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Covid-19, war in Europe: Some Cameroonian firms will suffer

Albert Zeufack: "Today, the most important market is in Asia"

CFA672 billion will be needed to maintain prices at the pump in 2022

Yasmine Bahri-Domon,

A leopard cannot change its…

It's been going on for centuries. We are in 2022 and Europeans are killing one another again, this time in Ukraine. Once again, Europe is experiencing war, bombings, razed cities and massacred civilian populations. Because, whatever one may say, it is indeed, once again, a conflict between Europeans. The Ukrainians are Europeans, as are 78% of the Russian population, who live in the European part of Russia, not in the immense Asian Siberia on the other side of the Urals.

For Africans who are witnessing this disaster live, it will be increasingly difficult to receive lessons in governance from a continent incapable of containing its violence, incapable of dialogue, incapable of avoiding the worst.

It is true that Africa has experienced rebellions, terrorist movements, separatist tendencies and coups d'état, but it has been more than 20 years since any African country has waged war against another, and it is hard to imagine, in 2022, an African head of state unleashing his army on the people of a neighbouring country. Today, African nations, to confront each other, or flex their muscles, do so with competitions like the AFCON.

This is a fact. Despite everything they have suffered, despite their daily difficulties, Africans are on the way to achieving what Europeans still fail to do: to unite, to develop an African consciousness, capable, when the situation requires it, of transcending borders and national pride.

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NEWS IN BRIEF












MONTHLY STATISTICS

CFA20 000

From CFA2,500-3,000 per kilogram in 2008, the price of Penja pepper has risen to CFA20,000 in recent days, revealed Emmanuel Nzenowo, expert in geographical indications (GIs) in an interview with government daily Cameroon Tribune. The price of that Cameroonian spice, which conquered the global scene, thus went up 10-fold in 14 years.

This price improvement is the result of the geographic indication label Penja Pepper obtained from the African Intellectual Property Organization (OAPI) in 2013. At the time, it was the first Cameroonian product to obtain that label from the OAPI. Recently, Penja Pepper and Oku honey were registered by the European Commission as protected geographical indication in the European Union.

12 tons

On March 17, 2022, in Bamenda, the Northwest Development Mission (Mideno) distributed tons of improved corn seeds to 200 local farmers. The aim of that distribution is to boost corn production in the region during the 2022 agricultural season.

According to Cletus Anya Matoya, director of the Mideno, the improved seeds are expected to help combat food insecurity in the North West. Indeed, plagued by a socio-political crisis since late 2016, the North West region is among the most food insecure territories in Cameroon, according to various official reports.

5.8%

Gross capital formation (overall investments in the national economy) rose to 5.8% year-on-year in the third quarter of 2021 in Cameroon, up from 5.5% the previous quarter. According to the National Institute of Statistics (INS), which revealed the figures in its recent report on national accounts, the gross capital formation contributed 1.2 percentage points to GDP growth during the period.

This performance is due to "intensification of demand for transport materials, machines, equipment, and furniture as well as the consolidation ongoing, for quarters now, in the public construction sector," the report explains.

It was spurred by both the private (+5.7%) and public (+19.8%) components, the report adds.

22 000

PCF-Afop, a support program for the development of vocational training in Cameroon, has helped train 22,000 young people in agricultural, livestock farming, and fish farming techniques since its launch in 2008. The figure was revealed on March 4, 2022, during the 19th session of the program's steering committee in Yaoundé.
The support program helped 20,000 of its trainees produce 2,863 cattle, 9,867 goats, 915,182 broiler chickens, 10,197 pigs, and 108 tons of fish.

PROMETAL LAUNCHES A CFA12 BLN DOMESTIC GAS CYLINDER MANUFACTURING PLANT IN DOUALA

Prometal, leader of the Central African steel market, launched the construction of its fifth plant in Douala, in November 2021. The plant is specifically dedicated to the production of domestic gas cylinders but, according to sources close to the case, it will have two adjoining factories dedicated to the manufacturing of wheelbarrows and structural steel.

The domestic gas production plant is the result of a CFA12 billion investment supported by a bank syndicate that includes BGFI Cameroon and CCA Bank. Officially, it will become operational in July 2022, helping create 250 direct jobs for some 600,000 domestic gas cylinders released to the sub-regional market yearly.

«Cameroon currently imports 450,000 to 500,000 domestic gas cylinders yearly, spending about CFA8 billion. If operating at full throttle, the plant will end the country's dependence on imports and also make it an exporter of up to 100,000 domestic gas cylinders yearly. This will not only promote the Cameroonian metal industry on the African market, in the framework of the Continental Free Trade Area (AfCFTA) but, it will also reduce its trade deficit," says an internal Prometal source.

According to the promoters, the cylinders produced will comply with both Cameroonian and international standards. They will thus contribute to reducing the number of accidents that occur in Cameroonian households because of defective and old gas cylinders. A joint study launched in 2011 by the Directorate of Metrology and Consumer Protection of the Ministry of Commerce and the Hydrocarbons price stabilization fund (CSPH) revealed that 70% of the domestic gas cylinders in circulation in the country were defective.

Import-substitution

Acting on this finding, in 2017, the government started granting tax incentives to marketers to encourage the mass importation of domestic gas cylinders to renew the existing ones. Those mass imports have often reduced the country's foreign reserves.

Prometal's plant will curb those imports by making the product available locally. Above all, it will strengthen the import-substitution policy being advocated by the Cameroonian government in recent years.

The gas cylinder factory under construction in Douala is the second industrial production unit whose construction was launched by Prometal within the space of three years. In late 2018, the company launched the construction of Prometal 4, presented as the most modern and diversified iron processing plant in sub-Saharan Africa. According to credible sources, the plant was discreetly commissioned in Q4-2021 and will soon be officially inaugurated.

«All the required steps are being taken. We are waiting for the replies before setting an inauguration date," explains a source close to the case.

Prometal 4 will manufacture beams, angle irons, smooth bars, and screws as well as flat bars and wire rods, which are intermediate products used to manufacture nails.

Currently, except for two Maghreb countries, all the African countries import these products. Hence, with Prometal, Cameroon will be able to reduce its trade deficit on iron-based construction materials by close to 50%, experts indicate.

Brice R. Mbodiam

COVID-19 AND THE RUSSIA-UKRAINE CONFLICT PLACE LOCAL FIRMS IN A PANIC MODE

The period 2020-2022 is undisputedly one of the most challenging periods for Cameroonian firms. After the coronavirus pandemic, which impacted most of the national economy, local firms are now facing the negative effects of a crisis raging thousands of kilometers away from national borders. Indeed, since the escalation of the Russia-Ukraine crisis, Cameroonian firms have been panicking as they did in March 2020 when the first Covid-19 cases were confirmed in the country.
The reason for such panic is the heavy reliance of entire production segments on raw materials supplied by Russia and Ukraine. Over the 2010-2020 period, Cameroon's imports from Russia rose ten-fold, from CFA11.5 to 96.6 billion, according to the National Institute of Statistics (INS).
Cameroon thus became dependent on Russia for its wheat consumption. According to INS data, wheat constitutes 65% of the country's overall imports from Russia. At the same time, Russia is Cameroon's leading wheat supplier, accounting for 35% of the wheat consumed yearly. Russia is also Cameroon's leading fertilizer supplier. Ukraine, on the other hand, mainly supplies Cameroon with iron and steel products, which are essential for the local concrete iron and steel-based products' manufacturing industry.
In addition, the ongoing Russia-Ukraine conflict has had significant impacts on the whole international market. For instance, since the start of the conflict, international freight and shipping costs have exploded again. This exposes Cameroonian firms to increased production costs in a context marked by the government's reluctance to authorize a readjustment of retail prices.
On March 18, 2022, employers' grouping GICAM tried to obtain that approval from the government during a meeting with government officials. It notably presented a lengthy list of the impacts of the coronavirus pandemic and the Russia-Ukraine crisis on its members' activities.
The present dossier exhaustively presents the impact of the health crisis and the Russia-Ukraine conflict on the local economy as well as the measures taken by the government to prevent more damages to business, in particular, and the national economy, in general.

Brice R. Mbodiam

Firms recorded CFA3.1 tln in lost sales, shed 13.8k jobs in 2020

Rising raw material and fuel prices, soaring shipping costs, etc were the main focus of a discussion between the Cameroonian government, the civil society, and economic operators on March 18, 2022.

During this meeting chaired by Prime Minister Joseph Dion Nguté, GICAM (the most important employers' grouping in Cameroon) presented the challenges faced by firms since the outbreak of the coronavirus pandemic in 2020.

According to Celestin Tawamba, president of the GICAM, by the end of 2020, firms had recorded CFA3,139 billion in lost sales, representing a 26% year-on-year drop in their turnover. This economic slowdown was recorded due to the restrictions issued in response to the pandemic. It led to the dismissal of 13,834 permanent employees, representing 3.5% of the local workforce, Celestin Tawamba estimated.

At the same time, he added, 53,346 employees have been temporarily laid-off, representing «13% of the overall number of permanent employees in modern companies» in Cameroon.

The year 2021 followed the same trend although the pandemic was subdued and economies started showing signs of recovery. Indeed, despite an increase in demand for products and services, there was not enough supply to meet that demand.

For the GICAM, this situation was caused by the sharp rise in the prices of raw materials in international markets and the explosion of shipping costs due to disruptions in the global supply chain. Those two factors sent production costs skyrocketing (up 15 to 30%, according to the GICAM), forcing firms to reduce their operations.

Russia-Ukraine conflict

The Russia-Ukraine conflict, which escalated in late February 2022, is not helping matters. According to the GICAM, this conflict has once again caused an increase in the prices of some major products. For instance, in March 2022, the price of crude oil rose to US$139 per barrel, the highest level since the 2008 crisis.

Also, between January and March 2022, wheat prices exploded by 83% because Russia started bombing Ukraine. Between January 2020 and January 2022, the price of that commodity had already risen by 44%. Meanwhile, Cameroon is a net wheat importer, which imports 35% of its yearly consumption from Russia.

The GICAM added that due to the Russia-Ukraine conflict, the price of fertilizers rose by 293% between January 2020 and January 2022 while the price per ton of palm oil almost doubled.

In that context, firms are incurring additional costs. In 2021, those additional charges amounted to CFA213 billion, the GICAM estimated, basing its estimate on the products imported in six sectors. Those sectors are namely the flour milling, brewing, cement, fertilizers and plant protection, packaging and cardboard as well as the oilseeds industries.

Also, in the first quarter of 2022, the petroleum industry recorded CFA185 billion of additional production costs, we learn.

BRM

Brewers call for a CFA50 rise in beverage prices to offset higher import bills

During a meeting held last March 18 in Yaoundé with the government, economic operators, and the civil society, the employers grouping of Cameroon (Gicam) called on authorities to increase the prices of beverages by CFA50 (+8%). The measure is part of a set of proposals aimed at cushioning the tough global economic situation, which translates into an increase in the prices of raw materials, freight, fuel, and fertilizers.
Gicam said the proposed price adjustment of «CFA50 (all taxes included) on a recommended public price of CFA650 for the 65 cl bottle» will recover CFA28 billion of the additional CFA35 billion recorded on import bills between 2020 and 2022 in the brewing sector. The higher import cost is the result of the explosion of raw material and freight prices on international markets, after the mitigation of the Covid-19 pandemic and the outbreak of the Russian-Ukrainian conflict in late February 2022.
«The brewing industry primarily relies on imported raw materials, packaging, equipment, and spare parts, as local supply is either insufficient or non-existent (...) Its dependence on imports for about 50% of its production cost means that it is exposed to exogenous factors," Gicam explained. It is estimated that as a result of inflation in the global market, the prices of the main raw materials used by brewing companies (malt, sugar, grits, preform, monopropylene, screw caps, etc.) have increased by 10 to 201%. At the same time, sea freight has skyrocketed by 300% from Asia, and by 200% for shipments from the European continent.
This has led to a 20% increase in production costs per hectoliter of brewery products, causing the sector to lose more than 44 billion CFA francs, as beverage prices have not been adjusted, according to Gicam. As a reminder, the Minister of Commerce, Luc Magloire Mbarga Atangana, announced last March 15 that the government has approved an increase of CFA5,000 in the price of a 50-kg bag of wheat flour, and CFA25 in the price of a 200g baguette. According to the official, the government decided on such a measure after wheat prices exploded after the beginning of the Russian bombing of Ukraine in February 2022.

The Russia-Ukraine crisis raises fears of higher rebar production costs in Cameroon

Operators in the Cameroonian steel and metallurgical industry have been worried about the fallout from the Russia-Ukraine war since it began. Reliable sources revealed that since China decided to reduce some of its exports to secure supplies for its domestic market after the Covid-19 pandemic, Cameroon's steel industry has been 70% reliant on steel billets (iron waste cast into shape and used for the production of concrete iron, ed) from Russia and Ukraine.
«Since there is no exploited iron deposit in the country to make up for the shortage of scrap metal, concrete iron producers import about 50% of the billets they process locally from Russia and Ukraine to meet an ever-growing demand. After Russia started bombing Ukraine, the price of this raw material increased by 10% in the market. This will lead to an increase in production costs in the processing segment. The worst is to be feared if the shipping costs for goods from Russia and Ukraine also increase (...) with the escalation of the conflict,» explains a specialist in the local steel industry.
On November 12, 2021, the National Institute of Statistics (INS) published its Q2-2021 «Industrial Producer Price Index» (IPPI) revealing an 11.3% rise in factory gate prices due to the rising prices of raw materials and shipping costs. The metal industry was the biggest contributor to the rise in industrial producer prices in Cameroon at the time (Ed.note:+3.8% year-on-year, the highest level since 2019). The same scenario seems to be on the horizon with the Russia-Ukraine crisis.

Cameroon authorizes wheat flour and bread price readjustment

The price per 50 kg bag of wheat flour has risen from CFA19,000 to CFA24,000 in Cameroon since March 16, 2022. At the same time, bakers officially revalued the price of 200-gram bread loaf from CFA125 to CFA150, the price they have been fraudulently charging for weeks now after reducing the weight of the loaves of bread they produce.

According to the millers (flour producers) and bakers, the price increases were authorized by authorities on March 15, 2022, after a meeting with Minister of Commerce Luc Magloire Mbarga Atangana. «After a meeting on March 15, 2022, the Minister of Commerce effectively authorized a CFA5,000 increase in the price of a 50 kg bag of wheat flour,» said Alfred Momo Ebongué, secretary-general of the millers' association GIMC.

According to sources close to the case, the authorization granted by Minister Mbarga Atangana came after instructions from «the top hierarchy». Indeed, we learn, during a consultation between the Minister of Commerce, the GIMC, and bakers, on March 9, 2022, proposals were made for price revalorization. «The Minister told us that he would inform the top hierarchy, which will decide on the course to follow," said a baker who participated in the various consultations.

Embarrassment

Since the escalation of the Russian-Ukrainian conflict in late February 2022, world wheat prices have been on the rise (+65% YoY) and are continuing their upward trend. The Cameroonian millers' association is even considering the possibility of new consultations if wheat prices rise further, as the country imports 35% of its wheat consumption from Russia.

For months now, the Ministry of Commerce has been trying to contain price hikes despite the difficult international context marked by rising raw material prices and soaring shipping costs. In that regard, the release published by millers announcing the increase in the price of bread and wheat flour is causing some discomfort in the Ministry. Various sources contacted at that ministry confirmed the authorization but when asked why Minister Luc Magloire Mbarga Atangana did not publish an official release about it, they only replied with embarrassed smiles.

«The ministry's mission is to fight rises in the costs of living. Therefore, it is easier to sign releases when there is a drop [in the cost of living] or price stabilizations at the end of consultations with operators than it is when authorizations are given to raise prices," indicates a source close to the case.

Palm oil: refiners call for price adjustment as import costs increase by CFA100bln+

The price of refined palm oil in Cameroon recently rose from CFA1,100 to CFA1,400 per liter. While the population already complains about the increase, which is also disapproved of by the government, the refiners want it to be higher.
During a meeting held last March 18 in Yaoundé with the government and economic operators, the employers grouping (Gicam) called for a higher increase in the sale price of palm oil. The association said the measure will help offset the recent rise in the prices of raw materials and freight on the international market.
Gicam proposed CFA2,040 per liter, nearly CFA1,000 more than the original price, and CFA700 more than the current market price. Between January 2021 and January 2022, the price per ton of crude palm oil jumped by 75% on the global market, and further soared by 35% in Q1 2022.
To ensure the supply of refined palm oil production units operating in Cameroon, the government has recently authorized the import of 143,000 tons of crude palm oil. However, although this volume will reduce the structural production deficit now estimated at 160,000 tons annually, according to data from the Oilseed Refiners' Association (Asroc), it will add to the already high import bills.

BRM

Albert Zeufack

"WE MUST REEVALUATE OUR TRADE AGREEMENTS WITH TRADITIONAL PARTNERS"

At the beginning of March 2022, the chief economist of the World Bank came to Cameroon to present the results of some assessments done by his office, the latest of which analyzes the "new business environment of Africa in these troubled times." On this occasion, the Cameroonian, who has been heading this office since 2016, shared with Business in Cameroon measures that the Bretton Woods institution recommends to African countries, to have a better position in the international trade post-Covid-19.

Interview with Aboudi Ottou

Business in Cameroon: In February 2022, the World Bank published a book titled Africa in the new trade environment : market access in troubled times. Why now?

Albert Zeufack: We came up with the idea for this book because of three figures that troubled us. The first is the fact that for more than 60 years now, Africa contributes only 3% of global trade. Despite all efforts and increasing output, the continent is not exceeding that level. This means that our exports' value remained low, though they grew in size.

The second and third figures are even more alarming. Africa contributes only 2% in global exports and 1% in manufactured goods exports. Africa imports valuable goods and exports goods that have very little value. This explains our trade deficits and means that we don't benefit from global trade. That is why poverty is not reducing enough. In Africa, we still have an average poverty rate of 40%, which is still extremely high compared to some east-asian countries that became independent at the same time as most African countries but where poverty

has been fully eradicated.
Taking these alarming figures as a starting point, we wondered what Africa could do to contribute more to global trade? What can Africa do to benefit from international trade more? What can Africa do to turn its contribution to global trade into a vector of growth, a vector to reduce poverty? And that is what this book is about.

BC: So, what do you think Africa should do to better benefit from international trade?
AZ: This book recommends four solutions. The first is that African countries have to amend their trade policy, and most importantly they must factor in changes occuring in the global trade environment. Such changes include external shocks like the Covid-19 which halted, abruptly, logistics and value chains, or other shocks like the rise of protectionism in traditional markets. In countries like the US or even in Europe or Asia, there have been protectionist moves hampering access to our products. Also, there are upcoming challenges such as the fourth industrial revolution which, in some countries, shakes the productive fabric and spurs the relocalization of some industries that could have been established in Africa. Those are challenges we must take into account if we want to contribute more to global trade.
The second solution we recommend is the reevaluation of trade agreements that Africa has signed with its various partners, to make sure they are in line with present goals of African countries, knowingly economic transformation, tax exemption, creating jobs for the youth and populations. Our conclusions after assessing these agreements are relatively mixed.
It appears that very few African countries benefit from these trade agreements fully. In fact, some of these agreements harden Africa's economic structure, facilitating the exportation of raw commodities and the importation of processed goods, a situation that does not enable structural transformation. We took a closer look at access to the U.S. market, through AGOA, and it turns out that many African countries can't even meet their export quotas to the United States. We have also noticed that some countries are using AGOA to continue exporting oil, which does not create many jobs. This is mainly due to the lack of production structures, and productive capacities.

BC: What about the two remaining recommendations?
AZ: The third message of this book is that African countries need to strategically position themselves to capture the emerging Asian market. That is because Asia's contribution to world trade has surpassed that of Europe and the United States since the 2010s. Today, the most important market is in Asia, not in Europe or the United States. And it is important that African countries anticipate this if they want to access this market because it will not come easily.
Our fourth suggestion is to seize the opportunity that the African Free Trade Continental Area (AfCFTA) brings, to make sure we develop regional chains of value which can serve as a springboard to leap towards the global market, towards global chains of value. More importantly, by boosting intra-African trade and developing chains of value between African countries, we will make our exports less volatile. We would be less exposed to global market headwinds, oil prices, and fluctuating prices of ores.

BC: In your book, you recommend combining unilateral trade preferences with development aid policy instruments that tackle structural issues limiting States' export capacities. Isn't that what the European Union, which has concluded Economic Partnership Agreements with some countries of the continent, claims to already be doing, notably with the European Development Fund? What do you exactly want us to do?
AZ: That is a great question. We are recommending that aid be used to develop African countries' productive capacities, in order to diversify their exports, and not encourage them to export the same raw materials. There is a difference...

BC: So what could we do, concretely?
AZ: What we could do is to better negotiate how we access these traditional European and American markets, and start exporting more processed products rather than logs or cocoa beans. Can we negotiate access to these traditional markets for more diversified exports? If so, how can we take advantage of these same agreements to acquire the technological capacity to produce these processed materials?
Let's take cocoa for example. Côte d'Ivoire and Ghana produce 60% of the world's cocoa. The cocoa value chain is worth more than $60 billion

«We don't benefit from global trade. That is why poverty is not reducing enough»

and these two countries only get six billion. The rest goes to chains where value is added. However, these two countries have just agreed to start processing cocoa before exporting it. Can we work with partners to ensure that we have all the technologies needed to add value to this cocoa before it is exported? Can we work with partners to access their market? With European, American, or Asian partners, to make sure that the cocoa butter and milk that is going to be produced is sold on their markets. This is what we propose.

BC: It is evident that to diversify exports and be more competitive on the international market African countries must invest in technology acquisition, in the training of human resources, in infrastructure, particularly energy and transport infrastructure...And this is where some people view the World Bank's recommandations as self-contradictory, given that it asks African countries to reduce their budget deficits to bring their debts under control. Where should we then get the money from?

AZ: I believe that investment is critical. And something important we must keep in mind is that nowadays, when we talk about investment, it does not necessarily mean that we have to widen deficits. We could create an environment that attracts foreign direct investments, in addition to public investment.

During their growth phase, Asian countries were spending 30% of their GDP on investments, yearly. Public investment contributed at most 10% of these 30%, and the rest was private investment. So you don't necessarily have to increase deficits to raise investment rates to 25% or more.

«By boosting intra-African trade and developing chains of value between African countries, we will make our exports less volatile»

There is no contradiction. It's possible to invest and still preserve macroeconomic balance. You just need to create the right environment, the right framework... And that's where reforms to improve the business and investment climate are essential. If we get rid of corruption, if we create an environment where investors are happy to come and put their money in because they know they will have greater return, that's what is essential. And that's what these successful Asian economies did.

BC: You say that reforms are very important. The World Bank is working on this very issue. For example, you have helped Cameroon implement reforms to improve its business climate or power supply but this seems insufficient. What more is needed?

AZ: There are countries in Africa where reforms are progressing. There are others, however, where there is less progress. And the question is why? I would say that institutions like the World Bank are only there to assist governments. This is a way of saying that the reform effort cannot be implemented by international institutions. So they shouldn't be blamed if things do not move forward. Because, fundamentally, decisions are made by countries and economic performance cannot be dictated by experts or foreign institutions. It is endogenous. To be sustainable, performance must be endogenous. And I am used to saying that foreign institutions cannot develop a country, but they can assist a country that wants to develop.

PUBLIC MANAGEMENT

UN Habitat, Crédit Foncier back housing project in Douala V

The UN-Habitat and Crédit Foncier du Cameroun, Cameroon's housing bank, have joined efforts to support the implementation of a housing project in Douala V. Initiated by the municipal authority of the region, the project is aimed at building housing units for motorcycle taxi drivers, considered a vulnerable segment of the population. *"We are moving towards the construction of 134 pilot homes in Douala. If we build 134 homes in each of the 360 communes of the country, it will make a significant number of places for vulnerable groups,"* the Cameroonian Minister of Housing and Urban Development, Celestine Ketcha Courtes, said during the Douala V Communal Urban Forum held last March 18-22.

The social housing deficit in Cameroon is estimated at 2.5 million units, according to the latest official data. This gap forces people to stay in precarious housing units, which are widespread in the country's big cities. Data shows that 80% of these places are occupied by people from vulnerable social classes.

Imported Inflation: GICAM calls for suspension of Conformity program PECAE

Cameroon's Pre-Shipment Evaluation of Conformity program (PECAE) is one of the factors that worsened the inflationary pressures in the second half of 2021, employers grouping GICAM estimates.

«The situation is all the more critical as this imported inflation is superimposed on other national constraints, like the extension of PECAE," the employers' group said on March 18, 2022, during a meeting between GICAM, Prime Minister Joseph Dion Ngute, and several government officials in Yaoundé.

At the end of the meeting, we learn, the GICAM stressed that although PECAE is an instrument for the protection of consumers and the local market, the large flow of requests created by its extension to all imported goods has created some challenges. *«It is, therefore, necessary to consider its suspension during the crisis period,»* it suggested.

The conformity program has been applicable since August 31, 2016.

It aims to secure the Cameroonian market from the poor-quality products that are usually found in markets.

It is implemented by the consortium of Swiss firm SGS and the British Intertek International. In its framework, exporters pay for prior conformity checks before goods are shipped to Cameroon, which still had no advanced laboratories to control the conformity of goods.

For the GICAM, even though the program ensures only products of a certain quality enter the local market, it may lead to an increase in the price of some imported goods since the conformity checking fees are passed onto retail prices.

In response to all the concerns voiced by the GICAM, government officials promised to find appropriate solutions through dialogue. The creation of a government-employers discussion platform was then decided to continue discussions of the inflationary crisis. This platform, steered by the general secretariat of the Prime Minister's office, will be organized per sector and industries, by their level of exposure.

Handicraft, agribusiness, agrifood: Brazil offers its expertise to Cameroon

Vivian Loss Sanmartin, the outgoing Brazilian ambassador to Cameroon, was granted an audience by Achille BASSILEKIN III, the Minister of SMEs, Social Economy, and Handicraft, on March 16, 2022.

During the audience, the two officials revisited cooperation between Cameroon and Brazil and the Brazilian ambassador revealed her country's interest in some sectors in Cameroon.

"We discussed one of our collaborative projects that consist of connecting Brazilian firms with the Minpmeesa for cooperation in sectors like handicraft, agribusiness, and agri-food," said Vivian Loss Sanmartin.

The project discussed by the two parties could boost the yet-to-be dynamic economic and trade cooperation between Cameroon and Brazil. During a Brazil-Cameroon exchange meeting in Douala, it was revealed that between 2000 and 2015, trade exchanges between the two countries were just XAF720 billion, meaning XAF48 billion of goods transacted on average yearly.

Over the 15 years, Cameroon exported only XAF59.5 billion of goods to Brazil against XAF660 billion imported from that country.

Cameroon commits to placing public firms under performance contracts

To improve the performance of public firms in the framework of the 2021-2024 economic and financial program with the IMF, Cameroon intends to sign performance contracts with the said firms.

According to the IMF, which made the revelation in a recent country focus, the contracts will specify *"public service obligations, unit costs (as a basis for payment of subsidies), and required measurable indicators of production volume and service quality.» "Clear identification of the public service obligations of public enterprises and quantification of output and associated unit costs are essential to assess the financial performance and operational efficiency of a public enterprise and the need for government subsidies for its operations,"* the IMF explains.

«The government will issue a MINFI [Ministry of Finance] instruction to institutionalize governance by performance contract (...) of the public enterprises concerned and will publish these performance contracts and the evaluation reports on the MINFI's official website by end-June 2022,» it adds.

The public firms concerned are mostly those evaluated by the Technical Commission for the Rehabilitation of Public and Para public Enterprises (CTR). There are 50 of them and most are performing poorly. In its 2020 report on those firms, the CTR revealed a 25.54% year-on-year drop in their combined turnover.

Cameroon to invest XAF1.3 bln in paving stone plants in Maroua and Bamenda

The International Labor Organization (ILO) recently published a call for tenders for SMEs that can supply a paving stone production plant in Maroua, in the North. Funded by the Cameroonian government, the project will be carried out over 2 years.

Currently in its pilot phase, it is the result of a XAF1.3 billion investment that may lead to the installation of large infrastructure thanks to which Cameroon can promote local contents and reduce public construction expenditures.

After Maroua, the project will be implemented in Bamenda, capital of the North-West. Indeed, the ILO explains that in July 2020, Cameroon (through the Ministry of Housing and Urban Development) requested its assistance for the implementation of that project called Urban Infrastructure Development and Creation of Decent Jobs for Youth in Socio-Economic Resilience in the cities of Maroua and Bamenda. In those two cities, security crises have made the economic situation difficult for the population in general and the youth in particular.

SMEs interested in the project are expected to submit their bids by March 31, 2022. Companies interested in the project will be required to submit prices for paving stone production equipment, small concrete production equipment, production unit implementation equipment and small construction site equipment and personal protective equipment. The deadline for bids is March 31, 2022.

ECONOMY

Cemac: Beac forecasts 3.1% growth in 2022, driven by oil revenues

The Monetary Policy Committee (MPC) of the Bank of Central African States (Beac) expects economic growth to pick up within the region in 2022. The Committee forecasts growth to reach 3.1% of GDP this year, up 1.7 percentage points compared to the 1.4% of GDP in 2021. This improvement, MPC says, will be driven *"mainly by the rebound in oil growth"* following an increase in oil prices on the global market. According to data presented to the Prime Minister last March 18 by the Cameroonian employers' grouping (GICAM), the price of a barrel of Brent crude oil on the international market rose from \$51 to \$91 (+78%) between January 2021 and January 2022 and reached \$139 per barrel in March 2022 as a result of the Russian-Ukrainian conflict. This is the highest level since the 2008 crisis. Oil accounts for more than 50% (or even more) of government revenues in countries such as Equatorial Guinea, Gabon, Congo, and Chad. The Central African Republic is currently the only non-oil exporting country in the CEMAC zone.

Dangote Cameroon's market share dropped despite higher sales in 2021

Last year, the local subsidiary of Dangote sold 1.4 million tons of cement. This volume is 3% higher than that of the previous year. Despite this increase, the Nigerian group's market shares are falling. They were estimated at 34% during the period under review, against 38% in 2020. This means that the company has not been able to benefit enough from the increase in demand recorded in 2021. Indeed, the size of the local market increased from 3.5 million tons to nearly 4 million tons between 2020 and 2021, up about 14%. Dangote says this trend is the result of a rise in investment in construction projects in Cameroon. *«The market is mainly driven by individual construction projects and government subdivisions. We have seen an increase in construction projects ahead of the African Cup of Nations which took place in early 2022,»* the company explained. Concerning the loss in market share, Dangote Cameroon says it is due to an increase in the cost of clinker after transport prices on the global market rose. But it must be said that with production capacities limited to 1.5 tons per year, the company has very little room for improvement. Cimencam, its main competitor, which has a larger production capacity (2.2 tons, expected to reach 2.5 tons in 2023) is therefore well-positioned to take advantage.

Dutch companies explore business opportunities in Cameroon

The Cameroonian Minister of SMEs Achille Bassilekin received last March 21 a delegation of Dutch companies. The visitors expressed their ambitions to reach business partnerships with local companies. Tjoelker-Kleve, the ambassador of the Netherlands to Cameroon, said that through these partnerships, her country will put its technology expertise to the service of Cameroon. Various sectors including agribusiness, textiles and clothing, leather processing, and logging are targeted. New partnerships between Cameroonian and Dutch companies will help diversify trade between the two countries. The Cameroonian national stats agency (INS) reported that in 2020, the Netherlands absorbed 9.3% of Cameroon's exports (against 12.8% in 2019). These exports mainly consist of cocoa beans (93%) and sawn timber (4%).

IFAD backs new aquaculture project in Cameroon

Cameroon is launching a new project to boost its aquaculture production. Called Aquaculture Business Development Program (ABDP), the initiative is supported by the International Fund for Agricultural Development (IFAD). It was launched last March 22 in Yaoundé.

Under this framework, IFAD will provide CFA21.3 billion to boost aquaculture in 10 Cameroonian regions. The Ministry of Livestock reported that the program could make it possible to reach 100,000 tons of production annually in the coming years. As a reminder, Cameroon previously launched the Aquaculture Entrepreneurship Promotion Program (PPEA) to bring production from 5,000 to 10,000 tons a year, between 2016 and 2019. In 2020, the volume reached was 15,000 tons. With these programs, the Cameroonian government seeks to reduce the bill of fish imports. Data from the National Institute of Statistics (INS) showed that in Q1 2020 alone, the country officially spent CFA38.9 billion to import 57,008 tons of frozen fish. In 2018, fish imports swallowed up more than CFA154 billion.

Cameroon buys a lot from Russia and Ukraine but sells them almost «nothing» (report)

Cameroon's National Institute of Statistics (INS) recently published a report on trade between the country and Russia and Ukraine. According to the institution, Cameroon is not benefiting from its trade relations with these two countries.

"In trade relations with Russia and Ukraine, Cameroon is a net importer. Exports from Cameroon to these two countries are very low and almost insignificant in value. In 2020, Russia absorbed only 0.04% of Cameroon's overall exports while Ukraine received almost nothing," INS said. At the same time, both Russia and Ukraine, whose current conflict is already being felt on the local market (recent increase in the price of wheat flour and bread, ed), are important suppliers of raw materials and inputs to Cameroon.

Over the 2010-20 decade, the INS report reveals, Russian exports to Cameroon grew steadily from CFA11.5 billion to CFA96.6 billion. But Cameroonian exports to Russia dropped from CFA2 billion to CFA118 million over the same period.

From Russia, Cameroon mainly buys wheat, which accounts for 65% of the country's total imports. INS reported that Russia is Cameroon's leading wheat supplier. Next come fertilizers, which account for 17% of Cameroon's imports from Russia (Cameroon's leading fertilizer supplier with 43% of the market share, compared with 11% for China); then hydrocarbons (8% of imports) and iron, cast iron, and steel products (4%).

This very dynamic trade on the Russian side makes the country the 8th supplier of Cameroon in 2020, with 3% of the market share. Other suppliers are China (17.5%), France (8.5%), Belgium (5.6%), India (5%), and the United States (4.4%).

From Ukraine, Cameroon mainly buys iron, cast iron, and steel products. The country is Cameroon's leading iron supplier with 35% of the market share. In 2020, the African country spent CFA60.9 billion to buy iron and steel products from Ukraine. Other suppliers are China (26% of market share), Turkey (18%), and Saint-Barthélemy Island (11%), INS reported.

Cameroon: Investments rose 5.8% YoY in Q3-2021 (INS)

Gross capital formation (overall investments in the national economy) rose by 5.8% year-on-year in the third quarter of 2021 in Cameroon, up from 5.5% the previous quarter. According to the National Institute of Statistics (INS), which reveals the figures in its recent report on national accounts, the gross capital formation contributed 1.2 percentage points to GDP growth during the period.

This performance is due to *"intensification of demand for transport materials, machines, equipment, and furniture as well as the consolidation ongoing, for quarters now, in the public construction sector,"* the report explains.

The performance was spurred by both the private and public components, we learn. *«With one point contributed to GDP growth, private investment has increased by 5.7% while the public component evolved by 19.8%, contributing 0.6 points to GDP growth thanks to a continued increase in capital spending,"* the INS writes.

A craft brewery enters the Cameroonian market

A new brewery entered the Cameroonian market in February 2022, according to a megal announcement published on March 17, 2022. Its name is *"Le Brasseur Camerounais"* with a XAF100 million capital. Its promoter is Cameroonian businessman Serge Bruce Kaptué Tagne.
According to the latter, *"Le Brasseur Camerounais"* is a craft brewery whose production capacity is 10,000 bottles daily. It is expected to become operational "within three months" [ed.note: by June 2022]. *«We call it a craft brewery not because we are using old production methods. The proof is that we have a factory in Yaoundé. It is called craft brewery because instead of the 10-day fermentation period, we ferment it for 14 days,"* explains Mr. Kaptué Tagne, President and CEO of «Le Brasseur Camerounais".
Through that brewery, Serge Bruce Kaptué Tagne is trying a come back after the legal problems he faced for about ten years. He was remanded in custody at the Kondengui Central Prison on suspicion of embezzling funds (over XAF1.7 billion) from a government project that had its bank account domiciled at Afriland First Bank.
Indeed, on August 18, 2005, a tripartite agreement was signed by his firm, Camdev, and the Ministries of Forestry and Economy for a XAF3 billion project (RIGC) for the enhancement of community forest and wildlife management. In 2012, a misappropriation case was brought against the promoter before the Special Criminal Court TCS. That court cleared and released him in 2021.
The businessman informs that the capital of his new brewery comes from his company Kaptué Tagne Holding, which is specialized in consulting and branding.

Cement producers report CFA15bln loss since H2 2021

Cement producers in Cameroon say they have lost CFA15 billion since H2 2021 because prices were not adjusted following the increase in production costs. They reported so last week during a meeting that gathered members of the government and civil society.
According to data revealed during the meeting, the cost of production of a 50-kg bag jumped from CFA1,000 to CFA1,200 in Cameroon as freight costs increased by 165% between January 2020 and December 2021, and the prices of clinker (raw material for cement production) soared by 89% on the global market between January 2021 and March 2022. However, the producers say, consumer prices have not changed much. They peaked at CFA5,000 per bag, compared to 4,600 in the past.
To mitigate losses due to the gloomy global situation, some cement companies have developed other alternatives. Dangote Cement, for example, has launched a new product that uses less clinker. Called Dangote Falcon, this new variety has been made available on the local market since November 2021.
«One of the ways to solve this problem (price hike) was a mitigating action. We, therefore, decided to introduce 32.5-grade cement (different from 42.5 which is the company's reference product, ed), to reduce the volume of clinker used. This measure will enable us to maintain performance in terms of volume while improving profitability,» explains Emmanuel Ngando, marketing manager at Dangote Cement Cameroon.

Cameroon: 5 cities contributed 75% of inflation rate in 2021 (INS)

The rise in consumer prices was more sustained in five of the 10 regional capitals in Cameroon in 2021, according to the National Institute of Statistics (INS). Those capitals are Yaoundé and Douala, Maroua, Bamenda and Bafoussam.

"Those five cities contributed 1.73 percentage points to the 2.3% inflation measured in the country. In other words, they contributed over 75% of the national inflation," explained the INS.

For analysts, the price increases recorded nationwide are due to food prices. Indeed, we learn, in 2021, food prices increased by 4.3%, reaching their highest level since 2017 (3.6% in 2020, 2.9% in 2019, 1.2% in 2018, and stable in 2017).

Two of the five cities that contributed the most (Maroua and Bamenda) are located in areas facing security crises (Boko Haram and separatists crisis) while one (Bafoussam) shares its border with crisis regions.

FINANCE

Beac cuts liquidity to banks, to keep inflation low

The traditional weekly liquidity injection operation in commercial banks carried out on March 29, 2022, by the Bank of Central African States (BEAC) only offered CFA180 billion, instead of its usual offer of CFA250 billion.
This measure aligns with the central bank's restrictive monetary policy, which aims to reduce access to bank credit in the CEMAC zone. Beac wants to keep inflation low. For 2022, inflation in the Cemac is forecasted at 3.6%, up by 2.6% YoY, and up by 0.6 percentage points compared to the EU standard (3%).
The Central Bank also raised two of its main interest rates. The Tender Interest Rate (TIAO), which represents the remuneration it receives for providing liquidity to commercial banks, was increased from 3.5% to 4%, up 0.5 points. The Marginal Lending Rate was raised from 5.25% to 5.75%. This rate is the remuneration the central bank gets when it provides liquidity to commercial banks, for a period not exceeding 24 hours. It is usually the highest rate among central banks.
This strategy is aimed at making liquidity more expensive for commercial banks, thus increasing the cost of bank credit. As a result, access to credit will be restricted and money creation within the Cemac region will drop.

Forex reserves are expected to stagnate in 2022, although regulation was extended to extractive companies

Cameroon's foreign exchange reserves are expected to roughly be at the same level in 2022 as in 2021. According to the statement issued this week by the Beac's Monetary Policy Committee (MPC), the reserves will increase to 3.66 months of imports at the end of December 2022, compared to 3.59 months a year earlier, while the external coverage rate of the currency will increase from 64.1% in 2021 to 68.3% in 2022.
These figures are surprising given that since January 1, 2022, after two moratoriums that lasted nearly 3 years, oil and mining companies (which handle a lot of currency) have been included in the new foreign exchange regulations, which took effect in 2019.
Although Beac did not give any reasons for the low accumulation of foreign exchange reserves in 2022, the situation may be the result of the rise in the import bills over the period. The central bank forecasts that inflation will increase to 3.6% in 2022, compared to 1.6% a year earlier (up 2.6%) following the sharp rise in the price of imported products, particularly food. This could indeed increase the cost of CEMAC currency spending.

Beac raises reference rates to control inflation

The Bank of Central African States (Beac) announced this week it has raised two of its benchmark rates. The announcement was made public following the first session of the Monetary Policy Committee (MPC) in 2022.

Under this measure, the bank raised its Tender Interest Rate (TIAO), which represents the remuneration it receives for providing liquidity to commercial banks, from 3.5% to 4%, up 0.5 point. The Marginal Lending Rate was raised from 5.25% to 5.75%. This rate is the remuneration the central bank gets when it provides liquidity to commercial banks, for a period not exceeding 24 hours. It is usually the highest rate among central banks.

This new step is aimed at making liquidity more expensive for commercial banks thus increasing the cost of bank credit. As a result, access to credit will be restricted and money creation within the Cemac region will drop. Ultimately, Beac seeks through this measure to control inflation.

For 2022, the bank sees inflation at 3.6%, compared to 1.6% a year earlier (+2.6% YoY). This is 0.6 points above the 3% threshold allowed in the CEMAC region. Beac also projects the money supply within the region to increase by 13.5% in 2022.

As a reminder, the CEMAC central bank adopted the opposite measure during the pandemic, encouraging banks to finance the region's economies. At that time, Beac suspended liquidity withdrawal operations and resumed weekly liquidity injection operations in banks, with an injection threshold at CFA500 billion per week in case of need.

Nigeria's Access Bank gets approval to open a Cameroonian subsidiary

The Nigerian banking group Access Bank announced it has obtained the license to open a subsidiary in Cameroon. As part of this new move, a team from Access Bank Cameroon Plc. led by the Country Managing Director, Ibukun Odegbaike, recently paid a courtesy visit to the Minister of Finance Louis-Paul Motazé, at the Ministry of Finance in Yaoundé.

The Managing Director Ibukun Odegbaike was accompanied by Access Bank Cameroon's Country Deputy Managing Director, Ellis Nzo Asu, and the Head of Financial Control, Armel Fabrice Tchoumbou. The visit was occasioned by the licensing of Access Bank Plc as a Universal Bank in Cameroon," the bank reported.

Access Bank Cameroon will be headquartered in Douala, the economic capital. Initial capital is about CFA14.5 billion and the Board of Directors has seven members, only one of whom is a Cameroonian national, according to the legal notice published for this purpose. The other members, besides Ibukun Odegbaike, are Patience Melone, Iyabode Soji-Okusanya, Fatai Oladipo, Abraham Aziegbe, Ibukunoluwa Odegbaike and Elliz Nzo Azu.

Created to operate for 99 years, the bank will operate in the management of current accounts, savings collection, payment of checks, granting of credit, etc. Price Water House Coopers will serve as the external auditor. Currently, Access Bank operates through a network of over 735 branches and outlets in 3 continents and 13 countries. It has over 45 million customers.

Cameroon seeks CFA200bln on the BVMAC, 3 years after the last operation

Cameroon is seeking CFA200 billion on the regional stock market BVMAC. The information was reported in a request for proposals issued last March 25 by the Cameroonian Minister of Finance, Louis Paul Motazé.

This fundraising, expected to be completed in H2 2022, comes three years after the country's last operation on the market. Instead of the usual 5-year bonds that Cameroon is used to issuing, the country is now eyeing 7-year bonds, including a 2-year grace period. This means that the government will begin repaying the loan in 2024 and complete repayment in 2029.

No details are given on the interest rate, but given the type of bond, Cameroon will surely make it higher than its usual 5.5-5.6%. According to Samuel Tela, Director of Treasury at the Ministry of Finance's General Directorate of the Treasury, this new fundraising will help diversify the state's sources of financing. "The bond issue offers the chance for a large public to participate in financing the state," he said. Samuel Tela made this comment after some experts reported that Cameroon was more motivated to help redevelop the market than to reap the financial benefits that such an operation would bring.

Many financial experts, including those from the Ministry of Finance, believe that the CEMAC stock market is more expensive, less flexible with longer transaction times than Beac's public securities market. This explains why many CEMAC countries, including Cameroon, have resorted to the public securities market for their mid and long-term borrowing in recent years.

According to the Finance Ministry, beyond boosting the regional market, Cameroon's new operation is to thwart the overload now observed in the public securities market. Because of the lack of a strong dynamic in the secondary securities market, banks that operate as intermediaries (primary dealers) in the primary market find it difficult to issue debt securities held in their name. Banks hold about 79% of all securities issued by Cameroon on this market (an outstanding amount of nearly CFA1,200 billion at the end of November 2021), compared to just over 20% for institutional investors. The share held by individuals is almost zero. As a result, with an overweight equity portfolio, coupled with the pressure to comply with prudential ratios, it is not certain that the primary dealers will be able to provide the Cameroonian Treasury with the CFA350 billion to be raised via public securities, as authorized by the 2022 finance law. The "hybrid" strategy, which consists of using both the financial market (CFA200 billion) and the Beac public securities market (CFA150 billion), therefore, comes as a solution.

Public securities: Cameroon plans a strategy to reduce banks' exposure to sovereign risks

Cameroon is currently moving to attract non-bank actors to the public securities market, according to a recent country focus published by the International Monetary Fund (IMF).
In the medium-term, this strategy is aimed at diversifying the investor base to boost the country's financing capability and at the same time building a strong investment and social protection culture.
In that regard, in collaboration with the central bank BEAC, the country is elaborating a strategy to encourage those actors to invest in long-term securities, the country focus indicates.
The specific details of the strategy have not been disclosed yet, but it will reduce banks' exposure to sovereign risk.
Recently, the BEAC explained that the public securities market was exposing banks to sovereign risks.
In its latest research paper, the central bank revealed that, in the CEMAC region, banks own almost 90% of the public securities issued in the debt market because of the illiquid secondary market.
In comparison, in 2020, the secondary debt market was 0.04% of GDP against 1.26% of GDP for the WAEMU, 4.21% for Morocco, and 4.21% in France.
Also, the multiplication of public securities issuances could contribute to the erosion of foreign reserves and ultimately compromise external stability, the BEAC added. Therefore, the central bank issued several recommendations to avoid exposing banks to sovereign risks.
One of the suggestions is that primary dealers must display public securities' buy-sell prices and buy or sell at the prices when a potential investor shows interest per enforceable laws.

ENERGY

Govt to develop 120 MW solar energy project in the northern region

The Cameroonian Minister of Water and Energy, Gaston Eloundou Essomba, announced last week the upcoming construction of solar power plants in the northern part of Cameroon. The facilities will be implemented in the cities of Ngaoundéré, Garoua, Maroua and Guider for a total capacity of 120 MW.
The official reassured that *"all the feasibility studies have been done and negotiations are ongoing between the Ministry of Finance and the companies developing them."* The additional capacities, we learned, will be injected into the Southern Interconnected System (SIS), via the interconnection project between the SIS (which covers six southern regions outside the East) and the NIN (Northern Interconnected System, which covers the three northern regions).
According to experts, the production of solar energy is facilitated in the three northern regions thanks to their level of insolation. A study by the Electricity Regulatory Agency (Arsel) revealed that the level of insolation in this part of the country reaches 5.8 kWh/m2/day, against only 4 kWh/m2/day in the southern regions.
The implementation of this project should help diversify Cameroon's energy mix, which is still largely dominated by hydroelectricity. Currently, solar, wind and biomass represent barely 1% of the energy mix.

Eneo plans the construction of four solar power plants in 2022

Cameroon's power utility Eneo announced the construction of four PV power stations this year. In a recent interview with Défis Actuels, the now-former CEO of Eneo, Eric Masuy, revealed that the units will be located in Banyo (Adamaoua), Poli (North), Yoko (Center), and Touboro (North).
Eric Masuy says the new infrastructures will be hybrid (solar and thermal) like the plants in Djoum (2018), Lomié (2020), and Garoua-Boulai (2021). As a reminder, the construction of two other solar power plants is ongoing in Guider (North) and Maroua (Far North) for a total capacity of 30 MW. In addition to reducing the production costs of thermal power plants and increasing the country's power generation capacity, the project will help diversify Cameroon's energy mix, which is still largely dominated by hydroelectricity. Solar, wind, and biomass account for barely 1%, according to official data.

Cameroon seeks funding for phase 3 of the project to electrify 1,000 localities with solar systems

The Cameroonian government announced it has engaged in talks with partners to raise financing for the third phase of the project to electrify 1,000 localities with solar systems. During a session with MPs last March 25, the Minister of Water and Energy, Gaston Eloundou Essomba, said the funding will be provided by Chinese partners, like in the case of the first two phases.

As a reminder, phase I was financed with a buyer credit ($106 million, or CFA53 billion) contracted with the Chinese tech giant Huawei. It covered 166 localities. Phase II, which covered 184 localities, was financed through a loan agreement with the Bank of China in 2017. The loan amount was $123.3 million (about CFA71 billion).

The Huawei-led electrification project aims to produce an average of 32 kW in 1,000 localities across Cameroon. The project has already benefited 350 localities (23,864 households). With the development of infrastructure and equipment that match the needs of localities hosting this project, the kilowatt-hour of energy produced currently costs CFA100.

Let's note that the third phase of the project will cover 87 additional localities.

Electricity: Memve'ele dam's commissioning reported, again

The commissioning of the Memve'ele hydroelectric power station, expected for March 2022, is once again postponed to May 2022. According to an official from the Ministry of Water and Energy, the transmission line that must be completed before the commissioning is currently 94%-completed. Speaking to the government daily, Cameroon Tribune, the official estimated the commissioning period to "late May 2022." Memve'ele hydroelectric power station (211 MW) should have been commissioned since 2017. However, it was delayed by the construction of the 300-km transmission line connecting Nyabizan (hosting the power station) to Yaoundé.

Due to the energy deficit experienced in the country, in April 2019, Cameroon partially launched the operations of that power station, whose current maximum energy generation capacity is currently capped to 90MW.

The hydroelectric power station is the result of about XAF450 billion investment. In a World Bank report, it is referred to as one of the Cameroonian projects whose cost is two to six times higher than similar projects in countries with the same level of development as Cameroon.

Fuel: Maintaining pump prices could cost govt CFA672 billion in 2022

Maintaining the fuel pump prices with subsidies is expected to cost the Cameroonian government CFA672 billion this year. The information was reported this week by the Minister of Commerce, Luc Magloire Mbarga Atangana.

According to data provided by the Cameroonian employers' association (GICAM), the price of a barrel of crude oil (a raw material used to produce super, diesel, and kerosene) on the international market rose from $51 to $91 (+78%) between January 2021 and January 2022 and reached $139 per barrel in March 2022 as a result of the Russian-Ukrainian conflict. This is the highest level since the 2008 crisis.

The price of natural gas (which is used to produce domestic gas) and maritime freight have exploded, negatively impacting the Cameroonian oil sector, which is dependent on imports of finished petroleum products since the country's only refinery (Sonara) burned down in 2019. Since Cameroon has been importing refined products, the equilibrium price has fallen from $55 to $40, according to simulations made by the Hydrocarbon Price Stabilization Fund (CSPH). That means when world prices go beyond that, the current prices charged at the pump generate losses that must be compensated by the State.

The Minister of Commerce informed that the price of a liter of super gasoline is CFA1,016, while it continues to be sold on the local market at CFA630. A liter of diesel should normally cost CFA1,027 but is CFAF 575 on the market. The price of kerosene should be CFA849 but is CFA350. Also, the12 kg cylinder of domestic gas should be sold at CFA13,277 but is sold at CFA6,500.

To continue to subsidy the fuel this year, given the current global context, the government will spend CFA253 billion on super fuel, CFA376 billion on diesel, CFA43 billion on oil, and CFA70 billion on domestic gas.

ITC & TELECOM

Waspito raises CFA1.7bln, announces expansion in Côte d'Ivoire

Cameroonian health tech startup Waspito announced it raised CFA1.7 billion in oversubscribed fundraising. The operation saw the participation of Launch Africa Ventures, Newtown Partners via the Imperial Venture Fund, Bloc Smart Africa managed by Bamboo Capital Partners, Orange Ventures, Saviu Ventures, Plug & Play, and BingCom. Waspito did not specify whether it is an equity investment or debt.

The startup says it will use the money to strengthen its footprint in Cameroon and expand in Côte d'Ivoire. In the long term, Waspito plans to enter other markets and boost the health tech sector on the continent. *"My incredible team has taken steps in the right direction and this additional funding will help accelerate the rollout of our services [...] We are proud of the pool of investors we attracted in this round. Their experience and network will add value to our team as we continue this journey to solve the problem of accessibility and cost of access to healthcare in Africa,"* said Waspito founder Jean Lobe Lobe.

Waspito allows users to have an instant video consultation with doctors via their smartphones. It also provides mobile lab services where users receive their results directly on their smartphones. Payment is affordable and easy via mobile payments, debit cards, or health insurance numbers. To date, the Cameroonian startup claims more than 15,000 users.

ICT: made-in-Cameroon antivirus wins special digital innovation prize

The Ministry of Posts and Telecommunications (MINPOSTEL), on March 18, 2022, concluded the 2022 Digital Innovation Week by awarding prizes to the best ICT projects submitted by startups. Overall, 15 ICT startups won prizes worth about XAF72.5 million.

For this edition, the award for the best ICT project (Prix spécial du président de la République- the Special presidential award) went to Stéphane Meye Ba Ntyam who developed a made-in-Cameroon antivirus to protect both phones and computers from cyber attacks.

The awardee won a XAF10 million check, a laptop, and various training courses.

This edition of the national digital week was organized around the theme *«Cybersecurity and digital innovation: What challenges for Cameroonian youths.»*

It was launched on March 15, 2022, with the donation of broadband internet equipment and subscriptions to startups active in Silicon Mountain, Buea, in the South-West.

TRANSPORTATION

Cross-border trade: Cameroon commits to reducing barriers

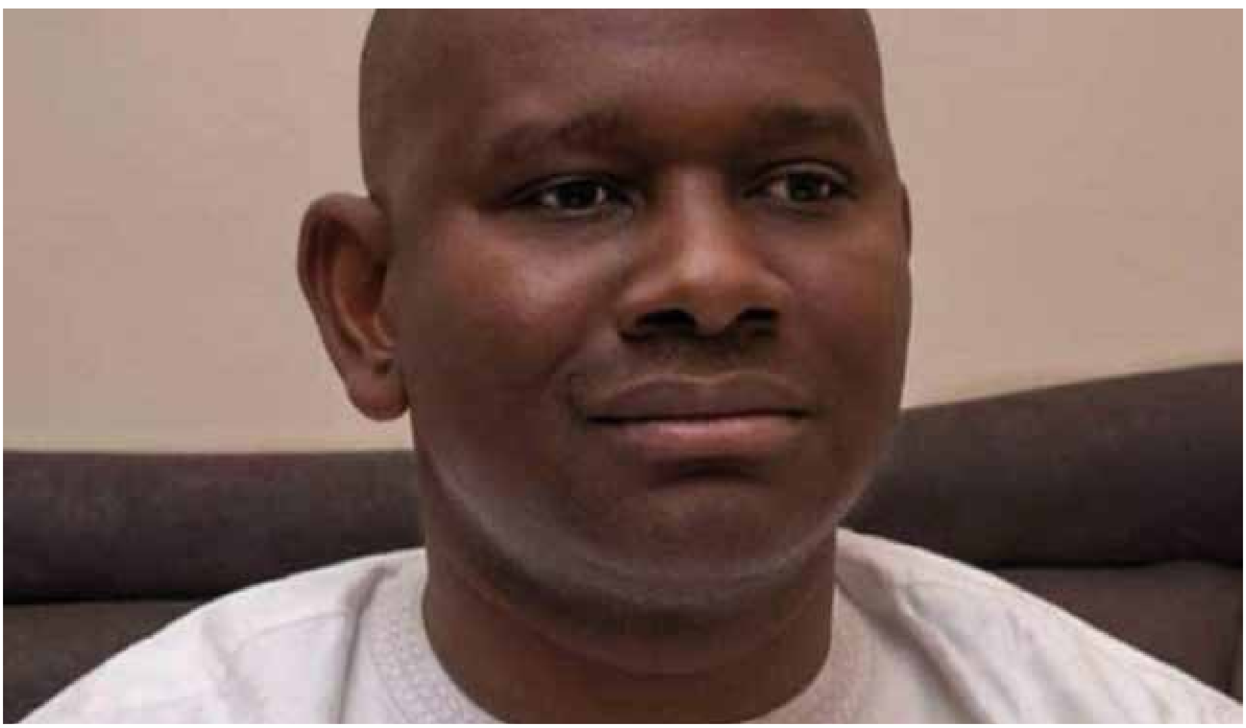
In the framework of its new 3-year program (2021-2024) with the IMF, Cameroon commits to reducing barriers to cross-border trade.
In that regard, the IMF reveals in its recent country focus, Cameroonian authorities have vowed to limit *"intermediate controls on the transport of goods in transit at conventional checkpoints"* and simplify *"administrative formalities and procedures for cross-border trade."* This will help reduce *"port transit times for goods for import, export or transit,"* and *"port transit costs for imports and exports."*
At the same time, *"the government will ensure the proper functioning of the National Trade Facilitation Committee (CONAFE), a participatory and partnership body bringing together equal numbers of public and private sector stakeholders responsible for trade facilitation."*
Currently, truckers transporting goods from Cameroon to neighboring countries like Chad and the Central African Republic complain of the multitude of checkpoints and harassment. Central African transporters report that they often leave XAF15,000 to 25,000 at checkpoints when transporting goods from Cameroon to Bangui (capital of the Central African Republic). On February 22, 2022, Central African truckers even went on strike to denounce those harassments. That strike led to the temporary closure of the border between the two countries.
According to transporters' unions, some 78,000 trucks are operational on the Douala-N'djamena-Bangui corridors. Those trucks transport about XAF340 billion worth of goods to Chad every year against XAF55 billion to the Central African Republic.

Cameroon launches process for updated Port of Limbe feasibility studies

Louis Eboupeke, Director General of the National Port Authority (NPA), recently issued an international call for tenders to update the feasibility studies for the construction of the deep seaport of Limbe.
Based on the feasibility study delivered by the South Korean company Korpec (Korea Port Engineering Corporation) in 2009, the recruited consultant will update the studies on the physical environment of the project by taking into account data available concerning the Ngeme site. The consultant will also update the infrastructure and equipment requirements, the port master plan, the economic and financial feasibility studies as well as the accompanying institutional and commercial measures.
The estimated cost for this service is XAF2.6 billion CFA francs. The international tender is open to consultants based in Cameroon and abroad who have the necessary resources and proven expertise in the provision of similar services. Bids must be submitted by April 6, 2022.
On March 1, 2022, in Douala, Thomas Ndive Mulongo was inaugurated as the Deputy Director of the Transitional Administration of the Port Authority of Limbe (PAL). This marked the beginning of the autonomization of that port, which is still under the jurisdiction of the Port Authority of Douala.
According to the Ministry of Transport, the construction of the Port of Limbe will cost about XAF400 billion. It will specialize in handling heavy products like hydrocarbons because of its proximity with the National Refining Company Sonara. It will also specialize in the handling of agricultural products since the South West is home to large banana plantations and is also an important cocoa-producing area.

LEADER OF THE MONTH

ABOUBACAR COULIBALY BECOMES THE NEW MD OF NESTLE CAMEROON



Aboubacar Coulibaly (pictured), who until now was the General Manager Senegal & Satellites at Nestlé Sénégal, has been appointed MD of Nestlé Cameroon. He will officially take office on April 1, 2022.

"In addition to Cameroon, he (Ed.note: Aboubacar Coulibaly,) will supervise other Central African countries such as Gabon, Chad, the Democratic Republic of Congo, Congo, Central African Republic, Equatorial Guinea, and Sao Tome and Principe,» Nestlé Cameroon explained in a statement issued on March 23, 2022. The new MD, who joined Nestlé in 2002, has also held the positions of Country Representative for Togo and Benin, General Business Manager and Sales Development Manager for Burkina Faso but also Category & Marketing Manager in Nigeria. In Cameroon, he will replace Robert Helou, who has run the local subsidiary since April 2019. The outgoing MD will reportedly become the new MD of Nestlé Saudi Arabia.

Beyond the expected commercial performance, one of the main challenges facing the incoming MD is to successfully implement the firm's project aimed at collecting and recycling 300 tons of plastic waste this year. Thanks to its partnership with local waste recycling firm Name Recycling, in 2021, Nestle Cameroon recycled 200 tons of plastic waste.

In the framework of its shared value program, Nestlé Group is committed to making all of its packaging recyclable or reusable by 2025. The program is particularly focused on combating plastic pollution. This commitment fits perfectly with the strategy of the Cameroonian government, which initiated actions to combat plastic packaging -which has negative effects on environmental preservation- in 2012.

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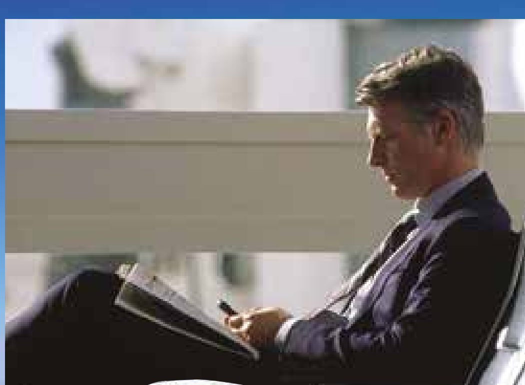

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