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BUSINESS IN CAMEROON

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Yasmine Bahri-Domon



Promises versus Achievements

This year, Cameroon faces multiple challenges starting with security issues. Indeed, due to the secessionist conflict sparked in the country's English-speaking area and the Boko Haram threat around its Northern and Eastern borders, refugees have been swarming in and this has to be taken care of.

Another challenge is the upcoming African Cup of Nations, AFCON 2019, which Cameroon is to host next year. Preparations for the major sports event were started in 2011 and should be completed this year, contributing to the nation's modernization. Projects falling under these preparations include highways, dams, hydropower plants, expanding power and telecom networks, as well as building various port, airport and railway infrastructures...

Amid all these headwinds, Cameroon keeps building itself and this is witnessed by Cameroonians every day.

It is in the context that next October 7, the people will elect their new leader, the one that will steer both Cameroon's social and economic development strategies, in the years to come.

Ahead of the very crucial event, Paul Biya, the country's actual president, is asking his people, to once again trust him to successfully lead this "huge construction site" to completion. However, he will have to run against rivals that wish to change things.

To help our readers get their own opinion of the situation in Cameroon, this month's issue of Business in Cameroon includes a major dossier, entitled "Review hour has come". The latter will look into the accomplishments promised by the outgoing President, when elected seven years ago.

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Review hour has come



In 2011, Paul Biya committed to make Cameroon a “huge construction site”

Placed under the “*Major Accomplishment*” banner, President Paul Biya’s actual mandate is nearing its end, with the upcoming elections set on October 7, 2018. Back in 2011, as he was being re-elected, Paul Biya committed to make Cameroon a “*huge construction site*”. Words that took form the following year with various projects launched in the power and transport sectors. Now, six years later, some of these projects are stagnating, but others are already actively contributing to Cameroon’s economic growth. Under

this second group, there is Kribi’s deep-water port which was launched two years after the first stage of related works were completed, as well as various power dams as indicated in the African Development Bank’s (AfDB) 2017 report on Cameroon. In the report, AfDB said the various dams and plants built in Cameroon over the past few years would, in 2018, help improve access to electricity for 2.7 million Cameroonians, living both in rural and urban areas. The report however does not consider construction of the Nachtigal

hydropower dam, which will be the country’s biggest (420 MW) and boost by a 30%, its overall production capacity.

This project is as important as the Yaoundé-Douala and Yaoundé-Nsimalen motorways project, and the floating liquefaction natural gas unit project offshore Kribi. All these are major building stones in the “Major Accomplishment” edifice which will soon be reviewed.

Brice R. Mbodiam

Kribi deep-water port : Flagship of the ending mandate

Located in the Southern region, Kribi's deep-water port is one of the largest along the West African coast, with a 15-16m draught.

Kribi's deep-water port was officially commissioned on March 2, 2018. It is considered the largest port infrastructure along the West African coast. It has a 15-16m draught and a 350m-long container terminal. For its commissioning, the French shipowner CMA CGM docked a 335m-long ship carrying 8,500 containers. The ship's arrival thus marked the start of operations at the port, for which initial stage of construction works had been completed more than two years ago. Regarding the port's multipurpose terminal, it was entrusted a few weeks to KPMO, a consortium formed by various Cameroonian firms which used to be partners of Necotrans, the firm initially selected as contractor for the terminal project but later filed for bankruptcy.

The first phase of this project was developed under an Engineering, Procurement and Construction (EPC) contract signed with the Chinese firm CHEC, for a total cost of \$497 million (CFA240 billion). 85% of this sum was provided via a loan from Eximbank-China, and the remaining 15% was provided by the State. Under this phase, a 615m-long quay, a 1355m-long dike, various buildings and roads were built; additionally, some port handling equipment was acquired. Despite the economy slightly slowing down over the past years, Cameroonian authorities remain confident regarding this phase



Kribi's deep-water port was officially commissioned on March 2, 2018.

which, they believe, is sufficient to make the third-generation port profitable. On February 8, 2018, an international tender was launched to hire a technical control team for the second stage of the project. For this stage, CHEC will remain the main builder. It should lead to the development of a second container terminal, with a 700m-long quay (the first quay was 350m-long), as

well as an iron ore terminal and an oil terminal. This will be done via public-private partnerships. Total cost for related works is CFA420 billion which will be secured the same way it was done in the first stage: Eximbank China will provide a concessional loan to meet 85% of the cost and the remaining 15% will be provided by the State.

Sylvain Andzongo

In 2017, Lom Pangar dam experienced the “least disturbing dry season of the past 10 years”

In 2017, Cameroon's power demand surged by 9% (+50MW). This was revealed by the nation's power utility Eneo in a letter to the minister of energy and water, dated 16 June 2017. However, despite the rise, populations did not suffer much usual outages, even during the dry season when they are more intense due to production falling as a result of water levels in dams lowering across the country.

The reason for populations being less exposed to power outages resides in the “commissioning of the Lom Pangar dam, which helped regularize Sanaga's flow between 960 m³/s and 1,090 m³/s”. This, Eneo said, helped “increase output by about 10% at the Songloulou and Edea power plants”. It should be noted that around 75% of Cameroon's hydropower output is generated from the Sanaga River. Lom Pangar's dam has a water retention capacity of six billion cubic meters. Built by the Chinese firm CWE, it was partially commissioned in September 2015, with a retention capacity of three billion cubic meters at the time. The infrastructure is



paired with a 30MW power plant which is actually being built by another Chinese firm, China Camc Engineering. Construction cost for the plant is CFA30.4 billion. In addition to regularizing Sanaga's flow and thus fostering construction of other dams across the River, the Lom Pangar dam which cost CFA238

billion has also attracted thousands of fishermen in the Eastern region. According to experts from EDC, State company in charge of Cameroon's power sector, 1,500 tons of fish are produced every year around the dam, generating an annual revenue of CFA40 billion for fishermen.

An additional 75MW for the North as Bini dam, in Warak, comes online

Since October 2017, construction works started for the Bini dam at Warak, in the Adamaoua region (Northern Region). The infrastructure which should come online between 2021 and 2022, will have a production capacity of 75MW and will back up Lagdo's 72MW aging dam. The latter is presently the main

plant supplying power to the North's three regions (where a third of the population lives).

The firm leading the project is Sinohydro, a Chinese company. Expected to take 48 months, they will cost about CFA85 billion. Out of this amount, the Industrial and Commercial Bank of China will

provide CFA72 billion.

The project includes the construction of power lines (totaling a length of 70 km and with a capacity of 225KV), power provision in rural areas (30KV) as well as works to rehabilitate and build roads to access the dam's site.

15MW Mekin dam will profit eight localities of the Southern region

From April 17 to May 3, 2018, primary power injection tests on the Southern interconnected network, from the Mekin hydropower dam, in Southern Cameroon, were carried out by Hydro-Mekin and Eneo. However, credible sources indicate that the infrastructure's commissioning is still delayed. Indeed, beyond socio-environmental concerns that the project raises, some legal and

administrative issues related to the sale of power generated by the dam are yet to be finalized.

In 2017, tests conducted at the site caused two surrounding bridges to be flooded and this in turn led to some issues that must now be fixed before the dam is fully commissioned.

The infrastructure which will supply power to eight localities in the Dja-

et-Lobo department, in Cameroon's South, required an investment of CFA25.8 billion. The funds were provided by Eximbank China (22 billion), and Cameroon's State (3.8 billion). It was built by the China National Electric Engineering Corporation (CNEEC).

The Project includes construction of a 33.1km-long power line with a capacity of 110KV.

Memvé'élé dam: An investment of CFA420 billion for 211MW of power



Started in January 2013, Construction works for the dam are completed.

On January 8, 2018, Cameroon's government partially commissioned Memve'ele's hydropower dam, located in Nyabizan, a community in the South. Full commissioning, sources indicate, will occur as soon as ongoing works to build evacuation infrastructures are completed. *"At the moment, we have finished building the power line connected to the plant. With a length of 150 km, it goes from Memve'ele's plant*

to Ebolowa. The project includes the construction of a connection and transformation station in Ndop. The second stage of works covers the Ebolowa-Yaoundé axis and will lead to the construction of a connection and transformation station in Nkolkoumou. From this station, power will be injected in the South interconnected network". This was reported by the project's head, Dieudonné Bisso. As he declared, the construction

works which began in January 2013 have been completed. The plant which was constructed by Sinohydro will produce 211MW that will go into the South interconnected network. Total cost of the project is CFA420 billion, out of which 286 billion were spent for the dam and the plant. Memvé'élé's dam was commissioned on August 16, 2016.

Nachtigal dam (420MW) to increase national power output by 30%

At mid-August 2018, Besix Group, a Belgian construction firm, announced it won the contract to design and build the 420MW Nachtigal hydropower dam in Central Cameroon. The plant will help increase Cameroon's production capacity by 30%, according to the World Bank which is engaged in the project via its private sector arm, the International Finance Corporation (IFC). Besix said it will carry out construction works with NGE (France's

leading earthwork firm) and Société Générale des Travaux du Maroc (SGTM). They will begin before this year ends and will last 57 months. The Nachtigal dam will cost about CFA656 billion. It will be operated by Nachtigal Hydro Power Company (NHPC), a local firm controlled by the EDF International (40%), IFC (30%) and the Cameroonian State (30%). "The Nachtigal project, one of the very few public-private partnerships established in sub-Saharan Africa's

power sector, will help Cameroon rapidly achieve its development targets, poverty reduction especially," said Elisabeth Huybens, World Bank's head of operations in Cameroon. This, she indicated in a statement issued by the institution on July 19, 2018. In addition, the statement revealed that the World Bank will provide a guarantee valued at \$794.5 million (around CFA447.17 billion) for the project.

Kribi-Lolablé highway: More than 80% of works completed

Spanning 38.5 km, the Kribi-Lolablé highway will facilitate access to Kribi's deep-water port which is located in Cameroon's Southern region. The road will be ready for use in 2018. Construction works for the road are 83% complete. This was revealed after a meeting of the national road council (Conaroute), held last May 24, and presided by the Prime Minister, Philémon Yang. The axis is part of the Edéa-Kribi motorway. The Kribi-Lolablé road is being built by China Highway Engineering Company (CHEC), the same firm that built Kribi's deep-water port.



The Kribi-Lolablé highway will facilitate access to Kribi's deep-water port.

Works at Douala-Yaoundé and Yaoundé-Nsimalen road sites slowed as funding is sought

At the end of May 2018, Cameroon's Ministry of Public Works (MINTP) said works to lay the first sixty kilometers of the Douala-Yaoundé Highway were 60% complete. The project which has been trusted to China First Highway Engineering Co Ltd is slowed by riparians who refuse to clear the site because they received no compensation.

The project which will connect the country's two main cities will lead to the construction of about 215 km modern road. Initial funding was

provided by Eximbank China. For the 150km left to lay, the government is actively seeking the needed funds. The road should be later extended to Bafoussam, in the Western Region. Besides, Abba Sadou, Minister of Procurements (MINMAP), revealed on 23 February 2018, while visiting the construction site of the 20km-long Yaoundé-Nsimalen highway, that studies related to the urban part of the road (about 10km-long) had been completed. He also indicated that research for funds for the pro-

ject is still going on.

For the first portion of this road, which spans rural areas, 8km out of 11km targeted have already been laid and asphalted. China Communications Construction Company Ltd was hired for the task, at a cost of CFA36.7 billion. Contract for the urban section was given to three firms, namely Sinohydro (5.8km), China Road and Bridge Corporation (1.9km) and Arab Contractors (2.1km).

Wouri's second bridge is operational



Wouri's new bridge is already operational.

On May 31, 2018, statutory members of the commission heading construction works for Wouri's second bridge signed an approval for the partial commissioning of the infrastructure. The project was handed over to

French firm Sogea Satom. The bridge connects three regions, knowingly the West, the North West and the South West to Douala. Worth CFA141.6 billion, the bridge has a road and a railway viaduct; the

first is 756m-long and the second 746m-long. It also eases traffic around Bonabéri, an area of Douala that hosts an industrial zone.

Cameroon commissions world's second floating natural gas liquefaction unit



Between January-April 2018, Cameroon's gas output soared by 90.2%, reaching about 233.9 million cubic meters.

Between January-April 2018, Cameroon's gas output soared by 90.2%, reaching about 233.9 million cubic meters, according to the coun-

floating natural gas liquefaction unit, Hilli Episeyo. Located offshore Kribi, the liquefaction unit produced 99,455 cubic

same period, the floating unit supplied more than 1,281 metric tons of cooking gas to the local market, data from SNH shows.

Led by SNH, Perenco and Golar LNG, Kribi's offshore LNG project precedes the construction of a foot plant in Kribi.

The floating unit required an investment of about CFA700 billion and can produce 1.2 million tons LNG per year, 30,000 tons of cooking gas, yearly also, and 5,000 condensate barrels per day.

According to experts, Cameroon is the second nation in the world to adopt such a technology to liquefy natural gas. The first is Malaysia, where Petronas, a Brazilian oil and gas firm, made a similar move last year.

At April 30, 2018, the Hilli Episeyo floating liquefied natural gas vessel operating offshore Kribi, Southern Cameroon, had produced 99,455 cubic meters of liquefied natural gas (LNG).

try's oil and gas company, Société Nationale des Hydrocarbures (SNH). The increase is attributed to the commissioning in March 2018 of a

meters of liquefied natural gas at April 30. Out of this volume, 40,000 cubic meters were exported to China, credible sources indicate. Over the

Francis Ngapout: “We Cameroonian diaspora are considering various business opportunities in our country”

Living in Dallas (USA) since 2001, this Cameroonian native succeeded in finding his way out. The former sprint champion looks back on his experience being an immigrant in the USA and his aspirations for his home-country.

BC: You are leading an engineering company in Dallas. Can you please share how you got there?

Francis Ngapout: Thanks a lot for giving me this opportunity to talk about my journey. I arrived in the USA in January 2001 thanks to a sport-study scholarship program of the University of Texas in San Antonio. This was after getting my degree in sport administration at the University of Johannesburg, former Rand Afrikaans University, in South Africa. I was a 100m and 200m runner. I once won the 100m run and set a record in the 4x100m relay in Cameroon. After a year in San Antonio, I was transferred to Boise State University, where I got



"Cameroon's business environment is very good"

a Bachelor's degree in American Sociology, and a Master's degree in Instructional & Performance Technology.

I worked at Wells Fargo Bank, first as a Credit Manager, then as a Branch Manager. I have learned a lot about US' business environment working at this company. I have worked with several businessmen in various areas, but particularly with the residential property provider Kori Barton Homes, a company where I was Chief Financial and Operations Officer (CFOO). I then shifted from Boise to pursue the American dream in Dallas, creating my own business, Architects Roofing LLC. We

specialize in renovation, siding and construction.

BC: How can an African immigrant manage to set a successful company in a country as competitive as the USA?

FN: I have always liked competition, and being a sprinter helped me a lot in finding the necessary energy, discipline, control, perseverance and strength to achieve the best I could. As an immigrant, I had to work harder, more effectively, and be more efficient to gain the trust of customers, by providing high quality services, and develop a perfect customer service. In short, I worked harder than my rivals in order to beat them.

BC: You focus on a key sector, namely housing, which is a development priority in Cameroon. Have you ever considered putting your expertise as the service of your country, contribute to its development?

FN: Definitely, I always think of it. It is vital that I put my skills and expertise at the service of our beautiful nation. I find it important to contribute and support those who are currently working hard to build Cameroon. I evolved in an environment where technology is really advanced in the construction sector, a sector that benefits from the latest materials and techniques. In Cameroon, we have both the raw material and human capital. For example, provided the environment is well structured and adapted, we can build infrastructures using better processed wood.

BC: What is according to you the greatest challenge for someone who wants to return and invest in his country, in this case Cameroon?

FN: For me, I think there are not many challenges as I am very motivated to positively impact my country. The most difficult, in my case, is leaving my family here for a couple of days, or even months. But the thing is, when you truly want to invest in your home-country, you have to be there, at least in the early stages of development.

BC: The diaspora is expected to invest in major projects, but you rather suggest to step in small initiatives that can rapidly grow. Can you explain this vision?

FN: Absolutely, I encourage small business initiatives. This could help maximize job creation in record time. Subsequently, it could generate more tax revenue for government and a rapid return on investment for promoters, who could reinvest and then a kind of loop is created. We need to get money flowing in our economy, and I laud the numerous

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efforts made by the Ministry of Economy and Planning, and other administrations, in this direction.

BIC: Do you think Cameroon's business environment is poor, as some social activists suggest?

FN: I would rather say that the business environment is very good. Many opportunities in various domains are being created with population growth. I have also noted that in the Cameroonian diaspora, many of us are considering various opportunities in Cameroon. A number of laws could however be amended to further ease adminis-

tration procedures and processes; more incentives should be provided in order for businesses to be easily established, in the production sector especially. That is, according to me, how the diaspora can create more jobs in the country.

BC: You have been a great champion in Africa, especially in sprint racing. Today, you committed to promoting youth. What explains your commitment? Is it a business-driven?

FN: As I said earlier, I was Cameroon's 100-meters champion athlete, and I still hold the record

in 4x100m relay. I was several times selected to be part of the national athletics team, and represented Cameroon with honor at three world championships and during the Jeux de la Francophonie. This part of my life is so important to me that I could not forget it. That is why I set the Yassa program (Youth Academic & Sports Scholarship Assistance), to heighten Cameroonian athletics' participation to national and international

"I initiated the Yassa project out of love for my country. Some believe the country's development is solely the government's responsibility. I rather think everyone should contribute to the development."

games. The goal is to recruit, develop and train talents in both academic and sport fields, and also offer them opportunities to express their talents worldwide, pushing them to win some Olympic and world championships medals for the nation.

BC: How far have you advanced with this project and when is it expected to kick off?

FN: I donated an electronic timing system and other facilities to the Cameroonian Athletics Federation, to improve performances. Doing



"Small businesses can maximize job creation in a record time and subsequently generate more tax revenue for government and a rapid return on investment for promoters, who could reinvest. A kind of loop is thus created."

this, the country will benefit for the very first time from this system, which gives accurate performances recognized by the International Association of Athletics Federations (IAAF). I initiated the Yassa project out of love for my country. Some believe the country's development is solely the government's responsibility. I rather think everyone should contribute to the development.

BC: Whether in sports or businesses, young people always mention the lack of financial support to grow. What advice you who started from scratch can give them?

FN: Young people should see the lack of financial support as a big motivation. With this mindset they will work harder to find a way out. Nothing is easy. Also, a beginner needs to prove his worth before being financially supported. The

Yassa program is designed for those who will prove themselves, in both domains (academic and sport) because the post-sport life is also important. As of September 2018, we'll be offering 10 academic and sport-study scholarships to deserving young people.

**Interview with Idriss Linge,
in Dallas**

PUBLIC MANAGEMENT

Social security coverage improved by 6.67% in 2017

Cameroon's National Social Security Fund (CNPS) reported a number of 925,850 active workers registered (with files still being reorganized) in 2017, up 6.67% from 2016.

However, 60,196 new social security-insured workers were registered, against 10.52% more in 2016, with workers aged under-35 being once again the most registered (73.54%).

Also, the number of new employers registered (5,267) was down 8.1% from 2016. The number of active employers was 38,722 in 2017. Let's note that during the previous year, the most active employers operated in trade and other services (telestores, garages, personal services not classified elsewhere, associations, etc.). Meanwhile, the other services (30.76%), agriculture (11.79%)

as well as buildings and public works (9.77%) sectors listed more social security-insured workers.

Let's also note that 33,499 voluntarily insured persons were registered in 2017, three years after the Prime Minister's decree setting terms and conditions of coverage for this category of social security-insured persons.

Over 1,000 open positions in civil service



The Cameroonian minister of public service and administrative reform, Joseph Lé, just kicked off 23 competitions including 17 set to provide public service jobs for more than 1,000 seekers. The remaining 6 contests would provide 750 positions, across the country, in training institutions whose graduates are often gradually integrated into the public service,

based on needs. Contests include various areas such as translation, mining and geology, animal industries, agriculture, civil engineering, water and forestry, fisheries, information and communication, sports, husbandry etc. In this country with unemployment rate of 13% and where 70% of graduates are underemployed, the

civil service is the best alternative for many young people seeking decent work. The downside would be the rising of public wage bill, which is currently valued at about CFA100 billion per month. Let's however note that according to various official reports, public servants are deemed sometimes inefficient.

Public investments grew by 16% in Q1 2018



Cameroon's public investments increased by 16%, improving overall investments during the first three months of this year, the National Statistics Institute (INS) revealed in a report.

This reflects an upswing in the

public sector following a pullback in Q4 2017. INS said, the good performance positively impacts the gross fixed capital formation (GFCF) which contributes 1.2 point to GDP.

Though slightly, the 2.8% increase

in private investment during the period also contributed to overall investment growth. This 2.8% uptick is mainly driven by sectors such as construction, furniture manufacturing, and, to a lesser extent, scientific and professional services.

AFRITAC Center to train Cameroonian officials on public finance statistics

The International Monetary Fund's Regional Technical Assistance Center for Central Africa (AFRITAC Centre) is organizing from August 21 to 31, a peer training mission for managers of Government Financial Operations Table (TOFE) at the Cameroonian finance ministry.

According to the center, this work-

shop which will be held in Dakar (Senegal) aims at strengthening trainees' capacities to better prepare TOFE's developers teams in CEMAC zone for the implementation of the sub-regional directive.

Also, the study tours aim to encourage trainees to emulate good practices from advanced countries. Senegal

was chosen because it is one of the few West African nations to adopt and implement Directive N°10/2009/CM/UEMOA on Government Financial Operations Table (TOFE). Within this framework, the country regularly develops and publishes a TOFE on all public administration sectors.

Imports rose by 12% against 3.8% drop in exports, in Q1 2018



During the first quarter this year, Cameroon's imports grew by 12% compared to the same period last year, the National Statistics Institute (INS) indicated. This figure is the combination of an 11.9% increase in goods imports and a 12.4% growth in services imports.

According to INS, the rising in goods imports is subsequent to higher purchases of chemicals, crude oil (as the National Refining Company

Sonara resumed activities), as well as products from grain and agricultural processing. However, imports of goods such as paper products and furniture dropped. Excluding oil, the growth in overall imports stood at 10.2%.

Meanwhile, the country witnessed a decline by 3.8% in exports due to a decrease by 3.9% in goods exports and a 3.6% drop in services exports. Exports of goods excluding crude oil

are, however, up 1.6%, mainly driven by increases in exports of sawn timber, fuel and lubricants and bar soap. The downward trend in exports is mainly linked to a slump in the exports of items such as crude oil, agricultural processing and industrial agricultural products. Overall, exports of goods and services dropped GDP growth by 0.8 points in Q1 2018.

“Binding rules on burden sharing” are required for CEMAC’s defaulting member countries (IMF)

The International Monetary Fund (IMF) published, on August 3, 2018, a report on international reserve management in the CEMAC (Cameroon, Congo, Central African Republic, Gabon, Equatorial Guinea and Chad).

In the first place, the IMF explains that ideally, each of CEMAC’s member countries contributes equally to the pooled international reserve worth five months imports. *“But what happens if a country falls below its target?”*, the IMF wonders. *“The answer to this question depends on the source of free riding, which can be of a temporary or a protracted nature, and may be voluntary (that is, unsustainable fiscal policy) or involuntary (external shock). In any event, the issue needs to be addressed to avoid abuse of the solidarity principle”*, the Fund wrote.

To remedy the free rider issue IMF is referring to, *“binding rules on burden sharing”* are required. To better understand the institution’s statement, let’s remind the figures published by the Bank of Central African States (BEAC). Indeed, in 2017, Cameroon was the owner of 61%, amounting to CFA2,551.8 billion, of CEMAC’s external assets.

These external assets are owned respectively by CEMAC member states and the BEAC as follows:

- BEAC: CFA441.609 billion.
- Cameroon: CFA1,579.571 billion
- Congo: CFA138.338 billion
- Equatorial Guinea: a negative balance of –CFA50.809 billion
- Chad: a negative balance of –CFA118.421 billion.

The last two countries contributed to the decline of CEMAC’s reserves but, they enjoyed the solidarity principle. *“To mitigate the free-rider hazard, the solidarity principle could be invoked only during a limited time (a specified*



grace period) and for limited amounts (say, for up to N months’ worth of imports). The grace period is necessary for the defaulting member to be able to mobilize the financial means necessary to settle its outstanding obligations in an orderly manner (for instance, through liquidation of parts of its NSF). If a member’s default exceeds the grace period or the authorized import-months equivalent (N), the defaulting member should be required to take corrective measures to ensure

restoration of its fair contribution to common reserves. To guarantee that the adjustment policies envisioned are appropriate, the rules could require that the policies be carried out under a peer-reviewed, multilateral surveillance process. Elements of time-bound gradualism could be built into this framework to allow the various mechanisms to operate smoothly and the defaulting member to adapt to its constraints” The IMF continues.

Final consumption expenditure fell to 2.1% in Q1 2018

In Cameroon, final consumption expenditure recorded a 2.1% growth rate in Q1 2018, down from the 3.3% the same period last year. This was reported by the National Statistics Institute (INS) which attributes the poor performance to a decline by 4.8% in public consumption though

the private consumption grew by 3.5% during the period. INS said, the upward trend in private consumption is supported by higher demand for products such as food and livestock (primary sector), textiles and chemicals (secondary sector) as well as housing and trans-

port services (tertiary sector). However, what slumped the final consumption expenditure is a decline in demand for products from agricultural crops (cocoa, coffee, tea, etc.) and grain processing.

Cameroon grants tax and customs exemption to CFA74 billion worth projects in the Hospitality, agroindustry and agroforestry sector



On August 6, 2018, in Yaoundé, the Cameroonian investments promotion center (Agence de Promotion des Investissements du Cameroun -API) signed agreements with some economic operators carrying out projects in the hospitality, agribusiness and agroforestry sectors. These agreements will enable these operators, willing to invest CFA74 bil-

lion in the country, to take advantage of the provisions in the 2013 law on incentives for private investments in Cameroon.

Indeed, this law revised in 2017 grants from 5 to 10 years tax and customs duties exemption to companies launching their activities or already in operation but wishing to extend their activities in the country.

Let's remind that since it entered into force in 2014, the 2013 law on incentives for private investments in Cameroon led to the signature of 157 agreements between Cameroon and various project carriers. The planned investment in the framework of those agreements is estimated at CFA3,424 billion allowing the creation of about 55,000 direct jobs in the country.

FINANCE

BEAC invested CFA265bn to refinance CEMAC's banks

On August 23, the Bank of Central African States (BEAC) once again put out to tender CFA265 billion to refinance commercial banks within the six countries of the Central African Economic and Monetary Community

CEMAC.

This investment to help banks in need, is set until August 30 at a minimum rate of 2.95%, which actually is the official rate applied by BEAC. Let's note that this new financing

brings the central bank's investments in CEMAC since June 2018 to over CFA2,000. The six countries in CEMAC include Cameroon, Chad, Congo, Equatorial Guinea, Gabon and the Central African Republic.

Afriland First Bank reports CFA618bn in credit granting, as at June 30

Cameroon's largest bank Afriland First Bank announced it has granted a total of CFA618 billion in credit, as at June 30 2018. Credits were granted as salary advances, overdrafts, schooling and automotive credits as well as mortgages.

The same period last year, the group was one of the five institutions (including Société Générale Cameroun, Ecobank, SCB and Bicec), which provided about 72% of loans granted to the country, the finance ministry said. This includes the CFA3,321.1 billion bank loans granted to Cameroon in June 2017, of which Afriland and the 4 other banks provided CFA2,391.19 billion.

Let's note that Afriland Bank currently operates 43 branches (out of a total of 283 bank branches in Cameroon), 117 ATMs and 197 electronic terminals. The banking sector includes 14 banks and 9 financial institutions (eight of which were operational in 2017).



AGRIBUSINESS

Cocoa production rose during the 2017-2018 campaign despite unrest in the Southwest

During the 2017-2018 cocoa campaign, which was officially wrapped up in Mid-July, Cameroon marketed a national production estimated at 253,510 tons, a volume up by 22,000 tons compared to the 231,510 tons marketed during the previous campaign.

This increase in production occurs despite an environment marked by violence imposed by the English-speaking separatists in

the Southwest which is one of the largest cocoa producing basins in Cameroon.

According to figures published on August 7, 2018 by the National Coffee-Cocoa Board during the official launch of the 2018-2019 cocoa campaign in Ngomedzap, a production basin in the Central region, the Southwest contributed 31.5% in the overall cocoa bean purchases in the country against 50.3% and 7%

for the Central and Coastal regions respectively.

During the campaign under review, the average farmgate price was CFA550 at the launch of the campaign in August 2017. In the inter-season however, this price capped CFA1,000 and even reached CFA1,210 according to the figures released by the board.

Cameroon's grade I cocoa shipments grew by 713% in 2017-18



During the 2017-18 campaign which ended mid-July, Cameroon hit significant progress improving its quality label. Indeed, the country known as a grade II cocoa exporter (over 90% of export volumes in the last three seasons), shipped about 9,000 tons of grade I beans.

"The volume of beans exported in grade I rose from 1,099 tons in 2016-17 to

8,933 tons in 2017-2018, a 713% year-on-year increase," said Luc Magloire Mbarga Atangana, the trade minister during the launching of the 6th edition of the Cameroon International Cocoa Festival (Festicacao) August 8 in Yaoundé.

According to the minister, this growth momentum *"is set to go further following the generalization*

and extension of the program designed to establish a number of centers of excellence for cocoa post-harvest processing in the country's production basins". The program is piloted by the Interprofessional Council for Cocoa and Coffee (CICC), along with partners such as the Fédération des chocolatiers et confiseurs de France.

A Cocoa-Cotton Trade Relation could soon be set between Cameroon and Indonesia

The Lagos-based Indonesian Trade Promotion Center (ITPC) organized Aug 14 an economic forum in Douala, the economic capital of Cameroon, focusing on partnership opportunities for local

economic operators with Indonesian businessmen.

"We need your cotton and cocoa," said Simon Tumanggor, ITCP deputy director in Lagos, calling Cameroonian economic operators to attend the

33rd Trade Expo Indonesia (TEI) in Jakarta next October 24-28.

Simon said this could be an opportunity to tie wealth - creating partnerships, to boost trade which so far is almost nil between both countries.

Cameroon's cocoa processing capacity to be boosted with the commissioning of Atlantic Cocoa's plants in Kribi

Out of the 253,510 tons of cocoa officially marketed in Cameroon during the 2017-2018 campaign which has just been, 53,494 tons were processed locally. 53,403 tons had been processed by industrials and 91 tons by small-scale processors. Compared to the 33,023 tons processed during the 2016-2017 campaign, this represents a rise by 20,000 tons. Despite this, it is worth noting that Cameroon processed only 25% of its production while the cocoa sector's recovery plan expects the country to be able to process 50% of its production by 2020 and produce 600,000 tons annually. According to various actors in the sector, these targets couldn't be met.

This is evidenced by the statement of Luc Magloire Mbarga Atangana, the trade minister on August 8, 2018, while launching the sixth edition of Festival international du cacao camerounais (FESTICACAO). Indeed, the minister expects the country's processing capacity to be between 130,000 and 150,000 tons in the coming three years, far from the 300,000 tons forecasted in the recovery plan.

Let's note that this processing capacity will become effective during the 2018-2019 (officially launched on August 7, 2018) with the commis-



sioning of a new processing plant in the industrial zone of Kribi deep-water port in the South by Atlantic Cocoa.

The first processing units to be built in the port, these plants are part of a CFA50 billion agribusiness project lead by the Ivorian economic opera-

tor Koné Dossongui and, they will be commissioned by the end of this year according to authorized sources. The plants will have a yearly processing capacity of 48,000 tons extensible to 64,000 tons, Georges Wilson, managing director of Atlantic Cocoa revealed.

ENERGY

Besix Group picked to build Nachtigal hydropower dam

Besix Group, a Belgian company operating in the construction sector, announces that it has won the contract for the designing and construction, in the Central region in Cameroon, of the 420-MW Nachtigal hydroelectrical plant.

This infrastructure will help boost the country's electricity generation capacity by 30%, according to World Bank which is one of the partners in that project through the International Finance Corporation (IFC), its subsidiary specialized in the private sector's financing. According to the Belgian developer, the works which will be realised in partnership with the French company NGE (Nouvelles générations d'entrepreneurs, leading grading services provider in France) and the Moroccan SGTM, will start off before the end of this year and should last 57 months.

Backed by Nachtigal Hydro Power Company (NHPC), a Cameroonian company owned at 40% by EDF



International, 30% by the government and 30% by the IFC, Nachtigal hydroelectrical plant will cost about CFA656 billion.

"The Nachtigal Project is one of the very few public-private partnership (PPP) hydropower projects in Sub-Saharan Africa that will accelerate Cameroon's realization of its development goals, including poverty

reduction", Elisabeth Huybens, World Bank country director for Cameroon, said in a statement published on July 19, 2018.

In that statement, the Bretton Woods institution announced that it provided \$794.5 million (about CFA447.17 billion) for the realization of that project.

Eneo seeks to improve service quality, via equipment modernization

Eneo, Actis group's local subsidiary, plans to improve service quality through a modernization of its equipment. This follows a partnership agreement recently signed with the Cameroonian Ministry of Employment and Vocational Training. Joël Nana Kontchou (photo), the power distribution company's MD, said the equipment will be replaced

with smart devices under the Smart Eneo Program. *"We designed the Smart Eneo program which covers facilities' geo-referencing, smart and prepaid meters, technical information management system, etc."* he mentioned.

Under this move, the company intends to reduce intervention times in the event of a breakdown, and cut customers' debt obligations which amount to

billions of CFA francs. Indeed, the new smart meters which are rechargeable with call credit via mobile phone, will now require Eneo customers to pay before being served.

Let's note that since 2016, some smart meters have been installed in districts of Douala, such as Bali and Bonapriso, as part of a pilot phase.

ADC to commission a solar park in Douala



Cameroon Airports Company (ADC) is to commission at the end of October 2018 a 1MW solar park to power Douala international airport. According to NewsAero which reported the news, the 13,000-m² facility is financed by the European Union and construction is entrusted

to French company Sagemcom as part of an International Civil Aviation Organization (ICAO) program to reduce carbon footprint. In addition to Douala airport, 4 other airports have been selected under this program which is still in pilot stage. These include Kingston

and Montego airports in Jamaica; Mombasa in Kenya; and Port of Spain in Trinidad and Tobago. Once completed, the Douala solar park will become the largest infrastructure of this type in Cameroon.

Gaz du Cameroun's sales fell by 372% in Q2 2018

Gaz du Cameroun (GDC), local subsidiary of British oil and gas operator Victoria Oil & Gas (VOG), has seen sales drop by 372% in Q2 2018 compared to Q2 2017. Between April and June this year, the company sold 320 million cubic feet of natural gas, down the 1.192 billion cubic feet the same period in 2017.

This strong decline is subsequent to the suspension, in January, of gas supplies to the electricity distribution company, Eneo, which was then managing a 50 MW gas-fired power plant in the locality of Logbaba. *"Logbaba is a temporary source, which is made not to last. This plant was an emergency solution, pending*

the commissioning of the Lom Pangar and Memve'élé dams. Lom Pangar is ready to help address the situation, despite a slight drop in the water level in reservoir, recorded in 2017," said a source at Eneo. The latter was so far GDC's largest client.

INFRASTRUCTURE

Cameroon to renovate 190 km of roads following the CEROQ contracts



The Agricultural Investment and Market Development Project PIDMA aimed at boosting the production of corn, sorghum and Cassava for agro-industries in Cameroon and for which World Bank disbursed CFA50 billion will soon launch a programme for the renovation of 190 kilometers of rural roads in the country to connect the agricultural production basins to markets.

According to information revealed on August 6, 2018, during a sensitization workshop organized in Mbalmayo, in the Central region, five regions will be considered in the

framework of that programme. These are namely the Centre, the South, the Coast, the West, and Northwest. During the workshop, World Bank and PIDMA's coordination unit informed that the works would be realized following the CEROQ contracts (Qualified Objective Maintenance and Rehabilitation Contracts) considered to be less costly and takes less time. *"This method is crucial for the country because it will help go into second generation agriculture"* Thomas Ngué Bissa, the national coordinator of PIDMA said. Peter Tanifor, manager of World

Bank's transport unit in the Central African region, explained that the CEROQ contracts consist in prioritizing renovation methods suitable to the users' needs over the classical methods.

"For instance, if the ministry of agriculture indicates that to move products from Nguélémedouka (in the East) to Yaoundé (in the Central region), the user only needs bikes, the engineer will build roads suitable for bikes only. In short, the road will be built according to the need expressed", he said.

PIDMA's managers further explained that during the test phase, they obtained competitive and acceptable costs for the project. The said method will also help tailor the works so as to guarantee the viability of the renovated rural road and avoid important variation between the works to be done, from planning to execution.

Various construction firms in Cameroon's northern side are underperforming, government reveals

Following a roadwork visit in Adamaoua, one of Cameroon's three Northern regions along with the North and Far North, the Minister of Public Works, Emmanuel Nganou Djoumessi, reported the underperformance of many companies. In addition to bill payment issues and weather variations cited by construction operators as reasons

for poor service quality, the minister mentioned that in the North and Adamaoua regions, there are no laterite deposits, making materials supply difficult.

"That's why we rather use stabilizers and innovative materials which, when in contact with the ground, contribute to the road's stabilization," the minister said in an interview with

Cameroun Tribune.

Above all, Djoumessi stressed that the poor performance observed is related to the companies' current large portfolio. Indeed, he explains, many companies commit to several projects and finally fail to deliver efficient results.

MINING

Heavy metals and radioactive substances detected on some mining sites in East Cameroon



In Bétaré Oya and Kambele, two major gold mining towns in the forest and mining region of East Cameroon, the researchers of the Geological and Mining Research Institute IRGM detected radioactive substances on some mining sites. In addition, some sites are polluted by heavy metals

such as lead and arsenic, exposing residents to health hazards. These are some of the findings of the study on mining and high-mining potential zones' monitoring in Cameroon, published on August 3, 2018, in Yaoundé by IRGM, a special institution attached to the

Ministry of Scientific Research and Innovation.

Apart from gold which is popular in that region, there are many mining resources which, to date, are illegally exploited by local miners.

INDUSTRY

Cimencam acquires a pozzolan deposit in Western region

Cimenteries du Cameroun (Cimencam), the local subsidiary of LafargeHolcim Maroc, acquired a 42-ha deposit hosting 12 million tons of pozzolan in Foubot, in the western region. The quarry has a 50-year life time.

According to Pierre Moukoko Mbonjo, Chairman of Cimencam's

board, pozzolan accounts for 30% of cement production. Foubot quarry's output will be used as an addition in the manufacturing process, at the new production plant (500,000 tons) under construction in Nomayos, a slum in Yaoundé.

The Nomayos plant (CFA23 billion) which could be completed in 2019

is expected to bring the company's annual production to 2 million tons of cement in Cameroon. Let's recall that Cimencam paid CFA240 million in compensation to people living near the Foubot quarry.

Gas Cylinder Production to kick off in Nkolomane



Last August 16, the locality of Nkolomane, in the Central region of Cameroon, hosted the ground-breaking ceremony for the domestic gas cylinder production plant. The event was headed by the Minister of Mines, Industry and Technological Development.

The CFA10-billion project set to generate 350,000 cylinders per year, was backed by the 2013 law on private investment incentives in Cameroon, which grants tax and customs exemptions to investors over 5 to 10 years.

"We need about six million more

cylinders to meet demand, up from the current three million so we have to commit strong investments" said the project promoter, Hubert Otélé Essomba, an economic operator. The latter resumed service, after several years of squabbling with the Cameroonian court over an unsuccessful presidential jet purchasing plan.

In 2017, local traders imported 440,000 domestic gas cylinders in record time thanks to a government tax and customs exemption measure (exemption from VAT and reduction of customs duty) as to renew the gas cylinder stock.

According to a joint study conducted in 2011 by the Directorate of Metrology and Consumer Protection at the Trade Ministry and the Hydrocarbon Stabilization Fund (Csph), *"70% of the domestic gas cylinders used in the country were defective"*. This situation explained, at that time, the repeating household tragedies related to gas cylinder explosions.

ITC & TELECOM

Nexttel reached 5 million subscribers in just 4 years

Nexttel, Local subsidiary of Vietnamese telecoms group Viettel, reached nearly 5 million subscribers after 4 years of activity (since September 2014). This was revealed in the company's statement posted August 15 announcing a partnership with Israeli firm Gilat Telecom to deploy 4G network. With its subscriber base, which is

rapidly growing, Cameroon's 3rd mobile operator is now close to reaching MTN (6.6 million) and Orange (5.58 million), which launched activities in the country almost 15 years earlier. These updated figures imply that MTN subscriber base has dropped, since the company reported over 10 million subscribers 5 years ago. Also, both MTN and Orange's subscriber

base could drop further over the impending launch of 4G network by Nexttel.

According to 2017-2021 projections made by Ovum, a British analysis firm, Nexttel and Orange will capture significant market shares from MTN Cameroon. Let's note that according to the financial statements, Orange led the market in H1 2018.

Mobile Penetration surged from 12% in 2005 to 83% in 2016



A report published by the Cameroonian ministry of posts and telecoms (Minpostel) showed a significant growth in the country's mobile penetration rate, which rose from around 12% in 2005 to almost 83% in 2016. Available data indicated 20 million mobile subscriptions in 2016, the largest beneficiaries being MTN and Orange. As in most African countries, wireline telephone network significantly dropped in Cameroon over lack of investment, extension and maintenance and due to vandalism related to cable theft. Since 2007, the number of fixed analogue telephone lines has remained below the 2006 value (112,715 lines) and is still concentrated in the Central and Littoral regions (more than 7 lines out of 10). Although the penetration rate of fixed wireless telephony has been constantly increasing since 2005, mainly due to the high propensity to CDMA subscription, Minpostel reported a very low penetration of wireline network which remains in decline over the period (100,331 wireline telephone subscribers in 2005 against 67,678 in 2016).

ICT shares in GDP dropped from 2.3% to 1.8% between 2007-15



Cameroon's 2017 telecoms statistical yearbook revealed that the share of telecoms and ICT (Information and Communication Technologies) in GDP (Gross Domestic Product) declined from 2.3% in 2007 to 1.8% in 2015.

In 2015, telecoms contributed about

0.12% to GDP growth. Turnover generated by telephone operators (fixed and mobile) continues to grow, rising by over 25% from CFA427.11 billion in 2010 to CFA566.14 billion in 2015. However, the report said, telecoms and ICT sector remain a major job provider. Direct job creation has

been increasing since 2006. More than 8,000 jobs were created in 2014, mainly by telephone operators. Let's note that in Cameroon, ICTs are widely used within the corporate world.

Viettel secures a CFA94-million Digital Tablets Supply Contract, under the husbandry development project

Viettel Cameroon (known as Nexttel) has just won a CFA94 million contract under the World Bank-financed husbandry development project (Prodel) in Cameroon.

Under the contract, Nexttel will provide digital tablets and a communication fleet to the project's staff charged with epidemiological surveillance. Viettel's Cameroonian subsidiary was selected ahead of MTN and Orange Cameroon. MTN's

bid of CFA49 million, however being the lowest, was found non-compliant regarding the technical characteristics of devices which work under android 6.1 system instead of a 7.0 system.

Orange Cameroon was also rejected, despite its CFA58.19 million bid, over low battery power (3000 Ah instead of 3200 Ah required). In addition, the camera of the device was 5 megapixels (MP) while a minimum of 8 MP

was required.

In June 2017, the World Bank granted a \$100 million loan (about CFA60 billion), to finance the Husbandry Development Project. The 6-year project aims at improving the productivity of targeted breeding systems and the marketing of its products. The project targets six sectors including bovine milk and meat, small ruminants (sheep and goats), pigs, poultry (eggs and meat) and honey.

MTN Mobile Money revenues grew by 404% in H1 2018, on a year-on-year basis

Between June 2017 and June 2018, mobile money revenues of MTN group's local subsidiary surged by 404%, increasing the MoMo service's share in the company's overall turnover.

An analysis of MTN Cameroon's financial statements revealed an in-

crease by 10.5% to 1.2 million MoMo users, between December 2017 and June 2018. Revenues are expected to grow further in coming months as competitor Orange, which leads the market with more than 2 million users, increased tariffs a few weeks ago impacting customer base.

According to the National Statistics Institute (INS), MTN Mobile Money is the most used mobile payment service within Cameroonian companies, ahead of Orange Money and Afrikpay, a pan-African operator.

Nexttel partners with Gilat telecom to deploy 4G in Cameroon



The Israeli operator Gilat Telecom (formerly known as Gilat Satcom) announced August 15 it was picked by Nexttel to deploy 4G service across Cameroon. This means the nation's 3rd operator "will use the optic fiber network of Gilat in Cameroon and Africa to provide its customers with a fast and reliable broadband service," Gilat said in a statement. Gilat Telecom, which already operates via subsidiaries or partnerships in DR Congo, Ghana, Uganda, Nigeria and Zambia, was chosen following a tender which has also seen the par-

ticipation of major telecom service providers in Africa.

"The demand for mobile broadband services is very high in Cameroon. People require a reliable and fast network to access online service via mobile phone. We are investing heavily in our infrastructure in Africa, which allows us to win big clients such as Nexttel," said Dan Zajicek CEO of Gilat Telecom.

Nexttel, the first mobile operator in Cameroon to be granted a 3G license, which it had difficulty operating between 2012 and 2014, is a company

controlled by Vietnamese group Viettel. The rapid growth of this operator on the local market, thanks to the quality of its Internet service and the coverage of rural areas, enabled Cameroon to become the group's first market in Africa, as of H1 2016. Nexttel intends to keep this position by launching not only the 4G (announced several months ago), but also the mobile money service (in partnership with UBA) already deployed by its competitors MTN and Orange Cameroon.

LEADER OF THE MONTH

Fabrice Siaka buys shares of Rougier group in Cameroon and Central Africa



Fabrice Siaka, 40-year, made a fortune importing food products like rice.

On July 19, 2018, the French group Rougier, specialized in forest exploitation in Africa (Under judicial review since March 2018) announced that six days earlier, Poitiers commercial court allowed it to sell its shares in Cameroon and the Republic of Central Africa.

The buyer is Société de distribution nouvelle d'Afrique (Sodinaf), owned by 40-year old Cameroonian businessman, Fabrice Siaka, who made a fortune importing food products like rice.

Thanks to the transaction concluded by both parties on July 16, 2018, in

Douala, Sodinaf is taking control of Société forestière et industrielle de la Doumé (SFID), Cambois and Sud Participation in Cameroon. In the Republic of Central Africa, it is Rougier Sangha-Mbaéré (RSM) which falls in the portfolio of Sodinaf.

The operation's amount was not disclosed but authorized sources said Sodinaf which also has operations in Chad, Central Africa, and Congo DR, was financially supported by Société générale Cameroon in the shares purchasing operation.

"The shares' purchase will help rationalize the group's portfolio of

activities. Rougier, which wants to remain an important actor in the sector can continue its geographic refocusing in better conditions", Rougier group indicated in an official statement.

Let's remind that on March 12, 2018, holding Rougier SA, listed on Euronext, was placed under receiv-

Sodinaf which also has operations in Chad, Central Africa and DR Congo, was financially supported by Société Générale Cameroon while purchasing Rougier's assets in Central Africa.

ership in France in order to implement important refocusing actions. However, the Group's subsidiaries such as Rougier Sylvaco Panneaux, which have their economic and financial freedom, are not concerned by redress.

Brice R. Mbodiam

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