Agribusiness: Brazil ready to show Cameroon the way to higher spheres

Reviewing the state of things in the North and Far North

After Douala, Hotel Group Onomo now eyes Yaoundé
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I was 25 when I first travelled to Central Africa, and that was in Cameroon. During my three weeks there, I was mesmerized by its enchanting landscapes, at places modern, at others more natural and rich, and lunar at some more. No places looked liked the other. I felt like I was moving from one country to another, passing from a culture to another. From Yaoundé to Kribi, from Kribi to Douala and Bamenda, to Foumban, land of the Bamoun people, from Bafoussam to Garoua passing by Ngaoundéré and finally to Maroua. I have great and vivid memories of this voyage. I remember the colourful cloths of young girls and women, their timid and warm smiles, with voices never too loud, and this market brimming with activity.

Then there was that night when I slept under the starry sky in the WAZA Park. I returned completely metamorphosed, all my previous prejudices gone. I only longed to go back one day but not so more today. Indeed, the Far North of Cameroon was fully hit by the terrorist attacks of the Nigerian Islamist sect Boko Haram and it since suffers conflicts between this group and the forces that fight it. Torn between peace and war, the Far North, weakened at the socio-economic level, has become the perfect victim of troubles stirred by this territorial instability.

Security issues have greatly weakened this region despite the fact that it holds multiple economic and socio-cultural assets. Agriculture, husbandry, tourism, transport, transborder trade along the Chad-Nigeria border, are many assets that were the pride of this region, the most populated of country's ten regions, all of which have been hindered or almost ceased activity, leading to the a significant economic deficit. What the Far North needs to regain its shine is nothing more than the interest of industry leaders.

Well aware of the region's needs, the Cameroonian government, through its Prime Minister, just provided it a gush of fresh air. The Far North, given its diversity and its social fabric, has great economic potential. However, it must be rebuilt and this is a vast project. It is time to revive this economy and this requires the securization, already effective, of this touristic destination, restarting investment in infrastructure, reconstruction...

After declaring the region “economically distressed”, the Prime Minister, Dion Ngute, there is a true desire to help the area get back on track, building new production basins, as both the potential and human resources needed in this framework are available. Appealing investment incentives have even been put in place in this regard. All that is left to do now is find the perfect alchemy to consolidate efforts made to ensure its restoration; these relate mainly to: security, investment, reconstruction, stability. The Far North is entering a period of reconstruction; one that must be supported as opportunities there are quite appealing. Even President Paul Biya, having picked this region as key destination during his campaign tour, seems to have set its economic orientation. The region which resisted the Islamist sect now needs new investors and development partners that will contribute to its economic recovery and subsequently improve the wellfare of its populations.

Yasmine Bahri-Domon
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COMPANY OF THE MONTH

SABC purchased about 30% of its inputs on the local market, in Jan-Aug 2019

Between January and August this year, Cameroonian brewer SABC spent more than XAF21 billion to purchase agricultural raw materials and inputs used in beer production, on the local market. This figure makes, according to the company, 29.6% of total inputs bought over the period for XAF71 billion.

SABC spent about XAF9.5 billion on sugar and corn grits, 29% of the XAF32.5 billion used for overall agricultural raw materials. Last year, local producers captured 44% of the XAF16.5 billion used to buy agricultural raw materials.

Still, between January and August this year, the company purchased other products on the local market for XAF11.6 billion, or 30% of its overall purchase over the period. Acquiring inputs locally gives a boost to local companies such as Maiserie du Cameroun (Maiscam), an agribusiness located in the northern region, which supplies 100% of its corn grits annual production (10,000 tons) to SABC. Sugar company Société sucrière du Cameroun (Sosucam) has also seen its turnover increased, driven by sales to the brewing company. “Driven by sales to SABC, our turnover has increased by 62% over the last ten years,” Louis Yinda, the former CEO of Sosucam, testified in a publication made to celebrate Sabc’s 70th anniversary. The manager explained that the significant increase in turnover is the result of a 58% rise in the volume of sugar purchased by SABC over the 10-year period.

Brice R. Mbodiam
MONTHLY STATISTICS

XAF1,060

Since the 2nd week of September 2019, the maximum price per kilogram of cocoa beans in Cameroonian production zones stood at XAF1,060, against XAF1,040 a month earlier. According to the Information System for Cocoa and Coffee Sectors (SIF), which provides real-time data on daily price fluctuations, the prices increased despite the wet season which was usually marked by a decline due to difficulties in accessing production basins. But during this 2019-20 campaign, sector players made extra efforts to meet the strong demand in beans that came with the commissioning of new processing units, despite the bad road conditions.

2.2%

On September 18, 2019, Cameroon once again successfully raised XAF10 billion on BEAC’s securities market, at an average rate of 2.2%. According to the statement issued after the operation by the country’s General Directorate of the Treasury, this is the lowest rate for Cameroonian securities on the market since 2011. After it long stood at 2.5% on average, the interest rate on the country’s securities reached 3.9% in late 2015, driven by competition on the Beac market at that time, as Cemac states’ revenues declined.

268,000 m³

Over the first 6 months of this year, Cameroon shipped 268,000 cubic meters of tropical logs to China. Although this figure is down 21% year-on-year, it represents 7% of China’s overall tropical logs imports over the period reviewed, the International Tropical Timber Organization (ITTO) said. In a recent memo on the global timber market, ITTO points out that the average price of tropical logs imported by China as of June 2019 was $330 (about XAF195,690) per cubic meter, up 6% YoY. During the period reviewed, Cameroonian loggers cashed out $88.4 million (XAF52.5 billion) from log sales to China.

6,000

Cameroon’s water utility Camwater launched on September 16, 2019, a campaign aimed at connecting 6,000 new users who have been waiting since 2015, to the national grid. According to the company, the operation will be done within three months. The “un ménage, un branchement” (one household, one connection) campaign will focus on the 111 towns covered by Camwater’s network. The company has, for this purpose, acquired a number of equipment required for the project. It explained that the delays in the establishment of the connections are the result of the preparation period for the merger between Camerounaise des Eaux (CDE), former successful tenderer for the leasing contract, and Camwater, the public infrastructure company.
Boko Haram is drowning Cameroon’s economy

Cameroon’s Prime Minister, Joseph Dion Ngute, announced on September 2 that the Far-North, Northwest, and Southwest regions have been officially classified as economically depressed regions. Consequently, the official stressed, any company willing to invest in the regions will be granted tax incentives for up to 3 years during the installation phase and up to 7 years when in operation.

Also, businesses that invest in any of these economically weak areas with the view of restoring their production tool will “be entitled to a tax credit of 30% of the expenses incurred. It (the credit, ed) is capped at XAF100 million and is chargeable for up to a maximum of three financial years following that in which the expenditure was incurred.”

With these incentive measures, the government is particularly seeking to put the Far-North’s economy, the most depressed one, back on the path of growth. The poor-infrastructure region has seen its already weak economic fabric completely destroyed since 2013, due to repeated exactions by Nigerian Islamist sect Boko Haram.

Before this sect spread fear in the Far-North, kidnapping seven members of the French Moulin Fournier family in the locality of Dabanga back in February 2014, the region was one of Cameroon’s main tourist destinations. And now authorities are putting in efforts to rebuild its reputation.

Without really meaning to seduce investors to enter this part of Cameroon, this dossier sheds more light on the reasons behind the incentive decision taken on 2 September 2019 by the Cameroonian authorities.

Brice R. Mboiam
The government of Niger kicked off on September 17 the construction of a 2,000 km pipeline linking the oil fields of Agadem to the port of Seme in Benin, reliable sources said. This project, estimated at about 3,000 billion CFA francs, is scheduled to last 2 years and works are entrusted to China National Petroleum Corporation (CNPC).

Initially, Niger planned to channel its oil through the Chad-Cameroon pipeline but due to some misunderstanding with Chadian authorities and pressures by Boko Haram, the country was forced to find an alternative solution, though more costly. The initial plan was to build a 600 km line between the oil fields of Agadem and the Chad-Cameroon pipeline to export Niger’s crude oil from the deep-water port of Kribi, inaugurated in March 2018 in the southern region of Cameroon.

Regarding the misunderstanding with Chadian authorities, sources explained that the partnership between Chad and China National Petroleum Corporation (whose activities have contributed to increasing the right of transit of Chadian oil on Cameroonian territory, ed) has not always been trouble-free. For example, after being suspended on 13 August 2013 by the Chadian government for “flagrant violation of environmental standards,” CNPC once again got in dispute with this government in early 2019 over the control of the Djarmaya refinery (SRN). Even though the Chinese company owns 60% of SRN’s capital, the Chadian government vetoed the appointment of a Chinese as Managing Director, saying a Chadian citizen at this position would be better. Finally, it is one of the sons of the Chadian President Idriss Déby Itno who was appointed MD of SRN.

Besides this aspect of the situation, Niger itself has been hesitating about the initial project since late 2014, a bit more than a year after the terms and conditions agreement was inked on October 30, 2013, in Yaoundé. The reason, Niger says, is “the growing insecurity on its borders and the permanent threat now posed by Boko Haram sect in the Lake Chad region.” This is bad news for Cameroon which was expecting to collect significant income from the export of Niger’s oil via the Chad-Cameroon pipeline. Transit duty was revalued for the first time on 29 October 2013, from XAF195 ($0.41) per barrel to XAF618 ($1.30) per barrel. For a second review on 30 September 2018, duty officially increased from the $1.30 to $1.32 per barrel.

Brice R. Mboadiam
Boko Haram cost Cameroon’s livestock and fisheries sectors about XAF90 bln between 2012 and 2016

Fight against the Nigerian sect Boko Haram has cost Cameroon’s livestock and fisheries sectors a total of XAF89.8 billion between 2012 and 2016. This is the conclusion of a report issued by the Ministry of livestock, fisheries and animal industry (Minepia) after a survey in the departments of Mayo, Sava, Mayo Tsanaga and Logone and Chari where the activities are concentrated.

The livestock sector alone, the report found, lost about XAF54.8 billion, nearly 65% of total losses. According to the ministry, the situation was induced by “theft, kidnapping, the killing of animals, etc., animal diseases and the decline in the market value of animals.” Of the livestock sector’s aggregate losses, those due to the decline in the commercial value of animals account for 82%, compared to 15.5% for losses induced by theft, kidnapping, and killing of animals, and only 2.5% for losses due to animal diseases.

According to the Minepia report, these financial losses are closely linked to the closure, since 2012, of 21 livestock markets in the Far North, where “trades are mainly oriented towards supplying households.” This situation has, for its part, created an indirect loss of about XAF26.3 billion, or more than 30% of the overall losses recorded in both the livestock and fisheries sectors between 2012 and 2016.

With regard to fisheries, though losses are also significant, the situation is much better than the livestock segment. “The assessment of social impacts on the fisheries sector mainly focused on the fish market. The situation (attacks by Boko Haram, ed) has led to a reduction in catches and, consequently, a decline by half in the quantities available on the market throughout the period reviewed, as fishermen no longer have access to fishing grounds or have simply abandoned the activity. The cumulative effect of the reduction resulted in a loss estimated at XAF8.5 billion,” the report points out.

In its recent “Breaking down barriers to regional agricultural trade in Central Africa” report, the World Bank explained that since 2013, Boko Haram has stolen XAF3 billion ($6 million) worth of livestock in the Far-North. Over a period of 5 years, about 17,000 heads of cattle and thousands of sheep and goats were taken by terrorists during assaults.

CLOSE TO XAF3 BILLION WORTH OF LIVESTOCK STOLEN

The World Bank Group revealed another facet of the magnitude of the Islamist sect Boko Haram’s attacks in the Far-North. Indeed, since 2013, these terrorists have been assaulting residents in that region with increased violence. In its recent “Breaking down barriers to regional agricultural trade in Central Africa” report, the World Bank explained that since 2013, Boko Haram has stolen XAF3 billion ($6 million) worth of livestock in the Far-North. Over a period of 5 years, about 17,000 heads of cattle and thousands of sheep and goats were taken by terrorists during assaults.
At the end of 2014, Cameroon’s Far-North region recorded a deficit of 132,000 tons in grain production (millet, sorghum, maize), Mr. Abakachi, the regional delegate for the Ministry of Agriculture and Rural Development (Minader) in this part of the country, informed. This was during the region’s agro-pastoral fair held at the end of the year. According to the official, the decline in cereal production, which failed to meet an estimated demand of about 770,300 tons that year in the region, is partly due to the abandonment of plantations in several villages near the border with Nigeria. He said farmers have fled the abuses by Boko Haram whose incursions into Cameroonian territory have been growing since 2013.

As a direct consequence of this situation, grain prices surged in the three northern regions (Far-North, North and Adamaoua). Prices of sorghum and corn, for example, jumped by 38% between March and May 2018, even in the Eastern Region, and authorities said this does not augur well at all since demand is way higher than supply. As a matter of fact, they say, the regions are really threatened by famine. While production is reducing, demand is skyrocketing not only from local consumers but also from Nigerian refugees who arrived in this part of Cameroon, fleeing the unrest in their country. What is worsening the situation is that cereals (mainly millet, corn, and sorghum) are the staple foods of the populations in the North, Far North, and Adamaoua regions, which are home to a third of the entire Cameroonian population. To cushion the impact of the looming famine, the government announced it is now going to better control grain traffic in the regions. On February 8, 2018, the agents of the Ministry of Commerce’s regional delegation for the Far North stopped a 32-tonne cargo of millet en route to Douala. Sources said the seized cargo was immediately auctioned off at XAF18,000 per 100 kg bag, down the XAF25,000 on the market at that time. This was a real boon for the region’s people who have been struggling to buy the products at the market price.

Famine looms over the Far-North region, due to weak grain production
IMF says anti-Boko Haram fight cost 1-2% of Cameroon’s GDP

In its report on the economic outlook in sub-Saharan Africa at the end of April 2016, published on 3 May of the same year, the International Monetary Fund (IMF) opens a study on the impact of the threat of terrorism on the economies of some African countries. According to the study, in Cameroon, although “the threat of terrorism is concentrated in rural and poor areas,” particularly in the Far North, it has, however “caused an increase in the overall national security spending with a budgetary impact of around 1 to 2% of GDP.” This means that financing the deployment of the local army to control the border with Nigeria in the Far-North has, since 2013, seriously weighed on public treasury. As well, Cameroon’s participation in the Multinational Mixed Force, made up of the armies of four states in the Gulf of Guinea facing attacks from the Nigerian terrorist sect Boko Haram, used a huge share in the budget.

With regard to the IMF estimate of Cameroon’s GPD which the World Bank forecasted at $32.05 billion in 2014 (over XAF17,000 billion), the war against Boko Haram has already cost between XAF170 billion and XAF340 billion to the Cameroonian Public Treasury at the time the report was published.

By comparison, in addition to the loss of human lives since 2013, Boko Haram has already made the Cameroonian government spend more than the XAF163 billion needed to build a 60,000-seat stadium in Yaoundé for the AFCON 2021.

The government says Boko Haram has killed more than 1,000 since 2013

315 deadly incursions into Cameroon’s Far North region, 12 mine accidents, 18 kidnappings, and more than 32 suicide attacks, resulting in more than 1,000 deaths and more than 5,300 heads of cattle stolen, including 4,200 in 2015 alone. The government said this is “a macabre statistical picture of the barbaric aggression for which Cameroon has been paying a high price since 2013, due to the barbaric and criminal attacks by the terrorist organization Boko Haram.” The figures were revealed on January 14, 2016, during a press conference in response to accusations made against the Cameroonian State by certain human rights NGOs. Suggesting that these NGOs should not “confuse the victim with the attacker.” The then Minister of Communications, Issa Tchiroma, had once again “hailed the courage, determination and effectiveness” of the Cameroonian defense forces, “backed in this fight by the bravery of the vigilance committees working with the administrative authorities, to track down these criminals, wherever they might be on the national territory.”
Vivian Loss Sanmartin “There are many sectors in which Brazil can provide Cameroon its expertise”

Brazil’s ambassador to Cameroon explores opportunities for win-win cooperation between the two countries, especially related to agribusiness development.

“...In Cameroon, I think what should be done first is to boost local consumption and improve the beans’ quality...”
Brazil-Cameroon cooperation, what progress has been made so far in this area?

VLS: At the moment we have no such project. However, in the past, we had some but they were minor. A few years back, EMBRAPA and Cameroon's Agricultural Research Institute for Development (IRAD) signed a memorandum of understanding to identify cooperation channels, for example, to empower Cameroonian technicians in Brazil. We believe this can be done. Most importantly, there is an opportunity to spur exchanges, especially concerning the private sector’s contribution to the application of technologies already developed in Brazil here in Cameroon. After all, there is no use for research if its results cannot be appropriated by the private sector.

BC: Well, one of the issues with research in Cameroon is that its results are not well disseminated and the private sector does not, or hardly cares about them. How can Brazil help Cameroon reverse this trend?

VLS: EMBRAPA’s expert has presented researches conducted by the institution which allowed Brazilian farmers to advance agriculture in the country. In the past, farming was done mainly in Southern Brazil where the climate is temperate. Farmers later moved to the Central West where biomes are similar to the African savanna but before this researches, people did not know farming could be done in that part of the country. However, using relevant technologies, soil acidity was corrected, erosion could be prevented and two, and even three crops could be grown during the same season. Hence, areas which were once only degraded range-lands were turned into high-yield farmlands. Overall, we can show Cameroonians that they can migrate to modern agriculture by using technologies developed in Brazil.

BC: What Cameroonian agricultural products does Brazil want to help the country develop through its expertise?

VLS: We have cassava for example which Brazil knows very well. There are also maize, soybeans, and fruits which we can help Cameroon better produce. Some of these commodities, like soybeans and maize, can also help develop husbandry since they serve as base products in animal feeding.

“Some Brazilian economic operators are interested in Cameroon. However, some key conditions must be met before they came into the market”
INTERVIEW

BC: Besides sharing of experience, wouldn’t it be more interesting to encourage Brazilian agribusiness actors to open branches here in Cameroon?

VLS: That could be done in the future. Some Brazilian economic operators are interested in Cameroon. However, some key conditions must be met before they come into the market. With growing trade between the two countries, we believe this will happen soon. In Cameroon, we can have a good harvest as well as access to both the local and regional (Central Africa) markets. With Brazil, Cameroon can have win-win cooperation.

BC: Brazil is a major producer of sugar and coffee, two commodities

“We believe that we have a lot to offer Cameroon in the agribusiness sector because Brazil is a country with very strong agricultural heritage”
whose output is at times insufficient and others drastically falling in Cameroon. How can Brazil help Cameroon cope or revert this situation in these two sectors?

VLS: The history of sugarcane in Brazil is quite interesting. We use it not only as food but also as a biofuel. In our country, all vehicles operate with about 25% of sugarcane-based ethanol mixed with fuel. So, it is possible to make not only sugar with it but alcohol as well which can be used locally and exported even. The same could be done in Cameroon.

The same goes for coffee. In Cameroon, I think what should be done first is to boost local consumption and improve the beans’ quality. Cameroonians must consume more coffee. It is very important if the country wants to attract more investors in this sector. In the past years, Cameroon’s coffee output has significantly reduced, but before it attracts investments, the beans should be of good quality and the local market should be attractive.

BC: Besides agribusiness, what other economic sectors are likely to interest Brazilian investors in Cameroon?

VLS: There are many. For example, there is the infrastructure sector. Brazil is one of the leading countries when it comes to renewable energies. We have many companies that are active in the construction of dams and power production. We also have innovative solutions to achieve decentralized energy production, such as production from sugar cane bagasse, biogas, among others.

Brazil also has expertise relative to transport and urban mobility. We have Embraer which is an aircraft-manufacturing company. In addition to those, we have surveillance systems that could be used by the military and security forces. In short, there are many sectors in which Brazil can provide Cameroon its expertise.

BC: Cameroon’s public airline Camair Co currently leases one of Embraer’s planes. Should we expect more planes from the Brazilian manufacturer to follow, not under leasing but a definitive transaction?

VLS: Yes, of course. These are excellent planes, with a size well-adapted to local needs, but also with a worldwide-proven performance. I should also mention Embraer Defense, a branch of the company that makes planes for the military, security forces and civil defense organizations. Such planes include the Super Tucanos which are already used by some African countries. There is also the KC-390 which was just launched. It is a military transport aircraft (troops and equipment), which can serve for air-to-air refueling, search and rescue operations, and aerial firefighting…

“Overall, we can show Cameroonians that they can migrate to modern agriculture by using technologies developed in Brazil.”
Since September 18, 2019, public institutions in charge of the development of Cameroon’s exports, the private sector as well as technical and financial partners have been analysing the updated strategy elaborated by 2ACD and Quarein Group to boost exports toward Nigeria and CEEAC countries.

According to Isaac Tamba, director of the economy and public investments’ planning at the ministry of economy, the updated strategy should provide a solid base to support the development of the country’s exports. He explained that Cameroon has decided to turn towards Nigeria and CEEAC markets because its economy is still recording large trade deficits. In 2018, this deficit rose by XAF265.9 billion (22.8%) year to year to reach XAF1438.3 billion.

“This is contrary to forecasts made in the Growth and Employment Strategy Paper,” the official said. According to that paper, between 2010-2012, the trade balance deficit should stand around 1.3% of GDP and the account surplus should be around 1.46% between 2013 and 2020, Isaac Tamba added.

Olomo Ateke Engelbert, head of economic policies at the ministry of economy, indicated that the updated strategy would highlight products the concerned countries need so that the private sector can start implementing the strategy.

Let’s note that the private sector via the GICAM, has advocated for an economic partnership with Nigeria. It used to plead for the formalization of exchanges between Nigeria and Cameroon. As it explains, Cameroon would have much to gain by trading with this giant hosting more than 150 million residents, with which it shares 1,500 kilometres of border. The Democratic Republic of Congo (81 million residents) is also one of the countries with which the private sector wants Cameroon to sign an economic partnership.
Business climate: 96% of reforms suggested by the Cameroon Business Forum implemented (INS)

Of the 83 reforms suggested by the Cameroon Business Forum since 2009, 96% has been implemented by the various actors concerned. This was revealed by the national institute for statistics in a report reviewing the implementation of the reforms. The report indicates that out of the 11 categories covered by these reforms, about 22.9% were on tax payment while 19.3% and 16.9% were for company creation and cross-border trade respectively. The only 3 reforms not yet implemented (out of the 83) concern tracking in the digitalization and single windows category.

Cameroon launches “Dias’Invest 237” to support the local investments of its diaspora in France

Cameroon recently launched a scheme baptized “Dias’Invest 237” to facilitate investment of its diaspora living in France. This scheme was backed by the Cameroonian ministry of external relations and funded by the French Development Agency AFD. According to the AFD, in the framework of the scheme, projects will be selected and supported by experts. This support includes strategic coaching and networking. For every selected entrepreneur, a 3-phase diagnosis will be conducted and an implementation plan elaborated in collaboration with the entrepreneur. Candidates willing to benefit from “Dias’Invest 237” can submit their candidature online till December 15, 2019. Only applications submitted by members of the Cameroonian diaspora living in France and Cameroonians who stayed in France for some time and returned home in the last three years are eligible.
XAF200 mln saved after one of month of implementation of Systac

At the end of August 2019, after one month of implementation of the Systac, the new salaries and pensions’ payment system, Cameroon saved XAF200 million. This was revealed by Moh Sylvester Tangongho, director-general of the treasury, during a recent interview. According to the official, 239 of the 412,401 transfers sent were rejected by the treasury. In addition, after the procession of those transfers, on August 23, 2019, 1524 of them amounting to XAF200 million were returned because the recipients were either dead (1,000) or the account numbers provided are wrong (524). “If you calculate XAF200 million times the twelve months in a year, this amounts to XAF2.4 billion to be saved by the country,” Moh Sylvester Tangongho said.

During the launch of the Systac on August 14, 2019, the minister of finance Louis Paul Motaze explained that it was aimed at making Cameroon compliant with article 43 of Cemac’s code of conduct in the exploitation of payment systems. This article, he explained, prohibits the aggregation of payments whose nominal value is less than XAF100 million in a single operation. “The end result of this shift is to help the ministry of finance pay salaries instantaneously, correct processing mistakes within 72 hours and ensure an almost instantaneous return of rejected salaries. It will also help better assess the reason those salaries are rejected,” Louis Paul Motaze said at the time.

Finance minister to meet with Gicam on Sep 27, 2019

On September 27, 2019, the Cameroonian minister of finance Louis Paul Motazé will, once again, meet with economic operators in Douala. During the meeting initiated by Gicam, participants will discuss the tax and customs reforms suggested by the private sector. They will also discuss aspects of the 2020 finance act, the current economic and financial environment and the recent challenges faced by business executives.

In May 2018, Gicam submitted a set of reforms, elaborated by employees, to the minister of finance. These reforms were aimed at shifting the tax paradigm, according to Célestin Tawamba, president of the Gicam.
XAF39 bln dedicated to local development by the EU

The European Union has dedicated a portfolio of more than XAF39 billion (€60 million) to decentralization and local development actions in Cameroon. This was revealed, on September 23, 2019, by Hans-Peter Schadek (photo), head of the European Union delegation in Cameroon. According to Hans-Peter Schadek, this portfolio is aimed at supporting initiatives such as Feicom (in charge of local development) and PNDR (a platform initiated for rural development). The executive indicated that via these resources, the European Union plans to remain a committed and reliable partner as far as decentralization and local development are concerned, for the direct benefit of Cameroonians. For that purpose, in 2015, the European Union signed five strategic partnership agreements with international associations representing local authorities. These associations, Hans-Peter Schadek explained, are key interlocutors and vital players in the countries’ economic and social governance. Coupled with an effective decentralization of competences and resources, the associations’ actions are essential tools to meet residents’ needs and development challenges, the diplomat added.
Cameroon: XAF178 bln invested by the French Development Agency in 2018

In 2018, the French Development Agency (AFD) invested XAF178.8 billion in investment projects in Cameroon. This was revealed in a 2018 activity report published by the development agency. These fundings were provided via C2D Debt Reduction and Development Contracts as well as sovereign and non-sovereign loans. One of the most important projects funded by the agency in Cameroon is obviously the Nachtigal dam, which will increase the country’s energy production by 30%.

Let’s note that Cameroon plans to become an upper-middle-income country, during the second phase of the GESP (2020-2027), by using its immediate assets, in agriculture and the extractive industry namely, while ensuring a less inegalitarian distribution of revenues. During phase 3 (2028-2035), the country plans on becoming an industrialized country. According to Paul Tasong, during the first phase (2009-2019), the country’s average yearly growth was increased to 4.5%. Even though it is less than the forecasted 5.5%, it is a good performance.
FINANCE

XAF12 bln of credit granted to SMEs in 2018 by BC-PME

In 2018, Banque camerounaise des petites et moyennes entreprises (BC-PME) granted XAF12.367 billion of loans to 846 SMEs, the national institute for statistics reveals. Credit lines constituted 70.6% of those loans while investment loans (29%), import/export loan (0.3%) and housing loans (0.1%) constituted a minor part, according to the institute. This is a notable rise compared with the XAF3.3 billion and XAF6.448 billion granted by BC-PME in 2016 and 2017 respectively.

Let’s note that BC-PME is a state-owned credit institution whose capital is XAF10 billion. Its mission is to provide financial support to SMEs. Created in 2013, it started operations in Yaoundé and Douala, in 2015.

Cameroon launches survey to boost competitiveness in money transfer costs

The ministry of finance recently launched a survey to study money transfer charges, credible sources reveal. With this survey, the ministry wants to closely monitor the repatriation of exports revenues and ensure the good functioning of the market. This survey will shed light on developments in the mobile technology that, though much appreciated, still requires a closer watch to ensure the good measurement of transaction flows and compliance with COBAC’s regulations.

It will study the costs of the transfers, discounting measures, exclusivity clauses, the transparency of various contracts in the sector and security of the transfers. At the end of the survey, if the fees are found to be high, national authorities can ask the central bank to issue a law or circular outlawing the requirement for a bank to collaborate with only one fund transfer company, the source revealed.
Cameroon and Attijariwafa Bank, bandleaders of Gabon’s XAF100 bln bond issuance

Gabon just launched a bond issuance to raise XAF100 billion, official sources reveal. According to those sources, the funds raised during the operation should finance the country’s budget deficit and realize investment projects. During the operation, Cameroon will play an important role. The lead arranger is Attijari Securities Central Africa (ASCA), an asset management company created in February 2011, in Cameroon, by Moroccan banking group Attijariwafa Bank. In addition, three of the seven underwriters of this new bond issuance are based in Cameroon. They are namely SCB Cameroun, Afriland First Bank, and UBA Cameroun. Let’s also note that the success of the operation partly rests on the shoulders of Attijariwafa Bank since it is affiliated with two of the seven underwriters (Union gabonaise de banque and Crédit du Congo) and the lead arranger.
AGRIBUSINESS

6 million small ruminants to be vaccinated against rinderpest

Cameroon plans to vaccinate 6 million small ruminants against rinderpest between September 25 and October 30, 2019. In that regard, the Ministry of Livestock, Fisheries, and Animal Industries launched yesterday, a national campaign in Nanga-Eboko. The operation will be conducted in the framework of Prodel, an animal husbandry development project funded by the World Bank with XAF60 billion. It is part of the plan initiated by the ministry to eradicate rinderpest. For this campaign, Prodel is providing XAF2.5 billion, credible sources inform.

IDPs exposed to acute food insecurity in the NW and SW (FEWS NET)

Internally displaced people in Northwest and Southwest Cameroon are currently exposed to acute food insecurity. According to the USAID’s Famine Early Warning Systems Network (FEWS NET) which revealed the information in a recently published report, this is the result of the security crisis ongoing since October 2016. According to the report, in the production basin of Ndop (Northwest) a 20-kg basin of white corn is sold at XAF1,700 while kidney bean is XAF6,000. In Mamfe markets (Southwest), a 20-kg basin of white corn is sold at XAF5,000 while kidney bean is XAF10,000. In urban areas with a strong inflow of internally displaced persons, the prices of foodstuffs are so high because of difficulties in accessing provisions in rural areas, FEWS NET reveals. In addition, imported rice which constitutes 80% of the overall volume of rice consumed, is scarce in local markets. In urban markets, a 50-kg bag of rice, which used to cost between XAF18,000 and XAF19,000, is presently sold at prices revolving between XAF21,000 and XAF30,000. “Despite the availability of new harvests, poor households and displaced persons living in urban and inaccessible areas depend on aids because difficulties in accessing markets force them to reduce the quantity and quality of the foods they consume,” FEWS NET indicates. The institution adds that in July 2019, aids (food distribution by the World Food Programme notably) provided to displaced people in the Northwest and Southwest reached 13 to 22% of these people. They are thus exposed to acute food insecurity.
Companies building the rural bend of Yaoundé-Nsimalen expressway, in Cameroon, must deliver the works in the next four months. This is one of the main requirements formulated by Henri Eyebe Ayissi and Célestine Ketcha Courtès, respectively minister of lands and that of housing and urban development, in a joint statement signed on September 23, 2019.

In the statement, the two officials who noticed that the works are being delayed by residents still living in areas where the expressway should be built indicated that no building should be allowed on the secured 200-meter areas around that expressway. They also invited municipal authorities to sensitize populations on the positive impacts of this infrastructure. Administrative authorities are also asked to reassure residents of the effective payment of compensatory allowances for lands expropriated.

Henri Eyebe Ayissi and Célestine Ketcha Courtès also asked residents to leave the areas marked for the construction so that the government can initiate demolitions by the end of this month (Sep 2019).

Let’s note that the Yaoundé-Nsimalen expressway includes an urban portion and a rural bend. This XAF189.8 billion project was launched on May 2, 2014. Normally, it should have been completed within 36 months (by May 2017). However, due to the non-payment of compensations for expropriated lands, some of the areas marked for the projects are still occupied by residents.
Infrastructures

On September 23, 2019, a campaign will be launched to identify residents of social houses in Cameroon. This was revealed by Ahmadou Sardaouna, the new managing director of Société immobilière du Cameroun (SIC). During the campaign, SIC will also collect rental arrears. Residents of these houses are invited to prepare the following documents: last rent receipt, the lease agreement, the ID card, bank details, and an ID picture. The managing director also informs that those who owe rents should pay or have their lease agreements cancelled and expelled from the houses. Ahmadou Sardaouna initiated this campaign to address the shortfalls noticed in the management. For instance, these houses are rented by high-ranking officials and ineligible persons instead of the civil servants with low revenues it was intended for. In addition, over the years, some tenants who built their own social houses are found to be sub-letting those houses to third-parties.

Business in Cameroon

On September 20, 2019, the hotel group Onomo announced it has opened a 3-star hotel in Douala, Cameroon. “With an investment of XAF15 billion, Onomo Hotel Douala is the first of a series of hotels planned to be opened by 2020,” the group indicated. Built over a 600 m² land, Onomo Hotel Douala has 152 rooms, 5 apartments equipped with kitchenettes, a restaurant, a bar, a swimming pool, a fitness center, high-speed wireless connections and a 220 m² conference room that can be divided into three sections. The construction of this hotel started on April 25, 2018. Onomo also plans to build a hotel of this type in Yaoundé and later in Kribi. Over its nine years of existence, Onomo already has 18 hotels in ten countries. By end 2019, its hotel portfolio should rise to 21.
Camwater promises to connect 6,000 new users to its network in the next 3 months

On September 16, 2019, Camwater launched a campaign aimed at connecting 6,000 new users to its network. According to the state-owned company in charge of the distribution of drinking water in Cameroon, these users that have been expecting their connection since 2015, will be connected within three months. Official sources reveal that the campaign baptized “un ménage, un branchement” (one household, one connection) will be conducted in the 111 towns covered by the company’s network. For that purpose, it recently received some equipment to carry out its duty. According to internal sources, the delays recorded in users’ connection to the network are partly due to the indecisiveness that followed the merger of the former company in charge of the distribution (Camerounaise des eaux-CDE) with Camwater. However, the government finally decided to transfer CDE’s competencies to Camwater.

Construction of the 3rd bridge on the Wouri and Douala-Limbe expressway validated

The projects for the construction of a 3rd bridge over the Wouri and the Douala – Limbe expressway has just been validated by Cameroon, Cameroon Tribune indicates. In the framework of the implementation of a public-private partnership with the World Bank, a consultative meeting was held on September 6, 2019, in Yaoundé. Executives from the Bretton Woods institution, the ministry of economy and some administrations were present. They discussed prioritization and selection criteria for the launch of feasibility studies. The about 2-km long bridge will be built in three partitions of 600 meters each. The infrastructure will link the eastern entrance of Douala to the city’s autonomous port and facilitate the transit of goods to Chad and the Central African Republic. The Douala – Limbe expressway will facilitate access to the national oil refinery Sonara, thus easing the transport of oil products.
INS suggests reduction of non-oil companies’ tax rate

Since 2015, Cameroon implemented all of the non-oil companies’ taxation reforms suggested for the improvement of its business environment. This was revealed by the national institute for statistics (INS) in a report assessing the achievement since 2009. In the report, the institute indicates that Cameroon, in its 2015 budget bill, decreased non-oil companies taxes from 35% to 30% to boost its attractiveness since foreign investors deemed the 35% too high compared with the average rate in many other countries. However, this is not enough to boost the country’s attractiveness, the INS explains. Cameroon has to decrease this rate from the current 30% to 25% as it is the case in Côte d’Ivoire and Sénégal, the institute indicates. “Companies are aware of the tax cuts but, they are still unsatisfied because of the minimum tax (2.2% of turnover) which is still very high. They suggest a reduction of the minimum tax to 1% of the turnover,” the INS writes.
Neo Industry launches a joint-venture with French CIOA to produce building materials

Cameroonian cocoa processing company Neo Industry and French business engineering firm CIOA recently signed a joint-venture agreement to create Neo Real Estate. According to Bourse Direct, which revealed the information, the joint-venture will be 49%-owned by CIOA and 51% by Neo Industry. According to our sources, Neo Real Estate will exploit the licenced technologies of CIOA group’s micro-plants Bati-Fablab to produce 80% of the materials needed for the construction of buildings. The real estate joint-venture will also build a Bati-Fablab pilot plant capable of building a 1,000 housing yearly, in the West region.

In addition, it will install a centre for the preparation and distribution of Road Rock, an efficient and environment-friendly technology used in street paving without any other inputs. Neo Real Estate will also implement a programme aimed at setting a Bati-Fablab plant in each of the 9 other regions in Cameroon either directly or under licence. It will also execute a procurement contract for an initial programme launched for the construction of 100 houses for Neo Industry’s employees in Kékem.

On close observation, it appears that Neo Real Estate plans to position itself in the housing and road construction sectors that offer numerous investment opportunities in Cameroon. Indeed, officially, the housing deficit in the country is about 1.3 million units. In addition, because of the exorbitant cost of a kilometer of paved road, which is about double the average in Africa according to the national road council Conaroute, Cameroon only has 7,000 kilometers of paved roads. The country expects to increase this to 8,500 kilometers in 2020. Despite this, it will only represent 17% of the national road network.
An ecological fertilizer plant to be built in Kribi

In Kribi Cameroon, a sea water-powered fertilizer plant will soon be built. On September 12, 2019, a XAF6.8 billion agreement was signed for that purpose by Guillaume Liïga Lissouck, president of the Cameroonian company Financial & Investment Corporation SA (Fic SA)'s administrative board, and Marthe Angeline Mindja, managing director of the private investments' promotion agency API.

Built over a 4-hectare perimeter, the plant will produce 4 million litres of the ecological fertilizer SF94 every year. According to Liïga Lissouck, by the start of the fourth production year, this production should double to 8 million litres yearly. Thanks to this investment, 364 direct jobs should be created. Fic SA also promised to contract local SMEs for at least 30% of its needs for goods and services. In addition, it will operate a transfer of technology by helping the government in the elaboration of public policies in the fertilizer sector and introduce such production methods into the formal curriculum.

“The planning stage has been launched. So, in a few months, two months max, the places where we will build the plants will be shown to us,” Liïga Lissouck said.

SABC to spend XAF80 mln on its corporate social responsibilities by November 2019

SABC plans to spend XAF80 million by November 2019, in Cameroon in the framework of its corporate social responsibility this year. According to official sources, between August 24 and September 7, 2019, the brewery group visited three healthcare facilities in Batchenga (Centre) where it distributed drugs and medical devices. It also gave books and school supplies to deserving students of Mombo (Coastal region).

On September 16-20, 2019, the brewery group’s caravan “citizen’s days” made consecutive stops at Akonolinga (in the Centre) Bertoua and Batouri (East) in the framework of the above-mentioned social responsibilities. In these towns, 10 litres of mineral water was distributed to each of the patients of the hospitals they visited.

In the schools visited, the brewery group raised students’ awareness about hygiene and safety rules at school. It also distributed health kits to schools that have sanitary facilities. From September 23, 2019, the Caravan will start its visit to Adamaoua, the Far-north, the Northern, the Southwestern, Western and Northwestern regions.
Heylo to launch a carpool app on Nov 1, 2019

On November 1, 2019, Douala-based startup Heylo will launch a carpool app. According to the startup, with this app, car owners willing to travel safely and in good company can meet up with passengers in need of a ride. The car owners can publish their travel itineraries and dates, offering passengers going the same way the possibility to travel with them against a set payment. Heylo indicates that for the time being, 1,946 users are registered on the app but, it plans to increase this user base to 5,000 members by October 31, 2019. It explains that registration is free and for users’ identification verification purposes only.

TIL starts negotiations for the concession on Douala port’s container terminal

On September 25, 2019, Douala autonomous port and Terminal Investment Limited (TIL) (provisional successful bidder for the concession of the port’s container terminal) started negotiations that will lead to an agreement between the two parties. Romain Simon, head of business development, is chief negotiator for TIL while Maurice Djoko leads the port’s negotiators. “The discussions are conducted on the basis of projects in the contract documents that were transmitted to candidates in the restricted consultation package, and on the financial model presented by the bidder according to the timetable stated in the consultation,” the port authorities indicate. They added that the successful bidder is expected to pay XAF24.3 billion at once after the agreement is signed and XAF357 billion over a 15-year period.

Chosen as the awardee for the concession of Douala port’s container terminal, on September 16, 2019, TIL is replacing DIT, the subsidiary of French group Bolloré. DIT’s concession on this terminal started in 2005 and should end this year. Alleging that DIT has been unfairly screened out of the tender process, Bolloré Group called on Douala administrative court and President Paul Biya for the cancellation of the process.
ASECNA (The Agency for the Safety of Air Navigation in Africa and Madagascar) is very displeased with Camair Co, Cameroon’s state-owned carrier. According to Business In Cameroon’s sources, on September 10, 2019, ASECNA required Camair Co to pay fees due (estimated at XAF100.390 million at the time) by September 13 else it would suspend its services to Camair Co at midnight of the stated deadline, it added. However, until September 23, Camair Co made no payment. Instead, its debt kept rising and is now over XAF107 million. This reminds of the scenario in 2013-2014, when ASECNA was unable to collect its dues from Camair Co.

According to an ASECNA executive, to avoid such outcome, it would be better to stop providing services to Camair Co till all the dues are paid. Authorized sources at Camair Co made no comment but, one of those sources admitted that Camair Co has “debts all over the place.”

Camair Co: Towards an agreement with Airbus to densify fleet?

State-owned carrier Camair Co could soon reach a buying or leasing agreement with Airbus. Indeed, on September 25, 2019, Jean Ernest Ngallé Bibehé and Louis Georges Njipenji Kouotou, respectively Camair Co’s chairman of the administrative board and managing director, visited Airbus A220 assembly plant in Montréal, Canada. According to our sources, following this visit, the two officials will continue discussions with Airbus executives for a leasing or buying agreement with the European aircraft manufacturer.

If successful in this bid, Camair Co would be one of the African carriers with the most diversified planes.
From now on, business fairs Foire internationale des affaires et du commerce (FIAC) and PmExchange will be organized as one event baptized “FIAC PmExchange.” This is the result of a partnership agreement signed on September 20, 2019, by FIAC and the employers’ organization ECAM, which used to organize those two economic events. According to ECAM, the aim of this partnership is to create a “major economic event that ensures the better promotion of companies, their products, and services in the national as well as international market” in Douala. The first edition of “FIAC PmExchange” is planned to be held in Douala, on April 4-19, 2020.

Cameroonian postman Younouss Djibrine to run for the vice presidency of the Universal Postal Union

On September 24, 2019, during the third extraordinary congress of the Universal Postal Union (UPU), Minette Libom Li Likeng, Cameroonian minister of posts and telecommunications, officially presented her compatriot Younouss Djibrine’s candidature for the vice presidency of this UN’s special institution. Postman by training, with a successful national and international career, Younouss Djibrine is the current general secretary of the Pan-African Postal Union (PAPU). In February 2019, his candidature for the vice-presidency of the UPU was endorsed by the African Union. In 1999, in Pekin, he advocated for the adoption of the terminal dues system and the resulting fund (the Quality of Service Fund). Over the past 19 years, this fund has been one of the main funding sources for the reinforcement of weak links in the global postal network. Minette Libom Li Likeng also invited participants to support this African Union-backed candidate during the elections that will be held in 2020 in Abidjan.
LEADER OF THE MONTH

Diana Mfondoum wins 2019 Pierre Castel Award in Cameroon

Dr. Diana Mfondoum, CEO of “The Moringa Company,” won the 2019 edition of Pierre Castel Prize in Cameroon. She won the award with her Moringa-based tea which she tested on AIDS and malnourished patients with good results. Her experiments were given highest honors, by the scientific community of the University of Yaoundé I.

“Health should be the most widely shared thing among living beings. That’s why I am committed to actively fighting most of the health problems that affect the populations and consequently slow our development. Our aim is to promote the consumption of Moringa-based products in Cameroon and beyond borders,” she said.

Diana Mfondoum will receive, in addition to her trophy, a donation of XAF10 million as well as coaching and support from the sponsor Jonathan Nyemb, a lawyer at the Cameroon Bar and youngest member of the board of the country’s employers group (Gicam). The award will be given to her on November 22, 2019, in Abidjan on the sidelines of the International Agriculture and Animal Resources Fair SARA 2019.

Initiated by the endowment fund Pierre Castel-Agir pour l’Afrique, the Pierre Castel Prize supports and provides financial assistance to youth-led projects in the agricultural, agribusiness, agritech and agro-resource sectors, touted as the high value-added sectors that will cut poverty rate on the continent in coming years. The first edition of this award in 2018 was received by Flavien Kouatcha, in Cameroon.

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