Cameroon moves to the industrial phase

Mathurin Kamdem, a determined patriot

The first major solar project in Central Africa
BUSINESS IN CAMEROON .COM
Daily business news from Cameroon
Compatible with iPads, smartphones or tablets
Africa and the Covid-19 vaccine

It is true that Africa, especially sub-Saharan Africa, South Africa excluded, is much less affected by the Covid-19 pandemic than other continents. It is also true that, compared to other scourges, this virus which is greatly covered by the media, does not seem to be a primary source of concern for Africans. Indeed in a context where CDC Africa deplores 100,000 deaths caused by the Covid-19, figures from the WHO indicate that every year consumption of fake drugs kills 900,000 Africans, including 120,000 children. Not to mention malaria or AIDS, for which there is yet to be a vaccine, or even measles, which continue to kill in some parts of Africa due to lack of funding.

Regardless of the low impact of the Coronavirus in Africa, the continent will still have to vaccinate its populations, whatever the cost. Africa, unfortunately, will not be able to stray from global efforts to eradicate this novel virus. African economies cannot withstand sustained isolation, for the sake of the 25 million jobs in the tourism and travel sectors, among others. And even if many activities can nowadays be organized remotely, no modern economy can thrive without international mobility.

And although the African economic integration that is underway should help reduce excessive dependence on other continents, the process will undoubtedly take a few years to blossom.

While Africa’s situation may be unfair, it does change the fact that the continent will, just like in the case of global warming, be sharing the burden of global development which it has not really benefited from so far.
CONTENTS

FOCUS

08 • AfCFTA, EPA, Illegal trade… Cameroon in a dilemma

09 • Import of concrete reinforcing iron: Restrictions versus “special authorization”

10 • Palm oil: Govt caps imports, despite an annual structural deficit of 130,000 tons

10 • Despite the ravages of avian flu in the country, Cameroon still does not allow imports of chickens

11 • Tobacco: Small manufacturers fear eviction from the local market after the ratification of a WHO FCTC protocol

INTERVIEW

13 • Mathurin Kamdem: “The first phase of this project has helped us, African entrepreneurs, overcome our complexes a little more”

BUSINESS IN CAMEROON

Publisher
Stratline Limited

Publication Director
Yasmine BAHRI-DOMON

Contributors
Brice R. Mbodiam, Sylvain Andzongo, Idriss Linge, Muriel EDJO.

Operator
Médiamania Sàrl
www.mediamania.pro
Maquette : Jérémie FLAUX,
Corrections : Souha TOURE

Advertisement
regiepub@investirauacameroon.com
In Cameroon
Albert MASSIMB, almassimb@yahoo.fr
Tel : 00 237 694 66 94 59

Printing
Rotimpres, Aiguaviva, Espagne

Office - Distribution Cameroon
Albert MASSIMB, almassimb@yahoo.fr
Tel : 00 237 694 66 94 59

Free – cannot be sold
www.businessincameroon.com - info@businessincameroon.com

LEADER DU MOIS

34 • Cameroonian-born Nassourou Aminou appointed to develop factoring in Africa
During a plastic waste collection operation conducted from December 20 to 27, 2020 in Yaoundé and Douala, brewing company SABC’s agents collected over 1000 Kg of plastic waste.

This operation was carried out with the help of Name Recycling, a waste collection and recycling company with which SABC signed a partnership in the application of Cameroonian waste laws. These laws stipulate that manufacturers or distributors of non-biodegradable packaging should set up a recovery system to recover, recycle and dispose of those packaging.

On January 13, 2021, the Cameroonian public treasury issued short-term securities in a bid to raise XAF20 billion on the BEAC debt market. The said operation was the second carried out by the country this year.

According to the Ministry of Finance, Cameroon is planning to raise XAF160 billion on the money market this quarter (Q1-2021) to meet its cash needs. These funds will be mainly raised via the issuance of 13, 26, and 52 weeks treasury bills (issued almost every week) and the amounts to be raised during each of these operations will range between XAF10 and 20 billion. During the said quarter, only one 5-year treasury bond issuance operation is planned (for February 19, 2021) to raise XAF50 billion.

Cameroon collected XAF310.6 billion of oil revenues between January and September 2020. According to the report detailing the budget execution by end-September 2020, these revenues include XAF236.8 billion of funds transferred by the National Hydrocarbons Corporation (SNH) and XAF73.8 billion of taxes paid by oil companies.

The revenues are down by XAF121.1 billion (28.1% in relative value) year-on-year. For Finance Minister Louis Paul Motaze, this drop in performance was due to the 36.7% year-on-year decrease in crude oil prices.

In 2020, Cameroon signed 6,328 public works contracts worth XAF506.3 billion. This was revealed, on December 14, 2020, by Ibrahim Talha Malla, the Minister of Public Contracts, when he was launching the 2021 public works scheduling conference.

During the launch, the official expressed his wish of seeing all the public works contracts scheduled for the 2021 financial year awarded by April 2021. He also indicated that in 2020, the public works sector was also affected by the coronavirus pandemic since it forced the cancellation of 237 public works contracts that were already awarded.
In late 2018, Prometal (leader of the concrete iron and ferrous products market in Cameroon) launched the construction of Prometal 4, an iron processing plant. At the time, the company presented Prometal 4 as the most modern iron processing plant, with the most diversified range of products, in Sub-Saharan Africa.

Based in the industrial zone of Bassa (Douala), “the plant will be the only rolling mill (a factory or machine for rolling steel or other metal into sheets) of this type in Sub-Saharan Africa,” a source close to the case indicates.

The plant to be supplied by German metallurgical plant supplier SMS Group (which is thus carrying out its first contract in Sub-Saharan Africa) will be delivered in Q1-2021. It will then be commissioned in H2-2021, after a trial and run-in period.

Prometal 4 is the result of a XAF40 billion investment supported by four local banks. According to an internal source at Prometal, it will increase the company’s yearly production from 200,000 to 300,000 tons. It will also allow Prometal to market products (such as beams, angle irons, smooth bars, and screws as well as flat bars and wire rods, which are intermediate products used to manufacture nails) that are currently imported by African countries.

A metallurgy expert explains that thanks to Prometal 4 and the new range of products to be marketed, Cameroon’s trade deficit on iron-based construction materials could be reduced by 50%. It will also benefit the trade balance of Cameroon’s neighbors because (according to the promoters of this project) the plant is being set up to anticipate the explosion of demand induced by the major infrastructure projects being implemented in Central Africa and take advantage of the opportunities offered by the African Continental Free Trade Area (AfCFTA), which officially came into force on January 1, 2021.

Brice R. Mbo dumb
Cameroon experienced on January 1, 2021, two major events which are considered determinant for the country’s economy for the years to come. The first is the entry into force of the 5th phase of tariff dismantling under the Economic Partnership Agreement (EPA) with the European Union. This agreement has reduced by 10% customs duties on products known as the 3rd group (fuels and other types of cement), presented as products with high fiscal returns. At the same time, the products of the 2nd group now benefit from a 60% reduction in customs duties.

The second event is the official entry into force of the African Continental Free Trade Area (AfCFTA), the single market established to boost intra-African trade through the removal of customs barriers between states. Although AfCFTA is still a young project, its advent means that Cameroonian borders have to be opened to products from countries with strong industrial fabrics. A scenario that poses a real threat to the local industry, which remains fragile, despite being the most diversified in Central Africa with comparative advantages in many sectors, compared to other countries with a similar level of development. With the common market and the rise of the EPA, the construction of a Cameroonian economy that is both offensive and competitive is now essential.

However, while waiting for this profound change, which is both costly and time-consuming, the only immediate lifeline remains the protection for local industry. Indeed, given that free trade does not exclude safeguard measures, the Cameroonian state must make the right trade-off between the opportunities offered by both the single market and the EPAs for the local economy, and the need to preserve a national industrial fabric that is poorly developed but has significant growth opportunities. With this challenge facing the Cameroonian industry, already suffering from illegal trade and all kinds of structural and macroeconomic strains, we thought it appropriate to revisit an overview of the policy of protection of the national industrial fabric, as implemented in recent years by the state, and which we can agree to say that it is outrageously perfectible.

Brice R. Mbodiam
Import of concrete reinforcing iron: Restrictions versus “special authorization”

In recent weeks, the Ministry of Commerce, the Ministry of Mines, Industry and Technological Development, and the Standards and Quality Agency (Anor) have affixed seals on a cargo of more than 7,300 tons of concrete reinforcing iron. This construction material was imported by the Chinese company CHEC, as part of the 2nd phase of the construction of the Kribi deepwater port in the southern region. According to these Cameroonian authorities, the shipment of concrete reinforcing iron was illegally imported. The importer tried to circumvent the import restriction that has been imposed on this material since 2016 by the government. Indeed, in a letter dated May 31, 2016, addressed to the Minister of Finance (Minfi), the Secretary-General of the Prime Minister’s Office, Magloire Seraphin Fouda, informed the Minfi that «the Prime Minister, Head of Government, requests (...) to suspend until further notice the imports of concrete reinforcing iron in Cameroon, to protect local production.”

Per this government decision, in early November 2020, the Minister of Trade and his counterpart in charge of Mines, Industry, and Technological Development sought permission from the Head of Government to re-export or auction the sealed cargo. In turn, the PM, through the Secretary-General of his services, referred to the presidency in early December to know the course of action to be taken in response to this request. The arbitration expected from the Palais de l’Unité is all the more decisive for the future of the steel sector in Cameroon since, according to authorized sources, some public authorities continue to issue «special authorizations» for the import of this material. This, despite the import restrictions decided by the government, and to the great displeasure of local production, for which industrialists have invested huge amounts in recent years to support the implementation of structural projects launched since 2012.

«If these inappropriate imports continue, all these investments encouraged by the government, which provide many jobs and help balance the country’s trade balance, would have been for nothing. To avoid this sad scenario, especially after the official presentation of the new national development strategy, which emphasizes the development of the local industrial fabric, it is necessary not only to maintain the restriction of these imports but also to impose -in a regulatory manner- the use of locally produced materials in the execution of all public infrastructure project,» says an economic operator.
Palm oil: Govt caps imports, despite an annual structural deficit of 130,000 tons

Despite the Covid-19 pandemic, which caused a 40% drop in activity in the refined oil production sector as of March 2020, operators were only allowed to import 90,000 tons of crude palm oil over the whole year to ensure the supply of raw materials to the plants. The imports thus authorized by the Regulatory Committee of the oilseed sector benefited from usual facilities, such as exemption from VAT and customs duty at 5%.

The country has chosen to regulate palm oil imports in this way, despite a structural deficit in production estimated at 130,000 tons each year. «The structural deficit of 130,000 tons that we often talk about is a nominal deficit, which is different from the real deficit. This nominal deficit is calculated on the lower 50% of the capacity of processing companies. Based on the real capacities of the processors, the deficit is much larger,» explains Emmanuel Koulou Ada, the president of the Regulatory Committee of the oilseed sector.

According to the Association of Oilseed Refiners of Cameroon (Asroc), thanks to the benefits provided by the 2013 law (revised in 2017) on incentives for private investment in Cameroon, processors (refined oils, household, and toilet soaps, etc.) have accelerated investment in this sector. According to Jacquis Kemleu Tchabgou, the secretary-general of Asroc, this acceleration of investment in processing has led to an increase in demand for palm oil in recent years.

Demand is currently estimated at over one million tons, Jacquis Kemleu Tchabgou said. Data provided by the Ministry of Agriculture showed that the local supply of palm oil has increased from 343,000 tons in 2014 to 413,000 tons in 2018, and was projected to 450,000 tons in 2020. This still reveals a large gap between the real needs of processors and national production, which the public authorities are however keen to protect through strict import regulation.

Despite the ravages of avian flu in the country, Cameroon still does not allow imports of chickens

«There are enough chickens in the country. Besides the bird flu outbreaks, the local market is doing quite well. So there will be no imports.» These are the words of the Minister of Livestock, Dr. Taiga, in the aftermath of the 2016 bird flu outbreak. A speech that was welcomed by poultry farmers, who first feared that the government would eventually authorize imports of chickens, following the ravages of the epizootic.

Chicken imports to the Cameroonian market have been banned since 2005 (16 years ago), following a plea by local poultry farmers and the Citizens’ Association in the Defence of Collective Interests (Ac dic), who had denounced the collapse of the local poultry industry due to massive chicken imports.

However, despite this ban, frozen chicken cuts are regularly seized on the Cameroonian markets. They are smuggled in by shady economic operators and hunted down by the Ministry of Commerce’s fraud control and repression brigade.
Tobacco: Small manufacturers fear eviction from the local market after the ratification of a WHO FCTC protocol

In June 2020, the parliament beseeched the Head of State Paul Biya to ratify The Protocol to Eliminate Illicit Trade in Tobacco Products, which is the first protocol to the WHO Framework Convention on Tobacco Control (WHO FCTC).

According to Minister of Commerce Luc Magloire Mbarga Atangana, the ratification of this protocol will «strengthen» the local system in combating smuggling and illicit trade of tobacco products, which causes about CFA10 billion of the revenue shortfall for the public treasury every year.

For the government, the adherence to this supranational protocol (which will connect Cameroon to an international computerized system that traces tobacco products) is extremely beneficial because it will help the state earn all or part of the CFA10 billion revenue shortfall caused by smuggling and illicit trades of tobacco products every year.

However, the national tobacco industry is not as enthusiastic as the government is. On the contrary, they are apprehensive. These apprehensions were first voiced by opposition MP Rolande Ngo Issi on June 16, 2020, when the bill concerning the ratification of the above-mentioned protocol was being discussed.

«The tobacco industry must not be involved in or influence the choice of the control system to be acquired. However, in Cameroon, there are tobacco industries that organize themselves, with the support of some compatriots, to influence the choice of this control mechanism. How can one be judge and party?» she wondered.

According to the elected official, «the State of Cameroon must set up a traceability system, whatever the cost.»

«The country must assume costs like Kenya, which has an effective traceability system that can be copied and followed but unlike Côte d’Ivoire, which has used the system proposed by the tobacco industry on the ground that it is less costly,» she added.

Within the sector itself, local operators fear that multinationals will impose a tracing system on the government and use this system to «eliminate small manufacturers from the market.» They deem independence in the choice of a monitoring system as «a determining factor for the future of the local sector.»

«The cigarette tracking system must preserve local production,» comments Patrice Yantho, an investment consultant close to the tobacco industry.

For this expert, Cameroon must be able to set up an internal tracking system, «of which it has end-to-end control, to control the tax revenues generated» and only use the international system called «Trace & Track» to trace local products exported and products imported into the local market.
Sugar and Cement: The local fabric under close protection with import prohibitions

In a letter dated August 21, 2014, Ferdinand Ngo Ngoh (Minister of State, Secretary-General of the Presidency of the Republic) asked then Prime Minister Phlémon Yang to order the implementation, by the Ministries of Commerce and Finance, of sugar and cement imports prohibition till further notice.

At the Ministry of Commerce, the prohibitions were perceived as a safeguard measure to protect the local industrial fabric. They were issued after the rise in local cement production. Indeed, after its 2nd production plant was commissioned, Cimencam’s (owned by Lafarge-Holcim Maroc Afrique) production capacity rose to 2.2 million tons. Meanwhile, CIMAF (owned by Moroccan group Addoha) already had a yearly production capacity of 500,000 tons while Dangote Cement Cameroon had 1.5 million and Medcem Cameroon (a joint-venture between a Cameroonian investor and Turkish group Eren Holding) had 600,000 tons. According to official estimates, the cumulated production was already sufficient to meet local demand and even cater for exports.

The measures were also spurred by complaints brought by Société sucrière du Cameroun (Sosucam), leader of the national sugar market. As a matter of fact, in September 2013, during a meeting with public authorities, the agribusiness unit announced that it recorded about CFA10 billion of revenue shortfall because of contraband and the decrease in sales caused by the massive imports authorized by the government (85,000 tons). Then, to coerce the state into prohibiting sugar imports, Sosucam threatened to close one of its two production plants at the start of the 2014 campaign, laying off close to 3,500 employees out of its 7,000 staff. However, it didn’t have time to carry out its threat because months later, sugar imports were prohibited.

Nevertheless, to compensate for drops in Sosucam’s production and preserve market supply (especially during high consumption periods like the month of Ramadan), the government still issues special sugar import authorizations when needed. They are generally issued offering preferential customs rate of 5% to avoid the products thus imported being taxed using the reference value (instead of the transaction value), which was set up to discourage imports.
Mathurin Kamdem

“THE FIRST PHASE OF THIS PROJECT HAS HELPED US, AFRICAN ENTREPRENEURS, OVERCOME OUR COMPLEXES A LITTLE MORE”

Eighty (80) billion CFA Francs. That is the total amount for the «Douala Grand Mall & Business Park,» a gigantic business, trade, and leisure center, whose first phase (already 50 billion FCFA invested) was recently completed in the economic capital of Cameroon. In this interview, Mathurin Kamdem, the dreamer and determined patriot behind this project, gives details about its development, challenges faced, his opinion of the local business climate, and the role of the diaspora in the development of Cameroon.

Interview with Brice R. Mbodiam

Business in Cameroon: On December 17, 2020, Cameroon’s Prime Minister Joseph Dion Nguté inaugurated, on behalf of the President of the Republic, the Douala Grand Mall, which is considered as the largest shopping and leisure center in Central Africa. As its promoter, could you tell us more about this infrastructure?

Mathurin Kamdem: The Douala Grand Mall is a large shopping mall built on nearly 38,000 m² of floor space, for 18,500 m² of retail space. It was co-developed with the British investment fund Actis. In its first phase, it will include a multiplex cinema with five screening rooms, operated by the Genesis Group, for a total of 1,000 seats, as well as 160 brands including a Carrefour Market supermarket, a spa, restaurants, a leisure center, shopping areas, and stores.

BC: In his inaugural speech, the Prime Minister said he wished for the second phase of the project to begin as soon as possible. What does this phase entail and when
do you plan to complete it?
MK: The full name of the project is Douala Grand Mall and Business Park. After building the Douala Grand Mall, the first phase of the project, the second phase (the Business Park) will follow. In this phase, we will build a 4/5 star hotel, an office park, and housing units. Preliminary investment studies and even preparatory groundwork have already begun. We hope to effectively start the first stages of this phase this year. Let me emphasize however that the global economic situation has deteriorated considerably since our first feasibility studies, notably due to the Covid-19 pandemic, which has provoked a severe crisis in many sectors, including hospitality.

BC: How will the Douala Grand Mall impact the lives of the people of Douala, Cameroon’s economic capital?
MK: Our project has been designed as a «One Stop Shopping», around the 160 international and local brands that will undoubtedly make the Douala Grand Mall the new go-to destination for shopping and a major center of interest in the city. Designed to make consumers’ visits pleasant and encourage buying, this site will transform the entertainment and consumption habits of Douala’s residents.

The 300,000 visitors expected per month will be entitled to first-rate comfort and safety facilities (air conditioning, 100% energy backup, escalators, background music, free parking, various attractions, and games, etc.), and will have access to a commercial mix of shopping, entertainment, wellness, services, leisure, and catering services. We are trying to create a real agora - a mini-city within a city - where you can go to the movies, eat, meet with friends and family, go to the bank, the pharmacist or optician, and at the same time, do some shopping.

At the end of the second phase, you will even be able to work (in the office spaces) and live there (accommodation & hotel in preparation). So, with the Mall, you no longer need to go from one end of the city to watch a movie, to another for beauty treatments, stop at a store on the way to do some shopping, or run to a bank for your banking transactions. From now on, you’ll find it all in one place, in a pleasant setting. Finally, it will also be a business center and a platform to make our local products more visible. This will truly consolidate Douala’s position as a sub-regional economic hub.

BC: Based on your experience in the first phase of this gigantic project, what is your assessment of the business climate in Cameroon?
MK: The environment for doing business in Cameroon is comparable to that in similar economies but there is a slight advantage, due to a large number of sectors that can provide a «first-mover advantage». However, we unfortunately still deplore a certain aggressiveness here and there, coming from many actors both private and public, as soon as a project is birthed.

In a context where strong international competition attracts foreign direct investment (FDI), we still need to improve our behavior in this area. I would like to specify here that any action aimed at making Cameroon more attractive as a land of opportunities counts and is part of the economic patriotism expected by all.

BC: Did you get any support from the government while developing the Douala Grand Mall?
MK: Overall, the project has benefited, through the Investment Promotion Agency (API), from the government’s policy of encouraging private investment. Several heads of ministerial departments, the Prime Minister himself, as well as the Presidency of the Republic, have regularly paid particular and very diligent attention to our requests whenever we encountered difficulties. Mrs. Marthe Angéline Mindja of the API, and Luc Magloire Atangana Mbarga, the Minister of Commerce, were proactively engaged during the establishment of our initial agreement with the government.

BC: Considering that funding is a major stumbling block for many projects in Africa, how did you manage to get the British investment fund Actis onboard the Douala
**Grand Mall project?**
MK: My meeting with the British investment fund Actis took place through multiple working sessions with the International Finance Corporation of the World Bank Group. Very quickly, we decided to set up a small working team to carry out all the preliminary feasibility studies: financial, economic, architectural, technical, environmental, marketing-mix, traffic studies, etc., as well as due diligence and to establish the pre-partnerships necessary to make the final investment decision.

Since this was the first investment of the British fund in this sector in French-speaking Africa, this phase had to be carried out meticulously and was spread over two years.

**BC: What were the main challenges you and your teams faced while developing this project?**
MK: Challenges were mainly logistical and health-related. The imple-
mentation of our customs and tax facilitation agreement, signed with API, was not easy, due to complex procedures that hardly match a project in the building industry, a project that has tight deadlines moreover. This is why we were affected by the extension of delays to move goods through the Port of Douala. We even faced additional demurrage costs, which could have been avoided.

Then, the health crisis also disrupted our habits and impacted our planning. We had to adapt to government and international requirements to fight the Covid-19 pandemic. The closing of borders and the battery of recommendations and safety measures forced us to amend our organization. I would like to congratulate all the project teams, who gave their best, in such a challenging situation caused by Covid-19. And we did not register any case.

**BC:** What made an engineer like you, who was Managing Director at the French giant Bouygues, give up such a great career to return to Cameroon, a country with a reputation of being somehow difficult?

**MK:** When I left Bouygues Construction, I was driven by the exhilarating dream of developing significant infrastructures in the main cities of my country, which would bring social, economic, and urban renewal. I was convinced that I would be able to deploy my skills and experience to develop large-scale projects by combining the many resources needed to bring them to fruition.

The precise idea of the Douala Grand Mall and Business Park germinated in my head as soon as I noticed that the development of shopping centers in Douala and Yaoundé was still at a low level, both in terms of number, size, and even quality. Existing projects were not bold enough for cities that are now the largest metropolises in Central Africa. I, therefore, decided to invest myself in this sector and to find, progressively, technical, strategic, and financial partners necessary
“When I left Bouygues Construction, I was driven by the exhilarating dream of developing significant infrastructures in the main cities of my country.”

When I left Bouygues Construction, I was driven by the exhilarating dream of developing significant infrastructures in the main cities of my country. I am happy to observe today that the completion of the first phase of this project has helped us, African entrepreneurs, overcome our complexes a little more, and made us believe more in our capabilities.

BC: Based on your experience, what advice can you give both to members of the diaspora and to public authorities, to ensure that fellow compatriots play a decisive role in the development of Cameroon?

MK: Cameroon is one of the countries that has a strong diaspora with enormous qualities in all disciplines and sectors. Estimates often mention four million people, which is enormous. This is a considerable and essential asset for the economic take-off of Cameroon. I have never met, outside, a Cameroonian or someone of Cameroonian origin who does not love Cameroon. I want to tell them, with great sincerity, that Cameroon, in particular, and sub-Saharan Africa, in general, hold a mine of opportunities; and so many sectors of our economy still need to be consolidated, developed, modernized, or even created. “Local” difficulties, especially issues regarding their adaptation, are not prohibitive. In any case, they have no choice since they are part of the national development equation, alongside their brothers and sisters who have stayed here.

As for public authorities, I think they should be more aware of this important asset, which is our active diaspora. They must initiate more campaigns to attract them, to rally them to our development effort. With some success, we can do this with soccer.

BC: After the Douala Grand Mall, what are the future projects of the Craft group in Cameroon and elsewhere?

MK: We are thinking about several projects. They take time to be realized. Also, we are going through a global economic situation that is not obvious.

MK: Based on your experience, what advice can you give both to members of the diaspora and to public authorities, to ensure that fellow compatriots play a decisive role in the development of Cameroon?

BC: After the Douala Grand Mall, what are the future projects of the Craft group in Cameroon and elsewhere?
MAETUR’s projects are delayed by land disputes in high demand areas, CTR indicates

The numerous land disputes involving the Urban and Rural Land Development and Maintenance Mission (MAETUR) are dealing a serious blow to the state-owned company, according to the Technical Commission for the Rehabilitation of Public and Para public Sector Enterprises (CTR). Indeed, in its 2019 report on public companies, CTR explains that in addition to delaying the launch or continuation of projects in high demand areas, these land disputes often force land buyers to reclaim the advances paid to MAETUR. For instance, for 2019 alone, due to land disputes, MAETUR had to repay XAF1.2 billion of advances paid by clients. Therefore, CTR recommends a reorganization of the state-owned company’s assets and liabilities to boost its contribution to the strategic objectives of the housing sector by truly meeting the population’s needs. It adds that emphasis should be placed on dispute resolution to minimize clients’ claims and the amounts spent on relocations.

State-owned advertiser Cameroon Publi-Expansion has operated in total financial opacity for 33 years, CTR claims

For about 33 years, Cameroon Publi-Expansion (CPE), a public company that leases billboards, has operated in total financial opacity, according to a report recently published by the Technical Commission for the Rehabilitation of Public and Para public Sector Enterprises (CTR). «Management bodies meet irregularly and there is no real visibility on the company’s financial situation. Yearly reports have not been published since 1988 and due to various constraints and problems, the situation has not been regularized. Also, the capital of this fifth category public company needs to be reorganized since its shareholder Havas Afrique (which owns 31% of CPE’s shares) has not come forward for several decades now,» the report reads. The CTR adds that since there are hardly certified financial statements of CPE’s activities in the said decades, its financial and operational performance could not be assessed. It explains that the company’s activities have practically not evolved with time and can be resumed; to lease billboards, collect revenues (sometimes difficult) from those leases as well as operate its network of billboards (along the Yaoundé-Douala road axis mainly).

However, with the liberalization of the advertising sector, which has become highly competitive, the company’s operations (limited to billboard advertising) have continued to deteriorate. Indeed, it has become difficult to collect the lease fees not only because of the liberalization of the sector but also because of jurisdictional conflicts between the CPE and decentralized local authorities. The CTR then recommended the elaboration of an action plan through which the CPE’s financial statements, as well as rules and regulations, can be updated and its organization chart revised. «As a prerequisite to that action plan, an urgent comprehensive strategic and operational diagnosis of the company should be carried out in coordination with the technical supervision commission and the majority shareholder, which is the National Investment Company. This action plan will help determine the company’s position in the government’s communication strategy, the report concludes.
At the end of the 24th session of the National Road Council (Conaroute) held on January 19 in Yaounde, Prime Minister Joseph Dion Ngute (photo) instructed all the project managers in charge of road construction projects to systematically budget network relocation services, in collaboration with the concessionaire of the networks.

In that regard, "the Prime Minister asked the Minister of Economic Planning and Regional Development to coordinate, in collaboration with the involved administrations and concessionaires, the update of water, electricity and telecommunication networks," the minute informs.

The directives were issued because the officials noticed that network relocation has, most of the time, negative impacts on road construction projects in the country by causing delivery delays. Following that observation, the Minister of Posts and Telecommunications (Minspostel) -Minette Libom Li Likeng- recommended the establishment of a common platform for information sharing and consultation to adequately plan the works carried out by project managers and include telecommunication networks relocation expenses into the budget of planned road projects.

Speaking after the Minspostel, the Minister of Water and Energy Gaston Eloundou Essomba stressed the need for public administrations in charge of road projects to transmit their programs to the concessionaires at the beginning of every fiscal year. The Minister of Public Works Emmanuel Nganou Djomessi also suggested that to streamline the various projects on the road network, there should be ongoing consultations between the various players involved. He also indicated that networks should be moved by concessionaires and the existing networks updated. The official explained that a tool has already been developed to prevent interference between the existing networks and the works to be carried out. The tool is the «Guide de maturation technique des Projets et Les directives d’orientation technique et méthodologique pour la construction routière au Cameroun» (Guide for the technical maturation of Projects and guidelines for technical and methodological orientation of road construction in Cameroun).

In its minute, Conaroute indicates that the objective of all these government proposals is to avoid delays caused by network displacement problems during road construction projects and also avoid the degradation of the networks.

Road construction: Prime Minister Dion Ngute prescribes the systematic budgetization of networks relocation services to avoid delivery delays
LA VITRINE DU CAMEROUN
10th Edition!
SAGO
SALON DE L’ACTION GOUVERNEMENTALE

From July 18 to 24, 2021
Palais des Sports de Yaoundé

Theme:
From GESP to 2020-2030 National Development Strategy. What Prospects For Cameroon?

Watch Conferences | Exhibitions | Meetings | Advertorials on Live

The Fair on Government Action (SAGO) is the first platform devoted to popularize sector-based public policies in Cameroon and Central Africa. It mobilizes hundreds of exhibitors from public and private organizational and development partners every year in Cameroon. With its international media coverage, take advantage of the 6-day event to reach more than 25 million people.

Register NOW!

Should you in case wish to partner or register, please get in touch with
Tel: +237 242 666 044 / 242 607 849 | Mobile: +237 677 863 322 / 655 698 885
E-mail: mcommunicateur@yahoo.fr | Website: www.sago.cm

Mon Communicateur
Le pilote de notoriété
Starting from February 1, 2021, «modifications to Electronic Cargo Tracking Notes (ECTNs) are prohibited,» according to a briefing note recently signed by Auguste Mbabpe Penda (photo), Director General of the Cameroon National Shippers’ Council (CNSC).

The CNSC explains that this measure aims to reduce the frauds and congestions that sometimes occur during the goods clearance process in the country. Indeed, ECTNs are documents that allow shippers to carry out clearance procedures. However, at the very last minute, some economic operators modify the documents without giving the CNSC time to check the credibility of the new data introduced.

Auguste Mbabpe Penda indicates that exceptional modification requests will be carefully studied and may lead to «the payment of additional service fees when it is established that the modification induced is the supplier’s fault.» He adds that to comply with the government’s instructions regarding the digitization of foreign trade transaction procedures, such requests will be submitted electronically.

The ECTN was instituted by decree n°00557/MINT of July 11, 2006. According to this decree, the CNSC or its representatives can choose not to validate any shipping note for which the information (in particular those relating to the calculation of transport costs) seems unreliable. Nonetheless, refusal to validate the shipping note does not mean that they will prevent the goods from being loaded. It just means that the importer or exporter will present a new shipping note.

Another reason the CNSC is prohibiting the modification of ECTNs is that they provide information and data that help identify, control the transport costs, as well as ensure the security and traceability of trade and traffic coming from or to Cameroon. The fraudulent alteration of that document could therefore have security, health, and even financial consequences for the country. For exports, the obtention of that document costs XAF5,000 per shipment of cocoa leaving Cameroon for African countries against XAF10,000 for shipments leaving the country to the rest of the world. For banana, wood, rubber, cotton, fruits, and vegetables leaving the country for African countries, that document costs XAF10,000 FCFA while for the obtention of that document for those products to the rest of the world costs XAF15,000.

For import from Africa and the rest of the world, the document costs €100 per 600 tons for the following products: limestone, clinker, gypsum. For salt, it is €100 per 700 tons and for cement, alumina, coke, pitch, and malt, it is €100 per 300 tons.
Cameroon to recover salaries unduly collected by suspended public servants

The circular providing instructions for the execution of the 2021 finance law reveals that the Cameroonian government will step up the actions initiated in the framework of Coppe, an operation aimed at sanitizing its payroll.

To this end, the circular states, «The Ministry of Finance, in collaboration with the administrations involved, will continue with the implementation of the post-enumeration phase which should allow, among other things, the recovery (from banks and micro-finance) of the sums unduly collected by suspended public servants.»

The recovery of these salaries from financial institutions will be facilitated by the new payment clearing system SYSTAC being administered by the Central bank BEAC since August 2020. This system allows the Treasury to directly deposit funds into the pay or pension beneficiary’s statement of banking identity (RIB), unlike the old system Automated Large Amounts System (Sygma).

Under Sygma, all pays and pensions were wired to banks, which deposit them into the respective beneficiaries’ accounts. Therefore the treasury had no control over the real volume of pays and pensions effectively paid or not. Worse, rejected salaries are not quickly returned to the treasury, leading to ineffectiveness in the salary suspension process for civil servants in illegal situations and depriving the state of financial resources.

Let’s note that every month, the Treasury spends about XAF105 billion on the salaries and pensions of public servants. This equals over XAF1000 billion annually, almost a quarter of the state's 2021 budget (XAF4,865.2 billion).

On November 25, 2020, while presenting the government’s 2021 economic, financial, social, and cultural program, Prime Minister Joseph Dion Nguté revealed that the Public Treasury saved XAF40 billion of wage expenses in 2020. Those savings, we learned, were the result of actions carried out by the government to sanitize its payroll.

These actions include the physical counting operation (COPPE) carried out in 2018. That operation helped the government identify and remove over 10,000 fictitious servants from its payroll, resulting in an annual budgetary savings of about XAF30 billion.

Port of Kribi seeks a “free zone” status to facilitate investments

In his January 7 newsletter, Patrice Melom (photo), Managing director of the Autonomous Port of Kribi (PAK), reveals that the PAK is working (in collaboration with Cameroonian authorities) to obtain the “free zone” status for the port, as well as funding to develop the port’s industrial and logistics zone.

According to the Managing Director, this project aims to ensure that investors who wish to settle in the port area can find substantial facilities. «The Cameroonian market is obviously attractive, but there are still facilities to build and tax allowances to introduce to boost development,» he said.

According to the Cameroon Policy Analysis and Research Center (CAMERCAP-PARC), Cameroonian ports (that of Kribi particularly) are competing with ports on the West African coast like Dakar, Lomé, Cotonou, Abidjan, and Lagos (Apapa).

«The challenge is to know which port will become the major container port, i.e the port in which containers transported by major ships are loaded on collector ships to be dispatched to other ports,» the CAMERCAP-PARC explains.

The same source adds that given the proximity between the different port hubs of the West African coast, the port that will set itself apart by becoming a regional hub will force the remaining ones to become secondary ports making them less competitive (since their costs will rise to sometimes equal the expenses of landlocked countries).

For CAMERCAP, the port of Kribi stands out because of its quay length. Thanks to its 16.1-meter draft (above the standard 14.5 meters), the port of Kribi offers the possibility for the largest ships to berth easily, unlike several ports in the subregion.

However, the think tank believes, as other factors contribute to the competitiveness of a port, it will be beneficial if Cameroonian ports increase the number of its service areas in Africa.
To ensure success for its public securities issuance program this year, Gabon (which intends to raise XAF885 billion on the CEMAC money market this year) initiated a roadshow in the CEMAC zone. This investors’ wooing operation started on January 13, 2021, in Douala, Cameroon’s economic capital. «Cameroon was chosen to launch these operations because of its dynamic financial center, which hosts a large number of of the subregion’s institutional and individual investors,» explained Ulrich Mbadinga, Director of Monetary and Financial Operations at Gabon’s General Directorate of Public Accounting and Treasury.

Let’s note that according to Gabon’s 2021 finance law, the country is authorized to raise XAF320 billion on the regional money market. But, the delegation dispatched to Douala by the Gabonese government did not explain why the financing envelope it is planning to raise on the said market is now XAF885 billion instead of the authorized amount.

It is also worth indicating that for its long-term securities issuance operations, Gabon will focus on the BEAC money market this year, instead of the BVMAC where it usually carries out such operations. By doing so, the country is following in the footsteps of Congo, which refinanced a loan on the BVMAC by issuing public securities on the BEAC money market in 2020.

Probable hikes in interest rates
Both countries (Gabon and Congo) were inspired by Cameroon, which successfully concluded a long-term money market borrowing program in 2019. That year, it raised XAF150 billion on the said market, and in 2020, it raised XAF219 billion on the same market.

This success in the money market is not only due to the quality of the country’s signature but also to the dynamism of its investors, which is a quality Gabon is planning to take advantage of for its 2021 fundraising program.

Indeed, be it on the BVMAC or the BEAC money market, the investors in CEMAC’s leading economy (Cameroon) are always the most dynamic. The success of any fundraising operation in that community space inevitably depends on the feeling of Cameroonian investors about it.

For instance, in a report on operations on the public securities market at the end of June 2018, the Supervisory Board of the BEAC’s Securities Settlement and Custody Unit (CRCT) reveals that four banks operating in Cameroon are among the top 10 investors in this market, which helped CEMAC states raise XAF352 billion during the period under review. This represents about 30% of the outstanding debt of the States on this market (XAF1,020 billion) during the above-mentioned period.

Also, according to the same source, during the period under review, with over XAF150 billion provided to public treasuries in the region, Cameroonian bank Afriland First Bank was the leading financier. Gabon’s 2021 issuance program is the most ambitious ever announced on this market since its launch in 2011. It also augurs tough competition on the market and portends for a probable rise in the interest rates to offer investors.
Proparco offers over XAF3 bln guarantee to support loans to local SMEs affected by Covid-19

Proparco (the French Development Agency’s subsidiary focused on private sector development) recently announced that it has signed a partnership agreement with Société Générale Cameroon to guarantee loans (€5 million or a little over XAF3 billion) granted by this bank to Cameroonian SMEs and SMIs impacted by the Covid-19 pandemic. «The deployment of this exceptional guarantee, which is a new tool that was set up in the framework of Choose Africa’s resilience component, will enhance our actions towards Cameroonian SMEs, particularly those that are severely affected by the current crisis. We are pleased to be able to count on a partner such as Société Générale to meet the needs of these companies and preserve their job creation capacity,» said Audrey Maignan, Proparco’s Regional Director for Central Africa. «Companies (employing less than 200 people) affected by the crisis will receive 12 to 48 months of loans after reviews of the funding requests. Up to 80% of these loans, which could represent up to 3 months of the beneficiaries’ 2019 turnover, will be guaranteed by the French Development Agency,» an official release explains. Let’s note that since November 2020, Société Générale Cameroon has (thanks to partnerships with the European Investment Bank (EIB) and the State of Cameroon) dedicated a XAF35 billion credit line to support SMEs and SMIs affected by the coronavirus pandemic. With the new guarantee, the distribution of these credits can be boosted and enhanced.

Cameroon to raise XAF160 bln on the money market in Q1-2021

On January 13, the Cameroonian public treasury issued short term securities in a bid to raise XAF20 billion on the BEAC debt market. The said operation is the second carried out by the country this year. According to credible sources, Cameroon is planning to raise XAF160 billion on the money market this quarter (Q1-2021) to meet its cash needs. These funds will be mainly raised via the issuance of 13, 26, and 52 weeks treasury bills (issued almost every week). The amounts to be raised during each of these operations will range between XAF10 and 20 billion. During the said quarter, only one 5-year treasury bond issuance operation is planned (for February 19, 2021) to raise XAF50 billion. Let’s note that according to the 2021 finance law, Cameroon will raise XAF350 billion via the issuance of public securities during the current financial year. All the securities will be issued on the money market (where the country repositioned itself for two years now) instead of the capital market. «An operation on the sub-regional capital market is very unlikely unless the BVMAC agrees to rediscuss the terms,» an authorized source indicates.
Cameroon sets up a policy framework to promote the production of sustainable and zero-deforestation cocoa

On January 13, 2021, in Yaoundé, Cameroon set up a policy framework for sustainable and zero-deforestation cocoa. Through this platform, the State of Cameroon, private operators, international partners, and the civil society are committed to “working together, both technically and financially, for the sustainable production and marketing of cocoa, the preservation and rehabilitation of forests and the inclusion of cocoa-producing communities in Cameroon,” we learn.

The parties will work for the long-term sustainability of the cocoa sector. Their actions will include the rehabilitation of aging cocoa farms, the provision of improved seeds, and actions to increase soil fertility. This will not only increase yields but also prevent deforestation through the creation of new plantations.

“I confirm the support provided by the Government of Cameroon for the effective implementation of this policy framework. We need to ensure that the cocoa sector not only flourishes but also benefits cocoa farmers and their communities as well as the environment. This is the only way to ensure the long-term sustainability of our cocoa economy,” said Agriculture Minister Gabriel Mbairobe during the ceremony.

“Each party must assume a part of these commitments. This is the meaning of the government’s commitment in this roadmap,” said Trade Minister Luc Magloire Mbarga Atangana.

The proper implementation of this policy framework will help preserve the 46% of the national territory covered by forest. Officially, that forestry part of Cameroon represents 11% of the Congo basin, which is the 2nd largest forest in the world after the Amazon rainforest.

Cocoa: Cameroon committed to ensuring full traceability by 2025

Cameroon is committed to ensuring the full traceability, from plantations to export terminals, of cocoa produced in the country by 2025. This was revealed in the framework of the action plan for sustainable and zero-deforestation cocoa, signed on January 13, 2021, in Yaoundé, by private operators, international partners, and civil society.

According to the release, this measure is aimed at “enhancing the respect of cocoa farmers and communities’ rights as well as facilitating their access to a decent income,” as recommended by fair trade.

Thanks to the full traceability, buyers can know whether the cocoa offered is produced following good practices; without recourse to child labor, and with respect for the environment. Cocoa produced in compliance with these regulations will be purchased at higher prices by buyers, who are increasingly demanding concerning the above-mentioned regulations.
CDC recorded XAF17.9 bln of net losses in 2019, CTR reveals

State-owned agribusiness Cameroon Development Corporation (CDC) recorded a XAF17.9 billion net loss in 2019, according to a report published by the Technical Commission for the Rehabilitation of Public and Para public Sector Enterprises (CTR).

“This poor performance is mainly due to the drop in the production units’ (plantations and factories) operations, caused by persistent insecurity in the region (ed. note: the South-West),” CTR indicates in its report.

Indeed, the state-owned company (with is the second-largest employer after the state with 22,000 employees) has paid the heaviest price in the social-political crisis shaking the two anglophone regions since late 2016.

For several months, the company (which produces oil palm, rubber, and banana) had to suspend its operations because it had become a target for armed separatists gangs who attack its employees and burn its production units.

During those months, its wage debt kept growing since the government instructed it not to dismiss employees. That wage debt grew to XAF14.5 billion as of December 31, 2019, despite a XAF4.9 billion support provided by the state in 2019 to help pay salaries, CTR indicates.

Let’s note that in September 2018, CDC (which was the second banana exporter) stopped exporting bananas and resumed in mid-2020.

According to figures compiled by the Banana Association of Cameroon (Assobacam), that year (2020), CDC exported 6,168 tons of banana.

That figure could increase this year, thanks to the help of the state of Cameroon (its sole shareholder), which is trying to restructure the company because of the ongoing security crisis in the Anglophone regions.

Cameroon: Estimated at 140,170 tons in 2020, local rice production covered only 24% of demand, MINADER reveals

In 2020, Cameroon’s local production covered just 24.3% of its rice demand, according to figures published by the Ministry of Agriculture (MINADER).

According to the MINADER, the country produced 140,170 tons of rice while the demand was estimated at 576,940 tons, revealing a gap of 436,779 tons. Based on a yearly rice consumption of 25-kg per resident in Cameroon, the ministry estimates the yearly local rice production at 350,000 tons, representing 600,000 tons of paddy rice.

It then announces that the government intends to increase production capacity in the rice sector to at least 350,000 tons of milled rice by 2023. In that regard, the ministry provided technical and financial support to cooperatives and agribusinesses for the production of quality seeds, the extension of modern rice production techniques, and the improvement of harvesting and post-harvest techniques through various projects.

Also, 37,500 additional hectares of hydroagricultural zones are being created in the country.

Meanwhile, the country is still importing rice to fill its deficit.

According to the national institute for statistics, the country’s rice imports rose by 59.4% year-over-year in 2019 (from 561,112 tons in 2018 to 894,486 tons in 2019). The value of those imports rose by 60.9% during that period to XAF231.8 billion.

If this trend is not reversed, the imports will continue to erode the local currency, since Cameroon will spend its external assets necessary for trades outside the CEMAC region. As it stands, this currency erosion can create various economic problems including currency crises, trade balance deficits, difficulty in repaying the external debt, etc.
The Maroua (15 MW) and Guider (10 MW) solar plants construction project will benefit from the tax and customs exemptions provided by the 2013 private investments incentives law (revised in 2017).

The related agreement was signed on January 20, 2021, in Yaoundé, by the Investment Promotion Agency (API) and the Maroua Guider Solar Company (MGSC).

MGSC (which is a joint venture formed by Norwegian company Scatec, Israeli-American group Izuba Energy and Sphinx Energy, run by a Cameroonian economic operator based in the USA) was chosen, in 2018, by electric utility ENEO to develop and carry out the said project.

The two plants (which will cost XAF17 billion) will be built by Scatec, a Norwegian company that has the largest solar energy capacity in Africa (400 MW in Egypt, over 300 MW in South Africa, 40 MW in Mozambique, 300 MW under construction in Tunisia ...). After completion, in eight to nine months, these infrastructures will produce solar energy that will be sold to ENEO, according to the contract binding the involved parties.

**Benefits**

According to our sources, in addition to increasing the installed production capacity in the northern part of Cameroon, the Guider and Maroua solar plants will help save XAF7 to 8 billion in fuel costs every year since the thermal plants operating in that region will be shut down once they become operational.

MGSC shareholders inform that works will start once negotiations for the obtention of solar energy production and sales license are concluded with the State of Cameroon. «This is the first contract of this type in Cameroon. It is, therefore, necessary that all involved parties understand what is at stake. This is all the more important because the state is not a shareholder in this consortium as it is in KPDC and DPDC, which respectively operate the Dibamba and Kribi gas plants. As soon as this license is signed, we will make quick progress in the implementation of the project,» a source close to the project explains.

«As the first solar energy projects of this scale in Central Africa, the Guider and Maroua solar power plants will also produce energy at the most competitive out of plant costs, we learn. «The kilowatt will come out at less than XAF40. To some extent, these two plants are more competitive than hydroelectricity,» an authorized source says. According to the same source, this power plant model is a real godsend for the diversification of the energy mix in Cameroon, largely dominated by hydroelectricity (61.77%) and thermal (38.2%) energy.
Turkey-based company Evas Ev Aletleri San A.S. has recently been declared the successful bidder for a contract to supply commercial butane gas cylinders to state-owned oil company Tradex, according to an announcement published by the contracting company. The Turkish company, operational since 1985, will supply 38,100 gas cylinders (12.5-kg) for XA534.6 million. The said cylinders (to be used under the brand name TradeGaz) show users their actual consumption, unlike the cylinders used by other market players like SCTM, AZA Inc, Kosan Crisplant, Star Gas, Infotech, and Green Oil. These supplies will help Tradex renew its existing gas cylinders since the ones it is currently using are old. It will also increase the number of cylinders owned by Tradex, which (according to its statistics) sold 12,500 12.5-kg gas cylinders in 2018.

Cameroon: The 1st turbine of the Lom Pangar dam will inject its first 7.5MW into the energy grid in early 2022 (MINEE)

The 30 MW hydroelectric power station being constructed at the foot of the Lom Pangar dam-reservoir (commissioned in the Eastern region in 2015) will produce its first 7.5 megawatts in early 2022. This was announced, on January 18, 2021, during the official launch of the construction of the bridge over the Lom River in Touraké. «In the next 12 months, the first turbine of the Lom Pangar foot plant should be commissioned. This will add 7.5 MW to energy supply in the region,» said the Minister of Water and Energy Gaston Eloundou Essomba, who presided over the ceremony. According to the official, the three other turbines will be gradually commissioned, to reach the 30 MW expected from this hydroelectric plant «by June 2022.»

The injection of the first megawatts from the Lom Pangar plant into the national power grid (which also depends on the completion of the transmission line) will coincide with the interconnection of the Eastern Interconnected Network (RIE) to the Southern Interconnected Network (RIS), thanks to the construction of the 225 KV high-voltage line between Yaoundé and Abong-Mbang. Indeed, the interconnection will be completed in February 2022 and will allow supplies from the Songloulou and Edéa power plants (whose capacities have officially increased by 150 MW during low-water periods since the Lom Pangar dam was impounded) to the eastern region. Coupled with the 30 MW of power expected from the hydroelectric plant at the foot of the Lom Pangar dam, the interconnection of the RIE and RIS will end energy deficits in this Cameroonian region, which is very rich in forest and mining resources.
In its recently published 2019 annual report, Eneo indicates that during the 2019 financial year, it experienced an “unprecedented deterioration of its financial situation.” These financial difficulties resulted in the accumulation of its debts owed to the independent power producers it is partnered with as well as companies that supply fuel for thermal power plants. According to official information, the overall debt to the suppliers, at the end of 2019, was XAF155 billion. Let’s note that because of the supplier debts, Eneo was sued by state-owned oil distributor Tradex, which was claiming about XAF52.7 billion of unpaid debts.

Eneo explains that in 2019, its financial problems were mainly caused by the non-payment of bills owed by some large clients, including the state and its agencies. Officially, the volume of debts owed by these large clients was over XAF180 billion on December 31, 2019. It includes XAF63 billion owed by the state and its agencies. But, in 2020, the company’s financial situation improved substantially.

Indeed, during an interview with Business In Cameroon, Eric Mansuy (Eneo’s MD) revealed that in June 2020, the government paid over XAF45 billion to partially settle its debts to ENEO. That amount helped launch the restoration of trust in the sector, as the sums thus raised were used to clear part of the debts owed by major players in the sectors (Sonara, Globeleq Cameroon, SonatreL, EDC, etc.) (...) Also, other operators have agreed to negotiate moratoria or new schedules for the settlement of their debts, he added.

According to the executive, thanks to the funds released by the government, Eneo was not only able to pay its suppliers, but it was also able to calmly plan a XAF100 billion bank loan to settle its medium-term debt and fund additional investments. Authorized in early 2020 by the board of directors, this fundraising operation has surely been carried out but the results are not yet available.
TRANSPORTATION

Cameroon: Camrail denounces incivility that causes accidents on the railway track

The incivility of some residents along railway tracks delays traffic flows and causes accidents, according to Camrail, concessionaire of railway transport in Cameroon. For instance, the carrier reveals, because of those acts, it takes 4 hours and 35 minutes for trains to reach Douala (from Yaoundé) instead of 3 hours and 30 minutes, representing a delay of about sixty minutes.

This is not the first time Camrail is reporting incivility along its railway tracks. Last year, in collaboration with the NGO Securoute, it organized an awareness-raising campaign to reduce the number of deaths caused by inconsiderate behaviors at level crossings (according to Securoute, Cameroon recorded 29 accidents at level crossings in 2019). Also, to reduce the number of accidents at these levels, the carrier initiated (with the World Bank’s support) a XAF630 million project for the modernization of level crossings. In that regard, it launched automation at six of those levels, two in Douala and four in Yaounde.

Nevertheless, some citizens are still oblivious of the danger of uncivil acts at the level crossings or even along the railway track.

On January 19, in a Facebook post showing a truck trailer crossing the railway track at a spot that is not a level crossing, Thierry Ngongang (Communication manager at Camrail) explained that the scene on the picture he posted was, unfortunately, a usual occurrence along the Cameroonian railway track.

He then reminded that level crossings are created following specific criteria and administrative procedures. Therefore, anytime residents cross the railway where there is no level crossing, they are exposing themselves to sanctions and also risking their lives, he added.

Determined to disrupt supplies to Bangui, CPC rebels kill two Cameroonian transporters

The Garoua-Boulaï-Bangui section has been declared a red zone by the CPC (ed. note: Coalition des Patriotes pour le Changement, the rebel group that recently unleashed chaos in the Central African Republic). Abakar Sabone, spokesman for the CPC, posted (in French) on his Facebook wall on January 18, 2021. This shows the rebel group’s determination to create a blockade around Bangui, the Central African republic’s capital.

The same day, they attacked Cameroonian truckers, killing two of them who crossed the Cameroon-CAR border from the Cameroonian town of Garoua-Boulai (where more than 1,000 truckers were parked fearing the insecurity in CAR).

Yet, days ago, the Central African republic’s Prime Minister Firmin Ngrebada had promised that traffic would resume (on January 12, 2021) with escorts and air support to protect each convoy.

From the look of things, it appears that the rebels are oblivious of the security measures and the murder of the two Cameroonian truckers has revived fear among the remaining transporters who are used to the Douala-Bangui corridor, where XAF55 billion worth of goods transit to the Central African Republic (according to figures from Cameroon authorities).
Financially fragilized, for years now, by the fierce competition from fabrics imported from China and West Africa, Cotonnière Industrielle du Cameroun-Cicam (which is the only cotton processor in Central Africa) recently took another blow. Indeed, on October 18, 2020, this public company closed its Garoua-based plant, laying off 352 employees.

Credible sources reveal that this plant closure was due to Sodecoton’s (another state-owned company) decision to stop supplying raw materials to Cicam. According to sources close to the case, the memorandum of understanding binding the two parties states that Sodecoton can decide to stop supplying Cicam when the latter’s debt toward it exceeds XAF200 million. Currently, Cicam’s debt towards Sodecoton is estimated at XAF1.3 billion, thus the suspension.

Before making that decision, Sodecoton made numerous concessions. «Before the coronavirus pandemic, Cicam’s debt was already XAF600 million. But, it argued that the pandemic offered it the opportunity to manufacture and sell face masks and pay its debt. Unfortunately, that debt kept growing and is now XAF1.3 billion,» an authorized source explains.

A well-informed source believes that Sodecoton made that decision mainly because despite the debt Cicam owes, it decided to import XAF600 million worth of Ecrus (unbleached fabric) while the Garoua plant, at full throttle, can produce 600,000 tons of such fabric monthly, for an estimated cotton consumption of XAF120 million. According to the source, this shows that Cicam’s top management is not considerate of the situation of the Garoua plant.

With the closure of the Garoua plant, the Cicam could (as was already the case in 2020) experience some disruptions in the production of the March 8, 2021, commemorative wax print (for the International Women’s Day) that provides it with a significant portion of its yearly turnover. This hypothesis is all the more plausible since even the imports of the unbleached fabrics can be disrupted by international logistics problems caused by the fear of a 2nd wave of the coronavirus pandemic.
Cameroon seeks equipment suppliers for 3 milk processing units in the North-West

The Cameroonian Ministry of Livestock, Fisheries and Animal Industries (Minepia) recently launched an open international tender for the design, supply, and installation of equipment for three milk processing plants and milk collection points in the North West. The three processing units and the collection points will be built (in Bamenda, Nkambe, and Wum) in the framework of the Livestock and Fisheries Development Project (Lifidep) financed by the Islamic Development Bank (IsDB). Firms interested in this offer are invited to send their bidding documents to the secretariat of the Lifidep coordinator in Bamenda, by March 17, 2021.

The said project falls in line with the 2020-2030 National Development Strategy recently published by the Cameroonian government. One of the main goals of that strategy is the structural transformation of the local industrial fabric to reduce the deficit in the country’s trade balance. As a matter of fact, in addition to contributing to the development of the industrial fabric of the North-West, which has been prey to insecurity maintained by separatist militants in the past four years, the three milk processing units will help reduce milk imports in Cameroon. Indeed, in 2015, the country spent XAF31 billion to import milk (according to the Ministry of Livestock), exceeding the annual average of XAF20 billion recorded since 2013.

Rougier group posts €46 mln turnover for 2019, 69% down from 2016 performance

In late 2020, forestry group Rougier, whose Cameroonian subsidiary Société forestière et Industrielle de la Doumé (SFID) went bankrupt three years ago, presented a review of its financial position over the 2017, 2018, and 2019 financial years. According to a release it published in that regard, its financial statements (which are currently being audited) shows a “narrowing of the scope of its activities following the sales, in 2018, of its import and distribution activities in France (Rougier Sylvaco Panneaux) and Rougier Afrique International subsidiaries in Cameroon and the Central African Republic.” It adds that the group’s 2019 consolidated revenues suffered as a result of the bankruptcies experienced because, during that financial year, there was a “sharp drop in revenues compared with the performance in the years before the safeguard plan (ed. note: the safeguard plan includes the sales of Rougier Afrique International’s subsidiaries in the Central African region).” Specifically, the unaudited result presented by the group shows about €46 million (close to XAF30.15 billion) turnover in 2019, compared to €149.4 million (about XAF97.92 billion) in 2016.

The French group explains that the liquidation of SFID and the Central African subsidiary helped clear Rougier S.A. and Rougier Afrique International’s bank liabilities in France for the debt write-off that ensued. As a result of that debt write-off, the Group’s net financial debt that was €56 million (XAF36.7 billion) on December 31, 2016, fell to €19 million (XAF12.45 billion) on December 31, 2019. This represents a drop of XAF24.3 billion in its debts. On February 14, 2018, Rougier announced that due to the various challenges (because of which its 2017 revenues dropped by 7.5% year-over-year), it would lay off its staff and sell the assets of its Cameroonian subsidiary. That subsidiary (and the Central African activities) was later sold to Société de distribution nouvelle d’Afrique (Sodinaf), controlled by Cameroonian businessman Fabrice Siaka. 
Cameroon launches call for expression of interest for investors interested in its animal by-products processing sector

On January 12, the Cameroonian Ministry of Livestock, Fisheries and Animal Industries (Minepia) issued a call for expression of interest to pre-qualify investors wishing to invest in the animal by-products processing sector. According to the calling document, the government will co-fund, with the qualified private investors, the establishment of the processing units thanks to funds provided by the World Bank in the framework of Livestock Development Project Prodel.

The Minepia’s call for expressions of interest reveals that the units to be built include a large-scale dairy processing unit (with the possibility of setting up a UHT-type dairy), an industrial pork processing unit, an industrial poultry processing unit, a beehive products processing unit, and an industrial beef processing unit. The document adds that the public funds to be injected into each of these projects range between XAF150 and 350 million, or 60% of the budget necessary to implement the business plan. Economic operators interested in this government offer can submit their tender documents, by February 5, 2021, to the Prodel coordination unit in Yaoundé.

Apart from boosting the value of products such as Oku white honey (labeled by the African Intellectual Property Organization-Oapi), the implementation of these projects will have a significant impact on Cameroon’s trade balance, in which the importation of dairy products and other sausages and cheeses weigh heavily.

For instance, according to estimates by the French National Interprofessional Center for the Dairy Economy (Cniel), France exported over 305 tons of cheese and 1,835 tons of milk and dairy beverages to Cameroon in 2018. Also, in 2015, the country spent XAF31 billion (exceeding the average of XAF20 billion recorded since 2013) to import milk, according to figures published by the Minedia.
Factors Chain International and African Export-Import Bank (Afreximbank) recently announced the appointment of Cameroonian-born Nassourou Aminou as the new Regional Manager for Africa, for this international network of factoring experts.

A specialist in this financing mechanism, which consists of transferring a company’s receivables to a bank or other factoring institutions that immediately finance them, Nassourou Aminou has over the last 10 years performed this activity with several banks in Central and West Africa.

According to experts, this financing technique is important for the development of SMEs. Indeed, in addition to allowing the companies to have “immediate cash flow” to fund expenses and accelerate their development, factoring allows them to have access to funds that are three times higher than what they could access through traditional mechanisms such as overdraft, a banker explains.

This financing method is being implemented in Cameroon for several years now. Indeed, according to internal sources at BICEC, local SMEs and SMIs received about XAF50 billion of financial support from BICEC, between 2009 and 2016, thanks to that financing technique.

To provide a framework for this activity and to exploit the full potential of factoring in Cameroon, the country adopted the first law governing this activity in March 2014. Defending the government’s project before the parliament, the then Finance Minister Alamine Ousmane Mey emphasized the fact that factoring helps diversify financing mechanisms available to companies in the country.

BRM
BE A PART OF BUILDING TOMORROW’S CAMEROON

Each month, learn about Cameroon’s economic progress

The Business in Cameroon and Investir au Cameroun magazines are both free!

- In Cameroon’s embassies and diplomatic posts
- In airport VIP lounges in Paris, London, Brussels, Zurich, and Frankfurt
- In Bourget company lounges
- In Business Class on Brussels Airlines
- In Cameroon’s business travel hotels and ministries
BUSINESS IN CAMEROON

UNITY !