

DOING BUSINESS 2012-ECONOMY PROFILE: CAMEROON

DOING BUSINESS IN A MORE TRANSPARENT WORLD

INTRODUCTION

Doing Business sheds light on how easy or difficult it is for a local entrepreneur to open and run a small to medium-size business when complying with relevant regulations. It measures and tracks changes in regulations affecting 10 areas in the life cycle of a business: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency.

In a series of annual reports *Doing Business* presents quantitative indicators on business regulations and the protection of property rights that can be compared across 183 economies, from Afghanistan to Zimbabwe, over time. The data set covers 46 economies in Sub-Saharan Africa, 32 in Latin America and the Caribbean, 24 in East Asia and the Pacific, 24 in Eastern Europe and Central Asia, 18 in the Middle East and North Africa and 8 in South Asia, as well as 31 OECD high-income economies. The indicators are used to analyze economic outcomes and identify what reforms have worked, where and why.

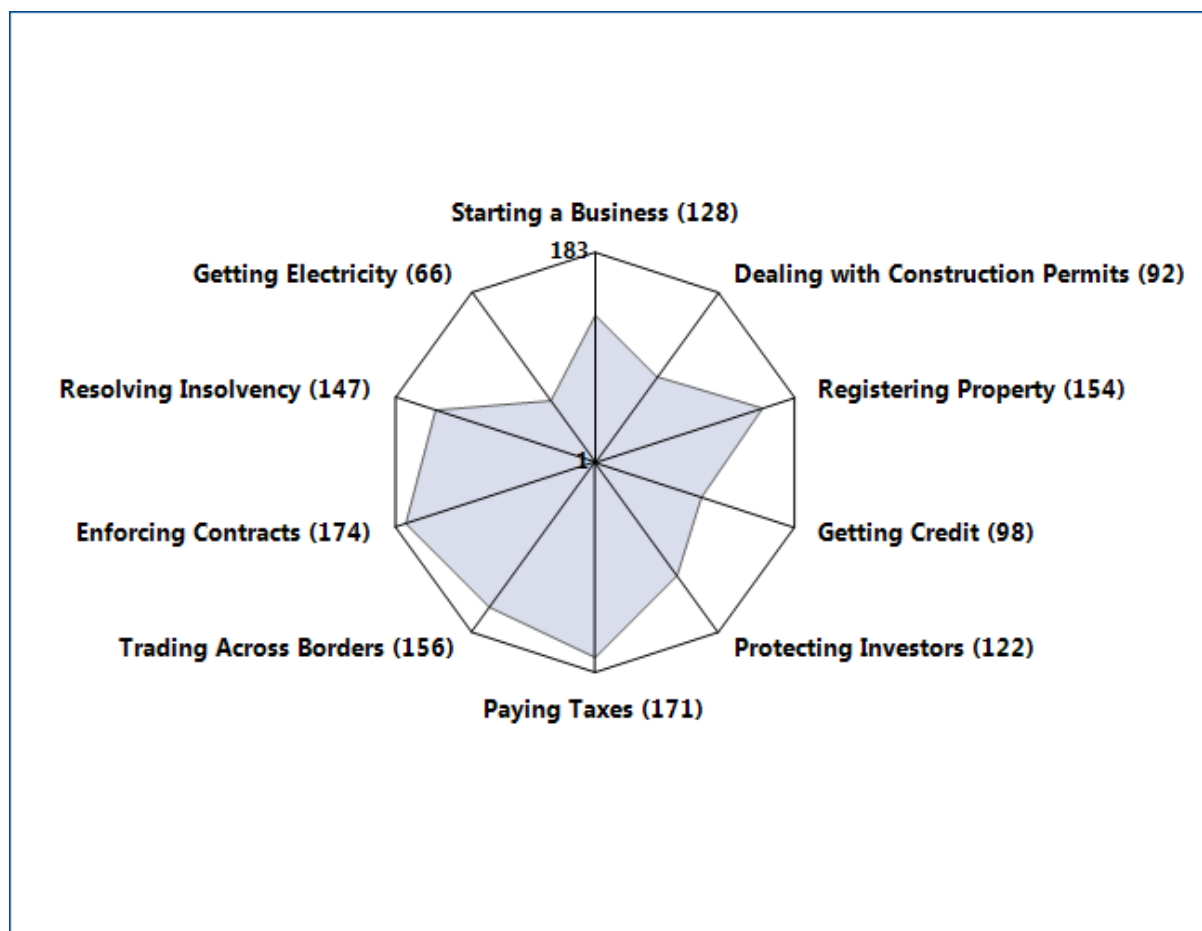
This economy profile presents the *Doing Business* indicators for Cameroon. To allow useful comparison, it also provides data for other selected economies (comparator economies) for each indicator. The data in this report are current as of June 1, 2011 (except for the paying taxes indicators, which cover the period January–December 2010).

The *Doing Business* methodology has limitations. Other areas important to business—such as an economy's proximity to large markets, the quality of its infrastructure services (other than those related to trading across borders and getting electricity), the security of property from theft and looting, the transparency of government procurement, macroeconomic conditions or the underlying strength of institutions—are not directly studied by *Doing Business*. The indicators refer to a specific type of business, generally a local limited liability company operating in the largest business city. Because standard assumptions are used in the data collection, comparisons and benchmarks are valid across economies. The data not only highlight the extent of obstacles to doing business; they also help identify the source of those obstacles, supporting policy makers in designing regulatory reform.

THE BUSINESS ENVIRONMENT

For policy makers trying to improve their economy's regulatory environment for business, a good place to start is to find out how it compares with the regulatory environment in other economies. *Doing Business* provides an aggregate ranking on the ease of doing business based on indicator sets that measure and benchmark regulations applying to domestic small to medium-size businesses through their life cycle. Economies are ranked from 1 to 183 by the ease of doing business index. For each economy the index is calculated as the ranking on the simple average of its percentile rankings on each of the 10 topics included in the index in *Doing Business 2012*: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency.

How Cameroon ranks on *Doing Business* topics



Source: *Doing Business* database.

STARTING A BUSINESS

What do the indicators cover?

Doing Business measures the ease of starting a business in an economy by recording all procedures that are officially required or commonly done in practice by an entrepreneur to start up and formally operate an industrial or commercial business—as well as the time and cost required to complete these procedures. It also records the paid-in minimum capital that companies must deposit before registration (or within 3 months).

To make the data comparable across economies, *Doing Business* uses several assumptions about the business and the procedures. It assumes that all information is readily available to the entrepreneur and that there has been no prior contact with officials. It also assumes that all government and nongovernment entities involved in the process function without corruption. And it assumes that the business:

- ❑ Is a limited liability company, located in the largest business city.
- ❑ Conducts general commercial or industrial activities.
- ❑ Has a start-up capital of 10 times income per capita.
- ❑ Has a turnover of at least 100 times income per capita.
- ❑ Does not qualify for any special benefits.
- ❑ Does not own real estate.
- ❑ Is 100% domestically owned.

Underlying the indicators shown in this chapter for Cameroon is a set of specific procedures—the bureaucratic and legal steps that an entrepreneur must complete to incorporate and register a new firm. These are identified by *Doing Business* through collaboration with relevant local professionals and the study of laws, regulations and publicly available information on business entry in that economy.

Summary of procedures for starting a business in Cameroon—and the time and cost

No.	Procedure	Time to complete	Cost to complete
1	<p>A notary public drafts certificate requesting a commercial bank to open a bank account for the new company</p> <p>In practice, banks require that a notary public issue a certificate that the company is in the process of creation (attestation d'ouverture de compte de société en création) before the entrepreneur can open a temporary bank account called "account of company in the process of creation". The banks also require a draft of the company statutes. The registry provides the name-checking service free of charge to notary publics or lawyers/attorneys who have access to the court's information retrieval and relational database.</p>	1 day	No charge
2	<p>Deposit the initial capital in a bank and obtain a receipt</p> <p>Under Article 313 of the Uniform Act (the company law of the Organization for the Harmonization of Business Law in Africa), founders are required to deposit the startup capital in a bank or with a notary.</p>	1 day	No charge
3	<p>Have an attorney/notary or shareholders draft the memorandum and article of association; sign company bylaws before the notary</p> <p>Article 10 of the Uniform Act of the Organisation pour l'Harmonisation du Droit des Affaires en Afrique (OHADA) states that —the articles of association shall be established by a notarial deed or by any other instrument that ensures legal validity in Cameroon where the registered office will be located. Such instrument, together with a certification of the writing and signatures of all parties, should be deposited as originals in a notary's office. They may be amended only by the same procedure.</p>	2 days	2% of the share capital, 19.3% of VAT and XAF 1000 per stamp (6 stamps)
4	<p>Notary or entrepreneur files registration documents to the One-Stop-Shop</p> <p>Notary submits all company documents and forms at the front desk of the Centre de Formalités d'Entreprises-or Business Formalities Center. The staff will register the company with the Registre du Commerce et du Crédit Mobilier, with the Tax Administration and with the CNPS.</p>	8 days	XAF 41,500 for Registration, XAF 6,000 for Quittance, XAF 2000 for stamps (2 of XAF 1000) and

	<p>The following documents are required to file an application with the court:</p> <ul style="list-style-type: none"> - Articles of association (copy). - Location plan of business premises to get exoneration of the Patente. - Criminal record of the directors of the company. - Certificate of nonconviction (normally for nationals or resident aliens who are shareholders). - Photocopy of marriage certificates (if any). <p>The cost depends on initial share capital (according to Article 544 of the Tax Code, or Code General des Impots):</p> <ul style="list-style-type: none"> - Up to XAF 750,000: 2%. - Up to XAF 1.5 million: 1.5%. - Up to XAF 3 million: 1%. - Up to XAF 5 million: 0.5%. - Above 5 million: 0.25%, for a maximum total levy of 2.5 million. Each page of the memorandum and articles of association must also carry the current fiscal year's fiscal stamp (XAF 1,000 a page). - Declaration of regularity and conformity, drawn by the notary public and signed by the incorporators, or a notarized statement of subscription and payment in lieu thereof. 		XAF 6,000 of stamp duties for tax administration (6 of XAF 1000)
5	<p>Publish the incorporation of the company in the legal journal (Cameroun Tribune)</p> <p>The publication fee for announcing the company incorporation in the legal journal is XAF 57,000.</p>	3 days	XAF 57000

* Takes place simultaneously with another procedure.

Source: *Doing Business* database.

DEALING WITH CONSTRUCTION PERMITS

What do the indicators cover?

Doing Business records the procedures, time and cost for a business to obtain all the necessary approvals to build a simple commercial warehouse in the economy's largest business city, connect it to basic utilities and register the property so that it can be used as collateral or transferred to another entity.

To make the data comparable across economies, *Doing Business* uses several assumptions about the business and the warehouse, including the utility connections.

The business:

- Is a limited liability company operating in the construction business and located in the largest business city.
- Is domestically owned and operated.
- Has 60 builders and other employees.

The warehouse:

- Is a new construction (there was no previous construction on the land).
- Has complete architectural and technical plans prepared by a licensed architect.
- Will be connected to water, sewerage (sewage system, septic tank or their equivalent) and a fixed telephone line. The connection to each utility network will be 10 meters (32 feet, 10 inches) long.
- Will be used for general storage, such as of books or stationery (not for goods requiring special conditions).
- Will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).

The indicators reported here for Cameroon are based on a set of specific procedures—the steps that a company must complete to legally build a warehouse—identified by *Doing Business* through information collected from experts in construction licensing, including architects, construction lawyers, construction firms, utility service providers and public officials who deal with building regulations. These procedures are those that apply to a company and structure matching the standard assumptions used by *Doing Business* in collecting the data.

Summary of procedures for dealing with construction permits in Cameroon —and the time and cost

No.	Procedure	Time to complete	Cost to complete
1	Obtain a situation plan from the cadastre	21 days	XAF 100,000
2	* Obtain a recent proof of land ownership A recent proof of land ownership or property certificate can now be obtained from the Ministry of Urban Planning Development (Ministere du developpement urbain). This was previously obtained from the Land Registrar (Service des domaines). Although the official fee is XAF 20,000, applicants often must pay an informal fee to obtain the property certificate.	21 days	XAF 20,000
3	* Obtain a certificate of urban planning (certificat d'urbanisme)	21 days	XAF 40,000
4	* Obtain geo-technical assessment For the geotechnical assessment, the services of a professional certified company are requested. Upon completing soil analysis, the company would produce and sign a report, a copy of which will be included in the building permit application. The permit fee is negotiable.	2 days	XAF 1,200,000

5	Obtain building permit To obtain a building permit, BuildCo must submit four copies of each of the following documents: - Application (stamped, with forms provided by the Douala Urban Council). Require are the fiscal stamp and two communal stamps (timbre fiscal et deux timbre communaux). - Certificates of ownership. - Certificates of urban planning (Certificat d'urbanisme). - Block and location plans (plan de situation et plan de masse). - Site, foundation, roofing, view or elevation, and septic tank plans. - Descriptive estimates. All plans must be signed by an architect accredited by the National Order of Architects (l'Ordre National des Architectes du Cameroun, ONAC). The company hires a structural engineer, accredited by the National Order of Structural Engineers, to develop a structural design that then serves as the execution plan. Because the engineer signs this document, it is not modifiable without his express consent. Although an XAF 1,000 application fee is payable upon submission, the building permit fee is paid upon permit approval. The official time limit for permit approval is 90 days. Afterwards, the silent-is-consent rule applies	45 days	XAF 3,902,800
6	* Receive on-site inspection by the Douala Urban Council This inspection takes place before the building permit approval.	1 day	XAF 15,000
7	* Receive inspection for the septic tank	1 day	XAF 15,000
8	Submit final records of the construction project	1 day	No charge
9	Obtain approval upon project completion The Ministry of Industrial and Commercial Development inspects and approves the project upon completion.	45 days	No charge
10	* Request and obtain phone connection	15 days	XAF 300,000
11	* Request and obtain water connection	45 days	XAF 400,000

* Takes place simultaneously with another procedure.

Source: Doing Business database.

GETTING ELECTRICITY

What do the indicators cover?

Doing Business records all procedures required for a local business to obtain a permanent electricity connection and supply for a standardized warehouse, as well as the time and cost to complete them. These procedures include applications and contracts with electricity utilities, clearances from other agencies and the external and final connection works.

The warehouse:

- Is located in the economy's largest business city, in an area where other warehouses are located.
- Is not in a special economic zone where the connection would be eligible for subsidization or faster service.
- Has road access. The connection works involve the crossing of a road or roads but are carried out on public land.
- Is a new construction being connected to electricity for the first time.
- Has 2 stories, both above ground, with a total surface of about 1,300.6 square meters (14,000 square feet), and is built on a plot of 929 square meters (10,000 square feet).

The electricity connection:

- Is a 3-phase, 4-wire Y, 140-kilovolt-ampere (kVA) (subscribed capacity) connection.
- Is 150 meters long.
- Is to either the low-voltage or the medium-voltage distribution network and either overhead or underground, whichever is more common in the economy and in the area where the warehouse is located. The length of any connection in the customer's private domain is negligible.
- Involves installing one electricity meter. The monthly electricity consumption will be 0.07 gigawatt-hour (GWh). The internal electrical wiring has been completed.

The indicators reported here for Cameroon are based on a set of specific procedures—the steps that an entrepreneur must complete to get a warehouse connected to electricity by the local distribution utility—identified by *Doing Business*.

Summary of procedures for getting electricity in Cameroon—and the time and cost

No.	Procedure	Time to complete	Cost to complete
1	The client applies for electricity connection and awaits estimate of connection fees from AES Sonel Along with the application (that can be submitted only in person), the client needs to submit the following when requesting an electricity connection: <ul style="list-style-type: none">• Location map (« plan de localisation »)• Copy of registered lease agreement (if tenant)• Taxpayer's ID card• Commercial register• Establishing shot ("plan de situation") AES Sonel then inspects the site and prepares an estimate of the connection fees. A contract is signed after the client has paid these fees.	14 calendar days	No charge
2	* The client obtains external inspection by AES Sonel	1 calendar	USD 952.4

		day	
3	The client signs a contract with and obtains external works from AES Sonel In this case, a unit substation is necessary. All material is provided by AES Sonel. Since 26 January 2009, a convention has been concluded between the Cameroonian government and AES SONEL. AES SONEL should provide its new customers with an electricity connection within 5 business days in the case of an extension inferior to 100 meters and within 30 business days (45 calendar days) for an extension superior to 100 meters. In case the connection is not done within the time limits, AES SONEL has to reduce the amount to be paid for consumption of electricity. Some delays still occur in practice.	43 calendar days	USD 19,047.6
4	The client obtains meter installation and final connection from AES Sonel When the works are completed, AES Sonel installs the meter.	10 calendar days	XAF 712,409.9

* Takes place simultaneously with another procedure.

Source: *Doing Business* database.

REGISTERING PROPERTY

What do the indicators cover?

Doing Business records the full sequence of procedures necessary for a business to purchase property from another business and transfer the property title to the buyer's name. The transaction is considered complete when it is opposable to third parties and when the buyer can use the property, use it as collateral for a bank loan or resell it.

To make the data comparable across economies, several assumptions about the parties to the transaction, the property and the procedures are used.

The parties (buyer and seller):

- Are limited liability companies, 100% domestically and privately owned.
- Are located in the urban area of the economy's largest business city.
- Have 50 employees each, all of whom are nationals.
- Perform general commercial activities.

The property (fully owned by the seller):

- Has a value of 50 times income per capita. The sale price equals the value.
- Is registered in the land registry or cadastre, or both, and is free of title disputes.
- Is located in a periurban commercial zone, and no rezoning is required.
- Has no mortgages attached and has been under the same ownership for the past 10 years.
- Consists of 557.4 square meters (6,000 square feet) of land and a 10-year-old, 2-story warehouse of 929 square meters (10,000 square feet). The warehouse is in good condition and complies with all safety standards, building codes and legal requirements. The property will be transferred in its entirety.

The indicators reported here are based on a set of specific procedures—the steps that a buyer and seller must complete to transfer the property to the buyer's name—identified by *Doing Business* through information collected from local property lawyers, notaries and property registries.

Summary of procedures for registering property in Cameroon—and the time and cost

No.	Procedure	Time to complete	Cost to complete												
1	<p>Obtain a copy of the property deed at the Land Registry “Domain Services”</p> <p>The buyer should perform due diligence before entering into a sale agreement with the owner of the property by requesting a copy of the property deed from the Land Registry. The copy will include all useful information regarding the property and its history since its registration with the Land Registry. The party will see whether the seller is indeed the owner of the property and whether the property is encumbered with mortgages or liens.</p>	21 days	XAF 10,000												
2	<p>A notary drafts the sale agreement</p> <p>The law requires that the sale agreement be notarized. It is the practice that parties ask the notary to draft the sale agreement himself. The Notary will draft a preliminary sale agreement and will take the parties’ final observations. The notary finally asks the parties to sign the agreement and to register it with the tax authorities. Notary fees are on the following scale, according to the annex of Decree No. 95/038 of 28/02/95 fixing the notary fees for such acts:</p> <table><tr><th>Property value</th><th>Percentage rate fees</th></tr><tr><td>1 to 3 million francs</td><td>4.5%</td></tr><tr><td>3 to 10 million francs</td><td>3%</td></tr><tr><td>10 to 25 million francs</td><td>1.5%</td></tr><tr><td>25 to 50 million francs</td><td>0.75%</td></tr><tr><td>50 million francs and above</td><td>0.5%</td></tr></table>	Property value	Percentage rate fees	1 to 3 million francs	4.5%	3 to 10 million francs	3%	10 to 25 million francs	1.5%	25 to 50 million francs	0.75%	50 million francs and above	0.5%	3 days	Notary fees are fixed by Decree No. 95/038 of 28/02/95 (article 188) on a sliding scale: Property value Percentage rate fees 1 to 3 million francs 4.5% 3 to 10 million francs 3.0% 10 to 25 million
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50 million francs and above	0.5%														
3	<p>Notarize the registered sale agreement</p> <p>The parties take back the sale agreement after it is duly registered with the tax authorities to the notary who will notarize it and sign the transfer form. The parties already paid the notary’s fee in their first encounter.</p> <p>The transfer form is addressed to the director of the Land Registry “conservateur du titre foncier” and states that the two parties (buyer and seller) appeared before the notary at the place and time mentioned and unequivocally agreed to the final sale. The Promissory Sale Agreement and a copy of the property deed are attached to the transfer form.</p>	2 days	(included in procedure 2)												
4	<p>Register the sale agreement with the Tax Authorities “Centre</p>	7 days	15% of the Property												

	divisionnaire des Impôts" The sale agreement should be registered with the tax authorities. The sale agreement registration fees would amount to 15% of the sale value.		Value
5	Final transfer of the property title with the Land Registry "Service des Domaines" The form can now be taken to the Land Registry and file a request of transfer of property. It can take up to 2 months before the title is effectively transferred to the buyer.	60 days	2% of the property value

* Takes place simultaneously with another procedure.

Source: *Doing Business* database.

GETTING CREDIT

What do the indicators cover?

Doing Business assesses the sharing of credit information and the legal rights of borrowers and lenders with respect to secured transactions through 2 sets of indicators. The depth of credit information index measures rules and practices affecting the coverage, scope and accessibility of credit information available through a public credit registry or a private credit bureau. The strength of legal rights index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitate lending. *Doing Business* uses case scenarios to determine the scope of the secured transactions system, involving a secured borrower and a secured lender and examining legal restrictions on the use of movable collateral. These scenarios assume that the borrower:

- Is a private, limited liability company.
- Has its headquarters and only base of operations in the largest business city.
- has 100 employees.
- Is 100% domestically owned, as is the lender

The getting credit indicators reported here for Cameroon are based on detailed information collected in that economy. The data on credit information sharing are collected through a survey of a public credit registry or private credit bureau (if one exists). To construct the depth of credit information index, a score of 1 is assigned for each of 6 features of the public credit registry or private credit bureau (see summary of scoring below). The data on the legal rights of borrowers and lenders are gathered through a survey of financial lawyers and verified through analysis of laws and regulations as well as public sources of information on collateral and bankruptcy laws. For the strength of legal rights index, a score of 1 is assigned for each of 8 aspects related to legal rights in collateral law and 2 aspects in bankruptcy law.

Summary of scoring for the getting credit indicators in Cameroon

indicator	Cameroon	Sub-Saharan Africa	OECD high income
Strength of legal rights index (0-10)	6	6	7
Depth of credit information index (0-6)	2	2	5
Public registry coverage (% of adults)	3.6	3.2	9.5
Private bureau coverage (% of adults)	0	5	63.9

Source: *Doing Business* database.

PROTECTING INVESTORS

What do the indicators cover?

Doing Business measures the strength of minority shareholder protections against directors' use of corporate assets for personal gain—or self-dealing. The indicators distinguish 3 dimensions of investor protections: transparency of related-party transactions (extent of disclosure index), liability for self-dealing (extent of director liability index) and shareholders' ability to sue officers and directors for misconduct (ease of shareholder suits index).

To make the data comparable across economies, a case study uses several assumptions about the business and the transaction.

The business (Buyer):

- Is a publicly traded corporation listed on the economy's most important stock exchange (or at least a large private company with multiple shareholders).
- Has a board of directors and a chief executive officer (CEO) who may legally act on behalf of Buyer where permitted, even if this is not specifically required by law.

The transaction involves the following details:

- Mr. James, a director and the majority shareholder of the company, proposes that the company purchase used trucks from another company he owns.
- The price is higher than the going price for used trucks, but the transaction goes forward.
- All required approvals are obtained, and all required disclosures made, though the transaction is prejudicial to Buyer.
- Shareholders sue the interested parties and the members of the board of directors.

The protecting investors indicators reported here for Cameroon are based on detailed information collected through a survey of corporate and securities lawyers and are based on securities regulations,

company laws and court rules of evidence. To construct the extent of disclosure, extent of director liability and ease of shareholder suits indices, a score is assigned for each of a range of conditions relating to disclosure, director liability and shareholder suits in a standard case study transaction. The summary below shows the details underlying the scores for Cameroon.

indicator	Cameroon	Sub-Saharan Africa	OECD high income
Extent of disclosure index (0-10)	6	5	6
Extent of director liability index (0-10)	1	4	5
Ease of shareholder suits index (0-10)	6	5	7
Strength of investor protection index (0-10)	4.3	4.5	6

Source: *Doing Business* database.

PAYING TAXES

What do the indicators cover?

Using a case scenario, *Doing Business* measures the taxes and mandatory contributions that a medium-size company must pay in a given year as well as the administrative burden of paying taxes and contributions. This case scenario uses a set of financial statements and assumptions about transactions made over the year. Information is also compiled on the frequency of filing and payments as well as time taken to comply with tax laws.

To make the data comparable across economies, several assumptions about the business and the taxes and contributions are used.

- TaxpayerCo is a medium-size business that started operations on January 1, 2009.
- The business starts from the same financial position in each economy. All the taxes and mandatory contributions paid during the second year of operation are recorded.
- Taxes and mandatory contributions are measured at all levels of government.
- Taxes and mandatory contributions include corporate income tax, turnover tax and all labor taxes and contributions paid by the company.
- A range of standard deductions and exemptions are also recorded.

The indicators reported here for Cameroon are based on a standard set of taxes and contributions that would be paid by the case study company used by *Doing Business* in collecting the data (see the section in this chapter on what the indicators cover). Tax practitioners are asked to review standard financial statements as well as a standard list of transactions that the company completed during the year. Respondents are asked how much in taxes and mandatory contributions the business must pay and what the process is for doing so. The taxes and contributions paid are listed in the summary below, along with the associated number of payments, time and tax rate.

Summary of tax rates and administrative burden in Cameroon

Indicator	Cameroon	Sub-Saharan Africa	OECD high income
Payments (number per year)	44	37	13
Time (hours per year)	654	318	186
Profit tax (%)	29.9	18.1	15.4
Labor tax and contributions (%)	18.3	13.5	24
Other taxes (%)	0.9	25.5	3.2
Total tax rate (% profit)	49.1	57.1	42.7

Source: *Doing Business* database.

TRADING ACROSS BORDERS

What do the indicators cover?

Doing Business measures the time and cost (excluding tariffs) associated with exporting and importing a standard shipment of goods by ocean transport, and the number of documents necessary to complete the transaction. The indicators cover procedural requirements such as documentation requirements and procedures at customs and other regulatory agencies as well as at the port. They also cover trade logistics, including the time and cost of inland transport to the largest business city. To make the data comparable across economies, *Doing Business* uses several assumptions about the business and the traded goods.

The business:

- Is of medium size and employs 60 people.
- Is located in the periurban area of the economy's largest business city.
- Is a private, limited liability company, domestically owned, formally registered and operating under commercial laws and regulations of the economy.

The traded goods:

- Are not hazardous nor do they include military items.
- Do not require refrigeration or any other special environment.

- Do not require any special phytosanitary or environmental safety standards other than accepted international standards.
- Are one of the economy's leading export or import products.
- Are transported in a dry-cargo, 20-foot full container load.

The indicators reported here for Cameroon are based on a set of specific procedural requirements for trading a standard shipment of goods by ocean transport (see the section in this chapter on what the indicators cover). Information on the procedures as well as the required documents and the time and cost to complete each procedure is collected from local freight forwarders, shipping lines, customs brokers, port officials and banks. The procedural requirements, and the associated time and cost, for exporting and importing a standard shipment of goods are listed in the summary below, along with the required documents.

Indicator	Cameroon	Sub-Saharan Africa	OECD high income
Documents to export (number)	11	8	4
Time to export (days)	23	31	10
Cost to export (US\$ per container)	1379	1960	1032
Documents to import (number)	12	8	5
Time to import (days)	25	37	11
Cost to import (US\$ per container)	2167	2502	1085

Source: Doing Business database.

ENFORCING CONTRACTS

What do the indicators cover?

Doing Business measures the efficiency of the judicial system in resolving a commercial dispute before local courts. Following the step-by-step evolution of a standardized case study, it collects data relating to the time, cost and procedural complexity of resolving a commercial lawsuit. The dispute in the case study involves the breach of a sales contract between 2 domestic businesses. The case study assumes that the court hears an expert on the quality of the goods in dispute. This distinguishes the case from

simple debt enforcement. To make the data comparable across economies, *Doing Business* uses several assumptions about the case:

- The seller and buyer are located in the economy's largest business city.
- The buyer orders custom-made goods, then fails to pay.
- The seller sues the buyer before a competent court.
- The value of the claim is 200% of income per capita.
- The seller requests a pretrial attachment to secure the claim.
- The dispute on the quality of the goods requires an expert opinion.
- The judge decides in favor of the seller; there is no appeal.
- The seller enforces the judgment through a public sale of the buyer's movable assets.

The indicators reported here for Cameroon are based on a set of specific procedural steps required to resolve a standardized commercial dispute through the courts (see the section in this chapter on what the indicators cover). These procedures, and the time and cost of completing them, are identified through study of the codes of civil procedure and other court regulations, as well as through surveys completed by local litigation lawyers (and, in a quarter of the economies covered by *Doing Business*, by judges as well). The procedures for resolving a commercial lawsuit, and the associated time and cost, are listed in the summary below.

Indicator	Cameroon	Sub-Saharan Africa	OECD high income
Time (days)	800	654.8	518.03
Filing and service	30		
Trial and judgment	410		
Enforcement of judgment	360		
Cost (% of claim)	46.6	49.96	19.71
Attorney cost (% of claim)	21.32		
Court cost (% of claim)	11.8		
Enforcement Cost (% of claim)	13.5		
Procedures (number)	43	39.02	31.42

Source: *Doing Business* database.

RESOLVING INSOLVENCY

What do the indicators cover?

Doing Business studies the time, cost and outcome of insolvency proceedings involving domestic entities. It does not measure insolvency proceedings of individuals and financial institutions. The data are derived from survey responses by local insolvency practitioners and verified through a study of laws and regulations as well as public information on bankruptcy systems. To make the data comparable across economies, *Doing Business* uses several assumptions about the business and the case. It assumes that the company:

- Is a domestically owned, limited liability company operating a hotel.
- Operates in the economy's largest business city.
- Has 201 employees, 1 main secured creditor and 50 unsecured creditors.
- Has a higher value as a going concern—and the efficient outcome is either reorganization or sale as a going concern, not piecemeal liquidation.