LEADING EDGE
CAMEROON 2017

PERSPECTIVE
ENERGY
AGRICULTURE
WATER & SANITATION
Globolec subsidiaries (with capital from CDC England and Norfund Norway), Kribi Power Development Company (KPDC) and Dibamba Power Development Company (DPDC) are independent electrical energy producers, contributing to just over 20% of the national production in Cameroon, a total of over 300MW of power. Its capital is 44% Cameroonian state-owned and 56% Globolec-owned. Another Globolec subsidiary, Globolec Cameroon Management Services (GCMS), assures the administrative management of these two electricity-producing companies by coordinating their Finance, Human Resources, Legal and Compliance, Buying, IT and Security units.
Globeleq subsidiaries (with capital from CDC England and Norfund Norway), Kribi Power Development Company (KPDC) and Dibamba Power Development Company (DPDC) are independent electrical energy producers, contributing to just over 20% of the national production in Cameroon, a total of over 300MW of power. Its capital is 44% Cameroonian state-owned and 56% Globeleq-owned. Another Globeleq subsidiary, Globeleq Cameroon Management Services (GCMS), assures the administrative management of these two electricity-producing companies by coordinating their Finance, Human Resources, Legal and Compliance, Buying, IT and Security units.

Kribi
9km from the north entrance into Kribi, in the village of Mpolongwe, KPDC’s gas-fired power station began production in May 2013 and produces 216MW of electrical energy which is directly diffused to Edea, 100km away, through a 225kV Bitem HV line and connects to ENEO’s electrical grid, with which they have contracts to provide electrical energy. The station also has contracts to provide gas to the NHC (National Hydrocarbons Corporation). In order to contribute even more to reducing the country’s energy deficit, KPDC plans to expand the station to a total of 330MW of power production.

Dibamba
12km from the east entrance of the administrative center of Douala, in the village of Yassa, Dibamba’s heavy-fuel station began production in 2009 and produces 88MW of electrical energy, which is directly diffused to Ngodi Bakoko, 3km away, through a 90kV HV line and connects to ENEO’s electric grid, with which they have contracts to provide electrical energy.
Leading Edge Cameroon 2017 was born out of our conviction that Cameroon holds great potential as a destination for investment capital. With the largest and most diverse economy in the Central African Economic and Monetary Community (CEMAC), the nation exhibits immense, untapped sources of wealth across multiple sectors. We have been honoured to meet first-hand with government officials and industry heavyweights in the country, a welcoming microcosm of Africa with its ethnic, linguistic and geographic diversity comparable to that of the continent at large.

This, our inaugural Cameroon guide, is the first in a planned series that will delve deep into the country’s competitive advantages for investment. In this edition, we get the ball rolling with three of the most important sectors: energy, agriculture, and water and sanitation. Together they form a heavy chunk of the magnet attracting FDI to the Francophone and Anglophone melting pot.

We see great potential in hydroelectric power in Cameroon, touted as the second-greatest in Africa (see pp.40-41). The oil sector, too, is returning ever closer to its former heights, and is today one of the most important sources of government income, accounting for close to 45% of foreign exchange earnings in 2016 (see pp.42-43). Many say that Cameroon’s constantly evolving agriculture sector is poised to become the key driver of its economy and we explore just how this might pan out on pages 54-65. Finally, rapid urbanisation has created a need to improve the quality and quantity of potable water, sanitation and irrigation programmes for the entire population on a continual basis, providing an array of opportunities for outside investors (see pp.66-79).

Cameroon was one of the first countries in the region to create an environment designed to attract private participation, implementing a steady flow of legal reforms (see pp.80-81). The Vision 2035 initiative created by President Paul Biya makes official the country’s roadmap over the next three decades; a journey towards being an “emerging, democratic and united country in diversity”. As well as FDI, the plan puts large-scale infrastructure development at the heart of the government’s work, in acknowledgement of the fact that it is on the smooth functioning of this sector that all others hinge. Further contributing to this positive momentum, multilateral funding is being renewed yearly by major bodies including the World Bank, the United Nations and the African Development Bank.

As our series develops we will have no shortage of topics to cover; infrastructure, electricity, transport, tourism, telecommunications, housing, forestry, mining and light-manufacturing all deserve attention. We hope that you, the reader, will enjoy and find use in what we hope is a balanced take on the many riches of Cameroon, as understood directly from those shaping the future of the country.

Alice Tozer
Editor
April 2017
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# Perspective

**noun**  
per·spec·tive \pər-'spek-tiv\  
The capacity to view things in terms of their relative importance

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The ball is in Cameroon’s court

With favourable initial conditions, Cameroon has everything to play for and every motivation to achieve its goal of emerging-economy status by 2035

Helena Spongenberg & Alice Tozer

IN 2019, FOOTBALL-MAD CAMEROON1 will host the Africa Cup of Nations. Nearby Ivory Coast and Guinea will take the reins in 2021 and 2023, respectively. Three business and sporting successes are there for West Africa’s taking.

For Cameroon and the Central African Economic and Monetary Community (CEMAC), of which the country forms a part, 2019 is good timing; it provides further incentive for Cameroon to continue along its already well-trodden modernisation path, and the government is therefore anchoring some of its major infrastructure projects to the biennial men’s championship.

Cameroon is something of a shining star among the CEMAC nations, an area of Africa where economic performance has recently been adversely affected by the sharp drop in oil prices and security issues. Forecasts for annual GDP growth fell in 2016 to 5.6% (from 5.8% in 2015) but projections for 2017, 2018 and 2019 are 5.7%, 6.1% and 6.1%, respectively.2 Cameroon, in this uncertainty, is often viewed as the motor of the CEMAC, which was founded in 1999 and whose members also include Chad, Central African Republic, Equatorial Guinea, Gabon and the Republic of the Congo.3 Even in a pan-African context, Cameroon shows impressive resistance. As oil prices have taken a tumble, economic growth has not fallen as precipitously in Cameroon as elsewhere on the continent.

Cameroon’s prudent macro-economic policies and political stability have been the number one reason that growth rates in the country have remained positive. Part of its buffer comes from its diversified economy. Although oil has become one of the large sources of revenue in Cameroon in recent years, investment in this sector has not been overly dominant, thus avoiding the potential pitfall of a dependency on the industry.

Each week, 70 forty-foot reefer containers packed with banana bunches set sail from Douala for Dunkirk.4 Add to the export list crude oil, timber, cocoa, coffee, cotton, bauxite, iron ore and hydropower and you start to see the extent of Cameroon’s export repertoire. These products are headed principally for the Chinese market, the Netherlands, Spain, India and Portugal.5 But can Cameroon maximise its wealth in commodities?

This is a question the country can no longer afford to ignore; the bonded areas for storing boxes at Douala, the nation’s largest port city, are filled to 20% over capacity.6 Currently, the revenues obtained from trade are not being channelled into structural investments in infrastructure and the productive sectors in an optimal manner. Furthermore, how can Cameroon harness the means to manufacture final products within the country, in order to add a much greater value to its economy?

Cameroon’s main imports are machinery, electrical equipment, transport equipment, fuel and food and they are sourced variously from France, Nigeria, Japan, the US, China and Germany.7 However, domestic consumption and regional trade are expected to increase; Cameroon’s high population growth and expanding middle class create conditions favourable to market attractiveness in terms of mass consumption and infrastructure development.8 The demand for electricity in Cameroon is increasing by between 7-8% each year and investment in power infrastructure therefore requires growth in public-private partnerships.9

A long coastline, a favourable climate, natural resource wealth, a skilled population10 and a qualified administration are further advantages that contribute to the estimation that opportunities for rapid economic growth and poverty reduction in Cameroon are “huge”.11 To start to live out its potential, Cameroon needs to improve its rural productivity — particularly in the north of the country — and its business environment, too. Steps are already being taken to do so, with a view to boosting foreign investments in order to help Cameroon reach its long-term strategy of becoming a middle-income nation by 2035. However, growth needs to accelerate further if this is to happen, requiring a substantial increase in the level of investments from 20-32% of GDP.12 The public sector alone cannot bring this about, hence the need for much more private investment. Securing this requires major improvements in the business environment, to increase the efficiency of the economy and its ability to innovate.13

Cameroon has particular comparative advantages in agro-processing and livestock production given its vast areas of agricultural land and rising domestic consumption. Agriculture and forestry represent an enormous opportunity in the country, in spite of recent declines, with growing markets both at home and abroad. The country is home to fertile land and an ideal climate, with nearly eight months of rainfall per year. Some 65% of Cameroon’s geography is arable, with a broad diversity of cash crops that includes bananas, coffee, cotton, peanuts and cocoa. The country is Africa’s fourth-largest producer of cocoa. Increasing the processing of cocoa and coffee, leveraging packaging and branding, has the potential to transform the sectors and drive value to customers. Rubber, palm oil and oil seed processing offer great potential for making oil-based products and feed production.

The domestic processing of agricultural commodities is under-exploited. Processed food products can be sold on the local market, where increasingly busy lifestyles are driving demand for convenience food. In addition, there are
opportunities to supply West and Central Africa from Cameroon, leveraging the country’s status as a trade hub. Cameroon is currently seeking closer trade ties with its immediate neighbour to the north-west, Nigeria, Africa’s most highly populated nation.

Cameroon is wise to the fact that creating favourable terms for trade and enhancing trade relations with other countries is critical for an emerging African economy. Implementation of the Economic Partnership Agreement (EPA) between Cameroon and the European Union in August 2016 was a major indicator of this. According to a communiqué signed by the European Commission, this agreement “makes provision for duty-free and quota-free access to the EU market for exports originating from Cameroon. For its part, Cameroon will gradually open its market to European exports over a transition period scheduled to last until 2023.” The pact allows for duty and quota-free access to the EU for all imports from Cameroon. The African nation will in turn gradually open its markets to select EU goods over a 15-year period. The agreement also covers aid for trade, institutional issues and dispute settlements, as well as clauses providing for further negotiations on other trade-related issues such as intellectual property and competition policy.

Further life was breathed into EU-Cameroonian relations in 2016 by the European Investment Bank (EIB) — the bank of the European Union — choosing Yaoundé, the capital of Cameroon, as its site for opening a regional representational office that will act as a hub for investment projects in the Central African region. The new permanent office “will lead the engagement of the EIB, the world’s largest international public bank, in terms of supporting the development of long-term public and private sector investment in the region in partnership with the EU and managing relations with the national and regional authorities, as well as with the other international organisations based in the Cameroonian capital.”

The government of Cameroon has commenced significant reforms of public finances beginning with the introduction of programme budgets in 2012. The reforms are intended to increase transparency, improve efficiency (notably in the national investment budget) and curb corruption. The government’s Vision Cameroon 2035 is its general policy direction for further economic development, and part of its Growth and Employment Strategy (Document de Stratégie pour la Croissance et l’Emploi or DSCE — equivalent to a Poverty Reduction Strategy). The objectives are reducing poverty to 10%, transitioning from a lower-middle-income country to a middle-income country, becoming a newly industrialised nation, consolidating democracy and enhancing national unity. “Cameroon’s objective is to become an emerging country by 2035,” said the President of Cameroon, Paul Biya, at an international investment conference in Yaoundé in May 2016, adding that it had become a “national cause.” All our public policies and particularly our public finance management are geared towards achieving this objective,” he added.

Cameroon’s market economy gives importance to regional integration and multilateral cooperation, and the country is a founding member of the African Union. As one of the countries enjoying the most peace and stability in Africa, it also benefits from the stability of its currency, the CFA franc, and has a central bank due to its membership of the franc zone. Over the past two decades, the country has embarked on various IMF and World
Bank programmes designed to spur business investment, increase efficiency in agriculture, improve trade, and recapitalise the nation’s banks. During a recent visit to Cameroon, IMF President Christine Lagarde praised the host nation’s authorities for “taking strong steps to secure macro-economic stability and build strong and inclusive growth” adding that “the IMF is already helping Cameroon meet its challenges through policy advice and technical assistance and we stand ready to provide further support should the authorities request it.”

Earlier this year, the Finance Minister of Cameroon, Alamine Ousmane Mey, was recognised as Finance Minister of the Year at the prestigious African Banker Awards 2016 and hailed as “the mastermind driving Cameroon’s fast developing economy.” He said that Cameroon had “focused on life-changing projects” and in doing so, had grown its economy.

As discussed, Cameroon’s authorities maintain a long-standing goal to be an “emerging economy” by 2035. And there is every indication that this will be achieved provided certain further economic imperatives are met, infrastructure and power supply being chief among these, together with the IMF’s on-going pressure on the country to reduce fuel subsidies. The country’s producers have good reason to feel incentivised: robust levels of investment and government spending are coupled with low inflation. But the government must not take its eye off the ball in its efforts to create inclusive economic growth and reduce poverty. All being well, with further growth and macro-stability, the levels of per-capita income that Cameroon attained in the 1980s could be just around the corner.

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Cameroon’s young entrepreneurs build tools to spark social change

Budding young entrepreneurs in Cameroon are being ushered into the limelight thanks to support from the World Economic Forum

WHILST THE WORLD Economic Forum (WEF) may be best known for its annual meeting in Davos, outside the spotlight the WEF is active year-round, particularly on non-profit initiatives promoting youth-led engagement and local social impact projects. These include sponsoring multi-stakeholder communities such as the Young Global Leaders, the Global Agenda Councils, the Schwab Foundation for Social Entrepreneurs and the Global Shapers. This latter group, incorporated in 2011, is a worldwide network of ambitious young leaders committed to generating a positive social impact whilst bringing the perspective and voice of global youth to the WEF.

The Global Shaper Community is organised around city-based hubs that undertake local projects aiming to affect positive change in their communities. Its members — entrepreneurs and social leaders between the ages of 20 and 30 throughout the world — participate at a local level through community projects but also help shape the global WEF agenda. Hubs and members come together at WEF events, including the annual and regional meetings, and collaborate in different WEF initiatives. For example, a campaign launched by the WEF to combat climate change, Climate Shape, worked closely with Global Shapers on a project aiming to reduce CO₂ emissions from landfills in India by up to 40% through collaboration between local rubbish collectors and businesses.1 Global Shapers also participated in the 2015 World Economic Forum Annual Meeting in Davos and organised the event Shaping Davos, a precursor to the annual meeting to discuss local solutions to global issues.2

There are 6,662 individuals worldwide, known as Shapers, who belong to this socially minded entrepreneurial community. They are grouped together in 435 different cities, known as hubs, of which Africa is home to 76. In Cameroon, there are seven Global Shapers in Yaoundé and 19 in Douala. The Douala hub’s entrepreneurs engage in volunteer work, legal assistance, social work and business development throughout Cameroon. One Cameroonian Shaper, Alain Nteff, harnessed his IT engineering and entrepreneurial skills to found GiftedMom, an SMS platform for pregnant women and new mothers. The tool sends customised notifications to its users — currently more than 6,000 women in Cameroon, Mali and Nigeria — alerting them to their next prenatal check-up and upcoming vaccinations. Alain’s project has been widely praised; he was named in Forbes Africa’s 30 under 30 list of entrepreneurs and Africa’s Top Social Entrepreneur in 2014 by the MasterCard Foundation.3

Mbanada Epanty Agbor Nde is another star entrepreneur from the Douala Global Shapers hub. He founded Legal Aid for Women (LAW) a non-governmental organisation that provides pro bono legal services to women in his community. LAW offers services such as a rapid alert mechanism to denounce abuses of women’s human rights.4

The Douala hub has undertaken some of its own collective initiatives, notably the Documented Birth Project. Members of the hub target primary schools and identify students who never received certification of their birth, then accompany children and parents to obtain birth certificates. The Douala hub members explain that in rural areas up to 50% of children are not in possession of this basic legal document, thus prompting the progressive initiative.5

“The Douala hub’s entrepreneurs engage in volunteer work, legal assistance, social work and business development throughout Cameroon”

In 2014, the WEF convened the world’s Global Shapers in a conversation responding to the Pope’s call “to ensure that humanity is served by wealth and not ruled by it.” The document reporting the results of that event read: “From the many ideas and insights generated during this interactive meeting, the most important was the urgent need for a new global mind-set and consciousness, which lead to shared values and behaviours that put the human being at the heart of our economic, political and social systems.”7 And so a strong conclusion was reached about the key role that the Global Shapers and other young leaders can play in building a more just and inclusive society.8

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Cameroon is a Central African country, home to some 24 million people. It is slightly larger than Sweden with a total area of over 475,400 square kilometres. Known as the hinge of Africa, Cameroon has an advantageous position as the neighbour of many regional entities including Nigeria, Chad, Central African Republic, the Republic of the Congo, Gabon and Equatorial Guinea. The country has strategic access to the Gulf of Guines, which facilitates the country’s import and export procedures.
Douala: industrial nerve and economic epicentre

A strategic port, a stock exchange and long-awaited infrastructure projects are driving the growth of Douala and consequently that of the Cameroonian economy.

Sophie Mancuso

PERCHED ON THE ESTUARY of the Wouri River, Douala boasts an enviable location with direct access to Africa’s Atlantic coast. The port city serves as the gateway to Central Africa and serves landlocked neighbours Chad and Central African Republic, as well as the Congos. Consequently, for centuries it has been a melting pot of cultures.

Whilst not Cameroon’s capital, it is the economic heart of the country, contributing 22% of national GDP in 2015. But it is also a relatively expensive place to live with a high standard of living — average consumer expenditure per household (excluding housing and transport) is 51% higher in Douala than in the rest of Cameroon. Douala benefits from less income inequality than many other cities in Sub-Saharan Africa, such as Lagos, Cape Town, Johannesburg and Nairobi.

The city harbour accounts for about 80% of Cameroon’s industry. It houses breweries and textile factories as well as palm oil, soap and food-processing plants and oil and gas companies due to the abundant natural energy resources in the region. Together, commerce and business services accounted for 61% of the city’s gross value added (GVA) in 2015, versus 29% in the rest of the country. Falling under German and then French rule until it gained independence in 1960, Douala still exhibits French influence. Much of the infrastructure and industry in Douala was established under colonial rule, including schools, roads, railways and the seminally important sea and airports.

During the crisis of the 1980s and 1990s when prices for oil, coffee and cocoa sank, and reduced Cameroon’s export income, there was a significant downturn in economic activity in Douala. The recession also amplified rural exodus due to the higher cost of producing crops. This resulted in increased urban sprawl with the population swelling from 800,000 in 1987 to two million in 2014. Since the recession, the economy of Douala has been slowly but surely recovering through projects and improvements in infrastructure, manufacturing and finance.

Every year, thousands of migrants settle in Douala, with the population expected to grow from 2.9 million to around four million in 2025. A major challenge lies in building the city at the same rate as this growth so that it doesn’t become a victim of its own success. Over the years, there have been a number of initiatives aimed at improving the infrastructure of Douala.

A major move in this direction was the establishment of the Douala Urban Council, to improve town planning, transport and sanitation. However, the functions of the Douala Urban Council have been somewhat stifled by insufficient funding and an inadequate work force.

In 2006, Douala’s administrative authority set up the City Development Strategy (CDS) to establish and validate a coherent framework for the long-term development of Douala, towards the goal of poverty reduction and economic development. A major contribution of the Douala CDS is that it has led to critical financing opportunities for the city. For example, in 2011, the World Bank approved a USD 28.5 million loan for a city sanitation project (CAMSAN-CUD).

The Douala Infrastructure Project has improved the inadequate state of an important road network and eased overcrowding on roads leading to the port. The International Development Association (IDA) of the World Bank Group put USD 71.5 million towards the project. In addition, after President Paul Biya publicly laid the foundation stone in 2013, the second bridge over the Wouri River continues to be under construction. The project was conceived to relieve congestion and will accommodate five traffic lanes and two pavements, as well as a railway line.

Banking and finance, while young, are growing in Cameroon with international banks and micro-finance organisations operating in Douala. The bulk of financial services are carried out by commercial banks such as Citibank and Banque Populaire. As the number of large infrastructure projects attract investment to Douala, the finance sector is likely to continue to grow.

One of the main difficulties facing investors in Cameroon has historically been the lack of transparency with process. The government has taken steps to combat this with the introduction of the online eRegulations portal (www.camerouneregulations.org). This collates all the procedures involved in investing and creating a business. Following a pilot scheme in Yaoundé, the information service was subsequently rolled out to Douala.

The global auto industry, formerly a stranger to Cameroon, has recently made inroads in Douala. In 2015, as part of a USD 158 million car manufacturing deal, Indian and Chinese investors signed an agreement to build a vehicle assembly plant in the city. In 2015, foreign investment came from a little closer to home when Nigeria’s Dangote inaugurated a USD 250 million cement grinding plant in Douala as well as laying the foundations for a 200-metre jetty. Plans are now underway for the second phase of the plant, doubling its capacity from the current 1.5 million to three million metric tonnes per year.

One of the largest on Africa’s Atlantic Coast, the Port of Douala is the key asset that affirms the city’s economic strength. It is the main point of entry for imports to Cameroon and also to two neighbouring landlocked countries, Chad and Central African Republic. It serves the region with essential goods and military equipment, but the city also derives much dividend from the exportation of oil, cocoa, coffee, timber, metals and...
fruits. Douala is responsible for 95% of the goods exported from and imported to Cameroon. As a significant source of growth, it is important that it is able to keep up with demands on its services. It reached saturation point in 2014, mainly due to a lack of investment and the absence of routine dredging.

Volumes of goods exported and imported via the Port of Douala had reached 11.3 million tonnes by the end of December 2015.

Gregor Binkert, former World Bank Country Director for Cameroon says: “Accelerating reforms in the area of trade facilitation, and more specifically, the efficiency of the Port of Douala can help to unleash Cameroon’s full potential.” Indeed, the Port Authority of Douala currently has ongoing projects in dredging and deepening the access channel, the installation of an automatic and modern port management system (CARGO) and the enhancement of information technology systems, among other initiatives.

The private sector is perceived as the engine for growth in Cameroon. And as the country drives towards its vision of recognition as an emerging economy by 2035, it has made significant efforts to implement institutional reforms with a view to attracting private sector investment. Douala has played its part in this, and in November 2016 the Cameroon Minister of Commerce, Luc Magloire Mbarga Atangana, announced that the government was launching the International Business and Commerce Fair of Douala that would take place every two years, to help promote enterprise. The idea was for this event to alternate with Promote, the international exhibition for SMEs and partnerships of Yaoundé, which this year celebrated its sixth edition on 11th-19th February at Yaoundé’s Palais des Congrès.

The liberalisation of the market in Douala is most evidenced by the presence of the Stock Exchange (DSX) opened in 2001. It is a public limited company with a board of directors, although the government of Cameroon has one seat in the decision management team. The initial capital of the Douala Stock Exchange stands at CFA francs 1.8 billion (USD 2.9 million), of which 63.7% of the shares are held by private commercial banks, Credit Foncier of Cameroon and the Dutch bank FMO; 23% by public interests; and 13.3% by private insurance companies.

According to management, the aim of DSX is to enhance and diversify the availability of finance; facilitate privatisation programmes and the granting of credit; widen the range of investment possibilities available to the public and to institutional investors; and ensure the transparency of economic and financial information. All these elements create a climate that is conducive to the development of a capital market and the increase in value of fixed assets.

Pierre Ekoué Mouangue, Managing Director of DSX, says, “The Douala Stock Exchange operates according to internationally recognised standards and aims to be a channel for growth, participating in the national financial market while remaining open to the world.” The DSX had a positive and significant role on the economic growth of Cameroon between 2006 and 2015. However, only SECM (Société des Eaux Minérales du Cameroun) was officially registered in 2006, and just two more companies had been added by 2015, SOCAPALM (Société Camerounaise de Palmraies) and SAFACAM (Société Agricole Forestière du Cameroun). As is clear, the government and management authorities need to increase the number of registered firms. In this vein, in March 2015 Finance Minister Alamine Ousmane Mey announced plans to list new public and para-public companies on the DSX.
Africa: a new frontier in investment opportunities

Surpassed only by the US, Africa has taken centre stage of foreign investment to the tune of a staggering USD 60 billion. In this context, could Cameroon, the largest economy in the Central African Economic and Monetary Community, be poised to become a major focus for investors?

Óine Doris

OVER THE COURSE of the last decade, many private equity funds have been targeting sub-Saharan Africa to invest in businesses there. The UK-based Helios Partners hit the headlines in 2015 when it raised the first USD 1 billion-plus Africa fund. Indeed, 2015 was a year of strong activity with Abraaj Africa Fund III closing at USD 990 million and African Development Partners Fund II at USD 725 million.1-2

Second only to the US, Africa has become the world’s most attractive destination for investors, with FDI in the continent hitting a staggering USD 60 billion — five times greater than levels reached in 2000. Shrewd investors keep a close eye on the region’s strengthening market, particularly the burgeoning African middle class. Consumer demand across the continent is growing, and industries are being liberalised. Meanwhile, beyond commodity markets, opportunities are being exploited in areas such as financial services, construction and manufacturing.

Incoming investors are typically targeting Africa’s local champions — those companies that have already made significant inroads into home economies and have the potential to compete in regional or global contexts. Here, there are opportunities to ramp up productivity and performance by modernising processes and improving data measurement and analysis.

Western practices of buying and selling in the medium-term, however, do not yield the same sorts of returns; expanding a business across a continent rich in diversity, cultures, languages and legal systems takes time. A culture of patience — keeping close to local expertise and adopting a longer-term approach — has become prevalent among successful foreign investors.

If opportunities are significant, so too is need. An estimated USD 93 billion is required to improve infrastructure in Africa this year alone, if the continent’s fullest potential is to be unlocked.7 And with commodities tumbling, currencies in flux and geopolitical unrest ever-present, Africa’s growth projections have become universally more tempered. However, as some fund managers are pointing out, this does have the positive effect of discouraging fair-weather investors, and bringing down the price of overvalued businesses.

Challenges and opportunities

Africa needs to bridge its infrastructure gap to compete globally. As trade volumes increase, demand for container traffic will grow by an average of 7% over the next 30 years. Servicing this growing demand hinges on successfully addressing some major challenges. These include improving the road networks, enhancing IT provision and addressing universal access to power. Regular electricity outages cost the African economy between one to four percentage points of GDP,8 while only one in three Africans has significant access to electricity.

Africa also needs to accelerate its progress in terms of agricultural productivity and to drive growth with gusto in the areas and sectors where the poor live and work. With some 60-70% of the workforce employed in agriculture, productivity remains enormously underexploited at less than 20% of total added value. Investment is key to supporting smallholders with improvements to technology, to rural financial services and access to markets, if the agriculture and agribusiness sectors are to reach an estimated value of USD 1 trillion by 2030.5

Of course, governance is of critical importance. Finance and agriculture ministries across the continent have a vital role in enabling the conditions for infrastructure needs to be facilitated and agribusiness to grow. And with so many demands being made on public purses, each ministry has to pitch hard for its share of funds. That said, with a stable policy environment and the growth of a broad diversity of financial actors, Africa’s agriculture sector could just be the shot in the arm required for the continent’s growth trajectory.

The case for Cameroon

Cameroon has made solid progress in many aspects of infrastructure and reforms, with a view to attracting more private sector investment. Private sector concessions, for instance, have been awarded for the Port of Douala, the Camrail-operated railways, the national power utility (AES Sonel), the national water utility (CDE) and the social housing sector. Initiatives like these have led to performance improvements, as well as attracting significant amounts of finance.
Africa: a new frontier in investment opportunities

“Greater private investment in the banking sector could, in theory, lift pressure on the wider economy; although it cannot replace private capital involvement — direct investment in companies through debt or equity, which, together with expertise, is what is needed the most”

On the one hand, Cameroonian spending power has increased substantially in recent years, and is driving demand for consumer goods. Having said that, the country’s financial system is still not at optimal levels of development, and access to financial services remains largely limited to foreign players; a state of play that continues to hamper the sector’s ability to back more companies and bank more of its citizens. Greater private investment in the banking sector could, in theory, lift pressure on the wider economy; although it cannot replace private capital involvement — direct investment in companies through debt or equity, which, together with expertise, is what is needed the most.

The African macroeconomic environment is transforming as policy makers have pushed through painful structural adjustment programmes, established independent central banks and adopted pragmatic fiscal and monetary policies — all of which have helped to create a more business-enabling environment. But what is the role and influence of African businesses, entrepreneurs, policy makers and consumers in this revolution? Certainly, a new generation of African entrepreneurs has been created, and young African-owned and managed businesses are challenging traditional incumbents and introducing new business models and strategies that are driving domestic growth. Indeed, there are a number of home-grown players on the scene investing — and thriving — in key areas of the Cameroonian economy. Conspicuous among these is Globelec.

Founded in 2001, Globelec is a power generation company, with operations that extend across the continent. The company develops, builds and operates renewable-power projects in Africa and the Americas. It operates a portfolio of natural gas, solar, wind, HFO and fuel oil power-generation assets. Jointly owned by the Cameroon Development Corporation and Norway’s Norfund, Globelec has stated that its mission is to provide cost-effective renewable power to Africa’s grid over the course of the next ten years, and in doing so, to become a significant player in social and economic growth and capacity-building across the continent.

The company works with its stakeholders across a portfolio of power projects and acquisition opportunities, and currently owns and operates nearly 1,300MW across eight different power plants in Côte d’Ivoire, Cameroon, Tanzania, South Africa and Kenya. Globelec has around 2,500MW of power projects in development and plans to add significant megawatts of new power generation over the coming decade. It actively manages the power generation assets in which it invests, focussing on health and safety and environmental compliance with international standards, including guidelines laid down by the World Bank.

Another key player in the Cameroonian economy is billionaire industrialist Nana Bouba Djoc. Cameroon’s sixth-largest fortune, Mr Bouba ranks 19th in sub-Saharan Francophone Africa, with a net worth that exceeds USD 310 million. Head of the Nana Bouba holding group, Mr Bouba’s investments in Cameroon currently span agri-foodstuffs and palm oil, though recently his company has announced plans to move into new sectors.

In 2016, it was reported that Nana Bouba’s company would be investing in maize production across 5,000 hectares of land in Cameroon’s Amadawa region, a mountainous area that forms the barrier between the forested south and the savannah north. The deal, ratified by the Cameroonian Ministry of Agriculture in the first financial quarter of 2016, is set to see some 1,000 people employed in farming and processing, and has been portrayed by the national press as a “significant boost to maize production” — production deemed thus far to be “insufficient to meet consumer demand,” according to the newspaper Business in Cameroon.

Cameroon’s press have also largely welcomed Nana Bouba’s recently announced plans to disrupt the mineral water market with a new product called Opur. The Nana Bouba group has been steadfastly diversifying its interests and activities across the region. With a consolidated presence in Cameroon and the CEMAC area through the distribution of fast-moving consumer goods, the food industry and oil processing, the group is broadly seen as an enormously successful local player making significant investment in the Cameroonian economy.

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The great growth energiser: Globeleq

Leading Edge in conversation with Frédéric Didier Mvondo, Managing Director of Globeleq Cameroon Management Services (GCMS) and General Manager of Dibamba Power Development Company (DPDC)

Leading Edge (LE): Could you talk us through the history of Globeleq?

Frédéric Didier Mvondo (FDM): Globeleq is one of the leading developers, owners and distributors working right at the forefront of renewable energy in Africa today. Our company is 70% owned by the Commonwealth Development Corporation (CDC). The remaining 30% is owned by Nordfund. The CDC and Nordfund are English and Norwegian investment funds respectively, and are both operative in developing countries.

Globeleq is primarily engaged in the production of electricity, not only in Cameroon but also in Côte d’Ivoire, Tanzania, South Africa and Nigeria, where we carry out a broad range of different projects. In Cameroon, Globeleq owns Globeleq Cameroon Management Services (GCMS). We also part-own Kribi Power Development Company (KPDC) and Dibamba Power Development Company (DPDC). With these two companies, we have established agreements with the Cameroonian government, which owns 44% of the shares while we own the remaining 56% of both companies.

These are public private partnerships (PPPs) that have been signed with Cameroon’s semi-public power distribution network, ENEO. Globeleq is a major player in the production of independent electricity in Africa. In Cameroon, we have an 88MW plant in Dibamba just outside the city of Douala. We also operate the 216MW Kribi plant, which is the largest thermal power plant in Central Africa.

LE: What can you tell us about the partnerships between Globeleq and the government of Cameroon in recent years?

FDM: They are partnerships that have yielded very positive outcomes for Cameroon. Today we represent a total of 25% of electricity production in the country. We fully support the government in its plans to transform into an emerging economy by 2035, if not sooner. Our company is committed to driving energy production to some 5,000MW across Africa. We see Cameroon at the centre of this mission, given the country’s strategic position at the very geographic heart of the continent.

We are confident that Cameroon has the fullest potential and the wherewithal to deliver the objectives we have set for it. Cameroon has the second-largest hydropower potential in Africa, after the Democratic Republic of Congo, with an estimated capacity of 12,000MW, principally in the Sanaga basin. This represents more than 115 billionKWh. We also have gas reserves that can go far beyond the two power stations that we have in service today.

We are confident that the ongoing partnership between Globeleq and the government of Cameroon will continue to have a positive impact on the country and on its economy for many years to come.

LE: The initiatives to augment power production at KPDC and DPDC are major projects for Cameroon and its energy production capacities. How are these projects evolving?

FDM: With the Kribi project, we have already committed to an increase of 125MW to generate a total of 330MW of natural gas-fired electricity. And the government has just confirmed that it is to go ahead with a project to extend production at Dibamba by some
Frédéric Didier Mvondo — Managing Director — Globeleq Cameroon Management Services

“We have a clear and shared goal which is to work together in partnership to drive economic growth and help meet the objectives of the 2035 initiative — to transform Cameroon’s economy”

As far as Dibamba is concerned, here we see an exciting opportunity to introduce a completely new technology in Cameroon. We would like to implement the combined cycle. This technology is an assembly of heat engines that work in tandem from the same source of heat, converting it into mechanical energy, which in turn drives electrical generators. It would represent an innovative means of producing energy for Cameroon. We are engaged in ongoing discussions with the government in terms of these new developments and agreements. We have a clear and shared goal which is to work together in partnership to drive economic growth and help meet the objectives of the 2035 initiative — to transform Cameroon’s economy.

LE: How would you characterise the challenges you face in extending and modernising these power stations?

FDM: It’s important to bear in mind that the centre at Dibamba is Cameroon’s largest independent electricity production plant, and one that we created from scratch. Everything that we have constructed there — from laws and regulations through to licences — has been developed from scratch to meet the precise needs and requirements defined by our agreement. We have created it all; the framework and the pipe-making now exist thanks to our partnership. We face our challenges and see them as opportunities to deliver, to grow and to excel. This is what makes us a good strategic partner for the government.

LE: How do you see Cameroon’s future as an energy-producing nation?

FDM: Cameroon’s climate is a key factor in its energy potential. We have an abundance of rain, therefore I don’t think we should be focusing our efforts on thermal energy. Let’s take geothermal power, a technology used heavily by our neighbours in the DRC; it’s simply not a sufficient source to meet an ever-increasing demand.

We will be exploring alternative means of plugging the gap (in countries such as Cameroon) between the requisite supply of dependable energy and driving the economic recovery and growth of our regional economies. We firmly believe that the best solution lies in mixed sources. It’s better not to base the entire country’s energy needs on a single source that might not be able to meet demand. For this reason, we think that new technologies, such as the combined cycle, might provide an answer. The key is to diversify our sources of energy supply, in order to help drive economic performance in the country.

LE: How do you see the future for Globeleq in Cameroon?

FDM: The consolidation of our current position is our immediate priority, both in terms of existing and upcoming projects and commitments. Thereafter, a major focus for us as a company will be social responsibility. We have emphasised our absolute commitment to efforts in this area. These range from constructing schools for our children to creating clean water distribution points, such as the project that we have initiated at Yassa in the Douala region. Social responsibility is very firmly on our radar, and is of real importance to us as a company and is part of our company’s culture.

Alongside our corporate engagement, it goes without saying that we are obliged to fulfil the commitments that we have made; in particular we have to focus on the projects at Dibamba and Kribi. I should add that our choice to focus on regions within Cameroon is not accidental. Cameroon’s strategic position right at the heart of Africa makes it a hub, with the potential to serve neighbouring countries such as Nigeria, Chad and Central African Republic. We would like to have a role in re-establishing economic stability.

LE: You have a strong presence in several countries in the region. In the context of your energy programme, how do you see the relative advantages of Cameroon compared to its neighbouring countries?

FDM: The reforming of the energy sector has seen new policies introduced that have encouraged both domestic and foreign investment in the areas of mineral and gas reserve exploitations across Cameroon’s territory. The visit by the Director of the International Monetary Fund, Christine Lagarde, in December 2016 was important for the country’s image; Cameroon’s projected growth statistics were raised to above 5%.

In terms of infrastructure and transport, Kribi and Douala ports give the country key entry and exit points that facilitate all kinds of economic trade. The land itself is arable and fertile. Structural reforms have also been carried out that have had a very positive impact on the strategic situation of the country. Cameroon’s vast economic potential is not to be underestimated; the country represents more than 40% of the CEMAC region’s total GDP. Cameroon will play a pivotal role in terms of electrification plans in the wider region, and is set not only to service its own power needs, but those of neighbouring countries.
Quality energy that meets the deficit

Leading Edge in conversation with Hans Francis Simb Nag, General Manager of Kribi Power Development Company (KPDC) of which Globeleq is the main stakeholder

“A ratio of 70% hydroelectricity and 30% gas is esteemed to be the perfect mix and this is what Kribi can produce in terms of installed capacity”

Leading Edge (LE): Globeleq bought AES Sonel’s shares in the Kribi Power Development Company (KPDC) in 2014. In what ways has the arrival of Globeleq changed the activities and management of KPDC?

Hans Francis Simb Nag (HF): The fact that Globeleq entered in the capital of KPDC did not have a direct impact on our operations, internally. It has been a smooth change. AES wanted to cease operating in Cameroon, and Globeleq, which is the leader in electricity production in sub-Saharan Africa, wanted to consolidate its position. The objective of Globeleq, as an independent producer, is to comply with its obligations as part of the power purchase agreement (PPA) with ENEO. KPDC’s mission is to supply good quality energy. The change we have seen with the arrival of Globeleq, which is a much smaller company than AES, is that they have a more family-type approach. The change, in this sense, has been more cultural than anything else.
In 2009, when the contracts for the Kribi power plant were signed between the Republic of Cameroon and AES-Sonel, the country had an energy deficit of some 100-150MW. As soon as the plant started operating, in 2013, this deficit was eliminated and there was a surplus margin that enabled us to go through the 2014 dry season without any problems. Since we demonstrated our capacity to meet deadlines and deliver quality, the government and all the stakeholders involved in the project asked us to expand the plant. All the other electricity projects were running late and the government wanted to avoid power shortages. So we had to deliver the expansion project in record time.

LE: The expansion project seeks to increase production at the Kribi gas power plant from 216MW to 330MW. The African Development Bank and other donors have already backed this CFA franc-65 billion (USD-148.2 million) project. Where does it currently stand?

HF: A total of 25% of the funding will be provided by the shareholders and the other 75% by donors, banks and other partners. The AfDB contributes CFA francs 15 billion (USD 24 million) to this project and we have concluded talks with donors. Actually, the AfDB was among the last partners to come forward, but they were the first to do so formally, through their Executive Board and their Credit Committee, and so on. We have agreements covering all the necessary funding but a number of conditions must be met before we can start construction work. The most important move at this stage is to sign a gas supply contract. We are still negotiating to reach a fair price that will be profitable for everyone, because the price proposed by the National Hydrocarbons Corporation (SNH) for this second phase is considered too high by the whole organisation, in other words by ENEO, the donors and us.

LE: How do you foresee the evolution of the combination of energy supply in Cameroon?

HF: The Kribi power plant was created keeping in line with directives decided upon some years ago to use mixed energy sources. Given Cameroon’s seasonal hydrological problems and thanks to large gas reserves, which were economic in cost and easy to access, a combination of hydro- and gas-energy was decided to be best suited for the country. A ratio of 70% hydroelectricity and 30% gas is esteemed to be the perfect mix and this is what Kribi can produce in terms of installed capacity.

This was the country’s initial strategy but reality has changed the situation. There are several large-scale hydroelectricity projects in Cameroon, but significant delays exist in these projects. In order to compensate for them, backup plants have been built, but they have tipped the energy supply combination towards thermal power, which is more expensive. Today, it’s in Cameroon’s best interest to get back on track to attain the initial 70:30 mix, keeping in mind that this is the perfect combination, so long as we continue to have access to affordable gas.

LE: What will be the impact of your projects on the electricity market in Cameroon and the country’s economy in general?

HF: There is a direct link between economic growth and higher demand for electricity. Given Cameroon’s growth rate — between 3-6% per year — we calculate that demand will double every ten years. When we built the plant, we were able to eliminate the deficit. But if we stop building new plants, the deficit will grow again, so we must build new plants taking into account the fact that they will have to be expanded at some point to meet this growing demand.

LE: What are your short to medium-term priorities?

HF: I want to provide a solution for Cameroon’s energy deficit. Right now, we are tackling the deficit, but we also have problems in the distribution and transport network. Given that the demand will double within ten years, it is fundamental to keep investing in order to avoid load-shedding.
The Bouba Empire

Nana Bouba Djoda is one of the wealthiest businessmen of Cameroon and indeed sub-Saharan Africa. He sits at the helm of a business empire valued by Forbes Africa at around USD 260 million, and possesses a personal fortune of something close to USD 310 million.

Nathan Bourgeois

MEET NANA BOUBA DJODA, 68, the founder of the diversified holding NBG (for Nana Bouba Group) and a truly inspirational business leader. A member of the Fula people — considered the ruling caste in this part of Africa — and a pious Muslim, Nana Bouba is also a close ally and advisor to Cameroon’s President, Paul Biya, and the undisputed lord of the northern part of the country. Yet he seldom appears in public and leads a modest life with his large family (including 19 children) in his native region of Mberé.

Nana Bouba had a modest start in life. The son of a shepherd and orphaned at nine years old, he started working at the age of 15 in Gabon as a “motor boy”, helping professional drivers in return for a salary of CFA francs 15,000 (about USD 24) a month. At 18, he got his driving licence and became a public bus driver, criss-crossing Gabon from Bitam and Oyem, in the north, to the capital Libreville, on the south-western coast.

At the age of 30, having amassed a capital of CFA francs 400,000 (just under USD 650), he rented a Peugot 401 from an uncle and started a business transporting goods. He spent the first five years transporting merchandise between Cameroon, Gabon and Nigeria, and at the age of 36, in 1984, opened a food shop in Yaoundé. He created his first company, Nabo, the following year, rebranding it in 1991 as Société Alimentaire du Cameroun (SOACAM), which translates as ‘food company of Cameroon’, specialising in the distribution of food products.

Throughout the 1990s and 2000s, the group has grown and diversified into new products, each under a specialised company: Azur, created in 2000, produces soap, oil and margarine; Sagri, created in 2011, produces tomato paste; Nabco, created the same year, produces non-alcoholic drinks, and Berni, created in 2012, specialises in construction. The group also operates in the real estate sector through the company SCI Krina, and in livestock (Ranch Nana Bouba).

With a staff of over 2,000, NBG announced a consolidated turnover of USD 245 million in 2014. According to Samuel Ngend-Ngend, Associate Professor of Finance at the University of Dschang, a city situated some 400km northwest of Yaoundé, “It is now the first fully Cameroonian group in the country.”

Last year, the venerable Nana Bouba started restructuring the group in order to gradually pass it on to his sons. Bouba’s eldest, Mohamadou, was appointed Managing Director of Azur, and his younger brother Hamidou, Managing Director of SOACAM. NBG also announced new projects, in particular the creation of a 500-hectare oil palm plantation in the Littoral Region, in the south-western part of the country, under the name Greenfill. The objective is to increase the plantation to 15,000 hectares by 2030 and to employ over 3,500 people to produce enough oil to supply the Azur and Ibi soap factories. According to Mohamadou Bouba, this flagship project still needs to raise USD 120 million, and negotiations are underway with banks and financial partners.

Acquiring enough land will be the key to the project’s success: “We hope to receive support from the authorities because the acquisition of land is a major problem for the development of agriculture in Cameroon,” says Abbo Amadou, Managing Director of NBG.

The plantation project will enable NBG, already a leader in the soap business (through Azur and Ibi) and basic commodities (through SOACAM), to control the whole palm oil chain. NBG plans to test this vertical integration strategy in the palm oil sector and, if it proves successful, to apply it to other products such as tomatoes, according to Abbo Amadou.

Even though he is preparing his succession, Nana Bouba is far from retiring. On the contrary, he recently announced new projects. One is the industrial production of maize in a 5,000-hectare plantation in the Amadawa region, his fiefdom in the north of Cameroon. Mr Bouba already employs about 1,000 people in the farms he owns in this part of the country, where he received a visit from the Minister of Agriculture, Henri Eyebe Ayissi, in May 2016.

Another new venture is the production of mineral water under the brand Òpur (which means ‘pure water’). Nabco is thus setting foot on a market that had long been dominated almost exclusively by the company Société des Eaux Minérales du Cameroun (SEMC), a subsidiary of Brasseries du Cameroun. In March last year, Òpur signed a partnership agreement with Cameroon’s legendary football team, the Lions Indomptables (Untamable Lions), four-time winners of the Africa Cup of Nations and selected seven times for the final phase of the football World Cup.

With a very strong presence in Cameroon, the group is also seeking to increase trade with neighbouring countries. “We are very well established here, and now we want to expand our
“The plantation project will enable Nana Bouba Group, already a leader in the soap business (through Azur and Ibi) and basic commodities (through SOACAM), to control the whole palm oil chain”

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From fuel to lubricants, including oil and gas, we have been making final energy sources available for industry, transport and various domestic uses since 1999.
Basic commodities need not break the bank

A government-led regulatory mission to control price fluctuations on primary agricultural products is helping the Cameroonian population to live in an economically stable society and to reduce household spending.

The Mission for the Regulation and Supply of Consumer Products (Mission de Régulation des Approvisionnements des Produits de grande consommation — MIRAP) is an initiative that was implemented in 2011, with the main goal of regulating the cost of basic high-consumption commodities. As a regulatory authority, it also ensures the availability and security of products, and organises a specific time for the monthly set-up of a periodic and roving market. These have been established as test trials for the initiative, funded by the Ministry of Finance. They have sprouted up throughout different sites of Cameroon’s major hubs, Yaoundé and Douala being key. Different groups — from Cameroon’s producers, distributors and transporters to its bankers and commercial experts — joined forces and consulted the process of this testing phase.1

Over the past few years, MIRAP has formed partnerships with organisations representing producers, wholesalers and retailers. Currently 809 producer organisations are involved, and in 2016 they supplied 25,000 tonnes of produce, compared with the 10,000 tonnes provided in 2012. The Director of MIRAP, Cyprien Bamzok Ntol, explains that through MIRAP’s supply mission “we remove dishonest traders from the distribution circuit. All those who want to outbid everyone else or speculate are therefore quickly caught by our measures that enable consumers to stock up at a lower cost. You can see, then, that the consumer who can stock up at next-to-nothing costs will not buy the same product if it is overpriced.”2

MIRAP has also been focusing on improving infrastructure to simplify the storing, packing and selling of consumer goods, and on using different communication tools to reach out to the Cameroonian population.2 This year, MIRAP consumers have brought in revenue of CFA francs 5 billion (USD 8.1 million). This success suggests that a permanent market resembling those found in Spain, Turkey, France and Italy would be a good idea. Indeed, plans are afoot to take over five-hectare spaces in the peripheries of various major cities in Cameroon in order to stock the merchandise and to further assure the availability of goods. However, according to Mr Ntol, “In order to build the permanent markets, we need funding. It’s a project that costs CFA francs 14 billion (USD 23 million) over three years. We are all about the collection, the storage and the supply of markets. In this way, we can limit the losses in sales, as well as in the fields, by putting conservation units in place, thereby ensuring the transport of high-quality goods to the large markets of Douala and Yaoundé.”3

The implementation of these fixed markets in Cameroon would positively impact the national economy. The average cost of living for the population has decreased thanks to MIRAP: a household that normally spends CFA francs 1,000 (USD 1.7) on goods could spend less than CFA francs 900 (USD 1.5) on the same amount of products in a market belonging to MIRAP. Consumers can now use the money saved for other priority areas. The attractive offers on sale through MIRAP have increased the demand for products. In the future, this will help the agricultural sector to develop. Agricultural workers are mainly women, so MIRAP has integrated the Ministry of Women’s Empowerment and the Family to facilitate associations for the female voice to be taken into consideration throughout the development of the initiative.3 This mission also enables the unification of both rural and urban women, as the market space will benefit from their coexistence and boost economic resources.4 MIRAP’s activities impact the country in a promising way. Mr Ntol said that “considering these markets are organised in urban areas, urban development is encouraged, and, indirectly, rural development, given that most of the producers come from villages.”

The future of Cameroon is dependent on continued peace within society. The incorporation of this mission is the response to cost hikes and one of its key aims is “to guarantee social peace by stemming inflation, regulating the internal market and providing the poorest with goods they need.” MIRAP takes pride in its clear core values and is committed to creating an economically stable society.

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Cooperation is key for Cameroon’s burgeoning SMEs

Networking expert SPX Cameroon has the tall task of nurturing business relationships between Cameroonian companies and multinational enterprises.

Small and medium-sized enterprises (SMEs) are a major component of the domestic economy in Cameroon, representing more than 80% of companies based in the country and accounting for 36% of its GDP. This is the view of the Director of the Subcontracting and Partnership Exchange of Cameroon (SPX), Évariste Yameni. SPX Cameroon is multi-faceted; it is an institution, technical centre and platform at once, and is dedicated to linking the (SMEs) of Cameroon up with major or multinational companies. Known in French as BSTP-CMR or La Bourse de sous-traitance et de partenariat du Cameroun, SPX aims to develop potential subcontractor partnerships, to help with skill transfer, and to foster know-how and technology. “SMEs drive the country’s economy and SMEs are essential for the development of a nation like Cameroon,” says Mr Yameni.

“SMEs drive a country’s economy and SMEs are essential for the development of a nation like Cameroon.”

In May 2013, SPX became a standalone entity under the direction of the Prime Minister of Cameroon. SPX uses the technical expertise of subcontractors in Cameroon and value chains of large and foreign companies to promote its integration into the market and allow subcontractors to benefit from the results of growth. Examples include enabling them to participate in large infrastructure or commercial projects that are currently being carried out in Cameroon and the wider central African region.

One of SPX’s key objectives is to increase the levels of both production and employment in the industrial subcontracting sector. It also seeks to improve product-manufacturing processes, contribute to the redeployment of SME equipment, and increase investment in industrial subcontracting. This, in turn, contributes to the competitiveness of such firms whilst promoting local content in the domestic and international sectors. “Our main role is to facilitate networking,” explains Mr Yameni. “We focus on finding markets, because without markets SMEs either can’t survive, or are weakened.”

SPX agents are hands-on in the application of their services, as Mr Yameni explains: “During our visits, we collate information about the staff and employees, the tools the company uses, the state of its machinery, its branding, business plan, and what it has previously provided as a service. We also consider its positioning in the market and from all this we determine the needs of the enterprise on an individual level.” Based on these requirements, SPX attempts to establish partnerships with other organisations at either a local or international level. These might be based variously on the transfer of technologies, financial support or training.

The specialities of the institution include benchmarking accreditations of company performance and business practices, identifying subcontracting opportunities in the local and sub-regional market and the overall expansion of development programmes for subcontracting companies. Mr Yameni explains: “We have EIG status; in other words, we are an economic interest group. Our different services consist of the profiling of SMEs, standardisation, as well as supplier programmes that highlight the abilities of subcontractors and networking between large enterprises and SMEs.”

The institution is currently a joint-venture endeavour with the Government of Cameroon, the European Union (EU) and the United Nations Industrial Development Organization (UNIDO). The collaborating agencies play a critical role in the technological competences and financial backing of SPX. “We work together with the EU within the framework of economic partnership agreements,” informs Mr Yameni. With this in mind, the EU is financing certain activities and their upgrades, including the subcontracting exchange. This year, it will finance the profiling of 240 SMEs as well as the benchmarking of an additional 60.

Mr Yameni describes the achievements of the institution as “noticeable and progressive,” and observes an understanding among both large enterprises and SMEs about the institutional role of SPX in terms of facilitation and intermediation between the two parties. In terms of improvements to come, he feels “it is necessary to implement mechanisms at a government level, in order to provide SMEs that meet certain criteria with access to public contracts. Since calls to tender are made from offices, potential suppliers respond but not much is known about what differentiates one from another. Therefore, the subcontractor exchange can reduce the risks encountered in the market because we have a knowledge database of all SMEs established in the country.” Mr Yameni believes that Cameroon’s business climate can benefit greatly from SMEs making use of SPX. The more that large enterprises realise that it is in their best interests to belong to SPX, the more they may benefit from high-quality, low-cost services from SMEs.
**Dangote a guiding light in intra-African trade and investment**

An increasing number of home-grown African companies are emerging, specialising in sectors ranging from cement manufacturing to private security. They are starting to operate across African borders in a phenomenon dubbed ‘Africalism’, with Dangote being a model example.

**REASONS FOR A TENDENCY** towards low-level intra-African trade and investment include sub-optimal infrastructure, tariff and non-tariff barriers, currency controls and restrictive visa policies. But companies such as Dangote Group, MTN and ShopRite, have nevertheless been successfully expanding their operations. It is said that the key to mastering this operation is understanding that it lies in the local context; African companies seeking to make it on the continent must immerse themselves in their particular market and ensure that local shareholders, employees and service providers are contracted, while following national agendas.

Anthony Haggar, Chief Executive of South Sudan’s Haggar Tradin calls the move towards intra-African trade and investment ‘Africalism’, and he believes that the ownership of the means to produce and distribute wealth should be African: “We are too exposed to the tail and headwinds of the rest of the world. We have everything to offer on the continent. We [could] be completely self-sufficient if we traded amongst ourselves and [had] investors.”

Dangote Group was established in May 1981 and initially focused on providing local, value-added products and services to the Nigerian population. The company is now present in 16 African countries and is one of the most diversified manufacturing conglomerates in sub-Saharan Africa. Its activities are diverse: in addition to its core business in cement manufacturing, packing and distribution, it is involved in sectors such as agri-food, gas and transport. The overall goal of the group is to supply the African continent with basic consumer goods.

CEO and founder of Dangote Group, Aliko Dangote, regularly emphasises the need for more inter-African business activity. He has become a member of several international groups, such as the McKinsey Advisory Council, the Clinton Global Initiative and the International Business Council of the World Economic Forum, and he collaborates with a number of global foundations. He has been listed by Forbes and TIME Magazine for numerous categories, making it into TIME’s 100 Most Influential People list in 2014.

When Dangote Cement opened its doors in Cameroon in March 2015, it was the first new entrant to the cement market that the country had seen in 40 years. Being African and operated by Africans, the company differs from one of its main competitors, the French group Lafarge. Now, just one year after the inauguration of the Dangote Cement plant in Douala and the investment of nearly EUR 120 million, a second cement plant is in the pipeline for Yaoundé, with investment on a similar level. This shows the group’s potential to mobilise investments in a short amount of time. The company plans to double the production capacity that has been achieved to date.

**Working with government authorities**

According to Paavo Wiro, the Country Manager for Dangote Group in Cameroon, “Everything is possible if at the outset there is a political willingness to attract investments.” The Cameroonian government has put incentivising measures in place to enable access to facilities, which has allowed for Dangote’s plant in Douala to produce and sell cement on the Cameroonian market since March 2015. This has created 668 jobs. The new plant in Yaoundé will be identical to the one in Douala, and will require the recruitment of more than 600 Cameroonian.

The government negotiated agreements with Dangote, such as exemption from VAT at certain phases of construction. However, the reduction of tax costs is still to be discussed. Overall, government authorities have said they are keen to support Dangote’s second venture, and this support gives increased hope that it will be as successful as the first.

**Strengths and challenges**

According to Mr Wiro, investing in Cameroon presents a number of advantages. He cites excellent democratic relations among them, as well as the fact that the economic situation in the country shows a net evolution of the purchasing...
power of the middle classes, which has increased at least tenfold. Cameroon’s track record over the last thirty years is therefore encouraging, and the country also has the benefit of territorial stability, with access to the Atlantic not only through Douala’s port, but also via those in Limbe and Kribi.

However, the realisation of most industrial projects in Cameroon is not entirely straightforward, meaning Dangote is coming up with its own solutions. Some of the challenges that were faced when opening the Douala cement plant — which also threaten the setting up of the new cement plant in Yaoundé — include infrastructure, the quality of human resources and security. Regarding infrastructure, some of the raw materials required for production are not available in Cameroon, which means they need to be imported. This is impacted by port capacity and road infrastructure. To overcome this, Dangote is currently constructing its own harbour in Cameroon, which will allow for sufficient importation of clinker, gypsum and pozzolana for cement manufacture. The Kribi port will be used to supply the new plant in Yaoundé. However, this will require the building of a motorway to connect the two cities.

Another challenge for the company has been the quality of human resources. Dangote has found it difficult to identify the relevant people to carry out the work. A qualified and highly experienced workforce is crucial for the work on up-coming projects for the second plant, and sound human resource services are therefore important to recruit this workforce in Cameroon.

Dangote’s vision

According to Mr Wiro, the Cameroonian Head of State and his government have been happy with the investments made. The company believes that if it continues to expand in Cameroon as it has done to date, it could soon take up to 30% of the Cameroonian cement market away from Lafarge. Ten months after Dangote’s first cement production in Cameroon went into operation, it had already reached 42% of market production. Dangote also aims to increase investments that contribute strongly to the industrialisation of the country. As development would not be feasible without industrialisation, the group aims to contribute to industrialisation by working with government policies, which are highly likely to spur economic growth.

Dangote Cement already has its future mapped out. It foresees a production of three million tonnes of cement by the beginning of 2018, thereby gaining 70% of the Cameroonian cement market and at least 50% of the market in the countries of the CEMAC zone. The company says its vision is to hire at least 1,300 people and to introduce more than 1,000 additional lorries to ensure a production of 110,000 tonnes of cement per month.

Cameroon’s strategic position, with its access to the ocean, offers the possibility for expansion and the export of cement to neighbouring markets, including countries in the CEMAC zone. The current status quo indicates that between all the cement companies in Cameroon, production will increase in the next few years to generate a substantial increase in the cost of cement, fulfilling one of the goals set out by the Cameroonian government.

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A simple energy equation

Cameroon has great energy needs but also immense energy resources. Marrying them up is one of the top priorities of the government, well aware that access to energy is essential if businesses and households are to thrive.

Nathalie Bourgeois

THE GOVERNMENT OF Cameroon’s Vision 2035 strategic development plan recognises that “the energy production situation in Cameroon is characterised by volatile and unequal supply for a growing demand”. In its plan, the government has pledged to offset the energy deficit by acting across four areas: “Improving the production of electricity by better exploiting hydroelectric and gas potential; increasing the exploration and exploitation of oil resources; exploiting alternative sources of energy; expanding and modernising transport and distribution infrastructure.” The plan also states that “the energy sector will be one of the main areas where there will be partnerships between the state and the private sector”.

Currently, just under half the country’s population has access to electricity (with huge disparities between large urban centres and rural areas), and demand is growing by about 8-10% a year, which means it will have doubled within five years. In order to satisfy this demand, Cameroon is counting on its vast hydropower potential — the second largest in Africa after the Democratic Republic of Congo. Authorities estimate that the exploitable potential is about 20,000MW and that the country could produce up to 115 billionKW/h each year.

Most of this potential is situated in the Sanaga River basin, 185km north of Yaoundé. Indeed, the Sanaga alone could cover 70% of the demand. Back in 2010, when Vision 2035 was released, authorities announced that “developing hydropower and hydroelectric plants, some of which are already earmarked such as the reservoir dam of Lom Pangar; the power plants of Nachtigal, Song Ndong, Song Mbengue, and Kikot on the Sanaga; the modernisation of the Memve’ele plant on the River Ntem, and the hydropower plant of Warak, on the River Bini”.

A number of these large-scale projects are already underway. According to Théodore Tsingou, Managing Director of the state-owned Electricity Development Corporation (EDC), “the projects on the River Sanaga, once the Nachtigal plant starts operating, will enable us to balance our production needs by 2020.” The key project that will unlock the Sanaga’s potential is the 30MW Long Pangar plant, which is scheduled to start operating by the end of 2018. This six-billion cubic metre reservoir dam will reduce seasonal and inter-annual fluctuations, which hamper the exploitation of the Sanaga. Mr Tsingou said, “Regulating the flow of the River Sanaga will enable us to build a dozen dams downstream, bringing the river’s energy potential to 6,000MW.”

Another important project in the making is the 420MW Nachtigal plant that is being built on the Sanaga River by the Nachtigal Hydropower Company (NHPC), of which France’s national utility, Electricité de France (EDF), is the main shareholder. The other shareholders are International Finance Corporation (World Bank Group) and the Cameroonian state. This facility is scheduled to start operating in 2021.

Before that, in mid-2017, the 201MW Memve’ele plant will bring much-needed power to the southern network. Situated in the locality of Nyabizan, on the River Ntem, the new CFA-franc 420 billion (USD 680 million) facility is financed by Eximbank China, the African Development Bank and the Cameroonian state. Its main purpose is to supply the southern part of the country and in particular Yaoundé, 300km north of the River Ntem.

Cameroon is committed to boosting its thermal power, notably through gas and heavy fuel. The objective announced in Vision 2035 is to achieve levels at which a third of the country’s capacity comes from thermal power. “Important gas reserves have been discovered in the basins of Kribi, Douala and Rio del Rey,” the government has said, adding that the gas-fired thermal plant of Kribi is a priority. The first phase of this plant was concluded in 2012 and Kribi has since contributed to supplying the southern part of the country. It now plans to
A simple energy equation

Cameroon is committed to boosting its thermal power, notably through gas and heavy fuel.

expand the current capacity of 216MW to 330MW. A further milestone was reached in November 2013 with the opening of the Logababa-Ndog-Passi gas plant, which supplies industrial customers in Douala.

The third component of the government’s electricity strategy involves renewables other than hydropower — mainly solar but also wind energy — which could satisfy about 5% of the country’s needs. Solar energy is particularly apt for supplying rural areas because it does not require the building of large facilities and transport lines. The African Development Bank unlocked a EUR-24 million (USD-27 million) loan to fund electricity projects in 2015. A grant was also given by the Sustainable Energy Fund for Africa to help launch a 72MW solar power plant. Other projects underway involve the Chinese company Huawei installing photovoltaic cells for 150,000 people in rural communities in the central part of the country. In addition, the French logistics company Bolloré is contemplating extending its Blue Zone scheme to Cameroon. The scheme currently provides solar energy to villages in Niger, Guinea, Togo and Benin. Furthermore, a number of non-governmental organisations are implementing solar power projects to help local communities.

Cameroon has promising oil reserves, even if they are modest compared to neighbouring countries such as Nigeria, Gabon and the Republic of the Congo. Oil has been providing a significant contribution to its revenues since the 1980s. In 2015, oil exports accounted for 6.3% of the GDP and 44% of exports.5

Predictably, the drop in oil prices since mid 2014 has hit revenues, leading authorities to increase production in order to compensate the shortfall. According to figures released in March by the state operator Société Nationale des Hydrocarbures (SNH), oil and gas production increased significantly in 2015 to 34.9 million barrels and 12.7 billion cubic feet, respectively. However, because of persistently low prices, revenues decreased by 17.4% and 6%, respectively, compared to 2014.6

Cameroon’s energy production deficit is currently slowing the economic development of the country. More installed capacity is required. Since 2012, a vast programme for energy infrastructure was launched in recognition of this. It is through the continued and proper implementation of this programme, and the steady flow of funding on which it depends, that Cameroon will succeed in jumpstarting this critical sector.

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Cameroon renewing its attitude towards energy

Cameroon is aiming to bridge its energy deficit by developing renewable energy projects that are cost-effective, environmentally clean and able to be adapted to rural areas.

Nathalie Bourgeois

CAMEROON USES LESS THAN 1% of its renewable energy potential, a realisation that comes straight from its Ministry of Water and Energy Resources. It is in rural areas of Cameroon that energy needs are most pressing; according to various estimates, only 17% of rural households in the country have access to electricity.1 Hydropower is undoubtedly part of the answer, since Cameroon has huge potential in this area and several related projects are underway, notably on the Sanaga River (see pages 40-41). Most are linked to the opening in 2018 of the Lom Pangar dam, which will regulate the flow of the Sanaga River and allow it to harness its potential. To date, about half a dozen new plants are planned on this river, which could cover up to 70% of the country’s energy needs singlehandedly.

Director General of the state-owned Electricity Development Corporation (EDC), Théodore Nsangou, says that Cameroon’s production deficit “is not huge: it is about 300MW. The problem is that demand increases by 8-10% a year. This means that within five years it will double. The projects underway on the Sanaga will enable us to balance production by 2022, once the Nachtigal plant starts to operate.”

There are other hydropower projects being developed elsewhere, such as the 400MW Makay facility, in the central part of the region. This project is carried out by independent producer Platinum Power, headquartered in Morocco and held in majority by New York-based Brookstone Partners. Following the agreement signed in July 2015 with the Cameroonian government for the development, financing and construction of the Makay plant, for an investment of CFA francs 500 billion (USD 808 million), Platinum Power in January 2016 announced its plan to open an office in Yaoundé. The company is also developing hydropower, wind and solar projects in Morocco, Côte d’Ivoire and Senegal, for a total of some 1,000MW.2

Another recent development is the signing of a CFA francs-182 billion (USD-294 million) loan from the International and Commercial Bank of China (ICBC) to the government of Cameroon for the building of a 75MW hydropower plant on the River Bini in Warak, in the northern Adamawa region.3 The project includes the building of 75km of transmission lines and the provision of electrical power in rural areas, as well as the building of an access road to the site. This plant will be constructed by China’s giant, state-owned hydropower and construction company Sinohydro, and should open in the fourth quarter of 2018, according to the Ministry of Energy and Water Resources.

Holding Africa’s second-largest hydropower potential behind the Democratic Republic of Congo, Cameroon has obviously prioritised this renewable resource over all others, even though the sunny, dry climate of the north makes it an ideal region for solar energy. “We have many projects under development, in particular for solar energy and biomass,” said Mr Nsangou. “We have no projects in wind energy because yields are too low. As for solar projects, they have been delayed. They were quite costly even ten years ago. Another stumbling block has been the insecure situation in the north of the country, the sunniest — and hence the best — area for solar projects, because of [Nigerian Islamist terrorist organisation] Boko Haram’s incursions,” he added.

That said, the government signed a contract with a Chinese consortium in 2012, to kick off its solar sector with the construction of photovoltaic plants in 1,000 villages. In November 2016 in central Ngang, the Chinese company Huawei started the first phase of this 350-community project, of which the pilot stage will connect power to 166 villages. According to the Minister of Energy and Water Resources, Basile Atangana Kouna, who attended the inauguration ceremony, some 150,000 people will benefit
from the new photovoltaic units once they are operational in July 2017. The cost for 166 villages is CFA francs 53 billion (USD 86 million).²

An interesting private investor who is stepping into Cameroon’s fledgling solar sector is French logistical giant Bolloré, already a key stakeholder in the ports of Douala and Kribi and a long-time partner of the country. Following a meeting with Cameroon’s President Paul Biya in April 2016, Vincent Bolloré, Chairman of the eponymous group, said it had carried out a first test at the University of Yaoundé with 400m² of solar panels. He explained, “We can store energy and use it to transport students and teachers from one end of the campus to the other, with three electric buses. Our idea is to build on this experience and supply villages in Cameroon. We can make systems that can fit in a container, thus bringing cheap electricity to rural localities.”⁶

The French group is already implementing a solar energy project called Blue Zone, whereby energy produced by fields of photovoltaic panels is stored in LMP batteries, in a number of rural communities in Niger, Guinea, Togo and Benin. “Localities that had no access to electricity can have light, drinkable water, and internet connection thanks to Blue Zone,” said the group.

Although relatively slow to take off compared to other African countries, Cameroon’s solar and other renewable projects beyond hydropower are bound to increase in the years to come, as the country strives to reach its goal of economic emergence by 2035. Speaking in April 2015 at the Nkolfoulou (central Cameroon) landfill treatment centre, which is part of a project to generate electricity and cooking gas from municipal waste, government officials said a new crop of renewable-energy startups could help provide the solution to Cameroon’s energy shortages.⁷

In the eyes of the Minister of Water and Energy Resources, Basil Atangana Kouna, “Energy supply has been the main hurdle in Cameroon’s path towards economic growth.” Pierre Hélé, Minister of Environment, Nature Protection and Sustainable Development, says that Cameroon is ready to move seriously towards renewable energy — alongside plans to expand fossil fuel plants — but will need financial help to do so. “The government needs to harness solar, wind, biomass and small-hydro,” he said. “But [it] needs the support of its development partners to achieve this goal.”

To carry out its Energy Sector Development Plan — which aims for a 75% electrification rate by 2030 — and also to reach its economic goals, Cameroon needs more and more reliable energy, experts say. “The key to the government’s 2035 economic growth plans lies in the provision of energy, especially to the over 70% of the population who live in rural areas,” says Richard Balla, the Director of Renewable Energy for Cameroon’s Ministry of Water and Energy.⁴

Along with the Nkolfoulou landfill project, Cameroon has a range of other plans to help it achieve its renewable energy goals. In January 2015, the country secured financial help from the African Development Bank’s (AFDB) Sustainable Energy Fund for Africa (SEFA) to launch a 72-megawatt solar power plant. By providing financial support to medium and small-scale clean energy and energy-efficiency projects, SEFA helps offset preparation costs and enables these projects to become financially viable. With SEFA’s USD-777,000 grant and support from AfDB, Cameroon is set to start building its first renewable energy independent power producer (IPP) — a facility not owned by the government and one that can generate electricity for sale to utilities or the general public. “Its success will have significant effects on the country’s power sector and the continent at large,” predicted Alex Rugamba, AfDB’s Director of Energy, Environment and Climate Change.

Meanwhile, South African company GSC Energy has entered into a 27-year partnership agreement with the government of Cameroon to construct ten solar parks. At its peak, the USD-2.2 billion project will create up to 4,000 direct and indirect jobs and produce enough energy to power more than 50,000 homes, the government says.

Cameroonian authorities are currently seeking help from the International Organisation for La Francophonie for their renewables projects. The organisation comprises 80 member states and governments and represents French-speaking countries. Its Secretary General, Michaëlle Jean, has praised the Cameroon government’s efforts in renewable energy projects saying: “There is a need for this new push for energy diversification in Africa and Cameroon is on track. We need to work together to better promote best practices and preserve the environment.”

Although it produces very low levels of greenhouse gases and is a negligible contributor to global emissions, Cameroon is a signatory of the Paris COP21 agreement, achieved in December 2015 to reduce carbon emissions worldwide and curb climate change. The country’s particular COP21 objectives are to reduce its greenhouse gas emissions by 32% through green agricultural policy, which involves limiting deforestation and land degradation, and raising the share of renewables in its energy mix from the current approximate 5-25% by 2035.⁸

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Hydropower: in it for the long run

Cameroon has extraordinary potential in hydropower with several dam openings currently underway. Obtaining start-up funds remains a sticking point but investors should be aware of the sizeable eventual returns.

So why hasn’t Cameroon, and indeed Africa, developed more hydropower projects? The answer is well known: because hydropower projects are lengthy and costly. On average, it takes about ten years to complete a hydroelectric plant and to start getting a return on the initial investment through the sale of electricity. Furthermore, the building of a dam and plant require a high level of technical expertise and project management. According to experts who attended last year’s Africa Energy Forum in Dubai, any project for over 100MW costs more than USD 533 million, which is roughly 50% more costly than a thermal power plant.

The construction itself is expensive: it requires time-consuming preliminary studies and the building of dams, canals, roads, and high voltage lines. In addition, building in Africa costs more because most materials have to be imported. All this goes to explain how such projects struggle to find investors, despite the fact that once they are operating they can deliver cheap kilowatts (around USD 0.008 per unit).

But Cameroon is keen to tap into its promising potential, and it has taken steps in recent years to open up its electricity market and encourage foreign investment. A 2011 law ended the monopoly on distribution held since 2001 by the US company AES-Sonel, since renamed ENEO. Furthermore,

"With deep pockets and an endless appetite for the continent’s abundant resources and commodities, China has over the past decade become the largest hydropower contractor in the world"
another piece of legislation passed in 2013 is specifically aimed at attracting investment, in particular in the energy sector, thanks to customs and fiscal incentives.

In recent years, China has also stepped in as an important actor. With deep pockets and endless appetite for the continent’s abundant resources and commodities, China has over the past decade become the largest hydropower contractor in the world. In Cameroon, China’s state-owned hydropower and construction company, Sinohydro, is involved in several projects. An historic partner of Cameroon, France is another major investor through its state-owned utility Electricté de France, which has decades of experience in build-operate-transfer projects throughout French-speaking Africa. Two private US companies, Hydromine and Platinum Power, are also developing projects.

To date, Cameroon only has three fully operating hydropower plants, including two on the Sanaga River, the longest river in the country crossing the territory from the north-east to the south-west. The oldest plant is Edéa, built in 1953 and with an installed capacity of 264MW. The second one is Song Loulou, built in two phases between 1976 and 1987, with an installed capacity of 384MW. The third plant is the hydroelectric dam of Lagdo, on the Benue River in the north of the country. It was built in 1982 and has an installed capacity of 72MW.

Although they provide much needed kilowatts, these plants are ageing. Furthermore, only Edéa and Song Loulou serve the southern part of the country, where the two largest cities and most economic activity are located, and where demand increases every year. But this situation is about to change, as Cameroon readies a number of significant projects, some of which are about to be completed. With two of these at a very advanced stage of construction and four others planned, 2,700MW are set to be added to the nation’s existing hydropower generation capacity of some 720MW, implying an almost fourfold increase.

The first new plant to start operations will be Memve’ele, a 201MW facility situated on the River Ntem, 300km north of Yaoundé (see pp.50-53). This CFA franc-420 billion (USD-680 million) plant is being built by Sinohydro, and partially financed by the Export-Import Bank of China. The technical impoundment of the dam has already been carried out (in the summer of 2015) and the first of the four turbines is now functioning and serving the neighbouring locality of Ebolowa. The project managers are currently trialling the plant at partial capacity, prior to starting operations fully in June 2017. Meanwhile, the remaining building work is progressing swiftly and it seems [at the time of print] that the deadline will be met. Memve’ele will be connected to the southern interconnected network, which serves the capital and other urban centres, and could also — if required — serve neighbouring Equatorial Guinea and Gabon.

The second project that is already well advanced is the Lom Pangar dam, on the River Sanaga. This infrastructure is particularly important, not so much because of its relatively modest generating capacity (30MW) but because it will reduce seasonal and interannual fluctuations, which hamper the exploitation of the vast Sanaga basin. According to the French Development Agency (Agence Française de Développement, or AFD), citing widely accepted estimates, the Sanaga could generate 6,000MW, including 4,200MW in large capacity sites and 1,800 in smaller ones. In other words, the river could supply 70% of the country’s needs.

This new, six-billion cubic metre reservoir dam, the largest in Cameroon, is currently being built and will be operated by the public company Electricity Development Corporation (EDC). The project also involved China International Water and Electric Corp. as technical partners, and the French consulting firm Coyne & Bellier. The total cost of some USD 494 million is financed by the state of Cameroon and international lenders such as the World Bank (64 billion CFA francs or USD 103.2 million) and the AFD (39.4 billion CFA francs or USD 63.5 million). Building work is scheduled to be completed by the end of this year, and the power plant should start operating in 2018, according to EDC Director Théodore Nsangou. The facility will be 100% operational by the end of 2018.

Lom Pangar will pave the way for the building of at least half a dozen hydropower plants on the Sanaga, say Cameroonian authorities. Six projects are already in the research phase. One of the largest is the 1,200MW Grand Eweng plant. An agreement was signed in 2012 between the government and the US company Hydromine to build this plant, the production of which will mainly supply the aluminium industry, as well as a 330MW hydroelectric plant near the Mbakaou dam in the Adamawa region (central Cameroon), for a total cost of CFA francs 600 billion (USD 971 million).

Another mega project is the Nachtigal plant, some 60km north-east of Yaoundé, which will have an installed capacity of 420MW for a total cost of CFA francs 112 billion (USD 1 billion). It is being developed by the Nachtigal Hydro Power Company (NHPC), whose shareholders are the Republic of Cameroon, EDF International and the International Finance Corporation (SFI-IFC), a subsidiary of the World Bank. Building is scheduled to start six months after the completion of Lom Pangar. The opening of Lom Pangar will present new opportunities for investors. As EDC’s Théodore Nsangou has explained, private investors will be attracted by the competitive cost of kilowatt hours, and by the possibility of exporting to neighbouring countries, notably Nigeria whose energy deficit is approximately 10,000MW.

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Cameroon steps up its oil production and looks towards the future

With new refineries and upgrades on the cards, Cameroon is driving oil production forward in a bid to recover its control over this abundant natural resource.

CAMEROON IS OFTEN CITED as being endowed with natural resources, and is listed as Africa’s 13th-largest oil producer. Its major oil basin is the offshore Rio del Rey basin in the Niger Delta, and its remaining basins are offshore and onshore respectively at Douala/Kribi Camp on the western coast, and the Logone Birni basin in the north of the country. The Cameroonian state plays a significant role in the oil sector, and state companies control its extraction, refining, storage and distribution across the country.

An important infrastructure development for Cameroon’s oil sector was the construction of the Chad-Cameroon pipeline initiated by Exxon-Mobil in 2000. One of the key reasons for its construction was to increase fiscal revenues and facilitate the financing of key development expenditures in Cameroon. The 1,000km oil pipeline transports oil from Chad to Cameroon’s Kribi port. It also allows for further oil exploration and drilling in the regions that are located in close proximity. It is predicted that the project will produce USD 500 million revenue for the government over a 28-year period.

Cameroon has been producing oil since the early 1970s. However, its oil sector has gone through peaks and troughs. In the 1980s the country experienced a boom, producing 181,000 barrels of oil per day, which was then followed by a number of setbacks from the early 2000s. By 2011 production had fallen as low as 60,400 barrels per day. Since then, the government has been tackling this decline through increased investment and development of the sector.

2015: Cameroon goes against the grain

The sharp drop in oil prices affected many oil-producing African nations whose economies depend on these very revenues. Despite the 2015 fall in prices, the increase in oil production in Cameroon, which had been planned five years previously, went ahead, as although government and oil companies received less revenue than initially expected, investors were still able to gain some return on their initial investment.

During this period, oil production in Cameroon was increased to 100,000b/d, equal to a 17% surge. This was a dramatic increase from its low point of 75,000b/d in 2008, and represents the country’s highest oil production since 2002. The World Bank predicted that by the end of 2016, Cameroon would be producing 150,000 oil barrels per day, a grand total of 57 million barrels per year. The sector has become one of the most important sources of government income and close to 45% of foreign exchange earnings in 2016 have come from oil.

Oil sector management

The Société Nationale des Hydrocarbures (SNH) is the state-run oil production and exploration company, established in 1980 to develop and monitor petroleum activities across Cameroon, as well as to manage state operations.
Cameroon steps up its oil production and looks towards the future

interests in the oil sector. It assists authorities in their financial relations with private oil companies, and sells the government’s share of oil output to the national refinery and on the international market. SNH works in partnership with leading international companies including Glencore, EurOil (a subsidiary of Bowleven), Noble Energy, Dana Petroleum, Addax Petroleum (a subsidiary of Sinopec), Woodside, Yan Chang, Perenco and Gas of Cameroon (a subsidiary of Victoria Oil & Gas Plc).3

With 200 million barrels of commercial oil reserves registered by the US Energy Information Administration (EIA) in 2016,7 Cameroon is looking for opportunities to expand its refining capacity. This low reserve has not stalled exploration activities in the upstream sector by international companies such as Perenco, Kosmos Energy, Addax Petroleum, Bowleven and Victoria Oil & Gas.

In 2015 SNH started promoting six exploration blocs in the Rio del Rey, Douala/Kribi-Camp and Mamfe basins. In June of the same year, Scotland based Minnow Bowleven also began drilling its first exploration well in the onshore area of the Douala Basin. SNH predicted that these new fields would bring annual oil production from 27.5 barrels in 2014 to 57 million barrels, or around 150,000 barrels per day, by the end of 2016.10

The key institutions involved in regulating the upstream oil sector are the government (through the Ministry of Mines) and SNH. The Ministry of Mines grants licences and authorisations in the sector and controls petroleum operations. SNH works with international oil companies to ensure the control of operating and production costs and compliance with regulatory texts. Production Sharing Agreements are drawn up to contractually define these agreements.

Expansion, modernisation and construction

Cameroon’s National Refining Company, SONARA, refines crude oil and supplies petroleum products including butane, gasoline, kerosene, jet fuel and fuel oil to the national market. Founded in 1973, its initial capital has increased from CFA francs 4 billion (USD 6 million) in 1977 to around CFA francs 23 billion (USD 37.5 million) to date. SONARA also exports some of its products to countries that are part of the Economic and Monetary Community of Central Africa (CEMAC), and to markets along the West African coast. The company is able to export its products from the port to Europe, the US and South America.11

In 2014, the government and private investors began to work together to expand the capacity of crude refining at the Sonara Limbe refinery — which was at 45,000b/d at the time — with the aim of achieving 100,000b/d by 2017.12 Programmes have also been set in motion to upgrade and modernise the refinery’s facilities. The Limbe Refinery Project will revamp and install new distillation units. Most significantly, it will put the refinery in a position to process local, including heavy, crude oil. This marks significant progress in the sector, as since it became operational, the refinery has only refined imported light crude oil from Nigeria, Equatorial Guinea and Angola. Through this expansion and modernisation, the yearly production of the refinery is due to rise from 2.1 to 3.5 million tonnes.13

Progress is currently being made with the development of a new refinery in Cameroon; Russian engineering company RusGaz Engineering has been hired to conduct a feasibility study at the Kribi port at the end of the Cameroon-Chad pipeline. If plans go ahead, the refinery will significantly increase Cameroon’s refining industry. In fact, the combined hive of activity at Sonara and Kribi has the potential to gift Cameroon with the largest oil refining capacity in West and Central Africa.14

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“The government has been tackling oil decline through increased investment and development of the sector”
A power generation platform to reckon with: Globeleq

Globeleq, a leading independent power producer in Africa, considers Cameroon its main base on the continent given the country’s vast energy potential and location in the heart of Central Africa.

“Our company, Globeleq, is committed to driving energy production to some 5,000MW across Africa. We see Cameroon at the centre of this mission.”

CREATED IN 2002 with the specific objective of investing in energy projects in Latin America and Africa, Globeleq has over time emerged as a leading private developer, owner and operator of electricity generation in Africa. It owns and operates a series of independent power plants in Cameroon, Tanzania, South Africa, Côte d’Ivoire and Kenya, which total over 1,200MW. CDC Group, the UK’s government-owned development finance institution that uses its own balance sheet to invest in the developing countries of Africa and South Asia, owns Globeleq jointly with Norway’s Investment Fund for Developing Countries (Norfund), at a ratio of 70:30 to CDC and Norfund, respectively.

Globeleq Cameroon Management Service’s Managing Director, Frédéric Didier Mvondo, says the company has around 2,500MW of power projects in development and that it plans to add significant megawatts of new power generation in the next ten years. “Today, we represent a total of 25% of the electricity production in Cameroon,” he says. “We fully support the government in its plans to transform into an emerging economy by 2035, if not sooner. Our company is committed to driving energy production to some 5,000MW across Africa. We see Cameroon at the centre of this mission.” (See full interview on p.22.)

In Cameroon, Globeleq owns and operates two facilities: Kribi Power Development Company (KPDC), the larger of the two, and Dibamba Power Development Company (DPDC). KPDC is situated near the coastal town of Kribi, where a major port that will give Cameroon a unique positioning as a trading hub on the Gulf of Guinea is being built. The 216MW gas-fired plant was commissioned in 2013. Using 13 Wartsila 18V50DF generating sets, it sells electricity to ENEO, the national transmission and distribution company, through a 20-year Power Purchase Agreement (PPA).

Globeleq is the majority owner in partnership with the government of Cameroon, which holds the remaining share of the business. An expansion project is currently underway which, once completed, will bring the facility to 330MW. With an estimated price tag of CFA francs 65 billion (USD 105 million), the expansion project is backed by the African Development Bank, which will contribute CFA francs 15 billion (USD 24.1 million), alongside various other donors.

According to the General Manager of KPDC, Hans Francis Simb Nag, the funding is now complete and construction work — originally planned for the last quarter of 2016 — will start as soon as the parties reach an agreement on the price of gas: “We have agreements covering all of the necessary funding, but a number of conditions must be met before we can start construction work. The most important goal at this stage is to sign a gas supply contract. We are still negotiating a fair price that will be profitable for all.” (See full interview on p.24-25.) Construction work has already been assigned to the Finnish company Wartsila, a world leader in the design and building of energy facilities, and the same company that built the original Kribi plant at a cost of CFA francs 173 billion (USD 279 million).

Globeleq’s second power plant in Cameroon is DPDC, situated near Douala, Cameroon’s main port on the west coast. It is an 88MW heavy fuel oil (HFO) plant using eight Wartsila generating sets, and it sells electricity to ENEO through a 20-year PPA. Globeleq is a majority owner in
DPDC, once again in partnership with the government of Cameroon. Built for a cost of CFA francs 62.8 billion,1 it started operating in 2009 as a backup facility, but given frequent power shortages and increasing demand, it now contributes regularly to supplying Cameroon’s largest city and economic capital.

With a strong base in Cameroon, Globeleq is also an increasingly important player in the energy sector of sub-Saharan Africa. Its largest project to date is Azito Energy, a 430MW combined-cycle gas turbine power plant which it both owns and operates near Abidjan, the capital of Côte d’Ivoire. The inauguration of Phase 3 of this ambitious project took place in June 2015, in the presence of the President of Côte d’Ivoire, Alassane Ouattara. Azito is now one of the most modern and efficient power plants in West Africa.

The newly built Phase 3 adds 10% more electricity to the country, and Azito will ultimately contribute 25% to Côte d’Ivoire’s current total electricity production. With this recent expansion included, the total investment amounts to USD 615 million.2 During the inauguration ceremony, the group-wide CEO of Globeleq at the time, Mikael Karlsson, said that “this clearly demonstrates what can be achieved when governments, the international financing community and the private sector act in close cooperation to develop sub-Saharan Africa’s energy sector. Azito provides a blueprint for the development and financing of similar power projects, both in Côte d’Ivoire and West Africa as a whole.”

Beyond its work in Cameroon, Globeleq’s second-most important project in the region is Songas Limited in southern Tanzania, a plant which uses gas from the Songo Songo Island gas fields, situated 200km south of the commercial capital, Dar es Salaam. The project began operations in August 2004 and was immediately expanded by 50% to reach its current capacity in August 2005, for a total cost of approximately USD 320 million, according to Globeleq. Songas provides electricity to the Tanzanian national electric grid and industrial users in Dar es Salaam. The plant includes a gas processing facility, a 225km sub-sea and onshore gas pipeline, and the Ubungo power station, which currently supplies 20% of Tanzania’s electricity needs.

In South Africa, Globeleq develops, constructs and manages renewable energy projects as part of the government’s Renewable Energy Independent Power Producer Procurement Programme (REIPPPP). It owns or operates one wind and two solar facilities: Jeffreys Bay Wind Farm, Droogfontein Solar Power and De Aar Solar Power, respectively. Situated near Kimberley, in the west of the country, Droogfontein is a 100-hectare site equipped with 168,720 solar panels with a total capacity of 50MW. In operation since 2014, this is the first extremely large-scale renewable power plant to be built in the country. Also commissioned in 2014 and situated in the Northern Cape province, the De Aar solar field is a 50MW photovoltaic plant consisting of 167,580 panels mounted over an area of approximately 100 hectares. It is one of the first major solar projects built in South Africa. Near Port Elizabeth, on the southern tip of South Africa, the Jeffreys Bay Wind Farm has an installed capacity of 138MW and 60 Siemens 2.3MW turbines. As with the other two renewable facilities Globeleq operates in South Africa, this project is part of the government’s aforementioned REIPPPP.

Globeleq is the majority shareholder in a consortium comprising Mainstream Renewable Power, Thebe Investment Corporation, Old Mutual, engineering firms Enzani Technologies and Usizo Engineering, and a local community trust. With its solar and wind projects, Globeleq has strengthened its capacity in renewables, which are generally considered to be particularly interesting for Africa given that they can supply communities that are yet to be connected to the national power grid. However, the bulk of its projects so far are conventional plants: “We are interested in a broad range of power plant technologies that have the clear potential to generate clean, low cost, reliable power that is suitable for the [national power] grid. Globeleq will not invest in coal-fired projects,” says the company.

Interviewed by Financial Afrik in May 2016 in Abidjan, at a conference on financing inter-African trade, Jean-Louis Ekra, former President of Afreximbank and currently non-executive Director at Globeleq, stressed the importance of increasing the energy infrastructure of African countries: “It is essential for Africa to develop our power-generating capacity, notably to start industrialisation and exporting processed products. It takes time to transform an economy but it is encouraging to see that African countries [such as Cameroon and Côte d’Ivoire] have emergence plans. Even if in the end, only 30 or 40% of these plans are effectively achieved, this itself will bring about a great change in the economy of our countries,” he said.

With a solid portfolio of modern and efficient power plants using an array of technologies, Globeleq’s ambition is to increase its stake in sub-Saharan Africa’s energy sector and it is upbeat about the continent’s outlook. “There is no doubt that Africa is the next emerging region of the world,” said Mr Ekra, “in particular, given the deceleration of other emerging countries’ economies, we now have a unique opportunity. Many African countries have emergence plans; we have a young and dynamic population, and the main economic aggregates are positive. There is no doubt that Africa has now become the continent of hope.”

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Tapping our natural resources to power our most rural villages

Electricity at the Service of Rural Development

At AER, we specialise in the construction of mini hydroelectric stations and are leading the way in extending the availability of electricity in rural zones across Cameroon. We have become pioneers in the rural electrification subsector of the country through the building of a mini hydroelectric dam (3MW), which is financially backed by the European Union and is transforming the lives of those in the Rumpi zone of southwest Cameroon.
Energising Cameroon, from domestic use to big builds

Leading Edge in conversation with Perrial Jean Nyodog, Managing Director of Tradex, an energy trading and crude oil export company based in Douala

Leading Edge (LE): How do Vision 2035’s large infrastructure projects impact your activities?

Perrial Jean Nyodog (PJN): They have a direct impact since these projects require machinery that use petroleum products, in particular diesel. Such projects boost the economy, above all the downstream sector, which we forecast will grow significantly between now and 2035. Also, the construction of new roads means that people who live in remote areas will have easier access to petroleum products, an important part of the country’s energy mix. Consumers need more than electricity; they also need fuel, lubricants and the array of products and services that we offer.

LE: What opportunities do you see for Tradex in the Central African Economic and Monetary Community (CEMAC)?

PJN: We are currently operating in three CEMAC countries: the Central African Republic, Chad and Equatorial Guinea. Regarding the Central African Republic, we expect that the transition period and the establishment of institutions will bring peace and security. We plan to invest in the expansion of our network and the improvement of our services. The country has a lot of potential and if peace and security are in place, substantial growth will ensue in the years to come. For Chad, we started building a network two years ago and we are currently expanding it. We plan to offer the same range of products and services as here. In Equatorial Guinea, our activity is limited to tank management for oil and petroleum companies, but we are considering moving into distribution. Furthermore, we are constantly monitoring the region and ready to seize investment opportunities.

LE: Tradex was the first Cameroonian company to do maritime welding, isn’t that so?

PJN: Yes, and it is such an important part of our activity that we have become the largest operator, by market share, not only in Cameroon but also in the whole region. We also do aviation welding, which is much more limiting.

LE: What percentage of your turnover do you invest in innovation?

PJN: Rather than measuring investment as a percentage of the turnover, it is more relevant to compare it with our results. We have invested about half of our profits each year over the last few years. We are currently deploying our network: we have opened half a dozen petrol stations each year in recent years. We have also invested across the board, for example in the development and marketing of new products, and in improving the company’s management.

LE: Does this mean you are diversifying?

PJN: On the contrary, we are keen to maintain our traditional activities. In the last four to five years, we have been very active in supplying fuel to Cameroon, but the refinery only covers 20% of the needs. We are also very active in supplying gas. Through our partnership with Geogas, we have the exclusive right to import gas and to about 80% of the country’s domestic gas demands. Tradex now has a full range of products and services. We have four autonomous petroleum companies and our own lubricant brand. We supply domestic gas in bulk. And we have developed and patented a gas bottle equipped with a system for monitoring consumption that alerts consumers when they need to top up.
ENERGY IN CAMEROON

80%+
OF THE COUNTRY’S ELECTRICITY COMES FROM HYDROPOWER

95%
OF THE COUNTRY’S HYDROPOWER RESOURCES ARE STILL TO BE EXPLOITED

88%
DOMESTIC DEMAND FOR ELECTRICITY GROWS BY 8-10% EACH YEAR

80%+
8-10% OF THE COUNTRY’S ELECTRICITY COMES FROM HYDROPOWER

2nd
LARGEST HYDROPOWER POTENTIAL IN AFRICA — HYDROPOWER GENERATION CAPACITY COULD REACH 20,000MW BY 2018

5%
OF THE COUNTRY’S ENERGY DEMAND

70%
OF THE OVERALL DEMAND FOR USEABLE ENERGY

GOVERNMENT ENCOURAGING THE USE OF OTHER ENERGY SOURCES AS PART OF ‘VISION 2035’

ABUNDANT SUNSHINE & A GOOD AMOUNT OF WIND IN THE NORTH & WEST = GREAT POTENTIAL FOR SOLAR ENERGY & WIND TURBINES

SOLAR AND WIND ENERGY INITIATIVES HAVE THE POTENTIAL TO SERVICE

HYDROPOWER FROM THE SANAGA RIVER HAS THE CAPACITY TO COVER

CAMEROON SIGNS A LOAN FOR EUR 24 MILLION (USD 27 MILLION) FROM THE AFRICAN DEVELOPMENT BANK FOR FUNDING OF ELECTRICITY PROJECTS

OIL PRODUCTION PREDICTED TO RISE BY MORE THAN 150,000 BARLERS PER DAY

OPENING OF THE LONG PANGAR PLANT, A 6 BILLIONM³ RESERVOIR DAM, WHICH WILL REDUCE SEASONAL AND INTER-ANNUAL FLUCTUATIONS OF ENERGY CAPACITY

OPENING OF THE 420MW NACHTIGAL HYDROPOWER PLANT, WHICH IS BEING BUILT ON THE RIVER SANAGA

‘VISION 2035’ AIMS TO STIMULATE THERMAL POWER PRODUCTION, SO THAT IT WILL FORM OVER 1/3 OF THE TOTAL SUPPLY

Sources: AfDB; Africa EU Energy Partnership; Cameroon Investment Forum; Centurion Law Firm; Le Monde; Nachtigal Hydropower Company; USAID; World Bank
**Interview**

**Investment’s brightest side**

*Ousmanou Moussa, Managing Director of Agence d’Électrification Rurale, in conversation with Leading Edge*

**Leading Edge (LE):** Electrification is key if the government is to succeed in its plan to develop rural areas. What are the main projects being developed at the moment by the Rural Electrification Agency (Agence d’Électrification Rurale, or AER)?

**Ousmanou Moussa (OM):** Indeed, electricity is fundamental. For a long time, development was linked to the construction of roads. But now, electricity is the most important thing. There are about 7,000 rural communities in Cameroon that do not have access to electricity. Our priority is to find funding to extend our network and reach them. We have many projects. For example, we have already listed 200 locations where we could build mini hydroelectric dams. The projects we are currently developing are funded by a number of countries and international institutions, such as the European Union, Canada, the World Bank, the Islamic Development Bank, and the Arab Bank for Economic Development in Africa (Banque Arabe pour le Développement Économique en Afrique, or BADEA).

Apart from the state’s operating grant, we receive money from the government to raise funds abroad, in particular from those countries with whom we enjoy cordial relations. Spain financed our first project about ten years ago, when we electrified a number of localities on the border with Nigeria for security reasons. This was long before Boko Haram’s raids on our territory but we could already see at the time that there were security problems in the area, and we thought that electrification would help to make it safer. Unfortunately, we could only implement the first phase of this project at the time because Spain had to suspend its funding as a result of its economic recession.

Thanks to a partnership with the Islamic Development Bank, we were finally able to start the second phase of this project in June 2016, as announced by the Minister for Water and Energy, Basile Atangana Kouna. The budget for the second phase of the Rural Electrification Plan is CFA francs 600 billion (USD 969 million).

**LE:** You mentioned that 7,000 rural localities have no electricity. What are your priorities in giving them access to electricity?

**OM:** Our main problem is funding. We must find money. We have earmarked 200 locations for mini-dams, and it wouldn’t be difficult for us to build them, but we lack funding and that’s the issue. In the southern part of the country, where the climate is the wettest and rivers have water throughout the year, we could build dams. In the dry north, we could build solar plants. So really, the only thing that is missing is funding and this is why we are so busy preparing detailed reports for potential investors.

**LE:** What are the benefits for an investor interested in your electrification projects?

**OM:** There are two possibilities. An investor can have a concession, in which case the investor builds a dam or a solar plant, according to their own preference, and then sells the electricity generated to the village. If there is a surplus, the law makes it compulsory for the transport company to buy it, which means that the investor cannot lose, and in fact is guaranteed benefits from operating the plant. The second option is for investors to grant concession funding to the state, in which case the state builds the power plant, carries out the electrification work, and reimburses investors with the profits.

**LE:** You’ve just mentioned the subsidy you receive for fundraising. How does this work?

**OM:** We use the subsidy to recruit people who prepare the studies we submit to potential investors. Our role varies depending on each investor’s requirements: some request that we recruit a consultant who will follow the project up to its completion, and others rely on us, letting our electricians control the work throughout the project.
The dam powering regional energy destined for development

One of the large infrastructure projects envisioned in the Cameroon Vision 2035 strategic plan to bring the country to emergence level within the next 10 years, the 201MW Memve’ele hydroelectric power plant is well on course to open in mid-2017 as scheduled.

THE YEAR 2017 marks the first time in 25 years that a dam has been built in Cameroon. It is a sign of the times that the Memve’ele project in question will be financed by China rather than France, Cameroon’s long traditional partner. It is being built by China’s state-owned hydropower and construction company Sinohydro, which over the past decade has become the world’s largest hydropower contractor.

Situated in the locality of Nyabizan, on the River Ntem in the south-west of Cameroon, the new facility has a price tag of 420 billion CFA francs (USD 680.2 million). It is financed by Eximbank China (paying CFA francs 243 billion or USD 393 million for the construction of the dam), the African Development Bank (contributing CFA francs 112 billion or USD 181 million for the other components of the project) and the state of Cameroon (CFA francs 65 billion or USD 105 million). Its main purpose is to supply the southern part of the country and in particular the capital, Yaoundé (approximately 3.1 million inhabitants), 300km north of the Ntem River.

“As we all know, the electricity sector in Cameroon has been unstable for over a decade because of the imbalance between supply and demand,” said the Minister of Energy and Water Resources, Basile Atangana Kouna, during the stone-laying ceremony of the plant in June 2012. “This situation is particularly pressing in the southern interconnected network, which serves most of the country. It is exacerbated by the erratic water levels of the Sanaga Basin over the past few years, a key contributor to our main Édea and Song Loulou hydroelectric plants. This is why reducing the energy deficit and satisfying the fast-growing demand for power are now priorities for the government.”

Indeed, according to the national power provider Energy of Cameroon (ENEO), demand grows by about 7.5% per year with some 85,000 new clients each year, and this will require the addition of between 800MW and 1,000MW of installed capacity by 2020. Furthermore, some 70% of the total installed capacity is hydroelectricity, which makes the system vulnerable to climatic variations. According to ENEO, the “availability, quality and cost of electricity are clearly hampering economic growth to the tune of one to two percent per year.” According to the World Bank, two thirds of Cameroonian enterprises say that energy is a constraint and that about five percent of their production is lost due to irregular supply.

Proof of the importance of this infrastructure, which will bring the total installed capacity of the country to 1,400MW, the stone-laying ceremony was attended by President Paul Biya, who emphasised that the Memve’ele plant would “strengthen the southern interconnected network and supply the future Kribi industrial port, the whole southern region and eventually our neighbours if they so desire.” Indeed, Cameroon expects that Memve’ele will supply neighbouring Gabon and Equatorial Guinea, and be part of interconnection projects for this part of Central Africa.

Mr Biya also stressed that the dam would contribute to the development of the region: “It will bring jobs, communications infrastructure, such as the building of a tarmac road to Nyabizan, and boost the local economy.” In order to support the local population, the government enacted the 1.5 billion-CFA franc (USD-2.4 million) Memve’ele's Social and Economic Support Programme (Programme d’accompagnement socio-économique du barrage de Memve’ele, or PASEM). The objectives of this scheme are to compensate the 92 villages affected by the building of the dam and to help farmers. One example of the measures included in this scheme is that local farmers were rewarded a total value of 40 million CFA francs (USD 64,600). Another aspect of PASEM is to boost local employment. This is easier said than done because most of the jobs available at the construction site require specific skills. Nevertheless, some effort has been made and in

Nathalie Bourgeois
The dam powering regional energy destined for development

particular to help the local youth: for example 300 young people were offered training in masonry, plumbing, boiler making, woodwork, and electrical and metal work.

Memve’ele’s Project Director, Dieudonné Bisso, says that the new dam has already brought development to the local economy. “Only five years ago, there was no road to Nyaziban. There was only a track that was poorly maintained. We also brought mobile telephone networks. So the town has completely changed. We also support local people by offering jobs.”

The dam consists of several elements, including two spillways measuring 81 and 106 metres; a 2,400m intake canal; two intake structures, one at the entrance of the canal and the other at the point of entry of the plant; two tunnels, and a structure below the natural falls that will restore the river’s flow at the point of the Ntem Gorges. The hydroelectric plant comprises four 51.6MW turbines, four 50MW alternators, and four 225/11KV transformers with a capacity of 56MVA.

Ancillary works include the building of accommodation and workspace for staff during construction work and for operating the facility. They also include a 95km access road to Memve’ele from Central Meyo, the outgoing power line, and the Ebolowa transformer and interconnection station. Another station will be used to connect neighbouring localities.

When the plant is fully operational, in June 2017, it will play “a strategic role in the country’s electricity system,” said Minister of Energy and Water Resources, Basile Atangana Kouna. Situated in the Ntem’s hydrographic basin, the hydropower plant will contribute to diversifying power production from the Sanaga basin, where the water flow varies from 2,000 cubic metres per second in winter to only 30 cubic metres in summer. By contrast, the Ntem basin spreads over woodlands where river flows vary only slightly. Furthermore, hydrological studies have shown that the water flows of the River Ntem are at their highest between April and June, just when the Sanaga dries up, which will allow the operator to better coordinate production with the other plants of the southern network.

Sinohydro and its technical partner Coyne & Bellier/ISL have worked rapidly, as they have in many other large hydroelectric projects throughout the world. Some 90% of the construction work has already been completed [at the time of print], according to the Project Director, Dieudonné Bisso (see interview p.50-51). “The project is already 90% complete, and the technical impoundment was done on 15th August. The retaining structures, spillways and the canal’s intake structure have all proved to be functioning well. The first high-voltage masts of the line to Ebolowa and Yaoundé are built. The central Meyo to Nyaziban road is well underway,” he said in 2016.

The technical impoundment — filling the dam’s reservoir with water — was an important stage in the completion of the facility. During the official inauguration ceremony staged in August, the Minister of Energy and Water Resources, Basile Atangana Kouna, said “this is an essential part and a key stage in the building of the facility, and it bodes well for the planned start of operations, in 2017.”

The first of the four Francis turbines was installed in September and is now used in the trial supply to the nearby locality of Ebolowa. The turbines have been built in China and Mr Bisso travelled there himself to visit the Zhefu fabrication plant and officially take delivery of the machines. It is also in China, in Wuhan, that the transmission masts were built.

Although there were some concerns about the financing of the transmission line to Yaoundé, this hurdle has now been removed thanks once again to China. On a visit to Beijing in July, the Minister of Economy, Planning and Regional Development, Louis Paul Motaze, signed four agreements amounting to over CFA francs 280 billion (USD 452 million), and said they would, among other things, be used to finance “energy transmission lines from Douala to Yaoundé and from Memve’ele to Yaoundé”.

As both the government and Sinohydro are confident that Memve’ele will open as publicised by this June, plans are already underway to build a second dam on the River Ntem. In July 2016, the government tasked Memve’ele’s Project Director with issuing a tender for the building of Memve’ele II. This new dam will be located upstream from Memve’ele. It will be used to retain water and to regulate the Ntem’s water flow during the dry season.

References
Getting the turbines rolling

The 201MW Memve’ele dam, situated in Nyabizan, on the River Ntem in the south-west of Cameroon, is scheduled to start operating in June 2017. Leading Edge speaks about its progress to the Project Director, Dieudonné Bisso

Dieudonné Bisso (DB): The project is already 90% complete, and the technical impoundment was carried out in August 2015. The retaining structures, spillways and the canal’s intake structure have all proved to be functioning. The first high-voltage masts of the line to Ebolowa and Yaoundé are built. The central-Meyo to Nyaziban road is well underway. Our only concern is the transport contract. We need a line to Yaoundé and the transport contract was signed late. As soon as the first turbine is operating, we will be able to carry out tests, and we hope to be able to transport electricity as soon as the dam starts producing. In any case, as far as the dam itself is concerned, we are fully satisfied with what has already been done and the current pace of construction.

LE: Once this transmission line is sorted, when do you plan to complete the project?

DB: The line is only an intermediary stage. Our real objective is for the hydroelectric plant to start operating before in mid-2017. Prior to that, we will test the first turbine and then the three others in successive order. Given the context in which we are working — the country’s great
need for energy — these tests will already contribute to supplying the population. Once the first tests are done, it will take at most one year for the whole project to be completed.

**LE:** What were the main challenges you faced in this project?

**DB:** At the very start, we faced several environmental issues. In particular, earthwork and excavation were difficult. We had a lot of problems related to the geology and the climate: we had planned to build the foundation on healthy rock but it turned out to be altered. Moreover, working during the rainy season proved difficult at first, but from the third year onwards we found solutions and were able to proceed with fewer difficulties.

**LE:** How important will Memve’ele be for the country’s power supply?

**DB:** There are three dams in Cameroon: two on the Sanaga River and one in the north, on Lagdo Lake. We are on the same network as the Sanaga River dams — the interconnected southern network which requires additional energy to meet development and investment needs. The two existing power plants produce about 600MW, so Memve’ele’s 201MW contribution will be significant. The first 52MW turbine will enable us to trial supply to the population of Ebolowa and its surroundings. When the other turbines start operating, the energy supply will gradually increase. The first 52MW are more than the south region’s needs. Once the line is ready, the plan is to supply Yaoundé.

**LE:** How was the project received in the Nyaziban area? What has been the local impact so far?

**DB:** The project has been very well received, in particular because it is accompanied by a series of social measures. In addition to the environmental management and social plans included in the Memve’ele project itself, the government is enacting the Memve’ele’s Social and Economic Support Programme (Programme d’Accompagnement socio-Économique du barrage de Memve’ele or PASEM) for the local population. Expectations are high. The first impact is visual; only five years ago, there was no road to Nyaziban. There was only a track that was poorly maintained. We have also introduced mobile telephone networks. So the town has completely changed. That said, the 2,000–3,000 people coming to the town in search of work is a burden on the local population, so we have to support local people and we do so by offering jobs locally.

Since this is a project that requires proven technological and technical skills, we are looking for people who fit our requirements, from simple workers to engineers. In the past few years, we have recruited over 3,500 people. We have also opened recruitment centres in order to find more qualified personnel according to our needs as the construction progresses. When a specific work contract ends, these workers are transferred elsewhere or made redundant. In the area of the ridge and for the plant, we are now in the finishing phase. We have built a road on the ridge for this project, which will serve to increase the region’s connectivity. This is one of many instances in which this project contributes to development.

**LE:** It has been said that since the plant has a production capacity of 201MW, it could also serve neighbouring countries. How do you see that? Is it possible to supply other networks?

**DB:** Technically, it is absolutely feasible and we have incorporated this vision since the start of the project. Everything is in place: we already have the interconnection capacity. However, this is a political matter to be seen as part of regional interconnection projects. In any case, at least for now, Cameroon needs this power.

**LE:** What makes you proud about this project?

**DB:** I have been working on this project for the past nine years and I’m proud to have contributed to the development of my country. It has not always been easy, in particular at the start and also because we are just recovering from a period of economic recession. We had not built a dam in 25 years, so it is a very important project not only for the country but also for the whole region. When President Paul Biya laid the foundation stone, on 15th June 2012, it was a very moving moment. And I will be equally moved when the whole project is inaugurated this year.
Agriculture

From cocoa to coffee and cassava, the list of crops cultivated in Cameroon runs long. The sector’s evolution will entail developing value chains, export capacity and agro-industry.
Agriculture: the unexploited potential is immense

The Cameroonian agricultural sector represents enormous opportunity, a fact that has prompted the World Trade Organization to label it “vast in potential”.

WITH ITS INCREDIBLY diverse geography, Cameroon’s under-developed agricultural sector offers large economic and investment potential — a fact recognised by the government, industry players and, increasingly, multilateral funders and other investors. Indeed, according to the General Manager of the country’s largest agriculture company, the Cameroon Development Corporation (CDC), “the state of Cameroon is counting on agriculture being the driver of the economy of this country.”

In 2015, the country’s agricultural sector made almost USD 7 billion, representing 23.9% of Cameroon’s GDP. It was also responsible for 46.2% of the country’s exports, worth USD 1.7 billion. The sector is also hugely important for jobs, employing 70% of the country’s workforce.

Cameroon has over six million hectares of fertile land, around 80% of which has yet to be exploited. The country is sometimes described as ‘Africa in miniature’, because it contains all the major climates and vegetation of the continent. In the dry north, pastoral livestock farming is widespread, along with the growing of relatively drought-tolerant crops like sorghum, millet, maize and cotton. Most export crops are grown in the southern and coastal regions. These rainforest zones are hot and humid, with the coastal area including some of the wettest places on earth.

Over 95% of food for domestic consumption is cultivated by small-scale farmers, using traditional methods. Cooperatives are encouraged by the government and most major crops have their own state-managed agency providing support to growers. Some of the export crops, however, are grown in plantations by both public and private agri-businesses, using more advanced cultivation and processing techniques. These operations are increasing in size — multinationals, international companies and large Cameroonian enterprises are showing a growing interest in buying large parcels of farmland. The country’s most important export crops are cocoa, coffee, cotton, banana, palm oil, rubber, sugarcane, tobacco, tea, pineapple and peanuts. The main food crops are plantains, cassava, maize, millet, sorghum, yams, potatoes, sweet potatoes, dry beans and rice.

No shortage of crops and exports

Cameroon is one of the top-ten producers of cocoa in the world. The bean is the country’s largest export crop, bringing in USD 820 million in 2015. About 232,000 tonnes are grown annually, over 80% of which is exported to European Union countries. Only smallholders are involved in cocoa production, which is overseen by SODECAO and the National Cocoa and Coffee Board (ONCC) — both government-owned agencies. Mainly manual labour is used to harvest, extract and dry cocoa beans, which are sold to licensed buyers at a price set daily by the government. The buyers export it to Europe or sell it to bigger local export companies — the largest of which are Telcar Cocoa, trader for US-based Cargill, Singapore’s Olam and local company Ets Ndongo Essomba. A small amount is also sold to local processing companies and some of this is made into chocolate by companies like Chococam, a subsidiary of South Africa’s Tiger Brands, and Italy’s Ferrero.

Cameroon is West Africa’s second-largest producer of coffee, currently harvesting about 24,000 tonnes of beans a year, worth USD 53 million. Almost all coffee grown is exported, with about 64% going to the European Union. It is cultivated on smallholdings and production levels and prices have dropped significantly in recent years and farmers have been moving to more profitable crops, such as maize and cassava. The ONCC is trying to boost the sector by, among other things, encouraging young people to get into coffee cultivation.

Exports of bananas and plantains provide Cameroon with about USD 63 million a year. Bananas are mainly grown for export, in large agri-business plantations concentrated in the south. Both government and major producers see the fruit as a huge growth area. With over 50% of the export market, Société des Plantations du Haut Penja (the Cameroonian subsidiary of France’s Compagnie Fruitière) is expanding its farms and it plans a 40% increase in production by 2020. The second-largest producer, state-owned CDC, also has plans for growth.

“Cameroon has over six million hectares of fertile land, around 80% of which has yet to be exploited. The country is sometimes described as ‘Africa in miniature’, because it contains all the major climates and vegetation of the continent”
Agriculture: the unexploited potential is immense

Cameroon’s plantains — 3.5 million tonnes a year of them — are consumed domestically and exported to neighbouring countries. Although genetically similar to bananas, their farming is very different and plantains are usually produced by smallholders. But with new government initiatives to increase production, farmers and investors are starting to set up larger plantations.

In 2015, Cameroon made USD 166 million from exporting cotton, which is grown in the north. The development company Sodecoton — majority-owned by the state, with Geocoton of France owning 30% — has a monopoly on buying, processing and marketing all the country’s cotton.

Although Cameroon is Africa’s fourth-largest palm oil producer, production doesn’t meet domestic demand and it is unable to benefit from export opportunities. Currently making about 250,000 tonnes of oil a year, the government wants this to increase to 450,000 tonnes by 2020. Palm oil is produced by smallholders, commercial farms and agribusinesses, like CDC. The market leader, Socapalm, is a private company, and 70% owned by Bolloré of France. It is currently considering investing almost USD 62 million in the expansion of its oil farms. Other international companies that have invested in palm oil include Singapore’s Olam and Herakles of the US.

Cassava is the main staple food for Cameroonian. It is harvested on about 20% of all cultivated land, mainly by smallholders, and represents around 46% of national food crop production. While most cassava is used domestically, there are opportunities for regional export growth and a number of initiatives are in place to increase the crop’s value chain.

Maize is also currently receiving a lot of attention. Traditionally grown by smallholders as a staple food for themselves, demand from brewers and animal-feed companies is rising. In addition, maize is profitable and quick to grow, all of which means that larger-scale companies are investing in its production.

Historically, animal farming’s contribution to the country’s GDP has been low, mainly due to pastoral production systems. But Cameroon is now seeing some intensification and modernisation, as meat demand increases. For example, an artificial insemination programme has started to produce cows giving 8-12 litres of milk a day, in comparison with 1-2 litres from traditional breeds. Poultry farming in particular, which currently generates a yearly net profit of about USD 30 million, is expected to grow rapidly.

Stumbling blocks and solutions

The wide range of products Cameroon can farm presents tremendous opportunities, but the country’s agricultural sector also faces serious challenges. There are production shortages for major crops and in the supply of quality seeds. Productivity of smallholders is low and they have limited mechanisation, poor access to fertilisers and pesticides, and high post-harvest losses — often due to bad conservation and marketing. There has been insufficient funding of agricultural research and limited access to finance for farmers. Other barriers to growth have been the condition of roads and the limited development of value chains for products.

The government has recognised all of these problems and has recently put programmes in place to transform the sector. Multilateral funders, such as the World Bank, the Food and Agriculture Organization of the United Nations and the African Development Bank (AfDB) have followed suit.

In addition to the country’s Vision 2035 initiative, with its strong focus on agriculture, Cameroon has recently adopted a National Agricultural Investment Plan for 2014-2020, under which it aims to invest about CFA francs 3 trillion (almost USD 5 million). The four investment priorities are the development of agricultural sectors; the modernisation of production infrastructure and improved access to finance; the management and sustainable use of natural resources; and the business development of stakeholders.

Amongst other initiatives, the government now provides farmers with improved seeds and plants, subsidises pesticides and fertiliser costs by 20-50%, gives low-interest loans, supports agricultural machinery purchases by up to 15%, provides technical and financial guidance, and has increased processing, storage and packaging capacity. It is also opening new higher-education centres to train 30,000 farmers a year. It has even created a new bank — the Cameroon Rural
Financial Corporation — specifically to fund the agriculture sector, which is set to start operating imminently.

Cameroon’s Ministry of Agriculture and Rural Development (MINADER) is also working with funding bodies and international research agencies on various programmes to improve agricultural productivity. In 2013, Cameroon’s agricultural sector received nearly USD 51 million in aid-for-trade grants and loans for economic development. Some of this money is aimed at expanding value chains; for example, the AfDB is supporting the development of plantains, pineapples and palm oil, while the World Bank, International Fund for Agricultural Development, European Union and the French Development Agency are targeting cassava, sorghum, maize, onion, fish, milk and pork. Germany is helping to train 18,000 coffee and cocoa farmers in agricultural entrepreneurship and is also investing in poultry.

Cocoa is one major example of the private sector investing heavily in extending a value chain. A public-private processing company, Ferme Agropastorale de Manmenyie, has been set up with a total investment of approximately USD 8 million. It aims to process 16,000 tonnes of cocoa into cocoa butter and powder every year. Other cocoa plants are also opening, including one that will process 30,000 tonnes a year. This USD 15 million-project is backed by Buhler of Switzerland.

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Investment in Cameroon’s agricultural future is an international affair

Multilateral financial backers are intensifying their activities in agriculture across Cameroon, backing initiatives from increasing yields to boosting competitiveness in the sector.

“...a good example of an initiative that the FAO is implementing in order to develop the country’s agricultural value chains is the African Root and Tuber project, in support of the commercialisation of the crop cassava...”

The Food and Agriculture Organization (FAO) of the United Nations, the World Bank and the African Development Bank (AfDB) all have one thing in common when it comes to Cameroon: they are working alongside the government to introduce new agreements, projects and investment opportunities in the agriculture sector.

As proof of its commitment to the country, the FAO signed a new USD-20 million agreement with the Cameroon government in 2015: a five-year partnership programme aimed at promoting agricultural development. The FAO’s Director General, José Graziano da Silva, said that the move highlighted the country’s “strong commitment to food security and rural development”.¹

This new programme has been shaped by Cameroon’s 2013-2017 FAO Country Programming Framework, which emphasises private sector involvement. Priorities include supporting strong and sustainable growth, and helping to create a more intensive, productive, competitive and better-organised agriculture sector.²

The FAO is also working on projects to help the country cope with current emergencies and crises, such as the influx of refugees and rise in livestock numbers. And, happily, some of these should have a longer-term benefit for the agriculture sector: for example, in going beyond its basic efforts to supply seed, fertilisers and farming tools to 4,700 people, the agency has set up food processing units too. It has also funded the inoculation of 150,000 animals and provided farming equipment and training to livestock breeders.³

A good example of an initiative that the FAO is implementing in order to develop the country’s agricultural value chains is the African Root and Tuber project. In support of the commercialisation of the crop cassava, the project aims...
to link small-scale producers with domestic and international buyers. The agency is also backing an urban horticulture initiative, due to the population explosion in towns and cities. Four agricultural sites will be set up and producer groups will be supported and trained. Cameroon is also one of the countries to benefit from 2016’s USD 4-million grant to increase rural job and business opportunities for young people through public-private investments.

The World Bank is working on its new Country Partnership Framework for Cameroon and it has three agriculture projects in the country (at the time of print). The Agriculture Investment and Market Development Project, consisting of USD 125 million in International Development Agency and International Finance Corporation funds, is investing in small-scale farmers growing cassava, sorghum and maize, and helping them form connections with local agri-businesses including Nestlé and Guinness.

The AfDB sees itself as a leading strategic partner of Cameroon, and according to its 2015-2020 strategy paper, plans to intensify its activities in agriculture. It will be investing in the development of agricultural value chains, diversification and the continued improvement of rural infrastructure — which it sees as crucial for attracting private investors and international markets for the sector. The AfDB has already achieved a great amount in this field; for example, it has provided for significant fibre optic installations, which will allow information about farming methods and agricultural stock and prices to be shared.

As part of its new strategy, in 2016 AfDB approved a EUR-89 million loan to finance the development of an Agricultural Value Chain Development Project in Cameroon. Aiming to make the palm oil, plantain and pineapple sectors more competitive, the initiative will develop infrastructure, crops and youth entrepreneurship, and is expected to deliver nearly 600 different agri-businesses. Rural infrastructure is also being addressed by the agency’s Grassfield project, which will continue until 2019 and could increase agricultural production by some 37,000 tonnes.

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AGRICULTURE IN CAMEROON

6 MILLION HECTARES OF FERTILE LAND;
80% OF WHICH HAS YET TO BE EXPLOITED

THE GOVERNMENT’S VISION 2035 INITIATIVE INCLUDES AN INVESTMENT OF USD 5 BILLION (€UR 4,678,939,020) TO DEVELOP THE DOMESTIC AGRICULTURAL SECTOR

AGRICULTURAL SECTOR EMPLOYS 70%+ OF COUNTRY’S WORKFORCE

SMALL-SCALE FARMERS USE TRADITIONAL METHODS TO CULTIVATE 95% OF FOOD FOR DOMESTIC CONSUMPTION

BANANA PRODUCTION AVERAGES USD 63 MILLION WITH AN ESTIMATED 40% INCREASE BY 2020

CASSAVA REPRESENTS 46% OF NATIONAL FOOD CROP PRODUCTION

SECOND-LARGEST PRODUCER OF COFFEE IN WEST AFRICA, HARVESTING 24,000 TONNES OF BEANS PER YEAR, WORTH AN ESTIMATED USD 53 MILLION

AMONG THE WORLD’S TOP TEN COCOA PRODUCERS, PRODUCING OVER 232,000 TONNES ANNUALLY

Sources: Food and Agriculture Organization of the United Nations; International Institute for Environment and Development; National Cocoa and Coffee Board; Programme of Accompanying Research for Agricultural Innovation; Société des Plantations du Haut Penja; World Trade Organization
A growing appetite for the riches of cocoa

Leading Edge talks to Jérôme Mvondo, Managing Director of the Société de Développement du Cacao (SODECAO), about what differentiates cocoa from other products, aside from its singular taste.

Leading Edge (LE): Tell us about the state of cocoa production in Cameroon.

Jérôme Mvondo (JM): There has always been a gap between the potential and the actual production of cocoa in Cameroon. However, over the last eight years, this gap has narrowed substantially. In Cameroon there is a growing appetite both in the private and public sectors for growing cocoa. It remains for us to look for greater investment to drive production.

LE: What is behind this widening interest in cocoa?

JM: Heightened awareness of the potential. More than exports, it’s the potential that cocoa has to impact our own economy and this outstrips other agricultural products. People have realised this, and with growing access to new farming practices and high-performing plant materials, more people are building their own nurseries.

We support cooperatives and associations in planting high-quality beans and cultivating productive crops. But demand is outpacing production, which is why we need to deploy other technologies, such as bio-production. This is a Brazilian technology that grows plants from plant cuttings instead of beans. You can multiply as much as you want, while ensuring that your plants have the same properties as the mother plant.

LE: Are the beans themselves of good enough quality, given the concerns that have been raised about Cameroon cocoa’s capacity to be multi-processed?

JM: Cameroonian cocoa is one of the highest-rated in the international market. We carefully control the fermentation and drying, as well as field processing, to minimise risk and guard against epidemics. And we continuously review this against International Cocoa Organization (ICCO) standards.

LE: What is the impact of bio-production and the processes you deploy in terms of external marketing and international standards?

JM: Bio-production improves the quality of the cocoa qualitatively and quantitatively. We do not import plant material to drive production — international regulation is clear on this: cocoa cannot be exported in this way because of quarantine stipulations. This is a highly regulated market and we have always met compliance standards.

LE: Who checks the quality of Cameroonian cocoa?

JM: There is no specific organisation in charge of this. There are cocoa markets in London, New York and other locations where the quality of Cameroonian cocoa is highly appreciated.

LE: The BEAC National Directorate projected a reduction in cocoa production of about 20 thousand tonnes. How do you explain this?

JM: At a global level you can produce overall estimates, but actual production statistics for cocoa are hard to track because of fraud and incomplete records.

LE: What is the impact of cocoa on Cameroon’s agricultural sector?

JM: Côte d’Ivoire is the top cocoa producer with two million hectares, but it’s at saturation point. Cameroon oscillates between 500 and 600 thousand hectares and has the potential to progress to 4 or even 5 million hectares without prejudicing other agricultural products.

LE: What does the government expect from SODECAO in terms of rural infrastructure development?

JM: We aim to open and maintain rural roads to service isolated production areas. We have problems though, in terms of engineering and materials shortage. SODECAO relies on state subsidies and for 2016 the operating fund is CFA francs 1.4 billion (USD 2.3 million), while the investment fund is ten billion, which is far from sufficient. For this reason we are exploring additional funding opportunities.
Coffee and cocoa need productivity boost

Leading Edge explores the challenges ahead with Michael Ndoping, Managing Director of regulatory body, the Office National du Cacao et du Café (ONCC)

LE: The Banque des États de l'Afrique centrale (BEAC) has predicted that cocoa production will fall by 20,000 tonnes in 2016-17. What do you make of this?

Michael Ndoping (MN): Cocoa production depends on climatic conditions, and despite abundant rain recently, last year we had less than expected, so it’s hard to predict. The signs are that production will grow, though climate change makes it impossible to give exact estimates, which is why BEAC’s prediction surprises me. The measures we are taking give us every reason to be optimistic about results — within the context of market forces and other actors that affect production.

LE: What is your role in developing the cocoa and coffee sectors?

MN: We are the primary regulating agent for the state. In spite of economic liberalisation, cocoa and coffee are strategic products that have an impact on the trade balance, income distribution and employment in rural areas, so the state has a role to play. The ONCC ensures that products meet quality standards, and we also work to promote sustainability. While there are some deforestation issues linked to cocoa production, plantations do contribute to the carbon cycle, lowering harmful effects on the environment. Our role is to regulate this, while working to improve income and employment, especially for young people.

LE: How do you guarantee the quality of coffee and cocoa?

MN: Quality standards are set by international standards. We maintain these through partnerships with private entities that work using a quality-control system devised by the ONCC. We also have a world-class laboratory for chemical, physical and organoleptic analyses to ensure the quality of our coffee and cocoa exports.

LE: You do this as the government body representing Cameroon in the world markets, is that correct?

MN: Cocoa and coffee were originally conceived by the country’s colonial leaders as products for exportation to the West. Both are mature markets, yet they are critical to Cameroon’s economy in terms of GDP and will remain so for years to come. We are also seeing demand from China, India and Brazil, which represent exciting opportunities.

LE: Vision 2035 has put plans in place for agriculture and infrastructure in Cameroon. What influence could these programmes have?

MN: Under the Emergence Plan 2035, a Development Fund for the Cocoa and Coffee Industry (FODECC) has been established. It is supported financially by resources taken from an export tax applied to cocoa and coffee. As a result, projects developed in these sectors depend neither on the public Treasury nor on external funding bodies. With the increase in levies on exports of cocoa and coffee in 2011, today FODECC collects enough money to be injected into these sectors so that they can continue to grow and become more competitive. We have set quite ambitious objectives, supported by research, productivity improvement, marketing, local processing and so on. With cocoa production we’d like to surpass 600,000 tonnes, and when it comes to coffee 127,000 tonnes.

LE: What is the outlook for coffee and cocoa production in Cameroon?

MN: We must undoubtedly make an effort to move to the next level in the value chain and to add value and offer finished products. But above all, we must move from a subsistence culture to a real agro-industrial culture in cocoa and coffee. This does not mean trying to be the first producer in the world or in the sub-region. The important thing is not quantity, but productivity. If we only have two hectares but we manage to make seven tonnes per hectare, we can be sure to earn enough money to live decently. One challenge we face is a mentality that dates to the colonial era. While other countries see agriculture as a noble profession, in Cameroon it is seen as a sub-trade, which is a serious mistake. Our challenge is to promote agriculture as a profession, and change perceptions in young people.
Agriculture, the state and ambitious plans afoot

With bananas, rubber and palm oil among its major interests, The Cameroon Development Corporation is set to help drive the sector’s growth, aided by key internal developments in 2016.

CREATED IN 1947 to buy, develop and operate plantations of tropical crops, the Cameroon Development Corporation (CDC) is the biggest state-owned corporation involved in the development of agricultural exports. The CDC is the second-largest employer in Cameroon after the state, with over 22,000 employees. The corporation is currently focused on the production of bananas, rubber and palm oil in the south-west region, but that seems set to change, as a major alteration to its business status in 2016 has enabled diversification and investment.

The corporation is the second-biggest banana producer in Cameroon, with plantations covering 4,525 hectares and producing an average of about 100,000 tonnes of fruit a year; nearly all of which is exported through agents like Del Monte and Fruiter. The CDC’s banana growing is supported by funding from the European Commission’s Banana Accompanying Measures programme, which aims to increase competitiveness and encourage diversification. The CDC has five rubber factories and 22,262 hectares of plantations producing around 19,000 tonnes of high-quality, semi-finished rubber annually for the export market.

Palm oil production also reaches about 19,000 tonnes per year, the resulting product of 15,240 hectares of palms. However, the totality is marketed locally, with prices set by the state. The CDC is currently investing in new plantations for both rubber and palm oil. Workers at the Matouke Rubber Project in the Littoral region have already planted about a third of a planned 6,000 hectares of rubber. A total of 10,000 hectares of smallholdings in the north-west region will be planted with palms, and a further 10,000 hectares of smallholdings in the south-west region will be used for both rubber and oil.

The expectation is that investments will soon be made in crops outside the CDC’s traditional portfolio. In January 2016, the President of Cameroon signed a decree changing CDC’s status from a development corporation to a public corporation. CDC’s General Manager Franklin Ngom Njie says that this means that 100% of the share capital (about USD 58 million) is owned by the state, but the corporation is now governed by private law and has financial autonomy, and the external auditor (currently ECA Ernst & Young) will become more important. From now on, he adds, “management shall […] be assessed based on results notwithstanding the social commitments.”

Not only has the CDC’s status been changed, but the limits on which business activities it can become involved in have been reduced significantly, opening up possibilities for diversification and investment — even into livestock farming. It is now also allowed to buy other businesses and to create subsidiaries involved in the production, processing and commercialisation of agricultural produce.

The price set by the government for palm oil has apparently not changed since 2008, resulting in the CDC having to sell it at a loss. As a first step towards improving its cash flow, the CDC announced in August 2016 that it wants to move into the large-scale production of maize, cassava and/or pepper — products with short seasons as well as direct profitability.

Cameroon’s Minister for Agriculture and Rural Development, Henri Eyebe Ayissi, has said that he wants the CDC to play a pivotal role in the country’s efforts to increase its economy — and its new status and business purpose should allow the government to use the company as an investment vehicle, in order to take advantage of the opportunities offered by the agriculture sector. On the other hand, the CDC was — and still may be — listed for privatisation. Is it possible that the government is improving its situation before looking for external investors?

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Water & Sanitation

Analysing the approaches taken by the government and pan-African bodies in order to improve Cameroon’s potable water and sanitation paradigm

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The running of Cameroon’s water sector

Cameroon has an abundant source of renewable water and is taking active steps to ensure the quality and quantity of the resource nationwide.

ACCESS TO SAFE WATER and sanitation characterised one of the eight Millennium Development Goals (MDGs) adopted by the international community in 2000, with most of the other goals also relating to resources management. Many governments have committed to renewing their water sectors to meet the target of universal access to water and sanitation. The African Ministers Council on Water (AMCOW), of which Cameroon is a member, coordinates the actions of key water and sanitation players on the continent, and facilitates the strengthening of regional cooperation on water resource management and development.

Speaking about achieving the UN’s Sustainable Development Goals (SDGs), which were launched in 2015 when the MDGs expired, Hon. Eng. Gerson Lwenge, President of the African Ministers’ Council on Water (AMCOW) said: “Leaders [need] to renew commitments for the water sector, to meet the target of universal access to water and sanitation. We believe that effective and efficient management of water resources is key to unlocking Africa’s socio-economic growth and development.” Indeed, a regional framework known as the Africa Water Vision for 2025, which was compiled by the World Bank, the United Nations Economic Commission for Africa (UNECA) and the African Development Bank, (AfDB) also advocates the importance of good water management to improve efficiency, equity and sustainability, and to ensure that quality water and sanitation provision are available for all.

For a country like Cameroon, which suffers floods in the south and a shortage of water in the north, whilst simultaneously enduring outbreaks of diseases such as cholera, water can be both a lifesaver and a danger. Access to sufficient amounts of good quality water can help alleviate poverty, improve food insecurity, increase productivity, and the right water equation can support economic recovery and increase economic development. And yet, whilst Cameroon is rich in water resources, a number of factors have led to their poor management. These include rapid population growth, unplanned urbanisation and intensive industrial and socio-economic development. That said, between 1990 and 2008, Cameroon increased its overall access to improved water from 77-92% in cities and from 31-47% in rural areas. Residents in the south have a more reliable water source, due to higher rainfall, while those in the north rely, on the whole, on rivers and groundwater sources, which can dry up if they are not managed correctly.

However, the country has been working towards bridging the gap between national water policies and water services. In 2002, the government of Cameroon, with five other African governments, requested the Global Water Partnership Organisation (GWPO) to submit proposals for better water governance in their countries. The acceptance of these proposals led to the creation of the Partnership for Africa’s Water Development (PAWD-II), which introduces sector action plans for the countries. Cameroon’s Integrated Water Resource Management Plan (IWRM) started by setting up the Global Water Partnership Cameroon (GWP-Cmr) in 2005, a neutral platform encouraging collaboration between all the stakeholders in the water sector, with its mission to support the government in the sustainable management and development of national water resources.

Reforms introduced to the water sector have traditionally focused on developing resources and infrastructure to widen access to safe drinking water, with a particular focus on urban and suburban areas. Reforms introduced to the water sector have traditionally focused on developing resources and infrastructure to widen access to safe drinking water, with a particular focus on urban and suburban areas. As cities such as Yaoundé have grown, infrastructure has been unable to keep up, leaving areas of the city outside the water grid. For example, in 2014 Yaoundé only had access to half the water it required. This led the Cameroonian government to launch the Sanaga Project the same year. This ambitious government
programme (see pp.76-79) has seen the construction of large interconnected water networks to ensure safe drinking water for the population, supplying water from the Sanaga River to Yaoundé and its suburbs. The project will endeavour to reach two million people in Yaoundé and neighbouring villages and will significantly enhance Cameroon’s water infrastructure.

While rates of access to drinking water have improved in Cameroon, the sanitation coverage has not been as strong. Between 2000 and 2010 access to sanitation in the country fell from 61% to 58%. Progress has been uneven, as improvements have, by and large, reached urban over rural populations. To balance matters, the government has designed a national strategy to increase sanitation coverage, and requested that the Water Partnership Programme (WPP) support the development of a sanitation strategy for the country’s two major cities. This has increased national discourse around sanitation. The WPP now supports a ten-year national sanitation strategy to increase sanitation coverage from 34-57% by 2020.4

With a high percentage of the population depending on agriculture for their livelihood and food security, irrigation is also vital for Cameroon. And yet, a low percentage of the land is irrigated. Although the area of irrigated land has been on the up, indicators from 2012 showed that there was still a long way to go, with 29,000km² of land out of a possible total of 475,000km² equipped for irrigation at that time.5 The irrigation issue often lies in the difficulty of getting water to the fields. In Cameroon, nearly four-fifths of cultivated land is dependent on rainfall, which is rarely sufficient. Most of the irrigation programmes are government-owned, using infrastructure owned by private parties. There have been some small-scale, self-driven irrigation schemes, which have helped farmers with their supply of vegetables throughout the year. On the whole, there have not been many private investments in this sector, although there is a demand for them, given that irrigation services provide an effective way of increasing crop production in Cameroon by providing an additional source of water for cultivated land.

Despite the abundance of water resources, which averages out at 15,000m³ per person annually6, access to water in Cameroon remains a challenge. There is huge potential here for development. However, for many years the sector has been disjointed and underfunded, with an ageing and under-maintained infrastructure network. This, as well as the fact that rapid urbanisation has overwhelmed services, has led Cameroon to take active steps to reform its systems with the aim of continually improving the quality and quantity of potable water, sanitation and irrigation programmes for the entire population. ■

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An integrated approach to improving water supply

Cameroon’s government has implemented a series of reforms, and has joined regional water networks together in a bid to improve the country’s water systems and services.

An integrated approach to improving water supply

The water sector in Cameroon has developed significantly during the last decade due to government reforms put in place since 2005, which have led to improved governance of the sector, decentralisation and institutional development.

Cameroonian Government is committed to the implementation of measures that will reform the water sector, vastly improving supply and services concerning the vital resource. In 1999, the government began the process of privatising the Cameroon National Water Corporation (SNEC), the public corporation that had hitherto held the responsibility for operating the public water supply networks feeding towns for forty years. This process was completed in 2008 with the establishment of a leasing contract for the management and operation of urban facilities between the state and two companies — Cameroon Water Utilities Corporation (Camwater) and Camerounaise Des Eaux (CDE).

Camwater, formed in 2005, is a publicly owned company, which holds its own legal and financial autonomy, but is supervised by the Cameroonian Ministry of Water and Energy, and Ministry of Finance. Camwater acts on behalf of the state as the entity responsible for the management of water infrastructure in Cameroon, including the mobilisation of financial resources for the execution of development projects. It also carries out the construction, rehabilitation and management of potable water infrastructures.

Since its establishment, Camwater has managed to increase water capacity by several thousand cubic metres, through rehabilitation and the creation of new infrastructure that allows for the increased supply of drinking water to the population. In recent years, many large Camwater projects have led to new stations, pipelines, reservoirs and bridge-pipes being built, which have supplied drinking water to a large population, satisfying needs considerably, especially in the cities of Douala and Yaoundé. Examples include the Project of 52 Centres, where Camwater is rehabilitating, strengthening and expanding the drinking water supply system in 52 secondary centres.

Camwater now works with a number of development partners and its network is continually expanding. This is crucial as the quality of its services often depends on large investments. It recently carried out a joint infrastructure project with the British engineering company Biwater. The USD-166 million project covers the refurbishment and extension of water supply infrastructure to address drinking water shortages across a number of areas in south Cameroon.

In order to leverage the work of Camwater and in particular to ensure the smooth running of water facilities and the delivery of drinking water to the population, the government appointed the Camerounaise Des Eaux (CDE) in 2008. Its mission is to provide drinking water services to some 110 urban and suburban centres. It is responsible for the production, transport and distribution of potable water within the area under its lease. The operator also carries out maintenance work on capital assets and the replacement of assets under its lease, and focuses on the consistent improvement of efficient services.

To facilitate the planning process within the country’s water sector, a neutral planning platform for all water sector stakeholders in Cameroon has been set up, known as the Global Water Partnership. The partnership brings together the institutions involved in the water sector and its mission is to support the government in the sustainable management and development of national water resources. It was created as part of Cameroon’s Integrated Water Resources Management (IWRM) plan to facilitate the planning process between all water sector stakeholders in Cameroon.
Cameroon is supported in its efforts to improve water resources by The African Ministers’ Council on Water, or AMCOW. The inter-governmental body composed of all 53 African government ministers in the region aims to promote cooperation, security and social and economic development by improving the management of the continent’s water resources and the provision of water supply services. It looks into issues related to investment in order to ensure for water security and improved sanitation.

AMCOW also carries out Country Status Overviews (CSO2s) on water supply and sanitation. During 2009/2010, AMCOW produced a CSO2 in collaboration with the Government of Cameroon and other stakeholders. This highlighted key areas for development, such as increased attention to the water supply for rural areas, and for the sanitation sector on the whole. It was found that during 2009 and 2015, the majority of funds mobilised for the water sector were being assigned to urban areas, including the funds received from development partners. Around USD 90 million per year were allocated to urban water supply, of which 70% came from development partners. This is a stark comparison with the USD 10.3 million allocated per year for the rural subsector, including 37% from development partners.

With regards to sanitation, this is also an area where a better balance of investments would be highly beneficial as activities, such as the management of wastewater, are crucial to accompany the ongoing progress in supplying potable water to communities. Data collected by the WHO/UNICEF Joint Monitoring Programme for Water Supply and Sanitation has shown that the access to improved sanitation, especially in rural areas, has scarcely changed since 1990. Although organisations such as UNICEF and the WHO build sanitation facilities, these have not been sufficient to truly impact the access rate. It has been estimated that the funding deficit for this sector between 2009 and 2015 was estimated at USD 174.9 million per year.

On the whole, the water sector in Cameroon has developed significantly during the last decade due to the reforms that the government began to put in place in the past decade. These have led to improved governance of the sector, including its decentralisation and institutional development. As a consequence of the progress made through these reforms, the sector has started to regain the trust of development partners and investors. It has created an enabling environment for investments in the sector which donors have begun to support.

Overall, progress has been most visible in urban water supply, as funding has tended to focus more on this area, leaving the rural water supply and the sanitation subsector overlooked. These stand out as areas available for increased attention and investment, to enable the water and sanitation sectors to develop simultaneously, and ensure that the rural populations are also able to access the improved potable water services that are increasingly reaching urban and suburban areas in Cameroon.

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Putting Camwater back on track

Leading Edge in conversation with Alphonse Roger Ondoua Akoa, Managing Director of Cameroon Water Utilities Corporation (Camwater)

Leading Edge (LE): What is your opinion about the status of Camwater today? What are the challenges you face as the Managing Director of Camwater?

Alphonse Roger Ondoua Akoa (AR): The government, via the Minister of Water and Energy, has given me a clear roadmap that can be summarised in one phrase: “putting Camwater back on track”.

For this to happen we need to focus on three clear actions. Firstly, the role of donors is crucial for the development of the urban and suburban water sector in Cameroon. In recent years we have had some concerns with the donors, who did not quite understand the direction that the former directorate gave to the collaboration. This has therefore been my greatest mission, and I believe that dialogue with the donors has been restored since I joined Camwater. We are getting the dialogue with donors back on track.

The second mission that I have been assigned is to do everything possible to ensure that drinking water is supplied across the two major cities in Cameroon (Yaoundé and Douala) as quickly as possible. I am working with my collaborators to solve this deficit. The third action is the consolidation of the partnership with Camerounaise des Eaux (CDE). Following the reform of the water sector, the Cameroonian Government put two structures in place that now work together: Camwater, a concessionary company of the state, and the operator CDE. The partnership between Camwater and CDE is essential with regards to the success or failure of the policies that the government is putting in place in urban and suburban areas. Although relations between the two companies have recently been a little difficult, we have a strong interest in working together. These are the three actions that I have been assigned in the short term.

LE: What is the protocol set up by Camwater to encourage synergy between Camwater and CDE?

AR: It should be kept in mind that during the reform period, a number of contracts were established between the state of Cameroon and Camwater, including contract plans with other parties. This set of contractual relations should allow for a more dynamic collaboration between Camwater and CDE.

Camwater and CDE are complementary because they share the same objective: to provide drinking water to the population of Cameroon. One of Camwater’s key roles is to install structures. Once these are built, the resource is stored, transported and distributed by the operator, who in turn makes it available to the population.

LE: Your goal is very important for the population, as we know that 70% of cases of illness come from water. What is your social responsibility policy?

AR: The fundamental ambition of Camwater is, first and foremost, to bring drinking water to the population, without neglecting enslavement and environmental issues. We exercise skill development with the ministries and urban communities in charge of these areas. Although we are not major players, we still remain actors in this mission, and what is important to remember is our role in the mission to provide drinking water.
LE: We have heard about the Sanaga Project that will bring 300,000m³ of water to two large cities. We would like to know what measures Camwater is taking to disseminate water efficiently in targeted cities?

AR: So far the evaluation of the Sanaga Project is very good, insofar as the strategic choices that have been made, which Camwater supports. The supply of drinking water from the Sanaga River to the city of Yaoundé is to be retained as a priority, within the framework of the drinking water projects for the two major cities (Yaoundé and Douala). The indicators of the project are 300,000m³/day of drinking water to the city of Yaoundé. What can Camwater do when this resource becomes available? A number of manmade structures have been foreseen, for example, for storage and for transport of the resource to Yaoundé. It will be up to Camwater to reinforce the drinking water supply which means supervising the project, and to intensify the construction of networks throughout the urban perimeter of the city of Yaoundé.

LE: All this requires significant financial resources: what is Camwater's capacity for raising the necessary resources for the financing of this project?

AR: Camwater has the full support of the government in its search for funding. Once we identify a source we take it to the government and together we analyse the possibility of it making these funds available to us. The state therefore acts as guarantor for investment and loans from donors, and the mechanisms of Camwater and the state have to work in collaboration to overcome any structural imbalance in the sector, which could be a large handicap. This collaboration means that we rely heavily on the government.

LE: What message of confidence can you give to potential investors to encourage them to engage and contribute to existing opportunities in your sector in Cameroon?

AR: The Head of State, H.E. Paul Biya, has set Cameroon on its initial steps and a number of measures have been put in place to accompany this. Here I am referring to the strategy papers for growth and employment. These documents structure the Head of State’s vision for a democratic Cameroon, united in its diversity, and working towards becoming an emerging country by 2035. They were developed with a number of criteria in mind, including consultation at grass-roots level. A course has been set, and the President's vision is shared by all stakeholders. Today we have a country that is on the road to economic recovery: we have a 6% growth rate, natural and human potential, stability and peace. This combination of elements can reassure investors that Cameroon remains ‘a good risk’.

LE: What was your greatest achievement in your professional life?

AR: I am most proud of the opportunity I had to be an administrative authority, when I was Sub-Prefect and General Secretary of the province for several years, and to spend time as a citizen in the urban community of Yaoundé. My greatest pride is being able to serve the people. Over 20 years ago I was Sub-Prefect in the north, where I lived with the people and experienced their daily realities. It was exhilarating.

“The fundamental ambition of Camwater is, first and foremost, to bring drinking water to the population, without neglecting enslavement and environmental issues”
WATER & SANITATION IN CAMEROON

NOTEWORTHY PROGRESS IN URBAN WATER SUPPLY

1990 2008

77% 31% 92% 47%

CAMEROON INCREASES ITS OVERALL ACCESS TO IMPROVED WATER FROM 77% TO 92% IN CITIES AND FROM 31% TO 47% IN RURAL AREAS

2014

DURING 2014, MANY LARGE CAMWATER PROJECTS WERE SET UP ACROSS CAMEROON — NEW STATIONS, PIPELINES, RESERVOIRS AND BRIDGE-PIPES WERE BUILT

2017

THE EUROPEAN COMMISSION PROVIDED USD $40 MILLION (EUR 37,423,530)

IN THE LAKE CHAD REGION ENCOMPASSING CAMEROON, NIGERIA, NIGER AND CHAD, TO RESPOND TO VARIOUS NEEDS INCLUDING WATER AND SANITATION

2020

THE WATER PARTNERSHIP PROGRAMME SUPPORTS A TEN-YEAR NATIONAL SANITATION STRATEGY TO INCREASE SANITATION COVERAGE FROM 34% TO 57% BY 2020 AND IS RECEIVING THE ASSISTANCE OF A USD $30 MILLION CREDIT FROM THE WORLD BANK

Sources: Europa.eu; France24; UNEP; WPP Sanitation
Pipes to the people

The Sanaga Project, launched by the Cameroonian government, aims to supply water to the city of Yaoundé and its surroundings, in order to solve water shortages in the area.

YAOUNDÉ HAS ALMOST 3.1 MILLION inhabitants1, (Cameroon’s population being 24.4 million2) and yet many households do not have direct access to piped water, putting them at risk of illnesses such as diarrhoea, dysentery and typhoid fever. As the gap between supply and demand for water has continued to widen in the capital city, springs and hand-dug wells have become major water sources.

The Sanaga Project launched by the Cameroonian government aims to supply water to the city of Yaoundé and its surroundings to solve this water shortage. It is an ambitious government programme, which will build large interconnected drinking water networks, with the aim of reducing frequent water cuts and shortages. The project’s name derives from the fact that the government chose the Sanaga River, the longest river in Cameroon at 890km which travels along the northwest of the country, as its source of water for the project.

Until recently, the Akomnyada Treatment Plant (which has a capacity of 100,000m³ a day) and the Mefou Plant (which, in turn, can provide an extra 50,000m³) were Yaoundé’s main water suppliers. However, according to Daniel Ndorg Ebozoo'o, Managing Director of the Project, Yaoundé’s population now needs a supply of more than 300,000m³ of water per day. Therefore, the present capacity has not been adequate, and forecasts suggest the capacity needs will only increase.

The Sanaga Observation Station has studied the data of the Sanaga River over the past 60 years, and Ndorg Ebozoo'o says the lowest flow observed during this period was recorded at 180,000m³ of water per second. As the current requirement for this project is 3.5m³ per second, the Sanaga River constitutes a more than sufficient resource to count on to supply Yaoundé in the long term.

The financing for the project comes from the Cameroonian government as well as Chinese investment. A loan agreement with the Export-Import Bank of China (China Exim Bank) was signed in April 2015 for the partial financing of the project, and the Chinese National Machinery Industry Cooperation (Sinomach) will be working on the construction of the pipeline through the Sanaga River. China Exim Bank injected CFA francs 339 billion (USD 545 million) into the project in spring 2015; some 85% of the total required which is CFA francs 400 billion (USD 643 million). The remaining sum of CFA francs 60 million (USD 96,000) will be paid by the Cameroonian government.3

The entire project consists of the construction of an industrial complex of structures spread across roughly 60km of land along the river: this includes a pumping station, processing plant, take-off stations and a lead tank. A 63.3km-long water transport pipeline will connect these stations.

In its initial phase, the project aims to produce approximately 300,000m³ of water per day, which will be increased to 400,000m³ of water per day by its second term. It is predicted that this amount, when added to the existing supply, will largely satisfy the needs of Cameroon’s capital. The programme aims to reach a total of two million people in Yaoundé as well as the villages along the pipeline, which will mean a significant boost to the infrastructure of a country where a high percentage of the population has no access to clean water.

Supplying safe drinking water throughout Yaoundé and to its surroundings will have a very positive impact on the health of its population. Since 2005, the Cameroonian government has taken major steps to strengthen the water sector and make it self-financing, and the Sanaga Project is expected to have an important macroeconomic impact on the country. According to Daniel Ndorg Ebozoo'o, it is expected that the increase in production and water quality thanks to the project will lead to a higher number of subscribers to the Yaoundé network.

If the water sector is to become self-financing, the provision of an efficient supply to these cities is fundamental in order to maximise subscribers and sector revenues, opening up the possibility for the planning of new projects to supply other regions in Cameroon.

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In-Depth
Pipes to the people

A bridge on the Sanaga River at Edea

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A bridge on the Sanaga River at Edea
Leading Edge (LE): What is the current progress of the Sanaga Project, 28 months after its inception?

Daniel Ndong Ebozo’o (DNE): Although the financing agreement was signed in January 2015, The Chinese National Machinery Industry Cooperation (Sinomach) — the investors — have been on the ground since 2014 and are working on the development of the site. However, the 36-month construction period has not yet started. At this point, data collection at the site has been completed, the preliminary designs for the work have been presented, examined and approved, and we are now in the project implementation phase. We are currently putting the paperwork together, in order to start construction. This is almost completed and we will be given the green light once it is all signed. At the same time, we are working to prepare the land. We estimate that the construction permits will be approved within the next two months. Once that happens, we will move on to ordering and manufacturing the equipment that we need in order to start work.

The goal of this project is to supply water to Yaoundé and the surrounding areas. Water from Natchigal will be increased in Batchenga-Obala-Nkometou-Nyom-Mont Ndindan, before reaching Yaoundé. Batchenta and Obala will receive approximately 5,000m³ of water. Ultimately, we will supply Yaoundé with between 280,000 and 285,000m³ of water per day. If we take other water sources that currently supply Yaoundé into consideration, the capital’s water supply will be ensured beyond 2035.

LE: Could you tell us a bit about the challenges specific to the project and the measures taken to meet deadlines?

DNE: We are facing challenges caused by two factors: the city of Yaoundé’s irregular topography, and the instability of the water flow. Despite rationing measures, many high areas in Yaoundé dry up when water levels are low. Contrary to popular opinion, supply shortages are due to these fluctuations in water levels. The Sanaga Project aims to work around this problem. We will set up four pumping stations that will allow us to maintain the levels necessary to ensure continuous water supply to all neighbourhoods. The operation of each of these pumping stations will require just over 26KW of power, and the transmission
“The Sanaga Project will have a very positive impact on the health of the population of Yaoundé, as it will eliminate one of the largest sources of contamination and diseases”

lines that run alongside the plant can’t provide this capacity. For this reason, we will construct power lines that will only be used for the Sanaga Project.

After consulting with AES SONEL (now called ENEO), and in order to avoid the electricity problems experienced in Yaoundé, we decided to build power lines that will be dedicated exclusively to the Sanaga Project. A high-voltage transmission line from the main transformer station in Yaoundé will provide us with a total of 90KW, which will then be transformed into four 30KW medium-voltage transmission lines that will supply the four pumping stations. This will allow us to supply the four highest and most important water storage points in the city of Yaoundé. From then on, the infrastructure already installed will allow for the supply of nearly the entire city of Yaoundé. Moreover, it’s possible that the ten pumping stations currently operating in Yaoundé will no longer be necessary.

LE: Is it possible that Sanaga could produce more water than the Yaoundé city network is capable of distributing?

DNE: Taking a look at the dynamic that the ministry has encouraged in the sector, I think it’s likely that the government is considering increasing the capacity of the network and that work will be done to this effect during the Sanaga Project. Even so, at the moment, my experience in the water sector gives me great conviction that the city of Yaoundé has sufficient demand to consume all of the water that will be supplied to it, and that estimates are consistent with needs. The challenge is to supply water to all customers and potential customers, because there are still areas of Yaoundé awaiting water supply. For that reason, it will be necessary to carry out construction to expand the network.

LE: Can you tell us about your relationship with your partners?

DNE: Sinomach handled all the paperwork aspects of the project. Even so, certain portions of the project require very specific knowledge and are highly technical. For example, this is the case with the water treatment station.

In Africa, it’s very rare to find a station that was built all at one time and that produces 300,000m² of water per day. The ones in existence were built in multiple phases. Given the importance and delicate nature of the work that must be carried out as a part of the project, Sinomach is going to subcontract a lot of work so that specialised companies can do certain very sensitive and important portions of the project. The preliminary subcontracting work is carried out by Sinomach, who is currently talking with firms across the globe. Afterwards, given the importance of the project, we are responsible for approving the subcontracting agreements if we are provided with all of the guarantees that the company in question has the capabilities and knowledge necessary to ensure the work is carried out as expected. Therefore, subcontracting and partnerships are important elements of this project.

Sinomach is going to subcontract more work than what it will do itself. Therefore, there are a large number of companies involved in this project that know exactly what they need to do thanks to the technical specifications. The specifications allow potential subcontractors to be perfectly aware of our needs. The majority of them are large enterprises that are very familiar with Cameroon and have already worked in the country in the past. This is the case with Degremont and Pont-à-Mousson, who have a great deal of experience in our country.

LE: What does the Sanaga Project represent and how important is the task of providing clean and safe drinking water to all of these people?

DNE: Considering that between 75-80% of diseases affecting human populations are waterborne, not only in Cameroon but across the globe, the Head of State wanted to make a point of making the water sector a priority on a sociopolitical level. When a socio-economic survey of households is made, it’s not hard to see that waterborne diseases are primarily what put a strain on household budgets. The residents of Yaoundé often use tap water to drink while washing their clothes and dishes and doing other household tasks with river water, which is very dirty. Through the increase in the quality and quantity of the water provided to the population, this project will make an enormous contribution to resolving this problem. The fact that the water supplied to Yaoundé today is insufficient forces the city’s residents to use poor quality water. On the one hand, the Sanaga Project will have a very positive impact on the health of the population of Yaoundé, as it will eliminate one of the largest sources of contamination and diseases. On the other hand, it will help families save money, as the portion of their budget allocated to fighting waterborne diseases will be smaller.
Investment perks: more than meets the eye

Cameroon's legal framework for investment favours national productivity and job creation as well as shared and sustainable economic growth, translating into extensive opportunities for foreign investors.

— Tamar Hayrikyan

FOREIGN INVESTORS can benefit from competitive advantages in critical sectors of the Cameroonian economy such as transportation, energy, communications, extractive industries and infrastructure. Today's incentives for investment in Cameroon, as offered by its legal framework, date from a law passed on 18th April 2013 and can be grouped into three categories: fiscal and customs, financial and administrative, and special incentives in priority sectors. The law applies to all private entities doing business or holding a share of capital in Cameroonian companies, whether natural or legal, Cameroonian or foreign.1

“The main administrative and financial incentive is flexibility in the management of company funds and income”

The fiscal and customs incentives include, for example, exemption from registration duties, VAT on provision of services contracted from abroad and reductions on corporate income tax during the operation phase of investment.2 Crucially, too, is the flexibility for foreign investors when converting, transferring or reinstating funds linked to an investment; funds can be converted to any world currency and can be managed in accounts abroad.3 In addition, enterprises engaging in export operations will be exempt from export duties on locally manufactured products.4

Companies can begin to benefit from these “common incentives” once they have obtained approval from the country's Ministry of Finance and Ministry of Private Investment, and the go-ahead is given once three basic indicators are evaluated: (i) the number of local staff employed; (ii) the percentage of exports; (iii) the use of natural resources; and (iv) the contribution to added value.5 Specifically, fulfilling any one of the following two criteria is sufficient to obtain official approval to access the common benefits: (a) to employ, during the operational phase and according to the size of the enterprise and sector, at least one Cameroonian by tranche ranging between CFA francs 5-25 million (USD 8,080-40,400) of planned investments; (b) to carry out annual exports worth 10% of turnover, net of taxes; whilst also using local natural resources of 10-25% of the value of input; and contributing to added value of 10-30% of turnover, net of taxes.6 Qualifying investors can benefit from these common incentives for up to a total of 15 years (five years during the establishment phase and ten years during the operation phase) after which “the investor shall automatically be subject to ordinary law.”7

Separately, investors who meet any additional criteria (employ at least five Cameroonian graduates each year, combat pollution, or develop public-interest activities in rural areas) are eligible for additional tax credits.8 Investing in “priority sectors” — namely activities that offer long-term social benefits and contribute to the much-needed development of national infrastructure, such as social housing, integrated agriculture and water and energy supply projects — comes with special incentives that include exemption from VAT on investment programme loans, exemption from land tax, direct goods clearance at the request of the investor, a fixed registration fee, and special temporary admission of industrial equipment and materials likely to be re-exported.9 The complete list of priority objectives can be found in Part III, Chapter 1: Priority Sectors, Section 14 of the incentives law. Some highlights include fighting pollution and for environmental protections, promoting and transferring innovative technologies and research and development, promoting employment and vocational training, and promoting exports.10

Prior to the 2013 law, the benefits from Cameroon's 1990 investment code had become virtually obsolete when a new national tax regime was instituted. For several years, bureaucracy, high taxes and arbitrary application of the provisions of the previous investment code made doing business in Cameroon difficult.11 The 2013 law has been a major step in overhauling the previous system by renewing tax benefits and providing increased regulatory certainty for foreign investors. Foreign companies have already reacted favourably, with a series of new private concessions signed with foreign companies and more reforms on the way. Investors in the extractive industries should note that upstream oil, mining and gas projects are governed by separate bodies.12

Regional investment framework

The 2013 incentives law must be understood within the broader regional framework governing foreign investment which, while it does not render the national framework obsolete as some analysts have claimed,13 does nuance the margin for interpretation of the new code's provisions. Cameroon is a member of the Economic and Monetary
Community of Central Africa (EMCCA), a supranational body that regulates certain aspects of member states’ economies, such as foreign exchange control. As a result, the Cameroonian private incentives laws are subject to additional conditions deriving from the regional framework. For example, opening a foreign currency account would require prior authorisation by the Minister of Finance and the Central Bank. Also, while Cameroonian law allows investors to deposit cash and use income in foreign bank accounts, the EMCCA regulation requires disclosure of export activities to the relevant authority. In the case of transactions that exceed CFA francs 5 million (USD 8,080), authorisation would need to be obtained through an EMCCA bank.16

“The Cameroonian private incentives laws are subject to additional conditions deriving from the regional framework”

Procedures and time-frame for obtaining the benefits provided by the 2013 incentives law

The 2013 incentives law establishes a one-stop shop comprising two bodies: one responsible for promoting small and medium sized enterprises, and the Cameroon Investment Promotion Agency (CIPA) — a state-owned institution responsible for promoting private investments and for offering guidance to both foreign and domestic investors.17 Interested investors are required to submit an application file to the one-stop shop, which, by law, must be reviewed within 48 hours and then passed on to the Minister of Finance. Within 15 days, the Minister of Finance must approve or reject the application, which would then allow the CIPA a window of three days to issue approval. The law requires applications to be processed within 20 working days and are finalised once the investor and the appointed Minister of CIPA come to an agreement. The investor has the legal right to appeal should the result of the application process be unfavourable to the investor.18

Broader regulatory and development context in Cameroon

The investment incentives law fits into a broader context of the implementation of Cameroon’s long-term development plan, Vision 2035, the overarching goal of which is that Cameroon’s economy reaches “emerging” status by 2035. With the assistance of multilateral and bilateral donors, the Cameroonian government is significantly reforming the state of public finances which will ultimately increase transparency, improve efficiency in the national investment budget and also curb corruption.19 This further favours the business climate for foreign investors. A number of initiatives are underway to facilitate investment in infrastructure: the government plans to allocate 33% of the national budget to developing critical transport, communication and power infrastructure.20 A moderately expansionist fiscal policy throughout 2014-15 is also the result of government investment in infrastructure. Investment in infrastructure is also taking place at the hands of private companies, with the US alone investing USD 1.2 billion in Cameroon throughout 2015.21 In addition, recent investments through private sector concessions have been made in the port, railway and social housing industries, as well as in national power and water utilities. In general, the government of Cameroon is tending towards Public Private Partnerships (PPPs), as it wants to participate in business ventures and restore its access to assets.22

Seeking to attract foreign investment whilst also addressing internal issues, in 2011 Cameroon reformed the electricity sector with the adoption of new legislation. The natural gas code of 2012 followed suit.

In sum, private investment in Cameroon is governed by the Investment Code of 2002, the private investment law of 2013 (detailed above), ordinary civil law for contracts, and regulations emanating from the EMCCA. In addition, specific laws are in place for mining, oil and gas, electricity and forestry. Foreign and national investors are subject to the same rules and regulations and this seems to play out in practice (for example, of the 30 state-owned enterprises privatised by 2004, the majority were foreign).23 With regards to property rights, indigenous land rights are recognised in the Constitution. Otherwise, the law does not discriminate against foreign landowners. Finally, the court system operates with a mix of common and civil-law traditions and English and French are both official languages.

References
2-Ibid.
3-US Department of State — Bureau of Economic and Business Affairs, Investment Climate Statement for 2016: Cameroon, 5 July 2016.
5-US Department of State — Bureau of Economic and Business Affairs, Investment Climate Statement for 2016: Cameroon, 5 July 2016.
7-Ibid.
11-Ibid.
16-Ibid.
20-Ibid. / 21-Ibid. / 22-Ibid. / 23-Ibid.
All foreigners need to obtain a visa to enter Cameroon before they arrive. The application requires a confirmed flight ticket, hotel reservation and proof of funds. The visa costs around USD 60 and can be obtained at embassies.1

Cameroon has a national railway system operated by the private company Camrail (a subsidiary of French investment group Bolloré) which transports both people and freight. It crosses major cities throughout the country and one of its three major lines goes from Yaoundé to Ngaoundéré.4

French and English are the official languages of Cameroon. The dominant tongue is French, spoken in most of the territory, whilst English is heard to a greater degree in the north and southwest. Some 200 further minority languages may be heard.

References
1-LonelyPlanet.com, Visas and Customs in Cameroon.
2-US Department of State, Bureau of Economic and Business Affairs, 2016 Investment Climate Statements, Cameroon.
3-LonelyPlanet.com, Cameroon Entry & Exit Formalities.
4-Camrail.net, Camrail: Transport Ferronviaire de Passagers et de Marchandises.
5-Adaptelec.com, Electrical Plug/Outlet and Voltage Information for Cameroon.
6-Expatriate.com, Opening a Bank Account in Cameroon.
7-iExplore.com, Cameroon — Travel Tips.

USEFUL NUMBERS
MINISTRY OF TOURISM
www.mintour.gov.cm/en/
Building Rose (ground floor)
PO Box 266, Yaoundé
tel: +237 22 22 29 36 / 22 22 33 53 / 22 22 44 11

POLICE, FIRE AND AMBULANCE
There is no official source providing phone numbers for police, fire and ambulance in Cameroon. The US State Department indicates that in Cameroon there are no emergency phone numbers for these services (the equivalent to 911 in the US). A reference document for emergency numbers worldwide states “local numbers only” for these services in Cameroon. Several online websites, without referencing official sources, concur by publishing the following emergency numbers: police — 117; ambulance — 119; and fire — 118.

EMBASSIES
US EMBASSY
Avenue Rosa Parks (in the Mbankolo Quartier, next to Mount Febe Golf Club)
PO Box 817, Yaoundé
tel: +237 22 22 1500

UNITED KINGDOM HIGH COMMISSION
Avenue Winston Churchill
PO Box 547, Centre Region 547
Yaoundé
tel: +237 22 22 07 96 / 22 22 33 47

EMBASSY OF FRANCE
Plateau Atémengué BP 1631, Yaoundé
tel: +237 222 22 79 00

EMBASSY OF GERMANY
Chancery
N°. 113, Rue 1851, PO Box 1160, Yaoundé
tel: +237 2221 0056

Consular Service
N° 22, Rue 1069 Avenue Charles de Gaulle Yaoundé 1er
tel: +237 690 69 63 62

EMBASSY OF CHINA
BP1307, Nouveau Bastos
PO Box 1307, Yaoundé
tel: +237 2221 083 / 22200 471 / 2221 6778

The international dialing code for Cameroon is +237 and +22 is specifically for the capital, Yaoundé.
Camwater is committed to working with the government and development partners to ensure clean and safe drinking water for Cameroon’s urban and suburban populations. By 2020, Camwater plans to improve drinking water supply by 75% through regional projects, infrastructure development and effective distribution networks. Camwater continues to spread the word on conservation, sanitation and water utilities as part of this goal.
Giant hydroelectric dam to deliver clean water for the first time to the capital’s population by 2017

At a moment of national energetic deficit, one of Cameroon’s biggest ever projects of its kind is well underway and set to change lives in the capital, Yaoundé. The goal is to deliver much-needed and long-awaited energy to the area. Memve’ele Project is a 400,000-billion FCFA investment, and is the fruit of efforts by the government of Cameroon to provide the energy that the country needs to keep growing fast. The construction of the giant hydroelectric dam is 80% complete and will be finished in 2017.