



**CENTURION**

Lawyers and Business Advisors

**COVID-19 LEGAL  
UPDATE:  
CAMEROON**

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# EMPLOYMENT

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## **REDUCING EMPLOYEES' WORKLOAD AND PAY DURING THE COUNTRY PANDEMIC/ LOCKDOWN WITHOUT TRIGGERING REDUNDANCIES.**

It is unlawful for an employer to arbitrarily cut the wages of employees, according to Section 77 of the Labour Code. However, employers can directly negotiate workload and wage cuts with employees, bearing in mind that any decision in this regard must be temporary and mutually consensual. It will be important that agreements reducing workload and pay during the COVID 19 pandemic are properly documented in an Addendum to the principal employment contract.

## **OUTSTANDING LEAVE DAYS FORCED PAID LEAVE OR UNPAID LEAVE DURING THE PANDEMIC/LOCKDOWN. DEDUCTING QUARANTINE PERIOD FROM ANNUAL OR SICK LEAVE**

Employees cannot be forced to take outstanding leave days during this period. They can only be advised to. However, the choice depends entirely on the employee.

Employers cannot also force employees to go on paid/ unpaid leave at this time.

The quarantine period cannot be deducted from an employee's annual or sick leave, as the quarantine period is a policy enacted temporarily by the government, which must be respected by all residents in the country. More so, the quarantine period does not fall under the category for a sick leave, as stipulated in Section 89 of the labour code.

Generally, the maximum period of sick leave an employee is entitled to, is 6 months as per Section 89(3)(b) of the Labour Code, exceeding this may lead to the suspension or termination of the contract. However, considering that the quarantine period cannot be deducted from the sick leave, the law gives no provision for such a situation.

## **RENEGOTIATING TERMS OF EMPLOYMENT**

Terms of employment can be renegotiated during this period. The employer can cite the economic effects on the business as justification for seeking renegotiation. We recommend that all changes to the terms of employment are properly documented in an Addendum to the principal employment contract.

## **EMPLOYMENT TERMINATION**

While the labour code does not prevent termination of employment contracts at this time, employers cannot make employees redundant merely due to the existence of the pandemic.



The only legal option available to employers is dismissal for economic reasons. An employer who seeks to choose this option must ascertain that the COVID 19 pandemic has caused excruciating economic difficulties on the company.

Employers who choose to pursue this option must note that there are some fundamental conditions to be met. The employer has a preliminary obligation to examine alternatives to dismissal such as transfers and training. Also, the employer must notify to public administration (labour inspector) and hold prior consultation of workers' representatives in a bid to notify the workers. Lastly, employers must comply with priority rules with regard to social situation, age, and seniority as well as priority rules for rehiring.

#### **EMPLOYMENT BENEFITS DURING PANDEMIC/ LOCKDOWN**

The law does not make provision for the benefits due to an employee while they are working remotely. The employer and employee will have to negotiate and agree on this.

#### **COMPANY COVID-19 POLICY AND COMPANY LIABILITIES**

The Law does not make any provision for a situation such as this. Employers are advised to adopt COVID 19 policies in concomitance to global and sectoral practices.

#### **PERFORMING OTHER JOBS WHERE CORE FUNCTIONS ARE DOWN DURING PANDEMIC/LOCKDOWN**

The employer may be allowed to change the job prescription of an employee during this period. However, it is imperative that the employer negotiate with the employee and justify its action by stating economic hardship. We recommend that any change in employee's duties should be properly documented.

#### **EMPLOYMENT INSURANCE POLICIES (GOVERNMENT OR PRIVATE) DURING THIS PERIOD AND ACCESSING THESE POLICIES.**

There are no general employment insurance policies which are designed for a pandemic. However, some insurance companies may provide specific policies for persons who contract the COVID 19 virus.

## **IMMIGRATION**

#### **CURRENT SITUATION IN THE COUNTRY**

The country is currently in a partial shutdown.

On instructions of the Head of State, the Prime Minister placed restriction on movements and ordered that all land, sea and air borders be closed. Also, restrictions have been placed on inter and intra urban travel and most businesses have been given limited functional hours.

#### **TRAVELLING TO CAMEROON**

No foreigner, even with valid travel documentation, can be allowed into Cameroon, as its sea, land and air borders have been closed and all passenger flights from outside the country are suspended.

#### **RESTRICTIONS OR CANCELLATION ON VISAS APPLICATIONS/ISSUANCE**

Issuance of entry visas to Cameroon at the national airports and the various Cameroonian embassies and consulates have been suspended till further notice is given.

#### **EXPIRATION OF LEGAL STATUS WHILE IN CAMEROON**

If your status is about to expire in the next few days, you are allowed to remain in the country. The immigration authorities must be notified of this. Special derogation from the issuing authority will be given.

#### **LEAVING CAMEROON**

A restriction has been placed on movements and the country's borders have been closed. However, it is possible for foreigners and expats to fly out on the condition that their embassies and countries make a special provision for such. This was the case with the United States Citizens in Cameroon, where the US Embassy in Yaounde arranged a special charter flight for US Citizens, on Tuesday 31 March 2020, amidst the border lockdown.

## **TAX**

#### **TAX EXEMPTIONS/RELIEFS**

The President of The Republic of Cameroon has authorized the Minister of Health to when necessary, make special contracts for the acquisition of equipment, consumables and services, to be used in the fight against COVID-19 through out the national territory. The importation of such equipment, consumables and services will be exempt from value added tax and custom duties.

## GRACE PERIOD FOR THE FILING OF TAX RETURNS

No grace periods have been granted. All tax filings must be carried out normally, before the deadlines as provided by law, for businesses to remain compliant.

# CORPORATE

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## SUSPENDING OBLIGATIONS UNDER A CONTRACT IN LIGHT OF COVID-19

Obligations under contracts may be suspended if the contract includes a force majeure clause. This clause can be broadly interpreted to cover COVID-19.

COVID-19 could constitute a force majeure. However, it will depend on specific circumstances. This will depend most importantly, on the wording of the contract on force majeure. It will also depend on the time the contract was entered into. It will be unlikely that a contract which was entered into before the announcement by the WHO, referring to COVID-19 as a World Health Emergency of International Concern, can claim COVID-19 as a force majeure.

The threshold for force majeure is very high and the burden of proof lies on the claimant. The performance of contractual obligations must be considered totally impossible, for the concept of a force majeure to be used.

It should be noted that, with the effects of COVID-19, if the performance of a contractual obligation is made more burdensome, expensive or unprofitable, it will not be enough to consider it a force majeure. The obligation must be considered impossible to perform.

## COVID-19 AS A MATERIAL ADVERSE CHANGE IN A CONTRACT

COVID-19 can be deemed to constitute a material adverse change entitling a party to terminate an agreement or delay performance. This is due to the fact that the state has put in place, measures which may slow down a party's ability to respond/perform. The other party may resort to whatever dispute settlement mechanism is provided for in the contract.

## REMEDIES FOR A PARTY'S FAILURE TO PERFORM ITS OBLIGATION UNDER CONTRACT

The other party will resort to whatever dispute settlement mechanism is provided for in the contract or seek the intervention of the local court.

The Cameroonian courts remain operational.



On 18th March 2020, the office of the Prime Minister of Cameroon indicated that court sessions will be held with not more than 50 persons per session, in order to respect the restrictive measures. This order came as a contradiction to an initial decision from the Ministry of Justice suspending all court sessions for a period of one month amid Coronavirus fears. Court hearings have however been maintained, in the strict respect of only 50 persons per session.

### **REQUIREMENTS TO REGISTER DOCUMENTS UNDER THE COMPANIES REGISTRY**

No official changes to company registration procedures and requirements have been made by the Cameroonian government yet. Currently, the corporate registries are still open. The restrictions put in place do not affect them. No extensions on any statutory timelines have been granted.

### **EFFECTS OF COVID-19 ON DELAYS TO OBTAIN REGULATORY APPROVALS**

COVID-19 has caused delays in obtaining regulatory approvals, mostly due to the social distancing policies undertaken by the government. The country depends highly on manual filing systems, for example, therefore the various restrictions which have been put in place to curb the pandemic have caused significant delays in obtaining regulatory approvals, which are condition precedent to completion.

No extensions or grace periods have been granted by the government yet.

## **GENERAL**

### **FISCAL MEASURES TOWARD COUNTERING THE ECONOMIC EFFECTS OF THE PANDEMIC**

No fiscal measures to counter the pandemic have been announced yet by the government.

### **NEW LAWS/REGULATIONS TOWARDS COMBATING THE PANDEMIC**

As per presidential order, 13 new instructions have been put in place, towards combatting the pandemic. These instructions can be viewed with the link provided below:

<https://www.spm.gov.cm/site/?q=en/content/government-response-strategy-coronavirus-pandemic-covid-19>

### **EFFECT OF THE PANDEMIC ON THE COUNTRY'S ECONOMY AND ANY RECESSION RISKS**

There have been significant negative effects on the economy of the country. Prices of imported goods and services have slightly surged. However, local production has been boosted as more locally produced goods are being consumed.

There is a recession risk. In fact, The Bank of Central African States, headquartered in Cameroon, has projected that the economy may be affected in the following ways:

- a sharply lower growth rate, or even a recession;
- a rise in inflation pressures, but below the community threshold;
- a deterioration in the budget balance, which would become negative;
- a significant erosion of the current account deficit; and
- an increase in the monetary mass for a rate of external cover of the currency which would also evolve downwards.

The government has put measures in place to help curb the spread of the virus, with the hope that activities are carried out normally without the economy being grossly affected adversely.

### **BANKING RESTRICTIONS**

No banking restrictions have been announced by the government.

### **BORROWER PROTECTIONS AND MORATORIUM ON LOAN REPAYMENTS**

No moratorium on repayment of loans has been announced. There is no protection for borrowers due to the pandemic.

### **OTHER RELEVANT INFORMATION OR GOVERNMENT MEASURES**

BEAC (Bank of Central African States) has triggered some favourable points of action, to the financing of member states and commercial banks of the CEMAC region. This was decided on, on March 27 by the members of its Monetary Policy Committee. As a ripple effect, those states and banks will have to support the companies affected by the pandemic.

BEAC lowered two of its key rates. The tender rate has been lowered from 3.5 to 3.25% while the marginal lending rate has gone down from 6% to 5%. More so, the bank has provided a more flexible latitude to commercial banks in their search for liquidity, by extending various types of collaterals, to be used by the bank as a guarantee for refinancing operations.



Those banks will use the liquidity to fund CEMAC economies by granting credits to companies and individuals at adjusted rates.

BEAC announced the suspension of its liquidity-absorbing operations. The Central Bank decided that more liquidity will be injected into the CEMAC banking system. In this regard, the volume of liquidity injected in the banking system will be increased from XAF240 billion to XAF500 billion. The monetary policy committee stated that this could be revised upward if the need arises

The Central Bank also plans to negotiate with competent authorities to obtain a one-year rescheduling of the repayment of the Central Bank's consolidated credits to the States. This measure will loosen the debt on the treasury of CEMAC countries, which will in turn have more liquidity to fund the COVID-19 fight.

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