May 2020 / N° 87

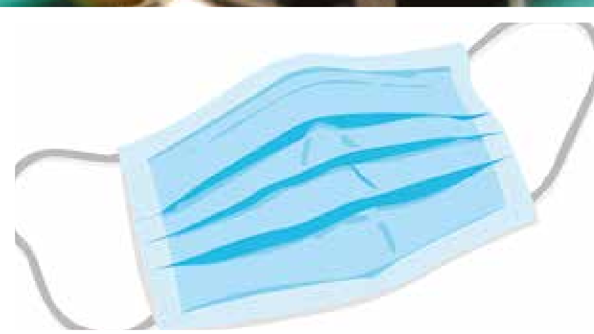
BUSINESS IN CAMEROON

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

Roads, dams, fiber optics, markets...

Cameroon's big projects toward integration

«Central Africa is facing enormous challenges» - AfDB



Cicam gets an unexpected second chance

FREE - CANNOT BE SOLD

Yasmine Bahri-Domon,

The time for integration is now or never

As it was barely recovering from shocks resulting from the 2008 financial crisis which had broken the growth cycle it had sustained for decades, Africa is now facing the Covid-19 pandemic which is plunging the world into a deep recession.

However, though the African continent seems far less affected by the Coronavirus than other continents, it will not be spared its economic repercussions. Private investment will fall, global trade will restart slowly, prices of commodities will stay down for months, even years maybe. Asian countries, food exporters, will prefer keeping their food stocks and reduce exports.

These circumstances should ring the alarm urging Africa to focus all its efforts on achieving integration. This would help the continent to become less affected by external shocks, establish a continental strategy for agricultural production, boost intra-African trade, tap into the numerous opportunities brought up by digital technologies, and ultimately lead to the creation of a powerful African financial market.

"The future of our countries depends on our capacity to tackle strong headwinds opposing the structural transformation and emergence of economies, together," Solomane Koné, Managing Director of the AfDB office in Central Africa, declares in this magazine. That is exactly the path taken by Cameroon as it expands its road network to neighboring nations such as Congo with which it shares a big hydropower dam project or Chad to which it is extending its railway network. Other integration-oriented projects initiated by Cameroon include the construction of dry ports, border markets, an Inter-States university, or a project to interconnect the sub-region with fiber optics.

While unfortunate, the current Covid-19 crisis is indeed a painful reminder that integration is the only path for Africa to achieve stability and security which are much needed to develop.

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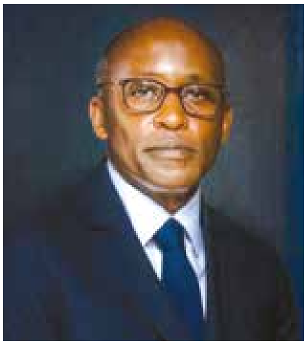

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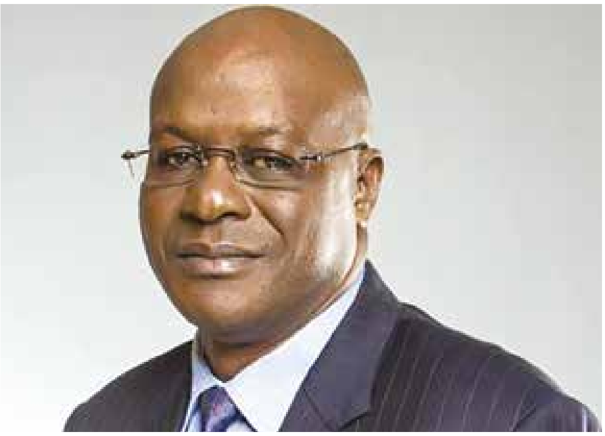

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NEWS IN BRIEF











COMPANY OF THE MONTH

COVID-19: CICAM PLANS TO BOOST PERFORMANCE BY PRODUCING 15 MLN FACEMASKS MONTHLY

On April 13, 2020, the government's coronavirus prevention measure imposing facemasks wearing in public spaces came into effect in Cameroon. That same day, textile company Cicam promised to put its first load of sterilized facemasks made with African prints into the market.

Indeed, we learn, on April 8, 2020, during the visit of Cameroon's Minister of Industry Dodo Ndocké at the company's plant, Cicam and the whole textile sector took on the challenge to produce 15 million facemasks every month to protect the population against the Covid-19.

With an initial production of 5,000 pieces per day, Cicam (which recently received a batch of equipment in the framework of its XAF13.2 billion contract-plan with the government) plans to cash in on the opportunity presented by the coronavirus to recover from a difficult start of the year.

Due to numerous challenges, Cicam was unable to meet its production forecast for the wax prints dedicated to the International Women's Day, which is its major production every year.

The company's difficulties do not date from Q1-2020. From being the flagship of the textile industry in Cameroon and the overall Central African region, Cicam progressively plunged and now controls barely 5% of the local textile market. The reason for this is the wax prints imported from China (which represents 88% of the market officially) and from West Africa (6%) that flood the Cameroonian market at very competitive rates.

With the sometimes unfair competition (ed.note: most of the textile products competing against CICAM's production are contraband), the state-owned textile company was showing a deficit of XAF3.9 billion on December 31, 2018, official sources reveal. At the same time, its equity was negative (-XAF1.7 billion) while its cash-flow was in deficit of over XAF2 billion.

Brice R. Mbodiam

XAF58 billion

There is now a little more information about the volume of financial resources Cameroon plans to put into its Covid-19 response plan. On April 16, speaking before the National Assembly, the Minister of Public Health, Malachie Manaouda (photo), revealed that this envelope is estimated at XAF58 billion.

Thanks to the envelope, the country will deploy all the awareness and prevention measures currently ongoing in the country, treat infected people free of charge, acquire test kits, respirators, and all other equipment involved in the care of the infected, and set up field hospitals.

20,000 litres

Under the supervision of the French Ambassador to Cameroon, Christophe Guilhou, four French companies operating in the country recently handed 20,000 litres of hydroalcoholic gel to the Cameroonian Prime Minister in the framework of the fight against the coronavirus.

They include the brewing group SABC, the oil operator Total, the CFAO group, and the leader of the Cameroonian sugar market, Sosucam, a subsidiary of Somdiaa group.

The French ambassador also announced the forthcoming contribution of these French companies to the Solidarity Fund set up by the Head of State for the fight against Coronavirus.

17%

By December 31, 2019, 8.5 million tons of goods had been handled at the two terminals (container and multipurpose) of the Kribi Deep seaport commissioned in March 2018.

According to figures published by the Port Authority of Kribi (PAK), this volume is up by 17% compared with the 7 million handled by the port by the end of 2018.

The PAK also informs that thanks to the dynamism at the port, revenues of the southern customs constituency were increased in 2019. Overall, from XAF9.7 billion in 2018, the customs revenues of that constituency went up by XAF24 billion in 2019.

6 million

This year, Cameroon plans to distribute 6 million cocoa seedlings to producers who want to create new farms or expand their existing ones, the Ministry of Agriculture and Rural Development (MINADER) indicates.

Depending on the variety, these plants will go into production after a period ranging from 18 to 36 months.

For years, the aging plantations have been obstacles to an increase in the country's cocoa production and have had significant impacts on yield.

These new seedlings will somehow reduce those impacts.

CAMEROON STRIDES TOWARD AFRICAN REGIONAL INTEGRATION

In Africa, the issue of integration has been lingering since the times of independence. This is despite the many efforts made in that regard. The latter include the African Union passport, or more recently the African Continental Free Trade Agreement. According to various experts, one of the major roadblocks to integration across the continent is the lack of infrastructure.

While this may not be quite evident in West Africa, where it is for example possible to travel from Benin to Togo or Nigeria by car, doing the same in Central Africa, going to Congo from Cameroon (which shares a long border), is not as easy. At times, Cameroonians flying to Gabon (Central Africa) even have to transit through Lomé (West Africa), or Addis Ababa in Ethiopia (East Africa).

To overcome the various infrastructure-related challenges which slow integration in Africa, many countries or community groups all over the continent have started -with the support of financial partners- various inclusive projects in the past years.

In Cameroon, these projects were launched in different sectors such as power, railways, telecommunications, and roads, among others.

Many of these projects have been mentioned for years, but nothing has been done to bring them to life. Others, fortunately, have been launched or are being finalized. Regardless of how far advanced these projects are, they all feed the vision of an integrated African continent.

In our monthly dossier, our team takes a look at some of the projects underway in Cameroon, a country that is determined to contribute to integration in Africa.

Brice R. Mbodiam

Delivery of 322km road linking Cameroon to Congo expected for late 2020

The 322 km road linking Cameroon to Congo is expected to be fully delivered by November 2020, a note signed by the Cameroonian Minister of Public Work, Emmanuel Nganou Djoumessi, informed. This is part of the trans-border road that will connect Sangmélima in Cameroon to Ouesso in Congo to ease trade between the two countries.

While the Congolese side has already been completed with the last section (Sembé-Souanké-Cameroonian border) inaugurated on March 6, 2020, by President Denis Sassou Nguesso, the Cameroonian side is still lagging.

Of the 5 sections to be constructed (in Cameroon), only one is completed: the 98 km Djoum-Mintom section. The 4 others are Sangmelima-Bikoula (65 km), Bikoula-Djoum (38 km), Mintom-Lélé (67.50 km) and Lélé-Ntam-Mbalam (53 km).

To ensure good quality of work and especially the respect of deadlines, the Cameroonian government has given formal notice to the company Arab Contractors, which is active on the 38km Bikoula-Djoum section.

Financing for the project was mobilized by the two countries from the African Development Bank, the Islamic Development Bank, the Arab Bank for Economic Development in Africa, the Saudi Fund for Development, and the Kuwait Fund.

Cameroon, Congo to build trans-border Chollet Dam (600 MW)

The governments of Cameroon and Congo planned to launch a call for tenders to recruit a partner for the construction of the 600 MW Chollet dam over the Dja River bordering the two countries. This followed a meeting on May 12, 2017, of the Interstate Committee for the Chollet Hydroelectric Development Project in Yaoundé.

The project will be developed on a Public-Private Partnership basis, especially since the hydropower plant is set to cost between CFA354 and CFA670 billion depending on the development option adopted by the Chinese company Sinohydro.

The two partners have also planned to establish a procedure manual and provide their contribution to the project. In January 2017, Cameroon had allocated to this project CFA1.09 billion for the years 2015, 2016 and 2017. Congo, for its part, contributed CFA950 million for the 2017 financial year. This makes a total of CFA2.04 billion available. The budget for the year 2017 was set at CFA1.9 billion.

Concerning the recruitment of experts, the interstate follow-up committee, after taking note of the recruitment of Cameroonian experts, instructed the project director to continue the same operation on the Congolese side. At the end of the work, the parties reaffirmed their interest in making the Chollet hydroelectric development project the foundation of the electricity interconnection between the two States and, possibly, with other neighboring countries (an electricity interconnection project between Cameroon and Chad is underway, ed) within the framework of the Central African Power Pool (CAPP) agreements.

Central Africa Backbone: Cameroon deployed additional 105 km of fiber in 2019

Last year, as part of the AfDB-financed Central Africa Backbone (CAB) project, Cameroon deployed an additional 105 km of optical fiber for the cross-border interconnection, according to an official document from the Ministry of Posts and Telecommunications.
Although this document does not specify the neighboring countries targeted by this interconnection, it should be reminded that on December 30, 2019, during the 8th meeting of the national steering committee of the CAB project, Congo and the Central African Republic were cited as beneficiary countries of this interconnection with Cameroon.
The CAB project is aimed at building a high-speed optical fiber telecom network in the Central African region. Structured into regional and national components, this project started in Cameroon in 2016, but entered into its development phase in 2018, and particularly in 2019, with the completion of the above-mentioned interconnection works.
The project that normally expired on December 31, 2019, is expected to be extended until 2021, following a request submitted by Cameroon to the AfDB. "The procurement plan for the 2020-2021 period, submitted on September 30, 2019, obtained the favorable opinion of this institution (AfDB, ed) on December 26, 2019," Minette Libom Li Likeng, Cameroon's Minister of Posts and Telecoms, revealed during the 8th meeting of the national steering committee of the CAB project.

Cameroon, Nigeria agree to build 443 km road to boost trade

Following the 6th session of the Joint Cooperation Commission between Nigeria and Cameroon, which ended on April 11, 2014, in Yaoundé, Nuruddeen Mohammed, and Pierre Moukoko Mbonjo, then respectively Minister Delegate for Foreign Affairs of the Nigerian Government and Minister of External Relations of the Republic of Cameroon, initialed a series of cooperation agreements, including a formal trade agreement which will govern trade between the two countries.

This agreement comes at a time when the two partners were ready to inaugurate the 443 km Bamenda-Enugu road, 203 km of which is on the Cameroonian territory. In addition to contributions from the countries, the project was financed by the African Development Bank (CFA128 billion), the World Bank (CFA12 billion), and the Japan International Cooperation Agency (CFA18 billion).

Since it entered into service, this road infrastructure has allowed to further intensify trade, which was already very dynamic, between Cameroon and Nigeria. According to the Economic Affairs Office (EAO), in 2012, Nigeria absorbed 3.5% of Cameroon's formal exports, far behind China, which consumed 15% of Cameroonian exports.

However, the same source revealed, Africa's most populous country remained Cameroon's largest supplier over the period. In 2012, Cameroon bought 17.8% of Nigerian exports (22.6% in 2011), ahead of France (12.8% in 2011 and 11.8% in 2012) and China (10.8% in 2011 and 10.4% in 2012).

These statistics do not take into account the huge smuggling activity through the 1,400 km poorly controlled border between the two countries.

Cameroon creates five border markets to increase trade with Nigeria, CAR, Gabon, and E. Guinea tenfold

In 2015, the Cameroonian government issued a call for tenders for the control and supervision of construction works in some border markets in the towns of Fotokol (in the Far North bordering Nigeria), Ekok (in the south-west also bordering Nigeria), and Garoua Boulaï (in the eastern region bordering the Central African Republic).

Before these new markets, the government had already initiated the construction of two other markets. One in Abang-Minko and the other in Kyé-Ossi, both located in the southern region of Cameroon, which are the main places of trade with Gabonese and Equatorial Guinean traders.

Other projects of the same type should follow in the coming years, sources revealed. The government wants to capitalize on the country's geographical position to Nigeria, the leading economy in Africa, the six CEMAC countries and the 10 countries of the ECCAS, which cumulatively represent a market of 300 million consumers.

Cameroon and Chad kick off construction of Bongor-Yagoua Bridge

After a first bridge connecting the two countries, Cameroon and Chad are taking another step forward to further boost their trade relations. On Feb 27, 2020, the Chadian President Idriss Deby Itno and Cameroon's Prime Minister Joseph Dion Ngute officially launched the construction of the bridge connecting Bongor (Chad) to Yagoua in Far-North Cameroon. The 620m infrastructure will cross the Logone River. Financing for the project, valued at CFA74 billion, will be raised with the African Development Bank and the European Union. Cameroon will repay 58% of the loan and Chad will handle the rest. The consortium Razel Cameroun-Razel Fayat-Sotcocog was selected to conduct the works for over 36 weeks.

According to the AfDB, the project also includes the construction of 14.2 km of driveways, 7.4 km of which will be at the Chadian side, and 6.8 km at the Cameroonian side. It also includes related works mainly constituted of socioeconomic infrastructures (border crossings and warning devices), bringing the total cost of this construction project to about CFA92 billion.

Extension of Cameroon's railway network to Chad: Feasibility studies still awaited after 3 years

The feasibility studies for the project to extend the Cameroonian railway to Ndjamena (Chad) from the railway terminal in Ngaoundéré, the regional capital of Adamaoua, seem to have hit a dead-end. Yet, on October 24, 2019, in Yaoundé, during the 32nd session of the Inter-Ministerial Committee on Railway Infrastructure (Comifer), the Minister of Transport, Jean Ernest Ngallé Bibehé, indicated that they were about to complete the selection of consultants that will carry out those studies.

According to good sources, the initiation of the above-mentioned selection process is more of an anticipatory mechanism, pending the removal of obstacles erected on the way to the implementation of this integrative project. The launch of these feasibility studies is being awaited, for 3 years now.

Well-informed sources reveal that after the African Development Bank (AfDB) approved financing (about CFA4 billion) for the studies in 2017, the Ministries of Economy and Transport compiled a dossier, which was defended before the National Public Debt Committee (CNDP), before being transmitted to the Presidency of the Republic.

Since then, we learn, the decree that should authorize the government to sign the loan agreement with the AfDB is yet to be issued.

On the Chadian side, however, everything is ready for the AfDB's funding and the launch of the feasibility studies of the project. These delays led Chad, which has not turned away from the project, to explore alternatives in Sudan and other West African countries.

Solomane Koné

“BESIDES THE PANDEMIC, CENTRAL AFRICA IS FACING ENORMOUS CHALLENGES WHICH WE MUST DEAL WITH”

For our exclusive interview this month, the new managing director of African Development Bank (AfDB) for Central Africa assesses the impact of coronavirus on the region, and especially in the CEMAC (Cameroon, Central African Republic, Congo, Gabon, Equatorial Guinea, and Chad). He also tells us his projections for the region.

Interview with Sylvain Andzongo

Business in Cameroon: To which extent will the Covid-19 pandemic affect Central Africa, and the CEMAC especially?

Solomane Koné : Covid-19 is a pandemic that is affecting all countries worldwide, indiscriminately, but the most fragile economies suffer a greater toll. Most African countries are among the latter and Central African countries, especially the ones with a weak social, economic, and security environment, are most affected. The International Monetary Fund (IMF) predicts a deep economic recession. In Central Africa, countries that will suffer the pandemic the most are the CEMAC States, since they are net oil exporters, in a context where global oil prices are currently lower than benchmark prices these countries have set in their respective budgets. The AfDB has identified at least five major areas that will be impacted by the pandemic in Africa. First is the fall in prices of commodities and subsequent effects on export and international trade. Then, there is a reduction in tourism activity, due to restrictions on travel and suspension of reservation and hotel services. The institution also pointed out slumping foreign direct investments and lower traffic on financial markets, as well as the pandemic’s impact on health and education budgets. However, regarding the last two sectors, they were not better off even before the crisis, despite efforts made through some reform programs.

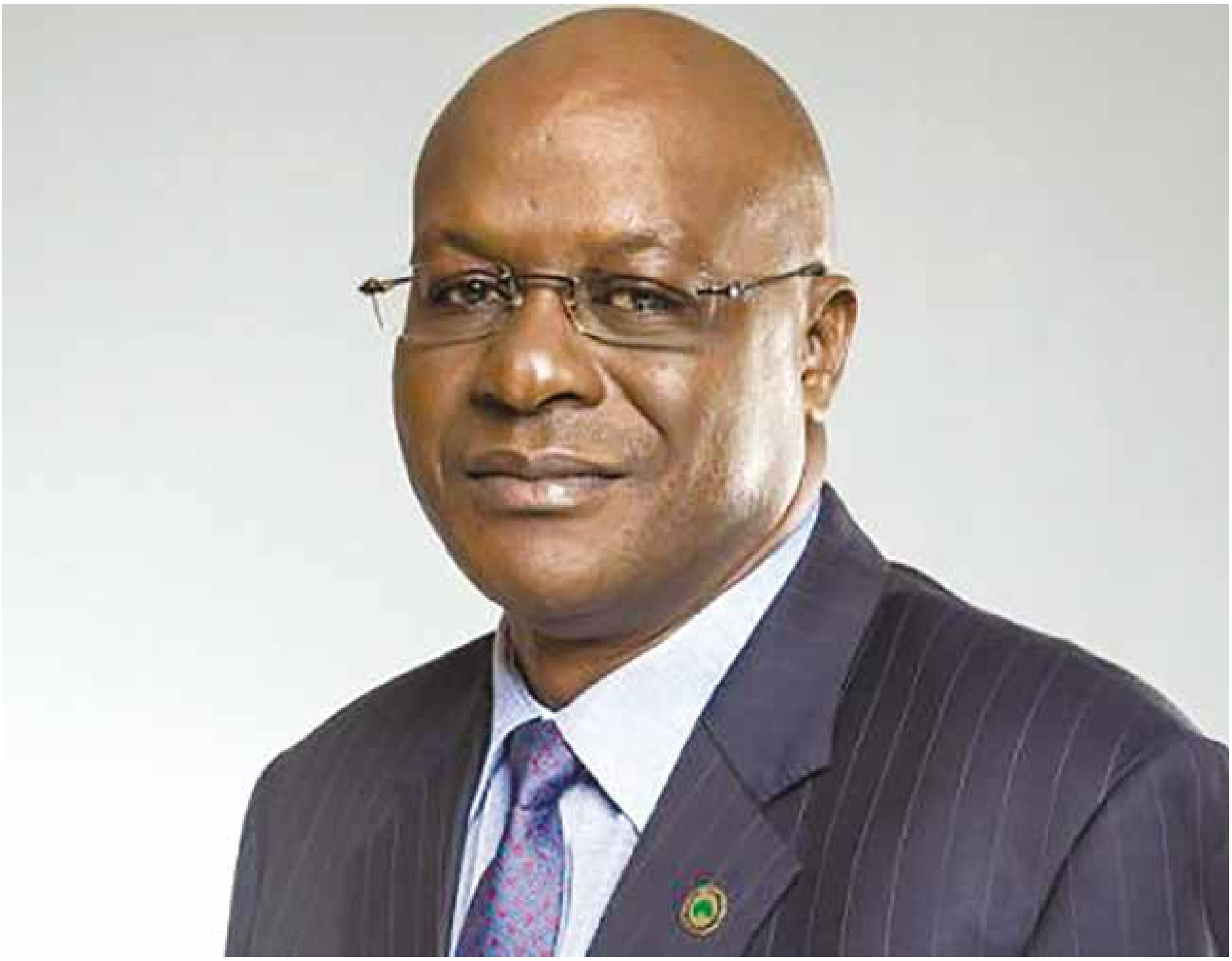
Beyond these assessments, many of which are only optimistic projections, the AfDB is presently working on producing numerical forecasts of the impact that the crisis could have

on African economies. In the meantime, the CEMAC's efforts give us an idea of quantitative losses that may arise due to this pandemic, in terms of growth rate loss, degradation of public finances (budget balance), and external trade (current balance).
At the real sector level, the growth rates of the region's economies should reduce. Truth is, before the Coronavirus pandemic, the medium-term growth outlook in Central Africa was in the green. The AfDB, for example, had forecast 3.4% and 3.5% growth rates of real GDP for the CEMAC and Central Africa respectively, in 2020. Central Africa includes CEMAC and the Democratic Republic of Congo. These projections may have worsened due to the pandemic. New forecasts for the CEMAC, in the best-case scenario, set the region's short-term growth rate at -1.6% for 2020, which is 4.9% down from the initial 3.3% pre-Covid-19 projection. For the DRC, the World Bank said the economy should slump by 2.8% against pre-Covid-19 forecast, to stand at 0.4% in 2020. The decrease could result from a lower output, spurred by the fall in prices of commodities, especially oil's since the whole region is a net exporter of black gold.

BC: Concretely, will the situation affect the economy?
SK: The region could record many business shutdowns and job losses. The government should take measures in this framework with special attention. Regarding prices, there could be a double impact, depending on how disturbed supply chains are, both at the international and national levels. The first impact concerns inflationary pressures as internal demand shrinks, and the second could be the exacerbation of these pressures in the event supplies of goods and services are not well handled.
At the level of public finances, budget balances should decrease substantially. According to the pre-Covid-19 forecasts for 2020, the whole Central African region should have recorded a budget surplus of 0.5% of its GDP, against 0.9% for the CEMAC. Now, forecasts for the CEMAC alone, post-Covi19, predict a negative budget balance of -6.6% of GDP, down 7.5% compared to initial projections. The regression should result from lower budget revenues (due to the fall in prices of commodities paired with lower tax revenue as economic activity slows drastically), and higher public spending (as needs for health services may increase and support to sectors that are most affected by the pandemic is augmented).
Regarding the external sector, the current balance for the region should also, obviously, deteriorate more. Initially, the AfDB had forecast a current balance in deficit at 2.8% of GDP in 2020, for Central Africa, and 2% for the CEMAC. With the Covid-19 pandemic, the current balance of the whole region is expected to deepen by 8.6%, to stand at 10.3% of GDP. This would be spurred by a deterioration in trade, lower exports and a potential rise in imports. The increase in the current deficit could lead to a significant fall in foreign reserves. Also, the fall of export and budget incomes could impair the capacity of Central African nations to service external debt thus the pertinence of the proposals submitted by some G20 governments and multilateral institutions for the rescheduling and cancellation of debts.

BC: Does the AfDB have a plan to support CEMAC and Central African countries? If so, how will it be implemented?
SK: The answer is yes, with absolute certainty. Not only does the Bank have a support plan for countries of this region, but it also has one for all 54 countries of the continent. We are responsible and must show solidarity to our regional member States (RMS).
The Bank has recently introduced a new financing tool, the Covid-19 rapid response facility (CRF), to allow all 54 RMS to face the coronavirus pandemic. This is a USD$10 billion fund for both the African States and the private sector. Coordinated by local initiatives and various technical and financial partners, this tool should help mitigate the social and economic impacts of the pandemic on populations. The cash resources will help beneficiaries deal with urgent and immediate needs and keep essential public services operational, in a particularly fragile and unfavorable context.
Through the fund, the AfDB supports African economies at three levels. First, it helps countries stabilize their macroeconomic situation by proceeding to rapid disbursements for budget support. Next, it will support the private sector, especially SMEs. Last, the fund will accelerate ongoing investment projects, which have a strong social impact on sectors like agriculture, water, and the private sector.
In the case of Central Africa, which includes all six CEMAC States and the DRC, the AfDB has provided the region an immediate grant of about $11 million for a regional emergency project which is aimed at supporting the various responses, regional and national, against the Covid-19, as well as to help the Organization for the Coordination of the Fight Against Endemic Diseases in Central Africa (OCEAC) in its coordination efforts across the CEMAC.

BC: Will the Bank's policy change



"Concerning potential short and medium-term economic strategies that Central Africa should adopt in the current context, they should mainly focus on taking adequate sanitary and economic measures to contain the impacts of the coronavirus pandemic"

due to the pandemic? If yes, in what way will it change?

SK: The Bank's policy remains driven by its "Top 5" or "High 5" operational priorities. These include "Lighting Africa," "Feeding Africa," Industrialize Africa," and "Improve Africans' living standards." Of course, these priorities align with the strategic priorities of countries and regions concerned, all laid in the regional and national documented strategies.

The Covid-19 has changed the order of priorities in all countries around worldwide, including obviously Central African nations. Right now, we must face the crisis by showing solidarity, mutual responsibility, and transparency. Dealing appropriately with the current pandemic has become the top priority. It is therefore normal for the Bank to adapt, to better support the economies it covers. As it is confronted with this external shock and its impacts, the Bank must take rapid and strong actions to provide an adequate and timely response. In this regard, it has decided to prepare and carry out all operations designed to tackle the pandemic more rapidly. It was in this framework that it reduced its delays for approvals to a few days only.

As a result, the AfDB's work program has recorded major amendments to adapt to States' new priorities amid the current crisis. Also, the institution, while not losing sight of structural limitations that remain relevant, will reassess them with governments, as well as its various technical and financial partners. Given the present context, both flexibility and efficiency are key assets. The impacts of the Coronavirus on jobs, public finances, foreign reserves, and the private sector are already significant and could get worse if the pandemic is not contained very rapidly. Talks between the Bank and each of its member States should lead to the

shifting of new resources that will be provided by the institution, and resources initially allocated to ongoing projects to sectors that have become key due to the current situation.
At the same time, talks with other development partners are ongoing to get a coordinated and efficient response to the health crisis, and its economic, social, and financial consequences.

BC: Is there any sort of Marshall Plan for Africa, and the CEMAC zone especially?
SK: As part of the response against the Covid-19 pandemic, the Bank will rapidly set up a $10 billion fund and while the much-awaited Marshall Plan for Africa is yet to be concretized, it remains on the table.
Besides the pandemic, Central Africa is facing enormous challenges which we must deal with. So, the issue is not really about having a Marshall Plan with no clear strategy, but rather to be aware of the challenges and weaknesses of the region, and subsequently find appropriate solutions. Truth is, the medium-term outlook for the region could be negatively affected by both external and internal factors.
At the external level, the anticipated slowing of global growth in 2020 and 2021, especially in China which is a major partner of the region and the epicenter of the Coronavirus pandemic, should be paired with lower investments in Central Africa and a fall in the region's exports, which would weaken its growth. At the internal level, insecurity and political instability in some countries could also hamper economic growth in the region, making it more difficult to handle things during and after the pandemic.
Issues related to economic governance and the deterioration of the business climate are also major challenges. Settling imbalances and keeping macroeconomic frameworks stable is crucial for tackling budgetary slippages and the region's debt crises.
Another factor that fragilizes economies in the region is their dependency on natural resources. Therefore, it is necessary to make efforts that will lead to the structural transformation and diversification of these economies, for them to be more resilient to shocks. Concerning structural transformation, it is hampered by the absence, poor state, and insufficiency of infrastructures (transport, water, electricity, ICT, etc.) needed to support production. This lack of infrastructure, added to relevant tax issues, does not put businesses in the ideal conditions to grow and be competitive, and this ultimately causes production costs to rise. And since public resources are not enough to meet existing needs, public-private partnerships should be considered to improve the situation. Other factors impairing production in the region include epidemics, climate change, and environmental issues. Beyond all these, one of Central Africa's greatest challenges is its weak human capital. In this regard, the Covid-19 crisis is a real wake-up call that should urge us to tackle key issues plaguing our health, education, and social protection systems.
Concerning potential short and medium-term economic strategies that Central Africa should adopt in the current context, they should mainly focus on taking adequate sanitary and economic measures to contain the impacts of the coronavirus pandemic. Also, efforts should be made to maintain peace, security, and stability, while improving economic governance by sustaining initiatives aimed at strengthening the macroeconomic framework, the business environment, and promoting economic diversification. Public policies should also increase investments in infrastructures, boost internal resource mobilization, mitigate climate change effects, develop human capital, and create decent jobs.
The good news is that the African development bank is aware of all these challenges and is ready to help Central African countries overcome them. The Bank will do this through policies laid under its country paper strategies (CPS) as well as in its Central Africa regional integration strategy paper. The latter was adopted in February 2019 and covers the 2019-2025 period. At the moment, four out of the region's seven-member States are preparing future CPS which will cover the 2021-2025 period. These are Cameroon, Gabon, Chad, and the DRC.

BC: Could the crisis deepen in the Central Africa region since some of its member States are borrowing more to fight the pandemic?
SK: We believe that with the contribution of each and everyone, Central Africa, just like other parts of the world, should come out of this health crisis. Concerning the debt issue, serious talks, revolving around a moratorium or a relief, are indeed taking place in this regard at the moment, for the most fragile countries especially. This is a legit concern and the AfDB, being aware of it, is taking part in these talks. For now, however, we are making sure that our regional members have the resources they need to fight the Covid-19 pandemic. The close coordination between development partners and States guarantees the provision of efficient and appropriate support to the latter. New contributions by development

"As part of the response against the Covid-19 pandemic, the Bank will rapidly set up a $10 billion fund"

partners to countries in the region take into account their macroeconomic and financial situation before the current crisis. Results that countries achieved by leveraging economic reforms falling under the CEMAC's economic and financial reforms program (PREF-CEMAC) deserve to be consolidated and amplified. As a result of this program, which is steered by the IMF and backed by various institutions like the African Development Bank, some of the economies in the region experienced a return to growth, reduction of the budget deficit, and a boost in foreign reserves.
In Cameroon for example, the PREF-CEMAC helped inject €410.4 million, which equals around XOF269.2 billion, into the economy between 2017 and 2019.
Though we face an emergency at the moment, the global plan of action of the Bank integrates short, medium, and long term priorities of States. The Bank provides not only resources to these countries, but also counseling, in coordination with other development partners as this is vital in times of crises such as this.

BC: Will the AfDB's projects for regional integration, especially those related to agriculture and infrastructures, be maintained? What is the size of your active portfolio?
SK: Indeed, now more than ever, our regional projects will be pursued and our teams are doing everything to minimize the impacts of this crisis on their respective implementation timetables. The future of our countries depends on our capacity to tackle strong headwinds opposing the structural transformation and emergence of economies, together, as recommended by States' respective strategies for economic development.
Dr. Akinwumi Adesina, president of the AfDB, has given clear instructions in this framework. Where they are needed, changes are being made to optimize resources and accelerate approvals and fund disbursements. We must efficiently and responsibly meet the immediate needs of our member States while keeping in mind the structural challenges that we must overcome together.
We support the Central African Apex Bank's single financial market projects through various programs. Also, under the regional emergency project, the Organization for the Coordination of the Fight Against Endemic Diseases in Central Africa (OCEAC) should benefit from emergency

"…now more than ever, our regional projects will be pursued and our teams are doing everything to minimize the impacts of this crisis on their respective implementation timetables.

financing enabling it to develop a regional epidemiological surveillance system. This is paired with targeted support to national emergency responses to Covid-19 in CEMAC countries and the DRC. Moreover, the AfDB is leading an initiative to support the CEMAC's repo market. This initiative should allow non-bank stakeholders access to the money market at favourable costs, increase commercial banks' cash reserves, and support the bond market while raising foreign reserves.

In parallel, the AfDB is preparing and developing big infrastructure projects, with greenlight of relevant African Union bodies. We want, with other partners and the private sector, to complete the mobilization of necessary financing. We must stay on course if we wish to preserve these partners' commitment. Populations living in areas hosting these infrastructure projects have great expectations regarding the positive impacts on their living standards. We owe them that. However, we must rapidly deal with the Covid-19 crisis together, responsibly, with solidarity, to preserve previous achievements.

In detail, we are focused on the following 12 regional projects underway in the CEMAC:

1. Construction of a bridge over the Ntem river and the facilitation of transport as well as improvement of security on the transnational road Kribi-Campo-Bata, linking Cameroon and Equatorial Guinea.
2. Construction of the Lolabe-Campo (40 km) expressway, connecting Cameroon to Equatorial Guinea.
3. Construction of the Ndende-Doussala (144 km) road, between Gabon and Congo.
4. Construction of the Kogo-Akurenam (Equatorial Guinea-Gabon).
5. The Brazzaville-Ouesso-Bangui-Ndjamena corridor (Congo/CAR/Chad).
6. Construction of the Mbaikoro-Bendja-Bekoninga road (109 km) (Chad/CAR).
7. Construction of Chollet hydroelectric dam and power lines(Cameroon/Congo/Gabon/CAR).
8. Electricity interconnection between Cameroon and Chad.
9. Fiber-optic interconnection between Cameroon and other CEMAC countries.
10. Construction of Beloko dry port (Douala – Bangui corridor).
11. Construction Dolisie dry port (Gabon – Congo corridor).
12. Congo-Cameroon Inter-State University.

Overall, these projects are estimated to cost XOF2,819.2 billion, of which XOF255.8 billion have already been raised by member States, financial and technical partners. Remaining monies, XOF2,563.4 billion exactly, should be secured from more of these financial and technical partners. It is worth noting that some of the projects, in the sector of power, fiber optics, and port infrastructures, should interest investors since they are based on public-private partnerships - an option adopted to limit borrowing.

PUBLIC MANAGEMENT

Cameroon to receive XAF135.56 bln under IMF's RCF to mitigate Covid-19 shocks

The IMF executive board approved the disbursement of $226 million (XAF135.56 billion) under the Rapid Credit Facility (RCF) to support Cameroon's *"urgent balance of payment needs stemming from the COVID-19 pandemic and the terms of trade shocks from the sharp fall in oil prices."* This was revealed in a press release published on May 4, 2020, on the institution's website.

"Cameroon is facing serious challenges from the twin Covid-19 pandemic and terms of trade shocks. Weak global demand, depressed commodity prices, and domestic containment measures weigh on the outlook and are causing significant adverse economic and social effects. The shocks have given rise to substantial fiscal pressures and an urgent balance of payments need," said Mitsuhiro Furusawa, Deputy Managing Director and Acting Chair of the IMF, after the discussions.

According to the IMF, Cameroonian authorities are taking measures to contain the spread of the disease, increase health and social protection spending, and provide support to affected businesses and households. However, due to a significant deterioration in the macroeconomic outlook and a weakening fiscal position, driven by declining revenues associated with additional direct health and social spending, urgent external and fiscal financing needs have emerged. In that regard, it indicates, the IMF's support under the RCF will help Cameroon meet immediate external needs and preserve fiscal space for essential health expenditures related to COVID-19 and *"catalyze additional donor support."*

An IMF instrument with a zero interest rate, the RCF allows low-income countries facing an immediate balance of payments problem to obtain a loan repayable over 10 years.

XAF15 bln available to repay companies' VAT credits, Finance Minister says

XAF15 billion is already available for the repayment of VAT credits decided by the government on April 30, the Minister of Finance Louis Paul Motaze (photo) reveals.

This means that the government still needs to raise XAF10 billion for the stated purpose. According to the release signed by Prime Minister Joseph Dion Ngute on April 30, a special envelope of XAF25 billion was to be released *"to support companies' cashflow by clearing VAT credits awaiting reimbursement."*

"The exemptions relating to the visitor's tax, the withholding tax, and the axle tax are already effective. Also, circulars are currently being elaborated to specify the conditions for the implementation of the other business support measures taken by the Head of State," Minister Paul Motaze adds.

Cameroon’s 1st 10-year T-bond on BEAC market oversubscribed at 120%

On May 6, 2020, Cameroon issued 10-year fungible treasury bonds (T-bonds) on the BEAC’s government securities market. This was a first since the creation of the market in 2011.
According to sources close to the case, the issuance was oversubscribed at 120%. While Cameroon was requesting XAF25 billion, investors offered XAF26.7 billion and the country retained the whole amount.
This oversubscription was notably spurred by the attractive interest rate (7%) and the zero weighting Abbas Mahamat Tolli, president of COBAC (regulator of CEMAC region’s banking sector) agreed on for Cameroon’s T-bonds.
In a note he sent to the country’s Prime Minister on May 4, 2020, Abbas Mahamat Tolli, who is also governor of the Central Bank (BEAC), agreed *«to apply a zero weighting on T-bonds issued by Cameroon. This agreement is subjected to the prior transmission of the special deposit account agreement duly signed by the stakeholders per the terms stipulated.»*
According to the note, the zero weighting not only applies to the T-bonds issued on May 6, 2020 but also to all of the securities issued by Cameroon in the framework of the series of T-bonds issuance it launched on April 8, 2020. Thanks to this series, the country plans to raise XAF220 billion for infrastructure projects but to date, the amount raised is XAF166.7 billion.
According to specialists, this decision is based on information guaranteeing the repayment of the funds raised by Cameroon at maturity. It reassures bank and non-bank investors active in this market and also waives the mandatory cash advance rules.
The 0% weighting *“works a bit like the points-based permit: the more mistakes you make, the more points are deducted from your ranking,»* an authoritative source explains.
In the CEMAC zone, if a country fails to comply with the various Community convergence criteria (inflation rate, debt level, budget deficit, outstanding debt, etc.) it is sanctioned.
These sanctions take the form of a weighting (an increase of the risk level) on transactions concerning the said government’s securities.
Since 2017, the weighting on Cameroon’s long-term securities has exceeded 80% because of the accumulation of expenditures budgeted but not implemented and the accumulation of budget deficits above the CEMAC standard.
To put it plainly, a connoisseur of the money market confides, this means that *“with the 80% weighting, an investor who wanted to invest XAF10 billion on T-bonds issued by Cameroon had to make a cash advance payment of XAF8 billion. However, with the 0% weighting requested by the government and granted by the Cobac, this provision is no longer required. This is less constraining for the investor and gives him more room for maneuver on the market.»*

The IMF asks for “strict budgetary controls and transparency” in the use of the XAF136.5 bln RCF

On May 4, 2020, when granting $226 million (about XAF135.6 billion) to Cameroon under the Rapid Credit Facility (RCF), the International Monetary Fund (IMF) indicated that it would keep an eye on the use of these facilities provided for the fight against the coronavirus.
«IMF emergency financing under the RCF will support the government’s efforts to mitigate the impact of the twin shocks. (...) Strict budgetary controls and transparency will be needed to ensure that the assistance under the RCF meets its intended objectives,” said Mitsuhiro Furusawa (photo), Deputy Managing Director and Acting Chairman of the IMF.
On May 6, during an interview on public channel CRTV, Finance Minister Louis Paul Motaze said that the money was indeed earmarked for the fight against coronavirus, but *«the IMF does not tell us how to use it.” «We say: these are our problems, these are our goals and this is what we want to do in the health sector,”* he added.
Motaze further indicated that he would assist the Minister of Public Health in the elaboration of the reports on how the resources are used.

Impact of the measures issued by the government to support the economy will be low, Gicam estimates

On May 4, 2020, employers' grouping GICAM published a release assessing the 19 measures issued by Cameroon, on April 30, 2020, to support the economy affected by the coronavirus.
In the release, the employers' grouping notes that *«its proposals have been partially taken into account»* but they are not satisfied with the various measures.

«While we welcome the decision to clear the VAT credit balance to help restore the cash flow of businesses, we deplore the absence of customs measures, the non-repayment of the domestic debt, and the failure to mobilize banking levers (...) Overall, we consider that this first set of measures is a start towards the objective that we are calling for namely, containing economic slippages and dysfunctions. However, there is still a long way to go since we can already notice the low foreseeable impact of these measures, given the deterioration of the economy and the impoverishment of households. (...) The effectiveness of the first measures taken by the government will only be possible with the implementation of economic stimulus measures combining fiscal, monetary, and financial policies, as well as unprecedented policies to support businesses and households,» GICAM writes.

PPRD-NoSo: Cameroon signs over XAF8.5 bln funding agreement as an initial contribution to the reconstruction programme

Declared economically depressed zones by the government in 2019 because of insecurity maintained by armed groups, Cameroon's North-West and South-West (No/So) regions could soon rise from their ashes thanks to a partnership between the state and the United Nations Development Programme (UNDP).
On May 5, in Yaoundé, Luc Stalon, the representative of this UN agency, signed a XAF8.9 billion financing agreement with Alamine Ousmane Mey, the Minister in charge of Economy (Minepat), in the framework of the *Presidential plan for the reconstruction and development of the Northwest and Southwest regions* (PPRD-NoSo).
According to Luc Stalon, this financing agreement represents Cameroon's initial contribution to the implementation of the PPRD-NoSo. This initial funding (represents 10% of the overall budget) will be released to the UNDP which has been designated by the government as the implementation partner of the programme. The PPRD-NoSo, which will last two years, is a component of the 10-year National Development Programme (NDP).
In 2019, employers' grouping GICAM published a report revealing that the dead cities, insecurity, various forms of destruction, and the halt in public investment projects due to three years of the security crisis in No/So significantly affected businesses' turnover.
«By focusing on 10 sectors of activity only, these losses are estimated at nearly XAF800 billion after three years. The distribution sector is the most affected, with insecurity having favoured informal supply channels, several of which are fed by smuggled products,» Gicam revealed.

"SMEs remain the least favoured because no special measure was taken" to help them cope (Protais Ayangma)

SMEs remain the least favoured because no special measure was taken for them." This was said by Protais Ayangma (photo), the president of Ecam, minutes after the release of the measures issued on April 30, 2020, by the government to relaunch the economy affected by the coronavirus prevention measures. Ecam is the Cameroonian employers' association whose actions are focused on the promotion and protection of SMEs.

Although he is *«delighted the government has finally thought of supporting businesses deal with the impacts of the Coronavirus,"* Protais Ayangma expressed *«a slightly mixed feeling." "Nineteen measures have been enacted. They may seem numerous in quantitative terms but, on the qualitative level, I am not satisfied,"* he said. *«While we can be pleased about some interesting support measures for some sectors, such as transport and hotels, the fact remains that for the most part, the real problem has not been addressed, including the problem of corporate cash flow,»* he notes.

According to this economic operator well known in the insurance sector, «the only measure that could have been interesting for companies is the reimbursement of VAT credits." "However, the modest amount the government proposes to release for that purpose (XAF25 billion, editor's note) is largely insufficient," he concluded.

CEMAC: Cameroon and Congo were the main catalysts of the increase of community inflation rate in 2019 (BEAC)

In the CEMAC region, the inflation rate declined to 2.0% in 2019, against 2.2% of 2018. According to the Beac, the Central bank of the six CEMAC countries, the contribution of all member countries declined except for Congo and Cameroon.»

During the period under review, this indicator decreased in other CEMAC countries but in Cameroon and Congo, it increased by 1.2 points and 0.3 points respectively, according to the Beac's March 2020 monetary policy report.

According to the report, this rate, which was below the community threshold of 3%, was mainly due to *«the rise in food prices in Cameroon and Equatorial Guinea (mainly because of disruptions in the supply chain), the decline in the supply of beef and food products in Cameroon (because of the floods in the northern part of the country), and the Anglophone crisis, as well as speculation by some retail traders, mainly in Cameroon.»*

The EU plans to create a chamber of Commerce in Cameroon to defend Europeans' interests

The Delegation of the European Union to Cameroon recently launched an online survey to identify European businesses active in the private sectors in Cameroon and the various business opportunities available in the country. *«Do you manage a company based in Cameroon? Are you planning to invest there? Have Europeans invested in your company? Participate in the mini-survey!»* the diplomatic representation invites.

It explains that the information gathered during the survey will be used to pinpoint the needs of the private sector, better adapt public-private dialogue, and also help better map the presence of European companies in Cameroon.

The survey will help single out the obstacles those companies face as well as the opportunities available to them to better defend their interests after the creation of a European Chamber of Commerce.

The cooperation between the EU and Cameroon is 56 years old. In 2019, the EU's active portfolio in Cameroon was about €600 million (over XAF400 billion), according to the EU Delegation to the country. By adding the project portfolio of the Union's member countries, this active portfolio exceeded €2.5 billion (over XAF1,600 billion) during the said period.

Cameroon extends its ECF programme with the IMF by 3 months for a strong post-covid recovery

On May 4, 2020, the Executive Board of the International Monetary Fund (IMF) finally approved a 10-year interest-free loan of XAF135.56 billion for Cameroon. This loan was approved after two successive postponements (22 and 28 April 2020) of the review of the country's case and it paves the way for Cameroon's access to the debt moratorium offered by G20 countries.

In addition to that support, the Bretton Woods institution *"also approved the [Cameroonian] authorities' request for an extension of the ECF arrangement, due to expire on June 25, 2020, to September 30, 2020, with a rephasing of access.»*

"Given the sudden and pressing nature of the shocks, accommodative fiscal and monetary policies are warranted to mitigate the human and economic impact of the outbreak. However, the authorities remain committed to their reform agenda under the ECF arrangement. They plan to undertake adjustments to return to the fiscal consolidation path once the crisis abates to safeguard debt sustainability and ensure a strong recovery," explained Mitsuhiro Furusawa, Deputy Managing Director and Acting Chair of the IMF.

On January 22, 2020, Cameroon received an additional envelope of XAF44 billion ($76.1 million) after the 5th review of Cameroon's three-year economic and financial programme (2017-2020) with the IMF, which is accompanied by the Extended Credit Facility (ECF). This new disbursement brought the amount already released to Cameroon under this programme to $590 million (about XAF344 billion).

According to the initial schedule, Cameroon should benefit from a final disbursement of over XAF44 billion from the IMF by the end of May 2020. This financing is however subjected to the positive conclusion of the 6th and final review of this three-year adjustment programme.

Considering the current economic situation, it is not sure the country will meet the initial objectives set by the programme. Hence the importance of that postponement and the rephasing of objectives.

By way of illustration, the programme required Cameroon to reduce its budget deficit to less than 2% in 2020. However, though the country has set a target of 2% in its 2020 finance bill, with the Covid-19 crisis, Cameroon expects its budget balance to deteriorate further.

Approved on June 26, 2017, the three-year programme with the IMF will enable Cameroon to benefit from overall budget support of $666.1 million (nearly XAF400 billion). The programme aims to support the country's efforts to restore external and fiscal sustainability and lay the foundations for more sustainable, inclusive, and private sector-led growth.

According to Cameroon's Finance Minister, Louis Paul Motaze, after its expiration in September 2020 (instead of June), this programme will be replaced by a new instrument that will focus on the fight against poverty in the country.

FINANCE

Prudential Beneficial offers clients free guarantees against Covid-19

Clients of Prudential Beneficial Life Cameroon, up to date with the payment of their premiums on April 1, 2020, will be offered a 45-day (possibly renewable) guarantee against the Covid-19 for free.
According to this insurance company, with the new guarantee, if the insured is hospitalized due to Covid-19, he/she will receive a daily hospitalization allowance of XAF5,000 over 30 days (i.e. XAF150,000). In case of death due to Coronavirus, beneficiaries will receive an indemnity of XAF1million. Also, all persons eligible for this guarantee benefit from a waiver of premium rider for 3 months.
The company explains that all current and new clients will fully benefit from this new free coverage. However, the coverage for all additional insureds listed on the contracts and children benefiting from the «School Education» product will be 50%, it adds.

Swiss investments in agricultural and renewable energy with Counterpart funds currently amounts to XAF5.6 bln, Development Agency SDC says

The Swiss Agency for Development and Cooperation (SDC) recently published a note concerning Switzerland's economic cooperation with Cameroon.
«In partnership with the Ministry of the Economy, the State Secretariat for Economic Cooperation is supporting agricultural and renewable energy projects with counterpart funds to the tune of CHF 9 million (XAF5.6 billion),» SDC reveals in the note.
It adds that the Swiss Embassy in Yaoundé offers support to Swiss companies operating in Cameroon (negotiation of a double taxation agreement for instance).
The latest investments of the Swiss Confederation in Cameroon presented to the public date back to March 2020. At that time, Switzerland signed grant agreements with three Cameroonian SMEs (Sawel Water Sanitation and Environment, Experience Incorporated Cameroon, and SolarHydrowatt) operating in the agricultural sector and renewable energy. These grants, worth XAF3.4 billion, were signed within the framework of the Swiss Counterpart Funds programme.

Cameroon takes the first step to improve management and client protection in microfinance institutions

Cameroon's Ministry of Finance has sent a restricted international call for tender to four firms from Benin, Senegal, Nigeria, and Spain for the recruitment of *«technical assistance specialized in social performance management, client protection and governance in microfinance institutions (MFIs).»*

The expected deliverables include a comprehensive diagnostic study of the sector in terms of social performance, client protection, and governance of these financial institutions and the development of a roadmap for the implementation of measures to improve them.

According to the ministry, the firms pre-qualified to carry out these services have a period of two months following receipt of the tender documents to send their bids to the Cameroonian government.

With a loan portfolio estimated by the Ministry of Finance at XAF839.14 billion (22.90% bank loans) at the end of 2019, the microfinance sector plays a key role in financing the Cameroonian economy, especially in rural areas.

However, these institutions are confronted with major management problems as the numbers- that have stopped operations in recent years due to such problems- can prove.

Alexis Megudjou becomes MD of new local bank CCA-Bank

On April 28, 2020, Alexis Megudjou, previously Deputy Managing Director of CCA Bank, was appointed Managing Director of the said banking institution operating in Cameroon since its licensing in May 2018.

According to CCA Bank, per the regulations in force, work is underway to obtain a new license that will enable the new appointee to perform his new duties. Alexis Megudjou replaces Charlotte Chekep Kouecheu, who has officially *«reached the end of her term.»*

A well-known manager of Community Credit Africa (CCA), the microfinance institution that became CCA Bank, Alexis Megudjou inherits a fast-growing credit institution.

In late May 2019, one year after its mutation from a microfinance institution into a bank, CCA Bank posted a 20% increase in deposits.

Overall, the deposits recorded by the newest bank in the Cameroonian ecosystem rose from XAF174.3 billion in May 2018 to XAF209.3 billion at end-May 2019. Following the same trend, credits rose by 35% year-over-year, up from XAF79.5 to XAF107.3 billion.

«Although the number of ATMs and branches have not changed, it should be noted that despite the great performance achieved in financing the economy, CCA-Bank closed its 12thmonth of activity with an impressive over liquidity, with a cash/deposit ratio of 51% as of May 31, 2019,» the bank said.

AGRIBUSINESS

Cameroon offers bags of fertilizers to boost coffee production in the Northwest

Nearly 35,000 coffee producers, grouped into 13 agricultural cooperatives in Cameroon's North-West region, recently received a shipment of 1,000 bags of fertilizers and other inputs to boost coffee production in this part of the country.

These bags are offered by the government in a crisis context marked by separatist demands in the Anglophone regions since 2016.

The violence perpetrated during the crisis has had significant impacts on agricultural activities as farmers have been forced to leave their villages and plantations to escape fights between separatists and the regular army deployed in those regions.

The EU provides XAF1.6 mln grant to improve the production of Penja pepper and facilitate its access to international markets

To improve the production of the Penja pepper and facilitate its access to international markets, the European Union (EU) representation in Yaoundé will support a development project led by Coleacp (Liaison Committee Europe-Africa-Caribbean-Pacific) with €720,000 (about XAF471.6 million).

«To meet the sanitary and phytosanitary challenges in a sustainable framework that respects traditional know-how, the Geographical Indication of Penja Pepper (IGPP) has obtained, thanks to the technical support of the Cameroon Chamber of Commerce, Industry, Mines and Handicrafts, a grant from the Standards and Trade Development Fund (STDF) (...). The STDF and its partners selected Coleacp to implement the project [until 2022],» says the project's term sheet.

Penja pepper, considered one of the best peppers in the world, is the first protected geographical indication (PGI) in sub-Saharan Africa. It is grown in the Njombé-Penja area (the country's coastal region) and is a major source of rural employment. With the completion of its labeling process in 2018, the price per kilogram of Penja pepper has risen from XAF2,500 to XAF14,000. However, for producers, its production is gradually turning into a nightmare because of pests that have taken over the land in the locality of Penja.

Banana exports up by 2,700 tons YoY in April 2020, despite coronavirus health crisis

In April 2020, Cameroon exported 16,102 tons of banana, according to the banana exporters association Assobacam. Compared with the 13,381 tons it exported in April 2019, this represents an increase of 2,721 tons year-over-year despite the coronavirus health crisis affecting almost all of the country's economic sectors. This increase is notably due to the performances of PHP, the local subsidiary of Compagnie fruitière de Marseille, whose exports rose by 2,538 tons year-over-year (from 12,427 tons in April 2019 to 14,965 tons in April 2020).
The same uptrend performance was achieved by Boh Plantations. This local company exported 1,137 tons of banana during the period under review, up from the 954 tons shipped in April 2019 (+183 tons).
All these performances, despite the health crisis, can be explained by the rainy season which started after a harsh dry season. Because of that dry season, the country's banana exports fell year-over-year in Q1-2020, notably with a cumulated decrease of 12,000 tons in February and March 2020.

A new phytosanitary regulation disrupts Cocoa and coffee exports

In Cameroon, cocoa and coffee exports have been blocked since the entry into force of *"the joint order No. 00022/Minader/Minfi of 4 April 2019 setting the costs of health inspection and certifications as well as the modalities of management of income from these operations.»* This is disclosed in a letter sent on April 23, 2020, by the local association of cocoa and coffee exporters GEX, through its permanent secretary Jean Dikoume, to the Minister in charge of Agriculture (Minader).
«The impacts of this new procedure are currently very detrimental to the cocoa and coffee sectors in our country [Cameroon]. For some time now, we have been receiving complaints from our members about the significant delays in processing their files at the phytosanitary police station in the port of Douala and the major difficulties in coping with the sharp increase in inspection and phytosanitary certification fees. Because of this situation, cocoa and coffee exports are now at a standstill at the port of Douala,» the GEX explains.
According to the GEX, the time required for administrative processing, which already represented on average 70% of the time needed to complete phytosanitary formalities (about 30% for actual processing), has increased considerably. The reason is that collection operations backed by treasury receipts are now carried out before the proper checks and the stage receipts in the files are verified for the documents to be signed.
For the increase in inspection costs, GEX explained that since the entry into force of that order on April 1, 2020, for the exportation of a 20-foot 25-tonne cocoa container, the overall cost of phytosanitary inspection and certification has increased to XAF100,500, i.e from 87% to 175% in relative terms. Also, the order institutes new operations, such as the inspection of empty containers and their fumigation, whose costs will be borne by the exporter.
The GEX further indicates that the congestion caused by this order impacts the quality of the products. Exporters need to respect international contractual commitments, the costly management of counterparty risks, and the repatriation of funds. *«Given the seriousness of the exposed situation, we request your involvement in this matter to urgently provide an appropriate response. We would be particularly grateful for any instructions you may wish to give with a view to (...) suspending the collection of phytosanitary inspection and certification fees for the cocoa and coffee sectors,»* the association continues.
The Minader has not yet officially responded to this complaint but credible sources indicate that he received the note on April 24.

ENERGY

Cameroon seeks new partner for the construction of 350MW Limbe thermal plant

On May 7, the Cameroonian Minister of Energy and Water, Gaston Eloundou Essomba (photo), launched a call for expression of interest to pre-qualify partners for the study, construction, and operation (Built Operate and Transfer mode) of a gas-fired thermal power plant in Limbe, Southwest Cameroon. Bidders have till July 10, 2020, to submit bids for this project, which must be completed by 2024 (official schedule).

With a production capacity of 350 MW, the Limbe gas-fired power station is expected to improve the supply of electricity in the Littoral, West, and South-West regions, the government indicates.

Does this call for expression of interest put an end to the collaboration between the Cameroonian government and Eranove group on this project? Indeed, on 22 April 2014, Cameroon signed a memorandum of understanding with this group controlled by the investment fund Emerging Capital Partners (57%) for the implementation of this project. On March 5, 2015, Eranove even launched a call for expression of interest to recruit a design and engineering firm to evaluate the project. This evaluation was to determine the financial viability of the project. This evaluation seems to have repelled Eranove.

Eneo announces “very encouraging” Q1-2020 operating results

Our operating results for the first quarter are very encouraging. Let’s continue our efforts.” This is one of the main messages addressed to the electricity utility company Eneo’s staff by its Managing Director, Eric Masuy, during the Labour Day celebration on May 1, 2020.

«In general, production performance is holding up well, with innovations and a promising dynamic. Eneo did well in ensuring the coverage of a demand that has evolved since the beginning of the Coronavirus epidemic in Cameroon,» said the CEO of this company controlled by the British investment fund Actis.

«After its stabilization in the second quarter of 2019, distribution yield is now following a clear upward trend since January 2020, remaining slightly above the 70% mark, pending the results of April,» he says by way of illustration.

In terms of quality of service, disruptions have persisted on the Eneo network. *«There has been a lot of rationing,»* confesses the CEO of Eneo, who blames this situation on *«the insufficiency of fuel in some thermal power stations, due to enormous cash constraints.»*

At the same time, he notes, the waiting time for clients who request connection to the network has been decreased by half compared with the level in 2019, he indicated. Although this performance is appreciable, he said, *«an improvement is needed here, as well as in the number of new connections. Teams must focus on this objective.»*

Brewers will continue operations despite health crisis, Producers association CAPA assures

Despite the coronavirus health crisis, beverage producers will continue their operations, the Cameroonian Association of brewers CAPA informs.
According to the association, its member companies (SABC, Guinness Cameroon, UCB, Sofavinc, and Fermencam) are *"essential partners in the development of several sectors in the country and they intend to continue to fulfill their roles as actors of development, as they usually do."*
It reassures distributors, retailers, supermarkets, and hypermarkets as well as consumers that the production and distribution of beverages will be done in strict compliance with the instructions and rules adopted by the State of Cameroon, barrier gestures, and social distancing notably.
In Cameroon, the brewing industry is controlled by three companies: Société des brasseries du Cameroun (SABC - Castel group), Guinness Cameroon (Diageo group), and Union camerounaise des brasseries (UCB - Kadji group). They achieved a cumulative net turnover of XAF457.2 billion in 2018. During the period under review, the total beer sales of all brewers in Cameroon were estimated at 6,500,000 hl (650 million litres), promotions excluded.

Cameroon plans actions, including tax relief, to boost local pharmaceutical industry

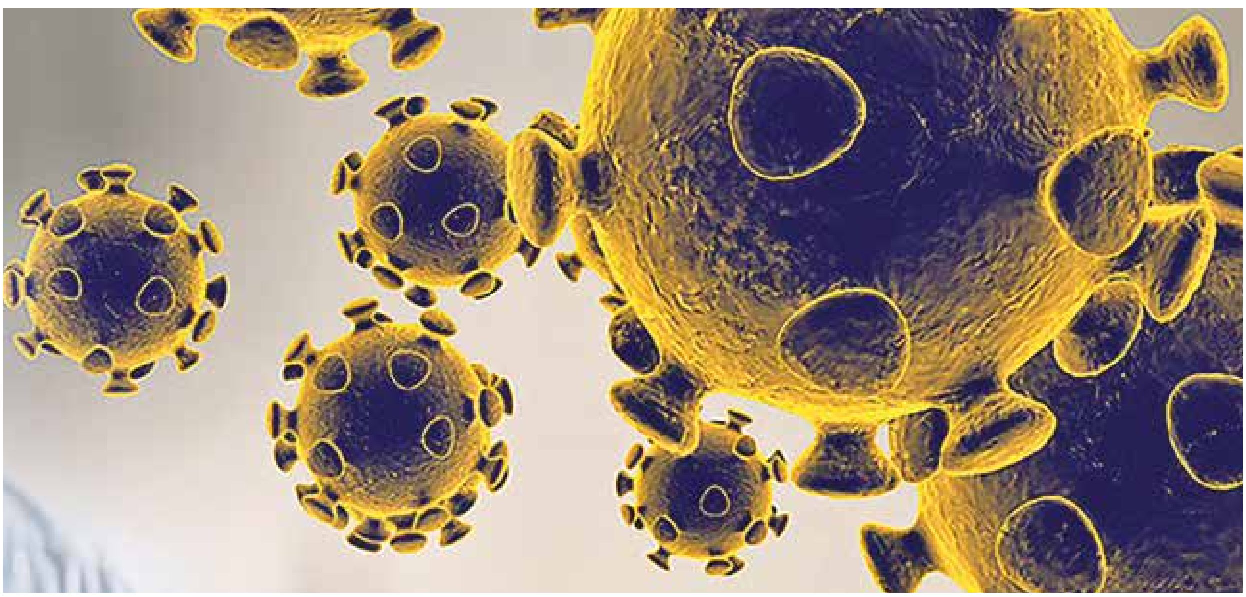
Cameroon is currently planning to boost the still embryonic local pharmaceutical industry through two lines of action. This was revealed by Gabriel Dodo Ndocké, the Minister of Industry, during the April cabinet meeting.
«The first axis consists of the improvement of the competitiveness of the pharmaceutical industry. This will notably be done through updating and reduction of the tax burden on existing industrial units and the strengthening of the financial capacity of the National Supply Center for Drugs and Essential Medical Consumables (CENAME). The second axis is focused on the densification and diversification of the local pharmaceutical industry, through the development of wood and non-wood resources in the production of medicines,» the release after the meeting indicates.
According to the official, Cameroon currently has fifteen industrial units for the production of medical consumables and liquid, dry or injectable medicines. However, national production of essential drugs covers less than 5% of annual domestic demand, estimated at XAF200 billion on average. The remaining demand is covered by imports.
He explained that the most significant constraints hampering the development of the pharmaceutical industry in Cameroon are the high cost of production factors, massive and fraudulent drug imports. These are coupled with inadequate materials and equipment as well as difficulties in accessing the necessary funding for the development of a true local pharmaceutical industry.

TRANSPORTATION

Cameroonian haulers once again allowed entry into the Central African Republic

On May 1, 2020, Milan Trojanovic, Director of Mission Support, UN Multidimensional Integrated Stabilization Mission in the Central African Republic (MINUSCA), issued a new release in which he implicitly announced that Cameroonian truckers are once again allowed to enter the Central African territory.
This decision, therefore, cancels that of 28 April 2020 by MINUSCA, which prohibited Cameroonian haulers from entering the CAR.
«Due to the emergency caused by the Convid-19 pandemic, as of today, no driver or any other passenger from Cameroon will be allowed to enter the Central African Republic,» the MINUSCA announced. At the same time, the UN mission invited Cameroonian haulers to organize their cargo deliveries so that drivers on the Central African Republic side can take over at the border between Cameroon and the CAR to deliver the cargo to Bangui.
According to the May 1 release, only contractors transporting MINUSCA goods were concerned by the April 28 release. The fact that all Cameroonian haulers have been included is just an obvious misunderstanding, Milan Trojanovic explains. Hence, the May 1 release to cancel the previous decision.
«All the issues raised in the decision are null and void,» wrote the Director of Mission Support in the May 1 release.
«Concerning the transport of MINUSCA goods, you will comply with the procedures, rules, and regulations in force- agreed bilaterally between the governments of Cameroon and the Central African Republic- for the management of movements of the transport sector across the border. Any modification of the existing procedures will be agreed between the two governments,» he continued.
The 1,500 km long Douala (Cameroon)-Bangui (CAR) corridor is served by a little over 5,000 trucks. According to the agreement between the parties, 60% of the carriers would be Cameroonians, and 40% CAR citizens. However, in a study published in 2019, the African Development Bank (AfDB) reveals that only five CAR drivers are active along the corridor. This means that out of the 5,000 drivers who supply the Central African Republic with goods and other commodities, 4,995 are Cameroonians.
According to figures from Cameroonian customs, apart from the logistics of the UN security mission, about XAF55 billion worth of Central African goods transit through Cameroon every year.

Coronavirus: Trade flows on the Douala-Ndjamena and Douala-Bangui corridors dropped by 80% YoY in March 2020



Cameroonian authorities' decision to maintain trade with other CEMAC countries, despite the border closures it decided as part of the fight against Covid-19, does not seem to have prevented the collapse of trade flows on the corridors serving Chad and CAR.

Customs sources, quoted in a report broadcast by Cameroonian public television CRTV, say that trade flows on the Douala-Ndjamena and Douala-Bangui corridors fell by 80% year-over-year in March 2020.

This drop is all the more understandable since traffic on these two corridors is mainly due to Chadian and Central African goods, which transit through the port of Douala in Cameroon. These goods, however, come from foreign countries whose borders have also been closed for several weeks because of the Coronavirus crisis.

In 2013, Cameroonian customs revealed that XAF340 billion worth of Chadian goods transit through Cameroon every year and XAF55 billion for Central African goods. But before the Coronavirus crisis, things had already changed a lot. Not only because of the economic slowdown in Chad, since the fall in the prices of crude oil in 2015, but also because of the insecurity in the CAR, triggered by the fall of President François Bozizé in 2013.

Also, there were police and administrative harassment along the corridors. Those harassments forced many economic operators to divert their goods from the port of Douala to Beninese and Sudanese ports, according to the analyses made by those in charge of the port of Douala. Consequently, since 2014, the volume of goods circulating along the corridors in Cameroon has been reduced by 600,000 tons, causing port actors and transporters a loss estimated at nearly XAF200 billion. These figures were revealed on July 11, 2018, in Douala by Cyrus Ngo'o, the Managing Director of the Port Authority of Douala (PAD) during a 3-day seminar on the implementation of the recommendations of the 2nd tripartite Cameroon-Chad-CAR forum on port issues.

ITC & TELECOM

The Minpostel suggests creation of digital economy development centre to boost telehealth

During the cabinet meeting held on April 30, in Yaoundé, the Minister of Posts and Telecommunications (Minpostel), Minette Libom Li Likeng, suggested the creation of a Digital Economy Development Centre to increase the integration of information and communication technologies (ICT) in health practices.

The Centre should focus on the production of digital solutions and *«Made in Cameroon»* applications as well as the large-scale interconnection of health facilities, she explained. According to the Minpostel, this will resolve Cameroon's problems in integrating ICT to the health sector since the country currently faces a shortage of local applications and digital terminals. The centre will thus help solve that problem while the country will focus on solving confidentiality problems related to the use of health information systems as well as the unavailability of electricity and the internet.

During the cabinet meeting, the Minpostel also indicated that the government has adopted a 2020-2024 Strategic Plan for Digital Health, to support ongoing initiatives, such as the National Emergency Telecommunications Network project. Also, many ambitious initiatives are being developed in telehealth startups. These include online consultations with a doctor or online analysis of cardiology parameters and the search of available pharmacies.

Camtel's wholesale segment gets ISO 9001/2015 certification

The wholesale segment of Camtel [Cameroon Telecommunications] is now ISO 9001/2015 certified," the public telecom operator announced on May 6. This certification means the wholesale department of the public telecom operator complies with the requirements of this standard.

The certification shows that Camtel's quality management system has demonstrated its ability to consistently provide products and services that meet customer requirements and comply with legal and regulatory requirements.

The ISO 9001/2015 standard was created to increase customer satisfaction through the effective application of a standard management system. This certification of conformity is valid for three years and a surveillance audit is carried out once a year in the certified organization or company.

SERVICES

Cameroon has 900 tourist sites, tourism operators reveal

Cameroon has a potential of 900 recommendable and visitable tourist sites. The estimate was presented by operators of the tourism sector during a meeting on April 30, 2020, in Yaoundé, to find solutions for the revival of the sector hit by the coronavirus pandemic.

Thanks to this potential, tourist arrivals have doubled over the last 10 years from 500,000 in 2010 to 1.1 million at end-2019, the operators disclosed.

Due to the coronavirus, they expect this increase in the number of arrivals to come to a halt since the tourism and accommodation sector is the most affected by this pandemic.

As proof of this forecast, the operators indicate that since the confirmation of the first case in early March, two-thirds of the hotels in Douala have stopped operations.

Pub house operators promise to reduce seating capacity by half to fight the Covid-19

In Cameroon, the syndicate of pub house operators (Synedeboc) promises to implement measures to combat the coronavirus.

According to a note from its national coordinator, Valéry Ntendie, the measures include the installation of hand-washing devices, the mandatory wearing of gloves and masks by staff, and *«the 50% reduction of seating capacity in drinking establishments during the pandemic.»* It also pledges to ensure that drinking areas are ventilated as much as possible.

The union will make sure that particular measures are implemented by organizing controls, the note informs.

Synedeboc believes that the government's decision to allow bars, pub houses, and restaurants to reopen is a way to support the brewing sector which *"is important in the Cameroonian economy and provides direct and indirect jobs."*

If respected, these measures could silence the criticism the government is facing for softening the coronavirus preventive measures

The hotel and accommodation sector is struggling because of the coronavirus

In Cameroon, the transport, restaurant, hotel, and accommodation sectors are the most affected by the Coronavirus crisis, according to various official reports. While some of those sectors are still operating albeit slowly, the hotel and accommodation sector has come to a complete standstill.

The most striking example is the La Falaise hotel chain, which is one of the most prominent in the country with four establishments in Douala and Yaoundé, Cameroon's two main cities.

After the closure of Cameroon's borders on 17 March 2020, ban on tourist arrivals and the prohibition of ceremonies (conferences, seminars, banquets, etc.) the hotel chain simply closed its doors.

Other hotels, whose managers are a little optimistic, continue to operate, but the few employees still at work are most of the time idle. As soon as the restrictions decided on March 17 to curb the spread of the coronavirus were imposed, hotel reservations sharply slumped

At the Hotel Mont-Fébé, a four-star public hotel in the Cameroonian capital, 1,050 overnight stays were canceled in March 2020, according to the managing director Nicolas Tchobang. At the same time, 600 foods ordered could not be served because of the cancellation of banquets, he adds.

Due to that sharp decline in activities, the managing director decided to provide paid leave to about 60 employees. For the entire sector, things are not getting any better.

LEADER OF THE MONTH

CAMEROONIAN ÉRIC VALÉRY ZOA BECOMES MD OF ATLANTIC BANK CAMEROON

Cameroonian Eric Valéry Zoa (49) is, since April 1, 2020, the new Managing Director of Atlantic Bank Cameroon. His appointment was decided during the board meeting held on March 31, 2020.

Éric Valéry Zoa, who spent his whole career at Atlantic Bank group, replaces the Ivorian Olivier William Bene Sammarie, after 6 years as the Deputy General Manager of Atlantic Bank Cameroon.
He is appointed head of a bank that operates in an ecosystem of 15 credit institutions that compete fiercely with one another. At the end of 2019, Atlantic Bank Cameroon posted a provisional net profit of CFA7 billion, up 17% year-on-year. At the same time, it indicated deposits amounting to CFA250 billion (up 44% year-over-year) and about CFA206 billion of loans granted to clients (+29% year-over-year).

Comforted by these performances, the bank believes "it has taken off for good" in the local banking market and plans to be counted "among the largest" in the country this year. This will be the main task to be tackled by Eric Valery Zoa, apart from digitalization, which is also an important part of the missions.

Atlantic Bank Cameroon, which recently welcomed a new shareholder («Société civile First Group Investment») manages a network of 20 points of presence spanning over 7 out of the 10 regions of Cameroon. Officially, the bank has over 120,000 active clients.

Brice R. Mbodiam

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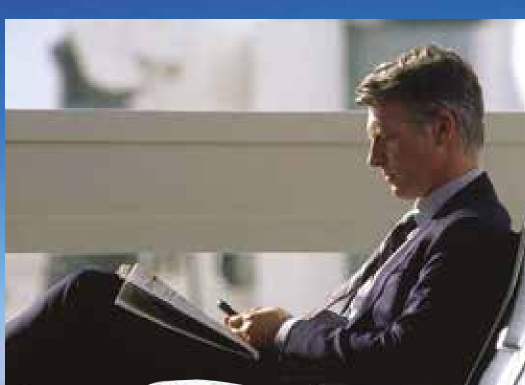

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