

# BUSINESS IN CAMEROON

MAJOR PROJECTS - AGRICULTURE - ENERGY - MINING - INDUSTRY - SERVICES - FINANCE



## The UK makes strategic moves in Cameroon



Alamine  
Ousmane Mey:  
"8% yearly  
growth over  
10 years is a  
realistic target



Mbalam Iron ore project:  
coming to life at last?

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Yasmine Bahri-Domon,



# Reporters without Borders suffering from astigmatism or just playing blind?

Earlier this month, Reporters without Borders (RSF) released its annual list of Press freedom predators. Some of the leaders featured in the document include the presidents of China, India, Russia, Brazil, Pakistan, Iran, Vietnam, Thailand, Philippines, Bangladesh, and Turkey. These predators, together, rule over four billion people, which is more than half of the global population.

Looking at the NGO's grim gallery of portraits, one could wonder if it differentiates authoritarian nations - operating on a "Shut up!" model - from some so-called developed nations - operating on a "Keep talking" model - which, themselves, are no paragons of virtue when it comes to press predation.

African leaders featured in RSF's list include the presidents of Rwanda, Egypt, Djibouti, South Sudan, Uganda, Eritrea, Equatorial Guinea, and...Cameroon (!). But the non-profit left out Ethiopia which has been waging a silent war against Tigray, one of its regions. Nothing also was said about Morocco, where no media dares speak ill of the monarchy, or Algeria where journalists are being

jailed and detained arbitrarily. Of course, let's not forget Somalia, the Democratic Republic of Congo, or even Nigeria where being a journalist can't be considered the safest career path; none of these countries' presidents are on RSF's list.

Given this, it is hard to understand why someone like Paul Biya is featured alongside Kim Jong-un, Mohammed bin Salman or Ramzan Kadirov...

Based on the Paris-based organization's claims, the Cameroonian leader, presumably, «goes after journalists who do not follow the government line.» However, any person who rapidly searches online, turns on their TV, or heads to a newspaper kiosk in Douala, can attest that the Cameroonian press isn't shy when it comes to criticizing the government; sometimes, in ways that few democracies would tolerate. Biya's other crime, according to RSF, would be that he rarely gives interviews to journalists... While this might be true, is it enough to have Cameroon share the same podium as North Korea...



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## BUSINESS IN CAMEROON

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## NEWS IN BRIEF



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## MONTHLY STATISTICS

### CFAF325 billion

As of December 31, 2020, the National Social Insurance Fund CNPS had XAF325 billion of cash in its treasury. This was revealed by Alain Olivier Noël Mekulu Mvondo (Photo), CEO of the CNPS on June 17, 2021, while speaking before the parliament in the framework of parliamentary debates on welfare and social security. The executive added that thanks to that asset, his institution can guarantee the continuity of the CNPS' payments to pensioners.

Besides this cash, the CNPS also had XAF400 billion in available and convertible assets. Overall, the fund's assets as of December 31, 2020, were worth XAF850 billion, according to the CEO.

### 5864

The Tony Elumelu Foundation (TEF) recently announced that it has successfully concluded the training of over 200,000 young entrepreneurs from the 54 African countries, in the framework of its 2021 TEF Entrepreneurship Programme.

*"The entrepreneurs received business management training usually assimilated with an MBA program. Over 5,864 Cameroonian entrepreneurs were successfully trained. (...) The training was conducted exclusively on TEFConnect, the Foundation's proprietary digital platform that provides capacity-building support, advisory, and market linkages to over 1 million Africans and counting," the foundation wrote.*

### 32.5 tons

On June 10, 2021, in Maga, customs agents seized 32.5 tons of sugar, which were being smuggled into the country, from Nigeria. Loaded in a lorry, the sugar was packed into wheat flour bags to misled customs officers.

This seizure was made in the framework of HALCOMI, the operation being carried out for months now by the general customs directorate to secure the national commercial space and curb smuggling.

### 28.9%

At the end of its 2021-2026 bond issue operation (the sixth in the history of the country's public finance), Gabon raised CFAF188.8 billion against a XAF175 billion target, the closing report informs. Out of that amount, fully kept by the country after the approval of the Central African banking commission CEMAC, Cameroonian investors subscribed 28.9% (CFAF54.5 billion), we learn.

As for Gabonese investors, who are the superstars of that operation, they subscribed 70.9% (CFAF134 billion) of the overall subscriptions, against 0.11% (XAF200 million) for Congolese investors.



## COMPANY OF THE MONTH

# MATGENIE'S EMPLOYEES CALL FOR HELP OVER UNPAID SALARIES



*“Help, Mr. President of the Republic! Enough is enough, we can’t take it anymore; 13 months without salaries is plain cruelty!”* This is the message painted on a banner placed at the entrance of the headquarters of the National Park of Equipment of Civil Engineering (MATGENIE), in Yaoundé, on the morning of June 7, 2021.

According to an internal source, this strike movement was not organized by staff representatives. Rather, it was organized by a group of employees. The source explains that the social tension is at its peak because the state-owned company is owing 13 months of salary arrears to its staff.

The said group of employees decided to ignore a release signed on May 28, 2021, by the staff representative after a meeting with MATGENIE’s general management.

“(…) The general director invited us for a work meeting earlier today [May 28, 2021]. During the meeting, it became clear that the director’s promise to pay two months of salaries this month of May [2021] (...) was conditioned to the payment of some invoices for works carried out for the Ministry of Public Works. Although this promise is still relevant, its payment date will be slightly modified (...) So, the general director asks us to inform you that the first month of the promised salaries will be paid next week [week of June 7 to

13, 2021] and the second before June 15,” the release reads.

Indeed, due to the financial and management problems facing the company for about 20 years now, MATGENIE is obliged to rely on financial assistance to survive. Yet, according to the 2019 report on public corporations’ performance published by the technical committee for the rehabilitation of public and para-public companies, the marketing strategy being implemented by MATGENIE since 2018 enabled it to constitute an important order portfolio. That portfolio includes road infrastructure maintenance contracts worth XAF15.7 billion with various administrations and private firms.



## COMPANY OF THE MONTH

MATGENIE is also the sub-contractor and technical supervisor for civil engineering and studies works. However, due to its financial problem, it is unable to fulfill the contracts. In addition to its financial problems, the state-owned company is being affected by multi-year management conflict caused by the chairman of its executive board Jean Roland Daniel Ebo.

*"The meeting with MATGENIE's board members and management you presided on November 13, 2019, convinced us that the chairman of the administrative board's will to obstruct the proper functioning of the company will not stop soon,"* the board members wrote in a letter sent to the Minister of Public Works on November 18, 2019.

### **A promising reform rendered ineffective...**

The board members listed several accusations against the chairman of the board. They accused the chairman of exclusively deciding when board meetings will be held and what to discuss. *"The general management's pressing and repeated demands, as well as the other board members' opinions, change nothing to his decisions,"* they wrote. Also, they informed, the chairman of the board chooses the board members who will

take part in meetings *"so much so that the board sessions are organized with members who have been replaced by the administrations that initially sent them (...)* The board meetings are usually endless and almost unproductive because the chairman tries to impose his point of view on each of the points discussed. When he is not successful in doing so, he just moves on to the next point on the agenda without concluding the discussions on the previous point. He sometimes leaves the meeting room, abruptly ending the meetings without exhausting the points on the agenda just because he was outvoted on a given agenda item," the letter continued.

The chairman also refuses to discuss with the remaining board members to clear the air. He also tends to involve himself in the day-to-day operations of the company without consulting the executive board. *"(...)* To some point, he signed a decision canceling an order from the director-general and even wanted to impose an executive, namely the former Director of Financial Affairs (currently under a detention warrant) in whom the director-general lost confidence because of his actions.» The board members also accused the chairman of having renewed the contract of the auditor without consulting the board.

Despite all these misdemeanors, the chairman of the board of MATGENIE wrote 178 denunciation letters he sent to various institutions between June 2017 and December 2018, the board members added. In the meantime, the staff is suffering. Yet, in 2015, the government decided to revive the operations of MATGENIE, which lost its market shares in the construction machines' leasing market to private operators, by transforming it into a full-fledged construction company. That way, it could submit offers for infrastructure construction contracts in the country, where large construction projects have been underway since 2012.

However, since that promising reform that led to the appointment of a new management team in 2017 (the team includes the chairman of the board now accused of sabotaging the operations of MATGENIE), the company is yet to thrive. This is due to the whims of some of its managers, and obstacles that hinder the implementation of a government project aimed at acquiring a thousand construction equipment for the company.

Brice R. Mbodiam





# INHERITANCE BATTLES OR THE PLAGUE AFFECTING THE SURVIVAL OF CAMEROONIAN FAMILY-RUN BUSINESSES

At the request of Alain Christian Monkam, a Paris-based lawyer and also the son of the late Cameroonian business tycoon Pascal Monkam, the Douala-Bonanjo court of first instance recently ordered the sequestration of the properties of the business tycoon who passed away on February 27, 2021, in South Africa. *“I, president of the court, ruling publicly, contradictorily, in summary, proceedings from hour to hour and in the first instance (...) consequent-*

*ly order the sequestration of all personal movable and immovable property, securities, assets, safes, rents, shares, dividends, and income of the deceased Monkam Pascal,”* read the order issued by the tribunal at the end of the public audience of May 27, 2021.

The same order appoints three receiver-managers who will collect 4% of the amounts recovered and administered as their fees. This order is «enforceable against the shareholders and directors of the

company Etablissements Monkam Pascal, to the managers [of all of the La Falaïse hotels belonging to Mr. Monkam], to Brasseries du Cameroun [for which the deceased was the largest distributor], Ecobank [which leases a building belonging to the deceased],” the court stresses.

Contacted by Business in Cameroon, Alain Christian Monkam seems unsatisfied with the decision, given the legal appeal possibilities still available to the

five widows and the remaining fifteen brothers and sisters he is opposed to in this battle for the management of his father's properties and assets.

*«The order is immediately enforceable. Currently, I am not aware of an appeal. However, given the scope of the decision, I do not doubt that there will be an appeal. The appeal in itself is not suspensive unless a special request is made to the president of the Court of Appeal,»* he said, suggesting that this is not the conclusion of the legal battle for control over the legacy of Paul Monkam, one of the first entrepreneurs to come to light in Cameroon.

And he was right because the eleven heirs appealed the ruling but a provisional execution hearing was held on June 25, 2021.

#### **The emblematic case of Paul Soppo Priso**

Indeed, soon after the demise of his father, Alain Christian

Monkam asked the courts to appoint a receiver-manager for the properties and assets of his late father who was buried on April 10, 2021. *«When he was alive, Mr. Monkam Pascal used to manage his group himself. He used to recover or delegate the recovery of the revenues from each of his companies. Nowadays, however, we have reasons to believe that the managers of those companies are misappropriating the turnovers of each of the companies they are managing,»* he wrote in his court application.

Invoking legal texts, Alain Christian Monkam explained that his court application was aimed at securing his late father's revenues, ensuring the proper collection of the revenues generated by each of the companies belonging to his father's group, and assessing whether all the expenses listed benefit the group.

This new legal battle between heirs revives the problem of the survival of family-run businesses

after the demise of their founders. When they were running their businesses, most of the pioneers of private investment in Cameroon adopted structured management rules that lay out the management principles and the managers that will be in charge after they either step down or pass away. For instance, after the death of the respective founders, the operations of the Fotso, Kadji, and Noutchogouin groups were affected by inheritance conflicts. The most emblematic case of inheritance conflict for control over family-run businesses is certainly the case of the late business tycoon Paul Soppo Priso. Till now, the inheritance disputes over his succession have not been settled. In the meantime, the business empire he left has vanished while the rare assets still traceable are mostly used to pay legal experts instead of serving for the upkeep of the late man's offspring.

Brice R. Mbodiam

## The disputed inheritance

### IN CAMEROON

- La Falaise hotel Bonanjo hotel,
- La Falaise hotel Akwa
- La Falaise hotel Bonapriso
- La falaise hotel Bafang

- La Falaise hotel Yaoundé
- Ets Monkam Pascal (Main distributor of SABC products), etc.
- Several real estate properties all over the country

### IN SOUTH AFRICA

- The Monkam Pascal Twin towers
- The Pretoria Hotel
- The Tamboti Lodge
- The Park Lodge Hotel.





# REINFORCEMENT STEEL: THREATENED BY MASSIVE IMPORTS, LOCAL MANUFACTURERS DEMAND A QUOTA IN PUBLIC INFRASTRUCTURE PROJECTS

In May 2021, the three main reinforcement steel manufacturers operating in Cameroon sent a memo to the Prime Minister asking for measures to protect the investments they have been making for years now to develop the local metal industry. Their memo was prompted by the numerous special reinforcement steel import authorizations being granted in the country despite the indefinite suspension of those imports the government decided in 2016. In the memo consulted by Business in Cameroon at the Prime Minister's office, the three manufacturers (Metafrique

Cameroon Sarl, Aciéries du Cameroun, and Prometal namely) explain that to support the development of a local metal industry, the import ban must be enforced through a text jointly signed by the Ministers of Commerce, Finance and Industry. Once those texts are signed, the imported steel must be seized and systematically reimported to deter offenders, the manufacturers suggest. Besides the text, they also demand the introduction of a quota of local steels to be necessarily used by firms that implement infrastructure projects financed by the State of Cameroon. In addition, they

suggest, tax and customs incentives should be introduced in the 2022 finance law being prepared, to encourage local production and deter importations. According to the steel manufacturers, if need be, the local standards will be raised. That way, the competitiveness of steel products manufactured locally will be positively impacted in a context marked by the effective entry into force of the African Continental Free Trade Area (AfCFTA), the adoption of Cameroon's Industrialization Master Plan (PDI), and the 2020-2030 National Development Strategy (SND20-30)





which includes the transformation of the local industrial fabric as one of its pillars.

#### **A new state-of-the-art plant**

With a yearly production estimated to exceed 260,000 tons, the steel industry is one of the rare local industries that meet demands in Cameroon and even cater to exports. According to operators, in Cameroon, the yearly demand is about 180,000 tons, meaning the country can export some 80,000 tons of steel yearly. That steel exporting capacity will rise to 100,000 tons this year when the new state-of-the-art steel manufacturing plant built in Bassa industrial zone, Douala, enters its production phase. Indeed, Prometal, leader of the local market, is currently finalizing the testing phase for the commis-

sioning of the plant (Prometal 4) presented as the most modern iron processing plant, with the most diversified range of products, in Sub-Saharan Africa. Prometal 4 is the result of a CFAF40 billion investment through which products usually imported by African countries will be manufactured locally, authorized sources informed. Those products are notably beams, angle irons, smooth bars, and screws as well as flat bars and wire rods, which are intermediate products used to manufacture nails. Credible sources indicate that Cameroon's trade deficit on iron-based construction materials could be reduced by 50% thanks to the local production of the above-mentioned products. However, despite those competitive advantages and capabilities, local reinforcement steel and by-

products' manufacturers are still facing the challenge of massive imports specially authorized by public authorities for some firms carrying out infrastructure projects in the country.

Usually, the reason provided to justify those imports is that the quality of the local iron does not match the importers' needs. However, this argument has been refuted, both by the attestations of the National Civil Engineering Laboratory (LABOGENIE) and by previous experiences in the use of locally produced rebar in large infrastructure projects, such as the 2nd bridge over the Wouri River, the Olembé, and Japoma stadiums and the hydroelectric dams that were built in recent years in Cameroon.

Brice R. Mbodiam



# BRITISH CONQUEST OF THE CAMEROONIAN MARKET

For decades now, Cameroon has been envied for its multiculturalism as it is one of the few countries to have been under both British and French colonial rules. This envy is by no means cooled down by the separatist crisis ongoing since late 2016 in its Anglophone part, the Southwest and the Northwest.

Despite its multiculturalism, the general public has always perceived France as Cameroon's partner of choice. Though that perception has waned over the past few years due

notably to Chinese influence on the country's economy, France's diplomatic and economic ties with Cameroon are still stronger than the ties linking Cameroon and the UK.

Yet, on closer observation, one should notice that British economic and diplomatic ties with Cameroon are not negligible. Better, those ties have been solidifying for years now, with investments in strategic sectors of the Cameroonian economy. The said sectors are notably oil and gas, electricity, and recently the real

estate industry. Even the financial sector, the insurance segment notably, welcomed a British investor, not a small one for that matter. This dossier briefly presents British investments in the Cameroonian economic space. This presentation is not an exhaustive one but it is the most substantial list of British investments, which are outweighed by the Chinese economic offensive and the historic ties with France, in Cameroon.

B.R.M.



# UK Development fund CDC Group invests CFA125 billion in the energy sector

On September 14, 2015, British investment fund Actis announced the cession of Globeleq Africa - its subsidiary specialized in energy production in some African countries - to a consortium controlled by Norwegian fund Norfund and UK development institution CDC Group. The amount of the transaction was \$227 million, or about CFA125 billion.

Years before, in Cameroon, Globeleq Africa took over the management of the Kribi and Dibamba power plants after ENEO was bought by Actis. Thanks to those two plants whose cumulated generation capacity is 304MW, Cameroon became the leading electricity producing country in Globeleq Africa's network ahead of Côte d'Ivoire (288 MW with the Azito

plant) and South Africa (238MW electricity generation capacity thanks to three solar power stations and a wind facility).

By acquiring Globeleq Africa, and subsequently taking over the Kribi and Dibamba power plants, CDC Group boosted its presence in the Cameroonian electricity sector. As a reminder, CDC Group is the majority shareholder in Actis and therefore was already active in Cameroon's electricity sector.

On its website, CDC Group explains that *"Actis was formed in 2014 following a restructuring of CDC designed to bring more equity capital into developing countries and the two organizations have a shared story."*

As such, CDC Group is the leader of

the Cameroonian electricity sector since besides the 304MW power generation capacity it manages with the Kribi and Dibamba plants, it also owns 51% of electric utility ENEO, through Actis.

With the advent of the French energy group EDF in Cameroon, CDC Group will face competition. Indeed, with its 40% stake, EDF is the majority shareholder in Nachtigal Hydro Power (NHPC), in charge of the development of a 420MW infrastructure project in Nachtigal. Once operational (in March 2024 according to the official scheduled), the infrastructure will boost Cameroon's electricity generation capacity by 30%.

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# British oil & gas firm VOG raises over CFA4 billion to reinforce its position in the local natural gas market

British oil and gas firm Victoria Oil & Gas (VOG), the parent company of Gaz du Cameroun (GDC), announces that in June 2021, it raised \$7.5 million (over CFA4 billion) through a facility agreement with Meridian Capital. The funds will finance drilling operations on the Matanda license, adjoining the Logbaba gas fields GDC is currently exploiting in

the Littoral region, Cameroon, for natural gas production.

Indeed, thanks to VOG and its local subsidiary, Cameroon welcomed its first natural gas processing plant, which was inaugurated by the Cameroonian Head of State in November 2013 (but it was operational since 2012). By investing about CFA144 billion, the British firm

built a pipeline network (close to 20 kilometers long currently) to supply natural gas produced in the Logbaba fields to about 40 firms in Douala. Thanks to the gas supplies, the firms were able to shift from their heavy reliance on electricity, which is costly and unstable due notably to the repeated outages.



# British Bowleven, New Age team up on Etinde gas project

British oil and gas operator Bowleven announced on January 25 this year that its compatriot company and partner on the Etinde gas project in Cameroon -New Age- has received formal approvals to apply for a new exploitation agreement for the license.

*«We are pleased to announce that following a constructive dialog between the Etinde Joint-Venture partners (Bowleven, New Age and Russian Lukoil, ed) and SNH (Cameroon's national oil corporation), the authorization to apply for a replacement Etinde Exploitation Agreement has been granted. This is very positive news for the Etinde development, as*

*it essentially eliminates the possibility of the Government of Cameroon withdrawing the Etinde license from the JV partners, following the end of the initial six-year development implementation period in January 2021,"* commented Bowleven CEO Eli Chahin.

The replacement deal covers the production of hydrocarbons including the delivery of gas to thermal power plants or any other project confirmed by the State. The JV partners hope they will be able, thanks to this new agreement, to identify sufficient reserves to make an investment decision in 2021, thus producing and marketing natural gas after new

exploration campaigns.

This project is also of interest to Victoria Oil & Gas (VOG), the parent company of Gaz du Cameroun (GDC), which has set up the country's first natural gas processing unit on the outskirts of Cameroon's economic capital. On February 5, 2020, VOG signed a «non-binding letter of intent» with the holders of the Etinde project. With this LoI, VOG will source natural gas from the 2,316 km<sup>2</sup> covered by the project, which could well become the third operational gas field in Cameroon, after Kribi and Logbaba.

## Tower Resources controls a 119.2 km<sup>2</sup> oil and gas block in Cameroon

On March 31, 2021, British oil and gas company Tower Resources officially announced that the Cameroonian government had agreed to extend its license on the 119.2 km<sup>2</sup> Thali Block in the Rio del Rey basin. Thanks to the new extension, Tower Resources, and its partners will continue with drilling operations on the Njom-3 well, where preliminary operations started in 2019 but were halted in 2020 due to the coronavirus restrictive measures.

*«We are grateful to the Republic of Cameroon for their continued support of the Thali project, and in particular*

*to the President of the Republic, the Secretary-General of the Office of the Presidency, and the Prime Minister for taking a direct interest in our activity, as well as the Minister of Mines, Industry and Technological Development and his staff and all the staff at the Société Nationale des Hydrocarbures who have supported us during this First Exploration Period. We are looking forward to seeing the NJOM-3 well drilled as soon as possible, and we will notify investors when we have more material developments,»* commented Jeremy Asher, CEO of Tower Resources plc.

According to the junior oil and gas company, an assessment carried out in October 2018 estimated the potential of the Thali block to be 18 million barrels, valued at \$118 million (about CFA68 billion).

To exploit the resources, Tower Resources plc will invest about CFA24 billion (over 7 years) in the exploration of that block, according to the production sharing contract signed in 2015 between the company and Cameroon's SNH.

# Cameroon to use EU's EPA with the UK, despite the Brexit



Following negotiations that began in 2018, Cameroon finally reached a Memorandum of Understanding on December 27, 2020, concerning «arrangements» for the application of an Interim Economic Partnership Agreement (IEPA) based on that with the European Union (EU), even though the Brexit (the UK's exit from the EU) is already in effect.

Both the UK and Cameroon had committed, through this MoU, to maintain the effects of the EU-Central Africa IEPA and apply the tariff preferences from the UK-Cameroon EPA after EU-Central Africa IEPA ceases to apply in the United Kingdom.

What was previously a «memorandum of understanding» officially became a bilateral «agreement» on March 9, 2021, following its signing in London by Ranil Jayawardena, Parliamentary Under-Secretary of

State at the U.K. Department for International Trade, and Albert Njoteh Fotabong, Cameroon's High Commissioner to the United Kingdom.

The UK decided on March 27, 2017, in a referendum, to leave the EU. As a result, the country should normally lose the benefit of trade agreements between the EU and its partners worldwide. Therefore to maintain its relations with its partners after its exit from the Union, the United Kingdom has engaged in the negotiation of new trade agreements and treaties with all its major trading partners.

The negotiation of this bilateral EPA bears many opportunities for the UK especially. It is first expected to save and boost trade with Cameroon. According to official stats, Cameroon-UK trade is valued at about \$263 million (CFA145 billion)

and is mainly to the advantage of the United Kingdom, which, according to customs data, ships manufactured goods, machinery, mechanical and electrical equipment, vehicles, and pharmaceutical products to the African country.

On the Cameroonian side, gains are less significant. A study published in 2019 by BKP Economic Advisors showed that banana exports to the UK now account for about 13% of Cameroon's total banana exports, or nearly €10 million (CFA6.53 billion). According to data from the United Nations Conference on Trade and Development (UNCTAD), without a bilateral Cameroon-UK agreement, the UK's exit from the EU could have resulted in an overall decline in Cameroon's exports to the United Kingdom of 28% or nearly \$17.1 million (CFA 9.9 billion) annually.

BRM

# British Prudential completes acquisition of Insurer Beneficial's branches in Cameroon

British insurance giant Prudential has finally obtained all the necessary authorizations from the various regulators to acquire a majority stake in Beneficial, controlled by Ivorian Belife Insurance, a *"major player in life insurance based in West and Central Africa."*

Thanks to this transaction, whose amount has not been disclosed yet, Beneficial Life Insurance's subsidiaries in Togo, Côte d'Ivoire, and Cameroon (two Life and non-life subsidiaries) are being transferred

to Prudential. The British group is thus strengthening its presence in Africa, after its first offices in Ghana, Kenya, Uganda, Zambia, and Nigeria. In Cameroon, the two subsidiaries of Beneficial in Yaoundé and Douala became «Beneficial Prudential.» Belife Insurance thus succeeded in concluding a deal with Prudential, after a first failed attempt in 2014 with the Moroccan RMA Watanya which became, in 2016, Royal Moroccan Insurance (RMA), the insurance subsidiary of FinanceCom

group - the majority shareholder of Banque marocaine pour le commerce extérieur (BMCE) and Bank of Africa (BOA). We learned from sources that after the preliminary agreement concluded in 2014 between Belife Insurance and RMA, the two parties were unable to complete the transaction announced to amount to \$6.2 (CAF3.1 billion), 38% stakes in Beneficial. As a result, RMA finally chose to go into the bancassurance sector instead of taking stakes in Beneficial Insurance.

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# British Actis enters Cameroon's real estate segment with Douala Grand Mall

On December 17, 2020, Cameroon's Prime Minister, Joseph Dion Nguté, presided over the inauguration of the Douala Grand Mall, presented as the largest commercial and leisure center in Central Africa. The infrastructure's foundation stone was laid on April 11, 2018.

This is the first large-scale real estate investment made by Actis

in Cameroon, according to David Morley, Head of real estate at Actis. The Douala Grand Mall & Business Park will cost CFA80 billion, divided into two phases. The first is estimated at CFA50 billion and the second at CFA30 billion.

The first phase, called Douala Grand Mall (DGM), consisted of the construction of an architectu-

ral jewel of 160 shops and leisure spaces, near the airport. A Business Park (hotel and office complex) will be added to the DGM. The whole complex will create about 4,500 jobs and welcome 300,000 visitors each month, according to the project managers' projections.



# Alamine Ousmane Mey

## *“ TARGETING EMERGENCE REQUIRES GREAT VOLUNTARISM...”*

**Beginning of implementation, harmonization with the budget and post-Covid recovery plan, reforms, financing, risks, monitoring-evaluation... the Minister of Economy, Planning and Regional Development who steered the formulation of the National Development Strategy and ensures its implementation follow-up, throws more light on shadow areas.**

Interview with Aboudi Ottou

**The 2020-2030 National Development Strategy (NDS30) was presented to the general public on 16 November 2020. When is its implementation scheduled to begin?**

In fact, the National Development Strategy (NDS30), the new reference framework for the action of Government, Regional and Local Authorities and technical and financial partners, was adopted by Government during the Cabinet Meeting held on 28 November 2019 and presented to the general public on 16 November 2020. However, its implementation is effective since the 2020 Financial Year, through the application of

several guidelines and key considerations. They notably concern import-substitution promotion, through a budgetary provision in favour of the production of consumer goods which put pressure on the balance of trade; acceleration of the integral commissioning of first generation projects, just to name a few.

**Is the 2021 budget based on NDS30? Can we have some elements to illustrate this?**

We can say that the 2021 budget is effectively based on NDS30. It is even an instruction of the President of the Republic. With Circular N° 001/CAB/

PRC of 10 July 2020 relating to the preparation of the State budget for the 2021 Financial Year, instructions were given to align the 2021 budget with reforms underpinned by the National Development Strategy, which operationalizes the second phase of the 2035 Development Vision. The budget orientation discussion which took place in 2020 for the 2021-2023 triennium was based on NDS30 guidelines as the backbone for formulating public policies on account of the 2021-2023 triennium.

Concretely, most reforms and innovations of the 2021 budget relate



« En Éthiopie, le gouvernement a interdit les capitaux étrangers dans trois secteurs : la banque, l'assurance et la grande distribution. »

to the structural transformation of our economy, which constitutes the fundamental pillar of NDS30. We can also find the following elements in the 2021 budget: an allocation to the tune of CFA Francs 50 billion for the production of consumer good (rice, fish, maize, millet, sorghum) within the framework of import-substitution which we mentioned earlier; tax and customs innovations of the 2021 Finance Law which aim to promote and protect production in agricultu-

ral and industrial sectors; increase in allocations meant for Regional and Local Authorities in line with the strategy's key considerations.

**Cameroon is simultaneously launching NDS30 and a three-year post Covid-19 economic recovery plan. How are these two planning tools going to be deployed?**

It should be noted that the three-year post Covid-19 economic recovery plan is part and parcel of NDS30,

which is to be deployed in three phases. This response plan as well as other initiatives, such as the support plan to consumer goods, will enable us strengthen our country's resilience in the face of exogenous shocks.

It is also worth taking note that the Covid-19 pandemic comforts NDS30 strategic options, notably the need for us to base ourselves, more than ever before, on our national potential

and resources to build our socio-economic development.

**NDS30 intends to achieve an average growth of 8% over the next ten years. Given the crisis situation under which the strategy is launched, is this figure not too ambitious?**

It is important to recall that the 8% average growth rate envisaged is not by chance, but the result of a rigorous macroeconomic and budgetary alignment which was carried out in formulating the strategy. 8% is the performance level which we have to achieve in terms of economic growth if we want to meet our ultimate goal which is to be granted the status of upper-middle-income country in 2035.

And it is all the more realistic, inasmuch as simulations have shown that this growth level will be achieved if the reforms and plans recommended in NDS30 are effectively implemented. They notably include: directing public procurements towards local service providers; promoting our best companies referred to as “national champions”; enhancing the “Made in Cameroon” label; increasing agricultural production and productivity; implementing the strategy’s plans and major initiatives.

**Among the risks likely to undermine the achievement of this performance, there is delay in project implementation. What has been done to date to mitigate this risk?**

In fact, from the overall GESP evaluation, it stems out that the several

delays registered in project implementation during the first phase negatively impacted the growth rate all along this period. Project immaturity and lack of funding accounted for the major reasons brought forward.

To mitigate this risk, NDS30 has laid emphasis on project maturation and funding using the Project-Finance approach which gives priority to public-private partnerships, by seeking alternative financing to the public investment budget which is limited, given the magnitude of major projects to be implemented.

**About fifty reform items have been envisaged to support NDS30 implementation. Isn’t it a challenge to be overcome for the success of this strategy?**

We grant that this seems overly ambitious, but these reforms are necessary and feasible, for many of them are already being implemented, and others are legislative and regulatory reforms, thereby having the advantage of not generating huge expenditure. In any case, the path towards achieving emergence requires great voluntarism.

**During NDS30 presentation, vital checkpoints were raised by the private sector, civil society organizations, scientific community, etc. concerning the lack of a funding strategy, human resource management or even monitoring-evaluation architecture. In your opinion, are these remarks relevant?**

As for financing, we have to resort to various levers, notably: the State’s

own budget resources, through an adequate tax policy; resources from the financial market; resources from bilateral and multilateral cooperation; the private sector’s own resources; public-private partnerships (PPP); mobilization of domestic savings and funds transfer from the diaspora. Moreover, work is ongoing in my services in order to uncover, in an operational manner, financing options taken under NDS30.

Concerning human resource management, NDS30 laid emphasis on the quality of human capital likely to be used to achieve industrialization objectives of the second phase of our development vision. Particular attention will be given to the increase of technical and vocational training offer, in collaboration with the strategy’s priority fields.

As concerns the NDS30 monitoring-evaluation mechanism, it will enable us to identify underperformance items and take, if need be, the corrective measures necessary for action management, in order to achieve objectives, on the one hand, and redirect strategic choices in order to increase policy impact on development, on the other hand. The monitoring-evaluation architecture is currently being formalized and will be composed of representatives of various categories of development actors. This mechanism will also be deployed at regional and local level. Source : Emerging Cameroon, Minepat.



# Michel Bissou

## «CAMEROON IS YET TO BE A MINING COUNTRY»

**This expert in mining governance believes that despite the improvements achieved in the mining sector, there is still much left to do to make it one of the main drivers of economic growth.**

Interview by Idriss Linge and Jean Christian Nselel

### **Business in Cameroon: How is Cameroon's mining sector doing, in your opinion?**

Michel Bissou: I would say that the Cameroonian mining sector is going through a perpetual development, looking at the mining code released in 2016, but also at the fact that most anticipated industrial mining projects (the iron ore projects of Mbalm, Nkout, and Kribi, Mobilong's diamond deposit, Lomié's nickel-cobalt-manganese, etc.) are still not operational. However, Cameroon is yet to be a mining country, unlike South Africa, Ghana, or Botswana, even at the small-scale level. The

truth is that Cameroon is an ambitious country, but for now its mining sector is under construction, at the legal, institutional, policy, as well as operational levels.

There is artisanal mining but its supervision keeps being improved, by taking into account new standards in the mining sector and challenges Cameroon's mining industry faces multiple challenges, in relation to decentralization, environmental protection, mining's impact on populations' living standards, and governance. These are all issues that are consubstantial to Cameroon's 2035 emergence goal. This is exactly

why this sector is under permanent construction and each actor - the government, the parliament, the companies, the civil society, as well as miners themselves - participates in this construction.

### **BC: Recently, you contributed to a report on revenue sharing in the mining sector in Cameroon. What are the main conclusions you reached?**

MB: For that study, I had the pleasure of working with Mr. Eric Bisil and Mr. Eric Etoga, on behalf of the African Regional Center for Endogenous and Community Development (ARCEDC).

Now, about the sharing of revenues issued from the mining sector in Cameroon, there are two realities that we must consider. There is the reality of principles: what are the principles for sharing profits and revenues coming from Cameroon's mining sector? Besides that, what are the mechanisms ensuring the effective distribution of these profits and revenues?

With this in mind, as part of our study we found that principles exist and are written in the 2016 Mining Code. The latter indeed provides for the sharing of mining royalties (the ad valorem tax and the extraction tax) and land royalties. However, regarding distribution mechanisms, since the decree implementing the 2016 Mining Code is yet to be issued, the process defining the mechanisms for sharing the said profits and revenues hasn't been completed. That is one of the main findings of the study.

**BC: Mostly, focus is put on the ill-fitting tax system that doesn't match the expectations of people living in mining regions. What are, in your opinion, the weaknesses of Cameroon's mining taxation system?**

MB: I wouldn't say an ill-fitting tax system. Rather, I would say a tax system that faces many challenges. For example, let's take the 2015 finance law. In the mining code, the ad valorem tax levied on precious stones is 8% but in this finance law it is 20%. Looking at precious metals, tax levied on gold rose is around 4% in the mining code, but it is set at

15% in the finance law. Not only do these tax rates discourage investors from coming, they also discourage those who are already established from declaring their real earnings. It's the same with the 2019 Finance Act where customs duties surged from 2% to 10%, for diamonds especially. Such taxation rates prevent the optimal collection of revenues and foster illicit financial flows.

Also, small-scale miners out there in the field aren't eager to declare their output or earnings, because at some point in time they have realized that mining taxation in Cameroon is not very stable, with rules varying from one source to another. Therefore, expectations regarding how revenues are shared cannot be met, given that the real revenues which the mining sector, at its actual development stage, can generate are not being collected from the outset. That is the biggest issue our mining taxation poses.

Local residents are aware that artisanal gold mining is taking place where they live, but what surprises them is that there is no impact on their community. The problem is that from the beginning, since small-scale miners and companies are trying to avoid paying taxes, they make promises that aren't reliable or really realistic. All this favors the movement of Cameroonian gold in informal circuits, mainly through smuggling and by taking advantage of our porous borders.

**BC: Besides the revenue collection process, there are also issues**

**regarding the distribution of revenues. What is at the root of these ?**

MB: In Cameroon, which revenues should we talk about? Industrial or artisanal mining revenues? Apart from quarrying, there is no real industrial mining in Cameroon. Nickel, cobalt, Mobilong diamond and Mbalam iron mining projects, to name but a few, are not operational due to exogenous (fall in raw material prices, successive financial and health crises since 2008, etc.) and endogenous factors. We can therefore say that the Cameroonian industrial mining sector hasn't yet met expectations, relative to the State's ambition to develop this sector and make it one of the driving forces that will spur the country's economic growth.

At the small-scale level, there have been positive efforts, in line with the missions of the Framework for the Support and Promotion of Small-scale Mining (Capam), to enable Cameroon better monitor and channel the gold coming from artisanal sites. The gold collected by the Capam mainly serves to build Cameroon's gold reserve, since gold is considered as a safe haven. This being said, we need to be a little more realistic regarding our expectations for the Cameroonian mining sector.

In the quarrying sub-sector, some communities have established their own para-fiscal system. When a truck loaded with sand, gravel or pozzolan leaves a certain community, some money is set aside both for the municipality and those living in the area hosting the project. This local para-



*"Since the decree implementing the 2016 Mining Code is yet to be issued, the process defining the mechanisms for sharing the said profits and revenues hasn't been completed"*

fiscal tax system has sparked many debates in the public sector, but also in the Cameroonian political sphere, due to arguments over the legitimacy of the authority devolved to decentralized local authorities regarding the management of the mining sector, as a whole, and quarrying activi-

ties in particular. Taking all these elements into consideration, we can only wait for the decree implementing the Mining Code, as well as the one related to the General Code of Local Authorities. After that, we will have a better understanding of how roles are to be

shared and we will be able to better discuss what is expected regarding the redistribution of these revenues among decentralized territorial communities.

**BC: What are the potential options and solutions available to these**



**issues? Could solutions such as country-by-country reporting of company activities, identification of beneficial owners, or publication of records be part of the needed answer? Are these solutions a starting point for limiting resource leakage and improving revenue sharing for the population?**

MB: First of all, signing and publishing the decree implementing the 2016 Mining Code is a must and it is urgent because several activities depend on it. Publishing the decree that will implement this code is urgent, mainly because the code provides for the creation of a special account for the development of local capacities. This account is an important indicator of how much the mining sector contributes to local development, when it comes to redistributing revenues generated by the sector. This implementing decree must clearly indicate how this account will operate and how it will be housed. In short, it has to specify the terms for applying the principle set out in the Mining Code.

Besides this account, a development fund for the mining sector and a fund for the rehabilitation and restoration of the environment in mining should also be established. The 2016 Mining Code innovates by taking into account the principle of redistribution of land royalties. However, in this case also, the implementing decree must specify how this annual

land royalty will be redistributed. The same applies to the ad valorem tax for mined products and the extraction tax for quarry products.

Next, let's not forget that we now have a national mining company (Sonamines) which was created in December 2020, by presidential decree. As part of its missions, the Sonamines is set to curb negative outcomes of pending industrial mining projects. This explains why expectations for this new project are high. However, the Sonamines will need time and substantial resources to achieve its objectives and this must be understood.

Another step could be to improve coordination among certain ministerial departments in charge of mining-related issues, given that, and this is no secret, governance in the mining sector is cross-cutting. The case of differences in mining tax rates under the Mining Code and the Finance Law justifies the need to improve this coordination.

Among envisageable solutions, we must look at supporting or bolstering the monitoring of mining-related international governance initiatives which Cameroon adheres to. There is for example the Kimberley Process (KP), or the Extractive Industries Transparency Initiative (EITI). These can help us better identify the challenges or bottlenecks that we face relative to governance in the extractive sector.

Let's emphasize that the multi-stake-

holder monitoring (government, parliament, company, civil society) of the implementation of the requirements of the EITI 2019 standard, the current edition, plus the monitoring of the collection of extractive revenues (income in kind and in cash, income from oil transport, transactions of state companies) and the redistribution of these revenues (distribution of income, subnational transfers), also take into account the monitoring of the legal and institutional framework (legal framework, registry, beneficial ownership, contracts and licenses, state participation) of production (exploration, production, and export) as well as social and economic expenditures in the extractive sector.

Again let's recall that Cameroon was temporarily suspended from the EITI, from April 1, 2021, for failing to publish the 2018 EITI report before March 31, 2021. However, on the instructions of the Head of State, the Minister of Finance (also Chairman of the EITI Committee) and the Minister of Mining (Vice-Chairman of the EITI Committee) committed to have this suspension lifted by having the report published latest by June 30, 2021. This commitment reflects how important Cameroon considers its extractive sector to be and implicitly reaffirms the political ambition the State has for this sector, despite the many headwinds it faces.

# PUBLIC MANAGEMENT

## Cameroon recorded XAF845 bln of tax revenue in Jan - May 2021, up XAF50 bln YoY

Cameroon collected XAF845 billion of tax revenues between January and May 2021, according to Modeste Mopa Fatoing (photo), director-general of taxes. This envelope is up by XAF50 billion compared with the XAF795 billion the country collected over the same period in 2020.

According to M. Mopa, this increase in the taxes collected is due to the reforms being implemented by the tax administration, for years now, to optimize tax collection, through dematerialization of the processes (from declaration to payment). «We have made notable progress.

The reforms are nearly completed. Our initial plan was to dematerialize all the tax procedures, from taxpayers' registration in the database to declaration and payment (...) Nowadays, all the processes can be completed online by companies under the large, medium, small and micro enterprises divisions in regional capitals. These companies can complete the processes right from their smartphones or laptops and pay their taxes without even setting foot inside tax administrations. There is no more a collection bureau at tax offices. Even the various tax certifi-

cates can be obtained online, « the director-general of taxes explains. With the dematerialization, there are no more cash transactions or physical contact with tax agents. Therefore, the past corruption avenues are closed. Also, the government optimized tax collection by subcontracting the collection of some taxes to external partners. Examples of such taxes include the airport taxes collected by airlines or the vehicle circulation tax, which is now collected when the compulsory car insurance is subscribed.

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## A rice shortage is highly unlikely in Cameroon till end-2021, the MINCOMMERCE assures

Cameroonians should rest assured there will be no shortage of rice, one of the most consumed food products in the country. This is the message of the release signed on June 24, 2021, by Minister of Commerce Luc Magloire Mbarga Atangana. «*In the aftermath of the unjustified hullabaloo and media fuss about the issue of rice prices in recent weeks, the Minister of Commerce (...) is honored to inform the general public that the shortage risks*» described by some people are just fantasies.

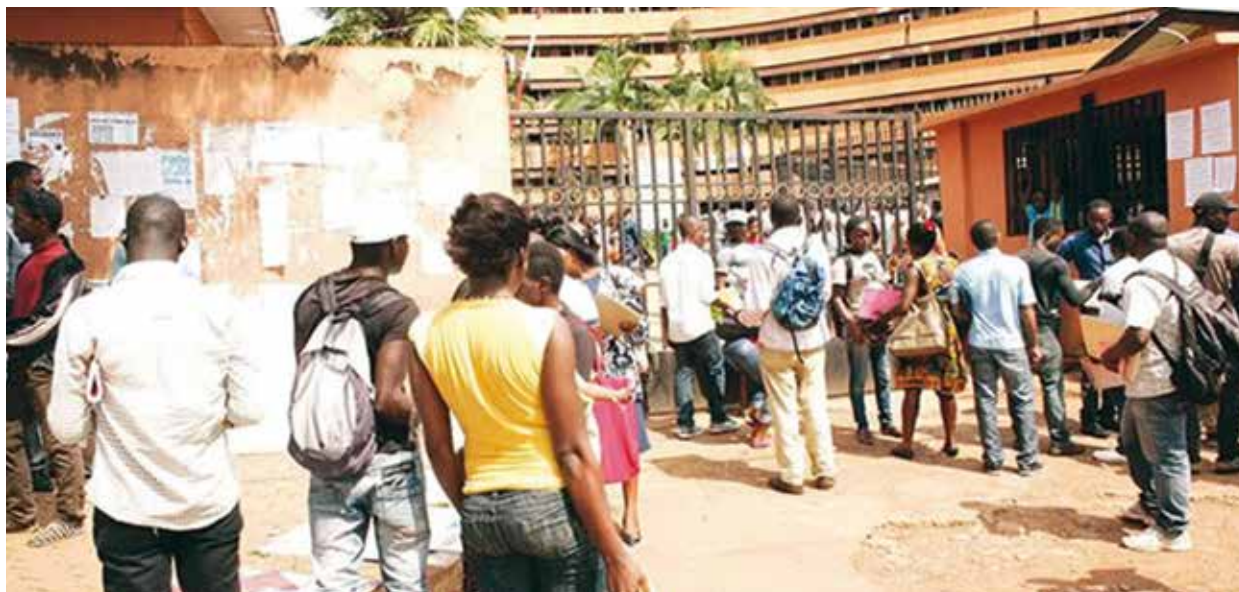
According to the official, the stock of rice currently available on Cameroonian territory is estimated at 200,000 tons, which is enough to meet four months of local demand (July to October 2021). The release adds that there are also 100,000 tons of rice at bay, which is enough to cover two months of local demand. This means that coupled with the

200,000 tons stock, there is enough rice to meet local demand till the end of the year, although the Minister's accounts do not include the orders not yet delivered by foreign suppliers. This release is an answer to the press briefing organized on June 17, 2021, in Yaoundé, by the Cameroonian Rice Importers Association (GIRC). During the press briefing, Jacques Kemleu, general secretary of the GIRC, pointed out the difficulties faced by rice importers due to administrative problems caused by the new foreign exchange regulation. Indeed, the new regulation introduced tougher controls (denounced by economic indicators) over wire transfers.

Besides denouncing the administrative problems caused by the foreign exchange regulation, Jacques Kemleu added that the country had a stock of 200,000 tons of rice. However,

he mentioned, the stock was not enough to meet the short-term local demand if no new stock is added. The government is obviously against the general secretary's viewpoint considering the release published by the Minister of Commerce Luc Magloire Mbarga Atangana. Let's note that although it is highly consumed in Cameroon, the local rice production is really low. According to the Ministry of Agriculture, in 2020, the country produced only 140,170 tons of rice (24.3% of the local demand) while the demand was 576,949 tons. This leaves a gap of 436,779 tons, which is usually filled through massive imports of that food product whose prices remain closely monitored by the government since the 2008 food riot.

## Cameroon: The low number of new civil servants to be recruited this year is due to the socio-economic environment, MINFOPRA LE says



On June 11, 2021, Minister of Public Services (MINFOPRA) Joseph Lé, signed 28 decisions launching the recruitment of new staff into the civil service this year. Officially, 1,536 seats are to be filled this year against 3,700 in 2020, 5,411 in 2019, and 5,179 in 2018.

According to the MINFOPRA, this drastic drop in the number of civil servants to be recruited is due to the particularly “harsh socioeconomic environment” marked by the coronavirus pandemic’s impacts on the productive sectors of the economy. This environment forces “*the government to make special adjustments*,” Minister LE explained. Apart from making “special adjustments” called for by the socioeconomic environment, the government is trying to address a structural problem that has become harmful for public finances by reducing the number of recruitments.

Indeed, as officials explain, in recent years, the country’s rising wage bill

is gradually undermining the budget balance.

In a document annexed to the 2021 finance law, the Ministry of Finance revealed that over the past 10 years, Cameroon’s wage bill has risen by an average of 5.6% yearly despite the numerous payroll consolidation initiatives taken by the government. It added that a study carried out in 2018 had already demonstrated that this yearly growth in salary expenditures was due to the number of recruitments, which is usually higher than the number of retirements. Non-compliance with CEMAC ratios. The same document informs that, between June 2011 and June 2020, the number of Cameroonian civil servants almost doubled, going from 197,471 to 340,957. As for the salary expenditures, they followed the same trend going from XAF681.4 billion to over 1,000 billion.

The main factor contributing to those rises was massive recruitments in the secondary education segment, we learn.

“By rising from 30,640 to 83,308 between January 2010 and June 2020, the number of secondary school teachers rose 2.7 folds. It now represents 34.4% of the number of civil servants employed by Cameroon, against 15.8% in early 2010. At the same time, their salaries now represent 32.3% of the overall salary expenditures against 21% in 2010,” the document reads.

By reducing the number of servants it recruits yearly as it has been doing since 2018 and with the impacts of the recent headcount operation (thanks to which the county identified and expunged thousands of ghost workers from its payroll), Cameroon can now meet the CEMAC region’s wage sustainability ratio, which is 35%.

This ratio is computed by dividing the country’s tax and customs revenues by the wage bill. In 2019, it was 36.5%, significantly better than the 39.7% recorded in 2017.



# Decentralization: FEICOM presents its services to regional councils

Since June 14, 2021, the General Manager of FEICOM (Special Council Support Fund for Mutual Assistance) has been holding working sessions with the presidents of the new regional councils in Cameroon. According to FEICOM officials, those sessions aim to explain the roles that the special counsel plays in the decentralization process to the newly elected

local representatives. Indeed, since the 2018 decree reorganizing it, the FEICOM's competence now extends to all the 10 Cameroonian regions. In that regard, the special fund, which was only known as a fund that finances communes, is now an institution that will ensure the effective development of the 10 regions whose

councils recently approved their ever-first budgets and are seeking financing. In 2020, FEICOM injected XAF26.7 billion into 136 communal projects in Cameroon, up by about three-fold compared with the XAF10.5 billion the fund injected into 92 communal projects in 2019.

# Cameroon launches an awareness campaign to promote the use of legal wood

Last June 14, in Yaoundé, the Cameroonian Ministry of Forest and Wildlife (MINFOF) and local NGO Center for International Forestry Research/World Agroforestry (CIFOR-ICRAF) launched an awareness-raising campaign to sensitize residents of the main urban areas on the use of legal wood.

With the slogan *"Le bois légal, c'est génial"* (Legal wood is great - in French), the campaign is organized to encourage the purchase of sustainable and quality wood products and change consumers' behavior. Various awareness-raising activities are planned for this purpose, ranging from radio broadcasts to advertising skits and banners, all about the timber market.

For Hortense Motalindja, deputy head of the Wood promotion department at the MINFOF, the low proportion of legal sawn timber in the overall volume used in Cameroon constitute an obstacle to the rational management of the country's forest resources and national development. *"Our ambition, through this campaign, is to boost the demand [for legal sawn timber]. This will likely encourage producers to comply with the law and supply the market with more legal*



*wood,"* she added.

For Liboum Mbonayem, a CIFOR researcher, most Cameroonians show interest in knowing the origin of the wood products they buy. However they should try to inquire about the legality of those products, he added. Notably, they should ask about *"copies of the waybills that transported the wood or the delivery note."* According to a study carried out by

CIFOR in Douala and Yaoundé in 2016, only 16% and 18% of the overall wood sold respectively in those cities was of legal origin. So, the NGO believes that to promote the long-term sustainability and availability of forest resources in Cameroon, it is crucial to increase the availability and demand for legally sourced wood in the domestic market.

# Cameroon: SNH pays XAF10 bln dividend to the State for 2020 operations



For the 2020 operational year, SNH paid XAF10 billion of dividends, XAF8.44 billion of corporate tax, and XAF2.16 billion as miscellaneous taxes and duties into the public treasury. The figures were revealed in the release published at the end of this year's first general meeting of the board of the national hydrocarbons corporation SNH held between June 1 and 4, 2021.

For some uninformed observers, the volume of the dividend paid to the State of Cameroon by the SNH may seem low given the performance of the company, which has always been highly profitable (XAF25.3 billion in 2019) and has been among the most performing national hydrocarbon corporations on the African continent for years now. The financial support provided by the SNH to the public treasury goes beyond just dividends, taxes, and duties. The hydrocarbons corporation also provides direct assistance, "direct interventions" and "indirect transfers."

Due to the direct assistance, the corporation earned the name "State secret fund". The assistance aims

to cover the government's security and sovereignty expenditures at the request of the Presidency of the Republic. For that assistance, the SNH, which also has assets in other companies, mostly uses the funds generated from crude oil it sells on behalf of the State.

Financing the Rapid Intervention Battalion (BIR)'s operations In the EITI Report 2016 (published in 2019), the Extractive Industries Transparency Initiative reveals that in 2016 and 2017, the SNH disbursed XAF383.4 billion of "direct interventions" for the State. In 2019, those interventions amounted to XAF183.7 billion, it added. Usually, a significant portion of those interventions is channeled towards the Rapid Intervention Battalion (BIR), an elite unit (comprising close to 5,000 agents) of the Cameroonian army. In 2017 for instance, XAF109.1 billion of the direct interventions was used for the BIR's operations, the EITI report claims.

Over the past thirty years, international financial partners (notably the IMF, which deems these funding

mechanisms to be contrary to good budgetary and governance practices) have been urging the Cameroonian government to stop resorting to direct interventions.

In its recent technical report on the problems affecting state-owned companies in Cameroon, the IMF notably stressed the "particular case of SNH". *"The financial relationship between the State and the SNH are particular in many respects. Institutionally, according to its articles of incorporation, it is under the sole technical and financial supervision of the General Secretariat of the Presidency of the Republic (...). The SNH's intervention mechanism is not specified by the law, and the expenses covered by the SNH are integrated into the budgetary accounts after the fact, just to regularize [the accounts],"* the report informs.

However, the government regularly opposes the partners' suggestions claiming that the urgency and the sensitiveness of some of the security and sovereignty expenditures call for direct intervention mechanisms.

# Cameroon to sign a new XAF54.1 bln IDA loan agreement for “development policy support operations”

Paul Biya, President of the Republic of Cameroon, recently signed a decree authorizing the Minister of Economy Alamine Ousmane Mey to sign a XAF54.1 billion loan agreement with the International Development Association (IDA). According to the decree, this loan will fund the third development policy support operation in Cameroon. This new loan will boost the country's debt to the World Bank Group, which is already Cameroon's largest multilateral financial partner. Indeed, according to Autonomous Sinking Fund (CAA), as of end-March 2021, Cameroon's debt was composed at 37.5% (XAF1,054.9 billion) of loans contracted from the IDA

and IBRD (two windows of the World Bank group) [ed. note : against 30% for the AfDB].

The loan agreement Alamine Ousmane Mey is authorized to sign brings back the problem of fund disbursements concerning loans contracted from financial partners. Indeed, in great need of financing, Cameroon signed several loan agreements worth billions with technical and financial partners. However, some of those loans are yet to be disbursed even though the country now has to pay the interest on some of them.

According to the CAA, the World Bank Group is the partner with the highest volume of those Committed

but not yet disbursed loans. In its report on Cameroon's public debt as of late March 2021, the CAA reveals that the external loans committed but not yet disbursed [excluding budgetary support] were XAF3,163.3 billion. “They will reach 53.5% of the funding agreements signed by multilateral donors including XAF651.7 billion from the World Bank, through its IDA and IBRD windows,” the CAA reported.

The institution added that the XAF651.7 billion from the World Bank represents 37.1% of the overall loans committed to Cameroon but not yet disbursed.

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## Civil service: Banks and public officials meet to discuss the various problems facing the salary processing chain

In late May 2021, in Yaoundé, an awareness, discussion, and training workshop were organized to discuss the problems encountered concerning the processing of civil servants' salaries. During the workshop, the various parties involved in the chain pointed out some problems including identity theft.

“The Ministry of Finance [MINFI] is confronted with identity theft committed by unscrupulous profiteers who falsify documents like clearance or account closure certificates and divert salaries. Meanwhile, agents working for the ministry tasked to process salaries are unable to detect fake identities. Another problem is that salaries and pensions are paid into accounts of deceased servants,”

the MINFI indicates.

“All these problems are of concern to every one of us and proper solutions need to be formulated to improve the win-win partnership between the MINFI and credit institutions for civil servants' greatest satisfaction,” said Cyrill Edou Alo'o, Director general of the Budget, in his opening speech. During the workshop, Gilbert Didier Edoa, general secretary of the MINFI, revealed that an audit instructed to evaluate the losses sustained by public treasury due to open deceased servants' accounts estimated the losses at XAF21.8 billion. To date, the public treasury has recovered XAF12 billion out of those funds, added Robert Simo Kengne, head of the salaries and pensions department at

the Ministry of Finance.

Still during the workshop, credit institutions expressed concerns over the servants that unexpectedly stop domiciling their salaries in accounts opened at banks they owe and start domiciling those salaries at new banks without even clearance or account closure certificates. According to the representatives of the various banks present at the workshop, this situation causes losses for the local banking sector.

Let's note that for the time being, there is no information about the solutions formulated for the problems pointed out during the workshop.



## Cameroon: 2021 State budget to rise by 11.22%, subject to parliament's approval

On June 7, 2021, President Paul Biya signed an ordinance increasing the 2021 budget by XAF615.2 billion (11.22%). *"For the 2021 State budget, a balance between resources and jobs has been achieved at XAF5,480.4 billion [against XAF4,865.2 billion previously approved by the parliament]. It includes XAF5,235.2 billion of the general state budget and XAF245.2 billion for special purpose accounts,"* the ordinance informs.

The general state budget constituted of revenues, social contributions, loans, and donations, is up by XAF565.2 billion. From the XAF4,670 billion adopted by parliament, it is now XAF5,235.2 billion.

As for the budget of special purpose accounts that includes funds set for specific purposes (like the fight against the coronavirus, electricity access improvement, water, and sanitation, etc...), it is up by XAF50 billion, going from XAF195.2 billion to XAF245.2 billion. This increase is mostly due to the rise in funds set for the fight against the coronavirus pandemic and its economic fallout (from XAF150 billion to XAF200 billion).

According to the Ministry of Finance, the aim of this budget amendment decided by the President of the Republic is to align the revenue forecasts with the various public expenditures caused

by the coronavirus pandemic. This for instance explains the increase of the envelope dedicated to the fight against the coronavirus pandemic this year but also the revenue collection target set XAF74.2 billion higher (from XAF3,456.6 billion to XAF3,530.8 billion) than the one in the initially approved budget.

Let's note that the effectiveness of this new budget is subject to the parliament's adoption but given the political configuration of this institution, the adoption will surely be a mere formality.

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## Cameroon: Passport application fees will rise from XAF75k to 110k effective July 1, 2021

Effective July 1, 2021, the official passport application fees will rise in Cameroon, per an ordinance modifying the 2021 finance law president Paul Biya signed on June 7, 2021.

*"Starting from July 1, 2021, the stamp duties for national passports are set as follows: XAF110,000 for issuance, renewal, and extension of regular passports. There is no change in [the price] the other passports,"* the presidential ordinance indicates.

This means that starting from July 1, 2021, the cost of ordinary passports

will rise by 31.81% (from XAF75,000 to XAF110,000). The ordinance provides no reasons to explain such a price hike but we note that it is part of the strategies to raise the fiscal earnings (XAF2,743.1 billion) expected for the 2021 fiscal year.

This is the third time passport fees are being increased in Cameroon over the past 20 years. It successively went from XAF30,000 to 50,000 then to XAF75,000 and now to XAF110,000. The last price hike occurred in 2016. At the time, Cameroonian authorities explained

that the aim was to help provide the State with financial resources necessary to modernize and secure the identification and travel document important for economic operators' trips worldwide.

Comparatively, the price in Cameroon is almost thrice the prices in West African countries like Côte d'Ivoire and Togo (between CFAF30 and 40 thousand). As for the official issuance deadlines, it is about two weeks for the said West African countries against three months for Cameroon.

## Cameroon gives owners of uncleared cars up to Dec 31, 2021, to regularize their situation without paying fines



Finance Minister (MINFI) Louis Paul Motaze recently signed a release granting owners of uncleared cars a grace period to avoid fines, by regularizing their situations.

In the release, the MINFI informs that “COSMOS” is now accessible to the public through the internet portal [www.portran.cm](http://www.portran.cm). Cosmos is an app developed to help the Ministry of Finance identify the clearance status of cars imported into Cameroon, by simply checking the chassis number in the customs authorities database CAMCIS (Cameroon Customs Information System). So, owners can check the clearance status of their cars

by just inputting the chassis number, as customs authorities do, to know if they comply with rules in force.

*“This link [the internet portal] was developed to help honest users check the clearance status of their cars and contact the control brigades of the competent customs sectors to regularize their situation if their cars are not cleared. They can regularize their situation without paying fines till December 31, 2021,”* the MINFI writes.

The official also suggests that residents who are planning to buy cars or any rolling stock should check on the internet portal whether the cars they are buying have been cleared.

That way, they can avoid potential inconveniences.

Precise estimates of the revenue shortfall for the public treasury caused by uncleared cars are not available yet. However, the customs administration believes that by being able to track contraband cars, it can collect more revenues.

According to the 2021 finance law, the customs revenues forecasts is XAF804 billion. The projection for revenues collected through the issuance of secure transport documents is XAF5 billion, including XAF3.2 billion for the issuance of vehicle registration certificates.



# ECONOMY

## Towards the normalization of Chad-Cameroon's commercial exchange with the reopening of Cameroon's side of the Ngueli border

On June 20, 2021, Jean Lazare Ndong, Prefect of the department of Logone et Chari, officially reopened the Cameroonian side of the Ngueli bridge to circulation. This officially ended an over 12-month closure of this border between Cameroon and Chad, closed since March 2020, when the first coronavirus cases were identified in Cameroon.

Cameroon is therefore favorably answering the request formulated by Chadian authorities. Indeed, on June 17, 2021, general Souleyman Abakar Adam, Chadian Minister of Public Security, and Ousman Bassy Lougma, director-general of the national

police, officially reopened their side of the bridge. During the reopening ceremony, general Souleyman Abakar Adam indicated that Chad will get in touch with Cameroonian authorities to finalize the process. By reopening their respective sides of the bridge, Cameroon and Chad are normalizing commercial exchanges between the two countries. Since the closure of that border bridge, those exchanges drastically affected commercial flows. According to Cameroonian customs, in March 2020, commercial flows through the Douala-Bangui and Douala-Ndjamena corridors slumped 80%

year on year due to the coronavirus pandemic, which forced the border closures.

Although the estimates published by Cameroonian customs integrates the commercial flows on the Douala-Bangui corridor, which connects to the Central African Republic, it is worth mentioning that most of the shortfalls were mainly due to commercial flows between Douala and Ndjamena. Officially, XAF340 billion worth of goods transit through the Douala-Ndjamena corridor, against XAF55 billion for the Douala-Bangui corridor, Cameroonian customs figures show.

## Tony Elumelu Foundation completes the training of thousands of young African entrepreneurs, including 5,864 Cameroonians

The Tony Elumelu Foundation (TEF) recently announced that it has successfully concluded the training of over 200,000 young entrepreneurs from the 54 African countries, in the framework of its 2021 TEF Entrepreneurship Programme.

*"The entrepreneurs received business management training usually assimilated with an MBA program. Over 5,864 Cameroonian entrepreneurs were successfully trained. (...) The*

*training was conducted exclusively on TEFConnect, the Foundation's proprietary digital platform that provides capacity-building support, advisory, and market linkages to over 1 million Africans and counting,"* the foundation wrote.

Officially, after the training, the business plans of each of the participating entrepreneurs will be reviewed. After that process, *"the top-performing entrepreneurs subsequently*

*participate in the pitching phase of the program after which successful entrepreneurs receive a non-refundable seed capital of US\$5,000 [XAF3 million],"* the foundation added.

This is a real opportunity for young entrepreneurs in Africa, where it is usually hard for SMEs to access financing. According to experts, the difficulties SMEs face in getting funding is higher during their starting phase.



## Bertoua inflation reaches its highest in 10 years as prices surged 4.7% in Q1-2021

In Q1-2021, Bertoua is the Cameroonian city that recorded the highest inflation, the National Institute of Statistics (INS) reveals. *"On the spatial level, the acceleration of the inflation has been stronger in Bertoua. Over the past twelve months, inflation has reached 4.7% on average, its highest level within 10 years,"* the INS commented in its recent report on the Q1-2021 general level of prices. The institute does not explain why the inflation rose so much in the

city but the Eastern region that has Bertoua as its regional capital is closer to the northern regions of Cameroon. As such, it is under the pressure of demands from refugees from neighboring countries (Nigeria, Central African Republic, and even Chad) seeking refuge in the Northern region, Adamaoua and the Far-north namely. According to local sources, the World Food Program (WFP) usually purchases food products in that region to feed the refugees it helps in the

northern regions and even those in Chad and Nigeria. Those inflationary pressures in Bertoua, which is like the bread-basket of the Eastern region, are of concern because the East is already the fourth poorest region in Cameroon ahead of the three northern regions. The same concern is rising about the Far-North, whose regional capital Maroua recorded a 1.2 point year-on-year rise in inflation (from 1.8% at end-March 2020 to 3% at end-March 2021).

## Douala: Consumer price index rose 2% YoY in May 2021 (INS)

Year on year, the consumer price index rose by 2% in Douala in May 2021, according to data from the National Institute of Statistics (INS). According to the INS, this rise was mainly spurred by food products (+4.1%, down from 4.2% in April 2021), alcoholic drinks, tobacco, and drugs (+3.5%, down from +3.6% in April 2021) as well as recreation and culture (+2.0%, down from +2.2% in April 2021).

In its report, the INS does not give the reasons the price index rose year on year but, as their consumption highly depends on importation, Douala residents (like all those residing in Cameroon) seem to be paying the price of disruptions caused by the second wave of the coronavirus pandemic in the global logistics chain. Apart from disruptions caused by the second wave, CEMAC economic operators also claim that due to the new foreign exchange regulation in force



in the sub-region, they are experiencing growing difficulties in paying their foreign suppliers. According to the Cameroonian rice importers' association, in the coming months, there will be a shortage of rice, which is one of the most consumed in the country. For the association, the shortage will be caused by supply difficulties. At the same time, the local poultry

sector's production is gradually dropping because of difficulties experienced in sourcing day-old chicks and hatching eggs from abroad, given that the local production is not enough to meet demands. Consequently, the prices of poultry products are rising in markets, according to the Poultry Interprofessional Organization (IPAVIC).

## Contraband: Customs agents seize an important load of contraband cement declared as medical products belonging to a UN Agency

On June 21, 2021, in Guily, in the Far North, customs agents seized an important quantity of contraband Dangote cement smuggled from Nigeria. The smuggled cement was loaded in two trucks supposed to be in transit for Chad but they were caught unloading on Cameroonian territory.

According to customs authorities, the smugglers initially claimed the trucks were loaded with food supplements and medical products belonging to a UN Agency, which is not the case.

This seizure made in the framework of the HALCOMI (Halt illicit trade) operation initiated by Cameroonian authorities proves the resourcefulness of the smugglers. They are ready to go to any extent to trick customs agents and succeed in their endeavor although it is harmful to the national economy. For instance, they are ready to pack sugar into wheat flour sacks or load jerry cans full of contraband fuels into tank trucks. Now, they even declare their contraband goods as UN Agencies' properties.

According to official figures, illicit trades, contraband, and counterfeiting cause a XAF200 billion shortfall for companies (turnover) and Cameroonian public treasury (tax shortfall) every year. This is not the only harm they cause to the economy, however. They also destroy numerous jobs since some of the companies affected can dismiss workforces because of the financial problems caused by smuggling and its alike.

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## Customer relationship management firm Intelcia claims 1,200 direct jobs in Cameroon, 4-folds up within 5 years

In 2016, when it entered the Cameroonian market by merging with Clientos, a local customer relationship management firm, Intelcia Cameroon (the local subsidiary of Moroccan group Intelcia) had only 300 staff. Five years later, the firm now has 1200 staff in Cameroon. This is at least what it claimed on June 10, 2021, at its headquarters in Douala during a video press conference organized on the sidelines of the celebration of the 20 years of existence of the parent company Intelcia, which was established in Morocco in 2000 with 200 staff but now has 27,000 staff in 17 African countries. Within five years, Intelcia Cameroon has successfully become a strategic subsidiary for the Moroccan group, which shifted from being just a customer relationship management firm to a global outsourcing company that handles various tasks like digital marketing and IT consulting for its

clients. Apart from becoming a large company with almost four times the number of staff that began the adventure, Intelcia Cameroon now offers its services to clients in various sectors other than local and international telecom operators. It also became the host of the Moroccan group's "IT solutions" branch, the parent company explains. Therefore, in the Sub-Saharan African region, close to 40% of the technical services offered by Intelcia are offered by its Cameroonian subsidiary. These performances are achieved thanks to a 3-fold increase in the initial investment officially estimated to be about XAF1 billion, we learn. With a significant boost of its Cameroonian subsidiary, Intelcia group recorded a €360 million (over XAF235 billion) turnover in 2020 and is currently forecasting €500 million (over XAF327 billion) for 2021. Nevertheless, the sad note to

this string of performance is that within the five years of its existence, Intelcia Cameroon has been unable to substantially develop its client portfolio, because local companies are reluctant to outsource their tasks like multinationals do.

*"Currently, we are sensitizing local companies to show them that we can offer them the same services we are offering multinationals,"* Jean Yves Kotto said.

Karim Bernoussi, CEO and co-founder of Intelcia group, announced that to celebrate its 20 years of existence, the group will publish a book. This book will share the experience the group accumulated since its creation and the rising support it is offering African startups and SMEs to help develop and transform them into Intelcia, meaning firms that achieve their dreams.

# FINANCE

## Debt collection agency SRC initiates recovery of over XAF60 bln owed by CBC`s clients

Cameroon`s debt collection agency SRC is currently planning to initiate the recovery of XAF60.137 billion owed to the Commercial Bank of Cameroon (CBC) by its clients.

According to a release signed by Marie-Rose Messi, director-general of the SRC, the debt recovery agency is initiating the recovery of the debt as a result of the mandate given to it by the government. This mandate

is namely to recover all the residual debts in the portfolio of public authorities.

Indeed, on June 26, 2017, the government of Cameroon and CBC signed a memorandum of understanding to consolidate the bank`s finances by ceding the bad debt portfolio to public authorities.

Because of the bad debts and other management difficulties, the CEMAC

banking regulator COBAC decided to put the bank under provisional administration in 2009.

Later, CBC was recapitalized, to the tune of XAF12 billion, including XAF10 billion injected by the State of Cameroon, which then assumed control over 98% of the bank`s shares.

## La Regionale crosses a milestone in its universal banking project



During their June 17, 2021, combined general meeting in Yaoundé, shareholders of microfinance institution La Régionale “unanimously” approved the institution’s plan to become a universal bank. According to the financial institution, after that appro-

val, the statute change application was submitted to monetary authorities, the Central African Banking Commission (COBAC) namely. During the general assembly, the shareholders also chose the name the bank would be called. “La Regionale

Bank is the new name of the institution established in 1993 by its founder Reverend Charles Rollin Ombang Ekath,” the microfinance institution wrote in the release published after the meeting.

La Regionale’s plan to become a universal bank was announced to the public on February 3, 2021, by Charles Rollin Ombang Ekath, President and CEO of his institution, when he indicated the microfinance institution was launching an initial public offering. Through this public offering, the institution aimed to raise XAF8.23 billion for its universal banking project. However, it was able to raise only XAF2.58 billion, mainly contributed by Cameroonian investors. Despite this poor performance, the microfinance institution decided to pursue its banking project.

In the universal banking segment, its direct competitor is CCA-Bank, which was also a microfinance institution before becoming a universal bank in May 2018.



## CEMAC: The BDEAC claims XAF118 bln support to economic operators in 2020



Despite the coronavirus pandemic that caused a slowdown in economic activities in the world and the CEMAC region in 2020, the Development Bank of Central African States (BDEAC) disbursed XAF118 billion to support economic operators. This was revealed in a release issued at the end of the meeting of the BDEAC board held via videoconference on June 14, 2021. The release informs that this financing, which is significantly higher

than the XAF49 billion the bank disbursed to support economic operators in 2019, was provided to strengthen resilience. According to the release, the BDEAC *“was able to respond vigorously to the numerous requests for financing, despite the impact of the health crisis.”* During the period, the development bank funded 19 public and private projects to the tune of XAF186 billion, the release adds.

For the shareholders of this subregional financial institution, this financing has had a significant socio-economic impact. «The implementation of these projects led to the creation of about 4,500 jobs in the subregion. It also significantly contributed to the improvement of the living conditions of at least 24 million people, through support to States in the fight against Covid-19,» the aforementioned press release said.

## CEMAC: Cameroon raises only XAF34.8 bln despite the XAF40.2 bln subscriptions to its June 16 bond issuance operation

During its June 16, 2021, long-term security issue, Cameroon raised only XAF34.8 billion out of the 50 billion it was sourcing through the issuance of 6-year bonds backed by a 6% interest rate. According to figures published by the Bank of Central African States, XAF40.2 billion of the bonds were

subscribed. However, the country kept just XAF34.8 billion because of its prudential interest rate policy, which is to raise funds with low-interest rates. This is the second time the Cameroonian public treasury is organizing such a long-term bond issue operation this quarter (Q2-2021).

According to the provisional calendar of issuance operations on the BEAC debt market published by the Ministry of Finance, the country plans to raise XAF100 billion on the market this quarter. For public authorities, the funds raised will finance investment projects all over the country.

# CEMAC: Panafrican group Africa Bright Securities becomes an official broker on the BVMAC

Officially, Panafrican group Africa Bright Securities, is, since June 15, 2021, a brokerage firm authorized to operate on the Central African Stock Exchange. The information was disclosed in a note signed that day by Dieudonné Evou Mekou, Vice-Governor of the Bank of Central African States (BEAC), which is the CEMAC region's central bank and central securities depository. As a brokerage firm (registered under the code 329, according to the note), Africa Bright Securities, which has a subsidiary in Cameroon, can now offer the following services: trading, financial investment, intermediaries (transmission and reception of stock exchange orders), account management, portfolio management, asset management consultancy and financial instruments' marketing. In 2020, it was already approved by the CEMAC financial market



watchdog COSUMAF as a brokerage firm. The only approval it needed to join the official list is the one it recently obtained. Officially, it is the twelfth brokerage firm authorized to operate on the BVMAC. These include nine with headquarters in Cameroon. They are namely Afriland Bourse & Investissements S.A, Upline Securities Central Africa S.A (USCA), Attijari Securities Central

Africa (ASCA), Financia capital, EDC Investment Corporation, Société sahélienne d'intermédiation financière de l'Afrique centrale (Saifac), Global Trade International Investment (GTI), Société générale – capital Securities central Africa (SG capital Cemar) and Africa Bright Securities. The remaining three are CBT Bourse (Chad), LCB Capital (Congo), and BGFI Bourse (Gabon).

## Cameroon heads back to the BEAC debt market to raise XAF50 bln through issuance of 6-year bonds

On June 16, 2021, after a 1-month break, Cameroon headed back to the Bank of Central African States (BEAC)'s public securities market to issue new long-term securities. For this new operation, the country expects to raise XAF50 billion by issuing 6-year bonds backed by a 6% interest rate on this market where its securities are really attractive. This is the second time the government is issuing long-term security this quarter (Q2-2021). According to the

provisional timetable of the country's issuance operations published by the Ministry of Finance, this quarter, the country plans to raise XAF100 billion on this debt market. In Q1-2021, the country raised XAF126 billion on the BEAC debt market (XAF1 billion higher than planned) for its investment projects, according to public authorities. The love story between Cameroon and the BEAC debt market started in 2019. That year, the country decided to start

sourcing its long-term financing on this debt market. It was therefore shifting its long-term fund sourcing operations from the Central African Stock Exchange (BVMAC) deemed more costly. This decision proved to be a good one because nowadays, according to the General Directorate of the Budget, in the Sub-Saharan African region, Cameroon is the country that raises the cheapest loans.

## National Social Insurance Fund CNPS has XAF325 bln of cash, according to CEO Mekulu Mvondo

As of December 31, 2020, the National Social Insurance Fund CNPS had XAF325 billion of cash in its treasury. This was revealed by Alain Olivier Noël Mekulu Mvondo (Photo), CEO of the CNPS on June 17, 2021, while speaking before the parliament in the framework of parliamentary debates on welfare and social security. The executive added that thanks to that asset, his institution can guarantee the continuity of the CNPS' payments to pensioners. Besides this cash, the CNPS also had XAF400 billion in available and convertible assets. Overall, the fund's

assets as of December 31, 2020, were worth XAF850 billion, according to the CEO.

The figures confirm the solid financial health of the CNPS, which officially closed the 2020 fiscal year with a surplus (profit) of XAF72.39 billion, thus managing to maintain its net result above the XAF70 billion mark for the 2nd consecutive year.

This performance is in line with the ranking established by the Technical Commission for the Rehabilitation of Public and Para public Enterprises (CTR) in its 2019 report on the performance of these

enterprises. Indeed, out of a sample of 50 state companies (the National Hydrocarbons Company is not included), whose performance was analyzed, CNPS is the first of nine companies that had a positive operating result as of December 31, 2019, and generated dividends.

Despite its good financial health, CNPS is also ranked among the publicly held companies that pose a risk to the state budget, due to high debt. According to figures published by the CTR, as of the end of 2019, the CNPS had over XAF250 billion debt.

## Cameroonian life insurer ACAM Vie enters the Central African Republic market

Cameroonian life insurance company ACAM VIE will soon open a subsidiary in the Central African Republic. Recently, the company announced that on June 10, 2021, it received a license from the Central African Republic's Ministry of Finance to launch operations in Bangui. Before that, in May, the company had already received the Inter-African Conference of the Insurance Markets (CIMA) for its projects.

According to the recent release published by the life insurance company, ACAM VIE Centrafrique is the name of the new subsidiary. The subsidiary will start commercial activities in August 2021 and will be

as professional as its parent company ACAM Vie Cameroon. "All the expertise of ACAM Vie Cameroon will be available to ACAM Vie Centrafrique to allow it to offer modern and tailored products and services," the ACAM Vie indicates.

According to the parent company, by opening the new subsidiary, ACAM Vie confirms its commitment to digitalization in the life insurance sector and to making the insurance services accessible to a larger population in the Central African region.

In May 2019, ACAM Vie increased its capital from XAF2 billion to 3 billion by issuing 2,000 new shares.

Currently, it is a minnow in the

Cameroonian life insurance market. The company, which launched its operations in 2016 (at the same as Wafa Assurance Vie), is far behind the four companies that dominate the market in Cameroon.

According to figures published in 2018 by the Cameroonian Ministry of Finance, the four major companies were controlling close to 85.6% of the life insurance market. They are namely Allianz vie (XAF18.7 billion subscription), Beneficial Life (XAF10.3 billion subscription), Sunu Assurances Vie (XAF9.9 billion), and Activa Vie (XAF7.6 billion).



## Ecobank partners with CAMPOST to bring banking services closer to the non-connected population

On June 14, 2021, Cameroon Postal Services (CAMPOST) and Ecobank Cameroon signed a partnership agreement allowing access to banking services for the whole population. On its Twitter account, Ecobank Cameroon explained that thanks to that partnership, it is now connected to the Electronic Communications Aggregation Platform. Henceforth, mobile users from any type of opera-

tor in Cameroon can dial the USSD code#237\*326# to access its banking services “even without internet connection and a smartphone.” The banking services concerned are fund transfers, bill payments, school fees payments, airtime purchases, and even microloan services. This partnership between Ecobank Cameroon and CAMTEL is unique because it allows access to banking

services for people that have no smartphones. Indeed, in recent years, most of the initiatives in the Cameroonian banking sector were only tailored for smartphone or tablet users.

Ultimately, the initiative will boost financial inclusion in a country whose bancarization rate is only 12%. In its 2020-2030 national development strategy, the country eyes an 80% bancarization rate for 2030.

## CEMAC: Cameroonian investors contribute XAF54.5 bln (28.9%) to Gabon's new 2021-2016 bond issue

At the end of its 2021-2026 bond issue operation (the sixth in the history of the country's public finance), Gabon raised XAF188.8 billion against a XAF175 billion target, the closing report informs. Out of that amount, Cameroonian investors subscribed 28.9% (XAF54.5 billion), we learn.

As for Gabonese investors, they subscribed 70.9% (XAF134 billion) of the overall subscriptions, against 0.11% (XAF200 million) for Congolese investors. This time, unlike most of the past fundraising operations, Cameroon is not the leading subscriber to the bond issue operation of this country. However, it did play a significant role since its investors

largely contributed to the achievement of the financing target set by this neighboring country. An analysis of the closing report shows that the operation was already concluded long before its launch because some Gabonese and Cameroonian financial institutions had already underwritten the bond. Specifically, eleven financial institutions underwrote XAF188.128 billion. They include five Cameroonian institutions (Commercial Bank Cameroun, Banque Atlantique, Afriland First Bank Africa Bright Securities and Financia Capital) which underwrote XAF75 billion worth of bonds during the operation. The remaining amount was unde-

rwritten by six Gabonese institutions. The bond issue titled “EOG 6% Net 2021-2026” confirms the low interest the CEMAC population has for financial investments. Indeed, out of the over XAF188 billion raised by Gabon during the bond issue, individual investors contributed just XAF799.7 million (0.4%). Meanwhile, institutional investors contributed 99.6%. Specifically, banks contributed 90.48% and insurance companies 3.9%.

According to authorities, that 5-year bond issue, backed by a 6% interest rate will help the country pay its debt whose moratorium has already been validated, and fund its urgent projects.

## Microfinance institution Vision Finances doubles its capital to XAF4 bln to fund development plans



In a recently published release, microfinance institution Vision Finances SA announced that it has successfully concluded an operation aimed at doubling its capital to XAF4 billion. The operation was launched on May 25, 2021, through

the issuance of 200,000 new shares of XAF10,000 each, the release informs. «*The capital increase operation by cash contribution, restricted to former shareholders only, was launched to boost the equity of Vision Finances SA and support its strategic development*

*plan,*» the release reads.

Vision Finances SA is one of the latest microfinance institutions established in Cameroon. It is gradually extending its network in a bid to conquer the highly competitive market in Cameroon. The capital increase recently completed by the institution should help in that regard. Let's note that Cameroon has the most extensive microfinance network in the CEMAC region. As of December 31, 2020, the country was hosting 415 authorized microfinance institutions, which play a crucial role by financing the economy, notably in rural areas usually shunned by classic banks.

According to figures from the Ministry of Finance, in 2019, microfinance institutions granted XAF839.14 billion loans to economic agents. That volume was about 22.90% of the loans granted by banks over the said period.

## BDEAC exceeded budgetary forecasts in 2020 with XAF9.8 bln net profit (Administrative Board)

Despite the coronavirus pandemic, the Development Bank of Central African States (BDEAC) recorded a XAF9.8 billion net profit in 2020. This was revealed during the June 9, 2021, administrative board meeting held via videoconference under the chairmanship of Ludovic Ngatse, Congo's Delegated Minister of Finance and Budget.

According to the institution, this net profit represents 153% of the fore-

casts. Also, the development bank indicates, during the period under review, a sharp rise in the number of funding requests was recorded (63 in 2020 against 18 four years ago). Nineteen of those funding requests were approved, totaling XAF186 billion for Covid-19 projects that will create 4,600 jobs and impact 24 million people.

Similarly, there was a rise in the volume of funding disbursed by the

BDEAC for CEMAC economic operators. In 2020, the bank disbursed XAF118 billion to support the operators, against XAF49 billion in 2019. During the videoconference, the board members praised the volumes of resources raised by the bank in 2020 (XAF249 billion) and the sound quality of its portfolio constituted at 96.8% by performing receivables.

## Cameroon: Insurers' association ASAC plans to capitalize on mandatory insurances to boost sectoral turnover

In Cameroon, the new bureau of the insurers' association ASAC intends to boost the turnover of this sector during its tenure. Indeed, in 2020, that turnover was XAF210 billion against XAF400 billion for a country like Côte d'Ivoire, which can be said to be at the same development level as Cameroon.

To bridge this huge gap, the new bureau headed by Thierry Kepeden plans to capitalize on mandatory insurances, through public authorities, we learned during the inau-

guration of the bureau in Douala on June 4, 2021. Indeed, in Cameroon, it is mandatory to subscribe to an all-construction risks insurance package for any construction project whose value is XAF100 million or higher.

According to the ASAC, the provision contained in a 1975 law and rendered effective through a 1977 decree is still not abided by.

Another opportunity is a provision of the 2018 finance law requiring operators to subscribe to an insurance policy for containers leaving ports.

This provision is also still not implemented by the concerned parties. Although the implementation of the mandatory insurance provisions can boost insurance companies' turnover and increase the country's insurance penetration rate, there is a lingering fear that the additional costs incurred by operators could be passed on to the whole consumption chain, therefore, increasing prices of goods and services.

## AXA Cameroon's CEO Thierry Kepeden becomes chairman of local insurance companies' association ASAC



Thierry Kepeden, CEO of AXA Cameroon, is the new chairman of the Association of Insurance Companies of Cameroon (ASAC). The CEO who started his career with Groupama in France was appointed by his peers to replace Théophile Gérard Mouloug, the former CEO of Saham Assurances.

The new chairman is one of the first employees of AXA Cameroon, which replaced the local subsidiary of Union des Assureurs de Paris (UAP) where he was recruited in 1993. He holds a Master's degree in business law from the University of Paris X, a post-graduate diploma in insurance from the University of Paris Panthéon Sorbonne, and a diploma from the Paris Insurance Institute.

Thierry Kepeden is thus the new spokesman of a corporation that managed to record a XAF210 billion turnover in 2020 despite the coronavirus pandemic. One of the issues he will have to address is Cameroonians' reluctance towards the insurance industry. Indeed, according to the ASAC, in Cameroon, the insurance penetration rate is just 3% due to the poor reputation of insurance companies, which are often accused of not compensating the insured clients when the need comes, and lacking insurance packages suited to the population.



## CEMAC: Cameroon captured 45.78% of bank loans in H2-2020, central bank BEAC informs

Credit institutions operating in the CEMAC region granted XAF3,820.7 billion of financial assistance to the region's economic operators in H2-2020, up from XAF3,256.6 billion in H2-2019. The figures are reported by the Bank of Central African States (BEAC) in its recent statistics bulletin on credit costs and conditions in the CEMAC region.

The bulletin informs that 45.78% (XAF1749.11 billion) of the overall credit granted by the banks during the period was captured by economic

agents in Cameroon. This envelope is twice the credit granted to economic agents in Gabon (20.8%). As for countries like Congo, Chad, Equatorial Guinea, and the Central African Republic, their economic agents respectively captured 19.91%, 7.5%, 4.29%, and 1.67% of the overall credits.

This high volume of credits captured by Cameroon shows its dominant position in the CEMAC economy.

The country, whose economy is diversified, hosts close to 40% of the

industrial base in CEMAC. It also has the most extensive bank and microfinance network in the sub-region. According to the Food and Agriculture Organization (FAO), Cameroon is the CEMAC region's breadbasket with over 52% of the subregion's agricultural production. The UN agency also indicates that in 2017, the value of Cameroon's agricultural exports represented 88% of that of the CEMAC region.

## Nexttel to launch its mobile money service by late 2021



The launch of Nexttel's mobile money service is one of the key priorities of new CEO Benoît Yaoussou's tenure. Speaking to state-owned media Cameroon Tribune, the executive

explained that by the end of 2021, Viettel Cameroon, operating under the brand name Nexttel, will launch its mobile money services. Baptized "Nexttel Possa", which

means "Nexttel wallet", the service will be launched in partnership with UBA Cameroon in compliance with CEMAC regulations. Their partnership for that purpose was authorized by the central bank of the CEMAC region, BEAC, on March 12, 2018. At the time, BEAC allowed Nexttel and UBA six months to launch the mobile money service. However, the project was not implemented till now because of power struggles between Nexttel's shareholders. This service will boost competition in the local electronic money market where only MTN and Orange Cameroon are currently operating.

# CEMAC: Financial watchdog COSUMAF once again warns against illegal investment offers



Faced with the upsurge of investment firms promising outstanding returns in the order of 100 to 500%, the Central African Financial Market Supervisory Commission (COSUMAF) recently issued a warning to the public against such firms. In the note he issued in late May 2021, Nagoum Yamassoum (photo), President of the COSUMAF, warned the CEMAC public against those firms that have no operating license or authorizations.

The note names some of those firms including Global Investment Trading (Liyepimal), Highlife International Cameroon, Cameroon Invest, Timex Trading Cameroon, TJTM Cameroun, and Tagus Investment, which are all based in Cameroon.

According to the COSUMAF, those firms “unlawfully collect funds from

*the public as equity participation, financial, real estate or rolling stock investments with the promise of returns amounting to 100 to 500% of the principals within unreasonable timescales.”*

The financial watchdog explains that those firms are acting fraudulently in violation of the laws in force. Indeed, as the financial watchdog explains, for any activity related to initial public offering or financial instrument marketing, the firm performing those activities must be approved by the COSUMAF and have a license duly issued by the watchdog.

## **Persisting offenders**

The COSUMAF indicates that before investing in any financial instrument, the CEMAC public must make sure the firm offering that instrument

is authorized to do so and have the proper license issued by a financial regulator. The public is also advised to seek additional information on the company offering the instrument. Because no sales pitch should make the public forget that the returns are usually proportional to the risk. Meaning, the higher the promised return, the higher the risks of losing the whole investment.

This is not the first time the COSUMAF is warning against those firms. On October 21, 2020, the watchdog issued a statement warning the Cameroonian public against such firms. At the time, a list of 20 firms offering such services. Those firms are still the same the COSUMAF is warning against in the May 2021 list. This new warning is issued because despite the first statement, the firms are still operating without licenses and they are even thriving and attracting more people who are lured by the rapid and high returns. For the regulator, this could be detrimental for the public since most of those firms use the Ponzi scheme as their operating system.

This scheme is a fraudulent practice that consists of remunerating clients’ “investments” with new entrants’ “investments”. The scheme is uncovered only when the money contributed by new entrants is no more sufficient to pay the interest due to old investors.



# AGRIBUSINESS

## Cameroon to create local fish moguls to curb high imports



Yesterday June 21, 2021, Minister of Livestock Dr. Taïga presided over the first meeting of the inter-ministerial commission that will select private investors interested in the Cameroonian fish industry. According to the official, this commission will help create *“a new type of businesspersons, the fish moguls, and curb [fish] imports,”* which greatly affect the country’s trade balance every year.

*“Cameroon’s hydrography is suitable for it, operators are committed, and the government, through the commission, is set to encourage investors to enter into fish production,”* Dr. Taïga adds.

Officially, Cameroon has a real fish potential, with its over 400km of coastline. However, most of the fishing operators active in Cameroon are foreigners, who also indulge in illegal fishing. According to the Regional Fisheries Commission

for The Gulf of Guinea (COREP), 22 vessels belonging to foreign fishing operators have been seized offshore Cameroon for illegal fishing between 2015 and 2016.

On water bodies, the situation is similar. First, intense small-scale fishing activity has been developed. Secondly, most of the fishermen are foreigners. For instance, according to official sources, over 6,000 fishermen operate on this over 6 billion m<sup>3</sup> water retention infrastructure impounded in September 2015. However, over 80% of those operators are foreigners who mainly supply their origin countries.

### **Production deficit**

The country, whose shorelines and water bodies are left to foreign fish operators, spends an average of XAF100 billion yearly to import frozen fish, internal sources at the Ministry of Livestock reveal. Those

imports are usually aimed at bridging the over 160,000 tons gap between the local production (335,000 tons in 2019) and demand (about 500,000 tons, according to government figures).

To reverse that trend, in 2020, the Cameroonian government issued a call for expression of interest to attract industrials into the fish farming industry. The country intends to encourage those operators to develop appropriate infrastructure on high aquaculture potential zones by offering them several incentives. The said zones are notably the Dibamba river (the left and right shores), the Nyong river in the Mbalmayo, the Sanaga river in Monatélé, and water retention infrastructures like Lagdo and Lom Pangar dams. The zones also include the Kribi-Campo and Limbe-Idenau seafronts.



# Cameroonian farming startup ClinicAgro Sarl seeks funding to deploy 50 additional soil testing kits

ClinicAgro Sarl is currently seeking financing to develop its offers to farmers through the farming app already available on Playstore. According to Pyrrus Koudjou, promoter of ClinicAgro Sarl, this initiative was in response to the growing popularity of the app among farmers.

*"The demand is high. We have already completed the first phase but currently, we need to raise XAF40 million to develop and deploy 50 other kits in Cameroon and the subregion,"* Pyrrus Koudjou explains.

The promoter indicates that the app's popularity among farmers is growing because they need to know the state

of their soils at the start and during each farming season. That way, they can secure their investments, anticipate the crop disease that can affect the crops, reduce the use of unnecessary crop protection products, optimize the inputs expenditures, and improve productivity and yield. ClinicAgro uses big data, artificial intelligence, and the Internet of Things to instantly analyze and provide results on the type of soil used by the farmer and the types of crops that can be grown on those soils.

As Pyrrus Koudjou explains, ClinicAgro's solution was initially developed as a simple farming solu-

tion by Promagric. However, with the support provided by an investor particularly interested in helping develop the project, ClinicAgro went from being a simple solution to a whole company. The app is available in many languages on the play store, since late December 2019, and currently, it is being used by 1200 African farmers.

Let's note that in 2019, ClinicAgro was selected among the five finalists of the Med'Innovant Africa competition organized by Euroméditerranée, an urban renewal project.

## Cameroon: poultry industry threatened by hatching eggs' supply difficulties



Currently, there is a shortage of broilers in Cameroonian markets. As a result, the few that can be found are sold at XAF5,000, against XAF3,500 previously. To justify such price hike, poultry farmers point at the difficulties faced by hatchery operators to import hatching eggs and day old chicks.

*"Currently, the main producers of these products are under the avian flu threat. This problem was worsened by the fund transfer difficulties at the central bank, according to what bankers told us,"* François Djonou, president of the Cameroonian Poultry Interprofessional Organization (IPAVIC), told government daily

Cameroon tribune.

In March 2021, the Cameroonian government authorized the importation of avian products from Brazil, considered as free from the avian flu. However, the importations have not started, François Djonou says. He adds that local poultry farmers have received products from Morocco and Turkey, thanks to which the local offer could rise by mid-July 2021.

The supply difficulties experienced in the avian sector could reduce the industry's contribution to meat production in the country. In 2019, the poultry industry contributed 71% of the country's meat production, far ahead of cattle farming, according to a study on the strategic positioning of the fish and meat industries published by the Enterprises Upgrading Office of Cameroon (BMN).

# SOSUCAM: Trade Union representative CSTC lists demands for the dismissed 250 workers



There could be a new outcome to SOSUCAM's decision to dismiss 250 workers for "professional incompetence." Indeed, on June 21, 2021, Naseri Paul Bea, governor of the Central region, presided over a special tripartite meeting on the issue. The participants at the meeting were Jean Second Libock, SOSUCAM's deputy Managing Director, his colleagues, the divisional officer of Haute Sanaga, security services, the Ministry of Labor, and the secretary-general of the Confederation of Cameroon Trade Unions (CSTC). At the end of the meeting, the governor created a 12-member tripartite commission. This commission is constituted of representatives of the staff (4 members), labor administration (4 members), and SOSUCAM management (4 members). According to our sources, after 30 days, the commission will submit its report stating the findings it made while reviewing all of the docu-

mentary proofs and the departing procedure for each of the dismissed workers. In the meantime, the CSTC has decided to suspend the strike whose notice it signed on behalf of the dismissed workers. The suspension will run till the end of the dialogue and negotiation process initiated the day of the meeting. Pending the conclusions of the tripartite commission, the CSTC has submitted an 18-point memo to the governor. In that memo, the trade unionists require a change in the motive of the workers' dismissal. *"In the numerous background and memorandum signed by SOSUCAM S.A's management, the motive is professional incompetence. The motive for this contract termination should be 'negotiated departure' instead,"* the unionists wrote. They also demand the payment, by SOSUCAM, of the remaining social contributions still due the national social security for this system year.

## Indemnities

In addition, the CSTC asked SOSUCAM to pay the June 2021 salaries to the dismissed workers, as well as a relocation allowance, a severance pay, a vacation allowance, and one 13th month pay to the dismissed staff.

*"SOSUCAM must pay the dismissed workers a reinsertion allowance representing 12 months of the progressive base salary. The company must also pay indemnities for the losses sustained by the workers following the sudden end of their working contract. Those indemnities must be proportional to the number of years they would still have to spend as SOSUCAM workers if the contract was not breached. Also, severance pay must be paid,"* the trade unionists wrote.

They also ask SOSUCAM to pay the debt contracted by the dismissed workers from banks. Their reason for such demand is that SOSUCAM issued the attestation of irrevocable transfer used by the workers and it is also the one, which abruptly ended the contract of those workers. The CSTC then suggests SOSUCAM should suspend any other decision to dismiss workers.

SOSUCAM is yet to comment but on June 11, 2021, the Minister of Labor sent a letter to its management suggesting the negotiated departure solution "in the interest of the company, to prevent possible disputes and preserve the social climate." In Cameroon, the company is the leader of the sugar market, with 70% of the market share. Created in 1965, it is 74% owned by French group SOMDIAA and 26% by the Cameroonian State. Currently, it claims 8,000 direct and indirect jobs for a yearly wage bill amounting to XAF14 billion.

# Cameroon: Towards government's authorization for the importation of additional 20k tons of crude oil and by-products to bridge offer gap this year

The Cameroonian government is currently reviewing a request introduced by the Oilseed Industry Regulatory Commission for the authorization to import additional 20,000 tons of crude palm oil and derivatives at preferential conditions this year. This was revealed by the Oilseeds Refiners Association (ASROC) during a press conference held on June 10, 2021, in Yaoundé.

Added to the 100,000 tons of palm oil the government approved for this year, the official volume of palm oil and derivatives to be imported by the country will be 120,000 tons (against 90,000 tons), official sources indicate. According to the ASROC, the volume of palm oil and by-products to be imported this year is being increased because of the drop in local supplies

of refined vegetable oils caused by insufficient local crude oil production while investments are rising in the processing sector.

As the ASROC explains, in recent years, thanks to the incentives planned by the 2013 law (revised in 2017) on private investments in Cameroon, processors (that transform palm oil into refined oil or use it to produce soaps, etc...) boosted investments in the palm oil sector, thereby substantially increasing the demand for crude palm oil.

Operators estimate the country's yearly structural deficit to be 130,000 tons. However, per the explanations of Emmanuel Koulou Ada, president of the Oilseed Industry Regulatory Industry, Cameroon's real palm oil deficit is much higher than that estimate.

*"The structural deficit of 130,000 tons we are talking about is just a nominal deficit, which is different from the real deficit. The nominal deficit is calculated by taking into account just 50% of processing companies' capacities. If we were to base the deficit on the processors' full capacities, the deficit would surely be significantly higher,"* he usually reminds.

ASROC's figures estimate the current national demand at over 1 million tons. Yet, the Ministry of Agriculture's projections was that the offer, which rose from 343,000 tons in 2014, to 413,000 tons in 2018 would further rise to 450,000 tons in 2020. Hence the regular recourse to imports to meet the local demand.

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## Cameroon exported 11,907 tons of banana in May 2021, up 0.3% YoY

Cameroon exported 11,907 tons of banana in May 2021, according to recent data published by the banana association ASSOBAACAM. Compared with the 11,872 tons the country exported during the same period in 2020, this represents a rise of 35 tons (+0.3%).

This slight improvement in the overall performance is due to the exports of state-owned agribusiness company Cameroon Development Corporation (CDC). During the

period under review, CDC, which was not operational in May 2020, exported 1,121 tons of bananas.

The impact of CDC's performance on the overall exports was mitigated by the year-on-year drop in the exports of market leader Plantations du Haut Penja (PHP) and market minnow Boh Plantations.

In May 2021, PHP exported 9,888 tons of banana, down by 907 tons (-8.4%) compared with the 10,795 tons it exported in May 2020.

As for Boh Plantations, its exports dropped from 1,077 tons in May 2020, to 898 tons in May 2021. This represents a 16.62% (-179 tons) drop in performance.

The drop in the exports of PHP and Boh Plantations seems to be a cyclical phenomenon usually observed in May when there is heavy rainfall. In May 2020, the two operators recorded a year-on-year drop of 3,844 tons (-26.25%) for PHP and 419 tons (-28%) for Boh Plantations.



# CEMAC: Palm oil and coffee prices boosted agricultural commodity price index in Q1-2021



In Q1-2021, the price index of agricultural products exported by CEMAC countries rose by 4.9%, up from 1.5% in Q4-2020. According to the Bank of Central African States (BEAC) which revealed the information, this rise was notably due to the good performance of the prices of cotton, sugar, palm oil, and coffee. During the period under review, the prices

of cotton and sugar rose respectively by 16 and 12%. As for the price of palm oil, it shot up by 54.8% because of fears of production disruption with the targeted confinement in Malaysian regions due to high covid-19 infection rates (including Sabah, the main palm oil production region in the country) and the high rainfall expected in the leading

producing countries (Malaysia and Indonesia) with the weather pattern La Niña.

During the period under review, coffee prices also recorded a whopping 43.6% increase despite the pressures of bumper crop in Brazil while global demand was dropping due to the restrictions and even the closure of restaurants and coffee shops, the BEAC explains.

This improvement in the prices of agricultural products exported by CEMAC countries means more financial resources for operators in the various sectors, after a catastrophic 2020 marked by the coronavirus pandemic.

Let's note that the composite index of CEMAC commodities is calculated by averaging the price of the 28 commodities that generate 90% of the community space export earnings. That index is grouped into five categories namely, energy, metals and minerals, forestry, agriculture, and fisheries.

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## International expert Hope Sona Ebai becomes chairman of CDC's executive board

Internationally renowned cocoa expert Hope Sona Ebai is, since May 27, 2021, the chairman of the executive board of state-owned agribusiness company Cameroon Development Corporation (CDC). He was officially inaugurated the same day by Minister of Agriculture Gabriel Mbairrobe.

The new executive replaces former Justice Minister Benjamin Itoé, who was appointed on August 1, 2014. Hope Sona Ebai joined CDC on May 19, 2021, as a "personality designated

*by the President of the Republic."*

Barely fifteen days later, he is landing a role as head of CDC's executive board at a time when the company is still recovering from the impacts of the Anglophone crisis - ongoing since 2016 in the two Anglophone regions - on the company's operations.

The agribusiness company, which specializes in banana, oil palm, and rubber production, was forced to stop exploiting some of its plantations (banana plantations notably) in September 2018, because they were

taken over by armed separatists who used them as training grounds.

Since June 2020, when CDC made its comeback in the banana segment, it is yet to find its momentum. Its average monthly banana production is still below 2,000 tons against an average of 9,000 tons before 2016.

*"I believe that with the board members who have been with the company for a while now and know the problems and solutions we can deploy, we will put CDC back on the track it was before,"* the new chairman commented.

# Rubber: Corrie MacColl to inject XAF15 bln for a self-empowerment program in Cameroon

Yesterday June 1, Corrie MacColl, the parent company of d'Hévéa Cameroon (Hevecam), announced the launch of its outgrower program aimed at training 13,000 small farmers in Cameroon to ensure their self-empowerment.

The program consists of developing 27,000 hectares using the multi-cropping farming system, but the main crop will be 100% traceable rubber. The investment in this 15-year program is \$28 million (about XAF15 billion) and according to Corrie MacColl, the program will help ensure food security in rural communities and boost farmers' revenues by increasing the yields of degraded or low-yielding croplands.

The cash crops planted during the program will generate \$139 million (XAF74.59 billion) of farm income for the subsistence and operating resources farmers will need until the

rubber trees planted start generating \$38 million (XAF20.39 billion) of additional yearly income.

*"There are 500 million smallholder farmers globally of which 6 million produce rubber. Developing these livelihoods holds the key to addressing some of the world's most pressing social and environmental issues, and we can do this through education, support, and providing the financing to access quality planting materials. This way, we increase yields on existing land, removing the need to deforest while providing necessary added food and income security. We will start with 13,000 families and with sufficient scale, we hope our successful model is replicated across all smallholder-based agricultural industries,"* commented Ryan Wiener, Global Head of Sustainable Development and Strategic Marketing for Corrie MacColl

*"We are proud to have entered into a program of this scale where we have the opportunity to support rural Cameroonians in their aspirations to become business owners. Upon success in Cameroon, the same model can be rolled out across the wider Halcyon ecosystem of companies [Corrie MacColl's head office],"* said Lee Chestnutt, CEO of Corrie MacColl Plantations.

This investment is a good omen for the Cameroonian rubber industry that experienced some problems in 2020. That year, Hevecam laid off many of its staff because notably of the coronavirus pandemic: 1,000 out of 5,945 staff were fired for economic reasons. Most of the staff laid off were farmworkers, the support staff, and the administrative workforce (like translators).

# French chocolate makers keep the price of excellence cocoa at XAF1,640 per kg for the 2021-2022 campaign

On May 27, 2021, in Yaoundé, the Cocoa and Coffee Inter-professional Council (CICC) and the French Chocolate makers' union signed a framework agreement keeping the price of cocoa produced at excellence centers at XAF1,640 per kilogram.

This is higher than the average price (XAF1,300) paid for the cocoa produced by other farmers. According to Daniel Mercier, chairman of the French chocolate makers' union, the XAF1,640 mark was set for excellence

cocoa three years ago to support the cooperatives that produce such premium cocoa and because sometimes, the chocolate makers are «ashamed of the [low] prices paid to farmers.» At the end of the signing ceremony, the chairman also announced that starting from the coming cocoa campaign, the said cooperatives can get cheaper loans (1% monthly interest rates) from banks to support their operations.

Excellence cocoa is produced at special processing centers equipped

with fermentation, drying, and storage equipment. Also, those centers have a strict quality control process that allows the production of cocoa beans of superior quality. During the last cocoa campaign, the centers supplied 150 tons of excellence cocoa to the French chocolate makers who paid substantial premiums (XAF1,640 per kilo of excellence cocoa against an average of XAF1,300 for ordinary cocoa).



# ENERGY

## NHPC to build non-billable 4.5MW hydropower plant exclusively for surrounding communities in the framework of the Nachtigal Hydropower project

An additional 4.5MW hydropower plant will be built in the framework of the Nachtigal Hydropower project. The information was disclosed to some journalists, on June 17, 2021, by Justin Ntsama, construction manager for the Nachtigal Hydro Power Company

(NHPC), the company in charge of the construction works. According to the construction manager, the 4.5MW additional generating power will not be billed like the initial 420MW capacity project. Also, the additional energy generated will be used

to provide electricity to the population surrounding the Nachtigal project. This will improve electricity access for the about 1500 people that live near the project (according to environmental and social study data).

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## CEMAC: Export commodity price index rose by 19.4% QoQ in Q1-2021, boosted by over 35% increase in oil prices

In Q1-2021, the price index of commodities exported by CEMAC countries rose by 19.4% against 4.3% in Q4-2020, the Bank of Central African States (BEAC) reveals. According to the central bank, that quarter-to-quarter growth was notably spurred by energy products that grew by 35.6% during the period under review against 7.3% a quarter earlier.

Over the period, oil prices rose by 35.9% while the price of natural gas shot up by 33.7%. During Q1-2021, the average crude oil price was \$59.3 against \$43.6 in Q4-2020. As for natu-

ral gas, its average price improved from \$4.76 in Q4-2020 to \$6.52 in Q1-2021.

*"The prices improved thanks notably to the optimism that gained grounds with the Covid-19 researches and Hurricane Laura that forced substantial reduction of oil productions in the Gulf of Mexico. Other factors include hopes of growth in oil demands in the USA and China - which are the world-leading oil importers, and forecasts according to which OPEP member countries would reduce their productions because of the record volume they produced in May-July 2020,"* the

BEAC explains.

This rise in the region's export commodity price index is good news for national treasuries in the community space since they will generate more export earnings.

Let's note that the composite index of CEMAC commodities is calculated by averaging the price of the 28 commodities that generate 90% of the community space export earnings. That index is grouped into five categories namely, energy, metals and minerals, forestry, agriculture, and fisheries.



## SNH to supply natural gas to Keda Cameroon Ceramics for its tile manufacturing project



National Hydrocarbons Corporation of Cameroon (SNH) recently issued a call for tenders to recruit a construction program manager for its pipeline project in Bipaga, Southern Cameroon. The said pipeline is aimed at transporting natural gas to the tile production plants of Keda Cameroon Ceramics (Keda), a subsidiary of Chinese group Keda Industrial Group CO., Ltd listed on the Shanghai Stock Exchange (SSE).

The SNH explains that the program manager will study the two supply options and formulate recommendations for the most appropriate technological concept. It will also

elaborate the preliminary and advanced outlines, contractor specifications, and carry out all its duties as manager of the Gas-to-Keda pipeline project.

Submission is open to local and international companies or groups with proven experience in the management of gas transport infrastructures' construction and installation. As for the offers, they are expected by July 29, 2021.

Currently, Keda Cameroon Ceramics is developing an about 30 hectares site 5-kilometers from the Bipaga gas plant for its tile manufacturing. The daily production of that plant is

50,000 m<sup>2</sup> daily. For that capacity, the natural gas needs of Keda Cameroon Ceramics is estimated at 3.5 to 6.5 million cubic feet daily (MMSCFD/daily), equivalent to a max of 45 billion cubic feet of gas over 20 years. So, for its supply, the tile manufacturing plant can either be connected to the existing Bipaga-Mpolongwe pipeline or to a new one that will be built connecting it to the Bipaga gas plant.

The prospect of a natural gas supply contract with Keda is good news for SNH, which will thus increase its client portfolio as well as its sales. As of April 30, 2021, the corporation had supplied 111.91 million metric cubes of natural gas to the Kribi thermal power plant for electricity generation. That supply generated XAF121.68 billion of profit for the Cameroonian government.

SNH is the government's arm in the oil and gas sector. This highly profitable (XAF25.3 billion net profit in 2019) company collects dividends from companies whose shares it owns. It also pays oil royalties to the State (XAF471.5 billion in 2019) and covers some of the government's expenses (security expenditures notably) known as direct interventions. In 2019, those direct interventions amounted to XAF183.7 billion, deduced from oil revenues the company had to pay the State.

## Business magnate Aliko Dangote eyes Cameroonian oil and gas industry



On June 23, 2021, President Paul Biya granted an audience to Nigerian Business magnate Aliko Dangote, the presidency of the republic informs. According to the presidency, during the audience, they discussed new business opportunities in Cameroon. *"Years ago, we established [a cement subsidiary] in Cameroon, and we have*

*plans to expand our investments to other sectors beginning with oil and gas,"* Aliko Dangote declared at the end of the audience without further details.

The business magnate also praised the incentives Cameroon is granting investors as well as the support he received from the President of

the republic and the Cameroonian government when he was establishing his cement plant in Douala, between 2011 and 2015.

*"This audience also allowed me to thank the President, who showed us that he was on investors' side. This encourages us to invest more in Cameroon,"* he added.

Currently, Dangote Cement Cameroon is part of the top 3 of Dangote Cement's most performing African subsidiaries. According to data published by the multinational, in 2020, Dangote Cement Cameroon captured 1.3 million tons of the overall Cameroonian market estimated at 3.5 million tons. This performance was up by 17.2% year on year.

## NHPC to develop an over XAF17 bln housing project, in Batschenga, for Nachtigal dam operating staff

In the framework of the 420MW Nachtigal Hydropower project, Nachtigal Hydro Power Company (NHPC) is currently developing a 20-hectare housing project in Batschenga, in the central region. According to information disclosed by Justin Ntsama, construction manager for NHPC, €26 million (over XAF17 billion) will be invested in the housing project.

Apart from modern houses destined to the Nachtigal dam operating staff, the housing project will also include all of the amenities needed to ensure the well-being of the staff and their families. They include schools, retail spaces, health centers, as well as

leisure and entertainment centers. For local authorities, the construction of that mini-city will modernize Batschenga.

NHPC is the consortium in charge of construction works in the framework of the Nachtigal dam project. It is constituted by The Cameroonian State (15%), French energy firm EDF (40%), the IFC (20%), as well as investment funds Africa50 (15%) and Stoa Infra & Energy (10%). It has been created to design, fund, and build the 420MW Nachtigal dam announced as the largest electricity infrastructure to be built in Cameroon.

According to the NHPC, the Nachtigal dam will enter into com-

mercial exploitation (commissioning of all of its seven plants) in March 2024, four months after the initial schedule, due to work delays caused by the coronavirus pandemic. So, as of the first quarter of 2024, the electricity infrastructure will inject an additional 420MW of energy into the Cameroonian electricity network, boosting its current capacity by 30%. Per the agreement between the State of Cameroon, NHPC will exploit the dam for 35 years. Currently, the about XAF800 billion hydropower investment is presented as one of the most important public-private partnership ongoing in the electricity sector in Africa.

# Le Cameroun sur la voie de la production d'hydrogène vert, utilisé pour faire rouler les voitures

Sous le regard du Premier ministre, Joseph Dion Ngute, le ministre camerounais de l'Économie, Alamine Ousmane Mey, a signé le 11 juin 2021, un accord avec les responsables de la firme australienne Fortescue Future Industries Ltd, filiale à 100% de Fortescue Metals Group. L'accord porte sur la conduite d'une étude technique, en vue du développement du tout premier projet de production d'hydrogène vert au Cameroun. Produit à partir d'électricité renouvelable par un processus d'électrolyse de l'eau, apprend-on, l'hydrogène vert est encore inconnu

au Cameroun. Celui-ci « a la particularité de pouvoir être comprimé et stocké pour être utilisé à la demande comme gaz vert, ou pour être reconverti en électricité grâce à une pile à combustible » permettant, par exemple, de faire rouler les véhicules, explique l'énergéticien français Engie sur son site internet.

À en croire la même source, avec l'hydrogène vert, dont l'empreinte carbone est nulle, un automobiliste disposant d'un véhicule adapté « peut rouler sur 600 kilomètres environ, contre 150 kilomètres pour les véhicules électriques ». Selon les experts,

cette énergie a un prix très accessible, qui permet de faire des économies et de maîtriser les dépenses énergétiques.

À l'observation, pareil projet pourrait permettre d'accélérer les projets de construction de lignes de tramway annoncés dans le pays depuis des années, mais qui sont certainement freinés par l'instabilité du réseau électrique au Cameroun. En effet, fait remarquer Engie, « l'hydrogène vert constitue un pont entre les réseaux électriques, de gaz et les transports ».

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## Sur les quatre premiers mois de l'année 2021, le Cameroun a engrangé 121,6 milliards de FCFA de recettes pétrolières

Selon la Société nationale des hydrocarbures (SNH), le bras séculier de l'État du Cameroun dans l'exploration et l'exploitation pétro-gazière, les ventes du brut camerounais entre janvier et avril 2021 ont généré au Trésor public, « après déduction des charges », une enveloppe totale de 121,68 milliards de FCFA. Cette enveloppe a probablement bénéficié de l'embellie des cours mondiaux observés depuis le début de l'année courante. Contrairement à la même période de l'année 2020, au cours de laquelle les cours mondiaux du brut camerounais avaient officiellement chuté de 39,41%, en raison de la pandémie du Covid-19. Avec un cours du Brent actuellement autour

de 70 dollars le baril, le Cameroun a d'ailleurs revu à hausse les prévisions de recettes pétrolières dans son budget 2021. Elles passent de 418 à 561 milliards de FCFA, soit une hausse de 143 milliards.

Dans le même temps, ces recettes ont été rendues possibles grâce à une augmentation de la production au cours de la période sous revue. En effet, selon l'entreprise pétrolière publique, la production nationale a culminé à 13,25 millions de barils équivalents pétrole à fin avril 2021, contre 9,035 millions de barils en glissement annuel. Une partie de cette production est revenue à l'État, conformément aux contrats de partage de production signés avec les entreprises

opérant dans les champs pétroliers du Cameroun.

En plus de procurer au Trésor public des recettes, « la part revenant à l'État a contribué, au plan local, à la satisfaction des besoins en gaz domestique ainsi qu'en gaz naturel, pour la génération d'énergie. Les exportations ont concerné le pétrole brut et le gaz naturel liquéfié », explique la SNH dans le communiqué ayant sanctionné son premier Conseil d'administration de l'année 2021. Celui-ci s'est tenu du 1er au 4 juin courant, « sous la forme d'une consultation à domicile de ses membres, justifiée par les mesures de lutte contre le Covid-19 », apprend-on officiellement.



## Cameroon generated XAF121.6 bln of oil revenues in Jan-Apr 2021 (BEAC)

Cameroon generated XAF121.68 billion of net profit from the sales of crude oil between January and April 2021, according to the national oil and gas company SNH. The company revealed this at the end of its first administrative board meeting for the 2021 financial year, held between June 1 and 4, 2021, through house calls (because of the coronavirus pandemic).

This net profit was favored by the rise in oil prices recorded this year, unlike the 2020 prices that officially dropped by 39.41% due to the coronavirus pandemic. Because of the current prices (\$70 currently) of oil barrels, the country increased its 2021 oil revenue projections from XAF418 billion to XAF561 billion (+143 billion). Cameroon's net oil revenues also rose during the period under review

due to an increase in oil production. Indeed, according to the SNH, the country produced 13.25 million barrels between January and April 2021, against 9.035 million during the same period in 2020. In compliance with the production-sharing contract binding Cameroon with oil production companies operating in the country, part of that production was handed to the State, we learn.

## Cameroon generated XAF121.6 bln of oil revenues in Jan-Apr 2021 (BEAC)

Cameroon generated XAF121.68 billion of net profit from the sales of crude oil between January and April 2021, according to the national oil and gas company SNH. The company revealed this at the end of its first administrative board meeting for the 2021 financial year, held between June 1 and 4, 2021, through house calls (because of the coronavirus pandemic).

This net profit was favored by the rise in oil prices recorded this year, unlike the 2020 prices that officially dropped by 39.41% due to the coronavirus pandemic. Because of the current prices (\$70 currently) of oil barrels, the country increased its 2021 oil revenue projections from XAF418 billion to XAF561 billion (+143 billion). Cameroon's net oil revenues also rose during the period under review

due to an increase in oil production. Indeed, according to the SNH, the country produced 13.25 million barrels between January and April 2021, against 9.035 million during the same period in 2020. In compliance with the production-sharing contract binding Cameroon with oil production companies operating in the country, part of that production was handed to the State, we learn.

## Cameroon to pre-fund the electricity connection of 6,000 households in the east

The State of Cameroon will pre-fund the electricity connection of 6,000 households in the Eastern region, Minister of Water and Energy (MINEE) Eloundou Essomba Gaston reveals. The official made this revelation on June 7, 2021, during a field visit to the construction site of the Yaoundé-Abon-Mbang electricity transport line that should connect the Eastern region to the South interconnected network.

*"Due to the high connection costs, which are sometimes as high as XAF100,000, the project will pre-fund the connection for households, which will refund the costs within five or six years. The refunds will take the form of monthly payments of XAF1,500 added to their electricity bills,"* the official explained. This funding scheme will help the population access electricity just after the end of the construction of the said transport line in December 2021.

Let's note that pending the 30MW Lom Pangar dam, the interconnection of the Eastern region to the South Interconnected Network (which is now connected to all the hydroelectric dams and thermal power plants built in Southern Cameroon) will help address the electricity deficit in that forest and mining region, which currently has no access to the South Interconnected network.

## Cameroon generated XAF11.6 bln of transit duties on the Chad-Cameroon pipeline in Jan-Apr 2021 (PSMC)



Cameroon collected XAF11.6 billion as transit duties on the Chad-Cameroon oil pipeline between January and April 2021, according to the Pipeline Steering and Monitoring Committee (PSMC).

The revenue was generated thanks to the little over 16 million barrels of crude oil produced on Chad oil fields and exported through the Komé terminal in Kribi. This volume of crude oil is down by 5.6% compared with the over

17 million barrels of crude produced and exported during the same period in 2020.

As the transit fee collected by Cameroon per barrel of crude on the pipeline has not changed between 2020 and 2021, this reduction in the volume of crude that transited means the amount of transit duties Cameroon collected in 2021 is surely down compared to the January-April 2020 amount.

Let's note that after tough negotiations with COTCO, the firm in charge of the pipeline, Cameroon obtained a revalorization of the transit duties on the Chad-Cameroon pipeline, meaning more revenues for the State. The agreement also specifies that the price will be updated every five years. The last revalorization took place in 2018; so, the next will take place in 2023.

## Electric utility ENEO settles commercial dispute with Gaz du Cameroun with a XAF2.7 bln settlement

Last June 4, Victoria Oil & Gas (VOG) announced that its subsidiary Gaz du Cameroun received a XAF2.7 billion payment as settlement for the commercial dispute between the subsidiary and Cameroonian electric utility ENEO.

The dispute came to public attention on July 3, 2020, with the release issued by VOG announcing the cancellation of the supply contract binding ENEO and Gaz du Cameroun. In the framework of that contract, VOG's subsidiary was to supply gas

to ENEO for the operations of the 50MW Logbaba power plant. VOG later threatened to take ENEO to court if the electric utility company did not pay the XAF9.3 billion of outstanding debts at the end of June 2020. Meanwhile, ENEO was claiming that Gaz du Cameroun had not supplied it for most of the stated period.

"It should first be noted that this dispute is not about invoices, but about the conditions for gas supply resumption and electricity production at the Logbaba site. This is what

the dispute is all about," Eric Mansuy explained during an interview with Business in Cameroon.

*"Let me tell you, generally, in the electricity sector, disputes are settled amicably, with public authorities' assistance usually. Gaz du Cameroun's approach, in this case, is in stark contrast with the usual practices because we must all ensure that the sector is developed,"* said Eric Mansuy. The CEO has succeeded in bringing Gaz du Cameroun's management to the negotiating table.



# ITC & TELECOM

## Cameroon: Government offers 12 months of free broadband internet connection to Silicon Mountain startups

To facilitate the development of their various projects, the Cameroonian government is offering 12 months of free broadband internet connection to startups in Silicon Mountain, Buea. The beneficiaries were informed by the Minister of Posts and Telecommunications Minette Libom Li Likeng (photo) on June 17, 2021, in the framework of a 3-day working visit she carried out in Buea, capital of the Southwest region.

Like the Silicon Valley in the USA, Silicon Mountain is home to tech startups. Internet is one of the commodities they need most for their operations. Therefore, this free offer will reduce their expenditures. Months ago, Minister of Economy Alamine Ousmane Mey asked Korean firm Samsung to support the development of this local digital companies' incubator. "The Silicon Mountain located

in Buea is a reference that could be developed with the support of Korean firms. We think that with Samsung, which is present with us here, we will discuss all these opportunities," the Minister of Economy said on May 8, 2021, in Yaoundé, at the launch of the 10th edition of the Korea-Cameroon Economic Energy Cooperation Forum

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## Cybersecurity: ANTIC claims it deleted 3,372 fake Facebook accounts out of 4,242 identified in 2020

The National Agency for Information & Communication Technologies (ANTIC) informs that in 2020, it deleted 3,372 of the 4,242 fake Facebook accounts identified in the framework of its Cameroonian cyberspace surveillance mission. In addition, the agency claims that since 2013, it has detected 25,306 cyber vulnerabilities. The ANTIC explains that in 2020, it was able to delete the said fake accounts thanks to the cybersecurity incident alert and response center (CIRT). According to the ANTIC, this center allows real-time monitoring of the critical infrastructures of Cameroonian cyberspace. It also helps assist individuals and firms in

the management of cybersecurity incidents reported through the toll-free number 8202 or email address: alerts@cirt.antic.cm. 'Also, the center issues cybersecurity bulletins, assists security and defense forces in digital investigations through the collection and analysis of digital proofs that can notably help identify and geolocalize cybercriminals. The ANTIC adds that thanks to the CIRT, security and defense forces were able to launch 12,000 requisitions. In recent years, with the recent appropriation of information and communication technologies by Cameroonians, the country is increasingly exposed to cybercriminals who cause important

financial losses for individuals, firms, and even the public administration. For instance, senior officials and nationals regularly complain about scammers impersonating them on social media, on Facebook notably. According to the ANTIC, the cybercriminal acts identified in Cameroon include "scamming" (financial frauds on the internet), «skimming» (banking card frauds), Simbox frauds (reroute international calls to make them appear as local calls) "Web defacement" (unauthorized modifications to a web site's homepage) and spoofing (identity theft), etc.



# Cameroon: Telecom regulator ART announces new regulatory model to become highly efficient by 2025

In Cameroon, the Telecommunications Regulatory Board (ART) informs that it is currently elaborating a new regulatory model to become a robust, innovative, and performing institution by 2025.

In a note published in early June 2021, the ART indicated that with this fundamental transition, it would be able to optimally contribute to the achievement of President Paul Biya's ambitions for "the strategic sector of electronic communications" during the current presidential term.

The new regulatory model is being elaborated in a context where the country needs to prepare for the integration of the 5G technology, which is 10 to 100 times faster than the 4G, and efficiently anticipate the emergence of new technological innovations, we learn.

As the regulator explains, it has become apparent that there is a big gap between the current regulatory model and the innovation dynamic ongoing in the telecommunications sector. That gap can significantly impede the harmonious develop-

ment of electronic communications in Cameroon, the ART concluded. Hence the new model.

In its framework, the regulator will adjust its operating model to efficiently combine ex-ante and ex-post regulatory methods. Also, it will reform its regulatory instruments and clearly state the specific terms governing the implementation of collaborative regulations with related industries like the bank and finance, broadcasting, and the ICT industries.

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## Cameroon moves for the diagnostic assessment of state-owned operator CAMTEL

In Cameroon, the Technical Commission for the Rehabilitation of Public and Para-public Enterprises (CTR) is moving for the diagnostic study of state-owned operator CAMTEL. In that regard, last June 11, Martial Valéry Zang, President of the CTR, signed a call for expression of interest to recruit a consultant that will carry out the study.

This study, whose project cost is XAF400 million will be funded by the state budget. Submission is open to firms or groups with proven experience and reference in audit, feasibility studies, diagnostic studies as well as assessment of companies' viability. Interested parties meeting the Conditions can submit their applications by July 12, 2021. According to the call, the study will assess the operator's economic environment, the marketing strategy it is currently implementing, its market as well as its competitiveness. It will also study CAMTEL's position in the market, its prices, and its competitive

position compared to competitors. Also, based on the financial reports of the last three operational years, the study will assess CAMTEL's financial position (its debts and receivables) and determine the conditions required to reach budget equilibrium and ensure profitability for the company.

### Commitments to the IMF

The CTR explains that the diagnostic study is one of the commitments made by Cameroon to the IMF in the framework of the June 2017-September 2020 economic and financial program. Indeed, in the framework of that program, the Cameroonian government promised to carry out diagnostic studies aimed at ensuring the viability, competitiveness, and efficiency of state-owned companies.

In its report on the 2019 performance of public and para-public companies, the CTR revealed that since the CAMTEL's 2019 accounts were not already approved, the company's

financial and operational situation was based on the December 31, 2018, accounts. Those accounts show a decline in operating incomes, stagnation of turnover as well as a rise in its supplier, fiscal and social debt. As of December 31, 2018, CAMTEL's supplier debt was XAF49.07 billion, while its fiscal debt was XAF94.43 billion and XAF17.61 billion for social debts.

*"This situation is due to the repeated failure of privatization efforts initiated over the past decade as well as the freezing of structuring investments and a lack of a long-term plan,"* the CTR report indicates.

Yet, the operator has enormous potential and several assets that can contribute to its development. For instance, it has a monopoly over the wired network, has exclusive rights over the management of international broadband infrastructure as well as a license to operate a mobile telephony network.



# MINING

## Mbalam-Nabeba iron ore project: Sundance Resources expresses «shock» at new MoU

Yesterday June 27, 2021, Australian junior mining company Sundance Resources issued a release expressing its «shock» concerning the June 25, 2021, Memorandum of Understanding signed by the government of Cameroon, AustSino, and Bestway Finance Ltd for the construction of the 510 km railway in the framework of the Mbalam-Nabeba iron ore exploitation project. In the release, Sundance, which has been unable to develop the project, implicitly accuses AustSino and Bestway Finance Ltd of deceit.

*«We are shocked at these latest developments because an Australian company – AustSino – that we introduced into the Mbalam-Nabeba Iron Ore Project is attempting to benefit from the illegal expropriation of Sundance's iron ore assets,»* commented Giulio Casello, Sundance CEO.

According to an analyst of the mining sector, this release issued by Sundance is like the pot calling the kettle black. He explained that in terms of deceit, Sundance has proven to be the master, over the past 20 years, because it reaped dividends from the mining permits obtained from Congo and Cameroon without even developing the projects concerned by the permits.

Even though Sundance has become a master in the art of deception, are AustSino and its ally Bestway any different? Indeed, since June 25, 2021,

when the MoU was signed, several people have been questioning their capacity to build the railway and subsequently develop the Mbalam-Nabeba iron ore exploitation project, which also includes the construction of a mineral terminal at the deep sea-port of Kribi. The questions mainly concern AustSino's experience in the development of mining projects. Numerous oddities

Indeed, on its website developed this year, obviously, AustSino mentions only one mining asset in Australia (Peak Hill Iron Project). Also, it was delisted from the Australian Stock exchange in December 2020. The unaudited financial accounts it published on September 30, 2020, only discuss the development of negotiations initiated in 2018 with Sundance Resources (Ed. Note Those negotiations were suspended on November 12, 2020) concerning the Mbalam-Nabeba project. Also, the expenditures reported by the mining company are similar to those of a startup. For instance, the company spent \$ 177,000 (about XAF65 million) on payments to various management personnel and related parties as well as \$88,000 (close to XAF48 million) on exploration costs during the quarter ending September 30, 2020, the report informs.

Besides these odd expenditures that can make people wonder about the capacities of the company selected

to participate in a project requiring close to XAF5,500 billion, there are also oddities related to the partner Bestway Finance Ltd. Indeed, the financial holding is based in Hong Kong and was established less than 12 months ago (it was established in June 2020). Just months after its establishment, the holding took over the assets of Congo Iron (a subsidiary of Sundance Resources) in the mining project through Sangha Mining Development Limited.

This scenario is similar to what happened in the case of Geovic, a Denver-based mining firm that has been nurturing hopes to develop nickel, cobalt, and manganese deposits in Nkamouna, Eastern Cameroon, since 2013. It also brings to memory the American firm Hydromine, which, in the early 2000s, promised to invest XAF5,000 billion on the Minim-Martap deposit in Northern Cameroon. Due to its inability to fulfill that promise, in July 2018, the Cameroonian government decided to cede its permit on the Minim-Martap deposit to Australian firm Canyon Resources.

After the disreputable performance of Sundance Resources on the Mbalam-Nabeba, is Cameroon about to witness another similar scenario with the AustSino-Bestway partners? Only time can tell.

# Chinese firm AutSino returns to the Mbalam-Nabeba iron ore project, after unsuccessful negotiations with Sundance

On June 25, 2021, in Yaoundé, Minister of Transports Jean Ernest Ngallé Bibéhé will sign on behalf of Cameroon a memorandum of understanding (MoU) for the construction of the 510-km railway connecting Mbalam to the deep seaport of Kribi. Officially, this MoU will be signed with Chinese firms AutSino Resources Group Ltd and Bestway Finance Ltd.

This signature will mark the relaunch of the project for the exploitation of the Mbalam-Nabeba iron ore deposit straddling Cameroon and Congo. For close to nine years now, the project has been stagnating because Australian junior mining firm Sundance Resources (initially chosen to develop the project) was unable to attract financial partners for the construction of the infrastructures required for the project (the mine, the Mbalam-Kribi railway, and the mineral terminal at the Kribi deep seaport namely).

Established in June 2020, in Hong Kong, Bestway Finance Limited appears now as the financial partner of Cameroon and Congo in this iron ore exploitation project. Indeed, according to Congolese media, the investment firm has stakes in Sangha Mining Development Limited, the firm that received the mining permit. Congolese authorities withdrew from Sundance Resources.

For AutSino Resources Group

Ltd, this MoU is a big comeback on the project. Indeed, in 2018, Cameroonian and Congolese authorities initiated negotiations with the firm to attract its investment in the Mbalam-Nabeba project. At the time, the agreement being negotiated was that Sundance would cede the majority stake (US\$58.250 million or close to XAF34 billion) to AutSino, which will then take over control of the project and its development.

The comeback

However, after two years of unsuccessful negotiations, Sundance terminated its prior agreement with AutSino. *"It is disappointing that we have been unable to conclude the agreement with AustSino, given the potential that our proposed tie-up could have delivered. However, we owe it to our shareholders to provide certainty on the way forward for Sundance, which is why termination of the agreement with AustSino was the responsible step to take,"* Sundance CEO Giulio Casello commented in a market update on November 12, 2020.

This MoU is obviously a good bargain for AutSino. Indeed, by not negotiating with Sundance and by working out an agreement directly with Cameroon, AutSino will certainly not disburse the XAF34 billion contribution required by Sundance, the former developer of the project.

As for Cameroon, through the MoU,

it is securing two clients, with whom it will conclude the final agreement of this partnership.

The Mbalam-Nabeba iron ore exploitation project consists of the 2-phase development of a large iron ore deposit straddling Cameroon and Congo. Sundance Resources Ltd, which was first selected to develop the project, estimated the annual production during the first phase of the project at 40 million tons of direct shipping ore. During that phase, the mine's lifetime will be 12 years. In the second phase, the mine's lifetime will be extended to over 15 years with the production of high-grade itabirite and hematite iron ore.

To develop the whole project, over US\$8 billion (about XAF4,500 billion) is needed. Around 2016-2017, as there was no progress in the project, the country decided to start looking for new financial and technical partners for the construction of the infrastructures required for the development of the Mbalam-Nabeba project. This became effective recently, prompting disputes with Sundance. With the MoU with AutSino-Bestway Finance for the construction of the Mbalam-Kribi railway, the country still has to find partners for two strategic infrastructures. The infrastructures are namely the mineral terminal of the Kribi deep seaport and the mine itself.



# Almost all of Cameroon's official diamond production is exported to The UAE and Belgium, BEAC data show



Pending the commissioning of its mines, Cameroon's share in the world diamond market is still insignificant. Most of the country's productions (over 96% in 2018, according to BEAC data) are exported to the United Arab Emirates (UAE) and Belgium, according to the Bank of Central African States (BEAC).

In a recent report on the world diamond market, the central bank of CEMAC states revealed that in 2018, Cameroon exported 55.31% of its production to the United Arab Emirates, 40.95% to Belgium, and 3.73% to Switzerland.

The significant portion of diamond exported by Cameroon to the UAE can be explained by the explosion of trade exchanges between Dubai and Cameroon in recent years. Indeed, Dubai - which is perhaps the most known UAE city and a sort of giant market for African countries - is

one of the preferred destinations for Cameroonian traders. With the air transport agreement between the UAE and Cameroon, those exchanges, the diamond trade included, will surely rise further. Let's note however that Cameroon's diamond production is still light. Hopes revived with the Mobilong deposit...

According to the Permanent National Secretariat of the Kimberly Process -an international control and tracing mechanism initiated to prevent these precious stones from being used as a means of financing the activities of warlords worldwide- Cameroon traced 2,438 carats of diamond produced on the national territory in 2020. Apart from that official production, a sizeable volume passes through informal channels to reach the international market. For instance, on November 11, 2020, the

secretariat revealed that 1,028 carats of diamond destined to be smuggled from the country were seized in Cameroon.

Nevertheless, the country's official diamond production will rise when the deposits identified on the national territory enter the production phase. Notably, there is the Mobilong deposit, in the Eastern region. Experts who carried out the initial exploration works on that deposit grade it as a world-class deposit. In the meantime, Cameroonian authorities announce that the potential of the deposit is being reassessed to finally reach an agreement on the real potential, which is subject to controversies since 2010 when the Korean firm C&K Mining revealed the findings of its exploration work stated in 2006.

C&K Mining was accused of overestimating the potential of the diamond deposit (at the time, it claimed the potential was 736 million carats or five times the global production) presented as the largest in the world. It later truly appeared that C&K Mining did overestimate the potential to manipulate the stock market. Indeed, after the announcement, the C&K Mining share value rose 4.6 folds within 16 days on the Korea Stock Exchange. After a second exploration, the same company reevaluated the potential to 420 million carats, although the conglomeratic section of that deposit was not explored.

Let's note that in late 2014, C&K Mining ceded its stakes on the Mobilong deposits to a Chinese investor, a certain Mr. Yang.

# CONSTRUCTION

## Chinese firm Sinohydro wins a XAF8.4 bln contract for road construction projects in Yaoundé 5 and 7

At the end of a tender process, the Yaoundé Urban community recently selected Chinese construction firm Sinohydro for road construction projects in Yaoundé 5 and 7. According to an official release signed by Luc Messi Atangana, mayor of Yaoundé, the contract is worth over XAF8.4 billion and the works concerned will

be completed within 18 months. The construction works fall within the framework of phase II of the sustainable and inclusive cities program funded by the World Bank. The works will facilitate access to the Oyomabang and Nkolmesseng neighborhoods, whose roads have been greatly deteriorated.

The projects involved in the second phase of that World Bank program include road construction works, the extension of water supply networks, construction of drains, organization of the waste collection service, and construction of drains.

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## Cameroon signs a XAF106 bln loan agreement with the AfDB for the construction of the Ring Road

On June 18, 2021, Cameroon signed a XAF106 billion loan agreement with the African Development Bank (AfDB) for the financing of the Ring Road, the third phase of the transport sector support program. The agreement was signed by Minister of Economy Alamine Ousmane, representing Cameroon, and Serge N'guessan, the AfDB's director-general for the Central African Region.

This new loan raises the overall financing already provided by the AfDB in the framework of that project to XAF117.7 billion. The agreement is being signed close to a year after it was authorized by Paul Biya, President of the Republic of Cameroon. On June 22, 2020, the president signed a decree authorizing the Minister of Economy to sign a €160.6 million (about XAF106 billion) loan agreement with the AfDB, on behalf of Cameroon.

For the time being, there is no information on why it took so long to sign the agreement. But one thing is certain, the 12-month waiting time will surely contribute to an extension of the delivery deadline initially set for December 31, 2024.

### **Construction works suspended**

It is all the more certain that the infrastructure will not be delivered within the initial deadlines, given that construction works are currently suspended because of the socio-political crisis ongoing in the Anglophone regions of Cameroon. On November 30, 2020, while defending the 2021 budget of the Ministry he oversees, Minister of Public Works (MINTP) Emmanuel Nganou Djoumessi revealed that the construction works were on hold due to "insecurity".

The 365 km-Ring Road passes through five of the seven

departments of the Northwest, which along with the Southwest forms the Anglophone part in turmoil since late 2016. It is a sort of ring connecting Bamenda, Bambui, Ndop, Babessi, Kumbo, Nkambe, Misaje, Nyos, Wum and Bafut. The Ring Road also comprises several connections to the Nigerian border, from Misaje notably.

For the AfDB, this road axis is a key section to boost commercial exchanges between Cameroon and Nigeria (a market with close to 200 million consumers) through the Bamenda-Enugu highway (also funded by the AfDB).

"This highway cannot be a real development and integration boosting instrument if it is not connected to a road network, whose base is the Ring Road," said Ousmane Doré, then director-general of the AfDB for the Central African region.

## CIMENCAM partners with three public institutions for the construction of 2,000 low-cost housings

Local cement company CIMEMCAM recently signed an agreement with the Cameroonian Ministry of Urban Development, Société immobilière du Cameroun (SIC), and Mission de promotion de matériaux locaux (Mipromalo), for the promotion of local materials in the framework of a 2,000 housing construction project. In the pilot phase of the project, 200 housings will be built in the Northern region. They will specifically be built

using clay bricks stabilized with the cement brand Pitoa. Later on, 200 such housings will also be built in each of the remaining nine regions. According to Minister of Urban Development Célestine Ketcha Courtes, thanks to CIMENCAM's technology, a T3 building whose construction would have required a XAF17 million investment can now be built with just XAF10 million. Apart from the cost reduction, the

technology also helps promote local products, the official adds. This agreement and the technology concerned will help boost the number of social housing in Cameroon but also reduce the construction costs. Indeed, According to experts, high construction costs are usually the factors that dissuade Cameroonians willing to acquire houses.

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## Cameroon elaborates a sustainable dirt roads' maintenance strategy

Yesterday June 1, in Yaoundé, a seminar was launched to present the new sustainable dirt roads' maintenance strategy developed by the Ministry of Public Works.

*"The maintenance solutions implemented till now have demonstrated their limitations and call for a new efficient and sustainable strategy,"* the ministry explains.

Till June 3, 2021, the participants (mostly the Ministry's agents in charge of dirt roads' maintenance and external experts) will be shown the various technics and innovative products to use to improve the capabilities of the loose material that usually constitute the course surface

of the roads. They will also learn ways to limit the impacts of the traffic on those roads by controlling the circulation of lorries and managing the impact of weather conditions.

*"The strategy must be supported by governance measures, which are namely utmost rigor in the completion of road construction works, the strict compliance with well-written project specifications and a densification of the emergency response network,"* we learn.

According to the Ministry of Public Works, the feedbacks obtained in the first years of implementing the strategy will serve as a guideline for the elaboration of a dirt roads'

maintenance technical guide. The guide will point out the technical specifications, the problems encountered, and the appropriate solutions as well as implementation protocols for each ecological zone. That way, dirt roads' lifetime will be extended at optimized costs.

The strategy is a good omen for the Cameroonian road network (113,716 linear kilometers), 93.6% of which are dirt roads. As the Ministry of Public Works indicates, the dirt roads have the most impacts on residents' daily lives and their living standards greatly depend on their access to them.



# TRANSPORTATION

## The Douala-Yaoundé express train will officially resume on Jul 1, 2021

The Douala-Yaoundé express train will officially resume on July 1, 2021, according to a communique signed on June 23, by Minister of Transports Jean Ernest Ngallé Bibéhé Massena. In the communique, the official informed that the maiden voyage will start from the Bessengué central station in Douala. Also, “two daily trains departing from Douala (6:00 a.m.) and Yaoundé (2:30 p.m.) will serve the stations of Edéa, Messondo, Eséka, Makak and Ngoumou in both directions,” the communique reads.

At the end of a special meeting with the Interministerial Committee on Railways Infrastructure (COMIFER) and the Passenger Service Committee (CTV), Jean Ernest Ngalle Bibehe had announced the President of the Republic’s approval for this resumption. However, he did not specify any resumption date. Weeks earlier, the official carried out a working visit, on April 29, 2021, to CAMRAIL’s headquarters in Douala. During the visit, he checked the 11 passenger cars that had been rehabi-

litated (to the tune of XAF1.1 billion, according to CAMRAIL) and even took part in a test drive. The express was interrupted after the October 21, 2016, Eseka railway accident that officially claimed 79 lives and injured 600. The resumption of that intercity train, which is a mass transport means, will substantially boost the transport offer between the two most important cities of Cameroon.

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## Douala and Yaoundé-Nsimalen airports were the most bustling in Cameroon in 2019 (CCAA)

In 2019, the Douala and Yaoundé-Nsimalen international airports were the most used in Cameroon, according to data from the Civil Aviation Authority CCAA.

*“An analysis of the performance of the various airport platforms demonstrates that the airport of Douala was the most used for international flights, freights transport, and courier services while that of Yaoundé-Nsimalen*

*offered more domestic flights and the highest occupancy rate,” the CCAA writes.*

The CCAA gives no reasons to explain the figures but it notes that thanks to the airport of Douala, Cameroon improved its occupancy rate on international flights, which rose from 58% in 2018 to 78% in 2019. Also, the airport of Douala welcomed 53% of the international flights to Cameroon.

The aviation authority explains that in 2019, the freight and courier transported to and from Cameroon grew by 9.2% and almost all of them landed or departed from the airport of Douala. As for the Yaoundé-Nsimalen airports, it hosted 27% of all the domestic flights operated in Cameroon in 2019.

## Cameroon Airports Company ADC announces XAF7 bln net loss for 2020, due to Covid-19



Cameroon Airports Company (ADC) recorded a XAF7 billion loss in 2020 because of the coronavirus pandemic that greatly affected air transport during the period. This was revealed during a management board meeting held in Yaoundé on June 8, 2021. ADC explains that according to its chief financial officer, ADC SA was

resilient during the period, showing a 49% loss. The company adds that it intends to make up for that significant loss by initiating a large debt recovery program.

According to the report published by the technical committee for the rehabilitation of public and par-public companies, in 2019, ADC had

recorded a XAF1.31 billion profit. At the end of the general meeting for the approval of the accounts of the financial year ending December 31, 2019, the company even approved the distribution of a XAF250 million dividend. By incorporating the net profit, ADC increased its equity by 38%, from XAF17.17 billion at the end of 2018 to XAF23.72 billion at the end of 2019.

It was, therefore, able to boost its assets by acquiring equipment and developing its infrastructures. Therefore, its fixed assets rose by 18%, from XAF36.27 billion in 2018 to XAF42.88 billion in 2019.

Let's note that ADC is the public company that manages airports in Cameroon. Besides managing the airport infrastructures, it also exploits and takes the necessary steps to develop them.

## Cameroon recorded a 61.8% drop in its air passenger traffic in 2020 due to Covid-19 (CCAA)

In 2020, passenger traffic dropped by 61.8% year on year in Cameroon, according to figures from the Cameroon Civil Aviation Authority (CCAA).

In the "2019-2020 statistics bulletin" it recently published, the CCAA explained that this drop was due to the border closure decided by Cameroon (as almost all countries did worldwide) to prevent the spread of the coronavirus.

From 1,512,735 in 2019, the number of direct passengers transported dropped to 577,881 in 2020. Also,

during the period under review, the number of aircraft movements (departures and arrivals) recorded a 49.6% year-on-year drop, going from 39,580 movements in 2019 to 19,966 in 2020.

Also, the ton of airfreight followed the same downtrend going from 24,350 tons in 2019 to 18,956 tons (a 22.2% drop).

The CCAA indicates that if not for the coronavirus pandemic, that started in March 2020, the outlooks were positive for the coming years given the previous results.

To compute its air traffic figures, the CCAA collects data on the number of direct passengers (embarked and disembarked) and the number of transit passengers. To guarantee coherence and comprehensiveness, the CCAA data is harmonized with those provided by the remaining players in the sector: the airport operator ADC SA and the Agency for Safety of Air Navigation in Africa and Madagascar.

## The Port of Douala posts a XAF6.3 bln net profit for 2020



In 2020, the Port of Douala recorded a XAF6.3 billion net profit. This is revealed in the official communique published at the end of the meeting, on June 17, 2021, of the administrative board of the Port Authority of Douala (PAD, which manages the port infrastructure). This profit is up by XAF1 billion year on year. Indeed, in its report on the 2019 performance of state-owned

companies and institutions, the technical committee for the rehabilitation of public and para-public companies (CTR) indicates that for the operation year ending December 31, 2019, the Port of Douala recorded a XAF5.3 billion net profit. The PAD administrative board did not explain the factors that facilitated such performance despite the coronavirus pandemic, which strongly

disrupted international logistics chains. However, this performance could be due to better management of the container terminal, now assumed by the PAD through a delegated management authority. The performance could also be due to the insourcing of dredging operations, which were previously subcontracted to external operators deemed too costly.

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## A new batch of 55 young Cameroonians enters CAMRAIL's training-recruitment program

On June 7, 2021, CAMRAIL officially welcomed a new batch of 55 young Cameroonians to whom it will offer training for railway occupations, a company release indicates. As has been the case since the launch of this initiative, the course is offered in collaboration with the professional training Collège de la Salle. The beneficiaries of the training were selected at the end of a competition

organized on December 19, 2020, to recruit foreman shunters and shunting train drivers. At the end of the training aimed at developing railway jobs in Cameroon, the beneficiaries will be recruited by CAMRAIL. Since 2017 when the program was launched, 229 young Cameroonians who benefited from the training have already been directly recruited by CAMRAIL.

"CAMRAIL has covered 50% of the costs of the competitive exams and training, and 100% of their medical and psychometric test expenses. To date, CAMRAIL has spent XAF155 million to help profile railway employment skills to young Cameroonian graduates," explains Thierry Armand Owona, Human Resources Manager for CAMRAIL.





## LEADER OF THE MONTH

# BENOÎT YAOUSSOU BECOMES THE FIRST CAMEROONIAN CEO OF VIETTEL CAMEROON



In April 2021, Benoît Yaoussou, a former high-ranking official at the Ministry of Posts and Telecommunications and the Telecom Regulatory Agency (ART), was discreetly appointed CEO of Viettel Cameroon which operates in

Cameroon under the business name Nextell.

The inspector of Posts and Telecoms is thus the first Cameroonian to be appointed CEO of Nexttel, the third operator to obtain a mobile telecom license (in 2021 although its opera-

tions were launched in September 2014). Before the appointment of this Cameroonian, the position was held by a Vietnamese while two Cameroonians were deputy CEO and chairman of the executive board. The reason a Vietnamese was appointed as CEO was that Viettel Cameroon was 70%-owned by Viettel Global Investment SA, against 30% for Bestinver Cameroon SA, a Cameroonian company owned by business mogul Baba Danpullo.

Was a Cameroonian CEO appointed because Nexttel is now fully controlled by the Cameroonian shareholder? There is no credible information to back such a hypothesis for the time being. However, in 2018, a power struggle started between the two shareholders. Even the arbitration of the Cameroonian Prime Minister Joseph Dion Ngute has so far failed to end the power struggles. Each of the shareholders was even willing to buy back the shares of the other party.

Nevertheless, the newly appointed executive plans to launch his network's mobile money service by the end of 2021. Baptized "Nexttel Possa", which means Nexttel wallet, this service will be launched in partnership with UBA Cameroon, as authorized by the Bank of Central African States (BEAC) on March 12, 2018.

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