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Covid-19 in Cameroon: What effect on economy?

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ABSTRACT:

This paper highlights the COVID-19 economic impact on Cameroon. We access broadly the impact that COVID-19 will have or already has on the different economical sector in Cameroon. By this period, cases are still increasing in Cameroon and there is a huge uncertainty about when this global pandemic will finish. Nevertheless, some economics negative impacts like job loss, economic slowdown are already being feeling.

Keywords: *COVID-19, Cameroon, Economy*

JEL Classification Codes : *E0, F0, H0*

On 11th March 2020, WHO designated COVID-19 a virus that appeared in December 2019 in China as a worldwide pandemic. By the date of 9th June 2020, there are approximately 401000deaths cases (WHO, 2020). Even though it is difficult to determine when the pandemic will finish and evaluate overall effects on the economy, some researchers have already predicted (before his designation as a worldwide pandemic) a drop of the global GDP by approximately 0.5% that is almost 3.5trillion USD (Duffin, 2020). But with prolongation of this epidemic, statistics, and uncertainty that it creates, it seems like negative his effects on worldwide economics have been downplayed. Indeed, as soon as countries, with the aim of managing the pandemic within their territories, decided to close borders, the loss has been estimated to over 810.7bn USD in global business travel revenue (Duffin, 2020).

Coming back in the African context, even if the impact on human loss is not the same as in western countries, African countries are already feeling economic effects. Cameroon since then, is the most affected 'one in the central African region. The first case has been declared the 6th march 2020 and of course, many measures have been taken by Cameroonian government on 17th march 2020(*figure 1*) and edited twice on 24th March 2020 and 30th April 2020 with the aim of reducing the transmission of this virus. Compared to other countries, a complete lockdown has not been observed, because the pandemic found a weak economy, tortured by the various crisis in his North regions with Boko haram and South-West and North-west regions with separatists' group. The country could not afford a complete break of his economic activities. Even with those light restrictions Cameroon is still facing an economic slowdown added to that consumer's fear.

“ 1. Cameroon’s land, air and sea borders will be closed: consequently, all passenger flights from abroad will be suspended, with the exception of cargo flights and vessels transporting consumer products and essential goods and materials, whose stopover times will be limited and supervised: Cameroonians who wish to come back home should contact our diplomatic representations.

2. The issuance of entry visas to Cameroon at the various airports shall be suspended;

3. All public and private training establishments of the various levels of education, from nursery school to higher education, including vocational training centres and professional schools, will be closed;

4. Gatherings of more than fifty (50) persons are prohibited throughout the national territory;

5. School and university competitions, like the FENASSCO and University games are postponed;

6. Under the supervision of administrative authorities, bars, restaurants and entertainment spots will be systematically closed from 6 p.m.;

7. A system for regulating consumer flows will be set up in markets and shopping centres;

8. Urban and inter-urban travel should only be undertaken in cases of extreme necessity;

9. Drivers of buses, taxis and motorbikes are urged to avoid overloading: law enforcement officers will ensure they comply;

10. Private health facilities, hotels and other lodging facilities, vehicles and specific equipment necessary for the implementation of the COVID-19 pandemic response plan in Cameroon may be requisitioned as required, by competent authorities;

11. Public administrations shall give preference to electronic communications and digital tools for meetings likely to bring together more than ten (10) people;

12. Missions abroad of members of Government and public and para-public sector employees are hereby suspended;

13. The public is urged to strictly observe the hygiene measures recommended by the World Health Organization, including regular hand washing with soap, avoiding close contact such as shaking hands or hugging, and covering the mouth when sneezing.”

Figure 1 : Measures taken by Cameroonian government against COVID-19¹

¹ Republic, P. o. (2020, Mars 18). Coronavirus: President Paul BIYA’s Instructions. Retrieved from prc: <https://www.prc.cm/en/news/4150-coronavirus-president-paul-biya-s-instructions>

This study will explore the effect that COVID-19 will have on the Cameroonian economy. To tackle this issue, we will first present an overview of the Cameroonian economy before the pandemic arrival. Then show impacts that result from globalization. Later, we will deduct their direct effects on the Cameroonian economic environment.

CAMEROON ECONOMIC OVERVIEW

Cameroon is 27 7449 89 inhabitants according to The World Factbook (CIA, 2018). Cameroon's GDP for the year 2018 is approximately 38 675 205.29 USD. The informal sector employs 90% of the Cameroonian labor force and represents 50% of GDP (OIT, 2017).

Cameroon does not have a wide variety of products exported. It commonly imports raw material: Crude Petroleum(\$1.5B²) which represents 35.1% of the whole exportation, Cocoa Beans which is 11.5% (\$492M³), Sawn Wood 10.8% (\$459M), Gold 9.74% (\$415M), and Bananas 6.36% (\$271M). And his main economic partners for exportation are China with \$999M, Italy: \$494M, United Arab Emirates: \$425M, France: \$399M, and the Netherlands: \$341M. For importation, we still have China at \$1.71B, France: \$562M, Belgium-Luxembourg: \$368M, Italy: \$239M, and Thailand: \$189M (OEC, 2018). And his main imported products are Rice (\$199M), Refined Petroleum (\$191M), Non-fillet Frozen Fish (\$155M), Packaged Medicaments (\$154M), and Wheat (\$151M). The most common import partners for Cameroon are China (\$1.71B), France (\$562M), Belgium-Luxembourg (\$368M), Italy (\$239M), and Thailand (\$189M) (OEC, 2018). It is important to note that since many years already,

Cameroon is facing some crisis: in North with terrorist group Boko Haram, in East with the internal political issue of Central Republic. And since 2016, North and South-East crisis (commonly called NOSO crisis). Apart from the humanitarian consequences that are huge, the economic sector has been drastically affected. In the North region, where Boko Haram is terrorizing the population, hospitality, tourism, trade, transport and agricultural sectors have been impacted. In the North and South-East of Cameroon, many companies and branches closed in those two regions, many contracts and investment projects have been stopped too. Twenty percent (20%) of cacao exportation revenue has been impacted. CDC and PAMOL, greatest employers who lost in infrastructures 171 403 000 USD and turnover loss of 20 568 400 000 USD. Telecommunication companies lost 514 209 USD in equipment destruction and approximately 171 403 000USD in turnover (GICAM, 2020).

² B=billion

³ M=million

ECONOMIC IMPACT OF COVID-19 ON CAMEROONIAN ECONOMY

A) International trade

Worldwide lockdown, fear, and uncertainty affect directly the demand and supply chain. Cameroon is an active actor and extremely dependent on globalization and it was obvious that it will be impacted by all these sudden changes.

Cameroon government has estimated his economic growth to 4% for 2020, but it is important to note that those forecastings have been made based on oil barrel price 57.9USD, inflation management, acceleration of growing economic, and so on (Cameroun, 2019).

Taking the assumption of oil barrel oil at 15%, we should mention that one of the immediate worldwide consequences of this pandemic was the dropdown of oil price and other product

The Cameroonian government has estimated the state budget for 2020 at 4 951 700 000 000 francs CFA that is approximately 85677700000 USD (Cameroun, 2019). This budget relies mostly on fiscal revenues and loans (*table 1*).

Table 1 : Product and income applicable to Cameroonian budget⁴

Products	Income (million FCFA)
Fiscal Revenues	2962200
Donation, aid	102000
Social contribution	60 000
Other revenue	595000
Loans	1 232500

B) Financial Aid

As a worldwide pandemic, many countries will be affected especially the largest economy countries which also participate in Cameroonian economy through loans and donations, which account for approximately 15% of government annual budget (PNUD, 2020). There is an uncertainty that those partners will keep donating funds as they were doing before since they also have to deal with their country's issues.

One of the most impacted countries on the economic plan right now is China with an expected drop in the economic growth of 1.9% (PNUD, 2020). China is one of the major trade partners, especially for Cameroon.

C) Local business

COVID-19 pandemic found a weak economy due to the different internal crises that the country is facing. Let says since almost 4years companies located in the southwest and northwest regions have been paralyzed by political issues. Both regions account for 16.3% of Cameroonian GDP (Mbadi, 2019). Among them, we had the greatest employer of the country

⁴ Cameroun, R. d. (2019, Decembre 24). Loi N°2019/023 du 24Dec2019 Portant Loi de Finances de la Republique du Cameroun exercice 2020. Yaounde, Centre, Cameroun

in terms of the number of employees: CDC, which all activities have been stopped since then. This relocates the economic period that COVID-19 hit Cameroon.

Measures taken by the government and international business climate and consumers' fear had an immediate impact on the local demand climate. PNUD (2020) forecasted that because Cameroon relies a lot on the importation, worldwide lockdowns will create a shortage in inputs, in the same way, it may create a slowdown of economic activities. Some companies are already feeling these effects, in a survey made by GICAM (2020) 13th to 21st April 2020, in a sample of 100 enterprises, 92% admitted the pandemic is harming their turnover. Globally,44% of companies declared that the purchases have been affected. Most impacted are manufacturing company with 56%(figure3).

Tomatoes and chicken sectors are facing a severe crisis. Tomatoes crisis is firstly due to borders closed of countries like Guinea equatorial and Gabon which are the ones who determine tomatoes prices. Prices drop to 80% and producers are complaining. Others will cease activities and others may go to jail because of debt.

In the sample taken, manufacturing companies represent 31% and we can see that the production of 69% of this sample is affected directly by the pandemic (figure 3). According to their answer, the production of 40% of all types of companies is directly affected by COVID-19.

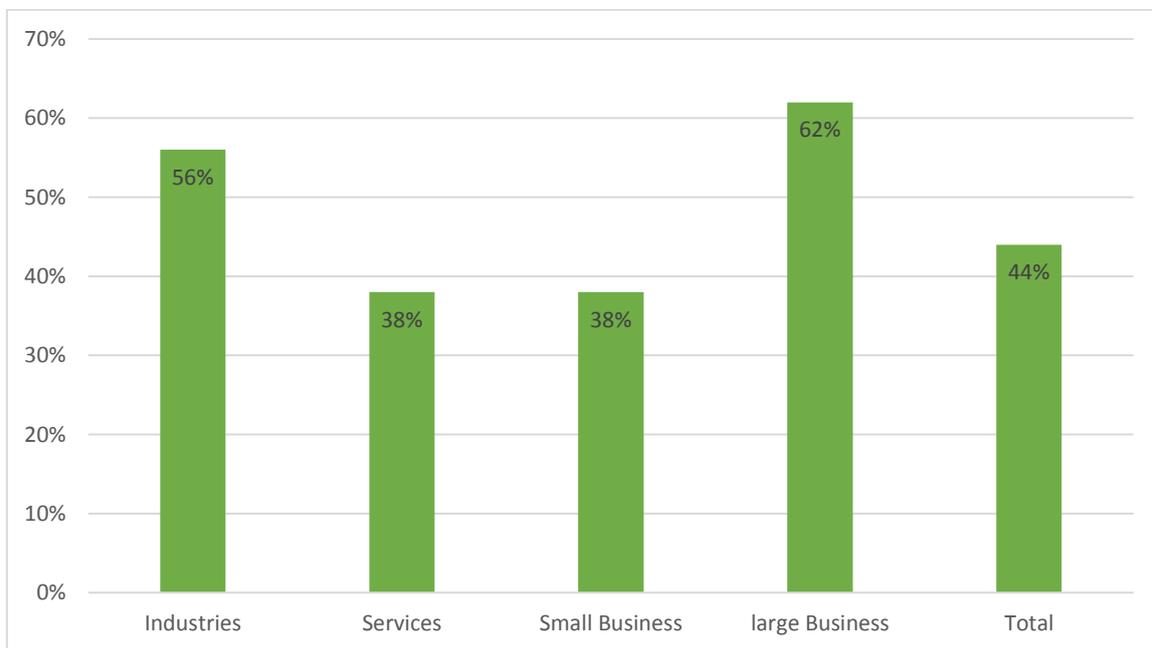


Figure 2 : Proportion of Companies which declared that their purchases have been impacted by covid-19⁵

⁵ GICAM. (2020). COVID-19 Impact sur les entreprises au Cameroun. GICAM

This study was backed by another survey made by Cameroonian National Institute of Statistics (2020) between 27th of April – 10th May 2020 on 770 Cameroonian based companies, it came up that up to 93% have been impacted negatively by this pandemic and that 60% claimed that their supplier chain has been affected too.

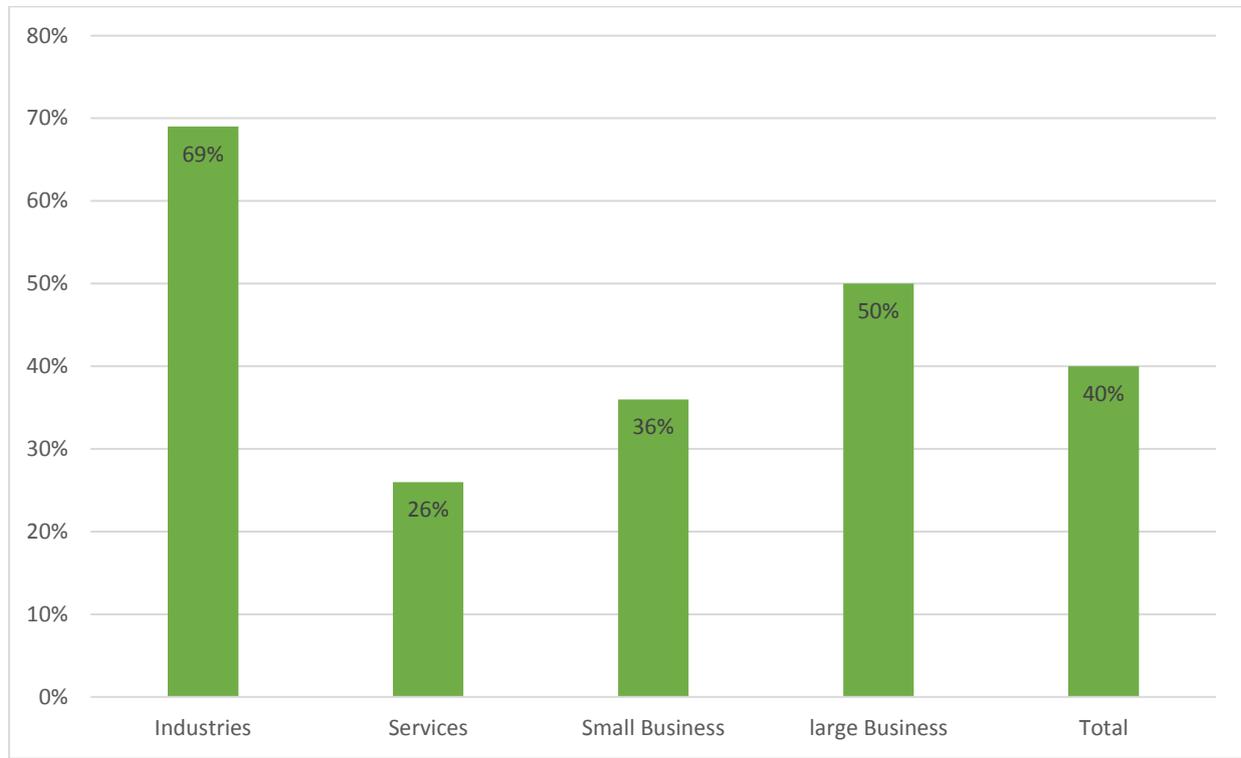


Figure 3 : Proportion of Companies which declared that their production has been impacted by covid-19⁶

D) Human resources

With the turnover drop, some companies have already reduced or are forecasting a reduction in the employees. According to the Cameroonian National Institute of Statistics (2020), over 50% of companies cut employment. Companies that are more concerned: education(92%), hospitality and restaurant(71%), extraction(76%) and silviculture(73%) (Statistics, 2020). For those who succeeded in keeping their job, are facing salary reduction. Gicam, in a survey that covers the period of April to June 2020, on a sample of 225 companies, 14000 people lost their job and 53000 are on technical unemployment (Dougueli, 2020).

E) Household

The economic slowdown, salary reduction, and job loss have a direct effect on household living standard and most impacted are less privileged that is 79% (Statistics, 2020).

⁶ GICAM. (2020). COVID-19 Impact sur les entreprises au Cameroun. GICAM

CONCLUSION

Like other countries, Cameroon was not ready for this pandemic, added to that different political crisis that the country is facing. The economy is already feeling the Covid-19 negative impacts like job loss, business closure, general economic slowdown, on his economy and it is pessimist on their economic goal achievement for this fiscal year. Questions that come, is what will be the long-term effects of this pandemic? And how can the Cameroonian government solve this issue?

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