BUSINESS IN CAMEROON

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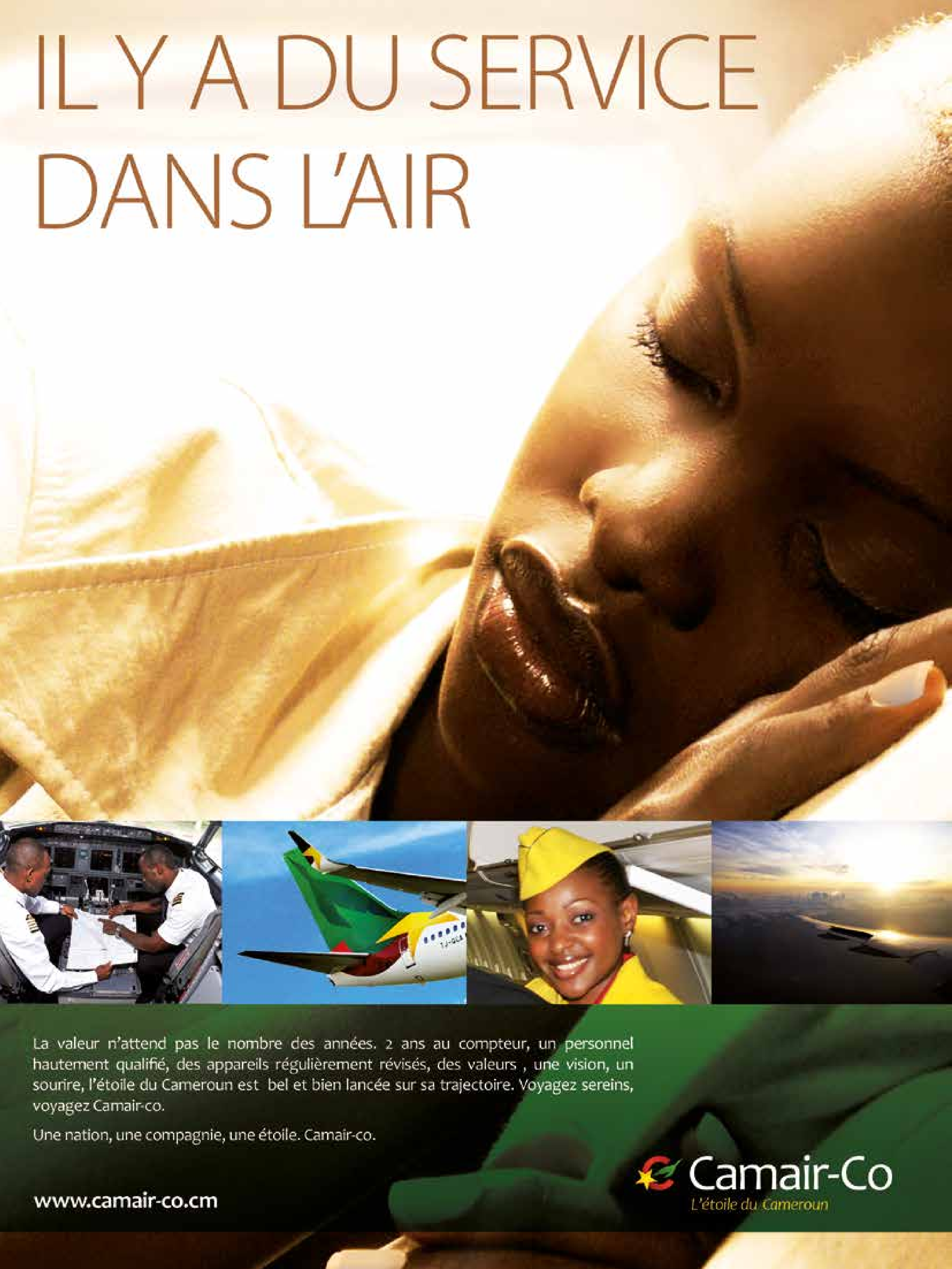
AGRICULTURE
ENERGY
MINING
INDUSTRY
SERVICES
FINANCE

Serge Yanic Nana

"Traders have just announced on the international financial market that there is demand for Cameroonian iron"

The Cameroon Commodities Exchange: a potential hub for the CEMAC zone

343 billion FCfa to create 200,000 jobs in Cameroon and reach 6% in growth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Yasmine Bahri-Domon

Mbalam: an iron-clad project

Although global iron prices have fallen somewhat and have been fluctuating between 80 and 90 dollars per tonne, the iron-rich deposits that have been identified in Mbalam in eastern Cameroon and in the Nabeba region in Congo continue to attract investors in droves such as the Noble Resources firm's traders who plans to buy 100% of the iron produced from Mbalam. This will amount to 35 million tonnes per annum over a 10-year period. The guaranteed purchase of iron from the Mbaraga and Nabeba deposits over a decade is good news for the Cameroonian and Congolese economies as it ensures there will be no unsold iron produced as Cameroonian customers will have a 15% priority purchase from the Mbarga mine while partners and investors will have a 35% priority stake. These arrangements reduce Noble Resources' purchase share to 50% if the local market and project partners buy their portion. Therefore, from the start of production, the product is guaranteed to be sold.

Is the same guarantee possible for Cameroon's overall economic growth by the end of 2014? As optimistic as any country would be with a wealth of human and natural resources, the government, which just put up 343 billion FCfa for its emergency plan to reach 6% growth in 2014 instead of the projected 4.8%, is making a bold effort to achieve what is an attainable goal. The country has everything to succeed: millions of diversely qualified people; rich soil that is mostly fertile, a tropical climate with four moderate seasons that are conducive to the blossoming of intensive agriculture for which the government has just approved its national agricultural investment plan that aims to invest 3.350 trillion FCfa in the development of agriculture over a period of seven years (2014-2020). This is a promising outlook for this primary sector of the Cameroonian economy.

The Cameroonian economy's promising outlook is attracting many foreign investors and is making them more practical. In light of realistic constraints on infrastructural development, Viettel, the third cellular phone provide, has asked the Cameroonian government to extend its 3G monopoly, an exclusive right for the Vietnamese company in Cameroon since the signing of its contract with the State in December 2012. This is a sign that proves the dynamism of the GSM market in Cameroon. The market will grow with the activation of the first Viettel chips on the market in September 2014. Another bit of good news is the Belgian company, Préfarail's signing of a memorandum of understanding on April 25, 2014 for the construction of a 50 km long tramway in Yaoundé. The first ever tramway in Cameroon will help to address the lack of mass transportation that the country's cities have been experiencing, especially at a time when trade and investment are increasing with neighbouring Nigeria, Africa's largest economy, with which Cameroon signed a series of formal cooperative agreements governing trade between the two countries. Africa's economic health will also require south-south investment.

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Publication Director • Yasmine BAHRI-DOMON
Contributors • Beaugas-Orain DJOYUM, Idriss LINGE, Brice R. MBODIAM
Operator • Médiamania Sàrl • www.mediamania.pro • Design : Jérémie FLAUX, Web : Christian ZANARDI, Translation : Craig Bloomfield
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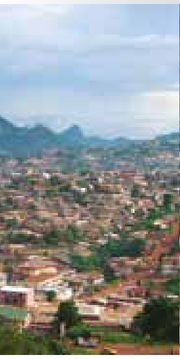





BANK

CASTING

ZACHARIE PÉRÉVET

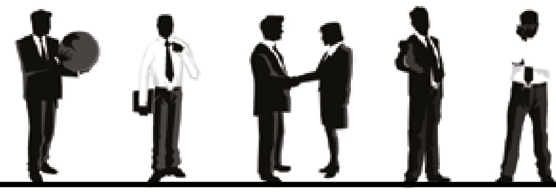
The Cameroonian Minister of Employment and Professional Training, Zacharie Pérévet, has just announced that the major construction projects in Cameroon, within the framework of the governments construction projects, have already enabled the creation of 9,953 jobs for nationals. This included 3,030 jobs in 2012, "the year that marks the start of data collection by the ministry," highlights Mr Pérévet, and 6,923 jobs in 2013.

According to the ministerial department's forecast, approximately 16,000 jobs are available to nationals through these projects. To integrate these nationals, the Ministry of Employment, in collaboration with its sub-organisations, such as the National Employment Fund (FNE), implemented a data base for skilled job applicants, to make construction projects available to companies.

JACQUES BIMAÏ

For almost three years now, this success story has turned the page to a new chapter of repeated strikes by Strafer employees. This permanent malcontent, confesses the Director and General Manager, Jacques Bimaï, is due to the drastic reduction in Camrail contracts since the arrival of competitors on the railway maintenance market which, for years, was a Sitrafer strong-hold.

The Sitrafer Director and General Manager also reveals that the company's sales went from 2 billion FCfa on average at the start to 282 million FCfa today – a decline of 88%. This has slimmed down the workforce from 400 to 200 employees and also increased the number of back payments owed for wages which the government has had to pay.



SYLVESTER MOH

According to the Managing Director of the Treasury at the Ministry of Finance, Sylvester Moh, Cameroon's Treasury has recovered 673 billion FCfa in revenue as of March 31, 2014. This performance, highlights Mr Moh in an interview in the government daily publication, has surpassed its target by 79 billion FCfa relative to the Treasury plan undertaken by the Ministry of Finance. The same source explains 632 billion FCfa have been spent out of this recovered sum; spent primarily on salary payments for civil servants and State employees as well as service providers. These factors lead the Treasury Managing Director to declare that "the State of Cameroon is not in difficulty" contrary to much of the information recently published in some Cameroonian newspapers, including an article entitled "Is the state Bankrupt?".

MAKHTAR DIOP

The World Bank's board has just approved 150 million dollars (around 75 billion) in financing for 19 centres of excellence at universities located in seven West and Central African towns. The project aims to strengthen science and technology instruction across the continent. Cameroon will receive 4 billion FCfa (8 million dollars).
"I am delighted to support the creation of these centres of excellence, because they will bring us one step closer to the establishment of superior institutions of international calibre on the continent," stated Makhtar Diop (photo), Vice-President of the World Bank for the African region. "In my opinion, there's no better way to bolster the economy of African countries, create jobs and support research than by training young graduates in the fields that are needed, such as chemical engineering, agronomy and the fight against infectious diseases," he added.

GASTON ELOUNDOU ESSOMBA

The storage capacity of Société camerounaise des dépôts pétroliers (SCDP), headed by Gaston Eloundou Essomba, in the Cameroonian capital, just rose to 65,000 M3, compared to 52,000 m3 in the past. This represents a 12% increase based on what internal sources have revealed. For its part, SCDP's domestic gas cylinder filling capacity has increased to 100 tonnes per day instead of the previous 50 tonnes.
The growth in oil product storage capacity by SCDP falls within the company's overall operational capacity strengthening and safety improvements around the company's various warehouses across the country. This programme was launched around 11 months ago. The above-mentioned programme is a response to the country's low storage capacity which, until now, was only four days according to reliable sources.

ROBERT NKILI

Previously considered to be a secondary airport used for domestic flights, Maroua Salak Airport in the regional capital of Extreme-North, Cameroon, has just been turned into an international airport following a directive issued by the Minister of Transportation, Robert Nkili. Aroua Salak has now become the country's 4th international airport after Yaoundé-Nsimalen, Douala and Garoua.
The government document however specifies that matters following the "the opening up to intercontinental air traffic will be addressed by a specific document after the operational norms of the Maroua-Salak Airport have been resolved." This task is the responsibility of the Cameroonian Aeronautics Authority (CCAA) which, for example, will have to extend the landing strip by at least 700 metres to meet the required 2,800 metres to enable the Maroua airport facility to receive larger aircraft such as the Boeing 747 and the Airbus A340.

The Cameroon Commodities Exchange: a potential hub for the CEMAC zone




Once the feasibility study has been completed in August 2014, according to experts at the Eleni LCC firm, the commodities exchange could debut a year later, having a very positive impact on producers' earnings and, potentially, on the country's agricultural production.

According to Eleni Gabre-Madhine, CEO of the Eleni firm, which has been conducting a feasibility study on the creation of an agricultural raw materials exchange in Cameroon, this future business hot spot for buyers and sellers of commodities sees the potential for it "to quickly become the CEMAC zone's trading hub."

On April 9, 2014 in Yaoundé, results of the first on-site investigations by the firm in four regions (Centre, West, North-West and South-West) have been encouraging. During their first seven weeks of work, the Eleni firm's teams were able to see on Cameroonian markets, including the most distant, the increased presence of Nigerians, Gabonese and Chadians to replenish their stock in Cameroon. A trading platform like CCX should help to modernise and boost the commercial collaboration between Cameroon and neighbouring countries.

The products the Eleni firm have already been eyeing for the CCX are rice, corn, sorghum, beans, cassava, palm oil, cocoa and coffee. Even if their production is low, as noted by Eleni Gabre-Madhine and her team, the volumes currently being sold (excluding consumption needs) are promising as they vary between 85% (cocoa/coffee) and 35% (corn, beans, sorghum, etc.).

The products the Eleni firm have already been eyeing for the CCX are rice, corn, sorghum, beans, cassava, palm oil, cocoa and coffee.

A CCX LAUNCH IN 12 MONTHS? IT'S POSSIBLE!

The sale of these products on CCX seems all the more questionable, though, as the preliminary study presented in government reveals that the current path is fraught with hurdles. These mainly include the poor state of the roads in production zones, which increases transportation costs and makes market access difficult, mutual distrust between vendors and buyers, the total absence of price information on the market and warehouses, sales options restrictions which oblige producers to sell to the first buyer to cross their path.

But, despite the constraints raised concerning the sale of commodities, to which must be added Cameroon's structural limitations in terms of the absence of cutting-edge technology, the Eleni firm is adamant that "the CCX project is feasible. […] With more constraints than what one finds in Cameroon, we were able to launch a commodities exchange in Ethiopia. I can say that there are lenders who had a good laugh when they found out that Ethiopia was planning to create an agricultural exchange. We believed in our project and we got there," explained Eleni Gabre-Madhine.

She goes on to indicate that the Cameroon Commodities Exchange can be operational within a year after the completion of the feasibility study. "In Ethiopia, we did it in 18 months. With the experience we already have, we think that we can set-up the Cameroon Commodities Exchange in 12 months," maintains the Eleni firm's CEO.

Cameroonian Minister of Trade, Luc Magloire Mbarga Atangana and the Executive Director of the International Cocoa Organisation (ICCO), Jean Marc Anga, signed an agreement on February 17, 2014 to finance the feasibility study on the creation of an agricultural commodities exchange in Cameroon.

Despite the various constraints raised, the Eleni firm is adamant that "the CCX project is feasible".

According to the agreement between the ICCO and the Cameroonian government, the project which is "a major first in French-speaking Africa," in the words of Minister Mbarga Atangana, will cost 50 million FCfa for 6 months. The study is to be conducted by the Eleni LLC which already put in place Addis Abeba's commodities exchange in Ethiopia, has been referred to as "a leader in this field" by the Cameroonian Minister of Trade who added that the entity "has had transactions involving 608,000 tonnes in 2011-2012 and deals that went from 12 billion in 2008 to 750 billion FCfa in 2011."

THE ACHIEVEMENT OF A GOVERNMENTAL VISION

Apart from these figures, the Ethiopian Commodities Exchange (ECX), which carries out daily transactions seven times higher than those of the Ghana Stock Exchange, according to Ms. Eleni Gabre-Madhine, enabled "15 million Ethiopian coffee producers to be permanently connected to the international market." Thanks to the ECX, reveals Ms. Eleni Gabre-Madhine, Ethiopia's peas output tripled while producers' income improved significantly.

Thanks to the ECX, reveals Ms. Eleni Gabre-Madhine, Ethiopia's peas output tripled while producers' income improved significantly.

The Cameroon Commodities Exchange, of which the feasibility study has just started, will enable "the modernisation of the sale of agricultural commodities' through market and pricing transparency as well as the lowering of costs" which will all contribute to improving the producers' revenue.
According to Jean Marc Anga, the sales' systems in place for commodities in the four top cocoa producing countries in Africa (Côte d'Ivoire, Ghana, Nigeria, Cameroon), for example, are "inefficient and frequently involve individual sales which leave producers to the mercy of unscrupulous, lawless buyers." The creation of a commodities exchange will be an excellent way to overcome these constraints.
This is why the ICCO's executive director wants the Cameroon Commodities Exchange, this accomplishment of the strategic vision of the government of Cameroon" to be operational "in a year". But to do this, numerous institutional and infrastructural constraints will have to be removed.
The head of operations at Eleni LLC indicated on February 14, 2014 in Yaoundé that the creation of a commodities exchange depended heavily on the improvement of roads in production areas, electronic communication systems, payment systems and energy supply, not to mention increasing production and improving product quality. A similar request was made by the Cameroonian government on April 9, 2014 in Yaoundé. The Eleni firm sought to reassure that this feat can be accomplished.

Brice R. Mbodiam

Tension brewing over announced electricity price hike in Cameroon

The news announced by the regulatory body was reiterated by AES Sonel, primary dealer of electricity. Consumer rights and protections associations are decrying the move.

While electricity has become the new norm in several localities across Cameroon, in light of the rationing that has occurred over the last few weeks in electrical distribution, the Electricity Sector Regulation Agency (ARSEL) has informed the consumer protections agencies with which it previously met on March 13-14, 2014, that the price increase in Cameroon is "inevitable".

This was reiterated on April 13, 2014 by AES Sonel's Managing Director, Jean David Bilé. Speaking to the media at press conference held in Douala, the country's economic capital, the Managing Director of the electricity provider since 2001, advised customers to prepare for an electricity price increase across the nation.

According to reliable sources, this price increase, which would only affect those consumers who use up to 110 Kilowatts (KW) per month, is being implemented to protect the more vulnerable which make up the largest sub-group of AES Sonel's 850,000 customers. Formerly billed at a rate of 50 FCfa per KW, this group will now pay 70 FCfa per KW which is up by almost 50%.

AES Sonel Head of Communications, Alex Siewé, explained that the increase is due to needed financing to invest more in the production, transportation and distribution network. ARSEL's DGA, Honoré Demenou Tapamo, supported these claims by adding that "the State is losing over 3 billion FCfa per annum due to technical losses, the poor condition of the transportation and distribution network and also other losses generally bill non-payment by customers and fraud by AES Sonel underwriters." All of this is alleged to considerably increase production costs, according to the ARSEL representative, thus requiring a price increase to avoid the electricity providers' complete collapse.

In the league's opinion, this price increase is "unjust and cynical in a context in which electricity consumers are facing countless, uncontrolled power outages which are highly prejudicial" to both homes and businesses.

MEDIOCRE SERVICE

However, these claims have been rejected by Réseau associatif des consommateurs de l'électricité or the Associative Network of Electricity Consumers (Race), a civil society organisation. . "If you take a close look at the electricity pricing system, you'll see that the losses related to transportation and distribution represent 30-40% of the KW billing paid by households and businesses," stated Jean Baudelaire Belengue, Deputy Secretary General at RACE, who went on to note that "international norms have capped billing for both types of losses at 10%."

On the issue of fraud cases which cause significant losses for both the provider, AES Sonel, and the State, the consumer protection entity stated, "that a satisfaction investigation conducted with a sample of 10,000 electricity customers in collaboration with the National Institute of Statistics (INS), and submitted to the regulatory agency on August 24, 2012, reveals that only 3% of electricity users source their electricity off the grid." RACE stresses that this means that 97% of customers are not guilty of fraud.

RACE also finds that the price-hike is coming at an inopportune time, especially since "combined with the terrible impact of the chronic lack of service provision, electricity represents 20% of the mandatory expenditure of companies and up to 30% of the energy burden of Cameroonian households with a level of service that is inherently mediocre."

THEN CAME THE HUNGER STRIKE…

Following RACE's outcry, the Cameroonian Consumers' League (LCC) took the floor. On April 14, 2014, the civil society association wrote to the Prime Minister, Philémon Yang, urging him "not to approve the Electricity Sector Regulation Agency (ARSEL)'s request to raise AES Sonel's per-kilowatt electricity billing" as this endeavour "could incite public disorder."

In the league's opinion, this price increase is "unjust and cynical in a context in which electricity consumers are facing countless, uncontrolled power outages which are highly prejudicial" to both homes and businesses. Yet, the consumer protection organisation goes on to add that "the day after the launch of the Kribi gas plant in March 2013, AES Sonel had promised that the long and disastrous electrical service interruptions would cease."

ARSEL has informed the consumer protections agencies that the price increase in Cameroon is "*inevitable*".

Tired of waiting on a response to the letter addressed to Cameroon's highest governmental authority and AES Sonel, the local subsidiary of the American corporation AES which is currently transferring its Cameroonian assets to the British fund, Actis, Magellan Delor Kamgaing, president of the Cameroonian Consumers' League, went on a hunger strike on April 21, 2014 in Yaoundé, the country's capital.

AES Sonel Head of Communications, Alex Siewé, explained that the increase is due to needed financing to invest more in the production, transportation and distribution network.

With signs in hand under a banner that indicates the offices of the electricity sector's regulatory body, Mr Kamgaing hopes to make government officials reject AES Sonel's plan which was submitted to the regulator from 2013. Severely weakened after five days, the LCC president was hospitalised. The price hike initially planned to take effect in April, was not applied, much to the delight of AES Sonel's customers. It is alleged that this was due to a decision taken by the Office of the Prime Minister to halt the scheduled price increase.

BRM

Serge Yanic Nana: "Mbalam project bankable even if global iron prices fall to 90 or even 80 dollars per tonne."

President and CEO of Financia Capital, Serge Yanic Nana is Cameroon's lead advisor and financial advisor for the Mbalam Iron Ore Development Project in East, Cameroon. In this interview, he analyses the implications of the recently announced purchase agreement made by Noble Resources International, for iron produced by Sundance Resources, the parent company of the Cameroonian company, Cam Iron – the project leader.

"We mustn't think as a country developing its resources, but rather as a region developing its potential."

Business in Cameroon: What impact might Noble Resources' announcement concerning its commitment to buying 50% of Sundance Resources' production at the Mbalama-Nabeba iron ore for the first ten years of mining at the site that stretches between Cameroon and Congo?

Serge Yanic Nana: The agreement between Cam Iron, Sundance Resources' Cameroonian subsidiary and Noble Resources is really a fixed purchase agreement for all Mbalam iron production from the Mbarga mines in Cameroon and the Nabeba mines in Congo which amounts to 35 million tonnes per annum over a period of 10 years, beginning with the start of production at both mines and including a quantity decrease clause depending on priority purchasers. Local purchasers will have priority purchasing access of up to 15% of the Mbarga mine's production. Project investors and partners will have a 35% priority. This means that, if the local market absorbs its quota and project partners also buy their share, Noble Resources is committing to buying up to 50% of the production. So, it's a flexible agreement that guarantees that there will be no unsold product for the 10 first years of DSO (Direct Shipping Ore) product extracted from Mbarga and Nabeba mines.

BIC: Was there any risk on the iron produced at Mbalam and Nabeba not being sold before this agreement was signed between Sundance Resources and Noble Resources?

SYN: A contract of this nature has immense importance as the odds of selling minerals, which is one of the project's main financing risks, is quite uncertain. Noble Resources' financial strength (the commodities trader with the highest capitalisation – 3 billion USD) will reassure lenders that Noble is able to fulfil its obligations. With this agreement, the Mbalam project made one of

the most important steps in its development since the signing of the mining agreement between Cam Iron and the State of Cameroon on November 2012 after the Congolese permit was issued to Sundance Resources in December 2012.

If one were to summarise the purchasing contract traders have just announced on the international financial market, one would conclude that: 1) there is demand for Cameroonian and Congolese iron 2) they are providing financial guarantees for future purchases and 3) they already have customers (steelworks) that are waiting on the iron. Sundance Resources, Cameroon and Congo must now get busy, because offers like this don't come every day. The Central African Monetary and Economic Community (CEMAC) zone has a singular opportunity to become the world's next great iron production region. I believe that it is of strategic importance for the CEMAC zone's future as it is overflowing with resources. In fifteen years, we will be able to export 100 million tonnes of iron from the CEMAC zone. It is in this spirit of regional and strategic action that the terms included in the various agreements and conventions were negotiated. We mustn't think as a country developing its resources, but rather as a region developing its potential.

"With this agreement, the Mbalam project made one of the most important steps in its development since the signing of the mining agreement between Cam Iron and the State of Cameroon on November 2012 after the Congolese permit was issued to Sundance Resources in December 2012."

BIC: The agreement between Sundance and Noble stipulates that the latter will buy iron produced by Sundance at the international standard rate. Cameroon will receive, as a part of the project, royalties (2.5% of total sales) that are estimated to reach 4 trillion FCfa over 25 years. This estimate is based on the presumed rate of 63 dollars per tonne of iron. So, where the agreement talks about iron being sold at the international standard rate, how much does that really mean?

SYN: The 2.5% figure in royalties that will go to Cameroon is based on provisions in the Cameroonian mining code concerning the extracted ore price calculated using the Kribi FOB price. But the importance of setting the price based on the Platts system goes beyond the issue of royalties. If the price of iron increases, then Cam Iron's profit margin will increase and, by extension, the State will bring in more revenue from these companies than expected and more dividends on its investment. Note also that all infrastructure is returned to the State after 25 years.

The purchase agreement signed by Cam Iron is based on the North China Platts IODEX 62% Fe CFR reference index which is the inter-

national rate used in iron trading. This price includes the cost of shipping to the North China ports with cargo cost standardisation at Qinqdao Port in China, as well.

BIC: How will the Kribi FOB price be determined in Cameroon?
SYN: The Platts IODEX 62% also defines the delivery standards relative to the quality of the iron based on its chemical and physical composition. It is based on this price that freight costs are set by the Kribi FOB price in Cameroon. The actual freight price from Lolablé (the locality where the Kribi deep water port is being built) for North China is estimated to be between 25 and 30 USD with the particularity that freight costs are only influenced by the demand and supply of the ships. The BIMCO index (Baltic and International Maritime Council) is the reference for freight costs with +/- 30% fluctuations from one year to the next. The 63 dollar-per-tonne model to which you referred earlier is on the pessimistic end of the spectrum which tested the project's ability to withstand a downturn in iron prices. Even in that scenario, the Mbalam project remained strong as it has very competitive logistical and transportation costs.
The Mbalam project will therefore be reliable even if global iron prices plummet to 90 or 80 dollars a tonne. This reassures lenders. The State's revenue will vary depending global prices (as is the case for all natural resources).

BIC: there's also the railway equation…
SYN: The project's complexity lies in the structuring and construction of railway and port infrastructure in order to keep the logistical cost below 30 dollars per tonne to make Cameroonian and Congolese iron competitive. Indeed, the project is more oriented towards infrastructure rather than mining as the mining element will be quickly streamlined.
The price of iron is currently 116 dollars per tonne and Australia's BREE (Bureau of Resources and Energy Economics), a governmental strategic think-tank on energy and mining, projected, in its latest report, a short and medium decline in iron price to 109 dollars per tonne due to increased production. African ore exploited in the medium term will be more attractive in terms of mineral quality and logistical cost. The Mbalam-Nabeba deposit falls in this category.

"The Mbalam project will therefore be reliable even if global iron prices plummet to 90 or 80 dollars a tonne. This reassures lenders. The State's revenue will vary depending global prices (as is the case for all natural resources)."

BIC: While the government of Cameroon has been pushing for a railway to transport iron and passengers, Sundance Resources has been fighting for an industrial railway to transport only minerals. What was decided?
SYN: In the end, it was decided that the railway will be used for minerals. To make up for the fact that, for logistical reasons, we can't transport minerals and passengers, we decided to asphalt the road that runs alongside the rail. This road will become a national public road which will run from Kribi (in the South) to the East. The road will also connect to the Sangmelima (Cameroon)-Ouesso (Congo) roadway.

BIC: In your opinion, why is Sundance Resources unable to secure a reliable partner to complete the Mbalam-Nabeba project, especially for the construction of the railway?
SYN: You may recall that from 2011 to early 2013, Sundance negotiated with a Chinese partner under the supervision of the Australian and Chinese authorities with a Chinese partner to secure the partner's investment in Sundance and the Mbalam project. As it turned out, the negotiation failed. A year ago, Sundance restructured its approach

to the project. Recent public statements made by Sundance suggest that the company is at an advanced stage in negotiations with partners for the construction of the railway and the mineral terminus (of the Kribi deep water port). We will know more in the coming months. But, with the announcement of the recent signing of the purchase agreement with Noble Resources, it's safe to say that the project is heading in the right direction. In addition, 2012 and 2013 were tough for mining companies because metals' prices collapsed. The price of iron significantly recovered by late 2013 to early 2014 and seems to have settled at between 110 and 120 dollars per tonne. We're far from the 190 dollars per tonne we had in 2008. In a context like this with so much tension in the price of iron, it's difficult to complete a large project of this nature.

"The Central African Monetary and Economic Community (CEMAC) zone has a singular opportunity to become the world's next great iron production region."

BIC: Where are we today in the fundraising process for the railway project and who will build it?
SYN: With regards to fundraising, discussions are on-going and very complex. The goal is to raise 5 billion dollars (around 2.5 trillion FCfa) in investments for the first phase. This requires considerable documentation. Everything has to be meticulously structured so that lenders will approve loans. Now that the Off-take agreement (purchase agreement for the first ten years of production concluded with Noble Resources) has been signed, discussions are going to accelerate because we now have visibility on production sale.

BIC: Cameroon will receive a substantial transit royalty for minerals transported by rail. In the past, we have seen rather ridiculous transit fees for transportation infrastructure in Cameroon. What are the specific elements and percentages that will make this railway different?
SYN: The structuring of railway and port deals, as far as pricing is concerned for current and future mining companies, is given a great deal of attention during these negotiations. You're right. The past hasn't always been favourable to Cameroon in this area. As for the Mbalam project, past experiences have been studied so extensively that we could be certain that the clauses pertaining to the use of infrastructure would be more balanced. The agreements that have been achieved are promising and Cameroon now has a pricing framework for the Mbalam project's infrastructure that is one-of-a-kind in Africa.

Interview by
Beaugas-Orain Djoyum

PUBLIC MANAGEMENT

343 billion FCfa to create 200,000 jobs in Cameroon and reach 6% in growth in 2014

According to internal sources at the Ministry of Economy, the emergency plan evaluated by the Cameroonian government's last cabinet meeting on April 21, 2014, which is awaiting approval by the Head of State before implementation, involves a total of 343 billion FCfa. The emergency plan, which aims to have Cameroon's growth rate rise to 6% in 2014 instead of the initially projected 4.8%, provides for infrastructure-oriented investment totalling 26 billion FCfa.

Similarly, it is stipulated that, among the 98,000 companies registered in Cameroon by the National Institute of Statistics (NIS), the government will encourage the creation of two jobs per company through tax and customs incentives to create at least 200,000 new jobs this year.

According to sources, the programme's backbone is increased investment in agriculture which employs 70% of the nation's active population. The government's emergency plan includes growth in rice production (currently 100,000 tonnes) which is certainly the country's most popular staple, but imported to make-up the 200,000-tonne shortfall, is estimated to be approximately 120 billion FCfa each year. It is also a matter of boosting fish production as well as that of corn and soya – two sectors to be developed by way of the "the Agricultural Market Investment Project (PIDMA)" recently financed by the World Bank to the tune of 50 billion FCfa

The government also hopes to increase cement production to meet national demand which is projected to reach 8 million tonnes per annum with major projects on the way. This hope certainly lies in the launch, announced in March 2014, of the Nigerian billionaire's Dangote Cement factory which should add 500,000 tonnes to the market in addition to the Lafarge subsidiary, Cimencam's 1.2 million tonnes and Cimaf's 500,000 tonnes whose factory started production in February of this year.

BRM

Germany finances projects in 16 Cameroonian provinces- to the tune of 10 billion FCfa

The German cooperative entity (KfW) has just announced that it will be granting 10 billion FCfa in financing to 16 Cameroonian provinces as a part of the "Feicom-towns Decentralisation Programme". Conducted by the Special Inter-Provincial Equipment and Intervention Fund (FEICOM), the Cameroonian Provincial Bank assists eligible local communities with aid for business and non-profit entities.

For eligible provinces, this programme, which will end in 2018, includes provisions for areas inhabited by fewer than 50,000, which will receive between 200 and 650 million FCfa in financing. Provinces with more than 50,000 inhabitant will have their financing capped at 1.3 billion FCfa. Feicom's Managing Director, Phillipe Camille Akoa, explains that, at the end of the process, new towns will be able to join the programme during the second phase.

Germany is one of Cameroon's most important bilateral partners in decentralisation. German Ambassador to Cameroon, Klaus-Ludwig Keferstein, explains this involvement by noting that "it is important to have provinces and regional entities assume this responsibility as they are closest to the affected populations."

The government launches a promotional month of "Consume Cameroonian"

From April 24, 2014 to May 31, 2014, the Cameroonian Minister of Trade and economic entities of the sugar, vegetable oil, soap and margarine sectors will be engaging in a major campaign to promote locally produced goods.
According to a press release published by Minister Luc Magloire Atangana, this event, which will involve mostly the sale of local products at promotional prices, will take place through the departmental delegations of the Ministry of Trade.
The Trade Minister has said that these promotional sales will be brief; from May 5-10, 2014, on "open door" days in select agro-industrial plants: Société camerounaise de palmeraies (Socapalm), the Maya and Azur companies, as well as Société de développement du coton (Sodecoton).

Cameroon and Nigeria bound by formal trade agreement

Following the 6th mixed commission on cooperation between Nigeria and Cameroon, which concluded on April 11, 2014 in Yaoundé, Nuruddeen Mohammed and Pierre Moukoko Mbonjo, respectively Delegate Minister to Foreign Affairs for Nigeria and Minister of Foreign Affairs for Cameroon, signed a series of cooperative agreements, including a formal trade agreement that will govern trade relations between the two nations.
This agreement comes about not only a few days after Nigeria, a potential market of 170 million inhabitants, became the largest economy in Africa, surpassing South Africa, but also at a time when Cameroonian and Nigerian authorities are preparing to inaugurate the Enuga-Bamenda road that will increase the already considerable trade between the two countries.
Indeed, according to figures from the Economic Affairs Directorate (DAE) at the Ministry of Finance, in 2012, Nigeria was the destination for 3.5% of Cameroon's formal trade. This was far behind China which received 15% of the country's exports. At the same time, the same report reveals that the most populated country in Africa remained Cameroon's main supplier as 22.6% and 17.8% of Cameroon's imports respectively in 2011 and 2012 originated there. France (12.8% and 11.8%) and China (10.8% and 10.4%) lagged behind.
These statistics are probably more significant in light of the fact that, according to official sources from both countries, Nigeria and Cameroon share a long tradition of contraband smuggling due to their shared 1,400 km border that is hardly monitored and is therefore highly penetrable.

Cameroon: Eximbank of China provides 193 billion FCfa in financing for road to future Kribi port

The Cameroonian Head of State, Paul Biya, signed a decree on April 8, 2014, authorising the Minister of Economy, Emmanuel Nganou Djoumessi to sign a 192.9 billion FCfa (385.8 million dollar) loan agreement with Eximbank of China to finance the construction of the Kribi-Lolablé road. Thirty-eight kilometres long, the road will serve the Kribi deep water port that is currently under construction.

According to the Kribi industrial port complex's steering committee, the Chinese portion of the financing is approximately 85% of the total amount, which is estimated to be 215 billion FCfa. The remaining 15% is to be provided by the Cameroonian government.

Road work will last between 36 and 48 months, according to forecasts. The first boat should come into port in Kribi in June 2014, which is only two months away.

Cameroon eligible for IBRD financing

In a recently published press release, the Cameroonian Minister of Economy, Emmanuel Nganou Djoumessi, announced that "following a meeting of the loan committee of the International Bank for Reconstruction and Development (IBRD), Cameroon has just been declared eligible for these resources" from this World Bank agency. According to the Cameroonian government member, the State's eligibility for IBRD financing "confirms the solidity of its macro-economic foundation."

In October 2013, during the general assemblies of the IMF and the World Bank (WB) in Washington D.C., Cameroon had expressed interest in receiving IBRD financing. Following this request by Cameroonian authorities, a World Bank mission by Véronique Kessler, Chief Economist at the WB, stayed in Cameroon in November 2013 to discuss the country's IBRD financing eligibility.

This will be the second WB financing bureau to open its doors to Cameroon, following the IAD (the International Association for Development). The only difference is that IAD loans are granted at concessional rates (usually lower than 1%) while IBRD loans are non-concessional, but are also reimbursable over long periods.

In all its last reports on Cameroon's economy, the International Monetary Fund (IMF) has chastised the numerous non-concessional rate loans in the State's debt portfolio, with capital markets being used since late 2010. This debt at non-concessional rates will certainly become more burdensome with IBRD financing.

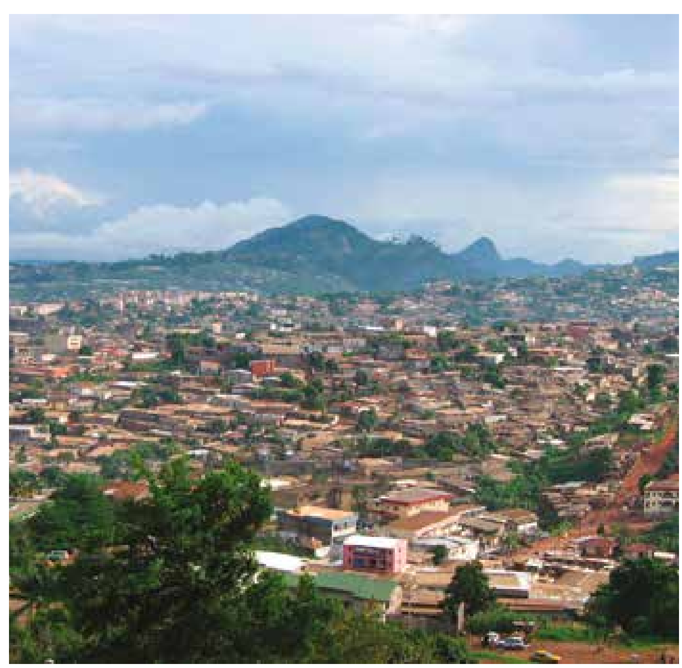
When reacting to the IMF's remarks, the Cameroonian government has always explained its use of this type of financing over concessional loans from international financial institutions as an effort to gain control of its indebtedness and, especially, to have the flexible conditions that capital markets provide. In addition, Cameroon currently has a debt-GDP ratio of 18% while the CEMAC zone's threshold is set at 70%. This demonstrates that Cameroon's debt can be supported and gives the country a lot of room to take on additional debt.

Cameroon launches offensive against non-biodegradable plastics

As planned, the Cameroonian Minister of Environment and the Protection of Nature launched his campaign against non-biodegradable plastic packaging business men, producers and importers who have continued their flow of these banned products in Cameroon after the government's October 24, 2012 decision.
Since April 25, pharmacies, bakeries, supermarkets, and distributors of plastic packaging have also been targeted by Ministry of Environment agents who have been seizing all non-biodegradable packaging. In Yaoundé, the Ministry of Environment estimated that some 27,000 plastic package units have been seized. This operation will continue until April 28, 2014 for an undetermined length of time.
Following the decision to ban plastic packaging in Cameroon, taken in October 2012, the Cameroonian government issued a press release on February 13, 2013 in which it set April 24, 2014 as the date by when operators should be in compliance with the ban on the production, importation and sale of non-biodegradable packaging while advising them to transition to biodegradable packaging.
But, on the April 24, 2014 deadline, plastic packaging companies in Cameroon, representing 10,000 jobs and 12 billion FCfa in revenue to the State Treasury, were still non-compliant. This led to the current campaign.

Société nationale d'investissement to create subsidiary in real estate

On April 21, 2014, the Managing Director of Société nationale d'investissement (SNI) in Cameroon, Yaou Aïssatou, published a call for expressions of interest for "specialised consultants" for pre-selection to sit on the advisory commission for the "organisation of SNI's real estate subsidiary", a company that is the right hand of the Cameroonian State in the area of public entrepreneurship. Holder of the State's shares in several private and public companies in the country, Ms Yaou explains in the above mentioned document that the SNI "is planning to invest in real estate in Yaoundé and Douala in order to develop its real estate activity, to increase its land ownership and better manage the park that is already in existence." Interested consultants are invited to submit their application no later than June 12, 2014 to the SNI's Directorate of Real Estate Operations in Yaoundé.
The SNI real estate subsidiary currently being created will find in the real estate sector another public company, Société immobilière du Cameroun (SIC), which has built around 11,000 housing units since independence, thus helping to reduce the country's housing shortage which stands today at one million.



AGRIBUSINESS

Cameroon wants to invest 3.35 billion FCfa in agriculture for the period 2014-2020

The Cameroonian government just approved its National Agricultural Investment Plan (PNIA), which aims to invest 3.35 trillion FCfa in the development of agriculture for a period of seven years (2014-2020). Out of this haul, over 1.5 trillion FCfa (42% of the full sum) are to be raised from lenders.

The PNIA is offering development modalities for agricultural sectors (plants, livestock, fisheries and forestry); the modernisation of production infrastructure and the development of financing access mechanisms; management and sustainable use of natural resources, the reinforcement of operator capacities and the promotion of collaboration among these various entities.

This agricultural investment plan is a direct result of Cameroon signing the "Detailed programme for Agricultural Development in Africa (PDDAA)" pact implemented by the NEPAD. By joining this pact, Cameroon as committed to devote 10% of its national budget to the agricultural sector instead of the current 3%.

Though impressive in terms of its agricultural potential, Cameroon, the country that has fertile lands covering 25% of its surface area, is struggling under the burden of production shortages in all major crops (rice cassava, plantains, corn, potato and sugar cane). A virtual employment gold mine, agriculture, which is still done using small scale practices, is the livelihood of 70% of the active population, according to official statistics.

German company, AGCO signs agreement to promote agricultural mechanisation in Cameroon

On April 12, 2014, Cameroonian Minister of Agriculture, Essimi Menyé and the German consortium, Agriculture Company (AGCO), signed an agreement for agricultural mechanisation. According to AGCO head, Rabe Yahaya, the German consortium will contribute to increasing agricultural production in Cameroon thanks to the provision of Massey Ferguson tractors as well as 60 tonne-per-hour harvesters.

This agreement, which will mainly be implemented in corn cultivation, will also integrate AGCO's implementation of an information centre to train youth in aviculture. "We want to move from the creation of corn fields to the production of finished products such as chicken," explained Minister Menyé. Indeed, aviculture and corn are closely linked in the sense that corn is the main ingredient in the feed (70%) that chickens are given.

Created in 1990 in Germany, the AGCO consortium became the giant of agricultural mechanisation worldwide by holding interest in, absorbing or creating joint ventures with companies of the same sector in America and in Europe. AGCO, which also plans to enter markets in the emerging countries of Asia, has several assembly factories around the world, but especially from a distribution network of 2,600 independent partners in 140 countries.

The fraudulent sale of cocoa beans peaks in Cameroon

The image is striking. Out of the fifteen or so farming organisations of the Nyong-Ekellé Department, invited to Eséka by the Inter-professional Organisation for Cocoa and Coffee (CICC) within the framework of a mid-season assessment meeting, barely half could report actual sales figures. For the remainder, no statistics were available. Even those who have provided figures specified that their statistical data are approximate as there is little certainty about the products' movement.

At the root of the problem, producers agree, is the fraudulent sale of cocoa beans which, in turn, is linked to the inadequate grasp of cargo flows. According to producers, with disregard for recommendations for regulation, more fortunate buyers "who are sometimes protected by administrative authorities," sneak into villages often at night, offering farmers the short-term financial solution for their families' urgent needs by buying their cocoa – often while they are still fresh.

In addition to the poor quality of the final product, which is the first consequence of this practice which Mr Baleba, Departmental President of the Cameroon National Association of Cocoa and Coffee Producers (ANPCC) for Nyong-Ekellé has referred to as "cocoa farming plague" is the significant reduction of purchasing costs, as the producer is stripped of any negotiating power before the buyer, while the latter readily tries to negotiate a lower price.

It is a serious phenomenon to many producers, but a source of amusement to Omer Gatien Malédy who openly spoke out against the complicit involvement of the producers themselves in the rise of this practice. "If you refuse to sell your cocoa to these people and wait until market day to do it, they won't come anymore. They'll disappear," stated the CICC Executive Secretary with anecdotal evidence of people who put an end to this practice and producers who have managed to get attractive prices through group sales.

According to Mr Malédy, the eradication of this practice involves better structuring of farmer associations who will organise periodical market events during which produce will be sold collectively at the best price. "With good prices, farmer organisations can make small withdrawals from their group profits which they will be able to use to address their urgent financial needs," advised Mr Malédy.

Cameroon has exported 143,374 tonnes of cocoa since the start of the 2013-2014 campaign

According to the Inter-professional Organisation for Cocoa and Coffee (CICC), since the start of the 2013-2014 cocoa season on August 1, 2013, Cameroon has exported 143,374 tonnes of cocoa as opposed to 193,298 tonnes for the same period during the last season – a 25.8% decline.

According to the National Cocoa and Coffee Board (ONCC) and the CICC, this downturn in exports is itself demonstrative of the mid-season slump in production is the result of bad weather conditions.

But the mid-2013 to 2014 cocoa season has not given rise to pessimism at the ONCC as the Managing Director, Michaël Ndoping, quoted by Commodafrica, projects a national production of 235,000 tonnes at the end of the season.

Cameroon: exportation of Robusta and Arabica coffee plummeted by 50% and 80% since the start of the season

According to CICC figures quoted by Commodafrica, "since the start of the coffee season, the 1st December, Robusta sales have totalled 1,765 tonnes compared to 2,773 tonnes for the same period in 2012/2013," which corresponds to a decline in exports of around 50%. This reduction was more apparent in March since it fell to 1,946 tonnes, as opposed to the 3,676 tonnes achieved in March 2013.

With regards to Arabica coffee, the downturn in exports since the start of the season for this coffee variety is still more drastic. "Eighty-four tonnes were shopped in March, compared to only 9 tonnes in February. This brings the total to 181 tonnes since the start of the seasons in October, against 803 tonnes for the corresponding period in 2012/13," which represents an over 80% slump.

In coffee, the mediocre performance has been attributed to the weather, illegal exports to neighbouring Nigeria and the poor condition of roads from the production areas to Douala Port.

Tax exemption on rice imports in Cameroon feeds contraband network in Nigeria

According to the Seaport Terminal Operators Association of Nigeria (STOAN), the Nigerian association of port operators, "around 600,000 tonnes of rice have been rerouted from neighbouring ports such as Benin, Cameroon, Ghana and Togo this year, because of this tax." This follows the Nigerian government's decision to raise the tax on imported rice to 110%, to discourage importers and encourage local production there.

To get around the government's protectionist measure, according to STOAN, "Nigerian importers have opted to go to Benin or Cameroon and then bring the contraband into the country." Even more so than Benin, Cameroon has all the characteristics to be the central hub of this new trade between Nigerian and Cameroonian importers as, following the March 7, 2008 presidential decree after the hunger riots in late February, rice imports to Cameroon have been tax exempt.

Information provided by STOAN reveals the existence of a large re-export network to Nigeria, with substantial quantities of rice imported duty-free by Cameroonian operators for local consumption. But this activity is forbidden by the Ministry of Trade, as indicated by the August 10, 1990 Act governing commercial activity in Cameroon. "We have been importing rice to address our shortages. It is therefore only logical that re-exportation should be forbidden," maintained an authorised source at the Ministry of Trade.

Before increasing the tax on imported rice in Nigeria, the Foreign Trade Directorate of the above-mentioned ministerial department estimated that 23% of Cameroonian rice was being fraudulently re-exported to Nigeria. With the Nigerian authorities new measures and the revelations made by STOAN, the estimate should be much higher.

Fermencam wants to plant 4,942 acres of fruit trees to launch natural juice production

According to Samuel Foyou, Board Chairman of Société camerounaise de fermentations (Fermencam), a distillery with Cameroonian capital, submitted an application to the public authorities to obtain a land concession on close to 5,000 acres. "We have already acquired 1,482 acres," he explained.

The Fermencam board chairman has indicated that the land will be used to cultivate guavas, pineapples and mangoes. These fruits, he explains, will enable Fermencam, a company specialised in the production of spirits, to start producing natural juices for the European market, specified Mr Foyou.

Fermencam's diversification will enable the company to increase its sales, which reached 12 billion FCfa in 2013, up by 3 billion FCfa relative to 2012, according to Managing Director, Maurice Djeutchoua. The company has a staff of 800.

INSURANCE

Moroccan companies bet on Cameroonian market

Last month, in the space of a week, two Moroccan insurance companies announced their arrival in the CIMA zone's second largest market.

The second market behind Cote d'Ivoire, out of the 14 that make up the Inter-African Conference of Insurance Markets (CIMA), Cameroon is making waves. After the interest expressed by Ogar, the insurance leader in Gabon, in the Cameroonian market with the purchase of 35% of Chanas Assurances, other countries have stepped up to the podium to show their interest as well in the Cameroonian market which made 154.2 billion FCfa in 2012 (compared to 209 billion for Cote d'Ivoire) based on CIMA's figures.

The Moroccan insurer, RMA Watanya announced, in March 2014, the acquisition of four companies operating in "three key countries" that fall under the jurisdiction of CIMA, the Central and West African insurance watchdog. The insurance subsidiary of business man Othman Benjelloun's FinanceCom stated that the three CIMA zone countries were "targeted due to their market share size and their level of development."

Although RMA Watanya has named neither the countries nor the companies that have been acquired, reliable sources have alleged that the acquisitions are the four subsidiaries of the Belife Insurance Groupe out of Cote d'Ivoire, including Beneficial Life Insurance S.A Cameroon and Beneficial General Insurance S.A Cameroon. The Moroccan insurance company allegedly bought 38% of Belife Insurance's Cameroonian subsidiaries for 3.1 billion FCfa (around 6.2 million dollars) through social capital enlargement. The acquisition line-up is rounded out by Beneficial Life Insurance S.A Togo and Belife Insurance S.A Cote d'Ivoire.

BENEFICIAL HOLDS HANDING-OVER GENERAL ASSEMBLY

Only a few days after the acquisitions being announced, including Cameroon's, the Chairman of the Board at Beneficial Life Insurance SA issued a press release inviting shareholders to two mixed general assemblies on April 2 and 4 in Douala. While the first general assembly focused primarily on "the ratififcation of decisions taken since 1st January 2009", the April 4 meeting was devoted to "increasing capital and statutory adjustments" explained the Board Chairman's communiqué in which he revealed an agenda directly influenced by the Cameroonian company asset buy-out by RMA Watanya.

The Moroccan insurance company's arrival on the two largest CIMA markets (Cameroon and Cote d'Ivoire) as well as the seventh (Togo) confirms the group's aim "to be present in more than ten African countries by the end of the decade, and to aspire to cumulated sales totalling 400-500 million dollars (200-250 billion FCfa," stated the Moroccan insurance company when it announced the new acquisitions.

Though RMA Watanya is unknown in Cameroon, its parent company, FinanceCom has already been operating in the sector, particularly though its financial subsidiary, the Moroccan Bank for Foreign Trade (BMCE) which has a branch in Cameroon's economic capital, Douala, and plans to expand there in the years to come.

FROM TUNISIA TO CAMEROON

RMA Watanya had barely announced its plans to come to Cameroon when its fellow Moroccan company, Wafa Assurance, the insurance wing of the Attijariwafa Banking Group, revealed that it too will be coming to Cameroon. The Moroccan insurance market leader has also just announced green field set-ups in Cameroon, Cote d'Ivoire, Gabon and Congo.

Translation: "For our Sub-Saharan projects, we won't be doing acquisitions as planned. We will duplicate the approach used in Tunisia, meaning that we will create a new entity," announced Mohamed Ramses Arroub, CEO of Wafa Assurance during the presentation of the company's 2013 results. In short, the Moroccan insurance company which previously had acquisitions planned for certain countries has changed strategy following the success of Wafa Assurance's green field set-up in Tunisia.

Indeed, according to the Moroccan insurance giant, in the space of 7 months of activity, Wafa Assurance's Tunisian subsidiary, a specialist in life insurance, made 89.6 million Moroccan dirhams in sales and bit off around 7% of market share by using the Attijari-Bank Tunisie network, Attijariwafa Bank's local subsidiary.

These results are achievable in Cameroon where the insurance penetration rate is still very low, and where Attijariwafa Bank has bought assets in Société commerciale de banque (SCB). This banking establishment has an excellent record and is expanding its network by creating new agencies.

Wafa Assurance's strategic shift, which prioritises creating a Cameroonian subsidiary from scratch instead of buying assets in an existing company, is good news for job hunters as the creation of a new company that aims to expand rapidly to conquer the market, goes hand in hand with job creation.

TELECOM

For the World Bank, education can be a new source of economic growth for Cameroon

According to the World Bank, it will be difficult for Cameroon to become an emerging nation by 2035, as the authorities have planned, in light of the lags it has already encountered relative to its growth projections. The international financial institution noted in its last report that "the average growth rate from 2010 to 2013 was 4.1%, which is one percentage point below the Vision 2035 target (and 0.8 percentage points below the DSCE reference point)".
To reverse the trend, "make-up for the lag and meet the official goals for 2020, an annual growth rate of 9.5% for the period 2014-2020 would be necessary, compared to the World Bank's current projections of 4.8-5.4%. This situations calls for renewed attention to growth sources in Cameroon. In light of the major impact of education on long term growth, a revision of growth sources should begin to examine the quality of human capital available," analysed the World Bank.
Supporting this recommendation, the Bretton Woods institution revealed that "endogenous growth theories have been tested over the last three decades in a lot of countries and have confirmed that human capital plays an essential role in economic growth." In this regard, concluded the World Bank, "education, as well as health, can contribute significantly to Cameroon's goal of becoming an emerging economy by 2035."
World Bank analysts are also advising the Cameroonian government to invest heavily in education because, "although expenditure in public education has increased in Cameroon, moving from 1.9% of GDP to 3.3% in 2003, it has since been at a standstill, remaining below the regional average of 4.3%."

Camtel sponsors Festicoffee 2014, International Coffee Festival

According to an internal source at the Inter-professional Cocoa and Coffee Organisation (CICC), as an "official sponsor", Cameroon Telecommunications (Camtel), the public telephone operator in Cameroon, has taken on all communication operations in relation to the international coffee festival, Festicoffee 2014, which will be held from May 29-31, 2014 in the country's production areas.
In addition to its involvement in the communications aspect, during the three-day event, Camtel will be raising awareness among coffee sector operators about the various roles that ICT technologies can play in the sale of coffee, the search for partners and many other technical areas of the industry.

Kenya Airways signs partnership with MTN Cameroon to buy tickets with Mobile Money

The Kenyan airline, Kenya Airways, and the Cameroonian mobile telephone operator, MTN Cameroon, has just locked-in a partnership deal for the promotion of Mobile Money, a mobile banking service launched by the local subsidiary of the South African group, MTN International.
With this partnership, Kenya Airways customers who have Mobile Money, will be able to buy their tickets using their cell phones without having to go to a travel agency.
Kenya Airways is the second airline after Brussels Airlines to use MTN Cameroon's Mobile Money. For a month, the first to buy a plane ticket using this method will receive a 5% discount.

FINANCE

The Commercial Bank of Cameroun receives 12 billion FCfa in new investment without its "traditional shareholders"

Martin Luther Njanga Njoh, Interim Administrator of the Commercial Bank of Cameroon (CBC), has just announced that the bank, now undergoing restructuring, has successfully found 12 billion FCfa in new investment. One can remember that, within the bank's restructuring framework with predominantly Cameroonian capital, subscriptions to increase social capital were opened for a month and closed on December 30, 2013.

The recapitalisation effort was slighted by the bank's "traditional shareholders", namely, Capital Financial Holdings Luxemburg, Fotso Group Holdings and Dawney Holding, all headed by Yves Michel Fotso, who decried an "expropriation attempt" since the interim administrative governance of the bank was installed. Although 82% of the amount sought was disbursed by the end of the first round of talks boycotted by the Fotso clan, a new phase of subscriptions had opened for a week to make-up the remaining 18%.

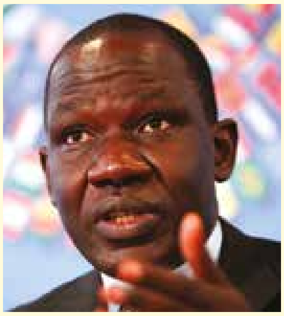
It was the second round of talks that enabled the bank to find the outstanding sum to reach 12 billion FCfa. Undergoing restructuring since January 28, 2013 after three years of interim governance, the CBC's deadline was pushed back for the third time on November 25, 2013, a new deadline that was also missed since December 31, 2013 and has not been renewed since.

Standard Chartered Bank Cameroun achieved "exceptional results in 2013," according to Mathieu Mandeng

"Exceptional". This is how the Managing Director of the Cameroon Standard Chartered Bank, Mathieu Mandeng, characterised the results garnered in 2013. Mr Mandeng highlights that, "for the first time, we had a performance that surpassed our budget. We passed it by 16% with sales figures amounting to 14 billion FCfa (29.5 million dollars)". This performance is up by 28% with gross profits reaching 3.8 billion FCfa (8 million dollars) - an increase of 35%.

The Managing Director of the Standard attributes them to "a combination of business opportunities [...] and the commitment and motivation" of the bank's staff. A commercial bank, the Standard Chartered Bank has the major groups of the oil, mining, telecommunications, electricity and agro-foods.

Cameroonian parliament passes nation's first factoring legislation



The National Assembly, the lower chamber of the Cameroonian Parliament, adopted the first piece of legislation governing factoring activity in the country. The regulatory text had been proposed the week before by the government. Defending the bill before members of parliament, the Cameroonian Minister of Finance, Alamine Ousmane Mey indicated that the law will diversify corporate financing mechanisms.

Already informally practiced in Cameroon, according to the Minister of Finance, factoring occurs when a corporate creditor sells its debt securities to a credit establishment referred to as a factoring institution for anticipated financing. The factoring institution will assume responsibility for the recovery of the debt while the initial creditor immediately receives funds.

Cameroonian banks forced to declare balances of accounts opened by Americans

Starting on July 1, 2014, Cameroonian banks who fail to declare the account balances of their American customers to the American government by December 31 could see up to 30% of certain payments withheld by that country. This is the news that Citi Bank in Cameroon recently announced to representatives of other banks at a meeting held in Douala concerning the Foreign Account Tax Compliance Act (FATCA).

This American initiative, which aims to fight tax evasion and is scheduled to take effect in July 2014, requires that foreign banks "declare the balances of all accounts held by American citizens containing sums greater than 50,000 dollars (around 25 million FCfa) by December 31 of this year."

According to Pierre Fiset, Director of Legal Affairs for Northern Europe at Citi Bank, when invited to explain the FATCA to Cameroonian bankers at a meeting in Douala, Cameroonian banks are "to cooperate fully by signing an FFI (Foreign Financial Institution) Agreement which mandates that Cameroonian institutions provide required information to the American tax authorities." However, Citi Bank also noted that, "apart from the FFI Agreement that would be signed by each bank directly with the IRS, countries may sign a treaty with the United States or an intergovernmental agreement," with measures in places to protect banking confidentiality, personal data and the local rights of the bank involved.

Cameroon enters second quarter on BEAC with 5 billion FCfa in ATBs

The Central African States Bank (BEAC) has announced that, on April 30, 2014, the State of Cameroon will be issuing assimilatable Treasury bills (ATBs) for a total of 5 billion FCfa. This auction exercise will start-off Cameroon's activity on the Central Bank's securities market for the 2nd quarter of 2014.

According to the State's operational calendar published by BEAC, the country will raise 25-30 billion FCfa in the current quarter. This will amount to three months of Treasury bills for a total of 20 billion FCfa and Treasury bonds amounting to 5-10 billion FCfa.

According to the 2014 Finance Act, 250 billion FCfa will be raised on the capitals market throughout the year, including a 180 billion FCfa bond loan in June.

ENERGY

Cameroon: Victoria Oil and Gas to produce compressed natural gas

Victoria Oil and Gas Plc (VOG), an oil exploration and production company that supplies thermal gas from the Logbaba project in Cameroon, is planning to produce compressed natural gas.
On April 4, the oil and gas company announced that it had begun "discussions with strategic and financial partners to launch the project in 2015" in Douala, Cameroon's economic capital, which VOG considers to be an important market.
This announcement comes at a time when Gaz du Cameroun (GDC), a VOG subsidiary, has gathered the right conditions to build a kilometre of pipeline under the Wouri River to Bonabéri where the company hopes to supply gas to major operators. "The preliminary planning has been completed and has resulted in the certificate of environmental compliance by the Ministry of Environment, the Protection of Nature and Sustainable Development," stated Victoria Oil and Gas Plc.
It also indicated that the preparatory work and soil survey have started, while adding that drilling will begin in May 2014 for 40 days. The GDC has already identified a strong client base and signed a supply contract for 1.03 mmscf/d of which 0.83 mmscf/d will be close to the area where the pipeline's grounding point.

Sterling Energy fails to find commercial hydrocarbon fuel with Bamboo-1 on Ntem concession

The first Bamboo-1 wells, on the Ntem offshore deal, met all foreseen objectives, but the data collected did not confirm the presence of commercial hydrocarbon fuel. This was reported on April 8, 2014 by Sterling Energy Plc, which has a 50% share of the concession contract through its Cameroonian subsidiary.
"We have identified, on the Ntem block, other prospects from the Cretaceous and Tertiary periods that will be evaluated using promising data from Bamboo-1 before making any new decisions about the block," reassured Alastair Beardsall, CEO of Sterling.
Bamboo-1, which reached a total depth of 4,747 m, was aiming for 450 million barrels of oil equivalent. At present, Sterling is going to abandon this plan, and commence detailed analysis to update the fuel potential assessment of the remainder of the concession contract's 2,319 km2 in which Murphy Cameroon Ntem Oil Co. Ltd has a 50% stake.
Listed on AIM and planning to head to Madagascar and Somaliland, Sterling Energy has assured that drilling on the Ntem block will continue until April 2015 and will be renewed for two years.

The gas operator SCTM takes Cameroonian government to court for 17 million FCfa fine

According to information from reliable sources, the domestic gas leader in Cameroon, Société camerounaise de transformation métallique (SCTM), has just filed proceedings with the courts to have the 17 million FCfa fine imposed by the Ministry of Trade struck down. An authorised source has revealed that the domestic gas distributor's justification is that the Ministry of Trade may not receive such fines as this is the domain of the Treasury. In addition, the company cites the absence of open discussion when the assessments that led to the fine were being carried out. These arguments have been characterised as "fallacious pretexts to not pay" by a reliable source who suggested that the Ministry of Trade does have the authority to collect fines which are then paid over to the Treasury. Furthermore, evaluation reports by SCTM have been co-signed by Ministry assessors and SCTM heads themselves, as is the norm.
Following the regulatory monitoring conducted in the field, the Ministry of Trade's officials had imposed cumulative fines totalling 150 million FCfa on five companies within the domestic gas distribution sector : SCTM, Camgaz, the Nigerian company MRS, Oillibya, and Kosan Krisplan.

Cameroon: Lom Pangar is halfway to completion

According to Alphonse Emadak, one of the senior executives at Electricity Developement Corporation (EDC), which just conducted a field mission for the company which is responsible for the leading the Lom Pangar construction project in the East region of Cameroon, work on the energy-generating structure is "more than 50% complete and is advancing at a good pace."

This is a reassuring report which, according to the Cameroonian government's daily publication, tells the technicians at the Chinese company, CEW, that the structure is likely to be completed on time in the third quarter of 2015, on schedule. But before that, it is expected to become partially operational by the second quarter of 2014.

Presented as "the catalyst of Cameroon's 3rd industrialisation cycle," Lom Pangar Dam, which has a water retention capacity of 6 billion m3, will have 30 MW energy factory. The infrastructure is co-financed by the World Bank (66 billion FCfa), the European Investment Bank (19.7 billion FCfa), the African Development Bank (33 billion FCfa), the Central African States Development Bank (20 billion FCfa), the French Development Agency (39.3 billion FCfa) and the Cameroonian government.

Energy and Telecommunications head African "top 500" list

Nine Cameroonian companies made the list of the top 500 African companies recently published by the pan-African weekly publication, Jeune Afrique. Among the nine countries, five are in energy, two are in telecommunications and one is in agro-foods.

On the "500" list, Cameroon's energy sector is represented by Société nationale de raffinage (Sonara), ranked number one in the Central African sub-region; the National Hydrocarbons Company (SNH), second in the sub-region, the electricity production and distribution company, AES and Tradex, the SNH subsidiary specialised in trading and oil product distribution.

Telecommunications is also on the list, represented by MTN and Orange Cameroon, Cameroon's two mobile telephone operators, while Société anonyme des Brasseries du Cameroun, a local subsidiary of Castel, is the only agro-foods company to make the list.

This predominance of companies from the Cameroonian energy sector is apparent throughout the rankings as the two top African companies are Algeria's Sonatrach and Angola's Sonangol, both hydrocarbon giants in Africa.

TRANSPORT

Belgian company, Préfarail wants to give Cameroon its first tramway

Préfarail Managing Director, Joseph Rode, signed a memorandum of understanding with the Cameroonian government on April 25, 2014 in Yaoundé, for the construction of a tramway in the nation's capital.
According to the document which was signed by the Cameroonian Minister of Economy, Emmanuel Nganou Djoumessi, the said tramway will cover 50 Km and will help to alleviate the major mass-transit problem that Yaoundé, in particular, and other towns and cities have been facing since Société des transports urbains du Cameroun (Sotuc) went bankrupt in the 90s.
The project to build Cameroon's first tramway will be executed using a BOT model (Build-Operate-Transfer). This means that it will be financed in its entirety by Préfarail, which will then manage it for an undisclosed period of time before handing it over to the State.
Apart from the tramway to be built in the Cameroonian capital, for which construction will begin in 2015, the Belgian company also plans to build the same infrastructure in Douala, Cameroon's economic capital.

Brussels Airlines, Ceiba International and Asky Airlines soared to new heights in 2013

According to the last statistical report by the Cameroon Aeronautics Authority (CCAA), the highest flyer in Cameroon's skies in 2013 was Air France (22%), once again. The French airline leader was followed by Brussels Airlines (14%) and Cameroon Airlines Corporation (CamairCo) which represented 11% of air traffic. However, in terms of activity growth relative to 2012, Brussels Airlines was the most dynamic in 2013.
According to the CCAA, "growth in air travel has been very unevenly distributed among European carriers (Air France, Brussels Airlines) that have been increasing the frequency of their flights over the years. However, one notes a growth differential that shows a negative for the French airline, unlike its Belgian counterpart whose activities have increased by 18%".
On the intra-African market in 2013, the CCAA highlights that, "except for Asky Airlines (+10%) and Ceiba International (+47%) that distinguish themselves both in terms of increased transfers and also high passenger volumes, almost all African carriers experienced a decline between 2012 and 2013: Kenya Airways (-17%), Royal Air Maroc (-24%), Senegal Airlines (-25%), South Africa Airways (-9%)."
This varying performance among airlines in Cameroon in 2013 impacted the Cameroon airports where travel volume had increased by 10% between 2012 and 2013. However, the CCAA reveals that "this increased volume continues to be very uneven among the airports. Douala Airport covers 43% of domestic travel and 72% of international travel. On the other side, Yaoundé-Nsimalen handled 37% of domestic travel and 27% of international travel."

Bolloré Africa Logistics launches a rapid train service between the two major cities of Cameroon

Cameroon Railways (Camrail), a Bolloré Africa Logistics company and concession holder of the Cameroonian railway service, is launching its new rapid train "Intercity" train between Yaoundé and Douala, the two largest cities in Cameroon. The official launch ceremony for the new service, which will enable Camrail customers to travel the 265 Km between the two cities in 3h 40 mn, will be presided over on May 2, 2014 at the plaza of the Yaoundé train station by Cameroonian Prime Minister of Cameroon, Philémon Yang.

According to Camrail, Intercity will provide four daily rotations between the economic and political capitals of Cameroon, with departures at 6:00 am and 2:45 pm and two departures from Yaoundé at 10:25 am and 7:20 pm. To enjoy this comfort (air-conditioned or ventilated seating, restrooms, on-board refreshments, television, new cars, air-conditioned waiting room, adjustable seats) that the high-speed train provides, the Intercity passengers will respectively have to disburse 9,000 and 6,000 FCfa for first class and premium class (ventilated cars).

Prices have been set at the same levels as the VIP services of inter-urban companies between Yaoundé and Douala which will include Intercity in the development strategies for their activities. The rapid train launch between Yaoundé and Douala will help to fight the incidence of car accidents on this roadway as well as in Cameroon in general as trains are one of the safest means of transportation.

According to Cameroon Ministry of Transportation, an average of 1,300 persons die each year on Cameroonian roads, making road accidents the third cause of mortality in the country, after malaria and HIV/Aids.

The launch of the Camrail high-speed train follows the procurement of 40 passenger cars for a total investment of 11.2 billion FCfa, Camrail plans to boost its performance in the passenger transportation market in 2014 which is currently estimated by the company to be approximately 1.5 million passengers per annum.

Bolloré Group introduces first electric buses in Cameroon

Since May 5, 2014, students at University of Yaoundé I, the first of the country's seven public universities, can go from one end of campus to the next on the "Blue buses" that have been provided by Bolloré Africa Logistics and received on May 2, 2014 by the Prime Minister of Cameroon, Philémon Yang.

The two electric engine buses are intended to facilitate on-campus transportation for for Yaoundé I's 3,500 students each day. They represent an overall investment of 1.4 billion FCfa, according to the Bolloré Group.

In the framework of its "Blue solutions" programme, which aims to make Bolloré Africa Logistics "a world leader in electricity storage and management solutions", the industrial group built a 288 solar panel park on the university's campus.

According to Gossan Seka, the "Blue bus" project supervisor, these panels capture energy throughout the day and the then transfers it to a kind of transformer which is used to recharge the buses (the same way one would recharge a cellular phone using an electrical outlet) each evening (after the shuttle ends service) for eight hours.

Commenting on the innovations in solar energy, Vincent Bolloré, CEO of the group of the same name, indicated that with the two first Blue buses, his group "does not claim to have all the solutions to urban transportation problems, but it allows students and teachers to enjoy new, eco-friendly technology for the first time in Cameroon. This is entirely a Bolloré investment for the Cameroonian people. And I have to say that his Excellency, Paul Biya (Head of State), was immediately enthusiastic about the project."

INDUSTRY

Brasseries du Cameroun and Hysacam join forces to promote plastic recycling

It was in a communications campaign through which the brewery market leader in Cameroon invited consumers to join the "Plastic Recup" project that the news was announced: "Brasseries du Cameroun (SABC) and Hygiène et Salubrité du Cameroun (Hysacam) have partnered to promote the recuperation and recycling of plastic packaging from the SABC factories and its subsidiary, la Société des Eaux Minérales du Cameroun (SEMC)."

According to SABC, this partnership enabled the collection "in 2013 of 2 million bottles which would have ended up in the wild." In 2014, the initiative should allow for the collection of 4 million plastic bottles "which will then be processed by Hysacam, then made available to companies specialised in recycling to be transformed into new products (watches, bags, sweaters, water jugs, chip-equipped cards, etc)," stated Benoît Mboula, Director of Quality Safety & Environment at SABC.

Brasseries du Cameroun admits that "Plastic Récup" aims simply to have current environmental protections respected, specifically the government's October 2012 legislation which was co-signed by the Ministers of Environment and Trade. The text stipulates that "each manufacturer or distributor using non-biodegradable packaging shall put in place guidelines to facilitate the recuperation of the said packaging for recycling, sale or destruction."

"Plastic Récup", which SABC alleges has enabled many young people to find unemployment, should be running at full speed this year due to the disallowance of production, importation and sale of non-biodegradable packaging in Cameroon.

Roca Brasil – a concept to sell the Cameroonian economy from the side lines of the next World Cup in Brazil

"Rostos Dos Camaroes no Brasil (Roca Brasil)", which means "Cameroon's faces in Brazil" is the name the Jama advisement firm assigned to the new promotional campaign for Cameroon that it hopes to hold before the football championship in Brazil in June. This will be done in partnership with the Cameroonian Chamber of Commerce, Industry, Mining and Craft.

According to promoters, Roca Brasil will be "a platform for international trade and the transfer of skills which will be devoted to the economic entities of both countries in order to promote business partnerships in various sectors."

Scheduled to take place in May in Sao Paulo, Brasilia and Rio de Janeiro, the campaign will surround conferences, discussions and business meetings, fairs a football gala with Cameroonian and Brazilian celebrities, musical concerts and more.

Cameroon: third cocoa processing factory to open in Douala in 2015

Cocoa Processing Unit (CPU) will be the name of the third cocoa processing factory in Douala for which construction was launched on April 12, 2014 in Bonaberi, the suburb of Cameroon's economic capital. This was the news reported by Commodafrica, citing the Reuters news agency. The 16-tonne processing capacity plant will be operational in early 2015 and will cost its promoters 13 billion FCfa.

Besides cocoa powder (3,300 tonnes), CPU also plans to produce 6,904 tonnes of refined products per annum – 6,400 tonnes of cocoa liqueur and 3,000 tonnes of cocoa butter. With CPU on board, Cameroon will increase its processing capacity which is currently at 30,000 tonnes out of an annual estimated production of 230,000 tonnes.

In Cameroon's economic capital, CPU will enter a booming cocoa processing market. Sic-Cacaos, the Swiss local subsidiary of Barry Callebaut, and Chocolateries Confiseries du Cameroun (Chococam), a subsidiary of South African company, Tiger Brands.

Société camerounaise de palmeraies announces 50% increases in 2013

According to the financials "that have not been verified by the auditors" recently published by Société camerounaise de palmeraies (Socapalm), the agro-industrial company on the Douala Stock Exchange (DSX) made 5.167 billion FCfa in 2013 against 3.6 billion FCfa in 2012 which represents a 50% increase.

Taking into account "planned investments and the company's cash flow", Socapalm's board recommended that shareholders distribute a total of 5.67 billion FCfa in dividends. This is 3,388 FCfa per share "before tax deductions on investments." In Socapalm's financials, this works out to be a "non-dematerialised" dividend of 2,828.90 FCfa (against 1,914 FCfa in 2012) for shareholders based in Cameroon and abroad (outside of France and without investment taxes: 16.5%); and 2,879.80 FCfa (15% in investment taxes) to shareholders residing in France.

This development in Socapalm's performance at the end of 2013 had already been projected at the end of the first quarter, a period in which the company had announced sales up by 4 billion FCfa (+18%), thanks to "an increase in production and the purchase of regimes (respectively +22% and +14%) and, as a result, a gradual rise in crude palm oil (+19%) and palm nut oil production (+17%)."

While planning "to sell, in 2013, all of production" the auditors of Socapalm had already projected an overall result before taxes of 7.5 billion FCfa at the end of December 2013. This forecast is close to the 7.1 billion FCfa before taxes made at the end of that period.

Cameroon processes only 5% of its national coffee production

Cameroonian coffee roasters process only 5% of national production of Arabica and Robusta coffees, according to the Minister of Trade, Luc Magloire Mbarga Atangana, who officially announced, on April 8, 2014, the holding of the second International Coffee Festival, Festicoffee 2014, from May 29 to 31. This “hardly laudable” performance, according to the Minister, has not changed in three years and reflects a time when the country still had a national production of 45,000 tonnes, according to Omer Gatien Malédy, the Executive Secretary to the Inter-professional Cocoa and Coffee Council (CICC).

The CICC representative goes on to note that, over the last two seasons, despite the drastic decline in national coffee production, which remains at approximately 16,000 tonnes, “several coffee roasters have joined the market. Just stroll through your local grocery store and you’ll see that we have twenty local brands on the shelves.”

Indeed, in Cameroonian department stores, in addition to the highly renowned UCCAO coffee, there are numerous competitors offering many varieties of processed coffee. But, foreign companies show little interest in Cameroon’s coffee-roasting sector, except for “Cafés Pierre André”. “How much coffee are we producing to justify foreign coffee roasters coming here?” asked Mr Malédy. He reveals, for example, that a year ago, the Nestlé group came with a project to build a coffee-roasting factory in Cameroon with a 30,000-tonne per annum capacity. “Annual production is only 16,000 tonnes. Where will they find enough coffee? I think we first need to produce. That will attract major coffee roasters,” indicates the CICC Executive Secretary.

Sodecoton seeks provider for 23 engines and heavy vehicles

The Cameroonian government just made an international call for tenders for the provision of 12 public works engines and 11 heavy vehicles for Société de développement de coton (Sodecoton). Equipment needed includes two graders, two dozers, two wheel loaders, a single drum road roller and three double drum road rollers as well as five dump trucks, three diesel tankers, a water truck, and two 4x4 pick-ups.

Bids may not be made by companies from member countries of the Islamic Development Bank (IDB) and must have proven sales that are equal to or greater than 500 million FCfa over the last three fiscal periods. Applications must be submitted to the Ministry of Public Contracts in Yaoundé no later than July 15, 2014.

Both orders, which must be delivered no later than 150 days as of the order notification date, are financed by the IDB. In November 2013, this international financial institution granted an 8.5 billion FCfa loan to Sodecton to finance the 2013-2014 cotton season.

Leader of the month

Albert Pamsy takes the helm at Chanas Assurances

Retired Cameroonian civil servant and former head of the insurance division of the Ministry of Finance before joining Compagnie communes de réassurance des Etats membres de la CIMA (Cica-ré) as Chairman of the Board, Albert Pamsy assumed the position of Managing Director at Chanas Assurances on April 14, 2014. He replaces Henri Ewélé who was removed by the board on April 11, 2014 only six months after being appointed as Managing Director of the leading general insurance company in Cameroon.

In Cameroonian insurance circles, there are many who see Mr Pamsy's appointment as the indirect return of Jacqueline Cassalegno, the company's founder, as she did not appreciate losing her post as CEO in September 2013, despite the general outcry about this slimming down of powers by other board members who were implementing the injunction issued by the CIMA, the insurance sector watchdog in West and Central Africa.

Mrs. Cassalegno was also displeased about the nomination of Henri Ewélé to the post of Managing Director. She had boycotted his welcome ceremony. Henri Ewélé's side-lining has come about when he was engaging reforms intended to reposition the company on Cameroon's insurance market. Instead of having all of Chanas' commercial activity in large corporations, he planned to have more focus on SMEs and individuals.

A BOOST FROM GABON

The other project that Mr Ewélé will no longer get to realise, which will have to be a priority for his successor, Albert Pamsy, is cleaning up relations between Chanas Assurances and the Conférence interafricaine des marchés d'assurance or Inter-African Insurance Market Conference (CIMA), the regional insurance regulatory body. At a meeting held by the CIMA's Commission régionale de contrôle des assurances or Regional Supervisory Commission on Insurance (CRCA) held on April 23-27, 2012 in Lomé, the entire board at Chanas was hit with a stern warning. The reason: "inadequacies identified in the administrative, technical, accounting and financial management of the company."

According to some sources, Ogar is prepared to put 3.5 billion FCfa on the table to become a shareholder of the Cameroonian insurance company Chanas Assurances.

In Cameroonian insurance circles, there are many who see Mr Pamsy's appointment as the indirect return of Jacqueline Cassalegno

But, even more serious was the fact that the CRCA had rejected the refinancing plan presented by Chanas in which the regulator had estimated the need to be over 6 billion FCfa at that time. Following a general assembly held on July 26, 2013 in Douala, Chanas shareholders proceeded to increase social capital which went from 2.3 to 4.6 billion FCfa, doubling each shareholder's investment.

Based on our calculations, 4 billion FCfa needs to be raised to reach the targeted 6 billion FCfa required by the CIMA. This task would be a lot easier if rumours alleging that Ogar (the Gabonese insurance market leader) will be joining Chanas capital proved to be true. Indeed, according to some sources, Ogar is prepared to put 3.5 billion FCfa on the table to become a shareholder of the Cameroonian insurance company.