Wilfred A. Ndongko

Economic Management in Cameroon: Policies and Performance

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ECONOMIC MANAGEMENT IN CAMEROON:
POLICIES AND PERFORMANCE

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PREFACE

This study was undertaken under the auspices of the United Nations University of Tokyo, Japan, which provided funding for travel, research and writing. It was triggered by the United Nations in its efforts to develop politically viable strategies and development models for managing the economy of resource-rich countries of the Third World. Following the approval of the proposal submitted by me and Dr. Jua on economic management in Cameroon since 1960, we started research on the project in January 1984 under the title of "Economic Management in Resource-Rich Countries: The Case of Cameroon, 1960 to 1980".

We were guided in the research and writing by three fundamental assumptions viz:

1. Cameroon is a resource-rich country or potentially so,

2. Cameroon's resources have been efficiently managed to ensure a more or less satisfactory rate of economic growth between 1960 and 1980, and

3. The Cameroon experience between 1960 and 1980 could be used to develop policy options for other resource-rich countries of the Third World, other things being equal.

To this extent, it was necessary to come to grips which some basic concepts and other development principles which Cameroon has postulated with a view to accomplishing its development goals.

Bearing this in mind, Part One of the study has been subtitled "The Background to Cameroon's Economy" within which the historical and institutional structures of the Cameroonian economy are examined. On the other hand Part Two has been subtitled "Performance of the Cameroon Economy, 1960-1980" in which public, para-public, financial, legislative and development institutions and their role in the management of the nation's resources and the accomplishment of development and sustained economic growth are examined.

Part One comprises four chapters. Chapter One, or the introductory Chapter is an attempt to come to grips with such concepts as "development", "economic management" and "resource-rich countries". Chapter Two examines the historical background and resource potential of Cameroon. Chapter Three is devoted to an analysis of Cameroon's principles of development - balanced and self-reliant development, planned liberalism, social justice and the policy of trade promotion.

Chapter Four examines policy instruments and development institutions such as the investment legislation, financial and/or monetary institutions and other national institutions geared towards promoting development and economic growth. The emphasis is on the nature, scope and specific attributions of the institutions.

Part Two comprises seven chapters. The division of the chapters is according to the subsectors of the national economy; thus sacrificing the traditional division of primary, secondary and tertiary sectors. This has been done to avoid over-condensation of important details.

Chapter Five treats the subsector of Commerce and Industries with emphasis on some of those institutions created by the state to promote the expansion of that subsector. Chapter Six deals with banking, credit and finance and covers such institutions as BCD, SNI, FONADER and the National Credit Council. Chapter Seven is a study of four institutions - MIDEVIV, CDC, SEMRY and SODECOTON - in the agriculture, food and export crop promotion subsector.

Chapter Eight is an analysis of the National Investment Codes and their role in attracting domestic and foreign investment. Chapter Nine deals with a subsector that has received increasing attention since the 1970s, namely that of Small and Medium-Size Enterprises. The institutions studied include CAPME and FOGAPE. Chapter Ten covers the subsector of public utilities, i.e. electricity, water and transportation.

Chapter Eleven is devoted to summary and conclusions. It deals specifically with the role of foreign capital, indigenous capital, and the role of the state in the development process in Cameroon since 1960. It also examines the nature of corporate management in Cameroon, especially the preponderant role of the government in management decisions. Emphasis is also laid on the evolution of Cameroon's GDP and per capita income since 1960. A number of conclusions and findings have also been highlighted regarding the changes, performance and prospects of the Cameroonian economy for the future.

As we noted earlier, this study would not have been possible without the financial support of the United Nations University of Tokyo which provided the funding and demonstrated the need for developing a theory for managing resource-rich economies.

In Cameroon, the project would never have come to fruition but for the able assistance of Dr. Jua and Dr. Ngu both of the Institute of Human Sciences, Mr. Nzefeh Peter, Mr. Ekuka, and Mr. Nkemka, also research assistants and Mr. Nfornyam David and Mr. Noah Belingue, both secretaries who worked night and day to have the present manuscript ready. Special thanks are also extended to the different institutions we contacted for their great collaboration.

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Yaounde, October 1984

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PART ONE

BACKGROUND TO THE CAMEROON ECONOMY:
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CHAPTER ONE

INTRODUCTION

"We don't want our village to die.
We want the village to live and develop, and for that, me must find the means of changing this situation".

An African Villager quoted by Bobo-Dioulasso Grapp.[1]

1.1. Introduction

The above lament by an African peasant may be seen as echoing a major preoccupation of most less developed countries (LDCs) today. The pollyanna optimism of the early 1960s that economic development would come in the wake of political independence has not been borne out. Given the stubborness of this "development problematique", the development of development theory has gone haywire.

Some have submitted that prior to making any prescription, it is imperative that a distinction be made between resource-rich and non-resource-rich countries. Whereas the present study subscribes to such a thesis, its goal is to examine policies that have been adopted by Cameroon, a resource-rich country, to help propel it on the path to development. Thus we should caution that this study adopts an empirical as opposed to a normative approach.

Given that this study tackles the development problematique, with reference to Cameroon, from the empirical vantage, some may look askance at its prescriptive value. Such a view is mistaken. Cameroon's development is anchored to certain concepts that may be seen as providing the theoretical framework. Further, some laboratory successes as regards theory-building have always withered when tested against the weather of the real world.

Thus, we also submit that some of the experiences drawn from the real world can be instrumental in enabling us provide politically viable policy options for handling the economic problems of resource-rich countries. Yet we must fervently believe that any such exercise be preceded by the definition of basic concepts, inter alia: 'Development', 'Resource-Rich Country' and 'Economic Management'.

1.2 Definition of Basic Concepts

(i) Development

"Few problems are more fascinating, more important, more neglected than the rates at which development overtake successive generations in different countries". [1] This statement by Mitchell was given no serious attention by economists for almost two decades because the 1930 Depression and the Second World War diverted their energies to more demanding short-term problems. Today, the subject of 'economic development' is high on the list of contemporary economic issues which are important to the developing as well as the developed nations of the world.

However, it will not probably alarm the development economist to discover that it is difficult to give a precise meaning of 'development'. This is because there are so many definitions which have appeared in literature. For some writers, 'economic development' is not the total development of the society, it is only one aspect or dimension of general development because although the nation or state is generally regarded as the unit of development; 'national development' is a term which includes, at least, social and political changes as well as economic change.[2]

To some writers, 'economic development' implies growth accompanied by change, since there are essentially qualitative features in the development process that are often absent in the quantitative growth or expansion of the economy.[3] Some of these qualitative differences can take the form of the improved efficiency of factors of production, the development of institutions and a change in the society's attitudes and values.

Furthermore, to some economists, 'development' has been taken to mean industrialization which is very often viewed as a superior way of life through the acquisition of industries or as an indication of how wealthy a society is. However, in the case of industrialization the entire fabric of the society may not be affected and, indeed the wealthy people are often only a small proportion of the population. Rather development calls for, at least, the upward movement of the entire social system.

Alternatively, economic development has also been viewed as the achievement of a number of "ideals of modernization". Such ideals include: "a rise in productivity, social and economic equalization, modern knowledge, improved institutions and attitudes and a rationally coordinated system of policy measures that can remove the most of undesirable conditions of the social system that perpetuate a state of underdevelopment". [4]

Finally, economic development has also been viewed as "economic independence" which is usually echoed by many leaders of the present day developing countries (which were at one time or another, colonies of the West European Countries) or by developed countries whose economies have been dominated by foreign investment. The dependence of these countries on export markets and foreign capital is often regarded as foreign domination or 'exploitation' which, as the argument goes, must be prevented by adopting import-substitution policies and placing limitations on the inflow of external private capital. However, the emphasis on national identity and independence through inward-looking policies may impede rather than stimulate development mainly defined in this manner.

The foregoing review of the various meanings of 'development' has led to the understanding that it implies change in the economic structure of the society concerned. This change takes the form of rising incomes and increases in the volume of goods and services which is associated in the systematic and predictable variations in such features of the economic structure as output composition of the gross domestic product, rates of savings, investment, income distribution pattern, per capita incomes, consumption levels, rate of utilization of capital and labour, capita-output and labour-output ratios and the pattern of internal and external trade. Some of these characteristics which influence and affect the long-run or sustained changes in the economic structure, also determine the rate of economic development.

We have seen from the above brief review of the concept that despite the familarity with which we speak of 'development', the concept turns out to have rather elusive meanings and implications. Consequently, it would be prudent to define the concept for the purpose of this study as a prerequisite to a clearer understanding of the field of development economics. Thus, at the most general level and for the purpose of this study, 'economic development' may be defined as a sustained, secular improvement in material well-being which may be reflected by an increasing flow of goods and services which are distributed to all members of the society in an acceptable manner given consideration to the existing social, cultural and political framework.

It must be borne in mind, however, that 'development' oriented programmes should contribute to economic growth; failure to do so would detract from the effectiveness of such programmes. This is not to contend that a country cannot adopt policies that are skewed toward development, to the detriment of growth. However, if policies are intensively and extensively designed to promote the former, they would inevitably have a negative effect on the overall economic development of the LDCs. This has been demonstrated amply in the cases of Ghana, Argentina, Algeria and Cuba.[5]

ii) Economic Management

Choosing an optimum mix of policies that would guarantee both development and growth is tantamount to economic management. The notion of economic management circumscribes, if not rejects, the doctrine of the invisible hand where market forces reign supreme. Whereas the tendency is to classify states as being either market-oriented or etatist; it is also acknowledged that all states practice a certain measure of interventionism.

In the case of LDCs, most of them have adopted the etatist approach. A fundamental feature of this approach is the elaboration of development plans. Planning is not an attempt to make forecasts or predictions; rather it is designed to guide public policy decisions in such a way as to achieve ends which are considered optimum from a social point of view.[6] By and large, planning is conceived to serve not only development but also growth.

Economic management becomes more difficult when we admit that there is a hydra-like aspect to development, that is, the successful solution of previous problems is likely to spawn new or "second generation problems".[7] It is further posited that few of these problems are strictly economic ones but have other dimensions such as human attitudes, social institutions and political power structures. This is not to deny that they are not also concerned with scarcities of productive inputs and their rational allocation.[8]

All the foregoing dimensions are brought out vividly in the Berg Report and the Lagos Plan of Action despite the fact that they profess different solutions. Common to all these plans, is their emphasis on efficiency. Elsewhere, it has been argued that the state is supposed to provide a sound macroeconomic framework that is flexible enough to permit the economy to adjust to external disturbances, that provides adequate incentives for longer term growth and permits the attainment of the objectives of equity and social advancement.[9]

For the purpose of this study, 'economic management' is viewed as an optimal utilization of scare resources which leads to the production of the largest bundle of goods and services which satisfies the needs of the broadest segment of the population within the existing political, cultural and social system.

(iii) Resource-Rich Country

It is generally accepted that resource-rich countries are (abundantly) endowed with mineral wealth and/or rich agricultural land. These are broad compartmentalizations; for further probing reveals that mineral rich countries are further subdivided into oil and non-oil rich countries while agriculture is subdivided into traditional and non-traditional agriculture. However, it would be simplistic to posit that this is the sole criterion that qualifies a resource-rich country. Rather, a country that is so endowed and has the comparative advantage in the production of some goods cannot only enter into trade with others but also possesses the capacity to adjust in the face of the vicissitudes of the world market.

Consequently, it can be contended that a country can be either sensitive or vulnerable[10] depending on the proportion of its exports and GNP that is accounted for by the primary sector. Resource-rich countries are apt to be only sensitive to the trends of the world market as there is either a high demand for their mineral/oil wealth or their agricultural potential enables them to diversify their agricultural potential base. Further, they can embark on the deepening process so as to enhance the marketability of the processed goods.

Bearing the foregoing in mind, we will for the purpose of this study define a 'resource-rich country' as a country with a mixture of factor endownments which can enable it to produce most of its basic needs and services and overtime to be able to reduce its dependence on foreign countries.

1.3. Conclusion

To sum up therefore, we address a two-fold question in the rest of this study. Why is Cameroon considered a resource-rich country? How effective have been the policies that is has pursued vis-à-vis economic management? Our analysis would be vitiated of it is not predicated by an examination of the historical background and economic potential of Cameroon. Chapter II addresses itself, therefore, to this exercise.

FOOTNOTES

1. W.C. Mitchell, Business Cycles, (New York: National Bureau of Economic Research, 1927).

2. G.M. Meir, Leading Issues in Development Economics, (Oxford: Oxford University Press, 1971), p.5.

3. An example of an account of economic growth without development in Liberia is given in R.W. Clower et Al., Growth without Development (Evanston, North Western University Press, 1966).

4. C.E. Black, The Dynamics of Modernization, (New York: 1966), pp. 55-60.

5. World Bank Staff Working Paper N° 353, August 1979, p. 7.

6. Wilfred A. Ndongko, Planning for Economic Development in a Federal State: The Case of Cameroon, 1960-1971, München: Weltforum Verlag, 1975, p. 33.

7. Paul P. Streeten, "Development Ideas in Historical Perspective" Economic Impact N° 4, 1982, p. 19.

8. Ibid

9. The World Bank, World Development Report 1983, Oxford: Oxford University Press, 1983, p. 64.

10. For a discussion of vulnerability and sensibility, see Robert Keshane and Joseph Nye, Power and Independence, Boston: Little Brown and Co., 1977, especially, pp. 11-19.

CHAPTER TWO

THE HISTORICAL BACKGROUND AND DEVELOPMENT POTENTIAL

2.1. Introduction

It would be recalled that in chapter one we appreciated three central prenomena - 'development', 'economic management' and 'resource-rich country' to enable us understand the performance of the Cameroon economy between 1960 and 1980. In this chapter, we undertake a brief but succint analysis of the historical background, the pre-independence development policies and more especially the economic potential of Cameroon.

2.2. Historical Background

Cameroon is sandwiched between West and Central Africa and has an area of 474 000 square kilometres and a population of 8.8 million people. It is referred to as "Africa in miniature", as its climate and vegetation are a replica of that of the African continent. Whereas during the struggle for independence it became commonplace to refer to the 'Kamerun Idea', it should be noted that Cameroon is the child of the 1884 Congress of Berlin which gave a mantle of legitimacy to the partition of Africa. It was a German colony until the end of World War I.

In the post-war era, the territory which became a league of Nations Mandate, was placed under the eagis of the British and the French. Following World War II, the territories became part of the trusteeship system of the United Nations, although they were still ruled under the auspices of the French and the British. On January 1960, Cameroon under French tutelage acceded to independence and on 1 October 1960, the Trust Territory of Southern Cameroons (the British part) opted to reunify with the Republic of Cameroon.[1]

As a result of (re)unification in 1961, the then Federal Republic of Cameroon, the sole bilingual State in Africa, was born. Federation only rendered planning for development more complex.[2] Seen from this vantage, it can be postulated that the referendum of 20 May 1971, which ushered in the United Republic of Cameroon, was designed to alleviate the situation.

Whether it be a federal or unitary State, the dependencia school is apt to argue that given the colonial legacy of this republic and its incorporation into the world capitalist system at the periphery, it is immutably fixed that it suffers eternally from underdevelopment.[3] However, the question as stated earlier is whether given this initial condition, a peripheral state can still formulate and implement development plans. Whereas this would be a moot point in dependencia, properly so called, others have argued that even dependent development is still development.[4]

2.3. Pre-Independence Colonial Development Policies

Cameroon's incorporation into the world capitalist system, like many other African countries, began unofficially some three hundred years ago. At the close of the fifteenth century, Cameroon had its first contact with Europe when Portuguese traders ventured into the estuary of the River Wouri.[5] The type of commercial relationship that developed from this contact initiated a whole series of what Emmanuel has termed "unequal exchange" between the centre (Europe) and the periphery (the Third World) arguing that this inequality in trading originates from the disparity between wages in the centre and wages in the periphery. Such a situation continues to exist today because of the persistence of pre-capitalist mode of production in the periphery which provides a continual subsidy to incomes in the capitalist sector.[6]

Looking back into history, such unequal exchange is traced directly to the "slave mode" of production in which free labour provided a high surplus value accelerating the whole process of capital accumulation in the centre countries. The process of development in the centre social formation and underdevelopment in the periphery was set in motion.

Cameroon's contact with Europe intensified the trade in human beings which towards the end of the fifteenth century coincided with the discovery of the New World, increasing the demand for free labour in the virgin plantations of the Americans. Africans sold slaves to slave traders because this was the only means available to raise the money to buy commodities they wanted from Europe (mostly guns, powder, rum and textiles). With the subsequent development of the slave trade, many European nations followed the footsteps of the Portuguese in exploring not only

Cameroon, but the coast of Africa as a potential source of virtually free labour.

Unfortunately, the slave trade, in addition to being an inhuman and immoral activity, was a particularly destructive type of commerce. It drew off from the continent human beings at their most productive ages. It increased tribal conflict in the struggle to secure more slaves. Finally, and perhaps most importantly, any advantage that Africa derived from contacts with Europe such as the learning of some skills, the introduction of new food stuff - maize, corn, manioc, plantain, etc., were more than offset by slave traders plunging vast stretches of the continent into anarchy.[7]

The colonial occupation of Cameroon by Germany formally began in July of 1884.[8] During its seventy six years under foreign domination, Cameroon evolved from being a classic example of a colonial economy in which primitive capital accumulation along marxist lines occurred with stark simplicity, to an independent state with a small modern sector dependent on foreign capital and skills. The early years of German rule were characterized by a mixture of brutal application of force and the development, albeit small, of a modern economy with an infrastructural network: roads, railways, ports, post offices, towns, hospitals and plantations.[9]

In their territorial expansion in quest of commercial opportunities, the German and later the French chartered companies and concessionnaires in collaboration with their imperial mother-countries, fought bloody battles of subjugation, especially in their attempt to penetrate the interior to seek and extract free or cheap labour needed to develop the new coastal plantations.

The railway lines that were constructed from Douala, the coastal and economic hub of Cameroon, to the central, southern central and south-western parts were primarily for strategic military and administrative reasons of the colonial authorities. Essentially, the basis on which the colonial Government operated could be summarized to what Adam Smith aptly expressed some two hundred years ago when he declared that:

> 'Little else is requisite to carry a state to the highest degree of opulence from the lowest barbarism but peace, easy taxes and a

tolerable administration of justice, all the rest being brought about by the nature of things'. [10]

To achieve peace, the Germans did not hesitate to use forced African labour in the plantation, collecting and transporting cocoa, rubber, bananas and building the railways. However, in their favour colonial rule in Cameroon put an end to slavery and slave raiding. The roads and railways opened up the southern section of the country and gave enormous economies of scale not only to the German and French-controlled plantation agriculture, but also to the emerging African commercial agriculture[11].

Towards the end of World War II, the economic development of Cameroon was restricted to the coastal and southern parts of the country. The finance of development through development plans was introduced by the French in the former East Cameroon while in the former West Cameroon (formerly known as British Southern Cameroons) development financing was carried out through direct capital grants from the British Government but actually allocated through the colonial governor of Nigeria.

Between 1947 and 1957 two development plans were made for East Cameroon with capital projects amounting to 96 million francs CFA.[12] These Plans were developed by the French colonial authorities and supported mainly by the Investment Fund for Economic and Social Development (hereafter known as FIDES)[13]. Although the British colonial government did not develop a similar plan for the Southern Cameroons, largely because this part of the territory was administered as a district of Eastern Nigeria, a plan for the 1955 to 1960 period was initiated with investment projects estimated at £ 8.8 million.

In any event these early plans, in both the French and the British controlled territories, placed great emphasis on the development of an infrastructural network to permit the transportation of goods in and out of the country. In this regard then, a greater part of the funding (85%) in these plans was devoted to construction of roads, ports, railways and telecommunication. Later plans however, gave greater attention to the expansion of production through social and educational advancement as well as through agricultural improvements (see Table 2.1).

TABLE 2.I

East Cameroon: Development Financing (1947-59)

(in millions CFA Francs)

Sector	1st Plan 1947-53	%	2nd Plan 1954-55	%	Total	%
Production	733	4.0	7 129.6	39.3	7 862.6	21.0
Infrastructure	15 547	85.1	7 406.5	40.7	22 953.5	62.0
Social Equipment	1 762	9.8	3 544.7	19.6	5.306.7	16.2
Studies Research	197	1.1	76.0	0.4	273	0.8
TOTAL	18 239	100	18 156.8	100	36 395.8	100

Source: Ministère de la Cooperation, Economie et Plan de Developpement: Republique Federale du Cameroun, Paris, 1962.

Since the economy was largely based on plantation agriculture, foreign public and private investments were concentrated in agriculture with the accent falling on producing goods for exports rather than producing for local consumption. Such investments were characterized by static comparative advantage through the expansion of tropical agriculture by creating large plantations. There was a comparative advantage in geography or climate in growing certain crops on these plantations.

Thus, as can be seen in Table 2.II, cocoa, coffee, bananas, rubber, palm oil, tobacco and tea were established in both the East and West Cameroon. The plantations used essentially the same type of capital for production as had been used before the Europeans came. They did achieve substantial economies of scale through re-organization; they employed large numbers of cheap labour; they shifted large areas of land from subsistence to market crops, they invited private foreign companies and concessionaires (limited in British Cameroon to Elders and Files and C.D.C.) to establish firms and trading houses; and they introduced modern methods of transporting the crops to the coast and from there to France and Britain.

The French government policy towards the private sector consisted of agreements with private firms - some of the important ones included the French West African Company[14] and La Société Agricole et Forestière Africaine (S.A.F.A.). Most of the investments that were undertaken in East Cameroon were businesses or industries engaged in the exploitation and transformation of timber and wood products. One of the earliest firms established in East Cameroon was in Douala in 1944. This firm, La Société d'Exploitation Forestière et Industrielle du Cameroun (S.I.F.I.C.) located at Douala-Bassa was created with a capital of 450.8 million francs CFA and largely funded (97%) by French private interests.[15]

Two years later, Les Bois du Cameroun (L.B.C.) was created in 1946 with a capital of 102 million francs CFA and jointly owned by Société National d'Inventissement (S.N.I.), a public investment company with about 8.8% ownership while French private interests had a third (33%). By independence in 1960, three similar enterprises were created and all located in the Mungo-Douala area.[16]

Some of the agreements between the French Government and private foreign firms (mostly French) included tariffs and tax concessions that benefitted French investment and trade. This led to French private investment of 15.000 million francs CFA during the period 1947 to 1954, as compared with public investment of 18.239 million francs CFA during the same period.[17]

In the former West Cameroon, British policy of financing development projects was far less interventionist than that of the French in the East. The Colonial Development Corporation (now known as the Cameroon Development Corporation - C.D.C.) was created in 1947 with a capital of 4 124.8 million francs CFA and since then has emerged as the leading producer of primary exports in all of Cameroon.

The C.D.C. came into being not as a direct result of any policy of ownership or economic planning but rather from the British confiscation of German plantations in 1939. Indeed, the C.D.C. which is now an autonomous body, has played an important development role in transforming the stagnant structure of the former West Cameroon economy.[18]

In both the East and West Cameroon, these investments brought about a large increase in output and employed a great number of unskilled labour. During the colonial period, the majority of salaried Cameroonians worked for private European-owned firms which at various times competed with the colonial administration for unskilled labour.

Although British public capital investments in West Cameroon increased, no attempt was made to encourage private investment in the territory from Britain. Between 1955 and 1960, grants made by the United Kingdom Colonial Development Welfare Fund[19] (hereafter known as C.D.W.F.) amounted to £ 2 283 000 roughly 6.2% of the funds invested by F.I.D.E.S. in the East during the periods 1947-53 or 1954-59.

Consequently, no directly productive investments were undertaken to complement the physical infrastructure that was provided through grants made by C.D.W.F. The result was that West Cameroon remained a producer of primary products for exports, with little or no secondary and tertiary industries while in the East the pace of formation of many enterprises kept up with the growth of primary exports (see Table 2.II).

A comparison of French development policy in East Cameroon and British policy in West Cameroon reveals that France did more through both public and private investment and within the development plans for overseas territories to foster economic growth in East Cameroon. On the other hand, the United Kingdom, as a result of unplanned economic development strategy, and in particular because of the absence of private investment, did not initiate a rational development policy for West Cameroon.

For the above reasons, the differences in the magnitude of funds available for development by F.I.D.E.S. in East Cameroon and by C.D.W.F. in West Cameroon laid the foundation for the economic differences that existed between the structures of the economies of the two territories before independence in 1960. It must be noted, however, that the differences in the approach to the development strategies and policies of Britain and France in their respective territories made East Cameroon more dependent on the latter than West Cameroon. The magnitude of these differences is presented in Table 2.II.

Since 1960, differences in the relative development of the regions in Cameroon are associated with the contrasts in the number, nature and age of modern enterprises. As industrial activities in the country originally

TABLE 2.II

East and West Cameroon Principal Agricultural Export Crops
(1960) (Volume in metric tons and Value in Million Francs CFA)

	East	(% Share)	West	(% Share)	Total	Values
A- Main Export						
Cocoa	68 000	92	6 000	8	74 000	8 781
Coffee	40 000	95	2 200	5	42 200	5 018
Bananas	52 000	37	85 000	63	137 000	2 425
Rubber	3 600	55	2 900	45	6 500	1 179
Palm Oil	1 100	20	4 200	80	5 300	2 581
Palm Kernels	13 800	86	2 200	14	16 000	617
Tobacco	1 300	100	-	0	1 300	823
Tea	-	0	34	100	34	N.A.
Pepper	-	0	18	100	8	N.A.
Timber	208 000	62	125 000	38	333 000	2 107
Cotton	11 000	100	-	0	11 000	1 047
Groundnuts	10 000	100	-	0	10 000	35
B- Domestic Consumption						
Foodstuff	2 616 000	98.4	508 000	1.6	3 118 000	N.A.

Source: Ministère de la Coopération Economie et Plan de Developpement
Paris, 1962

involved both exports and imports, and because of colonial investment policy in locating firms to take advantage of the infrastructural network, there was, and still is, a relatively high concentration of older enterprises in and around the Mungo area, especially firms engaged in primary activities or in the processing and transformation of raw materials for export.

2.4 Natural Resource Endowment and Development Generating Factors

Being "Africa in miniature" the vegetation of the country spans from the dense equatorial forest of the South through the savana of Adamaoua to the Sahel of the North. This variety in vegetation is complemented by the fact that 85% of the surface area is either being exploited or exploitable.[20] Some may point out that the Southern part of the country possesses the most important land area. Most of the circa 3 000 000 hectares that are devoted to agriculture have enabled Cameroon to produce and become a major exporter of cash crops such as coffee, bananas, cotton, palm oil, sugar cane and cocoa, of which it is the World's fourth or fifth largest producer. At the same time, it should be noted that Cameroon remains one of the few African countries that is self-sufficient in food production.

Some would readily argue that Cameroon has a comparative advantage in the production of the above cash crops since 1960. Others would argue that this is artificial, as it was imposed by the Europeans. If this is a polemical issue no one would argue if it is posited that Cameroon has had a comparative advantage in the production of timber. After all, by 1960 it was endowed with 20 000 000 hectares of forest, most of which could be exploited. Cattle rearing is also being carried in the Adamaoua Plateau and extreme North.

Most importantly, petroleum oil deposits were known to be located in the coastal creeks of Victoria (now Limbe) and international companies were involved in the exploitation. They were Société des Recherche et d'Exploitation des Petroles du Cameroun (SOREPCA), Mobil Exploitation Equatorial Africa Info, and Gulf Oil Company of Cameroon. The discovery of oil or "Black Gold" in the late 1970s has served further to enhance Cameroon's image as a mineral resource-rich country. The indicated or inferred reserves could boost the production of oil to between circa 150 000-160 000 barrels per day (b/d) as opposed to the 110 000 b/d that is currently being produced.[21] In an age when the energy crisis is helping to torpedo the development plans of many a country, it is imperative that Cameroon has and/or could harness rivers such as the Sanaga and Nyong to produce hydroelectric power.

Recent studies on development patterns have found population to be a useful proxy for the internal market size of a region.[22] To this extent, therefore, the high rate of aggregate expansion of the primary, secondary, tertiary output and government services in value terms in Cameroon can, to some extent, be explained by the fact that in 1961 the population was approximately 4.2. million with an average annual growth rate of 2%.

The importance of foreign demand for exports, particularly by the EEC and other UDEAC Member states, and the subsequent effect it has had since 1960 in shifting the production possibility frontier for the financing of imported goods such as raw materials, machinery and capital equipment needed to support productive activities cannot be overemphasized.

Since exportability, (to use Hirschman's terminology) was high in Cameroon before 1960, economic development has since then not led to balance of payments difficulties and pressures. Rather economic development has, since independence been accompanied by export surplus, because of the existence of protected external markets (EEC and UDEAC) which have continuously assured Cameroon of a steady demand for her exports.

Most importantly, urbanization has also influenced sectoral shifts in the production possibility frontier of Cameroon in at least the following manner. Since urbanization generally encourages growth of financial institutions which can mobilize resources for investment, the high wage rates paid to workers in such urban centres as Douala and Yaounde in Cameroon have led to an increase in considerable savings. The investment of the increased urban savings since 1960 has led to a high rate of capital formation.

The urban centres have also served partly as markets and partly as sources of information for the primary sectors. To this extent, the urban centres have provided a stimulus for the expansion of the primary sector in Cameroon since 1960 - the output of which has been absorbed by the more rapidly expanding urban population and industrial labour force. Additionally, since the pattern of demand for the urban population has generally been biased toward non-agricultural goods and services, and since the income elasticity of demand for these goods and services, has also generally been greater than for agricultural products[23], increasing urban population has led to an increase in the share of such non-primary sectors as secondary, tertiary and government in the GDP of Cameroon since 1960.

Apart from the foregoing demand factors which have been part of the development potential of Cameroon, there are also supply factors which have also played a considerable role in the economic development of the nation since 1960. This has been particularly true of such supply factors as labour, human capital (education and health) and physical overhead capital (transportation, communication and power).

As concerns the labour force, it should be pointed out that it was in the order of 2 million by 1960.[24] Of this total, there were 196 000 wage earners. A large proportion of the labour force was engaged exclusively in agriculture, either in the form of subsistence farming, small scale cultivation or commercial plantations.[25] In the countryside, a major proportion of the non-salaried workers were sporadic producers who lived off a few plots of land by consuming most of what they cultivated. The unconsumed output was either sold in the immediate vicinity or traded to middlemen for eventual export to urban areas.

The sectoral distribution of paid employment in 1960 reveals that about 50% of wage and salary earners were engaged in primary production, 16,5% in the secondary sector (some 3% in industry, 4% in crafts and repairs, 6% in construction and 3% in services and mining), 16,5% in the tertiary sector and 17% in the government. The distribution of the total labour force shows that some 70% were employed in the primary sector, 10% in secondary, 17% in teritirary, 2.4% in government and 0.6% in (paid) domestic services.[26]

Although no unemployment figures existed for Cameroon in 1960, labour migration from the less developed northern and eastern parts of the country to urban centres, like Douala and Yaounde, which experienced tremendous industrial growth led to congestion and pressure on housing and other urban amenities. In Douala, for example, the population rose from 40 000 in 1945 to 124 000 in 1957.[27] This increase in population probably contributed to a substantial number of unemployed people which grow from 12 000 in 1957 (10% of the town's population) to 25 000 by 1960 in Douala.[28]

What was true of migration of labour to Douala and Yaounde, was true of population movement from the backward northern part of the former West Cameroon to such plantation centres as Victoria (now Limbe) and Tiko in the south. It is, therefore apparent that the rapid expansion of the secondary and tertiary sectors of the Cameroon economy, in the later 1960s has been due to the presence of surplus labour and the increasing demand for services in the urban centres. For example, some of the unemployed have since the 1960s been absorbed by service industries or become engaged in private commercial activities, particularly in towns like Douala and Yaounde.

Closely related to the labour factor, has been the creation of human capital through the expansion of education and training facilities. The Expansion of primary, secondary, technical and higher educational training in Cameroon before 1961 was an indication of the importance of man as a factor that would influence sectoral shifts in the production possibility frontiers. Thus between 1955 and 1961 enrollment at the primary educational level in Cameroon increased from 260, 616 to 416, 593[29] and secondary enrollment rose from 4,659 in 1954 to 11,623 in 1961[30] whilst technical and commercial enrollment was 7,068 in 1961.[31]

As concerns higher and university education in Cameroon, there were no facilities for pursuing post-secondary education leading to a recognized university degree in 1961. However, with the help of UNESCO assistance, the University of Yaounde was established. It was an amalgamation of the National Institute of University Studies, the former East Cameroon School of Agriculture and the Teacher Training College.

Apart from these higher educational institutions, there were over some 1 500 Cameroonians pursuing higher education in foreign institutions in 1961. Thus, our examination of educational facilities and the level of manpower skills available in Cameroon in 1961, reveals that a solid foundation had been laid for the later economic take off of Cameroon in the 1960s.

It has been traditionally argued in the literature on economic development that if there is any place for government activity in the development process, it is in the field of essential public works and services, [32] which range from roads and railways to power plants and expansion of seaports. The importance of overhead capital can be seen from the fact that "it provides a skeleton structure into which the economy must be encouraged to grow through less lumpy and more widely diffused investment".[33] To this extent, therefore, the supply of transport, communication and hydro-electric power facilities in Cameroon has been instrumental in the transformation of the traditional economic structure of the country since 1960.

Indeed by 1961, there were some approximately 6 500 kilometers of roads in Cameroon. With respect to railway facilities, there were some 500 kilometers of one meter gauge rail tracks in the former East Cameroon State and 1 000 kilometers of narrow gauge rail tracks which were built by the Cameroon Development Corporation to transport export crops to Tiko and Bota ports in the former State of West Cameroon.

In the case of power supply, Cameroon by 1960 was generating approximately 1 001 million KWH of hydro-electric power per annumn.[34] Thus, our brief analysis of the situation of transportation facilities and power supply in Cameroon by the year 1960, reveals that there was considerable absorptive capacity, which was to ensure the rapid development of processing industries in the 1960s and 1970s.

To sum up it should be noted that, with respect to the potential for the growth of the primary sector in Cameroon in 1960, almost any crop could grow in the country because of the wide variety of soils, altitude and climatic conditions. This was true not only of tropical crops but also of subtropical crops. Specifically, prior to 1961, there was a rising consumption of oils and fats in Western Europe.[35] This trend led to an increase of world demand for palm products which were produced in considerable quantities in Cameroon. There was a good outlook for rubber output because of the expanded Cameroon Development Corporation plantings which could have enabled Cameroon to compete successfully with synthetics in the world market.

With regard to the future development of manufacturing industry in Cameroon, it should be noted that there was the potential for the manufacturing of miner tubes, tires for use in automobiles and bicycles since rubber was being produced. These domestically produced rubber goods could satisfy the Cameroonian market - the relatively large size of which was reflected by the fact that in 1960, some approximately 800 million francs CFA worth of these goods were imported by the country.

Despite the large number of cattle that were being slaughtered and the possibility for recovering of hides offered by the pastoral slaughter houses, Cameroon had no facilities for tanning leather and hides. Considering the fact that in 1961, Cameroon imported approximately 90 million francs CFA worth of leather goods, it would appear that the country had the potential for the production and consumption of leather goods from domestic hides that were exported.[36]

As concerns the potential for textile manufacturing, it should be pointed out that there was same domestic production of textile goods especially as large quantities of cotton were being produced in the northern part of the country. For example in 1960/61, some 30 000 metric tons of cotton were produced in Cameroon. In the area of food processing industries, there was a substantial market for domestic canning and consumption of meat in the country. Food and vegetable canning could have taken the advantage of the productive potential of Ndop Plain and fish drying and smoking could have helped replaced the importation of stock fish into the former state of West Cameroon.

For cocoa processing, the future of cocoa butter production looked good in 1960, because the production of ordinary chocolate was dwindling in relation to the production of milk chocolate in which cocoa butter was a primary input. For example, new customers apart from France, (which imported some 57% of total cocoa butter exports as compared to 90% in 1961) included Japan, the United States, the United Kingdom and Sweden.

Concerning the mining industry, the mineral resources of Cameroon were considerable and varied in 1960. Investigations which were carried out to ascertain the mineral potential indicate that deposits were known to exist in the form of bauxite, diamonds, gold, iron, copper, tungsten and uranium. In particular, large reserves of disthene (estimated at 100 000 tons) and bauxite with more than 1 000 million tons of deposit of a 44% alumina content were discovered at Minim-Martap and at Ngaoundere in the Adamawa mountains, and some 40 000 thousand tons at Fonga-Tonga in the Western Province.[38]

Notwithstanding the inadequacy of tourist facilities in Cameroon by 1960, the country did in fact have the potential for future tourist development. The existing tourist attractions included the Cameroun Mountain (the highest tourist volcanic peak in W. Africa), the mountainous savannah grasslands of the north, game and several natural lakes such as Barombi Lake in Kumba, Lake Bambuluwe near Santa in Bamenda, the Cameroon Development Corporation, Victoria Botanical Gardens, Palace of the Fon of Bafut and the Bamenda Museum.

The country also offerred a tourist a complete panorama of Africa which was characterised by mountainous grasslands of Adamawa, the Benue Plain and the Benue reserve which was rich in wild life. In addition there was the famous Waza Park - twenty five times the size of Paris - covering 170 000 hectares. This park was the home of the monkey, elephant, lion, wart hog, hyena and all species of antelope and giraffe which numbered some 40 000 in 1961.[39]

2.5 Conclusion

As a concluding note, our analysis of the economic potential of Cameroon in 1960/61 has revealed for the most part that the prospects were encouraging and also that the country was in a position to increase its capability of exploiting its resources for development in the 1960s and 1970s. However, it could be argued that the possession of the natural resources by any LDCs is no guarantee that they would graduate from the "poverty belt".

It may be a necessary but not a sufficient condition. For the latter to obtain, the country may have to embrace policies that would make it "l'enfant chéri" of Western investors. But as indicated earlier, any development process that does not strive to obtain an optimum mix between growth and development is illusory. In the chapters that follow, we would examine how Cameroon has performed on both scores.

But before this is done, it will be instructive to examine the various principles of Cameroon development policy. This exercise is a sine qua non in understanding the management and performance of the Cameroon economy between 1960 and 1980. Chapter 3 of the study is devoted to an analysis of these principles.

FOOTNOTES

1. For a political history of Cameroon see inter alia Willard R. Johnson, The Cameroon Federation, Princeton, New-Jersey; Princeton University Press, 1970; Victor Levine, Cameroon: Mandate to Independence, Berkeley and Los Angeles: University of California Press, 1984, and Claude E. Welch Jr., Dream of Unity: Ithaca, New York: Cornell University Press, 1966.

2. For analysis of this problem, see Wilfred A. Ndongko, Planning for Economic Development, Op. cit.,

3. For a review of the Dependency Theory, see inter alia, Ferdinando Cardoso "Dependency and Development in Latin America" New-Left Review, N° 74, 1972, pp. 83-95; Johan Galtung "A Structural Theory of Imperialism" "The African Review" vol. 1, N° 4, April 1972; pp. 93-138; and "The Global Dominance System" in Journal of Peace Research N°4, 1973, pp. 319-340; Anibal Pinto "The Periphery and the Internationalization of the World Economy" CEPAL REVIEW, December 1979, pp. 45-68; Immanuel Wallerstein The Capitalist World Economy, Cambridge: Cambridge University Press, 1980; and Samir Amin, L'accumulation à l'échelle Mondiale, Paris: Anthropos, 1971.

4. Colin Leys, "African Economic Development in Theory and Practice" Daedalus, Spring 1982, p. 105.

5. Historians tell us that Fernado Po, a Portuguese sailor, landed on the shores of Cameroon in 1472. Because of the great quantity of prawns, he is said to have named the river "Rio dos Camerones", (river of prawns), from which the name Cameroon is derived. For details see Victor T. Le Vine, The Cameroon: From Mandate to Independence, Ph.D. dissertation (Political Science) University of California, Los Angeles, 1961.

6. For further details see Arghiri Emmanuel, Unequal Exchange: A Case-Study of the Emperialism of Trade. New York: Monthly Review Press, 1972.

7. Andrew M. Kamarck, The Economics of African Development, Frederick A. Praeger, Publishers, New York, 1967, p. 7.

8. Technically and legally, Cameroon never was a colony but rather a German protectorate (1884-1916), a British and French Mandate (1922-1946), and a trusteeship of Britain and France (1946-1960). However, these imperial powers ruled Cameroon with policies similar to those in other colonies.

9. Harry R. Rudin, Germans in Cameroon, 1884-1914, New Haven, Yale University Press, 1938.

10. Adam Smith, quoted in Andren M. Karmack, Ibid.

11. Harry R. Rudin, Op. cit., p. 353.

12. Cameroon Chamber of Commerce, The Cameroon Federal Republic: 1963-64, Douala, 1965, p. 38.

13. The French translation of F.I.D.E.S. is "Fonds d'Investissement pour le Developpement Economique et Sociale".

14. This company represented one of the biggest private French interests in Africa and is popularly known as "Société des Plantations Réunies de l'Afrique Occidentale (S.P.R.A.O.).

15. L'Industrie Camerounaise, Douala 1981, p. 21.

16. Ibid.

17. W.A. Ndongko, "Financing Economic Development: The Cameroon Experience", The Quarterly Journal of Administration, Vol. 14, N° 1 (October 1979), p. 34.

18. It should be pointed out that the CDC employs more than 50% of the West Cameroon labour force and accounts for over half of export trade. However, it has contributed little to the industrial development of the region since its concentration has remained in the export of primary products.

19. The C.D.W.F. was the counterpart of the French F.I.D.E.S., except that there was no explicit planning structure like the one in East Cameroon.

20. Marchés Tropicaux, 20 October 1976, p. 2818.

21. African Business, N° 60, August 1983, p. 57.

22. Chenery H.B. and Taylor, L. "Development Patterns Among Countries and Overtimes", Review of Economic and Statistics, Vol. L, November 1968, pp. 391-416.

23. cf. R. Nurkse, Patterns of Trade and Development, New York, Oxford University Press, 1961.

24. Marchés Tropicaux et Méditerranéens, The Cameroon Market, Paris, 1966; p. 10

25. For example in 1960, the 'Cameroon Development Corporation' in the former state of West Cameroon employed 18 000 of the 41 000 wage earners in that state alone.

26. R.H. Green, "The Economy of Cameroon Federal Republic", L. Lury and P. Robson (eds.), The Economy of Africa, Op. cit. p. 278.

27. Neveille Rubin, Cameroon: An African Federation, London: Pall Mall Press, 1971, p. 58.

28. This was approximately 19% of the Douala population which stood at 130 000 in 1960.

29. Statistical Annual Report of West Cameroon 1965/66-1966/67, Buea, 1968. Report of the Cameroonian Planning Education Group, UNESCO, Paris 1961.

30. UNESCO, REPORT of the Advisory Commission for the Development of Higher Education in Cameroon, Paris, 1962, pp. 28-29.

31. Cameroon 1968/69: Economique, Op. cit., p. 7.

32. This is part of Hirschman's theses of unbalanced growth, where the provision of social overhead capital is solely a government responsibility.

33. R. Nurkse, Problems of Capital Formation in Underdeveloped Countries, New York: Oxford University Press, 1967, p. 154.

34. R.H. Green, Op. cit., p. 272, and Statistical Annual Report of West Cameroon, 1965/66-1966/67, Buea, 1968.

35. W.A. Ndongko, Op. cit., p. 83.

36. ___________, Op. cit., p. 84.

37. ___________, Op. cit., p. 84.

38. ___________, Op. cit., p. 85.

39. ___________, Op. cit., p. 96.

CHAPTER THREE

PRINCIPLES OF DEVELOPMENT POLICY

3.1. Introduction

Since independence in 1960, Cameroon has in theory and practice embraced four relatively centrist and dirigistic political economic policies as the touch-stones of its development. These policies - 'planned liberalism', 'self-reliant development', 'balanced development' and 'social justice' - have ran through the five development plans so far launched. The "leitmotif" of these liberal democratic development policies has been to increase international relations, increase effective government in and control over economic development, and broaden the ownership as well as employment participation of Cameroonians in the directly productive sectors.

This chapter will attempt to explain the objectives of Cameroon's development principles as reflected in its pronouncements and policies. It will show how several prior development and situational factors explain the warm and predisposing climate of reception and the seemingly uncritical acceptance accorded to these development principles beginning in the 1960s.

When Cameroon entered the world stage as an independent nation state in 1960, she had already experienced political strive and civil upheaval in her fight for independence. The years since 1960 have witnessed a significant growth of the economy but with relatively little structural change until the favourable oil development after 1977. The economy continues to depend on primary exports (especially those begun by the colonial authorities) and on large foreign-financed investment activities to sustain growth.

Cameroon has, however, since 1960 moved toward more detailed state interventionism and with its development principles, a cautious growth of state participation is gradually emerging. It must be underscored that private production investment is an important variable in her development programme. Below we review briefly the essence of these development principles.

3.2 Balanced Development

Equity objectives in Cameroon development plans are now tending to be treated as of higher priority than overall growth.[1] The Fifth Plan (1981-86), for example, now seeks to translate the goals of democratization into concrete terms, in the form of measures to reduce specific inequalities. In other words, issues of inequality are now being examined as they affect specific categories of people: women, youths, deprived groups, rural and backward areas.

Thus, the doctrine of "balanced development" upholds the idea that equal attention should be paid to the different sectors of activity in the economy, the regions, towns, countryside, men, women, adults and youths.[2] Given Cameroon's economic social, cultural, geographical, historical and linguistic diversity, it was felt that it would be unfair to concentrate development efforts in only one part or area of the country.

Regional disparities in Cameroon, however, are the outcome of European colonization as well as the differential response by local societies to such colonization. Whereas the operation of colonialism was an all-embracing one, it did not have the same radical character for every group or society. Thus, the historical evolution of each group produced differing responses from these societies which came into contact with colonial authorities.

The present-day disparities follow a south-north or coast-interior pattern. The north-east zone of Cameroon is generally less advanced than the rest of the country, largely because missionary and colonial penetration into the inland and northern areas of the country was slow, difficult and often unsuccessful. For these reasons, many regions and rural areas have remained comparatively impoverished.

Consequently, balanced development is an attempt by the Government to redress regional inequalities by providing infrastructures and public amenities necessary for bridging the country and the town as well as to eliminate social and economic disparities between and within the different regions in the country.

The Government has made considerable efforts to give concrete form to this principle in a number of ways. Simply the sheer size of the agricultural sectors draws attention. In recognizing the rural sector as carrying the bulk of the population (about 80%) as well as its ability to sustain agriculture, both peasant and commercial, adequate attention was given to this sector beginning with the Second and running through the Fifth Five Year Development Plans.[3]

Priority was given under the Peasant Plan in 1963 - the Cameroonian "Year of the Peasant" - by setting up development missions, credit facilities and agro-industrial complexes. Given the pressures on food consumption by a rapidly rising population, the need for greater food imports can be offset by greater agricultural production. "Green Belts" were set up which supplied basic food crops to meet increased urban demand.

Making the rural areas attractive to youths would stem the flow of unemployed school graduates from drifting into towns and cities. More productive rural employment will result in direct income distribution toward a more balanced and equalitarian set of rewards. Thus, agricultural estates, pioneer village development schemes and other rural integrated projects are being used to encourage the settlement of young people in rural areas.[4]. In addition, the Fifth Plan envisages that about 23% of total investment will be concentrated on the rural sector.[5]

If an emphasis has been placed on agriculture, this has not been to the detriment of industry. The Government's industrialization policy gives full attention to the doctrine of balanced development. Unfortunately, the 1960 investment code was not only biased in favour of large multinational investment companies, with large fiscal benefits and guarantees, but also concentrated industrial development efforts in two urban enclaves - Douala and Yaounde.

Recognizing that disguised unemployment (zero marginal product) exists within our rural sector, the government's policy has been to attract industry to the various parts of the country so as to ensure that the location of industries is not concentrated within a single town or region. In addition, employment prospects and the overall increase in national output are greater as disguised unemployment is reduced.[6]

Finally, the manifestation of the principle of balanced development is reflected in the government's sectoral priorities and the linkage it attempts to build between sectors. The revenue derived from its large deposit of petroleum and gas[7] has enabled the government to complete many important projects such as the extension of Douala docks, the funding of an international airport in the North, the hydro-electric dams of Benue and Sanaga, rural public health facilities.

The provision of infrastructural investment within rural areas and the decentralization of regional administration is the government's attempt to simultaneously support agriculture and industry, reduce the differences between one region and another, between the country and the town and between men, women, adults and youths. Cameroonization of managers of agro-industrial and industrial firms, decentralization from Yaounde and Douala, and the active support of Cameroonian ownership of small and medium size enterprises have appeared as policies enjoying government support.

3.3. Planned Liberalism

Planned liberalism as espoused by the defunct Cameroon National Union (CNU) and implemented by the Government has economic and political goals. On the one hand, it promotes and encourages private initiative in so far as it is the driving force behind progress, and on the other hand, assigns to the state the task of mobilizing, co-ordinating and guiding these initiatives in an atmosphere of respect for the requirements of the general interest and national sovereignty.

The doctrine gives a greater reliance on markets, especially international market forces, for guiding investment and output allocations in the country, while at the same time, the state possesses interventionist powers to form state or para-public enterprises to safeguard the sovereignty of the nation. From another standpoint, this doctrine acts as a safety valve, limiting state enterprises to run the traditional public utilities which supports the directly productive sector.

From a political view point too, it regulates private enterprise (whether foreign or domestic) from attaining oligopolistic powers largely because unbridled economic liberalism may lead to economic imperialism, suffocate Cameroon's embryonic development as well as jeopardize national sovereignty. To regulate and control private enterprises, the state may decide to enter into partnership with such interests or create a public or para-public institution through which the government can stimulate, control or direct the national economy as a whole and safeguard the interests of the state.

Because of its disciplined policy of economic liberalism which is open to foreign investors and planned at the same time, Cameroon is now referred to as a "businessman's paradise". The country has thus been able to retain the confidence of international investors and bankers.

From a political view point too, "planned liberalism" regulates private enterprise (whether foreign or domestic) from attaining oligopolistic powers. The revision of the 1960 Investment Code[8] and promolugation into law of the New Investment Code was a means adopted by the state to regulate the economic activities of the country and to promote small- and medium-size national enterprises. The spirit of the new provisions was aimed at an endogenous industrialization strategy.

Most importantly, the purpose of revising the Investment Code was to give preference to small- and medium-size undertakings, encourage profitable investments which could create jobs and enable local undertakings to be more competitive and determinedly export-oriented.

It is not possible to discuss the efficient utilization of resources without an appreciation of the policy and the role of the state in increasing domestic food production and an overall expansion of domestic production as an important variable of development. We discuss the principle of self-reliant development below and argue that such a policy consequently gives rise to a policy of export promotion.

3.4 Self-Reliant Development

The transfer of power at independence involved primarily, a handling over of the machinery of government. Since Cameroonian participation in the private modern sector was limited during the colonial period, it became obligatory for the state to satisfy both the social aspirations of self-reliance and control over the nation's economic destiny, as well as improve the living standard of the population.

As a consequence, from the early years of independence, the government stressed in her development programmes the objective of self-reliant development which was/is defined simply as work and productive and creative effort by the people.[9] This principle as espoused at the 1975 CNU Party

Congress held in Douala served to highlight the most important lesson of development - the need to first address the question of control over productive resources.

In formulating a definition of "self-reliant development" the government saw it necessary to put herself on the side of the poor, and distinguished between "development" and "productivity". In recognizing that it is possible to have more of both, while at the same time the poor majority becomes poorer and more desperate for survival, the principle of self-reliant development is an attempt to bring the people together to acquire the knowledge and techniques needed to develop their resources and free themselves from needless hunger, disease and ignorance.

To this end, priority has been given to agriculture under the Peasant Plan in 1963. By 1973, Cameroon had already embarked on a "Green Revolution" which was to guarantee herself sufficiency in foodstuff production as well as an exceptional growth in agricultural exports. However, growth in the realm of agriculture has been attributed also to the efforts of private individuals (who are small-scale rather than plantational or industrial) and mostly small subsistence oriented farmers. Consequently, the government has had to ally herself with the poor and to act as a catalyst in this 'self-reliant development' approach. Policies have therefore, been initiated, which do not penalize small-holder farmers.

However, the importance of agriculture has not been limited to a policy that guarantees only alimentary self-sufficiency. Although agriculture occupies approximately 80% of the population, it has continued to contribute 40% of the GDP, assure 70% of the foreign exchange and furnish a great part of the primary products needed in our industries.[10] Since 1976, the rise in cocoa and coffee prices and the increase in exports have given a boost to the rest of the economy. The increased foreign exchange derived from exports has made it easier to obtain foreign loans, as well as less dependent on foreign bilateral and multilateral development assistance.

In order to ensure a sustained development of the economy and in particular the growth of the agricultural sector, the government has encouraged production to replace some imported essential goods through a number of policies. Firstly, the government pursued a financial and monetary policy geared towards the mobilization of domestic savings. With such available savings and self-sufficiency in food production, the government has been able to set up Development Missions (MIDEVIV, WADA, ZAPI, MIDENO, High Plateau of the North and so on) and agro-industrial complexes to produce basic goods (sugar, palm oil, rubber, coffee, tea, cocoa and tobacco). These para-public bodies are not only directed towards solving the unemployment problem but are also improving the standard of living of the traditional peasant sectors.

Secondly, a trading policy has been activated to promote selective exports and imports of capital goods. The importation of selective capital goods necessarily augurs a faster industrialization strategy based mainly on substitution of imports by local products.[11] This new strategy which was developed in the seventies in order to curb our reliance on foreign investment and make indigenous initiative the driving force of industrial development-prompted the creation of two technical and financial structures to act as incentives to Cameroonian promoters, namely, the National Centre for Assistance to Small and Medium-sized enterprises (CAPME), and the Aid and Loan Guarantee Fund for Small and Medium-size Enterprises (FOGAPE).

Thirdly, a policy of rigorous exploitation of national resources and an intensive research policy has been initiated and geared towards the realization of national objectives. Thus, though government has tended to stay clear of direct state production in agriculture, there is no lack of public investment in infrastructure, research, marketing, extension and credit facilities.

An interesting postscript of the policy of 'self-reliant development' is its long term objective of making Cameroon the store-house of Central Africa. In other words, to increase her foreign exchange earnings, and self-reliant strategy, indirectly leads to a policy of export promotion and trade with other countries. This is to be examined in the next section.

3.5. Trade Promotion

All nations need to trade with other nations. They may need to import food to avert a famine or to make up a deficit because their limited resources are used to produce other commodities (exports), other than food. Developing countries want to import capital goods and technologies in order to raise their level of production. These imports are necessary for a country that wishes to industrialize. Whatever a country's imports must be paid for with internationally accepted money, that is foreign exchange. Thus, foreign trade through exports is an important source of foreign exchange.

From the outset, the government of Cameroon appreciated the vital importance of trade and the revenue derived from it as a source of financial resources needed to launch its development programmes.[12] Exports, especially primary products have played a very important role and the economy is largely dependent on external trade. It remains true that a country for which exports composea large proportion of national income is dependent on the rate of growth of the world market for its products, and an economic fluctuation both in prices and quality.

The imports of Cameroon have been limited in type and raw material base, partly as a result of the historical evolution of Cameroon's agriculture, especially colonial agricultural policies, and in part on the concentration of her natural resources. Exports comprise coffee, cocoa, banana, timber, rubber and electric power (embodied in aliminum). These cash crops account for more than 60% of her total exports.[13]

To encourage and promote exports, Cameroon has built regional and international economic links as useful means of co-operation and trade with her neighbours. This policy has been necessitated by the fact that African markets, taken as individual national entities are too small to enable new industries to achieve economies of scale. By forming custom unions and free trade areas, such as UDEAC (Cameroon, Gabon, Congo, Chad, Central African Republic, and recently Equitorial Guinea) and the recent Economic Community of Central African States, they hope to achieve economics of scale. Her strategic location too has made an important asset to her landlocked neighbours who must find a route to the sea for their exports and manufactured imports.

It has already been mentioned that the economy of Cameroon is dependent on primary commodities for its export revenues. Therefore, the absence of price stability in most of her principal cash crops would mean that export revenues would vary widely from year to year. The lack of fresh supplies of cocoa through a natural disaster (bad weather) produced a shortage in the market which gave prices a boost. However, in a good year, large crops of cocoa, coffee, palm oil, etc. tend to hold prices down. The government has responded to it by constantly increasing the prices of these crops, especially during periods of world market commodity slumps.

3.6. Conclusion

To sum up this chapter, our examination of the various principles of Cameroon's development policy since 1960, has revealed that they are to a large extent interrelated. Additionally, the analysis has also brought out the fact that the Cameroon government had made considerable efforts to translate these principles into reality through the creation of a number of para-public development and financial institutions, as well as legislations, which could help in the implementation of these development policies. An analysis of the nature of these policy instruments and institutions is taken up in chapter Four.

FOOTNOTES

1. See for example, Ministry of Economic Affairs and Planning, especially the Third (1972-76), Fourth (1976-81) and Fifth (1981-86) Five-Year Economic, Social and Cultural Development Plans, Yaounde.

2. Ministry of Economic Affairs and Planning, The Fifth Five-Year Economic, Social and Cultural Development Plan (1981-86), Yaounde, 1981, p. 27.

3. Since more than three quarters of Cameroon's population depend directly on farms for their incomes, without long waits for "spread effects" development activities must concentrate directly in the agricultural sector itself.

4. A typical example is the SODENKAM project. For an evaluation report see Ministère de l'Economie et du Plan (Cameroun) Société de Developpement du Nkam, Rapport d'Activities, 1980-81 Yaounde.

5. The Fifth Plan, Op. cit.

6. Here it is assumed that the marginal product of those who leave the farm to work in the secondary sector (industry) is positive.

7. Total receipts for Cameroonian crude oil production for 1984 have been estimated to be around 1.300 million. See West Africa, 23 July 1984, p. 1485.

8. The New Investment Code was officially promolugated into Law by Head of State, President Paul BIYA on Monday 23 July, 1984.

9. The Fifth Plan, Op. cit., p. 27.

10. In 1981 the World Bank reclassified Cameroon from a low-income to a middle-income country with a GNP per capita income of more than 560, which disqualified her from borrowing soft loans from IDA.

11. The Fifth Plan, Op. cit., p. 160.

12. Small African farmers dominate agricultural export production with the exception of rubber and palm oil and banana which are plantations developed during the colonial period.

13. Compiled from Note Anuelle de Statistique.

CHAPTER FOUR

POLICY INSTRUMENTS AND DEVELOPMENT INSTITUTIONS

4.1. Introduction

In this chapter, we elevate our vision from the policy-oriented issues of Cameroon development objectives (planned liberalism, self-reliant development, balanced development and social justice) and consider some other matters. In separate parts of this chapter, the nature and potential role of the state, policy instruments and institutions created since 1960 to realize the above development objectives will be examined.

In the economies of many Third World nations, many established social goals have been difficult to achieve, especially in market economies. Further, governmental programmes that have been devised in the past to deal with various social problems have been found inadequate and uncoordinated, thus the case for developing national objectives, that can, in fact, be made to work in order to improve upon the efficiency of the market economy.

Government planning, if well defined and implemented, is a constraint on various government agencies as well as market participants. The more consistent government economic policy is, the less will government interfere with the workings of the markets. Having said this, we now turn to examine some instruments and institutions the government has created to achieve her development objectives and goals.

4.2. Financial and Monetary Institutions

Jealouse of her newly won political independence, the Cameroon Government put great emphasis on achieving the economic independence of the country by establishing different types of financial institutions to mobilize enough resources to launch the country's industrialization process.[1] However, to understand and coordinate the financial situation of the country a National Credit Council was established in 1962.[2] This Council was charged with the organization of credit to conform to the Government's development plan.

The Council adopted a liberal policy, explicitly to maintain and safeguard the value of the national currency which actually was focused at endowing the country with considerable financial resources for the rapid development of the economy. Together with the Commission for the Control of Banks, and the Professional Association of Banks (PAB), The National Credit Council adopted measures with a view to:

a) seeking the means of expanding deposits and reducing hoarding;
b) working a fair system of remuneration for services by applying adequate and standard banking terms;
c) generalizing the use of bank money
d) reducing the cost of credit within the limits compatible with the rate of development and growth desired;
e) carrying out an inventory of all the liabilities of the public and mobilizing them for the best use in the national interest; and
f) assuring maximum security to depositors.

From the above functions, the major attribution of the Council is in the formulation of credit policy. In other words the Council has the power both to make regulations and to tender advice. The Council may make a decision covering the regulations of a bank's operation and the organization of the profession (fixing banking transaction, the standardization of statistical returns, and the definition of balance sheet accounts).

The Council also makes recommendations to the government on measures designed to augment deposits in banks. It may be consulted on the financial role of the state with regard to participation, subsidies, tax and other benefits. It gives advice on the conditions governing loans to be issued and develops a general credit policy for financing the Development Plan.[4]

In the bid to supplement the Cameroon's development objectives of planned liberalism, balanced development, and self-reliant development, as well as to stimulate indigenous capital accumulation and make more credit available to local business enterprises, the Cameroon Development Bank was created in 1960.[5] The mission of the Cameroon Development Bank includes:

a) to carry out under its own responsability any operations for the development of industry, agriculture, craftmanship, stock farming, fishing, the improvement of housing conditions, farming equipment, and to help members of the professions acquire their professional equipment;

b) to assist in the development and diversification of cooperatives by setting up and financing decentralized units of agricultural credit;

c) to assist both technically and financially in the implementation of any project calculated to promote the economic and social development of Cameroon;

d) to manage for the account of the state an investment Fund consisting of resources for primary administrative equipment and for servicing public loans on behalf of the state; and

e) to play a vital role in the distribution of credit.[6]

To carry out the above objectives, the Bank derives its resources from one or a combination of sources: its capital and reserves; grants made to it by the state for purposes of development, and from private and/or public deposits. Additional funding could be derived from the short term discount and rediscount facilities granted to it by the Central Bank and the issue of compulsory public loans.

Credit facilities for particularly local enterprises have greatly been expanded as a conscious effort by the state to develop domestic capitalism and achieve its development objectives. Up to the mid-1979s, a number of public institutions were created to make more credit available to local entrepreneurs. These include the National Investment Corporation (SNI), The National Fund for Rural Development (FONADER), the National Center for the Assistance of Small and Medium-Size Enterprises (CAPME), and Aid and Loan Guarantee Fund to Small and Medium-Size Enterprises (FOGAPE). Below we will briefly outline the attributions of these financial institutions.

The National Investment Corporation (SNI) was created in 1964 by the Government to mitigate the shortage of private domestic savings by promoting join ventures.[7] It functions as a limited liability company and therefore plays the role of a government merchant bank complementing the action of an investment bank by financing large bodies. The purposes of SNI include:

a) mobilizing, marshalling and orientation of national savings with a view to promoting investment operations of economic and social investment interest in the field of industry, agriculture and commerce;
b) granting of loans or guarantees under the conditions defined in its internal rules and regulations for the purpose of financing investment of special economic and social interest;
c) acquiring or repurchasing of shares in the capital of companies; and
d) managing the securities of the State or public collectivities and establishment.

The resources of the National Investment Corporation (SNI) consist principally of its social capital, the proceeds from the issues of equipment bonds, and any endowment, subsidies, donations, and legacies made over to it to further its development. As an instrument of development policy, SNI has the right to participate in priority projects in agriculture, industry and commerce either directly or with other organizations. These projects generally are specified within the economic, social and cultural development plan of Cameroon.

Mention has already been made of the fact that the economy of Cameroon rests essentially on the rural sector with the majority of people engaged as small food crop producers and pastoralists. Agriculture contributes more than 40% of GDP and occupies 80% of the population. Agricultural credit therefore is the most important source for financing the rural sector. Thus, the government in 1973, set up the National Fund for Rural Development (FONADER) as a farmer's bank to offer credit to development activities located in the rural sector.[8]

In order to intervene effectively in the rural sector, FONADER was established with the purpose of providing direct aid to peasants and groups of farmers engaged in agricultural and pastoral production, and to intervene directly in local collectivities, cooperatives and peasant projects by promoting the marketing of their produce.

According to Decree N° 73/496 of August 28, 1973 which modified the Ordinance setting up FONADER (see footnote 9), its objectives are

i) to promote and accelerate economic and social development in rural areas;

ii) to intervene in the fields of agriculture, stock farming, forestry, fish breeding, handicrafts, housing and more generally in any scheme or project contributing to development through the following activities enumerated by the 73/24 Ordinance.

a) direct aid to farmers who undertake activities considered to be profitable in the field of agricultural and pastoral production within the context of the objectives laid down by the Economic and Social Development Plan;

b) direct execution of special projects of general interests entered on the annual programme of activities of FONADER, on behalf of local authorities or farmer's organizations and under conditions to be determined by the Board of Directors;

c) guarantee of loans granted by credit bodies to pre-cooperative groups, cooperative and mutual-aid societies as well as any farmer or stock-breeder whose programme of activities is considered valid by the competent services and the Board of Directors;

d) granting of advances for the purchase of agricultural tools and planting material, especially for the settlement of young farmers in the countryside; and

e) the Fund shall in addition be responsible for using the competent technical services to ensure:

- the execution of clauses of economic and social interest in favour of the farming population and importation in the specifications relating to any forest exploitation;
- any other activity, the execution of which is expressly entrusted to it by the government.

"Special Funds" were placed at the disposal of FONADER by the State and international financing bodies to enable it to grant credits to farmers and stock-farmers as part of special development projects. This is the case with credits granted for projects such as SOCAPALM, High Plateau of the West, North West Benoue, SEMRY, Special Fund for Rural Action, Meat Plan, etc. All of these projects are in line with the state's development objectives of self-reliance and balanced development.[9] According to the Fifth Plan, the Government has decided to transform FONADER into a real Agricultural Credit Bank. In other words, the Agricultural Credit Bank will have the legal status of a bank.[10]

As a bank, FONADER will be able to use rediscount facilities; to mobilize public and private savings; and to subscribe to loans which could be guaranteed by the State. It is hoped that with the additional resources at its disposal and being subjected to banking regulations, these resources will be well managed and conform to the state's development objectives and aspirations.

In order to coordinate the actions of business undertakings and promote indigenous capital accumulation, the National Centre for the Assistance of Small and Medium-Sized Undertaking (CAPME), was created by the Government in 1970.[11] The specific objectives of CAPME include the following:

a) assist enterprises in solving their problems;
b) aid business promoters;
c) coordinate the operations of organizations which promote local small and medium-sized enterprises;
d) select, train and up-grade the skills of workers and technicians necessary for its activities;
e) collaborate in the conception of, and develop the structures of training entrepreneurs of small and medium-size enterprises;
f) establish supplementary training facilities for up-grading the skills of workers especially at the level of owners of small and medium-size enterprises; and

g) study and apply all relevant measures to train skilled personnel to satisfy public authorities, or professional organizations or enterprises that recruit through professional examination.

The National Centre for the Assistance of Small and Medium-Sized Enterprises has the overall objective of promoting small and medium-sized businesses including artisanal enterprises, and co-ordinating these organizations and services with a view to conforming to the orientation of the Development Plans as well as to the expectations of the Government.

By the mid-1970s, the government realized that the existence of CAPME was not enough to propel indigenous capitalists into the mainstream of national development; especially if the objective of working towards "self-reliant development" was to succeed. The Government had to review its policies and pose fundamental questions: How can indigenous businessmen take an active part in economic decision-making when their savings are so low? How can development planning take into account the need for participation and the need for coordination from a group or class whose economic power was so negligeable?

In 1975, an Aid and Loan Guarantee Fund to Small and Medium-Sized Enterprises (FOGAPE) was created by the Government to assist indigenous traders and businessmen who, for one reason or another, had difficulties in securing bank loans.[12] Established as a public institution with financial autonomy, it is especially charged with performing the following functions:

a) provide guarantees to loans from banking and financial institutions to Small and Medium-Sized (SME) national enterprises;
b) countersign and guarantee to participate in those institutions that favour SME;
c) participate in the social capital of Cameroonian SMEs;
d) directly contribute to SME by providing financial assistance for the purchase of equipments;
e) promote mutual-aid societies by socio-professional sectors or branch activities; and

f) contribute to the realization of studies and projects concerning SME.

No fancy market research is necessary to prove the existence of a home market demand in Cameroon. Perusal of existing import figures by product line is sufficient to reveal its extent. The easiest way to capture that buying power on behalf of domestic industries is to finance small and medium-sized enterprise. For this reason, FOGAPE recently was reformed to boost the financing of local Small and Medium-Sized Firms.[13] These are any limited or unlimited liability companies whose capital (at least 51%) and management are Cameroonian.

FOGAPE's overall objectives have remained unchanged. However, the range of options have recently been extended to include:

i) guarantee of loans to SME;
ii) buying of shares through subscription or through loans;
iii) guaranting of loans to SMEs to constitute working capital and to finance replacement and/or purchase of materials and equipment;
iv) promote underwriter syndicates in every business sector;
v) do project studies, advice, design and implement management and accounting methods;
vi) prepare financial and economic forecasts;
vii) draw up legal and fiscal documents for SMEs.

4.3. Para-public Development Institutions

Apart from the financial institutions discussed so far, it is often necessary for a government wishing to accomplish certain goals to employ all means in its power to attain them. There are several different instruments which it can employ to achieve these goals, all of which can be initiated alongside the financial and credit facilities. Here, we are thinking of development missions/institutions which have specific objectives and are target-oriented such as MIDEVIV, NPMB, MIDENO, ZAPI (Est), and so on.

These development missions/institutions fall under two broad categories. Firstly, there are para-public bodies which group development projects for a particular area, that is, limited to a well defined geographical area and with the objective of developing the entire area. Secondly, there are national development institutions which are broken into groups and so have specific missions. Normally, such missions may be carried out by specialized national bodies, regional development institutions or even private individuals.

Development authorities like the Food Development Authority (MIDEVIV) operate at the national level but presently it virtually carries out a greater part of its activities in the Centre-South Provinces. It began as an exploratory and experimental programme in 1973. MIDEVIV was charged with developing "Green Belts", zones around urban areas to mitigate the food problem by offering fresh products and assuring the circulation of these stable food products in a manner that will satisfy urban demand.[14] The functions of MIDEVIV are to study, produce, vulgarize and market as well as to be consulted on all development problems concerning foodcrops, market-gardening and fruits.

To promote and sell Cameroons' cash crops to other countries, a public corporation, called the National Produce Marketing Board (NPMB) was created in 1976.[15] This is a public corporation of industrial and commercial interest with financial autonomy. It is placed under the Ministry of Planning and Regional Development. The National Marketing Board is responsible for:

a) regularizing the purchase prices of the commodities referred to in article 3 of Decree N° 078/054 of 23 February 1978;[16]
b) organizing and controlling the marketing of commodities locally, and on international markets and therefore it has the monopoly of commodity marketing on international markets;
c) participating in international conferences on commodities; and
d) exploring and applying any new measures aimed at improving quality and at enhancing production.

Managed by a board of directors of twelve members and headed by a general manager with two deputy general managers, the NPMB is empowered to engage in any financial or commercial operations and any fixed or movable property transactions directly or indirectly related to its objectives.[17]

The setting up of large agro-industrial estates have not increased markedly in the last few years largely because of the many structural problems facing these corporations (CAMSUCO, CELLUCAM, CERICAM and SOCAME). However, these agro-industrial corporations are engaged in the primary sector of the modern economy with extremely diversified activities (palm oil, sugar, cotton latex, tea) and function as public corporations with the state intervening to assure that they work in the guidelines of national development.

Some of these agro-industrial corporations are State corporations (the Cameroon Development Corporation (CDC) and SOCAPALM) while others are largely training institutions (SEMRY, SODENKAM...) with Cameroon public participation being very dominant (providing more than 85% of the capital). Foreign interests (mostly French) are limited to the introduction of technologies and training.

The Cameroon Development Corporation (CDC) is a state corporation that has banana, palm, rubber, tea and pepper plantations. This major agricultural processing corporation was originally developed by Germans and later confiscated by the British in 1939.[18] As a state corporation, it is actively involved in development projects and provides assistance to small-holder farmers of rubber and palm. The CDC is involved in large scale production and processing of cash crops for exports.[19]

During the Fifth Plan, the CDC intends:

- to maintain relative stabilization in its oil palm estates (830 ha. of new estates in 5 years);
- to set up an experimental coconut estate at Illoani;
- to extend small-holdings for rubber in Fako and Meme (3 937 Ha.) as from 1983;
- to extend small-holdings of palms at Debunscha (500 ha.) and at Idenau (118 ha.);
- to continue to make industrial investments and provide social welfare amenities; and
- to extend the Tole tea estate (Fako) as from 1983.

Along with CDC are other agricultural estates located in the South West Province (PAMOL, SOWEFCU and private individual companies) involved either in sectoral or integrated development projects.

To meet the objectives of self-sufficiency in food production as well as balanced development, the Government has initiated and provided continued financial support for the integrated and sectoral provincial development programmes. Like the Food Development Authority (MIDEVIV) in the Centre and South Provinces, Priority Integrated Development Zones (ZAPI) were developed for the Eastern Province. The integrated approach of development presupposes a strategy of dialogue between all those involved in the initiation and execution of projects - farmers, technicians, administrators, and so on.

The main activities of ZAPI include:

a) improvement of technical assistance to small-holdings by raising the quality of its supervisory services;
b) stepping up of training programmes;
c) greater attention to the marketing of foodstuffs and to production support;
d) greater participation by farmers in the marketing of their cash crops (strengthening of village committees and cooperatives); and
e) programming of investments in economic and social infrastructures in the rural areas.

Since these integrated development projects are many and limited to their geographic locations and carried out by special bodies, Table 4.1 summarizes a selected number of such projects according to crop and province.

Table 4.1. Index of some Integrated Projects by Province

ABBREVIATION	NAME	CROP	PROVINCE
MIDEVIV	Mission de Développement des cultures vivrières, maraichères et fruitières	General Foodstuffs	Centre and South
SODERIM	Société de Développement de la Riziculture dans la Plaine des Mbo	Rice Cultivation	West
WESTCORN	Maïserie de l'Ouest	Maïse cultivation	West
SODEBLE	Société de Développement de la Culture et de la transformation du blé	Wheat cultivation	North
MIDO	Mission de Développement d'Om bessa	Meat	Centre
SOSUCAM	Société sucrière du Cameroun	Sugar	Centre
UNVDA	Upper Nun Valley Development Authority	Rice	North-West

4.4. Investment Legislation

At the end of the decade of the fifties, two circumstances offered Cameroon a potential opportunity to build its economy along diversified industrial lines and thus break the viscious circle of poverty and dependence which is characteristic of much of the Third world.

The first was that the arrival of political independence in 1960 threatened to severe the umbilical cord between Cameroon and her colonial masters which had subjected Cameroon to supply raw materials, mostly agricultural and to import industrial products from the mother country. Rehabilitation of the economy was imperative and it chose to do this through legislation by the National Assembly.

Thus, Cameroon's First Investment Code was adopted on June 27, 1960. This was in response to the country's urgent need for industrialization and rapid economic development. By choosing a policy of balanced sectoral and spatial industrial development, the Government hoped to reduce the sectoral and regional disparities inherited from the colonial era.

The second factor was the relatively strong foreign exchange position which the country enjoyed in the immediate post-independence period. Through the classical colonial relationship existing between France and Cameroon the new Government had a relatively positive exchange reserve in its coffers, a hard currency, bound by treaty to the French franc at the rate of 50:1, and no lack of franc exchange.

Taken together and intelligently planned, the 1960 Investment Code and the favourable foreign exchange position could have been used to develop Cameroon's economy along a more diversified and autonomous line of development. But the opportunity was squandered, however; the Investment Code laid emphasis on creating conditions most favourable to foreign private capital and knowhow. Since the former British Cameroon opted to join the French Cameroons, the Code as also extended to cover the whole Federal territory by Law No. 64/LF/6 of April 6, 1964. The provisions of the Code were designed "to create investment incentives which would attract the required domestic and foreign private investments within the framework of the major objectives of the Five Year Development Plans - namely the maintenance of equilibrium or balance between the various sectors and regions of the national economy".[20]

Since the Code was meant to be one stone designed to kill two birds - that is, attract investment and at the same time achieve balanced development - its provisions were generally very liberal. There were four principal categories (schedules A, B, C and D) corresponding to the order of priorities which the government wanted to emphasize and the nature of the investment. The basic guarantees were tax holidays and exemptions from duties for periods varying from ten to twenty five years for enterprises recently incorporated and whose nature was such as to foster national development.

With respect to preferential treatment A, companies which fell under this category were permitted duty free entry of the required raw materials and capital goods for a period of up to ten years and allowed reduced rates of, or exemption from indirect taxes (for example, the single tax on production) or finished products for a period of up to three years, including exemption from new taxes and changes in the rates of existing ones.

Under preferential treatment B, enterprises were eligible to obtain, in addition to the benefits under preferential treatment A, exemption, for a period of up to five years, from taxes on projects and, in the case of mining and timber companies, from the payment of royalties. They were also eligible for many benefits from new tax laws that might be introduced during the first ten years of their operations.

Under preferential treatment C, large corporations could conclude agreements with the government under which they could receive all or part of the privileges of preferential treatment B. The agreement in each case would also define other government guarantees in the legal economic and financial fields including the undertaking to assure stable conditions for financial transfers and the marketing of the enterprise's goods for a period of up to 25 years. The enterprise, in its turn, had to guarantee a minimum volume of production and grant to its employees certain minimum social benefits, including housing.

Preferential treatment D, was designed for undertakings whose investments were of particular importance to the long term development of the country. Such undertakings were guaranteed the benefits of preferential treatment C as well as the guarantee that new taxes and tax rates would not apply to such enterprises, for up to 25 years.

Important as the influence of geography, labour supply and wages, access to markets and the availability of essential services in determining the location of economic activities are, the pattern of investment location was of too great a political and social consequence to be subjected entirely to economic calculus. For these reasons, a new National Investment Code was, therefore, an urgent necessity since the government has never intended or wished to abandon its policies of 'balanced' and 'self-reliant' development.
To quote the autors of the New Investment Code,

"The bill to institute the New Investment Code sets out to provide the Government with a more effective means of attaining to the optimum, the aims of its industrial policy". Cameroon's industrial policy as defined by the new code is geared towards "endogenous industrialization" and aims at accelerating:

i) the processing of local raw materials;
ii) the setting up of heavy industries which would encourage the creation of industries for the production of intermediate and capital goods;
iii) the reorganization and development of the national industrial activities according to the national or potential attraction of the regions or town where industries are located;
iv) the setting up of basic infrastructures (communications and telecommunications, social and collective amenities) which should come along with industries; and
v) the intervention of the state in those areas of industry considered to be of strategic importance.[21]

Like the 1960 Code, the 1984 Code also contains four categories or schedules but with a much reduced duration of tax holidays and duty exemptions accorded new undertakings - 10 years for the schedule A and B, 10 years (15 in certain cases) for schedule C, and 15 years for schedule D. In order to have an understanding of the Code, a summary of the main features of each schedule is pertinent.

Schedule A applies to special or promotional undertakings whose total investment during the term of the schedule amount to not less than five hundred million (500 000 000) CFA Francs and which are located on border regions; yield a high value added; and give preference to adapted technologies by using skilled local manpower and guaranteeing continuing vocational training. Such undertakings are granted a reduced rate of 5 per cent for import duties and taxes and exemption from duties and taxes on local purchases in respect of equipment, spare parts and raw materials for a period not exceeding 10 years.

Schedule B applies to priority undertakings located in nonport border areas which contribute to an improvement in the balance of payments in their sector of activity; encourage sub-contracting with other companies; and give preference to technologies employing skilled local manpower while guaranteeing continuing vocational training. Such undertakings are entitled to benefits enjoyed by those in Schedule A for a period not exceeding 10 years, and also for exemption form convenance taxes on the acquisition of buildings necessary for the implementation of their investment programme for a period not exceeding five years.

The incentives for the encouragement of small and medium business appear in schedule C. The small and medium size undertakings are those with a 65% Cameroonian state holding, with relatively low job-creating expenses; with guarantees of continuing vocational training; and with total investments of less than five hundred million (500 000 000) CFA Francs at prices obtaining at the time the Code was enacted. They are entitled to benefits enjoyed by undertakings in Schedule A for a period not exceeding 10 years and also to exemption from taxes on share capital, credit distribution (TDC), registration fees, company tax, and tax on industrial and commercial projects for a period not exceeding 8 years. Also, small and medium-size undertakings which chose to locate outside zones of high industrial concentration are entitled to the aforementioned benefits for a period not exceeding 15 years.

Finally, schedule D deals with business undertakings governed by convention. Such undertakings operate in areas recognized as strategic in the implementation of the government's economic, social and cultural development plan and which may be requested to sign an establishment convention with the state, the terms of which may not exceed 15 years. The amount of the investments of an undertaking governed by convention may not be less than five billion (5 000 000 000) CFA francs at prices prevailing on the date the Code was enacted. Such undertakings are entitled to benefits enjoyed by undertakings in schedule B, that is, exemption from conveyance taxes, etc. The undertakings may benefit also from a "long term stable tax scheme" intended to guarantee the stability of all or part of their tax burden, the period of which may not exceed 15 years.

So far we have set out the attributes of the New Investment Code, suggesting that commercial and fiscal policy instruments have been used by the Government to increase the resources available for economic development, to improve its terms of trade, to redivide the gains from trade deriving from foreign investment in the economy (i.e. increasing domestic capital formation) and finally to convert marginal resources into foreign exchange. The overall purpose has been the Government's emphatic determination to maintain balanced sectoral and spatial industrial development which is basically self-reliant.

Since balanced and self-reliant development has been and remains the cornerstone of Cameroon's development philosophy, we may very well ask in what way the 1984 Investment Code quarantees the attainment of these objectives? In particular, did the 1960 Investment Code fail to ensure the accomplishment of these objectives?[22] To what extent has the new Code introduced additional incentives with the hope of obtaining concrete results in the future? These questions will be answered in subsequent chapters of the study.

4.5. Conclusion

To sum up this chapter our analysis of the policy instruments, development institutions and legislations created by the Cameroon Government with a view to realizing its development objectives and goals, has revealed that the Government has made considerable efforts in this direction. The extent to which the functioning of these instruments, institutions and legislations has led to the accomplishment of the national development objectives of Cameroon is the subject matter of Part II of this study. In particular, the performance of these policy instruments and other para-public bodies since 1960 will be examined within the context of the national development objectives of 'self-reliant development', 'balanced development', 'planned liberalism', and 'social justice'.

FOOTNOTES

1. Specifically, the President of the Republic is responsible under the terms of the constitution for ensuring the management of the affairs of the country. In this capacity as head of State, he defines the main lines of planning policy (in a presidential circular) and makes the major decisions.

2. By decree N° 62/DF/90 of March, 1962.

3. Summarized from "Financial Institutions and Economic Development in Cameroon", Ministry of Finance, Mimeo, n.d.

4. Ibid., p. 4.

5. Decree N° 60/247 of 29th December 1960, annulled and replaced on March 3, 1976 by decree N° 76/89.

6. See "Financial Institutions and Economic Development in Cameroon", Op. cit., pp. 10-11.

7. The National Investment Corporation is a State corporation set up by Decree N° 64/DF/486 of December 16, 1964 and placed under the supervision of the Ministry of Commerce and Industry.

8. The National Fund for Rural Development (FONADER) was created by decree N° 73/24 of 29 May 1973 and modified by decree N° 73/496 of 28 August 1973.

9. The Fifth Plan., Op. cit., p. 88.

10. Ibid., p. 89.

11. By decree N° 70/LF/7 of 20 May, 1970.

12. By Decree N° 75/238 of April 1975.

13. See Cameroon Tribune, Wednesday, August 8, 1984, p. 13.

14. The decree creating MIDEVIV was signed on September 26, 1973.

15. The NPMB was set up by Law N° 76/20 of September 9, 1976.

16. The following commodities fall within the scope of the National Produce Marketing Board: Robusta and Arabica coffee, cocoa, cotton, groundnuts and palm kernels.

17. See Law N° 76/20 of 9 September 1976 and articles of Decree N° 78/054 of 23 February 1978.

18. The CDC became a State Corporation in 1977 with a capital of 4 124.8 million Francs CFA.

19. The importance of CDC to the South West Province cannot be overstated. It is most important employer in that Province. It employs 20 000 with a monthly salary bill of more than 330 million francs CFA.

20. See W.A. Ndongko, The Old and New Investment Codes of Cameroon as Instruments of "Balanced" and "Self-Reliant" Development, Institute of Human Sciences, Yaounde 1984, Mimeo.

21. See Explanatory Statement of the Bill to Institute The Investment Code, Yaounde, 1984, p. 5.

22. W.A. Ndongko, Op. cit.

PART TWO

PERFORMANCE OF THE CAMEROON ECONOMY: 1960-1980

CHAPTER FIVE

COMMERCE AND INDUSTRIES

5.1. Introduction

The present chapter is devoted to an analysis of the performance of three institutions created by the government to promote the expansion of trade and industries. These institutions are:

a) The National Centre for External Trade (CNCE);
b) The Chamber of Commerce, Mines and Industries; and
c) The National Produce Marketing Board (NPMB).

5.2. The National Centre for External Trade

Since independence, Cameroon has been concerned with its external trade position because international trade has been a very important source of foreign exchange and capital which are essential for the financing of its long-term development programmes. In particular, the importance of foreign demand for Cameroon exports and of supply of its imports, and the subsequent effects they have on the shifting of its production possibility frontier, incomes and employment; has been given a very important place in the overall economic policy of the Cameroonian Government, particularly with respect to national development.

As will be recalled from Part One of this study, the National Centre for External Trade was set up in 1979 and did not start functioning until April 1980. Consequently, the promotion of external trade between 1960 and 1980 was the responsibility of the Ministry of Commerce and Industries and the Chamber of the Commerce and Industries. Up to 1966 East and West Cameroon had two different trade patterns, one tied to the Franc Zone and the other to the Sterling Zone.

In general, prior to 1961, the economic development of both West and East Cameroon did not lead to balance of payments difficulties and pressures but was accompanied by export surplus since 'exportability', to use

Hirschman's terminology, was high in both areas.[1] (see Table 5.1. for the trend of both area's trade balance).

Table 5.1A: West Cameroon External Trade Balance: 1957-60
(Value in thousand pounds sterling)

ITEM	1957 £	1958 £	1959 £	1960 £
Exports	5 321	6 913	7 298	8 619
Imports	2 370	2 961	2 543	3 442
Trade Balance	+ 2 591	+3 952	+4 755	+5 177

Table 5.1B: East Cameroon External Trade Balance: 1958-60
(Value in million francs CFA)

ITEM	1958	1959	1960
Exports	24 321	26 767	23 951
Imports	22 444	20 153	20 849
Trade Balance	+1 877	+ 6 614	+3 102

source: Federal Estimates: 1962-63, Ministry of Finance, Yaounde, July, 1962.

This can be explained by the fact that the external trade of East and West Cameroon, before 1961, was mainly with the franc zone and the sterling zone, respectively.

As concerns their major trading patterns, East and West Cameroon traded principally with their former metropolitan powers - East Cameroon with France, and West Cameroon with Britain. Although both areas produced largely the same agricultural products for exports, there was almost no competition between them, since their principal trading partners were different.

In regard to West Cameroon, about 75% of its total exports in 1958 went to the United Kingdom. For specific exports like bananas, rubber and timber, the United Kingdom alone absorbed 60% of the total export production of these commodities from West Cameroon. Only in respect of cocoa was the picture different; here the Netherlands was the principal importer of this crop. Although the import picture showed a more diversified market, it was nevertheless dominated by the United Kingdom. For example, in 1959, some 65% of that state's imports came from Great Britain. Other countries from which West Cameroon also imported goods included (in order of importance), the Netherlands, the United States, Germany, Japan, Italy, Belgium and Luxembourg.

East Cameroon's external trade was dominated by the European Economic Community, (particularly by France) which was the state's principal market for its bananas, cotton and coffee products. However, in 1960, the Netherlands supplanted France as East Cameroon's principal purchaser of cocoa and timber. Other important buyers which emerged from the EEC included West Germany, Italy and Belgium. Outside the EEC, the main trading partners were the United States and Switzerland. The import market was dominated by France to a much greater extent than the export market. For example, in 1959, France alone accounted for a total import value of 14 000 million francs CFA, out of an approximate total of 19 000 million francs CFA worth of imports into East Cameroon.[2]

Between 1958 and 1961, the principal trading area of the East Cameroon was the franc zone. Exports to this zone from this state increased from 61% to 64% between 1960 and 1961. There was also an increase in trade with the EEC (excluding France) - although exports from the East to the EEC decreased in 1961, imports into the state from the Community increased from 8% in 1958 to 10% in 1961.[3] Export trade with the franc zone became less intensified than before because of the increasing trade with other countries apart from the EEC. For example, the establishment of a joint foreign trade customs schedule between the East Cameroon and the members of the Equatorial Economic and Customs Union in July 1964,[4] increased the number of trading partners of the East. This development led to a further diversification of the export trade of East Cameroon away from France, since the new Customs Union had a potential market of 10 million people.[5]

The period 1961 to 1966 was characterized by a considerable change in the external trade pattern of West Cameroon, particularly as by the end of 1961 it had reunified with East Cameroon - which carried out most of its trade with the franc zone. A detailed analysis of West Cameroon's external trade pattern during this period is presented in Table 5.II.

It can be observed from Table 5.II that during the period 1961/62 to 1962/63, the United Kingdom was still the major trading partner of West Cameroon. However, from 1963/64 onwards, and particularly in 1964/65, the EEC as a whole began to replace the United Kingdom as the major importer of West Cameroon goods (Italy alone imported 1 173 million francs worth of goods), although most of its imports still came from the sterling area, i.e. the U.K. (1 168 million francs) and Nigeria (319 million francs CFA). By 1965/66 and 1966/67 the EEC and France, in particular, had almost completely replaced the U.K. and other members of the Commonwealth, as the major trading partners of West Cameroon.[6]

In the case of East Cameroon, its external trade was continuously dominated by the EEC and particularly by France, even after the reunification of the two areas. An analysis of the external trade pattern of East Cameroon between 1961 and 1966 is presented in Table 5.III. It can be observed from Table 5.III that from 1961 to 1962 East Cameroon's trade with the Franc Zone became less intensified than before because of the increasing trade with the other members of the EEC. In general, it can also be observed from Table 5.III that the EEC countries gradually replaced France as the major partners of East Cameroon, particularly, in regard to export trade with France which fell from 67% in 1962/63 to 50.5% in 1965/66. However, France continued to be the major supplier of goods to East Cameroon whilst both export and import trade with the EEC continued to increase during the period under consideration.

The analysis of the trade pattern of West and East Cameroon during the period 1957-1966, has revealed the following: Firstly, the pre-1961 external trade of both areas was concentrated with the former colonial administrators. Secondly, after 1961, West Cameroon began to reduce its trade with the United Kingdom whilst East Cameroon begain to increase its trade with the other members of the EEC, and also began to diversify its trade away from France. The gradual change in both the external trade

Table 5.II: West Cameroon-External Trade Pattern (1961-66)

	IMPORTS					EXPORTS				
TRADING PARTNERS	1961/62	1962/63	1963/64	1964/65	1965/66	1961/62	1962/63	1963/64	1964/65	1965/
France	17	296	540	287	406	7	18	336	831	441
Belgium and Luxemburg	14	42	77	46	84	13	141	382	322	358
Netherlands	180	305	316	280	396	73	443	856	798	591
West Germany	155	123	169	201	216	143	99	428	295	291
Italy	10	25	74	71	79	293	428	450	1 173	954
Scandinavian Countries	157	250	230	189	1 423	84	32	14	66	1 004
Czechoslovakia	6	45	65	56	46	-	-	-	-	11
Nigeria	-	-	-	319	309	-	-	43	130	87
U.S.A.	211	291	412	312	431	69	205	196	188	111
Venezuela	1	73	26	42	30	-	-	-	-	-
Japan	96	285	571	621	795	-	-	-	38	-
Hong Kong	24	63	136	90	114	-	-	-	-	-
United Kingdom	1 053	2 077	1 806	1 168	85	4 276	2 072	2 157	964	44
Other Countries	577	629	429	394	389	726	304	136	123	312
TOTAL	3 111	4 502	4 851	4 132	4 803	5 674	3 742	4 998	4 928	4 174

Source: Statistical Annual Report of West Cameroon: 1965/66-67, Regional Statistical Service, Buea, 1968, pp. 48-49 pattern of West and East Cameroon, during the period 1961-1966, can be explained partly by the reunification of the two areas and the subsequent loss of the Commonwealth Preference by the former, and partly by the association of the latter with the EEC - which necessitated a diversification of its trade away from the Franc Zone (except the UDEAC), particularly from France.

The period 1966 to 1972, was characterised firstly by the extension of the UDEAC external tariff in July 1966, to West Cameroon and also by the increase, in particular of Cameroon's import trade with the other UDEAC member states. These changes can be observed from Table 5.IV. Secondly, during this period, Cameroon experienced an increase in its trade surplus with the other EEC countries (except France). For example, during the period under review, Cameroonian trade surplus with the EEC states increased from approximately 4 000 million francs in 1966 to about 10 000 million francs in 1971, whereas its trade deficit with France increased from approximately 6 000 million francs in 1966 to nearly 14.000 million francs in 1971 (see Table 5.IV). This can be explained partly by the high costs of French goods imported into Cameroon and partly by the limited size of the French market for Cameroonian exports.

A further characteristic of Cameroonian trade pattern during the period 1966/72 was the increase of trade with such non-traditional trading partners like the United States, Guinea and Japan. In the case of trade with the United States, although Cameroonian maintained a trade surplus with that country between 1966 and 1972, however, in general, its exports to the U.S. fluctuated between 4 000 million francs and 6 000 million francs per year whilst its imports increased steadily from 1 893 million francs in 1966 to 5 000 million francs in 1972. On the other hand, Cameroonian trade with Japan and Guinea, during the period under review, was dominated by persistent trade deficits as can be observed from Table 5.IV.

To sum up, the period 1966 to 1972 saw a rapid but cautious diversification of Cameroon's external trade, particularly in respect of exports, away from France to the other EEC member countries, the UDEAC and to new trading partners like the United States, Japan and Guinea. It also saw a rapid reduction of trade with the United Kingdom and an almost complete elimination of official trade with the other Commonwealth countries, notably Nigeria.

After 1972, Cameroon considerably diversified her trading links, though this provided only a temporary measure from chronic adverse trade balances. Cameroon enjoyed a favourable balance of trade during the 1973 and 1974 year but since then she has progressively imported more than she exports (see Table 5.V).

Table 5.III: East Cameroon: External Trade Pattern: 1961-66

(Value in billions of Francs CFA)

EXPORTS PARTNER	1961	1962	1963	1964	1965	1966
France	14.25	15.30	16.53	18.09	14.06	13.01
Other EEC countries	5.95	5.35	7.85	6.96	8.55	9.02
Netherlands	3.49	3.34	4.73	4.03	4.65	-
Germany	0.88	1.12	1.68	1.87	2.40	-
United States	1.35	1.59	1.56	2.18	3.07	4.92
United Kingdom	0.51	0.30	0.55	0.57	0.35	0.45
Japan	0.05	0.10	0.21	0.20	0.32	0.42
Rest of World	3.09	3.88	2.42	2.04	2.92	4.59
TOTAL	24.20	25.52	29.21	30.03	29.27	32.31
All franc area countries	15.58	17.34	17.86	19.25	15.36	-
All EEC countries	20.20	20.65	24.38	25.04	22.62	22.03
Industrial countries	22.29	22.97	26.89	28.17	26.37	28.82
Less developed countries	1.63	2.05	2.05	0.79	1.30	3.59
Unclassified	0.28	0.50	0.18	1.07	1.60	-
TOTAL	24.20	25.52	29.12	30.03	29.27	32.41
IMPORTS						
France	12.90	13.76	15.23	16.90	19.14	18.81
Other EEC countries	2.39	2.44	3.06	4.07	5.31	5.86
Germany	1.42	1.45	1.60	1.91	2.37	-
Belgium-Luxembourg	-	-	-	-	1.21	-
Italy	0.32	0.32	0.53	0.86	1.07	-
United States	1.41	1.49	1.30	1.20	1.99	1.49
Japan	0.48	0.75	0.78	0.91	0.87	0.98
United Kingdom	0.65	0.61	0.48	0.58	0.57	0.64
Rest of World	5.88	6.10	5.88	4.93	5.11	4.53
TOTAL	23.71	25.16	26.73	28.59	32.99	32.31
All franc area countries	16.30	16.90	18.61	19.25	21.15	-
All EEC countries	15.29	16.20	18.29	20.97	24.45	24.67
Industrial countries	18.12	18.22	21.31	24.00	27.91	27.78
Less developed countries	4.79	3.78	4.57	1.90	2.02	4.53
Unclassified	0.80	3.15	0.85	2.69	3.06	-
TOTAL	23.71	25.15	26.73	28.59	32.99	32.31

Source: IMF and IBRD, Direction of Trade, Banque Central des Etats de l'Afrique Equatoriale et du Cameroun, Etudes et Statistiques (monthly) Paris, Ministry of Economic Affairs and Planning Quarterly Economic Bulletin, Yaounde.

Table 5.IV: Cameroon - External Trade Pattern (1966-1972)

(Value in million Francs CFA)

Major Trading partners	1966	(% Share in 1966)	1967	1968	1969	1970	1971	(11 Months 1972)	(% Share in 1972)
				IMPORTS					
France	19 166	60.0	25 905	24 342	25 907	33 941	34 331	30 921	50.0
Other EEC Members	6 641	20.8	8 329	8 364	11 154	12 799	13 226	14 983	23.2
United Kingdom	1 023	5.0	1 376	2 163	2 282	2 500	2 894	2 379	3.9
U.S.A.	1 893	6.0	2 519	1 665	3 165	5 166	4 964	5 048	8.1
Guinea	698	2.1	1 275	1 214	1 366	1 663	1 655	3 370	5.5
UDEAC Countries	403	1.2	842	2 156	2 709	3 552	3 558	3 370	5.5
Japan	1 532	4.9	1 432	1 225	1 284	1 595	1 857	1 683	2.8
TOTAL	31 956	100	41 679	42 149	47 149	61 216	62 585	61 754	100
				EXPORTS					
France	13 508	42.1	13 854	15 766	19 101	18 571	15 816	15 022	33.1
Other EEC Members	10 663	32.7	12 145	17 104	24 169	25 159	22 945	18 575	41.5
United Kingdom	1 159	3.7	860	971	840	1 196	1 471	11 018	2.2
U.S.A.	5 146	16.0	5 120	4 856	3 479	6 119	5 157	4 915	10.9
Guinea	587	1.9	303	18	87	80	359	-	-
UDEAC	809	2.5	535	3 111	2 915	3 298	3 697	3 849	8.3
Japan	369	1.1	209	335	792	1 828	1754	1 826	4.0
TOTAL	32 039	100	33 026	42 161	51 283	56 251	51 199	45 287	100

Source: Economic Commission for Africa, Summaries of Economic Data - Cameroon; Number 18, August 1973.

Table 5.V: Foreign Trade Statistics of Cameroon 1964-1979.

YEAR	EXPORTS (1) VALUE IN MILLIONS OF FRANCS CFA	IMPORTS (2) VALUE IN MILLIONS FRANCS CFA	BALANCE OF TRADE VALUE IN MILLIONS FRANCS CFA
1964	34 552	32 855	+ 1 687
1965	43 362	37 396	- 3 034
1966	35 883	36 114	- 231
1967	37 539	46 419	- 8 880
1968	46 722	46 220	- 522
1969	59 423	53 000	+ 6 423
1970	64 438	67 228	- 4 451
1971	59 074	69 351	-12 069
1972	57 673	76 384	-18 711
1973	81 804	74 221	+ 7 583
1974	119 272	104 825	+14 447
1975	102 087	128 104	-26 017
1976	122 028	145 963	-23 935
1977	179 319	192 401	-13 082
1978	196 064	234 247	-41 183
1979	238 699	271 170	-32 461
1980	n.a	n.a	n.a

Source: (1) Bulletin de l'Afrique Noire, N° 924, Sept. 7, 1977 and N° 979, November 8, 1978.

(2) Ibid., N° 818, April 16, 1975; N° 926, Sept. 21, 1977; N° 979, November 15, 1978, and N° 1066, Oct. 29, 1980.

N.A. = Not Available.

Cameroon's principal customers were the EEC countries with France taking the lead, but also featuring prominently were the Netherlands, West Germany, the United States and the United Kingdom. Cameroon imported heavily from the EEC countries, with France providing 50.4% of the imports for the period from 1968 to 1970 and 47.6% for the period from 1970 to 1972.[7]

Between 1973 and 1979, France continued to be top of the list of Cameroon's import customers, though France's share had declined slightly to 43.8%.[8] Table 5.VI below contains a list of Cameroon import customers and the value of imports in millions of CFA francs for the period from 1968 to 1979.

It would be observed from Table 5.VI that Cameroon continued to import more from France than from any other country inspite of the fact that the range of foreign trade partners was very wide. In this respect, it should be pointed out that Cameroon's hands are tied because of the the cooperation agreements with France and the consequent dependence on the latter for imports. Cameroon also imported more from other EEC countries than the rest of the world because of the EEC/ACP Conventions.

Although no single institution existed prior to 1980 such as the National Center for External Trade (CNCE) to coordinate her international trade policies, the Ministry of Commerce and Industries and the Chamber of Commerce have successfully carried out this function since 1960. We saw that by adopting appropriate policies the government of Cameroon was able to achieve highly satisfactory export growth which, in turn, resulted in numerous static as well as dynamic influences generating a high level of income (as compared to other African countries) and the rate of growth.

Prior to independence, Cameroon's trade was highly bilateral with colonial governments consuming more than three quarters of her exports and supplying about four-fifths of her imports. Independence brought in trade liberalizing policies that have led to trade surpluses through the development of new trade zones (U.S. and Japan) and the EEC countries and the almost detrimental slamming the door of trade with the sterling zone. In gauging the export or trade performance of Cameroon, the Chamber of Commerce, Industries and Mines is organized to determine both the level of exports and their compositions. This is the topic of the next section.

5.3. The Chamber of Commerce, Industries and Mines

One of the institutions which handles problems relating to international trade between Cameroon and other countries of the world is the Chamber of Commerce, Industries and Mines. It approves business undertakings that engage in the export and import trade and fixes import and export quotas annually.

Table 5.VI. Cameroon Import Customers (Value of Imports in Millions of CFA Francs)

YEAR	FRANCE	OTHER EEC COUNTRIES	NETHERLANDS	W.GERMANY	ITALY	USA	JAPAN	UDEAC	GABON
1968	24 341	8 385	N.A.	N.A.	N.A.	2 665	N.A.	N.A.	N.A.
1970	33 941	12 798				5 166			
1972	36 369	13 492	1 746	5 915	4 213	8 527	1 830	3 687	3 135
1973	35 320	13 340	1 741	6 815	3 105	6 711	1 467	3 826	3 211
1974	49 343	20 119	2 321	9 867	4 914	6 528	2 396	6 292	5 331
1975	59 303	31 739	4 109	10 752	7 367	9 394	5 075	7 459	6 926
1976	64 881	32 311	4 520	10 627	7 313	11 533	6 441	5 852	4 953
1977	83 375	42 906	5 371	13 432	9 691	14 204	11 131	9 236	7 866
1978	100 239	54 326	4 751	18 887	12 217	12 343	13 346	10 819	10 038
1979	118 893	61 040	10 078	20 613	13 981	15 323	10 571	10 571	9 675
1980	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Source: Bulletin de l'Afrique Noire, N° 926, Sept. 21, 1977 and N° 1065, Oct. 22, 1980

Many of its functions overlap with those of the National Centre for External Trade, though the latter is an advisory rather than a regulatory body. Consequently, it will be needless repeating statistics that have already been presented in the preceding section.

5.4. The National Produce Marketing Board (NPMB)

The National Produce Marketing Board (NPMB) was in existence in the then West Cameroon since the early 1960s. It was responsible for the commercialisation of agricultural produce; mainly coffee and cocoa. In 1976 it became a national institution, a para-statal corporation enjoying financial autonomy and charged with the responsibility for:

i) regularising the purchase price of commodities;
ii) organising and controlling the marketing of commodities locally and on international markets;
iii) participating in international conferences on commodities; and
iv) exploring and applying any new measures aimed at improving quality and enhancing production.

The NPMB is placed under the control of the Minister of Plan and Regional Development. It is managed by a board of directors of twelve members headed by a general manager and assisted by two deputy general managers. The following commodities or products fall within the scope of the National Produce Marketing Board - robusta and arabic coffee, cocoa, cotton, groundnuts and palm kernels.

The National Produce Marketing Board buys agricultural produce from farmers and/or cooperative societies and assumes the responsibility for marketing it abroad. For example, for the 1977/78 produce season, NPMB purchased 108,000 tonnes of cocoa and 106,595 tonnes during the 1978/79 buying season.[9] During the 1978/79 produce season, Cameroon exported 66 681 tonnes of cocoa worth an F.O.B. value of 46 billion CFA Francs. Table 5.VII below gives statistics for NPMB exports for 1978/79 according to port of export, quantity exported, and the value in CFA francs.

The NPMB is also empowered to engage in any financial or commercial operations and in any fixed or movable property transactions directly or indirectly related to its object. For example, it grants subsidies to organizations engaged in the development or improvement of produce, such as FONADER, SEDECAO, SODECOTON, MIDEVIV, Cooperative Societies, etc. During the 1978/79 financial year it granted subsidies to the tune of some 17 billion CFA francs and 18 billion CFA francs during the 1979/80 financial year (see Table 5.VIII).

During the 1980 crop year, the NPMB managed to ensure adequate earnings to producers inspite of an extremely adverse situation. At the same time it succeeded in chanelling funds to operations aimed at enhancing agricultural production, feeder road development and financing economic and social development.

5.5 Conclusion

In conclusion, we can say that within the subsector of commerce and industries, the three institutions examined (which are not the only in this subsector) have done much to promote the export of Cameroonian products and to improve the quality and earnings of the different products. Despite the adverse balance of trade situation, Cameroon's export trade has increased consistently during the twenty year period under consideration.

We may however note that the share of Cameroon exports to France decreased approximately from 88.0% in 1958 to 33.1% in 1972 (a reduction of approximately 50%) whereas the share of its total imports from France decreased from 70.0% in 1958 to only 50.%% in 1972 (a reduction of 20.0%). The implication is that during the period under review, Cameroon was more concerned with the diversification of its export trade from France whilst at the same time neglecting the import trade. As a consequence, therefore, a major proportion of the external trade of Cameroon, particularly in regard to imports, was still being carried out with France. This is ironic, considering the fact that France has traditionally been known to be a high-cost producer and has consistently contributed to the trade deficits of Cameroon since 1960.

Table 5.VII: NPMB Export Statistics, 1978/79

PRODUCT	PORT OF EXPORT		
	DOUALA	KRIBI	VICTORIA
COCOA			
Quantity Exported	44 865 Tonnes	13842 Tonnes	8 155 Tonnes
Value (CFA/F)	31,315,718,343	9,219,745,924	5,390217,040
COFFEE			
Quantity Exported	66 523 Tonnes	2,021 tonnes	3 945 tonnes
Value	40,466,998,575	1,234,316,534	2,419,613,468
COTTON			
Quantity Exported	16 904 Tonnes	None exported through this port	None exported through this port
Value	5,373,834,000		
GROUNDNUTS			
79 000 Tonnes consumed locally	-	-	-
PALM KERNELS			
Quantity Exported	74 738 Quintals	None exported through this port	None exported through this port
Value	547 569 000 Frs.		

Source: National Produce Marketing Board Annual Report, 1978/79, pp. 11-16

Cocoa exports for 1979/80 totalled 84 881 tonnes amounting to an F.O.B. Value of 51,467,675,061 CFA Francs.[10]

Table 5.VIII: National Produce Marketing Boards Subsidies 1978/79, 1979/80 and 1980/81

BENEFICIARIES	SUBSIDIES 1978/79 Francs CFA	1979/80 Francs CFA	1980/81 Francs CFA
FONADER	7 435 000 000	8 005 193 000	7 000 000 000
SODECAO	1 000 000 000	1 000 000 000	1 550 000 000
SODECOTON	1 817 837 906	2 340 000 000	800 000 000
MIDEVIV	120 000 000	150 000 000	95 000 000
FARM-TO-MARKET ROAD	695 594 734	612 727 937	400 000 000
COCOA ROADS	5 599 305 917	6 312 315 431	17 865 000
NORTH WEST COOP. UNION	583 500 000	100 000 000	395 000 000
SOUTH WEST COOP. UNION	179 250 000	100 000 000	150 000 000
	17 430 488 557	18 017 509 368	10 407 865 000

Source: NPMB Annual Reports, 1978/79, 1979/80 and 1980/81.

In the case of Cameroonian trade with the other EEC countries, their share of its exports increased from approximately 16% in 1958 to 41.5% in 1972, and their share of its total imports increased from 10% in 1958 to about 24.2% in 1972. To this extent, therefore, Cameroon exported more to the EEC countries (less France) than it imported from them. This can be explained by the institution of the preferential tariff for Cameroonian exports during the negotiations of the Rome Treaty in 1958 when an associate status was arranged for the 'African Eighteen'.

As a consequence, therefore, Cameroon consistently maintained a trade surplus with the other EEC member states, in contrast to the persistent trade deficit with France during the period under review.

With respect of the other countries, Cameroonian external trading relations were varied. However, in the particular case of the sterling zone there was in general a steady decline in both its important and export trade with that zone between 1966 and 1972. For example, the United Kingdom's share of

Cameroonian exports declined from 3.7% in 1966 to 2.2% in 1972 and that of imports from 5.0% in 1966 to 3.9% in 1972. This decline, as noted earlier, can be explained by the institution of the UDEAC Common External Tariff against the United Kingdom, and by the loss of the Commonwealth Preference by West Cameroon. For the other trading partners, the period under review saw fluctuations in the Cameroon trade relations, notably with the United States, Japan and Guinea.

The objective of this chapter has been to identify some of the important institutions created in Cameroon since 1960 which have fostered international trade in the light of her development objectives of planned liberalism, balanced development, self-reliant development and social justice. We conclude, therefore, that these development policies are making it possible for Cameroon to reap the static and dynamic benefits of international trade.

Also by joining a custom union of countries at similar levels of development and with similar economic structures (UDEAC), Cameroon is more able to take advantage of international trade while largely avoiding the backwash effects of trade dependence, export instability and terms of trade deterioration. The institutions discussed so far quarantee that these effects are mitigated, if not, completely halted.

FOOTNOTES

1. Albert Hirshman, The Strategy of Economic Development, New Haven: Yale University Press, 1958.

2. Victor LeVine, "The Cameroon Federal Republic", in G. Carter (ed.), Five African States, p. 288.

3. Federal Republic of Cameroon Budgetary Estimates, Yaounde, 1963.

4. The schedule followed the Protocol Agreement signed by the Five Heads of State, (Chad, Gabon, Congo Brazzaville, Central African Republic and Cameroon) at Bangui in 1961.

5. East Cameroon exports to the other members of the Union increased from 678 million francs in 1964/65 to 882 million francs in 1965/66, whilst imports rose from 114 million francs to 300 million francs during the same period (see Federal Estimates, 1965-66).

6. Although during the period under consideration, data does indicate a large surplus trade balance with the EEC and France, this is certainly an exaggeration, since the lack of any custom barrier between the East and West Cameroon, makes it difficult to obtain statistics on the goods originating from the EEC countries and which are in turn reexported from East Cameroon to West Cameroon. Thus the large trade surpluses may very well be deficits. Indeed, the Presidential Ordinance N°. 61-OF-3 of 1 October, 1961 specified the goods of foreign origin that could enter West Cameroon free of duty. Some of these goods, which came from France into EEC, include drinks, wines, natural spirits, household utensils and consumption goods. Furthermore, many West Cameroon importers come from Douala (in Eastern State) and therefore no account is taken of the goods coming into the West through that port.

7. see Bulletin de l'Afrique Noire, No. 761 (Dec. 12, 1973), p. 14900.

8. Ibid., No. 1065 (Oct. 22, 1980), p. 20470

9. See NPMB Annual Report, 1978/79; p. 11.

10. See NPMB Annual Report, 1979/80, p. 15.

CHAPTER SIX

CREDIT, BANKING AND FINANCE

6.1 Introduction

Since independence, the Cameroon Government has created many credit, banking and financial institutions with the objective of facilitating social and economic development. The proliferation of public credit institutions has come about principally as a result of the inability and unwillingness of private financial institutions to adequately finance rapid economic and social development of the country.

Government authorities, therefore, have since 1960 taken measures to set up structures which have enabled the national banking system to develop and channel savings with a view to injecting them into productive economic channels and to integrate financial institutions into the development policy by means of statutory mechanisms intended to effectively guide the activities of banks and financial institutions.

This concern to integrate led the government to take a resolution on national majority or minority shares in the registered capital of banks operating in Cameroon, in order to reduce the country's dependence on foreign monetary authorities. The Cameroonisation of the management staff of these institutions stems from this very concern and the country's determination to have a grip on the banking system, which constitutes the medium par excellence for carrying out transactions in the various sectors of the economy.

6.2 The Cameroon Development Bank (BCD)

As concerns the investment and credit activities of the Cameroon Development Bank, it will be recalled that one of its major functions was to encourage the development of industry. However, since its creation in 1960, its activities have been concentrated heavily in the fields of marketing of foodstuffs, agricultural, housing and consumer credits rather than in industrial development lending. This trend in the lending activities of BCD is presented in Table 6.1. It will be observed from Table 6.1. that between 1961 and 1969, total credits for production marketing activities were 12 810 million francs CFA, that is more than 54% of the total loan made to the various activities by the BCD during the same period. Furthermore, some 15.3% of the total BCD loans were for real estate (housing), 13.1% for industrial development and 9.3% for agricultural production.

It would, therefore, appear from the nature of the credit activities of the BCD that it did not perform its original role as "catalyst and chief instrument of industrial development in Cameroon". The reasons for this trend in the activities of the BCD are twofold. Firstly, the BCD inherited agricultural, housing and consumer activities from the Credit du Cameroun which was not intended to be an industrial development bank. Secondly, because of the shortage of qualified personnel, a unified management under one institution was preferable to the splitting up of the different activities into specified divisions.

It will also be recalled that, at its inception, the BCD was empowered to assist finally in the implementation of any project which could promote the economic and social development of Cameroon. In this regard, therefore, an examination of the three types of loans made by BCD - short-term, medium-term and long-term - will indicate the extent to which the bank succeeded or failed in carrying out its developmental role in Cameroon. To this end, the growth and distribution of short-term, medium-term and long-term credits between the various economic sectors is presented in Table 6.II.

It will be observed from Table 6.II that between 1966 and 1970, short-term credits accounted for approximately 71% of the total loans granted by the BCD to all the economic sectors each fiscal year, while medium-term loans accounted for approximately 22% of the total annual credits granted. However, long-term loans were only 7% (on the average) of the total volume of loans granted by the BCD. It would appear that the credit activities of BCD during the period under consideration were not development oriented, particularly as long-term loans to agricultural activities ceased completely after 1967, and those for industrial, commercial, and artisanal activities were only 150 million francs CFA (4%) (on the average) per year out of the total yearly average credit of 3 800 million france CFA that was granted by the BCD to all economic sectors.

With respect to the lending activities of the Cameroon Development Bank in the former state of West Cameroon between 1962 and 1966, it should be pointed out that some 264 loans to the tune of approximately 66 million francs

CFA were extended to finance various productive and consumption activities.[1] A good fraction of the loans was utilized for non-productive or non development purposes. For example, 60 loans in the sum of seven million francs were granted for the purchase of small equipment; namely domestic semi-durable goods such as motorcycles, and sewing machines. Furthermore, 193 loans in the amount of 99 million francs were extended to civil servants to enable them to purchase motor cars.

There were also 7 loans, for the construction of dwellings, which amounted to 26 million francs CFA and 2 for handicraft and small-scale industries which amounted to 2 million francs CFA. The BCD also made one short-term loan in the sum of 277 million francs CFA to the Cameroon Development Corporation, and one short-term loan of 250 million francs to the Marketing Board to enable it to purchase export crops. Thus, it is evident from the type of loans granted by the BCD that its activities in West Cameroon were non-developmental, particularly as there were no long-term, or even medium-term loans made to any economic sector in that State.

Beginning from 1972/73, BCD credit policy shifted emphasis from granting loans to the marketing sector to granting credit to the agricultural sector. Between 1972 and 1980 agricultural credits invariably took up more than 50% of total BCD loans. For example, during the 1972/73 financial year, BCD granted a total of 7,753 million francs loans, 4,769 millions of which was for the agricultural sector (see Table 6.III).

During the 1980/81 year BCD granted loans worth 18.356 million CFA francs and of this amount, 11.380 million CFA francs went to agricultural credits.[2] It should be pointed out however, that none of these loans went to long-term borrowers.

Table 6.IV gives the evolution of total BCD credits to the various sectors of the national economy from 1961 to 1980. During the period under review, BCD granted short-, medium- and long-term credits totalling 149.663 million francs CFA. BCD credits rose consecutively from 3.294 million francs CFA in 1967/68 to 22.265 million francs CFA in 1978/79 before dropping to 17.095 million francs during the 1979/80 year.

Table 6.I: Cameroon Development Bank - Credits: 1961-69 (Millions of Francs CFA)

ECONOMIC YEAR ACTIVITY	61-63	63-64	64-65	65-66	66-67	67-68	68-69	TOTAL
Agriculture	1 189	145	197	110	110	183	254	2 189
Marketing	1 708	1 073	1 100	2 283	2 165	2 117	2 362	12 810
Housing	1 487	583	67	501	532	236	307	3 608
Crafts	181	61	7	24	7	25	67	374
Industry	291	310	75	443	647	504	800	3 072
Small Equipment	234	132	41	56	31	89	254	840
Trade	13	37	4	-	4	105	13	178
Collectivities	116	-	-	108	130	35	48	437
TOTAL	5 214	2 342	1 492	3 527	3 528	3 297	4 108	23 511

Source: "Development of Banking Institutions' Activities in Cameroon", Bulletin de L'Afrique Noire, (Paris, 2nd February 1972), pp. 13222-13224.

TABLE 6.II: Trends and Development of BCD Credits (in Million of Francs CFA)

SECTOR CREDITS TO THE ECONOMY	1966-1967			1967-1968			1968-1969			1969-1970		
	SHORT TERM	MEDIUM TERM	LONG TERM	SHORT TERM	MEDIUM TERM	LONG TERM	SHORT TERM	MEDIUM TERM	LONG TERM	SHORT TERM	MEDIUM TERM	LONG TERM
Agriculture	49.7	35.5	25.0	127.4	56.0	-	187.6	66.5	-	210.1	22.3	-
Marketing of Agricultural Products	2,165.9	-	-	2,117.3	-	-	2,362.6	-	-	2,910.9	-	-
Industry, Commerce and Artisanal Activities	84.4	274.2	300.0	217.6	372.7	45.0	104.7	500.9	162.5	405.9	365.0	10.
Public Collectivities	-	65.0	65.0	-	-	35.0	-	-	48.0	-	20.0	17.2
Social Credits:												
Minor Equipments and Vehicles	3.4	27.9	-	31.8	57.9	-	105.2	149.4		173.0	185.2	
Real Property	1.2	381.6	50.0	0.8	185.7	50.0	-	307.6		0.3	416.1	7.
	3,304.6	784.2	440.0	2,494.9	672.3	130.0	2,760.1	1,024.4	210.5	3,700.2	1,008.6	189.0
		3.528.8			3,297.2			3,995.0			4,897.8	

Source: Third and Fourth Reports of the National Credit Council 1966-68 and 1968-70, Yaounde.

TABLE 6.III: Sectorial Distribution of BCD Credits, 1972-1980.
(in Millions of CFA Francs)

SECTOR	1972/73	1973/74	1974/5	1975/6	1976/7	1977/8	1978/9	1979/80
Agriculture	4.769	3.756	4 471	7 145	6 819	9 727	10 498	8 861
Industry	1 588	1 065	3 590	2 060	3 114	881	6 548	2 914
Other Credit of the Economy	278	1 024	789	1 159	1 240	2 974	2 248	4 891
Real Property (Fixed Assets)	615	1 040	1 860	1 474	1 474	1 813	2 971	429
Automobile and Small Equipment	503	658	999	1 009	1 009	489	-	-
TOTAL	7 753	7 543	11 709	12 847	13 865	15 884	22 265	17 095

Source: Banque Camerounaise de Développement, Annual Reports, Vols. 1-7.

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Table 6.IV: Evolution of BCD Credits 1961-1980 (in Millions of Frs.)

YEAR	CREDITS			
	SHORT-TERM	MEDIUM-TERM	LONG-TERM	TOTAL
1961-63	N.A.	N.A.	N.A.	5 219
1963-64	N.A.	N.A.	N.A.	2 341
1964-65	N.A.	N.A.	N.A.	1 491
1965-66	N.A.	N.A.	N.A.	3 525
1966-67	2 304.6	784.2	440.0	3 528.8
1967-68	2 494.9	672.3	130.0	3 297.2
1968-69	2 760.1	1 024.4	210.5	3 995.0
1969-70	3 700.2	1 008.6	189.0	4 897.8
1970-71	N.A.	N.A.	N.A.	5 881
1971-72	4 846	1 452	325.	6 623.
1972-73	5 131	2 251	371.	7 753
1973-74	4 534	2 708	301.	7 543
1974-75	5 927	5 499	233.	11 659
1975-76	7 584.66	4 712.65	550.	12 847.31
1976-77	9 047.374	4 118.296	700	13 865.770
1977-78	11 060.593	3 202.261	1 621.878	15 884.732
1978-79	N.A.	N.A.	N.A.	22 265
1979-80	N.A.	N.A.	N.A.	17 095

Source: Compiled from BCD Annual Reports 1961-1980 and Reports of the National Credit Council 1972-78.

N.A. = Not Available

It will be observed from Table 6.IV above that the pattern of BCD credits does not favour long-term borrowers. Most of the BCD loans have gone to short-term borrowers who have generally received more than 50% of all BCD loans. Long-term loans to agricultural entrepreneurs ceased completely after 1967, as well as medium- and long-term loans for the marketing of agricultural products.

The Cameroon Development Bank (BCD) is the major instrument presently in existence in Cameroon which has the potential for stimulating and promoting the establishment of small and medium-sized African industrial enterprises. However, because of its historic antecedents, and the resulting concentration on activities previously carried out by the former Credit du Cameroun, the Cameroon Development Bank still fulfills the role of an agricultural, housing and consumers credit institution rather than that of an industrial development bank, within the generally accepted meaning of this term.

The Cameroon Development Bank could become more effective as a potential instrument for the promotion of private enterprises, if among its activities greater emphasis were placed on industrial investment operations. The capability of the Cameroon Development Bank for increasingly concentrating on such operations would be greatly strengthened if it were provided with the facilities for (a) exploring and identitying industrial investment opportunities (b) evaluating the economic and technical feasibility of projects presented to or of opportunities identified by the Bank (c) disseminating its findings to the public and assisting potential private industries in preparing project proposals.

The identification of industrial investment opportunities and their translation into concrete project proposals would provide the Cameroon Development Bank with a basis for evaluating the financial resources needed to carry out the Bank's industrial development objectives. In order to function as a development institution, as an institution for facilitating and promoting the establishment of small and medium-size industrial enterprises, the Cameroon Development Bank can establish an 'industrial development centre' as a separate department within the Bank to carry out the activities referred to above.

We began this section with an historical examination of the development and lending activities of the Cameroon Development Bank. We then proceeded to examine state intervention in the industrial sphere since 1960 showing among other things, the rapid growth of short-term BCD credits, especially after 1960, and its non-developmental nature. Cameroon's industrial performance, especially as concerns bank loans in the mid-1960s to the early 1970s, suggests that the performance of the manufacturing sector was less than satisfactory when assessed from the point of view of several benchmarks.

Firstly, the productivity of labour itself was generally low and the rate of capital formation was slow. Secondly, the bias attitude towards bank loans for industrial purposes meant that not only was the capacity utilization not maximized but also that the whole industrial sector was largely dependent on imports. We therefore conclude that because of the difficult internal and external circumstances prevailing at the time (such as the oil crisis of 1973), it was unlikely that rapid agro-industrial credit and investment would have occured had it not been promoted by government.

6.3 The National Investment Corporation (SNI)

One of the Institutions created by the Cameroon Government after independence was the Société Nationale d'Investissement (SNI) established by Decree N° 64/DF/48 of December 6, 1964. It was created with a view to ensuring proper economic management by mobilizing, marshalling and orienting national savings in order to promote investment operations of economic and social interest in the fields of industry, agriculture and commerce.

SNI functions as a limited liability company whose initial capital was set at 250 000 000 CFA francs provided entirely by the state alone. Its resources were derived from: (1) its capital; (2) proceeds from the issue of equipment bonds; (3) its reserves; (4) any endowments, subsidies, donations and legacies made over to it to further its development; (5) any advances and loans which may be granted to it; (6) the public issue of compulsory loans; and (7) rediscount facilities granted to it by the bank of issue and any other public issues with which the state may entrust it.

When SNI started operations in 1964, its resources were derived from two sources only, its capital and proceeds from the issue of equipment bonds. In June 1972, the capital of SNI was raised to one billion (1 000 000 000) CFA francs in order to enable it participate actively in companies and other profitable undertakings. In 1976, it was further raised to 2 362 000 000 CFA francs.

SNI has rights of pre-emption over shares freely offered for sale by its partners or any company in which SNI participates. It can at any moment reassign or retrocede all or part of its shares it holds. These rights are specifically mentioned in the statutes or articles of association of any company in which the SNI holds shares.

Between 1965 and 1980 SNI was participating in the operations of 86 companies amounting to 24 402 587 576 CFA francs, that is approximately 25% (see Table 6.V). Of the companies that SNI participated in, 18 were in the primary sector, 26 in the secondary sector and 18 in the tertiary sector. There has been a tendency for SNI to finance undertakings in the import substitution category. The percentage of SNI participation varies from company to company and is often as high as 90% in some undertakings. As of June 30, 1984 the SNI held more than 50% equity shares in more than ten companies (see table 6.VI).

SNI also holds 39% of the shares in CELLUCAM, 38% in SONARA, 15% in ALUCAM, 26.38% in CICAM, 8.82% in SODECOTON and a negligible 00.01% in SONEL.[3] Fifty one of the companies SNI participated in were in the import substitution business. The SNI also granted loans to companies in which it held shares to the tune of 9 808 million CFA Francs as at 30, June 1978.

Table 6.V: SNI Participation in Companies 1865-1980.

YEAR	Number of Companies	Capital	SNI Participation	%
1965	11	1 776 000 000	362 500 000	20.3
1966-8	22	4 546 000 000	1 253 900 000	27.5
1970	29	N.A.	1 876 870 000	?
1971	N.A.	N.A.	2 500 000 000	?
1972	37	13 500 532 000	3 324 000 000	24.5
1973	?	N.A.	N.A.	?
1974	48	25 677 880 000	6 553 614 000	25.44
1975	58	31 550 000 000	9 989 997 691	31
1976	64	37 766 000 000	10 733 471 091	29.19
1977	72	50 220 000 000	14 219 985 991	28.31
1978	79	61 363 689 000	17 775 139 275	28.96
1979	83	70 080 134 000	22 080 146 991	31.5
1980	86	101 186 000 000	24 402 587 576	25

Source: Compiled from Annual Reports of the National Council of Credit, 1965-1980.

N.A. = Not Available

Table 6.VI: Companies with majority SNI participation (as at 30/6/78)

COMPANY	CAPITAL	SNI PARTICI-PATION	%
Société Camerounaise de Conserverie (SO.CAM.CO)	120 000 000	120 000 000	100
L'Equatoriale Electronique (l'E.E.)	150 000 000	138 000 000	92.20
Sté des Grands Hotels du Cameroun (S.G.H.O.)	962 720 000	861 650 000	86.96
Western Cornmill (WESTCORN)	250 000 000	210 000 000	84
Société Camerounaise de Publication (S.C.P.)	30 000 000	24 980 000	83.26
Sté des Ateliers Graphiques du Cameroun (A.GRA.CAM)	218 000 000	176 820 000	81.11
Sanaga Rice Corporation SARICECO	10 000 000	8 000 000	80
Lagdo Agribusiness (AGRILAGDO)	60 000 000	45 000 000	75
Sté Camerounaise de Cacao (SOCACAO)	1 000 000	784 800	78.48
Cameroon Bank (CAMBANK)	305 000 000	215 000 000	70.49
Société Camerounaise de Tabac (S.C.T.)	500 000 000	1 100 254 234	66.66
Sté les Argiles Industrielles du Cameroun (l'A.I.C.)	168 000 000	106 830 000	63.58
Cameroun Publi-Expansion	40 000 000	25 200 000	63
Crevettes du Cameroun	490 000 000	292 906 276	59.77
Sté des Transports Urbains du Cameroun (SOTUC)	270 000 000	148 050 000	54.80

Source: Conseil National du Credit, Dixième Rapport, 1977-78, pp. 11-113.

Except for the National Electricity Corporation (SONEL), the SNI has sought to invest in most undertakings of national or strategic interest and those which have a high potential for profitability. In the course of 1980, some of the companies in which SNI participated liquidated, the most serious liquidation being that of the Bonaberi fertilizer complex, SOCAME; for which SNI held 20% of the shares.

What stands out about SNI is its recent orientation of industrialization. The main objectives of industrial policy pursued by SNI is through an import substitution strategy which has resulted in a rapid growth and a diversified industrial structure. In the mid-1960s heavy industry was reserved for the public sector (government) and since then SNI direct investment has increased from participation in 11 companies in 1965 to well over 90 in the 1980 (see Table 6.5).

An active policy of direct state participation in industry has been pursued through SNI which spans from oil production, cement, building materials, fertilizers and agro-industries. Taken together with other indirect forms of investments through development banks (e.g. BCD), there is no doubt that public investment in industry has been growing faster than private investment.

In the agricultural sector, SNI has contributed tremendously to the development of the rural sector. In other to meet with and comply with Cameroon's development goals, it was necessary for SNI to meet at least its fundamental objectives - balanced development of the regions and self-reliant development. To achieve these the following measures had to be undertaken, among others, with complementary action of the government.

At the level of each of its companies SNI

- makes technical, financial diagnostic study of each undertaking to appreciate its impact on the society;
- reinforces and controls the administration, accounting statistical data related to agricultural credit;
- accords particular attention to the reduction of charges and general fees;
- assures that provisions are made in companies in which SNI has shares that technical personnel are trained and assures the profitable running of these undertakings whether in agricultural or industrial production.

In sum, SNI has been one financial institution that has guaranteed the fast development of Cameroon. The industrial value-added to production has been positive, the creation of numerous employment and institutions has produced in the rural areas veritable poles of development. Towns such as Mbandjock would not be in existence today if it were not for enterprises like SOSUCAM with SNI backing and financing.

6.4. The National Credit Council (NCC)

The National Credit Council is an advisory body set up in order to orientate credit policy and ensure the regulation of banking activities. The Council is consulted for advice on banking conditions, ways of financing plans which involve appeals for credit, the determination of the minimum capital of banks, the establishment of the ratio between the funds of banks and all their commitments, the opening and closure of bank offices and their mergers and the appointment of a liquidator.

Public bodies and private concerns and the Bank of Central African States (BEAC) provide the Council with statistical data to enable it determine trends in: (1) bank deposits and uses; (2) rediscount facilities granted to banks; (3) bank risks inventoried and classified according to economic activity, and (4) movements and transfers of funds to and from foreign countries. Other banks also send declarations on payments incidents to the council.

The Council's resources are derived from a variety of sources including subscriptions from banks and finance companies of a banking industrial, commercial, or other nature, which invite demand of fixed deposits of indeterminate duration from the public with a view to carrying out financial transactions. The Council also receives subscriptions from BEAC, the National Post Office Savings Bank and other state bodies responsible for taking holdings or for development credit, for example SNI, BCD, FONADER, etc.

The Council meets twice every year and makes recommendations concerning the capital of banking establishments, the liquidity coefficients of banks, deposits, rates of interest and the opening of new bank branches. According to Decree N° 62/DF/90 of March 4, 1962, the minimum capital for banks was fixed at 100 000 000 CFA francs depending on the nature of the establishment and its structural organization, for example, banks established as limited liability companies. For other banks, the minimum capital was fixed at 25 000 000 CFA francs. In the case of banks with only one or two permanent offices, the minimum capital was halved. In 1965, the minimum capital of banks was raised to 300 000 000 CFA francs for banks established as limited liability companies and 75 000 000 francs CFA for other banks.[4]

On July 1, 1966, the Council decided to fix the minimum amount for deposit accounts at 25 000 CFA francs and the maximum at 1 500 000 francs with an interest rate of 3.25%. The Council's decision of 1967 (Decision No. 6/67 of July 6, 1967) fixed the minimum liquidity coefficient at 70%.[5] By decision N° 4/70 of October 29, 1970, the ceiling on deposits was removed and the rate of interest also raised to 3.5%.[6]

During the course of 1974/75, the Council authorized three banks (SCB, BIAO and SGBC) to open branches in different parts of the country as follows:

S.C.B.	B.I.A.O.	S.G.B.C.
Bamenda	Abong-Mbang	Garoua
Garoua	Ambam	Mvog-Mbi (Yaounde)
Kousseri	Bamenda	Congo Quarter (dla)
Kumba	Foumban	
Edea	meiganga	
Kribi	Victoria	

As we observed earlier, the National Credit Council is an advisory or consultative body and unlike the SNI, BCD or FONADER, does not grant loans. It only regulates the activities of banking institutions and autorizes the opening of new banks or new branch offices. To the extent that it regulates credit activities of banks and other financial institutions, it has therefore been considered a credit institution.

6.5 The National Fund for Rural Development (FONADER)

The National Fund for Rural Development is a public establishment which was set up by Ordinance N° 73/24 of May 9, 1973 and organized by Decree N° 73/496 of August 28, 1973. It was reorganized by Law N° 77/05 of July 13, 1977 which made it a financing and credit establishment. As defined by the Decree setting it up, the National Fund for Rural Development is expected to contribute to rural development particularly through agricultural credit.

Its objectives are defined as follows: the distribution of agricultural credits; the financial management of specific funds placed at its disposal by the state or domestic and foreign financing bodies; the grant, if need be, of guarantees to loans accorded by commercial banks to certain intervention bodies in rural areas, the provision, with the Cameroon Development Bank and commercial banks, of joint financing for rural development.

There are three principal activities of FONADER, namely, the granting of agricultural credits, the fight against cocoa and coffee disease (technical activities) and the granting of assistance for the purchase of fertilizer, financing of village water projects and the creation of a Special Fund for Rural Action (FSAR). Since the creation of FONADER, aid and subventions have tended to consume the greatest share of the institution's budget. However, agricultural credits have also experienced a consistent rise even during years of stagnation (see Table 6.VII).

Table 6.VII: FONADER Budget and the Share of Agricultural Credits (1973-80) (in Million Francs CFA)

YEAR	BUDGET	AGRICULTURAL CREDITS	PERCENTAGE
1973/74	2 487	250	10
1974/75	3 870	910	23.5
1975/76	4 661	1 289	27.5
1976/77	6 037	1 819	30
1977/78	9 218	2 401	26
1978/79	11 530	2 468	21.4
1979/80	11 460	2 796	23.9

Source: Compiled from FONADER, Rapport d'Activités, Yaoundé, 1973/74-1979/80.

Other subheads-personnel, equipment and subventions - take up the rest of the budget of the institution. The most important beneficiaries of the FONADER loans granted during the 1976/77 year were the North (481 million francs), Centre-South (451 million francs) and the Littoral Province (398 million francs). See Table 6.VIII.

We remarked above that the greatest share of FONADER's budget is spent on subventions and aid especially the fight against crop diseases. Every year, huge sums are spent on cocoa and coffee protection programmes - phytosanitary campaigns, regeneration of old plantations, development of new plantations, the development of seedlings, etc. For example during the 1978/79 season, FONADER spent 75.9% of its resources on aid and intervention and 76.6% during the 1979/80 season. In monetary terms, this amounted to 8.752 and 11.082 million francs respectively.[7]

FONADER generally spends less than 10% on administration and equipment as statistics from Table 6.IX can reveal. During the 1978/79, it spent 542 million francs on administration and 186 on equipment and 803 and 221 million francs respectively for the 1979/80 season. After 1980, FONADER has moved towards decentralizing its services with the hope of reaching the rural population and peasant farmers.

6.6 CONCLUSION

The banking and financial institutions that have been discussed above do not represent an exhaustive list of such public institutions existing in Cameroon. There exists the Credit Foncier and the Fond d'Aide et de Garantie des Crédits aux Petites et Moyennes Entreprises (FOGAPE),[8] both of which are credit institutions. The former is responsible for granting housing loans to civil servants and the latter for guaranteeing loans and giving financial assistance to small- and medium-size undertakings.

The successful management of Cameroon's banking and financial institutions depends to a very large extent on the expertise and competence of its officials and the contribution in personnel of its corporate and foreign shareholders and aid donners. FONADER's resources for example, come from the state, subventions from the National Produce Marketing Board, the Caisse Centrale de Coopération Economique (CCCE) and the International Bank for Reconstruction and Development (IBRD).

Table 6.VIII: Distribution of FONADER Credit by Province and Category of Borrowers 1976/77

CATEGORIES	PROVINCES							
	CENTRE & SOUTH	NORTH	LITTORAL	EAST	WEST	NORTH WEST	SOUTH WEST	TOTAL
Individual Applications	218	56	42	19	22	32	5	394
CREDIT	380 262 000	140 809 000	82 017 556	39 501 000	36 499 000	24 125 000	8 050 000	111 263 5
Gam Applications	81	401	119	6	4	-	-	612
CREDIT	71 467 373	197 235 095	90 684 940	7 521 500	3 372 550	-	-	370 281 1
Cooperative Applications	-	-	7	2	3	-	2	14
CREDIT	-	-	134 432 000	5 354 890	91 838 000	-	60 000 000	291 624 8
Structure Applications	-	1	2	1	2	-	1	7
CREDIT	-	143 000 000	91 600 000	100 000 000	55 046 500	-	57 000 000	446 646 5
TOTAL Applications	299	458	170	28	31	32	8	1 026
CREDITS ACCORDED	451 729 383	481 044 095	398 734 196	151 377 390	181 758 050	24 125 000	125 050 000	1 819 816 1

Source: Compiled from Rapport d'Activités 1976/1977

Table 6.IX: Sectorial Distribution of FONADER Budget 1977/78-1980

YEAR	BUDGET	SUBVENTION & AID	AGRICULTURAL CREDITS	EQUIPMENT	ADMINISTRATION
1977/78	9 218 000 000	6 216 600 000	2 401 000 000	n.a.	n.a.
1978/79	11 530 000 000	8 752 000 000	2 468 000 000	186 000 000	542 000 000
1979/80	14 460 000 000	11 082 000 000	2 796 000 000	221 000 000	803 000 000

Source: Complied from Rapport d'Activités, FONADER

The different shareholders and aid donors always have a strong interest in seeing to it that the institutions are properly managed. This applies to the Cameroon Development Bank (BCD) as well, whose shareholders include CCCE. So far, none of the above financial institutions has been threatened with serious deficits or bankruptcies. Since they are government institutions supported by large amounts of subventions from the state and other para-public corporations, deficits are often their best kept secrets.

FOOTNOTES

1. Banque Camerounaise de Developpement, Bulletin de l'Information, Yaounde, 1966, pp. 21-24.

2. BCD, Rapport d'Activité, 1980-1982, Vol. 7, p. 17.

3. Conseil National du Credit, Dixième Rapport, 1977/78, p. 112.

4. See Decree No. 65/DF/472 of October 27, 1965.

5. Conseil National du Credit, Quartrième Rapport, 1966-68, p. 49d.

6. Conseil National du Credit, Cinquième Rapport, 1970-72, pp. 81-82.

7. See Bulletin de l'Afrique Noire, No. 1035 (February 6, 1980), p. 20 000.

8. The activities of FOGAPE will be discussed in the chapter on the promotion of small- and medium-size enterprises.

CHAPTER SEVEN

AGRICULTURE, FOOD AND EXPORT CROP PROMOTION

7.1 Introduction

Up to 1980, Cameroon depended heavily on its agricultural sector for foreign exchange earnings. About 80% of the population survived on agriculture and lived in the rural areas. In the early 1960s agriculture was dominated by the cultivation of cash crops but since the launching of the "Green Revolution", the cultivation of food crops in order to ensure food self-sufficiency also became an important national priority. Consequently, efforts were made by the government to encourage the cultivation of cash and food crops and the improvement in quantity and quality.

In addition to the existence of numerous but less efficient farmers' cooperatives, the government decided to create many institutions to oversee the functioning of the agricultural sector. The government created SEMRY, for the cultivation of rice in Yagoua; SODECOTON for the development of cotton production, SODECAO, for improvement in cocoa production; MIDEVIV, for food-stuff production; SODERIM, for rice development in the Mbo Plain; and FONADER, the farmers' bank. These institutions came to add to the already existing Cameroon Development Corporation (CDC) in existence in the South West Province since the end of World War II and which is concerned primarily with the cultivation of cash crops such as rubber, tea, palm oil and bananas for export.

Priority was given to agriculture under the Peasant Plan in 1963. By 1973, Cameroon had already embarked on a "Green Revolution" which guaranteed herself sufficiency in foodstuffs as well as an exceptional growth in agricultural exports. But growth in the realm of agriculture can be attributed largely to the efforts of private individuals (who are small-scaled rather than plantational or industrial) and mostly small subsistence oriented farmers. However, the government has allied herself with the poor and acts as a catalyst in this self-reliant development approach. Policies have been implemented that do not penalize small-holder farmers, such as a production policy who gives greater consideration to domestic demand.

However, the importance of agriculture is not limited to a policy that guarantees only food self-sufficiency. Although agriculture occupies approximately 80% of the population, it contributes 40% of the GDP, assures 70% of the foreign exchange and furnishes a great part of the primary products needed in the country's industries.[1] Since 1976, the rise in cocoa and coffee prices and the increase in exports have given a boost to the rest of the economy. The increased foreign exchange derived from exports has made it easier to obtain foreign loans, as well as less dependent on foreign bilateral and multilateral development assistance.[2]

The overall growth of the economy and in particular the impressive growth of the agricultural sector is encouraging the expansion of domestic production to replace some imported essential goods. Firstly, the government pursued a financial and monetary policy geared towards the mobilization of domestic savings. With such available savings and self-sufficienty in food, the government has been able to set up development missions (MIDEVIV, WADA, ZAPI, MIDENO, High Plateau of the North and so on) and agro-industrial complexes to produce basic goods (sugar, palm oil, rubber, coffee, tea, cocoa and tobacco) which are solving not only the unemployment problem but also improving the standard of living of the traditional peasant sectors.

In this chapter, we will be studying four of these institutions - MIDEVIV and SEMRY for the promotion of food crop cultivation and SODECOTON and the CDC as institutions promoting the cultivation of cash or export crops. The two are considered here as manifesting the government's concern in promoting the expansion of food and cash crop cultivation.

7.2 Food Development Authority (MIDEVIV)

MIDEVIV was created in 1973 by Presidential Decree N° 73/584 of September 26, 1973. The Mission was charged with the responsibility for solving the food problem in Cameroon by ensuring that the supply of food stuffs keeps pace with demand and that the distribution is done in such a way that urban centres are provided with food under the most optimum conditions. The Mission was authorized to undertake studies relating to food problems, the growing of food crops, distribution and commercialization.

It was also stipulated that MIDEVIV should be consulted for all programmes of development relating to foodstuffs, gardening and the production of fruits and vegetables. Part of the Mission's responsability is to develop a "Green Belt" around urban centres for the purpose of producing food for the urban population.

The resources of MIDEVIV come from four principal sources:

(a) subventions from the state and para-public corporations;
(b) technical assistance in the form of personnel from home or broad
(c) assistance or cessions in nature for example, farm or building land and building placed at the disposal of the Mission; and
(d) proper resources made up of receipts from production, sale, and different prestations or banks.

Table 7.1 below gives the evolution of MIDEVIV's resources since its creation in 1973 up to 1981.

Table 7.1: Evolution of MIDEVIV's Resources from Subventions (1973-1981) (in Million CFA francs)

ORIGIN	73/74	74/75	75/76	76/77	77/78	78/79	79/80	80/81	TOTALS
STATE GRANT	50	127.9	100	115.031	124.5	263	258	398	1 436 431 (59.5%)
NPMB (OCNPB)	-	-	120	100	160	120	150	95	745 (30.9%)
FONADER	-	-	2	35.056	44	50	50	50	231.056 (9.6%)
TOTALS	50	127.9	222	250.087	328.5	433	458	543	2 412 487 (100%)

Source: MIDEVIV, Bilan des Activités de 1973 à 1981, p. 15.

We can observe from Table 7.1 that more than 90% of MIDEVIV's funds come from subventions by the state and the National Produce Marketing Board. Most of MIDEVIV's farmland, buildings and property are located in two provinces of the country, namely, the Centre-South and the Northern provinces. The locations of these activities and property is as follows:

Location of MIDEVIV's Lands, Buildings and Property

1. YAOUNDE (C.S)	- Nlongkak Food Store
	- Mokolo Market plot for a Store ($750m^2$)
2. MBANKOMO (C.S)	- Zouatoupsi plantation (7 ha) and intermediate housing
3. NTUI (C.S)	- Farmland (1500 hectares)
4. MBALMAYO (C.S)	- Building plot for a food store ($100m^2$)
5. NGAOUNDERE (North)	- Wakwa Orchard (27 hectares) of irrigated farmland
	- One (1) building
6. GAROUA (North)	- Garoua Orchard (2 hectares with a well)
	- Sanguéré farmland (350 hectares)
	- Building plot for a food store ($1000m^2$)
7. GUETALE (North)	- Farmland (150 ha), Service buildings and Office
8. DOUKOULA (North)	- Farmland (70 hectares)

Many of the activities of MIDEVIV were concentrated in the Northern Province where the Mission had more than 500 hectares of farmland under cultivation or experimentation. In second place was the Centre-South Provinces with a total of 250 hectares devoted to the cultivation of plantains, bananas and other food crops (see table 7.II).
The rest of the other Provinces had less than 100 hectares of MIDEVIV's projects. This was because the Centre-South and the Northern Provinces were the two regions facing food problems. This explains why the North and Centre-South alone had 849 ha out of a total of 910.5, that is, 93.2%.

MIDEVIV's investments were distributed as follows: development and improvement of agricultural land, 26%; building and furniture, 8%; purchase of transport vehicles, 29%; purchase of agricultural equipment, 30%; and miscellaneous expenditures including office equipment, 7%. Between 1973 and 1984 MIDEVIV invested a total of 2 578 403 000 CFA Francs.

Considering the expenses of exploitation, revenues did not attain satisfactory levels as is evident from Table 7.III.

MIDEVIV opened cooperative stores in Nlongkak (Yaoundé), Garoua, Mbalmayo and Mbandjock. Only the Garoua store succeeded because millet and sorgho which it stocked are not perishable, unlike food crops and vegetables in the forest areas. In confirmity with MIDEVIV's attributions, the Mission also undertook studies in collaboration with the Ministry of Agriculture and the Food and Agricultural Organization (FAO).

Table 7.II: MIDEVIV's Production Activities in the Provinces

PROVINCE	LOCALITY	AREA (Ha)	ACTIVITY/COVATION
CENTRE-SOUTH	Mbankomo (Mefou)	100	Banana/Plantain cultivation
	Ntui	150	Savana cultivation
NORTH	Garoua (Bénoué)	2	Fruit nursery
	Sanguéré (Bénoué)	350	Sowing Project
	Guétalé (Margui-Wandala)	150	Sowing Project
	Doukoula (Mayo-Danai)	70	Sowing Project
	Wakwa (Adamawoua)	27	Orchard
EAST	Bertoua	250	Savana Cultivation
NORTH WEST	Bamenda (Mezam)	5	Plantain Cultivation
	Wum (Mentchum)	13	Savana Cultivation
WEST	Route du Noun	2.5	Plantain/Fruit Cultivation
LITTORAL	Douala	3	Plantain/Pineapple cultivation
SOUTH WEST	Buea	17.5	Plantain/Yam Cultivation

Source: MIDEVIV, Bilan des Activités de 1979 à 1981, p. 14.

Table 7.III: Evolution of MIDEVIV's Investments and Revenue 1973-81.

YEAR	INVESTMENT (F/CFA)	REVENUE (F/CFA)
1973/74	16 670 000	264 000
1974/75	50 335 000	11 646 000
1975/76	36 569 000	13 083 000
1976/77	116 865 000	31 638 000
1977/78	112 759 000	32 591 000
1978/79	122 987 000	52 785 000
1979/80	69 916 000	66 801 000
1980/81	109 135 000	69 822 000
TOTAL	635 236 000	278 630 000

Source: MIDEVIV, Bilan des Activités de 1973 à 1981, pp. 8-10.

These studies involved the Lekié-Mbam project, the production and marketing of onions in Cameroon, the supply of food stuff to Edea and the extension of pineapple cultivation to Ntui. A good number of people were also trained in different countries in different specialties of food production. In all, 12 people were trained in food production - 3 in Ibadan, 4 in the U.S., 1 in Great Britain, 2 in France and 2 in Yaounde.

It has been estimated that MIDEVIV is not a financially viable undertaking and it has been suggested that its role should be limited to that of working in collaboration with regional development institutions and the provision of technical assistance. It has also been suggested that it should become specialized in the production of seedlings in order to meet up with the agricultural policy of the new Five Year Development Plan.[3]

MIDEVIV has faced strong competition from food growers who prefer to sell their crops in the open market rather than sell to MIDEVIV. Some of MIDEVIV's problems have been due to the evident lack of organization of the foodstuff market in the Centre and South Provinces where public authorities do not seem to want to discourage speculators who come in from neighbouring countries with a bigger purchasing power.

7.3. Rice Modernization and Expansion Company of Yagoua (S.E.M.R.Y.)

SEMRY originated in 1954 under the name of Sous-secteur Experimental de Modernisation de la Riziculture de Yagoua (SEMRY) operating as a section of the Experimental Sector of the rural Modernization of North Cameroon (SEMNORD) which was also created in 1954. Because of weather problems, SEMRY's progress was slow and in 1971 it had to be restructured. It was decided to modernize it by starting on a programme of irrigated rice cultivation.[4] Accordingly, a Presidential Decree of February 24, 1971 created La Société d'Expansion et de Modernisation de la Riziculture de Yagoua, so that it was able to retain its former acronym of SEMRY.

SEMRY is a para-statal corporation under the Ministries of Plan and Agriculture. The board of directors is presided over by the governor of the North and the prefect of Mayo-Danai, comprising two representatives of the two Ministries and two representatives of the rice growers. Its capital is subscribed by the state (BCD and the Caisse de Stabilisation du Cacao et du Café Robusta). It was envisaged that the rice growers or farmers would acquire shares in the corporation after a period of five years.[5]

The Decree setting up SEMRY gives the corporation exclusive responsibility over irrigated rice growing along the Logone River, including buildings and plants. The corporation guarantees the rice farmers the rights of usufruct on their plots on condition that they sell their paddy to SEMRY.

The corporation is expected to undertake the following:

a) development, maintenance and ploughing of rice farms;
b) provide peasants with seedlings, fertilizers and insecticides;
c) provide water for irrigation services;
d) commercialisation - purchase of paddy and sale of processed rice
e) controlled credit/ assistance - tools necessary for rice cultivation are provided to farmers in kind to be reimbursed during the harvest season.

The cost of mechanical ploughing is very high, both for the peasant and for SEMRY but so far it appears to be the only successful way of keeping peasants on the project. There are three SEMRY Projects:

1) SEMRY I at Yagoua with an area of 5 300 hectares,
2) SEMRY II at Maga with an area of 55 000 hectares, and
3) SEMRY III at Kousseri with an area of 600 hectares.

There are therefore a total of 60 900 hectares of SEMRY operations.

All the paddy is bought by SEMRY and transported in lorries to Yagoua where the rice is processed in the factory. There are two store houses of a capacity of 2 000 tonnes each and shelling factory expected to treat 6 000 tonnes of paddy a year. After treatment, the rice is separated into two grades - "luxury" or full-grain and merchant or trade rice which is made up of 25% of broken grain. 100kg of paddy is expected to produce 60kg of "luxury" and trade rice, 8 to 10 kg of broken grains and 7 to 9kg of flour.[6]

In 1973, the principal customers for SEMRY rice were C.C.H.A. Garoua, N.A.A.S.Z. Maroua, C.F.A.O. Yaounde, Brasseries du Cameroun, Minister Jean Akassou Prefecture de Yagoua and Lycée de Garoua.[7]

Since the introduction of rice cultivation there was constant progress upto 1967 when the area under cultivation reached 6 800 hectares and production stood at 7 800 tonnes. After this period, production not only fell but became very irregular and by 1972 production was only 2 000 tonnes. The area under cultivation fell but was never below 5 000 hectares because farmers managed to persevere during difficult times.

SEMRY has suffered chronic deficits because of low yield per hectare - 880 kg per hectare as of 1977. One of the principal causes of low yield was irregularity and the very low prices offered cultivators even though production costs are very high. When SEMRY was restructured in 1971 it was aimed at increasing rice production in the Yagoua zone to 10 000 tonnes by the year 1980, that is, covering one-quarter of national needs and permitting some exports to foreign neighbours. After 1978, the area under cultivation and the number of rice-growers fell.

In 1977, there were 11 000 rice farmers cultivating a total of 5 300 hectares, but in 1979, the number of rice farmers had dropped sharply to 7 400 and the area under cultivation down to 3 400 hectares. During the 1980 year, 1 124 hectares of rice were cultivated during the dry season and only 2 944 hectares in the rainy season.[8]

7.4 Cameroon Development Corporation

The Cameroon Development Corporation was incorporated in January 1947 under the auspices of the Commonwealth Development Corporation (COMDEV). In 1973 the Cameroon Development Corporation was reorganized by Decree N° 73/597 of September 28, 1973. Its purpose is to acquire, develop and operate extensive plantations of tropical crops. In 1967 it launched a Seven Year Development Programme with loans and credits from IDA/IBRD and FED.

By 1974 when the seven year plan was completed, 31 231 hectares had been planted with different export crops. IDA credit to the Government of Cameroon is invested in the corporation in ordinary shares of 1 000 francs each. The principal shareholders are the Cameroon Government and the National Produce Marketing Organization. During the 1977/78 year a second Development Programme (CAMDEV II) was started, financed jointly by loans granted through the Cameroon Government by IBRD, COMDEV and CCCE and the corporation's self-generated funds.

The CDC cultivates five principal crops - bananas, palm oil, rubber, tea and pepper. The CDC has a modern palm oil mill complex at Mondoni, rubber factories at Tiko, Meanja, Mukonje and a tea factory at Tole. Rubber, palm oil and bananas are grown on a very extensive scale by the CDC which has plantations spread over the South West Province in Mondoni, Misellele, Idenaau, Meanja, Tombel, Mbonge, etc. Tea is grown in Tole and Ndu estates. Most of these crops are exported, mostly the the EEC countries and the rest of Europe.

Until the advent of the United Republic in 1972, the CDC was the backbone of the economy of West Cameroon. Most of the statistics available for the CDC data from the 1973/74 year and agricultural production statistics between 1973 and 1983 show that the different crops experienced fluctuating periods of prosperity (see Table 7.IV).

Inspite of the fact that CDC's share capital and acreage under cultivation have risen uninterruptedly since 1973, there has been a tendency for the profit margins to fall (see Table 7.V). This happened despite the fact that yearly crop sales rose constantly during the same period. The progressive yearly sales were accounted for by the increased total land area under cultivation and increased management efficiency inspite of poor weather conditions that were characterised by exceptional heavy rains followed by a prolonged drought which seriously affected the products.

Despite this progressive total yield, different crops have experienced yearly ups and downs for one reason or the other. Only tea enjoyed a more or less constant progression in yearly sales through it suffered decline between 1981/82 and 1982/83 (see Table 7.VI).

The CDC is also one of the largest employers in the country after the government. As at JUne 30, 1980 the CDC employed approximately 20 000 people of all categories. Of this total, less than 300 were in the intermediate and senior service grades (see Table 7.VII). There were therefore more than 95% of CDC employees who belonged to general manual labour.

By June 1980, a tea project was under establishment at Djuttitsa near Dschang in the Western Province with credit and loan funds made available through the Cameroon Government by FED, COMDEV and CCCE, and subscription to the corportation's share capital by the National Produce Marketing Board. The corporation increased its total area under cultivation from 34 578 hectares in 1979 to 35 958 hectares (4% in 1980)[9]. Palm oil registered an excess of 14.2% in contrast to the 23% deficit in the previous year. Apart from rubber which also recorded an increase of 4.4%, there was a marginal drop in the production of other crops - tea (3.2%), bananas (5.2%) and pepper (2.8%)[10]

On the whole before the discovery of oil in West Cameroon in the late 1970s, the Cameroon Development Corporation was the most important catalyst in the economic development of that Federated State. CDC employed the largest number of people, even more than the then West Cameroon Government and also provided important social amenities such as schools and hospitals. CDC's role has continued to expand ever since with the establishment of new estates in the francophone sector of the country - Penda Mboko, Kompina and Dschang. CDC has twenty one estates in all, ten of which are rubber estates. There are seven palm estates, the largest of which is Mondoni.

Table 7.IV: Agricultural Production 1973-83 (Including Small Holders)

CROPS	73/74	74/75	75/76	76/77	77/78	78/79	79/80	80/81	81/82	82/83
BANANAS	14.271	11.393	11.356	12.444	8.921	14.718.0	13.955	13.899.0	13.518.0	11.651.0
PALM OIL	18.801	19.235	22.125	22.527	25.004	19.171.1	21.845.7	23.859.5	22.501.0	21.185.6
PALM KENNEL	4.825	4.117	4.395	3.644	3.624	2.863.2	3.331.2	3.309.8	2.543.0	3.605.3
RUBBER	10.567	9.778	10.421	12.097	11.740	11.615.0	12.124.9	12.836.3	12.415.6	11.751.0
TEA	872	935	975	1.003	1.710	2.015.0	1.950.3	1.882.0	2.130.7	1.801.1
PEPPER	64	66	48	48	57	60.0	58.3	62.4	64.4	51.4
AVOCADO	-	-	-	-	7	6.5	4.5	-	-	-

Source: Compiled from CDC Annual Reports, 1973/74-1982/83.

Table 7.V: Evolution of CDC Share Capital, Area Under Cultivation and Profits: 1973 - 1983

YEAR	SHARE CAPITAL (Francs CFA)	AREA UNDER CULTIVATION (Hectares)	CROP TRADING PROFIT	NET OVERAL OPERATING PROFIT
1973/74	4 124 806 000	31.231	1 861 100 000	1 325 400 000
1974/75	4 124 806 000	30.893	1 517 600 000	1 062 400 000
1975/76	N.A.	N.A.	1 339 900 000	738 400 000
1976/77	4 124 806 000	32.036	1 988 900 000	1 205 600 000
1977/78	4 124 806 000	32 755	2 862 900 000	1 636 000 000
1978/79	4 626 806 000	34.578	2 786 000 000	1 175 200 000
1979/80	4 624 806 000	35 958	3 008 400 000	1 059 400 000
1980/81	4 624 806 000	36 942	2 760 700 000	421 600 000
1981/82	6 624 806 000	37 668	2 160 700 000	354 700 000
1982/83	10 132 552 000	38.168	1 303 500 000	810 00 000

Source: Compiled from CDC Annual Reports, 1973/75-1982/83.

Table 7.VII: Evolution of CDC Personnel 1972-1980 (Annual and Seasonal Labour Excluded)

PERSONNEL	1972	1973	1974	1975	1976	1977	1978	1979	1980
SENIOR STAFF	176	156	130	133	73	78	87	93	107
INTERMEDIATE STAFF	95	89	78	66	162	178	179	186	187
CATEGORY IV-VII*	1000	851	603	592					
CATEGORY I-III	12 079	11 060	10 392	9 742	10 267	12 733	13 792	16 774	19 341
TOTAL	13 350	12 079	11 203	10 533	10 502	12 989	14 058	17 053	19 636

Source: Compiled from CDC Annual Reports, 1972-1980

* Note: Beginning from 1976, categories I-III and IV-VII were merged to become hourly paid workers.

Table 7.VI: CDC Yearly Sales: 1973-1983 (In Million Francs CFA)

CROPS	73/74	74/75	75/76	76/77	77/78	78/79	79/80	80/81	81/82	82/83
BANANAS	470.2	535	592.1	586	481.0	816.6	798.9	880.7	1.020.6	865.5
PALM PRODUCTS	2.194.3	2.245.5	2.084.3	2.382.3	3.178.1	2.773.3	2.929.4	3.125.0	3.091.4	3.320.6
RUBBER	1.177.7	1.092.3	1.388.6	2.136.1	2.191.4	2.500.4	3.436.5	3.392.6	3.046.9	2.884.2
TEA	301.7	346.1	343.9	356.4	1.113.1	1.200.6	1.198.5	1.288.6	1.702.6	1.421.5
PEPPER	16.8	22.5	14.2	21.7	22.9	14.2	25.2	33.2	40.0	15.8
TOTAL	4.160.7	4.241.4	4.423.1	4.482.4	6.986.5	7.305.1	8.383.5	8.720.1	8.901.9	8.507.6

Source: CDC Annual Reports 1973/75 - 1982/83

At the end of 1980, CDC was making preinvestment studies for CAMDEV III (i.e. Third Development Programme). These studies were carried out by the Land Resources Development Centre (LRDC) of the British Overseas Ministry (ODM) on the north western foot of the Cameroon mountain. The studies identified 17 200 hectares of land suitable for the cultivation of oil palms. Six tea trial plots were also established in Nkambe, one of the areas for potential tea development. There were also projections to establish similar trials in Santa as well as set up an Agro-meteorological station here. Staff training and recruitment at all levels was intensified in order to meet with development needs.

7.5 Cotton Development Corporation (SODECOTON)

The Cotton Development Corporation (SODECOTON) is based in the North were much of the nation's cotton is grown. SODECOTON has been in existence since the 1950s and by June 30, 1978 the corporation's capital stood at 1 360 million CFA francs. The cotton growing centres of the north are Yagoua, Kaele, Maroua, Mokolo, Mora, Guider, Garoua, Tchollire, Poli and Kousseri.

As of 1974 Maroua had 15 030 hectares of land under cultivation, followed by Guider, 11 006 hectares. The total combined area under cultivation in the northern province was 61 146 hectares with a total yield of 26 830 tonnes. Maroua remains the principal cotton growing centre of the North though area under cultivation has fallen constantly since the 1970/71 crop year (see Table 7.VIII).

During the 1969/70 year, there were 108 194 hectares of land under cultivation by cotton growers but dropped to 102 055 hectares during the 1970/71 year. The drop in the yield was even more drastic, from 91 334 tonnes to 38 390 a year later (see Table 7.VIII). Beginning from 1970/71, there was a steady decline in hectares under cultivation and in annual yields.

During the 1978/79 cotton year, Cameroon exported 16 904 tonnes of cotton through the Douala port worth an FOB value of 5 373 834 000 CFA francs. During the same period CICAM also received 5 150 tonnes of cotton for its factory.[11] SODECOTON also maintains two cotton oil factories, one in Kaela and the other in Maroua. The two factories process cotton seed oil for export and local consumption.

7.6 Conclusion

The cultivation of food and export crops in Cameroon has expanded continuously since independence. In the area of food production, Cameroon is presently more or less self-sufficient and a net exporter of food to its UDEAC neighbours. Cash crop cultivation, especially by small holders, has also expanded considerably, stimulated by price subsidies given by the government almost on an annual basis. In addition, the Ministry of Agriculture, through its extension services, has strongly encouraged farmers to breed better species of crops and animals and to adopt modern farming methods. The government has made considerable efforts to give concrete form to the principle of balanced development in a number of ways.

In recognizing the rural sector as carrying the bulk of the population (about 80%) as well as its ability to sustain agriculture, both peasant and commercial, adequate attention was given to this sector beginning with the Second and running through the Fifth Five Year Development Plans.[12] Priority was given under the Peasant Plan in 1963 - the Cameroonian "Year of the Peasant" by setting up development missions, credit facilities and agro-industrial complexes. Given the pressures on food consumption by a rapidly rising population, the need for greater food imports can be offset by greater agricultural production. "Green Belts" were set up which supplied basic food crops to meet increased urban demand.

Making the rural areas attractive to youths would stem the flow of unemployed school graduates from drifting into towns and cities. More productive rural employment will result in direct income distribution toward a more balanced and equalitarian set of rewards. Thus, agricultural estates, pioneer village development schemes and other rural integrated projects are being used to encourage the settlement of young people in rural areas.[13] In addition, the Fifth Plan envisages about 23% of total investment will be concentrated on the rural sector.[14]

Table 7.VIII: Comparative Table - Area Cultivated - Production and Yield

		1959/60	1960/61	1961/62	1962/63	1963/64	1964/65	1965/66
	S	4 865	4 415	5 265	6 395	7 467	8 038	10 643
YAGOUA	P	1 071	1 003	1 117	2 227	3 096	2 813	4 314
	Y	221	227	223	354	406	339	405
	S	11 350	12 822	13 593	12 275	11 423	13 215	16 225
KAELE	P	3 251	6 360	4 368	6 800	6 398	7 992	9 090
	Y	310	496	336	554	560	596	560
	S	18 426	16 877	20 717	23 094	23 746	26 643	27 159
MAROUA	P	7 708	9 040	9 969	16 062	17 188	13 894	19 418
	Y	418	595	481	696	724	564	716
	S	3 482	3 329	4 305	3 971	4 899	5 312	5 893
MOKOLO	P	2 047	2 768	2 040	3 090	3 811	3 894	5 238
	Y	588	831	474	778	811	733	880
	S	3 403	3 593	3 960	4 435	5 653	6 180	7 166
MORA	P	2 568	3 220	3 563	4 675	6 003	5 078	8 215
	Y	754	896	900	1 054	1 062	822	11 146
	S	4 388	5 429	6 218	6 746	6 840	7 567	6 858
GUIDER	P	2 382	3 331	2 330	4 491	4 800	5 057	5 891
	Y	442	613	375	666	702	668	680
	S	1 194	1 181	1 562	3 260	4 243	4 731	8 064
GAROUA	P	407	472	422	1 416	1 578	1 718	2 625
	Y	341	399	270	434	372	363	326
	S	7 000	7 131	7 680	7 250	8 079	8 932	7 857
TCHOLLIRE	P	1 237	2 008	1 008	2 617	2 751	3 620	2 714
	Y	177	281	131	316	340	405	345
	S	-	-	-	191	78	34	90
POLI	P	-	-	-	47	15	10	34
	Y	-	-	-	248	206	303	302
	S	194	69	-	69	-	-	-
FOUREAU	P	21	36	-	7	-	-	-
	Y	110	526	-	11 100	-	-	-
	S	55 302	54 846	63 412	67 686	72 277	78 922	97 755
TOTAL	P	20 965	29 238	25 100	41 432	45 581	43 969	57 544
	Y	379	6 533	396	612	631	557	627

able 7.VIII (cont'd)

		66/67	67/68	68/69	69/70	70/71	71/72	72/73	73/74
	S	12 017	11 746	12 125	14 285	11 269	10 341	8 985	7 315
AGOUA	P	4 448	4 388	7 648	8 707	2 349	2 607	2 348	1 248
	Y	371	373	631	609	207	252	261	171
	S	16 009	16 815	26 939	17 200	14 385	13 499	10 275	7 145
AELE	P	8 957	8 512	11 083	12 568	3 836	4 983	5 110	3 973
	Y	559	506	654	731	267	369	497	556
	S	29 365	29 551	30 116	31 173	30 101	28 447	25 342	15 030
AROUA	P	18 194	16 060	20 113	29 961	8 252	11 774	12 202	2 973
	Y	620	543	667	961	307	414	481	378
	S	6 456	6 701	6 974	7 177	7 640	7 640	7 759	4 741
OKOLO	P	5 643	4 383	5 396	7 660	4 453	5 755	5 339	1 627
	Y	874	554	774	1 067	596	622	688	343
	S	8 175	8 923	9 329	10 305	10 875	11 786	10 159	5 560
ORA	P	5 910	5 459	8 646	11 946	6 797	9 224	9 252	5 728
	Y	611	581	767	927	474	619	672	520
	S	9 680	9 400	11 271	12 781	14 548	14 879	13 756	11 006
UIDER	P	5 910	5 459	8 646	11 846	6 797	9 224	9 252	5 728
	Y	611	581	767	927	474	619	672	520
	S	7 862	6 272	6 351	6 854	5 398	5 689	5 131	4 305
AROUA	P	2 107	2 354	4 133	4 547	2 130	2 690	2 978	3 543
	Y	268	375	651	663	395	472	580	823
	S	7 649	6 945	6 437	6 495	6 274	5 572	5 354	5 295
CHOLIRE	P	2 879	1 888	3 036	3 850	2 601	2 849	4 064	6 073
	Y	376	272	472	593	415	511	773	1 148
	S	469	1 545	1 396	1 404	1 291	969	879	749
OLI	P	155	228	460	391	270	301	456	526
	Y	331	148	320	278	210	311	619	703
	S	140	183	376	519	176	222	139	-
OURAU	P	136	140	186	165	13	38	30	-
	Y	973	766	493	319	75	171	214	-
	S	97 820	98 081	101 314	108 194	102 055	99 044	87 679	61175x61.146
OTAL	P	55 810	49 085	60 013	91 334	38 390	43 189	45 296	27937x26.830
	Y	570	500	671	846	376	436	516	455

= Surface area planted (ha)

= Production of cotton seeds (tons)

= Yield in kg/ha

FOOTNOTES

1. Compiled from Ministry of Economic Affairs and Plan, Note Annuelle de Statistique, Yaounde, Direction de la Statistique et de la Comptabilité Nationale, 1983.

2. In 1981 the World Bank reclassified Cameroon from a low-income to a middle-income country with a CNP per capita income of more than 560, disqualified her from borrowing soft loands from IDA.

3. See MIDEVIV, Bilan des Activités de 1973 à 1981, pp. 27-28.

4. Jean Koulande, L'Impact Socio-Economique de la SEMRY I: Aspects Scoiologiques, CRED, Rapport de Recherche No. 3, June 1981.

5. Regine Levrat, Une Expérience de Développement Rural au Cameroun: La SEMRY, Université de Yaounde, n.d. p.9.

6. Ibid., p. 15.

7. Ibid., p. 15.

8. Andrew B. Sisson & Theodore Ahlers, l'Impact Socio-Economique de SEMRY I: Aspects Economiques, CRED, Doc. No. 81-48, Yaounde (June, 1981), p. 3.

9. Cameroon Development Corporation, Annual Reports and Accounts, (June 1980), p. 6.

10. Ibid., pp. 6-7.

11. National Produce Marketing Board, Annual report, 1978/79, pp. 15-16.

12. Since more than three quarters of Cameroon's population depend directly on farms for their incomes, without long waits for "spread effects" development activities must concentrate directly in the agricultural sector itself.

13. A typical example is the SODENKAM project. For an evaluation report see Ministère de l'Economie et du Plan (Cameroun) Société de Developpement du Nkam, Rapport d'Activities, 1980-81, Yaounde.

14. The Fifth Plan, Op. cit.

CHAPTER EIGHT

THE PROMOTION OF PRIVATE INVESTMENT

8.1. Introduction

The purpose of this chapter is to examine the 1960 Investment Code, that is, the one which Cameroon adopted soon after becoming independent on January 1, 1960, with the purpose of attracting foreign private capital. This exercise is important because when Cameroon became independent in 1960, its economy was basically agricultural and there were only a few local industries which were set up in the 1950s.

Resources from the predominantly agricultural sector could hardly guarantee meaningful industrialization and the achievement of "balanced" and "self-reliant" development objectives which the young republic espoused. Since there was a tendency for emerging African states to experience economic difficulties immediately after independence as a result of the departure of foreign capital and manpower, the young government's principal concern after independence was the creation of favourable investment conditions in order to attract foreign private capital.

It has been argued "that the question of social and economic justice in the distribution of the fruits of economic progress is as important and as difficult in terms of regions as in terms of social classes".[1] It is, indeed, in recognition of this vital problem, that Cameroon, with its diverse culture, ethnic, economic and linguistic background, has since independence adopted a liberal approach to planning with a view to attaining self-reliant development, a balanced distribution of investment resources as well as the fruits of economic progress.

Cameroon experience in liberal planning began with the Second Five-Year Development Plan (July 1966 to June 1971), and continued with the Third five Year Plan (July 1971 to June 1976), Fourth Five Year Plan (1976-1980) and the Fifth Five-Year Plan (1981-1986).

Because of the importance the Cameroon government places on the objectives of balanced and self-reliant development, it is essential that any policy instrument, institution or legislation created to implement these objectives be capable of making an effective and lasting contribution to the realization of the objectives.

This chapter therefore critically examines the 1960 National Investment Code as an instrument of balanced and self-reliant development with a view to determining whether or not its provisions and actual application reflected the Cameroon government's policy of maintaining equilibrium between ethnic groups and regions, and ensuring self-reliant development. In addition, it also briefly examines the provisions of the 1984 Code within the same context.

8.2. Investment Legislation

The basic hypothesis which will guide the analysis of the Code is that investment incentives which place greater emphasis on the spatial dimension of economic activities in any country could redress the adverse effects of the economic and social disparities and the uneven development of the economic and administrative provinces/regions, particularly as the pattern of industrial location is too great a political and social consequence to be subjected entirely to economic calculus.

Since independence in 1960, the Cameroon government has been preoccupied with the mobilization of resources, both foreign and domestic, with a view to achieving rapid industrialization and balanced sectoral and spatial development of the country. The 1960 Cameroon Investment Code which was adopted by the National Assembly of East Cameroon on June 27, 1960 was, consequently, in response to the country's urgent need for industrialization and rapid economic growth. Since the former British Cameroons opted to join the French Cameroons in 1961, the code was also extended to cover the whole Federal territory by Law No. 64/LF/6 of April 6, 1964.

The financing of economic development was one of the major factors which the authors of the 1960 Code took into consideration. Since it was practically impossible for the government to finance its development plans from domestic sources, it had to rely principally on external aid and loans. For example, the total projected investment for the 1960-65 Plan stood at approximately 53.100 million francs CFA.[2]

For year one of the plan (i.e. 1960-61), actual budgetary allocations amounted to 10.230 million francs CFA, of which 72% was to come from external sources.[3] With more than 70% of development funds coming from external sources, the government had to draw up an investment legislation that was particularly liberal and attractive to foreign investors and aid donors.

8.3 Application of the 1960 Investment Code

The provisions of the 1960 Investment Code were designed "to create investment incentives which would attract the required domestic and foreign investments within the framework of the major objectives of the Five-Year Development Plans - namely, the maintenance of equilibrium or balance between the various sectors and regions of the national economy.[4]

Since the code was meant to be one stone designed to kill two birds - that is, attract investment and at the same time achieve balanced development - its provisions were generally very liberal. There were four principal categories (schedules A, B, C, and D which have been discussed in Part I) corresponding to the order of priorities which the government wanted to emphasize and the nature of the investment. It will be recalled that the basic guarantees were tax holidays and exemptions from duties for periods varying from ten to twenty five years for enterprises recently incorporated and whose nature was such as to foster national development.

Recognizing that disguised unemployment (zero marginal product) exists within our rural sector, the government's policy has been to attract industry to the various parts of the country so as to ensure that the location of industries is not concentrated within a single town or region. In addition, employment prospects and the overall increase in national output are greater as disguised unemployment is reduced.[5]

In order to determine whether the 1960 Investment Code helped Cameroon achieve its objectives of economic development or not, we must analyse the statistics that are available. Between July 1960 and 30th June 1965, a total of 38 companies with capital investments to the value of 10.393.000.000 CFA francs were granted incentives under the Code. These companies were able to generate 8 000 new jobs.[6] Table 8.I below gives a distribution of companies and investment capital approved by the National Investment Commission as of June 30, 1965.

Table 8.I: Companies Approved under the Investment Code as of June 30, 1965

SECTOR OF ECONOMIC ACT.	LOCATION OF FIRM	NUMBER	AMOUNT OF INVESTMENT PRO.	NEW JOBS
Power-based Industries	-	-	-	-
Mineral Products Indus.	Littoral	9	1 735 000 000	346
Textile and Clothing	West Cameroon East, North & Littoral	2	192 000 000	385
Timber Industries	Centre South	8	1 061 000 000	1 649
Food Industries	West and Littoral	5	3 400 000 000	1 875
Miscellaneous Industries	(x)	14	3 965 000 000	3 795
TOTAL		38	10 393 000 000	8 049

Source: Second Annual Report of the National Credit Council, 1946-1966, p. 107.

Within a period of five years, Cameroon was able to attract investment capital to the tune of 10 billion francs CFA. By June 30, 1969, investment capital had reached approximately 38 billion CFA francs, represented by 133 companies which were able to generate 32 757 new jobs, (see Table 8.II for the sectoral, regional and capital distribution of the undertakings).

Table 8.II: Type, Location and Volume of Investments Under the Investment Code as of June 30, 1969.

SECTOR	LOCATION	VOLUME OF INVESTMENT
Energy Industries	Littoral	10 854 000 000
Primary products and Processing Industries	Littoral West	10 847 000 000
Aluminum Production	Littoral	8 327 000 000
Forest Industries	Centre, South East, West Cameroon	3 200 000 000
Textile and Shoe Production	West, Littoral and North	2 710 000 000
Chemical Industries	West & Littoral	489 000 000
TOTAL		37 927 000 000

Source: "Investment and Economic Development: Cameroon", Bulletin de l'Afrique Noire (Paris, July 1970), pp. 12 & 251-254.

At this point, we can argue that Cameroon was successfully attracting private investment capital for its development requirements. In fact by June 30, 1975 Cameroon was able to attract more than 84 billion CFA francs in private investment capital for its development needs.[7] However, the question which has often been asked is to what extent the Investment Code of 1960 encouraged the location of business undertakings in the less developed or backward regions of the country? Since two of the basic principles of development in post-independence Cameroon have been 'balanced' and 'self-reliant' development, it would be pertinent to examine the regional distribution of investment since the adoption of the Old Investment Code in 1960. Table 8.III gives a sectoral and regional distribution of industries as of June 30, 1975, together with the percentages represented by each sector of the economy and each region of the country.

Table 8.III: Sectoral and Regional Distribution of Industries as of 30th June 1975

SECTOR REGION	FOREST INDUSTRIES	AGRO INDUSTRIES	MANUFAC. INDUST.	BASIC INDUS.	REGIONAL TOTAL	%
Littoral	8	18	52	38	116	53.2
Centre South	34	5	9	9	57	26.1
East	15	-	-	-	15	6.8
West	3	-	1	3	7	3.3
North	-	4	1	2	7	3.3
South West	4	3	4	3	14	6.4
North West	-	2	-	-	2	0.09
SEC.TOTAL	64	32	67	55	218	100
%	29.35	14.65	30.7	25.3		

Source: Compiled from files of Ministry of Economic Affairs and Planning, Yaounde.

It can be observed from Table 8.III that more than half of the industries approved by the National Investment Commission were located in the Littoral Province, and more than a quarter of them in the the Centre-South Province. To this extent, the objective of balanced spatial development was far from from being attained, though sectorially there was equilibrium, since industries were more or less evenly distributed among the four listed sectors. As of 30th June 1984 when the government decided to revise the Investment Code, the situation had not been corrected; the gap had instead worsened between the different provinces (see Table 8.IV).

Inspite of the fact that the number of undertakings enjoying advantages offered by the Investment Code had more than doubled from 218 in 1978 to 453 in 1984, undertakings located in the East Province had fallen from 15 to 3 during the same period. On the other hand, those located in the Littoral Province rose from 116 in 1975 to 262 in 1984; an increase of 125.85%. Those located in the West rose from 7 in 1975 to 20 in 1984, and increase of 185-7%. Undertakings located in the North rose from 7 in 1975 to 37 in 1984, an increase of 414%.[8] However high these percentages may

Table 8.IV: Distribution of Industries by Provinces as at June 30, 1984

PROVINCE	NO. OF UNDERTAKINGS	PERCENTAGE
Centre	103	23
South	5	1
East	3	0.6
Littoral	262	58
South West	19	4.2
West	20	4.4
North West	4	0.9
North	20	4.4
Adamawa	4	0.9
Far North	12	2.6
TOTAL	452	100

Source: Explanatory Statement of the Bill to Institute the (new) Investment Code (1984), p. 4.

seem, one has only to look at the percentage column above to bee able to understand the lopsided location of industries in favour of the Littoral and Centre Provinces (58 and 23 per cent, respectively).

It is, therefore, clear from the foregoing analysis that the 1960 Investment Code was of little help in the accomplishment of the objectives of reducing regional inequalities inherited from the colonial period or the attainment of 'balanced' and 'self-reliant' development.

A number of reasons have been advanced to explain this failure. We may only cite a few of them here, namely, the unnecesarily long and cumbersome procedures of approval, the lack of any clearly defined criteria for "scheduling" business undertakings; not enough incentives given to small- and medium-size undertakings and the Cameroonisation of jobs; the period of tax breaks and exemptions for schedule "C" and "D" undertakings were too long (20 to 25 years); and the absence of control mechanisms to enforce obligations entered into.[9]

In particular, the location of many firms which benefited from the incentives provided under the 1960 Investment Code including capital support from such financial institutions as the Cameroon Development Bank and the National Investment Corporation, was not guided by any conscious or deliberate policy of achieving a rationally distributed pattern of economic activities among the provinces.

Most unfortunate is the fact that the industrial location policy, if it existed at all, was nothing but a process of persuasion addressed particularly to foreign investors. Such a policy of persuasion had no regional income distributive dimension because the active competitive inducement for investors in general to invest in any part of the country was determined in the final analysis by the future potential returns on private capital rather than the wider context of maintaining regional balance and achieving self-reliant development. As a consequence, therefore, only provinces which had all or some of such obvious local advantages as adequate transport system, power supply, export outlets, skilled labour and accessibility to raw materials attracted the lion's share of private investment under the old Investment Code.

In order for Cameroon to achieve spatial equilibrium and diversification in the distribution of economic activities, a deliberate government policy on the dispersion of investment amongst the various provinces becomes indeed, necessary. Important as the influence of geography, labour supply and wages, access to markets and the availability of essential services in determining the location of economic activites are, the pattern of investment location has been of too great a political and social consequence to be subjected entirely to economic calculus. For these reasons, a new National Investment Code was, therefore, an urgent necessity since the government has never intended or wished to abandon its policies of 'balanced' and 'self-reliant' development.[10]

8.4 The New Investment Code

Since the 1960 Investment Code was not only biased in favour of large multi-national investment companies, with generous fiscal benefits and guarantees, but also concentrated industrial development efforts in two urban enclaves (Douala and Yaounde), a new investment legislation was adopted by the National Assembly in June 1984.

To the extent that balanced and self-reliant development has been and remains the cornerstone of Cameroon's Development philosophy, we may very well ask in what way the 1984 Investment Code guarantees the attainment of these objectives? In particular, since the 1960 Investment Code failed to ensure the accomplishment of these objectives (as the analysis in the previous section of this chapter reveals), the question that arises is to what extent the new code has introduced additional incentives and safeguards with the hope of obtaining concrete results in the future?

A closer examination of the clauses governing promotional undertakings (that is schedule A) reveals that preferential treatment is given to undertakings located in border regions or in areas where access and supply conditions are particularly difficult and which emphasize adapted technologies employing skilled local manpower (see section 22 of the new Code). Schedule B also gives preferential treatment to undertakings located in non-port border areas (in that way, excluding Douala, Kribi and Limbe) and which also use technologies that employ skilled local manpower (see section 24 of the Code). Preferential treatment is also given to small and medium size enterprises; that is undertakings in which at least 65 per cent of the share capital is held by Cameroonians (see section 26 of the Code).

If the incentives granted by the new Code are anything to go by, we can be sure that a substantial number of businesses will gravitate to border regions and non-port border areas. Since planned liberalism operates through persuasion rather than through coercion, the deconcentration of industries from Douala and Yaounde remains voluntary and depends on the entrepreneurs' assessment of potential profitability and the economies of location.

If an industry foresees that by locating in Douala or Yaounde it can make a profit without benefiting from the incentives offered by the code, it will locate in these places. On the other hand, if there is the possibility of high profit margins by locating in border regions or non-port areas, an industry will do so and benefit from the preferential treatment accorded by the new Investment Code.

To achieve balanced and self-reliant development through encouragement of private domestic and foreign investment capital, the government has to be ready to sacrifice so much in the form of tax, customs and excise revenues and royalties. However, the sacrifice would be worth it if these investments generate employment opportunities that the government cannot offer and raise the standard of living of the population. Increased employment also raises tax revenues of the state though not as much as it makes from corporate taxes. However, as far as the records of private investment in Cameroon go, it is difficult, if not impossible for the government to realize its objectives of 'balanced' and 'self-reliant' development by depending only on private capital support. Consequently, the State has to reorientate the activities of such financial and credit institutions as FOGAPE, BCD, and SNI, etc. with a view to ensuring that they invest or participate in enterprises that wish to locate in backward or less-developed regions of the country.

Needles to emphasize that the Cameroon Development Bank (BCD) and the National Investment Corporation (SNI) were established to help government participate in investments that promote national development by reducing regional and sectorial imbalances. These institutions have however, become so profit-oriented that their political role has been completely foregotten.

Most importantly, they have tended to participate only in profitable undertakings located in the Littoral and Centre Provinces to the neglect of other provinces. By so doing, they have helped reinforce rather than reduce regional inequalities that the government set out to abolish. To this extent, the present Code, notwithstanding the good will, has little chance of ensuring the attainment of the objectives of balanced and self-reliant development, unless the activities of these institutions are reoriented.

8.5 Conclusion

A critical examination of the new code has revealed the fact that the government is determined to encourage the rapid growth of small and medium size undertakings with a view to achieving self-reliant development. This is manifested by the special and attractive incentives offered to undertakings in schedule C, namely, the exemption from taxes or share capital, on credit distribution, registration fees, company tax, and tax on industrial and commercial profits for up to 10 years or 15 years in certain areas.[11]

Small and medium size undertakings, therefore, appear to be the greatest potential beneficiaries of the new code and we can therefore expect to see a blossoming of such undertakings in the years ahead. This will go a long way to ensure "self-reliant" development since such undertakings must by law be at least 65% Cameroonian owned.[12]

With respect to "balanced" development, which is a socio-political not an economic necessity, the government needs to apply more political pressure on private investors, in support of the attractive investment incentives it offers, in order to accomplish this goal. For example, the government may have to require that BCD, SNI and FOGAPE give preference to undertakings intending to locate or relocate in backward or underdeveloped regions when considering participation or the grant of credit facilities.

This is absolutely necessary, otherwise, the government cannot expect to realize or accomplish its political objectives by depending on the private domestic and international capital market. The 1984 Code is sure to encourage increased investments (just as the previous code did) but such investments may still not help the government in its task of 'balanced' development.

A regional approach to the specification of investment incentives could be successful even if for private investment, government policy is tailored to the special needs of particular provinces. To be able to ensure self-reliant and balanced regional economic development in Cameroon, the possibility of less-than-optimum allocation of private resources between the provinces through investment incentives cannot be ruled out.

To the extent that spatial considerations, political and social issues enter into the national development process, and particularly as the long run objectives of economic development extend beyond the conventional limits of maximization of national products, a short-run malallocation or inefficient allocation of resources through discriminatory investment incentives will not necessarily be disfunctional. To be sure, the political stability of the nation and the contentment of the administrative units are imperative and a sine-qua-non for any rational development policy in Cameroon.

Since the efficiency aim of balanced and self-reliant development policy is the fostering of national unity in Cameroon rather than the immediate maximization of aggregate economic growth rate, it can be argued that the justification for sub-optimal allocation of resources is that, after all, one of the essential preconditions of rapid economic growth is political stability which must be maintained if the economic potential of all the provinces is to be exploited with a view to attaining the twin objectives of 'balanced' and 'self-reliant' development.

FOOTNOTES

1. John Friedmann & W. Alonso (eds.), Regional Development and Planning, Cambridge, 1964, p. 4.

2. Wilfred Ndongko, "The Financing of Economic Development in Cameroon", Africa Development, Vol. II, No. 3 (1977), pp. 59-76.

3. Ibid., p. 62.

4. Wilfred Ndongko, "The Political Economy of Regional Economic Development in Cameroon", in Ndiva Kofele-Kale (ed.), An African Experiment in Nation-Building: the Cameroon Bilingual Republic Since Reunification, Westview Press, 1980.

5. Here it is assumed that the marginal product of those who leave the farm to work in the secondary sector (industry) is positive.

6. National Credit Council, Second Annual Report 1964-66, Yaounde (June, 1967), p. 101.

7. See Table 8.III, p. 142.

8. The Northern Province was split into 3 provinces in August 1983. The figure of 36 is therefore the combined total of North, Adamawa and the Far North Provinces.

9. These shortcomings of the 1960 Code constitute the preamble to the new investment legislation. See The Explanatory Statement of the Bill to Institute the Investment Code, 1984, p. 5.

10. The 1984 Investment Legislation was enacted by the National Assembly of Cameroon in June 1984 and on July 23, 1984 President Biya promulgated it into law.

11. See Explanatory Statement of the Bill to Institute the Investment Code, 1984, pp. 6-7.

12. Ibid., p. 6.

CHAPTER NINE

THE PROMOTION OF SMALL AND MEDIUM-SIZE ENTERPRISES

9.1. Introduction

Since 1970 the Cameroon government has paid particular attention to the promotion of Small and Medium-size Enterprises (SMEs) by creating institutions which favour and assist the growth and expansion of small and medium size undertakings. So far, two of such institutions have been created, namely the National Center for the Assistance of Small and Medium Size Enterprises (CAPME) and the Aid and Credit Guarantee Fund for Small and Medium Size Enterprises (FOGAPE).[1]

From the political point too, "planned liberalism" regulates private enterprise (whether foreign or domestic) from attaining oligopilestic powers. The revision of the 1960 Investment Code and the promulgation into law of the New Investment Code was a means adopted by the state to regulate the economic activities of the country and to promote small- and medium-sized national enterprises. As pointed out in chapter eight the spirit of the new provisions was aimed at an endogenous industrialization strategy with the objective of accelerating:

a) the processing of local raw materials as a priority;
b) the setting up of heavy industries which would encourage the production of intermediate and capital goods;
c) the reorganization and development of the national industrial landscape for a better regionalization of industrial activities according to the natural or potential attraction of regions or towns in which industries are located.
d) the setting up of basic infrastructure (communications and telecommunications, social and collective amenities) which should come along with the industries;
e) the intervention of the state in those areas of industry considered to be of strategic importance.

9.2. National Centre for Assistance to Small and Medium-size Enterprises (CAPME)

The National Centre for Assistance to Small and Medium-size Enterprises was created since 1970 following Presidential Decree No. 70/LF/7 of May 20, 1970. It will be recalled from the previous discussion in part one of this study that CAPME has the overall objective of promoting small and medium-size enterprises, including artisanal business, and to coordinate these organizations and services to conform to the orientation of the National Government and that of the development plans.

Since its creation, CAPME has assisted small and medium-size enterprises in many different capacities - grant of credit, feasibility studies, technical assistance and preparation of annual accounts for some enterprises. Table 9.1. gives an example of the type of assistance offered by CAPME during the 1976/77 Year and the nature of business requesting assistance.
CAPME also offers technical assistance to those enterprises (some of which are not necessarily small or medium-size) which request it. CAPME employs a good number of experts in different fields for such purposes. The broadbased nature of CAPME's technical expertise can be observed from Table 9.II which contains a list of enterprises (randomly selected) assisted by the Technical Department of CAPME during the 1976/77 year. Since the creation of CAPME, the demand for assistance from different enterprises has tended to rise constantly. The evolution of CAPME's technical assistance to SMEs rose dramatically between 1973 and 1979. During the 1973/74 year only 39 SME's demanded CAPME's technical assistance but during 1978/79 a total of 253 SME's applied for CAPME's technical assistance (see Table 9.III).

It would be observed from Table 9.II that CAPME has the capacity for giving assistance to many and varied types of business undertakings. During the 1976/77 year a total of 93 SME's were given technical assistance by CAPME in different fields (see Table 9.III). During the 1978/79 year a total of 253 SMEs were given technical assistance with interventions totalling 1 183 for an average cost of 26 614 million francs CFA.

Table 9.1. Demand for CAPME Assistance between July 1976 and June 1977

NAME OF ENTERPRISE OR PROMOTOR	SECTOR OF ACTIVITY	TYPE OF ASSISTANCE DEMANDED	CAPME RESPONSE
WABOTAGO Gaston	General Mechanics	Feasibility studies	Assistance promised by D.D.A.
PONDI Bruno	Fishing	Credit of 3.000.000 Francs CFA	Assistance* given by D.D.A.
BANGDA Joachim	Agriculture	Information	Referred to FONADER
WAFO Pierre	Education	Intervention to obtain loan from BCD	Application clos
RANE Simo	Mobile Cinema	Credit of 500.000	Referred to UNES Yaounde for Assi stance
BA ABGWA & BROS METAL WORKSHOP	Making of Agricul- tural implements	Credit of 7.000.000 Technical Assistance and Organization	Assistance given by D.A.A.
ADIBIME Pierre	Music	Advice	Assistance given by Department of Development
SOTRANSCIFER	Forestry Exploita tion and Commerce	Credit Studies and Choice of equipment	Instructions promised
Librairie RENAISSANCE	Distribution	Credit, Administra- tive and financial organization	Assistance promised
IDEALIA IMPRESSIONS CAMEROON	Printing	Credit	Assistance promised
AGENCE DE DECORATION ET. IMMOBILIER	Painting and house Decoration	Administrative and Accounting Organi.	Assistance promised

Source: Rapport d'Activités 1976/77, Random Selection from Annex 6.

*D.A.A. - Department of Administrative Affairs

Table 9.II. Enterprises Assisted by the Technical Department CAPME 1976/77

ENTERPRISE	ACTIVITY	TYPE OF ASSISTANCE	TOTAL INTERVENTIO
S.E.F.I.C.	Sewing Machines	Rectification and drilling of key-holes	9
S.O.T.U.C.	TRANSPORT	Rectification of crank shafts	26
SOCARTO	Manufacture of cartons	Making of spare parts storage	39
UNALOR	Manufacture of matches	Making of spare parts	4
ALUBASSA	ALLUMINIUM	General Maintenance and mechanied organization	14
Centre d'Assis-tance Rurale	CATTLE	General Revision and Installation of machines	8
PILCAM	BATTERIES	General Maintenance and mechanical organization	
NANA Jean Paul	WOODWORK	Rectification of crank shaft and making of spare parts	2
Garage du Centre	Mechanical Garage	Machine Revision and General Repairs	4

Source: Rapport d'Activité 1976/77, Random Selection from Annex 8.

Table 9.III: Evolution of Assistance of Technical Department of CAPME (1973/74 - 1978/79)

YEAR	NUMBER OF SMEs ASSIST.	RATE OF CHANGE	NO. OF INTERVENTIONS	RATE OF CHANGE	AVERAGE COST OF INTER.
1973/74	39	-	94	-	11 473.84
1974/75	70	+79.48%	157	+63.82%	14 631.45
1975/76	116	+65.71%	279	+77.7 %	19 281.66
1976/77	93	-19.82	425	+52.32%	31.764.70
1977/78	165	+77.41%	753	+77.17%	27 888
1978/79	253	+53.33%	1 183	+57.10%	26 614.49

Source: Rapport d'Activité, 1978/79.

During the 1978/79 year, 339 SMSs applied for CAPME's assistance of which 207 were received from SMSs in Douala, 57 from Yaounde, 58 from Garoua and 17 from Bamenda.[2] As is usual with most of these institutions, the tendency was for businesses in Douala to dominate.
Five years after the creation of CAPME, its activities became so diversified that a different institution had to be created to take charge of financial and credit assistance to small and medium-size enterprises. This institution is the Aid and Credit Guarantee Fund for Assistance to Small and Medium-size Enterprises which was created in 1975.

9.3. Aid and Credit Guarantee Fund for Assistance to Small and Medium Size Enterprises (FOGAPE)

FOGAPE was set up by Presidential Decree No. 75/238 of April 3, 1975 with the aim of giving financial assistance to Cameroonian small and medium-size enterprises. FOGAPE's resources are made up of state grants, bank contributions, commissions from loan guarantees, placement revenue, profits and miscellaneous income.

Table 9.IV: Evolution of FOGAPE Revenue 1974/75-1978/79

YEAR	STATE GRANTS (CFA/FRANCS)	BANK CONTRIBUTIONS (CFA/FRANCS)	COMMISSIONS (CFA/FRANCS)	PLACEMENT
1974/75	100 000 000	77 921 363	-	-
1975/76	50 000 000	155 414 758	-	10 050 898
1976/77	-	149 678 567	-	24 481 928
1977/78	100 000 000	166 461 112	-	37 595 468
1978/79	-	191 381 904	5 102 971	50 082 543

Source: Rapport d'Activités, 1978/79

From Table 9.IV, we can observe that a majority of FOGAPE's revenue is derived from bank contributions. The contributing banks are BIAO, BICIC, BCD, SGBC and CAMBANK. State grants also made up an important source of revenue for FOGAPE. Between 1975 and 1979 the Government of Cameroon contributed a total of 250 000 000 CFA francs to the capital of FOGAPE. 'Placement Revenue', that is, interest earned on deposits in banks - BCD (which pays 6.5% interest on deposits), BIAO, BICIC, etc. - also contributed an important source of revenue for FOGAPE.

Placement revenue rose constantly from 1975 to 1978/79 passing from 10 million francs in 1975 to 50 million in 1979. FOGAPE's revenue from guarantee commissions, that is, commissions earned by FOGAPE for guaranteeing loans and credits made to small and medium-size businesses was negligible. The commission was usually 1.5% of the loan amount or 1.25% in the case of BCD loans.

FOGAPE was geared initially to financing the creation of extension of small and medium size enterprises and subsequently its activities became oriented towards a programme of financial supervision and counselling. Financial assistance was given in the form of guarantees to loans given by private and public banking establishments or by direct loan grants to small and medium-size enterprises. FOGAPE credit guarantees generally cover between 50 and 80 per cent of the loan amount and hardly higher than 80% nor lower than 50%.

Table 9.V: Evolution of Credits Guaranteed by FOGAPE (1975-1979).

YEAR	NO. OF DOSSIERS	AVERAGE AMOUNT PER DOSSIER Francs CFA	CREDIT GRANTED F/CFA	CREDIT GUARANTEED F/CFA	%
1975/76	3	4 000 000	12 500 000	10 000 000	80
1976/77	37	12 700 000	468 000 000	362 400 000	77
1977/78	30	14 500 000	433 900 000	339 000 000	78
1978/79	49	28 600 000	1 403 700 000	967 700 000	70

Source: Rapport d'Activités, 1978/79, p. 21.

From Table 9.V, it can be observed that from a modest beginning in 1975 when FOGAPE guaranteed loans worth 10 million francs CFA to 3 applicants, its activities rapidly expanded to the extent that it was able to guarantee a total of 967 million francs loans to 49 applicants during the 1978/79 financial year. During the 1979/80 year FOGAPE approved 40 loans/credit applications totalling 1 147 000 000 CFA francs.

On the whole, a total of 119 loan/credit applications were approved for the period from 1975 to 1979 and a total of 2 644 000 000 CFA francs credit granted to small and medium-size enterprises. The highest number of loan applications were in the industrial projects sector which received 73% of all credits and loans granted for the period. The distribution of FOGAPE credit by branch of activity is presented in Table 9.VI.

The least amount of credit guaranteed was in the commercial sector which is theoretically excluded from FOGAPE credit activities. For the agro-pastoral sector only 3.2% of total credit was allocated to it because banks were unwilling to compete or interfere with the activities of FONADER, the farmer's bank. Figure 1 presents diagrammatically a picture of sectoral distribution of FOGAPE credits.

The regional distribution of FOGAPE credit has been heavily in favour of Yaounde and Douala, which claimed 40 and 30 per cent, respectively, for the period from 1975 to 1979 (see Table 9.VII).

Table 9.VI: Distribution of FOGAPE Credit by Branch of Activity

BRANCH OF ACTIVITY	NUMBER OF DOSSIERS	CREDIT GUARANTEED	%
Liberal Professions	16	293 400 000 CFA/F.	9.5
Agro-Pastoral	7		3.2
Industrial Projects	69	2 025 600 000 CFA/F.	73.3
Commercial Projects	5	58 500 000 CFA/F.	2.5
Miscellaneous	22	266 500 000 CFA/F.	11.5
TOTAL	119	2 644 000 000 CFA/F.	100

Source: Rapport d'Activités, 1978/79.

N.A. = Not Available

During the 1979/80 year, FOGAPE guaranteed 38 loans, 26 of which were in Yaounde alone, that is, 69.4% of all loans guaranteed for that year. The reason of the tendency for more loans to be granted to small and medium-size enterprises in Yaounde and Douala is because of the concentration of banking services in these two towns. Bank Headquarters, most of them in Yaounde, only give limited autonomy to branches and regional offices and this restricts their freedom to grant loans to applicants.

Consequently, businesses operating in the provinces or other backward regions of the country find it difficult to secure loans from banks and the bureaucracy involved in channeling applications from the branches to the headquarters discourages many potential applicants. Also, it should be emphasized that more than half of the businesses operating in Cameroon are located in Douala and Yaounde; which explains the overwhelming number of loan applicants from these two towns.

It can be observed from Table 9.VIII that the Cameroon Development Bank (BCD) tops the list of banking institutions which grant loans and credits guaranteed by FOGAPE. It is obvious that FOGAPE works in close collaboration with BCD whose commission on loan guarantees is 1.25%, that is .25% lower than other banks which charge 1.5%. In addition, BCD also pays a 6.5% interest on deposits. This explains why BCD received 47% of the loan applications and granted 62% of FOGAPE-guaranteed loans to small and medium-size enterprises during the period under review.

SECTORAL REPRESENTATION OF FOGAPE CREDIT

Fig. 1.
Source: Rapport d'Activités, 1978/79

Table 9.VII: Regional Distribution of FOGAPE Credits

REGION/TOWN	NO. OF LOANS GUARANTEED	PERCENTAGE
YAOUNDE	48	40
DOUALA	36	30
NORTH	11	10
WEST + LITTORAL	9	8
CENTRE+SOUTH+EAST	8	7
NORTH WEST+SOUTH WEST	7	5
TOTAL	119	100

Source: Rapport d'Activités, 1978/79

Table 9.VIII: Distribution of Credit Dossiers by Bank 1975-1982

Bank	No.of Dossiers	Percentage	Credit Granted	Percentage
BCD	112	47	3 104 000 000 F.	62
BIAO	49	21	564 000 000	11
BICIC	29	12	629 000 000	12
SCB	28	11	337 000 000	7
SGBC	11	5	295 000 000	6
CAMBANK	8	4	117 000 000	2
PARIBAS	1	-	15 000 000	-
TOTAL	236	100	3 061 000 000	100

Source: FOGAPE, Rapport d'Activités 1981/82, p. 4.

Table 9.IX: Regional Distribution of FOGAPE Credit as at 30/6/82

SECTOR	LOANS APPROVED	% OF TOTAL
Yaounde (town)	110	46
Douala (town)	67	28
Northern Province	17	8
West + Littoral Provinces	17	7
North West+South West Provinces	14	6
Central + South + East Provinces	11	5
TOTAL	236	100

Source: Rapport d'Activités 1981/82, p. 6.

Of the 236 loans granted, the largest number (138) went to industrialists, amounting to 3 664 946 665 CFA francs, i.e. 72% of total loans.

Table 9.X: Distribution of FOGAPE Credit by Sector of Activity upto 1982

CREDITS TO	NO.DOSSIER	CREDIT GRANTED	PERCENTAGE
A) INDIVIDUALS			
- Liberal Professions	25	471 979 250	9
- Agro-Pastoral	14	188 742 000	4
SUB-TOTAL	39	660 721 250	13
B) ENTREPRENEURS:			
- Industrialists	138	3 664 946 665	72
- Commerce	9	94 220 000	2
- Miscellaneous	50	667 709 037	13
SUB-TOTAL	197	4 379 625 702	87
GRAND-TOTAL (A+B)	236	5 061 516 952	100

Source: Rapport d'Activités, 1981/82, p. 14.

The agro-pastorial and commercial sector received the lowest amounts of FOGAPE credit. It should be pointed out that enterprises in the agro-pastoral sector are financed principally by FONADER while enterprises of general commercial nature are mostly financed by private commercial banks.

9.4 Conclusion

To sum up this chapter, it should be noted that CAPME and FOGAPE exist as two autonomous institutions but work hand in hand to achieve the same goal, namely, helping small and medium-size enterprises in Cameroon to grow and expand. One may question why two institutions with a similar mission should exist as separate autonomous entities?

From the analysis presented in this chapter, we can observe that the two institutions perform two different but vital roles in the promotion of SMEs. One is technical and the other financial. Though the two can operate as two departments of one institution, it was thought wise to separate the two in order to reduce bureaucratic bottlenecks that generally characterize centralized institutions. By separating the two, technical, professional and financial assistance is given to the SMEs in a more or less urgent manner.

Inspite of the activities of CAPME and FOGAPE in promoting small and medium-size enterprises, it should be noted that "these enterprises have failed to make great strides and to produce the impact one would rightly expect of them".[3] The reasons or causes which, at various levels, have contributed and continue to contribute to the non-development of these SMEs are multiple.

The structures and agencies for assistance, management and financing have proved to be almost insufficient and ineffective due either to the lack of means or lack of determination. Furthermore, most SME projects have not been successful for reasons attributed to the promotors themselves, namely the lack of pragmatism in investment programmes, insufficient technical and managerial knowledge of business, total lack of knowledge of market conditions and low enterpreneurial spirit.

In view of the above considerations, the Economic and Social Council has emphasized that the role of public authorities, banks and financing agencies as well as the commitment of promoters are vital for the promotion and development of SMEs. The Council has further recommended that the state should more particularly examine the following measures:

- Reinforcement of measures taken at the level of the Central Bank (BEAC) particularly preferential interest rates and rediscount quotas granted for SME transactions;

- Revitalizing structures specialized in the financing of SMEs;

- Supplying Development Banks with appropriate funds and resources from state deposits and from certain international and national agencies;

- Establishment of close collaboration between assistance agencies and development banks in particular with regard to the study and follow-up of files;

- Total exemption from import customs duty on materials, and capital goods if they are indispensable for the installation and running of the enterprise;

- Partial exemption from taxes, charges and fees during the take-off stage of the enterprise;

- Review of educational programmes and stepping up of vocational training centres in all sectors in order to adapt them to the requirements and imperatives of the job market and manpower within the framework of a stringent policy to reconcile training and employment;

- Encouragement of the private sector to participate and/or to organize vocational training;

- Rational organization of the various sectors and fields of activity and the setting up of a Chamber of Trade;

- Encouragement of young graduates to enter the production mainstream.

As regards assistance agencies, it is necessary to reinforce substantially their material, financial and human resources in order to increase their efficiency. Finally, it is imperative to adapt incentives and accompanying measures as well as the decision-making channels and the readjustment of the special preferential schedules to this new approach to the national economy.[4]

As concerns public sources of finance, it will require an improvement in such budgetary receipts like custom duties and other indirect taxes (which account for more than three quarters of total budgetary revenue), direct taxes, registration and stamp duties, revenues from state property, post office and telecommunication and the various contributions from the state financial and development institutions.

With respect to private sources of finance, it would be necessary for all Cameroonians to willingly show a preference for locally manufactured products. The mobilization of private domestic sources of finance, in addition to state assistance agencies such as FONADER, CAPME and FOGAPE, could have a significant impact on national development by encouraging domestic firms to reinvest their profits for tax incentives as provided in the new Investment Code.

These financial assistance agencies would now be more able to drain off the floating financial savings and channel them into productive sectors. In other words, capital accumulation, whether generated through state assistance agencies or through public or private domestic savings, is considered here as the linchpin of national economic development.

FOOTNOTES

1. CAPME stands for Centre National d'Assistance aux Petites et Moyennes Entreprises and FOGAPE stands for Fonds d'Aide et de Garantie des Credits aux Petites et Moyennes Entreprises.

2. See Rapport d'Activité de CAPME 1978/79.

3. The recommendations are contained in the Report of SME, by the Economic and Social Council. See Summary Report on SMEs n.d., pp. 1-10.

4. The new Investment Code adopted by the National Assembly in June 1984 provided generously for SME's. See Bill to Institute the Investment Code, pp. 6-7.

CHAPTER TEN

PUBLIC UTILITIES

10.1 Introduction

Since independence in 1960 the Cameroon Government has shown increasing concern over the functioning and quality of services offered to the public by the different public utilities - Water Corporation, Electricity Corporation, Road, Rail and Air Transport and the Medical and Health Services. Since the 1970s much attention has been focused on the development of rail and air transport as well as addressing the problems of urban transportation.

Consequently, Cameroon Airlines (CAMAIR) and the Urban Transport Corporation (SOTUC) were created and the government also set about expanding the railway network. At the same time, the National Electricity and Water Corporation (SONEL/SNEC) were created to replace Electricité du Cameroon (EDC) and Energie Electrique au Cameroun (ENELCAM) both of which were profit-making private undertakings. The purpose of this chapter is to examine the performance of these public corporations.

10.2 The National Railway Corporation (REGIFERCAM)

When Cameroon became independent in 1960, she inherited 516 kilometers of railroad - Douala-Nkongsamba 172 km; Douala-Yaounde 308 km; and Otélé-Mbalmayo 36 km. From 1964 to 1974 the government undertook the extension of the central railroad from Yaounde to Ngaoundere and the western railroad from Mbanga to Kumba. The Mbanga-Kumba line is 29 kilometers long and the Yaounde-Ngaoundere line known as the Transcam line is 622 kilometers long, that is twice the distance from Douala to Yaounde (308 km). When the extension work was completed in 1974 Cameroon disposed of 1 143 kilometers of railroad.

This extension led to considerable increase in railway traffic due to the use of the railway by North Cameroon, Chad and the Central African

Republic as well as the ability to exploit the timber resources of Belabo and the Eastern Province.

Table 10.I. The Evolution of Railroad Passenger Traffic 1973-82

YEAR	PASSENGERS/KM (in millions)	TONNAGE/KM (in millions)	TOTAL TRAFFIC
1973 - 1974	199.7	406.4	606.1
1974 - 1975	281.3	401.4	682.7
1975 - 1976	260.8	438.2	699.0
1976 - 1977	257.4	487.0	744.4
1977 - 1978	224.2	527.9	759.1
1978 - 1979	239.8	550.4	790.2
1979 - 1980	244.3	577.9	822.2
1980 - 1981	234.0	669.9	909.9
1981 - 1982	322.3	782.1	1 104.4

Source: Le Cheminot Camerounais, no. 13, Sept.-Dec., 1981, p. 11.

After the initial euphoria following the opening of the Transcam line during the 1974-75 year, passenger traffic shot up dramatically (40%), but then gradually declined because of the poor state of the Douala-Yaounde line.

It is because of this that the realignement of the Douala-Yaounde line became an important priority of the Fourth Five-Year Development Plan, together with improvements in fixed installations and the acquisition of new wagons and locomotives. In April 1978, the section of the road from Yaounde to Maloume was put into use after having been completely redone and the section of Douala to Edea was put into use in June 1981. The Edea-Eseka section was completed and put into use in December 1982 under the Fifth Five-Year Development Plan.

During the period of the 4th Plan, that is, 1976-81, the Railway Corporation acquired 40 locomotives, 31 passenger wagons together with 5 electricity generators, and 510 cargo carriages of different types. Total cost of these was estimated at 41 billion francs CFA during the 1975/76 year or 68.5 billion francs during the 1980/81 year. Because of these improvements, passenger and cargo traffic rose dramatically during the 1981/82 year (see Table 10.I).

This increase affected only the TransCameroon line since the Western line has experienced nothing but decline since independence. The western line has experienced decline as a result of competition from the Douala-Nkongsamba road which was completed in the late 1970s. Because of the good state of the road, much of the transportation to and from Douala originating from the West has been by road.

Table 10.II: Cargo Traffic on the Western and Transcam Line 1961-1979

YEAR	CARGO TRAFFIC (in tonnes)		
	WESTERN LINE	TRANSCAM LINE	TOTAL
1961-62	189 449	612 330	802 269
1964-65	195 305	761 695	957 000
1969-70	135 414	887 895	1 023 309
1970-71	145 436	909 763	1 055 199
1971-72	122 811	948 239	1 071 050
1972-73	126 795	974 651	1 101 464
1973-74	150 525	1 111 620	1 262 145
1974-75	141 877	1 026 920	1 168 797
1975-76	150 077	1 141 265	1 292 342
1976-77	133 296	1 275 844	1 409 140
1977-78	102 710	1 234 440	1 338 150
1978-79	94 000	1 263 000	1 357 000

Source: Bulletin de l'Afrique Noire, No. 1035, February 6, 1980.

Though transportation by rail is relatively cheaper, it has been found to be rather very slow. Additionally, since the creation of Cameroon Airlines in 1971 and have opening the Douala-Yaounde road, railroad transportation has faced stiff competition from air transportation in respect of passenger traffic.

10.3 Cameroon Airlines (CAMAIR)

Cameroon Airlines was created in November 1971 when Cameroon decided to withdraw from the French-supported multi-national corporation, Air Afrique. Cameroon Airlines started very modestly with a fleet of four crafts - A Boeing 737 leased from Air Lingus, a Boeing 707 from Air France and two DC4's, one of which belonged to CAMAIR.

At present Cameroon Airlines' seven craft are its own property and comprise one Boeing 747 Combi and one Boeing 707 Combi for North-South-North routes which link Douala directly to four European cities - Rome, Geneva, Paris and London. There are three Boeing 737 which fly between major African cities from Abidjan to Nairobi and between domestic airports such as Douala, Yaounde, Ngaoundere, Garoua and Maroua.

Far away interior airstrips such as Bali, Bafoussam, Batouri, Bertoua, Kribi, Koutaba and Mamfe are linked to Douala and Yaounde by two 5-ton HS 748 with a capacity of 40 seats. They also connect Douala to Malabo in Equatorial Guinea.

When Cameroon Airlines started operation in 1971/72, it transported a total of 112 000 passengers in that year. The number of passengers transported by Cameroon Airlines increased from 372 536 in 1977/79 to 571 657 in 1980/81 (see Table 10.III). It should be noted however, that after 1978, there was a decrease in the number of passengers transported on the regional network but this was more than compensated by the spectacular increase in the number of passengers transported locally.

Table 10.III: Evolution of Passenger Traffic 1977-1981

NETWORK	1977/78	1978/79	1979/80	1980/81
Long Distance	40 080	47 407	53 349	53 374
Regional	70 899	71 433	70 614	69 981
Local	261 577	301 831	376 412	448 302
TOTAL	372 536	420 671	500 375	571 657

Source: Rapport d'Activité, 1977-1981

Inspite of the decrease in the number of passengers transported within the regional network, the returns from this network increased constantly (see Table 10.IV).

Table 10.IV: Returns on Passenger Traffic 1977-1981
('000 Frs. CFA)

NETWORK	RETURNS			
	1977/78	1978/79	1979/80	1980/81
Long Distance	4 483 870	5 481 055	7 332 783	8 207 832
Regional	1 804 924	2 089 462	2 420 996	2 731 073
Local	2 648 090	2 996 316	4 142 443	4 486 164
TOTAL	9 016 884	10 566 853	13 896 222	15 425 069

Source: Rapport d'Activité, 1977-81

One of the areas in which Cameroon Airlines experiences continuous progress was in total luggage transported on the long distance and local networks as well as returns. (see Table 10.V).

Table 10.V: Evolution of Luggage Transported and Returns 1977/78-1980/81

NETWORK	1977/78	1978/79	1979/80	1980/81
Long Distance				
- Luggage (in kg)	76 464	102 192	142 654	148 869
- Returns ('000F)	150 605	201 955	312 617	369 187
Regional				
- Luggage	281 292	236 545	261 098	287 601
- Returns ('000F)	94 623	90 342	155 501	130 659
Local				
- Luggage	279 497	334 716	370 427	389 712
- Returns ('000F)	61 701	76 791	77 124	75 864

Source: Rapport d'Activité, 1977-1981.

As concerns cargo transportation by CAMAIR, cargo transported on the long distance network also rose uninterruptedly whereas that transported on the regional and local networks experienced a brief decline during the 1978/79 year and this affected the returns accordingly.

Cameroon Airlines employs a total of approximately 1 800 personnel of different grades. The percentage of personnel expenses vis-à-vis turnover have varied between 17 and 26 per cent since 1973/74. During the 1973/74 year, personnel expenses were 24% of turnover and dropped continuously to 17% during the 1976/77 year before once more rising to 25.89% during the 1978/79 financial year.

Cameroon Airlines celebrated its tenth anniversary in November 1981 with great pomp and fanfare. That year, the company boasted of having transported a total of 616 257 passengers with a turnover of 19.9 billion CFA Francs.

Table 10.VI: Tonnage of Cargo Transported by CAMAIR and Returns (1977/78-1980/81)

NETWORK	1977-78	1978-79	1979-80	1980-1981
LONG DISTANCE				
- Cargo (tonnes)	830 930	919 360	3 655 508	5 980 000
- Returns ('000F)	317 035	377 384	1 782 182	2 969 721
REGIONAL				
- Cargo (tonnes)	1 332 047	1 123 233	1 978 764	2 207 000
- Returns ('000F)	173 550	152 427	262 905	355 118
LOCAL				
- Cargo (tonnes)	3 579 781	3 238 621	3 840 225	4 714 000
- Returns ('000F)	204 609	179 921	239 932	423 300
TOTALS				
- Cargo (tonnes)	5 742 758	5 282 214	9 474 497	12 901 000
- Returns ('000F)	695 194	709 732	2 285 019	3 748 139

Source: Rapport d'Activité, 1977-1981.

10.4 Cameroon Shipping Lines (CAMPSHIPLINES)

Since 1974 Cameroon's maritime transport has been ensured by Cameroon Shipping lines (CAMPSHIPLINES) which was created by Law No. 74 of December 5, 1974 at a period when the world economy was suffering from the impact of the Arab Oil embargo. Inspite of this, Cameroon Shipping Lines has experienced rapid expansion and from the two ships it owned in 1976, Camshiplines acquired four more by the end of 1979, bringing its fleet to a total of 6 ships, 4 of which are owned by that corporation.

The first generation fleet comprises two ships - Camazobe and Camayous - acquired in 1975 and 1976, respectively. The second generation fleet also comprised two ships - Cambubinga and Camdousie - both acquired in 1977. The third generation fleet of two vessels also was acquired during the 1978/79 year and christened Camilomba and Camiroko. The tradition has been to christen the ships with names of different types of timber found in the forests of Cameroon, hence CamIroko.

Cameroon shipping lines uses three principal ports in the country - Douala, Kribi and Limbe. The port of Douala handles 95% of Cameroon's maritime transport while Kribi and Limbe share the remaining 5%. Her ships call at many foreign ports - Amsterdam, Hamburg, Havre, Marseille, etc. Camship handles Cameroon's export products - coffee, cocoal, cotton, rubber, timber, palm produce, etc. For the 1979/80 year, Camshiplines handled a total of 189 789 tonnes of Cameroon's export products. For the previous years, statistics are available only for turnover and trend of investments beginning from the 1975/76 year.

Table 10.VII: Camshiplines, Turnover Statistics 1975 - 1980

YEAR	TURNOVER (CFA Francs)	RATE OF VARIATION
1975-76	1 349 759 714	-
1976-77	4 720 377 760	+ 249.72%
1977-78	6 790 665 896	+ 43.86
1978-79	7 750 536 855	+ 14.14%
1979-80	12 008 797 035	+ 54.94%

Source: Report for 1982/83, p. 38

The low rate of turnover for the 1975/76 financial year is explained by the fact that Camshiplines began operations only during the last six months of that year. Beginning from 1975/76 year, Camship investment also rose constantly up to the 1979/80 financial year. During the 1980/81, the volume of Camship investments fell from 14.9 billion francs CFA in 1979/80 to 13.5 billion francs in 1980/81 (see Table 10.VIII).

Table 10.VIII: Evolution of Camship Investment 1975-81

YEAR	INVESTMENT Frs. CFA	RATE OF VARIATION
1975-76	1 668 042 670	-
1976-77	4 462 958 231	+ 167.56%
1977-78	7 459 409 680	+ 67.14%
1978-79	8 930 442 048	+ 19.72%
1979-80	14 959 176 612	+ 67.51%
1980-81	13 519 896 230	- 9.62%

Source: CAMSHIP REPORTS, 1982/83, p. 38.

Cameroon Shipping Lines ordered two new vessels which were commissioned during the first half of the 1984 year, raising the company's fleet to 8 vessels, 6 of which are the property of Camshiplines. When Camshiplines was started in 1974/75, it had a staff of 5. In 1979/80 Camship had a staff of 267 and in 1981/82 a staff of 353. (See Table 10.IX).

Table 10.IX: Evolution of Staff of CAMSHIPLINES 1974/75-1982/83

	74/75	75/76	76/77	77/78	78/79	79/80	80/81	81/82	82/8
1. Senior officers	1	4	5	8	11	22	27	33	56
2. Officers	-	2	9	11	10	16	21	13	32
3. Shore staff	4	29	46	45	57	68	103	114	140
4. Sea-farers	-	50	72	97	97	161	134	124	125
TOTAL	5	85	132	161	175	267	285	294	353

Source: CAMSHIP REPORTS, 1982/83, p.

The number of sea-farers rose dramatically, peaking at 161 during the 1979/80 year. Since then the number of sea-fearers has tended to decline. The number of senior officers has risen constantly from a modest beginning of one in 1974/75 to 56 during 1982/83. There is no indication as to the number of expatriates on the staff of Camshiplines. Needless to emphasize, Camshiplines is one of the very promising para-statals in Cameroon in view of the rapid economic expansion which Cameroon is experiencing and the increasing importance of oil and gas exports from Cameroon.

10.5 The National Electricity Corporation (SONEL)

SONEL was created in 1974 and on June 15, 1974 it absorbed the former private companies of Energie Electrique du Cameroun (ENELCAM) and Electricité du Cameroun (EDC) to become a para-public corporation charged with the exploitation and distribution of electric energy in Cameroon. Consequently, SONEL assumed all control over ENELCAM, EDC and POWERCAM, former West Cameroon's Electric Power Corporation.

SONEL's central power distribution station is at Edea which supplies electricity to Douala, Yaounde, Nkongsamba and many other towns in the Centre, South, Littoral, West, South-West and North West Provinces. There are other important but secondary power stations at Bafoussam, Nkongsamba, Maroua, Yagoua, Kribi, Ngoundere and Yabassi.

The most important industrial customers of SONEL are ALUCAM, SOCATRAL and very recently the National Oil Refinery SONARA. Before the advent of SONARA, ALUCAM generally purchased more than 70% of electric power produced by the Edea Station; the remaining 25% was purchased by SOCATRAL, customers and industries in Yaounde, Douala and Garoua.

Since the establishment of SONEL, the number of its customers has risen constantly from year to year, passing from 58 126 in 1974/75 to 92 015 in 1977/78, an increase of 58.3% in 4 years (see Table 10.XI). The increase is due to the very active commercial drive and to the supply of electricity to many towns along the 30 KV transport line.

Table 10.X: Sales of Electric Power in Millions of KWH, 1970-78

YEAR	ALUCAM	SOCATRAL	DOUALA	YAOUNDE	GAROUA
1970/71	931.0	8.8	N.A.	N.A.	N.A.
1971/72	854.0	10.4	N.A.	N.A.	N.A.
1972/73	831.0	9.5	N.A.	N.A.	N.A.
1973/74	868.0	8.9	N.A.	N.A.	N.A.
1974/75	1 038.3	11.57	164.8	53.51	32.4
1975/76	973.9	11.45	177.0	58.47	32.5
1976/77	898.1	11.37	197.0	64.82	35.5
1977/78	794.0	13.35	221.3	76.63	35.3

Source: B.A.N., No. 863, April 7, 1976, p. 16834 and No. 984, December 20, 1978, p. 19148.

Table 10.XI: Evolution of SONEL Customers 1974-78

YEAR	NO. OF CUSTOMERS	VARIATION
1974/75	58 126	-
1975/76	70 883	+ 12 757
1976/77	78 837	+ 7 954
1977/78	92 015	+ 13 178

Source: Compiled from Bulletin de l'Afrique Noire, No. 950, 958 and 984 of 1978.

SONEL has also endeavoured to achieve economies of scale by expanding rapidly throughout the national territory. By 1974/75 there were a total of 33 centres electrified by SONEL in Cameroon; by 1978/79 the number had risen to 69; a more than 100% increase in five years.

Table 10.XII: Number of Centres Electified by SONEL 1975/76-78/79

YEAR	CENTERS ELECTIFIED	VARIATION
1974/75	33	-
1975/76	44	+ 11
1976/77	48	+ 4
1977/78	56	+ 8
1978/79	69	+ 13

Centres electrified in 1978/79 included Meiganga, Dibombari, Souza and Bana.

SONEL's electricity production has fluctuated between an annual production of 1,114,000,000 KWH and 1,520,000,000 KWH from 1970/71 to 1979/80.

Table 10.XIII: SONEL Electricy Production (in Millions of KWh) 1970-80

YEAR	70/71	71/72	72/73	73/74	74/75	75/76	76/77	77/78	78/79	79/8(
KWh	1 144	1 114	1 117	1 117	1 381	1 347	1 320	1 276	1 276	1 52(

Source: Compiled from B.A.N., 1973, 1976, 1977, 1978, 1979.

During the 1974/75 year, when SONEL absorbed ENELCAM and EDC, the corporation realized 6 820 000 000 CFA francs from the sale of electrical energy to high and low tension customers. During 1977/78, SONEL realized 11 607 000 000 CFA francs from the sale of electrical energy. SONEL's turnover also rose consecutively from 5 700 000 000 CFA Francs in 1971/72 to 11 945 000 000 CFA francs during 1977/78.

The heaviest consumption of SONEL energy was realized in the Douala exploitation zone where a total of 221 million Kwh were consumed during

1977/78. During 1978/79, consumption in the Douala zone of exploitation dropped by 25% to 165 million Kwh (see Table 10.XIV). Consumption in the Yaounde and Fako zones of exploitation rose consecutively.

In particular, consumption in the Fako zone of exploitation more than doubled from 8 million Kwh in 1975/76 to 20 million in 1978/79. Whereas high tension consumption more than doubled, low tension consumption trippled from 3.7 million Kwh in 1975/76 to 9.9 million Kwh in 1978/79 (see Table 10.XIV). The advent of SONARA certainly had much to do with the increase in energy consumption in Fako Division.

10.6 Conclusion

The government's endeavour to offer the public efficient and improved services has been largely realized, irrespective of the high cost of some of these services, like electricity and water. In particular these services have been provided in a more or less satisfactory manner by SONEL and the Société Nationales des Eaux du Cameroun (SNEC), both of which have been permitted by their status to operate as profit-making public undertakings.

Maritime, air, and railway transportation have been provided by Camshiplines, CAMAIR and the REGIFERCAM. As far as rail transportation is concerned much still has to be done to improve the services the Railway Corporation offers the public. The tracks have to be improved and more comfortable coaches added to the existing ones in order to solve the problem of congestion. Otherwise rail transportation will decline with the improvement in the quality of motorable roads.

Needless to emphasize that Cameroon has considerable potential for electrical energy because it is endowed with many rivers having the potential for hydro-electric exploitation. As industrialization of the country proceeds and deepens, these rivers will be fully exploited by SONEL to produce electrical energy both for industrial and for domestic consumption.

Table 10.XIV: Sales of Energy by SONEL (in Kwh) 1974-1979

ZONES OF EXPLOITATION	1974-75	1975-76	1976-77	1977-78	1978-79
1. YAOUNDE					
Low Tension Customers	35 265 842	38 858 499	42 370 922	47 077 917	55 852 819
Industrial Customers	18 253 462	19 618 684	22 454 960	29 556 827	30 356 635
	53 519 204	58 477 183	64 825 882	76 634 744	86 209 454
2. DOUALA					
Low Tension Customers	78 735 009	81 836 176	88 947 197	102 774 809	11 646 657
Industrial Customers	86 092 100	95 062 027	108 053 578	118 601 949	153 358 709
	164 827 109	176 998 203	197 000 775	221 376 758	165 005 366
3. GAROUA					
Low Tension Customers	4 855 913	5 197 494	5 960 483	6 332 937	7 928 309
Industrial Customers	27 549 034	27 332 223	29 603 711	29 041 711	34 885 101
	32 404 947	32 529 717	35 564 194	35 374 648	42 813 410
4. FAKO					
Low Tension Customers		3 724 042	7 084 678	8 197 954	9 975 569
Industrial Customers		4 406 887	7 612 038	8 665 846	10 190 674
	-	8 130 929	14 696 716	16 863 800	20 166 243

Source: Compiled from SONEL Annual Reports, 1974/75-1978/79

CHAPTER ELEVEN

SUMMARY AND CONCLUSIONS

11.1 Introduction

This study set out to examine economic management in Cameroon (considered a resource-rich country) between 1960 and 1980 and this objective has been more or less realized within a framework of eleven chapters, including this "summary and conclusions". The division of the study into two parts reflects the authors' desire to provide a conceptual and theoretical framework (Part One) within which the performance of the Cameroonian economy since 1960 (Part Two) can be empirically examined. In addition, economic and development planning in Cameroon since 1960 has been anchored on clearly defined principles - planned liberalism, balanced development, self-reliant development, and social justice - which necessitate a critical examination before embarking on any case studies.

To this extent, Part One was devoted to the theoretical, historical, institutional and resource background to Cameroon's economy while Part Two concentrates on empirical studies of some of the development institutions Cameroon has created since 1960 in order to realize its policy objectives and ensure overall economic growth and sustained development.

Since 1960, the government has actively intervened in all sectors of the national economy by actively participating in many private capital investment projects traditionally reserved for private enterprises. Within each subsector, we have been able to examine statistically and theoretically the role of each para-statal institution in the development process, and its contribution to the realization of the government's development principles.

This final chapter will be devoted to concluding statements on the role of foreign capital, indigenous capital and the state in the development process. We will also make reference to the traditional economic concepts of Gross Domestic Product (GDP) and Per Capita Income as measuring rods for economic growth and development.

11.2 The Role of Foreign Capital

In 1980, of the 100 largest enterprises in Cameroon with a total social capital of 59.56 billion francs CFA, foreign capital contributed 28.58 billion francs CFA or 48%.[1] Although total plan investment has grown since 1960, the continuous reliance on foreign public and private capital is falling (57.5% at the end of 1976), and the government has emphasized its policy of increasingly diversifying the sources of financing investment projects in the country. In 1980, for example, 34.5% of total investment commitments were derived from French public and private capital, compared to 45% of similar investments in 1976.

Foreign capital is dominant in the basic and final consumption industries: food (81%); drinks (69%); tobacco (75%); textile (73%); timber and wood processing (80%); and metals processing (76%). It should also be noted that both private and public interests contributed more than half the investment capital in most sectors (see Table 11.I).

The decrease or fall in the rate of foreign public and private capital is matched by the steady increase in the rate of state participation. National participation has steadily increased from 42.5% in 1976 to 52% in 1980 and of this, 44% of the capital came from the public, compared to 39% at the end of 1976.

11.3 The Role of Indigenous Capital

Even though the colonial economic structure of Cameroon made it possible for a class of small-scale enterpreneurs to develop in trade and peasant farming, opportunities for this class to accumulate capital large enough to ensure independent industrialization were non-existent. Because of the lack of indigenous businessmen, foreign firms were able to move in and fill the vacuum and pre-empted the most important markets in the local economy because of their resources, experience and technological advantages.

Paradoxically, the decade immediately following the attainment of independence (1960-1971) was marked by policies and legislation designed

Table 11.I: Sectoral Investment Participation 1980
(Million Francs CFA)

BRANCH OF ACTIVITY	SOCIAL CAPITAL	NATIONAL INTEREST TOTAL %	PUBLIC %	PRIVATE %	FOREIGN INT. TOTAL %	FRENCH %
Agro Industry	16.185	81	76	5	19	17
Food Industries	2.388	19	10	9	81	72
Drinks	5.913	31	11	20	69	49
Tobacco	1.670	25	-	25	75	75
Textile Industries	3.890	27	19	8	73	37.5
Leather products	2.370	77	59	18	23	-
Timber processing	5.055	20	19.8	0.2	80	39
Chemical Industries	4.520	43	24	19	57	46
Construction Material	3.088	52	52	1	48	17
Metal Processing	9.153	24	23	1	76	72
Paper and Pulp Processing	250	100	-	100	-	-
Gas, Electricity & Water	5.074	99	99	-	1	1
TOTAL Estimated	59.556	52	44	8	48	34.5

Source: l'Industrie Camerounaise en 1980-1981

to attract foreign capital and know-how, achieve import substitution industrialization and "imported" industrial development, instead of encouraging the growth of indigenous enterprises and capital accumulation.

However, during this decade, there appeared to be two potential sources of an indigenous industrial class ready to cross over from circulation to the production of goods and services. The first and visible group was composed mainly of small-holder commercial farmers, petty traders, retailers and handcraft artisans who, by mid-1970, were providing a fair amount of competition to foreign capital. Unfortunately this sector is still unstructured and a systematic study of this group of capitalists is still to be done.

The second group of indigenous industrialists is currently engaged in medium and large-scale capital accumulation, assisted through links with the state and/or foreign capital. A glance at Table 11.I reveals that Cameroon public interests have been increasing in many sectors: agro-industry; 76% in 1980 against 71% in 1976; drinks: 11% against 7.5%; metal processing: 23% against 9%; leather products: 59% against 13%. Indigenous participation is absent in two industries - tobacco and paper processing.

It should be pointed out that Cameroon public participation has been largely in those sectors or industries for which private capital has been lacking (agro-industry, energy, etc.) or those industries in a commanding position for which public investors will normally prevail over private investors either because of the low rate of national savings and/or in public utilities and industries that are less profitable as commercial enterprises. Henceforth, such public participation is not only less selective in nature, but is normally carried out through an intermediary institution, the National Investment Company (SNI), which has been participating in almost all sectors of the economy. The state has therefore attempted to fill the vacuum left by the absence of an indigenous class of capitalist enterpreneurs.

11.4 The Role of the State

In the light of what was said in Part One regarding the principles behind Cameroon's development policies (planned liberalism, self-reliant development, balanced development, export promotion and social justice), it is necessary to repeat here that these are all deemed to be of great importance to the economic, political and social health of the country. The nature and role of the state is also of fundamental importance in attaining set development objectives since the state itself could be a major limitation to overall development.

There are two issues here - (1) whether the state is actively oriented towards promoting sustained growth and development; (2) whether it is capable of implementing such a programme. The first condition is easily met since most government leaders recognize that some form of development is necessary for their survival (citizens now expect it from them); they may also find that this could bring in a lot of foreign capital through loans, aid, grants and other investment commitments which is usually not contrary to their immediate interests.

The implementation of development plans in Cameroon as in most Third World countries relies heavily on special institutional and legislative factors. These are usually fostered by the government rather than the market mechanism. They are designed originally to increase the supply of capital to nascent industries, to increase the share of indigenous capital formation, accumulation, and finally to provide local businesses with less decentralized and better informed enterpreneurial guidance. Thus, given its coersive and integrative functions, the state is in a position to provide the preconditions for the process of production and overall economic development.

Since independence in 1960, the Cameroonian state has rapidly expanded its apparatus and functions, as is true for most developing nations. The Constitution of 1961 created at the national level decision-making institutions with extensive economic and political powers and responsibilities. These institutions are the Presidency and the National Assembly which have regulative capacity with respect to their ability to control and influence policy.[2] During the mid-1960s, the government consolidated an immense amount of power in its hands by strengthening the executive, with the President as Chairman of the National Party. In 1966 the dominant parties in the two Federated States, The East's "Union Camerounaise", and the West's "Kameroun National Democratic Party" (KNDP), along with several minor parties merged into a single party, the "Cameroon National Union" (CNU).

It is important to underscore the fact that the Cameroon nationalists who took over formal power from the French and the British in 1960 and 1961, respectively, were firmly committed to the maintenance of private property and free enterprise.[3] Led by Amadou Ahidjo, the country moved into increasingly political, economic and social integration so that most of the services - education, finance, transportation, agriculture, police, military and territorial administration ministries - in the two states came under central control with the President as the dominant agent of the executive and leader of the political party. Another political move by the government to concentrate power was to curtail labour movements. In 1971, the country's three major trade union confederations were formally dissolved and reconstituted into the trade union wing of the Party.

Following the reunification of East and West Cameroon in 1961, the merging of all political parties into a single party in 1966 and the formation of a unitary state in 1972, it was therefore possible for the government to assert full economic, political and administrative control over the country. It choose to do this by setting up a number of institutions and legislations at the national and regional levels to implement its objectives. Some of these institutions are the subject-matter of Part Two. In the next section we will discuss briefly the nature of their management.

11.5 the Management of Para-Statals

In the preceding section we discussed the role of the state in ensuring the implementation of its policy objectives, in particular, its creation of specialized agencies, ministries and development institutions. Since the government remains the catalyst of the social and economic development process, political considerations play a very important role in the management of development institutions or para-public corporations in Cameroon.

Each of the institutions is, without exception generally placed under the patronage of a specialized ministry or ministries and the appointment of top officials usually takes into consideration their ethnic or regional origin, with a view to maintaining a certain degree of regional or ethnic equilibrium in top level positions. This, to a certain extent, is also true of the composition of the board of directors. In this respect, however, the board members often also include representatives of the patron ministry and institutions that may contribute to the equity share-holding of the institution. The chairman of the Board of Directors is generally appointed by Presidential decree and he presides over the Board of directors meetings in which overall policy objectives are laid out.

The day-to-day running of the institution and the implementation of policy guidelines is carried out by a general manager or director-general (DG), himself appointed by Presidential decree. A good number of DGs report directly to the president rather than to the patron minister. Many of the para-statals enjoy financial autonomy and some are allowed to operate as profit-making bodies.

As an example of corporate management in Cameroon, we may examines the management set up of FOGAPE and NPMB. FOGAPE is placed under two ministries, the Ministry of Finance and the Ministry of Plan and Industries. The board of directors is made up of two representative of the Ministry of Plan and Industries, a representative of BEAC, one representative each of SNI, CAPME, the Chamber of Commerce and Industries and Cameroonian businessmen.

The general manager or director-general is assisted by a deputy general manager. There are three important departments under the DG - Department of Studies, Department of Operations and Engagements, and the Department of Finance and Administration. Because most of FOGAPE-guaranteed loans are granted by BCD, the chairman of the board of directors has always been the PDG of Banque Camerounaise de Developpement (BCD).

As concerns the National Produce Marketing Board (NPMB), it is placed under the supervisory authority of the Ministry of Economic Affairs and Planning and has a twelve-member board of directors. The board of directors comprises representatives of BEAC, Ministry of Agriculture, the Chamber of Commerce and Industries, the Presidency of the Republic and a representative of the farmers and cooperative societies. A financial committee carries out permanent control of the way the finances are managed. The composition of this committee is also wide since there are members from the ministry of Finance, Economic Affairs and Planning and the Tenders' Department. The general manager is assisted by two deputy general Managers, one in Douala together with the general manager and the other in Limbe.

This pattern represents in microcosmic form the framework of management for development institutions in Cameroon since 1960. However, we have to caution that inefficient management has plagued some of these institutions and some unfortunate results have been recorded. For example, most enterprises in which the National Investment Company (SNI) has shares are running at a loss (4 601 million francs CFA worth of losses in 1977/78 and 5 083 million francs CFA during the 1981/72 year).[4]

11.6 The Evolution of GDP and Per Capita Income 1960-1980

Two and a half decades of developmental experience suggests that the strategies and policies pursued by the government of Cameroon have produced one of the progressive and soundly-based economies in Black Africa, providing as it were, authoritative respectability and a consequent endowment of international credibility which is needed to promote overall development. The years since 1960 have witnessed a significant growth of the economy but with relatively little structural change until the advent of oil after 1977.

One universally recognized feature of structural economic change is that as countries develop, the proportion of gross domestic product (GDP) and employment accounted for by agriculture tends to decline. The reason for this is that improved living standards entail an increasingly personal consumption of goods and services other than food, and this necessitates a concommitant rise in the production of human and other resources allocated to non-agricultural production. In Cameroon, however, agriculture still continues to provide the bulk of the GDP (some 35%) and employs a third of the active population (see Table 11.II below).

The economic expansion of Cameroon since 1960 has caused the per capita income to increase from 21 500 francs CFA in 1960 to 187 000 francs CFA in 1980/81, that is 46 500 francs in constant 1960 francs.

Table 11.II: Distribution of GDP in Cameroon by Sector in 1980

SECTOR	GDP (in million F/CFA)	%
Agriculture and Fisheries	305 400	34.5
Mines	4 200	0.5
Manufacturing Industries	87 400	9.9
Electricity, Water & Gas	11 700	1.3
Construction & Public Works	46 600	5.3
Commerce	154 100	17.4
Transport & Communication	65 900	7.4
Public Services	70 700	8.4
Other Services	139 200	15.7
TOTAL	885 200	100
Custom Duty	54 600	
GDP at Market Prices	939 800	

Source: Ministry of Economy and Plan, Yaounde, 1982.

However, it has been argued that "growth" rather than "development" occurred following the more than 200% increase. This implies that more still has to be done in order to accomplish development.

11.7 Conclusion

To sum up this study, it would be recalled that the first ten chapters have been devoted to the economic management of Cameroon between 1960 and 1980. We attempted to explain several aspects of structural change within a resource-rich country located in the Third World. Firstly, we outlined the most prominent types of change or the basis of the salient features of Cameroon's development potential, policies and institutions. We concentrated more specifically on the principles of Cameroon's development policies and various policy instruments initiated to attain these development objectives.

Table 11.III: Distribution of the Gross Domestic Product by Sector (1960-1981)

YEAR	PRIMARY SECTOR (1)	SECONDARY SECTOR (2)	TERTIARY SECTOR (3)	TOTAL (4)	(2)(4)
1960-61	40.3	24.4	45.4	110.1	22
1965-66	55.7	33.4	64.4	153.5	22
1969-70	90.5	46.0	119.7	256.2	18
1974-75	166.1	73.5	185.7	435.3	17
1977-78	305.4	147.4	384.2	801.0	18
1980-81	420.2	280.8	490.8	1 191.8	24

Source: Fifth Plan, 1981-86

Although the international environment had played havoc on the economies of less developing countries, especially in the period after 1973, even less favourable after 1979-80, the economy of the Republic of Cameroon was more able than other middle-income countries to withstand these pressures. Not only had the GNP per capita exceeded 850 dollars at the beginning of the eighties but she also maintained an average annual growth rate of 2.6% between 1960 and 1980.

Secondly, we appraised in Part Two of the study the performance of the economy by examining the change in the composition of sectoral output and suggested why Cameroon's success is a-typical among the less developed countries. Our examination of this performance was divided into six chapters with particular attention paid to commerce and industries; credit, banking and finance; agriculture, food and export crop promotion; promotion of small and medium-sized enterprises; and public utilities.

Thirdly, in analysing the changes of the economy within the past two decades, we came to the conclusion that small countries with substantial endowment of natural resources and with relatively free trade policies normally maintain a larger share in agriculture, and a smaller share in industry and are more likely to achieve a gradual and a balanced development rhythm. In other words, the policies and policy instruments that affect agriculture in largely agricultural societies are important factors in the process of national development.

Finally, we examined the effects and changes on the rate of development of Cameroon. Our description of and explanations of Cameroon's economic performance imply that for development rather than growth to occur, a coherent development strategy must be designed. In addition, the willingness and the power to implement these policies on behalf of state officials is also important.

Such policy schemes and their implementation may make it possible for small developing countries such as Cameroon to enjoy the advantages of a relative centrist and dirigistic economic management without the disadvantages of freezing the output of their economies and pepertuate the circus of poverty and underdevelopment.

It is now clear, therefore, that Cameroon today is among a handful of African countries that have in the past two decades followed an admirable well-documented path of economic growth and development. Once acknowledged as having one of the poorest, least developed economies in Africa, it is currently regarded as a "middle income developing country" and as "one of the twenty safest countries in the world for foreign investment". Cameroon's impressive political stability has also created an image which "favours a particularly healthy business climate".[5] This optimistic diagnosis of the economy is in fact an appreciation of its economic, political and social achievements and potential in the past twenty three years as well as a reaction to the disappointing performances of Africa's success stories - the bursting of the "Ivory Coast Miracle" and the collapse of the Kenyan economy - two market-oriented economies in Africa once believed to possess the zeal for autonomous industrial growth.

When Cameroon was twenty-three years old, its economic picture was characterized by positive aspects. In 1983, the economy was growing at 6% in real terms - giving a rate of inflation of over 3% GDP per head. Presently, production is relatively well diversified and the country earns foreign exchange from a wide array of products, while at the same time it is matching concretely on the road to alimentary self-sufficiency. While its trade balance is now in surplus apparently because of the cushion provided by oil exports, the country is able to maintain high level credit worthiness at a time when other countries like Nigeria and Mexico, rich in "black gold" could barely service their debts.

Compared to other oil-rich countries, Cameroon has pursued a conservative public investment policy by basically avoiding "pork barrel" projects - except, perhaps, for the Presidential Palace completed in 1982, a closing finale of the Ahidjo era. It is important to note that the 1983 budget which balanced at 410 000 million francs CFA, an increase of nearly 33% over the 1982 budget of 310 000 million francs, was solely financed from Cameroonian resources without any foreign borrowing.[6] Cameroon's debt service is relatively low, at below 12% of current exports, and is presently taking advantage of its bilingual heritage by selling her exports increasingly for hard currency outside the franc zone.

Because of its disciplined policy of economic liberalism which is open to foreign investors and planned at the same time, it is increasingly being referred to as "a businessman's paradise". Foreign investors which include mostly the French, Americans, British, Germans and Dutch invested in 1980 - including all markets - 296.981 million francs CFA; about 50% more than was invested in 1979.[7] Cameroon's development policies have earned the country one of the best balance sheets in Africa, and this prompted President Paul Biya to proudly declare recently that "le Cameroun se porte bien".

By and large, the New Deal Government has followed the options of planned liberalism, self-reliant development, balanced development and Social Justice in its cautious guiding of our national development as outlined at the Bafoussam 1980 CNU congress. Whereas it could be argued that some of these policies may have some flaws, we would submit that the advent of the New Deal Government of Cameroon has ushered in a new era where development is conceived on a holistic basis. This situation has been obtained as a result of the Government's unrelentless harping on the importance of the moral dimension of the policies that have been chosen for our development.

For example, in the fight against fraudulent practices which threaten to devour the moral fabric of the society, the New Deal Government of President Biya has even resorted to "institution building". A clear example of this is a recent presidential decree reorganizing the Accounts and Budgetary Disciplinary Council. The deterent effect of such an institution as regards the fight against fraud cannot be overemphasized.

The new government has further reiterated the actual, if not the potential contribution of "development missions" which have been set up to cater for the different regions. Here it is important to point especially to the invaluable contribution of irrigation projects executed under the agencies of SEMRY I, II & III to agricultural development in the Mayo Danai and Logone-Chari Divisions in the Far North. As a result, plans are already being broached for the launching of SEMRY IV.

Another indication that the New Deal Government is determined to stay the course can be inferred from President Biya's total commitment to the principle of balanced development. He has observed that this policy which is credible and justifiable means that:

> "the resources of each of our provinces should, according to our resources, be fully used for the benefit of its people and that, furthermore, national unity should foster, as possible, the harmonious development of the entire country."

Realizing that any development effort at the regional or the national level would be frustrated without adequate infrastructural development, Government promised to develop roads in all the provinces which he visited during his contact tour. Recognizing that balanced development also implies maintaining a balance between rural and urban areas, the New Deal Government has gone down on record as being committed to the revitalization of village communities. This is in conformity with one of the guidelines adopted at the Bafoussam Congress in 1980.

The government has emphasized that pragmatism required that the ideal of revitalizatizing the communities remain for a long time on the drawing boards. Measures to accomplish this include the reinforcement of technical services and the modernization of villages, increasing production, productivity and farmers' incomes and boosting their participation in development.

The New Deal Government believes strongly that agriculture provides a firm base for Cameroon's economic development and President Biya has sought unrelentlessly to promote agriculture. An early indication of this can be detected from his decision to increase the Ministry of Agriculture's budget from 5 780 498 000 francs in 1981/82 to 7 865 265 000 francs in 1982/83. This increase amounted to a 40.95% leap and was second only to the 43.99% increase granted the Ministry of Social Affairs. This can be adduced as evidence that President Biya's government is one that is committed to development for man.

As I see it, "self-reliant development" is today to the people of the Third World what the Protestant ethic was to their counterparts in the West. Conscious of the contribution of the self-reliant approach to our overall economic development, the government has, however, warned that:

> "while dynamism, the spirit of enterprise and the inclination to business remain positive factors of development, they should not ..., degenerate into and be adulterated by an unbridled quest for wealth, with its attendant economic, social and moral disturbances, nurtured by corruption, fraud, illegal and frantic acquisition of wealth and squandering. A commendable and useful business accumen is not at all an unbridled quest for wealth"*

Obviously, self-reliance extends beyond the realm of commerce to agriculture, livestock and industry as well as spontaneous participation in communal labour aimed at establishing socio-economic infrastructures, inter alia, health centres, schools, roads bridges and wells. The New Deal Government intends to solve any problems that stymie the realization of these projects, within the means available.

In the domain of social justice, the New Deal Government has indicated its intention to pursue that objective whose scope it intends to widen. The aim of the government is to accomplish this by working against the polarization of society. This explains why the government raised

* The New Deal Message: Speeches and Interviews of President Biya, Editions SOPECAM, Yaounde, 1983, pp. 361-363.

salary scales in 1983 with a view to conforming to the 1981 resolution of the Economic and Social Council that salaries should not be skewed in favour of urban areas.

Thus, there was no variation in the salary increase accorded to workers in the public sector in the same category in different zones. Workers in categories I to IV were given a salary increase of 15%. Those in categories V to IX received an increase of 12% while those in category X to XII were accorded a 10% increase. However, a new pattern can be observed in the case of salary increases in the secondary and tertiary sectors. Workers in zone III were accorded a higher increase than their counterparts in zone I and II. No doubt, this is also designed to stem migration from rural to urban areas, thus contributing to balanced development.

Realizing that the fight for social justice might be sabotaged by some undesirable practices in the private sector, such as indescriminate dismissals, the government has adopted stringent measures to curb this. Henceforth, all moves designed to reduce the number of personnel must receive prior clearance from the Minister of Labour and Social Insurance.

In the realm of regional and international economic cooperation, the government's policy continues to be guided by the fact that Cameroon cannot opt for autarchical development and the President has stressed the fact that regional economic cooperation in Africa is one of the best means by which African countries can carry out their development together and also one of the indispensable instruments for the promotion and reinforcement of African unity.

The Government has also maintained that economic cooperation at subregional level could be apt to run into a lot of hindrances. This could be sparked mostly by the attitude of countries which do not have adequate resource endowment. They usually tend to oppose economic cooperation - a manifestation of the lack of political will, as they see their countries being relegated to the back-waters of development. Progress in UDEAC, for example, can only come in the wake of serious studies carried out in advance to identify useful objectives that are likely to be achieved.

Since the advent of the New Deal Government, concrete measures have been taken that would ensure the realization of the Lagos Plan of Action - an African Common Market - by the year 2000. Equatorial Guinea has become a member of UDEAC and the Treaty that gave birth to the Economic Community of Central African States (ECCAS or CEEAC) was signed on October 18, 1983.

Definitely, Cameroon is not one of the countries within the UDEAC or ECCAS that would seek the adoption of redistributive measures. If anything, Cameroon's membership to these two regional economic organizations promises to have a positive-sum effect on the country's economic development. Given the potential of the country and the resurgence of mercantilism on a global scale the long run effects of its membership in UDEAC and CEEAC are rather evident.

International economic cooperation has not been limited to the sub-regional or regional context. Thus, Cameroon has continued to entertain economic relations with countries beyond the African continent. Realizing that trade concentration might make the country's economy a captive one, efforts to diversify the country's trade have continuously been pursued by the new government.

Thus, whereas Cameroon was France's largest export market in Francophone Africa in 1982, a French diplomatic report observed that the American presence was growing (bank openings and commercial delegations) in Cameroon to the detriment of French interests. In addition, French dominance of the Cameroonian market is being challenged by other member states of the EEC to whom Cameroon has made overtures and vice versa. This opening up has been especially facilitated by the Lome Convention between the EEC and the ACP Group, of which Cameroon is a member.

As a postscript, we add optimistically that the beginnings of the eighties has marked a watershed for Cameroon's development - at least by pricking the curiousity of development economists to begin to examine the management of resource-rich LDC.[8]

While output has traditionally been considered the jugular of development, and growth its manifestation, the achievement of these in addition to such concrete goals as employment and income distribution is ushering in a revolution within development economics. Resource-rich

LDC's, such as Cameroon must continuously generate not only the right development plans but also implement the right economic policies to avoid the optical illusion of growth without development.

FOOTNOTES

1. L'Industrie Camerounaise en 1980-1981, p. 2.

2. Specifically, the President of the Republic is responsible under the terms of the Constitution for ensuring the management of the affairs of the country. In his capacity as Head of State, he defines the main lines of planning policy (in a Presidential Circular) and makes the major decisions. Technically, the National Assembly debates and votes on the Law to approve or disapprove the plan. In reality there is still to be a National Assembly bold enough to disapprove a Presidential decision.

3. The only socialist-oriented party, the "Union des Populations du Cameroon" (UPC) organized in 1948 and unable to gain power legally revolted against the French in 1955. This group actually galvanzied Cameroonian nationalism and provided the aims and programmes that guided most of the structures of the other parties, even the CNU. It is debatable whether or not the UPC would have opted for a socialist state and nationalize the dominant French firms in Cameroon had they succeeded in obtaining power.

4. Ministry of Economic Affairs and Plan, The Fifth Five-Year Development Plan, p. 164. The figure for 1981/82 was obtained from an interview with an SNI official in February 1984.

5. In 1981 the World Bank reclassified Cameroon from a low-income to a middle-income country (with a GNP per capita income of more than $560). Although growth rates of the economy throughout the 1960s were disappointingly low (average of 4%), its political stability and the legacy of "planned liberalism" bore positive fruits in the 1960s. See West Africa, 1983, 596-597.

6. African Research Bulletin: Economic, Financial and Technical Series, Vol. 19, No. 10, 1982, p. 6611C.

7. Ibid., No. 7, 1982, p. 6491A.

8. Case studies for resource-rich LDCs are currently going on, especially in Africa and include such countries as Ivory Coast, Gabon, Congo, Mali, Malawi and Zimbabwe.

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