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PRIVATE SECTOR JOINT-VENTURE  
INVESTMENT OPPORTUNITIES IN  
CAMEROON'S COCOA AND  
COFFEE INDUSTRY

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## ACRONYMS AND ABBREVIATIONS

ARD	Associates in Rural Development
CDC	Commonwealth Development Corporation
CIF	cost, insurance, freight
FOB	free on board
ICCO	International Cocoa Organization
IRA	l'Institut de Recherche Agronomique
IRCC	Institut de la Recherche du Cafe et du Cacao (France)
mt	metric ton
NWCA	North West Coop Association
ONCBP	l'Office National de Commercialisation des Produits de Base
OPIC	Overseas Private Investment Corporation
SIC-CACAO	Societe Industrielle de Cacaos
UCCAO	a Cameroon coffee coop
UDEAC	Union Douaniere et Economique des Etats de l'Aftique Centrale
USAID	United States Agency for International Development

## PREFACE

This report describes existing private sector, joint-venture investment opportunities in the cocoa and coffee industry of the Republic of Cameroon, West Africa. Recommendations for further activity are provided. The analysis also enumerates sectors of the industry which do not, at this time, provide a joint-venture opportunity. This study was funded by the U.S. Agency for International Development (USAID).

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## I. EXECUTIVE SUMMARY

This report contains a description of potential private sector joint-venture projects available to local and foreign investors. The projects are in the Republic of Cameroon, West Africa and pertain to the cocoa and coffee industry of that country.

The original objective was to investigate a very specific investment opportunity involving Jacobs Suchard S.A. and the manufacturing of chocolate in Cameroon. That concept proved not to be feasible. Other joint venture cocoa and coffee opportunities did become apparent and those are the subject of this report.

Regarding cocoa, we determined that the following potential projects exist and merit further investigation and/or development:

- **Wet Bean Processing:** Specific participants for a wet bean processing project were not identified; however, circumstances dictate that a project involving the collection and fermentation/drying of wet beans under centralized management should be investigated. A technical study followed by a financial study would determine whether the concept could be marketed to investors. A carefully staged approach to this study is recommended and is described in this report. The developmental, country-wide impact of a successful project could be substantial.
- **Cocoa Processing:** A Cameroon investor who wishes to process 20,000 to 25,000 metric tons of beans per year into cocoa butter and cake has been identified. He seems to be substantial in his existing businesses and activities. He has been provided with a project questionnaire; his responses will be the basis for analyzing his proposed project and locating his foreign partner. The foreign partner would ideally be a chocolate manufacturer who would provide equity capital, management, and a purchase contract for the products.

We determined that project opportunities do not exist, at this time, in cocoa production (growing) and chocolate manufacturing.

Regarding coffee, we determined that the following potential projects exist and are worthy of further investigation and/or development.

- Production (Growing): A project involving Arabica coffee could be developed around quality and management improvement, at the pulper and cooperative level, with the North West Coop Association as the Cameroon partner.

Perhaps the best approach would be for the Commonwealth Development Corporation (CDC) of the United Kingdom and the United States Agency for International Development (USAID) to cooperate in developing this concept.

- Milling and Grading: There are five new mills, manufactured by Buhler, in the North West Province which apparently have not been erected due to lack of financing. Perhaps investors could be located who would provide this bridge financing.
- Instant: UCCAO, a coffee cooperative in West Province, has an interest in developing a project to process 3,000 to 5,000 mt/year green coffee for the production of instant coffee. The market would be local sales and neighboring countries. Associates in Rural Development (ARD) suggested that UCCAO prepare a business plan so that the project could be further evaluated.

We determined that project opportunities do not exist, at this time, in the roasting process.

## II. INTRODUCTION

During the period of September 19 to October 21, 1989, ARD provided USAID with the services of an agribusiness development specialist who travelled to Switzerland, the Republic of Cameroon, and England to investigate the feasibility of a private sector joint venture in cocoa and coffee processing in Cameroon. After a brief period of reviewing country-specific background data in the United States, the bulk of the time was spent in Cameroon.

ARD's statement of work provided for:

- analysis of Cameroon production data provided by USAID/Cameroon;
- discussion of options and possibilities for chocolate and coffee processing with Jacobs Suchard S.A. in Switzerland;
- analysis of the possibility of value-added processing of cocoa and coffee in Cameroon;
- determination of what entities within Cameroon have the potential for joint-venture operations;
- identification of possible sources of raw material;
- discussion of conclusions with Suchard's U.S. affiliate branch; and
- recommendation of a course of action, based on the potential in Cameroon and on the U.S. firm's interests.

The general purpose of this assignment was largely entrepreneurial in nature. The original concept was to provide a specialist to follow up with a potential investor, Jacobs Suchard S.A. of Switzerland, who had been preliminarily identified by the Bureau for Africa at USAID/Washington. For various reasons, detailed in Appendix A to this report, the original concept could not be developed; Appendix A should be read before proceeding with the remainder of this report. The time spent in Cameroon and in London reinforced the initial conclusions detailed in Appendix A regarding chocolate manufacturing in Cameroon. Therefore, further discussions with Suchard's U.S. affiliate became superfluous.

Although the original concept could not be developed, the assignment was to continue as it also included a second mandate. The USAID mission in Cameroon had stated from the onset that even

if the chocolate project did not go forward, it still wished ARD to review the Cameroon cocoa and coffee industries in general for other joint-venture investment opportunities. This second mandate became the principal objective for the trip.

A third, broader, mandate was brought to ARD's attention shortly upon arrival in Cameroon. USAID/Cameroon also wanted ARD to determine what aspects of the cocoa and coffee industries of Cameroon could not be developed from a private sector point of view. ARD accepted this third mandate with the understanding that hidden opportunities might not be discovered during the short stay in Cameroon. USAID accepted this caveat.

Furthermore, during an initial meeting, Mr. Jay P. Johnson, Mission Director, asked ARD to consider in passing any potential private sector agribusiness opportunities that may exist in areas other than coffee and cocoa.

This report assumes that the USAID/Cameroon mission is the primary audience, and that the reader has some minimal knowledge, or easy access to knowledge, of cocoa and coffee.

### III. COCOA

For the purposes of this assignment, we have divided the cocoa and chocolate industry into four main sections:

- Production (including hybrid research, extension work, and harvesting);
- Wet bean processing (processing wet beans from the pods to dry beans in bags);
- Cocoa processing (processing dry beans to produce liquor, butter, and cake/powder); and
- Chocolate manufacturing (blending and conching liquor, added cocoa butter, and sugar, etc. for a final product).

Each of the above sections was considered from the perspective of a private sector, joint-venture opportunity. General knowledge, past experience, and the particular situation as it exists in Cameroon were taken into account. Each of the four sections is analyzed in the following paragraphs.

#### A. Production

These are very unfortunate times for cocoa growers in most producing countries. The Gill & Duffus Cocoa Market Report, an important industry resource, publishes general data six times a year. These data include the International Cocoa Organization (ICCO) Daily Price, which is the average of the first three positions on the terminal markets of New York and London. Table 1 summarizes this price in recent years.

Table 1. ICCO Daily Price Data in Recent Years  
(Cents per Pound)

<u>Year</u>	<u>Price</u>
1984	108.72
1985	102.27
1986	93.81
1987	90.55
1988	71.85
1989	61.93 (Jan - May)

On October 20, 1989, the ICCO price was around 50 cents per pound.

The future continues to look dismal. The World Bank and Gill & Duffus estimate that the 1988/89 crop year has created an annual surplus of 315,000 metric tons. They estimate that the 1989/90 crop year will create an additional surplus of approximately 200,000 mt. (The decrease between the two crop years is due primarily to dry weather in Africa.) World stocks at the end of the 1989/90 season will be approximately 1.3 million tons, whereas the Buffer Stock, which is supposed to be a stabilizing factor, can only finance 250,000 mt at best. World production of cocoa continues to grow at a faster pace than consumption. World production in recent years is shown in Table 2. Table 3 lists the top ten producing countries in the world; as indicated, Cameroon is a significant producer.

Table 2. World Production of Dry Cocoa Beans in Recent Years  
(Thousand Metric Tons of Dry Beans)

<u>Year</u>	<u>Production</u>
1984/85	1,945
1985/86	1,962
1986/87	1,997
1987/88	2,200
1989/90	2,402

Table 3. Top Ten Cocoa Producing Countries  
(Production in Thousand Metric Tons of Dry Beans)

<u>Country</u>	<u>Production</u>
Ivory Coast	780
Brazil	345
Ghana	305
Malaysia	240
Nigeria	160
Cameroon	125
Ecuador	85
Indonesia	65
Colombia	52
Mexico and the Dominican Republic	45 (each)

(Source: Gill & Duffus Market Report)

The World Bank has forecasted future prices in 1985 constant dollars (in 1985, the ICCO price was \$2250/mt). From ARD's experience, we know that small Central American farmers were relatively satisfied when the terminal markets were around \$1800

to \$2200/mt during the mid-1980s. The World Bank predicts that by the year 2000 world prices, in constant 1985 dollars, will be at around \$1150/mt, with a severe dip between now and then. The conclusion is that ten years from today, prices will only be at about 50 percent of the satisfactory levels of the mid-1980s.

The World Bank has information that the cost of production (break-even) for a large Malaysian estate is about \$1050/mt. This is for highly efficient, multicrop estates (producing rubber, oil palm, coconut, and cocoa) which are in excess of 10,000 hectares. The cost of production for a small, independent West African farmer with only 1 to 5 hectares will be considerably higher due to decreased efficiency.

In ARD's opinion, it would be folly to try to interest investors to grow new cocoa in Cameroon, for the following reasons:

- Oversupply will continue into the foreseeable future, probably into the second decade of the twenty-first century. Trees under intensive growing conditions yield their first major crop in about three to four years. Trees planted today would begin producing just as the market hits the lowest prices presently predicted by the World Bank (\$760/mt in 1995).
- Cameroon does not have a tradition of excellent plantation management as does, for example, Malaysia. We have seen plantations in both regions and there is a noticeable difference.
- Cost of production and sales value will be at about par in the year 2000. For a new investment project to succeed, there would have to be: (1) an improvement in production efficiencies; (2) a very large area of cocoa trees under single management; and (3) an improvement in hybrid tree quality (i.e., yield and disease resistance). In general, we feel that Cameroon is too far behind in the above three areas to stimulate investor interest.

A project dealing with existing trees would necessitate an improved extension service or rehabilitation program. Promotional time on this type of project would also be wasted. It is highly unlikely that private investors would seek to increase yields in times of surplus, especially from trees planted with traditional spacing (1000 trees per hectare), versus intensive spacing (1600+ trees per hectare).

## B. Wet Bean Processing

Of all the subjects in this report, wet bean processing is the most difficult to analyze definitively due to its highly technical and subjective nature. A definite conclusion was not possible in the short time of this assignment. The implications of an improvement in quality of the cocoa beans produced are too important to allow closure based solely upon a lack of conclusion. Due to this subject's potential country-wide, developmental impact, we recommend further study as outlined at the end of this section.

Descriptions of Cameroon beans are fairly consistent in the existing literature. The World Bank Technical Paper Number 39, entitled Cocoa Production - Present Constraints and Priorities for Research (edited by R.A. Lass and G.A.R. Wood), page 86, summarizes these descriptions well: "Cameroon cocoa has a poor reputation for quality because it is inconsistent and often suffers from mouldy off-flavors, insufficient fermentation, high percentage 'black pod' damaged beans, and generally poor standards of preparation."

Quality in cocoa beans will be an essential marketing criteria in the foreseeable future. With the world surplus predicted well into the future, those countries which emphasize quality will maximize the income earning potential of their crops. In times of shortage, increasing quantity is the prime focus. In times of surplus, the focus should be on improving quality.

Ideally, this quality improvement would start at the production level with a renewed and vigorous attack on Phytophthora sp. (black pod) disease. This disease not only reduces per-hectare yields, but also has post-harvest implications when infected beans are mixed in with clean beans. Unfortunately, for the reasons outlined in Section A (Production) above, it will be impossible to involve private sector investors in the growing process; therefore, it is not possible to begin quality improvement at this initial level.

The stage following production is the wet bean process. ARD suggests that perhaps there may be a financial incentive for entrepreneurs to create centralized wet bean collecting and processing stations. The improvement in flavor and grade qualities resulting from centralized management may add sufficient value to interest investors.

Malaysia, due to its large estates, already has a system of centralized wet bean processing. Because of its relevance to the situation in Cameroon, this system merits discussion.

During the past decade, Malaysia has risen from a minor producer, responsible for only two percent of the world's cocoa production, to become the fourth largest producer, responsible for 10 percent of world production. This has been the result of a national priority on the country's cocoa crop. However, quality has always been a problem. Among other problems, the beans have an excessively acidic and weak chocolate flavor. Studies are presently being conducted in Malaysia with the aim of raising the quality of Malaysian beans to meet the high quality level of Ghana beans. Tests are still underway, but early results have been significant. The study indicates that even minor fine-tuning of the wet bean process may make a difference in quality. Results to-date include the following:

- Pods should be stored nine to 12 days prior to splitting, instead of the current practice of prompt splitting.
- One hundred and twenty hours of fermentation should be employed with only one turn, instead of random fermentation time with multiple turns.
- Beans should be dried with ambient air until 20 percent moisture is reached and then with hot air at 60 degrees C, instead of using hot air from the beginning.

Most of Malaysia's production is on large, modern estates so the ability to control the wet bean process under single management is already in-place. This is not the case in Cameroon, where centralization will probably be much more difficult to accomplish (logistically) than the actual technical changes in the fermentation/drying process.

We asked a few Cameroon farmers and members of a cooperative management in Muyuka District if they would accept a lower price for wet beans than for dry beans; they emphatically said yes, mentioning 25 percent as a reasonable discount. Wet bean processing often actually costs the small farmer money; it is not always just an opportunity cost. Later, we posed the same question to Mr. Abdoulaye Babale, Minister of Higher Education, who owns a 60-hectare cocoa farm employing 12 to 16 workers. He stated that he would accept a 20-percent discount if he could sell wet beans. He also believes that there would be a quality improvement by centralizing the wet bean process.

There are two aspects of wet bean processing that need to be studied further in Cameroon. These are (1) the technical potential for improving flavor and other qualities during the wet bean stage; and (2) the net financial benefits derived from improved quality, as offset by collection and management expenses. The Commonwealth Development Corporation (CDC) in

London believes that there is room for quality improvement but is unsure whether centralized processing would be cost effective. "Cost effective" implies that the increased value of higher quality beans would be sufficient enough to more than cover the incremental expenses associated with centralized wet bean processing.

The study should be conducted in three incremental steps, such that it can be aborted should any of the investigations indicate that the project would not be feasible. The first step would be to hold discussions with technical cocoa experts.

The second step would involve a laboratory study. If the above discussions indicate that there is a technical potential for improvement through centralized processing, then it would be appropriate to perform laboratory tests similar to those being done in Malaysia but with different parameters. These tests would be conducted by cocoa technicians and quality control experts fully versed in the wet bean process, optimal flavor qualities, and the general chemistry of cocoa. We believe that these tests would take months, not years, to conclude.

The third step of the wet bean processing study involves a financial analysis. If the laboratory study quantitatively indicates a significant potential for quality improvement, then a financial study should follow. If the results of the financial study indicate a positive potential for private sector involvement in a centralized wet bean processing operation, then implementation of a pilot operation would be the next logical step, perhaps in conjunction with Mr. Ndongo's project described below. Even if the financial study proves negative from a private sector point of view, the preceding work may still be useful to Cameroon and/or donor organizations.

### C. Cocoa Processing

Processing dry beans (roasting and grinding) serves to remove shells and moisture so that the resultant intermediary product, cocoa liquor, is about 20 percent less in weight than the beans. This cocoa liquor can then be further processed by pressing to produce its components, butter and cake. Alternatively, it can be marketed without pressing as is.

Cocoa processing at the source was initiated by the producing countries, against the will of the consuming countries, primarily in the 1950s and later. Consuming countries would much rather roast in their own factories so that they can have more control over quality. When the cocoa bean supply was low, it was relatively easy for producing countries to dictate what products they would sell. Now, market circumstances have changed. If a particular source insists on processing, but the buyer prefers to buy beans rather than intermediate cocoa products, that buyer

will probably have little difficulty finding a source of supply elsewhere.

The selling price of liquor, butter, and cake is usually expressed as a "ratio" of the bean price. The FOB butter ratio is usually around 2.2 to 2.4 times the equivalent bean price and cake is around 0.25 to 0.5 times the bean price. Butter and cake are produced in almost equal quantities; therefore, the average FOB ratio of both products is about 1.34. Using an FOB bean price (level with the terminal) of \$1000/mt, the sale price of cocoa products is calculated as follows:

1 mt beans x \$1000/mt beans = \$1000 (purchase price of  
beans)  
1 mt beans yields 0.8 mt cocoa products  
0.8 mt cocoa products x 1.34 ratio x \$1000/mt beans =  
\$1072 (sale price of products)

The market sets a price which enables the processor to recover his purchase price for beans. His margin for processing costs and profit is slim and requires excellent management, inexpensive power (unusual in the tropics), operation at full capacity, and/or special circumstances. These special circumstances could be anything from a below-market cost of beans, an above-market sales price for products, or a government subsidy of some kind.

During our visit to Cameroon, we were introduced first to Mr. Mimbimi Esono, a financial advisor/consultant, and later to Mr. Ndongo Essomba, his principal. Mr. Mimbimi was certainly knowledgeable in cocoa, while Mr. Ndongo seems to be a very impressive entrepreneur. A brief review of Mr. Ndongo, provided by Mr. Mimbimi, is attached as Appendix B. Mr. Ndongo wishes to put up a cocoa processing factory which will have a capacity of 20,000 to 25,000 mt beans per year. He already has, in writing, a statement from the Ministry of Industrial and Commercial Development that his project will obtain whatever fiscal incentives are provided by the Investment Code.

During a meeting attended by Mr. Ndongo, USAID officials, and ARD, it was decided that ARD would prepare a questionnaire to be forwarded to Mr. Ndongo by USAID. A copy of that questionnaire, provided to USAID/Cameroon, is attached as Appendix C.

A summary calculation of the available margin obtainable in a cocoa processing operation was presented previously. A more detailed calculation, pertaining specifically to Cameroon beans and liquor, follows:

**Given\*:**

- CIF ratio for Cameroon liquor is 1.5
- Cameroon beans take a premium over the New York terminal market of \$150/mt

\*(The above "givens" are per General Cocoa Co., Inc, New York on October 12, 1989.)

Using the same \$1000/mt as in the earlier calculation, and assuming a freight and insurance cost of \$100/mt beans, we can derive the following calculation:

Value of beans CIF:  $\$1100/\text{mt} + \$150/\text{mt premium} = \$1250/\text{mt}$

Value of liquor CIF:  $\$1100 \times 1.5 \text{ ratio} \times 0.8 \text{ yield} = \$1320/\text{mt}$

Contribution toward processing:  $\$1320 - \$1250 = \$70/\text{mt beans}$

We have made the above comparison on a cost, insurance, and freight (CIF) basis because that is the way the price data given to us by cocoa traders in New York was expressed. The important consideration is to compare both beans and liquor at the same point of sale. Also, we are only interested in a general overview.

The cost of processing is normally proprietary information and was not provided to us. From prior direct experience in other developing countries, ARD can ascertain that this cost is considerably higher than the \$70/mt shown above as being allowed by normal market conditions. Also, in addition to retrieving this cost of processing, the factory owner needs some margin for the additional risk and effort associated with converting beans to products.

With this in mind, the financial data that Messrs. Ndongo and Mimbimi provide in response to the questionnaire should be assessed to evaluate the economic justification for their project.

In analyzing a cocoa processing project, the first aspect to consider is the supply of raw material. As already stated, profit margins are slim, and the factory, if it is to succeed, must run at capacity with no down-time due to insufficient availability of raw material.

Most Cameroon cocoa bean producers are independent small farmers working 1- to 5-hectare farms. Cameroon produced about

125,000 mt of beans in the 1988/89 season, but this figure is expected to drop to 110,000 tons in the 1989/90 season (per General Cocoa Co., Inc., New York). About 10 percent of this quantity is subgrade (classified as HS/HC) and is taken by the Societe Industrielle de Cacaos (SIC-CACAO) cocoa factory, along with another 12,000 mt of good quality cocoa beans (classified as Grade I/II).

SIC-CACAO, the only cocoa processing factory in Cameroon, is a joint venture of the Government of Cameroon and the French company Groupe Barry. There is a special price structure between the Office National de Commercialisation des Produits de Base (ONCPB) (the government marketing organization) and SIC-CACAO which enables the factory to profitably accept such a large percentage of off-grade beans. An affiliated company, Chococam S.A., relies on SIC-CACAO for the supply of intermediate products (liquor and butter) from which it manufactures and markets chocolate domestically and to neighboring countries. This chocolate is not export quality. Mr. Ndongo is a Director of SIC-CACAO and a shareholder in Chococam S.A.

In excess of SIC-CACAO's needs, there is approximately 87,000 mt available for export as beans. Mr. Ndongo claims that his group exported 14,500 mt during the 1988/89 season and expects to export 18,000 mt during the 1989/90 season.

Mr. Ndongo wishes to build his factory in Obala, which is in the province of Centre. By interpolating various existing statistics and by conducting personal interviews, we can assume that this province is responsible for about 45 percent of Cameroon's cocoa production. The Minister of Agriculture, Mr. John Niba Ngu, told us that 60,000 mt of beans could be located within a circumference of 70 kilometers of Obala. This may be somewhat optimistic, but, nevertheless, is in keeping with both statistics and interviews regarding cocoa concentration in Cameroon.

From all of the above, it appears that Mr. Ndongo will have no difficulty, logistically, obtaining his low-end raw material needs of 20,000 mt/year.

Mr. Ndongo would like a foreign partner who would take 20 percent of the equity, provide technical expertise, specify the necessary machinery and equipment, provide management under contract for 10 years, buy all the product, and arrange for the project's debt financing.

#### D. Chocolate Manufacturing

We did not learn anything subsequent to our meetings with Suchard that changed the opinions expressed in Appendix A. In fact, the meetings in London with the CDC and Mr. E.T. Beauchamp

of the Chocolate and Confectionery Alliance supported those opinions. The consensus of opinion is that cocoa liquor from Cameroon beans, at this time, is more suitable for pressing into butter and cake than for direct application into export quality chocolate.

This subject could be reexamined should a new cocoa factory become operational and/or if there is a sufficient improvement in quality which, together with natural flavor characteristics, allows for the manufacturing of unblended chocolate. At that time, the possibility of bringing some foreign beans into a Cameroon Free Trade Zone situation for blending with Cameroon beans and then reexporting as chocolate should also be considered. A very important aspect of the chocolate concept is that it is also a vehicle for exporting Cameroon sugar.

The French probably have a vested interest in not developing the chocolate industry in Cameroon. It would be logical to revisit this subject at a later date with Mr. Ndongo. An improvement in flavor quality (resulting from an improvement in wet bean processing) would make it doubly appropriate to do so.

#### IV. COFFEE

For the purposes of this assignment, we have divided the coffee industry into four main sections:

- Production (extension work, cooperatives) and wet bean processing (pulping, fermentation);
- Milling and grading;
- Roasting; and
- Instant.

Each section is analyzed in the following paragraphs.

##### A. Production and Wet Bean Processing

According to statistical data provided by USAID/Cameroon (source: Agricultural Census and Surveys, SUMCRA - 8/89), Cameroon produces approximately 144,000 mt coffee. Approximately 75 percent of the coffee is Robusta. The balance (36,836 mt) is Arabica, the higher quality, more expensive, and more profitable variety. The two important coffee producing provinces, for the purposes of this report, are the North West (Anglophone) and West (Francophone). Annual production details are summarized in Table 4.

Table 4. Annual Coffee Production of Cameroon's North West and West Provinces (in Metric Tons)

	<u>Robusta</u>	<u>Arabica</u>
North West	3,925	15,843
West	<u>31,113</u>	<u>20,993</u>
TOTAL	35,038	36,836

As shown in Table 4, even though the West Province produces more Arabica coffee than the North West, Arabica accounts for a much greater percent of total provincial production in the North West. Arabica is only grown in these two provinces.

ARD met with the Cameroon representative of the United Kingdom's CDC, an organization similar to the U.S. Overseas Private Investment Corporation (OPIC). Initially, our primary purpose in requesting this meeting was to discuss cocoa. According to its 1988 Annual Report, the CDC is involved in cocoa projects in the Pacific Islands, Belize, Costa Rica, Indonesia,

and Malaysia. Early in the conversation, however, it became apparent that the CDC had given considerable thought to possible coffee projects in Cameroon and had only a passing interest in cocoa. The conversation soon turned exclusively to coffee.

CDC's local office is very keen on developing a project which would bring advanced management techniques into cooperatives so that they could be run more profitably. The CDC feels that this should be coupled with a centralized pulping station, and mentioned that a U.K. company, Sluter's, was investigating this opportunity. Apparently, Sluter's is already active in Kenya.

Two unrelated facts emerged which started to lead our thinking:

- Mr. Fourney, the laboratory chief of the Institut de Recherche Agronomique (IRA) in Yaounde, strongly felt that any coffee project dealing with an improvement in wet bean processing should concentrate on Arabica beans, since this is the expensive variety with increasing world demand. The IRA is the Cameroon branch of the French institute for coffee and cocoa research, Institut de la Recherche du Cafe et Cocoa (IRCC).
- Mr. Farmer, the CDC representative in Cameroon, seems to have a warm feeling and respect for Mr. Polycarp Ndiboti, General Manager of the North West Coop Association, Ltd. (NWCA). As the name indicates, this cooperative is in the North West Province which, as mentioned earlier, is primarily involved in Arabica coffee.

Subsequently, ARD met with Mr. Ndiboti at his offices in Bamenda. We sensed some frustration caused by a situation in which his cooperative in the North West Province was required to work under the ONCPB (the government marketing board) while the neighboring province, the West Province, was free to market to the outside world directly through its cooperative, UCCAO. The reasons for this are somewhat complicated, but seem to be more a circumstance of the recent history of Cameroon rather than any anti-Anglophone feelings. Regardless, any new private sector joint-venture initiative should certainly operate outside of the ONCPB. We do not believe that foreign private sector investors would welcome a marketing situation so closely supervised by the government.

Mr. Ndiboti believes that the first priority for a private sector initiative in his province should be milling (to convert parchment and dried cherry coffee to green coffee). However, we also learned that five small mills, manufactured by Buhler, had

already been purchased by the ONCPB in the mid-1980s and had been sitting in crates on ONCPB property for the last 18 to 24 months. We were told that the mills had not yet been erected because the ONCPB did not have the money to pay for supervision of their installation. This seems to be a rather strange explanation since supervision is usually included in the purchase price when an entire factory or mill is sold..

Mr. Ndiboti's desire to get the mills in operation may, to his mind, take precedence over an improved wet bean processing program. ARD believes that the CDC should take the lead in any discussions with him to determine what can be done to immediately get the new mills erected and whether an Arabica wet bean program should be developed.

Discussions with CDC then continued in a meeting attended by USAID officials and ARD. CDC reiterated its interest in an initiative regarding Arabica coffee at the pulper and cooperative level, concentrating on the North West Province. CDC believes that the processing (pulper) project could be a joint venture between the NWCA cooperative and a private entrepreneur who would bring in advanced management techniques.

At the conclusion of this meeting, the USAID/Cameroon Mission Director suggested that ARD proceed to London for further discussions with the CDC regarding cocoa and coffee, welcoming the opportunity for USAID to cooperate with the CDC.

#### B. Milling and Grading

The only project we saw in this category was the one mentioned above; namely, the five mills purchased by the ONCPB from Buhler. ARD recommends an inquiry into why five brand new mills remain in crates while the existing mills in the North West Province seem to be in disrepair. Perhaps a private sector project could be quickly developed around the needed financing that we have been told is holding up the mills' installation.

During the day spent with the NWCA, we visited the Santa mill. It is 18 years old and in poor condition. We were told that there are eleven similar mills in the province--some larger, some smaller. We were also told by the NWCA management that the five new Buhler mills could fully replace the capacity of the eleven existing mills.

#### C. Roasting

Suchard, as stated in Appendix A, was very negative regarding the concept of roasting at the source. Of course the company may have a vested interest in keeping this operation in the consuming country. Mr. Fournery of the IRA, Yaounde was also negative toward the idea. He felt that it would not be feasible

from a technical point of view: the process is not labor intensive and roasting should be done close to its consumption point in order to preserve flavor.

Considering these two opinions, along with both the fact that only about 5 percent of the world's coffee is presently roasted at the source and our mandate to bring the topics of this investigation to a closure on the basis of this visit to Cameroon, ARD opts to close this topic for now. If an instant coffee project proceeds with UCCAO (see below), then the subject of roasting can be opened from time to time during the normal course of interactions with UCCAO.

#### D. Instant

We spent a day at the UCCAO cooperative in Bafoussam, West Province, meeting with the senior management team of UCCAO including Mr. Henri Fankam, the Managing Director. We were also taken on a tour of the mill, in which very good management was evident. In addition to milling and grading, some ground coffee is being sold locally in a 250-g retail pack. UCCAO is also selling about 1 ton/month of roasted, unblended coffee to France in a retail pack and 90 tons/year in local and Union Douaniere et Economique des Etats de l'Afrique Centrale (UDEAC) country sales.

We asked middle-level managers at the cooperative what one additional project they would pursue, given the opportunity. They unanimously stated that they would try instant coffee.

Apparently, some research on this possibility has already been done. UCCAO once had some contact with the local representative of a Brazilian company, but that initiative seems to have dissolved when the local representative closed his business. UCCAO believes that a successful instant coffee project would process 3,000 to 5,000 mt green coffee per year and would cost around U.S.\$8 million. The target market would be local sales and UDEAC countries.

Suchard was also negative regarding instant coffee (Appendix A); however, its opinions had referred to the world market in general. The world is not a perfect market place and there are always empty niches available, even in situations of oversupply. The determining factor for successful instant coffee manufacturing in Cameroon is probably marketing of the product.

We suggested that UCCAO management prepare a very brief preliminary business plan so that we could fully understand their concept. This would also help them define their own ideas. We specified that the business plan should not involve any expense or excessive time. A document of two to three pages maximum would suffice and should be delivered to USAID/Cameroon. As senior management from USAID/Cameroon was not present at the

meeting, we did remark to UCCAO that we would communicate this suggestion to USAID.

Subjects to be covered in the business plan should include, inter alia, the following:

- A description (specifications) of the raw material and the finished product.
- An overview of the capacity of the plant, including shifts and days worked.
- Any financial data that is presently available regarding the project. Was a cash flow developed with the Brazilians?
- An overview of the marketing plan.
- An outline of the ownership structure of the project.
- A description of what UCCAO would like its foreign partner to provide besides equity (e.g., management, technology, etc.).
- Any government incentives that would be available to attract foreign investment.
- Identification of the Project Manager for UCCAO, and a summary of his/her background.
- Any available financial data regarding UCCAO.

We emphasized that the marketing plan is vital. UCCAO asked about the possibility of making agreements with the other UDEAC countries such that they would not also produce instant coffee. This subject should be brought to the attention of the Minister of Industrial and Commercial Development as soon as possible. The Minister of Agriculture was not in a position to provide any definite response to this request during our closing meeting some days later.

## V. OTHER OPPORTUNITIES

As mentioned in the introduction, the USAID Mission Director asked ARD to also consider other agribusiness opportunities while travelling in Cameroon on this cocoa and coffee assignment.

We learned that Del Monte is considering a pineapple-growing project in Banjok. The project is contemplated to yield 100,000 mt of pineapple, of which 30,000 mt would not be suitable for shipment as fresh. We met with Del Monte representatives in Douala and suggested that perhaps a pineapple canning and/or freezing plant could be built in Cameroon to process the second quality pineapple. First quality fruit would be shipped fresh by Del Monte.

The Del Monte executives with whom we met were, just that day, evaluating major difficulties regarding transportation infrastructure which seriously threaten the viability of the project.

There may be an opportunity for a multi-lateral donor to get involved in road construction; this would probably be too large a construction project, financially, for a bilateral donor agency. Del Monte executives felt that a road in the area of their proposed project would also serve to open the general region to other investments.

Other agribusiness projects which could be investigated in Cameroon include ornamental foliage, medicinal plants, and poultry.

An ornamental foliage project would begin with having an expert survey the endemic flora for potential ornamentals. Next, selected samples of new, interesting varieties would be sent to market (i.e., Alsmeer, Holland) to see how they were received by buyers. The new airport presently being built in Yaounde may add to the potential for an ornamental foliage project.

In the case of medicinal plants, again, the initial step would be for an expert to survey what valuable plants grow naturally and could be cultivated on a Commercial scale.

We were told that frozen poultry is imported into Cameroon. As a basic foodstuff, perhaps there is an import substitution opportunity here for a local poultry farming and processing project.

## VI. SUMMARY AND RECOMMENDATIONS

### A. Cocoa

#### 1. Production

Nothing remains to be done, in the context of this assignment, regarding the growing of cocoa.

#### 2. Wet Bean Processing

Further study on the potential for a centralized wet bean processing project is necessary. The study should be conducted in incremental steps such that it could be aborted should the investigations of a particular step prove that it is unreasonable to continue the study. The investigative steps (and points of potential abortion) are, chronologically:

- discussion with technical experts;
- a laboratory study; and
- a financial study.

If the financial study proves to be positive, then this project could be marketed to investors in conjunction with the Ndongo cocoa processing project. In fact, even if this project is a break-even endeavor, it may be helpful in the promotion of the cocoa processing project since the quality improvement may make the cocoa processing project more attractive.

Since the cocoa processing project is intended for Obala, an area of high cocoa concentration, any logistical problem involving transportation may be somewhat diminished.

#### 3. Cocoa Processing

The key to Mr. Ndongo's project is finding a chocolate company that will join the effort and provide a purchase contract for all the output. Incentives to the chocolate company may include the ability to control quality by installing its own quality control people in the factory and the availability of a constant supply of Cameroon-quality products. Another incentive is the attractive possibility of controlling a relatively large percentage (20 percent) of Cameroon's cocoa through the buying ability of a seemingly strong local partner.

This chocolate manufacturer will probably be a European company because the flavor of Cameroon liquor (bitter, astringent) is more suited to the European (Continental) taste for dark chocolate; in fact, Cameroon beans are presently

exported primarily to Europe. Should Mr. Ndongo's project require a U.S. component, this can probably be arranged since most of the large European chocolate companies have U.S. interests.

Our thoughts regarding the profitability of the proposed venture are as follows. We know that Mr. Ndongo is a sophisticated and successful businessman certainly suitable for further consideration as a joint venture partner. His response to the questionnaire will indicate how much serious thought he has already given to this project and its profitability. If, in fact, he has not given a great deal of thought to it but is simply being opportunistic, this will become apparent as well. Finally, the questionnaire may also give him an opportunity to evaluate his own concepts.

Mr. Ndongo is, so far, a seemingly perfect local partner. Even if this project does not materialize, this may be a good opportunity to develop his friendship and trust. There may be other projects which could develop with him later (i.e., gum arabic).

#### 4. Chocolate Manufacturing

Nothing remains to be done, in the context of this assignment, regarding chocolate manufacturing.

### B. Coffee

#### 1. Production and Wet Bean Processing

The CDC should take the lead, with USAID cooperation, in whatever initiative is finally agreed upon. The CDC in London did make the point that it is a reactive and not a proactive organization; CDC does not normally develop projects but leaves it up to investors to approach them with a business plan. Perhaps a strategy would be for USAID to ask CDC/Cameroon to propose a modality of cooperation. The NWCA is the logical local partner.

#### 2. Milling and Grading

A quick, direct inquiry should be made, perhaps by the CDC, regarding the Buhler mills. There may be an opportunity here to provide some bridge financing which could get the mills in operation.

#### 3. Roasting

Nothing remains to be done, in the context of this assignment, regarding the roasting of coffee beans.

#### 4. Instant

UCCAO seems to be a good local partner for an instant coffee project, and such a project should be developed. The business plan, when received, would be the basis for promotion of the project with potential foreign partners to determine whether an interest exists.

APPENDIX A

Letter to USAID Regarding  
Cameroon Cocoa and Coffee Projects



Associates in Rural Development, Inc.  
110 Main Street, Fourth Floor  
P.O. Box 1397  
Burlington, VT 05402 USA  
Phone: 802-658-3890 Telex: 957032 FAX: 802-658-4247



September 26, 1989

Dr. Kenneth G. Swanberg  
Agri-Business and Finance Officer  
Market Development and Investment  
Africa Bureau (Room 4527 A NS)  
U.S. Agency for International Development  
Washington, DC 20523

Re: Cameroon Cocoa and Coffee Projects:

Dear Ken:

This letter is being FAXED to you to satisfy the first deliverable requirement under our contract.

During the period September 21-25, I had three separate meetings with executives of Jacobs Suchard S.A. They were attended by:

Zurich: Gerhard Zinser, Vice President, Chocolate and Confection and Erwin Grüter, Manager, Coffee Department

Bern: Volker Fischbach, Manufacturing Director

Neuchâtel: Maurice Mazeyrat, Head of Factory Services, Research and Development

The most senior executive with whom I met was Gerhard Zinser who is in charge of Suchard's world-wide marketing of all chocolate and confectionary products. According to the corporate structure, per the 1988 Annual Report, it seems that he reports to the Board of Directors. Suchard, who now also owns C.J. Van Houten and Zoon S.A., is a group with annual sales of U.S. \$4 billion. With the acquisition of Brach and Van Houten, chocolate and confectionary now accounts for 60% of sales whereas coffee is 40%. Until recently, it was the reverse.

Zinser was very clear that Suchard would not invest capital in a cocoa project in Cameroon but, when I asked, he did say that they might provide management and a purchase contract. Of course, we did not discuss under what arrangement as this would have been a

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premature conversation. Zinser felt that we could make cocoa liquor, butter, and cake, but strongly doubted that we could make chocolate. When I questioned this, he stated that he was not a technical person and did not wish to go into details; however, he did recommend I speak with others in Suchard, which I later did.

Neither Zinser nor Grüter knew of any cocoa or coffee project attempted by Suchard in Cameroon. Grüter did remark that - regarding coffee - maybe it was known to people higher up in the organization; if it were cocoa, it would certainly be known to Zinser. At one time Suchard had a cocoa project in the Ivory Coast which was a disaster and, in 1981, they wrote it off the books. I will inquire into the Cameroon project again while I am there.

Zinser did say that Suchard may join in a project with outside cash investors and he would listen to our ideas at the end of the Cameroon visit. Unfortunately, I did not get any sense of enthusiasm from him.

Coffee was discussed briefly. Regarding instant, both Zinser and Grüter were quick to remark that world production capacity is presently already around 200% of world needs. Roasting green coffee at the source is unusual (only about 5% of world coffee) and under special circumstances. The process is highly technical and uses minimal labor. Both strongly felt that there is no economic or other reason to roast coffee in Cameroon. Regardless, I will pursue this subject while I am there.

Before proceeding, it is necessary that I give a very brief summary of the cocoa bean-chocolate process in order for you to make sense of what Suchard's technical people had to say. Please forgive me if these details are already known to you.

Wet Bean Process: Cocoa beans are taken from the pods (around 40/pod) together with the wet, mucilaginous pulp in which they are covered. The pods are opened in a manner which will not in any way damage the shells of the beans. Such damage can cause problems later on. The wet beans are then allowed to ferment in their own pulp, being turned occasionally. This process takes about seven days.

Following fermentation, the beans are either sun or mechanically dried down to a 7.5% moisture content. We now have dried beans which are a marketable product. It should be noted that the above seemingly simple process is infrequently followed with care in most countries. Also, the figures given are only for a general understanding. Different producing areas show variances.

The next process is the Cocoa Process. The dry beans are cleaned of stones, twigs, etc. and then roasted. Following roasting, the

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shells are cracked off and the meat (called nibs) is ground into a paste, often by a combination of pin and ball mills. The resultant viscous mass is called cocoa liquor. Liquor is a marketable product. Liquor can then be pressed producing cake (the fiber) and butter (the fat). Normally liquor includes about 50-55% fat. Ten-twelve percent is left in the cake. The cake is then ground into powder. Butter, cake, and powder are marketable products. Cameroon liquor has a relatively high fat content which is positive.

Chocolate is the next step. It is made by combining 40% liquor, 10% added butter from some other pressed liquor, and 50% sugar. Liquors - or beans - from different countries are blended per a secret recipe. When milk, nuts, nougat, or other items are added, the above percentages are, of course, reduced. The chocolate mass is conched (mixed; blended) for a number of reasons - especially to break down the sugar crystals. Some countries (i.e. Costa Rica and Colombia) can produce a good chocolate from a single sourced bean due to the mild and agreeable taste quality of that particular bean.

Now, how does all this pertain to what Suchard's technical people had to say? The reports provided by USAID/Cameroon state one enormously relevant fact: Cameroon liquor cannot be used, as liquor, in the chocolate manufacturing process. The liquor has a certain hammy, smokey, off-flavor which precludes its use as an ingredient in a fine, export quality chocolate. However, if the liquor is pressed into butter and cake, then the butter can be used as the 10% added butter in the chocolate manufacturing process. The remaining cake is a separate issue which has nothing to do with the making of chocolate. The Cameroon cake is, in fact, highly desirable due to its reddish color. Cake (or actually powder) is used in icing, ice cream, chocolate milk, and, of course, hot cocoa drink. Unfortunately, cocoa powder is a relatively inexpensive product. The value is in the butter. The butter can be deodorized and the poor taste of the liquor, which ended up in the butter after the pressing process, can be all but eliminated.

Suchard's technical people basically confirmed what the mission sent me. A very preliminary conclusion is, therefore, that I doubt export quality chocolate can be made in Cameroon. Apparently, the flavor of Cameroon beans is so poor that even blending does not produce a decent chocolate. Raw chocolate (unblended) for use as a minor component in a candy product is seemingly not possible.

An immediate question arises - is the poor flavor, known to exist prior to the end of the wet bean process, produced by man due to cracked shells, improper fermenting, improper drying and storage, or is the flavor intrinsic to the bean itself?

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Maurice Mazeprat of the Research and Development Department at Suchard was unable to firmly commit but he felt that the problem may be 80% caused by nature and 20% caused by man. (I personally felt that the ratio is too skewed against nature and needs further analysis.) Even so, he did state that a substantial improvement in the Wet Bean Process may create a liquor useable directly in the chocolate manufacturing process. This will add value to the beans. Mazeprat further recommended that perhaps we should investigate the growing of cocoa and work on the genetic improvement of the bean at that level. This has been done in Malaysia with some degree of success. Based upon all my knowledge to date, I do not recommend attempting to interest investors in a growing project in Africa at this time.

I posed the concept of large central wet bean processing stations which Mazeprat also felt is worth investigating. He did agree that if we can provide samples of beans, correctly fermented and dried, then Suchard would analyze them and give their opinion.

Certainly, during my trip to Cameroon I will continue to belabor the issue of creating some sort of product within the chocolate process. However, due to Suchard's comments, I feel that I must also concentrate on what value-added can be created within the wet bean process. My personal experience indicates that just to make liquor (or butter and cake) at the source would probably not be an interesting investment opportunity. Also, this is presently already being done by the French who seem to have a special arrangement with the Cameroon government for the purchase of off-grade beans.

From a strictly developmental point of view, improving the quality of the dry beans may have a substantial impact. Whether a wet bean processing station would be attractive to investors - or even feasible - has yet to be seen.

Whatever is attempted in Cameroon will need the full and complete support of the Government of Cameroon. From the reports sent by USAID/Cameroon and from Suchard's remarks - it is clear that the Government is in full control of the marketing.

Very truly yours,

*ME/evn*

Michael E. Evnin  
Senior Associate  
Agribusiness

APPENDIX B

Review of Ndongo Essomba Group

B-1

Project of creation of a cocoa processing plant  
of 20/25 000 tonnes of cocoa beans per year in  
the Province of the Centre (OEALA).

1 - PRESENTATION OF PROMOTER :

- 1.1 Name of the Company : Ets. NDONGO ESSOMBA  
Jurisdical form : Private Company  
Head Office : Yaounde
- 1.2 Statistics number : 1803101-75  
Number of Registrar of Commerce : RCA 669/71.72  
Date of creation : 1st July 1980

1.3 Paid Capital : 300 Millions FCFA

<u>Shareholders</u>	<u>Nationality</u>	<u>%</u>
Mr. NDONGO ESSOMBA J.B.	Cameroonian	72
Family of NDONGO ESSOMBA	Cameroonians	28

1.4 Address of Head Quarters  
B.P. 4425 - Yaounde  
TEL: 22 13 84  
TELEX: 8359 KN

Registered Office  
ETS. NDONGO ESSOMBA  
B.P. 339 - Douala  
TEL: 42 13 17  
42 21 61

1.5 Head of the Establishment

MR. Jean Bernard NDONGO ESSOMBA  
DIRECTOR GENERAL

ACTIVITIES

The NDONGO ESSOMBA group have in the principal activities produced in 1988/89 a global figure of 11.577 Millions FCFA. The activities were shared out as follows :

## 2.1 Exportation of Agricultural Products.

## 2.1.1 COCOA

The group comprises the exporting companies who obtained the following quotas in 1988/89 :

- ETS. NDONGO ESSOMBA	8 %
- AMBASSA EPHREM	0,5%
- ANJONGO	1,5%
- ONOMO	1,5%
	<hr/>
T O T A L.....	<u>11,5%</u>

The tonnage of cocoa commercialised was 14 500 tonnes for a turnover of 8,541 milliards FCFA;

Taking into consideration the performances realised during last campaigns, the group has seen an increase of its quota for the cocoa campaign season of 1989/90 as follows

- ETS NDONGO ESSOMBA	10 %
- AMBASSA EPHREM	2,5%
- ETS MBOUS	2 %
- UCAC	2 %
	<hr/>
T O T A L.....	<u>16,5%</u>

So then, the forecast commercialisation figures stands at around 18.000 Tonnes.

## 2.1.2 COFFEE

**BEST AVAILABLE DOCUMENT**

- A quota of 3,5% was distributed in 1988/89 to ETS. NDONGO ESSOMBA.
- The tonnage realised was from 3 000 Tonnes
- The corresponding turnover was from 2 812 milliards FCFA.

2.2 General Trade

This activity comprises of hardware shops as well as the sale of petroleum products. She has produced in 1988/89 a turnover of 224,7 millions FCFA.

3 PERSONNEL EMPLOYED

The NDONGO ESSOMBA group has a total of around 200 workers.

4 FLOAT OF VEHICLES

There are altogether about 75 vehicles (trucks and cars) for a global value of 526 millions FCFA.

5 IMMOBILISATIONS

5.1 For the account of ETS. NDONGO ESSOMBA, it is made up of lands situated at Yaounde for a value of 46,388 millions FCFA as well as buildings for an amount of 319,714 millions FCFA.

5.2 For the personal account of MR. NDONGO ESSOMBA :

Central town Yaounde, a commercial building worth.....	400	millions
Mont FEBE road Bastos, a residential building worth....	275	"
Commercial Avenue Yaounde, land and shops.....	150	"
Land at OBALA 5,15 hectares worth.....	200	"

(It is this land which has been destined for the construction of the cocoa processing plant).

5.1 + 5.2 = 1.391.1..Millions FCFA

6 - PARTICIPATION IN OTHER COMPANIES

BRASSERIES DU CAMEROUN DOUALA (BREWERIES)	Shareholder
SIC CACAO DOUALA (COCOA INDUSTRY)	Administrator
CHOCOCAM DOUALA (COCOA INDUSTRY)	Shareholder
CFAO DOUALA (GENERAL TRADING)	Shareholder
PRISUNIC T. BELLA YAOUNDE (DEPARTMENTAL STORE)	Vice President, Counsellor and Administrator

T.A.A. (INSURANCE)	Shareholder
SOGERCOM (SELL VEHICLES)	Shareholder
B. I. A. O. CAMEROUN (BANK)	Shareholder

7 - REFERENCE BANKS

SCB CREDIT LYONNAIS CAMEROUN at Yaounde and Douaia  
B. I. A. O. Yaounde and Douala  
SOCIETE GENERALE DE BANQUES AU CAMEROUN at Yaounde.

8 - OTHER REFERENCES

Vice President of the Chamber of Commerce, Industry and Mines  
of Cameroon.

President of the cocoa section of GEX since 10 years.  
(Group of exporters of Agricultural products)

Members of the Central Committee of :  
CAMEROON PEOPLE'S DEMOCRATIC MOVEMENT (CPDM).

APPENDIX C

Questionnaire on Ndongo Cocoa Processing Project



Associates in Rural Development, Inc.  
110 Main Street, Fourth Floor  
P.O. Box 1397  
Burlington, VT 05402 USA  
Phone: 802-658-3890 Telex: 957032 FAX: 802-658-4247



MEMORANDUM  
-----

To: Mr. Ndongo Essomba (through USAID/Cameroon)  
From: M. E. Evnin, Senior Associate-Agribusines  
Re: Your project to process 20/25,000 mt dry cocoa beans in  
the Province of Centre (Obala)

Date: October 25, 1989

We are submitting this informal questionnaire as per our recent discussion at the home of Mr. and Mrs. Jay Johnson. Your responses to the questions will assist us in fully understanding the project as envisioned by you. Please elaborate with additional details and information wherever you feel it would be useful to us.

Some questions would seem to be more appropriate if asked subsequent to the preparation of a Pre-Feasibility Study. We know that a study has not yet been prepared and that in some cases the data may not yet be available (i.e. cost of the factory equipment). For those kinds of questions we only wish to know what is your best guess. It is important for us to become familiar with your concept of the project. We will certainly understand if some information, even as an educated guess, is not available to you.

- (1) How many shifts (8 hours each) do you intend to operate the factory? How many days per week? How many weeks per year?
- (2) What will be your purchase price for beans FOB the factory? Your price should be stated as a discount, premium, or par to the London market. Please quote this price assuming that the London market is Pounds Sterling 750/mt.
- (3) What products will you make? For example, will you stop at liquor or press liquor into butter and cake? Will you grind the cake into powder?
- (4) Please describe the quality of the beans that you feel the factory will be able to obtain. If more than one grade, please give the approximate percent breakdown. In your description, please state Grade I, Grade II, HS, number of

- beans per kilo, moisture content, percent fat in liquor, etc.
- (5) At what ratios do you feel you can sell the products FOB the factory or CandF Europe? Please base your assumption on existing market ratios today. If you give us a CandF ratio, please tell us what is the freight rate to Europe for cocoa products.
  - (6) Will the project market directly to foreign buyers or will it sell to a local entity such as the ONCPB?
  - (7) Please describe the packing materials. Are the cardboard boxes used for the butter made in Cameroon or imported? What would be the cost of a box and liner to hold 25 Kilos butter? What is the cost of the liners and bags to hold the cake/powder?
  - (8) What is your general estimate of the cost of the machinery and equipment? Do you have any brand names in mind?
  - (9) What is your estimate of the building cost and all related civil works?
  - (10) How many workers do you estimate the factory will employ per shift? This refers to foremen and below. What are the salary rates (including benefits) for lower level, assembly line, type of workers? What are the rates for mechanic and foremen level workers?
  - (11) What are the rates, in Obala, for:
    - Electricity
    - Water
    - Fuel (for the boiler)
  - (12) What percent return on equity investment (Internal Rate of Return) do you hope to earn with this project during years 1 - 5? During years 1 -10?
  - (13) Will any debt financing be available from Cameroon? What is the present interest rate?

We have asked the above questions in English but can certainly receive your response in French. Please give your response to USAID who will forward it as appropriate. We look to hearing from you regarding this important project. Best regards to both you and your wife.



APPENDIX D

List of People Interviewed

LIST OF PEOPLE INTERVIEWED

USAID/Cameroon and Embassy

Jay P. Johnson	Mission Director
John S. Balis	Agricultural Development Officer
Brian Ames	Private Sector Officer
Peter W. Wyeth	Agricultural Economist
Marcel Ngue	Project Manager
William Gaines	Consul

Government of Cameroon

John Niba Ngu	Minister, Ministry of Agriculture (MINAGRI)
Abdoulaye Babale	Minister, Ministry of Higher Education
Mr. Tchatet	Director, Division of Projects, MINAGRI
Mme. Haman Adama	Dep. Director of Marketing, Ministry of Commercial and Industrial Development
Felix Tonye Mbog	Director General, SODECAO
Andre M. Waguella	Chief, Div. of Study and Programs, SODECAO
C. Etoundi Atangana	Director General, ONCPB
Aloys Biangally	Commercial Director, ONCPB
M. Fournay	Laboratory Chief, IRA
James-Valentin Nlend	Delegate, Littoral Province, MINAGRI
Joseph Doumtsop	Delegate, District of Muyuka, MINAGRI
Joseph Kuitche	Provincial Coordinator, MINAGRI
Francois Tchehou	Chief of Service, Southwest Province, MINAGRI
Tony M. Egbe	Commercial Officer, SO.WE.F.CU. Ltd. Kumba
Jules R. Mebou	Technical Engineer, MINAGRI

Various (Cameroon)

J.B. Ndongo Essomba	Businessman
Parfait Mimbimi Esono	Businessman
P. Ndiboti Ngwayi	General Manager, NWCA
Henri Fankam	Director General, UCCAO
Samuel Oukouomi	Director, UCCAO
Germaine Tamwo	Commercial Director
Fidele Meli	Division Chief, UCCAO
Mr. Maitre Henry	Managing Director, SICCACAO
Petros Georghiou	Businessman

Jacobs Suchard S.A., Switzerland

Gerhard Zinser	Vice President
Erwin Gruter	Manager, Coffee
Volker Fischbach	Manufacturing Director
Maurice Mazeyrat	Manager, Research and Development

Commonwealth Development Corporation, Cameroon and London

Bill Farmer	Cameroon Representative
Anthony Stockil	Asia and West Africa Department
Andrew Brzozowski	Business Development Adviser
Alan S. Smith	Head of Marketing Department
G. Lockwood	Natural Resources Department

Cocoa Traders

Bill Stern	Vice President, General Cocoa Co., Ltd., N.Y.
Bob Paulson	Manager, Cofinco, Inc., N.Y.

Various (non-Cameroon)

R.A.Lass	Agricultural Manager, Cadbury Schweppes
E.T.Beauchamp	Chocolate and Confectionery Alliance, London
John A. Dwyer	General Manager, Del Monte, Cameroon
Dean W. Wheeler	Manager, Del Monte, Coral Gables, Florida
Robert C. Brown	Consultant, Del Monte, (through D.W.Wheeler)
Panos Verangis	International Economics Dept, The World Bank