

CENTRAL AFRICA

# Cameroon

GDP: **\$29.3bn**

Five-year economic growth rate: **6%**

Population: **22.3m**

Total clean energy investments, 2006-2013: **\$102.1m**

Installed power capacity: **1.3GW**

Renewable share: **N/A**

Total clean energy generation: **N/A**

Top energy authority: **Ministry of Energy and Water**

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OVERALL RANKING  
2014

**47**

OVERALL SCORE  
2014

**0.65**

| PARAMETER  | RANKING | SCORE |
|--|---------|-------|
| I. Enabling Framework                                | 46      | 0.73  |
| II. Clean Energy Investment & Climate Financing      | 46      | 0.27  |
| III. Low-Carbon Business & Clean Energy Value Chains | 41      | 0.91  |
| IV. Greenhouse Gas Management Activities             | 35      | 0.88  |

## SUMMARY

Cameroon ranks 47<sup>th</sup> out of 55 countries on *Climatescope* 2014 with a score of 0.65. It performed best on Greenhouse Gas Management Activities Parameter IV, taking 35<sup>th</sup> place.

Like many countries in West Africa, Cameroon is reliant on its oil industry. Although it provides the government with more than a quarter of its annual revenue, the country looks elsewhere for the majority of its power supply. More than half of the country's 1.3GW of on-grid capacity and 82% of its electricity production is provided by large hydro, with the remainder coming from distributed plants fuelled by oil and diesel.

Under its development strategy, Vision 2035, Cameroon aims to increase generating capacity to 3GW by 2020, mostly with new large hydro and fossil fuel plants. For instance, it commissioned a 216MW natural gas plant in 2013. So far, non-large hydro clean energy has played a minor role: in 2013, there was no clean energy investment and since 2006 there has been just \$102m.

There has been significant activity off-grid, where the government's liberalized policy framework has allowed for developers to enter the market. Under tax regulations introduced in 2013, renewable energy projects can qualify for a VAT reduction for five years and various tax rebates for up to 10 years.

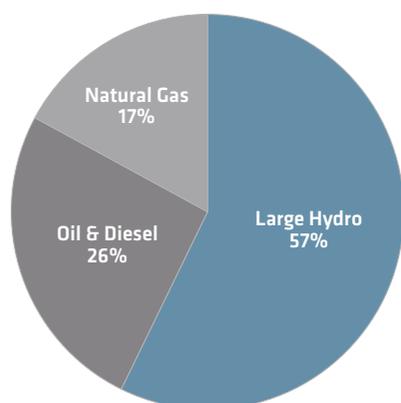
For further information, access [www.global-climatescope.org/cameroon](http://www.global-climatescope.org/cameroon)

## PARAMETERS AT A GLANCE

The government introduced legislation in 2011 designed to attract private investment through further unbundling of the power sector. It paved the way for establishment of a transmission company that would be open to independent power producers, including large industrial clients that generate their own electricity; however, the sector remains dominated by the utility ENEO (Energy of Cameroon, known as AES Sonel until June 2014 and renamed after its acquisition by Actis).

### INSTALLED POWER CAPACITY BY SOURCE, 2013 (%)

1.3GW total installed capacity



Source: Bloomberg New Energy Finance, Cameroon Ministère de l'Eau et de l'Energie, AES-SONEL

Note: Some values cannot be graphically represented due to scale, please see source data for the complete numbers

Cameroon finished 46<sup>th</sup> on Enabling Framework Parameter I, reflecting the meager incentives for the sector, heavily regulated and suppressed power prices and almost zero clean energy capacity (other than large hydro). The renewable energy components of the new electricity law, which had yet to be implemented as of Q2 2014, include a renewable power purchase obligation and an agency to promote clean energy. The country received higher marks on the Distributed Energy Framework indicator, which has opened up the off-grid market to developers.

The country also ranks 46<sup>th</sup> on Clean Energy Investment Parameter II, reflecting the low levels of investment. Since 2006, the sector has attracted only \$102m, in the form of two small hydro financings in 2011 and 2012. In addition, it received no project grants and no local investment in that time. Green microfinance is a nascent sector, with lending of just \$0.2m in 2013, which borrowers primarily used to purchase solar panels, lamps and chargers.

## KEY POLICIES

|                           |   |
|---------------------------|---|
| <b>Utility Regulation</b> | The 2011 law liberalizing the energy sector simplifies the approval process for rural electrification projects and contains a renewable energy purchase obligation. |
| <b>Tax Incentives</b>     | Investors are eligible for a range of tax reductions and import duty exemptions.  |

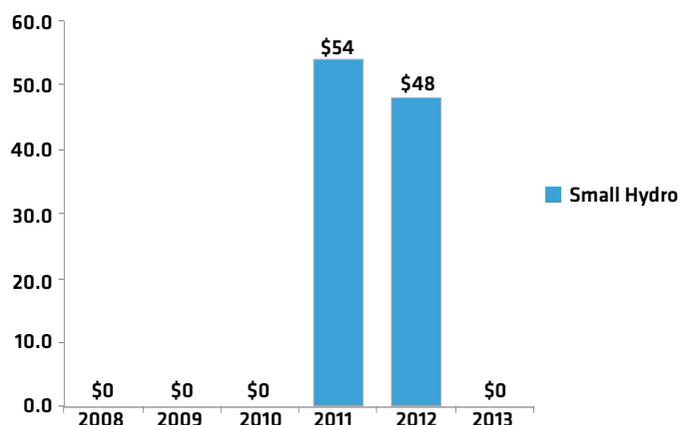
Source: Bloomberg New Energy Finance Policy Library

Cameroon may be stronger on Low-Carbon Business and Clean Energy Value Chains Parameter III, taking 41<sup>st</sup> place, but it is still comparatively weak, reflecting a lack of diversity outside small hydro. Although the country has a strong off-grid policy framework there has been little progress in developing related businesses.

The country scores surprisingly well in the Carbon Offsets category, which helped it to 35<sup>th</sup> place on Greenhouse Gas Management Activities Parameter IV. The result is skewed by its high score on the CDM Risk indicator, which is based on the progress of just two CDM projects in the country.

### ANNUAL INVESTMENT IN CLEAN ENERGY, 2008-2013 (\$m)

\$102.1m total cumulative investment



Source: Bloomberg New Energy Finance

Notes: Total investment includes: Asset Finance, Corporate Finance and Venture Capital / Private Equity Commitments.