

REPUBLIC OF CAMEROON

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PEACE – WORK – FATHERLAND

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LAW No. 2010/001 OF 13 AVR 2010

TO PROMOTE SMALL – AND MEDIUM – SIZED  
ENTERPRISES IN CAMEROON

The National Assembly deliberated and adopted, the President of the Republic hereby enacts the law set out below:

## **CHAPTER I**

### **GENERAL PROVISIONS**

**SECTION 1.** - This law lays down general rules for the promotion of small- and medium-sized enterprises, abbreviated as "SMEs", in accordance with the Cameroon Investment Charter.

**SECTION 2.**- (1) The SMEs governed by this law shall include: very small enterprises (VSEs), small-sized enterprises (SEs) and medium-sized enterprises (MEs).

(2) SMEs shall, from their inception and depending on the number of permanent employees and turnover, be registered in the National SME File in one of the above-mentioned categories according to the procedure laid down by regulation.

(3) The national file shall be a database listing SMEs operating in Cameroon. It shall be kept by the Ministry in charge of SMEs or any other body authorized to do so.

(4) Registration in the National SME File shall give an entitlement to the benefits provided by State public programmes for SMEs.

**SECTION 3.**- An SME shall be deemed to have been set up when it fulfils the conditions for legal existence and the formalities specified by the laws and regulations in force.

**SECTION 4.**- A very small enterprise, abbreviated as "VSE", shall be an enterprise with no more than 5 (five) employees and an annual pre-tax turnover of no more than 15 (fifteen) million CFA francs.

**SECTION 5.**- A small-sized enterprise, abbreviated as "SE", shall be an enterprise with 6 (six) to 20 (twenty) employees and an annual pre-tax turnover of more than 15 (fifteen) million CFA francs and less than 100 (one hundred) million CFA francs.

**SECTION 6.** - A medium-sized enterprise, abbreviated as "ME", shall be an enterprise with 21 (twenty-one) to 100 (one hundred) employees and an annual pre-tax turnover of more

than 100 (one hundred) million CFA francs and less than 1 billion CFA francs.

**SECTION 7** .- In case of difficulty classifying an enterprise in one of the categories listed in Sections 3, 4 and 5 above, the main criterion considered shall be the annual pre-tax turnover.

**SECTION 8**. - The national SME promotion policy shall be centred on providing start-up support, incubation, development and financing of SMEs.

## **CHAPTER II** **SME START-UP**

**SECTION 9**.- SME start-up support shall entail :

- streamlining of procedures;
- establishment of a one-stop shop for the fulfilment of administrative formalities for starting SMEs;
- reduction of timelines for starting SMEs;
- provision of information on investment opportunities;
- dissemination of the corporate culture in SMEs;
- multiform assistance to SME promoters.

**SECTION 10**.- (1) The procedures for supporting start-ups shall comply with the laws in force.

(2) The time-frames for setting up of SMEs, as well as procedures for the establishment of the one-stop shop for SME start-up administrative formalities shall be defined by decree.

## **CHAPTER III** **SME INCUBATION**

**SECTION 11**.- (1) SME incubation shall be a specific strategy for supporting the setting up of SMEs to disseminate the corporate culture and support budding entrepreneurs in all operations required to build their capacities, project ideas and initiatives.

(2) Incubation shall take place in the structures provided for that purpose and in line with the national programme defined by the Ministry in charge of SMEs.

**SECTION 12.** - (1) SME incubation structures shall be responsible for the reception, training and support of enterprises less than 5(five) years old.

(2) Their role shall be to:

- support SME promoters;
- identify the entrepreneurial potentials of SMEs and develop the skills of their promoters;
- help SMEs to set up networks of effective relations;
- acquaint SMEs with business opportunities and advisory services;
- enable SME promoters to witness the actual business world.

**SECTION 13.**- (1) SME incubation structures may be public or private.

(2) Private incubation structures shall be approved by the Ministry in charge of SMEs.

(3) Public incubation structures shall forge partnerships with the Ministry in charge of SMEs.

(4) Enterprise incubators shall have access to economic activity zones set up by regional and local authorities or developed for that purpose by public bodies.

**SECTION 14.**- The functions of SME incubation structures shall be discharged under conditions laid down by regulation.

#### **CHAPTER IV** **SME DEVELOPMENT SUPPORT**

**SECTION 15.**- (1) Support to the development of SMEs shall be all the actions and resources contributing to the improvement of SME performances and competitiveness on domestic and international markets.

(2) It shall be provided through:

- general support;
- specific support;
- facilitation;
- upgrading.

**SECTION 16.** - General support shall include, besides the measures provided by the Investment Charter, all other technical, financial and managerial measures that may be taken for the benefit of enterprises, excepting for the benefits defined by special regimes.

**SECTION 17.-** (1) Specific support shall seek to build capacities of some SMEs in strategic or social sectors, as well as SMEs promoting scientific and technical research results.

(2) The conditions for general and specific support shall be laid down by regulation.

**SECTION 18.-** Facilitation shall seek to ease SME access to financing, technical and technological innovations, modern management methods and various resources intended for their development.

**SECTION 19.** - (1) The upgrading of SMEs shall be an ongoing process of promoting SMEs to enhance their competitiveness and performance by building their production, organization and managerial capacities, in keeping with the standards in force in the sector.

(2) SMEs shall be upgraded by the Ministry in charge of SMEs, through programmes conducted by Trades Chambers, bodies approved to do so, or development partners.

**SECTION 20.** - Upgrading shall be reserved for SMEs having a strong growth potential or operating in strategic sectors.

**SECTION 21.-** SMEs included in the upgrading programme may enjoy special financial support for the implementation of their tangible and/or intangible investments as well as the restructuring of their management.

**SECTION 22.-** SMEs may, within the framework of the application of their upgrading plan, benefit from tax and customs incentives, as well as various facilities provided for by the investment support regulations in force.

**SECTION 23.**- The organization of SME upgrading activities as well as conditions for the intervention of public authorities, approved bodies and development partners shall be laid down by regulation.

**SECTION 24.**- The State shall contribute to SME development by putting in place a quota system for awarding public contracts on a priority basis to SMEs in line with its international commitments.

**SECTION 25.**- (1) State support to SME development may be enhanced through special support programmes under conditions defined by contract with major public, semi-public and private sector enterprises or regional and local authorities.

(2) Accordingly, incentives for subcontracting may be put in place for SMEs operating nationwide and/or specific partnerships.

**SECTION 26.**- Regional and local authorities and public development programmes contributing to SME promotion may, to that end, forge partnerships with the Ministry in charge of SMEs.

**SECTION 27.**- (1) An SME promotion Agency is hereby set up for SME promotion and facilitation.

(2) The organization and functioning of the SME Promotion Agency shall be laid down by decree of the President of the Republic.

## **CHAPTER V** **SME FINANCING SUPPORT**

**SECTION 28.**- (1) The State, Regional and Local Authorities, development partners or any approved body may provide support for the financing of SMEs.

(2) Regional and Local Authorities and development partners shall provide support in keeping with the agreements and conventions signed to that end.

**SECTION 29.**- Public authorities shall promote SME access to financing by :

- setting up special bodies and/or programmes tailored to SME financing needs;
- formulating incentive laws or regulations to encourage the financial system to provide support to SMEs ;
- supporting the setting up of institutions specializing in SME financing.

**SECTION 30.**- (1) The State shall, in collaboration with banking and financial institutions, facilitate SME access to financing.

(2) The State shall help put in place bodies or venture capital or specific assistance lines to finance SME investments.

**SECTION 31.**- Leasing and mutual guarantee establishments, mutual funds, guarantee funds and regional financing institutions may be set up to finance SMEs under conditions laid down by decree.

**SECTION 32.**- (1) To sustain SME support and development financing, and SME sector incubation and modernization operations, an earmarked account known as "SME Promotion Fund" shall be opened at the Treasury.

(2) The resources of the SME Promotion Fund, whose ceiling shall be fixed annually by the finance law, shall be derived from:

- sundry State contributions;
- funds obtained from international cooperation;
- any other resources authorized by the finance law under SME promotion.

**SECTION 33.**- The conditions of the functioning and intervention of the SME Promotion Fund shall be laid down by regulation.



**SECTION 34.**- Approved SME management centres shall provide accounting and tax management assistance to SMEs in accordance with the regulations in force.

## **CHAPTER VI** **SME MERGERS**

**SECTION 35.**- (1) SMEs may freely merge by sector, activity or sub-sector, in accordance with the laws and regulations in force.

(2) Such mergers may be carried out on a regional basis

**SECTION 36.**- SME mergers that have been set up legally shall be entered in the National SME Database.

**SECTION 37.**-SME mergers may be given special treatment. As such, they may be given priority in State support under partnership established for SME development.

## **CHAPTER VII** **SME REPRESENTATION**

**SECTION 38.**- SME mergers entered in the National SME Database shall represent their members among public authorities or Trades Chambers.

**SECTION 39.**- To defend the interests of their members or branch of activity, SME mergers may forge partnership with Trades Chambers as well as Regional and Local Authorities.

**SECTION 40.**- The Chamber of Commerce, Industry, Mines and Handicrafts shall represent SMEs operating in the commercial, industrial, mining and handicrafts sectors, in accordance with the regulations in force.

**SECTION 41.**- The Chamber of Agriculture, Fisheries, Livestock and forestry shall represent SMEs operating in the agro-forestry, forestry and fisheries sectors, in accordance with the regulations in force.



## **CHAPTER VII** **OBLIGATIONS OF SMEs**

**SECTION 42.**- (1) SMEs and SME mergers governed by this law must fulfil their legal obligations, in particular, fiscal, corporate and financial obligations.

(2) The said obligations shall be to:

- keep regular and reliable accounts in accordance with the system in force ;
- duly file their annual tax returns;
- inform the Ministry in charge of SMEs in the event of transfer, discontinuance of business or bankruptcy;
- carry out their investment programmes in accordance with this law;
- open a current account in a banking, micro-credit or post office institution;
- allow the competent authorities of the Ministry in charge of SMEs to control their functioning and use of the benefits granted them;
- pay their social security taxes and employers' contributions.

**SECTION 43.**- (1) SMEs and SME mergers operating in violation of the legal obligations in force may not benefit from the promotion measures provided for by this law.

**SECTION 44.**- SMEs and SME mergers enjoying public assistance and support may, in case of need, be audited by one or several auditors or any other structure designated for that purpose.

## **CHAPTER IX** **PENALTIES AGAINST SMEs**

**SECTION 45.**- (1) Without prejudice to the statutory penalties in force, any defaulting SME enjoying public assistance and support that violate any of the obligations referred to above shall be liable to one of the following penalties :

- written warning;

- temporary suspension of assistance and support for no more than 6 (six) months ;
- forfeiture of assistance or guarantee provided by a financing institution.

(2) The penalties provided for in sub-section (1) above shall be inflicted by the Minister in charge of SMEs.

**SECTION 46.**- (1) A warning shall be a written admonition addressed to a defaulting SME by the Ministry in charge of SMEs requiring it to fulfil its obligations in accordance with the instruments in force and commitments made.

(2) A written warning shall be issued where, following control, it is established that an SME receiving public assistance and support is not fulfilling its obligations.

**SECTION 47.**- (1) The temporary suspension of public assistance and support shall be a temporary stoppage of the promotion of a defaulting SME, for not more than 6 (six) months, to cause it to fulfil its obligations.

(2) Temporary suspension shall be pronounced where an SME enjoying public assistance and support sanctioned with a written warning, fails to fulfil the obligations for which it was reprimanded after 3 (three) months.

**SECTION 48.**- Any defaulting SME may, by petition, request to be rehabilitated by the competent authority once the flaws that caused temporary suspension have been corrected.

**SECTION 49.**- (1) The forfeiture of assistance and guarantee provided by a funding body shall be the loss of entitlement to assistance and support.

(2) Forfeiture shall be pronounced when an SME enjoying public assistance and support that has been suspended temporarily fails to continue fulfilling its obligations after 6 (six) months.

**SECTION 50.**- Defaulting SMEs sanctioned by forfeiture may be rehabilitated by the competent authority only after fulfilling their obligations before the expiry of a period of 5 (five) years.

**CHAPTER X**  
**FINAL PROVISIONS**

**SECTION 51.**- (1) The Minister in charge of SMEs shall submit an evaluation report on the implementation of the SME promotion policy annually to the Prime Minister, Head of Government who shall be in charge of its popularisation.

(2) A copy of the report provided for in subsection (1) above shall be forwarded to the Presidency of the Republic.

**SECTION 52.**- All previous provisions repugnant to this law are hereby repealed.

**SECTION 53.**- This law shall be registered, published according to the procedure of urgency and inserted in the Official Gazette in English and French.

YAOUNDE, 03 AVR 2010

