

**SERVICES DU PREMIER
MINISTRE**

SECRETARIAT GENERAL

**REPUBLIQUE DU
CAMEROUN**

Peace-Work-Fatherland

**PRESS RELEASE FOLLOWING CABINET MEETING OF THURSDAY
25 JANUARY 2018**

Yaounde, 25 January 2018

The **Prime Minister, Head of Government, His Excellency Philemon YANG**, this Thursday 25 January 2018 chaired the first Cabinet Meeting of 2018 at 9 a.m. at the Prime Minister's Office.

The Meeting was attended by the Vice Prime Minister, Ministers of State, Ministers, Ministers Delegate and Secretaries of State:

Apart from the special statement of the Prime Minister, the following items featured on the agenda:

1. A statement of the Minister of Finance on the *Strategy to improve access to bank loans for small and medium sized enterprises*, followed by an additional statement of the Minister of Small and Medium Sized Enterprises, Social Economy and Handicrafts;
2. Report of the Minister of Sports and Physical Education on the *conclusions of the first inspection mission by experts of the Confederation of African Football to Cameroon*.

In his special statement, the Prime Minister instructed ministers to translate the directives of the Head of State in his address to the nation on 31 December 2017, into concrete action, and to include them in their roadmaps to be submitted to him on 15 February 2018 latest. He further instructed members of Government to step up anti-corruption actions and replace all retired workers, while ensuring the cleanliness of public buildings.

After this special statement, the Minister of Finance presented the strategy to improve access to bank loans for Small and Medium sized Enterprises (SMEs). After recalling the place of SMEs in the economy and their various modes of financing, the Minister of Finance informed that the main causes limiting Cameroonian SMEs' access to bank loans are their poor structuring, characterized by an absence of a business plan, and a limited capacity of self-financing, which does not enable them cover their priority investment needs. To fill this gap, Government took several initiatives including: (i) the creation of the SME Promotion Agency, and the Cameroonian Bank for SMEs; (ii) the setting up of one stop shops for the creation of companies and the promotion of Authorised Management Centres to support owners of SMEs; (iii) the reduction of the capital needed to start a Limited Company (Ltd) from CFAF 1,000,000 to CFAF 100,000; (iv) the establishment of an Industrial Upgrading Office for companies.

Addressing the issue of reimbursement of VAT loans to SMEs, the Minister of Finance said two reforms were introduced in 2017, namely: (i) the automatic monthly supply of the VAT escrow account hosted at the Bank of CenralAfrican States (BEAC), and (ii) the online submission and monitoring of requests for VAT loan reimbursement. Based on these reforms, VAT loans were settled to the tune of CFAF 82 billion as at 31 December 2017 against CFAF 56 billion in 2016. Furthermore, CFAF 14 billion was given back to SMEs, against CFAF 8.6 billion in 2016, that is a 63% improvement.

To consolidate these achievements, the Minister of Finance underscored that the 2018 finance law provides for the easing of VAT reimbursement procedures to citizen companies without prior validation check. He further noted that the on-going audit of the commercial debt shall help determine the amount and nature of SME loans on the State, before mentioning the necessity to implement the national strategy for inclusive financing, while integrating the contributions of all stakeholders of the financial sector (*banks, micro credit institutions, insurance companies, mobile phone operators*).

In addition to the statement of the Minister of Finance, the Minister of Small and Medium Sized Enterprises, Social Economy and Handicrafts specified that Cameroonian SMEs contribute about 54% to job creation, though the informal sector remains predominant. He specified that bank loans are the preferred method of financing for SME. However, the share of appropriations granted to them is still very marginal. In order to satisfy the requirements of banks in terms of guarantees and improve access to bank loans for small and medium sized enterprises, Government intends to develop innovative funding products such as mutual guarantees, risk capital or factoring. Other sources of alternative financing such as investment capital of equity financing, better known as crowdfunding, shall also be explored. To conclude, the Minister of SMEs indicated that strengthening the financial capacities of the Cameroon Bank for SMEs and creating a Guarantee Fund within the bank should contribute to significantly improve access to long-term financing for SMEs.

The Meeting then listened to the statement of the Minister of Sports and Physical Education, who reported on the conclusions of the first inspection mission by the Confederation of African Football (CAF), in preparation for the men's Africa Cup of Nations to be organized by Cameroon in 2019. He disclosed that from 11 to 19 January 2018, CAF experts visited all sites that will host the 2019 AFCON, particularly sports infrastructure and hotels. The Minister of Sports noted that this mission was conducted satisfactorily and that CAF experts made useful recommendations which the administrations are working to implement.

Following these statements, the Prime Minister received contributions from Meeting members, and instructed the Minister in charge of SMEs to ensure the completion of partnerships envisaged between the SME Promotion Agency and targeted funding structures. The Head of Government asked the Minister of Finance, *(i)* to speed up the commercial debt auditing of SMEs and forward him a credit supply clearance plan for outstanding VAT as soon as possible; *(ii)* elaborate legal instruments required to strengthen the economic model of the Cameroon Bank for SMEs. The Prime Minister instructed the Minister of Sports and Physical Education to ensure the strict respect of the implementation calendar for works regarding the organization of the 2019 AFCON and to forestall any eventual difficulties.

The Meeting was adjourned at 11:35 a.m.-

Yaounde, _____

Séraphin Magloire FOUDA

**SECRETARY GENERAL,
PRIME MINISTER'S OFFICE**