

Doing business in Cameroon



British
High Commission
Yaoundé

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Introduction

Cameroon is situated on the West coast of Africa. It is a country that is becoming increasingly urbanized. Cameroon is the largest and most important economy within the Central African Economic and Monetary Community (CEMAC), with a population of more than 21 million inhabitants. Cameroon occupies a surface area of 475 440 KM² with a population density of 41.5 per square km. Its unique and enviable geographical location greatly facilitates her easy access to major markets around the sub-region like Nigeria (with the largest market in the region) Chad, Gabon etc.

The political capital of Cameroon is Yaounde and the economic capital is Douala which is the largest city and the industrial centre of the country.

The percentages of the major religions are listed as follows; Indigenous 40%, Christians 40% and Muslims 20%.

Abbreviations and Acronyms:

AFD	French Development Agency
ANOR	Cameroon Standards and Quality Agency
CAPAM	Mining Development program
CARPA	Council on Public Private Partnership
CEMAC	Central African States Economic and Monetary Community
DSX	Douala Stock Exchange
ECAM	Entreprises du Cameroun
EIB	European Investment Bank
EITI	Extraction Industry Transparency Initiative
EIU	Economic Intelligence Unit
GDP	Gross domestic product
GESP/ DSCE	Growth and Employment Strategic Paper
GICAM	Groupeement Interpatronal du Cameroun
ICSID	International Centre for Settlements of Investment Disputes

IPA	Investments Promotion Agency
MAGZI	Industrial Zone Promotion and Management Agency
MIGA	Multilateral Investment Guarantee Agency
OHADA	Organization for the Harmonization of Business Law in Africa
PACA	Program for Agricultural Competitiveness
PIB	Public Investment Budget
PNVRA	National Program on Spreading Agricultural Research Results
REA	Rural Electrification Agency
SEMRY	Company for the Expansion and Modernisation of Rice in Yagoua
Smes	Small and Medium Entreprises
VAT	Value Added Tax
XAF	currency used in the XAF zone with BEAC as central bank

I - Investing in Cameroon

1.1 Why invest in Cameroon?

Cameroon's economy is primarily agricultural, with principal commercial crops being cocoa, coffee, tobacco, cotton and bananas. Petroleum products make up more than half of all exports. While income from the oil sector keeps fluctuating, the expansion of the non-oil sector contributed importantly to the improved overall growth performance. Timber is also a major export of Cameroon.

Over the years, the economy has benefited from improved macroeconomic performance and progress in implementing structural reforms, improving revenue mobilization and prudent expenditure policies. Steps have been taken to promote good governance, transparency, and accountability in both the public expenditure management and tax administration.

Important structural reforms in the transportation and forestry sectors have also started, the banking system has been rehabilitated and some progress has been made under the privatization program. A new General Tax Code (Code Général des Impôts), including a manual of tax procedures, was promulgated.

The government of Cameroon was one of the first in Africa to take active steps towards the encouragement of FDI. This was the enactment of the Investment Code in the early nineties. It was aimed at investment liberalization. There are various benefits under the code for firms operating (as well as those wanting to) in the country. These benefits are for firms whose operations involve processing goods for export as well as those that use imports from the Central African Customs and Economic Union. There are also various investment regimes that a firm may choose to be part of.

Cameroon is currently implementing the first phase of its long term development plan and from an official stand point; the economic growth is expected to take an upward trend over the next five years.

With the influx of investors, services offered to companies became more varied and accessible and at the same time denser in nature. The attractiveness of Cameroon's economy in the early years after its independence has prompted a significant level of development both at the level of foreign and domestic companies / industries. Unlike other countries in the sub region, Cameroon is the Central African state with an embryonic industrial base and a pool of dynamic local entrepreneurs. This situation has considerably triggered development, particularly within the economic capital Douala. Facilities for businesses have registered a marked increase. Companies rendering specialised services to other companies e.g. accounting, external auditing and notary services is now on the rise as well as the boom registered in the field of

business specialised lawyers. All these factors have culminated to propel the development pace in all the different sectors of the economy.

Investors are often concerned with the risk of expropriation. Cameroon has extensive legal guarantees that prevent an investor from losing revenue if expropriation does occur. The legislation in the country is of an international standard with the investor receiving prior notice as well as compensation if expropriation does occur. Property rights are also legally protected in the country.

The main risk in Cameroon is that of corruption which has been reported in varied areas though isolated incidents. This has occurred both in the government and the judiciary. While it remains a problem, there have been efforts to improve the situation. This includes reforms in various sectors such as the granting of trade licenses; (this was previously an area with a high level of corruption).

Cameroon's coffers swelled by a whopping 677.932billion CFA in 2011, this is revenue from the extractive industries according to Moore Stephens firm. The announcement was made Wednesday, July 31, 2013 in Yaounde, during the presentation of the 2011 conciliation report within the framework of the Extractive Industries Transparency Initiative (EITI).

This angle of Africa is commonly called Africa in miniature owing to its rich natural resource deposit and a wealth of other potentials in areas like Mining, Energy/Power and Agriculture, just to name a few .

Cameroon is the most important economy in the Central African Economic and Monetary Community (CEMAC) owing to its demography (a little over 20 million inhabitants), a surface area of 475 442 KM² , its geographical situation, and its diversified economy (agriculture, oil & gas sectors etc) . Moreover, Cameroon enjoys peace and political stability.

As a member of the Franc zone the country benefits from the stability of the currency, CFA Franc (XAF) which is pegged to Euro at a fix rate.

Economic growth is expected to accelerate over the next five years period, from an official estimate of 4.1% in 2011 to an average of 4.5% in 2012-16, as the country is in the implementation process of the first phase of its longterm development plan Vision Cameroon 2035.

	2011	2012	2013	2014	2015	2016
Real GDP growth	4,1	4,4	4,6	4,8	4,5	4,2
Consumer price inflation (av)	3	3,2	3,3	3,4	3,6	3,9
Government balance (% of GDP)	-1,3	-0,6	0,7	0,9	-0,3	-0,8
Current-account balance (% of GDP)	-4,0	-2,3	-2,1	-2,2	-3,5	-3,5

Sources: EIU estimates Feb 2012 report.¹

Politically, Cameroon enjoys a relatively stable government within the sub region, with the senate already in place in line with the envisaged political restructuring, the restructured elections organising body in Cameroon (Elecam) as well as the strong commitment from the President, His Excellency Paul Biya (whose 2035 vision is to make Cameroon an emerging nation) have all culminated to set the stage for a sustainable development in Cameroon.

Through the supply of goods and services for various projects, the effect of this increased demand was felt throughout the economy. The recovery has boosted the growth of the non-oil sector, estimated at 5% in 2012, and of agriculture (+4.1%), agro food (+3.6%), construction (+11.2%), as well as transportation and telecommunications (+8.8%).

Cameroon's oil production peaked in 1985 at 181,000 barrels/day and then steadily declined to 60,400 barrels/day in 2011. The government continues to be heavily dependent on the petroleum industry; oil and gas revenues accounted for 25 percent of government funding in 2011, and the extractive industries made up 53 percent of Cameroon's exports in 2010. The mining and natural gas sectors are expected to grow, thanks to substantial foreign investment and new wells coming online in 2013. To consolidate the gains since 2010, when the Growth and Employment Strategy was launched (and continued in the 2010-20 Growth and Employment Strategy Paper, GESP), Cameroon maintained its investment program in the energy, transportation, telecommunications and manufacturing sectors. Initiatives included: e.g. the construction of the Gas fire plant in Kribi and hydroelectric dams at Mekin, Lom Pangar and Memve'ele amongst others.

The extractive industries are expected to grow significantly, with: the Kribi gas plant which normally is supposed to have commenced operations in the first quarter of 2013 which is expected to generate an additional 216 MW to the country's electricity supply. Private investment to exploit the Mbalam gas well and the gas fields from Logbaba to Douala (212 billion cubic metres of gas and almost 4.2 million barrels of

condensates). The kick off in production of new oil wells will boost extraction volumes. These investments should represent 21.9% of GDP in 2013 and 22.9% in 2014 and these combined factors should enable Cameroon to reach a 5% growth by the close of 2013 and 5.2% in 2014. Following the mixed results during the first two years of the 2010-2020 development strategy, the country is edging towards the 5.5% targeted growth rate.

In the short to medium term, certain factors risked impacting growth projections for 2013 and 2014. Those factors were; the crisis that recently hit Europe and a possible delay to some public construction projects due to poor absorption capacities attributable to administrative deficiencies. The country's growth also remains vulnerable to some instances of 'force majeure', as demonstrated by the 2012 floods, and to the volatility in world prices for primary raw materials.

However, over the 2013-14 periods, the rise in oil production combined with the gradual decline in the imports of equipment and the completion of a number of large construction projects in the transportation and electricity sectors should offset these risks.

Cameroon's trade deficit has been widening as imports have increased, especially food products, oil & gas, fuels and lubricants, inorganic chemical products and fertilizers. The trade deficit could be reduced slightly to 1.4% of GDP, compared with 3.7%, in 2012 as a result of higher oil revenue.

Excerpt from African Economic Outlook 2013: Cameroon

1.1.1 Foreign investment regime in Cameroon

Cameroon's government: is committed to promoting private investments by encouraging a much more open and liberalised economy. The Private sector is generally considered as the back-bone or better still, the life wire to attaining a sustainable economic growth. The strong political will of the government of Cameroon to encourage foreign investment has forced the government to undertake certain reforms in some strategic areas that is to serve as a strong incentive to foreign investors by facilitating the acquisition of business licenses, affordable taxes on business, fight against corruption via structures like CONAC etc , the detaining of those guilty of corrupt practises etc, and the peace and stability that the Country enjoys in a region plagued by massive unrest, are all attempts by the government to improve on the business environment and to attract as many foreign investors to Cameroon as possible:

Some specific incentives to investors can be seen thus;

- Any person (being an individual or a moral entity) can undertake business in Cameroon no matter his place of residence.
- Investors are free to hire and lay off
- Investors are free to enter into any contract guaranteeing their commercial and financial interests
- Investors are free to transfer their benefits where ever they want

¹ The data in this chapter have been collected from EIU Cameroon February 2012 report.

- Private property is guaranteed
- Investors circulation rights in and out and within country are guaranteed
- Right to open and hold bank accounts in foreign currencies locally.
- Investments in Cameroon are protected. Cameroon is a member of the Multilateral Investment Guarantee Agency (MIGA). Cameroon is also a signatory to some international conventions that serve to protect foreign Investments as seen below:
- The New York convention on recognition and enforcement of international arbitration rules
- Washington convention setting up the International Center for Settlement of Investment Disputes (ICSID).

The New York convention on recognition and enforcement of international arbitration rules

Washington convention setting up the International Center for Settlement of Investment Disputes (ICSID).

I.2 Investment Code in Cameroon

The Investment Charter in Cameroon was promulgated into law on April 19th 2002, under law N°2002/004. This Charter was later amended by to law N° 2004/020 on 22nd July 2004.

This investment charter in Cameroon accords some privileges to prospective investors, private entrepreneurs and private companies as they constitute the cornerstone of the economic growth... The State plays the distinguished role of creating an enabling environment that facilitates businesses to flourish; the State also innovates and creates jobs, regulates environmental laws as well as ensures fair and transparent competition

There are two distinct categories of incentives which are commonly available to prospective investors wishing to invest in Cameroon, to wit: general and specific;

General incentives:

- Promotion: This is simply the marketing of Cameroon business potential, trade fair organisation, promotion of joint ventures etc.
- Facilitation : This is mainly assistance that is required as regards the handling process of an investment application leading to setting up of an investment or business corporation in Cameroon.
- Investment support: This point is quite similar to the preceding point but the difference lies in the fact that this form of support has to do with the technical and financial support to business creation or rehabilitation and the exportation of goods from Cameroon while specific incentives on the other hand has to do with following;

Specific Incentives:

- Specific incentives include business regime, sectorial code and economic zones.

- • Business regimes

An investor wishing to start up a business in Cameroon can immediately go operational once a declaration has been gotten from the appropriate authority(s) or better still once an agreement has been reached.

- • Sectorial code:

These are incentives linked to one or more economic activities. There actually exist a mining code, a petroleum code, a gas code, a power code (electricity law).

- • Economic zone:

They are set up when and where needed to boost economic growth of an area.

All these incentives are managed by a unique counter and the newly created Investment Promotion Agency(IPA) located in Douala can provide more information and support in this regard.

1.2.1 Establishing a business in Cameroon

A foreign company may carry on activities in Cameroon in the form of a branch or through an entity incorporated under local laws.

The business law in force in Cameroon since 1st January 1998 results from the OHADA (Organisation for the Harmonisation of Business Law in Africa) Treaty which was signed in Port Louis – Mauritius on 17 October 1993.

The Uniform Act relating to Commercial Companies and Economic Interest Groups came into force on 1st January 1998.

The formation of a company or of a subsidiary shall be subject to the fulfilment of a certain number of legal requirements, namely:

- • submission of the Articles of Association to the commercial court;
- • registration with the Trade and Personal Property Credit Register;
- • publication of an opening notice in a newspaper empowered to publish legal notices;
- • procurement of a taxpayer's number;
- • declaration of existence to the revenue and registry offices;
- • entry into the roll of licenses;
- • declaration of existence to the National Social Insurance Fund;

The State is working to bring the whole incorporation process from the actual fourteen (14) days to 3 days

I.2.1.1 Choice of a legal structure

I.2.1.1.1 Private Limited Liability Company (Articles 309 to 384 of the Uniform Act)

Characteristics

The Private Limited Liability Company may be formed by one or several natural persons or corporate bodies. Consequently, the Private Limited Liability Company with a single partner is accepted.

The minimum registered capital required by the Uniform Act is 1 000 000 XAF, divided into equal registered shares whose face value may not be less than 5,000 XAF.

The registered capital must be fully paid-up upon incorporation.

The Private Limited Liability Company has a commercial nature, regardless of its object.

Unless otherwise provided for in the Articles of Association, the registered shares may not be assigned freely to third parties. In the absence of any statutory provision, the registered shares may only be assigned upon the consent of the majority of non transferor partners holding at least the $\frac{3}{4}$ of the company's share capital, excluding the shares of the transferor partner.

In addition, the Articles of Association organise free transfer of shares among partners and/or between spouses, ascendants or descendants. In the absence of such statutory provisions, the transfer of shares shall be free.

Partners do not act in their capacity as traders. In principle, they are only bound by the debts of the company to the extent of their contributions.

Formation

The Articles of Association must contain some mandatory information, among which: the form of the company, the object, the name, the acronym in case of need, the location of the registered office, the duration of the company, the amount of the registered capital, the division of shares, the organisation of the management and collective decisions, the rules governing the allocation and distribution of profits, the conditions for winding-up and liquidation, etc.

Management

The Private Limited Liability Companies shall be managed by one or more representatives as natural persons, whether or not they are partners, and having their residence in Cameroon.

The number of managers shall not be limited.

The managers shall be appointed either in the Articles of Association, or in a subsequent instrument. The appointment or change of managers must be subjected to publicity requirements.

The duration of the duties shall be freely determined in

the Articles of Association, for a limited period or without limitation of duration. In the absence of statutory provisions, the manager(s) are appointed for four years and are re-eligible.

Unless otherwise provided for in the Articles of Association, the managers shall have all the powers to act under all circumstances on behalf of the company. Any contractual or statutory limitation of the managers' powers may not be demurrable to third parties.

General Meetings

The partners' decisions shall be made in a general meeting. However, the Articles of Association may provide that all or some of the decisions shall be taken upon written consultation of the partners, except in the case of the annual general meeting.

Each partner owns a number of votes equal to the number of his/her shares. Where there is a sole proprietor, he/she shall alone take decisions falling within the competence of the general meeting of partners.

The general meetings shall be convened on the initiative of the management or of the auditor in case of need.

Partners shall be convened at least fifteen days before the date of the general meeting by hand-delivered letter against a receipt or by registered letter with a request for acknowledgement of receipt.

However, the majority rules shall be laid down by the law:

- Ordinary decisions shall be adopted by simple majority by one or more partners representing more than half of the registered capital.

Failure to attain this majority, unless otherwise stipulated by the Articles of Association, during the second meeting, the decisions shall be taken by the majority of the issued votes irrespective of the amount of the capital represented.

- Extraordinary decisions (all those which result in the amendment of the Articles of Association) shall be adopted by double majority: simple majority in number of partners and majority of the three-fourth in capital.

These majority requirements may be reinforced by the Articles of Association but may not be reduced.

Auditors

Private Limited Liability Companies whose registered capital exceeds ten million (10,000,000 CFAF) or which fulfil either of the following two conditions:

- annual turnover above 250,000,000 CFA F;
- permanent staff above 50 people,
Shall be required to designate an auditor.

As concerns the other Private Limited Liability Companies, the appointment of an auditor shall be optional. Such an appointment may however be requested before the court by one or more partners owning at least one tenth of the registered capital.

1.2.1.1.2 Public limited company

Characteristics

The public limited company in Cameroon complies, since 1 January 1998, with the provisions of the Uniform Act relating to Commercial Companies and Economic Interest Groups.

It is possible to form a public limited company with a single shareholder. This possibility makes the business law applicable within the OHADA a most modern law.

Shareholders shall not act in their capacity as traders.

Their liability shall be in principle limited to the amount of their contributions.

The minimum authorised company equity shall be fixed at 10,000,000 CFA F. This company equity shall be divided into shares whose face value may not be less than 10,000 CFA F.

In addition, contributions in kind must be fully paid-up upon incorporation. At least one quarter of the face value of shares representing contributions in cash shall be paid up during capital subscription.

The public limited company has a commercial nature regardless of its object.

Unless otherwise provided for in the Articles of Association, the shares may be freely negotiable .

It must have an auditor in tenure and an alternate auditor.

Formation

The Articles of Association of the company may be established and modified in private, and entered upon the rolls of deeds of a notary or by a notarial deed.

The Articles of Association must contain some mandatory information, among which: the form of the company, the object, the name, the acronym where necessary, the location of the registered office, the duration of the company, the amount of the registered capital, the division of shares, the organisation of the management and collective decisions, the rules governing the allocation and distribution of profits, the conditions for winding-up and liquidation, etc.

Management

The management of the public limited company may be ensured:

- Either by a Managing Director if the number of shareholders is equal or less than three;
- Or by a board of directors which may be headed either by a Chairman and Managing Director, or by a Chairman of the Board of Directors and a General Manager.

Managing Director:

Companies with not more than 3 shareholders may not form a board of directors and may appoint a Managing Director who assumes, under his/her responsibility, the administrative and managing duties.

The duration of the term of office of the Managing Director shall be freely determined by the Articles of Association, but shall not exceed six years in case of appointment during the existence of the company, and two years in the case of designation by the Articles of Association or appointment by the constituent general meeting.

The Managing Director shall be submitted to some limitations concerning the plurality of terms of office.

This limitation of multiple terms of office shall only apply to the mandates held in public limited companies having their registered offices on the territory of a State which is a party to the OHADA Uniform Act (Benin, Burkina Faso, Cameroon, Central African Republic, Comoro Islands, Congo, Ivory Coast, Gabon, Guinea, Equatorial Guinea, Mali, Niger, Senegal, Chad, Togo).

Board of Directors

The conditions for election of directors shall be freely laid down in the Articles of Association which may provide for the distribution of offices of director in accordance with the categories of shares where necessary.

The Articles of Association shall freely fix the term of their offices, which may not exceed six years in case of appointment during the existence of the company and two years in case of designation by the Articles of Association or appointment by the constituent general meeting.

The board of directors may appoint among its members:

- Either, a Chairman and Managing Director who is a natural person, to preside over the Board of Directors and the general meetings and to ensure the general management of the company and to represent the company in its relations with third parties;
- Or, a Chairman of the Board of Directors and a General Manager. The former does not have any special legal power, apart from the power to convene and to preside over the board of directors and general meetings. Furthermore he/she must ensure that the board of directors performs the task of controlling the management of the company entrusted to the general manager. The latter shall be chosen among the board members or outside the board. He/she shall ensure the general management of the company and represents it in its relations with third parties.

General Meetings

Public limited companies shall hold at least once a year, an ordinary general meeting of shareholders to approve the management, to adjudicate on the financial statements of the fiscal year, to decide on the allocation of income, to decide on the formation or distribution of reserves and to renew the

term of office of the directors and/or of auditors.

- The ordinary general meetings shall consist of a number of shareholders representing at least one fourth of the registered capital. The decision of the ordinary general meeting of shareholders shall be taken by a majority of the votes cast.
Any amendment in the Articles of Association shall compulsory be subjected to a decision of the extraordinary general meeting of the shareholders.
- Extraordinary general meetings may only validly deliberate where they are made up of a number of shareholders representing at least half of the registered capital. The decision of the extraordinary general meeting of shareholders shall be taken by a majority of the 2/3 of votes cast.

Auditors

Public limited companies which do not make public calls for capital are required to appoint an auditor in tenure and an alternate auditor.

The first auditor in tenure and his/her alternate shall be designated in the Articles of Association or appointed by the constituent general meeting. The term of his/her office, in this case, shall be two financial years.

During the existence of the company, the auditor and his/her alternate shall be appointed by the ordinary general meeting, for a term of six financial years.

The auditor's role shall be to verify the books, the funds, the portfolio and the securities of the company as well as to ensure that the accounts are regular and accurate.

The auditor must draw up, on an annual basis, a report in which he/she reports to the general meeting on the execution of his/her mandate, as well as a special report on the agreements that might have been signed between the directors, some people designated by the OHADA Uniform Act and the company.

1.2.1.2 Branch

Characteristics

The branch shall be a commercial, industrial or service-providing establishment, which belongs to a company or a natural person and which has been granted a certain degree of autonomy in its management.

The branch shall not have a separate legal personality distinct from that of the parent company or the natural person who owns it.

Where the branch is owned by a foreigner, it shall be attached to a company, in existence or to be created, organised and incorporated under the laws of one of the Contracting States, not later than two years after the branch is set up, unless this obligation is waived by an order from the Minister in charge of commerce.

Formation

The following shall be provided:

- The Articles of Association of the company which has decided to form the branch;
- A decision from the registered office of the company which allows the management to proceed to the opening of a branch in Cameroon and which appoints the future legal representative;
- The extract from police records of the legal representative (often used to show that one does not have a criminal record).

Management

The management of the branch shall be ensured by a representative to whom the registered office has delegated a certain number of powers.

1.3 Fiscal environment

The tax system under ordinary law for companies established in the Republic of Cameroon is codified in the General Tax Code.

The Republic of Cameroon also concluded agreements which aim at avoiding double taxation with the CEMAC member States on 13 December 1966, with France on 21 October 1976 and with Canada on 16 May 1982. Tunisia ratified in 2004.

The general tax system for companies established in Cameroon is codified in the General Tax Code.

1.3.1. Corporate Income Tax

According to the provisions of Section 3 of the General Tax Code, the following shall basically be liable to Corporate Income Tax:

- Companies with share capital, cooperative societies, public establishments or bodies with financial autonomy carrying out gainful activities;
- Partnerships which have opted for Corporate Income Tax.

The rate of the Corporate Income Tax applicable shall be 35%. However, such tax amount shall be increased by 10% as levy for additional council tax on a basis represented by the principal of the Corporate Income Tax. The overall tax rate thus calculated shall be 38.50%.

The amount of tax owed by each company shall not be lower than a minimum assessed in a percentage of the turnover (minimum tax). The minimum tax rate increased by the council tax shall be 1.1%.

The period of assessment shall be the Cameroon financial year that runs from 1 January to 31 December.

1.3.2. Value Added Tax

This tax came into force in Cameroon on the 1st of January 1999, replacing the turnover tax from which it retained most of its mechanisms.

The Value Added Tax (VAT) shall be levied on natural persons or legal entities, including authorities and bodies governed by public law which, usually or occasionally carry out taxable transactions.

These persons shall be liable for VAT regardless of their turnover achieved, their situation in relation to other taxes and the nature or form of their activities. There are two rates of the VAT:

- General rate: 19.25% including additional council taxes;
- Zero rate: 0%. (For exportation sales).

1.3.3 Income Tax from Stocks Shares

This category includes the following:

- Proceeds from shares, stocks and similar income;
- Income from bonds;
- Income from debts, deposits, guarantees, and current accounts;
- Profit from sale of shares, bonds and other interests in capital.

The rate is 16.50% including additional council taxes.

1.3.4. Special Income Tax

According to the provisions of Section 225 of the General Tax Code, companies established in Cameroon are not concerned by such taxation. This concerns foreign companies providing services for Cameroonian companies as well as the local and regional authorities representing the state.

Under ordinary law the rate of the Special Income Tax shall be 15%. As for technical assistance expenses paid by French companies, the rate shall be 7.5% due to the provisions of the French-Cameroon Tax Convention.

1.3.5. Personal Income Tax and Social Security Contributions

1.3.5.1 Personal Income Tax

Personal Income Tax shall be payable by any natural person who has his/her habitual residence in Cameroon (domicile of choice).

The Personal Income Tax shall be assessed by application of the schedule below on the overall net income rounded down to the nearest thousand of XAF:

Income bracket in million of XAF	Rate in %
0 – 2,000,000	10%
2,000,001 – 3,000,000	15%
3,000,001 – 5,000,000	25%
Above 5,000,000	35%

1.4 Social environment

The regulations in force relating to the relations between employers and employees in the Republic of Cameroon result from the law No 92/007 of 14 August 1992 to institute the Labour Code, and from its implementation texts.

Several collective agreements govern in a parallel manner, according to the economic sectors considered, the relations between the employers and their staff.

Among the existing collective agreements, the following may be noted:

- collective agreement on automotive industries and ancillary activities;
- collective agreement on sea carriers, forwarding agents and transport auxiliaries;
- collective agreement on firms involved in road and urban transports;
- collective agreement on hotel industry, restaurants, cafés, public dance-halls;
- collective agreement on public works and building firms;
- collective agreement on polygraphic industries;
- collective agreement on bakeries, pastry and biscuit trades and ancillary activities;
- collective agreement on commerce and trade;
- collective agreement on insurance companies;
- collective agreement on banks;
- collective agreement on pharmaceuticals;
- collective agreement on air transports;
- collective agreement on processing and light industries;
- collective agreement on forest firms;
- collective agreement on agricultural firms and related activities.

Our main concern in this brochure is not to deal with

the labour law in general, but to specify the employment conditions in Cameroon of foreign labour as well as the nature of social security contributions due by the employers and the salaried employees.

1.4.1 Foreign Labour Employment

The employment of any foreign worker requires the establishment of a contract of employment confirmed in writing and approved by the Minister of Labour and Social Insurance.

It should be noted that the employment of unskilled worker, skilled worker, employee or first-line supervisor, may only be entrusted to a foreigner upon presentation of an attestation issued by labour services, certifying the shortage of Cameroonian labour in the speciality concerned.

The application for the visa is under the responsibility of the employer. The refusal to grant the visa shall as of right result in the annulment of the contract. If the Minister in charge of labour has not made known his/her decision within a period of two months from the application for visa, the visa shall be deemed to have been granted.

The visa application for contract of employments must be submitted or forwarded by registered letter with a request for acknowledgement of receipt to the relevant departments of the Ministry in charge of labour within the jurisdiction of which the contract shall be performed.

This application file must contain the following documents:

- 6 copies of the contract of employment duly dated, initialled and signed by the employer and the employee,
- 1 medical certificate which shall be less than three months old, issued by a medical officer of the place of recruitment and showing that the interested person is fit to carry on his/her activity in Cameroon,
- a detailed work sheet describing the job to be filled,
- the candidate's work and university references: certified true copies of attestations of service and of diplomas, etc.,
- the candidate's curriculum vitae,
- an extract from police records which shall be less than 3 months old;
- a certified true copy of the entry and residence permit in Cameroon for expatriates who are already in the country,
- a copy of the contract or convention where this exists, which justifies the occupation of the post by a foreigner,
- the Cameroon's Employment Plan, approved by the minister in charge of labour,
- a detailed organisation chart of the firm.

It is only after the procurement of the visa from the Minister of Labour and Social Insurance that the foreign worker may enter the Cameroonian territory provided, according to his/her nationality, with the visa from consular authorities abroad.

The foreign worker residing thus in Cameroon shall obligatorily request a residence permit from the Police department upon presentation of his/her contract of employment.

What has been observed is some flexibility: foreign employees are hired abroad and start working locally while the formal process of confirmation of their contracts is underway.

1.4.2 Contract of Employment

Subject to some exceptions, the contract of employment in Cameroon shall not necessarily be established in writing.

The drawing up of a written document shall be however advisable in order to avoid any dispute in future. The main mandatory information in the contract of employment shall be the following:

- Employer's name and address;
- Worker's surname, given names, date and place of birth, filiations, habitual residence, nationality and profession;
- Reference to the collective agreement applicable where one exists;
- Nature of contract (fixed-term duration or permanent duration);
- Effective date of recruitment;
- Duration of the notice of termination in case of a permanent contract;
- Nature of the employment occupied, with the description of the worker's duties and responsibilities;
- Place of execution of the contract;
- Work category and grade attributed to the worker;
- Amount of the actual salary and in where necessary, methods of assessment and allocation of permanent bonuses, allowances and benefits in kind granted to the worker;
- In case of need, duration and methods of execution of the trial period;
- Duration of actual service which shall give a right to leaves, as well as the duration of such leaves;
- Employer's affiliation number to the National Social Insurance Fund;
- Membership of the worker's family;
- Methods of execution of the legal, regulatory or conventional provisions relating to travels and transports;
- Methods of distribution of housing units or of housing allowances provided for by the Labour Code.

1.4.3 Social Insurance

1.4.3.1 Social security contributions

The rate and basis of social security contributions in force shall be as follows:

Contribution	Rate	Basis
To be paid by the employer		
Family benefits	Public plan: 7.00% Agricultural Plan: 5.65% Teaching plan: 3.70%	Gross salary plus benefits in kind and Cash benefits, less professional expenses to the extent of the ceiling of 3,600,000 CFA F/year (or 300,000 CFA F/month)
Old age	4.80%	Idem
Work accidents	Group A = 1.75% Group B = 2.50% Group C = 5.00%	Gross salary plus benefits in kind and cash benefits, less professional expenses
TO BE PAID BY THE SALARIED EMPLOYEE		

The basis of social insurance contributions to be paid by the employer, shall be limited to a maximum amount of 300,000 CFA F per month or 3 600,000 CFA Francs per year.

For the establishment of the contributions for work accidents, firms shall be classified into three groups:

- Group A: low risks (agriculture, commerce and trade, banking, insurance, hotel trade, etc.);
- Group B: moderate risks (industry, buildings and constructions, transports with the exception of railway transports, etc...);
- Group C: high risks

1.4.3.2 Social security benefits

The above-mentioned contributions shall be for the purpose of financing the various fields of the National Social Insurance Fund plan:

- family benefits(prenatal, family, and maternity allowances),
- retirement and disability pensions and benefits,
- Hospitalisation and indemnification in case of work accidents.

1.5 The banking and financial sector in Cameroon

It is characterized by a great number of commercial banks with 14 institutions presently registered. The banking rate is estimated at less than 5%.

Some banks are subsidiaries of French groups: SGBC (Société Générale), BICEC (Groupe Banque Populaire) and Crédit Agricole SCB (Crédit Agricole) which has been recently sold to a Moroccan group Attijariwafa Bank.

Other banks are of Anglo-Saxon origin : Standard Chartered, Citibank.

Most of the other banks are local or regional: Afriland, UBA, Ecobank, BGFI, UBC, NFC, Banque Atlantique, etc.

There are two investment banks: BMCE Capital and EDC- Ecobank Development Corporation (Ecobank group) .

Two Investment Funds: ECP Central Africa -Emerging Capital Partnership and CENAINVEST (part of Afriland First Bank Group).

There are also two leasing companies: ALIOS Finance and ALC (part of Afriland First Bank Group)

IFC (private sector investment arm of the world Bank group) and Proparco (Private sector investment arm of French AFD) do have offices in Cameroon, mainly in Douala.

Beside the traditional banks and investments funds, there is also the Douala Stock Exchange DSX, where companies can get access to finance. Actually the Douala Stock Exchange has 03 companies and bonds compartment included the IFC (International Finance Corporation of the World Bank Group) and Cameroon State 200 Billion XAF bonds. Additional incentives were put in place to encourage companies to use the DSX .

1.5.1 Formalities for opening an account

Opening an account in a bank is quite easy.

For a company which is being set up: it is important to present a copy of the project of memorandum of association and statutes as well as copies of identity papers of main executive members.

For a company that has already been created, the following documents must be presented :

- Copy of a memorandum and articles of association;
- Copy of business license
- Copy of tax payer's card
- Copy of certificate of incorporation
- Copy of identity of signatories and trustee
- Copy of powers of managers authenticated by notary
- Official journal publication extract

As well as account opening documents and signature sheet ought to be completed.

Once all of these documents are presented, opening usually takes 24 hours.

Except express and nominal derogation granted by the Ministry of Finance, Cameroonian residents can only have

account in FCFA. In case an account is opened abroad, exchange regulations compel to a transfer of funds in foreign currency held abroad within a limit of 30 days

I.6 Importing goods into Cameroon

Government is taking measures to reduce the transit time of containers at the Douala port. Actually, import operations take a lead time of 7 days and 3 days on export operation. There is much certitude that I, with the new Kribi deep sea port, the lead time would be quite different and more close to international standards. The Kribi sea port is expected to be operational by end of 2014.

Freight transport cost is around 0,13 USD / Ton / kilometer.

I.7 Business and Investors support network:

Various institutions in Cameroon are involved in providing support to business:

EITI- Extractive Industry Transparency Initiative-Cameroon Branch

Cameroon has become a member of ITEI process since 2005 during the London conference. It's status is still a candidate country and local ITEI committee hopes to become a working hard to become a compliant member.

Technical secretary- SNI Building
Yaoundé. Phone: +237 77 62 54 89
www.eiticameroun.org

For Export-Import Operations:

GUCE- Guichet Unique des Operations du Commerce Extérieur
Phone: +237 33 41 03 44/ 33 41 02 36
www.guichetunique.org

GUCE is based in Douala at the Maritime Affaires centre in Bonanjo.

CNCC- Conseil National des Chargeurs du Cameroon

Phone: +237 33 43 67 67
www.cncc-cam.org

CNCC is located in Douala at the Maritime Affairs Centre in Bonanjo

Union des Consignataires et Armateurs (UCAM)

Is a trade union whose members are mainly involved in sea freight management.

Phone: +237 33 42 05 99
UCAM is based in Douala.

Business Associations:

Cameroon Chamber of Commerce, Industry, Mines and handicraft

Phone: +237 33 42 68 55

www.ccima.net

CCIMA is located in Douala Bonanjo

GICAM

Phone: +237 33 42 31 41 / 33 42 64 99

www.legicam.org

GICAM is located in Douala with an office in Yaounde.

ECAM

A new dynamic business association putting together Smes and some majors multinationals (Guinness, SGBC, MTN etc)

Phone: +237 33 13 72 41

www.lepatronat-ecam.org

ECAM is located in Douala.

SYNDUSTRICAM,

Cameroon industry Association with major industrial companies operating in Cameroon.

Phone: +237 22 20 64 68 / 33 42 30 58

syndustricam@camnet.cm

SYNDUSTRICAM is based in Douala with an office in Yaounde

Business Promotion

API- Investment Promotion Agency

Phone: +237 33 42 59 46/ 33 42 31 11

www.ipacam.org

API is based in Douala and main objectives is to support businesses willing to invest in Cameroon.

CARPA- Council on Public Private Partnership

CARPA objective is to evaluate public service projects to be undertaken via a PPP

Phone: +237 22 23 92 92

Ppp_cameroun@yahoo.fr

CARPA is based in Yaounde .

Douala Stock Exchange- DSX

Phone: +237 33 43 85 83

www.douala-stock-exchange.com

DSX is based in Douala Akwa.

MAGZI

MAGZI main task is to make available lands for industrial purposes

Head office in Yaounde: +237 22 20 22 65

www.magzicameroun.com

ANOR

ANOR is the public body in charge of defining and enforcing norms in Cameroon

Phone: +237 22 22 64 96.

Anor is based in Yaounde Bastos

www.anorcameroon.org

Insurance Companies:**ACTIVA ASSURANCES**

Phone: +237 33 43 45 05
www.group-activa.com

ALLIANZ CAMEROUN

Phone: +237 33 50 20 00
www.allianz-cameroun.com

AXA Assurances Cameroun

Phone: +237 33 42 31 71
www.axacameroun.com

COLINA ASSURANCES

Phone: +237 33 42 31 16
www.colinalacitoyenne.com

NSIA Cameroun

Phone: +237 33 43 31 13
www.nsiacameroun.com

Main Banks:**STANDARD CHARTERED BANK**

Akwa liberty boulevard
PO Box: 1784. Douala
Tel: +237 3343 52 00
Fax: +237 3342 27 89

AFRILAND First Bank

Phone: +237 22 22 37 34
www.afrilandfirstbank.com

BICEC

Phone: +237 33 42 84 31
www.bicec.com

CITIBANK

Phone: +237 22 21 27 77
www.citibank.com

SGBC (SG group)

Phone: +237 33 42 70 10
www.sgbc.cm

SCB (former Crédit Agricole Cameroun)

Phone: +237 33 43 53 01
www.ebank.scb.cm

I.8 Most production factors :

Monthly wages and salaries :

	XAF	Euro
Engineer (senior)	1 416 577	2 159
Engineer (junior)	1 212 828	1 849
Technician	820 501	1 251
Operator	635 121	968
Unskilled worker	267 758	408

Sources : Employment Services

Other factors :

		XAF	Euro
Rents Douala	sqm/ month	8250	12,6
Water	m3	364	0,6
Power MV kwh	kwh	66	0,1
Power LV kwh	kwh	80	0,1
Phone Landline	minutes	122	0,2
Phone mobile	minutes	150	0,2
International Calls	To Europe/min/mobile	300	0,5
Internet	month/256 kbps	195	0,3
Air Freight (from Europe)	kg	2550	3,9
Sea Freight (from Europe)	EVP	775	1,2

Sources : GICAM 2011

II - Cameroon's macro-economic situation

The Growth and Employment Strategy Paper (GESP) lists major long-term public projects, some of which are already underway. For instance, the Head of State laid the foundation stone of the Limbe Deep Seaport Complex on 8th October 2011. In 2012, earthworks and preparation of access roads will continue and the construction of basic port infrastructure will start. The XAF 244 billion funding for the first phase has already been finalised.

The construction works on the construction of the second bridge over the Wouri River will actually begin by December 2013. The 105 billion XAF funding has already been finalised. Negotiation of a XAF 500 billion funding with Eximbank China for the Yaounde-Bot Makak section of the Yaounde-Douala highway is underway. The launching of construction works is

expected to start soon. Works for the construction of 10,000 social housing units in major cities, funded by the public investment budget of the Ministry of Urban Development and Housing is part of government's agenda..

As far as energy is concerned, Cameroon has the second highest hydroelectric capacity after the Democratic Republic of Congo DRC. Some hydroelectric Its potential is 55.2 gigawatts (GW), of which only less than 5% has been harnessed. "We have the largest natural gas deposit in Africa. We also have great hydroelectric potential. The economy here is going to take off with energy, electricity and oil, and these areas are open to partnerships with investors" the former Minister of Mines, Water Resources and Energy Henry Kibuh Tume stated

The construction of the LOM PANGAR Hydroelectric and storage dam, estimated at XAF 220 billion, has been launched, given that this infrastructure is a pre-condition or optimising the production (Songloulou, Edea) and the construction (Nachtigal, Song Mbengue, etc.) of other hydroelectric dams downstream on the Sanaga River.. Presently, the funding for the MEMVE'LE (380 billion) and MEKIM (26 billion) hydro-electric dams have been finalised and construction works is being accelerated. As concerns the Kribi gas plant which is expected to have an output of 212 MWs, the delivery of generators is effective.

Cameroon has immense untapped reserves of natural gas. According to the Agency in charge of regulating the energy sector in Cameroon (ARSEL), the proven reserves are estimated at 180 billion cubic metres or close to 6 Tcf, while the harnessed [potential is presently nil. The Kribi gas plant which is expected to have an output of 212 MWs, the delivery of generation is effective.

With regards to solar energy, Cameroon has an abundant potential especially in its northern part. The average irradiation in this area of the country is 5.8kWh/m²/day and 4kWh/m²/day in the southern part of the country states ARSEL

In the area of mining, the official artisanal alluvial diamond is around five million carats per year, but the actual amount of diamond conglomerate is yet to be figured out. The Korean Company C and K Mining stated that Cameroon had the largest diamond reserves in the world (736million carats). These figures have created a controversy as the claims of C and K Mining were not based on solid research. Cameroon authorities have no exact figures of the country's real diamond potential. But officially, there is talk of a potential of 5 million carats of alluvial diamonds and diamond conglomerate. This is why the country has initiated studies to determine its real potential, especially at Mobilong, east of the country where an exploitation license has been granted to C and K Mining, a joint venture between the South Korean government and the Cameroon government.

According to the Cameroon government's statistic, the bauxite potential of Cameroon ranks fifth in the world. There are deposits in Minim Mar tap close to Ngoundal. Based on the exploration outcome by the Cameroon Alumina Limited (CAL), the bauxite reserves are estimated at 554 million tons, while the mineable reserves stands at 458 million tons of ore. Other resources such as cobalt, nickel and manganese are untapped and in some areas still unexplored.

In the agricultural sector, Cameroon is considered as an attic of the sub region; Cameroon is almost reaching the food self-sufficiency level and thereby makes her a kind of food haven for its surrounding neighbours. In Cameroon, food crops represent a real asset for Cameroonians who are significantly engaged in a self-sufficiency food process, e.g. the Southern part of Cameroon that has both the equatorial and tropical climates constitutes a base par excellence for the cultivation of roots and tubers.

More over, the programme for the improvement of rice and maize production through mechanisation, for a total cost of XAF 75.2 bn will comprise the assembly of 1,000 tractors and

other equipment, the putting in place of at least 50,000 ha of cultivated farms, the building and equipment of 5 agricultural mechanisation pools. More than 300 tractors, 50 corn-shellers, 25 harvesters, 150 seeding machines and 50 motor-pumps have been assembled in the Ebolowa factory.

This non-exhaustive catalogue of major projects is an indicator of the Major Accomplishments announced by the Head of State, and which hold the key of the growth prospects in 2012 and beyond, as well as the related fiscal plans. Based on passed performances, the IMF projects a nominal growth of the non-oil GDP by 6.5%, lower than the 7.1% projected by the Government. Projections based only on historical data are a common practice among external observers. Rating agencies prefer an a posteriori approach rather than an anticipation of increase in quality or quantity..

The investment prospects are very favourable in all sectors of the Cameroon economy. From a growth rate of close to 05% in 2011, the growth rate in the primary sector has been quite promising in the successive years (steered by food crops, cash crops and wood production and exploitation).

Assuming that this challenge and others are met, the real GDP growth rate would be 5.5% in 2012 as against 4.1% in 2011. Until 2015, an average growth rate of 5.7% is projected, and this rate is close to the ones envisaged in the GESF.

The rehabilitation of sowing seed multiplication farms and of SEMRY, the sub-regional and local demand, will increase food production. The distribution of high output seedlings, the maintenance of orchards and the entry into production of new plantations will help increase cash crop production. As far as wood is concerned, the Ministry of Forestry and Wild Life granted 72 sales of standing volumes was expected to enter into production. Between 2013 and 2015, growth in this sector would average 4.6%.

III - Major stakes by sector

III.1 Mining and mining research

Government's actions in this sector consisted in: (i) the awarding of 100 traditional mining research titles; (ii) the production by CAPAM of 47 kilogrammes of gold, 13 kilogrammes of sapphire, 40 m3 of quartzite and 20 tons of rutile; (iii) the awarding to Cameroon and Korea Mining Inc of a mining permit for the Mobilong diamond ore; (iv) the issuing of 25 research permits for solid mines and mining permit.

In 2011, CAPAM projected a production of 179 Kg of gold, 67 Kg of sapphire, 772 m3 of quartzite, 22 tons of rutile, 1,879 m3 of sand and the establishment of 70 Gicamines.

III.2 Crude oil petroleum

In 2010, the production amounted to 23.3 million barrels, down by 12.6% as compared to 2009 figures, due to the natural depletion of the main ores, ageing production tools, and the delay in some development works. In the area of exploration, five wells have been drilled, and the discovery in 2008 in the Block 7 of the Etinde permit has been confirmed, with a daily production estimate of 14,000 barrels of oil and 50 million cubic feet of natural gas. In 2011, three wells were drilled in the Douala/Kribi-Campo basin with the recording of a second site for the Etinde permit and, an exploration well was successfully drilled in the Zina-Makary Block in the LOGONE BIRNI basin.

The putting into production in 2011 of the Mvia field near Edea and Disoni in 2012 in the Rio del Rey and Baf in the Douala/Kribi-Campo offshore will help increase oil production, which was estimated at 20.6 million barrels, down by 11.6% as compared to 2010 figures.

III.3 The agricultural sector

The production of this sub-sector increased by 4.1% in 2010. Its contribution to the primary sector's growth is 3.1%. The consolidation of agricultural production started a few years ago results from the actions carried out by the Government through several programmes and projects.

3.3.1 Exportation of cash crops (Agriculture)

3.3.1.1 Cocoa

In 2010, cocoa production amounted to 244,077 tons, representing a 6.1% increase as compared to the 2009 level. Exports were stable, though world prices remained firm. Several actions were carried out through:

The programme for the production and distribution of improved seedlings. The aim was to achieve an annual distribution of six million seedlings, which corresponds to the creation of 5,000 hectares of new modern plantations. The impact of this action could be seen from the 2010/2011 farming seasons with a turnover that was fixed at 250,000 tons. In that same year, thanks to this program, 79 nurseries were created, 4,118,000 cocoa improved seedlings were produced and disseminated, representing 3,500 hectares and 60,000 cocoa pods that enabled the production of seedlings for close to 1,000 hectares.

Sensitising and mobilising farmers in order to revive cocoa production. These activities eased the production and dissemination in 2010 of nearly 3.2 million cocoa seedlings corresponding to 2,642 hectares.

III.3.1.2 Coffee

Robusta coffee production witnessed an increase of 0.7% in 2010 as compared to 2009, and reached 45,231 tons. As concerns arabica coffee, production increased by 31.6% and reached 12,564 tons after an 11.7% drop in 2009. On the international market, coffee prices have been on an upward trend since the recovery observed in 2008.

The Project to support the production and dissemination of cocoa/coffee vegetal material yielded the following results in 2010: (i) 1.6 million of arabica coffee seedlings, of which 707,316 disseminated for a surface area of 589 hectares; (ii) 408,000 robusta coffee seedlings, of which 183,579 distributed for 169 hectares and; (iii) 1,669,003 cocoa seedlings, of which 949,073 were disseminated for 791 hectares of plantations. During the first semester 2011, it enabled the production and distribution of 180,102 robusta coffee plants and 1,340,778 cocoa plants.

Projects to increase the productivity of the coffee and cocoa sectors are underway. They include:

-The Project to support the protection of existing cocoa/coffee plantations (PPVCC) which ended in 2010. During its first five years of execution, this project made possible the treatment of 200,000 hectares with insecticide, 100,000 hectares with fungicide, and the fertilisation of 25,000 hectares of coffee plants. These actions helped increase by 35% production among the farmers supervised by the project.

-The Cocoa/coffee seedling project which enabled the dissemination of 144,510 robusta coffee tree cuttings in 2010. During the first semester 2011, 8,641 cocoa parent seedlings and 3,270 cocoa pods corresponding to 65,400 seedlings have been produced and 1,817,770 cocoa seedlings distributed. When it comes to Arabica coffee, 12,650 parent plants have been produced and 2.1 tons of seeds disseminated. As far as Robusta coffee is concerned, 513

030 cuttings have been produced and 73,687 disseminated. Moreover, 325,000 polyethylene sachets have been distributed.

III.3.1.3 Natural rubber

In 2010, natural rubber production reached 52,517 tons, almost the same level as 2009. On the world market, the revival of the automotive industry which took a serious hit with the financial crisis, helped maintain high prices, with a 53.7% increase. By the close of 2011, production was expected to rise by 1.8% to reach 53.462 tons. This evolution could result from a pick-up in world demand, notably from China, and the entry into production of new farms that were set aside since the second term 2011. This sector has since 2010 been enjoying the putting in place thanks to a Public Investment Budget (PIB) funding, of the programme to revive the rubber sector, with plans to create new farms.

III.3.1.4 Cotton fibre

In 2010, cotton fibre production amounted to 52,985 tons, witnessing a 1% drop as compared to 2009. This drop in production was a result of poor access to inputs, cottonseed smuggling at border areas. Cotton production was expected to increase by 8.3% in 2011. This evolution would be the result, on the one hand, of an increased motivation of farmers for the cultivation of cotton that now enjoys better purchase prices, the introduction of premiums for the best farmers and, on the other hand, the fight against cottonseed smuggling.

In 2010, the State invested more than XAF 1.3 billion to boost the activities of the sector through the purchase of agricultural inputs and the renewal of the production apparatus. The ongoing setting up of a Fund for the Management of Price Risk (FGRP) related to price volatility will serve as an additional incentive for farmers.

III.3.1.5 Export banana

In 2010, production increased by 7.2% as compared to 2009 and reached 277,774 tons. In 2011, a 14.5% growth was expected. This improvement of the production was to be the result of friendly climatic conditions, investment realised for the creation of new plantations, the putting into production of plots that were set aside in 2009 and price increase.

III.3.1.6 Palm oil

In 2010, industrial production of crude palm oil increased by 6.5% to reach 116,172 tons. This increase results from the entry into production of new high output plantations, the improvement of production tools, favourable climate, high prices, and an increase in demand. The programme for the development of village palm groves has made possible the purchase of 400,000 plants, the establishment of 3,000 hectares of oil palm and the fertilisation of 8,000 hectares of plantations. In 2011, production was expected to reach 142,683 tons.

III.3.2 Subsistence farming

In the area of subsistence farming, food production has witnessed a steady growth for a couple of years now. In 2010, there was a 3.7% increase as compared to the 2009 level. In 2011, production was expected to increase by 4.6%.

III.3.2.1 Cereals

III.3.2.1.1 Maize

In 2010, 1,828,015 tons of maize were produced, 10% higher than the 2009 level. This upward trend is the result of a favourable pluviometry in the main production areas and of the effects of various programmes and projects. The National Programme to support maize farming made possible the production of 300 tons of improved seeds, the training of 250 farmers and the funding of 258 micro projects for the production of improved seeds. During the first semester 2011, subsidies amounting to XAF 960 million have been paid out to 1,118 small producers and 234 million have been granted for the purchase of farming tractors.

Moreover, (i) 13 tons of maize pre-basic seeds (from the laboratory) have been produced through the GRASSFIELD Project for the production of pre-basic seeds, vegetal material and improved seeds; (ii) 31 tons of maize basic seeds have been produced through the RUMPI Project for the acquisition and distribution of improved vegetal material; (iii) 166 youths have received support within the framework of the Project to support and install young farmers in the WASSANDE (ADAMAWA) and NLOBESSE (SOUTH) pilot sites.

III.3.2.1.2 Paddy rice

In 2010, paddy rice production totalled 174,083 tons. A rise of 91% from that of 2009. This increase resulted from the implementation of a number of programs and projects. In this context, the GRASSFIELD Project contributed up to 46 tonnes of breeder seed rice production. The Government signed with ORIZ –CAMEROON group, a framework agreement to develop rice production on an area of 2,000 hectares at MAGA in the Far North. The XAF 3 billion granted to SEMRY enabled rice farming on 10,662 hectares for an expected production of 51,358 tons in 2011, as well as the acquisition of 12 electric pumps.

Within the framework of the growth sectors' development, agreements were signed between MINEPAT, MINADER and the private sector for the production of maize and rice on a total surface area of 7,500 hectares in the northern part of Cameroon.

III.3.2.2 Roots and tubers

In 2010, roots and tubers production incurred an increase compared with 2009. Such increase per product were presented as follows: cocoyam / taro (5.3%), cassava (2.8%), yam (+2.6%), potatoes (+2.3%) and sweet potatoes (1.9%).

These results were achieved through:

- The National Program for Roots and Tubers Development which produced and distributed 110,000 seed yams;
- The GRASSFIELD Project which supported the production of more than 88.5 tons of potatoes and distributed 160 000 cassava cuttings;
- The RUMPI Project which provided nearly 5 tons of improved seed potatoes, 350,000 cassava cuttings and 20,000 seed yams. In the first half of 2011, more than 400,000 cassava cuttings and 2,040 seed yams were produced and 224,000 cassava cuttings distributed;
- SOWEDA which produced and distributed 700 000 cassava cuttings.

III.3.2.3 Plantain production

In 2010, plantain production increased to 2.1% and 1.9% for fresh banana thanks to: (i) The Plantain Sector Revamping Program that supported the creation of 25 nurseries of 80,000 seedlings and 18 seed fields of 45,714 seedlings, and made available to growers nearly 3.5 million suckers on 2878 hectares surface area, (ii) The RUMPI Project which distributed 41,628 plantain suckers.

In the first half of 2011, an agreement was signed between the Revamping Program and the International Institute for Technical Agriculture for the creation of 8 seed fields and support to 29 nursery farmers for the production of 1.171 million seedlings, and 15,000 improved plantain suckers were distributed by the RUMPI Project.

Actions were taken towards the monitoring and infrastructure improvement, as well as the living conditions of producers in the crop sub-sector through the various programs and projects, including:

The Agricultural Competitiveness Project (PACA) that operates in six sectors: rice, maize, pork, poultry, oil palm and plantain, and which invested by 30 June 2011, over 2.6 billion for the capacity building of producer organizations, the improvement of rural infrastructure and the access of producers to financing tools;

The National Program for Agricultural Research Development (PNVRA) that supported 24 325 micro-projects and built the capacity of 9735 producer organizations in 2010. The monitoring was also improved with the recruitment of 152 technical staff and 45 drivers, which increased the number of farmers' households per staff from 1 180 to 955;

The National Program for Roots and Tubers Development (PNDRT) that supported the building of six warehouses and acquisition of five harvesters;

The Mont MBAPPIT Project which supports the production of quality maize and rice seeds developed nearly 500 hectares of inland valleys in 2010. In the first half of 2011, this project enabled the creation of 18 km farm-to-market roads and developed 970 hectares of inland;

The RUMPI PROJECT which rehabilitated 19 rural markets

and 36 water systems, built and equipped four health centres as well as 23 village cooperatives. It also trained 220 village leaders in equipment maintenance and 462 farmers in community micro project management;

GRASSFIELD Project which trained, until 2010, 3500 producers in the management and organisation, and 2500 in information system. Meanwhile, 17,000 farmers have been sensitized on HIV / AIDS and endemic diseases. Studies for the setting up of savings and credit unions led to the setting up of 13 operational cooperatives.

During the third quarter of 2011, 2,849 tons of fertilizer and 35,000 litres of insecticides worth XAF 2 billion were granted to farmers by government.

III.4 Water and Electricity

III.4.1.1 Water

In 2010, water production was 124.9 million m³, which is virtually stable as with 2009. In view of an ever increasing demand, the supply in this sub-sector remains inadequate due to the obsolescence and saturation of production equipment.

In order to improve the availability and access to potable water in urban areas, several projects are underway including: the second phase of the support project for potable water improvement in the city of Douala financed by China; the project to improve on potable water in YAOUNDÉ, EDEA, NGAOUNDERE and BERTOUA financed by AFD and EIB; the 40,000 social water connections program funded by the World Bank and the emergency intervention program for Yaoundé and Douala funded by the World Bank.

In 2010, access to potable water in rural areas increased with the construction of equipped boreholes, the drinking water supply system and the rehabilitation of water points (SCANWATER) in 87 villages of the country. By 2011, 109 water points (SCANWATER) had been rehabilitated and councils were expected to benefit from an increase in the number of equipped boreholes.

III.4.1.2 Electricity supply

In 2010, electricity production was 4.6 million kWh, up 4% compared with 2009. This can be explained by the rehabilitation of production and distribution networks and the implementation of actions against non-technical losses. This production may grow by 8% with the implementation of the emergency thermal program.

In rural areas, 52 localities were electrified in 2010 on PIB, HIPC and MDRI funding. Other rural areas are under electrification thanks to the Rural Electrification Agency (REA) through projects supported by international cooperation, including: the electrification project for 33 villages in the Centre, North, North-West and South-West Regions financed by the IDB, the electrification project for 28 villages in the Mount MANDARA co-funded by EU and PIB, the RUMPI-ERD

Project in the South-West co-funded by EU and PIB, and the electrification project for 423 villages co-funded by ADB, JICA and the government of Cameroon. In 2011, 62 communities will be electrified on PIB funding.

In 2011, long-term energy development plan projects that showed significant progress in their implementation include:

- The KRIBI gas plant with a capacity of 216 MW, of which commissioning is scheduled for January 2013;
- The LOM PANGAR impounding dam with a capacity of 6 billion cubic meters, with a of 30 MW capacity foot plant;
- The MEMVE'ELE hydroelectric dam on the NTEM River with a capacity of 201 MW;
- The MEKIM hydroelectric power station on the DJA River with a capacity of 15MW.

III.4.2 Tourism

As from 2010, Cameroon has been registering an influx of visitors into the country, making the country a real touristic destination. In the context of growth sectors competitiveness project, the country was granted 15 billion World Bank funding for timber industry.

The accommodation capacity has improved from 26,913 to 27 220 beds. Cameroon can offer 460 class-hotels, including a five star-hotel, 8 four star, 74 three star, 98 two star and 279 one star-hotels.

To strengthen the accommodation capacity, the National Commission for Tourism Institutions granted 114 licences, including 52 for the construction of new hotels and 62 for the opening of 46 hotels, five restaurants, six recreational facilities, and five tourism agencies. It also granted 17 tourist guide accreditations.

According to the business survey conducted by Ministry of Tourism, the number of bednights increased by 4.3% year-over-year in the first half of 2011 with average room occupancy of 55.4%. This trend should continue in the second half of 2011, thanks to the increasing number of hotels and the gradual resumption of tourism activity. In late 2011, the number of nights could grow by 9.6% as compared to 2010.

IV - Development Goals by 2035

They are four in number and come in two phases, the first focuses on growth and employment objectives as defined in the following section, and covers the period of 2010-2020. The second phase will run until 2035. These objectives include:

- Reducing poverty to a socially acceptable level;
- Becoming a middle-income country;
- Reaching the stage of newly industrialized country;
- Strengthening national unity and consolidating democracy.

V - Growth and employment strategy Objectives in Cameroon

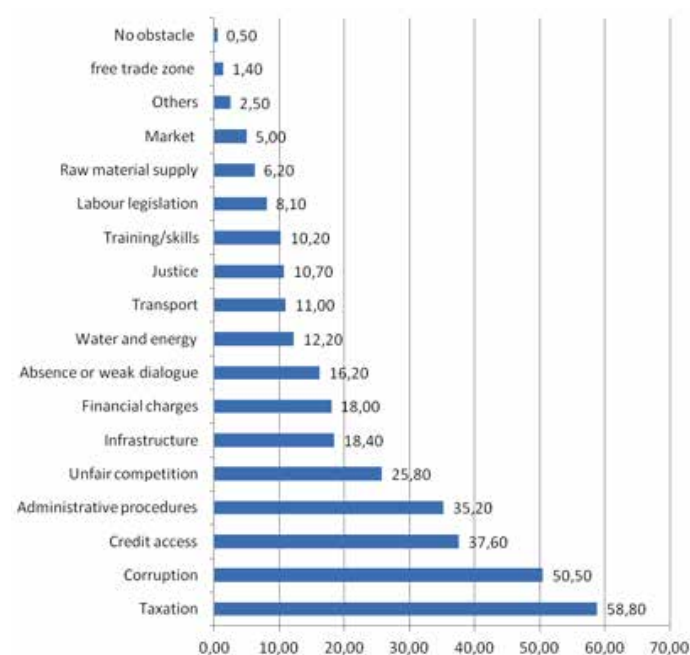
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- Becoming a middle-income country;
- Reaching the stage of newly industrialized country;
- Strengthening national unity and consolidating democracy.

VI - Opportunities and threats

Threats observed can be represented in the following diagram:

Main barriers to entrepreneurship (%) from a survey by the National Statistics Institute:



Since 2009, the Government is implementing reforms to Facilitate business activities. These recorded results, including reducing the time of business creation and obtaining building permits as well as simplifying the payment of taxes. These measures were made possible under dialogue between public and private sectors. Moreover, laws on e-commerce and financial lease were enacted. Consequently, Cameroon has improved its ranking in the Doing Business 2012. Of course, the country won 7 positions and is now ranking 161st in the world.

In the World Economic Forum 2011-2012 report on Competitiveness, Cameroon, with a score of 3.61, occupies the 116th place worldwide out of 142 countries, and is ranked 17th out of 34 African countries.

Cameroon has improved its ranking in terms of the number of procedures to start a business. However, efforts are still to be made in the fight against corruption, infrastructure development, financial and technological market as well as regulation of internal trade.

To improve the business environment, several projects are planned in the short and medium term. These include: (i) the establishment of a single geodesic network and the development of cadastral plans that will contribute to securing land property, (ii) increase power supply and availability; (iii) the extension of one-stop facilitation of land and estate transactions in divisional chief towns, (iv) the implementation of taxation e-filing, (v) the continuation of judicial system reform process.

A country rich of opportunities

Known also as 'Africa in Miniature', Cameroon enjoys a great potential. Nearly 90% of the African ecosystems can be viewed in Cameroon. Untapped, mining resources (iron, rutile, bauxite, zinc oxide gold and diamonds), rich agricultural potential, 22 million hectares of forests with over 70 species of wood and large quantities of water.

Due to its location, Cameroon can turn a transit area within Central African Region and between Central African Region and West African through Nigeria mainly since the settlement of the border dispute over the Bakassi Peninsula.

Cameroon has high potential for hydroelectric power of 20 GW out of which less than 5% of which is developed. Its estimated gas reserves of 110 billion m³ not yet exploited.

Its oil production is declining but there is an oil basin completely unexplored and additional investment are needed in the currently explored basins to stabilize oil production.

Its cultural heritage and diversity of its landscape could be used to transform the country into a tourist destination

Cameroon population is young and dynamic. Human resources are well trained.

Bilingualism is also a great opportunity, with English and French as official languages.

We would now review three sectors : mining, oil and gas and power.



Doing business in Cameroon

Notes on Power Sector

Abbreviations and Acronyms:

AES SONEL	Cameroon Power Utility
AfDB	African Development Bank
ARSEL:	Power Sector Regulator
DPDC	Dibamba Power Development Corporation
DRC	Democratic Republic of Congo
DS	Detailed Studies
EDC	Electricity Development Company
EDF	Electricity Sector Development Fund
ESDP:	Electricity Sector Development Plan
ETP	Emergency Thermal Plan
GW	Giga watt
HFO	Heavy Fuel Oil
HV	High Voltage
IFC	International Finance Corporation

IPP	Independant Power Producer
KPDC	Kribi Power Development Corporation
LV	Low Voltage
MINEE	Ministere de l'Energie et de l'Eau
MV	Medium Voltage
MWh	MegaWatt hour
PDSE 2030	Power Sector Development Plan 2030
PPIAF	Public Private Infrastructure Advisory Facility
PS	Preliminary Studies
RTA	Rio Tinto Alcan
TA	Technical Assistance
TSO	Transmission System Operator
TWh	TeraWatt Hour
WB	World Bank

I - POWER SECTOR OVERVIEW

Access to reliable electricity has remained a top priority for the development of Cameroon.

Key power policy objectives

- 1) Ensure energy independence
- 2) Diversification in supplies
- 3) Promote and increase access rates in use of cleaner forms
- 4) Rational utilisation (energy efficiency & conservation)
- 5) Attract investments via liberalisation of economic activities, competitive rules and involvement of private capital

In 1998, an electricity law was adopted along with a complementary Electricity Decree in 2000 paving the way to liberalization and privatisation of the state-owned power utility through a 20-year concession in 2001. The new company, AES SONEL was granted a monopoly over transmission and distribution throughout its concession area in Cameroun and the right to own up to 1000 MW of installed capacity.

In 2011, the new electricity law No 2011/022 of December 14th 2011 was passed as an attempt to move ahead.

I.1 POWER RESOURCES POTENTIAL:

Cameroon enjoys rich and diversified natural resources base: hydropower, natural gas, solar, biomass, wind and ocean.

I.1.1: Hydroelectric power:

Hydro power potential is the second in Africa after DRC.

Current installed capacity represents only 4% of the technically feasible exploitable potential which amounts to 19.7 GW for a generation capacity of 115 TWh (TeraWatt-hour).

I.1.2: Natural Gas:

Referring to SNH National Hydrocarbons Corporation, the proven reserves of non-associated gas is estimated at 5 TCF (trillion cubic Feet).

The above quantities can run a 5000 MW power plant for at least 20 years.

I.1.3 Solar:

Average annual irradiation of 4,9 kWh/m²/day with 5,8 kWh/m²/day in the northern part and 4 kWh/m²/day in the south.

I.1.4: Biomass:

Huge and untapped potential mainly from agriculture and forest logging.

I.1.5: Wind:

According to latest studies, the wind to power in Cameroon is economically feasible in West and Adamaoua regions.

I.2 PRODUCTION / DEMAND / TARIFFS / ACCESS RATE

1.2.1 Production :

Installed generation capacity is 1536 MW, mainly from the following power producers :

- AES SONEL : 938 MW
- DPDC: 86 MW installed power.
- EDC: 100 MW from the Emergency Thermal Plan (ETP).
- Auto-producers : 412 MW (including 362 MW LFO and 50 MW gas mainly from offshore oil exploration and production activities)

I.2.2 Power Demand

Power demand is around 790 MW and growing at a pace of 7% per year corresponding to 50 MW of additional capacity.

We can split power consumers in 03 categories: High Voltage- HV, Medium voltage MV and low voltage LV

Consumer	Numbers	%	Energy MWh	%
HV	3	0,00%	1 330 295	37%
MV	1412	0,20%	857447	24%
LV	710965	99,80%	1393586	39%
Total	712380	100,00%	3 581 328	100%
Sources :	AES SONEL 2010 datas.			

I.2.3 Tariffs

Referring to a World Bank report (Report No: 53953-CM), LV and MV tariffs under the AES SONEL concession have historically operated under a price cap formula which, as provided for under the concession agreements, is scheduled to change to a revenue cap mechanism. In the first ten years of the concession contracts, the applicable tariff formula was based on a price control mechanism for LV and MV customers. Starting from 2011, the tariff regime was scheduled to change to a revenue control mechanism to be applied based on types of activities (LV/MV sales, distribution, transmission, transmission system operation, generation) and which is expected to continue to include adjustments for improvements in efficiency. In preparation of the new tariff regime and in line with its obligations under the concession contract, albeit with some delay, AES SONEL has submitted its separated accounts by activities for 2009 to ARSEL. ARSEL is conducting an audit of these separated accounts with TA from the World Bank's ESDP and has built a regulatory model with TA financed by PPIAF. This provides ARSEL for the first time with detailed data required to adequately regulate tariffs and allows implementing the change in tariff regime for LV and MV consumers from a price cap to a revenue cap mechanism as foreseen in the concession contract.

The objective is to have cost reflective tariffs and protect the most vulnerable households which enjoy the lowest tariff.

LV and MV tariffs are regulated by ARSEL. HV tariffs are negotiated between users and power producer or power utility (AES SONEL).

1.2.3.1 LV- Low Voltage- Tariffs

a- Domestic Tariffs scheme:

	Tariff XAF/ kWh	Tariff €/kWh
Social tariff (E=100 kWh/month)	50	0,0763
110 kwh and 400 kWh/month	79	0,1205
401 kWh and 800 kWh/month	94	0,1434
LV consumption > 800 kWh/month	99	0,1510

b- LV commercial tariffs scheme:

Mainly for individual entrepreneurs and business users.

	Tariff Xaf/ kWh	Tariff
€/kWh		
Consumption up to 110 kWh/month	84	0,1281
111kwh and 400 kWh/month	92	0,1403
Consumption > 400 kWh/month	99	0,1510

1.2.3.2 MV-Medium Voltage- tariffs

MV voltage tariffs are binomials with a capacity and energy component organise in two regimes: general and industrial free zone.

Energy component has two variables: numbers of running hours and period of the day (peak/ off-peak)

a - MV tariff General regime :

Running Hours	Energy cents Euro/kWh		Capacity Euro/kW
	Off peak	Peak	
0 to 200 hours	10,68	12,97	5,64
200 to 400 hours	9,92	12,97	5,64
Above 400 hours	9,15	12,97	5,64

b - MV tariff Industrial Free zone

Idem as above. Incentives have being removed on the last tariff increase

1.2.3.3 HV-High Voltage- tariffs

These tariffs are not regulated. They are fixed following a bilateral agreement between the power utility and the industrial users.

1.2.4 Access to electricity :

Access to Electricity ranges to 45%, with about 770000 total connections, served by the power utility. Off grid/rural electrification is less than 15%.

1.3 AES SONEL CONCESSION AND PERFORMANCE METRICS

1.3.1 An overview on the AES SONEL concession:

In 2001 Sonel privatization to AES SONEL (56% AES Corp, 44% State of Cameroon) was part of policy and structural reforms to promote efficient operations of the power sector.

AES SONEL was granted a 20 years concession over transmission and distribution. The concession agreements signed in 2001 set contractual obligations on:

- Quality of service
- Access to power and connection expansion (at least a 50000 connections/year)
- Funding into the power sector
- Efficient management of the company.

In exchange of those obligations, AES Sonel, has the right to a fair return based on appropriated tariffs and the principle to compensate charges arisen from exceptional conditions was agreed also.

Three years after, even with 03 successive price increase, it was clear that initial contract should be revised as certain aspects were inapplicable and even presented a serious threat to the business.

December 2006, concession agreement was revised and major changes brought to key aspects:

- Connection objectives: reduced by 25%;
- Hydrology risk: tariff to take into account hydrology risk;
- Consequences of capacity deficit and power unavailability: AES SONEL insulated from potential consequence in case an effective management has been recognised by ARSEL;
- LOM PANGAR: obligation to build taken out of the contract. AES Sonel should co-fund studies ;
- Environmental issues: compliance to environmental standards is an obligation;
- Unbundle of accounts: obligation to present separate accounts: production-transmission and distribution;
- Tariffs: a new formula adopted guarantee a better return and taking into account hydroelectric risk;
- Contractual incentive payable through tariffs: a contractual failure would not result into a reduced /lower tariff; instead a fine should be paid and credited into a sector development fund;
- Sanaga river management: distinct entity to manage the Sanaga river and AES Sonel to pay water rights.

I.3.2 AES SONEL Performance metrics

		2009	2010	%
Revenues	€	258 848 855	308 164 885	19,05
EBITDA	€	80 210 687	79 138 931	-1,34
EBT	€	39 780 153	44 894 656	11,05
Total Losses	%	24,4%	24,86%	1,80%
Availability thermal plants	%	68,31%	71,96%	5,34%
Availability hydro plants	%	86,08%	86,16%	0,09%
Total production Mwh	Mwh	4 451 457	4 629 554	4%
Total Power Delivered Mwh	Mwh	4 235 863	4 519 735	6,70%

SOURCE: AES SONEL

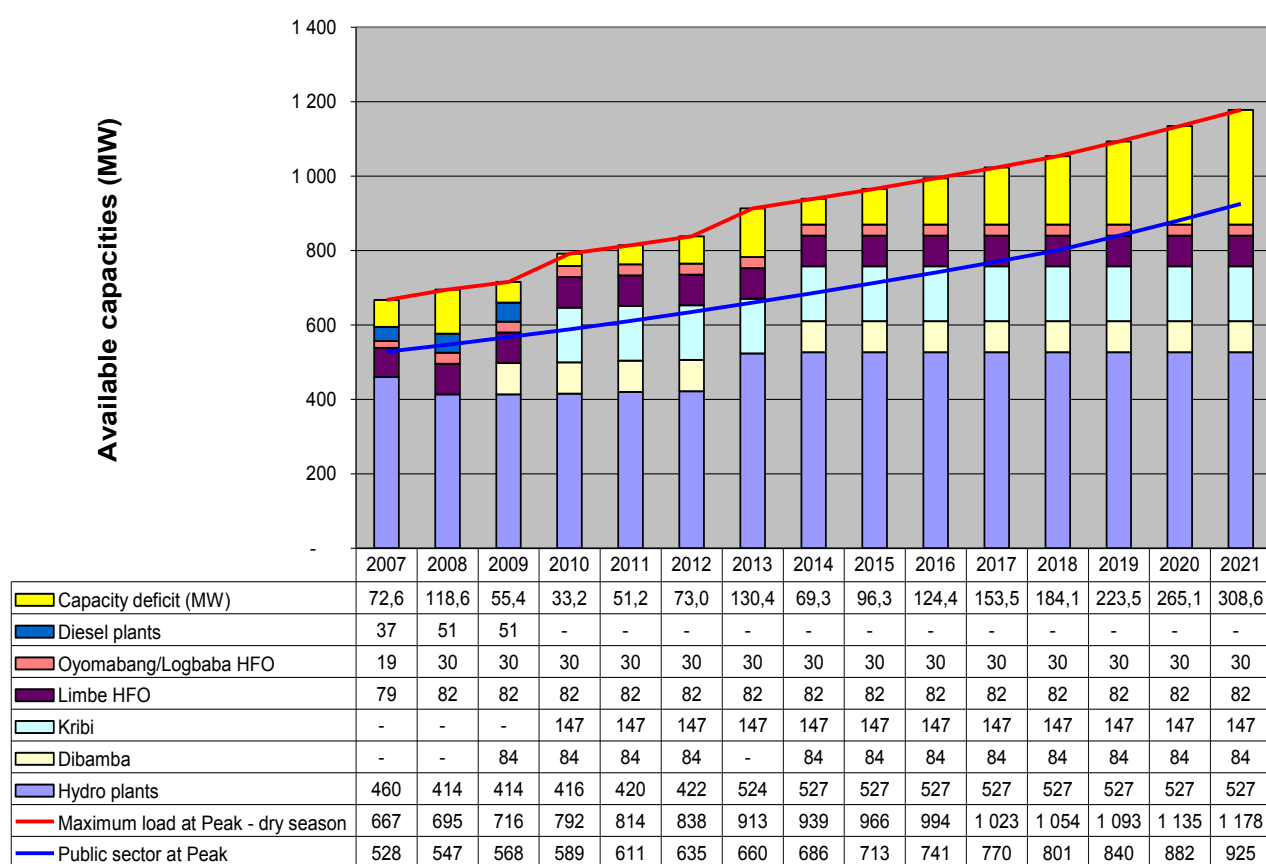
I.4 KEY ECONOMIC ISSUE:

Cameroon should find a way to definitely curb the power deficit and provide available and reliable supply along with a reserve margin which actually is inexistent.

I.4.1 Power Deficit forecast:

Additional generation and transmission capacity should be added to assets operated by AES SONEL:

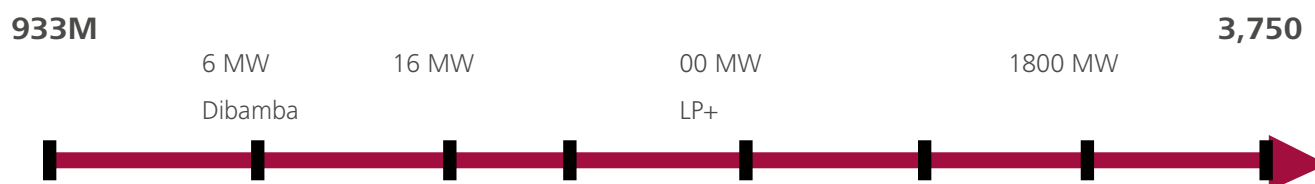
- Climate change : dry season peak is increasingly important and unpredictable
- Industrial loads: there are growing due to economic recovery, need to implement mining, industrial and infrastructure projects.
- Ageing diesel plant operated by AES SONEL are currently being decommissioned
- AES SONEL generation capacity capped at 1000 MW (residue is less than 70 MW)



Source: Ministry of Energy

I.4.2 Additional investments required:

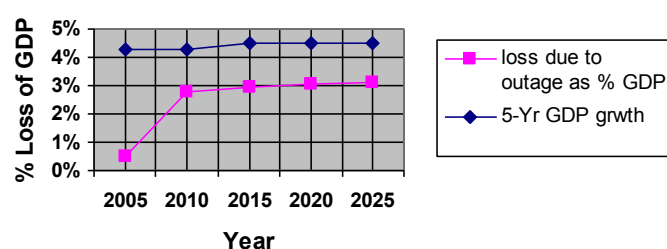
In the Cameroon Strategic vision 2035 report, government is looking at increasing its capacity to 4000 MW by 2020.



This ambitious program would require at least 4,4 billion Euros.

Constant delays in projects implementation, there is a threat on the global economic prospect of Cameroon. And the below graphic illustrates (from the Ministry of the Economy, Planning and Regional development "MINEPAT") the negative impact power failure could have on the economic growth over the next years.

Potential loss in Economic growth due to power outages (in terms of GDP)



II- POWER SECTOR STRUCTURE AND MAIN STAKEHOLDERS

II.1 POWER SECTOR INSTITUTIONAL FRAMEWORK:

Most of the institutional framework below was set with the 1998 first ever electricity law and its complementary Electricity Decree in 2000.

A presidential Decree in 29th November 2006 introduced EDC Electricity Development Corporation

The new electricity law N° 2011/022 passed on 14th December 2011 introduced additional stakeholders into the sector : the EDF- Electricity Sector Development Fund , TSO owned by the State, and two operators besides the traditionally known : industrial companies producing power for their industrial needs, industrial companies transporting power for their industrial needs and water storage operators.

Roles and responsibilities	Missions	Actors
Consultancy role	Advises the President over key power issues	President Steering Committee on Energy
Defines the national power policy	Draft and implement government power policy	MINEE Ministry of Water Resources and Energy
Ensures technical and economic regulation	fair competition, promotes investments, reviews tariffs for power utilities, protect rights of consumers	ARSEL sector Regulator
Public assets holding company	Implement power sector infrastructure on behalf of the State, Promotes public /privates investments, Manage and regulate water reservoir, Accounting and financial management of allocated assets	EDC
Promoting rural electrification	Technical assistance (surveys, studies, projects preparations) and technical assistance	AER
Offer Development	Attracting financing into power sector, Improve quality of service , Increase connexions, New management system	Operators : AES SONEL, DPDC, KPDC, Hydro-Mekin
Users rights watchdog	Voice user issues regarding quality of service and reliability of supply, Increase user awareness on power sectors issues	users association

II.2 POWER SECTOR KEY STAKEHOLDERS:

In the Cameroon power sector there are five (05) categories of key stakeholders: government authorities, the power utility company, Industrial users, IPPs and Financing providers.

Government Authorities	1. President Steering Committee on Energy 2. Ministry of Water Resources and Energy 3. ARSEL : power sector regulator 4. AER : Rural Electrification Agency 5. Coordinator of the PDSEN- Energy Sector Development Program (WB sponsored program) 6. Ministry of Environment: Delivers environmental compliance certificates which are a pre-condition to international funding of power projects. 7. Ministry of Finance: State Guarantee provided by Minister of Finance is key to most projects financial close; state budget is used to compensate AES SONEL losses from unadjusted tariffs. 2011 ETP- Emerging Thermal Plan was 100% supported by State budget. 8. Ministry of the economy, Planning and Regional Development(MINEPAT); in charge of investments planning and international financing mobilization.
Power Utility	1. AES SONEL
Power users	1. ALUCAM (RTA) Alucam who consumes 34% of electricity being generated in Cameroon.
IPPs	1. DPDC- Dibamba Power Development Company owner of the 86 MW HFO project in Yassa-Dibamba (Douala) 2. KPDC- Kribi Power Development Company
Financing Providers	1. Word Bank: have a long standing engagement in the power sector in Cameroon directly or via its private sector investments entity IFC. WB is mainly engaged in on-going policy dialogue on sector planning, regulation and compliance with environmental and social safeguards 2. IFC's : advised the government in the privatization of the electric utility Sonel, was lead arranger for a Eur250 M syndicated loan from AES SONEL's Eur380 M five year investment program and led the two first IPPs in the country (Dibamba Power Eur96M and Kribi Power Eur255, both with AES Corp as a sponsor) 3. AfDB : 2010-2014 country Strategic highlights bank roles in Cameroon power sector with two main program: Lom Pangar , rehabilitation and strengthening of power infrastructure and rural electrification, Chad Cameroon electric connection. AfDB also took part in AES SONEL capex program, and Dibamba and Kribi financing. 4. EXIMBANK CHINA : as part of growing role of chinese contractors into the power sector, Eximbank China is more and more involved. 5. FMO: is acting beside IFC and AfDB in capex of AES SONEL, Dibamba and Kribi IPPS financing. Was involved in the Memve'ele project development as co-developer with Globeleq. 6. Local banks : organised bridge financing of IPPs projects and AES Sonel Capex program

III - HOW TO OPERATE WITHIN THE POWER SECTOR IN CAMEROON

The core idea behind the 1998 power sector reform was to increase private sector participation in the power sector.

What has been observed so far is that, main DFIs that are financing medium to large power projects in Cameroon are emphasising on the following criteria:

- Project should be part of the Least Cost development plan PDSE 2030 actually under review
- Attribution of the project should have been made via an open and competitive bid process as provided by the law and AES Sonel concession contract.
- An environmental and social impact assessment of the project should be conducted and mitigating measures implemented successfully when needed.
- Project should benefit from World Bank partial risk guarantee PRG.

IV - COMPETITION WITHIN POWER SECTOR

We might have two cases depending on whether we are inside AES SONEL concession or not:

IV.1 LEGAL PROVISION ON COMPETITION:

Electricity sector law is specific on how competition operates inside and outside AES SONEL concession

IV.1.1 WITHIN CONCESSION:

- a. Competition is open to power sale to any big consumers, consumers with a subscribe power above 1 MW.
- b. AES Sonel generation capacity being capped to 1000 MW: additional capacity would be added through an open bid process

IV.1.2 OUTSIDE CONCESSION:

There is an opened competition in production, transmission and distribution.

IV.2 ACCESS TO THE GRID:

This is a key aspect to competition in the power sector. In principle the electricity law guarantees access to the grid to IPPs but aspects related to transmission tariff are yet to be settled.

V - BUSINESS OPPORTUNITIES WITHIN POWER SECTOR

Apart from conventional energy power project, we should also emphasize on the fact that the new electricity law provides some incentives for renewable projects with a maximum of 5 MW for hydro, wind, solar and biomass based power plants:

- Obligation to buy by the Power Utility or TSO
- Simple authorization from ARSEL is needed, no tender process
- A power generator can set up a rural distribution network for a maximum of 1 MW
- Fiscal and customs incentives for renewable power projects
- Feed in tariffs and a share on the generation mix are under consideration.

On the conventional power there are series of opportunities:

- Opportunities linked to the PDSE 2030- Power Sector Development Plan

PROJECTS	CAPACITY MW	Fuel	Current status
Nachtigal	330 MW	Hydro	DS
Song Mbengue	950 MW	Hydro	DS
Memve'ele	200 MW	Hydro	DS
Kikot	350 MW	Hydro	PS
Bini à Warak	50 MW	Hydro	DS
Njock	170 MW	Hydro	DS
Ngodi	475 MW	Hydro	PS
Song Dong	250 MW	Hydro	PS
Nyansom	375 MW	Hydro	PS

DS : Detailed studies PS : Preliminary studies

- Linked to on-going industrial and mining projects :

PROJECTS	CAPACITY MW	FUEL	CURRENT STATUS	COMMENTS
Mbalam Iron Project	90 MW	HFO/ LFO	PS	With 03 locations Mbarga 25 MW, Nabeba 25 and Lolabe Port (Kribi) 40 MW. Mainly captive power plants
LNG GDF SUEZ Project Kribi	36 MW	Gas	PS	Mainly captive power plant
Euroil/ Bowleven Gas to Power project	400 MW	Gas	PS	Conversion into Gas and expansion of the Limbe HFO power plant.
Bauxite Project	900 MW	Hydro	PS	
North Matanda and Logbaba Gas to Power		Gas	PS	Conversion into gas and expansion of Yassa HFO power plant.

Sources: consultant survey

- Linked to power export to neighbouring countries

PROJECTS	CAPACITY MW	CURRENT STATUS	COMMENTS
Chollet	400 MW	PS on going	Cameroon Congo Border on the Dja river
Kpaf-	300 MW	FS on going	On the Katsina river Could supply nigerian border
Mentchum	15-35 MW	PS ongoing	

VI - KEY SECTOR SUCCESS FACTORS

Munaya	200 MW	Preliminary datas exist	On the cross river. Could supply nigerian border
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Sources : consultant survey

1. Know your business
2. Conduct a meticulous due diligence before you take the decision to come in
3. Make sure there is a power purchase agreement (PPA) or a Tolling agreement with a clearly identified buyer with a formal agreement in principle to buy power from your project.
4. Have total control on the project components : generation, transmission, environmental assessment and eventually environmental and social impact mitigation measures
5. Make sure government have adequate advisers: legal, technical and financial advisers to assist them. This would result in time saving and fruitful discussions.
6. Maintain a running permanent office in Yaounde : message is we are here to do business
7. Make sure the project is least cost and part of Least Cost Development Plan and can benefit World Bank PRG- Partial Risk Guarantee, allowing you to broaden your financing possibilities.
8. Important to have some gray hair negotiating from your side: junior staff or too young staff can be viewed as you not taking your Cameroon venture seriously.
9. Have a local partner who can complement your team, with a good knowledge of local politics, local sector and good networks of key people
10. Involvement of the British High Commission will add significant value.
11. Conduct some social activities: we are here to be part of the country and contribute to his social and economic growth.

VIII - KEY SECTOR EVENTS OVER NEXT 5 YEARS

- Lom Pangar Dam
- Mekin hydro project 13 MW
- 216 MW gas fired power project in Kribi
- 10 to 50 MW gas fired power project in Douala using either Logbaba or Matanda gas
- TSO –transmission service operator to go operational
- New tariffs respecting the cost reflective principle
- A possible buying off of AES concession in AES-Sonel
- 210 Memve'ele hydro project on the Ntem river south of Cameroon
- Development and construction of first grid connected Solar and Wind Plants

Challenges:

Cameroon is ranked 161 out of 183 countries on the list of corrupt countries; and a detail look at the report on Cameroon is very telling about the individual reports that add up to give the general ranking. Infrastructure, communication, transportation, and energy supply are some of the major challenges that the Cameroonian economy is faced with. One of the greatest impediments to doing business in Cameroon is corruption and administrative red tape which is at all levels of the civil and public service in Cameroon. However, the country is making some inroads to making economic development a reality; e.g. in the area of infrastructural development like building new roads mainly with the help of the World Bank and African Development Bank, giving out high valued opportunities in power/energy generation and distribution like building dams and all other related energy projects that are on-going, issuing exploration and exploitation licenses for Oil and Gas, Energy, and Mining sectors. The Government's vision for 2035 is set to transforming Cameroon into an emerging economy; hence the investment friendly regime that has been implemented is drumming loudly in favour of Foreign Direct Investments (FDI).

Sources: Business in Cameroon, SNH, AES Sonel, MINEE etc.



Doing business in Cameroon

Oil and Gas

Abbreviations and Acronyms:

AGI	African Gas Initiative
API	American Petroleum Institute
Bcf	Billion Standard Cubic Feet
BTU	British Thermal Units
CF	Cubic Feet
COTCO	Cameroon Oil Transportation Company
CSPH	Hydrocarbons Stabilization Fund
FEED	Front End and Engineering Design
IFC	International Finance Corporation
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
MMSCF	Million Standard Cubic Feet
MW	MegaWatt
PSMC	Pipeline Steering and Monitoring Committee

SNH	National Hydrocarbons Corporation
SONARA	National Oil refinery Corporation
Tcf	Tetra Standard Cubic Feet
USTDA	United State Trade and Development Agency
VOG	Victoria Oil and Gas Ltd
MWh	MegaWatt hour
PDSE 2030	Power Sector Development Plan 2030
PPIAF	Public Private Infrastructure Advisory Facility
PS	Preliminary Studies
RTA	Rio Tinto Alcan
TA	Technical Assistance
TSO	Transmission System Operator
TWh	TeraWatt Hour
WB	World Bank

I - Overview, status and economic data

Cameroon is endowed with a large geological diversity. Indeed, three sedimentary basins are particularly conducive to the formation of hydrocarbons:

- The Douala / Kribi / Campo basin covers an area of 19000 km² including 7,000 km² onshore.
- The Rio del / Rey basin, extending southeast of the Niger Delta covers 7000 km².
- The basin of northern Cameroon composed mainly of that of Logone-Birni which is the largest and the most important with an area of 27000 km², and the less explored 7800 km² Garoua basin.



Figure 1 OIL BASINS IN CAMEROON Source: SNH

The oil and gas sector in Cameroon is facing four major challenges:

- Increase oil production output
- Balance declining oil production with gas
- Expand the refinery in Limbe to allow it to deal with local crudes
- Tackle oil subsidies

Table 1: The national mining surface area

Surface area of the mining licence	31752, 93 km ² , or 85.07% of the oil mining area.
Mining concession surface areas	2951.60 km ² , or 7.91% of the oil mining area.
Surface area under negotiation	None
Free area	in 2619, 6 km ² , or 7.2% of the oil mining field.
Total oil mining domains.	37 324,13 Km ² (100%)

Source: SNH

Table 2: statistics of the mining sector

Description	Number
Active oil companies	09
TCM/OCM	16
Exploratory drilling	04
Assessment drilling	02
Environmental Impact assessment	15
Number of valid exploration licence	16
Number of Concession	16
Blocks being negotiated	00
Free blocks	05

I.1 OIL PRODUCTION:

I.1.1 Current Situation

Cameroon's oil production stands at 61000 barrels per day and commercial oil reserves estimated at 200million barrels. Despite these modest levels, the upstream petroleum sector in Cameroon has witnessed an increase in exploration and production activities, with active international player such as Perenco, Kosmos Energy(though she may likely pull out), Addax Petroleum, Bowleven /Euroil and Victoria oil & gas(Rodeo Development).Cameroon's proven reserves of natural gas stands at:135.1 billion cu .m.Oil 200,000 thousand barrels.

Oil production

Producing oil wells ¹ (in Dec 32, 2010)		255
Estimated 2011	Barrel/day	60000
Actual 2010	Barrel/day	63900
Change from 2010	%	-6,1

Sources : Oil and Gas Journal Vol 109.19

The first discoveries of oil reserves in Cameroon can be traced as far back as 1955, with the discovery of the Logbaba and Souellaba oil fields; but the first commercial discoveries occurred in 1972 in Betika on account of Elf Serepca.

The 1977-1986 period was marked by the intensification of oil exploration and exploitation in a global context marked by the second oil crisis, the increased in oil prices and the USD value increase.

From 1987, oil production gradually declined at first, then very rapidly from 1990/1991 down to 5 million tonnes in 1994.

This notwithstanding the geological trans-border continuity context, the discovery of very large oil fields in all the neighbouring countries of Cameroon including Nigeria, Chad, Congo, Gabon, Equatorial Guinea did set the stage for possible discovery of large oilfields in Cameroon, and prospects development of exploration-exploitation activities to be driven from the attractive provisions of the new Petroleum Code, and the new environment for investment in Cameroon to follow henceforth.

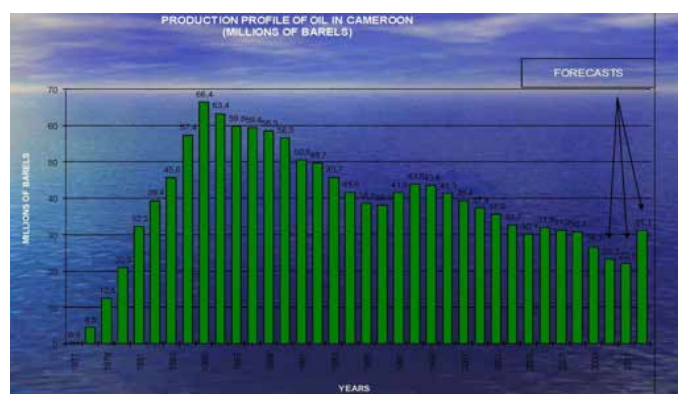


Figure 2 Oil Production: Sources SNH

Four types of crude oil are produced in Cameroon and traded by SNH on behalf of the State of Cameroon :

1. Kolé 32.06° API : shipments of 800.000 barrels
2. Lokélé, 20.48° API : shipments 600.000 barrels
3. Ebomé, 33.3° API : shipments 400.000 barrels
4. Moudi, 31.3° API : shipments of 100.000 barrels

Activities	Basins	Associations	Members	Operators
Exploration	Douala/ Kribi/ Campo	Nyong II	SNH/Noble Energy/ Petronas Carigali SDN BHD	Noble
		Nkompe/ Nsepe	SNH/Perenco	Perenco
		Ebodjé	SNH/Perenco	Perenco
		Logbaba	SNH/ Rodeo Development	Rodeo (VoG Ltd)
		Ntem	SNH/Fusion Oil & Gas	Fusion
		Bomono	SNH/EurOil Ltd	Euroil
		Ndian River	SNH/Kosmos Energy	Kosmos
		Matanda	SNH/Glencore Exploration Ltd/Afex Gloabl Ltd	Glencore
	Rio del Rey	Ngosso	SNH/Addax/ Pronodar Ltd	Addax
		Etindé	SNH/Euroil/ Trophy	Euroil
		Rio Del Rey	SNH/Total E&P/Pecten	Perenco
		Dissoni	SNH/Total E&P/ Pecten	Perenco
		Lokele	SNH/ Pecten/ Total E&P	Addax
		Moudi	SNH/Perenco/ Mobil	Perenco
		Bomana	SNH/ Total E&P/ Petrovietnam E&P Ltd	Perenco
		Iroko	SNH/Addax Petroleum	Addax
Production	Douala/ Kribi/ Campo	Ebomé	SNH/Mobil/ Perenco	Perenco
		Mvia	SNH	SNH
	Rio del Rey	Rio del Rey	SNH/Total E&P/Pecten	Perenco
		Lokélé	SNH/Total E&P/Pecten	Addax

Sources : SNH

Some recent changes realised within the oil sector in Cameroon: SNH has just completed a 'Licensing Round' and she is currently evaluating the results. This will certainly affect which blocks are still available and which are not. Moreover Kosmos has just announced that they are leaving Cameroon and thereby, relinquishing the two blocks that they currently hold...

1.1.2 Production Outlook:

In the absence of new discoveries, the National Hydrocarbons Corporation (SNH) expects the recoverable reserves of oil pools currently being mined to be exhausted by 2016-2017.

However, various scenarios could lead to the revival of exploration and result into reducing the decline and maintaining the annual production between 2 and 4 million tons.

Over the years, there have been high expectations of a probable rise in the oil sector especially with the opening of new exploitation sites in Dissoni North fields in the Rio Del Rey basin and Mvia in the Douala/Kribi-Campo Basin, new technologies as well as additional developments initiated by Perenco company on the Ebome field, in the Douala/Kribi-Campo Basin.

Therefore, the daily production would step from 63211 b/d on 31st December 2011 to 90000 b/d by late 2012.

OIL PRODUCTION FORECAST

	2012	2013	2014	2015	2016
Oil production '000 b/d	83,4	102,0	108,2	106,0	103,9

Sources: EIU – Economic Intelligence Unit-Cameroon Report February 2012

1.2 GAS PRODUCTION:

According to estimates by SNH, gas resources are as follows :

- Non-associated gas potential 20 BCF (556 billion m3)
- Proved non associated reserves 5 TCF (142 billion m3)
- Proved recoverable reserves 4 TCF (114 billion m3)

To exploit these resources in a context of increased national energy demand, the government has designed a National gas development plan from which is derived a gas resources development strategy.

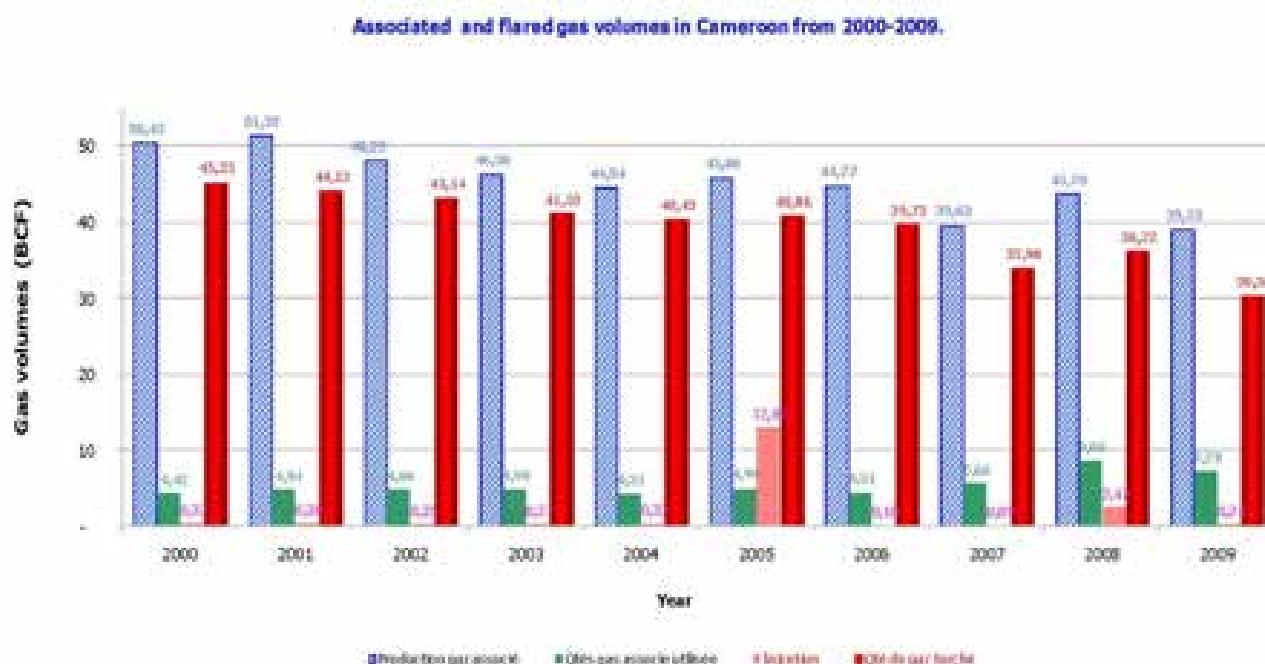
1.2.1: Background:

- The year 2001 was marked by an energy crisis characterized by the amplification of power cuts, and the privatisation of the public electricity supplier SONEL to AES SONEL was intended to improve the situation.
- To increase electricity supply, the government plans to encourage electricity generation from gas;
- The launching of major projects including gas projects: Full size project.
- Environmental constraints: concern with using clean energy and stop the gas flaring that impacts on global warming.

1.2.2 Associated gas production trend:

Today, 100 MMSCF of gas are flared per day, which is a quantity of gas that can fuel a thermal power plant of 500 MW.

To date, about 1 TCF of gas has been flared, which is a quantity of gas that can fuel a 1000 MW gas thermal power plant for 20 years.



Associated gas is obviously an opportunity, and for this reason, the gas resources development plan will define the modalities of their exploitation along with non-associated gas.

The following priorities are defined in the Development Plan:

- Electricity generation
- Production of LPG and condensates
- Distribution of natural gas to industries
- Export of natural gas

1.2.3 Gas resources development strategy:

It is about developing gas reserves to help the country's economic growth through appropriate action at the following levels:

- Upstream actions:
 - Development of gas resources discovered
 - Gas-dedicated exploration
 - Gas flaring recovery
- Midstream
 - Increase domestic production of LPG and natural gas liquids
 - Ensure self-sufficiency in LPG to avoid excessive consumption of firewood

- Downstream:
 - Implement projects with high added value ;
 - Diversify sources of electricity generation with gas / hydro mix;
 - Convert the existing thermal power plants into Gas

Moreover, it is planned to:

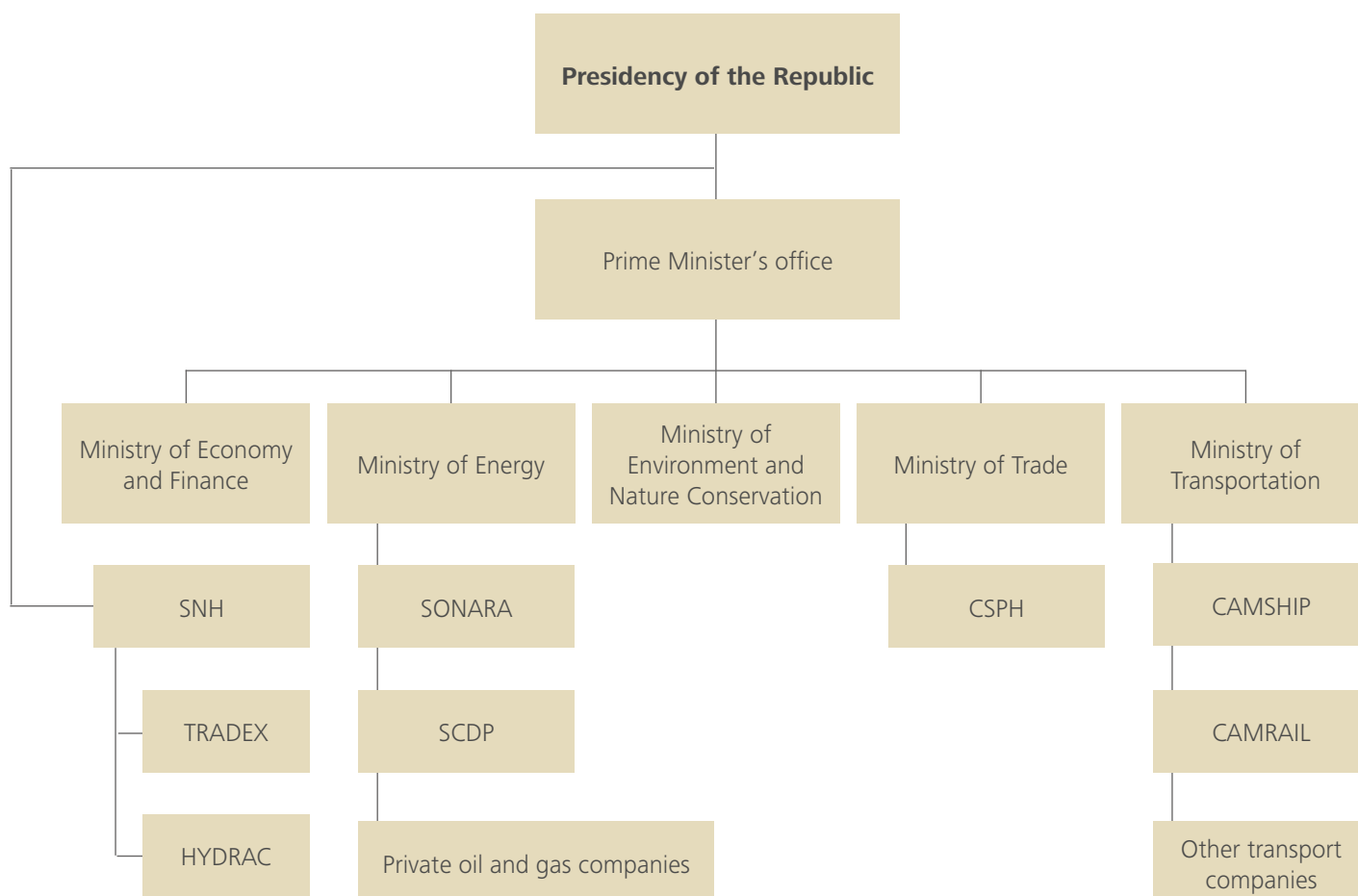
- Maximize local benefits by making the gas available to local industries
- Motivate the upstream participation of all operators

1.2.4 Resource Allocation

It is about drawing an economically recoverable reserves distribution plan estimated at about 4 TCF between the domestic market and export.

- a. Domestic Market : 25% of reserves or TCF:
 - 75MMSCFD to electricity generation
 - • 25 MMSCFD at least for industries
- b. Export: 75% of the reserves or 3TCF primarily with gas export in the form of LNG from Cameroon.

II - ORGANISATION OF THE SECTOR



- a. **The Presidency** : sets the vision
- b. **The Prime Minister Office**: assists in transforming the vision into policy directives
- c. **Ministry in charge of Mines (MINIMIDT)**: manages the upstream hydrocarbon policy along with SNH
- d. **Ministry in charge of Energy**: manages the downstream hydrocarbon policy : refining, storage, transportation and distribution
- e. **The National Hydrocarbons Corporation (SNH)** – the State Holding Company that represents the interests of the State in the upstream oil and gas activities especially exploration and production
- f. SNH houses the **(PSMC)Pipelines Steering and Monitoring Committee** which monitors pipelines under activities and advises the government of pipelines projects;
- g. **The Hydrocarbons Stabilization Fund (CSPH)** – charged with the price fixing mechanism relating to refined products and adjustment to international oil markets
- h. **The National Oil Refinery (SONARA)** ensures the supply of the national market with refined products
- i. **The National Petroleum Storage Company (SCDP)**, ensures storage of refined products at regional depots
- j. **Oil and Gas exploration and exploitation companies**: conducts oil and gas exploration and production activities
- k. **Oil Product downstream marketers**: distributes refined oil products and GPL

SNH- National Hydrocarbons Corporations regulates the upstream oil and gas sector in Cameroon under supervision of The Ministry of Mines. SNH reports directly to the president and is responsible for promoting the development of the country's hydrocarbon resources, and management of the state's interests in any discoveries of oil and gas resources.

III - SETTING UP OF COMPANIES AND OBTENTION OF CONTRATS

New petroleum legislation was passed in December 1999. This law provides that licenses are issued in the form of either a concession contract or a production sharing contract, and operators may choose which option they prefer.

Licenses are ruled by Cameroonian law.

An oil license can only be issued to an oil company or to a group of companies including an oil company.

A Concession Contract (CC) is entered into prior to the granting of a hydrocarbon exploration permits. In terms of the CC the holder is responsible for financing the petroleum operations and is entitled to the hydrocarbons extracted during the validity period of such contract, subject to the right of the State to collect royalties in kind.

As concerns the Production Sharing Contract (PSC), the State contracts the services of a holder to explore for, and in the event of a discovery, to exploit hydrocarbons. The holder is responsible for the funding of petroleum operations. Hydrocarbon production is shared between the State and the holder in accordance with the terms of the contract. The holder shall receive a share of production as reimbursement of its costs and as compensation in kind (cost oil), the remainder of the oil (profit oil) shall be shared between State and holder.

The exploration phase is made up of an initial period of three years (which in the case of Special Petroleum Operations Zone can be extended to five years) and is renewable for two periods of two years. The exploration may not exceed 7 years or 9 years in the case of Special Petroleum Operation Zones. The exploitation phase is 25 years for oil and 35 years for gas and may be renewed once, on application, for a maximum of 10 years.

SUMMARY LICENSE AWARD PROCESS			
PROSPECTION	Prospecting License (Non exclusive)		
	(Period of 2 years at most. Can be renewed once for a maximum of 1 year)		
		Concession Contract	Production Sharing Contract
RECHERCHE	Research Authorization Duration: 3 years/2/2	Exploration Permit	Exclusive Research Authorization
EXPLOITATION	Provisional Exploitation Permit Maximum of 2 years non renewable, Issued by Decree		
	Exploitation Permit	Exploitation Concession	Exclusive Exploitation Permit
	Length : Oil : 25 years renewable once for a maximum of 10 years Gas : 35 years renewable once for a maximum of 10 years		

Figure 4 OIL and Gas License award process

V - NOTE ON DOWNSTREAM

The oil and gas sector is relatively open in Cameroon. Currently, some identified companies (as seen on the table below) in-distinctively carry out oil exploration-exploitation activities on the field, as shown in the following table.

Company Names	Field names	Permit number
PERENCO	Rio Del Rey,Moudi,Ebomé	
GLENCORE	North Matanda	
BOWLEVEN (Euroil)	Etinde Permit	OLHP1, OLHP2, MLHP-7, MLHP-6, MLHP-5
ADDAX PETROLEUM	Sandy gas, Ngosso, Kita Eden, Ekoudou, boa-Bakassi, Mondoni, Mokolo Abana, Dissoni, Iroko	
NOBLE Energy Cameroon	Yoyo concession Tilapia Exploration Block	Block O-EG,Block I-EG
Sterling Cameroon Ltd	Southern Douala basin, Campo Sub Basin	
KOSMOS ENERGY	Ndian River Block (2006) Fako block (2012)	
Victoria Oil and Gas (Rodeo)	Logbaba	

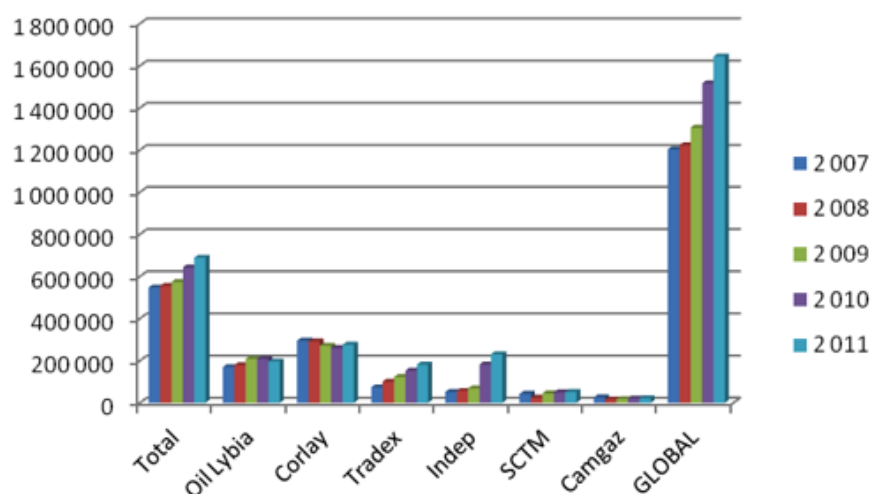
IV - STATE OF THE COMPETITION:

Downstream oil and gas activities in Cameroon are carried out by two actors : SONARA, national refinery corporation based in Limbe and owned 66% by the State of Cameroon, and the marketers.

Downstream distribution activities are characterised by heavy subsidies on petroleum products amounting to 323 billion XAF in 2011. Government, push by the World Bank is actually conducting research on how to deal with this growing issue which is putting State capacity to invest at risk.

Part of the solution could lay on SONARA on going extension from 2,1 millions tons of crude oil per year to 4 millions tons of crude by 2015 allowing it to process any kind of crude oil. SONARA is only processing 15% of crude oil from Cameroon because its atmospheric process can not allow her to process heavy crude oil.

The two phases on going extension program of SONARA are undertaken by swiss group Foster Wheeler.



Sources : GPP- Groupement Professionnels du Pétrole

Downstream distribution activities are growing steadily since 2009, correlating the fact that Cameroon economy is improving.

With a market share of 46% Total is leading with some local and independent companies pushing to get more shares.

Retail market accounts for 60% of sales and C&I 40%.

Sales are split as follows :

- Gasoil : 41%
- Super : 29%
- Fuel oil : 9%
- Kerosene : 7%
- Cooking gas : 6%
- Aviation : 6%
- Lubricants : 1%
- Bitumen : 1%

Downstream is facing a key issue today which is fuel subsidies:

FUEL SUBSIDIES in CAMEROON						
	Recorded				Projections	
Fiscal years	2008	2009	2010	2011	2012	Cumul
Brent in USD/Barrel	99,61	55,89	77,7	108,8	114,09	
Dollar/XAF	446,1	478,62	489,81	470,36	502,18	
Annual consumption in Million Liters	1077	988	1134	1222	1320	5741
State Subsidies (Billion XAF)	204	21	141	323	400	1089

Sources : CSPH

Fuel subsidies are a big issue as they account for 14,3% of the State Budget in 2012 and nearly 68,4% of the total investment budget. We doubt the country can sustain it on a longer term.

VI - RESOURCE PERSONS:

Actors	Roles	Contact
Presidency of the Republic	Signing of Oil contracts	NGOH NGOH Ferdinand- chairman of SNH board of directors and Secretary General of the Presidency
Ministry of Mines	Supervises, on behalf of the State, companies and issues permits	Emmanuel BONDE, Minister
Ministry of Energy and Water Resources	Supervises the refining, storage and distribution of petroleum products	Basile Atangana Kouna, Minister
SNH	State-owned corporation that defends the interests of the State and grants titles in the oil and gas sector	Adolphe Moudiki, Administrator General Manager
PSMC	Monitors current pipelines and advises on pipelines projects	Adolphe Moudiki, Chairman
CSPH	Sets and regulates oil and gas prices depending on the international trend	Elung Paul
SCDP	Ensures the storage and distribution of refined oil on behalf of the State	M. Eloundou Essomba, General Manager
SO.NA.RA	Ensures the supply of the national and regional markets with petroleum products	Ibrahim Talba Malla

VII - OIL AND GAS TAXATION:

VII.1 Oil sector

In Cameroon, the applicable tax aspect in the oil sector is different, depending on whether we are on the upstream sector which focuses on the activities of exploration, research and exploitation or in the downstream sector relating to the production of petroleum products from crude oil, or storage and distribution.

However our work will focus on the upstream oil sector or "upstream".

VII.1.1 The upstream oil taxes

Upstream oil taxes focuses on the activities of exploration, research and exploitation.

Taxable persons in the upstream sector are legal entities holding oil contracts with the State of Cameroon. These agreements may be several including:

- The concession agreement according to Section 14 of Law n°99-013 of 22 December 1999 on Petroleum Code, a contract is defined as "... concluded prior to granting a permit to research for hydrocarbons. It establishes the rights and obligations of the State and of the holder during the period of validity of permit of research and, in case of a commercially exploitable deposit of hydrocarbon during the validity of the concession(s) which is associated with it."

However, the beneficiary of such contracts assumes the financing of transactions of oil and hydrocarbon extracted throughout the period of validity of the contract.

- The production sharing contract defined according to Section 15 of the law mentioned before as a contract by which "..., the State directly or through a public institution duly authorized to that effect contract the services of a holder in view to carry on its behalf and exclusively within the perimeter defined, the activities of research, and in case of discovery of a commercially exploitable deposit of hydrocarbon, the activities of exploitation."

Here, it is the holder of the contract who assures the funding of the oil operations. However, operations of an oil production sharing contract are subject according to their nature, of an exclusive authorization of research or of an exclusive authorization of exploitation. The production sharing between the State and the contractor shall be in accordance with stipulations of the contract of production sharing.

It is also convenient to note that there exist several types of oil titles to know:

- The prospection authorization;
- The research authorization;
- The authorization for temporary exploitation;
- The operating permit;
- The interior transport authorization.

The duration of a contract is twenty (20) years for liquid hydrocarbons and 35 years for gaseous hydrocarbons. These contracts are renewable once for a maximum of ten (10) years.

VII.1.1.1 The advantages and exemption related to the upstream oil sector

However, the upstream sector offers real advantages to holders of the above types of contracts; namely:

- The stability of the tax system: it guarantees against any unilateral aggravation decided by the State, obligations of companies throughout the oil contract. Any change can therefore only result from an agreement.
- The principle of non discrimination and the clause of the most favored nation: they postulate equal treatment of all companies operating in Cameroon, assuming that these firms are subject to the same tax system.
- The reimbursement ceiling: it stipulates that a share of the total hydrocarbon production is carried out to pay oil cost actually incurred by the company under contract to carry out petroleum operations.
- The authorization of keeping the accounting in American dollars with regard to Law n°95/14 of 8 August 1995 relating to the keeping of the accountings of petroleum companies in US Dollars;
- The mining income guarantee: This is the percentage of oil guaranteed by the State to oil companies, regardless of the account results of the company;
- The exemption of activities of exploration and production of business license fees, VAT and tax of distribution.

VII.1.1.2 Taxes of upstream sector

Law n°99/013 of 22 December 1999 on Petroleum Code provides for several types of taxes:

Fixed fees

The approval for exploration and research as well as the operation permit is subject to payment of fixed fees or entry fees. The rates, assets and the conditions of collection are governed by Law n°78/24 of 29 December 1978 fixing the conditions, the rate, and mode of recovery of fixed fee revised by decree n°2002/032 of 3 January 2002 fixing the conditions

of application of Law n°99/013 of 22 December 1999 on the Petroleum Code.

We have for the following:

For exploration and research:

- Issuance and renewal of a prospecting license: 6,000,000 XAF ;
- Research permit: 15,000 XAF/km² to the issuance 10,000 XAF renewal without this amount being less than 6, 000, 000 XAF.

For operating permit:

- Issuance: 250,000 000 XAF ;
- Renewal: 250,000,000 XAF to the first renewal and 30,000,000 XAF for the subsequent renewal ;
- Mutation, 250,000,000 XAF.

Note that since the Petroleum Code, the amounts and conditions and settlement of fixed fees falls within the area of finance law applicable to the date of entry into force oil contract.

Superficial charges

For the permit or authorization for research, they are:

- During the first year : 1,750 XAF/km² ;
- During the second year : 2,000 XAF /km² ;
- During the third year : 3,500 XAF/km² ;
- The subsequent years: 5,500 XAF/km².

For permit or operating license :

The charge is fixed at 100,000 XAF/km² with a minimum charge of 6, 000,000 XAF.

Bonuses

The bonus can be considered as a specific tax on output not yet marketed. In reality, this is money paid to the State on the oil contract. There are several types of bonuses:

- The signing bonus or cash bonus is paid upon the granting of the concession research before any work can begin. It is caused by the holder of the exploration rights and operating independently of the nature of the oil contract. See on another tax perspective, it can be liken to business license.;
- The bonus for discovery : This are the payment due at the time of the declaration of the commerciality of a discovery of hydrocarbons ;
- The bonus for the production for the payments due each time the production reaches preset threshold in the contract. It can be seen as a specific tax on production.

It should be noted here that the assets as well as the recovery rate of these " bonus" are contractual terms between the parties in connection with the oil contract.

Special Income Tax paid to foreigners

Section 225 of the General Tax Code provides that:

"Subject to international tax conventions, a special tax is hereby instituted at an overall rate of 15% on income paid to natural persons and corporate bodies domiciled out of Cameroon, by enterprises or establishments based in Cameroon, the State or regional and local authorities: (...) remuneration paid to companies engaged in drilling, research or assistance work on behalf of oil companies and, in general, specific services of any nature where such companies waive assessment on the basis of their returns, in accordance with the provisions of Section 18 of this Code. In this respect, they must first obtain authorization from the Director General of Taxation (...)."

Thus, all remuneration paid to the contractors who have opted for the oil tax system subject to the Special Income Tax at the rate of 15% of turnover realized.

Nevertheless, it should be noted that in application of the provisions of section 99 (4) of Petroleum Code, for the conduct of operations of research and development, the holders of oil contracts and their subcontractors are exempted from paying Special Income Tax if and only if they:

- Do not have a permanent establishment in Cameroon;
- Provide services at cost price.

Corporate Income Tax

With regard to Section 93 of the Petroleum Code, it appears that the holders of oil contract are subject to Corporate Income Tax due to net profit they derive from their overall research and exploitation.

However, the assessment of direct taxes for oil companies is determined according to the rules fixed by the laws and the conventions of establishment as well as common law. To do this, it is considered in the determination thereof, the products reaped by the sale of oil and all the various charges generated by the operation.

According to the provisions of Section 96 of Petroleum Code, the rate of Corporate Income Tax should be fixed by the oil contract and understood between the rate of the general tax regime of the General Tax Code and 50%.

Oil Corporate Income Tax is paid in three installments, respectively 30 April, 30 July, and 30 October.

However, holders of oil contracts remain liable to the obligation of assessment collection and payment of taxes deducted at source on behalf of the Public Treasury.

Moreover, it should be noted that since the finance law for the 2010 fiscal year, oil companies are free to choose either the Special Income Tax system or the common law system.

VII.1.2 The downstream oil taxation

The downstream sector or « downstream » of the oil industry is on the production of oil products refined from crude oil, storage and distribution.

The tax is applicable here to the refiner, to the storage, to marketers and to other distributors of petroleum products.

Current taxes here are the Special Tax on Petroleum Products (STPP), the Value Added Tax (VAT). However, VAT is not applied at such, but as a cost element in the structure of an administered price.

In addition, the management of service stations with regard to payments on purchases, withholding on rents and business license underline the particularity of this sectors.

VII.1.2.1 The regime of the main taxes

As in the oil sector, this sector is filled with several types of taxes including:

- Special Tax on oil products
It is caused by the oil companies, distributor of taxable products. She sits on sale of gasoline and diesel super. Its rates are in accordance with the provisions of Section 231 of the General Tax Code
- Gasoline-super : 120 XAF per liter ;
- Fuel : 65 XAF per liter

The generating factor of Special Tax on oil products:

- The delivery of taxable goods by the National Refinery Company (SONARA);
- The introduction of taxable products on the territory as defined by the CEMAC Custom Code in respect of imports ;
- The first use of petroleum products when it comes to deliveries to oneself.

However, Section 233 of the General Tax Code precise that SONARA is the only organization authorized to retain the STPP at source during the delivery of taxable goods. With regard to imported products, the STPP is paid directly by the importer.

Value Added Tax

VAT is applicable on the distribution of taxable goods. It should be noted that products like super and diesel cannot be considered for VAT as enacted by Ordinance n°94/002 concerning taxation on oil products, the sale is only encumbered by a specific rate, not an ad valorem tax as the normal or universal exist and function in the general tax law.

However, only the VAT appearing separately on suppliers invoices is deductible by the client regardless of other rules classical deductibility of VAT.

Moreover, with regards to the provisions of the finance law for 2011, the rents paid in the frame of contracts of location are henceforth liable to VAT.

Advance Payment on lease of service stations

The obligation on withholding tax of 10% is for utility company (marketers).

Advanced payment on purchases

According to Section 21 (3) of the General Tax Code, a deduction of 0.5% is made to operators of service in their procurement activities of petroleum products. This rate is applied to the margins and commission received from the sale of products is either the manager or the owner of the goods.

Business license of service stations

The contribution to the business license is sitting on the turnover. However, as concerns the service station the base of the business license is taken into account:

On the one hand margin achieved for products whose price is approved (super, diesel, kerosene, cooking gas);

The turnover relating to operations.

VII.2 Gas Sector

VII.2.1 Presentation of sector

In line with Law n°2012/006 of 19 April 2012 on the Gas Code in Cameroon, the gas sector includes the activities of transportation, distribution, processing, storage, importation, exportation and marketing of natural gas in the national territory. This includes all other activities under the Petroleum Code.

In accordance with Section 6 of the above mentioned Law, any individual or foreign national residing in Cameroon or any private person or Cameroonian public without discrimination, may under take in the territory of Cameroon, any activity in the downstream gas sector in accordance with the laws and regulations in force.

As in the petroleum sector, activities in the gas sector are regulated by the Minister in charge of downstream gas sector or any other public institution mandated for that purpose. The exercise of activities is subject to obtaining certain permits including:

- The concession for all transportation activities and gas distribution. It is granted for a renewable period of 25 years and can be valid only within the area for which it was granted;
- The license covers the activities of processing, storage, importation, exportation. The license is granted for a renewable period of 25 years for the processing and storage, as well as for the production of liquefied natural gas and 5 years for importing and exporting. The procedure for obtaining a license is set by regulation;

- Authorization: in the sense of section 25 of the present law, under this regime the sale of gas, importation of equipment and materials for the setting up gas transportation and distribution network, gas storage centers as well as measuring and safety devices to be used by operators and customers. The authorization is accorded for a period of not more than 3 years renewable.

VII.2.2 Tax applicable to gas sector

According to Section 54 and following of the Law on Gas Code, it appears that the operators operating in the downstream gas sector are obliged to keep the accounts in accordance with the OHADA Uniform Act, Law on Accounting and subjected to the exchange regime of the Republic of Cameroon.

Also, the activities of transportation, distribution and marketing of gas are subject to the taxes and the fees and charges provided by the General Tax Code.

VII.2.2.1 Advantages and exemptions relative to the gas sector

It is necessary to note that during the installation phase not exceeding 5 years, the operating companies benefit from advantages here below:

- Exemption from registration duties on incorporation or capital increase instruments;
- Exemption from registration duties on leases for exclusively professional use and forming an integral part of the program of investment;
- Exemption from transfer charge on the acquisition of fixed assets, land and buildings indispensable for carrying out the investment program ;
- Exemption from registration duties on equipments procurement contract and construction of buildings and facilities required for carrying out the investment program;
- Exemption from registration duties on Concession Contracts;
- 5% reduction of custom duties and exemption from VAT on the importation of physical capital goods for gas operations.

Furthermore, during the first ten years of exploitation, the company benefits from the deduction of the amortizations normally counted during the first three exercises on the taxable income of the following five years. Over the same period, the persons exercising activities of transportation, distribution, storage and transformation of gas are besides exempted from rights, taxes, customs duties, on the importation of capital goods intended to be affected and used for the above-mentioned activities.

With regard to the provision of the Mining Code, every license holder of research benefits from the temporal entrance

system for materials used for the research, as well as for the professional equipment, the machines, the devices, the yard vehicles, spare parts and for change. Materials and spare parts necessary for the functioning of the materials and the professional equipments, as well as lubricants benefit from the total exemption from the customs duties.

Furthermore, considering the volume of investment required for the gas projects covered by the gas agreements, and the expected financial returns of such projects, notably the construction of gas liquefaction plants or similar projects, gas companies that have signed gas agreements may be entitled for a maximum period of 10 years as provided for under the said agreements, to exemptions from taxes, duties and other charges as follows:

- Corporate Income Tax;
- Value Added Tax;
- Registration and stamp duties;
- Land tax on built on or non built on estates;
- Tax on income from movable capital;
- Special Income Tax at the project development and construction phases;
- Custom duties;
- Any taxes, duties, levies or fees whatsoever, whether calculated on the basis of the turnover of the natural gas processing company or on the unit volume of LNG produced, sold or exported;
- Any tax on the transfer, purchase or sale of foreign exchange and any indirect consumer tax, including the special tax on petroleum products.

In spite of the aforementioned advantages, gas companies shall be liable to royalties, duties, taxes, fees and sundry charges regardless of their appellation, having the character of remuneration for service provided.

VII.2.2.2 Rights and Fees

Section 60 and following the Gas Code defines the rights and fees to which are subjected the actors of this sector.

Transportation or Distribution Concession

- Attribution: 5, 000,000 XAF ;
- Renewal: 7,500, 000 XAF;
- Transfer: 10, 000,000 XAF.

Processing, Storage, Importation and Exportation license

- Attribution: 2,000,000 XAF;
- Renewal: 2,500,000 XAF;
- Transfer: 3,000,000 XAF.

Authorization of sale

- - Attribution: 300,000 XAF;
- - Renewal: 500,000 XAF;
- - Transfer: 700,000 XAF.

Furthermore, every operating of the downstream gas sector is subjected to the payment of a fee of which the rate is appropriate for each of the aforementioned system and payable quarterly in arrears. Namely:

- For the Transportation: 5 % of annual turnover;
- For the Distribution: 5 % of annual turnover;

- For the Processing: 5 % of annual turnover;
- For the Storage: 5 % of annual turnover;
- For the Importation and the Exportation: 5 % of annual turnover of the concerned holder, relating to this activity;
- For the Sale: 5 % of annual turnover of the concerned holder relating to this activity.

Royalties shall be paid quarterly when the fall due the first payment shall be made six months after the accounting year concerned.

VIII - OIL AND GAS BUSINESS OPPORTUNITIES:

VII. 1 OIL EXPLORATION:

At present, 04 permits are uncommitted:

- Bakassi East
- Bomana
- Mondoni in the Rio Del Rey Basin
- Manyu in the Mamfe Basin.

Little exploration activities have been conducted on the Garoua basin part of Northern Basin (including Logone Birni).

A project to establish a pipeline system for petroleum products from SONARA to markets in Douala and Yaounde. Project feasibility studies have been financed by USDA.

Chad Cameroon Pipeline re-adaptation due to Lom Pangar reservoir dam. This is a €75.3million project for the development of the Chad-Cameroon pipeline to the Lom Pangar Hydro Power project. It will enable COTCO, the operator of the pipeline, to complete modification work on several kilometers of pipeline, making it possible for the Cameroon government to build a dam reservoir at the confluence of the Lom and Pangar rivers.

within the Rio del Rey's oil producing fields. The gas would be collected from selected existing production platforms and processed in a new specially conceived platform. The platform could be a converted jack-up drilling rig, located on the western sector, which produces about 70% of associated gas being flared. The processed LPG would be barged to onshore LPG bottling facilities, as currently being done by the refinery. The recovered LPG would consist of propane and butane, in a mix suitable for direct sale to distributors and endusers. However, the new scheme consist of a gas transportation network from Rio del Rey Basin to the Kribi Campo Basin, it collects gas from various fields to a LPG extraction and LNG production of up to 3,5 Mtpa at Bipaga north of Kribi in the south region of Cameroon as part of the LNG project with GDF Suez as strategic partner.

Power production :

Cameroon is planning to have at least 3000 MW by 2020. Thermal power generation would be part of the generation mix. Gas fields that are near some of the biggest power consumption areas are likely to be developed. Plans are to build a 400 MW power plant in Limbe using the Rio Del Rey basin gas, a GTP in Douala processing the Logbaba and Matanda gas and a 216 MW gas power plant under construction in Kribi.

VII. 2 GAS OPPORTUNITIES :

LPG- Liquefied Petroleum Gas recovery and development

Cameroon's oil (and associated gas) producing fields have been fully developed and are now undergoing a natural production decline. The production of associated gas is nearly 40 Bcf/year, of which almost two-thirds is flared. The gas is rich enough to be considered for liquids recovery. Moreover, it could be transported to the shore where it could supplement, if required, the non-associated gas fields that are proposed to be developed, e.g. as a fuel for the refinery as well as for other industries. For this purpose, the AGI – African Gas Initiative a World Bank program recommended that the Government consider undertaking a study to develop an LPG recovery scheme. Initial scheme was to developed offshore,

Fertilizer plant

In other to boost the agricultural development, Government has decided to set up a fertilizer production unit. This would also allow monetisation of gas reserves. A gas plant is scheduled to be set up in Limbe, using gas from the Etinde permit for the first 10 years with a capacity 70 mmcf/d which the parties wish to extend to 20 years with contribution of other potential or identified gas fields. Project is managed by SNH and feasibility study being conducted by Ferrostaal of Germany.

LNG – Liquefied Natural Gas- project :

The Cameroon LNG project involves a single-train onshore LNG plant with a production capacity of up to 3.5 million tons per annum. The project also includes an upstream gas gathering system and subsea pipeline tie-ins to offshore production facilities. Project is carried out by LNG Cameroon a joint venture between GDF Suez and SNH. In June 28, 2010--Foster Wheeler AG (Nasdaq: FWLT)'s Global Engineering and Construction Group was awarded the pre-front-end engineering design (pre-FEED) contract. In carrying out the pre-FEED for the entire mid-stream project, Foster Wheeler will develop the preliminary design basis for the liquefaction facility, gas gathering and treatment facilities and LNG export facilities, and will prepare capital cost estimates and other documentation.

Methanol project :

A 50 to 70 mmcf/d currently pushed by Bowleven that would lead to the production of methanol for local and export needs as part of their gas development initiative.

The current Fuel Subsidy Issue may also represent a great opportunity for UK business as Government is trying to tackle the problem :

- UK banking sector may propose hedging services to insulate Cameroon from volatility of both USD exchange rate and oil price and reduce the financial weight of subsidies.
- UK companies could propose public transportation solution running on gas or electricity : buses and taxis.

IX - KEY SUCCESS FACTORS

1. Know your business
2. Conduct a meticulous due diligence before taking the decision to come in
3. Make sure you can have sufficient financing to develop your business
4. Make sure you have a local partner who understands the business and who is well connected. Local team could include a former senior staff of SNH or someone that interacted with SNH on previous projects at a senior management level.
5. Have a permanent running office in Yaounde
6. Make sure there is some grey hair senior staff on your side as well.

IX - KEY EVENTS WITHIN THE NEXT 5 YEARS

- Gas gathering system and supply of gas to LNG Plant in Kribi
- Supply of gas to Limbe power plant converted into gas
- Drilling of additional wells in the Matanda basins
- Gas pipeline in Douala servicing industries and commercial customers
- Drilling of additional wells in the northern basins
- Re-adaptation of the Chad Cameroon Pipeline to allow the Lom Pangar Dam project
- LPG production with gas from Rio del Rey Basin
- Allocation of additional oil concessions for exploration
- Start up of the fertilizer project in Limbe
- Finalization of the extension of the SONARA's refinery in Limbe
-

Challenges:

Cameroon is ranked 161 out of 183 countries on the list of corrupt countries; and a detail look at the report on Cameroon is very telling about the individual reports that add up to give the general ranking. Infrastructure, communication, transportation, and energy supply are some of the major challenges that the Cameroonian economy is faced with. One of the greatest impediments to doing business in Cameroon is corruption and administrative red tape which is at all levels of the civil and public service in Cameroon. However, the country is making some inroads to making economic development a reality; e.g. in the area of infrastructural development like building new roads mainly with the help of the World Bank and African Development Bank, giving out high valued opportunities in power/energy generation and distribution like building dams and all other related energy projects that are on-going, issuing exploration and exploitation licenses for Oil and Gas, Energy, and Mining sectors. The Government's vision for 2035 is set to transforming Cameroon into an emerging economy; hence the investment friendly regime that has been implemented is drumming loudly in favour of Foreign Direct Investments (FDI).



Doing business in Cameroon

Notes on Mining Sector

Abbreviations and Acronyms:

BRGM	Mining and Geological Research Bureau
CAL	Cameroon Alumina
CAPAM	Mining Activity Development Program
Ga	Giga Anum

HIPC	Highly Indebted Poor Country
Km²	square kilometre
m²	square metre
Ma	Mega Anum
Mt	Metric Ton

Disclaimer:

This Report to doing business in Cameroon provides information for investors and all recipients to make their own judgments on if they want to do business in Cameroon. At time of putting together the information for the guide, all information was verified correct; however the British High Commission in Yaoundé does not offer any warranties, express or implied as to the accuracy of this report or its suitability for any purpose. None of the reports Contents should be construed as advice or solicitation to make any investments or purchase or sell securities, commodities or any other form of financial instrument. No reliance on the contents of the Report or liability for any loss or damage which may arise out of or in connection with the Report will be accepted by the British High Commission in Yaoundé.

I - GEOLOGICAL BRIEF

Cameroon's geological history begins with the Archaean era between 3.5 and 2.5 billion years (Ga) ago. Its chief phases of development are illustrated by geological masses formed during successive orogenic cycles (formation of mountain ranges) and subsequent extension phases (splitting of the continental crust).

Cameroon is generally acknowledged to have experienced three orogenic cycles:

1. The Liberian cycle, exemplified by the Ntem complex, which dates from the Archaean era, and is about 2.5 billion years old
2. The Eburnean or Transamazonian cycle, with the Nyong and Ayna, formations, which date from the Paleoproterozoic period (2.5-1.8 billion years ago);
3. The Pan-African cycle, which comprises formations from the Neoproterozoic era 1,000-600 million years (Ma) ago.

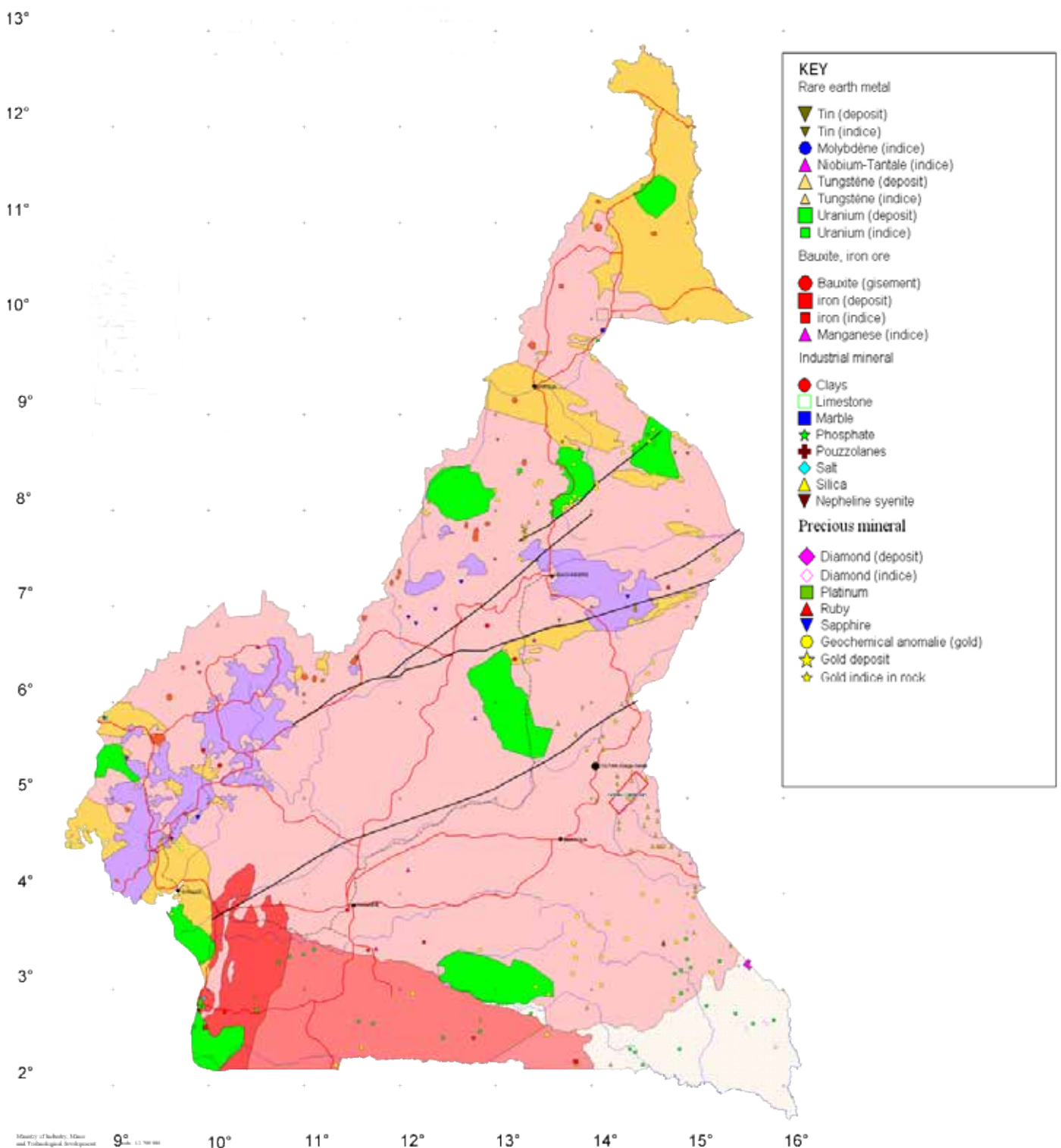
The extension phases consist of:

1. The Lower Palaeozoic period, during which Mangbaili-type series were deposited, around 580 million years ago;
2. The Cretaceous era, exemplified by the Benue trough and its coastal and continental counterparts, which were formed around 110 million years ago;
3. The Tertiary era, when the plutonic and volcanic complexes of the Cameroon Line were formed, about 70 million years ago.
4. The Quaternary period is exemplified chiefly by continental erosion and recent alluvial deposits, particularly on floodplains and in subsidence zones.

II - MINING SECTOR OVERVIEW

Cameroon on the geological and mining is known to 40% with mining targets that are occurrences, important occurrences and deposits some of which are world class: cobalt/nickel /manganese of LOMIE, MBALLAM iron ore, MINIM MARTAP bauxite, rutile group in AKONOLINGA, nepheline syelite at EBOUNDJA near KRIBI.

Minerals Indices and deposits Map of Cameroon- source Department of Mines-Cameroon:



However, solid extractive mining share in the Cameroon GDP is marginal. With liquid mining declining, Cameroon's policy is to develop solid mining and build a strong and environmentally sustainable mining industry integrating all the mining value chain: production, transformation and trading, with the support of the private sector.

However, although Cameroon enjoys a favourable geological and mining context, essential mining activities today including quarries for construction aggregates is limited to informal artisanal mining

Solid mining accounts for less than 1% of Cameroon's GDP, a huge drop from 20% during the colonial period. A new mining code, the law No.1 of 16th April 2001 was adopted in an attempt to boost the mining sector.

However, in 2003 only one mineral permit in an industrial perspective was issued to Geovic for the cobalt/nickel/manganese of LOMIE in the East Region of Cameroon.

Having set a clear vision to enhance economic growth, curb poverty and generate more jobs by 2020 government instituted CAPAM "Mining Activities Development Program" by Prime Ministerial order No. 064/PM dated 25th July 2003 with the mission to promote the development of industrial mining, to ensure positive synergy between small mining and industrial mining and improving the conditions and living environment of the populations concerned

Since 2003, about 160 mining permits have been delivered. But only seven holders of permits are effectively carrying out field exploration and development activities.

Mineral Project	Areas	Estimated Reserves
Nickel-Cobalt	LOMIE	225 Mt: 0,24 % Co ;0,72 % Ni ;1,22 % Mn
Iron Ore	MBALAM	220 Mt of 60% Fe; 570 Mt of 35% Fe
	KRIBI	300 Mt of 30% Fe
Bauxite	MINIM-MARTAP	560 Mt: 43.7%Al ₂ O ₃ ; 1.80% Si
	NGAOUNDAL	120 Mt: 39.20%Al; 0.90%Si
	FONGO TONGO	70 Mt: 47% Al; 3,6%Si
Rutile	AKONOLINGA	3 Mt: 1% rutile.
Uranium	POLI & others	40 anomalies : more than 26 000 t
Tin	MAYO DARLE	17 identified targets; one is probably a world class deposit.
Gold	East gold Fields	About 150 target areas
Diamond	MOBILONG	Major indices have been discovered
CAPAM	EAST Province	30 mining sites in 28 divisions ; 06 regions of Cameroon

Sources: Department of Mines

Majors mining activities are organised in 05 groups:

- Mining for precious and semi-precious minerals;
- Mining for industrials minerals;
- Mining for energy minerals;
- Mining for ores;
- Mining for building materials and ornamental stones.

II.1 PRECIOUS AND SEMI PRECIOUS MINERALS

Mainly gold, diamonds, platinum, gems stones, corundum, olivine etc.

The below graphic illustrates where they can be found with following indications:

1. Mineralisation signs
2. Important mineralisation signs
3. Ore Body
4. High presumption of presence

II.2 INDUSTRIALS MINERALS:

Mainly nepheline syelite, talc, vivianite, phosphates, graphite, kyanite, zirconium, amianthus, arsenic, kaolin etc.

The below graphic illustrates where they can be found with following indications:

1. Mineralisation signs
2. Important mineralisation signs
3. Ore Body
4. High presumption of presence

II.3 ENERGY MINERALS:

Petroleum, hydrocarbon gas, bituminous schist, lignite, uranium, rare earth, etc.

The below graphic illustrates where they can be found with following indications:

1. Mineralisation signs
2. Important mineralisation signs
3. Ore Body
4. High presumption of presence

II.4 ORES:

Mainly cobalt, nickel, manganese, bauxite, rutile, tin, tantalite, copper, lead, zinc, molybdenum, chromium, tungsten, etc.

The below graphic illustrates where they can be found with following indications:

1. Mineralisation signs
2. Important mineralisation signs
3. Ore Body
4. High presumption of presence

II.5 BUILDING MATERIALS AND ORNAMENTAL STONES:

Mainly, pure sands for glass work, pozzuolana, limestone, marble and clay.

The below graphic illustrates where they can be found with following indications:

1. Mineralisation signs
2. Important mineralisation signs
3. Ore Body
4. High presumption of presence

II.6 AN OUTLINE ON CAPAM:

Most of recent mining projects either were originated by CAPAM or received active support from CAPAM: Cam Iron, Cameroon Alumina, Goldex, Sinosteel, Africa Aura, Sicamine, Cokamine, Geovic, Mega Uranium, C&K mining, Caminco, Sacam Mining...

Main idea behind the creation of CAPAM was to make sure mining activities can contribute to the development of Cameroon as articulated in the country's long-term development plan, the Growth and Employment Strategy Paper (DSCE) by promoting the development of industrial mining to ensure positive synergy between small mining and industrial mining, and improving the conditions and living environment of the populations concerned.

CAPAM built a first program (2005-2009) aiming at providing support to artisanal mining. This was a Eur7 M program financed through HIPC funds.

Main outcomes of the program:

- CAPAM activities now span over 371 subdivisions of Cameroon;
- A vigorous push to the mining activities in Cameroon;
- With Operation Gold launched in August 2011, CAPAM is channelling part of the gold processed in Cameroon to strengthen the country's gold reserve at the Central Bank, BEAC;
- Improve mining and geological information.

Minerals exploited: gold, diamond, sapphire, rutile, kyanite, and quartzite

Volumes recorded:

- Gold: 600 kg less than 5% of the total production. 110% productivity increase
- Diamond: 460 carats from MOBILONG, KETÉ
- Sapphire: 15 kg from MARMA, TIGNERE, MAYO BANYO, MISAJÉ and MAMFÉ
- Kyanite: 400 tons from DIBANG
- Rutile: 100 kg from MEBOU, BOMABOM, NGONG
- Quartzite: 200 m3 from POUMA

CAPAM has prepared a second program for 2011-2016 with the following objectives:

- Boost the mining production through promotion of artisanal mining, scaling up of artisanal mining with mechanisation and industrial mining
- Local transformation of mining production
- Increase geological and mining information in order to put light into new mining targets and get the level of geological and mining information from the current 40% to 60% and above
- Improve socio-economic conditions of populations leaving in mining areas
- Enhance capacity building within the mining sector

III - MINING SECTOR STRUCTURE

The mining sector is ruled by the Mining Act, Law No. 01/2001 dated 16th April 2001 and Law No. 011/2010 dated 29 July 2010 amending and supplementing some provisions of the Mining Act.

Actors	Missions	Roles and responsibilities
Presidency	Provides vision and signs exploitation permit	Vision
Ministry of Mines	Defines mining policy definition , issues exploration and reconnaissance permits	Defines the national mining policy
Ministry of Mines: Mining Department	Develops the mining sector Monitors mining activities Keeps records of mining titles as Mining registrar Calculates amount of land royalty tax, flat fee tax, ad valorem tax and extraction tax to be paid by mining operators.	Sector development and regulation
Taxation Department Ministry of Finance	Collects taxes as calculated by Mining Department from mining operators	Tax collections
CAPAM	Promotes mining activities	Mining Development
BRGM	Develops mining and geological information	Mining research

IV CREATING BUSINESS AND AWARDING OF CONTRACTS

All natural persons or corporate bodies, irrespective of their nationality or place of residence can engage in a mining activity in Cameroon without any restrictions.

Article 16 of the Law No. 2010/011 dated 29th July 2010, modifying and supplementing certain provisions of the 2001 mining Law No. 1/2001 dated 16th April 2001 provides that the development, exploitation and financing of a mining site, shall be subject to a mining convention between the holder of the exploration title and the State of Cameroon. The mining convention must guarantee local transformation of at least 15% of the production.

Provisions of mining law instituted two types of mining operations: traditional mining operations and industrial mining operations.

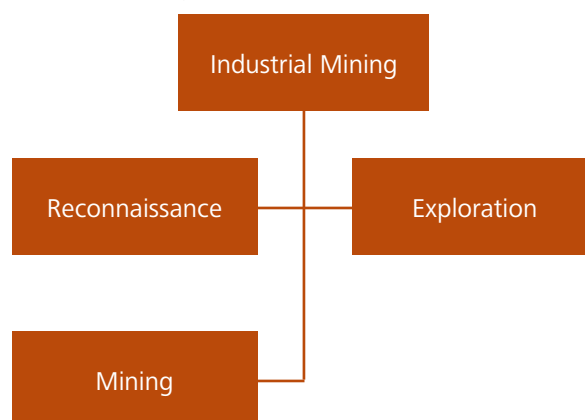
IV.1 Traditional mining operations:

Individual prospector card: any mature individual of Cameroonian nationality is entitled to it when he wants to engage in traditional prospecting for mineral substances

Traditional mining authorization: holder of any individual prospector card may at any time peg out one or more artisanal mining areas and apply for a traditional mining

authorization. However, he could not be granted more than four (04) traditional mining authorizations on condition that they pertain to contiguous areas.

Industrial mining operations:



Reconnaissance permit: valid for a renewable period of one year, it would allow carrying out systematic and mobile surface exploration using geological, geophysical and other methods requiring vast areas of land with a view of detecting traces of useful minerals substances.

Exploration permit: issued for the purpose of locating and evaluating mineral deposits and determining the conditions for the commercial mining thereof.

Mining permit and attached mining convention: issued by Presidential Decree on recommendation of the Minister in charge of mines valid 25 years and can be renewed for a period or periods of no more than ten (10) years each. However, before delivering a mining permit, a mining convention shall be established on the basis of an admissible application file for a mining permit.

Permit	Quarry	Reconnaissance	Exploration	Exploitation
Purpose	Open pit various materials	Geological and geophysical surface work	All types of work for the definition of mineral deposits	Mine development including facilities
Property	As necessary	According to administrative boundaries	Polygon, no limitation in depth	Rectangle as per exploitation permit
Area	Defined act of allocation	10,000km ²	1,000km ²	1,000km ²
Validity	5 years, renewable indefinitely for periods of 3 years, Fee per m ²	1 year, Renewable Flat fee	3 years Renewable Fee per km ²	25 years renewable for 10 years until exhaustion of resources
Delivery by	Minister. of Mines	Minister. of Mines	Minister. of Mines	HE. President of the Republic
Notes	Exclusive rights, must have a sizeable deposit, environmental impact	Gives priority for exploration permit	Exclusive rights, gives priority for exploitation permit	Exclusive rights, must have proven deposit, environmental impact study with a mining convention

IV.1.1 Application processing timeframe:

- Applications for exploration permit or mining title shall be processed within the following deadlines:
 - research permit: within 30 (thirty) days of registration of the application;
 - exploration permit: within 45 (forty-five) days of registration of the application;
 - Mining permit: within 90 (ninety) days of registration of the application.
- Where the application for mining title is not processed within the time-frame prescribed above, the title shall be considered as granted, unless the service in charge of mines duly informs the applicant, of the extension of the time-limit for examining the application. Such time-limit may not be longer than the initial time-frame.
- Where an application for renewal of a mining title is not processed before the expiry date, such title shall continue to be in force for the land for which the renewal is requested until notification of the renewal or rejection.

V - COMPETITION

Almost 60% of the country is yet to be explored though the potential seems to be huge.

There is no competition in awarding mining titles. Mining title awarding process is based on mutual agreement as Cameroon wants to open its mining sector and attract further prospection.

However below is a list of companies enjoying mining titles (exploration, exploitation, research etc) and the minerals sought.

Licence number	Type of licence	Compagny name	Location	Minerals sought
84	EP	CAMINCO S.A	BINDIBA	Gold and diamonds
85	EP	AFKO MINING CAMEROON	TIBATI	Saphir
86	EP	STEELCAM	KRIBI	Iron ore
87	EP	HYDROMINE INC.	NGAOUNDAL	Bauxite
88	EP	HYDROMINE INC.	MINIM-MARTAP	Bauxite
92	EP	CAMIRON S.A.	MBALLAM	Iron ore
94	EP	CAMINCO S.A	BETARE OYA	Gold and diamonds
95	EP	NU ENERGY CORPORATION CAM	POLI	Uranium, gold, and base metals
96	EP	SICAMINES	AYOS	Rutile and kyanite
97	EP	SICAMINES	MAYO DARLE	Tin and wolfram
98	EP	NU ENERGY CORPORATION CAM	LOLORDORF	Uranium, gold, and base metals
99	EP	AFRICAN AURA RESOURCES SAF	TCHOLLIRE	Gold, silver, copper, lead, zinc, uranium, diamonds and platinum
100	EP	AFRICAN AURA RESOURCES SAF	REY BOUBA	Gold, silver, copper, lead, zinc, uranium, diamonds and platinum
101	EP	AFRICAN AURA RESOURCES SAF	BATOURI	Gold, silver, copper, lead, zinc, uranium, diamonds and platinum
102	EP	GRAMACAM SARL	POLI	Marble, granite and ornamental stones
103	EP	GRAMACAM SARL	EBOWA	Marble, granite and ornamental stones
104	EP	GRAMACAM SARL	BOURSOUM	Marble
105	EP	C & K MINING INC.	MOBILONG	Gold and diamonds
106	EP	YAKANI MINING CAMEROON	FONGO TONGO	Bauxite
107	EP	URANEX S.A.	NKI	Uranium, gold and base metals
108	EP	URANEX S.A.	MONGUELE	Uranium, gold and base metals
109	EP	URANEX S.A.	BADEKOK	Uranium, gold and base metals
111	EP	CAGEME SARL	MINTOM	Limestone and gypsum
112	EP	CAMINEX	AKONOLINGA	Uranium, gold, iron ore, base metals, platinum group metals
113	EP	CAMCOM	NGOLA	Copper and associated minerals
114	EP	CAMCOM	BANGAM	Bauxite
115	EP	CAMINEX	DJOUUM III	Uranium, gold, iron ore, base metals, platinum group metals
116	EP	SICAMINES	EBOUNDJA	Syenite, rutile, ilmenite, zircon, rare earths and associated minerals
117	EP	SICAMINES	GOUTCHOUUMI	Tungsten, galena, magnesium associated minerals
118	EP	GOLDEX	COLOMINE	Gold and associated minerals
119	EP	COCAMIN	MENGONG	Granite and ornamental stones
120	EP	COCAMIN	EYECK	Granite and ornamental stones
121	EP	COCAMIN	MEYOVILLE	Granite and ornamental stones
122	EP	FREE MINING	MFOUMOU	Titanium and associated minerals
123	EP	AFRICAN AURA	TCHOLLIRE	Uranium, gold, iron ore, base metals, platinum group metals
124	EP	SAJATA	LOBEKE	Gold, diamonds and associated minerals
125	EP	RESOURCE CAPITAL GROUP	LOMIE I	Nickel and cobalt
126	EP	RESOURCE CAPITAL GROUP	LOMIE II	Nickel and cobalt
127	EP	NU ENERGY	TEUBANG	Uranium, gold and base metals
128	EP	RESOURCE CAPITAL GROUP	LOMIE III	Nickel and cobalt
129	EP	FRE MINING	SELE	Titanium and associated minerals
130	EP	CAMINA	MAYO-BINKA	Iron ore and associated minerals
131	EP	FER DU CAMEROUN	BATEKA	Iron ore, uranium, gold and other base metals
132	EP	KOREA & CAMEROON MINING	KOSSAM	Saphirs and associated minerals
133	EP	RIGEWAY ENERGY	BANTADJE	Uranium, gold, iron ore, base metals, platinum group metals
134	EP	RIDGEWAY ENERGY	ESSONG	Uranium, gold, iron ore, base metals, platinum group metals
136	EP	KOREA & CAMEROON MINING	MBOUKOU	Gold and associated minerals
138	EP	CAMINEX	NTEM	Uranium, gold, iron ore, base metals, platinum group metals
139	EP	SAJATA	MAMA	Gold and diamonds
140	EP	SAJATA	KADEI	Gold, diamonds and associated minerals
141	EP	SAJATA	BOUMBE	Gold, diamonds and associated minerals
33	MI	GEOVIC CAMEROON S.A.	LOMIE	Nickel and cobalt
34	MI	CIMENCAM	FIGUIL	Marble
35BN	MI	ROCAGLIA	BIOU-NORD	Marble
35B	MI	ROCAGLIA	BIDZAR	Marble

The most prominent mining project is the following:

- MBALAM iron project with Cam Iron /Sundances Resources;
- MOBILONG diamond project which enjoys mining permit, C&K Mining;
- LOMIE nickel/cobalt/manganese project with Geovic Cameroon;
- MINIM MARTAP et de NGAOUNDAL, with CAL- Cameroon Alumina.

VI - TAXATION, CUSTOMS AND EXCHANGE

VI.1 TAXATION

The domain of the mining is governed in Cameroon by the Law n°001/2001 dated 16 April 2001 on the Mining Code. This one has for objective:

- To govern the mining activities;
- To promote the investments in the mining sector;
- To favor and to encourage the research and the exploitation of mineral resources necessary for the economic and social development.

VI.1 The operations of the mining sector

Section 24 of the mining Code defines the operations of the mining sector as follows:

- The handicraft mining operations are made on a surface not exceeding 100 m². The validity of an authorization of handicraft exploitation is of 2 years renewable as from the recording date of the authorization;
- The industrial mining operations give rise to the granting of two types of license namely:
 - The license of recognition of a validity of the renewable year and on a surface which cannot exceed 10,000 km²;
 - The exploration license is initially valid for three years and renewable for four additional periods of two years and for an area do not exceeding 1,000 km²;
 - The operating license whose term of validity exceeds 25 years may be renewed only by a decree.
- The exploitation quarry which result in the granting of two mining titles:
 - The quarries exploitation authorization for temporary quarries, is valid for two years and removed within 12 months of his non utilization following the granting;
 - The exploitation license for permanent quarries is valid for a period of 5 years and renewable every 3 years.

VI.2 Taxes under the mining sector

In accordance of Section 90 of the Gas Code, applications for the issuance, renewal or transfer of mining claims are subject to payment to the Public Treasury of fixed fees on the amounts and terms determined by decree.

VI.2.1. Fixed fees

The rates are fixed by the Section 138 of the Decree n°2002/648/PM of 26 March 2002 fixing the conditions of application of the Mining Code as follows:

- Exploitation authorization (granting) : 1,000,000 XAF;
- Exploitation license of quarries :
 - Granting : 1,000, 000 XAF;
 - Renewal : 1, 500,000 XAF ;
 - Transfer: 2,000,000 XAF.
- Individual prospector card :
 - Granting : 5,000 XAF ;
 - Renewal : 10,000 XAF.
- Handicraft exploitation authorization :
 - Granting : 30,000 XAF ;
 - Renewal : 50,000 XAF ;
 - Transfer: 100,000 XAF.
- Opening authorization of the commercialization of minerals substances office's
 - Granting : 200,000 XAF;
 - Renewal : 200,000 XAF.
- Recognition license :
 - Granting : 500,000 XAF ;
 - Renewal : 1, 000,000 XAF.
- Research license :
 - Granting : 2,000 XAF/km² ;
 - Renewal : 3,000 XAF/km² ;
 - Transfert: 5, 000,000 XAF.
- Exploitation license :
 - Granting : 5,000 00 XAF;
 - Renewal : 10, 000,000 XAF ;
 - Transfert: 25, 000,000 XAF.
- Exploitation authorization and transfert
 - Granting : 50,000 XAF;

Concerning geothermal deposits, spring water, mineral water and thermominerals, the amounts are fixed as:

- Recognition:
 - Granting : 200, 000 XAF ;
 - Renewal: 200, 000 XAF.
- Research:
 - Granting : 500, 000 XAF;
 - Renewal: 500, 000 XAF;
 - Transfer: 1 000 000 XAF.
- Exploitation
 - Granting : 1, 000, 000 XAF ;
 - Renewal: 1, 500, 000 XAF;
 - Transfer: 3, 000, 000 XAF.

Please note that, the request must be accompanied with the fees payment receipt and those fees should be reimbursed in case of the non completion of the request.

VI.2.2. Annual Land Taxes

Regarding the provisions of the Decree, any mining permit is required for the payment of the annual land taxes and the rates are as follows:

- Handicraft exploitation authorization: 5 XAF/m²/year;
- Authorization and quarries exploitation license: 10 XAF/m²/year;
- Geothermal deposits, spring water, mineral water and thermominerals exploitation: 10 XAF/m²/year;
- Exploitation license: 50,000 XAF/km²/year;
- Research license:
 - First term: 1,000 XAF/km²/year;
 - Second term: 1,500 XAF/km²/year;
 - Third term: 2,000 XAF/km²/year;
 - Fourth term: 2,500 XAF/km²/year;
 - Fifth term: 3,000 XAF/km²/year.

Regarding geothermal deposits, spring water, mineral water and thermominerals, the annual land fees are:

- Research license: 500 XAF/km²/year;
- Exploitation license: 10 XAF/km²/year.

The generating factor is constituted by the introduction of an issuance, renewal or transfer request of a license relating to mining operations. It is payable sixty (60) days from the date of receipt of the liquidation and collected by the tax administration.

VI.2.3. Proportional fees

In addition of fixed fees and annual land taxes due during the granting of mining title, the mining exploitation holder's licenses must pay proportional fees as follows:

- An extraction tax on varying rates depending of the nature of furniture substances (clay, pebbles, laterites, pozzolan and sand) or hard substances;
- An ad valorem tax levied on the taxable value of products ready to be exploitable.

VI.2 CUSTOMS REGIME

Holders of exploration permits shall be granted temporary status for their plant and equipment used for exploration as well as for professional equipment, machines, apparatuses, site vehicles and spares parts.

No customs duties for equipment, materials inputs and capital equipment necessary for production

VI.3 EXCHANGE REGIME:

Freedom to transfer capital and income is guaranteed.

VII - BUSINESS OPPORTUNITIES

There are various business opportunities:

1. Mining consultancy : This is a permanent quest as Government and other private companies need mining advisers to assist in the monitoring of major mining projects.
 - a. MINIM MARTAP and NGAOUNDAL bauxite project: Government is currently seeking a mining adviser for this project.
2. Drilling companies;
3. Exploration companies;

4. Gold refinery unit;
5. Power supply to mining sites;
6. Equipment for mining activities.
7. Mining Concessions:

Cameroon's mining potential is great and most of the potential is untapped with nearly 60% to 70% unexplored. Therefore, there are interesting business opportunities in the development of mining concession or taking over of mining concession with proven reserves to conduct further development.

VIII - KEY SUCCESS FACTORS:

1. Know your business
2. Conduct a meticulous due diligence before taking the decision to come in
3. Make sure you can have sufficient financing to develop your business
4. Do not leave any component of the project under government responsibility
5. Make sure you liaise with CAPAM. They have a good knowledge of the mining sector in Cameroon and their policy of confirming resources can be extremely helpful, furthermore, they have gathered the most important information base on the mining potential in Cameroon at the moment. And nearly all the serious mining projects (Cam Iron, Geovic, Sinosteel, CAL, C&K Mining have worked closely with Capam at an early stage).
6. Make sure you have a local partner who understand the business and who is well connected within the sector in Cameroon and have a good network of key people
7. Have a permanent running office in Yaounde, as it is important for the government to know that you really want to make serious business in Cameroon
8. Make sure government have international advisers: negotiation with them could be difficult but at least you will be in front of people knowing the business and this would lead to more professional discussions and avoiding waste of time.
9. Undertake some social actions at local levels: schools, health centres, activities for youth and women etc.
10. Involvement of UK High Commission adds value to your negotiation

Challenges:

Cameroon is ranked 161 out of 183 countries on the list of corrupt countries; and a detail look at the report on Cameroon is very telling about the individual reports that add up to give the general ranking. Infrastructure, communication, transportation, and energy supply are some of the major challenges that the Cameroonian economy is faced with. One of the greatest impediments to doing business in Cameroon is corruption and administrative red tape which is at all levels of the civil and public service in Cameroon. However, the country is making some inroads to making economic development a reality; e.g. in the area of infrastructural development like building new roads mainly with the help of the World Bank and African Development Bank, giving out high valued opportunities in power/energy generation and distribution like building dams and all other related energy projects that are on-going, issuing exploration and exploitation licenses for Oil and Gas, Energy, and Mining sectors. The Government's vision for 2035 is set to transforming Cameroon into an emerging economy; hence the investment friendly regime that has been implemented is drumming loudly in favour of Foreign Direct Investments (FDI).

IX - KEY SECTOR EVENTS OVER THE NEXT 5 YEARS

1. Cam Iron Mballam project to kick off
2. Geovic project to kick off
3. C & K Mining diamond mine to kick off
4. Expansion of Alucam in Edea to be finalized
5. New aluminum smelter in Kribi to be built
6. New cement plants: Moroccan investors in Douala, Dangote in Douala, Korean in Limbe and Lafarge in Yaounde
7. Set up of a gold refinery
8. Sinosteel mining in Kribi to kick off
9. Nkout mining project to kick off

Challenges:

In the World Bank's ease of doing, Cameroon is ranked 161 out of 183 countries; and a detail look at the report on Cameroon¹ is very telling about the individual reports that add up to give the general ranking. Infrastructure, communication, transportation, and energy supply are some of the major challenges that the Cameroonian economy is faced with. One of the greatest impediments to doing business in Cameroon is corruption and administrative redtape which is at all levels of the civil and public service in Cameroon. However, the country is making some inroads to making a economic development a reality; like building new roads mainly with the help of World Bank and African Development Bank, giving out high value opportunities in energy generation like building dams and all other related energy projects ongoing, issuing exploration and exploitation licenses for Oil and Gas, Energy, and mining sectors. The Government has made 2035 as a target of becoming an emerging economy; hence the investment friendly regime that have been implemented for foreign direct investments.

¹ <http://www.doingbusiness.org/~media/giawb/doing%20business/documents/profiles/country/CMR.pdf>



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