in 2021. The density of the banking network has remained stable at 1.3 branches per 100,000 inhabitants in 2021.

In the broad sense, those indicators also evolved increasingly over the same period. Reflecting the reality of the Cameroonian financial system, where microfinance institutions play an important role, the banking services coverage rates in the broad sense are much higher than those in the strict sense.

Graph 3.3: Trend in the banking services coverage rate and the density of the banking network in the broad sense



Source: NEFC

The banking services coverage rate in the broad sense for the working population improved by 1?5 points to reach 47.7 % in 2021 from 46.2 % in 2020, The broad banking services coverage rate of the adult population rose by 1.3 points from 36.8 % in 2020 to 38.1 % in 2021.

The density of the banking network in the broad sense remained virtually stable between 2020 and 2021 at 3.1 branches per 100,000 inhabitants, as compared to 3.2 branches per 100,000 inhabitants in 2020.

Table 3.5: Banking services coverage rate and density of the banking network

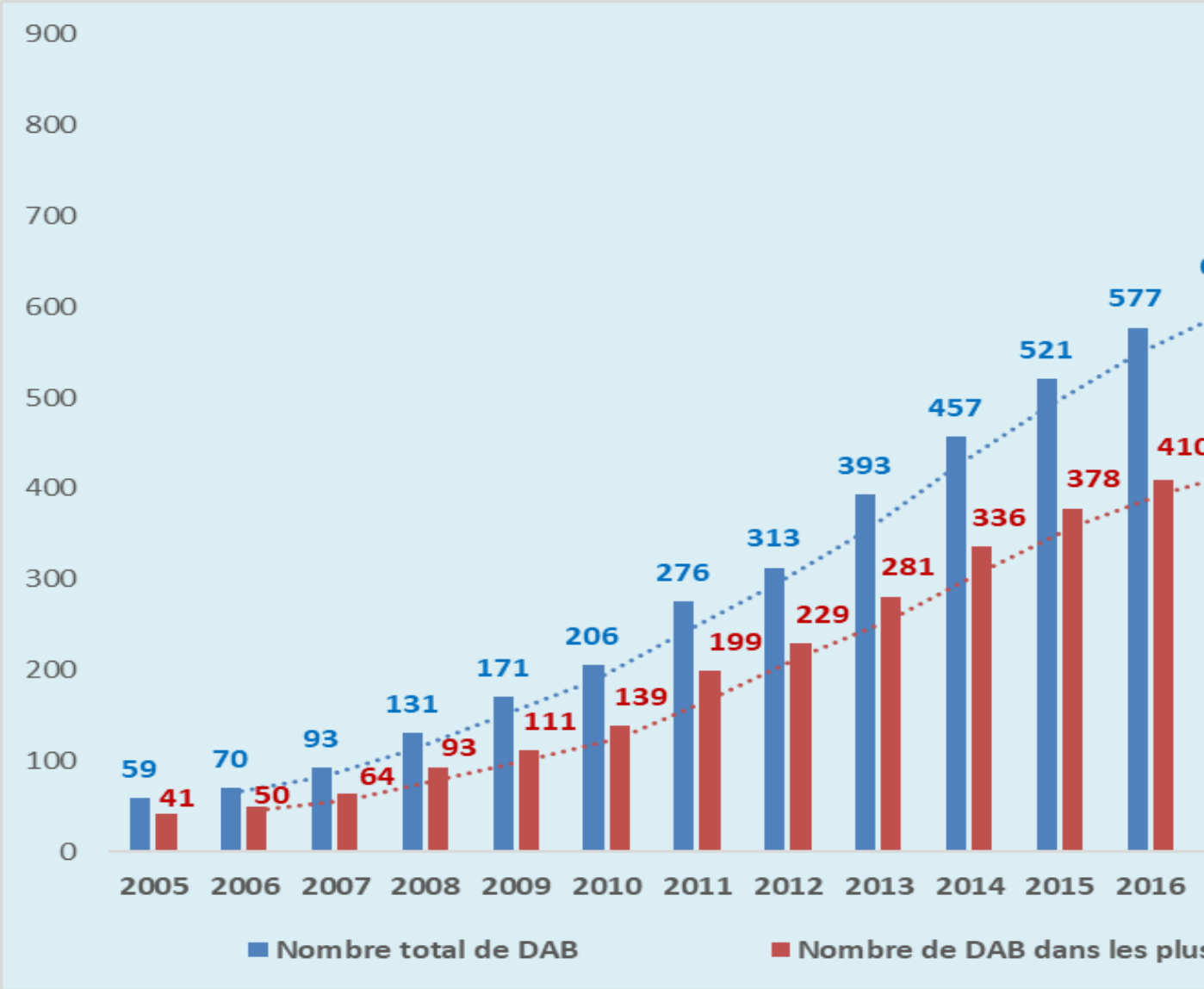
	Banking services coverage rate in the strict sense (Banks only)		
	Banking services coverage rate of the active population (%)	Banking services coverage rate of the adult population (%)	Density of the banking network (Number of branches per 100,000 inhabitants)
2015	22,0	17,1	1,3
2016	23,2	18,0	1,3
2017	24,2	18,9	1,3
2018	25,2	19,6	1,3
2019	26,7	20,9	1,3
2020	26,9	21,2	1,3
2021	28,4	22,4	1,3
	Banking services coverage rate in the broad sense (banks, financial companies, CAMPOST, microfinance institutions)		
	Banking services coverage rate of the active population (%) (%)	Banking services coverage rate of the adult population (%)	Density of the banking network (Number of branches per 100,000 inhabitants)
2015	37,63	29,3	4,9
2016	39,65	30,9	4,8
2017	41,74	33,0	4,9
2018	44,06	34,9	4,7
2019	45,90	36,4	4,1
2020	46,18	36,8	3,2
2021	47,74	38,1	3,1

Source : NEFC

III.1.1.2.3. Automated teller machines

Banking institutions have continued to significantly expand their ATM networks, with the aim of modernizing and improving the quality of customer services. The number of ATMs increased by 8.6% from 741 in 2020 to 805 in 2021. The largest cities, Yaounde, Douala and Bafoussam, alone account for 72.3 % of those ATMs.

Graph 3.4: Trend in the number of Automated Teller Machines (ATMs)



Source : NEFC, bank reportings

III.1.1.2.4. Electronic money

Exercising the activity of electronic money issuance is governed by CEMAC Regulation No. 04/18/CEMAC/UMAC/CM/COBAC of December 2018 on payment services within CEMAC. That Regulation repeals all previous provisions to the contrary, namely Regulation No. 01/11-CEMAC/UMAC/CM of September 18th, 2011, defining the conditions for the exercising the activity of electronic money issuance, as well as the roles of the Regulatory Authorities:

The enforcement of the new Regulation since January 1st, 2019 should be accompanied by the COBAC and BEAC implementation regulatory instruments. Thus, the Banking Commission has adopted the following 2 regulatory instruments:

- COBAC Regulation R-2019/01 on the licensing payment services providers and amendments of their status;

- COBAC Regulation R-2019/02 on prudential standards applicable to payment institutions.

As at December 31st, 2021, 16 banks were authorized to carry out the activity of issuing electronic money in the CEMAC, with 245,173 points of service, as compared to 223,006 as at December 31st, 2020, which represents increase by 9.94%.

In the same period, the e-money activity recorded 1,914,156,828 transactions as compared to 1,102,083,857 in 2020. Those transactions, totaling 14,822.3 billion in 2020, reached 20,596.3 billion as at December 31st, 2021. In Cameroon, the number of transactions was 1,296,464,402 amounting to 15,545.5 billion in 2021, as compared to 806,055,732 transactions amounting to 12,151.1 billion in 2020.

Table 3.6: Electronic money transactions in number and amount within the CEMAC zone

Country	2020		2021		Changes (%)	
	Number	Amount (in billion)	Number	Value (in billion)	Nombre Number	Valeur Value
Cameroon	806 055 732	12 151,1	1 296 464 402	15 545,5	60,84	27,94
CAR	4 502 835	108,7	5 943 415	110,3	31,99	1,46
Congo	101 989 483	438,8	345 719 814	1 969,7	238,98	348,85
Gabon	184 024 914	2 062,2	253 500 878	2 673,4	37,75	29,64
Equatorial Guinea	33 395	2,1	42 626	2,8	27,64	33,39
Chad	5 477 498	59,3	12 485 693	294,6	127,95	396,69
TOTAL	**1 102 083 857**	**14 822,3**	**1 914 156 828**	**20 596,3**	**73,69**	**38,96**

Source : BEAC, DSMP

The activity in Cameroon represents 67.73% of all e-money transactions within the CEMAC zone in terms of the number of transactions carried out in 2021, and 75.48% in terms of the amount of those transactions. Per type of transaction, the most frequently used transactions in Cameroon are payments (45.63%). In terms of amount, the most representative transactions are refills (35%), over-the-counter withdrawals (31.20%), and transfers (26%). Those three types of transactions alone account for 92.20% of the overall amount of electronic money transactions in Cameroon in 2021.

Table 3.7: E-Money Transactions by Type of Transaction in Cameroon

Nature of the transaction	2020		2021		Weight in transactions (%)	
	Number	Amount	Number	Amount	Number	Amount
refills	184 580 627	4 252,7	238 277 025	5 440,9	18,38	35,00
Money transfers	157 470 417	3 242,5	218 363 148	4 042,1	16,84	26,00
ATM Withdrawal	118 761	24,9	515 806	71,6	0,04	0,46
Counters Withdrawals	202 845 766	3 832,9	247 765 024	4 849,7	19,11	31,20
Payments	261 040 161	798,0	591 543 399	1 141,3	45,63	7,34
TOTAL	**806 055 732**	**12 151,1**	**1 296 464 402**	**15 545,5**	**100**	**100**

Source : BEAC, DSMP

Outstanding e-money representing the sums held by users (holders and distributors) in electronic wallets, is changing significantly over the years. It has risen from 120.3 billion in 2019 to 162.2 billion in 2020 (+34.83%), then to 218.2 billion in 2021 (+34.53%). This clearly demonstrates the growing confidence of the population in that means of payment.

Table 3.8: Outstanding electronic money in Cameroon

Year	montant (in billion)
2019	120,3
2020	162,2
2021	218,2
Variations between 2020 and 2021	**34,53 %**

Source : BEAC, DSMP

In terms of access to e-money services, the number of e-money payment accounts within CEMAC has now exceeded 35 million, as compared to just over 30 million in 2020, thus increasing by16.44%. The activity rate decreased slightly from 39.68% in 2020 to 39.40% in 2021, although the number of accounts increased by 16.06% over the same period. That is because payment service providers have been more aggressive in opening new accounts than in providing financial education to payment instrument holders

In Cameroon, the number of e-money payment accounts has now exceeded 20 million to reach 21,255,563, as compared to 19,528,723 in 2020, thus increasing by 8.84%. unlike the trend observed within the CEMAC zone, the account activity rate improved by 2.69 points, from 43.29% in 2020 to 45.98% in 2021.

Table 3.9: Number of e-money accounts within the CEMAC zone

Country	2020		2021		Activity rate (%)	
	Registered	Assets	Registered	Assets	2020	2021
Cameroon	19 528 723	8 453 605	21 255 563	9 772 594	43,29	45,98
CAR	120 964	57 922	192 191	80 119	47,88	41,69
Congo	7 006 777	2 463 621	7 481 565	2 742 635	35,16	36,66
Gabon	2 707 890	896 967	2 524 112	990 854	33,12	39,26
Equatorial Guinea	14 702	6 213	16 203	7 001	42,26	43,21
Tchad Chad	630 104	29 267	3 605 392	227 225	4,64	6,30
TOTAL	**30 009 160**	**11 907 595**	**35 075 026**	**13 820 428**	**39,68**	**39,40**

Source : BEAC, DSMP

According to data collected by the National Economic and Financial Committee (NEFC), in Cameroon, mobile money continued to grow steadily in 2021 in terms of transaction volume and amount. In fact, data collected from licensed operators (MTN (AFRILAND FIRST BANK), ORANGE (BICEC), NEXTTEL (UBA), and SG Cameroon (YUP)), show that the amount of mobile money transactions has increased significantly by 22.2%, from 12,544.0

billion in 2020 to 15,329.6 billion in 2021. The number of transactions followed a similar trend over the same period, with a growth rate of 19.6 % as compared to 42.3 % in 2020.

The number of mobile money accounts opened increased slightly by 5.8% from 15,649,570 in 2020 to 16,557,053 in 2021.

The infrastructure put in place by the various operators declined slightly as number of points of sale fell by 1.0 % between 2020 and 2021 (compared to 17.8 % between 2019 and 2020), from 203,144 in 2020 to 201,048. however, the point-of-sale activity rate improved significantly in 2021, reaching 59.1 %, up from 53.7 % in 2020. The mobile money account activity rate also improved significantly, reaching 87.8 % in 2021, up from 54.1 % in 2020.

Table 3.10: Mobile Money Statistics in Cameroon

	2020	2021	Trend in amounts (2021-2020)	Trend in % of total
Number of Mobile Money accounts opened	15 649 570	16 557 053	907 483	**5,8**
Number of active Mobile Money accounts	8 468 978	9 778 141	1 309 163	**15,5**
Number of Mobile Money service points opened	203 144	201 048	-2 096	**-1,0**
Number of operational Mobile Money service points in transaction	109 151	176 489	67 338	**61,7**
Value of cell phone transactions during the year (in millions)	12 544 030	15 329 633	2 785 603	**22,2**
Number of cell phone transactions made during the year	1 070 273 783	1 280 135 394	209 861 611	**19,6**
Outstanding Mobile Money accounts (in millions)*	136 067	182 108	46 041	**33,8**

*Loans Balance on mobile money accounts.
Source: NEFC (MTN, ORANGE, NEXTTEL and YUP reportings)

III.1.1.3. Number of bank employees

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The number of bank employees is 5,836 in 2021 as compared to 5,043 in 2020, thus increasing by 15.7 %. That number includes 39 expatriate managers, 1,569 national managers and 3,753 other national employees.

Table 3.11: Number of Bank employees

Heading	2020	2021	Change in volume
Expatriate executives	37	39	2
Other expatriate employees	3	2	-1
Total expatriate employees	**40**	**41**	**1**
National executives	1 401	1 569	168
Other national employees	3 391	3 753	362
Total national employees	**4 792**	**5 322**	**530**
Non-banking employees	211	473	262
TOTAL EMPLOYEES	**5 043**	**5 836**	**793**

Source : CERBER

III.1.1.4. Trend in the annualized percentage rate (APR) charged by banks

On average, and due to the integration of VAT in the calculation of the APR in accordance with the provisions of the new regulations relating thereto, the cost of loans granted by banks increased overall between 2020 and 2021 for all categories of customers, except for public administrations and decentralized local authorities.

In fact, the average APR for loans granted to SMEs in 2021 was 11.54% as compared to 10.52% in 2020, thus increasing by 1.02 %points. That slight increase can mainly be attributed to the rise in the cost of leasing (from 15.26% in 2020 to 26.33%), overdrafts (10.79% in 2020 as compared to 12.41% in 2020), and cash loans other than overdrafts (12.74% in 2020 as compared to 13.37% in 2021).

As regards individuals, the average cost of their loans has risen significantly by 2.41 % points, from 13.66% in 2020 to 16.07% in 2021, due largely to the increase in the cost of overdrafts (17.13% in 2020 as compared to 23.26% in 2021), consumer loans other than overdrafts (12.22% in 2020as compared to 16.92% in 2021), leasing (12.07% in 2020 as compared to 17.58% in 2021), real estate loans (11.75% in 2020 as compared to 13.59% in 2021) and medium-term loans (12.70% in 2020 as compared to 13.73%).

With regard to legal entities other than SMEs and large companies (associations, GICs, non-profit institutions, etc.), the cost of their loans increased considerably from 6.41% in 2020 to 16.50% in 2021 due to the increase in the cost of consumer loans other than overdrafts (8.92% in 2020 as compared to 18.23% in 2021), overdrafts (13.48% in 2020 as compared to 16.50% in 2021) and medium-term loans (8.85% in 2020 as compared to 16.30% in 2021).

With the cheapest loans on the market, large companies saw the cost of their loans increase slightly in 2021 (+1.34 points). That slight increase is the result of increases in most of the various categories of loans granted to them, with the exception of guarantees, whose average APR fell from 1.65% in 2020 to 1.18% in 2021.

The cost of loans to public administrations, on the other hand, fell between 2020 and 2021. The average APR for their loans fell from 15.17% in 2020 to 10.78% in 2021. That significant drop can essentially be attributed to the fall in the cost of all categories of loans granted to them, with the exception of guarantees, whose average APR rose from 2.00% in 2020 to 2.42% in 2021.

Table 3.12: Annualized percentage rate charged by banks 2020 and 2021

Categories	(in %)	
	2020	2021
1. Loans to individuals	**13,66**	**16,07**
Consumer loans, other than overdraft	12,22	16,92
Overdraft	17,13	23,26
Discounted bills of exchange	-	-
Medium-term loans*	12,70	13,73
Long-term loans*	11,74	9,50
Real estate loans	11,75	13,59
Leasing	12,07	17,58
Guarantees	3,65	2,31
2. Loans to SMEs	**10,52**	**11,54**
Cash advance loans, other than overdraft	12,74	13,37
Overdrafts	10,79	12,41
Discounted bills of exchange	16,32	11,76
Medium-term loans	14,98	11,14
Long-term loans	-	-
Leasing	15,26	26,33
Factoring	8,86	8,06
Guarantees	1,89	2,09
3. Loans to large companies	**5,56**	**6,90**
Cash advance other than overdraft	6,14	7,86
Overdrafts	7,53	8,44
Discounted of bills of exchange	9,02	7,67
Medium-term loans	12,15	9,28
Long-term loans	-	-
Leasing	9,75	19,49
Factoring	5,34	6,37
Guarantees	1,65	1,18
4. Loans to legal entities other than SMEs and large companies	**6,41**	**16,50**
Consumer loans other than overdrafts	8,92	18,23
Overdrafts	13,48	16,50
Discounted of bills of exchange	-	-
Medium-term loans*	8,85	16,30
Long-term loans*	-	-
Real estate loans	-	-
Leasing	-	-
Guarantees	2,89	2,59
5. Loans to public administrations and decentralized local authorities	**15,17**	**10,78**
Cash advance loans other than overdraft	15,72	12,89
Overdrafts	15,37	13,89
Medium-term loans	-	7,54
Long-term loans	-	-
Leasing	-	-
Guarantees	2,00	2,42

*These are loans other than real estate loans

Source: NEFC

As for the cost of loans per business sector, the education sector, the health and social welfare sector and the collective or personal activities' sector bore the highest costs in the market. The average interest rates for their loans were 17.23%, 15.67% and 14.42% respectively in 2021.

Table 3.13: Annualized percentage rate charged by Banks' per business sector

Business Sectors	(in %)	
	2020	2021
Agriculture, hunting and forestry	6,57	7,27
Fishing, fish farming, aquaculture	6,71	9,26
Extractive activities	7,73	8,85
Manufacturing activities	7,45	8,55
Production and distribution of electricity, gas and water	6,72	8,31
Construction	7,74	8,39
Trade; repair of motor vehicles and household goods	6,94	8,06
Hotels and restaurants	8,37	9,39
Transport, transport –related activities and communications	5,37	7,10
Activités financières Financial activities	8,80	7,66
Real estate, renting and business activities	9,26	11,80
Public administration activities	7,54	12,87
Education	15,18	17,23
Health and social welfare activities	14,34	15,67
Collective or personal activities	12,53	14,42
Activities of households as employers of domestic personnel	10,72	12,40
Activities of extraterritorial organizations	6,48	10,32

Source : NEFC

Box 8: Calculating the Annualized percentage rate (APR) and the usury rate

1. ***APR usefulness and regulatory framework***

The APR makes it possible to compare the cost prices of loans for the consumer. For example, a loan A may be apparently more expensive than a loan B if one compares only the nominal interest rates. However, if the ancillary items including application fees, insurance fees, collateral costs, etc. are more advantageous for A than for B, that may make up for the difference in rates. In order to really know the actual loan cost and to be able to compare it to other competing offers, it is necessary to know the APR of each loan, since that rate incorporates everything that may be payable in addition to the interest.

That is why the Chairman of the Ministerial Committee of the UMAC signed on August 10th, 2020, a regulatory instrument to protect consumers and stimulate competition. That is Regulation No. 04/19/CEMAC/UMAC/CM on the Annualized percentage rate, the repression of usury, and the publication of banking conditions within the CEMAC. In order to make operational the provisions of the above-mentioned Regulation, BEAC Governor signed on November 4th, 2021, an Instruction defining the modalities for calculating, declaring and publishing the APR, the banking conditions and the prices of financial services.

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2. ***Method of calculation of the APR***

The method of calculation of the APR varies according to whether the loan is installmental or not. For installmental loans, the APR corresponds to the annual nominal rate increased by the percentage that the additional expenses represent in the amount of the loan.
As regards installmental loans, the APR is a rate proportional to the rate charged during the period, calculated uisng the following formula:

$$\sum_{k=1}^{k=m} \frac{A_k}{(1+i)^{tk}} = \sum_{p=1}^{p=n} \frac{A_p}{(1+i)^{tp}}$$

- i: *the annualized percentage rate*
- k: *the serial number of a disbursement of funds,*
- m: *the serial number of the last disbursement,*
- A_k: *the amount of disbursement number k,*
- tk: *the time interval between the first disbursement and disbursement number k,*
- P : *the serial number of a repayment term,*
- N : *the serial number of the last maturity,*
- A_p : *the amount of maturity number p,*
- tp : *the time interval between the first disbursement and maturity number p.*

The APR is therefore the interest rate i that equals the present value of the loan (capital borrowed minus the fees and commissions charged at the time the loan was disbursed) and the sum of the future repayment flows (taking into account the loan term and the monthly repayments).

3. ***The Usury rate***

A usurious loan is any loan or agreement hiding money lent, for any purpose, at an annualized percentage rate (APR) that exceeds, at the time it is lent, by more than one third, the Usury Rate defined by the Monetary Policy Committee (MPC). For each category of loans and borrowers other than individuals, the applicable usury rate is equal to the national average APR of the previous quarter, increased by a number of basis points defined by the MPC. For loans to individuals, the usury rate is defined taking into account market conditions and consumer protection concerns.

The average APR for a category C of loans granted by k reporting institutions is calculated using the following weighted average formula:

$TEG_{M_C} = \sum_{i=1}^{k} m_C^i TEG_C^i / \sum m_C^i$ *; where the* m_C^i*, is the total amount of loans in category C granted by each reporting institution,* et *and* TEG_C^i *is the average APR of loan category C calculated for each reporting institution.*

Since 2018, APRs are calculated by the credit institutions and reported online through an application developed by the NEFC.

Source : NEFC

III.1.2. Situation of financial companies

Under Article 8 of COBAC Regulation R-2009/02 defining the categories of credit institutions, their legal status and authorized activities, credit institutions are licensed either as universal banks, specialized banks, or financial companies or financial enterprises.

The analysis of that provision shows that financial companies are divided into two subgroups made up of financial companies and specialized financial institutions (see Articles 11 and 12 of the Regulation above).

Financial companies are financial enterprises that cannot receive funds from the public at sight or with a term of less than two years. They finance their activities through their own capital, by borrowing from other credit institutions, on the capital markets or by any other means that is not contrary to law.

that cannot receive funds from the public at sight or with a term of less than two years. They carry out a mission of public interest decided upon by the National Monetary Authority. The methods of funding their activities as well as related banking and non-banking transactions are governed by their own laws and regulations, while respecting the common requirements of banking regulations.

Payment service providers are defined by Article 2 of Regulation No. 04/18/CEMAC/UMAC/COBAC of December 21st, 2018 as any licensed institution providing payment services as a usual occupation.

Under that classification, Cameroon had six (06) financial companies in 2021, namely:

- Alios Finance Cameroun (SOCCA);
- Crédit Foncier du Cameroun (CFC) ;
- PRO-PME Financement (PRO-PME);
- Société Camerounaise d'Equipement (SCE) ;
- Société de Recouvrement des Créances du Cameroun (SRC) ;
- Société Nationale d'Investissement (SNI);
- Wafacash.

III.1.2.1. Balance sheet position[5]

Between 2020 and 2021, the balance sheet total of financial companies increased by 2.0 %. On the assets side, that increase is mainly due to the rise in miscellaneous transactions (+7.8 billion) and customer transactions (+1.2 billion).

On the liabilities side, it was due to the increase in investment capital (+18.2 billion), and the decrease in other transactions (-4.4 billion), cash and interbank transactions (-3.6 billion) and customer transactions (-1.5 billion).

In terms of portfolio losses, net overdue loans decreased by 8.5% from 50.2 billion to 46.0 billion. However, the delinquency rate (58.4%) remained very high as compared to other segments of the banking sector, although it is down from 60.4% in 2020.

Table 3.14: Balance sheet of financial companies

BALANCE SHEET	(in billion CFA francs)			(in million CFA francs)
ASSET	2020	2021	Trend in %	Trend in volume
Amounts to be deducted from investment capital	**11.7**	**10.5**	**-10.4**	**-1.2**
Fixed assets	**67.5**	**70.4**	**4.2**	**2.8**
of which financial assets	2.1	1.3	-39.7	-0.8
Customer transactions	**139.5**	**140.7**	**0.8**	**1.2**
Long-term loans	61.4	66.9	9.0	5.5
Medium-term loans	18.7	19.3	3.4	0.6
Short term loans	8.1	7.2	-10.8	-0.9
Net outstanding receivables	50.2	46.0	-8.5	-4.3
Accounts receivable from customers	0.2	0.4	77.3	0.2
Other sums owed by customers	0.1	0.1	29.1	0.0
Unallocated amounts	0.7	0.5	-33.3	-0.2
Related receivables	0.1	0.3	204.1	0.2
Other transactions	**10.3**	**18.0**	**75.6**	**7.8**
Treasury and interbank transactions	**199.7**	**197.9**	**-0.9**	**-1.8**
Of which investment and transaction securities	**0.0**	**0.0**	**-**	**-**
Assets balance sheet total	**428.7**	**437.4**	**2.0**	**8.7**
	(in billion CFA francs)			(in million CFA francs)
LIABLITIES	2020	2021	Change in %	change in volume
Investment capital	**313.2**	**331.4**	**5.8**	**18.2**
of which equity	281.6	294.2	4.5	12.5
Customer transactions	**56.4**	**55.0**	**-2.6**	**-1.5**
Special Regime Deposit Accounts	25.8	26.1	1.4	0.4
Term deposit accounts	5.5	3.8	-29.9	-1.6

[5] *These statistics do not include SRC, Wafacash and NIC due to the specific nature of their activities.*

Sight accounts payable	6.6	6.8	3.4	0.2
Other accounts payable	17.3	17.6	2.1	0.4
Related debts	1.3	0.5	-60.6	-0.8
Other transactions	**37.7**	**33.3**	**-11.6**	**-4.4**
Treasury and interbank transactions	**21.4**	**17.8**	**-16.8**	**-3.6**
Balance sheet total liabilities	**428.7**	**437.4**	**2.0**	**8.7**

Source : CERBER

Between 2020 and 2021, the off-balance sheet activity of financial companies improved in all areas, with the exception of foreign currency transactions that are structurally nil. In fact, customers' transactions, correspondents' transactions other commitments and leasing commitments, increased respectively by 100.7, 10.2, 15.9 and 2.3 billion.

Table 3.15: Off-balance sheet situation of financial institutions

OFF-BALANCE SHEET	(in billion CFA francs)			
Item description	2020	2021	Year-on-year in %	Year-on-year in volume
Correspondents' transactions	**11.6**	**21.7**	**88.0**	**10.2**
Commitments ordered by correspondents	0.0	0.0	0.0	0.0
Commitments received from correspondents	11.6	21.7	88.0	10.2
Customer transactions	**359.4**	**460.1**	**28.0**	**100.7**
Commitments ordered by customers	31.7	23.9	-24.6	-7.8
Commitments received from customers	327.8	436.3	33.1	108.5
Pledges	0.0	4.2	-	4.2
Endorsements and guarantees received from customers	141.6	225.3	59.1	83.7
Securities managed on behalf of customers	0.0	0.0	-	0.0
Other guarantees received from customers	11.1	14.2	28.3	3.1
Leasing commitments	**55.3**	**57.6**	**4.2**	**2.3**
Outstanding leasing fees	0.0	0.0	-	0.0
Commitments received from customers	52.7	52.9	0.4	0.2
Leasing commitments given to customers	2.5	4.6	82.9	2.1
Adjustment account	0.0	0.0	0.0	0.0
Currency transactions	**0.0**	**0.0**		**0.0**
Spot foreign exchange transactions	0.0	0.0	-	0.0
Forward exchange transactions	0.0	0.0	-	0.0
Foreign currency loans and borrowings	0.0	0.0	-	0.0
Deferrals/shift	0.0	0.0	-	0.0
Currency adjustment account	0.0	0.0	-	0.0
Other commitments	**348.7**	**364.6**	**4.6**	**15.9**
Currency market liabilities	1.9	1.9	-4.1	-0.1
Securities transactions	0.0	0.0	-	0.0

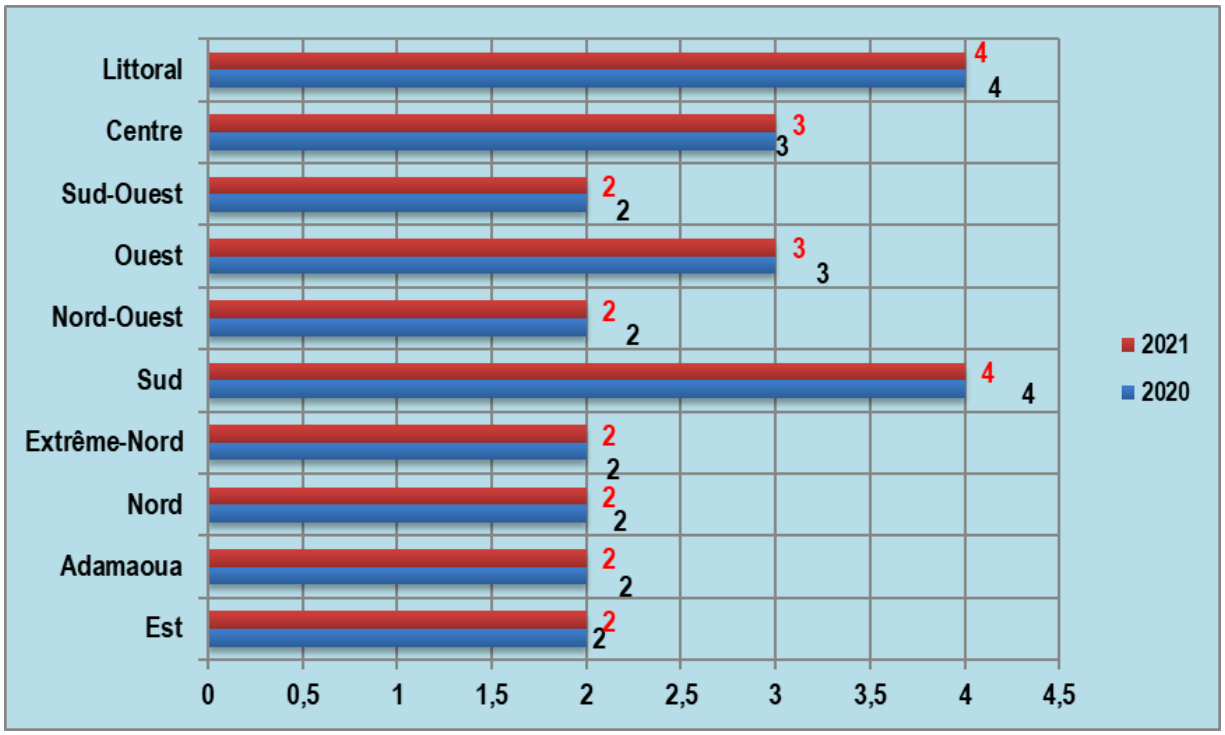
Commitments received from the State and specialized bodies	0.0	0.0	-	0.0
Doubtful commitments	122.8	123.0	0.2	0.2
Computer deferrals	224.0	239.8	7.0	15.8

Source : CERBER

III.1.2.2. Financial companies network

In 2021, the number of branches of financial companies remained stable at 26. The Littoral and South regions are the most covered with 4 branches each, followed by the Centre and West regions with 3 branches each. Those four regions alone account for 53.8% of the financial companies' network.

Graph 3.5: financial companies network per region in 2020 and 2021



Source: CERBER Reportings

III.1.2.3. Number of employees in financial institutions

In 2021, the number of employees in financial institutions remained the same as in 2020, at 466. That workforce is mainly made up of nationals, including 125 and 288 other employees.

Table 3.16: Number of employees in financial institutions

Type of information	2020	2021	Variation in volume
Expatriate executives	1	0	-1
Other expatriate staff	0	0	0
Total expatriate staff	**1**	**0**	**-1**
National executives	126	125	-1
Other National Staff	282	288	6
Total National staff	**408**	**413**	**5**
Non-bank staff	57	53	-4
TOTAL STAFF	**466**	**466**	**0**

Source : CERBER Reportings

III.1.2.4. Trend in the Annualized percentage rate (APR) charged by financial companies

In 2021, the cost of loans granted by financial companies fell for individuals and large companies.

The average APR for loans to individuals fell from 18.90% in 2020 to 16.46% in 2021. The decrease involved all categories of loans granted to that clientele.

For large corporates, the average APR fell from 12.66% in 2020 to 12.00% in 2021, mainly due to the fall in the cost of their medium-term loans and leasing.

The cost loans to SMEs increased by 1.77 % points. That increase can be attributed to the rise in the cost of cash advance loans other than overdrafts (20.20 % in 2020 as compared to 22.08 % in 2021), medium-term loans (15.15% in 2020 as compared to 17.28% in 2021), and leasing (18.52% in 2020 as compared to 20.44% in 2021).

Financial companies granted no loan to legal persons other than SMEs and large enterprises in 2021.

Table 3.17: Annualized percentage rate charged by financial companies in 2020 and 2021

Categories	(in %)	
	2020	2021
1. Loans to individuals	**18.90**	**16.46**
Consumer loans, other than overdraft	28.42	27.41
Overdrafts	-	
Medium-term loans*	30.33	26.49
Long-term loans*	-	
Real estate loans	8.37	7.39
Leasing	-	19.11
Guarantees	-	
2. Loans to SMEs	**18.17**	**19.94**
Cash advance loans, other than overdraft	20.20	22.08
Overdrafts	-	
Discounted bills of exchange	-	
Medium-term loans	15.15	17.28
Long-term loans	9.55	
Leasing	18.52	20.44
Factoring	-	
Guarantees	18.17	
3. Loans to Large companies	**12.66**	**12.00**
Cash advance loans, other than overdraft	15.90	-
Overdrafts	-	-
Discounted bills of exchange	-	-
Medium-term loans	10.36	10.80
Long-term loans	-	
Leasing	13.36	12.69
Factoring	-	-
Guarantees	12.66	-
4. Loans to legal entities other than SMEs and Large companies	**13.21**	**-**
Consumer loans, other than overdraft	-	-
Overdrafts	-	-
Medium-term loans*	-	-
Long-term loans*	-	-
Real estate loans	-	-
Leasing	-	-
Guarantees	13.21	-
5. Loans to public administrations and decentralized local authorities	**-**	**1.80**
Cash advance loans, other than overdraft	-	-
Overdrafts	-	-
Medium-term credits	-	1.80
Long-term loans	-	-
Leasing	-	-
Guarantees	-	-

Source : NEFC

Per business sector, the most expensive loans in 2021 were those granted to households (26.43%), followed by fisheries, fish farming and aquaculture (26.31%), health and social welfare (23.06%), trade, repair of motor vehicles and household goods (22.99%), education (22.46%), transport, auxiliary transport activities and communications (22.38%), hotels and restaurants (20.39%).

The least expensive loans were those granted to individuals working in public administration (4.69%), followed by loans to workers in the electricity, gas as well as water production and distribution sector (10.23%).

Table 3.18: Annualized percentage rate charged by financial institutions by sector of activity

Business sectors	(in %)	
	2020	2021
Agriculture, hunting and forestry	15.25	16.28
Fishing, fish farming, aquaculture	18.48	26.31
Extractive activities	11.99	17.09
Manufacturing activities	13.56	13.31
Production and distribution of electricity, gas and water	8.62	10.23
Construction	17.69	11.24
Trade ; repair of motor vehicles and household goods	17.73	22.99
Hotels and restaurants	16.07	20.39
Transport, auxiliary transport activities and communications	20.62	22.38
Financial activities	8.91	12.29
Real estate, rentals and business services	10.47	17.25
Public administration activities	7.06	4.69
Education	9.95	22.46
Health and social work activities	15.68	23.06
Collective or personal activities	9.32	12.59
Activities of households as employers of domestic staff	27.49	26.43
Activities of extraterritorial organizations	15.24	18.22

Source : NEFC

III.1.3. Cost of mobilizing resources by credit institutions

In compliance with the provisions of Order No. 000008 of January 23rd, 2013 defining the modalities for calculating the average cost of banking resources, the General Secretariat of the National Economic and Financial Committee calculates and publishes the average cost incurred by credit institutions in mobilizing resources. It is calculated through the ratio between the costs incurred by the credit institutions and their resources.

During the year 2021, the average cost of funds for credit institutions was 1.53%, being 0.04 points lower than in 2020. For banks, that cost was 1.51% in 2021 as against 1.54% in 2020, thus decreasing by 0.03 points. As for financial companies, it was 3.37% in 2021 as against 4.29% in 2020, thus declining by 0.92 points, and reflecting the difficulties that financial companies face in accessing resources as compared to banks.

Table 3.19: Structure of the average cost of bank resources

	(Amounts in billion)		Trend/Differential (b-a)
	2020 (a)	2021 (b)	
Income from customer transactions	5,150.3	5,848.7	698.4
Income from interbank transactions	527.4	596.5	69.1
Total income	**5,677.7**	**6,445.2**	**767.5**
Expenses on customer transactions	73.2	81.6	8.4
Expenses on treasury and interbank transactions	16.1	17.4	1.3
Total expenses	**89.3**	**98.9**	**9.6**
Average cost of funds (%)	**1.57**	**1.53**	**-0.04**

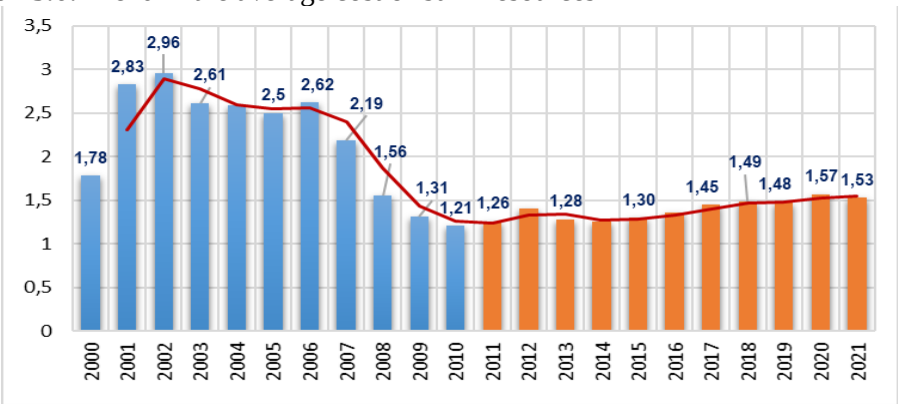
Source : NEFC

The slight decrease in the average cost of bank resources in 2021 is mainly explained by the greater increase in income as compared to the increase in expenses. In fact, per component, between 2020 and 2021 in particular, income from customer transactions increased by 13.6%, while that from interbank transactions increased by 13.1%, **resulting in a total increase by**

13.5%, from 5 677.6 billion in 2020 to 6 445.2 billion in 2021. As regards expenses, those on customer transactions increased by 11.4%, and those on treasury and interbank transactions rose by 8.0%. In total, credit institutions incurred **expenses** of 98.9 billion in 2021, as compared to 89.3 billion in 2020, i.e. **thus increasing by 10.8%,** less than that of resources, thus reducing the average cost of resources from 1.57% to 1.53%.

It is worth noting that this indicator had been on an upward trend after a period of steady declines between 2002 and 2010. Indeed, the average cost of bank resources fell from 2.96% in 2002 to 1.21%, thus dropping by 0.2 point per year on average. Since 2011, it witnessed gradual increases, punctuated by four decreases in 2013, 2014, 2019 and 2021. Thus, from 2011 to 2021, the average cost of bank resources rose from 1.26% to 1.53% respectively.

Graph 3.6: Trend in the average cost of bank resources



Source : NEFC

III.1.4. Situation of microfinance institutions

III.1.4.1. Presentation of the microfinance sector

Between the end of December 2020 and the end of December 2021, the microfinance sector activity was characterized by:

- an increase in the balance sheet total (+16.41%);
- an increase in customer deposits (+16.58%);
- an increase in loans granted (+18.70%);
- a decrease in the delinquency rate (-0.71 points);
- an increase in the number of customer accounts (+14.09%);
- the opening of 11 sales points in the second category MFIs.

The major developments in the sector in the year 2021 are:

- the enforcement of Order No. 482/MINFI of June 21st, 2021 on the conditions for transferring head offices as well as opening and closing MFIs branches;
- the licensing of a new 1st category MFIs network called U3C, resulting from the merger of the CVECA, UCCGN, and MIFED (a 3rd category MFI);

III.1.4.1.1. the actual start of the activities of the Programme for the Development and Processing of Agricultural and Agri-food Products (TRANSFAGRI)[6].

Breakdown of MFIs per category

As at December 31st, 2021, Cameroon had 402 licensed MFIs divided into three categories, as compared to 415 a year earlier, as shown in the following table. That decrease is due to the closure of some MFIs.

Table 3.20: Breakdown of licensed MFIs per category

MFI CATEGORY	31/12/2020	31/12/2021	% du total	Variation
FIRST	342	334	**83.08**	**-8**
SECOND	70	66	**16.42**	**-4**
THIRD	3	2	**0.50**	**-1**
TOTAL MFI	**415**	**402**	**100**	**-13**

Source : NEFC, MINFI

- 334 licensed MFIs operate in the first category (83.08%);
- 66 licensed MFIs operate in the second category (16.42%);
- 2 licensed MFIs operate in the third category (0.50%).

During the year 2021, 12 MFIs were registered in the NEFC Special Register, bringing the number of registered MFIs to 304.

Table 3.21: Breakdown of registered MFIs by category

MFI CATEGORY	31/12/2020	31/12/2021	% du total
FIRST	237	244	**80.26**
SECOND	53	58	**19.08**
THIRD	2	2	**0.66**
TOTAL	**292**	**304**	**100**

Source : NEFC

Box 9 : The various categories of microfinance institutions

Regulation 01/17/CEMAC/UMAC/COBAC of September 27th, 2017 on the conditions for exercising and supervising the microfinance activities within CEMAC defines microfinance as an activity carried out by entities that do not have the status of a bank or financial company as defined in the Annex to the Convention of January 17th, 1992 on the Harmonization of Banking Regulations in the Central African States, and, that practice, on a regular basis, loan granting and/or savings collection transactions and offer specific financial services to populations that are essentially outside the traditional banking system.

The regulation classifies microfinance institutions into 3 categories

The first category includes microfinance institutions that collect savings from their members, which they use in loan granting transactions exclusively to those members.

The second category includes microfinance institutions that collect savings and grant loans to third parties.

The third category includes microfinance institutions that grant loans to third parties, without carrying out the savings collection activity

Available[7] data show that the number of MFIs branches increased from 1,713 to 1,724 (+11) between December 2020 and December 2021.

799 branches are located in rural areas, as compared to 797 in December 2020, and 925 branches and outlets are located in urban areas, as compared to 916 in 2020.

Table 3.22: Breakdown of MFI branches per area

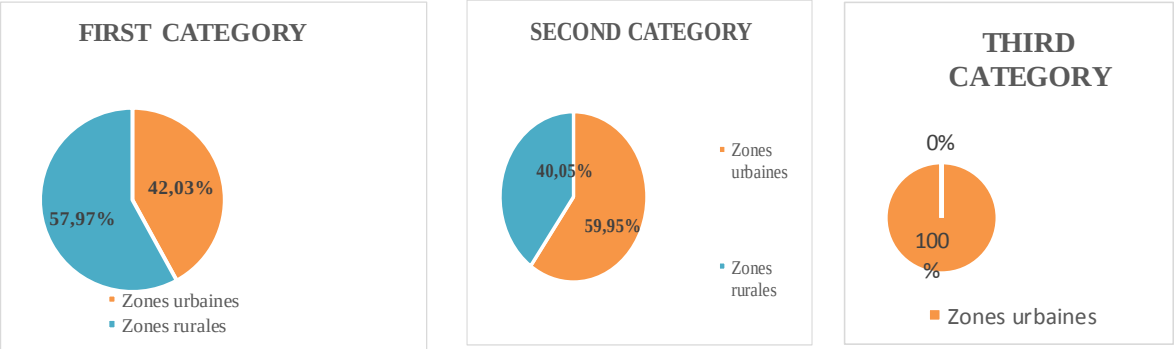
MFI/AREA	Urban areas		Rural areas		Total		Urban areas	Rural areas
							% Total	% Total
	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2021	31/12/2021
FIRST CATEGORY	261	261	360	360	**621**	**621**	**42.03**	**57.97**
SECOND CATEGORY	648	657	437	439	**1085**	**1096**	**59.95**	**40.05**
THIRD CATEGORY	7	7	0	0	**7**	**7**	**100**	**0.00**
TOTAL	**916**	**925**	**797**	**799**	**1713**	**1724**	**53.65**	**46.35**

Source : NEFC

The presence of MFIs in urban and rural areas varies per category. In fact :

- 360 branches of the first category MFIs are based in rural areas, as compared to 261 in urban areas. This geographical distribution can particularly be noticed in the CAMCCUL network, where 50% of affiliates are based in rural areas;
- The second category of MFIs operate more in urban areas, with 657 branches in cities, as compared to 439 in rural areas;
- Third category MFI branches are found only in the regional capitals (Littoral and Far North).

Graph 3.7: Breakdown of licensed MFIs per area (rural and urban)



The Centre region continued to have the highest number of branches, with 456 branches, followed by the Littoral (393), and the West (259). The least covered regions are the Far North (81), South (74), North (62), East (59) and Adamaua (56).

[7]The data used are as follows:

- for the first category, those reported by MFI networks;
- for the second category, those of the 56 largest MFIs in terms of total assets, whose financial statements were collected on site;
- for the third category, those reported by an active MFI.

First category MFIs are mainly represented in the Centre (137 branches), Littoral (111), North-West (110) and West (104) regions.

The same applies to second category MFIs, whose branches are mainly located in the Centre, Littoral and West regions, with 319, 280 and 154 branches and counters respectively.

Third category MFIs operate in the Littoral (2 branches), Far North (1), and West (1) regions.

Table 3.23: Breakdown of MFIs branches per region as at end of December 2021

REGIONS	CE	SU	LIT	ES	OU	NW	SW	AD	NO	EN	TOTAL
FIRST CATEGORY	137	21	111	10	104	110	72	16	18	25	**624**
SECOND CATEGORY	319	53	280	49	154	50	52	40	44	55	**1096**
THIRD CATEGORY	0	0	2	0	1	0	0	0	0	1	**4**
TOTAL	**456**	**74**	**393**	**59**	**259**	**160**	**124**	**56**	**62**	**81**	**1724**

Source : NEFC

III.1.4.2. Financial intermediation

III.1.4.2.1. Trend in balance sheet total

Between December 2020 and December 2021, the balance sheet total of MFIs rose from 783.2 to 911.7 (+128.5) billion. That increase is mainly due to the increase in the balance sheet total of CAMCCUL (+27.0 billion), RECCUCAM (+14.6 billion), UFC (+11.2 billion) and ADVANS (+7.6 billion).

The second category still has the highest balance sheet total in the sector (53.2%), followed by the first category (46.69%).

Table 3.24: Trend in MFIs balance sheet total

BALANCE SHEET TOTAL	(in billion CFAF)				Change in %
	31/12/2020	31/12/2021	% Total	Change in volume	
FIRST CATEGORY	370.8	425.7	**46.69**	54.7	14.79
SECOND CATEGORY	408.9	485.4	**53.24**	76.5	18.70
THIRD CATEGORY	3.4	0.6	**0.07**	-2.8	-81.40
TOTAL	**783.2**	**911.7**	**100**	**128,5**	**16,41**

Source : NEFC

III.1.4.2.1. Trend in deposits

Deposits collected by MFIs increased from 624.8 billion as at end of December 2020 to 728.4 (+103.6) billion as at end of December 2021, thus increasing by 16.58%.

With 373.0 billion worth of deposits, the second category takes first (51.21%), followed by the first category (48.79%). Category 3 MFIs are not allowed to collect customer deposits.

Table 3.25: Trend in MFIs' deposits

DEPOSITS	(in billion CFAF)				Change in %
	31/12/2020	31/12/2021	% Total	Variation in volume	
FIRST CATEGORY	299.8	355.4	48.79	55.6	18.54
SECOND CATEGORY	325.0	373.0	51.21	48.0	14.77
TOTAL	**624.8**	**728.4**	**100**	**103.6**	**16.58**

Source : MFIs

As regards the breakdown per term, 82.47% of the deposits collected by MFIs are short-term, as against 10.85% for medium-term and 6.68% for long-term.

Table 3.26: Trend in deposits per term

DEPOSITS PER TERM	(in billion CFAF)				Change in %
	31/12/2020	31/12/2021	% Total	Variation in Volume	
LONG TERM	36.7	48.7	6.68	11.9	32.46
MEDIUM TERM	59.4	79.0	10.85	19.6	33.04
SHORT TERM	528.7	600.7	82.47	72.0	13.63
TOTAL	**624.8**	**728.4**	**100**	**103,6**	**16,58**

Source : MFI

III.1.4.2.2. Trend in loans

The volume of loans granted by MFIs rose from 454.6 to 539.7 (+85.0) billion between December 2020 and December 2021, thus increasing by18.70%.

As at end of December 2021, the second category is the one that granted the most loans, with 304.0 billion, as against 235.4 billion for the first category. The third category has a total loan volume of 0.3 billion.

Table 3.27: Trend in loans granted by MFIs

LOANS	(in billion CFAF)		% Total	(in billion CFAF)	Change in %
	31/12/2020	31/12/2021		Variation in volume	
FIRST CATEGORY	208.0	235.4	43.63	27.5	13.21
SECOND CATEGORY	245.6	304.0	56.33	58.3	23.75
THIRD CATEGORY	1.0	0.3	0.05	-0.8	-75.00
TOTAL	**454.6**	**539.7**	**100**	**85.3**	**18.70**

Source : MFIs

In all 49.51% of loans granted to customers are short-term, as compared to 35.78% for long-term and only 14.72% for medium-term.

Table 3.28: Trend in loans granting per term

LOAN GRANTING PER TERM	(in billion CFAF)		% Total	(in billion CFAF)	Change in %
	31/12/2020	31/12/2021		Variation in volume	
LONG TERM	119.4	149.9	35.78	30.5	25.57
MEDIUM TERM	47.3	61.7	14.72	14.3	30.28
SHORT TERM	183.0	207.4	49.51	24.3	13.30
TOTAL	**349.7**	**419.0**	**100**	**69.1**	**19.78**

Source : MFIs

In the first category, long-term loans represent 58.10% of the total loan portfolio whereas in the second category, short-term loans represent 69.06% thereof. The predominance of long-term loans in the first category is mainly explained by the structure the CAMCCUL and RECCUCAM networks portfolios, whose loans are mainly long-term (80.2 and 12.0 billion respectively as at end of December 2021).

In terms of portfolio quality, the volume of overdue loans increased by 15.10% from 104.9 to 120.8 billion (+15.8). The rate of overdue loans, on the other hand, decreased by 0.71 points from 23.08% as at December 31st, 2020 to 22.37% as at December 31st, 2021.

Table 3.29: Trend in overdue loans

OVERDUE LOANS	(in billion CFA Francs		% Total	((in billion CFAF)	Change in %
	31/12/2020	31/12/2021		Change in volume	
FIRST CATEGORY	40.8	46.9	38.84	6.1	14.89
SECOND CATEGORY	63.5	73.7	61.05	10.2	16.13
THIRD CATEGORY	0.6	0.1	0.11	-0.48	-78.69
TOTAL	**104.9**	**120.7**	**100**	**15.8**	**15.10**

Source : MFIs

The third category has the rate of overdue loans (50%), followed by the second category (24.25%) and the first category (19.92%).

III.1.4.2.3. Transformation

In the first category, the loan/deposit ratio dropped by 3.12 points to reach 66.26% in 2021, from 69.37% a year earlier. In the second category, the loan-to-deposit ratio rose from 75.57% to 81.48%, thus increasing by 5.91 points.

Overall, it is noted that the resources collected from customers and members remained in surplus as compared to the loans granted during the period under review.

Table 3.30: Trend of the loans/deposits ratio

CATEGORIES	31/12/2020			31/12/2021		
	DEPOSITS	LOANS	LOANS/ DEPOSITS	DEPOSITS	LOANS	LOANS/ DEPOSITS
FIRST CATEGORY	299.8	208.0	69.37%	355.4	235.4	66.26%
SECOND CATEGORY	325.0	245.6	75.57%	373.0	304.0	81.48%

Source : NEFC

This surplus is observed in all MFIs categories and for all various maturities of resources and expenditure:

- In the first category, the ratio of long and medium-term loans to sight deposits rose by 2.03 points from 40.89% to 42.92% during the period under review;
- In the second category, it rose from 19.70% to 25.98%, thus increasing by 6.28 points

Table 3.31: Trend in the ratio of long and medium term loans to sight deposits

CATEGORIES	31/12/2020			31/12/2021		
	DAV	CLMT	CLMT/DAV	DAV	CLMT	CLMT/DAV
FIRST	294.6	120.5	40.89%	326.6	140.2	42.92%
SECOND	234.1	46.1	19.70%	274.1	71.2	25.98%

Source : NEFC

III.1.4.2.2. Trend in the Annualized percentage rate (APR) charged by second category microfinance institutions

Thanks to the NEFC computer application for calculating the APR deployed among second category microfinance institutions, the cost of loans granted by MFIs has been measured reliably for the first time. Thus, more than 80% of the loans granted by second category MFIs was covered by the NEFC in the first and second half of 2020. The deployment of that application continued in 2021 in order to collect the most complete data possible from the microfinance sector.

As compared to banks and financial companies, MFIs grant loans at very high rates to three types of clients: individuals, SMEs, legal entities other than SMEs and large companies (associations, CIGs, non-profit organizations, etc.).

Between 2020 and 2021, the average APR for loans granted by MFIs increased significantly for all categories of customers.

Indeed, the average APR charged on loans granted to individuals (all categories combined) was 42.31% in 2021 as against 39.51% in 2020, thus increasing by 2.8 points. That increase can be attributed to the rise in the cost of consumer loans other than overdrafts, whose average APR rose from 42.48% in 2020 to 47.00% in 2021, and to the discounted of bills of exchange (25, 97% in 2020 as compared to 33.07% in 2021), medium-term loans (36.40% in 2020 as compared to 38.69% in 2021), long-term loans (18.17% in 2020 as compared to 21.37% in 2021), and real estate loans (25.11% in 2020 as compared to 37.31% in 2021).

As regards SMEs, the average APR charged on their loans was 38.14% in 2021 as against 32.55% in 2020. Although they are the category of MFI customers benefiting from the least expensive loans, SMEs apply more for short-term loans, the cost of which is still very high (42.83% in 2021as compared to 36.22% in 2020). The only type of loans granted to SMEs that witnessed a drop in the average APR in 2021 was that of overdrafts (29.25% in 2020 as against 27.52% in 2021).

Legal entities other than SMEs and large companies constitute the category of MFI customers whose loans are more expensive. In 2021, the average APR charged to their loans was 60.73%, with 72.71% for cash advance loans other than overdraft, 49.94% for medium-term loans and 60.89% for long-term loans.

Table 3.32: APRs charged on loans granted by 2nd category MFIs per type of beneficiary

	Average APR (%) 2020	Average APR (%) 2021
1.Individuals	**39.51**	**42.31**
Consumer loans, other than overdraft	42.48	47.00
Overdrafts	55.31	48.54
Discounted bills of exchange	25.97	33.07
Medium-term loans*	36.40	38.69
Long-term loans*	18.17	21.37
Real estate loans	25.11	37.31
leasing		42.84
2.Small and Medium-sized Enterprises	**32.55**	**38.14**
Cash advance loans other than overdrafts, discounted bills of exchange and factoring	36.22	42.83
Overdrafts	29.25	27.52
Discounted bills of exchange	31.47	32.79
Medium-term credits	28.16	31.95
Long-term loans	23.58	24.64
leasing		42.73
Factoring		26.67
3.Legal Persons Other than SMEs and large companies	**49.18**	**60.73**
Cash advance loans other than overdraft	63.15	72.71
Overdrafts		49.94
Medium-term loans*	40.95	60.89
Long-term loans*	26.99	
*Those are loans other than real estate loans		

Source: NEFC

Per business sector, workers in extra-territorial administrations (average APR of 52.92%), collective or personal activities (average APR of 47.37%), and households (average APR of 41.88%), incurred the highest costs.

The least expensive loans are granted to customers working in the financial activities (28.00%), and public administration (31.27%) sectors.

Table 3.33: Annualized percentage rate (APR) charged on loans granted by 2nd category MFIs, per business sector

	Year 2020	Year 2021
Business Sector	**Average APR (%)**	**Average APR (%)**
Agriculture, hunting and forestry	37.76	38.06
Fishing, fish farming, aquaculture	34.96	42.31
Extractive activities	31.06	36.14
Manufacturing activities	35.48	37.01
Production and distribution of electricity, gas and water	28.80	35.14
Construction	31.02	36.48
Trade, repair of motor vehicles and household goods	38.01	40.93
Hotels and restaurants	31.33	40.08
Transport, auxiliary transport activities and communications	31.38	37.03
Financial activities	24.40	28.00
Real estate, rentals and business services	35.42	37.68
Public administration activities	31.33	31.27
Education	33.80	32.16
Health and social welfare activities	33.32	34.03
Collective or personal activities	36.54	47.37
Activities of households as employers of domestic staff	40.61	41.88
Activities of extraterritorial organizations	32.78	52.92

Source : NEFC

III.1.4.3. Weight of the microfinance sector in the financial system

As at end of December 2021, the balance sheet total of the microfinance sector represented 11.27% of that of commercial banks, as compared to 11.17% a year earlier. MFIs' deposits and loans represented 11.69% and 12.51% of banks' deposits and loans respectively, as compared to 11.62% and 11.63% a year earlier.

Table 3.34: Comparison of bank and MFI activities

HEADINGS	**31/12/2020**	**31/12/2021**
	(in billion CFAF)	
Balance Sheet Total MFIs	783.2	911.7
Balance Sheet Total Banks	7,010.7	8,087.0
Balance Sheet total	7,793.9	8,998.7
Balance Sheet Total MFIs/Banks (in %)	**11.17**	**11.27**
MFIs deposits	624.8	728.4
Banks Deposits	5,378.7	6,233.0
Total Deposits	6,003.5	6,961.4
MFIs/Banks deposits (in %)	**11.62**	**11.69**
MFIs loans	454.6	539.7
Banks loans	3,908.8	4,312.4
Total Loans	4,363.5	4,852.0
MFIs/Banks loans (in %)	**11.63**	**12.51**

Source : MFIs, CERBER

As at December 31st, 2021, 2,797,337 accounts were opened in MFIs, as compared to 4,007,248 in commercial banks. During the year 2021, the number of accounts opened increased by 14.09% in the microfinance sector, and by 6.57% in the banking sector.

Table 3.35: Comparison of the number of accounts in banks and MFIs

Number of accounts opened	31/12/2020	31/12/2021	% Total	Variation en volume	Variation en %
Number of accounts in MFIs	2 451 881	2 797 337	41,11	345 456	14,09
Number of accounts in Banks	3 760 270	4 007 248	58,89	246 978	6,57
Total	**6 212 151**	**6 804 585**	**100**	**592 434**	**9,54**

Source : CIP-FIBANE-CASEMF platform, CERBER

III.1.4.4. Trend in performances[8]

III.1.4.4.1. Social performance

Data from the Analysis and Monitoring Framework for MFIs (CASEMF), show that the majority of MFIs express the intention to serve those excluded from the traditional banking sector, but the implementation of that intention was not effective in over 55% of those institutions in 2021.

69% of MFIs report using indicators of poverty and exclusion to target their clients (such indicators include: low literacy, low income, insecure housing, lack of assets, geographical remoteness, number of family members, type of activity and physical disability), but only 28% have service points in hard-to-reach areas. Women represent only 15% of the beneficiaries of their assistance. The minimum amount to open a savings account is more than 5,000 CFA francs in 74% of those institutions.

Furthermore, customer access to non-financial services adapted to social needs (schooling, health, etc.) is generalized in only 24% of MFIs. 16% of them have set up an internal organ dedicated to settling disputes with customers. 29% make periodical visits to more than 50% of clients to inquire about their situation. 40% have set up medical coverage for their staff. 29% provide funding for community projects. 10% have a special fund to respond to disasters or catastrophes in the communities where they operate.

However, 85% of MFIs offer loans tailored to the needs of clients in the areas of education, housing, health, trade, agriculture, livestock and equipment. 81% offer innovative financial services such as money transfer, cheque and credit card payments, online micro-loans, mobile banking and e-money. 88% have implemented specific measures to satisfy customers, such as adapting branch opening hours and opening collection points on market days. Publishable financial information is available to all customers in 81% of institutions. Clients can meet

[8] *The analysis of MFIs' performance is based on the information reported to the CIP-FIBANE-CASEMF platform. It is also based on the standards of the Consultative Group to Assist the Poor (CGAP), that serve as an international reference. (See Annex 6).*

with a senior official in case of disputes in 78% of the institutions. 50% of MFIs have training programmes for small entrepreneurs. Only 25% of the MFIs systematically require a substantial insurance policy from borrowers before granting loans. In 90% of MFIs, employees are fluent in local languages.

The three best performing MFIs in the microfinance sector in terms of social performance management are from the first category.

Table 3.36: Ranking of the 10 best performing MFIs out of the 140 assessed in 2021

MFI	Score	Ranking
MUPECI	38	1
LOCCUL	35	2
3 COOP CA	35	3
SAVANA FINANCE	35	4
NDIAN	33	5
MUFID NNANGA	33	6
PECCU	32	7
PECTEN	32	8
KUMBA CENTRAL COOPERATIVE	32	9
MUKONJE COOPERATIVE CREDIT	32	10

Source : **NEFC**

III.1.4.4.2. Loan portfolio quality

Between December 2020 and December 2021, the 30-day Portfolio At Risk (PAR30)[9] increased from 0.60% to 3.03% (+2.43 points) in the first category, from 2.63% to 3.32% (+0.69 points) in the second category, and from 20.88% to 48.24% (+27.36 points) in the third category. As in the previous year, the first category has the lowest delinquency rate, followed by the second category. The third category still ranks last

With regard to the provisioning of overdue loans, the risk coverage ratio deteriorated in all categories. It decreased by 16.51 points in category 1, 4.41 points in category 3 and 1.71 points in category 2. The second category still ranks first in that respect, followed by the third category.

[9] *The 30-day portfolio at risk (PAR30) is the most widely accepted measure of portfolio quality in microfinance. It shows the portion of the loan portfolio that is "contaminated" by delinquencies (late payments or non-payments) and that, therefore carries a non-repayment risk. The longer the delay in payment, the less likely the loan is to be repaid.*

Table 3.37: Trend in MFIs' loan portfolio quality

MFI CATEGORIES	(en %) **30-day Portfolio at Risk (PAR 30) (in %)**			**RISK COVERAGE (in %)**		
	2020 (a)	**2021 (b)**	**Variation (b-a)**	**2020 (a)**	**2021 (b)**	**Variation (b-a)**
FIRST	0.6	3.03	**2.43**	37.94	21.43	**-16.51**
SECOND	2.63	3.32	**0.69**	68.13	63.72	**-4.41**
THIRD	20.88	48.24	**27.36**	45.61	43.9	**-1.71**

Source : NEFC

III.1.4.4.3. Efficiency and productivity

During the period under review, the operating[10] efficiency ratio increased by 3.00 points in category 1 and by 17.18 points in category 3, but decreased by 2.49 points in category 2. Unlike the previous years, the first category, that kept the best performance on this indicator, shares the first position with the second category.

Table 3.38: Trend in the operating efficiency ratio

CATEGORIES	OPERATING EFFICIENCY (in %)		
	2020 (a)	**2021 (b)**	**Variation (b-a)**
FIRST	14.01	17.01	**3**
SECOND	19.5	17.01	**-2.49**
THIRD	24.81	41.99	**17.18**

Source : NEFC

III.1.4.4.4. Financial management

In 2021, the loan portfolio accounted for 49.70% of the balance sheet total of MFIs in category 1, as compared to 53.84% in category 2 and 35.29% in category 3. The weight of loans in the balance sheet total of MFIs decreased by 0.12 % points in category 1, but increased by 3.33 and 8.94 % points in categories 2 and 3 respectively.

During that same year, the cost of financial resources increased in the first category but decreased in the other categories. It rose from 3.28% to 4.68% (+1.40 %points) in the first category, but dropped from 5.36% to 4.59% (-0.77 %points) in the second category, and from 5.95% to 1.14% (-4.81%) in the third category.

The structure of MFI resources remained dominated by external resources (loans, customer deposits, debts payable, correspondent accounts). However, the debt/equity ratio increased only in the first category (+55.71 points), and decreased in the other two categories, as illustrated in the following table.

[10] *The operating efficiency ratio is calculated by dividing total operating expenses (including all administrative and salary expenses, depreciation of fixed assets and directors' remuneration) by the average outstanding gross loan portfolio over the period under review. It measures the transactional costs incurred by the MFI in providing its lending service. The lower it is, the more efficient the institution is.*

Table 3.39: Trend in MFIs financial management

CATEGORIES	PORTFOLIO/TOTAL BALANCE SHEET (in %)			FUNDING EXPENSES (in %)			DEBT/EQUITY (in %)		
	2020 (a)	2021 (b)	Variation (b-a)	2020 (a)	2021 (b)	Variation (b-a)	2020 (a)	2021 (b)	Variation (b-a)
FIRST	49.82	49.7	-0.12	3.28	4.68	1.4	484.37	540.08	55.71
SECOND	50.51	53.84	3.33	5.36	4.59	-0.77	658.87	498.48	-160.39
THIRD	26.35	35.29	8.94	5.95	1.14	-4.81	2,130.09	-837.23	-2,967.32

Source : NEFC

III.1.4.4.5. Profitability

The second category remains the most profitable category in the microfinance sector, followed by the third category. The first category is ranked last in terms of profitability.

The return on equity improved in all categories, from -7.72% to -6.09% (+1.63 points) in category 1, from 8.50% to 15.62% (+7.12 points) in category 2, and from 2.10% to 3.08% (+0.98 points) in category 3.

The rate of return on assets remained broadly stable from 0.56% to 0.50% (-0.06 points) in category 1, from 1.11% to 1.92% in category 2 (+0.81 points), and from 0.26% to 1.45 (1.11 points) in category 3.

The table below shows, however, that the profitability of the loan portfolio deteriorated in the first category (-1.00 points) and in the third category (-9.36 points). However, the rate of return on the portfolio remained unchanged in the second category (13.00%).

The operating[11] self-sufficiency ratio increased by 3.36 points in category 2, from 91.40% to 94.76%, meanwhile in the first and third categories it decreased from 73.78% to 58.42% and from 43.49% to 18.96% respectively. The second category thus continues to rank first, followed by the first category.

Table 3.39: Trend in MFIs profitability

CATEGORIES	**RETURN ON EQUITY** (in %)			**RETURN ON ASSETS** (in %)			**PORTFOLIO RETURN** (in %)			**OPERATING SELF-SUFFICIENCY** (in %)		
	2020 (a)	2021 (b)	Variation (b-a)	2020 (a)	2021 (b)	Variation (b-a)	2020 (a)	2021 (b)	Variation (b-a)	2020 (a)	2021 (b)	Variation (b-a)
FIRST	-7.72	-6.09	1.63	-0.56	-0.5	0.06	9	8	-1	73.78	58.42	-15.36
SECOND	8.5	15.62	7.12	1.11	1.92	0.81	13	13	0	91.4	94.76	3.36
THIRD	2.1	3.08	0.98	0.26	1.45	1.19	9.36	0	-9.36	43.49	18.96	-24.53

Source : NEFC

[11] *The operating self-sufficiency ratio provides information on the capacity of the MFI to cover its operating expenses through its financial operating income alone. It is calculated by dividing the amount of interest and fees received by total operating expenses.*

III.1.4.5. Regulation and supervision

III.1.4.5.1. COBAC decisions

During the year 2021, COBAC issued one hundred and eighty-one (181) Decisions with regard to MFIs, as presented in the table below.

Table 3.40: COBAC decisions with regard to MFIs

COBAC DECISIONS	NUMBER
Injunction against MFIs	60
Assent for appointment of directors	38
Prior authorization for appointment as External Auditor	28
Assent for MFI licensing	16
Opening of disciplinary proceedings against External Auditors	9
Prior authorization for capital increase	6
Blame against External Auditors	6
Prior authorization for change of corporate name, category and legal status	5
Appointment Liquidator	3
Extension of term of office of liquidator	2
Extension of term of office as provisional administrator	2
Provisional administration	2
Refusal of prior authorization to appoint External Auditor	1
Appointment Provisional Administrator	1
Closing MFI liquidation	1
Prior authorization for service provision	1
TOTAL	**181**

Source : NEFC

III.1.4.5.2. NEFC decisions

Between January 1st, and December 31st, 2021, the NEFC issued eleven (11) authorizations to open MFIs branches in the second category, and registered twelve (12) MFIs in all categories.

III.1.4.6. Organization of services that are shared by the profession

III.1.4.5.1. Implementation of the National Strategy for Inclusive Finance

In view of operationalizing the National Strategy for Inclusive Finance (NSIF), the Government applied and obtained from the French Development Agency (AFD) a funding of 4 billion under Programme for the Development and Processing of Agricultural and Agri-food Products (TRANSFAGRI) of the 3rd C2D, that aims at boosting the agricultural and agri-food sectors.

The TRANSFAGRI project has four (04) components, the 2nd of which entitled "**Financial Services to Enterprises - contribution to the operationalization of the National Strategy for Inclusive Finance (SNFI)",** is implemented by the Implementation Unit of the Support Programme to the National Strategy for Inclusive Finance (PA-SNFI). The said component is articulated around three sub-components, namely:

- **Sub-component 1**: Support for developing adapted financial products and services for rural MSMEs and agri-food value chains;

- **Sub-component 2:** Support for improving social performance, promoting financial education and strengthening the security/centralization of financial information in the sector
- **Sub-component 3:** Support for coordinating, implementing and monitoring-evaluating of the project and the SP-NSIF

The actual start of the TRANSFRAGRI Programme activities was conditioned by the recruitment of the Technical Assistance (ATI) for the implementation of the various components. This recruitment was finalized in 2021. The activities of the various sub-components were launched in the fourth quarter of that same year.

III.1.4.5.2. Enforcement of Order No. 0000482 of June 21st, 2021 defining the conditions for transferring head offices and locating MFIs branches and counters

On June 21st, 2021, the Minister of Finance signed Order n°0000482 of June 21st, 2021 defining the conditions for transferring head offices and locating MFIs branches and counters. The said Order repealed Decision n°128 of May 21st, 2010 relating to the conditions registering and authorizing opening of MFIs branches and counters.

Under Articles 12 and 15 of the new Order, (i) Applications to open MFIs branches and counters are now sent to the Monetary Authority, with a copy to the NEFC, that can only issue its opinion after the Monetary Authority has been consulted; (ii) From the date of receipt of the application, the NEFC has ten (10) days to notify its opinion to the Monetary Authority. Failure by the NEFC to respond within that period shall be considered as a favorable opinion.

The Committee in charge of assessing applications for authorization to open MFIs branches is made up of representatives of the Ministry of Finance, the National Association of Microfinance Institutions (ANEMCAM) and the NEFC General Secretariat. It was created by Decision n°697 of August 5th, 2021 of the Minister of Finance, Chairman of the NEFC, and started its activities on 5 October 5th, 2021. It held two (02) sessions and issued seven (07) opinions in 2021.

III.1.4.5.3. LINK platform

The platform set up by BGFI Bank offers MFIs facilitation services for current transactions, international transactions, cash management, as well as structured funding and the implementation of innovative products. Through the LINK platform, BGFI Bank acts as an intermediary for MFIs in the processing of transactions among themselves or with banks, especially with regard to cheque remittances as well as national and sub-regional transfers.

As in previous years, no cheque or credit transfer transactions were recorded among MFIs in 2021.

With regard to transactions among MFIs and banks, they have increased both in terms of number and amount traded between end-December 2020 and end-December 2021, as illustrated by the following figure:

Graph 3.8 Trend in transactions among MFIs and banks on the LINK platform

	Nombre de cheques	Montant des cheques	Nombre de virements	Montant des virements	Nombre d'incidents de paiement	Montant des incidents de paiement
2020	11 196	22 983	17 703	39 463	0	0
2021	11 610	23 376	23 003	51 488	0	0

2020 2021

The number of cheque transactions increased from 11 196 to 11 610 (+414) and their amount from 22 983 to 23 376 (+393) million.

During that same period, the number of transfers increased from 17,703 to 23,003 (+5,300) transactions, and their amount also increased from 39,463 to 51,488 (+12,025) million.

As regards payment incidents, none were recorded on the LINK platform as in 2020.

III.1.4.5.4. Risks Board for MFIs (CREMF) and the CIP-FIBANE-CASEMF platform :

As part of the implementation of sub-component 2C of the TRANSFAGRI Programme, Horus Finance, recruited as Technical Assistant for the implementation of the said sub-component, started in November 2021, the diagnosis study of the connection mechanism of the MFIs to the CASEMF and CREMF applications of the NEFC IT platform.

This study helped to identify the deficiencies observed by MFIs in the usage of the NEFC IT platform, the desired developments for optimal usage of the platform, and to identify a strategy for optimizing the deployment rate of the platform in the microfinance sector.

It will make it possible to draw up a roadmap and a substantial budget for the correction of the shortcomings identified and the acceleration of the deployment of the platform to MFIs as from 2022.

III.1.4.5.5. The National Directory of Movable Securities (NDMS)

The number of notices registered in the National Directory of Movable Securities(NDMS) rose from 2,054 to 2,607 (+553) between the end of December 2020 and the end of December 2021. Only 8 MFIs reported their data in the NDMS in 2021.

III.1.5. Reforms and Outlook of the Banking and Microfinance Systems

III.1.5.1. Reforms and outlook of the banking system

III.1.5.1.1 Reforms of the banking system

III.1.5.1.1.1. The banking sector

As in 2020, the Cameroonian authorities continued to carry out actions towards strengthening the stability of the national banking system and promoting its development.

With regard to strengthening the stability of the banking sector, the implementation of restructuring plans for banks in difficulty has accelerated. Through the Extraordinary General Meetings of the said banks, the State entered the capital of each of them, thus ensuring their safeguard as well as that of the banking system.

As regards the measures aimed at reducing the structurally high volume of outstanding debts, their implementation continued in compliance with the action plan drawn up under the Economic and Financial Programme (EFP) 2017-2020 and that has been taken up in the new EFP 2021-2024.

With regard to the actions undertaken to improve the supply of funding and the development of the banking sector, on 22 July 22nd, 2021, the State initialed a guarantee agreement with the Professional Association of Credit Institutions of Cameroon and the National Association of Microfinance Institutions in Cameroon for the implementation of a guarantee facility for loans to enterprises.

In the same vein, the government has undertaken, in conjunction with the World Bank, reflections on the creation of a guarantee fund for small and medium-sized enterprises. Besides, the government has decided to flesh out its regulatory framework, particularly on alternative modes of funding, by setting up a task force to develop a national crowdfunding policy in Cameroon.

Furthermore, as part of the mutual assessment of the national anti-money laundering/terrorist funding (AML/CFT) system, work on the on-site visit of evaluators from the Action Group against Money Laundering in Central Africa (GABAC) was held in 2021.

Lastly, the President of the Republic gave his very high approval for the partial sale of the State's shares in the capital of CBC, in compliance with the provisions of the bank's restructuring plan.

III.1.5.1.1.2. Foreign exchange transactions and transfers

In terms of foreign exchange and transfers, the year 2021 was marked by the continued implementation of the reforms resulting from Regulation n°02/18/CEMAC/UMAC/CM of December 21st, 2018 on the regulation of foreign exchange within the CEMAC zone and its 14 Instructions. Besides, a draft regulatory instrument on the issuance of export certificates within the CEMAC zone and certificates of repatriation of export receipts outside the CEMAC zone was prepared.

III.1.5.1.2. Outlook of the banking system

As part of the implementation of the reforms provided for in the new Economic and Financial Programme signed with the International Monetary Fund for the 2021-2024 period, the State will continue to carry out the reforms identified to strengthen and develop the financial sector.

Furthermore, a new law on banking secrecy should be adopted to take into account technological developments and the new risks associated with them. The restructuring of banks in difficulty and the partial transfer of the state's shares in the bank's capital should be finalized. In addition, actions to disseminate information on the Law on lending activity in the banking and microfinance sectors will be undertaken, as well as the implementation of the strategic action plan resulting from the national risk assessment report.

III.1.5.2. Microfinance sector reforms and outlook

III.1.5.2.1. Microfinance sector reforms

In the microfinance sector, work has begun on the creation of a guarantee and refinancing fund for microfinance institutions. Besides, permanent administrative controls, necessary to monitor the regularity of MFIs and to restructure the sector, continued.

Sur le plan règlementaire, les reformes ont porté entre autres sur :

At the regulatory level, reforms included:

- The start of the SESAME system revision process. That project is aimed, among others, at making the files exchanged more reliable and guaranteeing their delivery, bring the regulatory statements into compliance, and improving the quality of prudential information and statistical data.
- The adoption of a Community Regulation on the protection of consumers of banking and financial products and services, with the enforcement, since January 1st, 2021, of six (06) services constituting the Guaranteed Minimum Banking Service that MFIs are required to offer.
- The extension, by decision of the Banking Commission, of the measures of adaptation of the Prudential Regulation applicable to reporting institutions,
- The circular letter of the Secretary General of COBAC, formalizing the mandates of the managers of COBAC reporting institutions, in accordance with the relevant provisions of the OHADA Uniform Act on the Law of Commercial Companies and Economic Interest Groups, as well as the COBAC Regulation on Corporate Governance within in the CEMAC credit and microfinance institutions.
- The start of the revising process of the OHADA Uniform Act on the organization of simplified procedures for recovery and enforcement procedures, for which the Banking Commission had the MFIs fill in a questionnaire at the request of the OHADA General Secretariat.

- Clarification, by COBAC, of the activities authorized to distributors and sub-distributors of payment services through a circular letter from the Secretary General.
- The integration of CEMAC Microfinance Institutions, through their Professional Associations, into the Regional Financial Standardization Committee whose activities were re-launched in July 2021 by the Governor of the Bank of Central African States.

With regard to Islamic finance, COBAC has initiated a series of draft CEMAC regulations in 2021 relating thereto.

III.1.5.2.2 Microfinance sector outlook

During the 2022 financial year, the microfinance supervisory, control and management authorities intend to continue the reforms undertaken, to strengthen the supervision, control and management of the microfinance sector in order to make it more consolidated and stable. Those actions mainly include:

- Finalizing the draft community regulations initiated in 2021 by COBAC on Islamic funding and submitting them to the UMAC Council for adoption;
- Finalizing and enforcing the new version 4.0 E-SESAME reporting system;
- Carrying on the work of the Task force set up in 2017 by the Minister of Finance to reflect on the creation of a regulatory framework for Islamic finance in Cameroon;
- Finalizing the revision process of the OHADA Uniform Act on the organization of simplified procedures for recovery and enforcement procedures, for which the Banking Commission had the MFIs fill in a questionnaire at the request of the OHADA General Secretariat;
- Carrying on information dissemination and sensitization of MFIs on the implementation of and compliance with the evolving regulatory framework;
- Disseminating the Order on the allocation and management of the salary code to microfinance institutions;
- Carrying on the work of the Steering committee for the setting up of a Guarantee and Refinancing Fund for SMEs;
- Better monitoring the impact of the support projects set up by the Government for the microfinance sector;
- Actually operationalizing the National Strategy for Inclusive Finance (NSIF), mainly through updating the National Strategy for Inclusive Finance Paper to take account of the results studies carried out to that effect;
- Training trainers on microfinance and preparing a procedures manual for loan granting and recovery, etc.);
- Accelerating the deployment of the CIP-FIBANE-CASEMF platform within Microfinance Institutions;
- Feeding and optimizing the Vigie microfinance database.

III.2. Situation of the insurance sector

The year 2021 was characterized in the Cameroon Insurance sector by:

- Continued upgrading of the minimum share capital for non-life insurance companies to five (5) billion;
- Restructuring the insurance market, mainly through the introduction of new and more secure motor insurance certificates;
- Organizing a public awareness raising campaign on the Direct Compensation Scheme (DCS) for the insured;
- monitoring of large-scale claims
- Delays in setting up the new reinsurance company on the one hand, and in revising the 1994 decree on motor third party liability insurance rates on the other.

Box 10: Glossary of terms used in the insurance sector

Insurance: A technique whose fundamental role is to protect assets and persons through the payment of financial benefits in the event of the occurrence of some events, in return for a fee.
Damage insurance or IARD insurance (Fire, Accident, Miscellaneous Risks): Insurance whose purpose is to repair the consequences of a harmful event affecting the insured's assets. Such assets are subject to a fundamental principle known as the indemnity principle, according to which the insurer's benefit may not in any case exceed the actual loss incurred by the insured.
Personal insurance: Insurance whose purpose is to pay lump-sum benefits in case of an event affecting the insured person. Those lump-sum benefits take the form of a capital sum or an annuity.
Premium: Contribution paid by the insured to the insurer in return for the cover provided.
Premiums written: All contributions paid to the insurer by policyholders during a financial year (January 1st – December 31st,); they constitute the turnover of the insurance company.
Earned premiums: Sum of premiums written and changes in premium reserves.
Provisions: Sums of money set aside to cover the various debts of the insurer resulting from its contractual obligations towards the insured. The calculation of those provisions is regulated by the Insurance Code (Article 334).
Provisions for current risks (PREC): Provisions to cover the risks and general expenses relating to each of the contracts with premiums payable in advance, for the period between the inventory date and the next contract maturity date.
Provisions for claims payable (PSAP): Provisions to cover claims incurred before the year-end (December 31st,) but not yet paid.
Technical provisions (TP): The insurer's liabilities appearing on the liabilities side of the balance sheet, that, in return, must be represented on the assets side of the balance sheet by equivalent investment values, in accordance with the standards imposed by the insurance code.
Mathematical provisions (MP): Provisions relating exclusively to life insurance transactions and made up of the sums which the insurer must set aside to meet its commitments to the insured.
Net financial income (NFI): The difference between investment income and investment expenses.
Claim: The occurrence of the harmful event provided for and guaranteed in the contract.
Claims paid: Amounts disbursed by the insurance company during a financial year for the payment of claims, whatever their year of occurrence.
Matured benefits: Payments due for matured life insurance and capitalization contracts.
Claims costs: The sum of claims paid and the change in claims reserves.
Reinsurance: A transaction whereby an insurance company (ceding or direct insurer) in turn obtains insurance from another company (the reinsurer or cessionary) for all or part of the risks it has underwritten.
Reinsurance balance: Difference between reinsurers' share of expenses and premiums earned from reinsurers.
Solvency margin: Additional guarantee imposed by the insurance code (Article 337) intended to guarantee commitments to policyholders and to cover the risks inherent in the insurance business.
It corresponds globally to the company's own funds.
Regulated liabilities: Those are technical provisions (TP) gross of recourse and reinsurance as well as privileged debts, covered by safe, liquid, profitable (or in accordance with the regulations), diversified assets.
Source : DA

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Brief presentation of the Cameroonian insurance market

Due to CIMA regulations on the consolidation of insurance company statistics, data on the insurance sector in 2021 can only be available in the second half of 2022. Consequently, the information in the report is for 2020.

In 2020, the market was driven by 28 licensed insurance companies, 105 general agents, 136 brokers and 121 self-employed agents. It mobilizes more than 5,000 people for an annual payroll of more than 18 billion.

In terms of activity, the 2020 report highlights the following main aggregates:

- The overall market turnover increased by 1.15% to 211.4 billion from 209.0 billion in 2019. Motor insurance features prominently with 21.54% of the total market issuances;
- 41.30% of the turnover of all insurance companies was generated by insurance intermediaries (general agents and brokers);
- The accumulated premium arrears as at December 31st, 2020 represented more than 17% of the issuances of the property and casualty branch during the year 2020 ;
- The majority of investments are made up of bank deposits, bonds and other government securities, followed by real estate assets;
- Insurers paid 115.8 billion worth of benefits as compared to 96.9 billion in 2019;
- The claims ratio of the property and casualty branch was 46.44% as compared to 45.75% in 2019;
- The market management charge fell by 0.30% from 76.0 billion in 2019 to 75.7 billion in 2020. It represents 35.81% of issuances as compared to 36.34% in 2019;
- Insurance transactions for all branches combined generated an operating result net of reinsurance of 17.4 billion as compared to 12.6 billion in 2019, thus increasing by 37.44%;
- Premiums to reinsurers stagnated at 43.7 billion;
- The reinsurance balance, in favour of reinsurers, was 8.6 billion against 17.0 billion in 2019;
- The net operating result for the year 2020 shows a profit of 17.4 billion.

As regards the financial situation of the market, the portfolio of assets eligible to cover regulated commitments for all branches combined amounted to 490.5 billion in 2020, thus increasing by 9.65% over one year. It represented 114.62% of regulated commitments.

Besides, as at December31st, 2020, the market shows an available margin of 126.8 billion for a minimum required margin of 34.5 billion, which represents a coverage ratio of the minimum solvency margin of 367.09%.

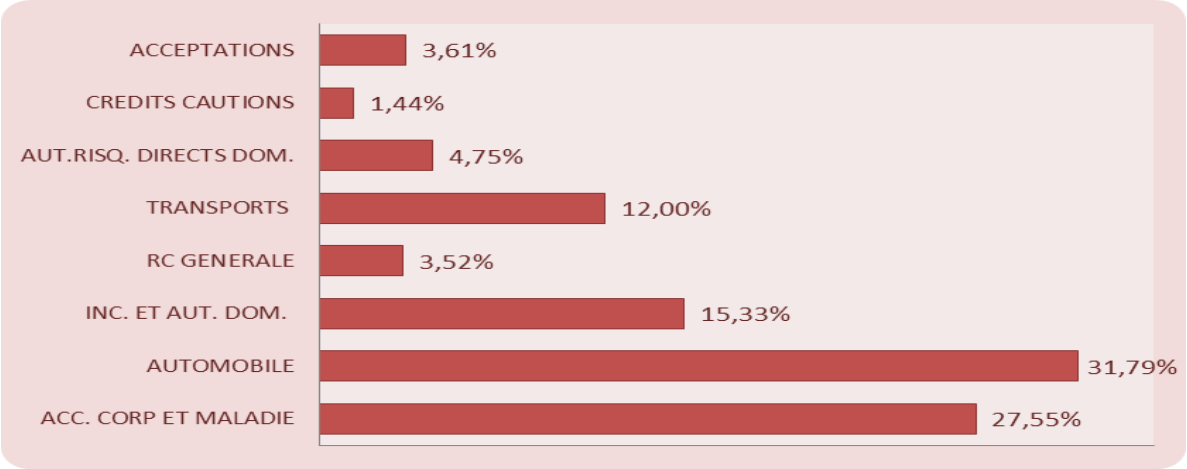
III.2.2. Property and casualty insurance

As in 2019, the property and casualty branch covers 17 companies.

III.2.2.1. Production

During the year 2020, the property and casualty branch issuances decreased slightly by 0.29% as compared to the previous year to 140.8 billion. They were mainly driven by "Motor Insurance" as well as “Personal Injury Insurance and Health Insurance".

Graph 3.8: Breakdown of 2020 Property and casualty branch turnover per category



Source : MINFI/DA

Table 3.41: Breakdown of turnover per company from 2018 to 2020

COMPANIES	PREMIUMS ISSUED IN BILLION FCFA			MARKET SHARE (in %)		
	2018	2019	2020	2018	2019	2020
P&C COMPANIES						
ACTIVA	19.71	17.40	16.75	13.75	12.32	11.90
ALLIANZ	14.48	14.92	12.72	10.10	10.57	9.04
AREA	5.17	4.54	5.04	3.61	3.21	3.58
AGC	4.01	3.83	4.24	2.80	2.71	3.01
ATLANTIC	1.36	2.95	6.28	0.95	2.09	4.46
AXA	20.48	20.77	20.57	14.29	14.72	14.62
CHANAS	11,64	12,19	14,12	8,12	8,63	10,03
CPA	2,40	2,21	2,16	1,68	1,56	1,54
GMC	9,01	9,27	9,14	6,29	6,56	6,49
NSIA	8,80	10,26	11,38	6,14	7.26	8.08
PRO ASSUR	3.56	3.00	2.27	2.48	2,12	1.61
PRUBGI	3.28	3.02	3.61	2.29	2,14	2.56
ROYAL ONYX	0.50	1.64	1.71	0.35	1,1	1.22
SAAR	18.65	17.25	14,05	13,01	12,22	9,98
SANLAM	10,48	9,02	7,43	7,31	6,39	5,28
SAMARITAN	-	-	-	-	-	-
SUNU YARD	1,65	3,25	3,70	1,15	2,30	2,63
ZENITHE	8.16	5.68	5.58	5.69	4.02	3.97
TOTAL P&C	**143.35**	**141.18**	**140.77**	**100**	**100**	**100**

Source : MINFI/DA

III.2.2.2. Financial income

Net financial income from investments fell by 21.65% as compared to 2019, from 5.6 billion to 4.4 billion in 2020.

III.2.2.3. Claims expenses

The benefits paid by P&C companies have been increasing since 2016. That trend was confirmed in 2020 when those benefits amounted to 71.2 billion against 58.9 billion for 2019, thus significantly increasing by 20.87%.

As regards the cost of claims, there was a slight increase by 0.71% in the branch over the period, from 65.2 billion in 2019 to 65.7 billion in 2020.

The trend over the past three (03) years of the claims expenses for the property and casualty branch is presented in the table below:

Table 3.42: **Trend in the claims expenses from 2018 to 2020**

COMPANIES	2018	2019	2020	Change 2019-2020
	(in millions of CFA francs)			(in %)
ACTIVA	11,207.8	8,516.3	14,038.6	64.84
ALLIANZ	9,292.1	14,290.0	7,047.2	-50.68
AREA	1,986.4	2,479.6	2,359.6	-4.84
AGC	1,327.1	1,577.8	1,741.4	10.37
ATLANTIC	477.1	1,241.4	1,783.6	43.68
AXA	5 407.1	6,772.1	6,545.1	-3.35
CHANAS	4 495.7	2,997.2	3 420.5	14,12
CPA	869.9	768.5	857.4	11.57
GMC	3,773.0	3,484.8	3,639.1	4.43
NSIA	2,438.1	2,921.5	3 257.2	11.49
PRO ASSUR	733.3	3 266.3	3 246.6	-0,60
PRUBGI	2 595,7	1 411,1	1 706,0	20,90
ROYAL ONYX	957,8	844,7	280,2	-66,83
SAAR	9 862,7	8 087,4	6 581,9	-18,61
SANLAM	4 021,1	3 373,0	6 937,9	105,69
SUNU YARD	386,5	824,2	1 251,8	51,89
ZENITH	3 186,9	2 340,5	963,8	-58.82
TOTAL P&C	**63,018.3**	**65,196.3**	**65,658.2**	**0.71**

Source : MINFI/DA

The average loss ratio for property and casualty insurance increased slightly by 0.69 points as compared to 2019, to stand at 46.44% in 2020.

III.2.2.4. Management expenses

The management expenses of the property and casualty branch decreased between 2019 and 2020 to 56.6 billion.

III.2.2.5. Reinsurance

During the financial year 2020, the reinsurance premium cession rate in the property-casualty branch was 29.74%, as compared to 29.37% the previous year.

The reinsurance balance in the property and casualty branch continued to be in deficit, which stood at 7.7 billion in favour of the reinsurers.

It should be noted that that chronic deficit has improved as compared to previous year

Table 3.43: Reinsurance balances per company between 2018 and 2020

Branches/Companies	2018	2019	2020
	Data in million CFAF		
ACTIVA	2,364.6	-1,132.8	6,327.1
ALLIANZ	-1,855.6	3,484.5	-1,221.5
AREA	-348.3	197.8	243.5
AGC	-436.3	-272.4	-672.3
ATLANTIC	-140.4	-15.5	-787.9
AXA	-7,359.9	-6,868.0	-6,625.6
CHANAS	-3,240.0	-4,383.2	-3,943.8
CPA	-178.6	-100.5	-79.6
GMC	-258.1	-135.7	-424.4
NSIA	-913.7	-1,010.9	-1,434.6
PRO ASSUR	-426.5	89.9	1 507.6
PRUDENTIAL BENEFICIAL GENERAL INSURANCE (PRUBGI)	33.3	-221.3	-446.7
ROYAL ONYX	207.4	-621.9	-348.6
SAAR	-2,527.5	-2,366.2	-149,7
SANLAM	-4,728.9	-1,458.2	1,047.9
SUNU YARD	-128.3	-194.9	-172.7
ZENITH	293,5	-1 026,9	-465.3
TOTAL P&C	**-19,643.4**	**-16,036.3**	**-7,646.7**

Source : MINFI/DA

III.2.2.6. Operating results

In 2020, the property-casualty branch recorded a gross technical result from reinsurance of 19.1 billion. With a large reinsurance deficit, the net technical result was 11.5 billion.

With the financial balance included, the net operating result amounts to 15.9 billion as against 10.0 billion in 2019.

Table 3.44: Net operating results of the P&C insurance branch between 2018 and 2020

COMPANIES	2018	2019	2020	Change 2019-2020 (%)
	Data in millions of FCFA			
ACTIVA	3,090.4	2,975.6	2,617.5	-12.03
ALLIANZ	-379.4	3,069.9	1,438.7	-53.13
AREA	129.9	177.2	156.8	-11.49
AGC	286.2	187.8	175.7	-6.45
ATLANTIC	-285.0	-1.7	293.7	-17,580.09
AXA	2,084.2	2,300.9	2,507.5	8.98
CHANAS	-1,112.2	487.6	1,372.6	181.52
CPA	0.7	90.0	-51.0	-156.68
GMC	446.0	131.4	739.5	462.82
NSIA	1,538.1	1,801.2	2,040.7	13.30
PRO ASSUR	882.1	-1 227.9	-516.7	-57.92
PRUDENTIAL GENERAL BENEFIT INSURANCE	-842.7	-447.4	-387.7	-13.35
ROYAL ONYX	-578.2	-918.9	247.1	-126.89
SAAR	102.9	1,364.6	2,375.3	74.07
SANLAM	340.8	129.0	-508.9	-494.38
SUNU IARD	-494.7	115.8	358.9	209.87
ZENITHE	3,551.6	-200.4	2,986.6	-1,590.38
TOTAL P&C	**8,761**	**10,035**	**15,847**	**57.92**

Source : MINFI/DA

III.2.2.7. Regulated commitments

The amount of the P&C branch regulated commitments decreased by 1.60% as compared to 2019, while the corresponding assets increased by 9.38%. The coverage rate of those regulated commitments increased by 13 points to reach 131.53% in 2020.

Table 3.45: P&C companies' regulated liabilities in 2020

Companies	Amount of regulated commitments	Amount of assets eligible for coverage	Coverage balance	Coverage (%)
	Data in million CFAF			
ACTIVA	20,872.7	21,225.0	352.4	101.69
ALLIANZ	18,026.2	27,906.8	9,880.6	154.81
AREA	5,747.3	7,024.5	1,277.2	122.22
AGC	3,320.0	5,384.4	2,064.4	162.18
ATLANTIC	3,019.5	4,462.7	1,443.2	147.80
AXA	16,894.5	20,858.7	3,964.1	123.46
CHANAS	13,257.6	21,742.1	8,484.5	164.00
CPA	3,579.5	7,649.8	4,070.3	213.71
GMC	10,422.7	12,611.8	2,189.1	121.00
NSIA	5,079.0	6,428.4	1,349.4	126.57
PROASSUR	7,305.9	9,469.3	2,163.3	129.61
PRUBGI	2,144.8	3,684.9	1,540.0	171.80
ROYAL ONYX	834,4	938,5	104,1	112.47
SAAR	20,639.7	23,012.9	2,373.1	111.50
SANLAM	6,141.5	9,601.4	3,460,0	156.34
SUNU YARD	3,748.5	4,392.5	644,0	117.18
ZENITH	4,624.4	5,185.8	561.4	112.14
TOTAL P&C	**145,658.3**	**191,579.5**	**45,921.2**	**131.53**

Source : MINFI/DA

III.2.2.8. The solvency margin

The available margin for the property and casualty branch rose from 77.8 billion to 94.9 billion between 2019 and 2020, thus increasing by 22.01%. The minimum margin increased by 1.27%.

Those two effects explain the leap forward (+ 30.22%) observed in the margin balance, that rose from 55.7 billion to 72.5 billion.

Furthermore, all companies in the sector have a surplus solvency margin in 2020, as was the case in 2019.

Table 3.46: Solvency margin of P&C insurance companies in 2020

Companies	Margin available	Minimum margin	Margin Balance	Margin rate (%)
	Data in million CFAF			
ACTIVA	7,075.7	1,675.2	5,400.5	422.38
ALLIANZ	10,649.8	2,358.2	8,291.7	451.61
AREA	3,558.1	628.0	2,930.1	566.59
AGC	3,556.5	797.4	2,759.1	445.99
ATLANTIC	2,293.6	1,087.8	1,205.8	210.84
AXA	8,119.3	3,417.7	4,701.6	237.57
CHANAS	8,015.5	2,313.7	5,701.7	346.43
CPA	5,881.4	342.9	5,538.5	1715,14
GMC	5,841.2	1,761.0	4,080.2	331.70
NSIA	5,114.2	2,193.8	2,920.4	233.12
PROASSUR	6,753.4	301,9	6,451.5	2,236.81
PRUBGI	2,860.0	700,4	2,159.6	408,33
ROYAL ONYX	2,865.1	236,9	2,628.2	1,209.35
SAAR	11,964.9	2,235.2	9,729.7	535,30
SANLAM	3,045.7	743,3	2,302.5	409,77
SUNU YARD	2,007.7	665,8	1,341.9	301,53
ZENITH	5,301.7	901.7	4,399.9	587.94
TOTAL P&C	**94,903.8**	**22,361.0**	**72,542.8**	**424.42**

Source : MINFI/DA

III.2.3. Life insurance

As in 2019, eleven (11) insurance companies were active in the life and capitalization branch

III.2.3.1. Production

With a 4.2% increase, the turnover of the life and capitalization branch rose from 67.8 billion to 70.7 billion in 2020.

Table 3.47: Breakdown of turnover per company from 2018 to 2020

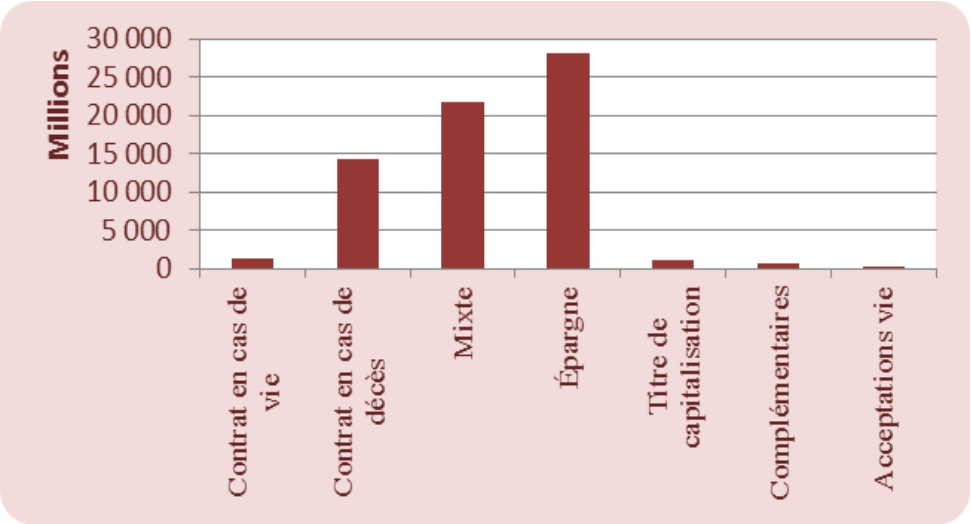
COMPANIES	PREMIUMS ISSUED IN BILLION FCFA			MARKET SHARES (%)		
	2018	2019	2020	2018	2019	2020
ACAM LIFE	0.21	1.16	0.98	0.3	1.7	1.4
ACTIVA LIFE	8.10	8.34	8.21	12.7	12.3	11.6
ALLIANZ LIFE	19.60	19.93	20.22	30.7	29.4	28.6
NSIA LIFE	1.57	1.51	1.78	2.5	2.2	2.5
PRO LIFE INSURANCE	0.36	0.34	0.27	0.6	0.5	0.4
PRUDENTIAL BENEFICIAL LIFE	12.83	13.62	15.07	20.1	20.1	21.3
SAAR LIFE	4.35	4.51	4.47	6.8	6,7	6.3
SANLAM LIFE	3.65	3.32	2.46	5.7	4.9	3.5
I SONAM ALIVE	-	-	3.54	-	-	5.0
I SOUND ALIVE	9.08	10.79	8.92	14.2	15.9	12.6
WAFA LIFE	4.16	4.31	4.75	6.5	6.4	6.7
LIFE PACKAGE	**63.91**	**67.84**	**70.67**	**100**	**100**	**100**

Source : MINFI/DA

Life and capitalization issuances represented 33.42% of the overall market turnover.

Three categories of contracts account for more than 95% of that production. They are: "Savings", "Combined" and "Death contracts".

Figure 3.9: Life branch turnover per category



Source : MINFI/DA

The life insurance and capitalization products distribution network is strongly driven by self-employed agents and the banking network.

The mathematical provisions set aside for the life and capitalization branch amount to 252.7billion as compared to 235.7 billion in 2019, thus increasing by17.01%.

Provisions for savings contracts represent 60.40% of those of the entire branch.

III.2.3.2. Financial income

The net financial income of the Life and capitalization branch increased by 8.09% in 2020, from 5.7 billion in 2019 to 6.2 billion.

III.2.3.3. Service charges

Benefits paid to policyholders and beneficiaries of life insurance and capitalization contracts increased by 17.34%, from 38.0 billion in 2019 to 44.6 billion in 2020.

The service charges amounted to 55.3 billion, more than half of which is reserved for savings contracts.

Table 3.48: Service charges per life insurance category in 2020

CATEGORIES	Individual	Collectives	Life acceptances	Total
	Data in millions of FCFA			
Contract in case of life	-	1,463.0	-	1,463.0
Contract in the event of death	714.6	5,527.0	-	6,241.5
Mixed	17,224.3	69.2	-	17,293.4
Savings	5,281.2	23,691.9	-	28,973.1
Capitalization security	1,091.4	-	-	1,091.4
Additional coverage	35.1	44.3	-	79.4
Life acceptances	-	-	153.0	153.0
TOTAL	**24,346.5**	**30,795.4**	**153.0**	**55,294.9**

Source : MINFI/DA

III.2.3.4. Management expenses

The Life and capitalization branch management expenses decreased by 0.11%, from 19.21 billion in 2020 to 19.10 billion.

In 2020, the average loading rate represented 27.01% of the branch issuances, of which 7.47% for commissions and 19.55% for general expenses.

III.2.3.5. Reinsurance

Life and capitalization companies ceded to reinsurers 4.19% of premiums issued in 2020.

The reinsurance balance of that branch remains, as in 2019, at the expense of the insurance companies, and amounts to 952.5 million down from 968.2 million in 2019.

That deficit can largely be attributed to individual mixed contracts and group death contracts.

Table 3.49: Reinsurance balances per company in 2020

Companies	2018	2019	2020
	Data in millions CFA francs		
ACAM LIFE	-1.0	-11.4	57.3
ACTIVA LIFE	-82.1	-112.1	-34.5
ALLIANZ LIFE	603.2	-37.4	-149.0
NSIA LIFE	-42.9	-86.4	-97.2
PRO LIFE INSURANCE	-66.8	-86.6	0.3
PRUDENTIAL BENEFICIAL LIFE	-445.7	-227.5	-420.7
SAAR LIFE	-53.3	-152.7	-166.4
SANLAM LIFE	-99.4	106.0	-40.6
SONAM LIFE	-	-	-7.4
SUNU LIFE	-323.4	-325.7	-44.2
WAFA LIFE	-39.5	-34.7	-50.2
LIFE branch	**-550.8**	**-968.3**	**-952.5**

Source : MINFI/DA

III.2.3.6. Operating results

The net operating result fell by 41.60% from 2.6 billion in 2019 to 1.5 billion in 2020. That decrease is mainly due to mixed contracts, where the result fell from 1.2 billion to -3.0 billion in 2020.

Table 3.50: Results in 2020

CATEGORIES	Individual	Collectives	Life acceptances	TOTAL
	Data in millions of CFA francs			
Contract in case of life	-	- 110.5	-	- 110.5
Contract in the event of death	985.6	1,404.7	-	2,390.2
Mixed	- 3,016.2	7.8	-	- 3,008.4
Savings	1,025.7	932.1	-	1,957.9
Capitalization security	- 66.6	-	-	- 66.6
Additional coverage	412.9	- 27.5	-	385.5
Life acceptances	-	-	- 30.2	- 30.2
TOTAL	**- 658.5**	**2,206.7**	**- 30.2**	**1,517.9**

Source : MINFI/DA

III.2.3.7. Regulated commitments

Unlike the P&C branch, the regulated liabilities of the life sector rose by 11.90 % between 2019 and 2020, from 252.3 billion to 282.3 billion. The same applies to assets, that increased by 9.8%. However, the increase was not strong enough to improve the coverage rate, which fell by 2.01 points to reach 105.89% in 2020.

Bank deposits as well as bonds and other government securities continued to be the main assets held by life insurance and capitalization companies.

Table 3.51: Regulated Commitments in the Insurance Companies Market from 2018 to 2020

Companies	2018	2019	2020
	(in %)		
ACAM VIE	105.32	169.65	130.64
ACTIVA VIE	100.18	102.63	103.84
ALLIANZ VIE	101.30	105.99	102.30
NSIA VIE	223.64	252.58	184.80
PRO LIFE INSURANCE	445.92	130.81	107.34
PRUDENTIAL BENEFICIAL LIFE	119.56	118.04	111.86
SAAR VIE	96.07	112.73	124.73
SANLAM VIE	96.03	98.31	94.77
SONAM VIE	-	-	123.68
SUNU VIE	100.69	100.70	98.06
WAFA VIE	100.13	120.58	115.07
LIFE set	**104.18**	**107.90**	**105.89**

Source : MINFI/DA

III.2.3.8. The solvency margin

In 2020, the solvency margin of the life and capitalization branch was in surplus by 19.68 billion as against 17.30 billion in 2019.

Table 3.52: Solvency margin of life and capitalization insurance companies in 2020

Companies	Margin available	Minimum margin	Margin Balance	Margin rate (%)
	Data in millions of FCFA			
ACAM VIE	1,467.4	87.4	1,380.0	1,679.34
ACTIVA VIE	2,652.3	1,469.9	1,182.3	180.43
ALLIANZ VIE	3,923.6	5,141.6	-1,218.1	76.31
NSIA VIE	2,104.3	90.2	2,014.2	2,334.09
PRO LIFE INSURANCE	1,097.8	41.0	1,056.9	2,680.45
PRUDENTIAL BENEFICIAL LIFE	6,524.6	1,521.5	5,003.1	428.83
SALT VIE	5,921.9	547.7	5,374.2	1,081.31
SANLAM VIE	-68.9	687.2	-756.1	-10.02
SONAM VIE	2,766.6	98.5	2,668.1	2,809.39
SUNU VIE	2,284.9	1,936.0	348.9	118.02
WAFA VIE	3,175.9	547.4	2,628.4	580.14
LIFE branch	**31,850.4**	**12,168.4**	**19,682.0**	**261.75%**

Source : MINFI/DA

III.2.4. Insurance sector outlook

The following major actions are envisaged for the insurance sector in 2022 :

- Mobilising resources for funding the economy;
- Continued restructuring of the insurance market;
- Promoting mass insurance, in particular life insurance ;
- Continued upgrading of the minimum share capital for non-life insurance companies to five (5) billion CFA francs;
- Finalizing the shareholding arrangements for the new reinsurance company;
- Signing the implementation decree setting up the Motor Vehicle Guarantee Fund;
- Completing of the signature process of the implementation decree instituting a container rental insurance in Cameroon ;
- Optimizing the subscription of compulsory insurance

III.3. Financial market situation

III.3.1. BEAC open-end public securities market

Thanks to the reforms implemented since 2017, the CEMAC treasury securities market has developed considerably. Thus, the outstanding amount of those securities increased from 907.6 billion in 2017 to 4,650.1 billion in 2021. This market is now one of the main sources of funding for CEMAC countries.

Despite that encouraging dynamic, the treasury securities market has significant room for improvement that should be optimized. The ongoing reforms of the regulatory framework of that market, undertaken by the BEAC with the support of the International Monetary Fund (AFRITAC Centre), the World Bank and the African Development Bank, are part of this perspective, and aim at ensuring that the market perfectly liquid and becomes the main means for domestic funding of public deficits and for managing States' cash flow shortfalls.

III.3.1.1. Primary market

The issuance of Treasury securities through auctions organized by BEAC reached a record level in 2021, with 3,732.7 billion raised through 276 auctions, 177 of which were in the form of assimilable Treasury bills (BTAs) for 2,095.5 billion and 99 in the form of assimilable Treasury bonds (OTAs) for 1,637.1 billion.

The resources raised by Treasuries during this year are 15% higher than in 2020, and alone represent almost 26% of the cumulative resources raised on the Treasury securities market since its launch in 2011. Issuances of medium- and long-term instruments (OTAs) are booming, with a total amount of 1 637.1 billion raised in 2021, thus increasing by 37.3% as compared to issuances in 2020, estimated at 1 192.7 billion.

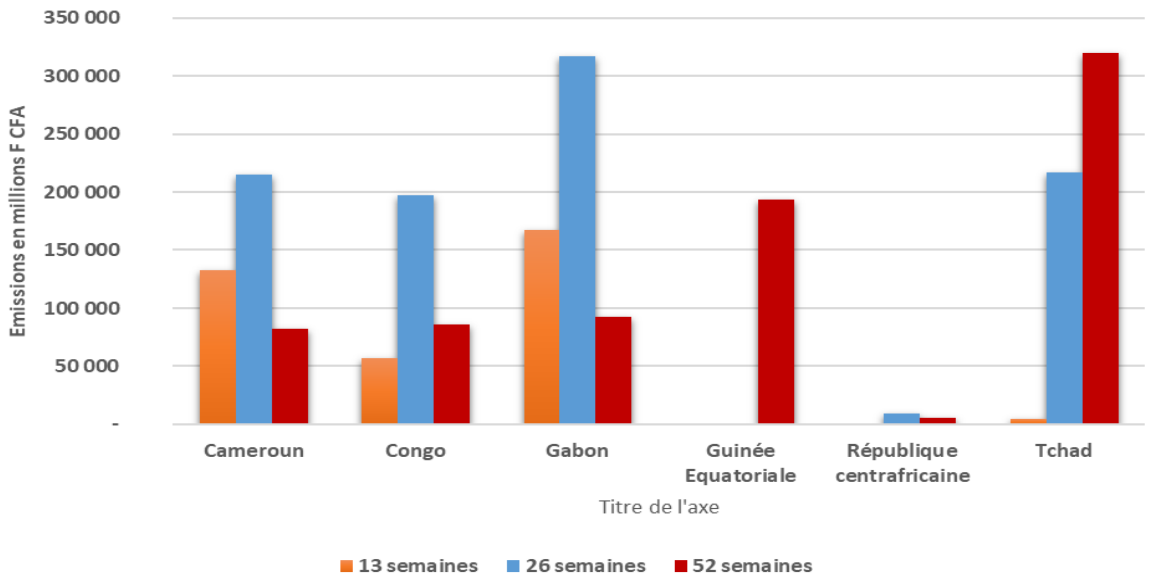
Despite the significant progress recorded on the medium and long-term segment, issuances by auction on the Treasury securities market remain concentrated mainly on short maturity instruments (BTA), which represent almost 56.1% of total activity during the period under review, as against 63.3% in 2020.

Table 3.53: Auction volume of CEMAC treasury securities

	2015	2016	2017	2018	2019	2020	2021	Cumulative emissions since 2011
	(in billion CFA francs)							
BTA	**430.1**	**796.8**	**843.9**	**1,103.6**	**2,015.0**	**2,056.1**	**2,095.5**	**10,070.4**
Cameroon	125.2	174.2	173.4	217.0	403.0	413.9	429.0	2,366.6
congo	0.0	0.0	23.7	50.9	218.1	161.7	339.5	793.9
Gabon	132.0	273.9	377.2	445.1	672.3	661.4	567.0	3,366.8
Equatorial Guinea	15.0	60.0	78.0	79.0	170.1	251.5	193.1	846.7
Central African Republic	16.0	19.0	23.0	9.5	19.0	19.0	15.5	154.0
Chad	142.0	269.7	168.7	302.1	532.5	548.5	541.4	2,532.3
OTA	**156.8**	**194.7**	**34.8**	**81.4**	**846.2**	**1,192.7**	**1,637.1**	**4,239.8**
Cameroun	0.0	0.0	0.0	0.0	240.2	360.7	336.0	970.4
Congo	0.0	0.0	0.0	0.0	123.5	421.8	493.7	1,038.9
Gabon	17.5	20.3	8.0	81.4	191.5	367.3	474.7	1,223.2
Equatorial Guinea	0.0	0.0	0.0	0.0	291.0	0.0	157.9	448.9
Central African Republic	0.0	0.0	0.0	0.0	0.0	0.0	33.3	33.3
Chad	139.3	174.4	26.8	0.0	0.0	43.0	141.6	525.0
Total	**586.9**	**991.4**	**878.7**	**1,185.0**	**2,861.2**	**3,248.8**	**3,732.7**	**14,310.2**

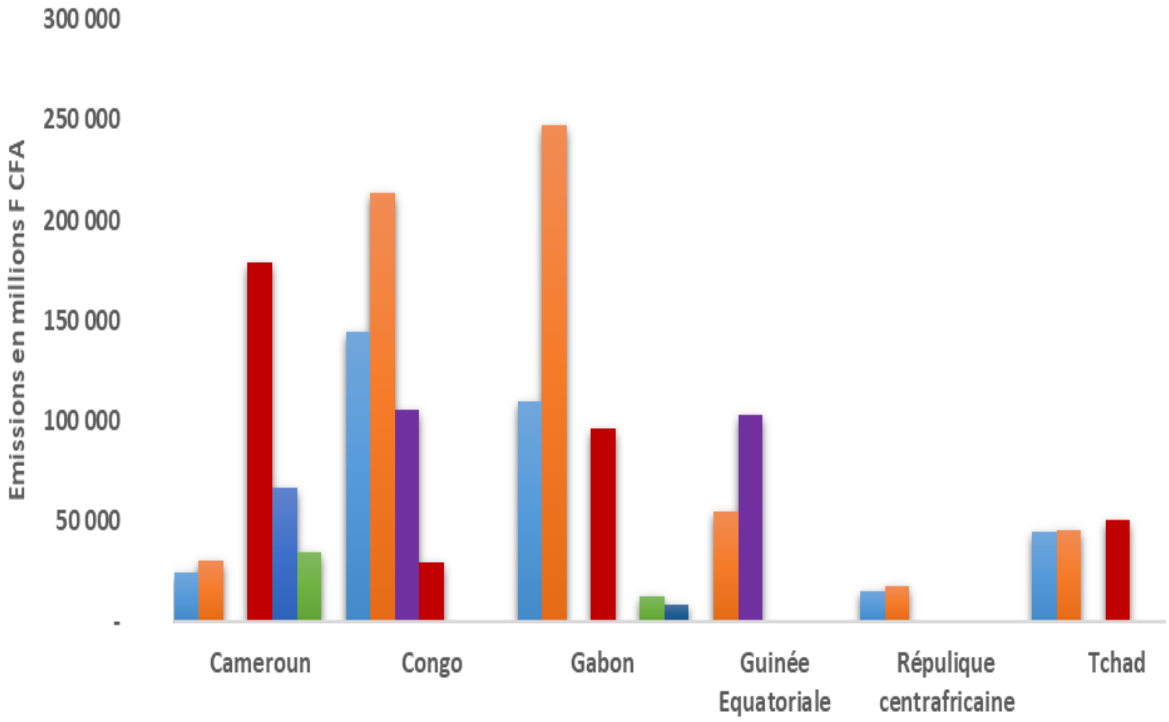
Source : CRCT

Graph 3.10: Issuance volumes per maturity of BTA in 2021



Source : CRCT

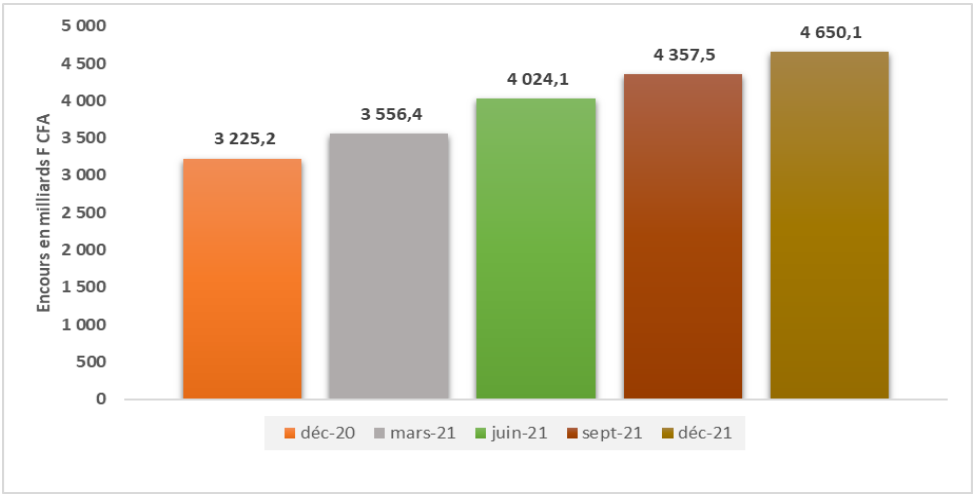
Graph 3.11: Issuance volumes per OTA maturity in 2021

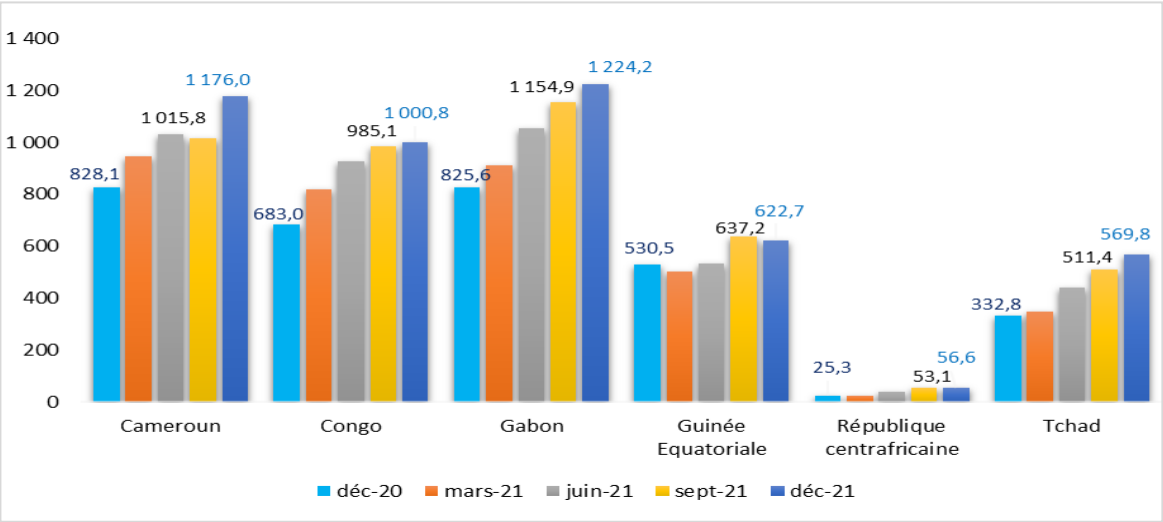


Source : CRCT

The outstanding debt on the public securities market (BTA and OTA) of CEMAC Member States continues to increase steadily. It has now exceeded the 4 000 billion level to reach 4 650 billion as at December 31st, 2021, up by 6.71% as compared to the situation as at the end of September 2021, and by 44.18% as compared to the situation in the same period a year earlier. The increase in the stock of public securities is observed for all issuing Treasuries.

Graph 3.12: Trend in CEMAC outstanding treasury securities between December 2020 and December 2021

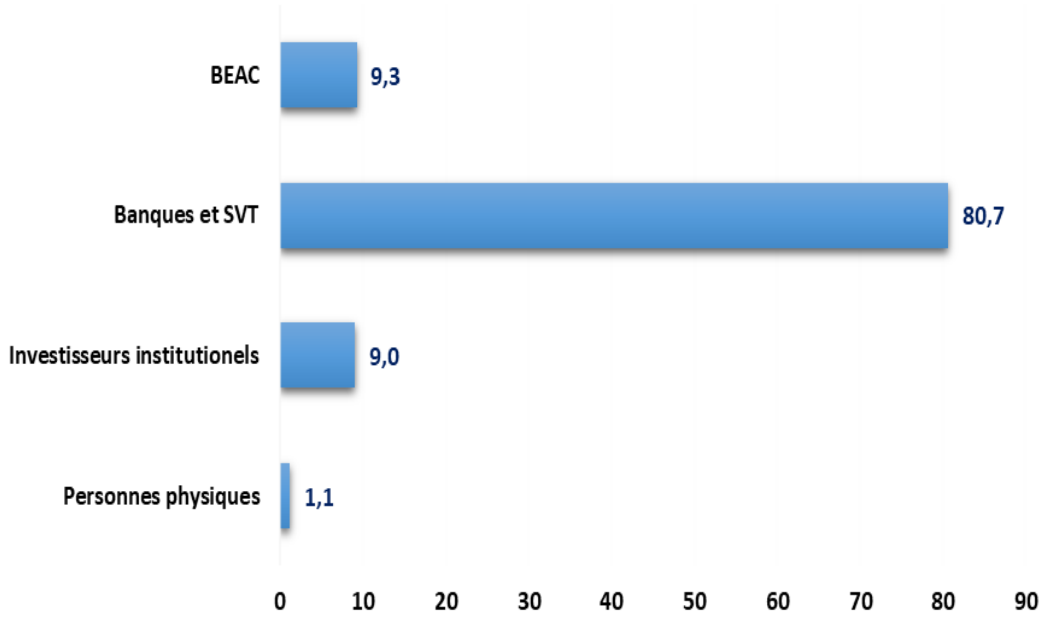




Source : CRCT

Outstanding securities in the CEMAC region, accounting for 80.7% of outstanding securities as at the end of 2021, continue to be held mainly by banks and Treasury securities specialists (SVTs). Institutional investors and individuals hold 10.1% of outstanding securities, which represents an increase by 130% year-on-year.

Graph 3.13: Structure of holders of Treasury securities at December 31st, 2021



Source : CRCT

The breakdown of outstanding securities per country of residence of the final holders shows that the investor base for State securities varies from one country to another. Congolese and Gabonese Treasury securities are the most exported. Investors based in Cameroon remain the most committed to State securities, with an outstanding amount of 2 346.64 billion as at the end of 2021. Representing 56.46% of the total outstanding amount of securities in circulation.

Table 3.53: Breakdown of outstanding Treasury securities by country of final holders at 31 December 2021

Issuer country	Investor country (in billion CFAF)							Grand total
	Cameroon	Congo	Gabon	Equatorial Guinea	Central African Republic	Chad	BEAC	
Cameroon	998.18	99.00	30.50	7	6.00	21.98	13.22	**1,176.03**
Congo	391.78	354.31	77.19	22.00	1.00	29.50	125.00	**1,000.77**
Gabon	595.16	71.61	309.50	4.00	37.05	106.90	99.99	**1,224.21**
Equatorial Guinea	182.51	12.50	36.05	316.08	5.00	23.50	47.07	**622.71**
Central African Republic	19	0	0	0	33.61	4.00	0	**56.58**
Chad	160.20	9.50	5.65	0.00	0.00	249.40	145.00	**569.75**
Grand total	**2,346.64**	**546.92**	**459.04**	**349.23**	**82.66**	**435.28**	**430.28**	**4,650.05**

Source : CRCT

The securities issued by public treasuries and maturing in 2021 have been regularly repaid by the States. The total amount of repayments by public treasuries in 2021 amounts to 2 237.8 billion, broken down into 2 001.7 billion for BTAs and 236.2 billion for OTAs. Those repayments are globally higher than the 2 100.4 billion, made up of 1 960 billion for BTAs and 140.4 billion for OTAs.

Table 3.53: Repayments of Treasury securities (BTA and OTA) per issuing Treasury (2020-2021)

Instrument/Issuer	Cumulative reimbursements 2020	Jan to March - 2021	April to June - 2021	July to Sept -2021	Oct to Dec. _ 2021	Cumulative reimbursements 2021
BTA	**1,959,995**	**535,730**	**478,347**	**559,965**	**427,527**	**2,001,569**
Cameroon	382,710	112,518	94,700	128,000	130,000	465 218
congo	196,112	64,030	49,485	67,266	60,555	241,336
Gabon	650,727	166,306	136,908	145,652	145,685	594 551
Equatorial Guinea	182,131	48,574	37,300	87 117	66,478	239,469
Central African Republic	19,000	5,500	4,000	5,500		15,000
Chad	529,315	138,802	155,954	126,430	24,809	445,995
OTA	**140,381**		**22,500**	**97,500**	**116,243**	**236 243**
Cameroon					21,910	21,910
congo			22,500	39,000	62,000	123,500
Gabon	68,331			58,500		58,500
Equatorial Guinea					32,333	32,333
Chad	72,050					
Grand total	**2,100,376**	**535,730**	**500,847**	**657,465**	**543,770**	**2,237,812**

Source : CRCT

The average cost of funds increased overall in 2021, with an average of 6.96% as compared to 4.89% in 2020. Per type of instrument, the weighted average interest rate for BTAs was 5.60% (as compared to 4.35% a year earlier), above the tender interest rate (TIAO) of 3.50%. The average yield on OTAs increased to 8.77% from 7.87% the previous year.

Table 3.54: Trend in the cost of issuances per type of instrument and per issuer

	2017	2018	2019	2020	2021
BTA (Average TIMP)	**5.02**	**4.77**	**4.87**	**4.35**	**5.60**
Cameroon	3.33	2.81	2.49	2.51	2.33
congo	4.96	6.17	6.4	6.03	6.37
Gabon	5.15	3.91	3.81	4.02	5.43
Equatorial Guinea	7.02	8.55	8.07	7.23	8.07
Central African Republic	5.21	5.27	5.24	5.24	5.79
Chad	5.53	5.77	6.35	5.43	6.32
OTA (Average yield)	**4.51**	**5.21**	**5.88**	**7.87**	**8.77**
Cameroon	0	0	4.62	5.20	5.66
congo	0	0	8.55	10.20	9.20
Gabon	4.53	5.21	7.2	8.39	8.87
Equatorial Guinea	0	0	5	0.00	10.47
Central African Republic	0	0	0	2.95	12.32
Chad	4.5	0	0	5.38	7.50
Overall weighted average total	**5.0**	**4.80**	**5.17**	**4.89**	**6.96**

Source : CRCT

III.3.1.2. Secondary market

Three categories of transactions are recorded in the State securities secondary market (i) outright purchases and sales of securities; (ii) interbank repurchase agreements; and (iii) free-of-cash transfers of securities among investors.

The secondary market for State securities saw an increase in the volume of its transactions during 2021. In fact, interbank repurchase transactions increased during 2021. In total, 190 transactions were carried out during the period under review for a cumulative amount of 833.7 billion, as compared to 102 transactions in 2020, with a cumulative amount of 418.4 billion.

Free transfers of securities rose sharply over the period under review. Indeed, 1,448 transactions in securities with a nominal value of 3,248.7 billion were carried out in 2021, as compared to 708 transactions with a nominal value of 1,387.3 billion in 2020.

The number of securities purchases and sales also increased during the period under review. With 383 transactions for a nominal amount of securities of 1,054.5 billion, exchanged at 1,057.5 billion. That increase is sharp as compared to 2020, when only 272 transactions were recorded for securities with a total nominal value of 559.5 billion, exchanged at 559.8 billion.

Table 3.55: Summary of secondary market transactions for CEMAC treasury securities

Type of transactions	2020		2021	
	Number of transactions	Nominal value (In billion CFA francs)	Number of transactions	Nominal value (In billion CFA francs)
Purchase-sales of securities	272	559.5	383	1,054.5
Interbank repurchases	102	418.4	190	833.7
Free transfers of securities	708	1,387.3	1,448	3,248.7

Source : SSCU

Box 11: Main regulatory instruments on the regional market for the Issuance of State securities

The State securities market is governed by a number of regulatory instruments describing the technical procedures and regulations for issuing public securities in the CEMAC zone. They mainly include

- *The new Regulation 03/19/CEMAC/UMAC/CM on Treasury securities issued by CEMAC member States*;
- *The General Regulation of December 2nd, 2010 on the Securities Settlement and Custody Unit (SSCU) ;*
- *L'instruction* N°03/CRCT/2010 du 23 décembre 2010relative à la comptabilité-Titres des Teneurs de comptes ;

  Instruction N°03/CRCT/2010 of December 23rd, 2010 relating to securities accounting by account holders;
- *Instruction N°04/CRCT/2010 of December 23rd, 2010 on tariff provisions for affiliation to the CRCTSSCU;*
- *Instruction N°02/CRCT/2010 of December 23rd, 2010 on the securities accounting by the Securities Settlement and Custody Unit;*
- *The Terms of Reference for Treasury Securities Specialists (TSS*).

Source: *BEAC*

III.3.2. Regional financial market developments

III.3.2.1. The financial market merger process

As part of the implementation of the merger of the CEMAC financial markets decided upon by the Conference of Heads of State in October 2017 and implemented in 2019, the main activities undertaken in the second phase of the merger include:

- In terms of regulation, the revision of the regulatory instruments of the financial market, the institutional, organizational and operational audit of the Central African Financial Market Supervisory Commission ;
- In terms of market dynamism, the implementation of the Community Regulation on the introduction of State-owned enterprises in the stock exchange, the development of new financial instruments with collective management and actions aimed at promoting financial education and stock market culture;
- The preparation of the business plans of the Central African Stocks Exchange (BVMAC) and the Single Central Depository (DCU).

III.3.2.2. Revision of financial market regulatory instruments

In terms of regulation, there was a need to modernize the instruments and ecosystem of the regional financial market.

The revision process of the financial market regulatory framework, that has been underway since 2018, resulted in the drafting of a Community regulation on the organization and functioning of the financial market currently being adopted by the Community authorities.

III.3.2.3. Preparation of the BVMAC and DCU business plans

Under the AfDB funding, MAZARS Cameroon was recruited through a call for tenders to develop the business plans of the central structures (BVMAC and DCU to be created) of the Central African financial market.

Those business plans are currently being examined by the follow-up committee for the second phase of the financial market merger. They will subsequently be transmitted to BEAC Governor for submission to the CAMU Ministerial Committee.

III.3.2.4. Market boosting through the implementation of the CEMAC regulation on the introduction of state holdings in the stock exchange

One of the priority axes of the second phase of the merger is the development of BVMAC listing.

That axe is materialized by the adoption of the Community Regulation of October 2nd, 2019 relating to the t introduction, on the stock exchange, of the States' and their related entities' shareholdings on the one hand, and the implementation of the related due diligence with the CEMAC States on the other hand.

In that context, three (3) CEMAC Member States have communicated to BEAC Governor the lists of companies they wish to list on the stock exchange.

They are: Congo[12], Gabon[13] and Equatorial Guinea [14] that have designated four (4), three (3) and three (3) companies respectively.

The lists of Cameroon, Chad and Central African Republic companies are still awaited

With regard to the lists already published, in Equatorial Guinea, the credit institution "BANGE" carried out a public sale offer through a public call for savings.

Its listing on the BVMAC is expected in 2022, subject to the successful completion of the validation process of new shareholders by COBAC.

For Gabon, the Société Commerciale Gabonaise de Réassurance (SCG-Ré), whose public call for savings is expected in 2022, has initiated the process of recruiting a licensed intermediary.

It should be noted that the Additional Act n°117-CEMAC- COSUMAF-CCE-SE of February 19th, 2018 on the unification of the financial market of the Economic and Monetary Community of Central Africa (CEMAC) and supporting measures also provides for the following actions:

- the adoption of regulatory frameworks making mandatory the listing or opening, on the stock exchange, of the capital of companies whose usual occupation is the management or custody of public savings (banks, insurance companies, etc.);
- the adoption of regulatory frameworks making mandatory the listing or opening on the stock exchange of the capital of multinational enterprises or subsidiaries of multinationals operating on the territory of CEMAC Member States mandatory;
- the adoption of incentives measures to ensure the usage of financial markets by companies in strategic economic sectors;
- the entry of States in the capital of the Regional Stock Exchange up to 30%, representing 5% per CEMAC Member State.

III.3.3. Primary market

Despite an environment affected by the COVID-19 health crisis, the financial market recorded an activity revival in 2021, thus confirming the strong momentum observed in the first quarter of 2021.

As regards issuances, the period under review was marked by an upturn in the bond compartment. The latter benefited from six transactions authorized by COSUMAF. The total

[12] Energie Electrique du Congo(E2C), la Congolaise des Eaux (LCDE), Congo Télécom, Centrale Electrique du Congo (CEC).

[13] Société Commerciale Gabonaise de Réassurance (SCG-Ré) listing scheduled for 2022 transaction already started, Gabon Power Company (GPC) in 2023, Façade Maritime du Champ Triomphal in 2023.

[14] Bange National de Guinéa (BANGE) ; Guinea Ecuatotiale de Télécommunicacion (GETESA), Sociedad de Electricidad de Guinea Ecuatorial (SEGESA).

amount raised was 458.4billion as compared to 106.8 billion at December 31st, 2020. Sovereign issuers accounted for 66% of bond issuances in 2021.

It should be noted that the State of Cameroon did not carry out any transactions on that compartment. However, a private company based in Cameroon, "Alios Finance Cameroun", issued a bond during the period.

With regard to equity securities, in 2021, two capital increase transactions through public call for savings were recorded for a total amount of 12.9 billion.

Those are the first two corporate transactions in the financial sector since the 2019 merger, namely the credit institution "BANGE SA" and the microfinance institution "LA RÉGIONALE".

In 2021, "LA RÉGIONALE" thus become the fourth company under Cameroonian law to voluntarily be introduced on the stock exchange, after SEMC, SOCAPALM and SAFACAM.

Awareness-raising activities for public and private issuers aimed at enriching the stock exchange listing are currently being examined jointly by the Professional Association of Stock Exchange Companies supported by BVMAC, BEAC and COSUMAF

III.3.4. BVMAC stock market

Box 12: Regulatory provisions governing the stock market

On October 31st, 2017 in N'Djamena, the Conference of Heads of State of the Central African Economic and Monetary Community (CEMAC) decided to merge the Central African financial markets.

To that end, the Additional Act n°06/17-CEMAC-COSUMAF-CCE-CE on the unification of the CEMAC financial market was signed on February 19th, 2018.

The implementation of that decision by the Very High Authorities of the CEMAC member countries was entrusted to the Bank of Central African States (BEAC). A two-step approach was agreed upon by the financial market players: Regulators (the Financial Market Commission of Cameroon and the Central African Financial Market Supervisory Commission (COSUMAF), Stock Exchanges (Douala Stock Exchange and Central African Stock Exchange (BVMAC)) and Central Depositories (Cameroon Autonomous Sinking Fund), BVMAC and BEAC).

This process consisted firstly of the physical and institutional merger of the financial market structures and, secondly, of its revitalization. The first stage was completed in July 2019, with the merger of the two stock exchanges operating within CEMAC, preceded a few months earlier by the merger of regulators and central depositories.

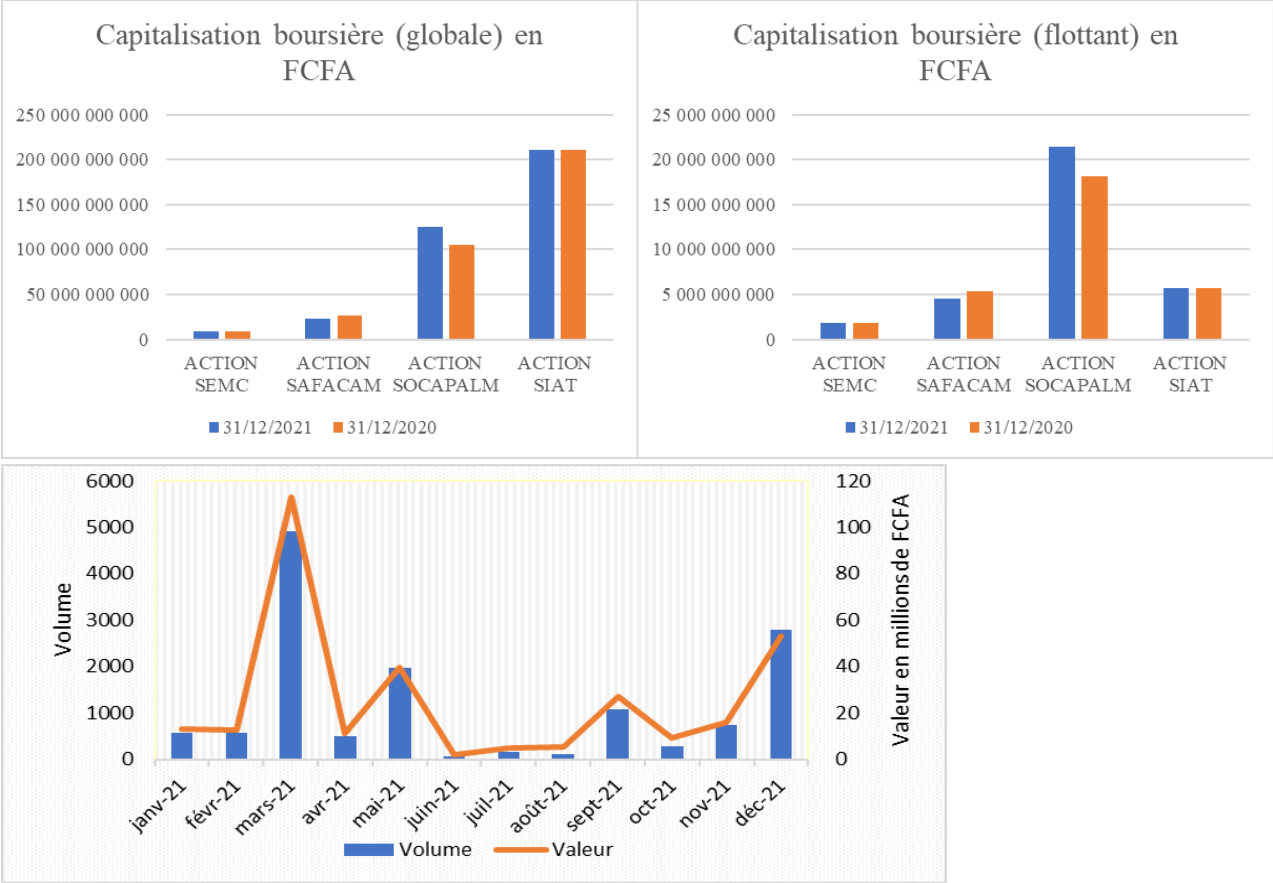
That first step gave rise to the following unified structures: (i) a regulator based in Libreville (COSUMAF) in Gabon; (ii) a stock exchange based in Douala (BVMAC) in Cameroon; (iii) a Central Depository/Settlement Bank (BEAC).

Source : BVMAC

III.3.4.1. General presentation

As at December 31st, 2021, the floating stock market capitalization amounted to 36.2 billion from 31.0 billion a year earlier.

Graph 3.14: Stock market capitalization position in 2021



The growth observed is due to the stock exchange listing of a new company on July 16th, 2021 (LA RÉGIONALE) and the upward variation in the SOCAPALM share price.

In terms of distribution, 84% of the floating stock market capitalization (the value of securities that can be traded on the stock exchange) is made up of securities of issuers based in Cameroon.

As regards the outstanding bond debts listed on the BVMAC, they underwent a variation of 25.04%, amounting to 650.1 billion as at the end of 2021 from 519.9 billion the previous year. That increase is justified by the listing of three securities ("EOBDE 5.45% net 2020-2027", "EOCG 6.25% net 2021-2026", "EOG 6% net 2021-2026" and "ALIOS 02 5.40% 2021-2025") for a total amount of 417.4 billion.

As at December 31st, 2021, the State of Cameroon had only one line of debt listed on BVMAC for a nominal amount of 100 billion. A year earlier, it had two lines listed on BVMAC for an outstanding amount of 191.3 billion.

At that same date, there were also two outstanding debts of private companies under the Cameroonian law, namely: "SAFACAM" and "ALIOS FINANCE CAMEROUN" for a total of 12.8 billion as against 6.7 billion as at December 31st, 2020. The change is explained by the

listing of the 8.5 billion bond issuance by "ALIOS FINANCE Cameroon" on the regional financial market in 2021.

III.3.4.2. Share market

III.3.4.2.1. Admission to trading

The BVMAC share compartment has been enriched with a new security in 2021.

This refers to the share of the microfinance institution "La Régionale d'Épargne et de Crédit (LA RÉGIONALE)". The shares of that institution were listed at CFAF 42,000 each, which led to a market capitalization of CFAF 2.6 billion on the day of the first listing on July 16th, 2021.

III.3.4.2.2. Trading trend

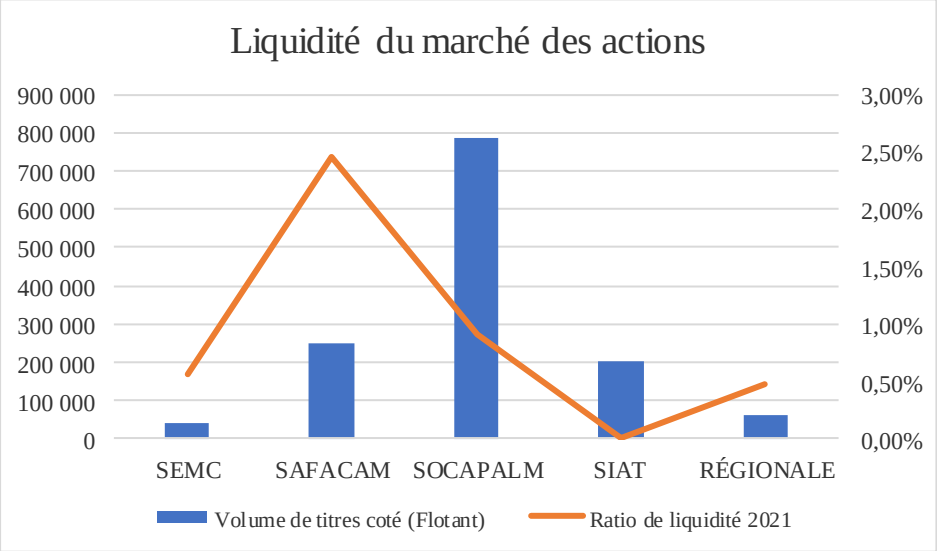
The admission of "LA RÉGIONALE" shares to the BVMAC list increased the market size, thereby stepping up trading activity, and bringing the value traded to 307.2 billion as at the end of 2021 as compared to 173.3 million a year earlier.

Besides, the number and volume of transactions were 103 and 13,757 respectively, as compared to 76 and 7,209 in 2020.

III.3.4.2.3. Liquidity trend

The financial market in Central Africa is still weak. Indeed, the liquidity ratio established in 2021 was 1.03%, as compared to 0.57% a year earlier. That slight improvement is due to the increase in trading during the year on the SAFACAM stock with a liquidity ratio of 2.45%.

Graph 3.15: Share market liquidity situation in 2021



III.3.4.3. Bond market

III.3.4.3.1. Listing and outstanding debt

In 2021, the BVMAC bond compartment recorded four listings.

They are:

- "OBDE 5,45% net 2020-2027" on February 3rd, 2021 for 106.792 billion;
- "EOCG 6.25% net 2021-2026" and "EOG 6% net 2021-2026" on July 30th, 2021 1 for 13.230 billion and 188.828 billion respectively;
- "ALIOS 02 5.40% 2021-2025" on 3 December 3rd, 2021 for 8.542 billion

Furthermore, the reduction in the outstanding amount during 2021 is justified by the write-off of 287.2 billion and the delisting of five securities amounting to 169.4 billion.

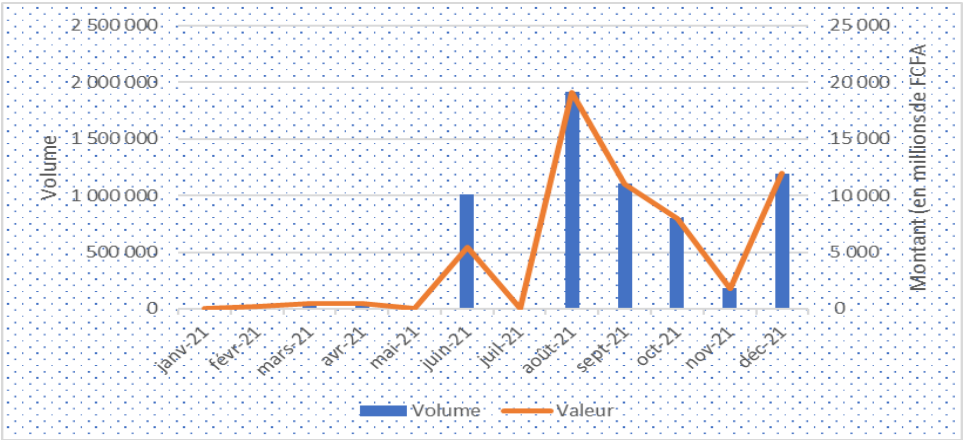
The outstanding amount of sovereign bonds increased by 24% to 529.7 billion as at the end of 202 1as compared to 428.4 billion as at the end of 2020. The outstanding amount of corporate bonds was 13.7 billion as at the end of 2021 as compared to 91.6 billion as at the end of 2020, thus decreasing by 85%. The outstanding bonds of regional institutions amounted to 106.8 billion in 2021.

Finally, States are the major issuers on the bond market. In fact, their outstanding debt represents 82% of the total outstanding debt listed as at the end of December 2021

III.3.4.3.2. Trading trend and bond market liquidity

The total value traded on the bond market amounted to 58.5 billion as at the end of 2021 as compared to 79.4 billion in 2020, thus varying by -26.32%. That decrease is justified by the reduced volume of securities traded per session in 2021. Indeed, 48 transactions were carried out for a volume of 6,325,394 securities traded in 2021 as against 33 transactions for a volume of 15,671,887 securities traded the previous year.

Graph 3.16: Trend in bond compartment trading in 2021



The performance of State bonds once again shows that the market is driven by States.

III.3.4.3.3. Securities delisting from BVMAC

In 2021, the issuer of the "GSEZ 6.5% gross 2018-2028" bonds repurchased all of its securities on August 27th, 2021.

Furthermore, other bonds maturing in 2021 were delisted. They are: "BGFI HOLDING CORP. 5% 2014-2021", "EOG 6.5% net 2016-2021", "ECMR 5.5% net 2016-2021", "EOCG 6.5% net 2016-2021" respectively on January 13th, June 9th, October 17th, and December 29th.

The State of Cameroon has completed the repayment of a bond issued in 2016 and due to mature in 2021. Therefore, 41.2 billion was repaid to bondholders.

III.3.4.4. Situation of licensed intermediaries

As at December 31st, 2021, COSUMAF had 47 structures licensed as market intermediaries, including twenty-one (21) stock exchange companies, ten (10) portfolio management companies, two (2) credit institutions as account holders, two (2) guarantee organizations and twelve (12) financial investment advisers.

As regards stock exchange firms, COSUMAF regulations set the minimum capital threshold at 150 million.

During 2021, figures published by COSUMAF show that the net equity of all stock exchange firms increased by 14% from 8 476.9 million in 2020 to 9 664 million in September 2021.

Twelve (12) licensed stock exchange firms are fully compliant with COSUMAF prudential standards, while four (4), namely LCB Capital, CBT Bourse, SAIFAC and GTI Investment do not comply.

Among those four stock exchange companies, only "GTI Investment" is under Cameroonian law.

Besides, the stock exchange companies' portfolio presents a situation of securities-cash assets worth 670.6 billion as at December 31st, 2021. Those assets are held by fifteen (15) stock exchange companies.

As regards portfolio management companies, the situation as at 30 September 30th, 2021 shows three (3) new companies licensed by COSUMAF, which brings to eight (8) the number of licensed portfolio management companies (PMCs).

It is worth noting once more that the COSUMAF regulation sets at 150 million the minimum capital threshold for asset management companies.

The net equity of all asset management companies increased from 473.3 million in December 2019 to 1.0 billion in December 2020 (or +542.5 billion).

Only one Assets Management Company, namely Corridor Asset Management, has non-compliant capital.

The portfolio management companies manage 13 licensed mutual funds (FCP), including 11 bond mutual funds and 2 equity mutual funds.

The assets under management by those players amounted to 248 billion as at September 30th, 2021.

These assets are mainly invested in bonds and currency market instruments. The structure of the net assets per category of Fund for Collective Investment in Transferable Securities is averagely 4% in assimilable treasury bonds, 55% in sovereign bonds and 33% in corporate bonds.

As at September 30th, 2021, the ranking of total assets under management per assets management company places Harvest Asset Management first with 188 billion representing 75%. It is followed by Asca Asset Management (21.7%) and EDC Asset Management (2%).

III.3.5. Situation of the financial market in Cameroon

III.3.5.1. Transactions carried out in 2021 by national issuers

With regard to capital securities, in 2021, one (1) capital increase transaction trough public call for savings was carried out by an issuer under Cameroonian law.

The said issuer is the microfinance institution "La Régionale d'Epargne et de Crédit", abbreviated to "La Régionale S.A", that was able to raise an amount of 2.6 billion on the regional financial market with a view to finalizing its project to become a bank.

Through the listing of its shares on 16 July 16th, 2021, "La Régionale S.A." becomes the first financial sector company operating in the CEMAC to be listed on the stock exchange.

Moreover, that listing brings to four (4) the number of Cameroonian companies listed in the BVMAC Equity Compartment.

As a result of the merger occurred in July 2019, BVMAC inherited three (03) companies with headquarters in Cameroon, namely: "SEMC", "SAFACAM" and "SOCAPALM".

With regard to debt securities, a private company based in Cameroon, "Alios Finance Cameroon", issued a bond during the period under review.

The amount of securities subscribed under that bond named "ALIOS 02 5.40% 2021-2025" amounted to 8.542 billion; the said securities were subsequently admitted to trading on the BVMAC platform on December 3rd, 2021.

III.3.5.2. Weight of local actors involved in the financial market

As at December 31st, 2021, the situation of licensed intermediaries in Cameroon was as follows:

- Stock Exchange Companies (SECs): 15 out of 21; which represents 71.4%;
- Portfolio Management Companies (PMCs): 9 out of 11, which represents about 82%;
- Financial Investment Advisers (FIAs): 9 out of 13, which represents over 69%.

III.3.5.3. Coverage level of securities activities (as at December 31st, 2021)

The number of securities accounts (the customers holding the securities) kept by the stock exchange companies established in the country is less than 7,000 out of a total of just over 8,500 securities accounts opened kept by all CEMAC intermediaries. It thus represents more than 82% of Cameroon-based intermediaries' market shares.

The breakdown of securities accounts at the CEMAC level is as follows:

Country	Number of securities accounts opened per country and per brokerage firms	Relative weight per country (%)
Cameroon	6,946	81.57
Congo	131	1.54
Gabon	1,360	15.97
Equatorial Guinea	-	0.00
Chad	78	0.92
Grand total	**8,515**	**100**

III.3.5.4. Cameroon weight in the stock exchange market in terms of market capitalization and outstanding listed debt (as at December 31st, 2021)

The stock exchange market capitalization for Cameroon-based issuers reached 30.5 billion, (84.14%) of the capitalization of all listed companies at the end of December 2021.

Country of establishment of the issuer	Floating (in billion CFA francs)	As % of total
Cameroon (04 companies)	30.5	84.14
Gabon (01 company)	5.7	15.86
Grand total	**36.2**	100

Besides, the outstanding listed bond debts issued by Cameroon-based issuers amounted to 112.8 billion and represents 17.35% of the total outstanding amount circulating on the stock exchange market.

Country of establishment of the issuer	Outstanding listed debt (in billion CFA francs)	As % of total
Cameroon	112.8	17.35
Congo	220.0	33.84
Gabon	317.3	48.81
Grand total	**650.1**	**100**

III.3.6. Financial market outlook

The financial market outlook could be summarized as follows:

- increasing the coverage level of market activities from 8,500 to 15,000 securities accounts by the end of 2022;
- adopting measures for an inclusive approach to market activities in all CEMAC countries, including the promotion of the emergence of local players in the Central African Republic and the increase in the number of players in Equatorial Guinea, Gabon, Chad and Congo;

- achieving two (02) stock market listings per year backed by State listings, that should increase the market capitalization of BVMAC by more than 55% per year over the next two years;
- Identifying companies in the State of Cameroon portfolio to be listed on the Stock Exchange ;
- Identifying companies from the portfolios of the other lagging states (CAR and Chad) to be listed on the stock exchange ;
- finalizing the creation of a new central depository by exiting the BEAC's single central depository activities by the end of 2023;
- Adopting new regulatory instruments governing market activities that provide greater incentives for the private sector in terms of access conditions and the promotion of new products, with effect from 2022;
- finalizing the creation of a first BVMAC Stock Exchange Index by the end of 2022;
- Signing partnerships agreements with CEMAC employers' organisations and some foreign stock exchanges (Casablanca Stock Exchange, Bourse Régionale des Valeurs Mobilières de la zone UEMOA - BRVM).

III. CONCLUSION AND RECOMMENDATIONS

The key issues raised in this report include, at **global level**, a recovery in growth to 6.1% from -3.1% in 2020, thanks to (i) additional fiscal incentive measures taken in many countries; (ii) improved health indicators; and (iii) continued adaptation of economic activity to reduced mobility. In **sub-Saharan Africa**, growth in 2021 is estimated at 4.5% as compared to -1.7% in 2020. Within the **CEMAC zone**, economies are also returning to growth at 1.9%, up from -1.7% in 2020.

At **national level**, the year 2021 witnessed the consolidation of the resilience of the Cameroon economy over a number of years, in a sufficiently morose global economic environment, and especially against the background of the Covid-19 health crisis. The growth rate thus rose by 3.6% from 0.5% in 2020, as a result of the dynamism of all activity sectors.

At **monetary level**, the BEAC monetary policy was conducted taking into account the persistence of the Covid-19 pandemic within CEMAC and the need to preserve the currency external stability. Thus, given the satisfactory level of market liquidity, the Central Bank kept the weekly refinancing volume unchanged at 250 billion up to December 8th, 2021. Besides, it decided on November 25th, 2021, to readjust its policy by raising its prime lending rate (TIAO) and the marginal lending facility rate by 25 base points, bringing them to 3.50% and 5.25% respectively.

In that context, the **banking sector** grew by 15.4% in terms of total assets in 2021. The banking network continued to expand between 2020 and 2021, with the number of branches increasing from 328 to 353. In terms of geographical coverage, the Centre and Littoral regions alone account for 62% of branches. The banking services coverage rate in the strict sense for the active population was 28.4% in 2021, while that of the adult population was 22.4%. Deposits collected by banks increased by 15.9%, while loans granted increased by 9.3%. As regards the loan portfolio quality, the rate of gross overdue loans stood at 14.9% as at December 31st, 2021 as against 16.6% as at December 31st, 2020. The Net Banking Income (NBI) increased by 13.6% in 2021, up from 3.9% in 2020. Financial companies increased their activity by 2.0%, as against a decrease by 0.9% in 2020.

In the **microfinance sector**, total assets rose by 16.4% in 2021. Its network continued to expand in 2021, with the number of branches increasing from 1 713 to 1 724. As a result of that expansion, the sector achieved a 47.7% financial coverage rate of the working population in 2021. Deposits and loans continued to grow, with increases by 16.6% and 18.7% respectively. The portfolio quality improved, with the gross delinquency rate falling from 23.1% at December 31st, 2020 to 22.4% at December 31st, 2021.

In the insurance sector, market turnover rose by 1.2% to reach 211.4 billion in 2020, from 209.0 billion in 2019. Motor insurance took a prominent share with 21.5% of all market issuances. Insurers paid out 115.8 billion worth of benefits in 2020 as compared to 96.9 billion in 2019. The reinsurance balance in favour of reinsurers was 8.6 billion as compared to 17.0 billion in 2019.

As regards the **financial market**, the year 2021 was marked by revived activity, confirming the upturn observed at the end of 2020. On the primary market, there was an improvement in the bond compartment, that recorded six transactions authorized by COSUMAF. The total amount raised was 458.4 billion up from 106.8 billion as at December 31st, 2020. Stock market capitalization amounted to 36.2 billion up from 31.0 billion in 2020. The Treasury securities market was also very dynamic, with the total amount of securities issued for Cameroon rising from 837.1 billion to 1 176.0 billion between 2020 and 2021.

In order to continue to improve the functioning of the financial system noted in 2021, and in addition to the measures already taken by the monetary authorities to strengthen its resilience to internal and external shocks, the following actions should be taken in 2022:

- **Banking sector**: (i) monitor the finalization of the actual establishment, by BEAC Central Services, of the Credit Information Bureaus (CIBs) following the adoption of the relevant regulation; (ii) put in place a regulatory framework for Islamic finance; (iii) disseminate Law No. 2019/021 of 24 December 24th, 2019 to lay down some rules governing credit activities in the banking and microfinance sectors in Cameroon.
- **Microfinance sector:** (i) develop a code of conduct on the governance of MFIs; (ii) define a more appropriate tax system; (iii) update the action plan of the National Strategy for Inclusive Finance with a focus on mobile financial services.
- **Insurance sector**: (i) sign the implementation decree setting up the Motor Guarantee Fund; (ii) finalize shareholders' funding of the new reinsurance company; (iii) adopt the implementation modalities for a container rental insurance in Cameroon.
- **Sub-regional financial market**: (i) accelerate the process of listing part of the State of Cameroon' holdings in public and semi-public companies on the stock exchange, in compliance with Regulation No 02/19/CEMAC/UMAC of October 2nd, 2019 relating to the listing of States' holdings and their related entities on the stock exchange; (ii) support BVMAC in setting up a stock market education programme for the population; (iii) set up a compartment for intermediary and alternative securities (SMEs) on the BVMAC.

ANNEXES

Missions and organization of the National Economic and Financial Committee

I. Missions

The National Economic and Financial Committee (NEFC) was set up by Regulation No. 03/2019/CEMAC/UMAC/CM of December 12th, 2019 on the creation, organization and functioning of National Economic and Financial Committees within CEMAC. The new body takes over the activities of the National Monetary and Financial Committees (NMFCs) and the National Credit Councils (NCCs).

The creation of the National Economic and Financial Committees (NEFCs) in replacement of the NMFCs and NCCs is aimed at:

(i) harmonizing the organization and functioning of those organs, thus enabling them to efficiently carry out the activities initially assigned to the NMFCs;

(ii) integrating recent changes in the CEMAC financial landscape into the NEFCs organization and functioning;

(iii) rationalizing the Central Bank organs as part of the Bank adjustment measures to face the decline in its resources, given, in particular, the recent developments with regard to monetary policy;

(iv) and to taking into account the recent changes in the regional financial sector environment, namely the advent of new players such as payment institutions and credit information bureaus, as well as the new configuration of the Central African financial market, resulting from the recent institutional merger in the sector.

The specific mission of the NEFC have been developed in Articles 8 to 19 of Section 3 of the above-mentioned Regulation in order to define the major outlines its mandate. The said mandate has thus been extended to: i) the alignment of national economic policy with the Community monetary policy as a result of the takeover of the NMFCs' mandate; ii) the promotion of financial inclusion, considering the challenges related to access to basic financial services in the countries of the sub-region. Article 8 sets out the main areas on which the NEFC is responsible for issuing opinions and recommendations, namely:

- The Alignment of national economic policy with the common monetary policy;
- the mobilization of national savings by the banking and financial system
- The promotion of financial inclusion ;
- The promotion of financial literacy through improving the transparency and clarity of information for consumers of financial services;
- The optimization of internal resource allocation for the achievement of economic goals;

- The Strengthening of the banking and financial system efficiency, in particular, of the relationship between the financial system actors and their relevant customers.

II. Organization of the National Economic and Financial Committee

For the fulfilment of its mission, the NEFC is made up of three organs: a decision-making organ, technical committees and a General Secretariat.

II.1. The decision-making organ of the National Economic and Financial Committee

The NEFC is presided over by the Minister in charge of money and lending and, in his/her absence, by the Minister in charge of economic affairs or, failing that, by the Minister of industries and mines. In compliance with Article 3 of the above-mentioned Regulation, the National Economic and Financial Committee may issue opinions, make recommendations and conduct studies. Its members are:

- the Minister in charge of money and lending ;
- the Minister in charge of economic affairs ;
- the Minister in charge of planning or development ;
- the Minister in charge of industries ;
- the BEAC Governor or his/her representative;
- the Secretary General of COBAC or his/her representative;
- the President of COSUMAF or his/her representative ;
- the General Manager of BVMAC or his/her representative;
- The Head of the Central Depository of the Central African Financial Market or his/her representative;
- the Director General of the Treasury ;
- State representatives within the Monetary Policy Committee;
- two members appointed by the Government of the country;
- one member appointed by the Economic and Social Council;
- the Director General of the National Institute of Statistics ;
- the President of the Professional Association of Credit Institutions ;
- the President of the Association of Investment Companies or his/her representative ;
- the President of the Professional Association of Microfinance Institutions ;
- The President of the Professional Association of Insurance Companies ;
- the President of the Professional Association of Stock exchange companies, if any ;
- the President of the Professional Association of Portfolio Management Companies, if applicable;
- the representative of the Professional Association of Payment Institutions, if any;
- the representative of the Credit Information Bureaus, if any ;
- three members appointed by the consular chambers (Agriculture, Commerce and Industry, etc.);

- the President of the Association of Consumers of financial Products and Services ;
- the President of the employers' association;
- a representative of universities and research centres, appointed by the President of the NEFC.

The decision-making body discusses the matters referred to it by the technical committees and commissions and by the General Secretariat.

II.2. Technical Committees of the National Economic and Financial Committee

Under the provisions of Article 25 of the above-mentioned Regulations, the NEFC may set up technical committees from among its members and define their composition and responsibilities. To that end, three (03) technical committees have been set up within the NEFC. They are :

- the Committee in charge of Economic and Financial Affairs;
- The Regulatory Committee ;
- the Committee in Charge of the Report on Currency, Lending and the Functioning of the Banking and Financial System.

II.3. The General Secretariat of the National Economic and Financial Committee

The General Secretariat is the executive body of the NEFC. It is coordinated by the Secretary General, who is responsible for preparing and monitoring the implementation of the Committee decisions.

To that end, the activity of the NEFC General Secretariat is structured as follows, under five (05) sections:

- General Administration and Management Section ;
- Banking and Finance Section ;
- Economics and Statistics Section ;
- Legal Section ;
- Computer and Communication Section