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BUSINESS IN CAMEROON

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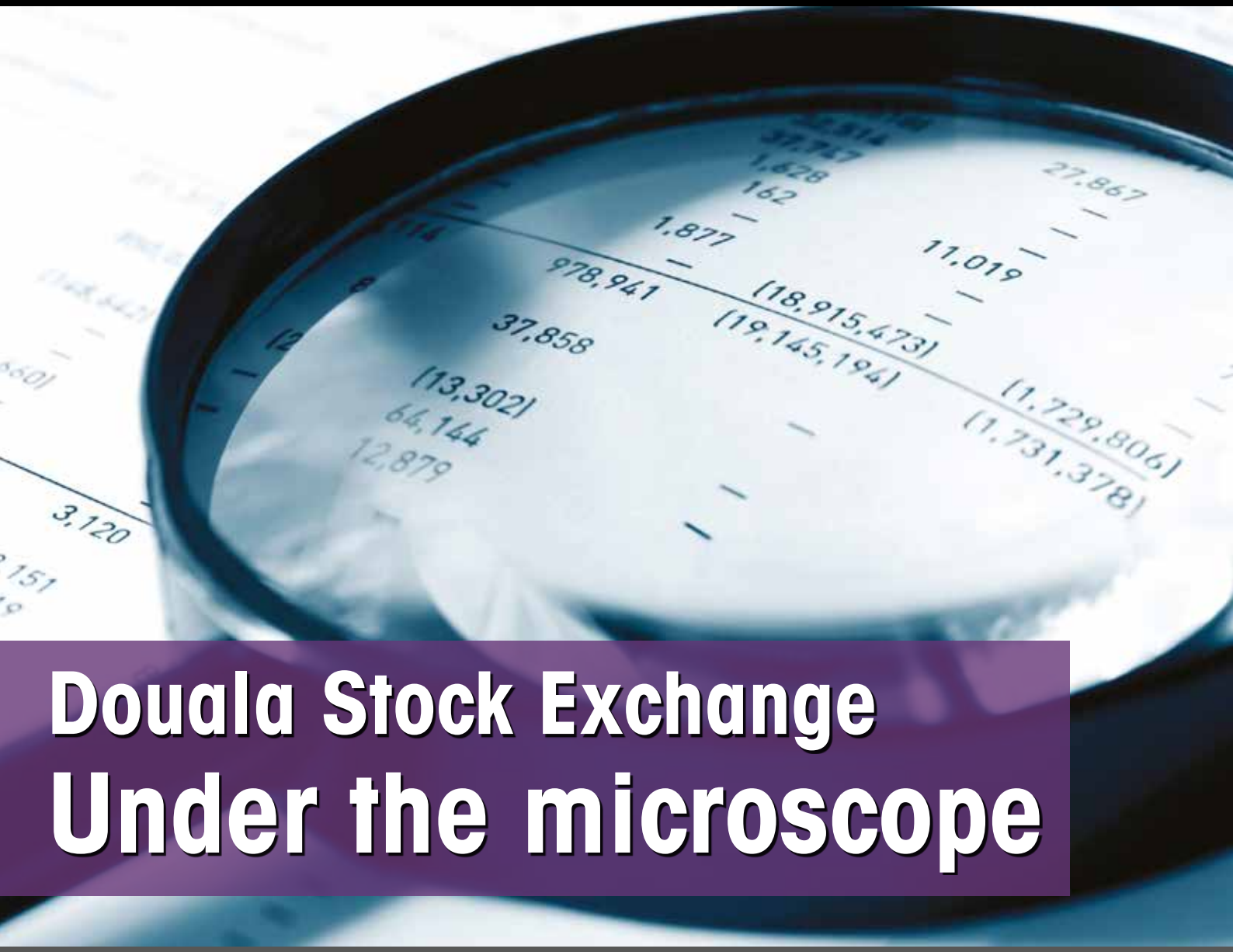

Douala Stock Exchange
Under the microscope

AES-SONEL vs CAMTEL

Kimberly Process: Cameroon sold 2414 carats in diamonds

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L'étoile du Cameroun

Beaugas-Orain Djoyum

A Diamond-Encrusted Risk

Investors and world leaders of the diamond industry should take a closer look at Cameroon. At a time when experts warn that diamond reserves are running-out and are expected to dry-up by around 2030, now is the time to look for growth opportunities in Cameroon. The Global crude diamond supply 2013 study, published by Resource Investor, forecasts that global demand for diamonds will climb by 5.9% per annum until 2020, and that supply will increase by only 2.7% over the same period. The world's top producers of crude diamonds estimate that by 2020, annual demand will rise to 20 billion dollars while supply will reach only 9 billion dollars.

A little over a year after joining the Kimberly Process on August 14, 2012, Cameroon exported over 2,414 carats in diamonds (see page 48). Certainly, it might not sound like much compared to the leading African producers like Botswana which reigns as 2012's largest producer in terms of value with an annual production of 20.554 million carats for 2.98 billion dollars. Yes, Cameroon is a higher risk in this sector. No, Cameroon doesn't have the world's largest diamond reserves as the Korean company C and K Mining (the only licensed diamond mining company in this African country) stated when it first started business in Cameroon. However, Cameroon has an immense, untapped potential in diamonds which is currently only being developed by one company.

A few years ago, BRGM experts identified 41 instances of small-scale export, but the collective potential has yet to be assessed. Cameroon's ore lies more between the Central African Republic and the Republic of Congo. Both countries are diamond producers, but Cameroon has the advantage of having none of the social conflicts that affect some African diamond-producing countries. This stability ensures reliable production.

Indeed, some companies are already ringing Cameroon's doorbell. They should pursue their efforts. Those who have not thought about it, should. For their part, the local authorities should strictly adhere to the Mining Code and Private Investment Act. This legislation should facilitate their setting-up business in Cameroon without any additional requirements. This investment would also brighten Cameroon's future.

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CASTING

JEAN-CLAUDE MBWENTCHOU

In an interview with the government daily publication, the Cameroon Tribune, the Minister of Urban Development and Housing, Jean Claude Mbwentchou, revealed that Buéa's roadways have had 13.5 billion FCfa in upgrades covering 33 km of road surface.

Yet, only 12 km of road work was initially planned with a budget of 4.5 billion FCfa, explained Minister Mbwentchou, who announced other improvements on the horizon for the neighbouring towns of Limbe and Tiko.

The road works in Buéa have been carried out in preparation for Cameroon's 50th Anniversary Reunification celebrations; events that will be hosted by this English language town in December 2013.

PIERRE ZUMBACH

According to Pierre Zumbach, organiser of the 2014 edition of the International Business Fair for SMEs, the event that is being presented by its promoters as the largest in Sub-Saharan Africa, will be attended by some 30 foreign countries.

Among the thirty countries, ten will take Pavillion packages, explained Pierre Zumback, indicating that a Pavillion "is a second level of involvement that countries can have in Promote." For example, a Pavillion package gives the country the possibility of having a whole day dedicated to it.

According to Mr. Zumbach while being interviewed by Quotidien de l'Economie, the two countries that will complete the "Pavillion" list for Promote 2014 are Turkey and Ghana.

Held every three years in the month of December by the Interprogress Foundation, the Promote Fair will hold its 5th edition. According to the event's organisers, the Fair crossed the 1,000-presenter threshold in 2011.

ALAMINE OUSMANE MEY

In a document that he has just made public, the Cameroonian Minister of Finance, Alamine Ousmane Mey, is inviting the PCA of "public capital and mixed economy companies" as well as "administrative public establishments" to hold their board meetings before December 31, 2013 in order to adopt their 2014 budgets.
These companies are also asked to submit to the Finance Minister, "activity reports for 2013, the 2014 action plan and a copy of the decisions made by the board."
Based on Minister Alamine Ousmane Mey's remarks, the approval of grants to state companies for the 2014 budget period "will be subject to the timely submission of these documents."
According to the International Monetary Fund's (IMF) statistics, Cameroon has 125 businesses, of which 21 are completely state-run, 46 are partially state-run and 58 administrative organisations in areas such as education, health and so on.

JEAN DANIEL NGOU NGOUPAYOU

Jean Daniel Ngou Ngoupayou, Director General of the African Centre for Research on Bananas and Plantains (CARBAP in French), is of the opinion that annual demand for banana and plantain production in Cameroon is estimated to be approximately 20 million plants.
To meet this growing demand, the CARBAP has launched a new multiplication technique to be able to produce "plants from stalk fragments".
This technique enables the farmer to obtain high quality plants in high quantities in relatively little time. For example, using this technique, it is possible to annually produce 10-20 plants using a single stalk.
In addition to this technique which will increase banana and plantain production in Cameroon, the CARBAP, again in the spirit of maximising income in rural areas, included in its 2012-2013 strategic plan to commence cultivation of plant strains that are able to produce 40 tonnes per hectare as opposed to the 7 tonnes currently being produced.

JEAN-MARC ANGA

According to statistics released by Jean Marc Anga, executive director of the International Cocoa Organisation (ICCO) during the opening ceremony of Festicacao 2013 on November 28 in Monatélé, Cameroon, Africa produces 71% of the world's cocoa, but only refines 4%.
This situation, highlighted by the ICCO executive director, is also apparent in Cameroon, a country that has had an average cocoa production of 225,000 tonnes for the last five years, but only refines between 25 and 30,000 tonnes.
Due to refinement being neglected, the large cocoa producing basin, Africa, "is leaving itself exposed to the volatility of global prices," asserted Mr. Anga while using the example of Malaysia which, according to him, "made the strategic choice to focus on refinement" which is more profitable.
Indeed, the ICCO executive director revealed that, in 1960, Malaysia was producing approximately 300,000 tonnes of cocoa, but was only refining 25,000 tonnes of pods.

CHRISTINE ROBICHON

In an interview with the government daily publication, Cameroon Tribune, the French Ambassador to Cameroon, Christine Robichon, revealed that since 2006, the financial commitments of the French Development Agency (FDA) to Cameroon have been estimated to be close to 1 trillion FCFA with an average annual pay-out of 135 billion FCFA.
Among the major projects financed in Cameroon by the FDA are the 2nd Wouri River bridge whose construction was recently launched in Douala, the building of the Lom Pangar, drinking water provision projects for the towns of Yaoundé and Douala and the improvement of the East and West entrances of Douala whose construction should begin soon, to name a few.

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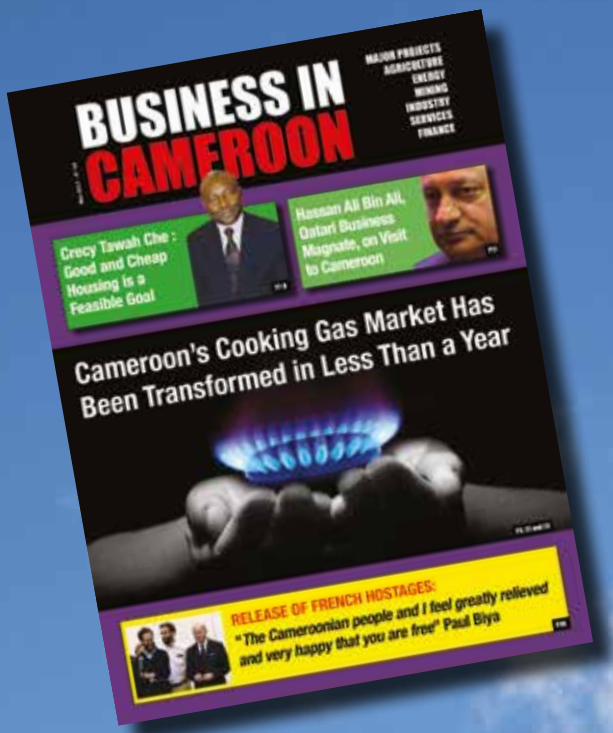

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DSX under the microscope

With only three companies listed, the Douala Stock Exchange (DSX), has been much talked about over the last few months. Still struggling to get off the ground, the DSX has been fined by the Cameroon Financial Markets Commission and will have to fork out 500,000 FCfa. Why? It provided investment services without authorisation, issued invoices respectively for 700 million FCfa and 735.9 million FCfa for a total of 1.4 billion FCfa for alleged centralisation, listing and for the bond launched by Cameroon in 2010. Certainly, this fine is cause for concern for some, but it demonstrates that something is wrong at the DSX and that it is time to modernise the institution. Companies are always reluctant to join and competition from Central Africa's regional stock exchange in Libreville, Gabon will not make things any easier for the DSX.

One must look beyond the fines with a microscope to understand why the DSX is struggling to get off the ground. Why aren't companies rushing to sign-up after a decade? We will take a look with input from financial experts and Cameroonian senior government officials. Babissakana, financial engineer, argues that, *"the opportunities that certain companies have when approaching market structures are limited, because the requirements are not easy to meet"*; Sylvester Moh Tangongho, General Manager of the Treasury, states that, *"the development of a financial culture and the implementation of favourable conditions would attract more companies, including those from the private sector"*; Simplot Kwenda, financial expert, finds that, *"what is needed is simply the will to change things and to remember where we're coming from."* There are many other expert opinions on how best to restart the DSX. The case of the Nigerian Stock Exchange (NSE) and how to encourage SMEs to join the stock exchange could help the DSX. Oscar Onyema, General Manager of the NSE, will tell us how. We also take a close look at DSX's management team.

Enjoy your reading!

Beaugas-Orain Djoyum

Starting: Unpreparedness – The first symptom of ill-health

The creation of the DSX, Cameroon's stock exchange, shows signs of improvisation. This might explain why it has been so under the weather.

At the opening of the Conference of the Heads of State of the Economic Community of Central African States (CEMAC) in December 2000 in Ndjamena, Chad, there was no doubt that Douala should be the home of the Central African Stock Exchange (BVMAC in French), which the six CEMAC countries, Cameroon, Gabon, Congo, Chad,

The DSX financial market came into being more out of national egotism than after thoroughly developing the project.

Equatorial Guinea and the Republic of Central Africa (RCA) hoped to achieve. Douala's selection seemed even more evident as Cameroon represented 40% of the industry of the CEMAC zone, 52% of the GDP and over 55% of the total population of this sub-region, having 20 million inhabitants out of the 35 million for the entire CEMAC zone.

Furthermore, according to authorised sources from the Central African States' Bank (BEAC), "*Douala's agency represents 60% of all the financial flows within the area covered by BEAC.*" Another considerable indicator is the fact that out of the top 100 Cameroonian companies in terms of sales figures, 79 are based in Douala, according to the National Institute of Statistics (NIS).

Omar Bongo Ondimba and former president of France Jacques Chirac.

From this point of view, therefore, Cameroon and its economic capital are not short of assets. But when the CEMAC Heads of State withdrew for the usual private meeting at the end of the summit, which is always a moment of high anticipation as it is then that major decisions are made about the community's direction, what followed could only be described as something out of a movie. In the absence of the Cameroonian Head of State, Paul Biya, who was represented by Prime Minister Peter Mafany Musongué, the Gabonese Head of State, Omar Bongo Ondimba, who has never hidden his thirst for power in the CEMAC zone, successfully rallied his counterparts to his cause. This transpired before a Cameroonian Prime Minister whose words failed him. And so it was that, instead of Douala, the headquarters of BVMAC was sent to Libreville, Gabon.

QUESTIONABLE EXPERTISE

Cut to the quick, the Cameroonian authorities, led by their Head of State himself, decided to create a national financial market which

would act as the competitor to the BVMAC. A year after what one might refer to as the affront of Ndjamena, on 1st December 2001, a presidential decree created and organised the functioning of the Douala Stock Exchange (DSX), of which the capital is held mostly by the Professional Association of Cameroon Loan Establishments (63.3%) with 13.3% by a group of insurance companies and 23% by the State. The regulation of this financial market thus came into being more out of national egotism than after thoroughly developing the project as would be expected of the Financial Markets Commission (FMC). It was created on a whim. At the same time, the Autonomous Amortisation Fund (CAA in French), a type of regulatory body that monitors public debt in Cameroon, was assigned the role of central trustee, while the SGBC became the regulation-delivery bank. With so many industry entities involved, it begs the question as to whether or not they were fully prepared to enter the very complex business of finance. The expertise would appear to be at least questionable, particularly with the novelty of the financial market at that time and even today.

The government of that time planned to add ten companies to the DSX during the first five years of operation. This was wishful thinking as it took six years before the first company listed on the DSX.

However, these are questions that the Cameroonian authorities have not bothered to ask as they espouse plans for the DSX: to use this financial intermediation platform not only to vary the economy's financing mechanisms, but also to drive the vast privatisation programme in place for public sector companies. The government of that time planned to add ten companies to the DSX during the first five years of operation. This was wishful thinking as it took six years (in May 2006 to be exact) before the first company listed on the DSX. This was Société des Eaux Minérales du Cameroun (SEMC), a Castel Group company which the State plans to strip of some of these shares to sell them on the DSX.

Douala's selection seemed even more evident as Cameroon represented 40% of the industry of the CEMAC zone, 52% of the GDP and over 55% of the total population of this sub-region, having 20 million inhabitants out of the 35 million for the entire CEMAC zone.

THREE COMPANIES IN TEN YEARS

To date, that is to say, twelve years after its creation, DSX has only three listings of shares (SOCAPALM and SAFACAM arrived after the SEMC) and three listings of bonds (BDEAC, SFI and the State of Cameroon). Then, as if it too would abandon the DSX, and after a rather successful bond that raised 200 billion FCfa in 2010, the State of Cameroon, which also pays the assessed contributions to the Libreville BVMAC (created in 2003 and operational since 2008) has virtually set-up house on the BEAC government securities market since 2011 and has been regularly issuing Treasury goods and bonds with a level of success and dynamism that is in sharp contrast with the lacklustre Doula Stock Exchange.

Furthermore, as if in a flashback, the opinions of the experts of that time resurfaced. People questioned the need to create the DSX which would be creating competition in the fledgling Central African financial market. "*The stock market as a financial intermediation instrument is a tool that will not meet the immediate expectations of Cameroonian businesses. Firstly, it won't create jobs. It can only help national companies that are already in existence and ready to be listed. There aren't many like that in Cameroon. Secondly, one has to wonder if one can even create a financial intermediation instrument for privatisation as is one of the aims of this stock exchange. The history of stock exchanges teaches us that it's a game best left to the top financiers,*" explained Pius Bissek, a Cameroonian businessman, some time ago.

And Babissakana, a financial engineer and director of the Prescriptor firm in Yaoundé, adds: "*The opportunities that certain companies have when approaching market structures are limited, because the requirements are not easy to meet. The stock exchange is for the business elite. In Cameroon, 90% of businesses are SMEs that can't access the market. The government should be looking into how best to put in place a medium and long term loan market as there is no institution that currently offers this type of product.*" Pius Bissek shares this opinion and is placing his bets on the efficiency of a "*guarantee fund and development banks.*" Unfortunately, neither of these structures will help the ailing DSX.

Brice R. Mbodiam

Banks vs. DSX: Unfair trading for sale

The Douala Stock Exchange's fees are discouraging compared to those of loan establishments. Furthermore, approved as ISPs on the financial market, banks have no reason to see investors choose DSX over the bank sector.

Did you know? According to inside sources, to launch its 200 billion FCfa bond on the Douala Stock Exchange (DSX) in 2010, the Cameroon government had to pay its consortium of arrangers 500 million FCfa. To this amount, you have to add stock market entry fees, fees to be paid to the Financial Markets Commission for the go-ahead, placement commissions to pay to investment service providers (seven banks pocketed 2.5 billion FCfa, according to the FMC), the share for the central trustee, a budget for a huge communications campaign, and all that without counting that, at the end, the issuer must pay the underwriters at a predetermined interest rate (6% in the case of cash).

Facing these exorbitant costs on the Cameroonian financial market compared to that of West Africa for example, many Cameroonian businesses choose the banking market.

Such a massive sum would be out of reach for most of us. To give you some idea of the scale of the spending that an issuer wishing to raise funds on the DSX must bear, *Agence Ecofin* was able to gain access to a document prepared by the SGBC for the SAFACAM account. The document in question details estimated operational costs for the public offering that was recently launched by the Bolloré Group company. There, it is indicated that to place 2.8 billion FCfa in shares, *"the initial public offering fees are 116.6 million FCfa before tax, of which 8 million in centralisation commissions to DSX, 1.4 million for the annual subscription fees to the central trustee, 14.4 million in authorisation fees to be paid to the FMC, and 45 million FCfa in payments to various financial intermediaries involved in the process."*

The same document specifies that *"after SAFACAM is listed on the stock exchange, the issuer will have annual fees to pay primarily to DSX and the central trustee. These comprise annual fees charged by DSX at a rate of 0.75% of the average capital of the securities listed, the annual subscription or membership fee and operational fees on the securities (paying dividends, identifying shareholders) billed by the CAA (central trustee). The issuer will also have to pay market fees to the ISP of its choosing."*

THE GAME THAT ISP BANKS PLAY

In total, it is a considerable sum that would discourage most issuers. Following the move by this loan establishment, which once planned to raise 15 billion FCfa on the Douala Securities Exchange, it had to throw in the towel after the financial market regulator, the FMC, submitted a bill for 200 million FCfa for the operation. Facing these exorbitant costs on the Cameroonian financial market compared to that of West Africa for example (37 businesses are listed on the BRVM, of which 31 are from Ivory Coast), many Cameroonian businesses choose the banking market for a simple reason: *"The investment exit fees on the DSX are not as competitive as those of the bank sector,"* argues Albert Florent Bengala, General Manager of Cenainvest in an interview with the weekly publication *Le Financier d'Afrique*, a risk capital company that sprang up on

the street in Cameroon. Mr. Bengala also believes that to encourage companies to go to the DSX, now is the time to reduce the fees investors have to pay.

As one financial markets expert points out, the fact that Cameroon has ISPs that are banks and not true trading companies like the BVMAC (BGFI Bourse or EDC) will not make things any easier for DSX. Indeed, as one reliable source asserts, it is not inconceivable that banks operating as ISPs in Cameroon do not turn away potential issuers from the DSX to offer loans at rates that are significantly more competitive on the banking market. This enables these ISP banks to fatten their loan portfolios to the detriment of DSX's development. With real trading companies such as authorised intermediaries, this kind of unfair trading would be reduced as the market depends on the survival of these very stock-trading companies.

Brice R. Mbodiam

Sylvester Moh Tangongho: "*DSX must make conditions more attractive*"

The Managing Director of the Treasury at the Ministry of Finance explains the government's decisions in relation to securities and discusses obstacles that inhibit the Douala Stock Exchange's dynamism.

Business in Cameroon: **The Financial Markets Commission (FMC) has just fined seven banks that had participated in the State's bond loan in 2010 for having unduly received commissions and revealed that the arrangers had not advised the state as they ought to have done. In light of all of this, can one still consider that operation a success even when the State clearly lost a lot of money in the process?**

Sylvester Moh Tangongho: Without wishing to comment on decisions rendered by the Financial Markets Commission (FMC), as these are derived from its regulatory role, I must say that the matter to which you have referred can in no way call into question the success of the 2010 bond which enabled the government to raise 200 billion FCfa on the national financial market in only 20 days, as outlined in the Financial Act for the 2010 fiscal year; funds which were used for substantial infrastructural projects such as the Memve'ele and Lom Pangar Dams, the gas plant, and so on.

An operation like this had never been carried-out in our country before and so we had no points of reference at the time and the state undertook the debt in circumstances that were deemed optimal. If it is proven today that the interests of the issuer were disregarded by another party, it is the role of the regulatory body to protect them, as it would have done for any other entity, especially in a fledgling market like ours. Therefore, if the FMC has ruled on this matter to restore equity in the treatment across the market, the success of the 2010 bond loan should not be in dispute.

"This is why the State, in its role as a guide, encourages the DSX to be more competitive as this is likely to make it more appealing to various business entities."

***BC*: Since 2011, the State has been on the BEAC securities market for its issuance of goods and even Treasury bonds. Why is there this preference for this market instead of the DSX which urgently needs to be revived?**

SMT: It's important to recall that the market for government-issued open subscription securities is essentially the securities market of CEMAC member states who are the only entities authorised to issue. It also provides the necessary tools for conducting monetary policy. The decision to enter one market or the other is a question of context. The State's choices are guided by the nature of the financing needs with which it is confronted. The State enters the BEAC market to fill the gaps in its cash flow (issuance of treasury bonds) or for its medium term resources when the assimilatable Treasury bond volume sought is relatively low. But nothing prevents it from calling on the national or international financial market, if needed.

Besides its flexibility, lower costs and simpler procedures, the first market seems better placed for the active management of the State Treasury. Therefore, depending on its needs and circumstances, the State may choose what it deems most appropriate. As for reviving DSX, which is important to the national market, this would not depend only on the issuance of government securities, when the State constitutes an undeniable actor. This remains a contributing factor to the resolution of certain problems, particularly the development of a financial culture and the putting into place of attractive conditions that would lead actors to go there, particularly those of the private sector.

***BC*: In choosing the BEAC market, does the government not fear to some extent that this might discourage investors who would otherwise have been interested in DSX's viability?**

SMT: The DSX was created for public and private entities in an effort to accompany them in the mobilisation of long-term resources. The said institution did not rise with the 2010 bond issuance, but, instead, thanks to some companies entering the stock exchange. Some of them have even been quite successful. Though the viability and reliability of the DSX must be sought

by market enterprise as an operational structure, the State, in its role as a guide, must be an undeniable companion and not the only entity involved.

***BC*: From a strictly economic point of view, what advantages will the Cameroonian government gain from being with the BEAC instead of the DSX?**

SMT: The economic advantages that Cameroon will gain from being on the BEAC can't be easily appreciated by opposing the two markets, as the instruments issued have neither the same functions, the same characteristics nor, in some cases, the same outcomes. It's difficult to compare advantages of short-term instruments compared to those of medium or long-term instruments as the markets' approaches are quite different. However, the BEAC market is unique in that it was implemented to replace statutory advances with a known interest rate and the amount limited to 20% of budget revenue from the previous year. From this point of view, it allows the State to make significant savings relative to the rates used. As I said earlier, resources are always being mobilised depending on the provisions of the Finance Act and the Treasury's needs. In short, the advantages of this market are flexibility, lower costs and simpler procedures.

"The decision to enter one market or the other is a question of context. The State's choices are guided by the nature of the financing needs with which it is confronted."

***BC*: So, like many experts, you support the position that the DSX's operational costs are a deterrent compared to other markets, including the banking market on which the State of Cameroon is also involved?**

SMT: The State of Cameroon chose to enter both markets depending on the opportunities presented by each in a given context. That said, it should be acknowledged that the structure of its costs in the syndication leads to procedures and charges which, compared to the BEAC, are higher. Comparing costs in our market with those of other financial centres tends to confirm this analysis. This is why the State, in its role as a guide, encourages the DSX to be more competitive as this is likely to make it more appealing to various business entities.

***BC*: A government-issued securities market has been launched by the Central Bank while there are already two stock exchanges in the CEMAC zone that propose the possibility of doing operations in government issued securities. In the end, isn't this all unnecessarily competitive and counterproductive?**

SMT: Between the BEAC market and the two stock exchanges, there is no issue of competition because, as I explained earlier, their functions are distinctly different. The question of competition can, however, be raised between the DSX and the BVMAC which are operating in a common niche while the level of activity in our sub-region is quite low. Nevertheless, examples around the world show that multiple stock exchanges can exist in the same geographical area - Paris, Berlin and Madrid in the Euro zone or Abidjan, Accra and Lagos in the Cédéao. All of this depends on ambition and the economic and financial dynamic in place.

"Nevertheless, examples around the world show that multiple stock exchanges can exist in the same geographical area - Paris, Berlin and Madrid in the Euro zone or Abidjan, Accra and Lagos in the Cédéao."

Brice R. Mbodiam

Businesses choose fiscal hiding over DSX incentives

Despite tax breaks and other concessions, businesses are wary of the financial market because of the required transparency to which they are not accustomed

Countries that grant tax incentives are more likely to attract investors than those with fiscal regimes that are two strict. This principle is hardly apparent in Cameroon. The legislature believed it had to put in place a particularly generous stock market tax package for investors in securities as well as for issuers of listed securities. The provisions included a 20% reduction over three years for capital increases, 25% over three years for share concessions, and 28% over three years for increases or discontinuations were granted. Companies issuing securities on the bond market enjoy a reduced tax rate of 30% over three years. Furthermore, the acts and agreements for discontinuation of listed securities on the DSX are also exempt from registration fees. Above all, Cameroon's exchange rate regime ensures full transferability of foreign investors' assets. However, this deliberately attractive and modern exchange rate arrangement is not luring businesses.

Aren't these concessions worth it? Is what businesses stand to gain worth what they risk losing by accepting to play on the market? In reality, even those who are on the market are not playing the game. For example, mandatory activity reporting (on a quarterly, bi-annual, annual or periodical basis) is not readily done by businesses on the DSX stock exchange. As if they had

The bottom line: tax incentives alone are not enough to revive the DSX.

made a pact of secrecy, it is arduous work getting any information about their business lives. To see their volume of activity or their sales figures takes a virtual miracle. One wonders what the point was of being on the DSX in the first place.

The "D" System

Intermediaries (ISPs) that produce financial information spend a year without submitting a single word. Yet, they are the ones convincing businesses to abandon their old business practices that are not pro-transparency and pro-accountability. They are champions of the "D" system over patrimonialisation of business, even large corporate companies function with practices of the informal sector. It is common to hear, here and there, that each company has at least two accounting systems: one for shareholders and the other for taxes. A study conducted among businesses and published in 2010 by the National Institute of Statistics (NIS) reveals that only 42.9% of the 93,969 businesses in Cameroon interviewed had written accounting records, compared to 57.1% of that group who had nothing at all. Among those companies with accounting records, only 31.1% had formal accounting procedures, that is to say, record-keeping that leads to Statistical Tax Declaration (STD). This accounts for only 13% of all businesses.

It is common to hear, here and there, that each company has at least two accounting systems: one for shareholders and the other for taxes.

A study conducted among businesses and published in 2010 by the National Institute of Statistics (NIS) reveals that only 42.9% of the 93,969 businesses in Cameroon interviewed had written accounting records, compared to 57.1% of that group who had nothing at all.

Yet, the issuer making a public appeal for savings hides nothing. This duty of fact in the figures communicated and information given shapes market reaction. Even the State of Cameroon was not clear in December 2010 when the note on its bond was modified. Worse still, there has been no privatisation or portfolio renewal in Douala.

FMC: TO SERVE… AND OBSCURE?

The public capital companies prefer to raise capital on the bank market through syndicated loans and bridging loans… at onerous rates. Yet, at DSX, state-issued bond products and interest, those of the State and those of decentralised territorial localities are completely tax-exempt. Since the rise of Cameroonian market, no commune has issued a single bond. They continue to finance themselves through their bank (FEICOM), in complete obscurity. The culture of transparency falls first with the Financial Markets Commission (FMC). As a representative of the State, this body should be acting to promote security and integrity by way of impartial approval granted to all investors and industry entities. It is therefore to be held accountable for the disorder that reigns in the stock market sector. Like everywhere else, the government is first in line to sell. It is the duty of the public authorities to dismantle areas of lawlessness and promote financial transparency throughout the market.

Since its creation, the FMC has been more visible in terms of opinions and sanctions, but less involved in the improvement of the stock market culture in Douala. Apart from the seminar held in January 2011 for financial industry members, there has been nothing of substance. As a result, disparities in the dissemination of information have become common place between key investors and those who are outside of their circle of favourites. This disposition could lead only to the general lethargy that one now sees in Douala.

For a lot of people, DSX must offer solid advantages. Despite the tax exemptions, transactions, arrangements, information dissemination, order routing, negotiation, compensation and regulation still turn away many. "*Economic research proves that stock market listing improves the probability of sales growth and higher profits for those who are on the market as opposed to those who are not. But in Cameroon, it's difficult to see this. Even those who are doing well try to analyse and assess their journey on the stock market,*" explains a banker. As long as the pioneers are uncertain about the gains of being on the stock exchange, it will be difficult to ask other businesses to follow in their footsteps. The bottom line: tax incentives alone are not enough to revive the DSX.

Yaouba Djaligué

BVMAC-DSX: the rivalry continues

The Douala Stock Exchange has seen some of its market share gobbled up by its regional counterpart, the BVMAC. This persists despite the offensive led by the Cameroonian regulatory authority whenever local investors are lured by opportunities on the Libreville market.

The 21st May 2013, Cameroon's Financial Markets Commission (FMC) urged Cameroonian investors to be prudent when considering shares sold by the SIAT Gabon Company which decided to open-up its capital by joining Central African Securities Exchange (BVMAC) based in Libreville in Gabon. *"In light of the current state of its offer, the FMC is unable to guarantee to the Cameroonian public the totality and quality of the information available about the company itself or the conduct of its operations to enable informed decision-making,"* stated FMC Chairman, Theodore Edjangue. Sometime earlier, in March 2013, the Cameroonian financial markets regulator had expressed concern about SIAT's operations. He decried *"illegality"* in Cameroon for the non-attribution of the FMC seal of approval. These two decisions, which were perceived as an attack on Gabon and by the Central African Commission for the Monitoring of Financial Markets (COSUMAF), demonstrate the rivalry between the Cameroon-based DSX and its sub-regional equivalent, BVMAC based in Libreville. This rivalry was apparent when the FMC characterised the bond of BVMAC's BGFI Holding as *"illegal"* and broadcast this sentiment in Cameroon.

In discussing the ways to "make the [sub-regional] financial market more dynamic", the COSUMAF recognised this impossible coexistence between Douala and Libreville.

CAN THEY COEXIST?

Many analysts are of the opinion that, beyond stock exchange culture and an implementation process that needs more improvement, the Douala Stock Exchange is paying a heavy price for its close proximity to its equivalent in Libreville. In one such analysis (in 2009), in discussing the ways to *"make the [sub-regional] financial market more dynamic"*, the COSUMAF recognised this impossible coexistence. *"The coexistence of two stock exchanges has hit a roadblock due to the limited scope of their markets which can hardly benefit from economies of scale that their consolidation would yield. Furthermore, the low number of operations conducted to date on these markets raises questions about their viability,"* noted the sub-regional regulatory body.

As evidence of the COSUMAF's dismal prediction, stock market activity has virtually flat-lined in both. Businesses in Douala's financial sphere blame this occurrence on the Cameroonian government's decision to sell its shares in some companies. Outside of Cameroon's borders, no company has run to the DSX to raise funds. As if to avoid choosing sides in the rivalry between the two financial markets that have been struggling to coexist, and in a counterproductive manner within the CEMAC zone, some institutions have chosen to use both markets simultaneously. This applies to the loan bonds of the Central African States' Development Bank (BDEAC) and Société financière internationale (SFI).

As evidence of the COSUMAF's dismal prediction, stock market activity has virtually flat-lined in both stock market.

Idriss Linge

Repression: the Douala Stock Exchange nailed for the 2010 loan bond

As it struggles to attract investors, it was under the "sanction" section of the news that the Douala Stock Exchange made headlines in August 2013.

The Financial Markets Commission (FMC) published in *Cameroon Tribune's* August 5, 2013 edition, a series of sanctions rendered against nine operators, eight of which are of the general banking sector UBA, BICEC, Banque Atlantique, SGBC, Afriland First Bank, Citibank, BMCE Capital, SCB Cameroun) and the Douala Stock Exchange (DSX). Overall, the reasons for the array of sanctions boiled down to "*inadequacies and irregularities*" noted in the handling of the State of Cameroon's bond "*ECMR net 5.6% 2010-2015*", launched in 2010, which led to 200 billion FCfa being raised for major public works financing. DSX specifically was slapped with a 500,000 FCfa fine "*for having, without the status of an investment services provider, provided investment services consisting of holding an order book in an issuance (centralisation of subscriptions).*" For the FMC, this function is forbidden to any entity that is not an ISP. But there's more. In addition to this fine, the FMC addressed a warning to DSX's management "*for their numerous instances of professional misconduct.*"

Cameroon's financial markets' watchdog explicitly spoke of one of the directors' insistence on "*ignoring or going outside the realm of the management of the institution and the stock market operations, disregarding guidelines and recommendations of the FMC*". This was no doubt an allusion to the agreements concluded without the regulator's blessing. According to Chief T.K. Ejangue, the FMC Chairman who signed these decisions as well as his Secretary General, Alphonsus Njiachomuna, the sanctions were imposed following hearings and a lengthy process "*due to the complexity of the cases being examined.*" DSX has not made an official statement in response to the sanctions. "*We do not comment on comments*" a reliable source, who requested to remain anonymous, replied to the *Agence Ecofin*. "*Is this the role of the FMC?*" said the source with a dash of irony.

The Financial Markets Commission (FMC) published in *Cameroon Tribune's* August 5, 2013 edition, a series of sanctions rendered against nine operators.

Optimising the DSX: Imagine if a merger with BVMAC were the solution!

The question came up as soon as the Douala Stock Exchange began operations. It's still being talked about today and is more relevant than before.

A number of experts who follow the Central African market trends believe that the existence of both stock exchanges inhibits the creation of a fluid and efficient securities market in the sub-region. "*It's important to be honest with ourselves. This dual project in a community still in its early stages is one of the most unfortunate, shameful displays of our region on the international stage,*" stated Babissakana, a financial engineer, in one of his analyses of the capital markets and suggested that even the political leaders are to be held responsible. "*More and more, I'm hearing people talking about the need to merge the Douala and Libreville stock exchanges. I think it's an interesting option. Personally, I'm in favour of it,*" stated Pierre Moussa, Chairman of the CEMAC Commission. That was on August 14, 2013 during a meeting on the evaluation of the Regional Economic Programme (REP).

> "***This dual stock exchange system is a source of political tension, inefficiency and economic, financial, and stock market fragmentation,*** **explained Georges Taty, Attorney General at the CEMAC Court of Justice.**

ADB'S SOLUTION: DOUALA WILL OPERATE, LIBREVILLE WILL REGULATE

As far back as 2011, the African Development Bank had proposed a merger to put an end, once and for all, to the competition that had been going on between the two stock exchanges. According to the ADB, the regional stock exchange would be placed in Douala, Cameroon where there is more economic activity and the sub-region's regulatory body (COSUMAF) should be kept in the Gabonese capital. This model would mean the termination of the Cameroonian regulatory authority. The proposal was to be endorsed at the Heads of State

summit in January 2012, but when the agenda item was tabled, they simply acknowledged the principle behind the idea and then left it for further discussion. Yet, there are several reasons against the ADB model. The first reason concerns transaction costs in Douala. "*We have nothing against the idea of returning the future Central African stock exchange to Douala, but the ADB's analysis doesn't seem to guarantee one thing: transaction cost reduction. The DSX generates transaction costs that will remain, whether it is a national or sub-regional entity. What people don't know is that if many institutions, apart from the SFI, prefer to take their bonds to BVMAC, it's because it's cheaper. For example, the Cameroon loan was officially set at a 5.6% interest rate, but in reality, it's the gross rate to which you have to add the commissions of all the middlemen and that brings it up to 10 or even 11%. No one can borrow at a rate like that. Yet, in Libreville, the cost is less,*" explains an anonymous source from BGFI Bourse.

A MAJOR CHALLENGE

Within CEMAC, if the merger topic comes up, responses vary from one group to the next. "*To ensure the best integration possible, the DSX should be absorbed by the BVMAC. It will be important to specify and indicate the merger mechanisms and the various local and national institutions and organisations that would be modified, restructured or dissolved. This dual stock exchange system is a source of political tension, inefficiency and economic, financial, and stock market fragmentation,*" explained Georges Taty, Attorney General at the CEMAC Court of Justice at the swearing-in ceremony on February 2013 for the new COSUMAF heads. In 2002, when he formulated his merger proposal, Mr. Babissakana had opted for a dual financial framework (Libreville and Douala), one working in bonds; the other in shares, with both being regulated by the same body. This model has the advantage of allowing each to maintain some autonomy. Debates aside, the urgent need for a merger is becoming more and more apparent and should enable the CEMAC zone capital market to get off the ground. "*An integrated regional response supported by consistent effort on the part of political leaders with the aim to breathe new life into the Central African integration process. The process of bringing the two closer together would therefore be a part of this pro-integration effort,*" noted the COSUMAF in 2011.

Yet, there are several reasons against the ADB model. The first reason concerns transaction. costs in Douala.

Idriss Linge

Simplot Kwenda: "*The DSX's technical capacity is urgently in need of re-evaluation*"

"Hence, for the State, the coexistence of both markets can only be advantageous."

Banking and finance expert, General Manager of Cabinet Money Links, Simpot Kwenda, examines the FMC's latest sanctions and finds that DSX's recovery will require intervention on the part of the authorities.

***Business in Cameroon*: The DSX has been fined 500,000 FCfa for having provided an investment service without being an investment service provider. It has also been slammed for irregular and disproportionate billing to the tune of 700 million FCfa and 735.9 million for a total of 1.4 billion FCfa for claimed centralisation, initial offering and ECMR securities listing commissions. What do you think of these sanctions?**

Simplot Kwenda: My opinion is simple: the Cameroonian financial market's technical and institutional capacity urgently needs to be re-evaluated and strengthened at both the regulatory and commercial levels. There also needs to be more consensus about professional best practices for the sector. There can be greater understanding in the market, within the framework of consultation we have undertaken with financial actors.

In ten years, the market context has evolved significantly. This agreement needs to be revisited and promoted with the operators. This is why its application is so problematic. Certainly, on the basis of the rel-

evant provisions in the 99/015 Act which indicates the finite definition of those investment services which may be conducted by authorised ISPs, one can question the pertinence of the characterisation given to the centralisation and accounting of subscriptions by the company. Yet, I can't understand how such an accumulation of charges could increase the financing costs of our market to such unacceptable levels.

***BC*: Won't these sanctions weaken the DSX before the BVMAC, its competitor in the sub-region?**
SK: Absolutely not. You have to avoid seeing everything through the same sub-regional lens as only the most uninformed have this outlook. The government knows where they are in this process and is aware of what's left to be done to perfect the integration of both financial markets. The integration of the securities market in Central Africa is slowly making progress in the issuance of goods, Treasury bonds, and the primary placement of government-issued bonds. Bridges have gradually been created between both regulators and this allows both markets to handle their shares. However, much remains to be done. The work must continue unfailingly. The degree of overlap between our economies would make inaction suicidal. That said, the Cameroonian regulator's actions demonstrates that it is monitoring the market and deserves to be there.

***BC*: But won't these sanctions lead DSX users to think twice and, in so doing, don't they damage the stock exchange's credibility and discourage businesses from joining?**
SK: The FMC's decisions are debatable in terms of the motives behind them, but its monitoring of activity on the financial market,

The integration of the securities market in Central Africa is slowly making progress in the issuance of goods, Treasury bonds, and the primary placement of government-issued bonds.

including those of the stock market, is a sound indicator that the financial market is being regulated. This can only attract more investors and other users to the stock market. Indeed, the FMC's decision takes into account the issuers interests which should not be compromised by unorthodox billing practices. This regulatory activity must not, however, be punitive. It should be supported with strong education and coordination. That is the original definition of the word "regulate" which means "to maintain balance while ensuring proper functioning".

***BC*: Is it safe to say that these developments led the Ministry of Finance to decide in 2013 to choose the BEAC and not the DSX for its bond loan?**
SK: I'm not sure what impact this precedent had on the strategic choices of the Ministry of Finance. Besides, an attitude of resignation when faced with a dysfunctional market placed under its governance would seem to be an egregious error on its part. The incident itself alerted the monetary authority which must now do all it can to correct these institutional shortcomings and give the boost that the private sector has been waiting on for some time. One must instead consider that it is the need to adhere firmly to orthodox debt management principles that led it to go to the BEAC to raise funds quickly, to go from the weekly variable of Treasury goods to the two-year variable of Treasury bonds to stop the gaps in its finances. If the need for long-term investment financing were to arise, the Minister would look to the Cameroonian financial market once some order has been restored to that sector.

***BC*: What's the difference between the government-issued securities of the BEAC and the DSX?**
SK: These markets complement each other by making our financial system a vast market offering of debt instruments that go from short to long-term. The State and the major private issuers can also find resource capital to finance their long-term investments as well as cash flow problems which would otherwise negatively impact their operations. The two markets differ in terms of their operational approaches and regulatory systems. While the stock market focuses on people, the money market focuses on institutions. On the money market, treasury asset specialists intervene on own account. On own account purchasing isn't a typical activity done by stock exchange middlemen. It has to be properly structured. Therefore, one has to admire the activities of a multi-capacity bank in light of this double positioning process.

***BC*: What are the advantages and disadvantages of one or the other when issuing a bond?**
SK: States aren't allowed to issue debt instruments. The opening-up of the Treasury bill market to major private sector operators is yet to happen. Hence, for the State, the coexistence of both markets can only be advantageous. To stop the occasional gaps that often occur in State treasuries between the timing of deposits and withdrawals for public expenditure, the State can turn to the money market which is structured to meet only this kind of need. For the financing of government investment projects, as a matter of principle, money markets can't be used. It is the mandate of the financial market to mobilise long-term funding to finance long-term borrowing.

***BC*: With only three listed companies, what do you think is preventing the DSX financial market from taking-off?**
SK: There are some adjustments to be made. There are also a number of inadequacies accumulated over a decade that are glaringly apparent.

***BC*: What do you think should be done to make the DSX more dynamic, competitive and able to attract more companies?**
SK: It's a complex set of issues, but there is a solution. What is needed is real will to change things. We must remember where we're coming from. The market is the product of a strong commitment on the part of the government, which is what enabled is to go from the beginning stage to the actual launch without difficulty. If the government invests in the DSX with the same determination, there's no reason why the Cameroon stock market won't see a new era emerge.

Beaugas-Orain Djoyum

"The government-issued securities of the BEAC and the DSX complement each other by making our financial system a vast market offering of debt instruments that go from short to long-term."

"You have to avoid seeing everything through the same sub-regional lens as only the most uninformed have this outlook."

OTHER VIEWS

"We reduced listing costs and established more accessible introductory standards"

Managing Director of the Nigerian Stock Exchange (NSE), Oscar Onyema explains how his organisation reached a billion dollars in stock market capital by getting SMEs to join. His vision, which he presented to *Agence Ecofin* in Abidjan during the Africa Securities Exchange Association summit, could inspire more than a few stock markets.

Agence Ecofin: What did you take from the Africa Securities Exchange Association summit in Abidjan?
Oscar Onyema: African markets still suffer from a lack of liquidity and many stock markets don't really have a significant number of listed companies. We therefore had the possibility to find answers for all these problems, both from an overall point of view and also for specific issues. I was pleased with the exchanges we had in Abidjan.

AE: Do you think that the new resolutions taken in Abidjan will be enough to address, for example, the lack of stock market and investment culture that is holding Africa back?
OO: I agree with you perfectly. There's a lack of awareness about the added value that stock markets can bring to economic growth. This type of meeting enables one to show the possibilities that exist to interest individual or institutional investors more. For example, it was

shown that the fact that financial markets allow companies to raise funds and a bigger scale than banks. It also allows investors to benefit more from their placements because the returns on shares over the long-term are better than those of other financial products. It's up to us to communicate this and make others more aware of these various advantages and this is what we talked about a great deal in Abidjan.

AE: There has also been a lot of talk in Africa about financial market integration, especially in West Africa, but in this zone, Nigeria is pulling away…

OO: A lot of effort has been invested in financial market integration in Africa. A council (*West Africa Capital Market Integretion Council* – WACMIC) has been implemented for this purpose. Within this framework, we are in the process of defining the norms and common documents to be used in the development of shared communication channels. Our objective is that all listed companies on the West African market will more easily raise capital in the region. This will ensure that a broker can be registered in a given country and negotiate securities on all the region's markets. We believe that this level should provide the various sub-regional financial centres or even Africa as a whole with greater value.

For business, the advantage will be greater still because they will have the possibility of seeking financing from a potential pool of 290 million persons – the approximate population of West Africa. On the other hand, those who wish to invest will have the opportunity to do so with a larger number of listings. We're working hard on it. We think we can reach a decisive stage by next year (2014), while we conclude the deal on the access initiative to financial markets which will enable intermediaries registered to the BRVM to negotiate securities on the Lagos Stock Exchange through their counterparts registered with the NSE. In the second phase, common stock market passports would need to be established. At the same time, we will work to standardise the conditions for entering the stock market and we hope that once these first two steps have been achieved, the third for integration will be only a formality.

> ***"There's a lack of awareness about the added value that stock markets can bring to economic growth."***

AE: One of the challenges with integration will indeed be the standardisation of regulations on mandatory reporting by companies, an area in which the Lagos Stock Exchange has made some headway compared to the other two structures in the sub-region. What are the challenges associated with this disparity and how can they be overcome?

OO: It's a relevant question and indeed one of the issues preventing integration. This is why we need to standardise regulations. For this reason, we have a technical committee that is working on these questions. For example, on the specific point you raised, the said committee is looking into how to implement the *International Financial Reporting Standard* (IFRS). That will allow a collective understanding of financial data. We are working on it, but there's already a minimum standard that companies will meet through market integration.

AE: Since 2011, the NSE has been aiming to reach a trillion dollars in stock market capitalisation. How close are you to achieving that goal?

OO: We are diligently working on it. It's a question of attracting more initial public offerings with an increased number of products on our financial market, because we hope to reach the objective you mentioned by using a number of products: shares and fixed revived revenue. We have understood that the main catalyst to reach our objective is to have a maximum number of initial public offerings with solid companies. This depends not only on the financial market's capacities, but also on the entire economic ecosystem to work on this issue. When we made this projection, we thought that it would have involved everyone. The government should for its part create the right fiscal environment by eliminating, for example, the VAT on stock market transactions and by adopting tax incentives for companies wishing to enter the stock market. The intermediaries, for their part, have to be strong – developing more transactions on the secondary market which would be attractive for companies entering the stock market. Our stock exchange itself has to be a credible organisation with appropriate operational rules and guidelines. We've started our share of the work and encourage others to play their part. We continue to urge them in this direction and work with them so that we can all move forward together.

> ***"A lot of effort has been invested in financial market integration in Africa."***

AE: The NSE has begun a major campaign to encourage SMEs to

enter the stock market. How is that going? Why does there seem to be some reluctance?

OO: The project is advancing. We reconfigured our SME approach seven months ago and have made a number of changes such as putting in place a council of stock market intermediaries with whom interested SMEs can speak and receive support throughout their tenure on the stock exchange. We reduced the listing costs and established introduction norms to make the process more accessible. Today, our councillors (around 14) are on the ground to talk with these companies about the advantages and disadvantages of being on the stock market. However, before you enter the stock market, you need to be ready. What we've noticed is that most of our SMEs are not structured. For example, among the services available on the financial market is structural evaluation. It allows one to determine if a company is financially credible and competent. What we have unfortunately been finding is that the SME's promoter is also the financial and administrative head and this doesn't reassure investors in terms of how safe the company is for investment. Another thing that we are seeing concerns financial performance. In most cases, the SMEs don't necessarily have an accounting system that meets industry norms and standards. Today, we already have 10 SMEs and our objectives are still more ambitious. It's a complex challenge, but we're working on it.

"Our objective is that all listed companies on the West African market will more easily raise capital in the region. This will ensure that a broker can be registered in a given country and negotiate securities on all the region's markets."

AE: If you were to make a general appeal, what would you say?

OO: I think we met in Abidjan to talk about how money in Africa can go from those who have it to those who need it to finance public and private initiatives. We want to support government efforts to meet the government development goals. The capital market has shown that it can play this role.

Idriss Linge in Abidjan

THE MANY FACES OF THE DSX

Pierre Ekoule Mouangue: mission not accomplished

"The Douala Stock Exchange's aspirations depend on Cameroon's economic performance (…) The Douala Stock Exchange functions in accordance with international norms and intends to be a vehicle for growth by participating in local financial development while remaining open to the world." These were the remarks made by Pierre Ekoule Mouangue, the Managing Director of the DSX in 2006. Eight years later, each can come to his or her own conclusion: the mission is far from accomplished.

Eight years. That is how long Pierre Ekoule Mouangue has been head of the DSX. At 49, he officially assumed his post on 12th July 2005, during a ceremony presided over in Yaoundé by Polycarpe Abah Abah, then Minister of Economy and Finance (Minefi). Contacted several times during the preparation of this edition to define his plans for resuscitating the DSX, evaluate DSX's activities and respond to the recent FMC sanctions, Pierre Ekoule Mouangue preferred to remain silent, refusing to comment on anything at all.

The current Managing Director is purely a bank product. Indeed, Pierre Ekoule Mouangue started his long career in banking in 1990. That year, he was promptly promoted to head of human resources for the former Méridien Biao Bank, Cameroon. He would hold this post until 1992. In 1994, he joined Standard Chartered Bank. For six years, he acted as Secretary General assuming the posts of Human Resources Director, Chief Administrator, Board Secretary and secretary at shareholder general assemblies. Born on 5th July 1964 in Douala, the Managing Director holds a post-graduate degree (DESS) in specialised higher studies with a concentration in Management from Institut d'administration des entreprises (IAE) earned at Université de Bordeaux I, in France, and a Masters in Economic and Social Administration at Université Paris I, Sorbonne.

Hervé B. Endong

Jacqueline Adiaba: Banker and Trading Manager

At the head of the DSX market management, this former head of the SGBC is now the head of the Douala stock market. Jacqueline Adiaba plays a central role in Douala's Stock Exchange. All the front office operations fall under her responsibility, including financial and commercial operations. Overall, the Director of Markets has a wide array of missions. Foremost among them are: market regulation, the daily management of trading sessions, the management of initial public offerings and the dissemination of financial information. Ms. Adiaba has been filling these four missions since 2006. Discreet and humble, Jacqueline Adiaba seldom speaks about herself. She has spent most of her career at Société Générale de Banques au Cameroun (SGBC). This is the bank she left to join the DSX in 2002 as a colleague of the former Director of Markets, André Ekounda Fouda. After the latter's departure in 2006, she replaced him at the helm and has been in this position since then. And so, the second top post at the DSX is held by someone with a 100% banking background.

HBE

THE MANY FACES OF THE DSX

Omer Badang: the DSX's high tech source

Director of Information Systems (DIS) at the DSX for 11 years, this information systems engineer carries the technical structure of the Douala Stock Exchange on his shoulders. "*If the market doesn't open, it's entirely my responsibility*". Omer Badang is very aware of the enormity of his job at the DSX. "*I manage all back office activities – the technologies and technical operations of the market,*" he confessed, with a slight grin. In actual fact this is the lung of the DSX, if not the heart itself. The information technologies of the DSX are entirely in his care. This is why his office is located just beside all the technical equipment of the company as a precaution in the event of unpleasant surprises.

At the head of a multi-disciplinary team of four, the 44 year old engineer originally from the Mbam et Inoubou district is in charge of all stock market operations and technology management. He speaks about his duties with passion. "*My job is simple. It's all about IT. I coordinate the editing of the master plan, ensure the implementation of information systems strategies, contribute to the drafting of texts on market regulations and manage the centralisation operations of the primary market,*" he summarised. After working for four years in a company in Gabon, he returned to Cameroon in 2001 and started working at Orange Cameroun where he was recruited as Head of Databases and Development. He was there only four months before being recruited by the DSX.

HBE

AES-SONEL threatened with sanctions for its low-cost internet distribution project

The electricity company maintains that it has installed fibre-optic cables only for internal purposes, but telecom experts and regulators think otherwise based on the scale of the work being done.

The Telecommunications Regulation Agency (TRA) is threatening to impose sanctions on AES-SONEL, the public electricity provider, alleging that the latter has "*illegally*" installed fibre-optics in Cameroon and is accusing the company of planning to sell low-cost internet service. "*The threats of sanction are becoming more and more urgent and more and more meetings are being held as the Ministry of Telecommunications is closely following this matter,*" revealed a senior member of the TRA's staff in anonymity. The electricity company acknowledges that this is not the first time that the TRA is threatening to impose sanctions. "*Whenever talks between AES-SONEL and the TRA stall, these threats are thrown about.*" The American group, AES, owner of AES-SONEL, had installed above-ground fibre-optic cables on its utility poles, but this was problematic from a regulatory standpoint as, to date, fibre optic technology remains the exclusive right of CAMTEL, the long-standing telephone com-

pany. This applies despite the fact that the 005/MPT legislation of 18th May 2001 which granted CAMTEL the exclusive rights to installing fibre-optic cables between urban areas has since expired and has yet to be renewed.

700 KM OF FIBRE-OPTIC CABLES

In November 2011, after the installations were finished, AES-SONEL applied to the TRA for *"a level three licence"* to use a fibre-optic *"independent, private network"*. The group went on to explain that *"as a part of the implementation of its information and verification systems, AES-SONEL laid over 700 kilometres of 96-bit fibre-optic cables in over 12 localities, on its electricity distribution network."* An AES-SONEL executive had also explained to the technology publication, TIC Mag, that this fibre-optic technology had been installed *"to basically improve information systems processing which is getting heavier in terms of data by using our electrical network. Everything is above ground."*

But other telecom experts, including those of the Ministry of Telecommunications (Minipostel), allege that AES is planning to soon become either a fibre-optics carrier or fibre-optic internet provider. "*You don't install 700 km of fibre-optics just for internal communication,*" quipped some. Minpostel had asked AES-SONEL to focus on electrical energy distribution and to handover the surplus fibre-optic cables to the State. Negotiations are currently underway between the government, AES-SONEL and the TRA to figure out how the additional fibre-optic capacity should be used. The talks promise to be intense as the stakes are high.

POWER LINE TECHNOLOGY

AES-SONEL is alleged to have made a new request for authorisation from the government to lay 300 km of additional fibre-optic cables. According to some sources, the American group has already begun to use the technology internally, and has offered access to third-parties needing a broad bandwidth. This led the TRA to issue a warning to internet providers to be vigilant and prudent. "*The TRA wishes to advise businesses in the telecommunications sector that AES-SONEL and Creolink Communications do not hold the necessary licences to establish and sell transmission capacity and urges all parties to be vigilant in the leasing of the said services being sold by these companies,*" stated the regulator.

Some sources at AES-SONEL confirm that the company does indeed plan to free-up access to telecommunications, internet and cable services (TIC) and hopes to sell low-cost internet to the Cameroonian people. "*We wanted to provide basic internet and were in negotiations. Whenever the talks stalled, the TRA threatened us with sanctions. We just wanted to bring broadband over power line* (technology that allows the transmission of dial-up or broadband on electrical lines by using advanced modulation techniques referred to as BPL) *to Cameroon,*" explained the AES-SONEL executive. With this technology, populations on the electrical grid would easily be able to have internet access with the installation of a simple device.

Some sources at AES-SONEL confirm that the company does indeed plan to free-up access to telecommunications, internet and cable services (TIC) and hopes to sell low-cost internet to the Cameroonian people.

500 MILLION FCFA

According to Minpostel, telecommunications distribution is a public service, which is why CAMTEL has been licensed for this purpose. Six months ago, the TRA reminded AES-SONEL that "*the establishment and sale of telecommunications to the general public or for private usage requires authorisation from the Ministry of Telecommunications, under the counsel of the TRA, in order to ensure the even development of such networks across the country.*" According to the 2010 Electronic Communications Act, the implementation and sale of electronic communications is a franchise and must therefore be approved by the Head of State. Any action that violates this guideline is subject to a penalty ranging from 100 to 500 million FCfa as stipulated in article 69 of the Act. Yet, the American group had laid fibre-optics without government approval. Sources have indicated that the Office of the President, which has been participating in these meetings, is keen on ensuring that this law is strictly obeyed.

"The threats of sanction are becoming more and more urgent and more and more meetings are being held as the Ministry of Telecommunications is closely following this matter"

Beaugas-Orain Djoyum

FINANCE

Ecobank named best bank in Cameroon by the *Financial Times*

Ecobank Transnational Inc.'s Chief Executive Officer Thierry Tanoh

The annual ranking magazine The Banker, a part of the Financial Times Group, has named Ecobank as number one in five African countries: Burkina Faso, Cameroon, Liberia, Mali and Niger.

Commenting on the pan-African bank ranking in Cameroon, The Banker notes that the country still has remnants of the international financial crisis of 2008-2009, but the British publication affirms that, despite this environment, "*Ecobank Cameroon has proven that it can make solid returns, even in that market.*"

The proof is evident in the bank's shares rising to 304 billion F.CFa (613 million USD) at the end of 2012 which is more or less similar to its performance in 2011. "*Ecobank Cameroon's net profits significantly increased by 100% to 1.65 billion F.CFa*" for the same period.

Meanwhile, we are learning that "*the bank's cost-revenue ratio moved from 57% to 53%, showing that its efforts to improve efficiency paid off.*"

Ecobank Cameroon is among the top best performing banks in Cameroon which, collectively, account for 75% of the deposits and loans on the national banking market.

The pan-African bank has also done well over the years by improving its product offering, particularly in mobile banking, payment cards and securing its internet services.

BRM

TOTAL RANKING

Algeria	Citi Algeria
Angola	Banco Angolano de Investimentos
Benin	Bank of Africa Benin
Botswana	Standard Chartered Bank Botswana
Burkina Faso	Ecobank Burkina Faso
Cameroon	Ecobank Cameroon
Côte d'Ivoire	Standard Chartered Bank Côte d'Ivoire
DR Congo	Trust Merchant Bank
Djibouti	CAC International Bank
Egypt	Commercial International Bank
Ethiopia	Dashen Bank
Gambia	Standard Chartered Bank Gambia
Ghana	Ghana Commercial Bank
Guinea	International Commercial Bank Guinea
Kenya	Kenya Commercial Bank
Liberia	Ecobank Liberia
Mali	Ecobank Mali
Mauritius	State Bank of Mauritius
Morocco	BMCE
Mozambique	Millennium BIM
Namibia	First National Bank of Namibia
Niger	Ecobank Niger
Nigeria	Zenith Bank
Rwanda	I&M Bank Rwanda
Senegal	UBA Senegal
Sierra Leone	International Commercial Bank Sierra Leone
South Africa	Nedbank
Swaziland	Standard Bank Swaziland
Tanzania	National Microfinance Bank
Tunisia	Banque de Tunisie
Uganda	Crane Bank
Zambia	Standard Chartered Zambia
Zimbabwe	Standard Chartered Zimbabwe

Approaching the opening of the IBRD to Cameroon

The World Bank headquarters in Washington, DC

Accustomed to receiving financing from the IDA (International Development Association) of the World Bank, Cameroon plans to open an agency of the IBRD (International Bank for Reconstruction and Development) – another institution of the World Bank group.

This was the information that followed a working session that happened in December in Yaoundé attended by Véronique Kessler, Principal Economist of the World Bank, and senior officials of the Cameroonian Ministry of Economy.

Unlike IDA loans which are granted at concessional rates (usually below 1%), IBRD loans are non-concessional, but allow for long-term reimbursement.

Virtually strangled by debt before the commencement of the HIPC (Heavily Indebted Poor Countries) initiative in 2006, Cameroon now has a relatively fair credit rating thanks to financially intensive major projects being undertaken.

Officially, the GDP-debt ratio is currently 18%, while the norm in place in the Economic Community of Central African States (CEMAC) zone authorises debt of up to 70% of GDP.

SCB Cameroon opens American market doors to its customers

Mohamed El Kettani, Attijariwafa bank CEO

Société commerciale de banque (SCB Cameroun), the local subsidiary of Moroccan group Attijariwaffa Bank will now have the option to access co-financing for their projects in the energy sector by US Eximbank through the "Power Africa" initiative implemented by US President, Barrack Obama.

The Cameroonian subsidiary of the Attijariwafa Bank group will enable its customers, particularly SMEs and SMIs to secure financing for their supplies from the United States via US Eximbank.

According to a press release issued by SCB Cameroun, this development is the result of an MOU signed on November 21, 2013 in Washington DC between Attijariwafa Bank and US Eximbank.

For Attijariwafa, this is a "*strategic partnership which will encourage trade and investment between Africa and the United States,*" through the Moroccan banking group's network across Africa.

The partnership should enable other African countries to receive American investment which has previously gone primarily to South Africa (361 billion FCfa out of a total of 1.550 trillion FCfa) and Angola (350 billion FCfa).

According to Attijariwafa Bank, experts anticipate "*greater geographical diversification in the years to come in light of the potential for GDP growth and the improvement in the business climate of several countries in Sub-Saharan Africa.*"

PUBLIC MANAGEMENT

Cameroonian members of parliament will adopt the 2014 budget of 3.312 trillion FCfa proposed by the Executive

In the early morning of December 8, 2013, the Cameroonian National Assembly adopted the State's 2014 budget in the amount of 3.312 trillion FCfa. This was the budgetary package proposed by the Cameroonian government a few days earlier.

This budget provides for 2.009 trillion FCfa in operational expenditure (62%), which marks a 44 billion FCfa increase compared to the 1 trillion FCfa for investment expenditure (30.9%) which is an increase by 43 billion FCfa relative to that of the previous year.

In terms of revenue, internal income is expected to be 2.983 trillion FCfa, including 718 billion FCfa in oil earnings, 1.985 trillion in revenue from customs and taxation, 329 billion FCfa from external resources and 280 billion FCfa from government securities.

The 2014 budget is up by 76 billion FCfa relative to 2013 which marks an increase that is "only apparent", according to the Cameroonian government in the sense that it includes additional expenditures such as the salaries of senators, traditional chiefs and around 7,000 newly recruited government employees.

Cameroon is closing 2013's securities operations with a 15 billion F.CFa bang

According to Banque des Etats de l'Afrique centrale (BEAC – Central African States' Bank), on December 4, 2013, Cameroon will issue assimilatable treasury bonds with a maturation period of 52 weeks for a total sum of 15 billion F.Cfa.

Based on the programme published at the start of the year by the Cameroonian Minister of Finance, this will be Cameroon's last activity on the central bank's securities market for the 2013 budget period.

One must however note that, in raising the 15 billion F.Cfa, Cameroon will have mobilised 105 billion F.Cfa for the issuance of assimilatable treasury bonds, as opposed to the 100 billion F.Cfa provided for in the Finance Act of 2013.

If the December 4, 2013 adjudication is successful, Cameroon will have raised a total of 130 billion F.Cfa this year on the BEAC market with 105 billion F.Cfa owed to assimilatable treasury bonds and only 25 billion F.Cfa amassed through treasury bonds.

In 2014, the Cameroonian government plans to raise 280 billion F.Cfa by issuing securities on the BEAC market, of which 180 billion will be in treasury bonds and 100 billion in assimilatable treasury bonds.

INSURANCE

Cameroonian Insurer, GMC Ltd., to increase its social capital

Cameroonian insurance company, Garantie Mutuelle des cadres (GMC Ltd.), should increase its social capital by way of an extraordinary general assembly that was held on December 31, 2013 in Douala.

This was announced via press release by GMC Board Chairman, Henri Job. The company is managed by former Insurance Company Association president, Jean Victor Ngué.

Originally created as Mutuelle d'assurance in 1990, GMC became a limited company in 2003 to meet the requirements of the Inter-African Conference on Insurance Markets (CIMA in French), the regional regulator (Central and West Africa) with social capital of 1.139 trillion FCfa.

According to Jean Victor Ngué, the company's General Manager, GCM "*has over 5,000 shareholders who are almost all founding members of this mutual insurance entity.*" However, the board's press release specifies that only shareholders with at least 10 shares may take part in the December 31, general assembly.

The company specialises in individual, health, professional hazard and micro-insurance for mutual societies and associations.

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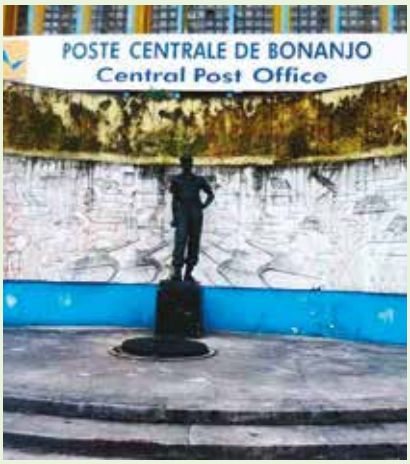
Jean Victor Ngué, General Manager of GMC

Campost joins Allianz Cameroun to provide insurance services

According to sources at Cameroon Postal Services (CAMPOST), the public operator of the Cameroonian public sector has just sealed a deal with the insurance company, Allianz Cameroun – a partnership to provide insurance services.

This will include a traditional car insurance product called "Campost-Auto", "Campost-Retraite", a bank insurance service that enables subscribers to use capital upon retirement and "Campost-individuelle Accidents" to cover personal and professional injury.

This partnership is an integral part of Campost's restructuring plans after rising from the ashes of Sonaposte which, itself, was the result of a merger between Cameroon's postal service and its financial division, Caisse d'épargne postale (CEP), which declared bankruptcy in 2003.



Created in 2004, Campost has been led by a Sofrepost team thanks to a technical assistance contract signed with the Cameroonian government with the aim to restructure the public postal service.

But before Sofrepost, Campost had received the expertise of the Canadian firm, Tecsult International Ltd. which had concluded the technical assistance contract by leaving a 2 billion FCfa hole in the Cameroonian company's books. This development was later attributed to alleged embezzlement implicating Jean Louis Esposito, the company's CFO as the money turned-up in Tecsult's briefcases.

On January 5, 2012, the Mfoundi Regional Court in Yaoundé rendered its verdict in this case, finding Tecult International Ltd. "civilly liable" for the embezzlement. The six defendants (including Mr. Espositio) were sentenced to reimbursing over 2 billion FCfa to the Cameroonian postal company.

BRM

AGRO

Thailand is Cameroon importers' largest rice provider

According to the general management of Cameroon's Ministry of Finance, rice consumed in that country is mainly imported from Thailand where 52% of rice imports originated in 2012.
The other rice producers in Cameroon are India (26.9% of imports), Vietnam (16.6%) and Pakistan (2.7%). In 2012, the four rice-exporting countries shared 156 billion FCfa spent by Cameroonian importers.

The national rice demand in Cameroon is officially estimated at 300,000 tonnes for national production amounting to only 100,000 annual tonnes.
This rice production is realised on approximately 44,000 hectares covering mainly the North-West and Extreme North regions in Cameroon. According to the Ministry of Agriculture, some 145,000 farmers produce this crop.

Rice imports rise by 8.9% in Cameroon

According to the latest figures released by Cameroon Customs, rice imports reached 552,000 tonnes in 2012 compared to 507,000 the previous year making it an increase of 8.9%.
According to our sources, these imports cost 156 billion FCfa as opposed to 135 billion FCfa in 2011 which is a 17% increase in imports. In addition, in 2012, rice represented a little more than 6% of total oil imports outside of Cameroon.
Rice is among the most consumed staples in Cameroon with an average consumption of around 11,180 FCfa per capita and per annum in urban areas. This is the household survey (Ecam 3) finding by the National Institute of Statistics (INS in French).
But with an annual national production below 100,000 tonnes of rice paddies (generally sold in Nigeria), Cameroon essentially covers its rice demands through imports as the national demand is officially estimated to be 300,000 tonnes.
Since the February 2008 hunger protests, the Cameroonian government exempted rice from customs duties to maintain a relatively low price on the market. This can explain the growth in imports seen over the last few years.
The surplus imports is generally re-exported to neighbouring countries such as Gabon and Equatorial Guinea where prices are also more attractive.

Cameroon could fix its corn production deficit in 2014

According to official channels of the Ministry of Agriculture, thirty-five fields spread across Cameroon are to produce a January 2014 harvest of around 900 tonnes of improved corn with a production capacity of 20 kg per hectare.

Sources also informed this publication that if all the seeds produced on public and private farms are made available to farmers and are efficiently used, the country should be able to cover its current corn production by 2014.

Indeed, officially, Cameroon's national corn production is approximately 1.8 million tonnes for a national demand estimated at around 2 million tonnes (taking into account the needs of the local brewing industry) which is a production deficit of 200,000 tonnes. This production deficit is generally attributed to the traditional seeds used instead of the improved seeds which offer higher yields.

The projected increase in national corn production should be good for local poultry farmers and breweries as they are now obliged to import corn to meet their business needs.

For example, the constant rise in the price of corn on the Cameroonian market over the last few years due to production shortfalls has contributed to the rise in the base price of chicken as corn accounts for 70% of the feed for the chickens.

78 tonnes of pluvial rice seeds available to boost Cameroonian production

Only two years after the 2011 start to the Ministry of Agriculture's pilot programme, the Cameroon Bimodal Humid Forest Area Upland Pluvial Rice Farming Development Project (PRODERIP in French), sources say 78 tonnes of pluvial rice seeds have been produced and are available for 6,000 farmers already trained in this new approach to rice cultivation.

With a budget of 1.5 billion FCfa and technical support from the Japanese Development Agency (JICA), the project's lifespan has been extended from 3 to 5 years due to the encouraging results that have already been attained.

According to PRODERIP, the objective of this extension, is to surpass the target of 9,000 farmers trained in pluvial rice farming as this technique allows rice to grow in firm soil instead of being limited to heavily irrigated areas as is the case with traditional seed varieties.

Furthermore, PRODERIP experts highlight that pluvial rice cultivation, which has a current national production rate of 48,000 tonnes, is less difficult. The Ministry of Agriculture notes, for example, that a farmer can invest 500,000 FCfa to cultivate one hectare of pluvial rice compared to 4 million FCfa for the same surface area of irrigated rice.

Implemented in Cameroon's rice production basins, which include the Extreme North, West and North-West regions, and thanks to pluvial rice farming becoming more and more widespread, PRODERIP hopes to bring Cameroonian rice production to around 700,000 tonnes by 2020, compared to the current 100,000 tonnes.

Small-scale farmers contribute very little to local production in the West and North-West regions, but production can be improved though the Society for the Modernisation of Yagoua Rice Cultivation (SEMRY in French) which sells most of its produce to Nigeria.

Due to this production deficit on one hand, and the paddy exportation of national production to Nigeria on the other, Cameroon only meets its national demand for rice (estimated to be around 300,000 tonnes) through imports which cost 156 billion FCfa in 2012, according to Cameroonian Customs figures. These imports are primarily from Thailand (52% of imports), India (26.9%), Vietnam (16.6%) and Pakistan (2.7%).

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Government projects afoot to supply Guinness Cameroon with corn, sorghum and cassava

On December 17, 2013, Cameroon Minister of Agriculture, Essimi Menyé, and Baker Magunda, General Manager of Guinness Cameroon, the local subsidiary of Agriculture Diageo, penned a delivery agreement with the brewing company to supply raw goods such as corn, sorghum and cassava.

Delivery will be ensured thanks to the Agricultural Development and Investment Project (PIDMA), implemented by the Cameroonian government and financed up to 50 billion FCfa thanks to the World Bank's financial competition.

Essentially, government project beneficiaries will be able to negotiate delivery contracts beforehand with Guinness Cameroon (which imports 80% of raw goods and wishes to reduce these imports by 50% by 2015) or other potential buyers before starting production. This guarantees not only the production flow, but also a certain level of income.

Scheduled to begin in June 2014, PIDMA plans to meet annual agro-industrial demand for corn (200,000 tonnes), sorghum (30,000 tonnes) and cassava (1.5 million tonnes).

The Haute Sanaga could become Cameroon's next bread basket with an annual production of 12,470 tonnes of corn

The Haute Sanaga department, in the central region of Cameroon, could become the next bread basket of Cameroon and even Central Africa thanks to considerable natural assets there for cereal production. This is the plan of Yaouba Abdoulaye, Deputy Minister to the Cameroonian Minister of Economy, when he recently launched Corn Agropole in Nkoteng and Lembe-Yesum.

As of 2014, this agricultural project should enable 2,770 tonnes of corn production per annum compared to the current 765 tonnes. With a total amount of 1.6 billion FCfa, Nkoteng and Lembe-Yesum's Corn Agropole is financed to the tune of one billion FCfa by five corn producers who received 600 million FCfa in support from the State in the form of engines, agricultural inputs and upgrades to the production site.

The project is the second of its kind to be launched in the Haute Sanaga department after that of Mbandjock where activities began in June 2013. This investment by Western Farms aims at achieving an annual corn production estimated at 9,700 tonnes. In total, 12,470 tonnes of corn will be harvested in the Haute Sanaga department, making this part of the country an important region for corn production.

Global cocoa supply is down by 160,000 tonnes for 2012-2013

Inviting young Cameroonian youth to be more interested in cocoa cultivation during the International Cocoa Festival (Festicacao 2013), which came to a close on November 30, 2013 in 5 production basins in Cameroon, Jean Marc Anga, executive director of the International Cocoa Organisation (ICCO), revealed that the global cocoa pod supply for the last season has slumped by 160,000 tonnes.
Indeed, global cocoa production during the 2012-2013 season was 3,931 million tonnes for an estimated demand of 4,091 million tonnes. This demand, projects the ICCO, should reach 4.4 million tonnes by 2018.
71% of the global production came from Africa (2,813 million tonnes), of which 225,000 tonnes for Cameroon according to the ICCO, compared to 16% for Latin America (618,000 tonnes) and 13% for Asia and Oceania (500,000 tonnes).

Cameroon named "Country of Honour" for the FITUR 2014 tourism fair to be held in Madrid in February

From February 20-26, 2014, Madrid, Spain will be home to the FITUR 2014 Fair and the Tourism Forum on Investment and Business Opportunities in Africa – Investour. According to the Cameroonian Ministry of Tourism, Maïgari Bello Bouba, which announced the holding of these events, Cameroon has been named "Country of Honour" for both major gatherings on global tourism.
In addition, Minister Bello Bouba is inviting Cameroonian tourism sector operators to participate in these meetings which are, he emphasises, an opportunity "*for operators with projects to talk and make contacts with potential partners from the Iberian Peninsula.*"
Despite an immense wealth of tourism attractions, tourism officially represents only 1% (181 billion FCfa in 2012) of Cameroon's GDP. According to Ministry of Tourism figures, Cameroon, who received the status of "tourism destination" from the WTO in 2010 (500,000 tourist visitors per year), welcomed 817,000 visitors in 2012, compared to 604,052 in 2011. This is an increase by 200,000 tourists.

TRADE

In 2011-2012, China became Cameroon's first customer, while Nigeria remains its main supplier

According to figures from the Economic Affairs Directorate (DAE in French), a division of the Ministry of Finance (as indicated in its 2013 report on Cameroon's economic, social and financial outlook), in 2012, China became Cameroon's first bilateral customer by being the destination for 15% of Cameroon's exports, surpassing Spain and the Netherlands (which consumes 70% of the cocoa produced in Cameroon – as indicated to the Ministry of Trade), Cameroon's first two customers in 2011.

In descending order, other Cameroon customers in 2012 were Portugal (11.8% of Cameroon exports), the Netherlands (11.3%), Spain (11.2%) and France (8.6%). The United States and Nigeria finish the list with 4.2% and 3.5% of Cameroonian exports.

The same source reports that Nigeria became Cameroon's leading supplier

in 2011 and 2012 by respectively providing 22.6% and 17.8% of imports; far ahead of France's 12.8% and 11.8% and China's 10.8% and 10.4% for the same periods.

These latest figures could be greater as Nigeria is also one of the main exit points for the contraband flooding the Cameroonian market as is apparent in several studies conducted by Groupement interpatronal du Cameroun (Gicam).

But, most importantly, these Ministry of Finance figures reveal that, in its trade exchanges with various foreign partners, Cameroon had an estimated deficit of 602 billion FCfa in the first quarter of 2013 – a phenomenon that was sustained throughout the year.

Trade between Cameroon and Canada up by 41% in two years

Speaking at a one-day talk held during the second edition of PMExchange (the major meeting of Cameroonian SMEs) which closed on December 7 in Douala, Canadian High Commissioner to Cameroon, Benoît-Pierre Lamarée (photo), revealed that trade between Canada and Cameroon went from 18 to 25.5 billion F.Cfa between 2010 and 2012, marking an increase of 41.6%.

The most dynamic trade sectors are agro-foods, pharmaceuticals, infrastructure and mining, mechanical equipment, textile as well as lumber and wood by-products.

This growth in trade between Cameroon and Canada is due to governmental agreements that aim to boost cooperation between the two countries and is also encouraged by private initiatives that have blossomed in Canada and in Cameroon.

One such case is Forum Africa, a bi-annual event held by the Afrique Expansion group, an arm of the Geram Communications office of Gerba Mallam, which has been connecting Canadian and African operators. Salon Promote is a similar bi-annual event held in Yaoundé, Cameroon's capital, which receives one of the largest Canadian delegations.

DEVELOPMENT

ADB donates over 2 billion FCfa to Cameroon for rural infrastructure in the Northwest

Cameroonian Minister of Economy, Emmanuel Nganou Djoumessi (photo) and the resident representative at the African Development Bank (ADB) in Cameroon, Racine Kane, signed two agreements for a loan and a donation with a combined value of 12 billion FCfa on December 16, 2013.

The 10.4 billion FCfa loan, combined with a 2.3 billion FCfa donation, will enable the financing of phase 2 of the Grassfield project which aims to provide the Northwest region of Cameroon with rural infrastructure and agricultural projects to fight poverty.

The first phase of the Grassfield project implemented between 2005 and 2011 enabled the generation of over 5 billion FCfa in income for project beneficiaries to improve 300km of roadway and increase commercialised agricultural production by close to 60%.

The ADF will finance rural infrastructural development in Cameroon to the tune of 10 billion F.Cfa

On December 2, 2013, Cameroonian Head of State, Paul Biya, published a decree authorising the Minister of the Economy, Emmanuel Nganou Djoumessi, to sign a loan agreement with the African Development Fund for a little over 10 billion F.Cfa. This money will enable the financing of the second phase of the "support project for rural infrastructure and participative development in the Grasslands."

On the same day, President Biya also published his decree for the ratification of a 52.4 billion F.Cfa loan from the Netherlands group, CDS Private Equity Ltd, to finance the relaunching of cocoa/coffee farming in Cameroon.

Germany has raised its development aid to Cameroon by 11%

For the three year period of 2013-2016, Germany will be providing the State of Cameroon with 110 billion F.Cfa in development aid. This sum is 11% higher than the 99.5 billion F.Cfa of the previous period of 2011-2013.

This was revealed on December 3, 2013 in Yaoundé at the start of intergovernmental negotiations between Cameroon and Germany; a meeting that aims to come to agreement on projects to be financed over the next three years.

From this point of view, Germany's new financial support for Cameroon will integrate a rural development component in addition to the financing of the decentralisation process as well as health and governance – the traditional areas in which Cameroon and Germany have collaborated in the last few years.

A Summit for Peace and Security in Africa on December 6-7, 2013

Upon invitation by French Head of State, François Hollande, President Paul Biya of Cameroon took part in the Summit for Peace and Security in Africa held on December 6-7, 2013 at Elysée Palace in Paris, France.

This meeting was held only days after the Central African military's attack in Gbiti in Eastern Cameroon. The military strike carried out on the night of November 16-17, 2013 caused 5 casualties within the Central African military loyal to army chief Abdoulaye Miskine and one death among the Cameroonian military forces that counter-attacked.

On the night of August 19-20, 2013, men of Seleka, the name of the rebellion that claimed power in Central Africa in a coup against the François Bozizé regime on March 22, 2013, had attacked the border post of Toktoyo in Eastern Cameroon, riddling station head, Officer Dallé Ngando, with bullets.

THE THREAT OF BOKO HARAM

Cameroon is now suffering the consequences of the decline in security and social welfare in the Republic of Central Africa since the coup d'état of March 22. To address this occurrence which poses a real threat to the Central African region as a whole, Cameroon has already sent over 500 Cameroonian soldiers who are now on the ground in Bangui. Cameroonian Brigadier General, Tumenta Chomu Martin was appointed Commander of the African-led International Support Mission to Central Africa (MISCA in French).

Alongside these border threats with the RCA, Cameroon, in the Extreme-North region, must face not only road cutters who are frequently from neighbouring Chad, but also the Boko Haram threat – the Islamist group that has been terrorising Nigeria and is also responsible

Cameroon is now suffering the consequences of the decline in security and social welfare in the Republic of Central Africa since the coup d'état of March 22.

Boko Haram threat – the Islamist group that has been terrorising Nigeria

for kidnapping the Moulin-Fournier family in Cameroon which was later freed after two months in captivity. They also kidnapped Georges Vandenbeusch who was released on the last days of 2013.

The Cameroonian Head of State held an important summit in June 2013 on securing the Gulf of Guinea which was attended by 10 African Heads of State.

On its maritime coast, Cameroon regularly falls prey to piracy which spreads across the Gulf of Guinea. To counteract this phenomenon, the Cameroonian Head of State held an important summit on securing the Gulf of Guinea which was attended by 10 African Heads of State.

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CLEAR AND PRESENT DANGER

Before being released, the cleric Vandenbeusch had been held hostage for seven weeks by Islamic militants in Cameroon.
He was greeted by the french president Hollande on the tarmac of the airport near Paris as he stepped off the plane, smiling and looking relaxed on January 1st 2014.
Vandenbeusch, who is 42, had been kidnapped on November 13 by heavily armed men who burst into his parish at night in the far north of the central African country and took him to neighbouring Nigeria.
Hollande praised Vandenbeusch but also warned other Frenchmen and women in high-risk areas around the world to take care and avoid putting themselves at risk of being abducted.
Vandenbeusch, who was also greeted by loved ones, said he had not been mistreated by his captors despite being kept in "rustic conditions".
The radical Islamist movement Boko Haram claimed responsibility for holding the French priest soon after he was kidnapped.
There are still six French people being held hostage in Mali and Syria, and Hollande also reiterated his support for their families.

TIC

Viettel defers Cameroon launch by a few months

Mobile telephone operator, Viettel, has postponed its launch by a few months. Initially anticipated for January 2014, the new Vietnamese provider's 3G services probably will not be available to Cameroonians until March.

Viettel needs more time than the 12 months to which it had agreed when it inked the deal with the government in December 2012. The company has not finished putting in infrastructure in the 10 regions and completing the networks that will be required. Constraints associated with the location of some areas for the installation of pylons and antennae and contract negotiations in various regions are also to blame for the delay.

To make a big splash in the telecom market now dominated by MTN and ORANGE, Viettel wants everything to be just right. The company signed-off on the use of 200 billion FCfa to cover the 81% launch of 2G and 3G services as well as to increase this coverage to 95% in three years. The telephone company's 8-digit numbers will start with 6.

Cameroon: YooMee launches its on-line directory of national companies

The ici.cm website was presented on December 12 in Douala, Cameroon. It is the fruit of Yoomee Africa AG's internet providing subsidiary, Yoomee Cameroon's development teams' efforts. This new virtual platform groups businesses operating in Cameroon by category and activity.

The new directory allows for access in a single click to various industries such as art & craft, agriculture, banks, beauty, education, health, transportation, public services, restaurants, bars and more. It is a promotional space that provides free membership. Information on businesses can be published there on a voluntary basis.

According to Dov Bar-Gera, CEO of YooMee Africa AG, ici.cm "will be the number 1 way to discover Cameroonian know-how." YooMee Cameroon estimates that "5,000 businesses have already registered."

BUSINESS

GICAM's André Fotso says, "2013's end-of-year outlook is mixed"

During the 116th General Assembly for Groupement interpatronal du Cameroun (GICAM) held on December 12, 2013 in Douala, André Fotso (left on photo), president of the oldest entrepreneurial group in the country, stated that "2013's end-of-year outlook is mixed" for economic operators.

To elaborate his point of view, GICAM's president lamented the country's growth rate which remains at only 4.8% compared to the forecast of 6.1% at the start of the year. According to him, Cameroon has only gained 0.2 growth points this year relative to 2012. "*We were hoping for at least 1 point of growth following the efforts made by both private and public sectors,*" he affirmed.

In addition, GICAM's president lambasted once again the government's long payment delays for work completed by Cameroonian businesses – a phenomenon that significantly impacts their financial good-standing. For its part, the Ministry of Finance is pleased that the payment delay which previously averaged 90 days has now been reduced to only 60 days.

However, André Fotso expressed the Cameroon business community's satisfaction with the commenced construction of the second Wouri River bridge which had its cornerstone laying ceremony on November 14, 2013, presided over by President Paul Biya.

"*The construction of the second Wouri River bridge is a part of the major infrastructural improvements intended to facilitate transportation in our country. Completed with the improvement of the main entrances of East and West Douala, it will make crossing our economic centre easier and faster, thus saving time and contributing to the competitiveness of our businesses. More generally, the bridge will strengthen Douala's position as the main economic platform of Cameroon and the sub-region,*" declared Cameroon's Head of State during the November 14 ceremony.

In this period of good tidings, the members of GICAM also learned that the pipeline of Rodeo Development, the company that manages the Ndog-Passi natural gas-processing factory in Douala will soon be extended to the Bonabéri industrial zone to enable businesses in this area of Douala, such as those in the Bassa district, to be supplied with natural gas which is an easier energy source for their activities.

Cameroonian businesses receive 52 billion FCfa of VAT credits from the State

According to GICAM president, André Fotso, the VAT that the State must return to Cameroonian business at the end of the 2013 budgetary period is estimated at 52 billion FCfa, of which only 12.5 billion FCfa have already been validated and are awaiting payment.

GICAM highlights that this recurring situation is harmful to businesses in the sense that it encumbers their finances which can have further consequences. That said, the Ministry of Finance has been explicit about the unavailability of funds to effect VAT reimbursement.

In Cameroon, the General Tax Code provides for a compensation mechanism for the balance between the VAT paid by businesses upon the acquisition of their goods and services and that collected by the latter from their customers.

According to a tax expert, this balance can be used for later VAT payments, but, in such cases, the business can request reimbursement from the State to reduce its financial strain. However, the business must expressly make the request under certain conditions.

The tax authorities provide the example of cumulated quarterly VAT credits of applicant companies which must be at least 10 million FCfa. In addition, businesses seeking reimbursement for paid VAT must ensure that they owe nothing to the State in terms of taxes and other deductions.

ENERGY

Cameroon seeks 23 billion FCfa to finance Memvé'élé Dam

According to the release on the 50 billion FCfa in bonds that Cameroon launched in December 9, 2013, the construction of the Memvé'élé Dam in the southern region is on the list of projects to be financed.

Indeed, through this fundraising call which ends on December 23, 2013, the Cameroon government plans to invest 23 billion FCfa in this project.

With a production capacity of 201 MW and underway since June15, 2012 when its construction was first launched by Cameroon Head of State, Paul Biya, the Memvé'élé Dam is scheduled to commence service in 2016.

Being built by the Chinese company Sinohydro for a total amount of 420 billion FCfa, this energy infrastructure is financed up to 243 billion FCfa by Eximbank of China, 65 billion FCfa by Cameroon and 112 billion FCfa by the African Development Bank (ADB). The project is to be completed in 54 months.

The rights to transport Chadian oil in Cameroonian generated over 7 billion F.Cfa in 2013

Between January 1 and November 15, 2013, a total of 26.5 million barrels of crude oil have been piped between Cameroon and Chad. This enabled the Cameroon Treasury Department to garner over 7 billion F.Cfa in transport rights. This was revealed by the Steering and Follow-up Committee for Pipelines (CPSP in French) in a press release received by *Agence Ecofin*.

According to the CPSP, this sum was also calculated on the basis of the former price of (0.41 dollars per barrel) for the first 9 months of the year as the new price (1.30 dollars per barrel) only came into effect as of September 30, 2013.

Indeed, on October 29, 2013, the State of Cameroon and the Cameroon Oil Transportation Company (COTCO), the company that manages the Cameroonian side of the Chad-Cameroon pipeline, signed a rider to the establishment agreement of CTCO to adjust the oil transportation rights of Chadian oil on Cameroonian land. The adjustment tripled the original figure.

The CPSP also announced that oil transport contracts for two other transporters operating in Chad have been finalised. They are Griffiths from Canada and China National Petroleum Corporation International Chad (CNPCIC) from China.

With the Mvia oil field's debut, Cameroon anticipates increased oil production in 2014

On November 30, 2013, before the Finance Commission of the National Assembly, the Cameroonian Minister of Finance, Alamine Ousmane Mey, revealed that the country plans to increase oil production by 30 million barrels to achieve 718 billion F.CFa in earnings. He also added that the 2014 Finance Bill is currently being reviewed by members of parliament.

Production should therefore increase (on October 31, 2013 production was officially 19.7 million barrels) with the offshore production début of the Myia oil field in the Douala-Kribi-Campo Basin. Indeed, according to the National Hydrocarbons Company (SNH in French), it has been operational since November 2013.

We can recall that, from 2009 to 2011, Cameron's oil production fell from 26.8 million to 24.1 million barrels. This represents a decline of 5.4 million barrels in 2 years. Since 2012, the SNH has observed an increase in national oil production which had been forecast to reach 24.4 million barrels in 2012. Crossing the finish line, only 22.5 million barrels had actually been produced based on SNH figures. This amounts to 2 million barrels below initial projections.

The suspension of activities to SONARA throws-off "super" fuel distribution in Cameroon

For several days in December, gas station reservoirs in Yaoundé and Douala have been "super" dry. Commuters who do not use diesel, which was still available, were at times obliged to roam the city aimlessly just to fill-up.

At the Cameroonian Association of Oil Depots (SCDP in French), sources suggest that the loading of truck tankers has been interrupted for several days only to be followed by fuel rationing - much to the dismay of oil product distributors.

When asked about the reasons for this partial fuel shortage following a meeting with members of parliament, Minister of Trade, Luc Magloire Mbarga Atangana, explained that this disruption is due to the suspension of refinement activities at the National Refinement Company (SONARA) for maintenance.

This cleaning operation of the sole refinement facility in Cameroon is done annually, but is accompanied this time with "problems" arising at the Ivoirian facility generally used for oil refinement during the suspension of activities at SONARA.

INDUSTRY

A year after entering the Kimberly Process, Cameroon has sold 2414 carats in diamonds

According to statistics revealed by Cameroon's Minister of Industry, Mining and Technological Development, since entering the Kimberly Process on August 14, 2012, the country has exported a little over 2414 carats in diamonds.

Diamond exports which have been handled by the Korean company, C&K Mining, which holds the permit to exploit the Mobilong deposit which is considered to be one of the largest in the world, brought 282 million F. CFa or 12.5% into the State's coffers.

According to results of a census conducted in July 2013 in the East region by the National Permanent Secretariat of the Kimberly Process, there are seven small-scale diamond mining zones in which 238 small-scale workers operate. The Permanent Secretariat also revealed that small-scale diamond production in Cameroon is currently estimated to be approximately 5,000 carats per annum.

Cameroon: Rodeo Development soon to supply natural gas to Bonabéri industrial zone

After the Bassa industrial zone located in the suburbs of Cameroon's economic capital, the pipeline built by Rodeo Development Company to transport natural gas processed at the Logbaba-Ndog-Passi factory will soon cross the Wouri River to supply businesses situated in the Bonabéri industrial zone.

The good news was announced to the Cameroonian business community during the 116th General Assembly of Groupement interpatronal du Cameroun held by Douala. This extension of the Rodeo Development pipeline to the Bonabéri industrial zone will enable businesses there to enjoy the benefits of easier energy.

These companies will now be spared the numerous power outages as documented in a study conducted by the local ILO office as being the main hindrance to Cameroonian business development.

Rodeo Development Ltd., British subsidiary Victoria Oil & Gas, has set-up a natural gas processing plant in Logbaba-Ndog-Passe, a first of its kind in Cameroon. It is a joint venture with the National Hydrocarbon Company (SNH in French), the State's right arm in oil mining.

The natural gas processing inaugurated November 15, 2013 by the president of Cameroon, Paul Biya, has been delivering fuel since January 2012 to 18 industrial companies in Cameroon's capital thanks to a 16 km-long pipeline.

With a total investment of 50 billion FCfa, this plant has created 100 jobs directly and has a daily production capacity of around 1.4 million cubic metres. Rodeo Development Ltd. heads plan to drill new wells in 2014 to increase production from reserves currently estimated to be 11 billion cubic metres of natural gas.

Cameroon is among the world's smallest consumers of cocoa

Chocolate manufacturers made a total of 53.5 trillion F.Cfa (81 billion euros) during the 2012-2013 cocoa season, revealed the executive director of the International Cocoa Organisation (ICCO), Jean Marc Anga, during the Festicacao cocoa festival which was held in Cameroon from November 28-30, 2013.

These astronomical earnings were mostly made by American chocolate manufacturer, Mars Inc. – the world leader with sales reaching 8.4 trillion F.Cfa (16.8 billion dollars).

Next in line is Mondelez International with chocolate sales estimated to be 7.7 trillion F.Cfa (15.48 billion dollars) for the same period, according to the ICCO. This triumvirate of the world's top chocolate manufacturers is completed with Nestlé, the top European company in this category with sales amounting to 6.4 trillion F.Cfa (12.8 billion dollars).

These sales figures led Jean Marc Anga to note that the sum is "*two and a half times the annual budget of several African countries*" which "*illustrates the importance of chocolate and cocoa in the world.*"

THE TOP 5 CONSUMERS

According to the same source, the greatest contributors to chocolate sales are the Swiss and the Belgians, the world's largest consumers of chocolate with consumption ratios that are respectively 6 and 5.7 kg per capita per annum. They are followed by the Germans (4.03 kg per capita per annum), the French (3.43 kg) and the Americans (2.45 kg).

In Africa, the continent which produces 71% of the world's cocoa, the four largest producers barely reach the toenails of these top consumers. Côte d'Ivoire, the number one producer, only consumes 48 grammes per capita per annum, compared to 55 grammes in Ghana, 12 grammes in Nigeria and 20 grammes in Cameroon.

With a consumption ratio of 40 grammes per capita per year, according to the ICCO, emerging nations such as China and India fare little better than Africa when it comes to chocolate consumption, but can be catalysts for significant increases in chocolate consumption in the years to come.

"*If the Chinese and Indians consumed an average of 60 grammes, I can assure that there wouldn't be enough chocolate for everyone and chocolate would become a luxury item*," declared Jean Marc Anga, while inviting young people to be more interested in cocoa production as it has "*an excellent outlook for the international market.*"

Cameroon seeks private partner to re-launch Ngaoundéré dairy

The Cameroonian government has just made a call for tenders to recruit a private partner to re-launch the Ngaoundéré Dairy Complex in the northern region of Cameroon.

Interested candidates in this agro-pastoral complex, which focuses on feed barley production and dairy processing as well as providing support to farmers, are invited to submit their applications by January 20, 2014 at the Office of the Technical Committee on Public and Broader Public Sector Privatisations and Liquidations (CPTL in French) in Yaoundé.

Able to process up to 10,000 litres of milk per day, the Ngaoundéré dairy complex's factory has been at a standstill since 2000 after operating for four years under the private company, Sogelait, to which Cameroon had leased the facility from 1996 when it withdrew from the project initially launched in 1993.

Resuming activities at the dairy complex is a central part of plans to render Cameroon more self-sufficient in terms of meeting its nutritional needs by developing the local dairy industry as this is the only way to stem the flow of imported dairy goods.

Indeed, according to figures provided by the "Zero Imported Goods Coalition" (CZPI in French), a group of local NGOs, national milk production currently stands at 125,000 tonnes per annum while demand remains at 200,000 tonnes. According to the Cameroonian Minister of Fisheries and Livestock Industries, Dr. Taïga, this deficit in production is filled by imports which annually gulp down 20 billion FCfa.

BRM

Leader of the month

Elisabeth Medou Badang at the helm of Orange Cameroun

Cameroonian, Elisabeth Medou Badang was appointed to the post of Managing Director at Orange Cameroun, replacing Frenchman, Jean Bardet. Recipient of a Masters degree in Finance and Accounting, she officially assumed her post at the head of Orange Cameroun in December 2, 2013. Before being nominated for the position, Elisabeth Medou was CEO at Orange Botswana in 2010 after filling the post of Deputy Managing Director at Orange Cameroun.

Under her leadership, on the Embassy of France website in Gaborone, she "*increased profits by three points in two years and launched an increased number of innovative services while contributing to the country's development by way of partnerships with the University of Botswana, supporting community organisations in the fight against HIV/Aids, and improved access to telecommunications for many people.*" A former senior executive at Proparco, a financial subsidiary of the French Development Agency (FDA), Ms. Medou joined the ranks of Orange Cameroun, then known as Mobilis, in 1999. There, she held the position of Financial and Administrative Director. She is also a recipient of the French National Order of Merit. Following a decree signed on 1st July 2013 by French Head of State, François Hollande, this Cameroonian woman received her medal of distinction from the hands of Anne de la Blache, French

Ambassador to Botswana on September 20, 2013.

At this event, Ms. Medou was presented as "*a figurehead of telecommunications in Africa*" whose "competences and managerial vision" have been demonstrated at the Orange Group. She now has the mandate to improve Orange Cameroun's position on a cellular phone market that will not only welcome its third provider and sole holder, to date, of a 3G licence (Viettel), but also a market already dominated by MTN Cameroun with 8 million customers out of a total of 13 million identified by the TRA in March 2013.

A former senior executive at Proparco, a financial subsidiary of the French Development Agency (FDA), Ms. Medou joined the ranks of Orange Cameroun, then known as Mobilis, in 1999.


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