

# IS OBTAINING CONSTRUCTION PERMITS IN CAMEROON BUSINESS-FRIENDLY TO FOREIGNERS?

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## Introduction



The construction sector in Cameroon is controlled by a set of mechanisms. These include legal instruments such as parliamentary statutes, ministerial orders, and local by-laws, which essentially help in shaping the development of cities and towns. This involves the use of land and buildings, their location, form, freeway access, and the effect the construction would have on the environment [1]. A construction

permit is an urban planning document that is issued by the city council of the municipality where the construction project is intended to be carried out. In Cameroon, it is granted to anyone who intends to carry out a construction project, change the form of existing construction, or modify the exterior view of an existing building. To issue the document, the technical service of the council verifies whether the intended construction complies with urban planning rules and regulations and whether the general rules of construction in force have been respected. The technical team also verifies if the work and layout plan has been done by a licensed architect of the National Order of Architects of Cameroon. This article aims to discuss the conditions to obtain a construction permit in Cameroon. Anchored within the scope of the World Bank's Ease of Doing business Index, we question if the conditions for obtaining a construction permit in Cameroon are business-friendly for foreigners.

## Conditions for obtaining a construction permit in Cameroon

The conditions for obtaining construction permits in Cameroon are multi-dimensional ranging from the procedure, time, and cost of obtaining the required licenses and permits. It involves submitting all essential notification, and demanding and accepting all necessary checks, and acquiring utility connection. There are 16 procedures to be completed before obtaining a



construction permit in Cameroon. It takes 176 days in total to finish up with the process while 17.6% represents the percentage of the overall capital to be used for the construction. In terms of the procedure, for example, one of the conditions is to obtain a recent proof of land ownership or property certificate from the Ministry of Urban Planning and Development. This process takes 15 days and costs XAF6000. Another requirement for obtaining a construction permit is to acquire a fire clearance certificate from the Fire Department. It stipulates that buildings that are more than 400 square metres must obtain security instructions clearance. This process takes 7 days and costs XAF 300,000. Obtaining a water connection after payment is another requirement that takes 50 days and costs XAF 400,000 while building a septic tank with a sewage connection last for 14 days costing XAF 1,750,000. The procedures are many and cannot be fully exhausted here. But what is more distressing, is not just to meet these conditions, but the difficulties potential investors (especially foreigners) in the built environment face as a consequence of the endemic nature of corruption plaguing the public sector. This is exacerbated by the range of constraining conditions in the procedural environment, and the bureaucratic excesses that affect the growth of businesses.

## Cameroon's Ease of Doing Business Index with other countries in the region

The World Bank's Doing Business Index takes into account several key factors of the regulatory environment affecting local businesses. It uses measurable pointers such as starting a business, dealing with construction permits, access to electricity, access to credit, and others in measuring progress especially in comparison with other countries. For instance, the Global Competitiveness index is an initiative that assesses economies across the globe. The most recent (2018 edition), according to Trading Economics [2] assesses 140 economies, and Cameroon was the 123rd most competitive nation in the world. Compared with the performance of Mauritius (52) for example, this was not a good position. Many reasons can be advanced for this poor performance such as the lack of a favorable procedural environment. Another reason falls within the governance aspect, where the mechanisms in obtaining business permits are too complex and ravaged by endemic corruption, administrative bottle-necks, time-consuming processes, and heavy financial burdens [3]. According to Transparency International's 2019

Corruption Perception's Index report, Cameroon scored 25 points out of 100, positioning the country within the top tier of highly corrupt countries. In terms of dealing with construction permits, data from 2007 to 2020 of the Doing Business Index records that Cameroon has regressed by fifteen places. In 2007 Cameroon was at 152nd position and in 2020 it regressed to 167. This is not a good position for Cameroon when compared with other countries within the

sub-region (see table 1 below), and such may impact negatively on business ventures from foreign investors. The Building Quality Control Index rates countries from 0-15, and Cameroon's score was 13.0 in 2016 according to the World Bank's collection of development indicators (compiled from officially recognized sources) meaning its building quality control team is of a high standard [4].

**Table 1.** Ranking and Score of Dealing with Construction Permit in Cameroon and Comparator Economies (in 2020)

Country	Global Ranking	Score
<b>Congo Republic</b>	134	61.3
<b>Gabon</b>	141	59.8
<b>Cameroon</b>	154	56.5
<b>Equatorial Guinea</b>	162	55.0

**Source:** Data from 2020 Doing Business Index Report

## Obtaining a construction permit by foreigners in Cameroon

According to Cameroon's Investment Charter in 2002, (Law No. 2002/004 of April 19, 2002, on the Republic of Cameroon Investment Charter), there is a guarantee of equal treatment between domestic and foreign investors. This equal treatment is based on carrying out an activity following the principles and provisions of competition law, property rights attached to the land, buildings, and equipment, and those linked to moveable property, securities, patents, and other intellectual property-related matters [5].

Even though the prevailing conditions required for obtaining a construction permit in Cameroon do not differentiate between domestic and foreign investors showing a positive pointer of non-discrimination, it is nevertheless challenging for foreigners when compared

with the conditions laid out in other countries. The prevailing conditions in Cameroon are not only tough but also of concern. Indeed, meeting the conditions under normal circumstances is more of a herculean task given the corrupt nature of the public service and the way the government conducts its day-to-day business in the construction sector. The degree of bottlenecks involved and the intense procedural environment makes it all the more cumbersome for foreign investors. If a comparison is made between Cameroon and other countries in the Sub-region (Rwanda, 38th in the ease of doing business and 81st in the ease of obtaining construction permit) based on the various indicators of the World Bank's Doing Business Index, it would be realized that Cameroon's business environment is not encouraging enough to attract foreign investors in general and the construction sector in particular. Therefore, something must be done to improve Cameroon's business environment as a whole and in the aspect of dealing with construction permits for foreigners in particular.

## Conclusion and Recommendations

Based on Cameroon's ranking in obtaining construction permits, foreign investors will find it less motivating to carry out business ventures in Cameroon, and will prefer better-ranked countries where obtaining a building permit takes less time, fewer processes and less costly. Therefore, policymakers should consider the following: Defining a clear research objective(s). The research objective will be used to guide the research process and to inform the research findings to make the right decision.

- a. Make the One-Stop-Shop online system a 100% reliable means to apply for construction permits. Indeed, when applications are done online, it actually takes longer periods than expected for investors to get a reply.

- b. Eliminate the unnecessary expenditures and illicit practices by clearly identifying and streamlining specific steps in the process of obtaining construction permits as well as the inspection of various documents.
- c. Sanction civil servants who do not respect the various delays periods as regards the obtention of documents needed to apply and obtain a construction permit.



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