

Timber Legality Risk Assessment Cameroon

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COUNTRY RISK
ASSESSMENTS



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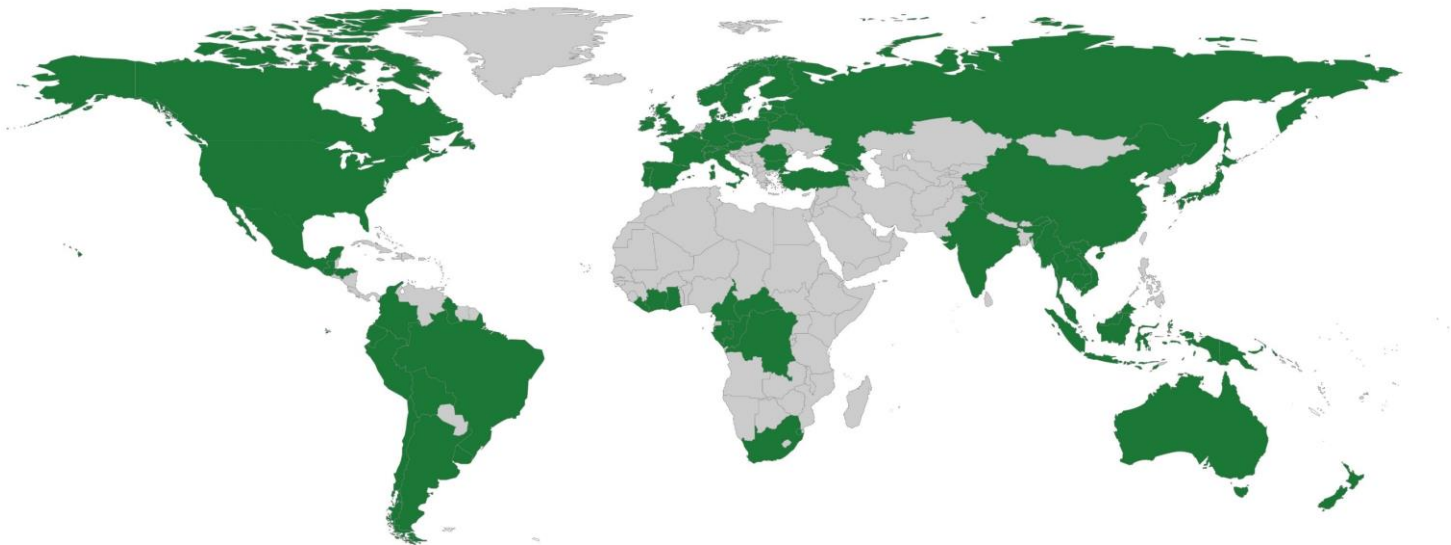
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A. Introduction

This Timber Legality Risk Assessment for Cameroon provides an analysis of the risk of sourcing timber from areas of illegal harvesting and transport. NEPCon has been working on risk assessments for timber legality, in partnership with a number of organisations, since 2007.

In that time, NEPCon has developed timber risk assessments for more than 60 countries, illustrated in Figure 1.



Map created by StatSik (2016). StatPlanet: Interactive Data Visualization and Mapping Software.://www.statistik.com

Figure 1. Countries for which NEPCon have developed a legality risk assessment for timber

The risk assessments are developed in collaboration with local forest legality experts and use an assessment methodology jointly developed by FSC and NEPCon. A detailed description of the methodology can be found on NEPCon's website.

B. Overview of Legality risks

Timber Risk Score: 22 / 100 in 2017

This report contains an evaluation of the risk of illegality in Cameroon for five categories and 21 sub-categories of law. We found:

- **Specified risk for 14 sub-categories.**
- **Low risk for 4 sub-categories.**
- **No legal requirements for 3 sub-categories.**

The Timber Risk Score for Cameroon is 22 out of 100. The key legality risks identified in this report concern timber harvesting activities related to legal rights to harvest, taxes and fees, timber harvesting activities, and third parties' rights, and transport and trade.

For **Legal rights to harvest**, there is a risk that:

- land classifications overlap (1.1)
- Unofficial land claims exist (1.1)
- forest managing plans do not comply with requirements on quality; plans are often prepared based on limited information from the field and low quality data on growth and yield (1.3).
- harvest takes place without permit (1.4)
- harvesting permits are issued through corruption (1.4)

For **Taxes and fees**, there is a risk that:

- felling taxes are evaded through false declarations (volume and/or species) (1.5)
- falsification of tax declarations to conceal illegal logging (1.5.)
- VAT payment are evaded for wood sold at auction (1.6)
- false declarations (volume and/or species) to reduce income tax debts, or avoid making payments at all (1.7)

For **Timber harvesting activities**, there is a risk that:

- management plans are not fully implemented (1.8)
- required documents prior to commencing the harvesting activities are not obtained (1.8)
- illegal practises take place during harvesting (1.8)
- illegal harvesting in protected areas can take place due lack of to an effective protected-areas system (1.9)
- Small forest titles operate without an approved environmental impact assessment (1.10)
- prescriptions of the environmental impact assessment are not complied with in the field (1.10)

- There is lack of compliance with health and safety regulations: lack of an infirmary / agreement of care with a health center/ doctor, lack of medical examinations, drinking water, decent housing for the workers and personal protective equipment (1.11)
- workers are employed without license contract, without social insurance and a risk of using minor children as forest workers (1.12)

For **Trade and transport**, there is a risk that:

- harvesting above allowed volumes, period and space (1.16)
- false classification of timber is applied on documents (1.16)
- the operator carry out its activities without required documents (1.17)
- export takes place without necessary documents (1.19)
- export takes place with false claims and/ false documents (1.19)
- incorrect information is included in waybills, such as fraudulent waybills and lack of identification of species due to a lack of knowledge of the Customs agents.
- export takes place without paying all the necessary fees related to timber/wood export

Timber source types and risks

There are 8 general timber source types found in Cameroon. Knowing the “source type” that timber originates from is useful because different source types can be subject to different applicable legislation and have attributes that affect the risk of non-compliance with the legislation. We have analysed the risks for all the 8 source types and found that risk differs between the source types. The risk for timber harvested under logging agreements differs from wood from non-permanent forest domain and communal forests, and wood seized wood sold at auctions. See table below.

Logging agreement (concession license)

In permanent forest domain (DFP)

Logging agreements (concessions) are awarded through calls for tender and by an inter-ministerial committee. It is open to all economic operators in the private sector (national or not). The exploitation of these forest concessions is based on management plans The duration of a logging agreement is 15 years, renewable once (30 years).

Communal forest

In permanent forest domain (DFP)

Exploitation of a communal forest is done based on a management plan. The possible permits which can be issued in a communal forest are cut timber sales, exploitation permit and personal felling authorization.

Cut timber Sales or exploitation permits can be attributed only to persons registered with the forestry exploitation sector. The exploitation of communal forests is reserved primarily for persons

	of Cameroonian nationality or companies in which they hold the entire share capital or voting rights.
Authorization to recover standing trees	Permit issued for clearance of forest for the implementation of an agricultural project or another kind of project approved.
In non-permanent forest domain (DFNP)	
Harvested timber removal license	Titles obtained by public auction sales of wood resulting from development project likely to cause destruction of part of the national forest estate, or in the case of a natural disaster with similar consequences.
In non-permanent forest domain (DFNP)	
Cut timber sale (VC) in the national domain	Cut sale timber (VC) in the national domain are awarded for a renewable period of 3 years. The surface area shall not exceed 2500 ha. Cut Sales timber can only be attributed to nationals who are duly registered in the logging sector.
In non-permanent forest domain (DFNP)	
Community forest (FC); State logging	Exploitation of a community forest is done based on a simple management plan approved by the administration in charge of forests, governed by cut sale timber, or exploitation permit or personal felling authorization. Each community defines the terms of allocation of logging titles. The logging titles provided above can be attributed only to persons registered with the logging sector.
In non-permanent forest domain (DFNP)	
Special permit (ebony logging)	Special permit issued for ebony logging. This is allowed only in the national domain (non-permanent forest) and prohibited in permanent forest domain.
In non-permanent forest domain (DFNP)	
Seized wood sold at auctions	Seized wood sold at auctions. Seized wood can originate from: <ul style="list-style-type: none"> - illegal forest exploitation; - from legal logging but with abandoned wood on site; - a wood removal in the case of excess volume and / or authorized area; - Wood fallen into the sea or wood from any other source not approved by the Minister in charge of forests.

This table summarises the findings of the timber legality risk assessment by source type.

Legal Category	Sub-Category	Risk conclusion			
		Permanent forest domain (DFP)		Non-permanent Forest Domain (DFNP)	Seized wood sold at auction
		Logging agreement (concession)	Communal forest		
Legal rights to harvest	1.1 Land tenure and management rights	Specified	Specified	Specified	N/A
	1.2 Concession licenses	Low	N/A	N/A	N/A
	1.3 Management and harvesting planning	Specified	Specified	Specified	N/A
	1.4 Harvesting permits	Specified	Specified	Specified	N/A
Taxes and fees	1.5 Payment of royalties and harvesting fees	Specified	Specified	Specified	N/A
	1.6 Value added taxes and other sales taxes	N/A	N/A	N/A	Specified
	1.7 Income and profit taxes	Specified	Specified	Specified	Specified
Timber harvesting activities	1.8 Timber harvesting regulations	Specified	Specified	Specified	N/A
	1.9 Protected sites and species	Specified	Specified	Specified	N/A
	1.10 Environmental requirements	Low	Specified	Specified	N/A
	1.11 Health and safety	Specified	Specified	Specified	N/A
	1.12 Legal employment	Specified	Specified	Specified	N/A
Third parties' rights	1.13 Customary rights	N/A	N/A	N/A	N/A
	1.14 Free prior and informed consent	Low	Low	Low	Low
	1.15 Indigenous/traditional peoples rights	N/A	N/A	N/A	N/A
Trade and transport	1.16 Classification of species, quantities, qualities	Specified	Specified	Specified	Specified
	1.17 Trade and transport	Specified	Specified	Specified	Specified
	1.18 Offshore trading	Low	Low	Low	Low

	and transfer pricing				
	1.19 Custom regulations	Specified	Specified	Specified	Specified
	1.20 CITES	Low	Low	Low	Low
	1.21 Legislation requiring due diligence/due care procedures	N/A	N/A	N/A	N/A

C. Overview of the forest sector in Cameroon

Overview of Forest Resources

The forests of Cameroon make up a significant portion of the Congo Basin, the world's second largest forest ecosystem after the Amazon. The country's forests cover make up around 20 million ha, representing 48% of the national territory. Of this area, 17 million ha (approximately 75%) is dense, closed semi-deciduous tropical rainforest. As a result, Cameroon is a biodiversity hotspot with many endemic forest plants and animal species. The Biafram forest, near the Gulf of Guinea, is a low altitude coastal forest, and home to frequently harvested species, including: azobé (*Lophira alata*) and ilomba (*Pycnanthus angolensis*). Other commercial tree species harvested out of Cameroon's dense tropical forests include: sapelli (*Entandrophragma cylindricum*) and sipo (*Entandrophragma utile*).

Most of Cameroon's forest areas have been permanently designated for long-term forest production or conservation, while the rest is intended for community forestry. Since they were established, community forests have exhibited mixed results throughout Cameroon, particularly because of the Forest Law of 1994, which decentralized forest management. The Government is also promoting the development of community and private timber plantations. However, this sector is rather small; there are currently only 17,000 hectares of industrial timber plantations in Cameroon.

Overview of Forest Management

Cameroon has the second highest deforestation rate amongst all Congo Basin countries; only the Democratic Republic of Congo deforests more per year than Cameroon. Since 1990, Cameroon's forest sector has increased its logging activities, which now contributes around six percent of its GDP. Today, Cameroon's legal timber production has reached approximately 3 million m³ and, as a result, Cameroon has become the leading exporter of timber products in Africa. The European Union is Cameroon's main export market for sawn timber (about 80%). In addition, large-scale forest operations are predominantly owned by European companies. Besides logging, deforestation results from local fuel wood collection, agriculture (subsistence farming and other), and mining.

Although Cameroon has taken measurable steps to improve local forest policy and governance in the country to manage its high rate of deforestation, illegal logging continues to be a major concern in the country and is frequently documented at various stages along the local supply chain. Cameroon passed its first forestry law in 1994, and has made a vested effort to keep implementation and enforcement actions under one ministry - the Ministry of Forests and Fauna (MINFOF). Relying on only one ministry dedicated to forestry issues, however, has strained local implementation and enforcement. As a result, much of Cameroon's ambitious forest management goals have been left unexecuted. Despite using independent observers to help the government monitor and identify violators, Cameroon's government has failed to deter illegal conduct: too few violations are reported and the existing financial penalties are weak.

Recently, Cameroon began developing its Voluntary Partnership Agreement (VPA) with the EU, which was ultimately signed in May 2010. The country developed its proposals for negotiations through an unprecedented multi-stakeholder platform, including ministries,

timber trade federations, non-governmental and community organizations, national assembly members and international organizations.

Legality verification and tracking systems

It is currently in the system development phase, setting up national legality verification and tracking systems.

Forest policy is codified by Law No. 94/01 of 20th January 1994 to lay down Forestry, Wildlife and Fisheries Regulations. It divides the forest area into two main groups:

- Permanent forest, which is land permanently assigned to the forest (permanent forest domain) consisting of forests owned by the state (State forests – production forests or Forest Management Units) and the general public (named communal forests). In the permanent forest estate, there are two sources of legal wood: (1) Forest Management Units (FMU) which are managed by national or non-national economic operators; (2) Communal forests which can be directly managed by the concerned councils or in partnership with an economic operator via a subcontracting/partnership agreement.
- The multi-purpose forest (non-permanent forest estate), found on the national forest land area/domain is susceptible to other land uses (agriculture, livestock, developmental projects etc.), including Community and Private Forests. There are 6 sources of legal timber in this area: authorization to recover standing trees; timber removal licence (authorization to remove harvested timber); cut timber sales (in the national domain); Community Forest (state logging scheme); communal forests; special permit for ebony logging (in the national domain only because prohibited in permanent forest domain).

Forest exploitation in State permanent forest area is governed by operating agreements (signed by the ministry of forests with a concessionaire for 15 years renewable). The agreement is on a forest concession consisting of one or more FMU and must comply with a management plan approved by the Ministry of Forestry. The Ministry of Forestry and Wildlife is in charge of all logging activities in Cameroon.

Corruption in Cameroon

According to the Corruption Perception Index 2013 from Transparency International, on a scale of 0-100 (100 = very clean), Cameroon has a corruption index of 25, meaning it has very high levels of corruption. It ranked 144th out of 177 countries assessed. Transparency in the Cameroonian forest sector remains a challenge. Citizens' abilities to hold the forest authorities accountable or to fully participate in the management of forest resources is frustrated due to a decentralized system and limited availability of information. Transparency is not adequately dealt with in the existing legislation, even though Cameroonian law tries to increase citizens' access to information (FLA, 2015).

The World Bank compiles a set of Worldwide Governance Indicators for all countries. These indicators are important barometer in terms of risk assessment. The WGI country reports are based on the six following aggregate governance indicators: Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law, and Control of Corruption. Countries are ranked (percentile rank model) for each of the six governance indicators on a scale from 0 to 100 where 0 corresponds to lowest rank and 100 corresponds to highest rank (better governance). (FLA, 2015). In 2013, Cameroon received the following scores: Voice and 17.5; Political Stability and

Absence of Violence, 28.4; Government Effectiveness 20.6; Regulatory Quality 20.1; Rule of Law 15.2 and Control of Corruption 9.6.

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D. Legality Risk Assessment

LEGAL RIGHTS TO HARVEST

1.1. Land tenure and management rights

Legislation covering land tenure rights, including customary rights as well as management rights that includes the use of legal methods to obtain tenure rights and management rights. It also covers legal business registration and tax registration, including relevant legal required licenses. Risk may be encountered where land rights have not been issued according to prevailing regulations and where corruption has been involved in the process of issuing land tenure and management rights. The intent of this indicator is to ensure that any land tenure and management rights have been issued according to the legislation.

1.1.1. Applicable laws and regulations

- Forestry law of 1994 (Forest Code, No. 94/01)
Article 8 (1) relates to users' rights or customary law
Article 25 (1) defines a national forest (2) the act of classifying a national forest and gives right to a land title to the state
Article 30 (1) defines a communal forest, (2) the limits and objectives of the classified forest as well as the right of use of indigenous peoples. This article makes it clear that classification gives the right of a land title to the concerned Municipality.
- Decree No. 98/ 003
Article 9 (1) talks of Annual Forestry Royalties (2) refers to the type of forest on which the rate of forest royalty is applied (3) the dateline for the payment of the forest royalty for a concession or license (4) the payment period for timber sales
Article 10 (4) indicates the quota of royalties to be paid to communities
- Order No 2001/ 0518/MINEF/CAB
Of December 21, 2001 specifies additional community rights in acquiring community forests under the Forest Code.
- Decree No. 95/678
Of 18 December 1995. This zoning plan defines two main categories of forest estates in Cameroon; forests are either (a) permanent forest estates (PFEs) or (b) non-permanent forest estates (NPFES).
- Additional texts addressing zoning and land tenure, including:
Decision No 135/D/MINEF/CAB of 26 November 1999 establishing the procedures for the classification of the forests in the permanent forest areas of the Republic of Cameroon.
- Order No 74-1 of 6 July 1974 establishing the land tenure regime
- Order No 74-2 of 6 July 1974 establishing the domanial regime.

- Decree No 99/781/PM of 13 October 1999 This Decree details the rules for the application of Article 71 (1) (amended) of the Forest Code.
- Decree No 95/678 of 18 December 1995 This Decree sets up an indicative framework for land use in southern forest areas.
- Ordinance No 99/001 of August 31, 1999 This Ordinance supplements certain provisions of the Law No. 94/01 of January 20, 1994 on the forests, wildlife and fisheries.
- Decision No 1354/D/MINEF/CAB of November 26, 1999 This Decision fixes procedures of forests classification in the permanent State property.

1.1.2. Legal authority

- Ministry of Forestry and Wildlife
- Ministry of Finances (General Department of Taxation)
- Ministry of Town Planning and Land Tenure

1.1.3. Legally required documents or records

- Deed of classification of the forest (permanent forest estate)
- Timber Extraction Contract (for contractors)
- Extraction Permit
- Approved Forest management plan
- Order for the approval of management plans of the entire FMU, five-year management plan, annual operation plan
- Hammer mark registration records
- Pre-harvest survey approval document and marking books (operating mapping)

1.1.4. Sources of information

Government Resources

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1.1.5. Risk determination

Overview of legal requirements

Most of Cameroon's forest areas have been permanently designated for long-term forest production or conservation, while the rest is intended for community forestry. Large-scale forest operations are predominantly owned by European companies. The 1994 Forest Law, also called the Forestry Code, permits the zoning of all of Cameroon's forest lands as planned by the 1993 zoning system. It also introduces the concept of community forests for the first time by allowing forests outside the permanent domain that are less than 5,000 hectares to be divided and managed by "communities" or villages (Forest Legality Alliance).

Forests are either (a) permanent forest estates (PFEs) or (b) non-permanent forest estates (NPFES). PFEs consist of land formally assigned to forestry operations or protected as wildlife habitats. NPFES are forested lands subject to other uses. This zoning structure is designed only for forested areas of Cameroon. Classification is intended to assigned an area of forest for a particular use, which cannot be changed unless later declassified. The current zoning plan is believed to be inaccurate due to outdated information, poor imagery, and failed consultation with local people and communities. The original zoning plan was prepared one year after the enactment of the 1994 Forest Code, but it needs to be updated. For instance, existing legal texts on land tenure in Cameroon explicitly refer to the issue of customary interests of local people but these references come with strict limitations. As a result, land rights of local and indigenous people are not secured.

Description of risk

The main risk related to land tenure and management rights are:

1. Areas with overlapping land classifications means that the legal classification of the land category and the legal use of the land is conflicting (e.g. mining, infrastructure establishment, plantation establishment, pipeline establishment, conversion for agriculture etc.) (Chatham House 2015, USAID Undated, Fern 2013).
2. Unofficial land claims and shifting cultivation. Forest areas may be converted to agriculture against the law in cases where people illegally encroach on forest areas. The timber from such areas may enter the log supply.

There are significant corruption and poor governance issues in Cameroon (Transparency International 2014, World Bank 2013, Chatham House 2015). There are numerous reports about corruption specifically related to land tenure issues. (Chatham House 2015,

Anti-Cor website)

Risk Conclusion

This indicator has been evaluated as specified risk. Identified laws are not upheld consistently by all entities and/or are often ignored, and/or are not enforced by relevant authorities.

1.1.6. Risk designation and specification

Specified Risk

1.1.7. Control measures and verifiers

- In areas with land ownership conflicts, consultation with neighbours, local communities and others shall confirm that land tenure rights are clear.
- A valid and approved forest management plan and valid annual work plan shall exist
- Contractors shall have a valid timber extraction contract covering the relevant area of extraction.
- Timber extraction shall be verified to be carried under a valid Timber Extraction Permit
- Inspections of harvesting site shall confirm that harvesting takes place within property limits (including felling, transport and log landings).

1.2. Concession licenses

Legislation regulating procedures for the issuing of forest concession licenses, including use of legal methods to obtain concession license. Especially bribery, corruption and nepotism are well-known issues in connection with concession licenses. The intent of this indicator is to avoid risk related to situations where organizations are obtaining concession licenses via illegal means such as bribery, or where organizations or entities that are not eligible to hold such rights do so via illegal means. Risk in this indicator relates to situations where due process has not been followed and the concession rights can therefore be considered to be illegally issued. The level of corruption in the country or sub-national region is considered to play an important role and corruption indicators (e.g., Corruption Perception Index, CPI) should therefore be considered when evaluating risks.

1.2.1. Applicable laws and regulations

- Forestry law of 1994
 - Articles 46 (1); This article is about the right offered by the agreement to obtain a certain volume of wood (2) the duration of an operating agreement and the frequency of evaluation of the agreement
 - Article 47 (1) defines what is a forest concession , (2) defines how a forest concession is granted , (3) and specifies under what conditions a forest concession may be transferred
 - Article 50 (1) talks of the signing of a provisional agreement between the holder of a forest concession and the Ministry of Forestry and Wildlife
- Decree No. 95/531
 - Article 61 provides rules for the application of an operating agreement

- Article 75 (1) gives the modalities for the transfer of a forest concession
- Article 76 (4) specifies the clauses to be respected by the new operator to whom the concession has been transferred
- Article 77 specifies the modalities for withdrawal of a forest concession
- Article 68 talks of the conditions of failure of a concessionary with respect to the provisional agreement Article 69 talks of the modalities for the attribution of forest concession on a final agreement - Article 70 validity of a final agreement
- Decree No 2000-092-PM
 - Of 27 March 2000 This Decree amends Decree No 95-531-PM (see above) and establishes detailed rules for the implementation of the forest regime

1.2.2. Legal authority

- Ministry of Forestry and Wildlife

1.2.3. Legally required documents or records

- Notification of the results of the inter-ministerial commission concerning the selection of the forestry entity like the best bidder, issued by the minister in charge of forestry.
- Proof of payment of caution fee in public treasury within the stated time limit
- temporary or permanent exploitation agreement signed between the private economic operator and the State

In case of transfer:

- Receipts / transfer requests addressed to the Minister of Forestry by the concessionary and the applicant
- Notification of the transfer of the concession by the competent authority
- c- Receipts for the payment of the transfer tax as stated by the law

1.2.4. Sources of information

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1.2.5. Risk determination

Overview of Legal Requirements

Concession holders must either be natural persons residing in Cameroon or be a company registered in Cameroon and whose shareholders are known to the Forestry Service. If these requirements are not met, a concession will not be granted. Before a concession can be granted, a public call for tenders must occur. An inter-ministerial committee (which also includes two members of the National Assembly, NGOs and trade unions in the forestry sector) pre-selects bidders according to technical, financial, and professional criteria. The bids received are stored in hermetically closed canteens with padlocks. The three keys to the locks are held by the following individuals: 1 by the Minister of Forestry (who is not a member of the Inter-Ministerial Commission for the allocation of titles); 1 by the independent observer of forestry and wildlife control in Cameroon; 1 by the trade union of forestry operators. Bids are opened publicly. All of these provisions in the process minimize the risk of corruption and thereby ensure transparency in the allocation of titles.

The winner has to pay a fee to the Public Treasury before the Minister then signs a provisional exploitation contract with the winner. The provisional exploitation contract has a maximum duration of three years, and is not renewable. Within the three years, the winner or owner of the concession must develop an inventory, a schedule and a five-year management plan under technical control.

Description of risk

Risk associated with the allocation of concession licenses:

- Corruption - Some corrupt practices have been reported associated with the awarding of the concession licenses, and there is a general risk of corruption in Cameroon based on the low rating of Cameroon on the Corruption Perception Index (Transparency International 2014, World Bank 2013, Chatham House 2015, Forest Legality Alliance 2015).

- Allocation of concessions licenses outside the competitive bidding process - In May 2014, Greenpeace reported on a concession allocation in Herakles Farm they alleged was carried out illegally as it was not subject to a public auction (Greenpeace 2015). Djuekam alleges both allocation of concessions outside the legal process and allocations of concessions in violation of the results of the auction system are frequent issues in Cameroon. (Djuekam et al, 2008) p. 23.

- Allocation of concession licenses without consultation of local communities - Chatham House reports that although the concession allocation process is overseen by an independent observer; the reports are rarely made public, which undermines the rigour of the process. Furthermore, there is no such oversight of the allocation of small permits. [...] Concessions for logging, mining and agriculture are often granted without consulting local communities, while concessions for various types of land use are frequently allocated for the same land. While there are systems in place to resolve conflicting property rights, either through the court system or through the land tenure commissions at the prefect level, these are poorly implemented.' (Chatham House 2015, Lescuyer et al 2012).

The issues raised by the NGO's and others are generally questions about the validity of the law, rather than compliance with the law itself. Given the key legality risks here actually relates to corruption. Although corruption is a known issue in Cameroon, the multi-stakeholder process for the allocation of concession licenses reduces the risk.

Risk conclusion

This indicator has been evaluated as low risk. Identified laws are upheld. Cases where law/regulations are violated are efficiently followed up via preventive actions taken by the authorities and/or by the relevant entities.

1.2.6. Risk designation and specification

Low risk

1.2.7. Control measures and verifiers

N/A

1.3. Management and harvesting planning

Any legal requirements for management planning, including conducting forest inventories, having a forest management plan and related planning and monitoring, as well as approval of these by competent authorities. Cases where required management planning documents are not in place or are not approved by competent authorities should be considered. Low quality of the management plan resulting in illegal activities may be a risk factor for this indicator as well.

1.3.1. Applicable laws and regulations

- 1994 Forestry Law
 - Chapter 3, Section 1 Forest Inventory
 - Article 40 (1) specifies that the inventory of resources is a prerogative of the state (2) specifies that the results thereof are used in forecasting revenues and planning management (3) the exploitation of any forest is subject to a prior inventory according to the standards set by the Ministry in charge of forests
- Decree 95/531
 - Title 4, Chapter 1, Article 35 (1) states that any person wishing to conduct a lucrative forest inventory ought to have an authorization to conduct inventories in Cameroon
 - Chapter 2, Article 41 (1) defines a forest inventory, (2) the different types of inventories based on objectives
 - Article 40 gives the objective of a forest inventory
 - Article 45 specifies that the management plans approved by the forest administration are prepared on the basis of the results of management inventories
 - Article 46 (1) refers to the annual allowable cut determined by the management plan of a forest management unit (3) defines an annual allowable cut
- Order no 0222 / A / MINNEF of 25th May 2001
 - Article 6 (a) Inventory must be conducted according to the norms of management inventory and pre-investment
- Order No 0222/A/MINEF of May 25, 2002 Establishes procedures for developing, approval, monitoring and control of the implementation of forest management plans for the production forests in the permanent forest estate.
- Decision No 0108/D/MINEF/CAB of February 9, 1998 This Decision applies the Operating Inventory Standards in forest areas (NIMF).

1.3.2. Legal authority

- Ministry of Forestry and Wildlife

1.3.3. Legally required documents or records

- The Order of approval of the approved management plan issued by the Administration of Forestry (Communal forests and FMUs)
- The order approving the simple management plan (Community Forest)

1.3.4. Sources of information

Government Sources

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- Decree No. 95/531.
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1.3.5. Risk determination

Overview of legal requirements

Of the types of logging permits available, concessions (FMUs) are the only ones that require forest management plans and they are allocated through a competitive bidding process by logging operators. For communal forests, the plans are prepared before logging operations begin. A simple management plan is required for community forests before logging can start. The management plan is developed for a period of 30 years for Forest Management Units and communal forests; which corresponds to a rotation. The annual allowable cut which is determined by the management plan of FMU or Communal

Forest. The management plan may be revised periodically (after every 5 years) or when needed. This plan shows the obligations of the concessionary vis-à-vis the administration and meets all the requirements specified in order no0222. The management plan includes (i) dividing the FMU into conservation areas where activities are banned, agro-forestry zones and actual timber production zones; (ii) splitting the FMU into 30 annual sub-areas (assiettes annuelles de coupe or AAC), each of which will be logged in a year; and (iii) establishing minimum diameters for species to be felled at, based on reconstitutions rates and frequency of each species.

Once the owner has fulfilled these obligations, the Forestry Service issues a certificate of conformity with the specifications of the provisional exploitation contract. The owner can then apply for a permanent or final exploitation contract. The final exploitation contract takes the form of a forest concession granted by decree of the Prime Minister. The final exploitation contract is valid for 15 years, and is renewable.

Description of Risk

There are risks relating to forest management planning in the case of FMU and Communal Forests, including:

- Responsibility for the development of the management plan rest with the economic operator (management inventory and preparation of the management plan). The implementation of the management plan is also ensured by the economic operator and followed-up by the administration. Limited incentive, lack of capacity and inadequate salary lower the motivation of the staff and seems to affect the quality of the management plans. In areas where control is exercised by the FD over resources, there are indications that the forest management planning is carried out
- Management plans are often prepared based on limited information from the field and low quality data on growth and yield.
- FMP are not adequately implemented in the forest due to a lack of capacity of the FD and that the MTE is responsible for all timber extraction but does not have responsibility to implement the remaining forest management activities. 'Forestry officials do not have the capacity to monitor the operations of companies nor to enforce legislation' (Lescuyer et al 2012).
- There are significant corruption and poor governance issues in Cameroon (Transparency International 2014, World Bank 2013).

Risk Conclusion

This indicator has been evaluated as specified risk. Identified laws are not upheld consistently by all entities and/or are often ignored, and/or are not enforced by relevant authorities.

1.3.6. Risk designation and specification

Specified risk

1.3.7. Control measures and verifiers

- Approved forest management plans shall exist for the FMU and Communal Forest

where the harvesting is taking place.

- Forest management plans shall contain all legally required information and procedures.
- Annual operating or harvesting plans shall be in place and approved by legally competent authorities.
- Annual operating or harvesting plans shall contain information and procedures, according to all legal requirements.
- The contents of the operating and harvesting plans shall be consistent with approved forest management plans.
- Plans for carrying out harvesting operations shall be subject to public disclosure and objections prior to commencement if legally required.
- Harvesting restrictions shall be identified in management plan and maps if legally required.
- Harvesting inventories shall be conducted according to legal requirements.
- Field verifications shall indicate that the contents of the harvesting plans are adhered to in the field.
- Stakeholder consultation shall indicate that the forest management plan has been approved according to legally prescribed process.
- The contents of the management plan shall be technically sound and consistent in meeting legal requirements.

1.4. Harvesting permits

Legislation regulating the issuing of harvesting permits, licenses or other legal document required for specific harvesting operations. It includes the use of legal methods to obtain the permit. Corruption is a well-known issue in connection with the issuing of harvesting permits. Risk relates to situations where required harvesting is carried out without valid permits or where these are obtained via illegal means such as bribery. In some areas, bribery may be commonly used to obtain harvesting permits for areas and species that cannot be harvested legally (e.g., protected areas, areas that do not fulfil requirements of minimum age or diameter, tree species that cannot be harvested, etc.). In cases where harvesting permits classify species and qualities to estimate fees, corruption and bribery can be used to classify products that will result in a lower fee. The level of corruption in a country or sub-national region is considered to play an important role and corruption indicators should therefore be considered when evaluating risks. In cases of illegal logging, harvesting permits from sites other than the actual harvesting site may be provided as a false proof of legality with the harvested material.

1.4.1. Applicable laws and regulations

For UFA and Communal Forest:

- Articles 44 and 46 of Law 94/01
- The standard model of the provisional and definitive agreement and the associated terms and conditions under sheets 2 and 3 (PROC)
- Article 17 of Law 96/12 of 5 August 1996 setting out a framework law on

environmental management

- Article 20 of Decree 0577 of 23 February 2005
- Order 0222 / A / MINEF of 25 May 2001 Section I - request for the annual operating permit (Articles 40 and 41)

In the case of AUTHORISATION TO RECOVER STANDING TREES (ARB:)

- Article 73 of Law 94/01
- Article 110(1) and (2) of Decree 95/531
- Circular No 0354/LC/MINFOF/SG/DF/SDAFF/SN

In the case of TIMBER REMOVAL LICENCE (AEB) (HARVESTED, FAILED, ABANDONED OR CONFISCATED):

- Articles 56, 111 and 112 of Decree 95-531
- In the case of CUT TIMBER SALE (VC) IN THE NATIONAL FOREST DOMAIN
- Article 45 of Law 94/01
- Article 4(1), (2), (3) and (4) of Order No. 0222 / A / MINEF / 25 May 2002 development procedures, approval, monitoring and control of the implementation of the plans the permanent forest production forest management
- Sheets 14 and 17 of PROC
- Logging inventory rules
- Rules on activities in forest areas (NIMF)
- Article 45(1) of Law 94/01
- Articles 17, 79, 82 of Law 96/12 of 5 August 1996 setting out a framework law on environmental management
- Article 20 of Decree 0577 of 23 February 2005

In the case of STATE LOGGING OF A COMMUNITY FOREST:

- Article 17 of Law 96/12 of 5/08/96 setting out a framework law on environmental management
- Article 20 of Decree 0577 of 23 February 2005
- Article 96(2) of the Decree of 23 August 1995
- Decision No 0098/D/MINFOF/SG/DF/SDFC adopting the document entitled 'Manual of award procedures and management rules for community forests – Version 2009' Point 8.2.2.1 of the manual of procedures, version 2009

In the case of SPECIAL PERMIT (ebony logging):

- Sheets 2 and 3 (PROC)
- Article 88(1) and (2) of Decree 95-531

1.4.2. Legal authority

- Ministry of Forestry and Wildlife and
- Ministry of Environment

1.4.3. Legally required documents or records

In the case of FMU and Communal Forest:

- Letter of approval of the terms of reference for the audit/environmental impact study
- Environmental conformity certificate
- Annual harvesting site certificate (CAAC) or annual operating permit (PAO)
- Notification of the start of activities

In the case of AUTHORISATION TO RECOVER STANDING TREES (ARB):

- Project document
- Environmental conformity certificate issued to the project promoter by the Minister responsible for the environment
- Letter from the competent Minister stating the need to salvage the timber before the project is implemented
- Results of the inventory of the timber concerned
- Notice of public invitation to tender
- Document from the interministerial committee selecting the forestry entity as the best bidder Receipts for payment of the sales price
- Salvage licence issued by the competent manager of the forestry administration
- Notification of the start of the work

In the case of TIMBER REMOVAL LICENCE (AEB) (HARVESTED, FAILED, ABANDONED OR CONFISCATED):

- Reports on offences and on confiscation of fraudulently logged timber (confiscated timber)
- Report on abandoned billets drawn up by the local manager of the administration responsible for forests and summons letter sent to the owners (billets abandoned in the forest or failed)
- Notice of public invitation to tender (confiscated, abandoned or failed timber)
- Document from the sales committee selecting the forestry entity as the best bidder
- Auction report and related receipts (sale amount + 13%)
- Stocktaking report (timber properly felled and not removed on expiry of the right)
- Licence to remove timber issued by the competent manager of the forestry administration
- Notification of the start of the work

In the case of CUT TIMBER SALE (VC) IN THE NATIONAL FOREST DOMAIN:

- Count certificate or certificate confirming respect of the Rules on activities in forest areas Letter of approval of the terms of reference for the environmental impact audit/study
- Environmental conformity certificate
- Annual harvest certificate
- Notification of the start of activity

In the case of STATE LOGGING OF A COMMUNITY FOREST:

- Letter of approval of the terms of reference for the environmental impact study/audit
- Environmental conformity certificate
- Annual logging certificate
- Notification of the start of activities

In the case of SPECIAL PERMIT (ebony logging):

- Special permit

1.4.4. Sources of information

Government Resources

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- Law 96/12 of 5 August 1996 setting out a framework law on environmental management. [online].
- Decree 0577 of 23 February 2005.
- Order 0222 / A / MINEF of 25 May 2201 Section I - request for the annual operating permit (Articles 40 and 41) - Page 64.
- Decree 95/531, Page 59
- Circular No 0354/LC/MINFOF/SG/DF/SDAFF/SN
- Decision No 0098/D/MINFOF/SG/DF/SDFC adopting the document entitled 'Manual of award procedures and management rules for community forests – Version 2009' Point 8.2.2.1 of the manual of procedures, version 2009
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1.4.5. Risk determination

Overview of Legal Requirements

The Forest Code establishes three main types of harvesting rights with the following harvesting permits:

(i) Forest management units or FMUs (Unité forestière d'aménagement or UFA in French) can be allocated inside the permanent domain for a 15-year period renewable twice through a competitive allocation process. During the temporary agreement, the start of work in a new annual cutting area requires the obtainment of a felling certificate. For the issuance of the annual operating permit, the felling certificate for annual cutting area (annual operating permit) is valid only for a year. In the case of renewing an annual cutting area, the issuance of a new annual operating permit is also subject to obtaining a certificate for renewal. The concessionary must apply before May 31st of each fiscal year,

for an annual operating permit for the following year, following the sample attached to the technical data sheets published by the Ministry of Forestry.

(ii) logging sales (ventes de coupe) permit harvesting over a maximum of 2,500 ha for up to three years outside the permanent domain in forests to be converted to non-forest use;

(iii) small titles such as personal authorisations with a maximum of 30 m³, cutting permits (permis de coupe) of up to 300 m³, and authorisations to recover timber following land conversion or special authorisation (autorisation de récupération de bois or ARB).

The law also introduces:

- Communal forest ownership (Forest Code, Part I, Section 7). The harvesting permit system for communal forests is the same as that described for FMUs above.

Description of Risk

- Corruption - each official involved in the chain for processing files for the application for annual cutting area / annual cutting parcel, can, in the aspects related to its service, validate a file even if it is non-compliant because no quality control is often performed at the end of the process.
- Harvesting without a permit - numerous reports of chainsaw harvesting activities being carried out without harvesting permits (see for example CIFOR 2010, Chatham House, 2015). The 2015 Chatham House report states that 'illegal activities are also common in supply chains for export: timber originating from 'small permits' and sales of standing volume permits is thought to be particularly problematic.' (Chatham House, 2015) p. 5.

Risk Conclusion

This indicator has been evaluated as specified risk. Identified laws are not upheld consistently by all entities and/or are often ignored, and/or are not enforced by relevant authorities.

1.4.6. Risk designation and specification

Specified risk

1.4.7. Control measures and verifiers

- Field visits to verify that harvesting is carried out within permitted boundaries
- Harvesting and extraction permits (license or similar legal document governing the harvesting of forest resources) shall exist.
- Harvesting limits shall be clearly defined in the forest management plan.
- Authorities shall confirm the validity of harvesting permit.
- Stakeholder consultation shall confirm that harvesting permit has been issued according to the relevant laws and regulations by the legally designated competent authority.
- Field inspection shall confirm that harvesting takes place within limits given in the

harvesting permit.

- Field inspection shall confirm that information regarding area, species, volumes and other information given in the harvesting permit are correct and within limits prescribed in the legislation

TAXES AND FEES

1.5. Payment of royalties and harvesting fees

Legislation covering payment of all legally required forest harvesting specific fees such as royalties, stumpage fees and other volume based fees. It also includes payments of the fees based on correct classification of quantities, qualities and species. Incorrect classification of forest products is a well-known issue often combined with bribery of officials in charge of controlling the classification.

1.5.1. Applicable laws and regulations

- Law 94/01 - The standard model of the provisional and definitive agreement and the associated terms and conditions under Articles 66 and 69
- Article 122 of Decree 95-531 Revised General Tax Code (Part 1, Chapter 1; Part 2, Chapter 1; Part 5, Chapter 3)
- Finance Law 2002/003 and subsequent revisions
- Revised General Tax Code (Part 1, Chapter 1; Part 2, Chapter 1; Part 5, Chapter 3)
- Finance Law 2002/003 and subsequent revisions
- Decree No 96/642/PM of 17 September 1996, Decree No 96/642/PM of 17 September 1996 covers the basis and methods of collection of royalty and taxes on forestry activities.
- Order No 00122/MINEFI/MINAT 29 April 1998 obligates the establishment of a management committee responsible for managing forest royalties in all sub-divisions and villages where forest concessions are situated.
- Decree No 99/370/PM of 19 March 1999 establishes the securitisation programme for forestry revenues.
- Joint Order No 0000076/MINADT/MINFI/MINFOF of 26 June 2012, This Joint Order establishes the modalities of planning, use and monitoring of the management of revenues brought in from forestry operations and wildlife resource exploitation. It is aimed at municipalities and local village communities. Despite recent revisions, this law has kept royalty revenue distribution largely the same (50% for the State, 20% for the local municipality, 20% for local authority payments and 10% for local village communities).

1.5.2. Legal authority

- Ministry of Forestry (Forestry Fiscality Service)
- Ministry of Finance (General Department of Taxation)

1.5.3. Legally required documents or records

- Certificate of registration of the bank guarantee if required
- Tax clearance
- Payment receipts (annual forestry charge [RFA], felling tax [TA], local development taxes or other forestry taxes if stipulated in the terms and conditions)

1.5.4. Sources of information

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1.5.5. Risk determination

Overview of Legal Requirements

In Cameroon, forestry now provides as much as 25 per cent of total tax revenues (Fernagut, 2014). Law No 94/01 of 20 January 1994 aims to provide the state with greater revenue and a set of economic incentives favoring greater sustainability in logging activities. It shifts the tax basis from the product (timber) to the area of the concession. For example, it introduces a sawmill entry tax to help control timber flows and shift the bulk of taxation away from exports and towards timber operations. Among the various taxes introduced, the annual area fee (Revenu forestier annuel or RFA) is submitted to a bidding system and half of the RFA is paid to local councils. The fee fluctuates, but the minimum required is 1000 FCFA per hectare (approximately \$2.11 USD). The average winning bid for concessions was around 2800 FCFA per hectare (almost \$6 USD) in 2006. The highest recorded fees have reached 8000 FCFA per hectare (\$17 USD). A fifth of these fees is theoretically earmarked to fund community-based development projects.

Other taxes include:

- (1) a timber harvesting tax of 2.5% of the total value of felled timber;
- (2) a customs duty at export of 17.5% of the export value of the logs; and
- (3) a factory/processing tax of 2.25 % the value of the logs entering a factory
- (4) an export surcharge on logs ranging from 500 to 4,000 FCFA (around \$8 USD) per cubic meter depending on the species.

These values fluctuate, and are revised every six months by the National Assembly on customs. The Finance Law of 2002 determines on an annual basis the exact rates for different taxes applicable to forestry activities (felling tax, annual royalty for forest concession areas, etc.). In collaboration with the Ministry of Finance, the Ministry of Forestry negotiates the terms of benefit sharing. The law also fixes the percentage paid to the local community living around the State forest for development purposes. The real purpose of the Finance Law, however, seems to be to generate revenues through fines for illegal activities rather than to encourage legal trade practices in the forest sector as intended by the Forest Law.

To comply with tax requirements for logging in Cameroon, every forestry entity having a forestry title is required to make full payment of the taxes in relation to the activities in an exploitation title previously obtained.

The felling tax applies to the whole volume of logs recorded in the field document except in the case provided for in article 76 of the standard of intervention in forest milieu. Trees

broken, scratched during the felling or left in forest are not exempted from felling tax. They should be marked and their estimate measures should be recorded in the field document when it is not possible to bring them along. The reason for their abandonment should be mentioned in the field document.

Description of Risk

- False declarations - Some taxes (felling taxes) are declarative there is a risk of false declaration (volume and/or species). Forest Monitor (Undated) states that 'when logging an area of forest for the first time, a company may falsify its tax declarations to conceal illegal logging. The total loss of tax revenue, based on area cut and estimated timber harvested, may be more than CFA Fr 2 billion (US\$ 2.6 million). Given the frequency of illegal logging, the forestry sector is not contributing as much as it should economically to the country.' (Fomété, 2001) p. 17.
- Inadequate monitoring and enforcement - Fomété states "neither tax [the Annual Ryalty for the Forest Area (RFA) or the FCFA 1000 Tax) is well monitored and misappropriation of funds is the dominant practice." Samuel Nguiffo, a lawyer and civil society campaigner is quoted in the Forest People's Backgrounder on Cameroon as stating 'Little tax gets paid, and forestry workers are badly exploited – all in violation of the law.'
- Corruption - There are significant corruption and poor governance issues in Cameroon (Transparency International 2014, World Bank 2013) .

Risk Conclusion

This indicator has been evaluated as specified risk. Identified laws are not upheld consistently by all entities and/or are often ignored, and/or are not enforced by relevant authorities.

1.5.6. Risk designation and specification

Specified risk

1.5.7. Control measures and verifiers

- Obtain proof of payment of the forestry taxes if stipulated in the specifications for the current year and the year before verification
- Receipt for payment of the AFR, VAT, VAT and RT
- Attestation for deposit or payment of the bank caution
- Evidence of payment of the selling price
- Proof of payment 13% above the selling price
- Patent title for AR
- Attestation of non-indebtedness/royalties from a competent tax office or Tax clearance

1.6. Value added taxes and other sales taxes

Legislation covering different types of sales taxes, which apply to the material being sold, including selling material as growing forest (standing stock sales). Risk relates to situations where products are sold without legal sales documents or far below market price resulting in illegal avoidance of

taxes.

1.6.1. Applicable laws and regulations

- 1994 Forestry law
 - Article 149, talks of auction sales
- Decree No 95/531
 - Articles 55 and 56 talk of applicable terms for the public auction
 - Chapter 110 (2) talks of wood recovered from a development project that can be sold at public auction
- Circular Letter No. 0147 / LC / MINFOF / CAB of 12 June 2013 laying down the procedures for public auction sales of seized wood and apply minimum rates

1.6.2. Legal authority

- Ministry of Forestry and Wildlife
- Regional Delegate of Forestry and Wildlife
- Divisional Delegate Of Forestry and Wildlife

1.6.3. Legally required documents or records

- Certification for auction sales (Permit for public auction sale)
- Authorization to release caution

1.6.4. Sources of information

Government sources

- minfof.cm (2013). Circular Letter No. 0147 / LC / MINFOF / CAB of 12 June 2013.
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1.6.5. Risk determination

Overview of Legal Requirements

The only sales taxes due in Cameroon are those placed on the auction of seized wood. The public auction sale process for seized wood respects the following execution order:

- Finding the existence of wood from illegal forest exploitation; from legal logging but with abandoned wood on site; a wood removal in the case of excess volume and / or authorized area; Wood fallen into the sea or wood from any other source not approved by the Minister in charge of forests.
- Seizure on forest hammer of wood products and inventory by the forestry Administration following the classification: dense wood (red / hard) and white wood as well as the corresponding volumes and their geographical coordinates
- Opening a litigation
- Approval of volumes by the hierarchy
- Organization of the public auction sales

Description of Risk

Djeukam, et al. raise questions about the auction process in the paper 'Forestry and Communities in Cameroon'. They state that although such auctions are only legally allowed to be carried out for wood already logged and are organized in order to ensure the commercialization of the wood seized by the administration because of abandonment or illegal exploitation. They argue that sales by auction have proliferated with the reinforcement of the donors' vigilance with respect to the allocation process of the concessions. The practice consists in auctioning an important and fictive volume of wood, the proof of the sales being then used as a justification for the exploitation of timber up to the limit of the same volume. Incidentally, the minister of the environment has himself recognized – and condemned – the existence of these fraudulent practices: "I have noticed that various economic operators of the forestry sector carry out, sometimes with the complicity of employees of the Minister of the Environment and the Forests [MINEF], fraudulent logging in the forest, and then come to my services in order to get authorizations for the removal of the wood supposedly abandoned in the forest or in order to seek for their profit the organisation of sales by auction of abandoned wood, [a practice] that is now forbidden". (Circular Letter No. 0399/LC/MINEF/CAB of 30 January 2001.). In spite of this, the sales by auction have continued and continue replacing legal ways of accessing the resource (GFW, 2002). (Djeukam et al, 2008) p. 23. Samuel Nguiffo, a lawyer and civil society campaigner is quoted in the Forest People's Backgrounder on Cameroon as stating 'Little tax gets paid, and forestry workers are badly

exploited – all in violation of the law.’

Based on the available information, as well as the high levels of corruption in Cameroon (Transparency International 2014, World Bank 2013), the risk for this category has been assessed as specified.

Risk Conclusion

This indicator has been evaluated as specified risk for wood sold at auction. Identified laws are not upheld consistently by all entities and/or are often ignored, and/or are not enforced by relevant authorities.

1.6.6. Risk designation and specification

Specified risk for wood sold at auction.

(N/A for all other sales)

1.6.7. Control measures and verifiers

- Sale documents shall include applicable sales taxes.
- Receipts for payment sales taxes shall exist.
- C16 species and qualities given in sales and transport documents shall match the fees paid.
- Sales prices shall be in line with market prices.
- Harvested species, volume and qualities shall match the sales documents.
- Authorities shall confirm that operation is up to date in payment of applicable sales taxes.

1.7. Income and profit taxes

Legislation covering income and profit taxes related to the profit derived from sale of forest products and harvesting activities. This category is also related to income from the sale of timber and does not include other taxes generally applicable for companies or related to salary payments.

1.7.1. Applicable laws and regulations

- Finance Law 2012
- General Code of taxation, SECTION IX PAYEMENT OF TAXES Article 21- (1)
- 1994 Forestry Law
- Article 67 (1) talks of the annual forestry royalties paid to municipalities and communities
- Article 149 specifies the percentage of revenue from auction sales done by the administration.
- Article 167 (1) talks of the distribution of income from fines, transactions and auction sales.
- Joint Order 0000076 / MINATD / MINFI / MINFOF of 26 June 2012 laying down the procedures for planning, use and monitoring the management of revenue from the

exploitation of forest resources and wildlife, meant for Communities and the riverine population.

1.7.2. Legal authority

- Ministry of Forestry
- Ministry of Finance
- Ministry of Territorial Administration and Decentralisation
- General manager of taxation

1.7.3. Legally required documents or records

- Payment receipt for the corporate income tax/Tax clearance document
- Payment receipts (annual forestry royalties [RFA], felling tax [TA], local development taxes or other forestry taxes if stipulated in the terms and conditions)

1.7.4. Sources of information

Government sources

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- spm.gov.cm (2002). *Finance Law 2002/003*. [online]. Available at: <http://www.spm.gov.cm/fr/documentation/textes-legislatifs-et-reglementaires/article/loi-n-2002014-du-30-decembre-2002-portant-loi-de-finances-de-la-republique-du-cameroun-pour-lexer.html>
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- izf.net (N.Y.). *Value Added Tax* [online]. (Customs general code) (CEMAC). Available at: <http://www.izf.net/pages/taxe-sur-chiffre-daffaires-et-droit-daccise>
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1.7.5. Risk determination

Overview of Legal Requirements

The Law in Cameroon requires that the taxpayer spontaneously pays the corporate tax in the following manner:

- For companies operating under the real earnings tax regime, an initial payment, accounting for 1% of the turnover shall be made no later than the 15th of the following month. That initial payment is increased by 10% under additional municipal taxes;
- For individuals operating under the simplified regime, an initial payment accounting for 3% of the turnover is made monthly by non-exporting traders, and 5% of the turnover performed by producers, service providers, importing traders is made no later than the 15th of the following month. This initial payment is equally increased by 10% under additional municipal taxes;

Description of Risk

Given the system is self declaratory, there is a risk that companies may make false

declarations to reduce their tax debts, or avoid making payments at all.

Based on the risk described above, as well as the general risk of corruption in the forest sector in Cameroon (Transparency International 2014, World Bank 2013), the risk for this category has been assessed as specified.

Risk Conclusion

This indicator has been evaluated as specified risk. Identified laws are not upheld consistently by all entities and/or are often ignored, and/or are not enforced by relevant authorities.

1.7.6. Risk designation and specification

Specified risk

1.7.7. Control measures and verifiers

- Consultation with financial authority to verify that all required income and profit taxes have been paid
- Check the documentary evidences of payment of Forest Royalties and share paid to the populations

TIMBER HARVESTING ACTIVITIES

1.8. Timber harvesting regulations

Any legal requirements for harvesting techniques and technology including selective cutting, shelter wood regenerations, clear felling, transport of timber from felling site and seasonal limitations etc. Typically this includes regulations on the size of felling areas, minimum age and/or diameter for felling activities and elements that shall be preserved during felling etc. Establishment of skidding or hauling trails, road construction, drainage systems and bridges etc. shall also be considered as well as planning and monitoring of harvesting activities. Any legally binding codes for harvesting practices shall be considered.

1.8.1. Applicable laws and regulations

- 1994 Forestry Law (Section 2 which talks of forest exploitation) - Articles 23, 40(3), 63 and 64
- Articles 46(3), 72(1), 125(2) and (3), 35, 51(1) and 73(1), (2), 115(1), (2) and (3), 127(1), (2) (3) and 128 of Decree 95-531
- Articles 4(1), (2), (3), (4) and (6), 12(1) and (2) and 13(1) and (2) of Order No 222
- Sheets 6, 14 and 17 PROC
- Logging inventory rules
- Decision N°0108/D/MINEF/CAB laying down the norms for intervention in forest milieu - Chapter 10 of the decision

1.8.2. Legal authority

- Ministry of Forestry and Wildlife

1.8.3. Legally required documents or records

- Approval of the enterprise or its various subcontractors having been involved in certain management activities (inventories, forestry)
- Service contracts with (an) approved structure(s) or a public body.
- Count certificate or certificate confirming respect of the logging rules
- Annual cutting Certificate (ACC) or annual operating permit (AOP)
- Exploitation site booklet or DF10
- Certificate of recollection or attestation of respect of norms of intervention in forest milieu
- Service contracts with (an) approved structure(s) or a public body
- Letter of approval of the terms of reference for the audit/environmental impact study
- Environmental conformity certificate
- Annual harvesting site certificate (CAAC) or annual operating permit (PAO)

- Notification of the start of activities
- Count certificate or certificate confirming respect of the logging rules
- Worksite books (DF10) or SIGIF declaration

1.8.4. Sources of Information

Government sources

- droit-afrique.com (1994). *Forestry law of 1994 (Forest Code, No. 94/01)*. [online]. Available at: <http://www.droit-afrique.com/images/textes/Cameroun/Cameroun%20-%20Loi%20foret.pdf>
- Decree No. 95/531.
- gfbcam.com (2002). *Order No 0222/A/MINEF of May 25, 2002*. [online]. Establishes procedures for developing, approval, monitoring and control of the implementation of forest management plans for the production forests in the permanent forest estate. NOTE: see page 64.
- gfbcam.com (N.Y.) Decision No 0108/D/MINEF/CAB. [online]. NOTE: See page 75.

1.8.5. Risk determination

Overview of Legal Requirements

An annual operating permit (AOP) is issued for the exploitation of an annual cutting area (ACA) after the verification of compliance with various laws. The AOP clearly indicates the species to be exploited (number of stands, volume, code, minimum diameter of exploitability / management) and species prohibited for exploitation. The law also mandates that logging companies must prepare detailed forest management plans (FMPs) to ensure the ecological, economic, and socially sustainable management of their forests (for FMUs and Communal Forest during the period of final agreement).

There legal prescriptions/requirements pertaining the cutting, harvesting regeneration and transportation of woods/timber etc. However, these requirements do not restrict forest operations (during rainy seasons for instance). When the field conditions become very challenging (impossibility to move on roads or to skid or cut trees because of rain...) forest operators decide themselves to stop operations when they deem such operations as dangerous both to men and equipment. There is no clear-felling as operators may only harvest some species (more or less around twenty) from the hundreds available in forests. Where forests are being cleared for an agricultural or infrastructural development project, clear-felling can be carried out legally.

There is a document called "Normes d'Intervention en Milieu Forestier" to which all forest exploitation operation should comply with. This document serves as guideline for forest operating activities no matter the type of forest title (FMU, cut timber sales...) alongside the management plan of FMUs and communal forests. The holder of a forest operating title authorizing the cutting of trees shall also comply with the following requirements/standards:

- a minimum cutting diameter for each species specified by the forest administration (FA) and the management plan (FMU and communal forests);

- transport of timber is accompanied by secured documents issued to the forest authorized to operate by the FA;
- the size of annual operating sites is defined or codified by regulatory acts in force and depends on the type forest operated and/or management plan
- only trees marked during the operational inventory, except for some identified seed-bearings shall be harvested;
- the cutting shall be done by a qualified cutter who applies the appropriate technique in order to minimize losses;
- The cutter shall if possible, proceed with directional cutting, so as to preserve good looking trees in regeneration and to cause as less as possible harm to neighbouring trees;
- The use of fire when cutting trees is prohibited.

There are also requirements in place to prepare a log after it is cut, including removal of the buttresses and treetop. To ensure compliance with the possibility of annual cut, the holder of a forest operating title shall number, mark, measure and record in the field document, pursuant to the terms provided for in the specifications, all the logs from trees cut before they undergo any processing.

These various legal requirements are systematically checked during forestry controls carried out by the relevant officers. When the forest controlled proves to have deviated /infringed /be non-compliant with the management plan thereof, the penalty is a fine from CFA F 3,000,000 to 10,000,000 and/or a jail penalty from one to three years (Art. 158 Law 94/01). See the list of infringements published by the MINFOF and available on its website (www.minfof.com). According to Cerutti et al, contrary to the principles adhered to by the 1994 law, 'the government has not yet succeeded in implementing effective minimum sustainability safeguards and that, in 2006, 68% of the timber production was still carried out as though no improved management rules were in place. The existence of a number of approved management plans cannot be used a proxy for proof of improved forest management.' (Cerutti et al, 2008).

Description of Risk

- Management plans are not complied, or poorly implemented within practice – this may lead to the destruction of a permanent forest. %. In the FMUs held by big companies, the legal requirements are generally well complied with, though there are some points that are yet to be 100% implemented. Small operators operating out of FMUs find difficult to implement these requirements and comply with them. Observations show that around 85% of irregularities are related to lacks in the implementation of the requirements/norms of "norms d'intervention en milieu forestier". It should be also noted that some big companies, when working outside their FMUs, do not bother to comply with such requirements as they do in their own FMUs.
- Companies do not obtain the requisite documents prior to commencing the harvesting activities.
- Illegal practices during the implementation of the logging/harvesting operations on the ground.

- Lack of compliance monitoring and enforcement - due to a lack of capacity of the FD, and that the MTE is responsible for all timber extraction but does not have responsibility to implement the remaining forest management activities (Chatham House 2015, Djeukam et al 2008).
- There is a general risk of corruption in Cameroon (Transparency International 2014, World Bank 2013, Chatham House 2015).

Risk Conclusion

This indicator has been evaluated as specified risk. Identified laws are not upheld consistently by all entities and/or are often ignored, and/or are not enforced by relevant authorities.

1.8.6. Risk designation and specification

Specified risk

1.8.7. Control measures and verifiers

- Harvesting shall be conducted within the authorised boundaries of the FMU.
- Harvesting shall not take place in areas where harvesting is legally prohibited.
- Tree species or selected trees found within the FMU for which felling is prohibited shall be listed in operational plans.
- Harvesting restrictions shall be observed in the field.
- Tree species or selected trees found within the FMU for which felling is prohibited shall be marked in the field

Control measures shall be performed over the entire chain of control (from site up to the national stratum). This control aims at ensuring data compliance:

- When way bills are secured and stamped by the relevant authority from the ministry in charge of forestry for logs and sawn lumbers by road
- Make observations on the field
- Inspect the timber
- Check inscriptions over all timbers of the DF10 N°, cutting down date, Title N°, Operator name, Annual logging unit Number
- Check whether the potting certificate of the relevant customs service (transportation by containers) comes along with potting report from the forestry service of the loading point
- If the special statement on slip is signed by the relevant officer in case of transportation by railway
- Check the compliance of the destination of products

1.9. Protected sites and species

International, national, and sub national treaties, laws, and regulations related to protected areas allowable forest uses and activities, and/or, rare, threatened, or endangered species, including their

habitats and potential habitats. Risk relates to illegal harvesting within protected sites, as well as illegal harvest of protected species. Note that protected areas may include protected cultural sites, including sites with historical monuments.

1.9.1. Applicable laws and regulations

- Forestry law of 1994:
- Decree of 95/531:
article 10 which talks of fragile ecological zone
- Decision No0108/D/MINEF/CAB TO lay down the norms of intervention in forestry milieu:
 - chapter 3 (forest management activities relating to protected areas);
 - chapter 4 (protection of water and its banks);
 - chapter 5 (protection of water quality);
 - chapter 6 (Protection of Wildlife);
 - Chapter 7 (Layout, construction and improvement of forest roads);
 - chapter 8 (campsites and industrial installations in the forest).
- Decree No 95-466-PM of 20 July 1995
This Decree establishes the conditions for the implementing Cameroon's wildlife regulations.

1.9.2. Legal authority

- Ministry of Forestry and wildlife
- Ministry of Environment

1.9.3. Legally required documents or records

- Certificate confirming respect of the logging rules
- Environmental conformity certificate

1.9.4. Sources of Information

Government sources

- droit-afrique.com (1994). *Forestry law of 1994 (Forest Code, No. 94/01)*. [online]. Available at: <http://www.droit-afrique.com/images/textes/Cameroun/Cameroun%20-%20Loi%20foret.pdf>
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Non-Government sources

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1.9.5. Risk determination

Overview of Legal Requirements

According to the 1994 forest law, there are 03 categories of protected areas. These are:

a) Protected areas for wildlife: where forest operations are not authorized. These include: national parks; wildlife reserves; game areas; State-owned game-ranches; zoological gardens; and wildlife sanctuaries.

b) Forest reserves. Including: integral ecological reserves; protective forests (FMUs where forest operation is authorized); recreational forests; teaching and research forests; flora sanctuaries; botanical gardens. Within the framework of forest managements, some main species listed as having less than one (01) stem per 100 ha are prohibited from operation because they are very lowly represented in the forest to be managed. Such species are mandatorily noted in the management plan and recorded in a table under the heading « Excluded species/prohibited from operation »

c) Buffer areas.

The holder of a forest operating title cannot carry out any forest management activity in such protected areas. There are also legal requirements for forest operations alongside protected areas, including directional felling. The law also states that certain precautions should be taken when harvesting water sources to avoid erosion and sediments contaminating the water body. The protections are also intended to protect mangroves, gallery forests in wet savannah zones and riparian forest or riparian ecotones in sudano-sahelian zone. The prescriptions include not felling on a site where the slope is more than 50%, and preserving a litter of 30 m wide, measured from the natural line of high waters, in sea, river, lake, water or swamp side.

Description of Risk

For some years now, it's very difficult to find industrial forest operations practised in protected areas (there are some cases of artisanal operations carried out by riparian of protected areas or with their complicity, though very rare). In the recent past, there were big companies that carried out illegal activities in protected areas (some of them were harshly punished then). Campo Ma'an National Park includes for 4 logging concessions, an agro-forestry zone, and an agro-industrial zone known for rubber and palms. The park is subject to many threats to its ecosystem, mainly due to logging, poaching, agricultural activities and coastal development (WWF 2005).

According to Mongabay 'Cameroon currently lacks an effective protected-areas system. Eight percent of the country is under some form of protection on paper, but enforcement is weak and timber is illegally harvested from reserves and wildlife is poached.'

Risk Conclusion

This indicator has been evaluated as specified risk. Identified laws are not upheld consistently by all entities and/or are often ignored, and/or are not enforced by relevant authorities.

1.9.6. Risk designation and specification

Specified risk

1.9.7. Control measures and verifiers

- All legally protected areas (including species habitats) shall be included in the management plan or related documentation if required by the legislation.
- On the operating site by ensuring that low-impact forest operation principles are being complied with (compliance with water bodies, compliance with sacred sites, compliance with protected areas, compliance with buffer zones, compliance with forest reserves etc)
- 2- As far as documentation is concerned, by making sure that the holder of a logging title has been issued a certificate of compliance with standards

1.10. Environmental requirements

National and sub-national laws and regulations related to the identification and/or protection of environmental values including but not limited to those relating to or affected by harvesting, acceptable level for soil damage, establishment of buffer zones (e.g. along water courses, open areas, breeding sites), maintenance of retention trees on felling site, seasonal limitation of harvesting time, environmental requirements for forest machineries, use of pesticides and other chemicals, biodiversity conservation, air quality, protection and restoration of water quality, operation of recreational equipment, development of non-forestry infrastructure, mineral exploration and extraction, etc... Risk relates to systematic and/or large-scale non-compliance with legally required environmental protection measures that are evident to an extent that threatens the forest resources or other environmental values.

1.10.1. Applicable laws and regulations

- Law No 96/12 of 05 August 1996 Lays the framework of environmental management

under the Forest Code

- Articles 17, 79 and 82 setting out a framework law on environmental management
- Law 94/01 - Article 18(1), (2) and (3)
- Order 0069/MINEP of 8 March 2005 - Articles 3 and 4
- Decree 0577 of 23 February 2005 - lays out the procedures for performing environmental impact assessments (EIAs). Article 11 states that EIAs must include stakeholder involvement through consultations and public hearings.
- Order No 222 of 25 May 2001 - Article 11(1) and (2)
- Terms and Conditions of the CDE (Enterprise Development Centre) defining the special observations on logging around the periphery of the protected areas (buffer strip) (UFA [Forest Management Unit]) - Article 16 of the
- Decision No 0108/D/MINEF/CAB of 9 February 1998 applying the Rules on activities in forest areas
- Guide on environmental measures in relation to logging
- Decree No 2005/0577 of February 23, 2005 This Decree lays out the procedures for performing environmental impact assessments (EIAs). Article 11 states that EIAs must include stakeholder involvement through consultations and public hearings
- Order No 0069/MINEP of 08 March 2005 Describes those activities that are subject to carrying out an environmental impact assessment, which include.
- Order No 0070/MINEP of April 22, 2005 Defines the different categories of operations whose realization is subjected to an environmental impact assessment.
- Order No 00001/MINEP February 3, 2007 Defines the general content of Terms of Reference for Environmental Impact Assessments and provides guidelines for its formulation.

1.10.2. Legal authority

- Ministry of Forestry and wildlife
- Ministry of Environment

1.10.3. Legally required documents or records

- Certificate confirming respect of the logging rules
- Environmental conformity certificate
- Environmental inspection report
- Record of environmental offences

1.10.4. Sources of information

Government sources

- droit-afrique.com (1994). *Forestry law of 1994 (Forest Code, No. 94/01)*. [online].

Available at: <http://www.droit-afrique.com/images/textes/Cameroun/Cameroun%20-%20Loi%20foret.pdf>

- Decree No. 95/531. Minfop
- Decision No 0108/D/MINEF/CAB. NOTE: See page 75. Available at:
- Decree No 95-466-PM of 20 July 1995.
- www.minfop.cm
- www.minep.gov.cm

Non-Government sources

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1.10.5. Risk determination

Overview of Legal Requirements

Pursuant to article 17 .- (1) of the Law N° 96/12 of the 5th august 1996 – on the framework law pertaining to the management of environment, the promoter or developer of any management, work, equipment or installation project that may, by virtue of its size, nature or of the incidence of the activities carried out on the natural milieu, endanger the environment is required to carry out as prescribed in the specifications, an impact assessment that enables to assess the direct and indirect impacts of such project on the ecological equilibrium of the planting zone or any other region, the living conditions and quality of life of populations and the impacts on environment in general.

This provision of the framework law is emphasized by Article 16.- (2) of the lawN°94/01 of the 20th January 1994 on forest, wildlife and fishery regime that states that « The implementation of any development project likely to disrupt the forest or aquatic milieu shall be subject to a prior environmental impact assessment ».

The ministry of environment has defined a framework to be followed when carrying out an environmental impact assessment. Compliance with this framework is checked prior to

the approval of an EIA. The framework includes requirement for public hearings with local communities.

Forest operation in FMUs and Communal Forest is subject to the development of a management plan. Such management plan should be approved by the Ministry in charge of Forests pursuant to a notice from an inter-ministerial committee. The implementation of an Environmental Impact Assessment (checked upon through the presence of a Certificate of Environmental Compliance issued by the Ministry in charge of Environment) is a pre-requisite for the approval of a management plan. At the expiry of the provisional agreement for a FMU, the forest operator cannot proceed further if he fails to conduct an environmental impact assessment since his management plan will not be approved and he will not be issued an operating permit.

The Forest Law refers also to flora and fauna protection, requires environmental impacts assessments for development projects that are likely to affect forest ecosystems, and includes also sanctions for non-compliance with the law.

Description of Risk

- No EIA - FMUs operating without an approved environmental impact assessment, some are still operating without it. The requirement for an EIA is more worrying in small forest titles like cut stand sales where most of the companies are not preparing an EIA before exploitation activities in such permits whereas it's required.
- Some operators do not always comply with some prescriptions of the environmental impact assessment on the field.

For larger concession holders, there is increased oversight from the relevant authorities, there is generally better awareness and respect for the law and many large concessions are certified. As forest management plans are required for all FMUs, and an EIA is a prerequisite of the FMP, the risk for FMUs in the category has been assessed as low. For all other small forest titles, the risk has been assessed as specified.

Risk Conclusion

This indicator has been evaluated as low risk for FMU's. Identified laws are upheld. Cases where law/regulations are violated are efficiently followed up via preventive actions taken by the authorities and/or by the relevant entities.

And,

this indicator has been evaluated as specified risk for all other small forest titles. Identified laws are not upheld consistently by all entities and/or are often ignored, and/or are not enforced by relevant authorities.

1.10.6. Risk designation and specification

Low risk for FMU

and,

Specified risk for all other small forest titles.

1.10.7. Control measures and verifiers

- Environmental and/or Social Impact Assessments shall be in place and approved by

the legally competent authority if legally required.

- Requirements for environmental monitoring shall be observed.
- Environmental restrictions shall be followed in the field, such as requirements related to soil damage, buffer zones, retention trees, seasonal restrictions etc.
- On the operating site by ensuring that low-impact forest operation principles are being complied with (compliance with water bodies, compliance with sacred sites, compliance with protected areas, compliance with buffer zones, compliance with forest reserves etc)
- As far as documentation is concerned, by making sure that the holder of a logging title has been issued a certificate of compliance with standards

1.11. Health and safety

Legally required personnel protection equipment for persons involved in harvesting activities, use of safe felling and transport practice, establishment of protection zones around harvesting sites, and safety requirements to machinery used. Legally required safety requirements in relation to chemical usage. The health and safety requirements that shall be considered relate to operations in the forest (not office work, or other activities less related to actual forest operations). Risk relates to situations/areas where health and safety regulations are consistently violated to such a degree that puts the health and safety of forest workers at significant risk throughout forest operations.

1.11.1. Applicable laws and regulations

- Articles 61(2) and 62(2) of Law No°92/007 of 14 August 1992 setting out the Employment Code
- Ordinance No 73-17 of 22 May 1973 organising social security
- Order No 039/MTPS/IMT of the Ministry of Labour and Social Security (MTPS) laying down the general provisions relating to health and safety at the workplace
- Law 64/LF/23 of 13 November 1964 protecting public health
- Law 98/015 of 14 July 1998 relating to establishments classified as dangerous, unhealthy or obnoxious - Sections 5, 7, 9 and 12 state that the person in charge of such establishments must carry out a risk study before initiating such an establishment.
- Decree 99/818/PM of 9 November 1999 laying down the provisions for setting up and operating the establishments.
- Order No 013/MINEE/DMG/SL of April 19, 1977 Lists dangerous, unhealthy or inconvenient establishments.

1.11.2. Legal authority

- Ministry of Labour and Social Security
- Ministry of Employment

1.11.3. Legally required documents or records

- Employer registers in 3 parts, listed and signed by the competent court or by the

employment inspector of the administrative district

- Agreement on visits and care with a general practitioner
- Instrument establishing a workplace health and safety committee, signed by the manager of the enterprise
- Inspection reports of the Ministry of Health
- Declaration of establishment sent to the employment inspector of the administrative district

1.11.4. Sources of information

Government sources

- ilo.org (1992). Law No°92/007 of 14 August 1992. [online] Available at: http://www.ilo.org/aids/legislation/WCMS_126661/lang--fr/index.htm
- Ordinance No 73-17 of 22 May 1973.
- Order No 039/MTPS/IMT of the Ministry of Labour and Social Security (MTPS). [
- Law 64/LF/23 of 13 November 1964.
- Law 98/015 of 14 July 1998.
- Decree 99/818/PM of 9 November 1999.
- Order No 013/MINEE/DMG/SL of April 19, 1977.
- mintss.gov.cm (N.Y.). Ministry of Labour and Social Security. [online] Available at: <http://www.mintss.gov.cm/>
- Ministry of Employment

Non-Government sources

N/A

1.11.5. Risk determination

Overview of Legal Requirements

The health and safety conditions of personnel at work are defined by an order of the Ministry of Labour, issued after consultation with the National Commission for Health and Safety at work. These orders tend to secure workers, taking into account local conditions and contingencies, hygiene and safety standards are in line with those recommended by the International Labour Organization and other technical organizations recognized internationally.

Any enterprise or establishment of any nature whatsoever, whether public or private, secular or religious, civil or military, including those related to the performance of professional services and those depending on associations or trade unions must have a medical and health service for the benefit of its workers. The role allotted to this service includes overseeing the industrial hygiene conditions, the risks of contagion and the state of health of the workers, spouse and children accommodated by the employer and to take preventive measures appropriate at the same time ensuring that the necessary medical

care in accordance with the provisions of this chapter. The terms of the benefit of the medical and health coverage for workers and their families are set by order of the Minister of Labour, issued after consultation with the National Commission for Health and Safety.

Description of Risk

It should be noted that hygiene requirements, safety and health at work are respected for the most part, only by companies engaged in forest certification.

The associated risks here are:

- The absence in the company of an infirmary / agreement of care with a health center/working doctor;
- The absence of the medical examinations of hiring
- The absence of the working medical examinations
- The absence of drinking water
- The absence of the decent housing for the workers
- The absence of personal protective equipments

Risk Conclusion

This indicator has been evaluated as specified risk. Identified laws are not upheld consistently by all entities and/or are often ignored, and/or are not enforced by relevant authorities.

1.11.6. Risk designation and specification

Specified risk

1.11.7. Control measures and verifiers

- Whether or not in the business of a nursing / care agreement with a health center / a working physician;
- The medical records of workers and their families ;
- Records of medical recruitment visits ;
- Reports for analyzing water quality provides employees and their families;
- The existence or absence of a health and safety committee trained labor and assets (training report, reports said county , the working accident register etc) ;
- The existence and the use or not of personal protective equipment (PPE) per workstation - on site verification.

1.12. Legal employment

Legal requirements for employment of personnel involved in harvesting activities including requirement for contracts and working permits, requirements for obligatory insurances, requirements for competence certificates and other training requirements, and payment of social and income taxes withhold by employer. Furthermore, the points cover observance of minimum working age and minimum age for personnel involved in hazardous work, legislation against forced

and compulsory labour, and discrimination and freedom of association. Risk relates to situations/areas where systematic or large scale noncompliance with labour and/or employment laws. The objective is to identify where serious violations of the legal rights of workers take place, such as forced, underage or illegal labour.

1.12.1. Applicable laws and regulations

- Article 41 of Law 94/01 of 20 January 1994
- Articles 35(1), 36, 114 and 140(1), (2), (3), (4) and (5), of Decree 95-531
- Law 98/015 of 14 July 1998 relating to establishments classified as dangerous, unhealthy or obnoxious
- Decree 99/818/PM of 9 November 1999 laying down the provisions for setting up and operating [the establishments in question]
- Order No 013/MINEE/DMG/SL (Ministry of Energy and Water/Mines and Geology Division/SL of 19 April 1977 repealing and replacing Order No 154 of 28 March 1957 coding dangerous, unhealthy or obnoxious establishments

1.12.2. Legal authority

- Ministry of Labour and Social Security
- National Social Insurance Fund
- Ministry of Justice

1.12.3. Legally required documents or records

- Certificate of domicile (natural person)
- Commercial register maintained at the competent court office
- Forestry approval granted by the competent authority
- Authority to set up and operate a first class establishment from the Ministry responsible for the industry
- Certificate of registration as a timber processor from the Ministry responsible for forests

1.12.4. Sources of information

Government sources

- droit-afrique.com (1994). *Forestry law of 1994 (Forest Code, No. 94/01)*. [online]. Available at: <http://www.droit-afrique.com/images/textes/Cameroun/Cameroun%20-%20Loi%20foret.pdf>
- Decree No. 95/531.
- Law 98/015 of 14 July 1998.
- Decree 99/818/PM of 9 November 1999.
- Order No 013/MINEE/DMG/SL of April 19, 1977.
- Ministry of Labour and Social Security. [online] Available at:

<http://www.mintss.gov.cm/>

- cnps.cm (N.Y). National Social Insurance Fund. [online] Available at: <http://www.cnps.cm/>

1.12.5. Risk determination

Overview of Legal Requirements

Although workers are allowed to organize and join unions, there are numerous government-imposed restrictions. Private and public sector employees cannot belong to the same union, nor can a union include different or closely related sectors of the economy. In addition, under penalty of fines and/or prison for union members, a union must register with the government. In practice, unions have found it difficult to obtain registration. Those unions which are registered have been the subject of harassment and interference by the government. The law recognizes the right to strike, but only after mandatory arbitration. However, decisions arising from arbitration are not legally enforceable and can be overturned or even ignored by employers or the government.

There are minimum working age and safety and health regulations; however, a lack of resources has greatly compromised their enforcement. The minimum age of employment is 14 years, although this is not enforced. Child labor remains a problem in Cameroon as does forced and compulsory labor

In Cameroon, the performance of any activity in a forest operation company is subject to the signing of a labor contract between the employer and the employee. In fact, the labor contract is an agreement whereby the worker agrees to conduct its professional activity under the authority and supervision of the employer, in consideration of a wage.

The labor contract may be entered into for a determined or undetermined term.

a) The labor contract with a determined term is one which term is fixed in advance by the will of the parties. It cannot exceed two (2) years and may be renewed for the same period of time. It is likened to an undetermined term labor contract, but not renewable:

- the contract which term is subject to the occurrence of a future and certain event which does not depend on the will of both parties, but is precisely indicated;
- the contract entered into for a well defined work.

b) The undetermined term contract is the one which term is not defined in advance and which may be terminated at any time by any of the parties, subject to notice.

The renewal of foreign workers contracts is subject to the approval of the Minister in charge of Labor. The determined term contract of Cameroonian workers cannot be renewed more than once with the same company. At the second renewal, the contract is automatically shifted into an undetermined term contract. Children cannot be employed in any company, even as apprentices before the age of fourteen (14), except with a derogation granted by the minister in charge of Labor, with regard to local circumstances and the tasks to be performed.

Description of Risk

- using workers without license contract

- used workers without Social insurance
- using minor children as forest workers

These risks are more prevalent in smaller companies. There is more government oversight of larger companies, as well as more of a respect for the law. On balance, the risk for this category is specified.

Risk Conclusion

This indicator has been evaluated as specified risk. Identified laws are not upheld consistently by all entities and/or are often ignored, and/or are not enforced by relevant authorities.

1.12.6. Risk designation and specification

Specified risk

1.12.7. Control measures and verifiers

- All workers are employed according to the regulation and required contracts are in place
- Persons involved in harvesting activities shall be covered by obligatory insurances.
- Persons involved in harvesting activities shall hold required certificates of competence for the function they carry out.
- At least the legally established minimum salaries shall be paid for personal involved in harvesting activities.
- Salaries shall be paid officially and declared by the employer according to requirements for personal involved in harvesting activities.
- Minimum age shall be observed for all personnel involved in harvesting activities.
- Stakeholders shall confirm that forced or compulsory labour is not involved in harvesting activities.
- Labor contract (check employee's regularity, age, etc)
- Employee's pay slip (check regularity, social security number etc)
- Livret sécurité sociale
- Employees' training reports/certificate

THIRD PARTIES' RIGHTS

1.13 Customary rights

Legislation covering customary rights relevant to forest harvesting activities including requirements covering sharing of benefits and indigenous rights.

1.13.1. Applicable laws and regulations

- 1994 Forestry Law
 - Article 8 (1) - user's or customary right
 - Chapter 4: Financial obligations/ Article 66 (1) talks of annual forest royalties
- Decree of 95/531:
 - Article 26 - user's right
- Joint Order 0000076 / MINATD / MINFI / MINFOF of 26 June 2012 laying down the procedures for planning, use and monitoring the management of revenue from the exploitation of forest resources and wildlife, meant for Communities and the riverine population.

1.13.2. Legal authority

- Ministry of Forestry and Wildlife
- Ministry of territorial Administration and decentralization
- Ministry of finance

1.13.3. Legally required documents or records

- Minutes of the information meeting on the forestry right, signed by the administration or Sub-Divisional Officer
- Certificate of solvency/tax certificate of the competent tax office

1.13.4. Sources of information

Government sources

- droit-afrique.com (1994). *Forestry law of 1994 (Forest Code, No. 94/01)*. [online]. Available at: <http://www.droit-afrique.com/images/textes/Cameroun/Cameroun%20-%20Loi%20foret.pdf>
- Decree No. 95/531
- Joint Order No 0000076/MINADT/MINFI/MINFOF of 26 June 2012.

Non-Government sources

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propositions de la plateforme ECFP dans le draft de projet de loi forestière. [online] Available at: <http://loggingoff.info/fr/document/for%C3%AAt-cameroun-la-plateforme-ecfp-analyse-le-projet-de-loi>.

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1.13.5. Risk determination

Overview of Legal Requirements

In Cameroon, an operator cannot start logging operations before holding an information meeting with local populations. The 1994 Forest Code limits community rights, but it does grant some usage rights while stipulating that: “usufruct rights (or customary rights) are those recognized to local populations to exploit all forest, wildlife and fish products, with the exception of protected species, for their personal use. They may be temporarily or permanently suspended when the need arises for reasons of public interest.” They exist unless suspended or terminated by the minister for public purposes, in accordance with the legislation applicable to expropriation of land for public purposes (Forests, Wildlife and Fisheries Law, Article 8). Unfortunately, the terms for exercise of these rights have not been established by decree. As a result, there are no coherent standards or procedures to institute customary law in practice. The interpretation of these usage rights therefore differs from one forest stakeholder to another, leading to disputes. In forest exploitation, the population gains a share of the annual forest royalties as compensation for the alienation of natural products found in their forests.

Description of Risk

There are no formalized mechanisms in place for accommodating customary rights in law, and there remain conflicts between these rights and the formal legal framework. For example, under the forest law, customary rights for the commercial use of both non-timber and timber forest products are not recognized. The VPA identifies the need for ‘improvement of the legal framework’ related to social aspects, and this is being discussed as part of the reform process. While the 2012 draft forest law did recognize customary rights as including the commercialization of all forest products, it is still subject to review and the extent to which it will take into account customary rights remains unclear.

Because of the limited legal recognition of customary rights in Cameroonian law, the risk for this category is not applicable.

Risk Conclusion

N/A

1.13.6. Risk designation and specification

N/A

1.13.7. Control measures and verifiers

N/A

1.14. Free prior and informed consent

Legislation covering "free prior and informed consent" in connection with transfer of forest management rights and customary rights to the organisation in charge of the harvesting operation.

1.14.1. Applicable laws and regulations

Decision No. 0108 / D / MINEF / CAB bearing the norms of intervention in forest milieu

- 1994 Forestry Law
 - Article 8 (1) – user's or customary right
 - Article 37 (1) – right of pre-emption
 - Article 26 (1)- The instrument classifying a State forest shall take into account the social environment of the local population, who shall maintain their logging rights.
- Decree of 95/531:
 - Article 3(6) (7) modalities to carry out users' right in production forests and surface area for reforestation
 - Article 26- users' right
- Decision N°1354/D/MINEF/CAB of 26 November 1999, Fixing the procedures of classification of the forests of the permanent forest domain of the Republic of Cameroon
- 2.4 Sensitization of the populations
- Decision No. 0108 / D / MINEF / CAB bearing the norms of intervention in forest milieu

1.14.2. Legal authority

- Ministry of Forestry and Wildlife
- Ministry of territorial Administration and decentralization
- Ministry of finance

1.14.3. Legally required documents or records

- Decree of Classification
- Logging agreement

- Terms and conditions
- Minutes of the information meeting , signed by the administration or the Prefect

1.14.4. Sources of information

Government sources

- droit-afrique.com (1994). *Forestry law of 1994 (Forest Code, No. 94/01)*. [online]. Available at: <http://www.droit-afrique.com/images/textes/Cameroun/Cameroun%20-%20Loi%20foret.pdf>
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Non-Government sources

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1.14.5. Risk determination

Overview of Legal Requirements

There are limited requirements for the free, prior and informed consent of affected communities before the award of concessions. The public must be informed before an invitation to tender for concessions is issued. The same applies for sales of standing volume – not least to inform communities of their 'pre-emptive right' to apply to establish community forests in those areas. However, the public notices are not effectively disseminated. Meanwhile, companies are required to conduct environmental and social impact assessments for their concessions, which include consultations with affected

communities; but these are often poorly implemented. (Hoare, 2015).

Description of Risk

The forest law in Cameroon does not use directly the concept of the “free prior and informed consent” as it’s defined in the documentation related to certification. The risk may occur in this category when:

- the administration which is charged of the forestry does not respect the classification process;
- the operator carries out its activities without taken care of populations interests into forest or without holding the information meeting before starting logging activities

However, during the classification process, populations are well sensitized on the activities that should be carried out in the forest that they are concerned. During this process, their desires are taken into consideration and are clearly mentioned in classification decree. Prior to his forest management activities, the holder of a logging title must inform the local administrative and traditional authorities (see Chapter 1, Section 4 of Decision No. 0108 / MINEF / CAB).

However, before carrying out forest management activities, holders of forest operating titles shall stage information meetings during which local administrative and traditional authorities are filled in with the activities to carry out in the forest. These meetings are subject to minutes duly signed by relevant authorities (Divisional Officer or Sub-divisional Officer, Divisional Delegate of Forest, or Forest Station Officer).

With the assistance of local populations and their representatives, the operating title holders shall sketch and mark the resources to be protected during forest operations, namely:

- Agricultural farms;
- Fruit trees;
- Sacred sites/trees;
- Trees used by population for grain harvesting;
- Areas of special significance to the inhabitants.

Because of the limited requirements for free-prior and informed consent in Cameroon, this category has been assessed as low risk.

Risk Conclusion

This indicator has been evaluated as low risk. Identified laws are upheld. Cases where law/regulations are violated are efficiently followed up via preventive actions taken by the authorities and/or by the relevant entities.

1.14.6. Risk designation and specification

Low risk

1.14.7. Control measures and verifiers

N/A

1.15. Indigenous/traditional peoples' rights

Legislation that regulates the rights of indigenous/traditional people as far as it's related to forestry activities. Possible aspects to consider are land tenure, right to use certain forest related resources or practice traditional activities, which may involve forest lands.

1.15.1. Applicable laws and regulations

- 1994 Forestry Law
 - Article 8 (1) – user's or customary right
 - Article 37 (1) – right of pre-emption
 - Article 26 (1)- The instrument classifying a State forest shall take into account the social environment of the local population, who shall maintain their logging rights.
- Decree of 95/531:
 - Article 3(6) (7) modalities to carry out users' right in production forests and surface area for reforestation
 - Article 26- users' right
- Decision N°1354/D/MINEF/CAB of 26 November 1999, Fixing the procedures of classification of the forests of the permanent forest domain of the Republic of Cameroon
- 2.4 Sensitization of the populations

1.15.2. Legal authority

- Ministry of Forestry and Wildlife
- Ministry of Territorial Administration and Decentralization

1.15.3. Legally required documents or records

- Decree of Classification
- Logging agreement
- Terms and conditions
- Minutes of the information meeting, signed by the administration or the Prefect

1.15.4. Sources of information

Government sources

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- Decree No. 95/531. [
- cvuc-uccc.com (1999). Decision N°1354/D/MINEF/CAB of 26 november 1999. [online]

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Non-Government sources

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- World Bank 2013. Worldwide Governance Indicators (WGI) 2013 - Cameroon. Accessed 5 February 2015 at <file:///C:/Users/Alexandra%20Banks/Downloads/c44.pdf>

1.15.5. Risk determination

Overview of Legal Requirements

'In Cameroon, two groups meet the criteria for being called 'indigenous' as defined by the World Bank and the International Labour Organization. They are the Mbororo communities, nomadic cattle herders scattered throughout the country, and the groups of hunters, gatherers and collectors commonly known as 'Pygmies' or indigenous forest peoples (Nguiffo et al, 2007). According to USAID 'Forestry rights have become increasingly complex and subject to active dispute. Recent efforts to decentralize management of forests to communities appears, in many cases, to have increased rather than resolved local conflicts over access to and management of this important resource.'

According to USAID 'While the establishment of a legal framework for land tenure and property rights in 1974 put in place a process for land rights registration and created a framework for private ownership of property, only a relatively small percentage of Cameroonians have registered their land rights. Most continue to claim rights based on diverse customary laws, at times in direct conflict with the government, which seeks to

use statutory law to enforce its own access to –national || (that is, unregistered) land.' (USAID, undated).

FERN argues that there are four contributors to issues of customary and indigenous land rights, in particular to the uncertain legal status of these rights, they are:

1. Only registered holdings are considered to amount to property. The corollary is that unregistered land is un-owned, and depending upon the land concerned, falls to the trusteeship or ownership of the State. This renders the overwhelming majority of rural Cameroonians legally landless.
2. Despite the proclaimed intention and duty of the State to ensure comprehensive registration of land interests, in practice the procedure is available only to elites because it is centrally controlled, paper-bound, expensive, time consuming, and demands levels of literacy and institutional empowerment which most people do not have.
3. Registration is restricted to recording ownership of only those lands which have been cleared and converted to make farms, paddocks, housing or other buildings. This immediately excludes the millions of hectares of common properties which families, groups and villages traditionally maintain as intact rangeland, wetland or forest for sustainable livelihood support.
4. Registration norms remain inappropriate to customary land-holding. On a number of counts these deny legal support to the deliberately diverse patterns of ownership and right holding which characterize the customary regime, and which despite capitalization of land relations persist due to their practical workability. (FERN, 2013) p. 24.

'Provisions to protect and develop forest-based livelihood opportunities for local communities within concession areas are included in the concession contracts, as part of social agreements (cahier des charges). Among other things, post-allocation consultations are to take place during which local communities are consulted on the development plan that the concession-holder must put in place. However, these provisions are often poorly implemented too.' (Chatham House, 2015).

Description of Risk

According to the Forest Legality Alliance 'a major point of contention with the 1994 Forest Code is its failure to recognize indigenous peoples' rights to the lands, territories, and resources they have traditionally owned, occupied or otherwise used and acquired. This has been a major issue during Cameroon's recent Forest Code reforms. Civil society organizations worry that the process for reviewing the Code and the content of the new drafts raise questions about the government's intentions to honor indigenous rights and other forest-based communities with respect to their historic lands and resources.'

Because of the limited recognition of indigenous people rights in Cameroon, this category has been assessed as not applicable.

Risk Conclusion

N/A

1.15.6. Risk designation and specification

N/A

1.15.7. Control measures and verifiers

N/A

TRADE AND TRANSPORT

1.16. Classification of species, quantities, qualities

Legislation regulating how harvested material is classified in terms of species, volumes and qualities in connection with trade and transport. Incorrect classification of harvested material is a well-known method to reduce/avoid payment of legality prescribed taxes and fees. Risk relates to material traded under illegal false statements of species, quantities or qualities. This could cover cases where this type of false classification is done to avoid payment of royalties or taxes or where trade bans on product types or species are implemented locally, nationally or internationally. This is mainly an issue in countries with high levels of corruption (CPI<50).

1.16.1. Applicable laws and regulations

- Articles 46(3), 72(1) and 125(2) and (3) of Decree 95-531
- Art. 142 (2), 158 and 159 Law 94/01
 - Article 6 of Order No 222
 - Rules on activities in forest areas (NIMF)
 - Sheet 6 PROC
- Order No 0872/MINEF of October 23, 2001 Clarifies forest species classification

1.16.2. Legal authority

- Ministry of Forestry and Wildlife

1.16.3. Legally required documents or records

- Logging permit
- Worksite books (DF10) or SIGIF declaration
- Waybill secured and signed by the competent authority of the Ministry responsible for forests, for the transportation of logs and cut timber by road
- Timber/wood specification sheet
- List of species prohibited to be exported as logs

1.16.4. Sources of information

Government sources

- droit-afrique.com (1994). *Forestry law of 1994 (Forest Code, No. 94/01)*. [online]. Available at: <http://www.droit-afrique.com/images/textes/Cameroun/Cameroun%20-%20Loi%20foret.pdf>
- Decree No. 95/531.
- Order No 0222/A/MINEF of May 25, 2002. [online] *Establishes procedures for developing, approval, monitoring and control of the implementation of forest management plans for the production forests in the permanent forest estate*. NOTE:

see page 64

Order No 0872/MINEF of October 23, 2001.

1.16.5. Risk determination

Overview of Legal Requirements

Any holder of a logging title must have a field booklet, the model of which is established by the forestry administration. This booklet is numbered and visaed by the divisional head of the forestry administration. Felled trees are noted daily in the field booklet indicating the diameter taken at 1.30 meters above the ground or above the aerial roots as well as, the felling number marked on the stump of the tree, the length of logs, their diameters at the large and small ends, their volume, as well as the date the tree was felled.

Description of Risk

There are a number of risks associated with this category:

- Operating above authorized/granted volumes, period and space which automatically leads to impounding/seizure of the site, damages on fraudulently operated wood and a fine from CFA F 3,000,000 to 10,000,000 FCFA and/or six months to one year imprisonment (Art. 142 (2), 158 and 159 Law 94/01)
- false statement on secured document (DF10, LWB,RWB) which leads to a fine from CFA F 3,000,000 to 10,000,000 and /or six months to one year imprisonment (Art. 142 (2), 158 and 159 Law 94/01)
- operating below DME/DMA which leads to a fine from CFA F 200,000 to 1,000,000 and/or six months to one year imprisonment (Art. 156 Law 94/01)
- Significant risks relating to corrupt government staff who will approve over harvesting for bribes. Volume overharvesting is reportedly an ongoing issue.

The risks for this category are less prevalent in FMU's as there is a Forest management plan, which is checked and monitored by the Ministry. There is generally more oversight of these logging practices.

Risk Conclusion

This indicator has been evaluated as specified risk. Identified laws are not upheld consistently by all entities and/or are often ignored, and/or are not enforced by relevant authorities.

1.16.6. Risk designation and specification

Specified risk

1.16.7. Control measures and verifiers

- Products shall be correctly classified (species, quantities, qualities etc.) on sales documents, custom declarations and other legally required documents

- Evidence shall be provided upon request (photographs of labeling)
- Physical control where it should be verified that the present material equals what has been invoices and marked

Control shall be carried out on:

- Booklet (DF10)
- SIGIF Statement
- Booklet sheet and way bills stubs

1.17. Trade and transport

All required trading permits shall exist as well as legally required transport document which accompany transport of wood from forest operation. Risk relates to the issuing of documents permitting the removal of timber from the harvesting site (e.g., legally required removal passes, waybills, timber tags, etc.). In countries with high levels of corruption, these documents are often falsified or obtained by using bribery. In cases of illegal logging, transport documents from sites other than the actual harvesting site are often provided as a fake proof of legality with the harvested material.

1.17.1. Applicable laws and regulations

- Articles 115(1), (2) and (3), 127(1) and 128 of Decree 95-531
- Decree No 95-531-PM of August 23, 1995 - Articles 127(1)
- This Decree establishes the implementation details for the 1994 Forest Code. The 1994 Code and this implementation decree lay out a new classification of forests and forest titles, logging rights and conditions and norms for management of forests in Cameroon. In addition, the Decree establishes logging transportation requirements.
- VPA agreement between Cameroon and EU

1.17.2. Legal authority

- Ministry of Forestry and Wildlife
- Ministry of Justice
- Ministry of Finance (General Department of Taxes)

1.17.3. Legally required documents or records

- Agreement
- Franchise tax
- Legal existence
- Commercial register
- Secure waybills, signed by the competent authority
- Secure booklet sheet, signed by the competent authority
- Certificate of legality of the supplier (s)

- Import license
- Certificate for registration as timber exporter
- Tax clearance
- Certificate for registration as timber processor

1.17.4. Sources of information

Government sources

- droit-afrique.com (1994). *Forestry law of 1994 (Forest Code, No. 94/01)*. [online]. Available at: <http://www.droit-afrique.com/images/textes/Cameroun/Cameroun%20-%20Loi%20foret.pdf>
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- Order No 0222/A/MINEF of May 25, 2002. *Establishes procedures for developing, approval, monitoring and control of the implementation of forest management plans for the production forests in the permanent forest estate*. [online] NOTE: see page 64

Non-Government sources

- Pye-Smith, C. (2010) *Cameroon's hidden harvest*. [online] CIFOR, Bogor, Indonesia. Available at: http://pfbcbfp.org/doc_rech_en.html?file=docs/research_docs/Cameroon's%20hidden%20harvest.pdf. [Accessed 3 February 2015]
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1.17.5. Risk determination

Overview of Legal Requirements

Trade:

To export timber, parties are required to pay the free on board (FOB) value. In Cameroon, this is the cost of exportation per cubic meter of timber, which varies per timber species. The Cameroon forestry law prohibits the exportation of some timber species in unprocessed round logs, such as Padouk, Bubinga, Zingana, Pachyloba, Wengue and Dousie (*Pachyloba africana*). The strategy is to encourage local processing of logs into sawn timber or timber-based goods. A special fee can be paid to the Ministry of Forestry to transport the above species. Transit companies also have an organized

network to export round logs of the above species at extra charges. Most timber logs that are exported are then loaded into forty foot containers at various timber parks in Douala and transported to the Douala seaport to be shipped.

According to Forest Monitor 'in an effort to combat illegalities in the trade, the government of Cameroon has contracted the Swiss company SGS to implement a log inspection system and monitor all exports. But because this inspection system does not monitor exports from private jetties, "something of a haemorrhage of log exports flowing out to Asia" are rumoured to leave from purpose-built facilities, avoiding monitoring by the international inspection agency and undermining government attempts to improve forest management.'

Domestic transport:

For timber transportation among community forestry operations in Cameroon, the Ministry of Forestry harvest manual focuses on three points:

- The Forestry Administration must issue the required documents to communities (waybills, certificates of origin, etc.);
- These timber transportation documents — which are marked, numbered and initialled by the local Forestry Administration official — must state the quantity and specifications of products transported, their origin and destination; and
- Forest product exploitation and transportation documents cannot be transferred to another community or another private logging company.

Description of Risk

Considerable effort is being put into improving timber tracking in Cameroon in order to improve control over the sector and to establish a system that will enable the issuance of FLEGT licences under the VPA. Currently, however, the country's systems for timber tracking are weak, in terms of both systems on the ground and information management. Checkpoints are used by MINFOF officials to check transport documentation, including evidence of the source of timber and proof of payment of all related charges. However, the effectiveness of this system is severely hampered by corruption and limited resources. Reporting on its inspections of timber transport routes, AGRECO-CEW highlighted the 'porosity' of checkpoints and the complicity of some MINFOF officials in the laundering of illegal timber. MINFOF also has a national 'document traceability' and information management system (SIGIF), which has been operating since 1999; however, it has never been fully implemented, while the quality of data remains poor and there are considerable delays in processing the available data.

Under the law, forestry authority must sign the departure and destination forms of the timber and truck. The Cameroon transport law permits each truck to carry a maximum of twenty two cubic meters of timber (22 m³). The Forestry Administration must issue the required documents to communities (waybills, certificates of origin, etc.);

- These timber transportation documents — which are marked, numbered and initialled by the local Forestry Administration official — must state the quantity and specifications of products transported, their origin and destination; and
- Forest product exploitation and transportation documents cannot be transferred

to another community or another private logging company.

The owners of processing units for forest products who do not have logging titles can source the local market of logs. The forest products so purchased must come exclusively from valid logging titles and conform to the standards set by this decree. The owners of industries that carry out first transformation of forest products must have a booklet that registers all entries of such products, indicating their origin, and a booklet that registers all outgoing products, specifying their quantity, quality and destination. Any transport of timber, including uncoated logs regulatory markings required in the specifications is prohibited. Transporters of forest products must have waybill from waybill booklets with the model stipulated by the administration, signed by the divisional head of the Administration in charge of forests, including details of the quantities and specification of the products transported and their destination.

The risk may occur in this category when the operator carry out its activities without:

- Agreement,
- Franchise taxes,
- Legal existence,
- Trade register,
- Secure waybills, signed by the competent authority ,
- Secure booklet sheet, signed by the competent authority,
- Certificate of legality of the supplier (s).

Corruption and bribery are reported by CIFOR as significant issues in the domestic transport of timber. In their 2010 report they state 'the biggest problem we face, says Amadou, is harassment by government officials and their demand for informal payments. This is a polite way of saying 'bribes.' (Pye-Smith, 2010) p. 2. CIFOR's research suggests that corruption is now so deeply entrenched within MINFOF that any attempts to reform the law are likely to be vigorously contested by officials who supplement their income with bribes.

There are significant corruption and poor governance issues in Cameroon (Transparency International 2014, World Bank 2013).

There is a reduced risk for FMU because the necessary documents are held by the FMU. The smaller companies do not have these documents and will frequently have to pay bribes to ensure the transport of their timber.

Risk Conclusion

This indicator has been evaluated as specified risk. Identified laws are not upheld consistently by all entities and/or are often ignored, and/or are not enforced by relevant authorities.

1.17.6. Risk designation and specification

Specified risk

1.17.7. Control measures and verifiers

- Requirements related to transport means (e.g. trucks) shall always be followed
- Species and product types shall be traded legally.
- Required trade permits shall exist and be documented.
- All required transport documents shall exist and be documented.
- Volume, species and qualities shall be classified according to legal requirements.
- Documents related to transportation, trade or export shall be clearly linked to the specific material in question

The control has to be made on regularities of documents below :

- Agreement,
- Franchise tax,
- Legal existence,
- Trade register,
- Secure waybills, signed by the competent authority (Check inscriptions over all timbers of the waybills, cutting down date, Title N°, Operator name, Annual logging unit Number),
- Secure booklet sheet, signed by the competent authority (Check inscriptions over all timbers of the booklet sheet, cutting down date, Title N°, Operator name, Annual logging unit Number)
- Certificate of legality of the supplier (s).

1.18. Offshore trading and transfer pricing

Legislation regulating offshore trading. Offshore trading with related companies placed in tax havens combined with artificial transfer prices is a well-known way to avoid payment of legally prescribed taxes and fees to the country of harvest and considered as an important generator of funds that can be used for payment of bribery and black money to the forest operation and personnel involved in the harvesting operation. Many countries have established legislation covering transfer pricing and offshore trading. It should be noted that only transfer pricing and offshore trading as far as it is legally prohibited in the country, can be included here. Risk relates to situations when products are sold out of the country for prices that are significantly lower than market value and then sold to the next link in the supply chain for market prices, which is often a clear indicator of tax laundry. Commonly, the products are not physically transferred to the trading company.

1.18.1. Applicable laws and regulations

- Finance Law 2012

1.18.2. Legal authority

- Cameroon Revenue Authorities
- Ministry of Finance

1.18.3. Legally required documents or records

The taxpayer has an automatic obligation to produce documentation at the beginning of a tax audit (companies registered with the Large Taxpayer Unit), and an obligation to produce documentation only on request from the Tax Administration for all other taxpayers. The code further empowers the Tax authorities to demand audited companies to provide detailed information on the transaction, including:

- Details of the operating relationship between group companies and information of Company (s) in the group based out of Cameroon;
- The Methods used in determining the prices for intercompany and a justification for its use thereof;
- Activities carried out by companies, corporations or group entities in the intercompany transactions;
- The fiscal, Legal and administrative treatment pertaining to the transactions in the group companies resident outside Cameroon, while identifying the group companies involved; the countries concerned, and the total amount for the transaction in question;
- The contractual agreements governing repatriation of cost and any pre-established agreements including advanced rulings if any; and
- An analysis of the comparative information used where applicable

1.18.4. Sources of information

Government sources

- mincommerce.gov.cm (2012). Finance Law 2012. [online] Available at: http://www.mincommerce.gov.cm/portal/attachments/pub_b0ad3abbd789.pdf

Non-Government sources

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- Ashley, S. (2012). *Africa Update: Ghana and Cameroon tighten transfer pricing*. [online]. Transfer Pricing Weekly News 15 March 2012. Available at: <http://www.tpweek.com/article/2995742/Africa-update-Ghana-and-Cameroon-tighten-transfer-pricing.html?ArticleId=2995742> [Accessed 5 February 2015]
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[online]. Available at: <http://info.worldbank.org/governance/wgi/#reports> [Accessed 5 February 2015]

1.18.5. Risk determination

Overview of Legal Requirements

Cameroon has exchange of information relationships with 78 jurisdictions through 4 DTCs, 0 TIEAs and 1 multilateral mechanism, Convention on Mutual Administrative Assistance in Tax Matters.

TP legislation was introduced in Cameroon by virtue of the 1st January 2012 Finance Law. However prior regulation to this effect exists in the code e.g. the Finance Law of 2007. The Finance Law of 2012 on non-deduction for corporate and income tax purposes of payments made to countries deemed as a tax haven sets the tone for transfer Pricing and anti-avoidance in the legislation. The Law defines a tax haven as any territory where the corporate tax or marginal tax rate is less than 11.66% (a third of comparative Corporate Tax rates in Cameroon). And, any country qualified as non-cooperative for fiscal transparency and exchange of information by international financial institutions also fall under this category. (TP Global, 2014).

In view on the Transfer pricing provision, profits from companies dependent or controlled (25%) by companies or group entities resident outside Cameroon indirectly transferred to the latter, either by increasing or reducing the purchase or selling prices or any other means, are included to the taxable profits of the resident company and taxed according. In the absence of specific evidence to determine the benefits on intercompany transactions or to make the adjustments provided for, the tax administration is empowered to determine the taxable profits by comparing with those of similar companies normally operated in Cameroon. (TP Global, 2014).

In Cameroon, companies are required to determine their prices on intercompany transactions according to the arm' length principle. The Tax Authorities business is thus to determine whether intercompany transactions are consistent with the principle. In so doing, the targeted commercial transactions, payment of compensation rights, intangibles used, cost and expense distribution agreements, financial relationships of the controlled company are scrutinized. (TP Global, 2014).

According to PWC, the introduction of the 2012 Finance Law meant 'business transactions likely to be more closely scrutinised are payments involving intangible assets, cost allocation and cost sharing arrangements and financial transactions.' (PWC, 2012).

Description of Risk

There are significant corruption- and poor governance issues in Cameroon (Transparency International 2014, World Bank 2013), however there is no available information that indicates a specified risk in this category. Therefore, the risk for this category has been assessed as low.

Risk Conclusion

This indicator has been evaluated as low risk. Identified laws are upheld. Cases where law/regulations are violated are efficiently followed up via preventive actions taken by

the authorities and/or by the relevant entities.

1.18.6. Risk designation and specification

Low risk

1.18.7. Control measures and verifiers

N/A

1.19. Custom regulations

Custom legislation covering areas such as export/import licenses, product classification (codes, quantities, qualities and species).

1.19.1. Applicable laws and regulations

- Forestry law of 1994 TITLE 1 Article 10 (2)
- Articles 118(3) of Decree 95-531
- Customs code
- General taxes code
- Annual fiscal law
- VPA agreement

1.19.2. Legal authority

- Ministry of Forestry and Wildlife
- Ministry of Finances (Head office of Customs)

1.19.3. Legally required documents or records

- Justification for the payment of progressive surtax
- Exported timber specification sheet
- Certificate for registration as timber processor/exporter
- Export permit
- Tax clearance

1.19.4. Sources of information

Government sources

- droit-afrique.com (1994). *Forestry law of 1994 (Forest Code, No. 94/01)*. [online]. Available at: <http://www.droit-afrique.com/images/textes/Cameroun/Cameroun%20-%20Loi%20foret.pdf>
- Decree No. 95/531.
- Circular 010 of 25 October 2012.
- Customs code

- General taxes code
- Annual fiscal law
- VPA agreement

Non-Government sources

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1.19.5. Risk determination

Overview of Legal Requirements

Export of certain timber in unprocessed form has been forbidden since 2002 in order to curb additional forest due to uncontrolled and illegal logging. In Cameroon, log export monitoring, and export tax calculations have been outsourced to SGS, an external verification and certification company. All wood leaving the country should have an export permit issued by SGS confirming legal origin, traceability and payment of taxes and fees. SGS is contracted to support customs in the area of log exports, but it has only the responsibility to check whether export declarations are correct (quantity, species, tariff classification and value) and so is unable to expose illegalities in the production of the logs. (Chatham House, 2015) p. 11. According to Chatham House, the role of customs in monitoring timber exports is to check whether taxes have been paid; it does not include ensuring the legality of other activities, nor does it have the resources to investigate them.

Description of Risk

There is a risk that companies export without necessary documents or to export with false claims and/ false documents. For example, the loading certificate of the competent customs department (transport in containers) together with the loading report of the forestry department at the place of loading can be falsified because of inappropriate

information included in the waybills; fraudulent waybills or because of inappropriate timber/wood species identification due to a lack of knowledge of the Customs agents.

There is also a risk to export without paying all the necessary fees related to timber/wood export. Indeed, each operator is obliged within a period of six (6) months from the beginning of the fiscal year, to provide the administration with accurate information on forest production, indicating the volume of the exported and the volume of the locally processed product. At the end of the year, the ministry of forestry calculates and informs the exploiter of the amount of the progressive surtax due. He has a period of thirty (30) days from the date of notification to pay the progressive surtax due. At boarding, the local head of the administration in charge of forests with the Administration for Customs Authority jointly sign, after the presentation of receipts for payment of the progressive surtax when it is already due and payable, or respect the percent conversion under the law. It should be noted that a copy of the duties and taxes recovered on forest products for export is given to the customs administration. There are no specific codes for timber being exported defined in the legislation but in the frame of VPA, codes have been defined for each species.

Foreign trade is distorted by state regulation, special rules, and tariff barriers. However, Cameroon is visibly integrated into the world market and it is fairly liberalized. Export of certain timber in unprocessed form has been forbidden since 2002 in order to curb additional forest due to uncontrolled and illegal logging. Cameroon's membership in CEMAC has facilitated the establishment of some common trade rules.

Risk Conclusion

This indicator has been evaluated as specified risk. Identified laws are not upheld consistently by all entities and/or are often ignored, and/or are not enforced by relevant authorities.

1.19.6. Risk designation and specification

Specified risk

1.19.7. Control measures and verifiers

- Products shall be correctly classified (type, custom code, species, quantities, qualities, etc.).
- All required import and exports permits shall be in place.
- Verify the authenticity of the claims/documents with competent authorities
- Physical inspections

1.20. CITES

CITES permits (the Convention on International Trade in Endangered Species of Wild Fauna and Flora, also known as the Washington Convention). Note that the indicator relates to legislation existing for the area under assessment (and not e.g., the area from which CITES species are imported).

1.20.1. Applicable laws and regulations

- Convention on International Trade in Endangered Species of Wild Fauna and Flora

(CITES), Cameroon signed the CITES Convention in June 1981 and ratified it in September of the same year. To guarantee the effective implementation of this Convention, and in pursuance of the relevant provisions of its Articles 8 and 9, Cameroon adopted the three legislations below.

- Decree No 2005/2869/PM of July 29, 2005, This Decree sets forth the enactment provisions of a number of provisions of the CITES.
- Order No 067/PM of June 27, 2006, This Order provides the organizational set-up and operational procedure of the Inter-ministerial Coordination and Monitoring Committee for the implementation of the CITES.
- Decision No 104/D/MINFOF/SG/DF/SDAFF/SN of March 02, 2006, This Decision provides the designation and definition of the role of the CITES Scientific Authority in Cameroon.
- Order N_0872_MINEF_23_Oct_2001 relating classification of forest species
- standing rule (CE) No 865/2006 of the 4th may 2006 COMMISSION

1.20.2. Legal authority

Ministry of Forestry and Wildlife

1.20.3. Legally required documents or records

CITES permit

1.20.4. Sources of information

Government sources

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1.20.5. Risk determination

Overview of Legal Requirements

Cameroon acceded to CITES in 1981. There are 133 plant species from Cameroon listed in CITES, including two Appendix II tree species: *Pericopsis elata* and *Prunus africana*.

Description of Risk

There is a clear process in place for the issuance of the CITES permits in Cameroon. A special CITES unit has been established in the Ministry. To receive a CITES permit, a number of administrative processes must be complied with. The potential of CITES

species is yearly determined in Cameroon based on the permits issued. Such CITES species (Assamela and Prunus) are exported from Cameroon based on quotas. Any operator wishing to export any package with CITES species should apply for the obtainment of a CITES permit at the Ministry in charge of Forests. Some information such as the country stamp, the stamp of the issuing ministry, the origin (the provenance of the package), the supplier's address, the nature of the package, the quantities the validity period of the permit and the destination of such package enable the monitoring of allocated quotas. Quotas per country and company are allocated by the CITES secretariat. Such quotas are also monitored at the international level by the CITES body. Furthermore, the CITES package recipient can also check the authenticity of the permit that comes along with the package. Any country that receives CITES species from Cameroon is required to verify the authenticity of the CITES permit carried along from the relevant authority in Cameroon. The CITES secretariat cites Cameroon as one of the best examples to be emulated.

Risk Conclusion

This indicator has been evaluated as low risk. Identified laws are upheld. Cases where law/regulations are violated are efficiently followed up via preventive actions taken by the authorities and/or by the relevant entities.

1.20.6. Risk designation and specification

Low risk

1.20.7. Control measures and verifiers

All cross border-trade of CITES-listed species shall be documented and accompanied by required export, import and re-export certificates issued by competent authorities (CITES Management Authorities).

Verify always the authenticity of the CITES permit by contacting ministry in charge of forestry.

Contact the relevant government agency to verify the CITES permit.

1.21. Legislation requiring due diligence/due care procedures

Legislation covering due diligence/due care procedures, including e.g. due diligence/due care systems, declaration obligations, and /or the keeping of trade related documents, legislation establishing procedures to prevent trade in illegally harvested timber and products derived from such timber, etc.

1.21.1. Applicable laws and regulations

Cameroon signed a Voluntary Partnership Agreement (VPA) with the European Union in 2010. VPAs aim to ensure timber exported to the European Union has been produced according to Cameroonian laws and regulations. Cameroon is currently in the Systems Development phase, meaning it is developing its Legality Assurance Systems including a rigorous tracking system. The Cameroonian definition of legality used by the VPA was developed with strong stakeholder input. For Cameroonian timber to be legal, it must abide by all legislation applicable to Cameroon's forest sector (including forestry, environment, human rights, labour and trade) and ratified international agreements. The

“legality grid” however, a matrix which defines each legislative reference and the means of verifying that it has been implemented, is complicated. The implementation of the VPA should address further shortcomings identified during the development of the legality grid (eg. incoherences between laws, need to define social criteria etc.) but strong civil society input and vigilance will be required.

1.21.2. Legal authority

N/A

1.21.3. Legally required documents or records

N/A

1.21.4. Sources of information

N/A

1.21.5. Risk determination

N/A

1.21.6. Risk designation and specification

N/A

1.21.7. Control measures and verifiers

N/A

Annex I. Timber source types

The table **Timber Source Types in Cameroon** identifies the different types of sources of timber it is possible to find in the country of origin.

'Timber Source Type' is a term used to describe the different legal sources of timber in a country, in order to allow a more detailed specification of risk. The Timber Source Type is used to clarify:

- which forest types timber can be sourced from legally;
- what the legal requirements are for each source type, and
- if there are risks related to certain source types and not others.

Timber Source Type can be defined by several different characteristics. It may be based on the actual type of forest (e.g. plantation or natural), or other attributes of forests such as ownership, management regime or legal land classification. In this context Timber Source Types are defined and discerned using the following characteristics:

- Forest type** - refers to the type of forest such as plantation or natural tropical forest, or mixed temperate forest. Often the clearest differentiation is between natural forest and plantations.
- Spatial scale (Region/Area)** - relating to meaningful divisions of a nation. However, in some cases the assessment may be carried out at national level where that allows the risk assessment to establish risk at a meaningful level. E.g. a small country with uniform legislation and a uniform level of risk in all areas of the country, as national level assessment may be enough. In case there are significant differences in the legal framework or legality risks between different types of ownership (e.g. public forest, private forest, industrial forest), between different type of forest (e.g. natural forest and plantations) and/or between different geographical regions the conformance risk evaluation shall specify these differences when specifying the risk and apply the appropriate control measures.
- Legal land/forest classification** - refers to the legal classification of land. Focus is on land from where timber can be sourced, and this could entail a number of different legal categories such as e.g. permanent production forest, farm land, protected areas, etc.
- Ownership** - Ownership of land may differ in a country and could be state, private, communal etc. Ownership of land obviously have impacts on how land can be managed and controlled.
- Management regime** - Independently of the ownership of the land, the management of forest resources may differ between areas. Management may also be differentiated as private, state, communal or other relevant type.
- License type** - Licenses may be issued to different entities with a range of underlying requirements for the licensee. A license might be issued on a limited area, limited period of time and have other restrictions and obligations. Examples could be a concession license, harvest permit, community forestry permit etc.

TIMBER SOURCE TYPES IN CAMEROON

Forest type	License / Permit Type	Main License requirements	Description of source type
Permanent Forest Domain (DFP)	a - Logging agreement (concession license for FMU)	<ol style="list-style-type: none"> 1. Environmental conformity certificate; 2. Management plan 3. Five-year management plan and annual operating plan for a given year of logging activities 4. Notification of the start of activities 5. Annual harvesting site certificate (CAAC) or annual operating permit (PAO); 6. Letter/Decree approving the management plan issued by the Minister in charge of forests 7. Certificate of compliance with labor standards 8. certificate of registration as timber exporter (logs/sawnwood) 	Logging agreement (provisional and definitive after 3 years) is signed for the exploitation of a forest concession. These forest concessions are awarded through calls for tender and by an inter-ministerial committee. It is open to all economic operators in the private sector (national or not). The exploitation of these forest concessions are based on management plans duly approved by the Minister in charge of forests after the conclusion of the Interministerial Committee for approval of management plans. The duration of a logging agreement is 15 years, renewable once (30 years).

	b - Communal forest (state logging)	<p>9. external social prescription realization records described in the cahier de charges</p> <p>10. tax certificate payments to the competent tax office</p>	<p>In accordance with Article 52 of the law, the exploitation of a communal forest is done on the basis of its management plan and under the supervision of the Administration in charge of forests. The possible permits which can be issued in a communal forest are: cut timber sales, exploitation permit or personal felling authorization. Each municipality decides on the mode of attribution of permits for its forests. Cut timber Sales or exploitation permits can be attributed only to persons registered with the forestry exploitation sector, according to the provisions of this Decree. The exploitation of communal forests is reserved primarily for natural persons of Cameroonian nationality or companies in which they hold the entire share capital or voting rights. The Council submits annually to the local representative of the Administration in charge of forests, an activity plan describing all the management activities envisaged, as well as the report of previous activities. The exploitation of a communal forest can only occur after the signing and notification of the exploitation title by the Mayor of the municipality.</p>
Non/permanent Forest Domain (DFNP)	a- authorization to recover standing trees	<p>1- Document project</p> <p>2-Document from the interministerial committee selecting the forestry entity as the best bidder</p> <p>3-Receipts for payment of the sales price</p> <p>4-Salvage licence issued by the competent manager of the forestry administration</p> <p>5-Notification of the start of activities</p>	<p>This permit is issued on an area where the forest cover has to be removed before the implementation of an agricultural project or another kind of project approved (from government or individuals...) and there is no clear limitations in terms felling diameters limitations in that case because all the forest is cleared off.</p>

<p>b- harvested timber removal licence (AEB)</p>	<p>1-Document from the sales committee selecting the forestry entity as the best bidder</p> <p>2-Auction report and related receipts (sale amount + 13%)</p> <p>3-Stocktaking report (timber properly felled and not removed on expiry of the right)</p> <p>3-Licence to remove timber issued by the competent manager of the forestry administration</p> <p>4-Notification of the start of the work</p>	<p>Harvest timber removal licenses (AEB) are titles obtained by public auction sales of wood resulting from development project likely to cause the destruction of part of the national forest estate, or in the case of a natural disaster with similar consequences.</p>
<p>c- cut timber sale (VC) in the national domain</p>	<p>1-Notice of public invitation to tender, based on respect of the pre-emptive right)</p> <p>2-Document from the interministerial committee selecting the forestry entity offering the highest forestry fee</p> <p>3-Receipt for registration of a complete file relating to the award of cut timber sales</p> <p>4-Proof of deposit of the surety with the Public Revenue Department</p> <p>5-Order awarding cut timber sale signed by the Minister responsible for forests, based on information from the invitations to tender</p> <p>6-Minutes of the information meeting,</p>	<p>Cut sale timber (VC) in the national domain are awarded for a renewable period of 3 years. Their surface area does not exceed 2500 ha. Cut Sales timber can only be attributed to nationals who are duly registered in the logging sector. The signing of the order for the attribution of a cut sale timber is subject to the presentation of an attestation attesting the payment into the public treasury, a caution stated in article 69 of the law. For the development of village communities around national forests that are exploited by cut sale volumes, a percentage of the felling tax set by the Finance law is paid to those communities.</p>

	signed by the Prefect	
d- community forest (FC); State logging	<p>1-Environmental conformity certificate</p> <p>2-Annual logging certificate</p> <p>3-Notification of the start of activities</p> <p>4-SimpleManagement Plan</p> <p>5- Receipt for registration of a complete PSG (Simple Management Plan) tender file for the final agreement</p> <p>6- Document approving the PSG, signed by the Minister for Forestry and Wildlife</p> <p>7- Final management agreement signed by the competent administrative authority</p>	<p>Pursuant to Article 54 of the Law, exploitation of a community forest is done on the basis of his simple management plan duly approved by the administration in charge of forests, governed by cut sale timber, or exploitation permit or personal felling authorization. Each community defines the terms of allocation of logging titles. The logging titles provided above can be attributed only to persons registered with the logging sector, complying with the provisions of this Decree. The person in charge of community forest is required to submit annually, to the territorial representative of the Minister of Forestry, a plan of activity, as well as the report of activities carried out during the previous year.</p>
e- SPECIAL PERMIT (ebony logging)	Special permit	<ul style="list-style-type: none"> • The signing of the permit is subject to the submission of proves for the payment of corresponding royalties and taxes. The exploitation permit of special forest products indicate: • species whose exploitation is permitted; • the quantities of products to be harvested; • the area of exploitation as well as the conditions for local use or possibly the exploitation of the products. • The specifications accompanying the exploitation permit of special forest products indicate: • the conditions for renewal of the resource; • the conditions for the exploitation of the products; • the conditions of their transportation; • the provisions for the payment of financial

			charges.
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About

Supporting Legal Timber Trade

Supporting Legal Timber Trade is a joint project run by NEPCon with the aim of supporting timber-related companies in Europe with knowledge, tools and training in the requirements of the EU Timber Regulation. Knowing your timber's origin is not only good for the forests, but good for business. The joint project is funded by the LIFE programme of the European Union and UK aid from the UK government.



NEPCon (Nature Economy and People Connected) is an international, non-profit organisation that builds commitment and capacity for mainstreaming sustainability. Together with our partners, we foster solutions for safeguarding our natural resources and protecting our climate.

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