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The Strategic JOURNAL of Business & Change MANAGEMENT
ISSN: 2312-9492 www.strategicjournals.com
Vol. 11, Iss.1, pp 632 – 661, March 26, 2024. www.strategicjournals.com, © Strategic Journals

THE PARADOX OF INVESTMENT INCENTIVES IN CAMEROON

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Accepted: March 8, 2024

DOI: http://dx.doi.org/10.61426/sjbcm.v11i1.2875

ABSTRACT:

*This study investigates the Paradox of investment incentives in Cameroon***.** *The economy of Cameroon has witnessed double-digit trend of economic growth before 1986, as public expenditure exerted significant expansion in the size of public sector and a declined period after 1986 characterized by government deficit expenditure. With the declining economy, a number of empirical studies have identified investment as one of the major factors conditioning economic performance in the African continent and capital formation is thus considered one of the essential components or requirements of GDP growth. The effect of investment on economic growth is large, statistically significant, and robust. Cameroon adoption of the Structural Adjustment Plan (SAP) had as one of its principal objectives the promotion of investment, especially that of the private sector. In spite of the relative rise in the amount of investment over the past years, controversies about its effectiveness abound. Cameroon still faces continuous rate of unemployment, slow economic growth and poverty, thus the benefits of FDI on the economic development of Cameroon have been queried. It is for this objective that the researcher tries to bring out proposed solutions that can go a long way in redressing the weaknesses of the investment code. The experienced persistent decrease in foreign and local investment by foreign investors thus raised room for questioning why despite all the beautiful and attractive incentives and legislations put in place by the Cameroonian government, the investment flow (Private/local investments and FDI) are still very biased? This research holds the assumption that investment policies are too open to the advantage of the investors at the same time a disadvantage to the host country, yet its implementation and enforcement measures at the establishment and operational phases, investors are still not attracted to foreign investment. The researcher thereby uses a standardised literature review making use of information from books, internet websites etc. Incentives from the 2002 Charter to the 2013 and its amended provisions of 2017 have actually attracted investors but their existence on the ground is not found. The main recommendation is that the Policy Structures of the 2017 amending the 2013 Private Investment Incentive Code should be fully implemented, IPAs should be well structured and corruption streamlined at the level of the establishment and operational phases for a Substantive investment climate.*

Keywords: *Cameroon Economy, Investment Incentives, Structural Adjustment Plan, Private Sector Investment, Foreign Direct Investment*

CITATION: Awasum, M. F., & Kelese, G. N. (2024). The paradox of investment incentives in Cameroon. *The Strategic Journal of Business & Change Management,* 11 (1), 632 – 661. http://dx.doi.org/10.61426/sjbcm.v11i1.2875

Background of the study

The Cameroonian government wants to build a competitive and prosperous economy by boosting investment and savings. To this end, Cameroon's National Assembly adopted an investment charter[1] in April 2002 to attract international investors. Foreign Direct Investment (FDI) began as a worldwide phenomenon in the 19th and early 20th centuries. Even then, it formed only a small portion of foreign investments for decades.[2]This was the case for example in 1914, when 90% of all foreign investment flows took the form of portfolio investment. [3]Over time, however, there was a steady shift in the composition of foreign investments. In fact, about a quarter of foreign investment flows took the form of FDI in the 1920s. The drop in portfolio investments came about as a result of the collapse of the world monetary system in the 1930s, provoked by World War 1 and the Great Depression. There was, however, a general drop in the two types of investment during the interwar years. Unlike portfolio investment, FDI proved amazingly resilient and gradually recovered in the late 1930s. FDI again improved with the end of the Second World War, and became even more prominent after the 1960s in developing countries.[4] This was not the case, however, which was yet to have its share of FDI flows.

At the end of colonialism, Cameroon like other former colonies of France and Britain depended on the legislation received from their colonial masters as a means of attracting foreign investments into the country. Taking advantage of some provisions of the Treaty of Rome, which favoured overseas colonies, it engaged in trade relations with its former colonial masters, Britain and France.[5]

When Cameroon attained independence in 1960, it enacted its first investment code with the aim of attracting investment needed for economic growth. Two decades later, he said investment code had to be revised because it had become obsolete as a result of the changing global economy. The code no longer responded to the needs of the state, thus compelling the drafting of a second investment code on 4 July 1984. Both investment codes were unfortunately flawed, with irregularities that needed amendment.[6]

Generally, investment flows from one country to another take place through Multi-National Corporations (MNCs), which have been acclaimed over the years as the primary channel for transmitting FDI to developing countries. As stated by Kenneth Mwenda, there have been deep searches for a better understanding of both the causes and consequences of the rapid growth of FDI for the home countries, host countries, the international economy and the political order.[7]

The flow of FDI between countries and regions is assisted by bilateral, regional and multilateral agreements. Desiring to ensure the peaceful growth and development of its economy, Cameroon became an active member of several regional and economic organisations, amongst which are the Organisation for the Harmonisation of Business Law in Africa (OHADA), and the Central African and Economic Community (CEMAC). Attracting investment is the main objective of many regional agreements. Thus the reason for Cameroon's

[1] Law No. 2002/004 of 19th April of 2002 and modified by Law No. 2004/020 of 22 July 2004 to lay down the Investment Charter of Cameroon, enacted to fill the gaps of the 1990 Investment Charter.

[2] Hooshang A and Weiping W „FDI in Developing Countries" (1994) 28 The Journal of Developing Areas 167 190.

[3] Sornarajah M the International Law on Foreign Investment (2004) 8-9 describes portfolio investments as being characterized by the movement of money for the purpose of buying shares in a company formed or functioning in another country.

[4] Hallstein W. Treaty establishing the European Community as Amended by Subsequent Treaties Rome" 25 March 1957 available at www. hri.org/MFA/foreign/treaties/Rome 57.BH343.txt (accessed 20 June 2018).

[5] Ngwasiri C „The effect of Legislation on Foreign Investment-The Case of Cameroon" (1989) 33 Journal of African Law 192 204.

[6] Ndiva K, ''Investment Codes as Instruments of Economic Policy: Cameroon Case Study'' (1991) 25 International Lawyer 821 852.

[7]Mwenda K „Legal Aspects of FDI in Zambia" (1999) Murdoch University Electronic Journal of Law 4.

membership of regional and economic organisations, and especially those mentioned above, is to seek larger markets, greater competition and improved policy credibility, all of which will boost incentives for investment.

The main focus of this study is to investigate why Cameroon lags behind other developing countries in Sub-Saharan Africa (SSA) in terms of attracting FDI in spite of its membership of, and participation in, bilateral, regional and multilateral trade and investment treaties, and its attractive investment policies. The above argument applies explicitly to FDI because Regional Integration Agreements (RIAs) are said to boost FDI inflows from non-member countries.[8]It is universally acknowledged that a well-designed policy framework for investment, capable of attracting FDI, would be productive and successful.[9] Thus, for Cameroon to be competitive in attracting FDI, it is obliged to review its investment policies which continue to face the challenges of a changing global economy.

FDI is indispensable for both developed and developing countries, since a country cannot grow without engaging in domestic and foreign trade.[10] Noting that FDI is primarily for developmental purposes, the latter[11] are more in need of FDI than the former. It is on this premise that Cameroon is constantly amending its investment codes to woo foreign investors. However, despite the enactment of several investment laws, it is yet to attract FDI significantly. Various reasons have been advanced as possible causes of low FDI inflows; one of these is based on the legal regulatory framework of the legal system. It is necessary to ensure the regulation of FDI in a manner that is protective of home- based or home- grown industries. In this regard the paper analysis the Cameroon investment regulations and its investment climate in attracting FDI.

Historical Background

A number of empirical studies have identified investment as one of the major factors constraining economic performance in the African continent and capital formation is thus considered one of the essential components or requirements of GDP growth (Collier and Gunning, 1999; Khan and Reinhart, 1990). Ghura (1997:27) say that in Cameroon the effect of investment on economic growth is "large, statistically significant, and robust". Cameroon adoption of the Structural Adjustment Plan (SAP) had as one of its principal objectives the promotion of investment, especially that of the private sector. Promoting investment has consequently been one of the cornerstones of government economic policy. Like many other developing countries, Cameroon has relied on foreign savings to finance its development. The insufficiency of domestic savings has led to a huge savings gap, and consequently a foreign exchange gap. The latter arises when government expenditure plus private investment exceed government revenue and private savings leading to internal imbalance which spills over into an external imbalance of imports greater than exports. The financial sector in most developing economies is largely underdeveloped and often only gradually coming out of repression. Its capacity to mobilize domestic financial resources to close the gaps and develop the economy is quite inadequate. There has consequently been a need for foreign resource inflow, whether through official or private sources, to fill these gaps. Many studies have shown that resource flows are important for investments and investments are described as the engine of economic growth. Cameroon has received both official and private flows over the year. Official Development Assistance (ODA) has come from both bilateral and multilateral sources. Starting from independence, ODA increased steadily to get to a maximum of about 406 billion CFA francs in 1994.

[8]Wolf M „Regional Integration Agreements" Financial Times 28 October 1996 available at http:www.unige.ch/ses/ecopo/demelo/Cdrom/RIA/Readings/sw_ch1pdf (accessed 11 July 2018).
[9] Organization for Economic Cooperation and Development's (OECD) Publications „Policy Framework for Investment" OECD Council 2006 available at www.oecd.org/dataoecd/1/31/36671400.pdf (accessed 21 June 2018).
[10] MoranT, Graham E and Blömstrom Meds Does FDI Promote Development? (2005) 375.
[11] Developing countries.

Most public investment in Cameroon has been carried out thanks to official flows. These include road construction, telecommunication, infrastructure, railway, and most of the aged industrial complexes built in the 1970s and 1980s. From 1994 to 2000, however, Cameroon's ODA declined by almost 34% from CFAF 406 billion to CFAF 271 billion. A number of reasons explain this fall in aid flows: donor fatigue resulting from poor economic performance, ineffectiveness of previous aid disbursement and the belief that this is linked to poor economic policy in recipient countries (Burnside and Dollar, 2000), increased competition from newly independence states in Eastern Europe, the influence of international policies and diplomacy on aid allocation among other reasons, the fear that allocated funds will be siphoned into private pockets and lack of transparency in executing allocated resources.

Theoretical Background

A number of theories have been propounded to support FDI. In this study a few theories will be examined. The International trade and factory-proportions theory which looks at trade between nations. This theory explains that a country will involve in business with another country if it has a comparative advantage over that business than its counterpart. In line with this study, foreign direct investment will only be guaranteed if the donor country is assured that its investments will develop growth and yield the expected results.

The direct investment theory is based on the international movement of capital. Hardly will there be any FDI without the movement of capital from the donor to the recipient country. It is synonymous to the law of diffusion, where substance, diffuse from a region of high concentration to a region of less concentration. Much of FDI follows this trend and requires capital formation abroad. When there is generation of capital from the donor country, the recipient country will not suffer lack in as much as there are approximate conditions set to guarantee confidence and reliability.

The theory of country size sees the size of a country as a contributory factor to affect FDI. For example, the fact that the United States of America is a large country in size when compared to Cameroon means that its potentials to generate much capital and a variety of resources are far greater than that of Cameroon. FDI will then follow the trend of movement from the United State of America to Sierra Leone.

Conceptual Background

Foreign direct investment is defined as that investment wherein the foreign investor owns at least ten percent of the shares of the company (usually between 10 and 25%), (OECD).

Mankiw (2004) defines FDI as investment that is owned and operated by a foreign entity. He further distinguishes FDI from foreign portfolio investment, which is an investment that is financed with foreign money both operated by domestic residents. Foreign portfolio investment is usually riskier in the part of the donor country if the recipients lack expertise knowledge in executing the project in view.

Daniels, Readebaugh and Sullivan (2004), while re-echoing the two previous definitions, highlight the element of control. That is, an FDI can only be said to exist when the investment, in addition to at least 10 percent shares, gives the investor control of the company. They point out that even though a foreign investor may own 100 percent shares in a company, he may not have control if the government regulations in the host country do not permit this. All countries have regulations guiding foreign investments. In Cameroon for example, most foreign investments are not totally under the autonomy of the foreign investor.

There are regulatory agencies, placed under specific ministries which may play a supervisory role in one way or the other. Keegan and Green (2002) are of the opinion that FDI is an investment that results from the desire to have partial or direct ownership of operations outside the home country.

The concept of FDI is therefore hinged on the desire to own a foreign Investment, to make the best possible gain from it, and to wield control over the entity. The distinguishing feature is that foreign direct investment involves not only the transfer of resources (usually capital) but also the acquisition of control. Control is important in that the investing company may want to do what is best for its global operations rather than what is best for the operations in a specific country. Opposed to investor control is also government control.

Although some adherents of FDI argue that government should have no interest in private investments from abroad, critics are of the opinion that a host country's national interest will suffer somewhat if a multinational corporation makes decisions from afar on the basic of its own global or national objectives. For example, a multinational corporation may make decisions concerning employment or relating to an industry that is off national pride from its headquarters. Thus control is a great concern for governments. Such controls mechantous by recipient governments do not usually have a negative effect on the firm, but ensures sustainability to the advantage and benefit of both the foreign and home country.

A key feature of FDI is the Multinational Corporation (MNC). However, there is not yet a general agreement on the definition of MNC. This is because some definitions emphasise structural criteria such as number of countries in which the corporation does business or ownership by persons from many nations or nationality or composition of top management. Other definitions stress performance characteristics such as the absolute amount of earnings, sales assets, or employees derived from or committed to foreign operations. Still other definitions are based on behavioural characteristics of top management to think internationally.

The concept of FDI has been supported by some theories which try to explain why firms go international; why firms expand abroad by means of investment; why FDI takes place in some industries; why some countries are the source of outward flow of FDI and others mainly recipients; and what advantages foreign investors have over local ones.

Statement of the problem

Many developing countries strive to attract foreign direct investment in order to boost their economy. Foreign direct investment (FDI) and Local Investment played an important role in the development of many countries around the world and accounted for a significant part for developing countries in terms of growth of the economy. Therefore, Cameroon as a developing country seeking to alleviate poverty attracts foreign investments in order to benefit advantages from this specific type of investment. Since independence of Cameroon in 1960, inflow of Foreign Direct Investment (FDI) has accounted for a substantial part of the overall economy.

Unfortunately, in spite of the relative rise in amount of investment over the past years, controversies about its effectiveness abound, Cameroon still faces continuous rate of unemployment and poverty. Benefits of FDI on the economic development of Cameroon have begun to be queried; in addition, the country continues to experience persistent decrease in foreign investment by foreign investors. This has raised worries as to why is it that despite all the beautiful and attractive incentives and legislations put in place by the government, the investment flow (foreign direct and Private investments) instead leads to disinvestment.

Research questions

The questions in this work shall be tabulated into main and specific research questions.

The main research question

- This research paper seeks to answer the main question of why has there been a continuous decline in FDI inflows into Cameroon and Local Investment (LI) within Cameroon despite its very attractive investment incentives, and what are the factors affecting Cameroon's FDI regulatory mechanism? And what are the current Cameroon investment legislations and Agencies with regard to attracting foreign direct and local investment which sparks the paradox of investment in Cameroon?

Specific research questions

- What are the common and specific incentives in the Cameroon?
- What are the strengths of the 2013 and 2017 Investment Law?
- What are the weaknesses of the 2013and 2017 Investment law?

THE LEGAL FRAMEWORK OF PRIVATE INVESTMENT INCENTIVES IN CAMEROON

Introduction

The regulation of FDI in Cameroon is done through the executive, legislative and judiciary. The 1996 Constitution gives power to the President who is elected for seven years. The judiciary and the legislature are controlled by the executive. The judiciary lacks independence and adequate resources. This makes the credibility of the government within its multi-lateral and regional circles not only limited but questionable as regards its capacity to maintain its trade and investment polices vis-à-vis private investors or prospective private investors[12].

While Cameroonian business laws on paper are clear, very few foreign investors have come forward because there implementation weakness. Under the current judicial system, local and foreign investors have found it complicated and costly to enforce contract rights, protect property rights, obtain a fair and expeditious hearing before the courts or defend themselves against frivolous lawsuits. However, the recently implemented (OHADA) Treaty may foster improvements in the judiciary[13].

In the context of Cameroon investment law, an Investment Code is a policy document for the government targeting the regulation and promotion of investment in the country. The first of these was in 1960, followed by 1984, 1990 and lastly the 2002 Investment Charter.

The concept of FDI as applicable in Cameroon

FDI has long existed and is being utilised by most developing countries as a means to foster economic growth and development. Related issues involve investor/host-country relationships established through agreements on particular investment projects for economic development. In most developing countries FDI is regulated by law and policy to ensure sustainability of investment as well as to protect investors' interests. This chapter focuses on the legal development of FDI in Cameroon since independence. It analyses the advantages and the draw backs of the Cameroon legal system in promoting FDI and sustainability of investment as well as attracting FDI in Cameroon.

To begin with, it is necessary to provide a working definition of FDI. Many scholars and international bodies have come up with varied definitions of FDI. According to Graham and Spaulding, FDI occurs when a company from one country makes a physical investment in another country[14]. The direct investment in infrastructure, machinery and equipment is different from making a portfolio investment, which is considered as indirect investment[15]. Moosa Imad defines FDI as a process by which residents of one country, (source country) acquire ownership of assets for the purpose of controlling the production, distribution or other activities of a firm in another country (the host country)[16]. In addition, other scholars have

[12] Stiftung B. 'Cameroon Country Report' available at http://www.bertelsmann-transformation-index.de/85 (accessed 6 December 2012).

[13] Central Intelligence Agency Cameroon Investment Guide. Available athttp://www.aabf.org:cameroon_inv_guide.htm (accessed on 6 February 2012).

[14] Graham P and Spaulding R Understanding Foreign Direct Investment" Going Global.

[15] June 2005 available at http://www.going-global.com/articles/understanding_foreign_direct_investment.htm (accessed 21 November 2011), see also Onorine F. M, Op.cit.

[16] Moosa I Foreign Direct Investment; Theory, Evidence and Practice (2002).

 ISSN 2312-9492 (Online) 2414-8970 (Print). www.strategicjournals.com

added that FDI involves the purchase of the physical assets or a significant portion of the ownership (stock/shares) of a company in another country to gain control and management of that firm[17]. The latter definitions suggest that not all investors begin as starters or initiators of new projects in another country. Thus, it can be deduced from the definition of Graham and Spaulding that an FDI investment is one that establishes a new project for economic benefits, rather than purchasing an already existing interest. This is further articulated by Ngowi P, citing Bjorvatn, that FDI is an investment made to acquire a long-term interest in a foreign enterprise with the purpose of having an effective voice in the management.

From an international perspective, different organizations have given varied definitions of FDI. The World Bank, for example, defines FDI as the net inflows of investment to acquire a lasting management interest (10 percent or more of voting stock) in an enterprise operating in an economy other than that of the investor[18]. The Organisation of Economic Corporation and Development (OECD) definition of FDI reflects on the objective of establishing a lasting interest by a resident enterprise (direct investor) in an enterprise (direct investment enterprise) that is resident in a country other than the investor's. A lasting interest envisages the existence of a long term relationship between the direct investor and the direct investment enterprise and a significant degree of influence on the management of the enterprise.

United Nations Conference on Trade and Development (UNCTAD) defines FDI as an investment made to acquire a lasting interest in enterprises operating outside of the economy of the investor. The purpose of such acquisition is to gain an effective voice in the management of the enterprise[19]. The International Monetary Fund's (IMF) Balance of Payments Manual defines FDI as an investment that is made to acquire a lasting interest in an enterprise operating in an economy other than that of the investor, the investor's purpose being to have an effective voice in the management of the enterprise. The definitions of the last two organisations are similar and characteristic of having substantial control in the investment enterprise.

From the above definitions, a recurrence of terms like, "control" and "controlling interest" emerges, which denotes that in FDI investors are concerned more with the nature of the interest and the duration of their interest. Thus where these desired interests are not available in a country, investors are not likely to invest there.

What is peculiar to FDI, as can be seen in the definitions above, is that the investor's intention is to own a lasting control of assets and management in another country. This interest differs from portfolio investment which represents a movement of money for the purpose of buying shares in a company formed or functioning[20] in another country and which does not require the physical presence of the investor.

For the purpose of this study, the definition of FDI by Imad Moosa is considered the reference definition because it deals with the most relevant issues of FDI. It regards FDI as a process by which residents of one country (source country) acquire ownership of assets for the purpose of controlling the production, distribution and other activities of a firm in another country (the host country)[21]. This definition should be read together with an appreciation that such FDI could involve the starting of a new project as well as purchasing an interest in an already existing company or enterprise.

It is important to note, however, that there is a slight limitation included in the World Bank's definition. The limitation stems from the fact that it regards FDI from a percentage perspective. It considers an investment to be FDI if it involves the

[17] Richard J, Hunter J and Robert E ET AL Legal Considerations in FDI" (2003).
[18] Onorine F. M.Op.cit.
[19] Onorine F. M.
[20] Ibid.
[21] Ibid.

purchase of at least 10percent of the shares. Thus, where several investors purchase less than 10 percent of the shares of a in foreign company (ies), they are not considered as FDI inflows into the foreign country.

METHODOLOGY

The research adopts a standardized literature review approach. Emphasis will be placed on available literature on the subject, especially that related to Cameroon. Thus, the research makes use of books, journal articles, news reports, Magazine etc. These are explored and critically analyzed in order to ascertain the complex nature of investment incentives as applicable to Cameroon.

THE STRENGTH OF PRIVATE INVESTMENT INCENTIVES IN THE REPUBLIC OF CAMEROON

Two major reforms in Cameroon seem to have caught the attention of the World Bank Group flagship publication; Doing Business. In its 2017 publication, it ranked Cameroon 166th indicating a one-position improvement from the 2016 ranking. According to the report, Cameroon's score went up from 44.48 in doing Business 2016 to 45.27 in Doing Business 2017[22]. This means that country has improved its business regulations as captured by the Doing Business indicators in absolute terms. The report clearly states that the country is narrowing the gap with the global regulatory frontier. For this to have happened, two major reforms featured prominently among the whole gamut of reforms the country undertook.

The ones seen by Doing Business as having influenced the country's position are; the introduction of substantive improvements in the local regulatory framework by making dealing with construction permits easier through the reduction of time it takes to obtain the building permit and strengthening the Building Quality Control Index by increasing transparency. Secondly, Cameroon made resolving insolvency easier by introducing a new conciliation procedure for companies in financial difficulties and a simplified preventive settlement procedure for small companies[23].

While acknowledging the survey on which Doing Business based its evaluation, it is important to underscore the fact that many more of such reforms equally occurred in a bid to ameliorate the business climate and attract more investment from local companies. On the basis of this, many investors now find Cameroon a better place to do business, hence the influx into the country of several foreign companies. This attractiveness hinges on two things, the legal and administrative instruments. According to documentation on the country's economic performance from the Ministry of the Economy, Planning and Regional Development (MINEPAT)[24], the skies are increasingly becoming brighter for Cameroon judging from her economic growth in the past five years.

MINEPAT observes that much is being done to cleanse the business climate so as to attract substantial and sustainable investors, especially direct foreign investments. Before the promulgation into law, two government ministers: Alamine Ousmane Mey of Finance and Emmanuel Bonde of Mines, Industry and Technological Development defended the bill on Tuesday April 2, 2013 before members of the country's lower house.

The moves include among others the April 18, 2013 law on private investment incentives in Cameroon, the 2013 law governing economic zones in the country and the regular holding of the Cameroon Business Forum, a platform for public/private consultation on improving the business climate.

Less developed and developing countries very much are used to offering incentives to Multinational Corporation, to set up businesses within their national frontiers, However, a

[22] Moving on the Right Track: Cameroon Tribune, 26-10-2016, 17:15, By Lukong Pius Nyuyume an Economist.

[23] Ibid.

[24] Moving on the Right Track: Cameroon Tribune, 26-10-2016, 17:15, By Lukong Pius Nyuyume an Economist.

Country may offer attractive incentives at an early stage of development, and later reduce its

Incentives or impose restraints. It may also have inducements for some industries and restraints for others. Therefore, incentives usually reflect a nation's stage of economic development, its specific development priorities or its need to attract new industries. In all, its

Developmental objectives must be taken into consideration.

Small newly independent countries with very few or little local industries may offer a broader range of incentives that are not selective as to the type of industry while an already Industrialized or semi industrialized country would choose particular areas in which to give inducement. Incentives may fall under one of the following types:

Tariff Protection in which potential import competition is reduced by special or high tariffs or tough import control. Thus the foreign multinational is induced to produce for local consumption. Here too, there is usually a problem because when a potential import.

Competition is reduced; the foreign multinational may monopolize the economy. Where there is no competition, it dictates the prices for the local consumers.

Duty –Free imports:

This is when new technology, capital goods or equipment are allowed to enter the country duty–free or on special concession terms.

Financial Assistance

Generally, Government agencies give short term or long term loans at special or low interest rates to multinational corporations. In an ailing economic, assistance of this nature is usually sorted for such financial assistance. There is a grace period attached to that assistance, a period within which the beneficiary of the loan invests the capital without paying back. Thereafter, it is paid with laid down conditions.

Tax Concessions

This includes tax reduction, deferrals, or long term (usually 10-years) tax holidays. In some countries there is what is called the free trade zone in which foreign firms are induced to locate at very low tax rates mainly for the purpose of offering employment, and producing for export.

Foreign exchange guarantees.

Which are special governments guarantees that foreign exchange will be granted for profit remittances and capital repatriation. This guarantee can be the exploitation of natural resources by the donor country within a specified period of time or a certain quantity of these resources.

Other government assistance:

The government may agree to secure and offer parcels of land or provide facilities like roads or energy needed for a given project. Or it may even offer direct subsidies. In some cases, governments have even created free ports to facilitate the importation of materials needed by the multinational.

With the growth of regional integration there is much competition among countries to offer incentive to induce multination corporations to locate in their territories. This is because the breakdown of trade barriers and free movement of goods increase the market of many companies, leading to greater benefits to the host country. These benefits can be seen in the provision of job opportunities, provision of infrastructure, and technological advancements

Cameron's offers of incentives to investors.

The 2013 Private Investment Incentives Code has made the Cameroonian environment favourable to investors willing to invest in the country. Apart from the natural factors, like good roads, soil, location, and the topography, the 2017 revising the 2013 Law, has provided many incentives ranging from common to specific, and if not all, priority sector incentives.

General Provisions

Cameroon's objective according to section 1, paragraph 2 of the 2013 Investment law, is to "favour and attract gainful investments in order to encourage economic activities that can guarantee a strong, sustainable and shared economic growth as well as employment" this aspect sounds advantageous to the host government.

Common Incentives

Activity should follow rules and regulations in force and must meet one of the 4 following conditions according to Article 4 of the law:

- Employ during the operational phase, and according to the size and sector of the company, at least one Cameroonian for projected investments ranging from five (05) million francs CFA to twenty five (25) million CFA francs as the case may be;
- Carry out annual export activity ranging from 10 to 25% of sales excluding taxes;
- Use national resources to the extent of 10 to 25% of the value of inputs;
- Contribute to value added to the tune of 10 to 30% of turnover revenue excluding taxes[25].

The employment capacity of this section serves as an advantage to the investor whereby the multiplying effects of his capital grows faster than if the law had made provisions for more employment capacity. Also, the minimal tax rate of only 10-25% paid by the investor also guarantees the investor's reserves, but this hampers the revenue of the host Country-Cameroon.

Governments commitments to facilitate private investments

- Setting up of a specific visa and reception desk at all the airports of the country and all diplomatic and consular representation abroad to issue on the spot investment visas to investors.
- To be eligible investor just only need to present invitation letter from
- Provided the latter presents a formal invitation from the investments promotion agency or the agency in charge of the promotion of SMES
- Grant residence and work permits to expatriate staff involved in any investment project and employment contracts of more than two years;
- Issue environment compliance certificates relating to the relevant investment project;
- Issue land titles and long-term leases.

Simplification of approval process

Creation of one-stop-shops within the investment promotion agency and the agency for promotion of SME'S which handle all the approval process. A supervisory committee to ensure respect of investment commitments and settle any investment disputes. Clearly defined process for the application of penalties in case of non-compliance and for dispute settlements. Clear commitment by government to guarantee the stability of incentives provided to investors by the creation of a joint monitoring committee under the supervision of the PM. The Principle of non-discrimination of investors is clearly enshrined in the law[26].

Investors benefits from non-discrimination principle

This law recognises both national and foreign investors, without bias to any of them. This therefore means that the law provides adequate protection to both citizens of the host country and foreign investors to invest in the country in the various specific zones wherein incentives have been granted. This law in its non-discriminatory spirits provides thus ''this law applies to Cameroonian or foreign natural or legal persons, whether or not established in Cameroon, conducting business therein or holding shares in Cameroonian

[25] See Part 2, Section 4 of Law No. 2013/004 of 18th April 2013 to lay down Private Investment Incentives in the Republic of Cameroon.

[26] See generally Part 4, Sections 18-20 of the 2013 Investment Law.

companies''. With regard to this spirit, the law seeks to ease, promote and attract productive investments with the purpose of to develop activities geared towards strong, sustainable and share economic growth as well as job creation, equally to ensure the objective of emergence by the year 2035[27]. In this regard, the strength of this law is that it protects both Cameroonians and foreigners, both natural and physical or legal persons.

Equally, the law is applauded for not only recognising future enterprises to be created, but take into account already existing ones. That is to say that the law applies to investment operations relating to the creation, extension, renewal, asset restructuring and/or conversion of business. This therefore means that the law grants incentives not only to new investment, but also with already existing ones and for an investor both national or foreigner, natural or legal persons to enjoy these benefits, must respect and comply with the applicable laws and regulations[28].

Other incentive

Despite the common and specific incentives provided by the code, there are others which the government of the Republic enjoys as a result of its nature, which further spur FDI inflows in the country, of which are:

Openness to, and restrictions upon, foreign investment (a two-edge sword)

The Government of the Republic of Cameroon (GRC) [29]actively seeks to attract foreign investment in order to create much-needed economic growth and employment. It is less effective, however, at following through with interested investors in order to ensure that investments move forward in a timely and transparent manner.

FDI plays an important role in the Cameroonian economy. In President Biya's vision 2035, a road-map to become an emerging economy by 2035, officials stress that investment from foreign countries, especially in large infrastructure projects, is an important part of Cameroon's development strategy. Despite a lack of reliable statistics, figures from the World Bank show the flow of FDI to Cameroon is relatively low but steadily increasing. The construction of the $4 billion 1070 km Chad-Cameroon crude oil pipeline completed in October 2003 is Cameroon's largest foreign investment deal to date. Numerous other major infrastructure projects financed by foreign direct investment are underway today.

Cameroon has no deliberate and direct economic or industrial strategies that have discriminatory effects on foreign investors or foreign-owned investments[30]. However, the complex regulatory environment and existence of corruption throughout every segment of government create numerous obstacles to potential investors.

The Country's Location

Nevertheless, Cameroon remains attractive to investors because of its strategic location: Cameroon is a founding member of the African Union, the Economic Community of Central African States and the Economic and Monetary Community of Central Africa (CEMAC); it shares a long and porous border with Nigeria, Africa's most populous country; and it is the gateway to the land-locked countries of Chad and the Central African Republic. With its strategic placement, investments in Cameroon have a potential market of some 250 million consumers.

Institutional Industrial Strategy

Cameroon's Investment Promotion Agency (API in French) is the lead government institution for investment promotion in Cameroon. In addition to promoting the country's brand both domestically

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[27] Admin (2014), An Article on Investment Law in Cameroon, http://www.googleweblight.com/i?u=http://mojusfisc.com/en/an-article-on-invesstment-law-in-cameroon/&grqid=r_gMEICp&s=1&hl=en-CM. (Accessed on the 28th June 2018).
[28] See Section 3 of the 2013 Investment Law.
[29] Department of State (July 2014) P.3.
[30] Section 10, 2002 Investment Charter & Nshom G. K. Lecturers notes Op Cit P. 46.

and abroad, the API coordinates the activities of a multitude of ministries and agencies responsible for the promotion of specific economic sectors. The API is the first port of call for all foreign investors for information and data. According to the Presidential Decree creating the API, this agency receives and forwards applications for investment licenses, assists licensed enterprises in their subsequent investment operations, and ensures that investments in certain sectors are consistent with the relevant sector-specific rules and regulations.

In addition, the National Investment Corporation of Cameroon (SNI in French) also facilitates investments, both local and foreign investment in the country. It can mobilize and channel national savings and other national and international financial resources to key investments. In practice, the Ministry of Economy, Planning, and Regional Development (MINEPAT) and various sector ministries tend to play a more conspicuous front line role for sectors that fall under special regulation as explained below.

Limits on Foreign Control Limits on Foreign Control

While the new 2013 Investment Code continues to permit full foreign control, in practice some substantial local equity ownership may assist during the investment approval process with the local partner acting as an interface with the bureaucracy[31]. There are special requirements for investment in sectors which fall under special sector laws, such as electricity, transport, water, mining, oil and gas, and telecommunications—which apply equally to foreign and domestic investors.

International Arbitration

Prospective foreign investors who wish to avoid entanglement in the court system should consider arbitration as a form of dispute settlement. The April 2013 Investment Incentives Law commits the State to ensuring the establishment of alternative mechanisms for conflict resolution including a national court of arbitration for the settlement of labour and commercial disputes. Judgments of foreign courts are enforceable by Cameroonian courts. Cameroon accepts binding international arbitration on investment disputes between foreign investors and the government. In tax-related disputes, the 2012 Finance Law stipulates that decisions rendered by the Ministry of Finance can be challenged before the Administrative Court within 60 days.

As a signatory to many international and multilateral conventions bearing on investment guarantees, Cameroon respects, and in theory its courts enforce, decisions based on such instruments. Cameroon is a signatory to the 1985 Seoul Convention that established the Multilateral Investment Guarantee Agency (MIGA), aimed at safeguarding non-commercial risks.

General labour-management relations

Cameroon's 1992 Labour Code[32] governs labour-management relations, providing for collective bargaining in wage negotiations, eliminating fixed wage scales, abolishing employment-based requirements on education levels, eliminating government control over layoffs and firings, and reducing the government's role in the management of labour unions.

After a long period of tension between the government and labour unions, a new tripartite approach, including worker and employer unions as well as government representatives, addresses labour issues. This has substantially improved relations between the parties for the benefit of both the workers and the employers. The GRC intends to expand workers' rights and establish a new concept of internal discussions within companies before workers resort to strikes. The Minister of Labour and Social Security refers to this policy as "Social Dialogue." The Ministry of Labour has taken an increasingly broad view of certain aspects of the Labour Code, especially regarding

[31] Department of State: (July2014) Investment Climate Statement P. 4

[32] See Generally Cameroon's 1992 Labour Code Op cit.

payment of "legal rights" to employees in the event of a restructuring or sale.

Internationally recognized labour rights

The Labour Code does not apply to civil servants, employees of the judiciary, and workers responsible for national security. In theory, the Labour Code provides a legal framework for the emergence of a flexible and efficient labour market. Cameroon is a party to the ILO Conventions 87 and 98 permitting the freedom to form unions and the right to collective bargaining[33].

Benefits of section 26 of the Investment Code Settlement of investment disputes

Cameroon is also a signatory to the Lome Convention (as revised in Mauritius in 1995), which created an arbitration mechanism to settle disputes between African, Caribbean, and Pacific states (ACP) and contractors, suppliers, and service providers financed by the European Development Fund.

Cameroon is a signatory to the Organization for the Harmonization of Business Law in Africa Treaty (OHADA in French). Among other things, OHADA provides for common business law and arbitration procedures in the 16-member signatory states: (Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Comoros, Congo, Côte d'Ivoire, Equatorial Guinea, Gabon, Guinea, Guinea-Bissau, Mali, Niger, Senegal and Togo). As member of the OHADA zone, the State has both an ad hoc and an institutional arbitration mechanism based on the most effective international instruments, such as the standard law of the United Nations Commission for International Business Law (UNCITRAL) on international arbitration of 1985 and the Arbitration Settlement of the International Chamber of Commerce of 1998.

Cameroon signed the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (ICSID Convention) on September 23, 1965, ratified it on January 3, 1967, and it entered into force on February 2, 1967. On February 19, 1988 Cameroon acceded to the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards.

The code has equally preferred amicable settlement and arbitration of dispute to serve time and resources in resolving any dispute that erupts. The beneficiary investor shall refer the matters to Control Committee to seek amicable settlement and should it fail, the matter may then be referred to an arbitration body recognised by the State of Cameroon. Decisions from such an award are enforceable[34] in Cameroon. The 2013 Law has instituted the spirit Alternative Dispute Resolution (ADR) as compare to litigation which takes time for issues to be determined by the court[35].

THE WEAKNESSES OF PRIVATE INVESTMENT INCENTIVES IN THE REPUBLIC OF CAMEROON

Although Cameroon is endowed with abundant natural resources, steady economic growth, and a key location in central Africa, the investment climate in Cameroon is plagued by endemic corruption and a heavy-handed and slow-moving bureaucracy[36]. International watchdog organizations rank Cameroon as one of the lowest in the world in various global indices on corruption, transparency, and ease of doing business. These poor ratings underscore the challenging environment in which businesses operate here.

Cameroon has many opportunities for economic investment in the agricultural, mining, forestry, and oil and gas sectors. It boasts the largest and most diverse economy of the six countries in the Central African Monetary and

[33] See International Labour Conventions 87&89.

[34] See Section 5 of law No.2007/001 of 19 April 2007 to institute a judge in charge of litigation related to the execution of judgments and lay down conditions for the enforcement in Cameroon of foreign court decisions, public acts and arbitral awards.

[35] Admin Op.cit note ...

[36] United States, Department of State, Diplomacy in Action 2014 Investment Climate Statement in Cameroon PP. 1&2.

Economic Union (CEMAC) sub-region, which is home to over 50 million people. The zone has a central bank and a common currency – the CFA franc. Despite slow but steady economic growth hovering around 4 to 5% over the last half decade, the Government of the Republic of Cameroon (GRC) has started to publicly recognize that it must improve its investment climate. The GRC hopes that growth rates will surge with increased incentives to private sector businesses, but it has yet to demonstrate that it is committed to real investment climate reform. The Government's Vision 2035, a road map to become an emerging economy by 2035, stresses the importance of large-scale infrastructure development and foreign direct investment. In April 2013, the GRC enacted an Investment Promotion Incentives Law – a package of liberal incentives offering foreign investors opportunities to bring in needed capital to boost the economy. Despite this blue print, FDI continues to stagnate**.**

Despite the many challenges, some U.S. businesses have found rewards in Cameroon. Since the United States played a major role in the construction of the Chad-Cameroon petroleum pipeline in 2000, U.S. investments continue to be the single largest in terms of overall volume. Historically Europe has dominated the Cameroonian business environment, but recent years have witnessed the emergence of new investors such as China, and other African nations like Morocco, Tunisia, Algeria, South Africa, and Nigeria. Opportunities for U.S. investors exist in all sectors of the economy, especially in infrastructure, which must improve before other sectors can develop. Specific opportunities exist in electricity, transport (roads and railways), utilities (water), tourism, telecommunications, housing, mining and petroleum. But even when successful in doing business here, companies often must spend years negotiating deals and gaining final approvals with the Cameroonian bureaucracy.

The international presence of MNCs in Cameroon through its engagement in FDI can positively be reflected in its economy only if some of the problems inherent in the country listed below are dealt with by the government. Lack of economic growth as a result of economic crisis discourages investors for a case of Cameroon its very pertinent that with the Economic crisis caused by the Ongoing Anglophone crisis and the Boko Haram in the Northern Region of Cameroon gives it a very slippery investment climate. Also, looking at the debt rate, Cameroon still owes local companies a little more than CFA 700billion, GICAM says. This aspect scares away investment promoters. The weaknesses of the investment law can be evaluated at the of the general provisions, common incentives such as Tax and Customs incentives, financial and Administrative incentives, Specific Sector, Approval, Monitoring and Control and Dispute Settlement and Penalties at the establishment and operational phases.

Disadvantages of the complex procedures of investment in Cameroon

The code has equally preferred amicable settlement and arbitration of dispute to serve time and resources in resolving any dispute that erupts. The beneficiary investor shall refer the matters to Control Committee to seek amicable settlement and should it fail, the matter may then be referred to an arbitration body recognised by the State of Cameroon. Decisions from such an award are enforceable[37] in Cameroon. The 2013 Law has instituted the spirit Alternative Dispute Resolution (ADR) as compare to litigation which takes time for issues to be determined by the court[38].

Screening of FDI

The GRC laid down general criteria for screening FDI in its investment charter. Further conditions may apply for specific sectors such as energy, mining, tourism, and oil and gas. Additional

[37] See Section 5 of law No.2007/001 of 19 April 2007 to institute a judge in charge of litigation related to the execution of judgments and lay down conditions for the enforcement in Cameroon of foreign court decisions, public acts and arbitral awards.
[38] Admin Op.cit note ...

requirements may apply in accordance with specific sector codes. In general, FDI must align with the objectives of the government as outlined in GRC's Growth and Employment Strategy Paper (GESP) and in the National Economic Development Vision (Vision 2035)[39].In practice, each year the GRC publishes a list of projects which require funding. Given the developmental needs of the country, there are opportunities in virtually every sector of the economy. Most projects must go through a tender process although the GRC often considers initiatives from potential investors.

The recently created Ministry of Public Contracts and the public procurement regulation agency (ARMP) oversee the public tender process. The Presidency is involved in the decision for major projects. The individual ministries' public contracts award committees, government institutions, and municipal councils have the power to award contracts for smaller amounts, approximately less than $10,000. The public tender process is rife with fraud at every step of the process, but Cameroon has started to take small steps to streamline the process. Much more reform is needed to make the system more transparent and eliminate corruption. The screening procedure for PPP is similar to public tenders although the two approaches are governed by two different laws. The selection of the contracting partner undergoes a three-step process: pre-selection, pre-qualification, and final adjudication.

Both the tender process and the PPP have numerous steps to ensure the technical and financial capability of the successful party. Unfortunately, in practice these steps open the process to corruption. Numerous officials will take the opportunity to seek payment of a bribe or gain an equity share in a deal. It is extremely difficult for foreign investors to succeed in these conditions without the assistance of a savvy and knowledgeable local partner or consultant familiar with Cameroon to guide them. Even when successful, potential investors in public tenders, PPPs, and stock market listings must factor long bureaucratic delays in their planning.

Numerous ministries and public institutions are involved with screening FDI, which can create extended delays. Several ministries are involved in the majority of projects here, including the Prime Minister's Office, the Ministry of Economy, Planning and Regional Development (MINEPAT), and the Ministry of Finance. Other sectorial ministries, regulators, and public institutions will also play a role, depending on the nature of the project or investment.

Human resources of both the host country and workers from the foreign investor's country.

The government shall establish necessary facilities for the issuance of specific visas in all of Cameroon's diplomatic and consular representations; issuance of residence and work permit to expatriate staff involved in any investment project and holding a contract of employment for a period exceeding two years. This employment is guaranteed during all the phases, with the investor, in other words the employer having the freedom to recruit and dismiss workers without or with little regards to the labour code[40] of the country.

The Employment Paradox

In contravention to employment of foreigners, it is easier said than done. For a foreigner to be employed in Cameroon, there are procedures which have to be followed, which may take time and money. Equally, when a worker is employed in the country, and the employer wishes to terminate the contract, it has to be determined if the contract is

[39] Available at http://www.minepat.gov.cm/index.php/en/modules-menu/cat_view/7-publicationand-study-reports/32-strategic-development-vision .

[40] Law No. 92/007 of 14 August 1992 instituting the Cameroonian Labour law of 1992.

that for specified or unspecified duration[41], with each having unique procedure to follow before dismissal can be effected. And if the employer dismisses unlawfully, it will either require award of damages or compensation for wrongful dismissal of an employee.

Competition Law

The National Competition Commission (NCC) within the Ministry of Commerce serves as the competition authority in Cameroon. While in theory it has a mission to see that all economic operators in the various sectors respect competition rules, the reality in Cameroon is often far different. Many sectors are dominated by state-owned companies. Any investor in Cameroon should study the playing field carefully before deciding to proceed.

Conversion and Transfer Policies

The unit of currency used in Cameroon is the Communauté Financière Africaine (CFA) franc. It is issued by the regional central bank, the Bank of Central African States (BEAC in French), and is shared with the other members of the Central African Economic and Monetary Community (CEMAC, comprised of Cameroon, Chad, Central African Republic, Gabon, Equatorial Guinea, and the Republic of Congo)[42]. Although it is at par with the West African CFA franc, the two currencies are not usually accepted for payment in each other's zones. France's treasury guarantees full convertibility of both currencies to the euro. Since 1999, the CFA franc has been pegged to the euro at a fixed exchange rate of 1 euro to 655.957 francs.

Dividends, capital returns, interest, and principal payments on foreign debt, lease payments, royalties and management fees, and returns on liquidation can be freely remitted abroad. Liquidation of a foreign direct investment, however, must be declared to the Minister of Finance (MINFI) and BEAC 30 days in advance. Commercial foreign exchange transfers also must be cleared by MINFI for business deals amounting to more than 100 million francs (about $200,000). The BEAC has a centralized computer system for electronic transactions within the banking network.

Cameroon's growing financial sector is the largest in the CEMAC region. Despite numerous banks, insurance companies, micro-financial institutions, and a nascent stock exchange, Cameroon is still relatively disconnected from the international financial system. Only a small portion of the population has bank accounts and the majority of financial transactions are in cash. Many of the financial crimes occurring in Cameroon derive from corruption, tax evasion and embezzlement. In recent years, authorities have begun to suspect offshore transfers in some corruption cases, and the use of real estate to launder money has grown. Cameroon is not a major narcotics destination. Cameroon is a member of the Action Group against Money Laundering in Central Africa (GABAC), an entity in the process of becoming a Financial Action Task Force-style Regional Body (FSRB). GABAC conducted an evaluation for Cameroon in April 2013, which has not yet been released to the public.

Other Investment Policy Reviews

Cameroon would like to be seen as a free market economy and has signed numerous bilateral and multilateral trade and investment cooperation agreements which provide some basic international legal frameworks to foreign investors.

Cameroon works with the International Finance Corporation in the framework of the Cameroon Business Forum (CBF)[43], a public-private

[41] See generally Sections 24-27 of the 1992 Cameroonian Labour Code.

[42] Ibid Note 89 PP. 7&8.

[43] The WTO most recently produced a trade policy review on Cameroon in 2013, available at http://www.wto.org/english/tratop_e/tpr_e/s285-00_e.pdf

The OECD produced a report on Cameroon Economic Outlook in 2013 http://www.oecdilibrary.org/docserver/download/4113021ec015.pdf?expires=1395927293&id=id&accname=oci

sector dialogue mechanism put in place to work towards the improvement of the business climate[44]. These reports basically summarize Cameroon's investment climate as poor, and the country consistently ranks in the bottom 20 of the World Bank's Doing Business report.

Expropriation and Compensation as weakness to the Host country

The 1989 Bilateral Investment Treaty (BIT) protects U.S. investments in Cameroon. Foreign and domestic investors receive legal guarantees that substantially comply with international norms, including full and prior compensation in the event of expropriation on the basis of public interest. U.S. investors should seek GRC approval to protect their investments under the BIT. Undeveloped land is more at risk for local expropriation than developed property. There are no confiscatory tax regimes or laws that could be considered detrimental to U.S. or other foreign investments. The April 2013 Investment Incentives law recognizes property rights and facilitates land acquisition. Cameroonian law does not prohibit foreign ownership of land.

Weaknesses on the Laws/Regulations on FDI

Cameroon has a mix of civil and common law jurisdictions due to its colonial heritage. The legal system falls under the supervisory authority of the Ministry of Justice. The judiciary in Cameroon is notoriously slow and is rife with corruption. The judiciary lacks true independence, as the President promotes, appoints, and transfers magistrates and judges. Cameroon has a school of administration and magistracy to train magistrates, but other legal professionals such as attorneys, bailiffs, and notaries are not formally trained in schools, but rather through apprenticeship with an experienced attorney.

In order to attract more foreign investment, Cameroon revamped its Investment Code in 2013. The code does not discriminate between local and foreign investors. It lays out tax exemptions, duties, and other non-tax related benefits. It promises assistance with obtaining the issuance of visas, work permits, environmental compliance certificates, land titles, and long-term leases if certain conditions are met. Relatively recent, it is unclear how much effect the new Code it will have on investment or streamlining the onerous bureaucracy.

Political Violence

Cameroon experiences relative peace compared to many of its neighbours. Two peaceful elections were held in 2013: Senate elections in April and combined legislative/municipal elections in September. The last episode of significant social unrest occurred in 2008 when a transportation strike expanded into a more general protest against rising food and fuel prices coupled with reaction against the President's plan to amend the constitution to eliminate presidential term limits.

On the regional front, relations with Nigeria are increasingly friendly. However, frequent incursions by Boko Haram terrorists and repeated episodes of kidnapping in the northern part of Cameroon could create difficulties with Nigeria and jeopardize Cameroon's internal stability. Already, Boko Haram's activities have had a serious impact on tourism and cross-border commerce. Also, the large number of refugees arriving in Cameroon from the destabilized Central African Republic could include ex-rebel's fighters. The presence of any ex-militia posing as refugees could have effects on the peace and security of Cameroon's eastern border regions. The most recent crisis now that have had serious negative impact on Cameroon's tourism and cross-border commerce is the titled" Anglophone Crisis" which started in 2017 has scare away investors from investing in Cameroon.

On the domestic level, President Biya's eventual succession creates many questions for Cameroon's future stability. If President Biya vacates office unexpectedly, the president of the newly created Senate will become the interim president until the country can hold new elections.

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[44] . See http://www.cbf-cameroun.org/en/?page_id=27.

Uncertainty prevails as to whether such a smooth transition would occur.

Corruption as a weakness at the level of establishment and operational phases of investment

Corruption is endemic in Cameroon, which consistently ranks as one of the most corrupt countries according to Transparency International's Corruption Perceptions Index. The GRC claims to work towards lowering levels of corruption. Transparency International and other international NGOs have an active presence in Cameroon[45].

Despite government efforts to fight corruption of top public officials, the GRC remains hesitant to implement a constitutional provision requiring government officials to declare their assets. Some steps the GRC has taken to fight corruption include signing and ratifying the U.N. Convention against Corruption (UNCAC). In November 2004, the GRC published new anticorruption measures for public contracts. In 2011, the GRC validated its national anti-corruption strategy; the President established the Special Criminal Court to prosecute corruption cases of state officials and the GRC created a special ministry dedicated to government procurement.

Additionally, in 2011 Cameroon's Anti-Corruption Commission (CONAC)[46] published its first report. Anti-corruption committees exist in all government establishments. Despite these initiatives, corruption shows no sign of abatement. Corruption raises the costs and risks of doing business. Numerous companies and investors consistently highlight the corrosive impact of the pervasive corruption on both market opportunities and the broader business climate in Cameroon. It deters foreign investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

Protection of Property Rights

Secured interests in property are recognized, although adjudication of property disputes can be lengthy. The concept of mortgages exists in Cameroonian law and a title is the legal instrument for registering such security interests. In practice however, some lenders report extensive delays in obtaining court rulings to enforce their claims on assets given as collateral. Cameroonian law, particularly the April 2013 Investment Incentive Law, provides foreign and domestic investors with property rights protections that substantially comply with international norms and do not discriminate between foreign and domestic firms. However, Cameroonian courts and administrative agencies have a penchant to favour domestic firms and are suspected of corrupt practices.

Between 70 and 90% of Cameroon's economy is informal. Agriculture is overwhelmingly informal and other sectors such as manufacturing are slightly less so. According to the Ministry of State Property and Land Tenure (MINDAF), less than 2% of the land in Cameroon is registered or titled. Most land is held and managed informally through local tenure arrangements—often a combination of statutory and customary tenure rules. They form a complex, locally-specific, and sometimes malleable set of rules that creates uncertainty, fosters land conflicts, and hampers local development. By law, all untitled land in Cameroon belongs to the State. Proof of private ownership to obtain a land certificate is demonstrated by actual occupancy and exploitation of land. In fact, a land title is the only legal means of holding land rights.

In 2005, the government decentralized and simplified the titling process to address certain barriers, but with limited results so far. According to the 2014 World Bank's Doing Business Report,

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[45] Watchdog organization monitoring corruption
Transparency International (TI), Cameroon Roger Ngoh Yom, Executive Director Nouvelle Route Bastos, rue 1.839 P.O. Box 4562 Yaounde, Cameroon Telephone: (+237) 2220-6022 Email: ticameroon@yahoo.fr Website: http://www.ti-cameroon.org http://www.transparency.org

[46] Government agency or agencies responsible for combating corruption.
National Anti-Corruption Committee (NACC, or CONAC in French)
Rev. Dieudonné Massi Gams, Chairman P.O. Box 33200 Yaounde, Cameroon Tel: (+237) 2220-3732 Email: infos@conac-cameroun.net http://www.conac-cameroun.net/en/index_en.php

Cameroon moved up in its ranking for registering property from 160 to 150th position. It apparently takes on average 86 days to follow the five procedures and costs 19% of actual property value to register property in Cameroon.

Intellectual Property (IP) Rights

Cameroon is a member of the 16nation African Intellectual Property Organization (OAPI in French), which is a member of the World Intellectual Property Organization and offers patent and trademark registration in cooperation with member states. Patents in Cameroon have an initial validity of ten years. They can be renewed every five years upon submission of proof that the patent was used in at least one of the OAPI member countries. Without continued use, compulsory licensing is possible after three years. Trademark protection is initially valid for 20 years with renewal possibilities every ten years. Cameroon is also a party to the Paris Convention on Industrial Property[47] and the Universal Copyright Convention. Registration bodies include the Cameroon Musical Arts Corporation (SOCAM, in French) for music, the Copyright Corporation for Literature and Dramatic Arts (in French, SOCILADRA) which covers literature and software production; the Copyright Corporation for Visual Arts (in French, SOCADAP) for paintings; and the Copyright Corporation for Audio-Visual and Photographic Arts (in French, SCAAP) for audio-visual and photographic production. The internet and the availability of satellite television have created new challenges for Cameroon copyright institutions[48]. Despite the existence of a regulator which supervises the internet and telecoms sectors, the country lacks expertise in oversight and policing of internet downloading and the illegal copying and distribution of foreign television programs.

Enforcement of IP rights is constrained by corruption, cost, a rudimentary understanding of IP rights among government officials, and a lack of public respect for copyright laws. Software piracy is widespread and pirated DVDs are common. Cheap pirated materials are believed to originate from Asia and Nigeria. Cameroon is taking steps to implement the World Trade Organization's TRIPs agreement. The United States Patent and Trade Office (USPTO) provided training on intellectual property rights protection to Cameroonian officials (including customs officers, magistrates, and civil servants) in 2011. Cameroon is not listed on the Special 301 report as a notorious market.

Transparency of the Regulatory System

Although Cameroonian business laws exist, their implementation can be challenging. [49]Under the current legal system, both local and foreign investors, including some U.S. firms, have found it complicated, time-consuming, and costly to enforce contractual rights, protect property rights, obtain a fair and expeditious hearing before the courts, or defend themselves against frivolous lawsuits. Implementation of the OHADA law – in force since 2000 – in French-speaking Cameroon has been satisfactory for some investors. The Anglophone regions of Cameroon, with business law arising

[47]Rodrick NDI (2017), Trademark Counterfeiting and the Protection of Consumer within the African Intellectual Property Organization: Case of Cameroon, Master Dissertation, Faculty of Law and Political Science, University of Dschang (Unpublished), pp. 14-27.

[48] US Department of State American Chamber of Commerce in Cameroon (AmCham) http://www.amchamcam.org PP. 11- 12
Post's public list of local lawyers: http://yaounde.usembassy.gov/key-business-links.html

[49]Cameroon is a member of UNCTAD's international network of transparent investment procedures: http://www.eregulations.org/. Foreign and national investors may be able to find detailed information on administrative procedures applicable to investment and income generating operations including the number of steps, name and contact details of the entities and persons in charge of procedures, required documents and conditions, costs, processing time, and legal bases justifying the procedures for the following regions: Garoua, http://garoua.eregulations.org/,Douala,http://douala.eregulations.org/andYaoundé,http://yaounde.eregulations.org/.

from common law, have sometimes shown resistance to implementing OHADA.

The GRC does not publish draft laws for public comments prior to action by the National Assembly and Senate, the country's legislative bodies. However, the GRC has created the Cameroon Business Forum, an initiative of the IFC, to help brainstorm on business reforms which could improve the business climate, although only a small portion of suggestions have been enacted.

Efficient Capital Markets and Portfolio Investment

The Douala Stock Exchange (DSX) regulates Cameroon's nascent capital market. Only three companies are listed on the DSX: The Cameroon Palm Oil Plantation of Cameroon (SOCAPALM), the African Society of Agricultural and Forest Cameroon (SAFACAM), and the Mineral Water Company of Cameroon (SEMC). On the fixed income segment, the DSX listed one Cameroon government bond and a multilateral bond issued by the Development Bank of Central African States. The Cameroon Security and Exchange Commission (SEC) is the supervisor of market operations and compliance. The SEC has regulations against security fraud, but no enforcement powers. Thus there is no protection against insider trading, market price collusion and other security fraud such as Ponzi schemes and broker embezzlement. Companies do not feel compelled to release their accounting data and the non-availability of financial statements poses serious problems.

Cameroon has a credit rating of "B" from Standard and Poor's, implying that Cameroon is still vulnerable in the near-term to adverse business, financial, and economic conditions.

Liquidity, Credit, Banking System, Hostile Takeovers

Cameroon has 13 banks and over 600 micro-finance institutions. The banking sector is regulated by the Central Africa Banking Commission (COBAC). On a positive note, the IMF in 2013 deemed that both return on assets (ROA) and return on equity (ROE) showed comfortable rates of return over the past decade, despite a fall in net income at the system-wide level since 2009, reflecting difficulties experienced in four problem banks. On the other hand, banks are highly liquid. With the exception of a small dip during the 2009 global financial crisis, bank liquidity has steadily increased.

Describing the banking sector in Cameroon as highly concentrated and shallower than the expected benchmark, the IMF notes most banks, especially the locally-owned banks, are heavily undercapitalized with capital adequacy ratios of less than eight percent. The IMF also indicated that the profitability of Cameroon's financial institutions meets the expected structural benchmark and the sector outperforms its peers in other countries in terms of liquidity. However, the picture is mixed in terms of inclusiveness. Cameroon underperforms in terms of access to banking services, notably credit availability to retail and small and medium-size enterprises. Although small-scale saving and borrowing needs are met by micro-finance institutions and the informal sector, 95% of Cameroonians do not have access to formal financial services.

Monopolies and Competition from State-Owned Enterprises

Despite private sector in-roads, state-owned companies continue to exert virtual monopolies in certain economic sectors and sometimes distort the competitive landscape. For example, Cameroon Telecommunications (CAMTEL) has exclusive control over all national telephone and internet infrastructure, including fibre optic cables and the telephone network. CAMTEL is also expanding into the retail mobile sector, internet services, and even sales of mobile phone handsets.

Another vivid illustration can be found in the oil and gas sector where extraction, refinery, storage, and distribution are largely controlled by the State through five public companies. Downstream, Tradex has been able to grab 30% market share in by using State resources to expand. Similar virtual monopolies and competitive distortions exist in other sectors particularly transport, where the State controls the majority of infrastructure through entities such as CamairCo, the national airline, the Cameroon Rail Network (CAMRAIL), and maritime transportation through CAMSHIP and the Cameroon Shipyard and Industrial Engineering Ltd (CNIC) history has always exposes Cameroons poor management in critical sectors of her economy creating real risks to investment.

Concentration of risk through Cross Holding

Inside the GRC's portfolio of companies, there are intricate cross-holdings whereby various State institutions mutually hold equities in SOEs. Public investors in SOEs include the National Hydrocarbons Company (SNH), the Hydrocarbon Price Stabilization Fund, and the National Social Security Fund which together have stakes in more than 30 SOEs. The largest holdings are controlled by National Investment Company (NIC)[50] with shares in more than 32 enterprises. In 2010, the NIC valued these GRC's stakes to be worth $516 million or 20% of the national annual budget. The most visible consequences of crossholding are ballooning unpaid inter-SOE debts, unpaid taxes, unpaid pension contributions, dependence on State subsidies, and a pervasive risk of bankruptcy contagion and disruption in supply.

Corporate Social Responsibility

Although companies are not required by law to conduct Corporate Social Responsibility (CSR) activities or disclose when they choose to do so, the concept is gaining ground. Many domestic and international civil society groups are also actively promoting the benefits of CSR. The GRC encourages foreign and local enterprises to help communities in which they operate and also to respect global standards for human rights in business.

In terms of measures put in place to ensure that environmental, social, and governance issues are factored into business decision-making, Cameroon has a law requiring companies to conduct a social and environmental impact assessment (SEIA) for all large business projects[51]. The GRC generally attempts to comply with this law in largest national infrastructure projects. These laws, as well as labour regulations, in theory cannot be waived although they are not always enforced.

Bilateral Investment Agreements.

Cameroon has investment and/or bilateral investment protection agreements with the European Union, Canada, China, Japan, Russia, South Korea, and the United States. Similar agreements also exist with other countries in Africa, Asia, Latin America, and Eastern Europe.

Cameroon does not have a bilateral taxation treaty with the United States.

The U.S. Senate ratified a Bilateral Investment Treaty (BIT)[52] between Cameroon and the United States in 1986, and it entered into force in 1989. While the original time frame for the agreement was 10 years, it is renewed automatically under the terms of the treaty. The United States invoked the BIT both in 1997 and 2004, and Cameroon acquiesced in cases, agreeing not to implement legislation contrary to the treaty and avoiding lengthy dispute resolution.

Cameroon does not have a Free Trade Agreement (FTA) with the United States save for preferential trade facilities under the African Growth and Opportunities Act (AGOA).

New labour related laws or regulations affecting investments

There is no new labour related laws or regulations. However, in recent years, Section 42 of the Cameroon Labour Code has posed some challenges to foreign companies selling their assets in Cameroon. Section 42(2) (b) allows employees or their labour organizations to demand compensation from the selling entity in advance of the sale of the

[50] Nshom G.K (2017). Protection of Foreign Investment Against Risk lecturers notes on Investment Law ITILA University of Dschang PP 42-46

[51] Law N° 96/012 of 5August 1996 Op cit. EIA

[52] Department of State: June 2014 Investment Climate Statement PP 17& 18

asset[53]. They may ask for termination of their contract and severance pay prior to the transfer, knowing that the new acquirer will likely hire them or will need their acquired experience. In sectors where human resources costs are high, the practice can make it difficult for foreign investors to divest.

Foreign Trade Zones/Free Ports

Cameroon currently has no designated foreign trade zones or free ports. It however has an Industrial Free Zone (IFZ) regime applicable at any location through "industrial parks" or "single-factory" zones. Created in 1990[54] to promote internationally competitive export industries, the IFZ regime creates certain broad regulatory and tax exemptions for investors. To qualify for IFZ status, the goods or services must not have detrimental effects on the environment and enterprises must export 80% of production.

The National Agency for Industrial Free Zones is the regulatory body that oversees and administers Cameroon's IFZ program. A number of Cameroonian companies, particularly in Douala-Bonaberi Industrial Zone, are currently benefitting from limited tax advantages linked to the IFZ regime.

Weaknesses on dispute settlement

Despite the euphoria of dispute settlement provided by the code as an incentive to investment in the country, there is a weakness of this law at the level of procedures for the settlement of such disputes. This means that the law is silent on this part. Probably, the code does not provide any detailed provisions to the settlement of investment disputes[55]. The code simply states that the Republic of Cameroon has opted for

> *''the quest for an appropriate institution and regulatory framework to guarantee the security of investments, provides support to investors, and ensure fair and prompt settlement of investment-related as well as commercial and industrial disputes"*.

Equally, institutions that can ensure fair and prompt settlement of investment related disputes in accordance with the above commitment is omitted by the code.

The judicial system in Cameroon is extremely unreliable, rife with corruption, and notoriously slows. While the laws as written in theory protect investors and contractual rights, courts often fail to follow the law and create the impression that they act corruptly. The judiciary arguably lacks independence, as all magistrates and judges are appointed by the President of the Republic, the chief executive.

Cameroon's legal system is particularly slow in adjudicating matters. Litigants regularly express dismay at the pace at which it handles disputes. Hearings can be delayed multiple times by the failure of one party to appear. The court often takes no action to end disputes stretching then out for years. Plaintiffs in frivolous lawsuits can use these delay tactics as a method of harassment and can cause their opponent to incur significant legal fees by delaying hearings dozens of time for years on end. Another common tactic involves bringing frivolous criminal charges against an opponent in a commercial dispute.

RECOMMENDATIONS

Suggestions for Promoting Foreign Investment in Cameroon

Development of the Strategy for Investment Promotion for Improved Policy Effectiveness.

The Government of Cameroon has developed basic set of policies and legal documents to facilitate private investment. Some key issues such as non-discrimination between domestic and foreign investors, investor protection as well as the

[53] See The Cameroon's 1992 Labour Code Sections 42(2)(b).
[54]Nshom G.K. Op cit PP 35-37.
[55] Nshom G. K. (2017/2018), Lecture Course on Investment Law, Faculty of law and Political Science, University of Dschang, (Unpublished), p. 51.

provision of incentives are already encompassed in the key laws such as Investment Charter Law Investment Charter Law (Law no 2002/004) and Investment Incentives Law (Law no 2013/004). However, it does not fully target the sectors or types of investment from the aspects of industrial development and export promotion. Policy measures are not selected in order to have maximum effects.

The strategy for improving competitiveness as an investment destination of targeted sector can be first developed, while the general business environment is to be improved in order to build up broad-based and private sector-led production or service provision basis.

For example, investment promotion targeting the industries for domestic and regional market can start from active promotion using the information on the details of specific industries on market and distribution networks and possible partner companies. The purposes of such activities are to call for attention and awareness of potential investors toward Cameroon. Starting business and establish contacts with potential investors may be first required at this stage. The efforts of improving general business environment may then be able to provide some sense of stability, predictability and reliability to the investors for the further investment. It should be noted that this type of step-wise investment promotion requires more attention than the fiscal incentives. Potential investors are collecting information through trade and business activities prior to the direct investment. Therefore, broad-based improvement in business environment is critical in the long run.

Public and Private Dialogue for Investment Promotion

The strategy for investment promotion and improvement of business environment may be more effective through the fruitful public and private dialogues. Such dialogues can provide more information on detailed and critical business issues as well as structural issues of industries which cannot be captured in the aspects covered by Doing Business. Thorough review of the process and the outcomes of the Cameroon Business Forum (CBF) should be the basis for the improved dialogue. More stress should be put on the ownership of the Government with clear understandings of the goals of the dialogues. The process should follow basic principles in order to be effective. Especially,

(i) Communication between public and private, and

(ii) Commitment of line ministries in charge of the specific issues with the budgetary back up is pre-requisite for the successful outcome.

In the framework of CBF, the Office of Prime Minister has taken the initiatives for actual implementation of the necessary reforms. On the other hand, some people observed that the commitment to the reform varies among the ministries. Reviewing some success stories across the world, the reform for improving business environment requires both the leadership with the commitment with higher level of the Government and effective ways of monitoring and feed-back mechanism which can incentivize the actors in charge for the reform.

Infrastructure and Institutional Development for Building Competitiveness

Trade Logistics

Cameroon naturally has potential to be a hub for logistics and manufacturing and service industries based on the comparative advantage in economic and geographical position in the regional economy. However, the current transport infrastructure in Cameroon starting from the Port of Douala is not in a condition to capture the potential demand. With the newly developing infrastructure such as the ports in Kribi and Limbe, reduction of the time and cost should be promoted. Infrastructure development should take multi-modal transportation network into consideration for facilitating industrial development.

For example, the connection between two new ports and Douala with the largest industrial center may be still important for the time being before the industries may be located around Kribi and Limbe in the future. Therefore, the road and sea transport network will play an important role. Not only the good infrastructure development but the price setting of the various transportation services including feeder services between ports should also be strengthened to provide cost competitive pricing.

The umpire one-stop-shop should be restructured in an inclusive manner where investors can find all the investment promotion agencies, ministries concern, law firms, and trained staff of the one-stop-shop in investment procedures. This is an exemplary structure of the Benin one-stop-shop. This is because the bringing together of these bodies will enhance and eases investment procedures at the establishment and operational phases, leaving the investors very encouraged.

In terms of the trade-related administrative processes, GUCE functions may have more room for improvement. A current effort of introduction of e-processing is a good start. The progress of simplification and the responses from the users can be tracked and improve the system further.

Facilitation of Easy Access to Industrial Sites with Good Business Environment

The Government of Cameroon has completed preparation of the basic legal framework for setting up the special economic zones (SEZs). However, the implementing bodies in the Government have not been established. As seen in the example of MAGZI, well-prepared industrial sites at the favoured locations can attract the demand. While it is difficult for business to avoid various administrative controls which may sometimes induce corruption if operating in the normal circumstances, certain areas may be allowed to exclude some administrative requirements. SEZs with such arrangement may be attractive both for domestic and foreign investors.

While it is necessary to target some key investments and provide the favourable operational environment, it is also noted that any policy instruments with the fiscal incentives and government investment can impact on the government financial situation. As seen in the Investment Incentives Law (Law no 2013/004), it is also important to design the implementing organizations which can function without cumbersome processes.

Capacity Building for Formulation and Implementation of PPP Projects

Infrastructure development may be largely promoted through the strengthening private sector participation and partnership. As infrastructure projects tend to be large-scale, it is important to manage the risks. Formulation of the viable projects, quick decision making, and easy and fast process of administrative requirements may be contributing to increase the predictability of the project implementation process and management so that the risks can be reduced.

Strengthen the Government's Capacity of Investment Promotion

Reviewing and Streamlining Investment Promotion Policies

Cameroon has multiple policies and institutions to promote investment promotion. While each has its significance and targeted impact, the diversity may not be effective as they are not functioning as they are expected. Therefore, it may be advisable to streamline the promotion schemes and organizations in charge and to concentrate on some key mechanisms for resource allocation. In case that it is difficult to manage organizationally, the coordination among the institutions with necessary information sharing and delegations may be necessary. For example, the streamlining flow and expediting may be considered for investment incentive approval under the Investment Incentives Law (Law no 2013/004). Other licenses are required for undertaking various types of economic activities. These licenses are under the mandates of various entities. Therefore, major preparation may be required first to embark on the streamlining. Setting up the focal points, periodic information exchange may be the first starting point to identify the possibly entry points for improvement.

Strengthen the Function of IPAs

Improving and Diversifying the Investor Services

The functions of IPAs including API, APME and CARPA should be strengthened in order to undertake the critical tasks starting from information dissemination, project formulation, support for administrative process before and after obtaining approval of investment incentives, and aftercare services. It requires human resource development, organizational capacity building, and financial resource allocation. As explained in the chapters supra, it was observed that the approval of investment incentives provided under the Investment Incentives Law (Law no 2013/004) was granted not only for totally green field investment but some existing investors. In order to increase the effectiveness of the law to attract the targeted types of investment, more active approach for attracting new investors may be necessary.

First, image building of Cameroon, proactive information dissemination and promotion activities are critical tasks.

Second, IPAs' accessibility and user-friendly service provision is also required. For investors, IPAs may be the first contact in Cameroon starting for them to explore entering the country. Therefore, IPAs should build their capacity with adequate level of resource allocations as well as the mandates and power to perform effectively.

The Government of Cameroon may first need to confirm the missions and mandates of IPAs and to set adequate guidance and directions for their operation with performance targets before embarking on the capacity building of these IPAs.

Reinforce Capacity for Information Collection and Dissemination

Through my research, it was found that the collection on necessary information for investment and business operation is time-consuming. It is a generically observed problem for many African countries. It takes some time and effort to identify latest and necessary legal and administrative documents because we are denied access since Cameroon is not having and honest economy thus having faulty results leading to underdevelopment. These types of information are important for the potential and new investors as well as existing business operators.

Improved access to the latest legal documents may be also facilitated through the effective announcement of changes occurred across various government entities. As a part of the after care provided by API, accumulating such information and building some reference functions as well as information sharing based on the inquiry may be considered.

Strengthen the Dialogue between Public and Private Sectors for Effective Policy Formulation and Implementation

Investment promotion agencies (IPAs) such as API play the role of absorbing the views and voices of investors through providing investor services including information dissemination and administrative processes Therefore, these institutions should be more active both in accumulating information on the perception of investors and the private sector, in coordinating both sides, and in advocating and formulating the necessary policies. In order to function as such institutions, API and other relevant institutions must have an effective status and mandates as well as allocation of optimal human and financial resources.

Public expenditure and private investment in Cameroon

The value-added ratio (VAR) results also show that public expenditures insignificantly crowds-in private investment in Cameroon, the implication is that government activities foster the growth of the private sector but we observed that in Cameroon it is insignificant. Therefore, for public investment to sufficiently crowds-in private investment in Cameroon, efforts need to be accelerated in the following areas: decentralisation with the elimination of structural rigidity such as the number of check points as a way of facilitating the movement of goods and people in Cameroon. Furthermore, government investment should be concentrated in the areas of infrastructural development and maintenance, education and research, industrialization and security at the expense of superfluous expenditure which are political driven with little or no economic consideration. The interest rate is also observed to be very high and different banks charged different interest rates in Cameroon, harmonisation of interest rates is needed. Also, tax concession and tax incentive are recommended to investors depending on the number of employees of such organisations. Increase in public expenditures in the real sectors is expected to have an accelerator effect on rising private investment and raising the investment to GDP ratio of Cameroon. Government and private sections participation in real sectors development is complementary, thus recommended for effective and efficient development in Cameroon.

Inclusion of law firms as an enforcement strategy at the establishment and operational phases

There should be the inclusion of law firms to facilitate investors commercial transactions, the leasing of commercial premises, the floating or promotion of commercial companies taking all its accounting and fiscal aspects into consideration. On the other hand, when the business is moving badly, the law firm can provide solutions to the issue at hand. Preventive measures, collective procedures of clearing debts, securities, simplified recovery procedures and even court actions are some of the measures used. It is for this reason we recommend that in order to resolve investment disputes, instead of using the arbitration committee which might take long to get competent arbitrators in the domain; the dispute should be referred directly to the existing organised administrative court of the host country.

To conclude, since the Investment and Tax Codes are seemingly clear, the government and its execution structures have to be certain, fair, transparent, flexible and Judiciously implemented so that the promoters can understand. It should not be allowed at the discretion of the different Administrators should corruption can gradually take its doom. An exemplarily case of fair and certain codes is the American Tax and Investment Incentives Codes.

Also, precaution should be made so that the investors obtain their licence per credentials and not per personal relationship with the government of the host country. Again, businesses must be regulated in a way that the investors can understand the system from the applicable books or texts and not from word of mouth.

As if that is not enough, other countries have tax courts but Cameroon has not gotten any so our humble proposal here is that Tax courts should be created, we now have Audit courts but no Regional, Divisional tax Courts and special business courts. In this light, magistrates should be trained in handling special business disputes.

In other to enable the advancement of economic activities in Cameroon, matters arising from the violation of the Tax Code and breaching of Investment incentives rights should be channelled to the Administrative Courts. “You cannot be a complainant and a judge at the same time”.

For further enhancement, the Cameroon government should Construct Regional One-Stop-Shop Umpires composing of all the institutions responsible for establishment and operational phases of investment in Cameroon and the introduction of Legal Commercial Lawyers to orientate Investors on the laws and procedures of operating investment in Cameroon and also protect their rights in case of any dispute that may arise. The government also have to employ trained employees or expert in the domain of investment and the management of its available incentives and are very receptacle to the challenges faced by Investors in the different phases.

We hereby solicit the government of the Republic of Cameroon to adopt all these recommendations and put it into effective implementation wherein we are at their service for consultancy.

CONCLUSIONS

Overall Evaluation of the Situation of the Paradox of Investment Promotion Incentives in Cameroon.

Political and Economic Background

Under the long-term Biya administration, Cameroon has maintained political and social stability. However, unpredictable future prospects due to the aging President and future transition are regarded by the business community as significant risk factors in the future. Despite the stability, the situation of governance has not been well perceived: Cameroon's positions in comparison in the regions on such issues as rule of law and corruption has not been necessarily high. In terms of the area of security, terrorism poses large concerns around the areas bordered with Nigeria.

While Cameroon's dependency on the oil in national income is relatively lower than the rest of CEMAC members, the risk rating by IMF was raised in the debt sustainability analysis in 2015.

The resource of the competitiveness of Cameroon, which is part of its investment potentials, includes the diverse natural environments existing in the country with mineral, forestry, and other natural resources endowments as well as existing agricultural production. The country has population of 24 million which has recorded a growth rate of 2.5% per annum in recent years. The continuous growth of both domestic market and the labour force are expected. Trade is larger now with the emerging markets such as China than European countries, the traditional trade partners. The ratio of trade with regional partners is limited. Trade with Nigeria, the regional giant, has been maintained although a significant portion may be assumed to be informal. In terms of the industrial structure, Cameroon has some established production and exporting value chains of mineral resources and agricultural products. Some are predominantly operated by state-owned enterprises as seen in the cotton sector. Some domestic capital is also operating such industries as food processing and trading including wholesale/retail. Recently, multiple foreign operators have entered into the communication sector. In the banking sector, African regional banks have been providing services in addition to the existing European banks.

Foreign investors in Cameroon are categorized based on the analysis.

The first type of investment is "horizontal type" because it is estimated that Cameroon will continuously increase its population and purchasing power, which leads to the economic growth. This investment type aims at the access to the market: They set up the production and/or marketing channels in the investment destination. In Cameroon, it may be a type of investment regarding growing population with stronger purchasing power. The criteria of investment decision are possibility of seizing market access with the satisfiable scale of economy. It is especially important for production. The population of Cameroon is smaller than Nigeria. In the long-run, economic integration in the areas along the Gulf of Guinea including CEMAC and ECCAS can contribute to the investment potentials of Cameroon.

Project on Supporting Investment Promotion in Africa Data Collection Survey on Investment Promotion in the Republic of Cameroon

One type of the investment observed recently is the case where a trader started the sale of motor cycles and eventually went to the assembling. This type of investment takes step-by-step approach to secure market and distribution networks. Another type is merger and acquisition. A large-scale beverage company bought the operation of an existing local company. In case of a new product to be introduced in Cameroon market, existing channels of similar goods may be utilized.

Combination of services such as maintenance services and financing may be able to induce the demand.

In Cameroon, distribution channels of some products including general consumer goods have been established and under the control of a few dominant entities, either foreign or domestic capital. In such areas, the market may be segmented and served by specific marketing channels for distribution. Apart from consumer goods, products such as heavy equipment and machinery are, for example, sold through European distributers to the large-scale users such as government entities and large-scale farmers. On the other hand, despite the support by the Government and donors, it may take some time to form the supporting industries by existing SMEs to have linkages between large-scale industries.

In the banking sector, French- or British- origin multinational banks mainly provide trade finance, whereas the large portion of the population including the vast majority of small and medium enterprises only has access to informal finance. In some areas where state-owned enterprises (SOEs) have their significant market share, the entry into the market with the partnership with such SOEs may encounter the control or influence of the Government.

The second type of the foreign direct investment may be the "vertical" type. The production or service provision sites established through this type of investment are a part of the vertical chain to create the products or services. In many cases, the invested sites products goods for export to the third countries. In this type of investment, the situation of cost factors is important criteria when investors select the investment destinations. Production sites for many manufactured goods may fall into this category. Taking the example of textiles and garments, Cameroon is granted duty and quota free access to the US market under AGOA. However, AGOA has been utilized only on a limited basis.

This Survey could not identify the detailed background, but one of the reasons for limited investment in the garment sector may be the cost incurred by the logistics. In the garment industry, it is important to procure various types of raw materials and parts promptly in order to meet the fast-changing market demand. Such materials and parts are mainly sourced from Asian countries. Textile and garment industries have to be competitive enough with Asian countries by pushing down the various aspects of costs including labour, logistics, utilities and so forth. At the same time, Cameroon also has to compete with the other African countries that are also granted with same favoured access to the large markets and located and endowed with similar competitiveness factors.

Apart from two categories mentioned above, access to the natural resources and primary commodities may be another pattern. It may be more typical and traditional for African countries including Cameroon. Those products with established value chains up to the final market abroad typically fall into this category. In the recent trend, other natural resources may be exploited through investment in areas such as hydropower generation projects and access to the less utilized or new resources taking advantage of biodiversity. REDD++ has been introduced where conservation of forestry resources and economic development are attempted.

French EDF, IFC and the Government of Cameroon launched the Nachtigal Hydro Power Company and the project. Other IPP projects have been also announced by the private financiers. The Government has been proposing a few other PPP projects for power generation. In 2011, the first REDD+ project was announced. Also, it can be possible to acquire or inject some capital in a whole supply chain (e.g. from agricultural production to export).

Evaluation of Business Environment

In interviews with enterprises, the informal sector was raised as a problem. While the formal sector is vulnerable from harassment by tax officers who are pressurized with raising revenue, the informal sector evades paying tax. Where the entry into an industry is easy, informal players start business and take some share of formal business. One of the root causes of this situation may be found in the lack of incentives for enterprises to be formalized. Regarding the tax pressure and the distrust of public servants as regards the tax, enterprises may select to remain informal. Due to the smallness of the formal sector, the harassment and pressure may be concentrated in a limited number of formal sector companies.

Such situation where fair competition is not secured may be regarded as an environment where profit is less likely to be generated. The risk of doing business may be further perceived to be high. Consequently, potential investors may be less attracted with Cameroon as an investment destination.

The Government has set up One-Stop centre company registration. Support to SMEs is also provided. These measures aim at reduction of the burden for establishing companies and continuous operation of SMEs. Tax rates are generally higher in an international comparison. Collecting tax is also pointed out as an issue to be improved.

Transport and logistics are also a problem which impacts the business environment. One of the major bottlenecks is the handling capacity of the Port of Douala. However, institutional aspects such as customs duty and other fiscal requirement and administrative process involved in international trade should be also regarded as the burden for business.

Evaluation of Laws and Institutional Arrangement for Investment Promotion

Cameroon has some basic laws for securing the equal treatment of domestic and foreign investors, and investor protection. Investor promotion measures implemented so far have four major pillars: namely, fiscal incentives for private investment, incentives to PPP projects, direct involvement of the Government by provision of capitals, and industrial site development and management.

Evaluation on the Efforts for Improving Business Environment

Cameroon Business Forum (CBF) was set up as a forum for a dialogue between public and private. The Prime Minister-led dialogue mainly discussed the issues along the lines of Doing Business and identifying the problems and mitigating measures as well as the action plans which were monitored and reported to the subsequent CBF.

While the Government side stakeholders evaluate the outcomes positively, the private sector and development partners evaluated as it requiring improvement especially on the attitudes of the Government toward the private sector and the implementation process. Since it is a good start for having continuous dialogue, CBF should be re-organized to be a platform for promoting effective communication.

Investors shift the sites of production or service provision from their country of origin or third countries to the countries where they sell the products and services.

In Cameroon, for example, a motorcycle manufacturing facility was under preparation for the assembling instead of importing the complete goods. In order to support such investment, connectivity in the regional market will be the key strategy in the mid- to long-term for offering broader market access. In the shorter term, any support to reduce the costs for operation will contribute to increase attractiveness as an investment destination.

Before direct investment, investors tend to start from trade and sales through their agents in order to be familiarized with the market. After knowing the market with the projection of raising profits, they may gradually consider further investment. As there are some key local distributors in certain products with already established channels, investors may choose partnership with such companies.

With all this Cameroon wants to be seen at every International Convention but internally we are Investment empty. An English man will always say "when there is crisis it means the stomach is empty".