Covid-19
Insights from entrepreneurs

Land squabbles between citizens and the government

Interview with Abakal Mahamat, MD BGFI Cameroon
Entrepreneurs gain in resilience and rediscover key values

After six long months dominated by the health crisis spurred by Covid-19, Business in Cameroon asks a few entrepreneurs, bankers, lawyers how they felt regarding the many challenges they faced during this period. Businesses slowed significantly and many firms recorded major cuts in their revenues. Nevertheless, or paradoxically rather, some have drawn great wisdom, rediscovered key values, and overall consider the experience as exceptional in many ways.

As life's fragility was being tried, many showed solidarity, employers started taking better care of their staff, and every person came to realize that their health depended on their neighbors’. “Indeed, we were economically hurt but some good came out in the form of stronger human relations,” said the Managing Director of BIA Cameroon. A perspective shared by his counterpart from BGFI Cameroon who declared that “we have reinvented the way we manage our human capital”.

Other lessons learned from this crisis include the importance of adopting better hygiene, a healthier diet, and a better quality of life overall. Some have realized the limitations of international trade and understood that we sometimes seek far away what we could produce locally.

While it’s still difficult to predict how our economy will perform next year, it is highly probable that we will give them more attention than we used to. Indeed, there are other priorities to attend to now.
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Besides the National Investment Company of Cameroon (SNI), about 700 Cameroonians have invested in the three companies that constitute the state-owned group Société anonyme des brasseries du Cameroun (SABC). This is revealed by internal sources within SABC.

Officially, SNI and the 700 Cameroonians control 15% of the capital of SABC (the group’s main branch), 37.5% of mineral water producer Société des eaux minérales du Cameroun (SEMC) and 24.8% of Société camerounaise de verrerie (Socaver), the only glass factory in the CEMAC region.

Between July and December 2019, banks operating in Cameroon granted XAF2,109 billion of loans to economic agents (down 16.7% year-over-year), the central bank BEAC indicated in its report on the evolution of borrowing rates in the CEMAC region.

According to the report, BICEC granted 28.7% of the overall loans while Société Générale Cameroon granted 19.95%. This means the two banks granted almost 50% of the credits offered during the H2-2019.

In 2019, ten economic operators imported 803,505 tons of rice into Cameroonian territory, according to an official note from the Ministry of Commerce.

This is a «record volume, hitherto unheard of,» Trade Minister Luc Magloire Mbarga Atangana said in the note addressed on July 6, 2020, to the president of the Rice Importers Group in Cameroon.

These rice imports largely exceeded the national demand that the Ministry of Agriculture estimates to be only 576,949 tons for the current 2020 year.

In 2019, Cameroon produced a little over 107,000 tons of beef and 103,331 tons of poultry meat. According to a study on the strategic positioning of the meat and fish sectors, which has just been unveiled by the Enterprises Upgrading Office of Cameroon (BMN), during that period, 71% of the country’s meat production consisted of beef and chicken.

It is worth pointing out that during the period, the cattle breeding sector’s production exceeded that of the poultry sector, which has so far supplied Cameroon with most of its meat production.

Erratum

In the 100th issue of our magazine released last month, the photograph depicting Lucas Djemmo was published in error. The man in the photograph was not Lucas Djemmo. Here is a picture of him. We apologise sincerely for the error.
On June 5, 2020, Xavier Saint-Martin Tillet, Director and Chief Executive Officer of the group LafargeHolcim Maroc Afrique (LHMA), informed the chairman of the board of Cimenteries du Cameroun (Cimencam) about his project to renew the contract of Cimencam's current managing director for a 2-year term (2020-2022).

However, in a letter signed on August 6, 2020, Pierre Moukoko Mbonjo, the said chairman of Cimencam’s board, notified Xavier Saint-Martin Tillet about the decision issued by President Paul Biya not to renew the mandate of the current manager Benoît Galichet. Without providing further details about the reasons that motivated this refusal, he added that the president also ordered the appointment of another executive for that position.

So, after two (2) years of leading Cimencam (which fell to number 2 in the cement market after its 48-year monopoly over the cement market was ended, allowing the arrival of Dangote Cement), Benoît Galichet will leave this position in the same condition as his predecessor Jean-Pierre Le Boulicaut in 2008.

At the time Jean-Pierre Le Boulicaut was dismissed, Cameroonian authorities were annoyed by the successive cement shortages that surprisingly started after the government rejected the request by Cimencam (which was the only operator in the market) to increase cement prices.

As far as Benoît Galichet is concerned, our sources inform that Cameroon (which controls 43% of Cimencam against 55% for LHMA) is opposing the renewal of his term because Cameroonian executives are marginalized by Cimencam’s management. Local authorities accuse Benoît Galichet of not acknowledging the competence of local executives, who nevertheless have commendable records within the company, and even in LHMA.

Other sources indicate that apart from those management problems, some unethical practices within Cimencam also motivated the refusal. Indeed, they explain, Cemencam recently started increasing its expenses by notably importing raw materials and issuing consultancy contracts. Doing so, the management reduces the company’s profits and skillfully expatriates financial resources.

Brice R. Mbodiam
THE PRIVATE SECTOR SPEAKS ON THE FALLOUTS OF COVID-19

The pandemic the world is currently dealing with has affected all sectors of activities - virtually no one has escaped it. In Cameroon, all the economic operators have felt the strike of Covid-19 on their activities. Yet, each one of them has a different story to tell, from the young entrepreneur to the boss of a small and medium enterprise through to the lawyer and the manager of a big company or a financial institution. Despite their individual views, they all laud the response plan implemented by both the national and regional authorities to combat the pandemic. Some acknowledged the situation has forced them to develop closer relations with their customers, while others stressed the crucial importance of digitalization and diversification as modern management tools for businesses.

Idriss Linge and Jean Christian Nselel

Thomas Crabett, MD of BIA Cameroon

“We came out shaken by this pandemic but strengthened”

Resilience has proven to be a state of mind among economic operators in Cameroon. The Cameroonian economic operator trembles but he never lets himself collapse. And that’s what has motivated us to choose Cameroon as the regional hub for Central Africa. Another thing, which applies both to our daily and professional lives is that life is fragile. And I’m glad to say that the pandemic has taught that lesson. The first message we received from our CEO Vincent BIA was “Take care” and it meant a lot for all the staff. We came out shaken by this pandemic but strengthened. It’s obvious that the situation has affected our finances but we have to acknowledge that it has helped to strengthen human relations as well.
Sammy Ekambi, Secretary-General of Attijari Securities Central Africa “Companies had to dip into cash position”

When the pandemic first broke out, we were concerned that our clients would withdraw all of their savings and exit investment portfolios since liquidities were expected to dwindle. But there was more fear than harm on this particular segment since few people divested their shares in collective investment into transferable securities UCITS. According to our assessments, the portfolio exits we registered would have occurred regardless of Covid-19.

On the other hand, because of the lack of cash, companies had to withdraw everything they had invested, to meet their cash needs during the crisis marked by low or no revenues. The situation has forced them to dip into the cash they had invested - securities or mutual funds - to manage their daily operations.

Ludovic Minoue, dried fruit exporter “We always need to have another alternative”

The pandemic has hit us on three major points. First of all, we lost a lot in terms of income and the closing of borders did not help at all. We have not been able to make our deliveries and, as a result, we no longer have any money coming in. The lack of cash inflow means that we don’t have enough resources to meet the expenses, so we had to lay off part of our staff.

The mango campaign, which takes place between March and July, is the best period for our company. Mango generates half of our turnover and it’s the product that is most in demand. However, the situation has completely disrupted our activity. What we learned from that is that we must always have an alternative to rely on to pull through crises. An alternative for us would be to sell our products on the local market and we have been mulling over this idea for a while but now we’re forced to revise our whole schedule to do something locally and get some customers to be less dependent on exports.
Salamatou Bantse, MD of Pomme Rouge
“The most difficult for us was not to adapt”

What Covid-19 has taught us is that we live in a fragile environment. Our corporate policies already encompass the respect of the standards of quality, hygiene, health, and the environment. But, we applied them more as a standard of service delivery. Today, we realize that this is an integral part of our operating strategy and logic. After all, these are processes that are cumbersome for SMEs like ours to implement. Our efforts must be rewarded by a State; which at least guarantees that we get paid within a reasonable period. The most difficult thing for us has not been to adapt, but to do so while dealing with existing problems.

Hervé Nana, president of the Union of Drinking Outlets of the Littoral
«Putting hygiene at the forefront...»

The Coronavirus penalized many of us, especially those who had contracted bank loans to revive their business. And you know that in March, when we were paying taxes, some had already made their declarations and renewed their tax files. The lockdown has slowed everything down. In the Littoral region, we have an average of 3,000 officially known drinking outlets. But, the best lesson we learned is to always put hygiene first. You have to wash your hands, respect the safety measures and that means respecting the basic rules of hygiene. We always tell the members of our union that they need to have a clean place because besides Covid-19 other diseases like cholera exist.
FOCUS

Covid-19 is quite negative for some but for others, it is an opportunity to grow. An example is the health sector which has experienced a lot of innovations. As far as I am concerned, I would say that with the pandemic, we realized that it was important to strengthen our immune system by eating healthier. And that’s exactly what I’m helping people to achieve by offering them chemical-free natural fruit juices. I’m calling on the government to further support entrepreneurs. There are already multiple initiatives in this regard but it would be more interesting if the government reassures entrepreneurs, giving them a financial hand so that they are better prepared to respond effectively to disaster situations such as the current pandemic.

Ines Mayagi, a young entrepreneur
«Covid-19 was an opportunity»

If I have to answer the question about the impact of Covid-19, I would say that it has surprisingly boosted our business, because we had to help our customers to manage the impacts of the pandemic on their businesses. Our intervention has a triple objective. First, we helped many companies on the social management level. This pandemic has had an impact on the companies’ workforce. There were technical layoffs that had to be managed, as well as the organization of teleworking. All of these were things for which you had to consult a lawyer to find out how to organize them effectively. The second aspect concerned the management of commercial contracts. Many clients were unable to meet their contractual commitments. It was therefore necessary to help them in negotiating how to shape their relations with their clients or suppliers. Finally, there was support on the financial level. There was also an impact on the outstanding bank balances or loan contracts that had to be managed to obtain some sort of moratorium and exemption from loan repayments.

Aurélie Chazai, a business lawyer
“Surprisingly, Covid-19 has boosted our business”
For some months now, communities in Cameroon have been opposing public authorities’ methods of land management. Amplified by NGOs advocating for environmental protection and people’s rights, the protests denounce the government’s decision to integrate vast portions of some villages into the State domain. These lands, spanning thousands of hectares, are handed over to investors with agro-industrial projects. Sometimes, this is done without the awareness of villagers concerned. As a result, they end up overnight with an unwanted neighbor eager to bar them from “their lands”, their ancestral lands.

In some cases, the government had to back down in the face of the protests, to avoid public disorders. In other cases, provisional measures were taken to appease the people and while one may think the government’s decisions in both cases reflect weakness, the truth is that authorities have implicitly recognized the unorthodox nature of methods used to attribute lands to industrialists.

Indeed, no matter the case observed, it appears that local authorities handling land issues were often not always as impartial, objective, or concerned about public interests, as they should be. Worse even, at times, they violated the regulation which states among others that the allocation of any land exceeding 50 hectares falls under the exclusive competence of the Head of State. Meanwhile, it is not rare to see lands that far exceed this size being allocated by unauthorized people. In such cases, it involves a “provisional allocation or provisional lease.” This implies that the “allocation” is pending the approval of the Head of State.

According to various testimonies, those behind such maneuvers - public agents, local and even traditional authorities - are often bribed. Also, the lands whose cession is supposedly pending the President’s approval are exploited, a situation that leads to expropriation and other adverse consequences. This has been the source of populations’ recent outrage in parts of the country. They demand that the government manage the country’s lands better, taking into account both the economic development and populations’ socio-cultural welfare.

Brice R. Mbodiarm
In a letter dated August 14, 2020, Domains and land affairs Minister, Henri Eyébé Ayissi, announced the "suspension of the provisional lease agreement between the State and Neo Industry SA."

The decision was issued following a meeting organized by the prefect of Ntem Valley on August 8, 2020. Gathered at the meeting were elites of the region and the people impacted by the Neo Industry’s project. By suspending the provisional agreement, authorities hoped to calm tensions in this part of Cameroon where the people have been expressing their anger for weeks.

While protests increased in recent weeks, the truth is that populations in the southern region have been denouncing since 2012 the establishment of a land reserve of about 66,000 hectares on their ancestral lands. The recent spike in contestations came after the people found out that nearly 26,000 hectares from this reserve had been transferred to Neo Industry’s owner, who owns a cocoa grinding facility in Kekem. On these lands, Emmanuel Neossi intends to develop cocoa farms.

In addition to denouncing the non-transparent and one-sided way in which the land reserve was constituted by the government, populations of the Ntem Valley Department consider that Neo Industry, with its cocoa plantation project, somehow dispossesses them of their land, despite the jobs that are announced within the framework of the agro-industrial project.

Amidst public protests, Cameroon suspends the lease contract for a 26,000 ha cocoa plantation project
Fritz Dikosso Seme, the prefect of the department of Vina, was in Awa, Adamaoua, from August 10 to 16, 2020. According to the regional tri-weekly L’œil du Sahel, this visit (instructed by Prime Minister Joseph Dion Nguté) was aimed at investigating the land dispute between the Soybeans Processing Industry of Cameroon (Soproicam) and local communities of this area. The communities are disputing the 2,000 hectares temporary land concession granted to Soproicam in 2013, for soya and maize production in their area. However, it’s worth noting that while the contestations regained momentum recently after the suspension of a land concession granted for an agroindustrial facility in the South, the dispute already started the same year Soproicam was granted the controversial concession. In 2016, Jacqueline Koung a Bessiké who was Minister of State Property, Surveys, and Land Tenure at the time had even suspended the temporary concession while waiting for the results of an investigation she had ordered the same year.

Now, four years later, it appears that Soproicam did not halt activities on the disputed site. Was this backed by the results of the investigation that Jacqueline Koung ordered in Bessiké in 2016? Can these results even be trusted knowing that the people concerned openly accuse some local public authorities, driven by selfish purposes, of lying to the higher-ups in the government? Nevertheless, the company, credible sources indicate, still exploits 1500 ha of the land for maize and soybean production - The latter is sent to a soybean processing plant in Yato, not far from Douala, Cameroon’s economic capital.
The Mbororos, a pastoral nomadic community, challenge a temporary concession of 100,000 hectares of land

On August 14, 2020, Ousmanou Biri, the regional president of the association for the cultural development of Cameroonian Mbororos - a community of nomadic shepherds that is well known in Cameroon- addressed correspondence to the Minister of Land Affairs, Henri Eyébé Ayissi. In the document, Ousmanou Biri denounced the temporary concession of 100,000 hectares of land in Tignère (department of Faro et Déo) to an investor who wants to use the lands for a livestock project. He explained that about 100 farmers' households have been exploiting that portion of the national domain for decades and do not intend to leave it.

“In 2018, they [the Mbororos] were surprised to see Abdoulahi Aboubakar bring important material and human resources to the field [ed.note: the contested concession] to erect a fence. The various efforts initiated to resolve this dispute at the lamidat [traditional chieftaincy], the subprefecture, and the prefecture were to no avail and the threat of expropriation persists. Thus the complaint we lodged against Abdoulahi Aboubakar before the district and lower courts of Tignère, which is yet to pronounce judgment,» the correspondence reads.

According to the regional tri-weekly L’œil du Sahel, this correspondence was motivated by a letter the prefect of the Faro et Déo department recently sent to the said investor Abdoulahi Aboubakar.

“The am pleased to ask you to contact the Minister of State Property, Surveys, and Land Tenure to request a land concession in compliance with the provisions of article 7 of the decree N° 76-166 of April 27, 1976, setting the conditions for the management of the national estate. This article provides that concessions of less than 50 hectares of lands are granted by a decree from the Minister of Land Tenure while the concession for those exceeding 50 hectares is granted via a presidential decree,” the prefect Auguste Essomba wrote in his letter. Reading that letter, the Mbororos community saw it as covert support offered by the prefect to the investor Abdoulahi Aboubakar.

The Herakles Farms case

The dispute between public authorities and the local community in the Southern region over a temporary land concession granted to Neo Industry (and in the Adamaoua where the Mbororos are trying to oppose a factory-farming project) reminds of the Herakles Farms case in the Southwest.

In 2013, US company Herakles Farms obtained a state concession covering 20,000 hectares of land (via its subsidiary Sithe Global Sustainable Oils Cameroon-SGSOC) for oil palm production. However, it was forced to abandon the project due to pressure from NGOs fighting for environmental protection and the right of residents close to industrial plantations.
Cameroon cancels exploitation of 130,000+ ha of Littoral forest under Greenpeace pressure

After months of lobbying for the cancellation of forest exploitation in Cameroon's Littoral region, NGO Greenpeace Africa finally won the case. The Cameroonian Prime Minister, Joseph Dion Ngute, announced the suspension of logging permit on 68,385 hectares of land in the departments of Nkam and Sanaga-Maritime, and the Head of State, Paul Biya, canceled another 65,007 hectares in the department of Nkam.

According to an official statement, the President of the Republic has ordered a halt to the process of concessioning these 133,332 hectares of forest and the PM signed a decree outlawing a previous text authorizing the classification into the private domain of the State of 68,385 hectares of forest, constituted as a forest management unit called FMU 07 006, in the departments of Nkam and Sanaga-Maritime. The President also ordered the postponement of the classification procedure for another 65,007 hectares of forest, in the Nkam Department. This portion of the forest is constituted as a forest management unit called FMU 07 005. This decision by the Cameroonian government follows the plea of the NGO Greenpeace Africa, which has been denouncing the concessioning of these forests since last April.

Greenpeace, which defends the natural world, petitioned "for the immediate cancellation of the plans of the government to transform an area of about 150,000 hectares of intact forest, designated as a national park, into two forest concessions." The organization says more than 40 communities border the Ebo Forest and depend on the forest for food, medicine, and cultural activities.

According to Greenpeace, the Ebo Forest is an area of high concentration of biodiversity and is home to some of the largest populations of chimpanzees between Nigeria and Cameroon, forest elephants, grey parrots and other species on the IUCN (International Union for Conservation of Nature) endangered and threatened species red list, and 12 tree species unknown to science. This forest contains about 35 million tons of carbon.

The Ministry of Wildlife and Forestry (Minfof) wanted to transform the target area into a production forest. The more than 130,000 ha were to be split into two classified forest concessions. The latter was to be adjacent to the palm oil plantation of the agro-industrial Greenfil Palm Plantation Ltd which, with French and Malaysian technical assistance, has cleared more than 1700 hectares since 2017.
Abakal Mahamat

“THE ACTIONS OF THE CENTRAL BANK, COUPLED WITH THE INTERVENTION OF THE STATE HAVE BEEN OF CRUCIAL IMPORTANCE…”

Based on BGFI Cameroon’s experience, here the lender’s managing director talks about the impact the Coronavirus has on the local financial sector and appreciates measures taken by the government and the Central Bank to mitigate it.

Hello Mr. CEO, we would like to know what the impact of the Covid-19 pandemic has been on your operations?

Abakal Mahamat: This pandemic took everyone by surprise. We are in the financial services industry, and our operations were paralyzed, just as those of many clients were interrupted, requiring a rapid readjustment of our business model.

Indeed, the public and private sectors, as well as the informal sector, have been strongly impacted by the pandemic, and banks have been affected, with an increased need to support our clients during this difficult period.

Nevertheless, like any crisis and despite its adverse effects, the Covid-19 pandemic has been rich in lessons that will surely enable us to be more resilient and to anticipate such occurrences - which we of course do not wish to see happen again.

Before we get to the lessons learned, let’s talk about the Central Bank, which has intervened and continues to intervene in some way to breathe life into your sector. The Government of Cameroon has also taken measures, have these different interventions had the impact of diluting the negative effects you mentioned? There has been a certain effect of support from all these entities. Recently, the Central Bank announced
To sum up, the actions of the Central Bank coupled with the intervention of the State have been of crucial importance and allow us to foresee better prospects for the future.
that it would buy back 600 billion treasury bonds from CEMAC countries, which represents a huge breath of fresh air for the states concerned and for the banks in terms of cash flow. It has also issued a series of instructions and press releases, aimed at enabling commercial banks to stabilize. We can therefore affirm that, thanks to these timely interventions relating in particular to the repurchase of bonds and bills issued by the CEMAC national treasuries on one hand, the easing of certain controls on the activity of banks and the injections of liquidity for the benefit of the economies of the sub-region on the other hand, we are beginning to see the end of the tunnel.

As far as the government is concerned, the impact has been felt more through the businesses that are our clients. In this sense, we welcome the efforts made by the State in the fiscal area, to enable them to deploy more easily, and for some organizations, to emerge from the agony.

To sum up, the actions of the Central Bank coupled with the intervention of the State have been of crucial importance and allow us to foresee better prospects for the future.

In the same vein, which customer categories do you think are feeling the effects of the recovery the most?

Individuals and businesses are feeling it to varying degrees, with the latter feeling it much more significantly.

Indeed, companies represent value chains that can combine several types of impacts at the same time. Take the case of large companies. They have subcontractors, which themselves have their own suppliers of goods or services. It is therefore this entire value chain that is impacted, with induced effects on the people employed by these companies and on the social fabric as a whole.

All the major banks in the world and in Africa, including the BGFI group of which you are the CEO of the Cameroonian subsidiary, are beginning to learn the lessons of this pandemic. At your level, what lessons are you beginning to draw from Covid-19?

For a banking group like ours, present in 11 countries, with a marked presence in Paris, France, where the effects of the pandemic were among the most pronounced, we had to reinvent ourselves in order to preserve our quality of service, our privileged relationships with our clients, and our contribution to the growth of the economy, all this of course in strict compliance with the measures set out by the government.

Our reorganization was thus carried out in several ways. In terms of working methods, we opted for video-conferencing instead of face-to-face meetings. We have continued with the governance of the group and hold all the related committees. The way we manage our clients has also evolved. Until now, we have had a very personalized approach to managing clients, who we would meet at their sites to hear about them and their activities. This relationship continues, but through the tools that technology offers us.

In addition to the reorganization in working methods, we had to revise our budget forecasts because of the impact of the pandemic on the economy. In this sense, Covid-19 appeared to us as an opportunity to test our governance system and our ability to manage crises, and we note with great satisfaction that our organisation is resisting the shock well, both at Group and subsidiary level. With regards to personnel, in addition to protection and distancing measures, we set up a system of material and psychological support for employees whose family members were affected, to enable them to continue working under good conditions. I would thus say that we have reinvented the way we manage our human capital.

If you had a suggestion, or a request to make to the authorities, what would it be?

The authorities have implemented various measures to contain this pandemic. What we can suggest to them is to maintain all the actions already taken to help companies in difficulty because of Covid-19, and to continue with the various actions aimed at supporting the economy, particularly in terms of tax pressure. This way, the financial services companies that we are, will be better able to make our contribution to a full recovery of the economy.
Cameroon is committed to implementing the new foreign exchange regulations issued by the Bank of Central African States (BEAC), the International Monetary Fund (IMF) reveals in its Country Report No. 20/48 focused on Cameroon. To ensure its optimum implementation, the country transferred its contracts with oil and mining companies to the BEAC. It also promised to align its new petroleum code with the foreign exchange regulation. This promise is a significant step since a while ago, oil and mining companies estimated that the foreign exchange regulation n° 02/18/Cemac/UMAC/CM, which came into effect on March 1, 2019, would affect their contracts with various CEMAC member countries because the regulation required multinationals to repatriate export proceeds. Indeed, most of these companies’ contracts with CEMAC member countries exempt them from repatriating their export proceeds. However, the new foreign exchange regulation required the contrary. Due to that particular requirement, the implementation of the regulation to oil and mining companies was postponed twice before a third enforcement date (December 31, 2020) was decided. According to the IMF, Cameroon’s efforts towards the implementation of the regulation will increase its regional import coverage. Cameroon’s "foreign exchange repatriation reached CFAF 2.313 billion during Q1-Q3 2019, a 44% increase from the 2018 figures (…)." Cameroon’s NFAs at the BEAC stood at 1,995 billion at end-September 2019 and are projected to rise in Q4, supported by delayed donor budget support and strict enforcement of the regulations, according to the IMF.
Eight products generated over 86% of export revenues in 2019 (INS)

Cameroon generated over 86% of its export revenues from eight (8) products in 2019, according to a recent report published by the national institute for statistics. The first of the products was crude oil, which provided 41.8% of the country’s export revenues during the period. After crude oil (whose production has become increasingly dynamic in Cameroon in recent years) is cocoa, which provided 12.1% of overall export revenues. Next came liquefied natural gas (LNG), with 11% of export revenues. Cameroon started exporting LNG in 2018 after the commissioning of Hili Episeyo, the second floating LNG plant in the world. The fifth product was sawn timber (7%) while raw timber (3.6%), cocoa derivatives (3.3%), and raw aluminum (2.4%) came respectively sixth, seventh, and eighth, the report indicates.

The IMF encourages Cameroon to enact an anti-corruption law

In its Country Report No. 20/48 focused on Cameroon, the International Monetary Fund (IMF) encourages the country to enact an anti-corruption law. The institution asks Cameroon to adopt strong structural reforms to facilitate the development of the private sector and "job-rich growth." It also suggests a modernization of the legal framework. This anti-corruption law will boost foreign investments and the development of the private sector, the institution comments.

This suggestion is almost the same as the one made a while back by Transparency international. In its 2019 Corruption Perception Index, the anti-corruption agency ranked Cameroon 153rd out of 180 countries. With 25 points out of 100, Cameroon was ranked as the 28th most corrupted country in the world. According to the agency, it is unfortunate that many instruments are missing in the country’s anti-corruption framework. This includes the Anti-Corruption Law. Also, the African Union Convention against Corruption has not been signed yet and article 66 of the constitution on the declaration of property and assets is not being applied. Also, illicit enrichment is not criminalized and there is no legal protection for whistleblowers, anti-corruption activists, investigators, and journalists reporting cases of corruption.
On May 19, 2020, Cameroon paid interest charges on the XAF450.4 bln (swap charges excluded) Eurobond it issued in 2015. This payment has become a routine since the issuance of this Eurobond. For instance, on November 19, 2020, the country is expected to make another interest payment in the framework of the security issued in the European markets. As the country pays interests twice a year and XAF21 billion per payment, this means that it spends over XAF42 billion on interest charges for this operation every year. These interest charges should drop by one-third in 2023 once it refunds one-third of the principal.

The May 19, 2020, interest payment was welcomed by rating agency Moody’s, which revised the country’s repayment ability from “negative” to “stable.” The reason for this revision is that Cameroon paid the interest rates when the agency was wondering whether the country would extend the moratorium on debt service granted by the G20 to private investors since the country is facing tough economic challenges. For instance, apart from social pressures and the security crisis in the Far North, the North, the East, the Northwest, and Southwest, the country still has to face the economic consequences of the coronavirus pandemic. Also, hundreds of thousands of residents in Douala and some other towns, have recently been affected by flooding caused by torrential rain.

At the same time, the support provided by G20 countries appeared to be below the volume expected by the World Bank. While the Bretton Woods institution was expecting about XAF155 billion, the amended finance law of June 3, 2020, revealed that the amount was XAF118 billion. It is worth reminding that according to sources close to international investors, Cameroonian authorities are negotiating with the International Monetary Fund (IMF) to refinance the Eurobond. The aim is to postpone the repayment of the principal. Indeed, according to the current schedule, on November 23, 2023, Cameroon will pay part (XAF150 billion) of the principal. However, with its ailing exports, it is not sure whether Cameroon will have enough Euro-denominated currencies by the refund date. Apart from that, the country still has to refund other international loans contracted to fund the organization of the yet-to-be held African Cup of Nations 2021 notably.
Exports to CEMAC countries constituted only 6.6% of overall export revenues in 2019 (INS)

In 2019, Cameroon’s exports to neighboring countries (CEMAC countries in particular) were really low, according to the report on the country’s foreign trades recently published by the national institute for statistics INS. The report informs that, according to figures from customs authorities, Cameroon’s exports to neighboring countries generated only 7.8% of its export revenues during the period - with 6.6% derived from exports to its neighbors in the CEMAC region. During the period, the country exported 336,232 tons of products to CEMAC members, generating XAF160.79 billion. In the subregion, its main client was Chad which bought 169,485 tons of products, worth close to XAF66 billion, from Cameroon.

The INS suspects border porosity to be the main reason for the low official exports since transborder trades are not recorded in customs authorities’ files. This is why it is currently elaborating on a mechanism that will collect data on transborder trades and improve trades with neighboring countries.

Trade deficit declines by 36.9% YoY in H1-2020, due to Covid-19

Cameroon recorded a XAF487 billion trade deficit in H1-2020, according to a report recently published by the national institute for statistics INS. This represents a 36.9% decline on a year-to-year basis. "This improvement of the trade balance was due to a marked 27.6% contraction of imports compared to a lesser contraction, by 21.4%, of exports," the report explains. It also indicates that during the period under review, the country’s trade exchanges decreased by 19.7% in quantity and 25.2% in value. Exports were valued at XAF918.4 billion while the value of imports was XAF1,406 billion. According to the INS, the coronavirus pandemic and its impacts could be the main factors of these changes. The institute estimates that if the pandemic continues, Cameroon’s trade exchanges will contract further. For instance, it points out, the consumption of local products instead of imported ones that were usually massively imported (like rice) would have a beneficial impact on the trade balance and boost domestic supply (that producers are now unable to sell in neighboring countries because of the border closure). The recent tomato crisis bears witness to that fact.
Exports revenues were up by 13% YoY in 2019

In 2019, Cameroon generated XAF2,392.8 billion of export revenues, according to a recent report from the national institute for statistics INS. This performance is up by over XAF280 billion (13.3%), according to the report. This rise was due to an increase in crude oil exports. The value of the latter rose by 15.9% year-over-year showing the dynamism of the local production. Its quantity rose by 31.2% compared with the volume exported in 2018, the report indicates.

Unlike oil exports, the quantity of non-oil and gas products exported in 2019 dropped by 12.3% but the value rose by 0.6% year-over-year.

Cameroon’s exports could drop by 40% this year because of the Covid-19 (BEAC study)

The coronavirus pandemic exposes Cameroon to five shocks. This is revealed in a study entitled ‘quels sont les effets des chocs liés à la pandémie Covid-19 au Cameroun ?’ (What are the impacts of the Covid-19 pandemic in Cameroon?) written by Francis Ghislain Ngomba Bodi, executive of the Directorate of Studies, Research, and Statistics at the Beac. The said shocks are the following: an epidemiological shock, a supply shock, a domestic demand shock, an oil shock, and a foreign demand shock. According to the writer, this sour situation should cost the country 6% of GDP in 2020, with a drop of about 12% in consumption and up to 40% drop in exports. The budget deficit will worsen and will likely double. Private investment may not return to its pre-crisis level before the end of 2021.

The study (published on the Beac’s website) suggests that to mitigate the impacts of this recession, the government should support industrial companies so that they can increase their market share in the wake of the economic recovery in 2021 and maintain employment at a certain level. “This direct support to companies and indirect support to households will keep demand afloat. It will require a sharp increase in public debt, the burden of which will have to be mitigated by a massive purchase of public securities by the central bank. This is the prerequisite for a strong economic rebound in 2021-2022,” the study concludes.
Joint-venture Sucam SA to handle universal health coverage operations

On August 27, 2020, in Yaoundé, Cameroon and Santé Universelle Cameroun (Sucam SA) signed a public-private partnership contract for the implementation of universal health coverage in the country. Officially, this company, which is a joint venture between Cameroonian and Korean investors, will implement a universal health coverage system in Cameroon and perform all the related commercial and financial operations. This means that it will collect social contributions from economic agents in the informal sector, and pool the funds dedicated to the management of universal health coverage. It will also sign contracts with public and private health facilities in that regard, pay the bills to approved providers, and monitor service providers.

As a reminder, the universal health coverage system (initially planned to start being implemented in Cameroon in 2018) will cost about XAF1,300 billion. It includes a spectrum of 185 interventions and 101 sub-interventions.

Bicec and Société Générale concentrated almost 50% of bank loans granted to economic agents in H2-2020 (BEAC)

Between July and December 2019, banks operating in Cameroon granted XAF2,109 billion of loans to economic agents (down 16.7% year-over-year), the central bank BEAC indicates in its report on the evolution of borrowing rates in the CEMAC region. According to the report, BICEC granted 28.7% of the overall loans while Société Générale Cameroon granted 19.95%. This means the two banks granted almost 50% of the credits offered during the period under review.

Commercial Bank of Cameroon (CBC) and Afriland First Bank, two banks majority-owned by Cameroonians, completed the top 4 of the banks that granted the most credit to the economy during the period. They respectively granted 14.44% and 9.52% of the overall loans in that period.
National Bank of Equatorial Guinea obtains business license for its subsidiary in Cameroon

Bange Bank Cameroon SA, a subsidiary being set up by the National Bank of Equatorial Guinea (Bange) in Cameroon, was issued a business license by the Ministry of Trade on August 5, 2020.

“Any commercial company, whatever its sector of activity, must first obtain the said license, which facilitates its registration in the trade and personal property credit register. It is required from foreign individuals or companies as well as firms majority-owned by foreigners,” the Ministry of Trade explains.

It adds that the obtention of this license is compulsory for Bange Bank Cameroon S.A. under the Law No. 2015/018 of December 21, 2015, governing commercial activities in Cameroon, since it is majority-owned by Equatorial Guineans and the chairman of its board Manuel Osa Nsue Nsua, and managing director Emilio Moyo Avoro are both citizens of this neighboring country.

The decree states that “the above-mentioned license is granted to Bange Bank Cameroon S.A. for its operations in the banking sector, in strict compliance with the laws and regulations in force.”

After this license, the institution still has to obtain the approval of the monetary authorities which are the Central African Banking Commission (Cobac) and the Cameroonian Ministry of Finance.

In June 2019, led by the Equatorial Guinean ambassador Anastaseo Asumu Mum Munos, a delegation from the Bange met the Cameroonian Finance Minister Louis Paul Motaze in Yaoundé. At the end of the confidential discussions, Ebe Mba, chairman of the board of directors of Bange -the parent company- told the press that the banking institution was about to launch the procedures required to open a subsidiary in Cameroon.
Cameroon spent XAF807 bln to import food products, up by 14.9% YoY (INS)

Cameroonian economic operators spent XAF807 billion to import food products in 2019, according to the national institute for statistics INS. These imports were up by 14.9% year-over-year. Officially, food products represented 20% of overall import expenses in Cameroon during the period under review. The products imported were mainly rice and wheat, we learn. According to the institute, the volume of rice imported rose from 561,112 tons in 2018 to 894,486 tons in 2019 (ed.note: 803,505 tons according to the Minister of trade). This represents a 59.4% rise. The value of rice imports rose by 60.9% year-over-year to XAF231.8 billion, it adds.

Rice importers suspected of fraudulently reexporting to neighboring countries

In Cameroon, the national institute for statistics INS suspects rice importers of fraudulently reexporting their products to Nigeria. Indeed, in 2019, Cameroon’s rice imports surged, inexplicably affecting the country’s food products import expenditures (up by 14.9% to XAF807.5 billion).

The institute notes that the volume of rice imported by the country rose from 561,112 tons to 894,486 tons (up by 59.4%). This cost the country XAF231.6 billion, up by 60.9% compared to the value of rice imports in 2018.

“Given the dynamism of the local production, we can suspect that the surplus is reexported to neighboring countries, Nigeria notably due to the importance of its domestic market,” the INS comments. These reexportations are facilitated by the exemptions granted by the Cameroonian government for rice imports. Thus, the operators import rice duty-free and reexport it to increase their profits.

Because of that practice, the INS announces that it is elaborating a permanent mechanism to monitor trans-border trades. The mechanism will provide an overview of Cameroon’s transborder trades and help curb these unfair reexportations.
Local yearly fish production still below 15,000 tons despite aquaculture promotion measures

To boost fish production, the national sea-fisheries development agency (CDPM- Caisse de développement de la pêche maritime) announced that this year, it would distribute 300,000 fries to local producers. Such initiatives have proliferated recently in the country, the objective being to reduce the massive imports of frozen fish on Cameroonian soil. However, despite these measures aimed at boosting local production, it is still low. According to figures disclosed by producers on August 12, 2020, during a meeting with the Ministry of Trade, generally, fish production reaches about 10,000 tons yearly, the maximum being 15,000 tons. According to Divine Ngola Tombouh, the Assistant Director-General for aquaculture, at the Ministry for Livestock, Fisheries and Animal Industries (MINEPIA), for more efficiency and to save part of the XAF160 billion spent to import frozen fish every year, the country now intends to attract large companies into the fish producing sector. In that framework, in July 2020, the government launched a call for expression of interests to pre-qualify national and foreign investors willing to invest in the Cameroonian aquaculture sector. These investors will exploit the aquaculture potential of the Dibamba, Nyong and Sanaga rivers, the Lagdo, Lom Pangar reservoirs as well as the Kribi-Campo and Limbe-Idenau coastlines. Interested investors have up to October 16, 2020, to submit their applications at the MINEPIA.
SNH to establish petroleum geology labs in six public universities

The National Hydrocarbons Corporation (SNH) recently published the results of six calls for tenders it issued to select suppliers that will provide equipment for construction of petroleum geology laboratories in six (6) public universities. These works will be carried out by Shine Services and Communications ingénierie systèmes SA in the universities of Bamenda, Buea, Douala, Dschang, Maroua and Ngaoundéré. The costs of each of the contracts vary between XAF49 and 63 million. Thus, by investing over XAF350 million in the project, SNH wants to promote petroleum engineering training in the country, credible sources comment.

Sonara: Two French companies invited to submit bids for the audit of recently completed phase 1 of the extension plan

Jean-Paul Simo Njonou, the general director of the National refinery company Sonara, recently launched a restricted tender procedure to recruit a firm that will audit works performed in the framework of phase 1 of the project aimed at extending the company’s plants. Only two French companies have been invited to submit their bids by September 25, 2020. They are Performance Plus Innovation and Axeans Strategy Consulting. According to the call for expression of interest, at the end of which those two firms were selected, “the purpose of the audit mission is to enlighten Sonara by providing a detailed and documented explanation of the discrepancies between forecasts and achievements, both in terms of technical achievements, the extension of deadlines and cost increases.” The phase 1 concerned was launched in 2010 and was supposed to be completed between 2012 and 2013. However, it was completed only in 2018 and gobbled about XAF380 billion.
In the framework of the “Regional Stabilization Facility for Lake Chad” developed by the UNDP, XAF12 billion will be invested in the construction of infrastructures destroyed by Islamist sect Boko Haram in the Far-northern region of Cameroon. This project, implemented in the three departments that paid the heaviest price in the sect’s attacks since 2013 (MayoTsanaga, Mayo Sava, and Logone et Chari), will focus on three axes. These axes will be the construction of infrastructures (public buildings notably), security and economic recovery, triweekly L’Oeil du Sahel reported while relaying the information gathered after the August 17, 2020 meeting of the steering committee in Maroua.

According to the project leaders, in the framework of the project, 1,000 young people will be recruited locally. They will be paid a daily remuneration and can thus gather enough funds to launch income-generating activities. Also, the construction works will be performed by local companies.

The first phase (60 km) of the Yaoundé-Douala highway will not be delivered by December 30, 2020, as planned in the updated work schedule. Indeed, China First Highway Engineering Company Ltd (CFHEC), in charge of the construction, is negotiating a third extension of the deadline.

Phase 1 of Yaoundé-Douala Highway: CFHE negotiates the third extension of deadlines

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Works in the framework of the first phase of the 196-km road infrastructure started on October 13, 2014, and the initial duration was 48 months. However, the deadlines were first extended by 12 months (October 13, 2018, to October 12, 2019) and then by 14.5 months (October 13, 2019, to December 31, 2020).

According to Simon Pierre Mbousnoum, director of road investments at the Ministry of Public Works (Mintp), the new deadline being suggested is October 31, 2021. He further informs that this request has already been rejected by the Minister of Public Works Nganou Djoumessi. «The Minister of Public Works intends to check all the works the company would have performed by the end of the contractual deadline,” he says.

To justify this request, China First Highway Engineering indicates that the works were slowed down by delays in the clearance of rights-of-ways and bill payments. And justifiably so, according to figures disclosed by the Mintp, CFHEC is still owed XAF40.742 billion for its works. Of this amount, XAF38.956 billion has to be disbursed by Eximbank China and XAF1.785 billion counterpart funds by the State of Cameroon. To disburse the fund, Eximbank China requests Cameroon to pay the counterpart fund and sign the document detailing the refund mechanism backing the construction...
Over the 2021-2023 period, Enterprises Upgrading Office (BMN) will need XAF65 billion to implement its national strategy, according to the strategy document the office briefly presented to journalists in Kribi on August 19-21, 2020. With this budget, the office will upgrade 600 companies, the management informed. However, the 3-year strategy still has to be validated by the government. Also, the government still has to grant legal status to BMN so that the institution could efficiently implement its projects aimed at facilitating the competitiveness of Cameroonian companies and the economy.

“The Enterprises Upgrading Office has not yet been granted an adequate legal and regulatory framework. It was established and operates within a general framework for the development of companies and businesses. This framework limits the operations of BMN, which needs sustainable financing to better carry out its duties,” the expert who designed the strategy revealed.
Camrail renovates 13 railway bridges and announces completion of rehabilitation works on 55 others for 2021

The Interministerial Committee on Railways Infrastructure (Comifer) recently checked the completion of renovation works on 13 railway bridges. According to Camrail, which disclosed the information on August 13, 2020, these renovations were launched in the framework of a 5-year railway infrastructure modernization program it had agreed with the state of Cameroon.

Under the program, the local subsidiary of Bolloré Railways headed (on behalf the government of Cameroon) the renovation of the Edéa railway bridge on the Transcam 1 (Douala-Yaoundé) and twelve metal bridges on the Transcam 2 (Yaoundé-Ngaoundéré). Also, in February 2020, it launched the renovation of 55 additional rail bridges (metal and concrete slab bridges) throughout the national road network. Overall, 68 rail bridges have or are being renovated in the framework of the program. The works, which will be completed in 2021, are carried out in coordination with local SMEs such as Socatraf, Gemat, and Sipn. Estimated at XAF4.11 billion, the program is part of a larger one implemented with the support of the World Bank. In the framework of the said program, 330 km of track (Kaâ-Belabo, Batchenga, and Kaâ, Douala-Yaoundé entrances and exits) have been renovated. Also, between the years 2000 and 2020, 500 km of tracks were reinforced and 1,671 hydraulic structures renovated.

«The renovation works on these railway bridges will improve the speed of traffic at these junctions, increase traffic safety and reduce travel time for rail convoys as well as people and goods,” says Camrail’s manager of fixed installations.

Cameroon adopts a new format for vehicle registration documents

On August 17, 2020, a new format was adopted for vehicle registration documents in Cameroon, the Minister of Transport Jean Ernest Ngallé Bibêhé Massena (photo) announced in a release published on August 19, 2020. This new format falls within the framework of measures initiated to modernize and secure transport licenses in the country. According to Minister Ngallé Bibêhé, the format makes vehicle registration documents more secure and with it, data about a particular document can be authenticated instantly. Despite the new format being currently effective, documents issued using the older format will remain valid until their expiration date, the release indicates.

To modernize and secure transport licenses in the country, the government instaurated a new type of inspection sticker in May 2020. More secure, it is aimed at limiting the various shenanigans around the issuance of that document.
Today, August 27, 2020, in Douala, Cyrus Ngo'o, the Managing Director of the Port Authority of Douala (PAD), will inaugurate Samuel Ngondi Eboua as the Deputy Director of the agency in charge of dredging at the port of Douala-Bonabéri. With his deputy Idriss Beye, Samuel Ngondi Eboua will lead the PAD’s strategy aimed at being autonomous in dredging. This is the second delegated management being set up by the port to bring in incomes and reduce expenses that threaten the port’s finances. Samuel Ngondi Eboua is a graduate of Hautes Etudes Commerciales (HEC) of Liege, Belgium. He started his career in 1984 after his studies. After a few years abroad, he returned to Cameroon as Director of Communication and Commercial Strategies of the Cameroonian Urban Mutual Betting (PMUC) in 1999. A few years later, he started working for Orange Cameroon as Secretary-General of the Orange Cameroon Foundation. After that, he assumed the position of communication manager for this operator and then Director of Institutional Relations for the same operator until his retirement in December 2018.

Port of Douala: Ngondi Éboua becomes the Deputy Director of the delegated agency in charge of dredging

The Foundation Interprogress, mandated by the Cameroonian government to organize the International Exhibition for Enterprises, SMEs, and Partnerships (PROMOTE), announces that the 8th edition of the exhibition will be held from April 24 to May 2, 2021, at the Yaoundé conference center. The main innovation of this edition (PROMOTE2021) will be a 4-day conference baptized «le Forum de Yaoundé» (The forum of Yaoundé). This forum will be organized around the theme “l’industrialisation de l’Afrique, une clé de l’émergence du continent” (Industrialization in Africa: a key to the emergence of the continent ?), official sources reveal. Launched in 2002, PROMOTE -where almost 1,000 participants rush to- soon became the largest economic gathering in Central Africa, the promoters indicate.

SERVICES

PROMOTE 2021 announced for Apr 24-May 2, 2021 in Yaoundé

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JULES NGANKAM BECOMES INTERIM MD OF THE AFRICAN GUARANTEE FUND

The African Guarantee Fund (AGF), presented as the first pan-African guarantee fund dedicated to SMEs, recently announced the appointment of Cameroonian statistical engineer and economist Jules Ngankam as its interim managing director. The latter was the deputy managing director of this financial institution since 2017.

A former executive at Barclays Bank in London, where he spent 8 years, Jules Ngankam is a graduate of the Essec (Paris) and the École nationale de la statistique et de l’administration économique (Ensae) in France. He joined the African Guarantee Fund in 2013 as Chief Administrative and Financial Officer.

In 2013, this pan-African guarantee fund signed with the Inter-Patronal Grouping of Cameroon (GICAM) and a banking pool (SGBC, BICEC, Afriland First Bank, Ecobank, BGFI), a Memorandum of Understanding of $100 million (about CFAF 60 billion), aimed at setting up a pilot project to finance and support local SMEs.

Designed and founded by the African Development Bank (AfDB), AGF has the French Development Agency (AFD) as one of its shareholders. Its shareholders also include the Nordic Development Fund (NDF), which is the joint development finance institution of the five Nordic countries, and the Spanish Agency for International Development Cooperation.

Brice R. Mbodiam
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