

ENTREPRENEURSHIP AND MESSAGING FOR INVESTMENT IN THE CEMAC REGION.

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December 28th 2018

INTRODUCTION

The fall in commodity prices, dealt a huge blow to the ‘Africa rising’ narrative. SSA, had five of the fastest growing economies in the world in 2012. This today is not the story. A host of events demonstrated the lack of preparedness to grow a sustainable economy. Practically there is work to be done sector by sector, especially for entrepreneurs and SME’s. Messaging on the continent as the “New Frontier” has to be packaged and branded to replace the ‘dark continent’ and “resource curse” narratives. The discourse should be on existing opportunities, and the potential in the continent. When prescriptions for growth do not depend on commodities alone, the challenge is on how to diversify, for sustainable economic development.

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The theme of ‘Reverse Migration’ should be demonstrably encouraged in Central Africa diaspora forums, to enable technology transfer and capacity building, for industrialization. While in Boston in April 2018, as a guest of the Harvard School of Business, the Afreximbank President Dr. Benedict Oramah in his remarks said “Industrialization and African Diaspora are key to boosting Africa’s capital stock. This will trigger faster growth” The world is looking inwards through protectionism, as some seek direct and fair trade. There is need for Africans to generate capital for investment. The reliance on loans from foreign investors and revenues from exports of mainly extractives is not enough, for the region to meet their long term sustainable development goals. The SME construct, should be a combination of active technical partners in agreements that define the roles, obligations and duties of each.

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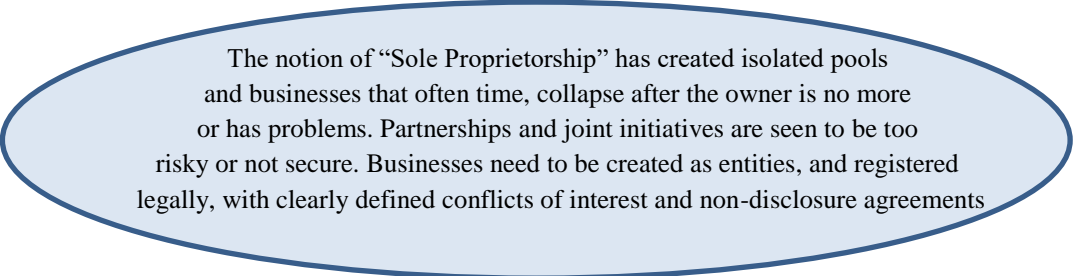
This will match finance models adapted and suited to specific projects. ICT and technological advancement, youth bulge and a growing consumer base, have opened new avenues for wealth creation. Difficulty in obtaining finance, badly written projects, lack of



exposure and support have left many young entrepreneurs in Central Africa, disillusioned. This has created a narrative of doom; some have lost hope and have taken less desirable options to survive. (Crime, taking up arms or dead traps boats on high seas). Proper field work will identify entrepreneurs and the projects that can provide return on investment.

On the global front, the demonstrated interest in Central Africa by China, The European Union, Turkey, Russia and the United States to an extent should be exploited beyond development finance and aid. The region provides new markets, as well as potential to expand and grow businesses. There are opportunities in various sectors (climate change, demographics, resources, arable land, industry and manufacturing). The economic downturn was due to over reliance on extractives, and GDP projections that did not describe poverty levels, and human suffering. The region needs to actively participate in wealth creation through more creative modules, which incorporates local initiatives to start new projects or grow existing ones, with the use of technology. Discussions on scale, and value chains, have to be developed to incorporate norms and standards.

The question, as compared to other regions, is if enough is being done? The notion of “Sole Proprietorship” has created isolated pools and businesses that often time, collapse after the owner is no more or has problems. Partnerships and joint initiatives are seen to be too risky or not secure. Businesses need to be created as entities, and registered legally, with clearly defined conflicts of interest and non-disclosure agreements.



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There is OHADA that harmonizes business law in the region to avoid duplication and conflict of laws. There is an arbitration court in Abidjan, and in Cameroon there is GIMAC. Local entrepreneurs have to diligently evaluate good projects with reliable partners to create trusted relationships for proper resource identification pools. These will have aggregates (finance, land owners, equipment manufacturers) merging with technology to grow economies of scale.

The lack of effective communication has left a gap that has been filled with irrelevancies. The initial phase of entrepreneurship should be local and horizontal in most cases, to be vertical at the entry phase needs capacity and capital, which most do not have. In cases where project funds are available, entrepreneurs should demonstrate sustainability. There are opportunities in food, music, entertainment, arts and crafts and fashion, and not limited to agriculture, energy and other big theme projects for entrepreneurs and SME's.

There are also various indicators;

- The youth population keeps growing, while the employment numbers are not improving.
- Arable land for agriculture provides access to jobs and food to feed the growing population.
- Smart climate provides avenues for wealth creation in energy and agriculture.
- Improved electrification will provide technological advancement.
- People are increasingly consuming local art and culture, local music and movies, wearing local fabric etc.

- Park and tourist centers are increasing in demand.
- Given the challenges with standard and norms, there is limited access to foreign markets.
- The internet is increasingly being used for trade and other related services.
- Inter-regional and intraregional groups are being re-enforced, as trade barriers and tariffs are being eliminated.

COMPARATIVELY

This is a renaissance period for entrepreneurs, to identify constraints and friction. With technology they can create market solutions. In other regions, entrepreneurship has grown through revolutionary ways of providing services to clients, at lower cost, to reach a greater number of people without issues of regulatory compliance. Professor Ndibuisi Ekekwe a renown Nigerian scholar, inventor and engineer has demonstrated in write-ups and projects, the importance of innovation and disruption trends industry wide. He believes that one of the most effective ways for banks to market their products and avoid regulatory compliance, is the use of fintech companies with requisite software and technology, to support bank products. He noted that WEMA Bank Nigeria advertises their digital mobile solution ALAT, through a fintech company. Through Famicro Group, Professor Ekekwe has demonstrated with 2 subsidiaries Zenvus and Medcera, the importance of innovation. Zenvus, accompanies farmers with soil analytics for better crop cultivation, and in obtaining loans amongst other services. Medcera is a portal with patient information, from which medical professionals can share charting, medical billing, and personal health records amongst other services.

Entrepreneur Nnaemeka Ikegwuonu, designed a solar powered mobile storage devise for fruits and vegetables. Farmers pay a flat rate and these hubs are dotted over Africa, and designed for all weather conditions. M'pesa in Kenya for money transfers is local, it also aggregates payments of related services. (Renewable energy farms). In Nigeria Nollywood, the movie industry and Iroko TV have demonstrably placed Nigerian movies on a worldwide platform.

The CEMAC region, has opportunities in technology and ICT to answer to local needs, through innovation. The pace and growth of mobile money in Central Africa, presents opportunities in the sales of diverse services. By 2016 there were about 140 mobile services in 39 countries in SSA, today there are about 277, and they occupy a bulk of global mobile money

transactions. The talent pool of Central Africa remains largely untapped in digitalization and technology, compared to East and South Africa. Brinard T. Elingese the CEO and founder of BW Group Ltd is using ICT for innovative solutions across many sectors; in Education (ScoLinks), in Telecom (SMARTkid) and in FinTech (BW Pay). Bamai Namata, a young Cameroonian created a platform Maibeta Inc. to provide 500.000 jobs in Cameroon for technicians in maintenance and construction. Allen Nteff, with GiftedMom provides health care solutions to pregnant women on mobile platforms. Sylvain Honnang of Howash Douala Cameroon has a mobile car wash that is solar powered, with 6 liters of water per car. It is ecofriendly and also preserves water. The friction that they observed enabled demand side innovation. These young entrepreneurs are little known in the consumer market and unlike other regions they have been unable to attract finance to grow scale. Innovative disruption will provide alternatives to transform the informal sector, with quality products that are cheaper and affordable.

ROLE OF INSTITUTIONS AND GOVERNMENT

The African Union (AU) understood the importance of scale, by creating a single market under the African Continental Free Trade Area (CFTA). New Partnership for Africa's Development (NEPAD) has programmes like The NEPAD Business Foundation (NBF) and the Programme for Infrastructure Development (PIDA), working towards realizing the AU 2063 development goals for Africa. The Intra-African Trade Fair (IATF) organized by Afreximbank and the African Union, and hosted by Egypt in December, 2018 raised about \$32.4 for investment. The African Development Bank (AfDB) in February 2018 came up with 5 priorities in its agenda on African integration, known as the Regional Integration Strategic Framework, the goal of which is to assist nations build scale and create external markets.

In Cameroon the government in the sector of agriculture, is working on growing scale, through second generation agriculture. SME's in the agro sector, get assistance from government through incubation and mentoring programs .Government agencies provide seeds, fertilizers, and capacity building(e.g. agronomist to accompany in training local farmers) through (MINADER, MINSME, Chamber of Agriculture, IRAD).There are duty free incentives provided by the Ministry of Finance to import agro-machines. Producam received 1.3 billion CFA to increase the production and marketing, of cocoa beans and its transformation to finished products like cocoa

butter. Fapam received 600 million CFA, in Mbalmayo to increase its production of cocoa powder, for local use and export. Sectors in renewable energy, like solar are benefiting from government policies and regulations. Non-Governmental Organizations (NGO) and international aid agencies are assisting in capacity building and training. There are local policy centers and NGO's with data to orientate production to meet global standards. Development Finance Institutions and other institutions (GIZ, JICA) have assessments that they share on their portals for economic development. AGOA and Power Africa are US government initiatives in agriculture and electricity. Afreximbank Bank and the AfDB provide yearly reports on investment potential in SSA and their efforts therein.

ACCESS TO FINANCE.

Loans and financing has been a challenge, due to a culture of poor savings, and the lack of a credit rating system. Debt in the region should be viewed through the prism of investment opportunities. The quest for foreign loans from China, and DFI's is as result of the inability of local banks to finance projects. According to Stephanie von Frieburg COO of the International Finance Corporation (IFC), private corporations are getting more involved, in financing to fill the gap in development investment worldwide which is about 2.5 trillion dollars. There are funds for investment in climate friendly energy products, to create jobs and clean energy. The European Union in an effort to strengthen relationships between Europe and Africa created a Marshall plan for Africa, to boost economic growth and create jobs for young Africans. Ibrahima Cheikh Diong while addressing the Arab Bank of Economic Development in Africa) BADEA proposed the fostering of an integrated approach that is sector/or trade focused to support SME's technically and financially .The World Economic Forum, trade and business conferences in New York and Paris are yet to directly impact the region.

The distance between Switzerland and Foumban, (a town in Cameroon) to a tomato farmer who wants to grow scale or a cotton farmer in the Northern region of Cameroon is the lack of communication and visibility. Local banks should adapt their operations, to incorporate methods of evaluating local investment opportunities with little or no collateral. The concept of "Afri-capitalism" provides, lower interest rates, local opportunities in wealth creation and retention, avoids currency fluctuations and provides return on investment. Local banks should

appreciate and take ownership of the innovation of African entrepreneurs to create Afri-preneurs. Banks in creating local millionaires, add to their corporate earnings.

OBSERVATIONS



After having gone through peaks and troughs socio-politically and economically, it is time for Central Africa to take stock. The revenues from extractives and other exports need to be properly allocated for investment .The non-extractives sector, through diversification should be more productive. The Kagame model of economic development is enviable, same as the advances in renewable energy in East Africa, and Nigerian ingenuity.

The region demands an understanding of the central administrative government system. It comprises of layered procedures that define and control economic policy. The mentality and culture of the people is different. Most grew up, expecting to work for the government after graduating from the university, while others took public entrance exams to professional schools. Free enterprise and entrepreneurship is not yet well developed. The Private sector and the government need to create a disciplined and accountable platform, to promote entrepreneurship .Changes in regulation and government policy, is not enough.

There are no longer national standards for products and services, the CEMAC countries have opened their borders for the free movement of goods and services without tariffs. Natural factor endowment, allows for land, capital and resources to be used for manufacturing in each country for comparative and competitive advantages, especially given regional integration. Professor Shameen Prashantham, of China Europe International Business School (CEIBS), advises that entrepreneurship is a collective effort. It should be creative and dynamic inspired by the local environment and should be comfortable with contradictory ideas. It is not only for startups. High tech and large corporations need continuous strategic renewal.

There are exigencies in the region like political uncertainty and civil unrest. The region needs investors with long term vision and prepared to re-focus and take risk to enable long term business relationships.

Therefore the need for strategic vision should be in at least 3 phases;

1-Proper risk analysis and evaluation, with a mitigation plan.

2- Domestic resource mobilization for local resources and talent, to provide local solutions.

3- An ecosystem amongst entrepreneurs, who provide related services to create a resource, policy and technology interference point for effective innovation.

RECOMMENDATIONS

Countries, who sign trade treaties, depend on a strong private sector to create an export market. A trade deficit for small economies causes huge trade imbalances, lack of Forex and stunted growth. There is need to measure the impact that technology and digitalization is having on the economy. With the growth of technology, there will be automation, robotics and Artificial Intelligence (AI). There are jobs in sectors like banking, postal services, payment centers, that will soon be revolutionized .They will be replaced by technology jobs. There should be programs in place, to train and prepare the working class for job switches. There is need for communication on the importance of scale to entrepreneurs, for market development strategies. The message should include a transformative and inclusive economic paradigm, through local initiatives for change, with an accompanying sense of urgency. This is the “constructive engagement construct”.

CONCLUSION

One of the key arguments to buttress the argument for “constructive engagement” is the over reliance of entrepreneurs on government, DFI’s, NGO’s and aid agencies. Each of these especially government, have limits because they are engine drivers and not economic operators.

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Most opportunities fail because, those aware are not able to execute, and those able to execute are not aware.

In this age of technology, conferences and seminars on the economic development of CEMAC have to directly impact the concerned to obtain outcomes. They are elusive and filled with rehearsed and repeated speeches. The participants and invitees come from similar organs .There is no diversity. The messaging has to be contextualized and adapted case by case, as per regional needs. The workshops have to be totally overhauled; the rubber has to meet the road. Access to most international organizations by entrepreneurs for information is burdensome, protocol laden and confounds elitism. There is need for increased visibility and accessibility. Channels of communication should be expanded, to improve on messaging in both the private and public sectors, with win-win strategies .Each country should create a communication pool, to engage constructively with a combination of local initiatives in observation of business opportunities. Mckinsey Global Institute (MGI) has for more than three years provided empirical data on the potential in the continent if the fundamentals stay strong.

Entrepreneurs need to demonstrate an understanding of their product or services, to incorporate local initiatives to grow scale. Tony Elumelu of the Elumelu Foundation said that ” SME’s are known to be the largest job creators and should be prioritized because of the inverse relationship between security and prosperity- when there is prosperity, security is not an issue, but when there are fewer jobs insecurity heightens”. Entrepreneurs therefore need to play a

critical role on the growth and viability of their businesses. They should be able to measure outputs, to grow and adapt their businesses to be sustainable. With market penetration, SME's can scale-up to become market leaders as has been the case globally.

The re-current and often times repeated issues of finance, political instability and corruption notwithstanding should not dampen the appetite for investment. People will eat, buy medication, travel, and communicate, no matter where they live. There are many reasons, to be bold and risk adverse in the region. All stake holders should communicate effectively and efficiently.

Finally there is need for accompanying dynamism and energy from government, to motivate entrepreneurs, investors and various stakeholders given the socio-political and economic impact.

Disclaimer, any wrong spellings or misinterpretations are not intentional and TIAC, is prepared to correct and adjust to speak to the original intent.

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