

BUSINESS IN CAMEROON

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



State personnel Time for a slimming diet



More support
to boost the
Cameroonian
industry's
competitiveness



CEMAC: A
financial
market
emerges
(at last)

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Yasmine Bahri-Domon,



Diplomatic acrobatics

According to a U.N. report published in late March, on January 3, the French army killed 22 civilians in an air strike in Mali which targeted a wedding celebration. Quoting a witness, the United Nations Mission in Mali (Minusma) said it was “a carnage”. France disputes this report and “strongly reaffirms” that it did indeed target “a group of armed terrorists”. Regarding the UN report, the French diplomacy expressed “many reservations about the methodology used”, and concluded that the document provides no evidence to support the allegations.

The same week the incident took place, on January 10, a Human Rights Watch (HRW) report accused the Cameroonian army of having killed “at least 10 civilians” in the village of Mautu. However, the military claims it killed only terrorists. Subsequently, the high command has ordered a detailed investigation to see through the matter, as it did a year earlier relating a video footage showing soldiers killing civilians in Ngarbuh. In that case, the guilty soldiers were identified, arrested, tried and imprisoned. Yet, France, without waiting for the results of this new investigation and showing no reservation about the HRW report, “strongly condemned the attack on Mautu and the indiscriminate use of violence against civilians. It has publi-

cly called for a full investigation of this unjustifiable crime”.

Meanwhile, regarding Mali, Antonio Guterres, the UN Secretary General, believes that it is possible to open dialogue with certain jihadist groups “with whom we can discuss and who will have an interest in engaging in this dialogue to become political actors in the future”. An opinion shared by Mali’s transitional Prime Minister, Moctar Ouane, who deems it necessary to “engage in a broad discussion with communities in order to define the contours of a new governance of spaces”. This point of view is apparently not shared by France, whose diplomacy believes that dialogue with jihadist groups is impossible. “Let’s say things very clearly: there are peace agreements and then there are terrorist groups that have not signed the peace agreements (...) Things are simple,” says Le Drian. On the other hand, with regard to the armed separatists who have been sowing desolation for the past four years in the English-speaking regions of Cameroon, “France remains convinced that the solution to the crisis in the North-West and South-West regions can only be political and that it presupposes, in particular, an inclusive dialogue.”

In gymnastics, this would be a double back flip..



CONTENTS

FOCUS



- 08** • Wage bill, a major concern in Cameroon
- 09** • Budgetary balance threatened by the increased public sector wage bill
- 10** • Civil servants' Salaries, pensions, and benefits rose by XAF128 billion over 2019-2021
- 10** • Over 10,000 fictitious civil servants expunged from government payroll thanks to physical counting operation COPPE
- 10** • Claims for refund served to 3,366 teachers for undue salary adjustments
- 11** • 172 consular officers receiving unduly adjusted salaries busted

LEADER DU MOIS



- 33** • Business mogul Pascal Monkam dies at 90

INTERVIEW



- 13** • Chantal Elombat Mbedey : "After the BMN's intervention, some companies increased their staff"

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NEWS IN BRIEF



PUBLIC MANAGEMENT	P 19-24	AGRIBUSINESS	P 30
ECONOMY	P 25-26	ENERGY	P 33
FINANCE	P 27		



MONTHLY STATISTICS

61.3%

Currently, «China has 61.3% of Cameroon's bilateral debt,» according to figures published by the African Development Bank (AfDB) in its 2021 African Economic Outlook. The same source explains that the figure represents 27.4% of Cameroon's overall debt, which was estimated to be XAF10,164 billion as of September 30, 2020, or 45.8% of GDP (according to the national sinking fund CAA).

With this heavy indebtedness towards the Middle Kingdom, Cameroon «has the characteristics of a country at high risk of debt distress» and (like Djibouti, Angola, the Republic of Congo, Ethiopia, Kenya, and Zambia) it is highly exposed to Chinese loans, the pan African financial institution estimates.

150

Between November and December 2021, French group CEGELEC will complete the construction of the 105km transmission line that connects the foot of the Lom Pangar dam (30MW) to Bertoua. This was revealed during a site visit carried out, on March 16, 2021, by Théodore Nsangou, the general manager of EDC, at the Lom Pangar plant construction site.

This transmission line, whose investment is officially estimated at XAF9 billion, will supply 150 villages in the eastern region thanks to the Lom Pangar power plant that will deliver its first 7.5 megawatts by early 2022 (while the other turbines will be commissioned gradually), according to official sources.

XAF675.3 billion

From June 22, 2006, when the first Debt Reduction-Development Contract (C2D) was signed with France, to date, Cameroon has obtained debt remissions estimated at XAF695.5 billion. This was revealed by Finance Minister Louis Paul Motazé, on March 16, 2021, in Yaoundé during the 14th session of the C2D Steering and Monitoring Committee.

Thanks to these remissions under the C2D, Cameroon was able to fund programs and projects to the tune of XAF675.3 billion, official sources explain.

3500 tonnes

The XAF2 billion Bankim Agri-food Science and Technology Park, located in Adamaoua, was officially launched on March 18, 2021, through a partnership with the Agropoles Project led by the Ministry of Economy.

Through this partnership, the Agropoles project will finance the Bankim initiative to the tune of XAF746 million, to facilitate the annual production of 3,500 tons of corn on over 880 hectares (expandable to 1,500 hectares) of land in the region, official sources informed.



COMPANY OF THE MONTH

SODECOTON TO BUILD A XAF25 BLN COTTONSEED OIL PLANT IN NGAOUNDÉRE



In preparation for the rise of its yearly cotton production to at least 400,000 tons by 2025, national cotton company SODECOTON is accelerating investments in processing units.

Indeed, on March 6, 2021, the company laid the foundation stone of its tenth cotton ginning plant in Gouna, in the Far North. Days later, it launched preparations for the construction of a cottonseed oil production plant in Tchabal Margol-Ngaoundéré, Adamaoua.

In a release published, on March 15, 2021, the Ministry of Environment, Protection of Nature and Sustainable Development invites residents to the public consultations that will be held on March 22-27, 2021, to discuss the project's environmental impact assessment.

The Ngaoundéré cottonseed oil production plant will be the third similar infrastructure owned by SODECOTON (the first and second are in Garoua and Maroua). According to the above-mentioned

release, its daily pressing capacity is 300 tons.

Meanwhile, credible sources reveal that to fund the construction (XAF25 billion), SODECOTON initiated discussions with financial backers, including the AfDB, in 2019.

For SODECOTON's top management, the proposed plant will help meet the ever-growing need for quality and affordable oil in the southern part of the country. It will also boost livestock feed production, we learn.

Coronavirus

To boost its oilseed pressing capacity, SODECOTON previously borrowed XAF2.5 billion, from Afriland First Bank, to modernize its Maroua oil mill. Thanks to that investment, the pressing capacity of the oil mill rose from 70,000 tons (in 2016) to 110,000 tons (in 2019). Also, the company is planning to modernize its Garoua oil mill through the XAF6 billion loan it is currently negotiating with the Arab Bank for Economic Development in Africa (BADEA).

SODECOTON is Cameroon's public cotton company, which organizes cotton production and marketing in Cameroon. The company, which oversees over 250,000 producers, is 59% owned by the State, 30% by French group Geocoton and 11% by Société mobilière d'investissement du Cameroun (SMIC).

Affected by a XAF36 billion loss over the 2014-2016 period, it resumed with profitability in the 2017-2018 cotton campaign thanks to a restructuring plan implemented by the new management appointed in 2016. After a XAF5.1 billion net profit recorded during the 2017-2018 campaign, its profit dropped slightly to a little over XAF3 billion in the 2018-2019 campaign. Despite a new rise in its production during the 2019-2020 campaign, it ended the season with a net loss of XAF5.6 billion. According to official sources, this poor performance was due to the coronavirus pandemic.

Brice R. Mbodiam



WAGE BILL, A MAJOR CONCERN IN CAMEROON

On February 21, 2020, in Yaoundé, newly appointed officials at the Centre national de développement de l'informatique (Cenadi), which processes public servants' salaries, were inaugurated by the Minister of Finance Louis Paul Motaze.

During the Ceremony, the Minister asked the officials to end the various fraud and manipulations frequently observed at the Cenadi. These are namely "undue salaries, undue promotions, and pensions that, unfortunately, increase the state's budget." For many years now, Cenadi has been the thriving ground for fraudulent practices that cost the public treasury billions every year. After many

payroll consolidation operations, the government launched COPPE, a physical counting operation, in 2018. The initial results of that operation demonstrated the malpractices in the management of civil servants' salaries and pensions.

Despite the consolidation initiatives, state personnel expenses remain a major issue that the Cameroonian government is trying to solve. The issue here is the mass recruitments in the civil service. According to official documents, the frequency and the number of civil servants recruited are affecting budget sustainability.

In 2018, a study revealed that for about 4.5% economic growth, the

volume of budgetary credits to be allocated for the 5,900 new civil servants (in all the economic segments) should be capped at XAF9.2 billion. That way, wage bill sustainability will be ensured.

However, that recommendation is not implemented and the mismanagement, by crooked officials, of state payroll, is deeply eating into the state budget thus affecting its sustainability.

In the present dossier, we will present these multifold problems cited by the management of Cameroon's wage bill.

BRM

Budgetary balance threatened by the increased public sector wage bill



Between 2011 and end-June 2020, the number of civil servants in Cameroon almost doubled, from 197,471 to 340,957, according to official documents. Over the 10 years, the country's personnel expenses rose from XAF681.4 billion to over XAF1,000 billion, the same source indicates.

Analyzing the expenses, the government explains that over the said period, the wage bill paid to civil servants using the state budget has grown by 5.6% on average annually despite efforts to consolidate the payroll.

«The increase has already been pointed out in a study conducted, in 2018, on the sustainability of the wage bill. It was due to the rising number of civil servants recruited over the past ten years disproportionately to the number of servants that retired,» it adds

According to the government, the study also found out that in some productive sectors, the number of servants dropped significantly. Those sectors include agropastoral, mining, telecom, health as well as translation and interpretation.

An exponential rise in the number of teachers

Most of the said recruitments were made in the secondary education sector, causing explosive growth in the wage bill in that sector. «From 30,640 to 83,308 between January 2010 and June 2020, the number of secondary school teachers has grown 2.7 folds. They now represent 34.4 percent of the public service workforce, up from 15.8 percent in early 2010. Similarly, their wage bill represents 32.3% [of the overall wage bill] compared to 21% in 2010,» the government continues.

Due to these increases, Cameroon is unable, since 2011, to comply with the maximum wage bill sustainability ratio (wage bill as a percentage of GDP) of 35% set by CEMAC in its multilateral surveillance criteria. Between 2011 and 2018, that ratio has always averaged 40%. The highest (44.4%) was recorded in 2011. In 2019, the ratio dropped to 36.5%.

This drop was certainly one of the first fallouts of the physical counting operation, COPPE, launched by the government to consolidate its payroll. Indeed, thanks to the operation, the government identified and removed fictitious servants from its payroll, saving an average of XAF30 billion of wage bills yearly.

Brice R. Mbodiam

Civil servants' Salaries, pensions, and benefits rose by XAF128 billion over 2019-2021

In 2019, the Cameroonian government spent XAF1,058 billion in salaries, bonuses, and other benefits for its employees. This expenditure was up by XAF38 billion compared with the XAF1,024 billion the country spent in 2018 for those purposes.

At the time, the Ministry of Finance presented a financial forecast (tableau prévisionnel des opérations financières de l'Etat-TOFE) estimating that this expenditure

line that the government was trying to contain would rise further in the 2020-2021 financial years.

According to the TOFE, the public sector wage bill would reach XAF1,128.1 billion in 2020, XAF70 billion higher than in 2019. In 2021, the wage bill would rise by XAF58 billion to XAF1,186 billion, the Ministry forecasted.

Many civil servants unduly receive

the salaries and pensions that constitute the said wage bill. For instance, a physical counting operation carried out by the Cameroonian government between 20 April and 10 July 2018, revealed that of the over 310,000 servants in the state payroll, close to 25,000 were inactive. Several of them were fictitious while others were on secondment or dead but the payroll was not updated to take those situations into account.

Over 10,000 fictitious civil servants expunged from government payroll thanks to physical counting operation COPPE

Over 10,000 fictitious civil servants were expunged from state payroll thanks to the physical counting operation (COPPE).

Launched in 2018, the COPPE was organized by the Ministry of Finance (Minfi), to identify servants that unduly receive benefits, salaries, and pensions. During the operation, the

government identified and expunged the civil servants whose absence was not justified because they were dead but their death was not reported.

The operation was prescribed by President Paul Biya in his circular of June 20, 2017. In that circular, the Cameroonian president ordered the organization of a physical counting

operation in the 2018 fiscal year because, at the time, the yearly wage bill was a little over XAF1,000 billion for 310,000 servants. That bill was about 35.6% of tax revenues, higher than the wage bill to GDP threshold in the CEMAC region.

Claims for refund served to 3,366 teachers for undue salary adjustments

3,366 teachers under the Ministry of secondary education collected XAF1.59 billion of undue salary adjustments over the 2012-2018 period. The figures were revealed by the General Budget Directorate, which posted the results of the task force set up to verify (and require

refund if necessary) the salary adjustment of teachers under the Ministry of Secondary Education.

The amounts received by the teachers vary between XAF30,000 and XAF10 million. Indeed, some teachers who should normally receive

XAF14 million as salary adjustments received XAF25 million instead.

Following the discovery, the General Budget Directorate sent a claim for a refund to the teachers concerned.

172 consular officers receiving unduly adjusted salaries busted



In a note published in February 2020, the Ministry of Finance indicated that 172 Cameroonian consular officers would be suspended.

According to the note, although they were working in Cameroon, their salaries were calculated based on an adjustment index applied for consular officers working abroad.

The malpractices were discovered five months after Minister of Finance Louis Paul Motaze sent a letter to his peer of External Relations, Lejeune Mbella Mbella, informing him of the fraudulent adjustments of consular officers' salaries. At the time, Minister Louis Paul Motaze explained there were embezzlement suspicions involving consular officers

(both existing and fictitious) suspected of receiving salaries using the adjustment index of officers posted outside the country.

Thanks to that discovery, the country is saving XAF3,169 billion of personnel expenses yearly and also recovered about XAF34 billion.

Within 18 years, 4,490 health personnel unduly received XAF2.5 billion of special bonus

In August 2020, when receiving their July 2020 salary, some physicians and health personnel operating for Cameroon noticed that their usual salaries were cut by XAF2,400. Anguished by that fact, they saw this as a concealed wage cut carried out "despite the coronavirus" health crisis, a local media informed.

This was not the case, however. When we checked with the Ministry

of Health, it appeared that this was rather an adjustment aimed at normalizing a special bonus of XAF2,400 that was received twice monthly in the 18 years the error persisted.

The explanation was confirmed by the Ministry of Finance, which explained that the adjustment was the result of the public finance consolidation program that entered its implementation stage in 2018

with the physical counting operation COPPE launched to identify every civil servant on the state payroll. Authorized sources at the Ministry informed that over the 18 years, the special bonus was paid twice monthly to 4,490 health personnel causing a XAF2.5 billion loss for the public treasury. With this adjustment then, the state is saving about XAF11 million monthly.

Government recovers XAF12.2 bln wired into deceased civil servants accounts after their deaths

In 2020, Cameroon recovered XAF12.2 billion of salaries paid into deceased civil servants' accounts from the banks and microfinance institutions that were in charge of wiring them. This was revealed by the directorate general of the treasury, which informed that the funds were recovered in the framework of the state payroll consolidation operation initiated in 2018.

The XAF12.2 billion recovered represent only 42.6% of the amount

to be recovered by the state in that segment (the salaries the financial institutions wired into deceased civil servants' accounts). Indeed, in late January 2020, during the annual conference of the various departments housed at the Ministry of Finance, Gilbert Didier Edoa (secretary-general of the Ministry of Finance) revealed that thanks to an audit of deceased civil servants' accounts, the government found out that XAF21.8 billion had been wired into those accounts after the death of

those servants.

According to sources at the directorate general, the recovery operations will continue during the 2021 fiscal year.

The directorate also informed that the state payroll consolidation operations have helped save over XAF10 billion of yearly disability pension expenses.

Cameroon saved XAF40 billion wage bill in 2020 (MINFI)

In 2020, Cameroon saved XAF40 billion of wage bills. This was revealed by Prime Minister Joseph Dion Nguté while presenting the government's 2021 economic, financial, social, and cultural program before the national assembly on November 25, 2020. According to the official, the amount was saved thanks to a set of measures implemented by the government to consolidate its payroll. These measures include the individualized payment of civil servants' salaries and the dematerialization of payslips, also called «cash vouchers».

Indeed, on August 14, 2020, the Minister of Finance officially launched the payment of salaries via the Central African Teleclearing System (Systac),

administered by the central bank. This system allows the Treasury to directly wire funds into the account of the beneficiary of the pay or pension. With the old system called the Automated Large Amounts System (Sygma), this was not the case. The salaries and pensions were rather sent to banks, which wire them into civil servants' accounts. With that payment scheme, the public treasury was unable to check whether the salaries were effectively paid to the servants or not. Sometimes, the banks keep the amount not paid (either because the recipients are dead or the accounts were fictitious), for several months, instead of returning them to the national treasury.

As for the dematerialization of cash vouchers, it started in October 2019. The operation consisted of replacing the physical vouchers then used to pay salaries under XAF100,000 FCFA, with electronic vouchers. «This approach is aimed both at simplifying the civil servants' salaries payment procedures and also considerably reducing fraud,» Finance Minister Louis Paul Motazé said at the time. The reforms were preceded by the Physical Count of State Personnel (Coppe) initiated in 2018. Launched in April that year, the operation helped remove more than 10,000 fictitious civil servants from the state payroll.

Chantal Elombat Mbedey

“AFTER THE BMN’S INTERVENTION, SOME COMPANIES INCREASED THEIR STAFF”

He is the director of the Bureau de Mise à Niveau of Cameroonian companies. In this interview, the top official dives into the missions of this public entity provide a review of its activities so far, and tells us about the advantages upgrading offers businesses, in a context where trade barriers between countries are falling.

Interview with Brice R. Mbodiam

Could you tell us briefly what the Bureau de Mise à Niveau of Cameroonian companies (BMN) is?

First off, thank you for showing interest in the Bureau de Mise à Niveau (BMN) of Cameroonian companies. The BMN was established by Order No. 221 CAB/PM of December 16, 2011, under the national strategy to boost the Cameroonian economy’s competitiveness. The BMN is placed under the technical supervision of the Ministry of Economy, Planning,

and Land Management (MINEPAT). Its main mission is to implement the government’s policy concerning supporting the upgrading and financial restructuring of industrial Cameroonian businesses. Specifically, the BMN is tasked among others to elaborate and implement programs for the upgrading and quality management of businesses, in relation with concerned ministerial departments and institutions overseeing businesses, define and apply eligibility standards

for companies enrolled in the National Program for Upgrading (PNMAN) - as well as modalities for award premiums to these companies, help establish the government’s policy in terms of business upgrading and on a larger scale improve the national economy’s competitiveness. The BMN has a steering committee (CO-PIL) whose composition was noted by decision n°016 CAB/PM of April 20, 2012. It also has a management which we are honored to lead.



“The Bureau de Mise à Niveau works with secondary sector businesses, that is those active in the processing sector.”

Which sectors or activities are you focused on?

The Bureau de Mise à Niveau works with secondary sector businesses, that is those active in the processing sector. To be selected, these firms must meet the eligibility criteria of the National Program for Upgrading. One of the criteria is to operate in any of the following sectors: agribusiness, textile and clothing, wood, tourism, chemicals, leather and footwear, metallurgy, steel, mechanics, electricity and derivatives, and construction. However, our activities

also cover all sectors related to the industry.

Concretely, what actions do you take in favor of industrial businesses that benefit from the BMN’s expertise?

Once a business adheres to the PNMAN, the global or specific upgrading of businesses selected by the BMN’s steering committee begins with a diagnostic made by top-level experts, the elaboration of tangible (purchase of production equipment, rehabilitation of product manufac-

turing zones...) and intangible (support for commercial management, support for the implementation of cost accounting, good hygiene practices, good manufacturing practices, reduction of energy consumption, development and implementation of procedure manuals, implementation of management systems ISO 9001, ISO 22000, ISO 14001, ISO 17025, ISO 45001, sales techniques, technical assistance, participation in national and international fairs, human resources management, information system, fund mobilization) invest-



“Based on my observations on the field, I can tell you that many companies are satisfied and ask for more.”

ment plans. This is followed by the implementation of these plans and the awarding of premiums. Regarding the premiums, businesses benefit from the following: 90% coverage of the costs of global or specific diagnoses and the formulation of related upgrading plans (diagnosis premium on intangible investment), 80% of the costs of intangible investments (human resources management, organization, know-how, studies, prospecting, other technical assistance actions, training, accounting, implementation of management systems, etc.) identified in the fra-

mework of upgrading plans validated by the Steering Committee (premium on intangible investments); 20% of the cost of tangible investments made by companies with a ceiling of CFAF 50 million (premium on tangible investment). This is briefly some of the personalized services we provide companies enrolled in the PNMAN.

Generally, what’s your opinion regarding how Cameroonian businesses perceive the programs you implement?

Answering your question is not easy

for me since I believe that it is the businesses that benefit from the BMN’s services that are more fit to assess the value of what we do for them. Nonetheless, based on my observations on the field, I can tell you that many companies are satisfied and ask for more. An example is one of the latest feedback we got regarding our activities related to the 2021 CHAN preparations.

As instructed by the government, via the Ministry of Tourism and Recreation (MINTOUL), the BMN and CTA-CAM boosted the capacities of hotels selected and recommended



“Many firms believe, wrongly so, that the BMN is the backdoor of the tax Office. This false belief is fueled by a tradition of opacity in many companies.”

for the 2021 CHAN to meet the good hygiene, restoration, and reception standards, and we have helped put in place a Hazard Analysis Critical Control Point (HACCP). I can confirm that many companies in this sector understand how important it is to be up-to-date and want more. What we now hope is that they will effectively adhere, voluntarily, to the PNMAN.

Despite the interest they show in upgrading, how do you explain

that many firms still hesitate to reach out to you?

Considering the pertinence of the upgrading, especially in the free-trade context, this is a mystery. Regardless, we think we are the ones that must act against the reasons behind this situation. Indeed, many firms believe, wrongly so, that the BMN is the backdoor of the tax office. This false belief is fueled by a tradition of opacity in many companies. We keep sensitizing to change people’s perception but this is a challenging task

and we can’t afford to be disheartened because the stakes at play are far too important for our country.

Vous évoquez très souvent les You often talk about Economic Partnership Agreements (EPAs) with the European Union and the African Continental Free Trade Area (AfCFTA). Don’t these further make upgrading more relevant and necessary for businesses?

Absolutely! Our companies must know that economic partnership

agreements (EPAs) with the European Union (EU) and the African Continental Free Trade Area (AfCFTA) bear both threats and opportunities for them. This is needed to protect themselves against these threats which mainly come in the shape of competition with foreign firms. At the political-economic level, this competition could cut tax earnings for the State which would be greatly fragilized as it would have fewer means to intervene. This scenario, given the already tense security situation in the northwest, southwest, far north, and to a certain degree also the east and Adamaoua regions, must be avoided at all cost.

At the social level, the potential closure of a large number of companies would significantly increase unemployment, which is presently non-negligible. According to the ministry of employment and professional training, 27% of the country's youths were unemployed in 2016. Surely, this figure has not fallen since considering that companies such as the Cameroon Development Corporation (CDC) had to lay off thousands of workers because of security issues in the southwest. Taking all these into account, upgrading businesses is not an option but the way ahead to tap into opportunities of both the local and international markets. This however requires being able to produce in quality and quantity.

What do you suggest to tackle threats that are inherent in the free-trade policy in place?

We have no lessons to give or miracle

recipes to prescribe. The government already grasped the nettle by creating the BMN. Cameroon, which aims to become emergent by 2035, must take a leaf out of the page of countries that successfully leveraged upgrading to develop their industry and grow their economy. For example, qualitative surveys conducted by the Tunisian Bureau de Mise à Niveau have proven the efficiency of this strategy. These surveys prove that upgrading is at the root of the Tunisian economy's blossoming, the establishment of new industrial firms in the country, and the creation of various partnerships with multinationals.

The Bureau de Mise à Niveau has recently adopted a strategy document covering the 2022-2024 period. What explains this move after so many years into existence?

This document is very important in the sense that it serves as a compass for the BMN. It tackles a major issue, upgrading, in Cameroon and states the shortcomings of the system in place concerning competitiveness. Among the solutions it preconizes in this framework, the document gives the BMN its rightful place, that is as the central actor behind upgrading in Cameroon. This document puts things back in focus; the activities, actions, and tasks for upgrading and financial restructuring, the two main missions the government gave the BMN.

We also hope that all the available or possible means needed for upgrading will be provided to the BMN. Putting the BMN in this central position

should prevent third parties from getting or addressing the wrong partner or entity. They will all turn to the BMN. Given that upgrading is well understood and supported by all economic actors, there are great chances that the BMN will deliver the results expected by both the decision-makers and targeted businesses.

At present, how many companies were upgraded via the BMN, and how much was awarded in premiums so far?

At the moment, 777 companies have voluntarily joined the BMN's National Program for Upgrading. We have conducted 315 preliminary diagnostics in these companies and 93 upgrading plans were validated by our steering committee. Concerning awarded premiums, they have exceeded one billion CFA. This figure should rapidly increase since we have dispatched experts to support many companies that struggle to implement their upgrading strategy at a good pace.

Doesn't voluntary adhesion reduce the scope of intervention of the BMN?

It is the private sector that we are dealing with here, you know. And what's specific about the private sector is that the boss or founder of a given business secures the funds needed to start this business on their own. It could be savings or loans. So, it is not easy for him or her to let someone else tell them to change the way they operate. And that is why the government wanted this



“777 companies have voluntarily joined the BMN’s National Program for Upgrading. We have conducted 315 preliminary diagnostics in these companies and 93 upgrading plans were validated by our steering committee.”

decision to be voluntary. This way, every business owner, after knowing more about the BMN’s support, can voluntarily decide to join its National program for Upgrading or not. If it had been forced on them, we wouldn’t have achieved the results we have today. On another side, the volunteering model can limit the BMN’s action range. The State, since it injects money in the upgrading process, could encourage the adhesion of some strategic companies to the PNMAN. This, because it expects from some sectors of activity and some businesses’ results that will contribute to the diversification of its

economy. These include companies that weigh heavily in the Cameroonian economy.

How does upgrading impact the competitiveness of businesses that joined the BMN’s program?

This is not to boast but I would say that within the means we were given, we have attained quite impressive results, especially in terms of turnovers, financial autonomy, and net results. After the BMN’s intervention, some companies increased their staff, a major win considering that the Head of State made fighting unemployment one of his top prio-

rities. We have also achieved some results regarding the improvement of how the production process is understood and this boosted productivity in some businesses.

The results recorded by the BMN were validated by a technical and financial audit carried out in 2019 by Auditec-Foirier and ordered by the French Development Agency (AFD). This audit covered the 2017-2019 budgetary support per sector of the third C2D. Results from the audit indicated that the BMN was the only sectoral beneficiary with almost all its performance indicators in the green, despite receiving funds late.



PUBLIC MANAGEMENT

Babadjou-Bamenda road section: SOGEA Satom withdraw from project because of security situation



Minister of Public Works (MINTP), Emmanuel Nganou Djoumessi, recently announced the resumption of traffic on the 59.9-km Babadjou-Bamenda road section of the Yaoundé-Enugu corridor leading to Nigeria. Indeed, traffic on that axis was disrupted because of two highway embankments that collapsed after the heavy rains on the night of March 24-25, 2021. The construction of that section started in 2017 but, on January 14, 2021, it was stopped following an attack of armed secessionists from the North-West. « *Sogea Satom, the contractor for the construction project that started in 2017, notified of its withdrawal from the project justifying its decision by a case of force majeure caused by the se-*

curity situation in the area. This notice paved the way to the cancellation of the contract [the construction contract between Sogea Satom and the project owner],» the MINTP explained. The official added that based on control missions' reports and to avoid traffic disruption, local companies were mobilized to carry out some works that will allow the circulation of people and goods, pending the selection of a new contractor for the project. Two local companies were mobilized for that purpose. The first was entrusted the works on the Babadjou side while the second was posted at the Santa side (Bamenda). In Babadjou, the traffic was restored but the company in charge of the

works is still carrying out additional works to avoid another collapse of the embankments. Meanwhile, on the Bamenda side, traffic is restored but users have to comply with measures effective for dirt roads or stop using the axis for two hours after rains. The reconstruction of the Babadjou-Bamenda road section was launched in 2017, thanks to a \$192 million (XAF113 billion) support from the World Bank. The project was initiated to stop accidents and reduce transport costs and duration on the Yaoundé-Enugu corridor that connects to East Nigeria passing through Bafoussam and Bamenda, whose economy mainly relies on agriculture and commerce.

Negotiations for new 3-year ECF program still in an early stage (Report)

In its recent report titled «Lettre d'Afrique Centrale,» the «regional economy» department of the French Ministry of Economy assessed the ongoing negotiations between CEMAC countries and the IMF for their new economic programs. «As the 2017-2020 three-year plans have expired in Cameroon, Gabon, and Chad, negotiations are ongoing for new programs. Chad recently obtained a "Staff level agreement," which is preliminary for the introduction of the program before the executive board. However, in Cameroon and Gabon, the negotiations are in an early stage but, they should soon

lead to review missions,» the department estimates. According to the same source, the three countries mentioned above are on a good path for the conclusion of new three-year plans, but the task will not be easy for Congo and Equatorial Guinea. «The discussions with Congo (which requires a rescheduling of its debt towards oil traders) and Equatorial Guinea are at a much earlier stage [than in the other countries],» it adds. The 2017-2020 economic and financial program between Cameroon and the IMF was initially scheduled to end on June 25, 2020. However, it was extended

to September 30, 2020, at the country's request because of the fallout of the coronavirus pandemic on public finances. Thanks to the program, Cameroon received \$666.1 million (about XAF400 billion) of budget support over the three years. According to Cameroonian Minister of Finance, Louis Paul Motaze, the new program being negotiated by the country will not be a state budget consolidation tool (like the 2017-2020 program) but focus on the fight against poverty and the improvement of the food basket. However, he provides no additional details on the contents.

Cameroon: Japan grants 1-year moratorium on the service of close to XAF500 mln debt

On March 23, 2021, in Yaoundé, Louis Paul Motaze (Cameroon's Minister of Finance-MINFI) and Ossawa Tsutomu (Japan's ambassador to Cameroon) signed and exchanged notes relating to the one-year moratorium granted by Japan for the debt Cameroon was supposed to pay by June 2020. This moratorium falls within the framework of the debt service suspension initiative advocated by G20 members, last year, because of the coronavirus pandemic. According to the MINFI, the moratorium concerns about XAF460 million (91,506,204 yen) of concessional loans granted by the Japan Cooperation Agency (JICA). With the new agreement, Cameroon will now service that debt in June 2021. The official adds that as the G20 members agreed to extend the debt service

suspension initiative to June 30, 2021, the documents being elaborated will allow another moratorium on about XAF500 million of debt service, representing the debt Cameroon was to repay to the JICA in H1-2021. Therefore, that debt will be repaid in H1-2022. He estimates that the moratorium will relieve public finances and facilitate the implementation of the government's plan aimed at strengthening the health system to curb the spread of the coronavirus pandemic (the debt suspension initiative requires beneficiary countries to use debt service concerned to fund initiatives aimed at mitigating the health, social and economic impacts of the COVID-19). However, the debt service suspension initiative comes with rigid conditions,

such as the obligations to «disclose all public sector financial commitments» and «to contract no new non-concessional debt during the suspension period, other than agreements under [the] initiative or in compliance with limits agreed under the IMF Debt Limit Policy or WBG policy on non-concessional borrowing.» Let's note that China and seven member-countries of the Paris Club (Belgium, France, Germany, Japan, Republic of Korea, Spain, and Switzerland notably) have granted moratoriums on about XAF100 billion of debt Cameroon was supposed to service over the May 1-December 31, 2020 period. Also, Cameroon is currently negotiating another moratorium with France.

Cameroon is at high risk of debt distress, the AfDB estimates



In its 2021 outlook on African economies, the African Development Bank (AfDB) estimates that *«Cameroon's level of public debt is worrying.»* The development bank explains that the country's debt dropped significantly in 2006 when it benefited from the Heavily Indebted Poor Countries (HIPC) initiative. But, barely a year later, that debt resumed an uptrend curve, the AfDB adds.

«The stock of public debt rose from 12% of GDP in 2007 to 45.8% of GDP (about two-thirds external and one-third domestic) by September 2020,» it writes. This means that within 13 years, Cameroon's public debt rose four-fold. Based on that fact, the AfDB estimates that *«Cameroon has the characteristics of a country at high risk of debt distress.»*

As such, the development bank believes, the country's development efforts could be jeopardized because a significant portion of its revenues are

now used to repay creditors like it was the case before the HIPC initiative. Incidentally, the 2021 finance law had already revealed that as in 2018, the volume of debt service (both domestic and foreign) has started rising while public investments dropped slightly. For instance, according to budget documents, Cameroon's debt service increased from XAF727.5 billion in 2017 to XAF1,027 billion in 2018 while public investment fell from XAF1,586.9 billion to 1,291.5 billion over the same period.

Therefore, the AfDB believes that should the country become over-indebted, it would become *«problematic because of the need to support economic recovery in 2021 and to carry out the major structuring projects envisioned in its new national development strategy for 2020 to 2030.»*

Let's note nevertheless that Cameroonian authorities have always played down such post-HIPC over-

indebtedness warnings. According to the authorities, at 45.8% of GDP at end-September 2020 (XAF10,164 billion), public debt is well below the debt-to-GDP intolerance ratio, which is 70% in the CEMAC region. Moreover, they point out, public debt started rising post-HIPC because of the numerous infrastructure projects launched over the period. Indeed, in 2012, the country launched a large infrastructure construction project in the framework of the 7-year «major achievements» term. Those infrastructures include hydroelectric dams, the bridge over the Wouri, national roads, the Port of Kribi as well as cross-border roads. There are also the infrastructure projects launched in the framework of the Three-Year Emergency Plan (Planut) and the 2019 African Cup of Nations (AFCON), which was finally rescheduled for early 2022.

Cameroon: MINOF denounces the laundering of illegal timber through falsification of administrative documents

In a letter recently sent to his representatives in the 10 regions, Cameroon's Minister of Forests and Wildlife, Jules Doret Ndongo (photo), revealed the existence of a network that launders timbers cut illegally by falsifying secure administrative documents.

«It has come to my attention that some crooked economic operators use counterfeited secure documents (waybills and DF10 logbook), to launder illegally exploited timber since they know that some of your collaborators sign blank waybills without even checking the transmittal forms enclosed with the documents,» the official wrote. He added that because of such practices, Cameroon loses important forest and wildlife resources but also

revenues. He, therefore, advised his collaborators to be cautious and properly check the documents submitted for authorization request, for the exportation of timber cut in the country.

The case of Vietnamese operators

In a report published in 2020 and titled TAINTED TIMBER, TARNISHED TEMPLES: How the Cameroon-Vietnam Timber Trade Hurts the Cameroonian People and Forests, two NGOs already pointed out that Vietnamese loggers based in Cameroon were engaged in widespread 'Laundering Operations Covered by Paperwork'

«To meet the requirements of Vietnamese authorities, trading

companies have focused their efforts on obtaining Cameroonian paperwork while disregarding the actual origin of the timber placed on the Vietnamese market,» they explained.

"A senior-level employee from Dai Loi Trading Co. Ltd. (Công ty TNHH Thương Mại Dịch Vụ, "Dai Loi"), the largest Vietnamese company operating in Cameroon and one of the three largest timber importers in Vietnam, claimed that he does not care about the origin of the timber even if the timber he is placing on the Vietnamese market were to come from terrorist groups, as long as the proper paperwork is provided," they added to illustrate their claims.

Cameroon: The AfDB subjects economic recovery to the availability of COVID-19 vaccines

This year, Cameroon could resume its pre-pandemic growth, according to an economic outlook recently published by the African Development Bank (AfDB). According to the report, the country, which experienced a recession (with -2.4% growth in 2020) due to the coronavirus pandemic, could record a 3.5% economic growth in 2021 and 4% in 2022. Inflation would stabilize around 2.3% in 2021 and 2022, below the 3% threshold set by the CEMAC. The development institution nevertheless believes that the achievement of such economic performances is

«subject to the availability of a vaccine at the beginning of 2021 and the gradual extinction of the COVID-19 pandemic from the second half of 2021.» Also, even if the pandemic is contained by end-June 2021, it will be difficult for the country to resume economic growth if the security crises at the borders and in the two anglophone regions worsen, the AfDB adds. Let's note that the worst-case scenario envisaged by the AfDB could come true. Indeed, even though it is unlikely that the security crisis will worsen, authorities are already worried about

the resurgence of COVID-19 cases. In fact, with the second wave of the coronavirus boosting the positive cases, the government initially decided to use the AstraZeneca vaccine. But due to the controversy around the immune capacities and the side-effects of that vaccine, they decided to postpone plans. Also, the CIRCB Scientific council advised Cameroonian authorities to, as a principle of prudence or precaution, suspend their projects of vaccinating the population with the AstraZeneca vaccines.

Cameroon-France: Discussions are underway regarding the 2021 deadlines under the DSSI scheme, Ambassador Christophe Guilhou reveals



Cameroon is currently negotiating another temporary suspension of the payment of its debts to France, under the Debt Service Suspension Initiative (DSSI) decided in 2020 by the G20 countries and the Paris Club. This was hinted at by the French ambassador to Cameroon, Christophe Guilhou (photo, left), on March 16, 2021, in Yaoundé, during the 14th session of the Steering and Monitoring Committee of the Debt Reduction-Development Contracts (C2D), signed by Cameroon in 2006, 2011, and 2016.

«We are all aware that this serious health and economic crisis (ed. note: COVID-19) is not over yet. To tackle it, Cameroon applied for Debt Service Suspension Initiative. As a member of the Paris Club and the G20, France agreed to this request, and an agreement between our two countries on the temporary suspension of the 2020 debt payments was recently signed. Discussions are underway regarding the 2021 deadlines,» the French diplomat revealed.

The volume of the debt Cameroon was supposed to repay France for the 2021 fiscal year has not been published. But, we know that between May 1 and December 31, 2020, that debt was XAF72.6 billion, representing the capi-

tal loss marked in the C2D account due to that suspension (according to the C2D contracts, beneficiary countries must first repay the debts owed to France, which will immediately grant the corresponding amounts to sustainable development and hunger relief programs in the said countries).

If the negotiations are successful and assuming that the volume of the debt Cameroon was to repay to France is equal to the May 1-December 31, 2020 volume, France would have relieved Cameroon of a financial burden of over XAF145 billion within two years.

Implementation of C2D projects affected

Truly the initiative eased pressures on the state's cash flow but, it also undermined the proper execution of programs and projects financed by the C2D contracts.

«This moratorium, which includes the payments due under the C2D, will have significant impacts on the cash available for the scheme. This ordeal comes at a pivotal time for the C2D. After 15 years of investments and efforts to benefit the population, we are aiming to not only continue the operations but also to fulfill our maturity ambitions. Cash flow shortfalls will undeniably complicate this task, and will require

an urgent adoption of appropriate solutions to deal with this situation,» Christophe Guilhou explained. During the March 16, 2021, meeting, Cameroon's Minister of Finance, Louis Paul Motazé, expressed the same concerns. One of the solutions he suggested to the cashflow difficulties the C2D programs will face in 2021 and beyond (ed. note: if the 2021 repayments are suspended), is that the public treasury will fund C2D projects and programs if not all but part of them. This will imply a further rise in public debt since the security spendings and the coronavirus pandemic are already pressuring public finances. The French ambassador to Cameroon advocates a concerted search for solutions. «A cash shortfall would slow down or even cause the suspension of C2D projects. If the moratorium is extended to 2021, compressing cash flow needs will not be a sustainable solution. Therefore, to prevent such outcome, Cameroon and France need to engage in high-level joint reflection to decide on budgetary, financial, or fiscal mechanisms to reduce cash flow and optimize available resources,» he suggested. For the French diplomat, this issue must be included in the agenda of the C2D mid-term review, scheduled «before the end of the H1-2021», he added.

Let's note that according to Finance Minister Louis Paul Motazé, between 2006 (when the first C2D contract was signed) and 2025 (end of the 3rd C2D), the overall debt to be restructured by France for Cameroon is XAF967.4 billion. As such, Cameroon will be the largest beneficiary of that facility intended to relieve economically fragile countries.

Cameroon and the UK ink post-Brexit trade deal

On March 9, 2021, in London, Ranil Jayawaderna (UK Parliamentary Under-Secretary of State for International Trade) and Albert Njoteh Fotabong (Cameroon's High Commissioner to the United Kingdom) signed the post-Brexit agreement that will govern trade between Cameroon and the UK, Cameroon's Minister of Economy, Alamine Ousmane Mey announces. *«This new Trade Agreement is a real opportunity to strengthen economic and diplomatic relations between the*

two countries. It is a continuation of the trade relations that Cameroon and the United Kingdom already had under the bilateral Cameroon-European Union EPA agreement. Thanks to it, the two countries will serenely continue their trade relations after the withdrawal of the United Kingdom from the European Union (Brexit), on December 31, 2020.» the Cameroonian government comments.

Specifically, this agreement allows preferential access (without customs

duty or quotas) to the British market for all the Cameroonian products, the Minister of Economy explains. The negotiations for this Cameroon-UK bilateral economic partnership agreement began in October 2018. They were preceded by a study on the impact of the agreement on the Cameroonian economy. The said study recommended the negotiation of a trade continuity agreement between the two countries.

Cameroon: the Competitiveness support system DACC to fine-tune technical assistance plan for women entrepreneurs in the northern regions

Douala-based Cameroon Competitiveness Support System (DACC) is currently identifying the needs of women entrepreneurs in the three northern regions (Adamaoua, North, and the Far North).

«On March 11, 2021, in Garoua, we organized a workshop to raise awareness and identify the needs of members of the Cameroon Women Business Leaders Association (CWBLA) residing in the northern regions of the country. It was organized following a request submitted by the CWBLA presented in February 2021 as one of the first five intermediary organizations (IOs) eligible for DACC's support, in the

framework of part 1 [of the action plan elaborated by the DACC to improve the competitiveness of Cameroonian companies] dedicated to direct support to businesses and IOs,» an internal source explains.

The workshop aimed to identify the concrete needs of CWBLA members that are VSEs and SMEs operating in the agri-food sector, the digital economy, and textiles sectors, to tailor the technical support to be provided to them.

In Cameroon, businesses, especially those run by women, often face challenges to their competitiveness. For the women entrepreneurs of

Cameroon's three northern regions, those challenges include adding value to finished products (packaging), cash flow problems, exclusion from marketing channels, energy shortages, low human capital, difficulties in complying with standards, and lack of access to raw materials.

Let's note that DACC is a Cameroon-EU cooperation instrument financed to the tune of XAF6.5 billion by the European Union. It was implemented on January 20, 2020, to improve the Cameroonian economy and create jobs by boosting local companies' competitiveness.



ECONOMY

Modern businesses recorded a higher turnover in 2016-2018 despite economic, security, and political crisis

From XAF11,551 billion in 2016, the turnover of modern businesses operating in Cameroon rose to XAF12,655 billion in 2018. This represents an 8.6% rise within two years despite the economic, security, and political crisis affecting the country. The figures were revealed in the «2018 Directory and demographics of modern businesses» (legal businesses subject to statistical and fiscal declaration) published on March 24, 2021, by the National Institute of Statistics. Also, according to the directory, in 2018, the said businesses' turnover was up by 4.9%.

The INS explains that during the period under review, 58.1% of the modern businesses were in the «less than XAF15 million turnover» category meaning that each of the businesses in that category recorded a turnover below XAF15 million. Although over half of the modern businesses operating in Cameroon at the time were in that category, it contributed to just 0.6% of the overall turnover.

Meanwhile, 1.3% of the modern businesses operating in the country at the time were in the «over XAF3 billion turnover» category. Nevertheless, they contributed 79.8% of the overall turnover during the period.

65.3% of overall turnover was recorded in the tertiary sector, 32.3% in the secondary sector, and only 2.4% in the primary sector. In the tertiary sector, wholesale and retail trade and vehicle repair were the branches that generated the highest turnover



(35.9%). Next came Information and telecommunications activities (9.3%) and financial and insurance activities (7.0%), due to the dynamism observed in some banks. In the secondary sector, the INS reports that three branches generated the most turnover. They are namely the construction (5.2%), oil refining and coking (4.8%), and the beverage industry (3.9%). In the primary sector, agriculture and forestry, as well as logging were the leading activities.

Rising number of formal businesses

According to the INS, the average turnover for all modern businesses is XAF364.8 million. In 23 out of the 42 activity branches covered, that average was exceeded. The said branches are «petroleum refining and coking (XAF201.6 billion), beverage industries (XAF12.7 billion), hydrocarbon and other energy products' extraction (XAF11.3 billion), manufacture of non-metallic mineral products

(XAF6.4 billion), cocoa, coffee, tea and sugar industry (XAF 4.8 billion), financial and insurance activities (XAF 2.5 billion), grain and starch products' processing (XAF2,490 million).»

It adds that between 2017 and 2018, the number of active formal businesses rose by 13.5%, from 30,006 to 34,688 despite the low number of new businesses created during the period (612 companies). This rise is due to the improvement of the physical (for businesses in the portfolio of divisional tax centers) and electronic (for businesses in the portfolio of large and medium-sized enterprises) collection of statistical and fiscal declaration thanks to digitalization. Let's note that both the turnover and number of active modern businesses grew during the period under review despite the economic and political crisis in the country. However, only the coming editions will indicate the impacts of the coronavirus pandemic on those indicators.

Cameroon : Main export commodities recorded sharp price increase in Jan 2021

In January 2021, except for aluminium, all of the raw materials exported by Cameroon recorded sharp price increase in international markets. This was revealed by the General Directorate for the Economy and Public Investment Programming in its January 2021 monthly price index.

«Global demand increased sharply during January 2021 compared to December 2020, leading to a significant increase in the prices of the main raw materials exported by Cameroon during this period, except for aluminum, which recorded a slight 0.7% decline. The increase is 10.0% for oil, 14.7% for wood, 15.7% for cocoa, 26.0% for cotton, 10.4%

for rubber, 18.2% for Arabica coffee and 12.7% for Robusta coffee,» the document indicates. It adds that during the said period, the Euro/Dollar exchange rate was almost stable (+0.01%).

According to the directorate, such sharp price increase was due to exporters' confidence in economic revival after the creation of several vaccines and the organization of many vaccination campaigns by many countries, despite some reconfinement cases observed worldwide.

This is good news for the state coffers. In January 2021, the price of black gold reached \$55.2 per barrel, whereas the 2021 budget was

drawn up on the basis of a barrel being \$40.3. If this trend continues, Cameroon could earn more revenue from the oil sector than the CFAF 418 billion projected in the 2021 budget law.

This is a good omen for the public treasury because, in January 2021, the prices of crude oil rose to \$55.2 per barrel while the 2021 budget elaborated the fiscal year's revenue generation capabilities taking an average of \$40.3 per barrel. Should such price increase continue throughout the current fiscal year, the country will generate more than the XAF418 billion oil revenue forecasted in the 2021 finance law.

Cameroon: Navy seizes suspicious pirogue loaded with 42,500 l of fuel



In a note published on March 20, 2021, the Cameroonian navy indicates that it recently seized a large quantity of fuel. «On March 16, 2021, acting to secure the EEZ [exclusive economic zone], the CNS Fifinda [military boat]

boarded and diverted, to Limbe, a pirogue coming from a neighboring country. The pirogue was loaded with 170 drums of 250 liters of diesel each, totaling 42,500 liters, and 7 crew members without identity docu-

ments,» the navy reveals.

According to the same source, the pirogue and the seized diesel were handed to the Commander of the Naval Base of Limbe for due diligence with the competent authorities.

Sources reveal that the pirogue was coming from Nigeria, whose borders with Cameroon, the Southwest, and the three northern regions notably, have become thriving grounds for smuggling activities.

Let's note that according to the Ministry of Energy, the use of smuggled fuel affects engines and causes about XAF32 billion yearly revenue shortfall for Cameroon.



FINANCE

Pension fund CNPS posts XAF72.3 bln net profit for 2020 despite Covid-19

On March 19, 2021, the 2020 management report of Cameroon's National Social Insurance Fund (CNPS) was validated by the board of directors. The report reveals a XAF72.3 billion net profit during the period, down by XAF1.5 billion compared with the XAF73.80 billion recorded in 2019, internal sources reveal.

This is the second consecutive year CNPS is recording net income exceeding the XAF70 billion mark. Also, since the 2016 financial year, this indicator has been on the rise. For instance, in 2016, it was XAF43.78 billion, and in 2017, it rose to XAF54.27 billion while in 2018 it rose further to XAF62.31 billion.

Nevertheless, in 2020, the rise in CNPS's net income could be considered a great achievement because of the coronavirus pandemic, which forced the government to initiate measures to support households and businesses. Indeed, many of the 19 measures enacted by the Cameroonian Prime Minister on April 30, 2020, were expected to impact the CNPS cash flow.

Increased expenditures

The measures include the cancellation of penalties for late payment of social security contributions due to the CNPS, the payment (between May and July 2020) of allowances to workers whose employers were unable to pay social security contri-

butions, the increase in family allowances from XAF2,800 to 4,500, and a 20% revaluation of pensions.

«If we were to estimate the financial cost of all those measures, we will say that the increase in pensions costs XAF12 billion while for family allowances, it is XAF5 billion. As for the deferred social security contributions, they are estimated to be about XAF15 billion,» said Alain Noël Olivier Mekulu Mvondo, CNPS director-general.

Despite this increase in expenses (increase in benefits and pensions, payment of benefits to employees of insolvent companies ...) while revenues were dropping (deferment of the payment of contribution arrears, the extension of payment deadlines ...), CNPS paid its social benefits, which were higher than the amounts it paid in 2019.

«In 2020, XAF110.85 billion social benefits were paid, up by 11.9% compared with 2019, and 76.87% compared with the 2010 fiscal year. These social benefits were paid by the CNPS to 120,819 pensioners (against 118,604 in 2019), 76,006 recipients for the pension of 234,287 children (against 81,283 recipients for 226,711 children in 2019), and 5,197 annuitants against 5,453 in 2019, « an authorized source informs.

Budgetary risk

The CNPS's performance confirms

the ranking elaborated by the Technical Commission for the Rehabilitation of Public and Para public Enterprises (CTR) in its 2019 report on Cameroonian public enterprises' performance. Indeed, out of 50 state companies (excluding the National Hydrocarbons Corporation) whose performance was analyzed, the CNPS is the first of the nine companies the CTR claimed had potential (meaning they generated dividends and profits in the 2019 fiscal year).

Let's note that despite its financial health, CNPS is considered (by the CTR) as one of the public corporations that present budgetary risks for the government since their debts are high. For instance, the technical commission indicates, at end-2019, the pension fund's debt was estimated to be over XAF250 billion.

As a reminder, in Cameroon, public corporations generally perform poorly, according to a report published by the International Monetary Fund (IMF). First, they do not generate dividends and require subsidies (estimated at 1% of the country's GDP, according to the Ministry of Finance). Also, many of them have abysmal debts (ed. note: in 2017, the debt of 37 state-owned companies was XAF2,624.4 billion) which constitute a real budgetary risk for the state Treasury, according to various official analyses.

Cameroon: Debt recovery agency SRC to auction four buildings to refund bankrupted banks' clients

In the coming days, four buildings located in the two Cameroonian capitals will be auctioned by Cameroon's debt recovery agency SRC (Société de recouvrement des créances du Cameroun), which published four auction notices on March 17, 2021. «SRC is the State of Cameroon's agent, in charge of the recovery of residual debts in the portfolio of the former Banque Camerounaise de Développement in liquidation, under the agreement of August 22, 2018, governing the representation,

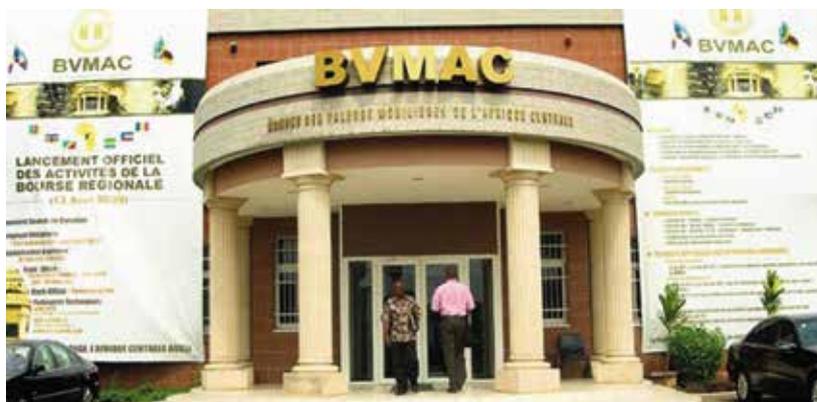
recovery, and management [of that portfolio]. As such, it is launching an auction for the sale of a building in Yaoundé, department of Mfoundi, Central region,» the agency wrote in one of the notices.

According to credible sources, the proceeds from the auctions will be used to repay the customers of several banks that went bankrupt in the late 80s and 90s. These include Banque camerounaise de développement, Crédit agricole du Cameroun and Banque Meridien Biao Cameroun.

The buildings are being auctioned years after the banks collapsed and most of the creditors have passed away. According to APPECCAM (Professional Association for Credit Institutions in Cameroon), the bankruptcy of the banks cost the Cameroonian economy over XAF800 billion.

Created in 1989, SRC specializes in bank debt recovery, asset management, and consulting. Since its creation, SRC has recovered XAF850 billion of debt.

Alios Finance Cameroon releases XAF521 million to amortize its Alios 5.75% Net 2018-2023» bond



Alios Finance Cameroon will release XAF521 million to repay part (XAF444.4 million) of the «Alios 5.75% Net 2018-2023» bond plus XAF76.6 million as interest on March 19, 2021. The information was revealed in a statement signed on March 15, 2021,

by the Director-General of the Central African Securities Exchange (BVMAC), Jean Claude Ngbwa.

«The gross coupon to be received per bond amounts to XAF651.38 (XAF555.55 for the amortization of the principal and 95.83 as interest).

Investors can start collecting them on Monday, March 22, 2021, at brokerage firms,» Jean Claude Ngbwa informs inviting the public and market participants to contact the BVMAC for more information.

Let's note that in 2020, Alios Finance released over XAF1 billion for amortization and interests on its Alios 5.75% Net 2018-2023» bond issue. On June 22, 2020, the firm released over XAF539 million, representing XAF444 million for the amortization of the principal and about XAF95 million for the interest. That same year, on December 19, it released about XAF445 million for amortization and interest for that security it issued on the Douala stock exchange that merged with the then BVMAC based in Gabon.

BVMAC: Dynamization at last?



The Central African stock exchange (BVMAC), which was not dynamic in 2019, seems to be gradually picking momentum. Indeed, between the 4 months from December 2020 to March 2021, three fundraising operations were organized on the stock exchange.

The first was the bond issuance operation during which the Development Bank of Central African States (BDEAC) raised XAF107 billion in December 2020. The second was the IPO launched in February 2021, by La Régionale (a microfinance institution renowned in Cameroon), to raise funds for its transformation into a universal bank. That IPO operation was the first on the BVMAC since 2019 when it merged with the Douala stock exchange and adopted a new configuration. The third operation on the BVMAC was launched on March 12, 2021,

(and will be concluded on March 20, 2021). That day, the republic of Congo launched its bond issuance operation aimed at raising XAF100 billion. According to credible sources, other fundraising operations on the BVMAC are being planned. They are notably a bond issuance operation of an undisclosed amount by Gabon, and the IPO of six CEMAC countries' state-owned corporations, in compliance with the strategy adopted by member countries for the dynamization of the stock exchange of this region.

These various operations, announced or underway, build hopes for an effective dynamization of the stock exchange, whose liquidity has been stalling since 2019 (when it merged with Douala stock exchange and adopted its new configuration) despite the various incentives provided by authorities. At end-July 2020, the

market capitalization of its equity segment was about 1% of Cameroon's GDP while in 2018, the market capitalization of the Abidjan-based BRVM (West Africa's stock exchange) was about 15.7% of Côte d'Ivoire's GDP (according to Absa Africa Financial Markets Index 2020). The resumption of bond issuances on the BVMAC since end-2020, as well as the announced IPOs, bode well for the stock exchange's market capitalization. In 2020, BVMAC estimated that thanks to the measures taken, the market capitalization of its equity segment would rise to XAF1,200 billion (ed. note: at end-July 2020, the market capitalization of the equity segment was estimated at XAF149.5 billion) and the bond segment would rise to XAF1,000 billion at least, against XAF748.7 billion at end-July 2020.



AGRIBUSINESS

UK provides XAF1.1 bln to support cocoa and Penja pepper sectors



The UK recently provided XAF1.1 billion to support the Cameroonian cocoa and Penja pepper sectors, a member of the delegation of British Minister for Africa, James Duddridge, who visited several British investments in Douala, on March 24, 2021, revealed. The funds, released for the UK Trade Partnerships Program led by the International Trade Centre (ICT), aim to promote cocoa and Penja pepper exports to the British market. As a matter of fact, since 2020, the Geneva-based ICT has been training cocoa and Penja Pepper producers to facilitate their access to western markets (EU, USA, etc.), British especially. The training focuses on good agricultural and presentation (packaging, branding.)

practices, we learn.

«The aim of this financial support is to boost the volume of trade transactions between the UK and Cameroon. We have realized that even in the UK, Cameroonian products are not popular. So, as strategic sub-sectors, Penja pepper and cocoa are good opportunities for Cameroonian producers to penetrate a vast market, [like the UK],» the member of the delegation explained.

Cameroon: the land of business opportunities

Let's note that three weeks before his visit to Douala, the British Minister for Africa was in Penja (93.2-km from Douala) where the Penja Pepper is cultivated. On March 24, he was at the

Douala Grand Mall (90%-owned by British firm Actis) and the Guinness production plant at Ndokotti. After his meeting with British business leaders operating in the economic capital, he also relaunched the British Chamber of Commerce in Cameroon.

«I came to Cameroon to strengthen relations between our two countries. For many years now, the UK has had a very good relationship with Cameroon, the aim here is to strengthen that relationship. The UK market is an opportunity for Cameroonian entrepreneurs as well as producers in the cocoa and Penja pepper sub-sector. We believe that it is essential to support them so that they can earn better incomes by accessing our market,» James Duddridge said adding that Cameroon is a land of business opportunities. This meeting with British businesses operating in Cameroon and the provisions of XAF1.1 billion to support the said sub-sectors were preceded by the signature (on March 9, 2021) of a post-Brexit trade deal with Cameroon. Officially, one of the goals of that deal is to boost trade exchanges between the two countries and support local producers.

This deal is currently being ratified by the two countries' parliaments and once done, it will mark a new area in the relations between both countries. According to the British High Commission in Cameroon, 12% of the banana produced locally end up on the British market.

Cameroon to distribute XAF774 mln of cocoa premiums to encourage the production of quality beans

On March 23, 2021, in the Mbam-et-Kim cocoa production area, Minister of Commerce Luc Magloire Mbarga Atangana launched the distribution of premiums to producers to encourage the production of the Grade 1 cocoa highly prized by cocoa processors and chocolate-makers. According to the Ministry of Commerce, a XAF70 premium will be distributed per kilogram of grade 1 cocoa for the 2017-2018 cocoa cam-

paign; XAF774,025,721 will be distributed to 5,239 producers all over the country for 10,301,766 kilograms produced during the season. «The amount to be received by each producer ranges between XAF11,000 and 1,800,000,» the ministry adds. The 90 beneficiaries of the Mbam-et-Kim areas received XAF13 million. Also, the distribution will end on April 27, 2021. According to Minister Mbarga

Atangana, the distribution of the premiums is in line with the Head of State's decision to mitigate the impact of the drop in cocoa prices that occurred during the 2016-2017 season. At the time, a series of measures were adopted, including the introduction of a quality premium for farmers, the acceleration of the construction of cocoa centers of excellence as well as a reduction (by half) of the cocoa export tax.

Cameroon to disburse XAF50 bln to boost cocoa-coffee production in the coming 5 years

Through the Cocoa and Coffee Development Fund (FODECC), Cameroon will disburse XAF50 billion, over 5 years, to boost cocoa and coffee production. The information was disclosed by Samuel Donatien Nengue, FODECC manager, in an interview with Financial Afrik. He explained that the funds will not be handed to producers but rather used for the purchase and distribution of agricultural inputs, fertilizers, and other production needs expressed by the producers themselves. «Infrastructure is not concerned, but we are planning to subsidize them,» he added. Let's note that for over ten years

now, the Cameroonian government has taken numerous initiatives to revive cocoa and coffee production in the country. However, the results achieved are not always as expected. For instance, in 2014, the government adopted a cocoa-coffee revival plan aimed at reaching a yearly production of 600,000 tons of cocoa and 185,000 tons of coffee by 2020. However, in 2019, official figures were estimating the yearly cocoa production at about 365,000 tons, far below the 2020 target. So, the country set a new target for the five coming years. This time, the country plans to exceed the 600,000 yearly tons target to 640,000 tons

(according to the 2020-2030 national development strategy). To fulfill its ambition, the country will have to step up its actions. Indeed, the XAF50 billion support announced is just a portion of the XAF600 billion required to fund the 2015-2020 cocoa-Coffee revival plan adopted on September 30, 2014. This plan was based on increased funding for research, the production and large-scale distribution of seedlings produced from improved seeds, the comprehensive treatment of the cocoa-coffee orchard, as well as the creation of new and large plantations.



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ENERGY

The USTDA to invest XAF518 mln for feasibility studies of a solar mini-grid project



On March 24, 2021, the U.S. Trade and Development Agency (USTDA) announced that it would provide \$932,945 (XAF518.3 million) to fund the feasibility study of a project to connect more than 100,000 households to solar mini-grids in rural Cameroon.

According to the U.S. agency, the project is based on an innovative battery storage solution. Renewable Energy Innovators Cameroon (REIC), the Cameroonian organization supported by USTDA, is working on the project in partnership with SimpliPhi Power, a California-based provider of energy storage systems.

In the framework of the project, which is the first to be funded by the USTDA in Cameroon, SimpliPhi Power will carry out the feasibility study in collaboration with the National Renewable Energy Laboratory (NREL), part of the U.S. Department of Energy, and Virginia-

based Morua Power. The study will also include the design and monitoring of a mini-grid pilot project.

«We are proud that U.S. companies are participating in the development of new solutions to meet Cameroon's energy needs. Such a partnership creates synergy for agile, sustainable, and locally relevant results. This action is just one of the many ways the U.S. is working to support Cameroon's prosperity, security, and development,» said Vernelle Trim Fitz Patrick, Charge d'Affaires at the U.S. Embassy in Cameroon.

According to Jude Numfor, REIC's executive director, «after several years of extensive research and work on mini-grids in Cameroon, USTDA's support comes at a critical time» as it will help mature «plans to provide access to electricity to more than 760 villages in Cameroon in the coming years.»

«As a U.S. manufacturer in the project's specialty area and a leader in sustainable energy storage technology, we believe that access to clean, affordable energy is fundamental to economic growth, social equity, and environmental responsibility. We look forward to supporting REIC in driving this rural electrification initiative in Cameroon,» said Jesse Gerstin, SimpliPhi Power's director of sustainable business development.

According to official figures, only 27% of Cameroonian households have access to electricity. Meanwhile, over 60% of households have no access to electricity. This phenomenon is more pronounced in rural areas where 70% of households have no access to electricity.

Let's note that the USTDA currently has a global portfolio of mini-grid projects that deploy innovative made-in-America solutions.



LEADER OF THE MONTH

BUSINESS MOGUL PASCAL MONKAM DIES AT 90



Since February 27, 2021, when Pascal Monkam passed on in South Africa, only his tributes could be seen on all of SABC group's digital platforms. «He has been a friend and former associate of President Pierre Castel since the group started operations in Cameroon. He was also one of the 52 distributors that started the adventure with SABC group in 1948,» SABC group writes.

To praise the late businessman's loyalty, SABC reveals that «at the creation of Union camerounaise des brasseries (UCB) in 1969, 51 of the [SABC] distributors became shareholders of UCB. Only Monkam Pascal chose to remain loyal to SABC. With his demise, the Castel

group has lost one of its loyal partners. To last so long in the business and keep the same partner all along, you need a method, a character, and a rare quality, which is loyalty. Both he and the SABC group shared this loyalty.»

Thanks to his loyalty to his «friend» Pierre Castel, Pascal Monkam eventually became the SABC's largest distributor, in terms of volume, and the largest brewing product's dealer to ever operate in the Cameroonian market.

Pascal Monkam died in South Africa, where he invested heavily since the end of the Apartheid. Rumors announced his death on

February 18, 2021, but his relatives refuted the information.

Pascal Monkam leaves behind a significant real estate inheritance. In Cameroon, he has a chain of five hotels (in Yaoundé, Douala, and Bafang) but he also owns luxury hotels in South Africa. They are notably the Monkam Pascal twin towers, Pretoria Hotel, Tamboti Lodge, and Park Lodge Hotel.

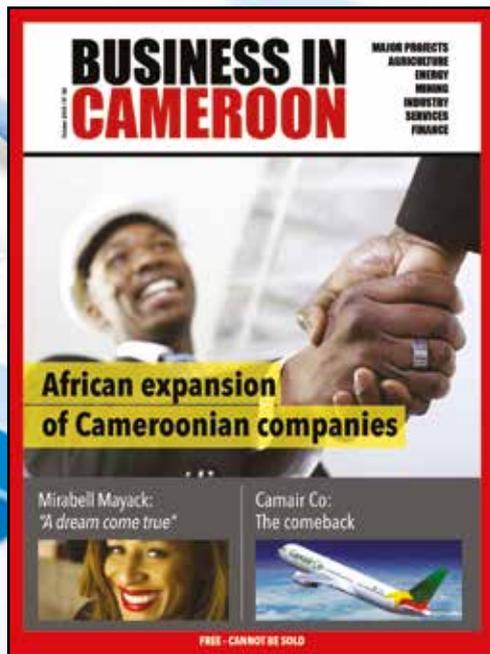
The late business mogul has not been buried but his properties are already the cause of inheritance conflicts, reviving debates about the survival of family-run businesses after the founder's demise «When he was alive, Mr. Monkam Pascal used to manage his group himself. He used to recover or delegate the recovery of the revenues from each of his companies. Nowadays, however, we have reasons to believe that the managers of those companies are misappropriating the turnovers of each of the companies they are managing,» reads the court application submitted by Alain Christian Monkam (one of the late man's sons) in a bid to be named receiver-manager for his late father's properties.

Invoking legal texts, Alain Christian Monkam explains that this application aims to secure the group's revenues, ensure the proper collection of the revenues generated by each of the companies belonging to his father's group and assess whether all the expenses listed benefit the group.

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