

## Cameroon Investment Forum Yaoundé 16-18 June 2009

The theme “Sustaining Investment and Growth” was approached through discussions on investment climate, access to finance, public private partnerships, government–business cooperation, employment creation, as well as discussions on issues as varied as energy, mining, forestry, and Information and Communication Technology (ICT).

Cameroon has suffered from the global recession, and the sharp fall in capital flows to Africa, and growth will be halved in 2009. The main message of the Forum was that business and government need to help each other to improve the competitiveness of the economy, not as the Prime Minister put it, each side passing the buck to the other.

The Government delivered a clear message that it recognises the critical role of the private sector as an engine of growth. It is important that business take responsibility for assisting the reform effort, and that industry groupings – even competitors – work together to support national goals. Government itself recognised the importance of improving coordination between branches and creating more holistic and urgent approaches to policy and its implementation. The importance of the Government speeding up decision-making was a common theme in most of the sessions.

I should like to note a number of practical suggestions or observations emanating from the Forum.

- The joint **public-private partnership model** used to implement the oil pipeline worked very well, and could be applied to other key infrastructure challenges. For example, the development of power infrastructure, or creating a strong IT backbone for the economy. Government’s proposal to establish a joint structure made up of the government and telecom operators to improve fibre optics access follows international best practice and is a welcome step. Reducing the cost of communications, and especially data transfer is a high priority as

it lowers business costs, and is especially important for small and medium sized businesses in an increasingly globalised world economy.

- **Accelerating infrastructure development.** Cameroon has huge potential – it has the second highest potential in producing hydroelectricity in Africa, and Douala Port is very important for the African continent. But it is estimated that Cameroon has suffered 5% reduction in growth over the last 10 years due to energy and other infrastructure shortages. The Global Financial crisis has also had an impact on the completion of projects and limiting new sources of funding. One of the main internal factors has been the slow pace at which projects move from feasibility to implementation. It is felt that there is a lack of coordination and communication between ministries. Government’s proposal to invite private sector both at the planning and implementation stage, and to simplify the procedures for identifying and implementing the projects are a welcome step.
- The sessions on oil and gas, agro industry, forestry and mining showed how abundant Cameroon’s natural resources are. Effective exploitation of the country’s mineral resources will be assisted by an industry wide reform to bring the **investor framework** into line with best practice in Africa. Potential operators need to be given licences from day one, not asked to wait until exploration is complete. Consideration should be given to amending the Investment Charter to make specific provisions for mining, incentivising investment and creating a more stable and predictable financial environment. At present, investment in mining is low in relation to Cameroon’s resources. Mining illustrates why there application of the tax system is so important for investment, and attracting more FDI requires a lower net rate of tax to encourage more investors.
- We reinforced the importance of **simplifying procedures**. We welcome the statement by the Prime Minister that the establishment of the One Stop Shop for investors is imminent, and that Government is committed to reducing the steps required to set up a business from 13 to 3 or 4. This will act as an incentive to companies, especially smaller and medium size investors. There is still a widespread perception that Cameroon is a difficult and risky place to do business, as portrayed in the World Bank’s Doing Business report, we sincerely hope that the government and privates sector will make progress in tackling tax and customs issues

there is a mutual responsibility from government and business to try to better understand the rules, and work together to simplify them to this end

- We were able to benefit from several sessions with the Vice Prime Minister dealing with **governance**. There is a proven and direct link between better governance and more investment, making this an economic necessity. The private sector should take the initiative to work with government to strengthen corporate governance systems. Good corporate governance is just as important as having a constant power supply, well-educated staff, or good roads and transport. In cooperation with the Chamber, GICAM and the ICC, the Business Action Against Corruption will work with key departments such as Customs and Revenue to streamline procedures and make a practical contribution to improving governance. CBC is also ready to assist in training and development of better corporate governance practice and to suggest which reforms are needed to make Cameroon more attractive to foreign investment.
- Although the World Bank noted progress in improving access to finance, we know that this is still a major problem for the SME and agricultural sector.
- We recommend that the effort being made to **inform global markets** about Cameroon be sustained, building on the CIF. At the Forum we launched the first Cameroon Investment Project Register, and I invite you all to submit projects and ideas for this resource which will go live on line next month. This is the first comprehensive document setting out investment opportunities in the country, and will enable us to keep up global marketing between fora.
- The **creation of a single market in CEMAC**, will encourage inward investment, reduce costs and improve revenues by creating a regional market of 30m. CEMAC is one of the richest regions in Africa, but intra regional trade has been falling in recent years and is now under 2%. Streamlining and harmonising customs and tax would benefit all countries, and requires action to tackle illicit trade.

- CBC was asked to explore the development of bilateral trade agreements at a Commonwealth level, along the lines currently being developed with South Africa.

This Forum took place against the backdrop of a very adverse economic environment, in which investors are extremely conservative. If we can invest in reform now, Cameroon will be better placed to benefit when the current recession is over. We have listened to suggestions on how to improve the value of the Forum and will take these into account.

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