COUNTRY PRIVATE SECTOR DIAGNOSTIC

CREATING MARKETS IN CAMEROON

Unleashing private sector growth

Executive Summary

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2121 Pennsylvania Avenue, N.W.
Washington, D.C. 20433
www.ifc.org

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EXECUTIVE SUMMARY

ES.1. A RESILIENT ECONOMY THAT HAS NOT FULLY DELIVERED ON ITS PROMISES

In Cameroon, 20 years of stable growth, prudent macroeconomic policies, political stability, and a favorable natural resources endowment have increased prosperity without, however, real economic transformation or significant growth acceleration. Poverty continues to be widespread and regional income disparities are growing. With smallholder agriculture remaining prevalent and generating mostly subsistence incomes for the poorest citizens, 26 percent of the population falls below the international poverty line (US$1.90 per year), and that percentage reaches 47 percent when considering the US$3.20 per day international poverty line for lower-middle-income countries.[1] Cameroon's Human Development Index value for 2018 was 0.563, only marginally above the 0.541 average for Sub-Saharan Africa (Cameroon's gross domestic product, or GDP, per capita is slightly below that of Sub-Saharan Africa) and below the average for the medium human development bracket to which Cameroon belongs.[2]

A key structural change that the country is experiencing is rapid urbanization, two of the most significant potential areas of future growth being the cities of Yaoundé and Douala. According to the United Nations, both cities will surpass 5 million people by 2030, and by 2050, 70 percent of Cameroon's population will live in urban areas. Finding good, high-quality job opportunities for a young population (60 percent of the population being under 25 years of age) will be a challenge given that two-thirds of employment opportunities in cities are currently of low quality in terms of features such as well-being, security, and compensation.

Headwinds are creating new challenges. Cameroon has been facing a security crisis on two fronts for over five years and has been hard hit by the global COVID-19 pandemic. Since 2014, the Far North has suffered great harm from the Boko Haram insurgency, which has been feeding on the extreme poverty and low human development throughout the region. The conflict has eased from its peak in 2016, but small-scale attacks persist, while the region continues to suffer from the disruptions brought by vast numbers of refugees and internally displaced people (totalling half a million) who have been pushed out of their homes. The Adamawa and East regions host more than 200,000 refugees from the Central African Republic, whose endemic instability has spilled over into the border regions of Cameroon. A third fragile area comprises the North and South West regions, where another conflict rooted in the neglected identity of these parts of the country started in 2016 and has rapidly escalated. The crisis in the North and South West regions has triggered the decline in production of important crops such as cocoa, coffee, and bananas, halting production by the Cameroon Development Corporation (CDC) as well. Absent this security crisis, it is estimated that the growth rate of tax revenue and GDP in the country would have been 0.5 and 0.3 points higher in 2017 and 2018, respectively.

Cases of COVID-19 were first reported in Cameroon on March 6, 2020. Nearly two years after the beginning of the pandemic, the number of cases has surpassed 110,000, and almost 1,900 people have died.[3] Containment measures such as social distancing and partial quarantines, as well as a combination of business tax relief measures such as the postponement of tax payment deadlines and an expedited value added tax (VAT) reimbursement, adopted as early as March 2020, evolved over time together with contagion waves, while authorities also accentuated efforts to raise awareness among the population, intensify testing, strengthen the capacity of health facilities, and roll out vaccines.[4] Partly thanks to these efforts, the impact of COVID-19 on the Cameroonian economy has been less severe than anticipated at the beginning of the pandemic and, after slowing to 0.7 percent in 2020, GDP growth rebounded in 2021, reaching an estimated 3.4 percent. GDP growth is set to consolidate in the medium term at 4.4 percent. As has been the case elsewhere, the COVID-19 pandemic and its spillover effects have negatively affected Cameroon's economic outlook. Risks to the outlook remain and depend on the evolution of the pandemic, the success of the vaccination campaign, and the need to reintroduce containment measures.

The economic impact of COVID-19 has limited the government's ability to maneuver. The latest World Bank-International Monetary Fund (IMF) Debt Sustainability Analysis carried out in July 2021 stated that the debt of Cameroon is at high risk of external and overall distress, but is still sustainable.[5] The analysis, however, stressed the presence of downside risks linked to the disruptions that the evolution of the pandemic may cause, the challenges of restructuring the debt of the state oil refinery (SONARA), and the potential resurgence of sociopolitical tensions. Such challenges highlight the importance of policy measures to mitigate risks, including progressive fiscal consolidation, limited recourse to commercial (nonconcessional) borrowing, further strengthening of public debt management, and judicious management of state-owned enterprises (SOEs).[6]

The new national development strategy for the period 2021–30 (NDS30)[7] recognizes the need to develop new sources of growth using "the emergence of the private sector as the main engine of economic growth." This approach targets strategic sectors that can compete globally serving both domestic and export markets. In the government's vision for the next decade, private sector growth will lead to economic transformation in nine high-priority industry and services sectors and agricultural development. This Country Private Sector Diagnosis (CPSD) for Cameroon discusses many of these priorities and finds support for the vision elaborated in the NDS30, while at the same time attempting to offer a realistic assessment of the challenges that may arise in implementing this vision within the next five years. The CPSD also offers recommendations for identifying focused and achievable actions.

ES.2. A STATE-LED ECONOMIC MODEL UNFRIENDLY TO INVESTORS

With 75 percent of SOEs commercially oriented, the state presence in productive sectors is significant and not sustainable, particularly in the transport, banking, agriculture, utilities (telecommunications and electricity transmission), manufacturing (aluminum, textile), and oil and gas industries. In these sectors alone, SOE revenue represents 14 percent of GDP, and some of the SOEs are the largest formal employers in the country. The financial situation of several of these public companies is problematic, creating growing fiscal risks.

Long-standing industrial policy efforts to transform the economy have yielded mixed results. These include incomplete liberalization efforts (privatization programs in the 1990s, public-private partnerships, or PPPs, that allow private sector collaboration in infrastructure and social policy, deregulation of infrastructure industries). The share of the manufacturing sector in the economy (including food and beverage industries), which stands at around 20 percent of GDP, is higher than in Ghana (10 percent) or Côte d'Ivoire (12 percent), but has remained broadly stagnant during the past 20 years and has decreased in the past decade. Informal practices remain widespread and constitute the top business environment constraint reported by formal firms in enterprise surveys,[8] as well as one of the top concerns reported in the surveys of Groupement Inter-Patronal du Cameroun (GICAM).[9]

Cameroonian industries mainly serve the local market, and the country has both failed to develop significant participation in global value chains and, perhaps most significantly, to diversify its exports. The competitiveness of Cameroon's industries, which often rely on tax holidays, is uncertain, and the country has often depended on import substitution strategies to maintain the profitability of local industries. Cameroon's exports mainly consist of oil and gas, wood products, cocoa, and bananas. Despite the strong potential in agriculture, most agricultural sectors have stagnated. The exception is the cocoa sector, which has experienced growth in recent years.

Because of its size, relative complexity, and geographical position, the Cameroonian economy is strategic for the development of the Central African region, yet Cameroon has not entirely fulfilled its natural leadership role in the region. The Cameroonian private sector is already an active player in the region, but this role could be larger than it currently is. Opportunities for the private sector exist, in both Cameroon and neighboring countries, in transport (ports, railways, logistics), financial markets (regional capital markets), digital connectivity, and agribusiness. In addition, the role of Cameroon as a regional reform leader has produced disappointing results in several important spheres of activity such as investment climate, regional trade facilitation, sustainable natural resources (forests, land) management, and renewable energy.

With more limited government resources, the traditional leadership role assumed by the state in the productive economy is bound to erode, so private investments must increase. While the level of private investment in Cameroon compares well by regional standards, it must increase for growth to accelerate and meet the ambitious goals set by the government's Vision 2035 policy. This has been even more true following the outbreak of the COVID-19 pandemic, which has sharply curtailed the medium-term outlook. For this to happen, however, Cameroon needs to address those constraints that hamper private enterprise, such as a business environment that is complicated to navigate and distorts the equity of the playing field, a burdensome fiscal regime, regulatory barriers to competition, and weak property rights (particularly when it comes to land).

More broadly, beyond the direct participation of public enterprises in commercial sectors, the government intervenes directly in production, including through policy measure to promote local industries and interests. These interventions, however, are often in contradiction with other governmental actions, in which implementation of existing regulations is frequently missing and often not predictable (with policy reversals).

Increasing the pace of pro-business reforms in areas where Cameroon has been faring poorly is now a priority. The recent Cameroon Business Forum (CBF), during which the government affirmed its willingness to push forward several reforms, including some of those advocated by the private sector, is a step in the right direction. Reforming taxes, trade facilitation, and land and property access, as well as increasing women's participation in the economy could have an immediate impact on business.

Fiscal pressures are among the chief constraints on firms and create uncertainty around investment decisions. Tax administration must consider the burden imposed on the most productive firms. The cost of investment incentives should be assessed against benefits generated. Incentives spread over more than 100 recipients, for instance, have not resulted in many jobs. In general, fiscal measures should be applied with better transparency and consistency. Fiscal pressure and the ways in which firms manage it through tax holidays create important distortions that seem to favor well-established companies while preventing fair competition. The lack of coherence behind tax policies is also suboptimal from a fiscal point of view. An analysis conducted by the Directorate General of Taxation of the Ministry of Finance, for example, shows that the cost of the many tax-derogatory measures contained in the 2013 law on incentives for private investment outweighs the benefit accruing in terms of fiscal revenue.[10]

Improving the use of land could constitute a foundation on which to build a stronger economy. Difficulties with land acquisition and tenure security are among the main complaints of several economic sectors that are key to Cameroon's future growth, be it urban land or agricultural and forest land (although for the latter there is already robust legislation in place). In both cases, the coexistence of statutory and customary law has resulted in a confusing land administration framework and has led to disputes that considerably increase economic risks for both traditional owners and private sector investors. Systems to manage land and settle disputes are inefficient. Registering land transactions, for example, is expensive and time consuming, taking 93 days on average compared to 81 days across Sub-Saharan Africa. The short-term measures contained in the CBF recommendations will improve transparency and time in land registration. Beyond this, focused measures to improve implementation of land management in the two largest cities (including local government empowerment, capacity building, and accountability) and large agricultural and forestry concessions (including modern technology for monitoring), would yield direct economic benefits while helping strengthen the overall system. Improving land systems is also at the heart of the NDS30, which recognizes the role of land systems in rural development, agribusiness diversification, urban modernization, and the increase of the legal security of private investments, as will be discussed further.

ES.3. PILLAR 1: RETHINKING PUBLIC-PRIVATE BALANCE

Confronted with a narrow fiscal base that is already heavily taxed, the government needs to fill important infrastructure needs (energy, transport), along with tackling the poor financial state of many SOEs. With a low level of foreign investment, Cameroon has failed to take advantage of the attractiveness of several sectors of the economy: energy (high unmet demand and strong hydro potential) and transport infrastructure (needed upgrades to port gateways and key internal links), agriculture, and services (most notably education and finance).

First, the government should address the problem of large SOEs in commercial sectors. The state should not mix its public role with a commercial one. Often in a dominant position, large SOEs discourage the development of private sector solutions for the delivery of certain goods and services, frequently aggravating the fiscal position of the country. Where feasible, the private sector might be interested in taking over the activities and assets of some of the commercial SOEs, particularly in strategic sectors such as agriculture and infrastructure. This requires a package of actions including added capacity of government agencies (the Comité Technique de Restructuration, or CTR, and the Division des Participations et de Contributions, or DPC), improved governance of SOEs and the monitoring of their activities, as well as remedial actions to prepare for their restructuring and the eventual transfer of some of their assets.

Second, the government should continue reforms in enabling infrastructure sectors to increase private investments and improve access to essential physical and digital infrastructure. Reforms in the power sector and partial privatization have neither achieved financial sustainability nor improved transmission and distribution, which continue to suffer losses stemming from poor maintenance. Addressing sector arrears and removing nonrecovery tariffs seem to be two prerequisites to any private sector investment that is necessary for a sector to prosper. Reforms were also undertaken in the ICT sector, delivering significant increases in access to internet and mobile telephony, but the failure to liberalize access through connections to the international submarine cables under the control of the Cameroon Telecommunications (CAMTEL) monopoly has translated into high prices, faltering supporting infrastructure, and an insufficient development of the digital economy, which places Cameroon behind the curve among its peers. Finally, the transportation sector in all its forms struggles to meet demand. Significant private sector opportunities exist in the ports sub-sector: addressing the current congestion issues faced in Douala, which could make Cameroon into a regional hub; re-tendering terminal container activities in Douala; and completing the second phase of development at the port of Kribi. Intermodal transport is another important area of future development, which could be accomplished through the construction of a connection by road and rail between Kribi and Edea, the upgrading of the rail line operated by Cameroon Rail (CAMRAIL) with road connection to neighboring countries, and upgrades in logistics platform infrastructure. Alongside these new investments, there must be a continued reform of trade and customs procedures and an upgrade of existing systems such as the electronic single window for exports and imports or Guichet Unique des Opérations du Commerce Extérieur (e-GUCE).

Unlike other countries, the large presence of the state in the Cameroonian commercial sector has not crowded out financing for the private sector. Credit is mostly directed to private enterprises (62 percent), followed by households (17 percent). Only 6 percent goes to public enterprises. There is more credit going to agriculture (15 percent of the total) than in many, if not most, Sub-Saharan countries. Reflecting the importance of services in the economy, significant shares of credit also go to transport and telecommunications (16 percent), wholesale commerce, restaurants, and hotels (17 percent), and construction and public works (18 percent). The volume of financing for the private sector could be higher, as it lags that of other countries such as Côte d'Ivoire or the Republic of Congo. While access to finance has increased, gains have been mainly due to nonbank financial institutions and mobile money. Benefiting from the stable environment of the Central African Economic and Monetary Community (CEMAC), Cameroon could put itself in position to better leverage the financial sector by increasing its overall efficiency. It could do so by addressing issues of nonperforming banks, seeking to expand participation in the regional stock exchange (located in Douala), and supporting the development of real estate finance markets and credit facilities for dynamic small or medium enterprises (SMEs).

Improvements in the provision of the key enabling services discussed are necessary to set the stage for Cameroon to deliver on the promises of its potential and to achieve the economic transformation that will provide more inclusive and resilient growth. Taking full advantage of its natural assets for agribusiness, as well as the urbanization process currently ongoing, is key to achieving this objective. The CPSD therefore proposes that Cameroon ought to focus on the most promising value chains within its agricultural sector and develop activities and services that are necessary to serve its swiftly developing urban economies.

ES.4. PILLAR 2: REALIZING THE POTENTIAL OF AGRIBUSINESS DIVERSIFICATION

The importance of the agricultural sector in the economy is diminishing relative to other sectors, but Cameroon remains one of the countries in Africa with the most diverse production base and potential, which is central to the development of the country. Food and wood products continue to represent an important source of export revenues and jobs, while a relatively large food sector meets internal and regional demand. The agricultural economy in Cameroon includes important value chains in export-oriented cash crops (cocoa, bananas, cotton, coffee, pineapples), in food staples (maize, sorghum, millet, and cassava), and in import substitution crops (palm oil, cereals, horticulture, and peri-urban agriculture). The government and state-owned enterprises play an active and interventionist role in most of these value chains, limiting the opportunities for private sector participation and artificially distorting market incentives. Many sectors, however, are in crisis or have failed to generate sustainable rates of growth. Taking full advantage of the potential offered by the agricultural sector is key to lifting millions out of poverty and increasing the inclusiveness of the economy.[11]

A source of future growth, both in volumes and demand for value-added products, will be the internal demand of urban centers, where more than half of the population already lives. This will create investment opportunities in peri-urban agriculture from larger and more structured suppliers, with important impact on the livelihood of large urban populations and strong linkages with urban value chains (retail, hospitality sector, food processing).

The optimization of export earnings is another source of potential growth. Cameroon competes in several markets but has not had a sustainable foothold in most of them in the past two decades. A difficult domestic environment has prevented private investors from realizing more of Cameroon's potential in very competitive international markets. A focus on crops with high potential (preliminary findings of this report suggest cocoa and bananas) is recommended.

The cocoa sector now accounts for 15 percent of total goods exports. Cameroon is not a major producer like Côte d'Ivoire or Ghana but is among the top five producers in Africa. While failing to meet its own ambitious objective of producing 600,000 tons, government support through the Cocoa Development Company (SODECAO) pushed production to 340,000 tons in 2018, despite the crisis in the northwest and southwest regions (the NWSW crisis), two historically productive areas. The sector has seen significant investments, which have tripled the country's processing capacity. Unlike in other countries, the market is liberalized, although taxes on exports are seen as inconsistent with incentives for investments. The presence of large players in processing and trading could help further strengthen upstream production, notably through alliances with small holders and midsized producers.

Next to cocoa, other industrial crops such as bananas (another important export) and palm oil (for the domestic market) involve large private sector actors who have the capacity to further develop their production. Both sectors are not without serious challenges: incumbent SOEs facing considerable difficulties (financial and the NWSW crisis), as well difficult questions about the awarding and management of large concessions. Maintaining the competitiveness of Cameroonian production is essential in the face of global and regional competition. In the case of palm oil, this is done artificially through government-regulated prices and import quotas.

The growth of population and cities is another opportunity for Cameroon's agribusinesses. It drives strong demand for different products as consumption habits of urban dwellers change. The Cameroonian food and drink industry enjoys a large natural market in the region. Increased demand for cereals (maize in particular) and for products from the transformation of cereals, which have seen investments into manufacturing capacity recently (flour, feeds, beverages) have led agro-processors to look to secure better local sourcing and linkages with farming, including by directly investing in agricultural production. In parallel, urban demand is tied with a large peri-urban farming sector, especially horticulture and small livestock rearing. Poultry and egg production have increased to meet demand, and this sector is slowly structuring itself with few larger players emerging, but it remains very fragmented. The growth of the modern retail sector also offers an opportunity to source locally and help create demand for more formal producers who can supply produce for large city supermarkets regularly and according to strict specifications, thus helping to create a new category of horticulture producers. A more harmonious development of urban growth with adequate market and transport infrastructure, together with land tenure security and appropriate infrastructure servicing such land, are nonetheless necessary in order to meet the new demand from city consumers.

ES.5. PILLAR 3: URBAN DEVELOPMENT OPPORTUNITIES

Douala and Yaoundé already account for 44 percent of the country's GDP, and it is estimated that cities in Cameroon are almost twice as productive as the rest of the country. Cities are where much of Cameroon's future wealth will be generated. Attaining this potential, however, will require significant investment and a commensurate expansion of private sector activities, including in sectors like education, construction and real estate, digital economy, and commerce.

Cameroon has one of the highest urbanization rates in Africa: 58 percent of the population now lives in urban areas, up from 14 percent in 1960. The urban population is projected to continue growing at a fast 4 percent annual rate. The urbanization rate is expected to reach 73 percent by 2050. Furthermore, ongoing conflicts affecting the North West, South West (NWSW) and the Far North (the Boko Haram attacks) have forced nearly a million people to be internally displaced from rural to urban areas, a migration that is likely to become permanent in the long run. Douala (3.6 million inhabitants), and the capital Yaoundé (3.9 million) account for almost half of the total urban population, and both cities are growing fast at more than 5 percent a year.

Taking full advantage of urbanization is crucial to deliver economic diversification. Cameroon's largest cities have essentially the same economic structure today as they had 10 years ago. While Cameroon has experienced a rapid rate of urbanization, real income per capita has grown little. The economies of Douala and Yaoundé have performed worse than their international peers, with per capita income falling respectively by 1.1 percent and 2.4 percent annually between 2008 and 2012. For Cameroon to accelerate economic growth through urban-based competitiveness, it is essential to leverage the urbanization process, which offers the opportunity to diversify and transform the economy of the country.

Cities are congested and chaotic. As new residents have arrived, cities have expanded in an unplanned and informal way, generating overcrowding, congestion, and spatial dysfunctionality. Industrial, port, and airport areas in Douala and Yaoundé are now tightly surrounded by residential homes, and some of their registered land has been occupied by houses. Informal commercial activities also represent a significant source of overcrowding and congestion as markets, for instance, expand into streets and into formal business premises. Congestion in cities also reduces competitiveness. The challenges and opportunities related to urbanization are at the heart of the NDS30, which links them to the growth of the services, industrial, and construction industries as well as to the vast informal sector.

Education Investments for the Future

Rising living standards and urbanization fuel a strong demand for education that is not adequately addressed. Cameroon is performing well relative to other Sub-Saharan African countries in terms of education outcomes, but the overall quality of education remains relatively poor, and the skills that students acquire are often inadequate for entering the labor market in cities (secondary and higher education often do not offer job-relevant competencies for private sector employment, especially as the economy is becoming more urbanized). Similarly, enrollment in technical and vocational education and training (TVET) programs is skewed toward basic manual work as well as secretarial and office management work, while higher levels of technical and professional training are largely ignored.

With limited government spending in the sector (about 2.5 percent of GDP), gaps have been naturally filled by a dynamic private sector in urban areas, even though there is still a sizeable underserved market. Opportunities for private provision of education services exist across all educational levels with great opportunities at the primary and second level in cities where parents are willing to pay the premium in exchange for better-quality education. Most private sector opportunities, however, lie in the vast market of the post-secondary schools that exist in the "missing middle" of the educational affordability spectrum. It should, however, be noted that most of the addressable demand will involve affordable education, therefore limiting the market potential for most private investors, particularly international ones, who tend to serve the higher-end segments of the market.

Where the private sector has taken advantage of opportunities in the sector, the quality of education services it has provided has been mixed. The openness of the Cameroonian market has permitted the growth of private schools, institutes, and universities, and there have been notable success stories, but this growth is left relatively unregulated and widely varying in quality.

Regulation and management of this sector could be greatly improved. Overlapping responsibilities among five ministries result in poor governance and limited accountability that ultimately hinder the quality of the education offered to students. When applied, regulations can be cumbersome and may slow down operations. Also, private universities remain subject to the oversight of public universities and cannot grant their own degrees and thus are limited in developing their own curricula.

Reforms that increase the capacity of TVET institutions to meet market demand are needed. The government has an important role to play in reviewing the approach to skills development, the instruction of trainers, and certification processes, as well as providing mechanisms in partnership with the private sector to deliver technical skills to sectors in demand through a sector development fund.

Private higher education institutions are required to function as non-profit entities, run by individuals with personal legal and financial liability. In practice, educational institutions are operated by investors in for-profit regimes with unlimited liability in which there is no separation between personal and institutional assets, thus disincentivizing private sector investments. Linked to this are constraints to access to finance and up-front risks for investors. Bank lending is limited both in terms of volume (single-limit exposure) and maturity.

Housing and Retail for the Development of Modern Urban Economies

The rapid growth of cities has happened organically. As new residents have arrived, cities have expanded in an unplanned manner generating informality, overcrowding, congestion, and spatial dysfunctionality. The growth of the two economic centers of Cameroon will have to be carefully planned and monitored to fully benefit the economy and ensure that urban transformation actually enables private sector–led growth. Realizing the opportunities of productive urbanization entails designing a compact of interventions putting city councils and private service providers at the center.

The growth of the urban population is generating a strong demand for new goods and services, but this transformation of the economic fabric has not really accompanied the growth of the urban fabric. As cities have grown, economic activities have not changed significantly compared to other cities in peer countries, and wealth creation has been poor, even though the most productive activities usually happen in cities.

Indeed, despite strong demand, the emergence of modern urban services is lagging, and informality prevails, as for instance in the housing sector where 97 percent of new constructions are auto-constructions. Similarly, modern retail started to experience significant growth only recently, leaving the majority of retail trade in the informal sector. The food that is consumed in cities remains largely supplied by small-holder, peri-urban agriculture and informal markets.

The main constraints to the productive development of both the housing and retail sectors in Cameroon are problems in the land market and related infrastructure issues. First, finding land for commercial uses (housing, malls, supermarkets, hotels) is increasingly difficult and in instances prohibitively expensive in Douala and Yaoundé. The process of land acquisition and guaranteeing land title security is the chief complaint of modern housing and retail developers. The rare available spaces within cities are subject to land speculation, while peri-urban areas present risks linked to land disputes and the slowness of the registration procedure. Developers note that land titles are becoming increasingly legally precarious, thus putting activity linked to land use directly at risk and limiting the use of land as collateral for financing purposes. A leading modern retailer told the researchers that he would be growing three times as fast if it weren't for land issues.

Businesses in cities are also constrained by the negative impacts of congestion (especially in Douala), the lack of dedicated development areas, and the poor availability of enabling infrastructure for transport and sanitation. Also, as with most other businesses in Cameroon, taxation and availability of longer-term finance are additional limitations.

At the heart of productive urban development is the role of city councils, which must be empowered to manage their urban space and its associated infrastructure, being mindful of the need to first increase their capacity to do so. The experience of other countries that have achieved productive urbanization shows that they created a virtuous circle whereby careful planning, land title security, and infrastructure development led to an increase in land value that financed the next wave of land development by the private and public sectors.

A first step would entail building capacity at the local level to manage land development for better planning and to collect a fair share of revenue from land and real estate taxes (noting that the recent revision of the decentralization law takes a step in this direction). Local governments need capacity to provide the resources to (a) implement these policies and (b) realize upfront investments around land holdings and infrastructure before commercializing them. Concerning infrastructure, the capacity to identify and bring PPPs to fruition is essential to maximizing the supply of new infrastructure services in an efficient way. The project of a rapid bus transit system in Douala is an example of what the future could look like. These solutions are also highlighted in the NDS30, which emphasizes the need to empower city councils (starting with Douala and Yaoundé) through capacity building and local property taxes, as well as improve land markets by leveraging digital solutions and PPPs for connectivity infrastructure. In contrast to what the NDS30 prescribes, however, the CPSD suggests decreasing the reliance on state-owned housing companies and state-owned industrial zones to refocus the activities of the public sector on planning and regulation away from operational management and business activities (figure ES.1). These activities could be left to competitive private sector developers, thereby helping to develop the sector as well (social housing and other public objectives, for instance, could be met through targeted demand-side support).

FIGURE ES.1. CAMEROON CPSD FRAMEWORK

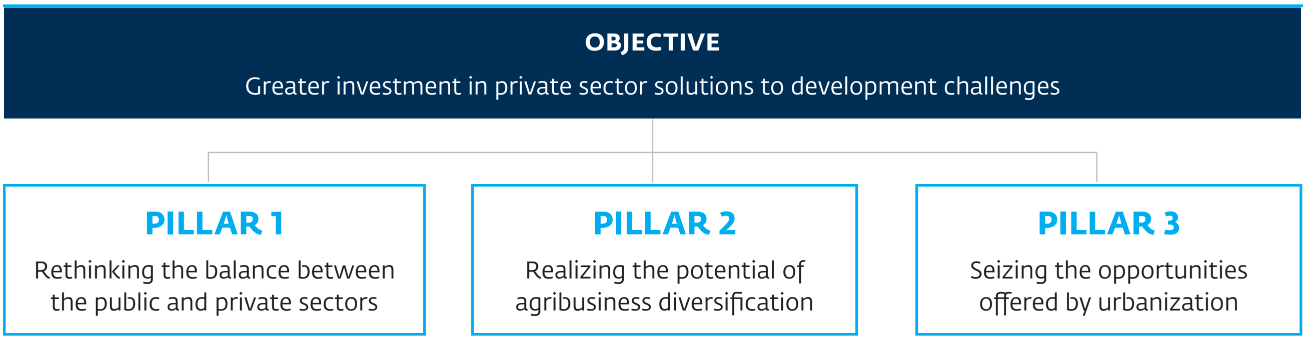

TABLE ES.1. MATRIX OF RECOMMENDED ACTIONS

PRIORITY SECTORS	SHORT TERM: PRIVATE INVESTMENT OPPORTUNITIES AND POLICY MEASURES	MEDIUM TERM: PRIVATE INVESTMENT OPPORTUNITIES AND POLICY MEASURES
PILLAR 1: RETHINKING PUBLIC-PRIVATE SECTOR BALANCE		
Transport and Logistics	**Private Investment Opportunities** • Renewal of port concessions • Phase 1 of upgrade of Port of Douala facilities • Development of Kribi pole • BRT in Douala **Policy Measures and Public Investments** • Resolution of the container terminal dispute in the Port of Douala • Implementation of intermodal master plan components not yet initiated • Creation of a single window for foreign trade that extends the single form to all phases of the international logistics chain (preclearance, takeover, clearance, removal) • Creation of a national port authority to revise current port tariffs for the increase of storage levies at the port of Douala • Continued upgrade of rail infrastructure	**Private Investment Opportunities** • Rail link with port of Kribi • Completion of phase 2 of Kribi development • Rail and road logistics platforms **Policy Measures and Public Investments** • Completion of highway between Doula and Yaoundé • Establishment of an electronic payment platform for all trade-related fees, duties, and taxes by GUCE • Implementation of the three-year strategic plan detailing specific annual measures to reduce transit time at the port of Douala and increase in the number of computerized clearance procedures CONAFE
Energy	**Private Investment Opportunities** • An increase of the penetration of solar photovoltaic in the northern network • Further development of the country's large hydro potential • Leveraging of significant local gas resources with additional gas-fired power plants • Support of the improvement and expansion of the distribution network **Policy Measures and Public Investments** • Clearance of arrears and adoption of payment discipline for electricity bills from state entities and particularly SOEs • Implementation of cost-recovery tariffs at the end-user level or establishment of an efficient mechanism for the timely payment of tariff subsidies • Completion of the transfer of transmission assets from Eneo to SONATREL to allow a full operationalization of SONATREL • Empowerment of the regulator ARSEL to carry out its function	**Private Investment Opportunities** • Development of generation and distribution to meet demand, particularly in underserved regions and cities, by Eneo and new IPPs • Exporting electricity to Chad • Rehabilitation and extension of the transmission grid • PPPs between private sector players and Eneo to develop solar, to be operated by the private sector **Policy Measures and Public Investments** • Improvement of Eneo performance supervision to address operational issues and improve sustainability • Improvement of institutional framework • Ensuring of the long-term financial sustainability of the sector overall to attract private investments in generation and distribution

Note: ARSEL = Electric Sector Regulatory Agency; BRT = bus and rapid transit; CONAFE = Comité National de Facilitation des Échanges; GUCE = Guichet Unique des Opérations due Commerce Exterieur; IPP = independent power producers; PPP = public-private partnership; SOE = state-owned enterprise; SONATREL = Société Nationale de Transport de l'Electricité.

PRIORITY SECTORS	SHORT TERM: PRIVATE INVESTMENT OPPORTUNITIES AND POLICY MEASURES	MEDIUM TERM: PRIVATE INVESTMENT OPPORTUNITIES AND POLICY MEASURES
ICT	**Private Investment Opportunities** • Advisory services opportunities to foster the legal and technical framework of the sector **Policy Measures and Public Investments** • Strengthening of the regulatory framework relating to access to international and terrestrial optical fiber networks of the public operator CAMTEL • Allowance of operators other than CAMTEL to deploy and resell capacity on their optical fiber network • Conduct of a business audit of CAMTEL to determine its financial situation and ease potential PPPs with private sector players • Encouragement of infrastructure sharing by, for example, improving the functioning of IXPs promoting the entry or establishment of independent private infrastructure operators and towers. • Adoption of legislation on privacy, the right to information, and cybercrime	**Private Investment Opportunities** • PPPs between private sector players and CAMTEL to develop infrastructure, to be operated by the private sector **Policy Measurs and Public Investments** • Development of digital platforms to enable public (e-government) and private sector organizations to efficiently deliver services • Development of a biometric identification system
Finance	**Private Investment Opportunities** • Expansion of regional capital market starting with the establishment of a yield curve and secondary market for government securities • Long-term housing and real estate finance • Fintech and mobile banking • SME financing **Policy Measures and Public Investments** • Continuation of the strengthening of supervision and raising capital requirements (with CEMAC) • Establishment of a partial credit guarantee scheme to enhance lending to SMEs • Enhancement of platform interoperability to support financial inclusion • Establishment of a mortgage refinancing facility to support mortgage lending and fast-track housing finance	**Private Investment Opportunities** • Further expansion of regional capital market into corporate bonds and SOE listing • Development of collective investment schemes to offer diversified investment portfolios and attract small-ticket investors **Policy Measures and Public Investments** • Encouragement of listing of SOEs as measures to strengthen governance in SOEs and attract private sector lending • Reforms to attract private listings on the regional exchange such as providing tax incentives • Promotion of the use of collective investment schemes through various incentives and support to list such schemes on the regional exchange • Regulations to ensure financial integrity

Note: CAMTEL = Cameroon Telecom; CEMAC = Central African Economic and Monetary Community; IXP = internet exchange point; PPP = public-private partnership; SME = small and medium enterprise; SOE = state-owned enterprise; .

<table>
<tr><th>PRIORITY SECTORS</th><th>SHORT TERM: PRIVATE INVESTMENT OPPORTUNITIES AND POLICY MEASURES</th><th>MEDIUM TERM: PRIVATE INVESTMENT OPPORTUNITIES AND POLICY MEASURES</th></tr>
<tr><td colspan="3">PILLAR 2: REALIZING THE POTENTIAL OF AGRIBUSINESS DIVERSIFICATION</td></tr>
<tr><td></td><td>Private Investment Opportunities
• Scoping of investments in cocoa plantations
• Scoping of investments in upstream crop production by downstream food and feed industries
• Alliances with producers and producer associations in peri-urban horticulture and animal products to supply urban markets

Policy Measures/Public Investments
• Reinforcement of the capacity of SODECAO to distribute cultivars and upgrade SODECAO capacity such as through increased staffing
• Support of cocoa quality infrastructure system
• Review of the cocoa export levy
• Strengthening of the capacity of producer groupings and industrial farmers in cocoa, maize to link with markets (large downstream customers)
• Reinforcement of governance, performance setting, and monitoring of parastatals; separation of public service obligations from commercial ones
• Proceeding to a systematic geo-referencing of industrial plantation concessions (starting with palm plantations)
• Studying of market upgrades for the commercialization of peri-urban agriculture in Douala and Yaoundé</td><td>Private Investment Opportunities
• Management contract and privatization (including partial) of parastatals
• Large-scale farms and plantations growing cocoa, tree crops, cereals
• Producer alliances in partnership with large downstream off-takers

Policy Measures and Public Investments
• Upgrade of urban markets for peri-urban agriculture products in Douala
• A structuring and building of the capacity of farmers, including women farmers and processors, to create professional organizations in urban and peri-urban areas that offer benefits like marketing infrastructure, technical training and support, and access to financing
• Strengthening of professional technical and economic support services and R&D activities (through innovation platforms)</td></tr>
</table>

Note: R&D = research and development; SODECAO = Cocoa Development Company.

PRIORITY SECTORS	SHORT TERM: PRIVATE INVESTMENT OPPORTUNITIES AND POLICY MEASURES	MEDIUM TERM: PRIVATE INVESTMENT OPPORTUNITIES AND POLICY MEASURES
PILLAR 3: URBAN DEVELOPMENT OPPORTUNITIES		
Urban Services	**Private Investment Opportunities** • Modern retail (linking also to peri-urban horticulture and animal products) • Urban social services (education, health) • Housing real estate • Connective infrastructure, including under PPP schemes (rapid bus transit in Douala, digital connectivity) **Policy Measures and Public Investments** • Housing finance (longer term tenor) • Improvement of the issuance of construction permits • Study of the feasibility of creating a land development agency in Douala and Yaoundé • Review of regulatory framework for land and property markets management at the city council level, including pilot scheme to empower Douala and Yaoundé city governments with respect to land administration and property tax • Reinforcement of the GUTF, starting with Douala and Yaoundé markets	**Private Investment Opportunities** • Commercial infrastructure under PPP schemes with cities • Last-mile digital infrastructure **Policy Measures and Public Investments** • Establishment of land development agencies in Douala and Yaoundé • Decentralization of land administration and property tax following Douala and Yaoundé pilots
Education	**Private Sector Investment Opportunities** • Low-fee tertiary schools and TVET in urban markets • Credit for real estate for education institutions **Policy Measures and Public Investments** • Improvement of the capacity of the Ministry of Education for quality control of private institutions • Review of the procedures for the development of curriculum and degree granting capacity to better match supply of skills to demand and ability of private sector to contribute to curriculum development • Support of the development of the TVET sector through training teachers, implementing quality certification, and matching supply with demand through a skills development fund • Allowance of profit incorporation of private education institutions	**Private Sector Investment Opportunities** **Measures** • Rationalization of the management of the education sector and overlapping responsibilities of the five ministries

Note: GUTF = Guichet Unique pour les Transactions Foncières; PPP = public-private partnership; TVET = technical and vocational education and training.

	SHORT TERM	MEDIUM TERM
CROSS-CUTTING POLICY AREAS		
Fiscal policy	**Policy Measures** • Undertaking of a cost-benefit analysis of exemptions and selection of a strategy to optimize taxation • Review of the 2.2 percent (main regime) and 5.5 percent (simplified regime) monthly levy on turnover for the profit tax	**Policy Measures** • Review of the tax code to gradually reduce and consolidate taxes as well as reduce and then eliminate distortionary incentives
SOEs and PPPs	**Policy Measures** • Review of the corporate governance of SOEs including selection of management • Increase of the capacity of the CTR and the DPC by adding human resources; improvement of the aggregate monitoring report on the fiscal and financial situation of SOEs; drafting of a restructuring plan for four key SOEs • Review of the PPP framework and its implementation, including the funding of the PPP Unit (CARPA), to ensure uniform and efficient implementation based on the capacity and convening power of the national PPP structure, line ministries, and agencies • Development of a PPP pipeline based on sector assessments to create a roadmap for mobilizing private financing	**Policy Measures** • Enactment of legislation detailing the responsibilities, monitoring, and control of SOEs in accordance with OHADA • Implementation of the four SOE restructuring plans • Publication of financial accounts of all SOEs • Adoption by the government of a strategy to improve the long-term financing of SOEs
Land and property	• Publication of statistics on land transactions, land disputes, and transfers online • Reinforcement of the GUTF starting with Douala and Yaoundé markets	

Note: CARPA = Conseil d'Appui à la Réalisation des Contrats de Partenariat; CTR = Comité Technique de Restructuration; DPC = Division des Participations et de Contributions; GUTF = Guichet Unique pour les Transactions Foncières; OHADA = Organization for the Harmonization of Business Law in Africa; PPP = public-private partnership; SOE = state-owned enterprise.

NOTES

1 World Bank, "Cameroon Macro Poverty Outlook" (data sheet), 2021, https://thedocs.worldbank.org/en/doc/b3502c65235d8c72aef5f34d87ed6298-0500062021/related/data-cmr.pdf.

2 United Nations, Human Development Data: All Tables and dashboards, 2019.

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4 Cameroon administered over one million doses of vaccines, fully vaccinating 2.6 percent of its population as of January 22, 2022. John Hopkins Coronavirus Resource Center, Cameroon (data), Johns Hopkins University, Baltimore, Maryland, 2022, accessed January 26, 2022, https://coronavirus.jhu.edu/region/cameroon.

5 IMF (International Monetary Fund), "Cameroon: Request for Three-Year Arrangements under the Extended Credit Facility and the Extended Fund Facility—Press Release; Staff Report; Staff Statement; and Statement by the Executive Director for Cameroon" (Country Report No. 21/181, IMF, Washington, DC, 2021).

6 IMF Country Report no. 21/181.

7 Republic of Cameroon, *National Development Strategy 2020–2030* (Yaoundé, Cameroon: Ministry of Economy, Planning and Regional Development, 2020).

8 Shobhana Sosale, "Republic of Cameroon: Fostering Skills for Inclusive Workforce Development, Competitiveness, and Growth—A Framework for Action" (Report ACS13117, World Bank, Washington, DC, 2015); World Bank, *Republic of Cameroon. Priorities for Ending Poverty and Boosting Shared Prosperity Systematic Country Diagnostic* (Washington, DC: World Bank, 2016).

9 GICAM (Groupement Inter-Patronal du Cameroon), "Tableau de Bord de l'Économie au 2ème Trimestre 2019" (data sheet), Douala, Cameroon, 2020. See also "White Paper on the Cameroonian economy. The industrial imperative of Cameroon", Douala, Cameroon, February 2020 (www.legicam.cm)

10 Directorate General of Taxation of Cameroon, "Tax Expenditure Report for the 2018 Fiscal Year" (Ministry of Finance, Yaoundé, Cameroon, 2019).

11 Agriculture and agribusiness are identified as one of the key pillars for growth by GICAM in their "White Paper on the Cameroonian economy. The industrial imperative of Cameroon", Douala, Cameroon, February 2020 (www.legicam.cm)

IFC

2121 Pennsylvania Avenue, N.W.

Washington, D.C. 20433 U.S.A.

CONTACTS

Ugo Amoretti

uamoretti@ifc.org

Jean-Christophe Maur

jmaur@worldbank.org

ifc.org