# Cocoa and coffee buying in Cameroon : the role of the marketing board in the south west and north west provinces, 1978-1987

Laan, H.Laurens van der

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H. Laurens van der Laan

## The Role of the Marketing Board in the South West and North West Provinces, 1978 - 1987

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## The Role of the Marketing Board in the South West and North West Provinces, 1978-1987

H. Laurens van der Laan

African Studies Centre
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1988

**Table of Contents**

## Acknowledgements

This report is one of a series of publications on African marketing boards by research workers of the African Studies Centre in Leiden. It is also the second one on the ONCPB/NPMB, the main marketing board of Cameroon. The idea for this report originated at the African Studies Centre in Leiden, the Netherlands, and was later supported by the Institute of Human Sciences in Yaounde.

I acknowledge extensive help from the ONCPB/NPMB, in particular from:
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Mr. S. Dinga, Chief of Branch, Limbe
Mr. J.G. Mallett, Technical Adviser
and many others at all levels of the organization.

I would like to single out Mr. Mallett, because I greatly benefited from his extensive knowledge of the Board gained during many years of service. He also provided me with the figures for Tables I-VII and X-XII.

While acknowledging their help I should emphasize that I alone am responsible for the views expressed here and for any errors of fact or interpretation.

## List of tables



## List of maps



## List of abbreviations

| | |
|---|---|
| AFC | Area Farmers Cooperative |
| BBA | Block Buying Allowance |
| CDC | Cameroon Development Corporation |
| CPMS | Cooperative Produce Marketing Society |
| FONADER | Fonds National de Développement Rural |
| LBA | Licensed Buying Agent |
| n.a. | not available |
| NPMB | National Produce Marketing Board |
| NWCA | North West Cooperative Association Ltd. |
| NWP | North West Province |
| ONCPB | Office National de Commercialisation des Produits de Base |
| SWP | South West Province |
| TD | Transport Differential |

**Summary**

Cocoa and robusta coffee are valuable cash crops in the South West Province. In the same way arabica coffee is an important source of income for the small farmers of the North West Province.

The marketing of these crops is controlled by the national marketing board, the ONCPB (Office National de Commercialisation des Produits de Base), whose name in English is National Produce Marketing Board (NPMB). The general pattern is that the Marketing Board handles the cocoa and coffee at the export level (in large compounds in Kumba, Bamenda and Bota/Limbe) but delegates crop handling at the primary and intermediate levels to subordinate enterprises, which - in these two provinces but not elsewhere in Cameroon - are called Licensed Buying Agents (LBA). In the North West Province the LBA functions are entrusted to cooperative enterprises only, but in the South West Province private enterprises are also involved, notably in Kumba Subdivision. Seen from a purely handling perspective the Board has only indirect contacts with the farmers because of the LBAs standing in between, but in recent years the Board has begun to establish direct contacts as well. These contacts, which are effected by a large field staff, concern 1) quality control at the primary marketing level, and 2) the payment of bonuses for high-quality cocoa and robusta coffee.

Although this report is primarily descriptive, it attempts to analyse some problems that have troubled the Board in this part of Cameroon. These are:

1) the reconciliation of the interests of the Board and its LBAs;
2) the strained relations between the Board and the cooperative apex organization in the North West Province, which culminated in a serious conflict in 1980;
3) the rivalry between cooperative and private LBAs in the South West Province;
4) the difficulties of effectively deploying the Board's field staff.

Since these problems are not peculiar to Cameroon, this report may also be useful to readers interested in marketing boards operating elsewhere in Africa.

## 1. Introduction

This report examines the trade in cocoa and coffee in part of Cameroon. It concentrates on the early stages of trade, from the moment of sale by the farmers till the time the produce is ready for shipment. Later stages, i.e. exporting and overseas shipping, are omitted. It proved convenient to limit the report to two crops and two provinces. I considered discussing palm kernels as well, but decided against it because the volume and value of this product are so small compared with those of cocoa and coffee.[1] The limitation to two of Cameroon's ten provinces is explained in Chapter 2. For a proper perspective I should add that these two provinces account for some 30 per cent of the nation's cocoa and some 12 per cent of its coffee.

The period reviewed here goes back to 1978, the year in which the ONCPB/NPMB started its operations.[2] As my fieldwork was done in September and October 1987, the latter month should be taken as the end of the period under review. The information collected during my visit to Cameroon comes from interviews and Board files. A few secondary sources (see References at the back of the report) were also used.

The report is organized as follows. Chapters 2 - 5 give background information of a geographical, botanical, legal, etc. nature. Chapters 6 - 8 discuss the three parties that participate in the marketing process: the cooperatives, some licensed private traders, and the Board itself. After they have been discussed separately, the collaboration and interaction is described in Chapters 9 and 10. Here the main events and controversies of recent years are analysed, some only provisionally. Chapters 11 - 14 give me an opportunity to comment on a number of policies.

This report is written primarily for Cameroonian readers in various walks of life. But as cocoa and coffee are grown in many African countries, it may also interest non-Cameroonians, who may find illuminating parallels in Chapters 11 - 14.

## 2. The area of study

The area of study is defined as consisting of two provinces (Map 1) but this does not do justice to the common history of the area, including the common history of government controlled export crop marketing. For over 23 years, 1955-1978, the area had a separate and independent marketing board - twice renamed but essentially unchanged.[3] And even after 1 October 1978 when the ONCPB/NPMB assumed responsibility for export crop marketing for the whole of Cameroon, the affairs of the area under study were conducted more or less separately under the so-called Victoria Branch, after Victoria where the regional headquarters for this area were located. (When Victoria was renamed Limbe in 1983, the name became Limbe Branch). The various changes of name have caused a great deal of confusion. To reduce this I usually refer to 'the Board', which may mean any of the marketing boards operating in Victoria before 1978 as well as the ONCPB/NPMB since.

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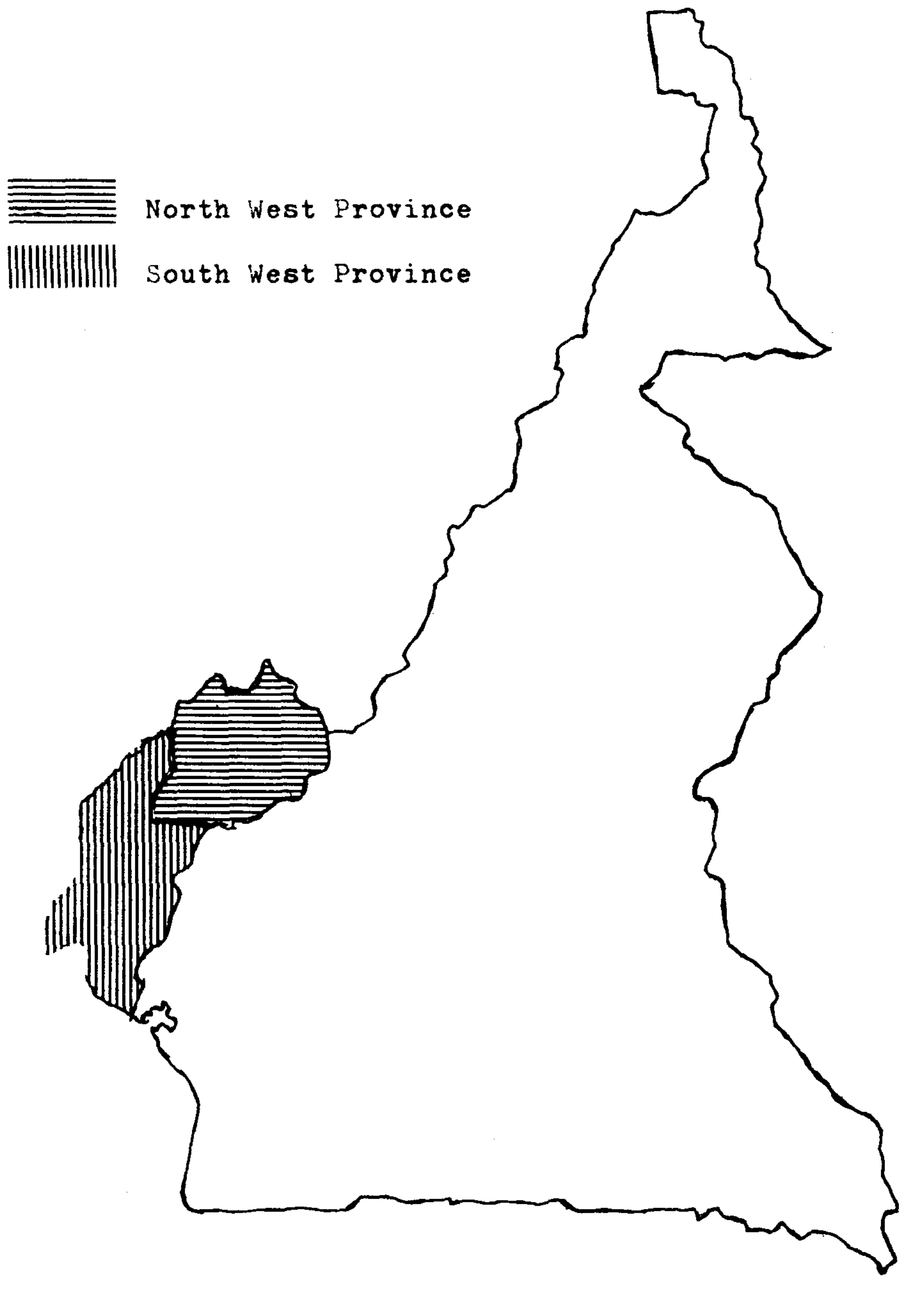
[1]This refers to 'non-plantation' palm kernels because only this category is controlled by the marketing board. I did not hesitate to omit cotton and groundnuts, which are also controlled by the Board, because these crops are either not grown at all in these provinces or in small quantities only.

[2]ONCPB stands for Office National de Commercialisation des Produits de Base, and NPMB means National Produce Marketing Board. Although it is not legally necessary to use the two acronyms together, I'll do so below because I have noticed that some authors think that the NPMB is a branch of the ONCPB and as such responsible for the operations in the S.W. and N.W. Provinces only. This error should be avoided at all costs.

[3]In 1961 the Southern Cameroons Marketing Board became the West Cameroon Marketing Board, which in 1974 became the Produce Marketing Organization (Van der Laan, 1987, p. 4). Although the PMO operated for only a few years (1974-1978), the name, or rather the abbreviation, is still in use today, for instance among taxi drivers.




Map 1. The area of study in Cameroon

What were the main features of the marketing board system which prevailed in this area? First, the Board was the owner of the cocoa and coffee at one or more stages of the marketing process, including the export stage. Second, the men at the helm of the Board did not consider it necessary to take over marketing completely but wanted to control the early and intermediate stages of collection by delegating these to agents, the so-called Licensed Buying Agents (LBA). The operations of these Agents could be steered or directed by instructions contained in annual circulars issued to them. Opinions differ about the effectiveness of such steering, as we shall see.

In January 1985 the ONCPB/NPMB introduced a comprehensive reorganization, some elements of which concerned its activities and presence outside Douala. In a number of provincial capitals offices were installed, from where marketing could be supervised at close quarters, i.e. closer than from Douala. These offices were headed by a Chief of Branch, who was to supervise the ONCPB/NPMB's activities in the Province. For the area under study this meant that it was broken up into two Branches, with a Chief of Branch at Bamenda for the North West Province and another at Kumba for the South West Province. It is necessary to discuss this in detail because some terms of the old system are the same as under the new system but now have a different meaning. Thus 'branch' in the combination of Victoria (or Limbe) Branch referred to both the South West and North West Provinces but the same word in the combination Bamenda Branch refers to the North West Province only. Similarly, Kumba Branch refers to the South West Province only. A further complication is that there still is a Limbe Branch today, albeit only a shadow of the pre-1985 Limbe Branch. Because of the infrastructure at Limbe and nearby Bota it was considered desirable to retain some acceptance and storage of produce there. In 1987 produce from Fako Division (See Map 5) was accepted in Bota and Limbe. The Chief of Branch in Limbe was, on this score, responsible to the Chief of Branch at Kumba and, indirectly, to the Director of Purchases in Douala. A second activity of the Limbe Branch is holding stocks of export quality ready for shipment. At present these stocks are taken by road to Douala port, whenever the Director of Shipments needs them, but it is hoped that shipping from Bota[4], which ceased in 1984, will resume in late 1987. Because of the export stocks and the prospect of resumption of shipping the Chief of the Limbe Branch is also responsible to the Director of Shipments in Douala.

The reorganization of 1985 may be rightly described as a splitting up of the old organization. Now the North West Province Branch and the South West Province Branch are individually under the Head Office in Douala and the Limbe Branch no longer occupies an intermediate place in the hierarchy. At present the annual appointment of LBAs still links ONCPB/NPMB operations in the two provinces. Thus, the circulars for the 1987/1988 season still apply to both provinces, and this in turn means that the LBAs in either province are rewarded at the same rate, as is discussed in more detail in Chapter 5.

### 3. The crops under review

Tables I and II show the quantities which the ONCPB/NPMB purchased in the area under study during the period 1978-1987. It should be noted that coffee purchases are shown separately for arabica and robusta, which have to be treated as two distinct crops because: 1) the government fixes different producer prices for them, and 2) there are differences in processing and marketing.

The cultivation of these crops is not evenly spread over the area under study. This is partly a matter of altitude (arabica), rainfall (cocoa), soils, population density, and road

[4]The port of Bota is a roadstead and depends on lighters. When the number of serviceable lighters fell below four in 1984, loading could no longer be done efficiently. Besides the board the CDC (Cameroon Development Corporation) was an important exporter from Bota. In fact, the port of Bota was property of the CDC until 1970, when it was transferred to the Ministry of Transport.

Table I. Quantities of cocoa and robusta coffee purchased by the ONCPB/NPMB in the South West Province, 1978-1987, by crop year, in tonnes.

| | cocoa | robusta coffee |
|---|---|---|
| 1978/79 | 21.899 | 10.429 |
| 1979/80 | 26.802 | 7.888 |
| 1980/81 | 26.906 | 9.058 |
| 1981/82 | 28.703 | 7.913 |
| 1982/83 | 26.393 | 8.820 |
| 1983/84 | 27.163 | 4.126 |
| 1984/85 | 35.792 | 9.704 |
| 1985/86 | 35.302 | 6.924 |
| 1986/87 | 30.123 | 8.986 |

Source: Internal records ONCPB/NPMB, Limbe Branch
Notes: 1. Arabica coffee is not shown because only small amounts are produced.
2. The figures for 1986/87 are provisional.

Table II. Quantities of coffeee and cocoa purchased by the ONCPB/NPMB in the North West Province, 1978-1987, by crop year, in tonnes

| | arabica coffee | robusta coffee | cocoa |
|---|---|---|---|
| 1978/79 | 10.620 | 372 | 27 |
| 1979/80 | 8.115 | 572 | 2 |
| 1980/81 | 8.362 | 639 | 18 |
| 1981/82 | 7.675 | 659 | 25 |
| 1982/83 | 7.599 | 918 | 19 |
| 1983/84 | 4.115 | 382 | 13 |
| 1984/85 | 6.829 | 1171 | 37 |
| 1985/86 | 5.366 | 1110 | 29 |
| 1986/87 | 5.283 | 758 | 42 |

Sources: Internal records ONCPB/NPMB, Limbe Branch for arabica and robusta; internal records ONCPB/NPMB, Bamenda Branch for cocoa
Note: The figures for 1986/87 are provisional.

system. I was able to find detailed maps in Courade (1974), De Bock (1987) and Munang (1983).

Cocoa predominates in the South West Province and arabica in the North West Province. The tables also show that cocoa cultivation has been expanding considerably, robusta slowly, while arabica has declined. These trends greatly affect marketing policy. Thus, the decline of arabica leads to pressure to reorganize its marketing but also increases the risk of policy changes.

When coffee is harvested, it is in cherry form. Every cherry contains two beans in addition to useless skins. It is officially estimated that on average 54 kilos of beans are obtained from 100 kilos of cherries. The beans can be obtained in two ways. With the dry method the cherries are dried and then hulled. This is the normal process for robusta. With the wet process the cherries are depulped soon after harvesting. Afterwards the coffee is washed and dried so as to obtain parchment coffee. Here the conversion factor is 80 kilos of parchment from 100 kilos of cherries. The wet process is normal for arabica and over 90 per cent of the arabica in Table II is 'washed', that is, wet-processed by the farmer.

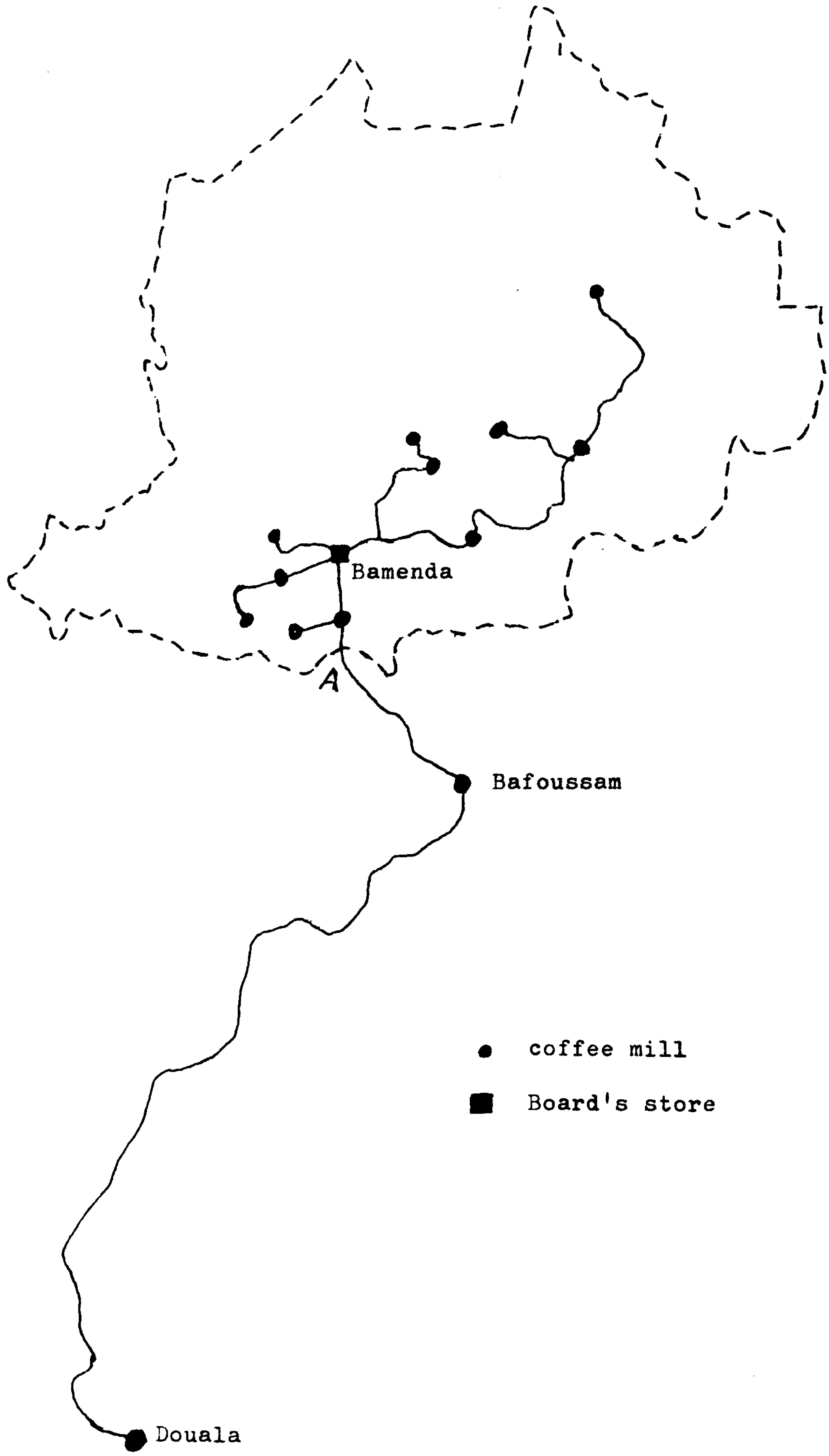
The form in which coffee is sold - cherry, parchment or bean - is important for the farmer as well as the LBA. With coffee in cherry form, the farmer does no more than dry the coffee and all the processing is done by the LBA. This is the case with most robusta and the unwashed arabica. With washed arabica the first processing (depulping) is done by the farmer and the second processing (hulling) by the LBA. Robusta farmers are encouraged to do their own hulling but it remains exceptional that they deliver coffee in bean form.

As long as coffee is in cherry or parchment form, the actual quality of the beans is difficult to determine. It is only when the skins have been removed that the beans can be examined. At that stage the "bad beans" (referring to black, broken, or otherwise defective beans) can be counted and four grades distinguished: Superior, Average, Marginal, and Pickings or Triage. The ONCPB/NPMB allows its LBAs to purchase coffee in cherry or parchment form but only if a sample is taken to determine the quality. The farmer is paid for the quality found in the sample. It should be noted that producer prices for coffee refer to beans and not to cherries or parchment, because the product which the Board sells is in bean form. This is logical but also complicated because testing by sample takes a fair amount of time or special equipment such as the micro hullers, which the Board has purchased and distributed in large numbers in recent years.

For a coffee LBA to be successful it is necessary to possess hulling machines or to have access to them. In fact, the location and capacity of the coffee mills are basic data in any study of coffee marketing but one should remember that the nominal capacity of older hulling machines is often misleading.

Since several decades the world market prefers calibrated coffee, that is coffee sorted by size. Calibrating machines were imported and set up in Cameroon many years ago, well before the period reviewed in this report. As calibration may be done early (just after hulling) or late (just before exportation), the question of whether calibration should be done by the LBA or the Board cannot be settled once and for all. In the area under study it happens that arabica is calibrated on LBA level and robusta on Board level but changes with regard to arabica are about to take place (see Chapter 9).

When turning to cocoa we see that all processing is done by the farmers. The quality of this processing (fermenting) determines the quality of the cocoa when sold to the LBA and indirectly the quality at export level. The LBA may slightly improve quality by drying and by removal of inferior beans, which is called conditioning.




Map 2. The evacuation pattern of coffee from the North West Province

## 4. The evacuation pattern

This section contains three maps which have been drawn to show the evacuation process, that is the movement from cocoa and coffee from the area under study to the port of Douala.[5]

Map 2 shows the location of all coffee hulling mills in the North West Province as well as the roads along which the hulled coffee is taken to the Board's store at Bamenda and hence to Douala. In the past, before unification in 1961, coffee was taken from Bamenda through Mamfe to Victoria but around 1970 transport through Bafoussam became easier than through Mamfe. I was told that 1968 was the last year in which consignments of coffee were transported through Mamfe.

Map 3 shows the location of the coffee hulling mills in the South West Province. From these coffee mills the coffee (in bean form) is transported to the acceptance stores of the ONCPB/NPMB. From there it is taken to the central stores at Kumba and Limbe/Bota, which also receive directly from nearby mills.

Map 4 shows the roads for the evacuation of cocoa from seven smaller acceptance stores of the Board to the larger stores at Kumba and Limbe/Bota. Map 4 is less detailed than the others because of the absence of LBA-owned processing infrastructure. However, since 1984 the Board gives instructions to the LBAs telling them at which acceptance stores they should deliver cocoa (see Chapter 8). There is a shaded area for each acceptance store, except for those at Konye and Mbonge, which function as annexes of the big stores in Kumba.

The maps are incomplete, for they show the downstream part of the evacuation pattern only. It would be instructive if the upstream part could also be mapped. The crucial points in the downstream evacuation pattern are those where the LBAs hand over the produce to the Board, while the crucial upstream points are those where the farmers part with their produce handing it over to the LBAs. Recent attempts to designate those points (see Chapter 11) have provided data for an upstream map for the South West Province (see Map 6 below).

Points A (on Map 2) and B (on Maps 3 and 4) show where produce leaves the area under study when evacuated to Douala. In a way they are points of 'export'. When it was possible to ship from Bota, there was a third point of export and this may be renewed when shipping resumes. There are two further points C and D. Occasionally stocks at Bangem and Tombel are not taken to Kumba but to Nkongsamba or Douala. This is done for instance when the roads to Kumba are impassable or in poor condition. For coffee there may be a second reason for such 'exports' via points C and D: sometimes the Board prefers the coffee to be calibrated in its mill in Nkongsamba rather than in Kumba.[6]

All evacuation is done by road, by lorries which belong to either the Board, or the LBAs, or private transporters. Between Bamenda, Kumba and Bota on the one hand and Douala on the other large lorries are used, mainly of 20 tonnes but going up to 35 tonnes. In the production areas small lorries (3 - 7 tonnes) are used with pick-ups as reinforcement at the peak season. Medium-sized lorries of, say, 12 tonnes are employed in the production areas in the dry season only and are further used for bulk transport to Douala.

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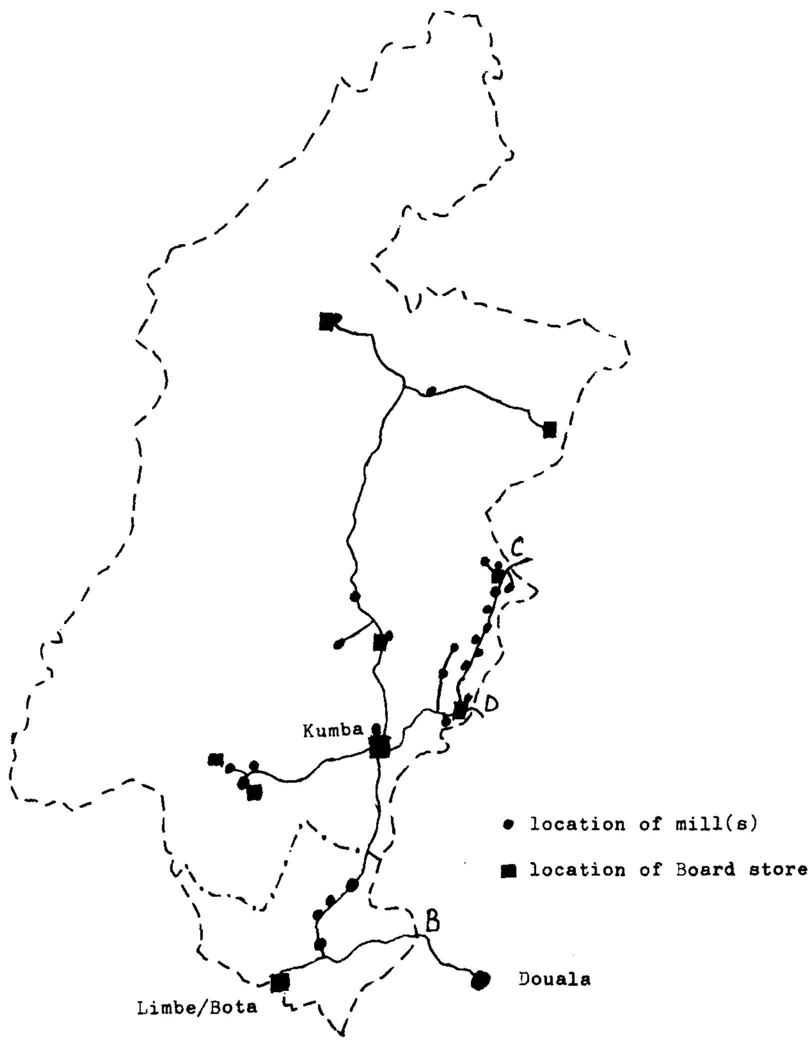
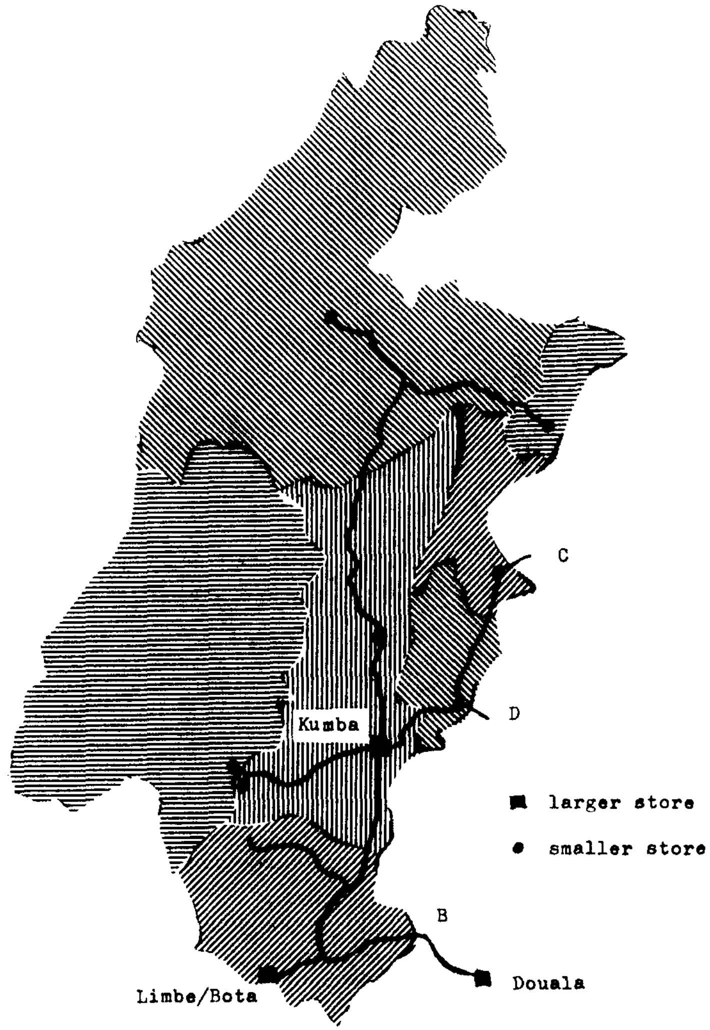
[5]To simplify matters I omit here the shipping from the port of Bota until 1984 and the processing of part of the cocoa and coffee in factories located in or near Douala.

[6]This is important since 1986 when the Board acquired the big calibrating and picking plant from SOCOPAO. The Board can now choose between Nkongsamba, Kumba and Bota when it wants to calibrate large quantities of robusta. Nkongsamba is chosen when there is insufficient picking labour at Kumba or Bota.




Map 3. **The evacuation pattern of robusta coffee from the S.W. Province**

N.B. The map is incomplete because the mills in Fontem Subdivision are not shown.




Map 4. The evacuation pattern of cocoa from the South West Province

- cocoa is taken to Bekora or Fontem
- cocoa is taken to Limbe/Bota or Bangem
- cocoa is taken to Kumba/Konye/Mbonge
- cocoa is taken to Mamfe or Tombel

The evacuation pattern described here says nothing about the time pattern of evacuation. Cocoa is normally evacuated rapidly, but coffee stocks may be retained in Bamenda or Kumba for several months before being sent to Douala.

## 5. Steering of marketing through delegation

We have seen that the Board delegates the early and intermediate stages of marketing to Licensed Buying Agents. Naturally, the Board cannot control the activities of these LBAs as strictly as those of its own employees but control goes quite far. Crucial is a proper selection of the LBAs. Originally the Board was responsible for this and issued licences bearing the Board's seal to selected candidates. Later, in 1968[7], the Minister of Commerce and Industry assumed responsibility. The procedure is that the Board recommends candidates to the Minister, who, however, is free to make his own selection. The actual decision is now called 'appointment' and official licences are no longer issued. There are several criteria to screen candidates: experience, financial standing, buildings of the right quality at the right locations, etc. Appointments are made for a year, which means that non-renewal in case of unsatisfactory performance is a powerful sanction. (The appointment could also be revoked during the season but this has not been done for many years).

An important distinction among the LBAs is that between private traders or trading companies on the one hand and cooperative organizations on the other. In the North West Province the first category is absent and the Board deals with the North West Cooperative Association as its only LBA. In the South West Province there have been some twenty LBAs during the period 1978-1987, most of them cooperatives (see Tables III and IV).

Steering is also done by means of the allowances, that is the Block Buying Allowance (BBA) which is meant to reimburse the LBA for his costs and to leave him a small profit; and the Transport Differential (TD), an allowance to reimburse him for (part of) his transport costs. One may expect that many people and organizations show a keen interest in the position of LBA when the allowances are generous. Conversely, one may expect many complaints from the LBAs when they are too low. When the BBA is insufficient, LBAs are tempted to recoup their expenses by deviating from the Board's instructions, usually at the expense of the farmers. Opportunities to do so are always available, for the Board cannot supervise all activities of its LBAs.

Table V shows the BBAs for cocoa, robusta and arabica for the period under review (as well as for the five preceding years). It is clear that they have been raised considerably, mainly in response to inflation and the raising of the producer prices (see Tables X, XI and XII). Detailed calculations show that the BBA for cocoa increased less than the producer price for this product while the BBA for robusta grew more - this was even more pronounced for arabica but this reflected an exceptional situation (see Chapter 9). The raising of the BBAs was not a smooth process: the table shows that occasionally the BBA was kept constant, while in other years there was a big jump of 10 per cent (for cocoa in 1985) or 18 per cent (for robusta in 1980). The actual movement was even more jerky than the table indicates because often the BBA was raised retrospectively, that is the Board and the LBA operated on the basis of last year's BBA for part of the new season and only then heard that a higher BBA applied. This meant that the Board had to make additional payments to the LBAs. While this was naturally welcome news for them, it should not be overlooked that the LBAs had been in uncertainty for several weeks and had been obliged to provide more working capital of their own than if the appropriate BBA had been announced in time.

[7]The earliest (?) appointment order dates from 5 December 1968

Table III. Licensed Buying Agents for cocoa in the South West Province by season of appointment, 1978-1987

| name of LBA | crop years or seasons | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 78/9 | 79/0 | 80/1 | 81/2 | 82/3 | 83/4 | 84/5 | 85/6 | 86/7 | 87/88 |
| Victoria Area Farmers Coop Ltd. | x | x | x | x | x | - | - | - | - | - |
| Limbe " " " " | - | - | - | - | - | x | x | x | x | x |
| Muyuka " " " " | x | x | x | x | x | x | x | x | x | x |
| Kumba " " " " | - | x | x | x | x | x | - | - | - | - |
| Kumba Urban " " " " | - | - | - | - | - | - | x | x | x | x |
| Konye " " " " | - | - | - | x | x | x | x | x | x | x |
| Mbonge " " " " | - | - | - | - | - | x | x | x | x | x |
| Tombel " " " " | - | x | x | x | x | x | x | x | x | x |
| Bangem " " " " | x | x | x | x | x | x | x | x | x | x |
| Nguti " " " " | - | x | x | x | x | x | x | x | x | x |
| Ndian " " " " | - | x | x | - | x | x | x | x | x | x |
| Mamfe " " " " | x | x | x | x | x | x | x | x | - | - |
| Mamfe Central " " " " | - | - | - | - | - | - | - | - | x | x |
| Eyumjock " " " " | - | - | - | - | - | - | - | - | x | x |
| Fontem " " " " | - | x | x | x | x | x | x | x | x | x |
| | | | | | | | | | | |
| Nweh Mundani CPM Union Ltd | x | - | - | - | - | - | - | - | - | - |
| primary coop societies | 13 | - | - | - | - | - | - | - | - | - |
| | | | | | | | | | | |
| Direct Suppliers Co Ltd. | x | x | x | x | x | x | x | x | x | x |
| Z and A Trading Co | x | - | - | - | - | - | - | - | - | - |
| Mbanya Enterprises | - | x | x | x | x | x | x | x | x | x |
| Njumbe and Sons Enterprises | x | x | x | x | x | x | x | x | x | x |
| S.M. Tayim Enterprises | x | x | x | x | x | x | x | x | x | x |
| V.C. Commercial Enterprises | x | x | x | x | x | x | x | x | x | x |
| Atabong Enterprises | x | x | x | x | x | x | - | - | - | - |
| Monkeu | - | x | x | x | x | x | - | - | - | - |
| Ndikum | - | x | x | x | x | x | - | - | - | - |
| Produce Professor | x | x | x | x | x | x | - | - | - | - |
| Samti Commercial Enterprises | x | x | x | x | x | x | - | - | - | - |
| M.I.M. Mbue | x | - | - | - | - | - | - | - | - | - |
| S.A. Arrey and Sons | x | x | x | - | - | - | - | - | - | - |
| DEAH Enterprises | - | - | - | - | - | - | - | - | - | x |
| | | | | | | | | | | |
| A.W. Njikam | x | x | x | x | x | x | - | - | - | - |
| Mukete Plantations | x | x | x | x | x | x | - | - | - | - |
| | | | | | | | | | | |
| Total | 30 | 22 | 22 | 21 | 22 | 23 | 16 | 16 | 17 | 18 |

Source: Internal records ONCPB/NPMB, Limbe Branch

Notes: 1. Some LBAs changed their name during the period under review: Victoria Area Farmers Coop became Limbe Area Farmers Coop in 1983 and Z and A Trading Co became Mbanya Enterprises in 1979.
2. Some LBAs were split up: Kumba Area Farmers Coop became Kumba Urban AFC, Konye AFC and Mbonge AFC. Similarly Mamfe Area Farmers Coop became Mamfe Central AFC and Eyumjock AFC.
3. Organizational changes effected the cooperatives in 1979. There were coop produce marketing unions at Muyuka and Bangem which became Farmers Cooperatives. Similarly Nweh Mundani Union became the Fontem AFC. The names of 13 primary coop societies which were appointed as LBA for the last time in 1978 are not included in the table.
4. The last two names in the table refer to plantations and are not LBAs in the ordinary sense.

Table IV. Licensed Buying Agents for robusta coffee in the South West Province by season of appointment, 1978-1986

| name of LBA | 78/9 | 79/0 | 80/1 | 81/2 | 82/3 | 83/4 | 84/5 | 85/6 | 86/7 |
|---|---|---|---|---|---|---|---|---|---|
| | crop years or seasons | | | | | | | | |
| Victoria Area Farmers Coop Ltd. | x | x | x | x | - | - | - | - | - |
| Limbe " " " " | - | - | - | - | x | x | x | x | x |
| Muyuka " " " " | x | x | x | x | x | x | x | x | x |
| Kumba " " " " | - | x | x | x | x | - | - | - | - |
| Kumba Urban " " " " | - | - | - | - | - | x | x | x | x |
| Mbonge " " " " | - | - | - | - | - | x | x | x | x |
| Konye " " " " | - | - | - | x | x | x | x | x | x |
| Tombel " " " " | - | x | x | x | x | x | x | x | x |
| Bangem " " " " | x | x | x | x | x | x | x | x | x |
| Nguti " " " " | - | x | x | x | x | x | x | x | x |
| Ndian " " " " | x | x | x | - | x | x | x | x | x |
| Mamfe " " " " | x | x | x | x | x | x | x | x | - |
| Mamfe Central " " " " | - | - | - | - | - | - | - | - | x |
| Eyumjock " " " " | - | - | - | - | - | - | - | - | x |
| Fontem " " " " | - | x | x | x | x | x | x | x | x |
| | | | | | | | | | |
| Nweh Mundani CPM Union | x | - | - | - | - | - | - | - | - |
| Societies under CENADEC | x | - | - | - | - | - | - | - | - |
| | | | | | | | | | |
| Direct Suppliers Co Ltd | x | x | x | x | x | x | x | x | x |
| Z and A Produce Company | x | - | - | - | - | - | - | - | - |
| Mbanya Enterprises | - | x | x | x | x | x | x | x | x |
| Njumbe and Sons Enterprises | x | x | x | x | x | x | x | x | x |
| S.M. Tayim Enterprises | x | x | x | x | x | x | x | x | x |
| V.C. Commercial Enterprises | x | x | x | x | x | x | x | x | x |
| Atabong Enterprises | x | x | x | x | x | x | - | - | - |
| Monkeu | - | - | x | x | x | x | - | - | - |
| Ndikum | - | - | - | x | x | x | - | - | - |
| Produce Professor | x | x | x | x | x | x | - | - | - |
| Samti Commercial Enterprises | x | - | - | x | x | x | - | - | - |
| S.A. Arrey and Sons | x | x | x | - | - | - | - | - | - |
| | | | | | | | | | |
| Total | 16 | 17 | 18 | 19 | 20 | 21 | 16 | 16 | 17 |

Source: Internal records ONCPB/NPMB, Limbe Branch

Notes: 1. For changes of name and various forms of succession, see notes of Table III.
2. The "Societies under CENADEC" were primary cooperative societies at Kumba Central, Nguti and Tombel, which were supported by the Centre National de Développement des Entreprises Coopératives.
3. Fontem AFC was appointed as LBA for arabica for the 1986/87 season.

Table V. Block Buying Allowances for cocoa and coffee in the South West and North West Provinces, 1973 - 1987, in francs CFA per tonne.

| crop year | cocoa (Grade I) | robusta coffee | arabica coffee |
|---|---|---|---|
| 1973/74 | 12.290 | 18.000 | 23.500 |
| 1974/75 | 15.500 | 19.000 | 30.000 |
| 1975/76 | 16.400 | 20.850 | 31.500 |
| 1976/77 | 20.000 | 27.000 | 34.000 |
| 1977/78 | 25.000 | 28.150 | 40.000 |
| 1978/79 | 30.500 | 39.715 | 69.000 |
| 1979/80 | 32.000 | 43.630 | 83.000 |
| 1980/81 | 33.600 | 51.450 | 132.000 |
| 1981/82 | 33.600 | 59.800 | 132.000 |
| 1982/83 | 33.900 | 62.943 | 132.000 |
| 1983/84 | 37.000 | 71.525 | 132.000 |
| 1984/85 | 40.099 | 76.200 | 132.000 |
| 1985/86 | 44.114 | 80.487 | 132.000 |
| 1986/87 | 45.149 | 80.687 | 132.000 |
| 1987/88 | 48.709 | n.a. | n.a. |

Source: Internal records ONCPB/NPMB, Limbe Branch

Notes: 1. The BBA for Grade II and Hors Standard cocoa is not shown. It must be remembered, however, that the BBA for Grade II has been the same as that for Grade I since 1976. Moreover, the BBA for Hors Standard was raised to that of Grade I (and II) in 1982.

2. Since 1978 the BBA for coffee applied to all coffee regardless of quality and grain size. Before that year there was a schedule of BBAs. The figures in the table for the years 1973-1978 should therefore be seen as averages.
3. The BBAs for cocoa and robusta include an item 'Financial expenses', see Tables VI and VII. This item is not included in column 3, because all arabica is delivered by cooperative LBAs, which qualify for advances from the Board.
4. n.a. = not available at time of writing
5. The increase in the BBA for arabica in 1980/81 is explained in Chapter 9.
6. The BBA for arabica for 1986/87 consists of a normal BBA of 79.690 francs and a temporary supplement of 52.310 francs 'designed to cover the expenses of the NWCA and its member Cooperatives while economies are being effected'. The normal BBA is paid to the cooperative in Fontem (SWP), which was appointed as LBA for arabica in 1986/87 for the first time.
7. The increases in the BBA for robusta in 1983/84 and for cocoa in 1987/88 do not represent increases in income for the LBAs, for the Transport Differential was reduced simultaneously.

When LBAs make representations for a higher BBA they normally ask for the raising of particular items in the cost schedule that underlies the BBA. Table VI shows the cost schedule for robusta coffee for nine buying seasons. We should note two large items, one for hulling and one for picking, i.e. the removal of bad beans. Picking costs have increased rapidly, more rapidly than the total of the BBA. It is in the Board's interest to have an adequate figure for picking costs in the schedule, because, if an LBA fails to 'pick' his coffee, the Board is entitled to reduce the BBA with this figure. While the negotiations focus on the items, it is the total that matters to the LBAs. Bargaining about vague items such as 'general expenses' and 'remuneration' are merely a kind of shadow boxing. With the cocoa schedule in Table VII the figures for the various items are even less 'hard'. Whether marketing costs can be determined accurately is doubtful, but the LBAs know very well whether the BBA is satisfactory or not. The last item in Table VII appeared for the first time in 1987. These 'local collection costs' refer to transport costs incurred by the LBA between the primary buying points and his central stores. Formerly they were reimbursed by the TD but since 1987 the TD, now reduced, is supposed to cover only the transport costs from the central LBA stores to the Board stores. A similar accounting transfer from the TD to the BBA had been introduced for robusta in 1983 (see below).

One item in the two schedules, 'financial expenses', mainly consisting of bank interest, is calculated with special care because only the private LBAs are entitled to it. The reason for this difference is that they have to provide their own finance, while the cooperative LBAs depend on the Board for finance. In the tables the total BBA refers to the amounts reimbursed to the private LBAs, while the cooperative LBAs receive less, on average 17.7 per cent less for cocoa and 13.3 per cent less for robusta. An adequate figure is necessary to guarantee fair competition between cooperative and private LBAs.

The Transport Differential is expressed in francs CFA per tonne/km. This rate is not calculated by the Board but fixed on the basis of rates used elsewhere, for instance in the Ministry of Transport. In 1978/79 the rate was 31 francs; in 1982/83 40 francs; in 1983/84 59.2 francs and in 1986 75 francs. When a lorry load of cocoa or coffee is delivered to the Board, the tonnage and the distance are ascertained and the TD rate applied to calculate the amount of TD for this load. Ascertaining the distance is easy for coffee because the Board knows the location of the hulling mills and has schedules showing the distance from each mill to the nearest Board store. This distance is paid for. The LBAs transport costs upstream from the mill are, however, difficult to ascertain and the total TD for those costs, as it was paid before 1983, was therefore not much more than guesswork. This explains why the LBA's upstream transport costs have now been included in the BBA as part of 'local collection costs', first for coffee (1983) and recently also for cocoa (1987).

Recently the Board has begun to pay a fixed amount per tonne in addition to the rate per tonne/km. This was justified because of the time involved in loading and off-loading and in waiting for these operations. While the lorry was so tied up, it could not earn money for its owner. In 1983 this allowance (at 1500 francs per tonne) was introduced in the North West Province. In 1986 the allowance, by then raised to 2160 francs, was extended to the South West Province.

Relations between Board and LBA not only depend on the level of the allowances but also on what happens when the LBA delivers produce at the Board's stores. Are there waiting times for the lorries? How consistent is quality examination? How frequent are rejections of lorry loads on the basis of quality checks? Is weighing done satisfactorily and quickly? How long does off-loading take? How quickly are documents handled, in particular those on which payments are made? How often does the Board seek redress for poor quality, discovered after acceptance? Both the Board and the LBAs are

Table VI. Cost Schedule for the Robusta Coffee BBA , 1978-1987, in francs CFA per tonne.

| | 1978/9 | 1979/80 | 1980/1 | 1981/2 | 1982/3 | 1983/4 | 1984/5 | 1985/6 | 1986/7 |
|---|---|---|---|---|---|---|---|---|---|
| Collection of cherry | | | | | | | 17.920 | 19.354 | 19.354 |
| Hulling | 28.000 | 28.000 | 27.500 | 30.800 | 35.840 | 41.216 | 23.940 | 25.137 | 25.137 |
| Picking | | | 6.000 | 8.000 | 9.000 | 10.260 | 11.697 | 12.867 | 12.867 |
| Service bags | 1.530 | 4.738 | 3.334 | 4.377 | - | - | - | - | - |
| Remuneration of LBA | 3.500 | 3.500 | 3.500 | 3.500 | 3.850 | 3.990 | 4.000 | 4.229 | 4.229 |
| Insurance | 783 | 865 | 908 | 952 | 1.006 | 1.875 | 2.160 | 2.160 | 2.160 |
| Financial Expenses: Bank Interest | 5.582 | 6.174 | 6.837 | 7.656 | 8.092 | 8.493 | 9.243 | 9.500 | 9.500 |
| Financial Expenses: Bank Transfer | 320 | 353 | 371 | 390 | 412 | 473 | - | - | - |
| General Expenses | - | - | 3.000 | 4.125 | 4.743 | 5.218 | 4.000 | 4.000 | 4.200 |
| Storage | - | - | - | - | - | - | 3.240 | 3.240 | 3.240 |
| Total | 39.715 | 43.630 | 51.450 | 59.800 | 62.943 | 71.525 | 76.200 | 80.487 | 80.687 |

Source: Internal records ONCPB/NPMB, Limbe Branch

Notes: 1. The substantial increase of the item 'Collection and Hulling' in 1983 was necessary because in that year the Board ceased to pay a Transport Differential for transport costs incurred upstream of the coffee hulling mills. In 1984 'Collection' and 'Hulling' were shown as separate items.

2. Until 1982 the LBAs had to provide their own service bags. When the Board began to supply them with service bags, the corresponding item in the schedule was eliminated.

3. Bank interest and transfer charges were merged into one item 'Financial Expenses' in 1984.

Table VII. Cost Schedule for the Cocoa BBA for Grades I and II, 1978-1988, in francs CFA per tonne

| | 1978/9 | 1979/80 | 1980/81 | 1981/2 | 1982/3 | 1983/4 | 1984/5 | 1985/6 | 1986/7 | 1987/8 |
|---|---|---|---|---|---|---|---|---|---|---|
| Middleman's Allowance | 6.000 | 6.000 | 6.000 | 6.000 | 6.000 | - | - | - | - | - |
| Service bags | 3.180 | 3.395 | 3.395 | 3.395 | - | - | - | - | - | - |
| Insurance | 1.120 | 1.240 | 1.280 | 1.280 | 1.464 | 1.658 | 1.846 | 1.846 | 1.846 | 1.846 |
| Rent/Depreciation Stores | - | - | - | - | - | 565 | 565 | 565 | 565 | 565 |
| General Expenses/Overheads | 7.998 | 9.305 | 11.075 | 11.075 | 13.000 | 21.075 | 23.214 | 25.871 | 26.906 | 26.906 |
| Remuneration of LBA | 3.900 | 3.900 | 3.900 | 3.900 | 4.000 | 4.000 | 4.229 | 4.229 | 4.229 | 4.229 |
| Financial Expenses: Bank Interest | 4.441 | 5.041 | 5.326 | 5.326 | 5.982 | 6.508 | 7.170 | 8.528 | 8.528 | 8.528 |
| Financial Expenses: Bank Transfer | 294 | 327 | 334 | 334 | 366 | 419 | - | - | - | - |
| Loss in weight | 1.950 | 2.180 | 2.250 | 2.250 | 2.475 | 2.775 | 3.075 | 3.075 | 3.075 | 3.075 |
| Stamp duty | 1.176 | - | - | - | - | - | - | - | - | - |
| Patente | 375 | 375 | - | - | - | - | - | - | - | - |
| Local collection | - | - | - | - | - | - | - | - | - | 3.560 |
| Miscellaneous | 66 | 237 | 40 | 40 | 13 | - | - | - | - | - |
| Total | 30.500 | 32.000 | 33.600 | 33.600 | 33.900 | 37.000 | 40.099 | 44.114 | 45.149 | 48.709 |

Source: Internal records ONCPB/NPMB, Limbe branch

Notes: 1. When the Board began to supply service bags to the LBAs in 1982, this item in the schedule was eliminated.

2. Bank interest and transfer charges were merged into one item 'Financial Expenses' in 1984.

3. The item 'Local collection' was introduced in 1987 to compensate the LBAs for a simultaneous reduction in the transport differential.

interested in keeping frictions on these matters to a minimum[8], and this is only possible when there is a large degree of mutual confidence as well as machinery for frequent consultation. In Bamenda there are weekly meetings between the Chief of Branch and the NWCA. In Kumba the Chief of Branch often meets with the cooperative LBAs and, usually separately, with the private LBAs. Meetings with the latter are more frequent as they are fewer in number and have their offices in Kumba so that meetings can be convened at short notice.

The original idea was that LBAs should provide their own working capital for produce buying and this is still the case with private LBAs. Soon after they have delivered their cocoa or coffee to the Board, they receive a Store Receipt Voucher (SRV), which indicates 'for each quantity of cocoa/coffee delivered' the weight, the value and the BBA. A few days after the SRV has been prepared the Board issues a cheque. As their SRVs are discountable with the commercial banks, private LBAs can dispose of money before receiving the Board's cheque. With regard to the payment of the Transport Differential there has been a change during the period under review. Until the 1984/85 season the TD was indicated on the SRV but when the Board began to play an increasing role in transporting produce belonging to cooperative LBAs, the latter no longer qualified for TD and the old arrangement became inconvenient. Since September 1984, the LBAs submit separate claims for TD based on waybills and SRVs, and the amounts due to them are paid independently of the SRV-based cheques.

Since the cooperatives have little or no working capital of their own, they have to obtain finance from outside. Their main source is the ONCPB/NPMB, which provides advances free of interest. Repayment is made with SRVs. Detailed arrangements are necessary with regard to the level, the timing and the repayment of this pre-finance. As there have been many changes in these arrangements, pre-finance has been a dominant point on the agenda of meetings between the Board and cooperative LBAs - a point which explains why meetings with the private LBAs are often held separately.

## 6. The cooperative LBAs

The discussion here does not aim at a complete picture of the cooperatives but only at their role in cocoa and coffee buying. (Readers who want a complete and recent picture are referred to Courade (1981) and Schwettmann (1985).) This implies that we do not evaluate the cooperatives except in as far as they function in produce buying.

The cooperatives in the area under study have had a long and chequered history. Originally, i.e. in the 1950s, there were primary societies, which, with few exceptions, were called Cooperative Produce Marketing Societies (CPMS). In the North West Province they were grouped in unions. In 1953 six unions formed an apex organization, the Bamenda Cooperative Marketing Association Ltd. (since 1970 the Bamenda Cooperative Association, BCA) with offices in Bamenda. As the BCMA was the only owner of coffee hulling equipment, it was the natural channel from the farmers to the Board. The BCMA was therefore the Board's main LBA from 1959 to 1967. In 1967 the unions - by then numbering nine - decided to buy and install their own hulling mills and accordingly became LBAs. When in 1970 private traders were no longer accepted as LBA, the cooperative unions became the only LBAs in the North West Province. They had a good reputation and were the only LBAs in the area under study that were allowed to deliver produce in export bags. Since they possessed calibrating machinery, they could fulfil the requirement that all coffee should be calibrated in preparation for shipment. With the Board's permission they put their arabica in export bags showing the union's markings.

[8]Since everybody is extremely busy at the height of the season, frictions may easily arise, when they tend to do more harm than in the off-season.

By 1978 there was a significant change in the cooperative structure. The North West Cooperative Association Ltd. was established as the successor of earlier apex organizations and assumed a central role in dealing with the new ONCPB/NPMB. It became the Board's LBA while the unions no longer applied for a licence. When we consider the produce flow separately, the real change of 1978 was less drastic, because the unions continued to deliver their own coffee directly to the Board in Bamenda. Accordingly, the documents and bag markings still refer to the union from which the coffee comes. To my mind the unions are therefore sub-agents of the NWCA. One useful change was that the NWCA stationed a representative in the Board's store to watch over the interests of all constituent unions. His duties are to be present at unloading and to register lorry loads delivered to the Board.

We now turn to the cash or money flow. This flow became centralized in 1978 when the NWCA became the sole LBA. All 'coffee money', whether in the form of advances or payments for produce, was henceforth paid by the Board to the NWCA. It has been the task of the NWCA to pay the unions, while the latter pay the primary societies, which in their turn pay the farmers. In considering the financial requirements of the NWCA and the unions one should bear in mind that coffee is not only transported but also processed, that is, hulled, picked and calibrated. It is further important that many farmers wish to sell their coffee before the season is officially opened (normally in late December or early January). In that period, say the last quarter of the calendar year, the cooperatives need money, while the Board, which does not expect deliveries before January, is reluctant to advance money.

In the South West Province the Cooperative Produce Marketing Societies were allowed to sell their cocoa and coffee directly to the Board in the 1960s. This meant a rather fragmented situation with over thirty CPMS operating as LBA (not counting private LBAs). In 1978 the Minister of Agriculture decided upon a drastic reorganization. His Director of Cooperation and Mutuality introduced new, larger cooperative societies, which, measured in size, corresponded to the unions in the North West Province. It was further significant that these societies were based on administrative units, i.e. either divisions or subdivisions. It is obvious that these new societies are stronger than the old CPMS in the sense of having more staff and a more elaborate organization, but also that they can count less on the loyalty of the producers. This is evident for instance in areas where many 'strangers', such as people from the North West Province, have settled. The old CPMS have become sections of the new societies. Such sections have a store headed by a storekeeper who does the actual buying from the farmers. There are about 150 sections in the province. An important source of income of the cooperatives - although less than the BBA - is a 'tare', a deduction of about 1.5 per cent of the producer price.

Some of the new cooperatives societies (see Table VIII) were established in areas where the CPMS had held a buying monopoly, which the new societies more or less automatically inherited. In other areas they had to compete with private LBAs, as is discussed in Chapter 10. There is also a central union, the South West Farmers' Cooperative Union Ltd. (SOWEFCU), with offices in Kumba, which advises and supervises the societies but has fewer responsibilities than the NWCA. The cooperative societies are, more or less automatically, appointed as LBAs and deliver their cocoa and coffee to the Board's stores in keeping with the general instructions to LBAs. In matters of finance (advances and payment for produce) they deal directly with the Board. In 1987 ten dealt with the Kumba Branch and two with the Limbe Branch.

### 7. The private LBAs

The marketing board system originally envisaged private traders and trading companies as the principal candidates for the position of LBA, but in the course of time this category has decreased in favour of cooperative LBAs. The main explanation for this trend must be sought in the official policy of promoting cooperatives. Another

Table VIII. The new cooperative societies in the South West Province, by year of establishment and by monopoly experience.

| | year of establ. | conditons of monopoly since |
|---|---|---|
| Victoria/Limbe Area Farmers Coop Ltd. | 1978 | 1969 |
| Mamfe " " " " | 1978 | 1967 |
| Ndian " " " " | 1978 or 1979 | 1984 |
| Muyuka " " " " | 1979 | 1969 |
| Kumba " " " " | 1979 | ----- |
| Bangem " " " " | 1979 | 1979 |
| Nguti " " " " | 1979 | 1979 |
| Fontem " " " " | 1979 | 1969 |
| Tombel " " " " | 1979 or 1980 | 1980 |
| Konye " " " " | 1981 | ----- |
| Kumba Urban " " " " | 1983 | ----- |
| Mbonge " " " " | 1983 | ----- |
| Mamfe Central " " " " | 1986 | 1969 |
| Eyumjock " " " " | 1986 | 1969 |

Kumba AFC was split up and subsequently dissolved in 1983.
Mamfe AFC was split up and subsequently dissolved in 1986.

Table IX. ONCPB/NPMB stores in the South West Province by crop handled, and number and category of LBA

| location of store(s) | acceptance of cocoa | acceptance of coffee | number of coop LBA | number of private LBA | number of all LBA |
|---|---|---|---|---|---|
| Tombel | x | x | 1 | - | 1 |
| Bekora | x | x | 1 | - | 1 |
| Fontem | x | x | 1 | - | 1 |
| Bangem | x | x | 2 | - | 2 |
| Mamfe | x | x | 2 | - | 2 |
| Bota/Limbe | x | x | 2 | 1 | 3 |
| Mbonge | x | x | 1 | 5 | 6 |
| Konye | x | - | 3 | 5 | 8 |
| Kumba | x | x | 3 | 5 | 8 |

explanation is a diffuse hostility towards traders in the produce trade, which is rooted in long-standing distrust of the 'middlemen'. In the North West Province no private LBAs were appointed after 1970 but in the South West Province the Board still uses them. Significant was a reduction in their number in 1984 (see Chapter 10).

Private LBAs are supposed to be more flexible in their operations. They also rely more on personal relations, for instance in the recruitment of staff. In fact, trust is very important in view of the large sums of money that are disbursed at the buying points at the height of the season. Trust is also essential in the relationship with 'factors', who may be best described as sub-agents. They operate according to the Board's general instructions but, not being recognized by the Board, they have to deliver in the name of an official LBA. Factor and LBA have to come to terms on the amount of the BBA which the LBA passes on to the factor. Private LBAs and their factors are known to advance money to farmers in the period before harvesting on the understanding that the borrower sells his cocoa or coffee to the lender so that the repayment can be deducted from the value of the harvest. This provision of short-term credit is greatly appreciated by at least some farmers and gives the private LBAs a competititve edge over cooperative LBAs. Of course, they have to be skillful in assessing the creditworthiness of the farmers. Finally, the private LBAs are supposed to be good at the management of their transport operations. They seem to succeed in keeping their average costs below the TD paid by the Board. Until 1986 they used to send their lorries to peripheral villages to collect cocoa and coffee but the introduction of periodic markets (see Chapter 11) has made this illegal.

## 8. The ONCPB/NPMB's own produce operations

It is convenient to start our discussion with the North West Province because the physical presence of the Board has always been smaller there than in the South West Province. Indeed, the Board's operations have always been confined to Bamenda. In 1978 it moved from the centre of town (where it still retains a small office) to a new, larger compound at Nkwen on the outskirts of Bamenda. At this compound the unions deliver their produce: the arabica (hulled and calibrated!) in export bags and the cocoa and robusta in service bags. Rebagging is a minor task because the quantities of cocoa and robusta are small (see Table II) but the storage of arabica is important at Nkwen because the ONCPB/NPMB prefers to store here rather than in Douala, where the humid climate may cause quality to deteriorate.

There are plans to open stores elsewhere in the North West Province, starting at Kom and Nso unions, which have had a high production for many years. In fact, although no store has been opened as yet at Kom, the Board has been buying there in the 1986/87 season, using one of its lorries as a buying centre. The unions welcome these moves of the Board, for various reasons, one being that there will be no longer any double transport of coffee, for instance when a lorry load is rejected at Nkwen because of the coffee not being dry enough.

In the South West Province the Board has operated produce stores at Bota/Limbe, Kumba and Mamfe for many years. These towns were already commercial centres in the days before the establishment of the Board[9] and it was natural for the Board to have stores there. In the 1980s the board began to accept produce at smaller towns as well, namely at Tombel, Bangem, Fontem, Konye, Mbonge and Bekora (see Map 4). This move shifted some tasks from the cooperatives to the Board. The cooperatives welcomed this shift because it reduced their worries, in particular their worries about transport. Delivering produce to the Board now involves shorter journeys: the lorries are away for shorter periods and supervision of the drivers is easier. Some cooperatives

[9] Mamfe was important until 1961, i.e. in the period that this part of Cameroon was administered from Nigeria. It was then possible - technically and politically - to transport goods to and from Mamfe via the Cross River, i.e. Mamfe lay in the hinterland of Calabar.

even made representations to the Board inviting it to come to their area and putting their stores at its disposal. But this policy of decentralization increased the tasks of the Board. It needs more lorries and staff, and the amounts of TD that no longer have to be paid out, do not seem to compensate for the extra costs.

The nine stores just mentioned differ in function and complexity of operations, as Table IX illustrates. Storekeepers try to stack new produce in an orderly manner. In general, each lorry load leads to a new lot, which is homogeneous in quality and traceable to one LBA, one area of origin, and one date of reception. In Kumba where many LBAs deliver cocoa at the same time, the storekeepers are hard put to stack all lots separately. When too many lorries arrive at the same time, delay in unloading cannot be avoided. In 1984/85 and 1985/86, both excellent cocoa years, lorries had to wait for several days.[10] As this greatly increased the problems of the LBAs, the Board drastically reorganized produce receiving at Kumba in 1986.

An important task of the storekeepers is rebagging, that is the cocoa is taken from the service bags used by the LBAs, checked for quality, combined with cocoa of the same grade, and put into export bags. As this operation reduces the number of lots in the store, it is necessary and desirable. Unfortunately, at the height of the season all staff is fully engaged in receiving cocoa and there is little time left for other work. Moreover, rebagging requires great care: quality should be checked meticulously (it is no longer possible to trace inferior produce to a particular LBA after rebagging!) and only similar lots should be combined. After rebagging the storekeeper returns the service bags to the appropriate LBA.

Storekeepers have to spend less time on the rebagging of coffee because the tonnage involved is smaller and most coffee is delivered in Kumba in the off-season of the cocoa year. If the cocoa has been evacuated to Doula in time, there is sufficient room and staff available at the Kumba stores. Planning is, however, more difficult because rebagging of coffee has to be coordinated with calibration and picking. The Board possesses calibrating machines both in Kumba and Bota with sufficient capacity for the robusta harvest of the South West Province. Nevertheless, as we saw in Chapter 4, some coffee is occasionally sent to Nkongsamba for calibration.

In principle, rebagging could be done at all acceptance stores but, at present (1987), rebagging is only done in Kumba and Bota/Limbe. This, of course, creates a hierarchy among the stores. I propose to call Kumba and Bota basic stores and the others second-class stores. The latter send the bags they receive to Kumba without opening them. They are no more than a staging point in the evacuation route. It seems desirable to introduce rebagging at some of the second-class stores, because it will reduce work and relieve congestion at Kumba. Table IX actually underrates the number of lots to be kept separate in anticipation of rebagging at Kumba, for it does not mention the deliveries of cocoa from two plantations[11] and those of the second-class stores.

## 9. Events and issues in the North West Province, 1978-1987

The situation in the North West Province has been fairly simple for the last decade because there was only one LBA, the North West Cooperative Association. At first sight such a simple situation seemed to guarantee smooth marketing because of easy consultation and flexible coordination, but this was not the case.

[10] A cooperative official told me that some lorries had been kept waiting at the Kumba gates for two weeks.

[11] These are A.W. Njikam and Mukete Plantations, which until 1984 were treated as a special category of 'licensed suppliers'.

1978 was an important year for the Board as the PMO was now effectively incorporated into the ONCPB/NPMB, but this change was mainly nominal as far as produce buying was concerned. The same year was also important for the cooperative organizations because the NWCA was established as the successor of the BCA (see Chapter 6). The new apex organization's goals were considerably more ambitious. Indeed, it embarked on a programme of investment and expansion, which, for reasons which need not be analysed here, led to overexpansion and a serious liquidity crisis. [12]

Some symptoms of this crisis were a matter of great concern for the Board. In many villages the cooperative societies lacked the money to pay the farmers promptly and the latter, understandably, were disgruntled. No blame attached to the Board because it had granted pre-finance advances to the NWCA as it had done to the unions in previous years. It soon turned out that this was not a case of incidental delays in the cash flow but mismanagement in the sense that the NWCA had diverted the Board's 'coffee money' to investments. The Board faced an awkward dilemma: if it did not provide the NWCA with pre-finance in the next coffee season, the delays in paying the coffee farmers would become very long. But if it granted pre-finance in the normal way, the money would amount to a long-term loan. The dilemma was aggravated by concern that the long-delayed payments would permanently reduce the farmers' motivation to grow coffee.[13] Many Board officials felt that the NWCA top had abused the trust which the Board had placed in them when providing pre-finance.

No doubt the Board was relieved when the Minister of Agriculture intervened in July 1981. He dissolved the Board of Directors of the NWCA and appointed a Provisional Administrative Committee to replace it. He also created a Management Committee to replace the General Manager. After an interim period in which elections were held, a new Board and a new General Manager assumed responsibility for the NWCA in December 1982. (NWCA, 1985, pp. 8-9). The new management disowned the policies of their predecessors (they used the words 'reckless' and 'gross mismanagement', *ibid.*, p. 8) but they could not repudiate the debts incurred by them. The NWCA and the unions together owed 1505 million francs to the commercial banks and FONADER, and 1540 million francs to the ONCPB/NPMB by 1981 (*ibid.*, p. 11). Repaying the banks was top priority, which left the old debt to the Board as a heavy burden on relations between them. The NWCA hoped that the Board would help solve the problem, for instance by allowing the customary annual grants to be used for debt reduction, or by writing off part of the debt. (Large-scale cancellation of the debt was out of the question because it meant that farmers in other provinces would foot the bill.)

The NWCA also asked the Board to raise the BBA for arabica, arguing that recent levels had been too low, thereby contributing to its financial problems. The amount of 132,000 francs per tonne, which was adopted in 1982 and applied retrospectively to the 1980/81 and 1981/82 seasons, was originally proposed by German consultants, who had calculated that actual costs were even higher, namely 140,000 francs. They pointed out that the supervision of the coffee money as it passed down to the farmers was costly and that the Board, because of its interest in a smooth cash flow and prompt payment, should shoulder these costs. The Board agreed to the higher BBA, because it was put forward as a temporary measure until the NWCA and the unions had reduced their costs. Table V shows that the BBA for arabica is indeed out of line with that for robusta.

The German consultants not only recommended an increase of the BBA but also a particular distribution over the three levels of the cooperative structure. Until then the entire BBA had been used by the NWCA and the unions, while the primary societies

[12]One reason behind the ambitious plans was the wish to emulate the UCCAO in the Province de l'Ouest.

[13]Another concern of the Board was that farmers would be tempted to, and become accustomed to smuggling coffee into the Province de l'Ouest, where farmers were paid promptly.

had derived their incomes from a compulsory 'tare' of 1 kilo per bag. The division of the BBA between the NWCA and the unions had been a source of tension since 1978. This reveals a chink in the NWCA's armour. Unless the unions are satisfied with their share, they do not fully support the NWCA in its negotiations with the Board.

Although the relationship between the Board and the NWCA has improved in recent years, it has not become easy. The chief point of discussion and friction is pre-finance. The Board annually advances money to the NWCA for the purchasing of the coffee harvest, but now there are strings attached. The NWCA has to supply regular information on the volume of purchases in the villages because this is the main determinant of the amount which the NWCA needs to borrow from the Board. The latter monitors the purchases and sends out staff to check stocks at the primary society level. Thus, the amount advanced to the NWCA can be adjusted often, usually every week, to the actual situation. Such close supervision guarantees that there is no large balance outstanding at the end of the season.

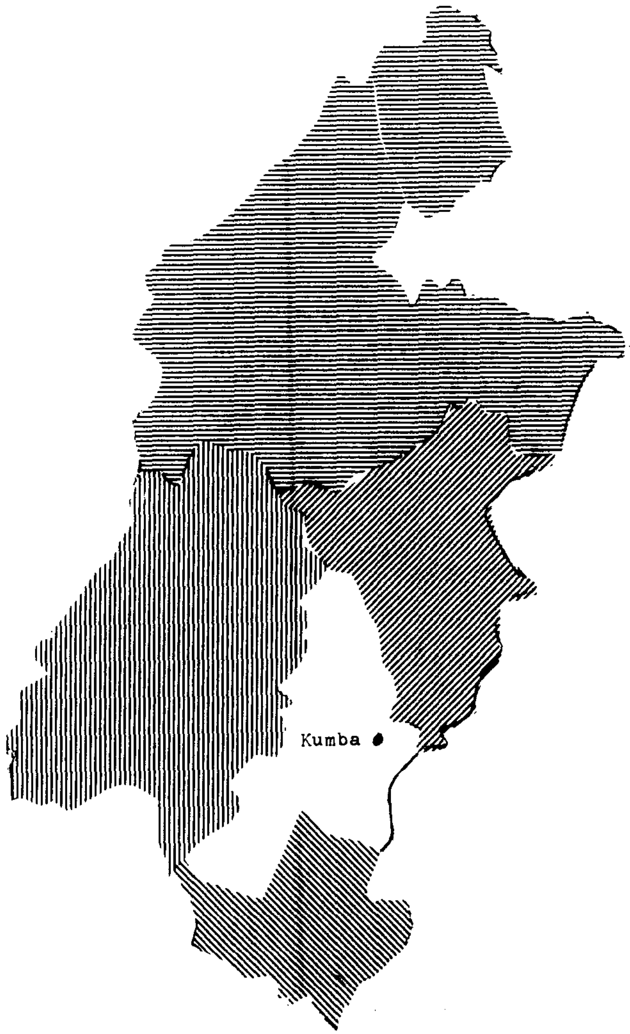
There are also different views on new investment. As the calibrating machines of the unions grew older and began to function less satisfactorily, it was decided - on the basis of a consultant's report of 1984 - to establish a central conditioning plant, which would treat all arabica of the province. Both the NWCA and the Board felt that they were the most appropriate organization to own and manage this plant. In the end it was decided that the plant would be erected in the Board's compound in Nkwen and would be operated by the Board's staff to start with. Whether and when the NWCA would take over was still undecided. In October 1987 most of the equipment had arrived in Nkwen and it was hoped that the new plant would come into operation in the course of 1988. Apart from the calibrating machine there will be equipment for electronic picking.

Whether the reorganization of the Board in January 1985 will contribute to better relations with the NWCA is still unclear. It is favourable that the Chief of Branch, who has more powers than the Chief of Sector of before 1985, can now speak with more authority in consultations with the NWCA and the unions. On the other hand the initial problems of the new organizational structure have not yet been ironed out, which means that the Chief of Branch often has to consult his superior in Douala before taking decisions.

## 10. Events and issues in the South West Province, 1978-1987

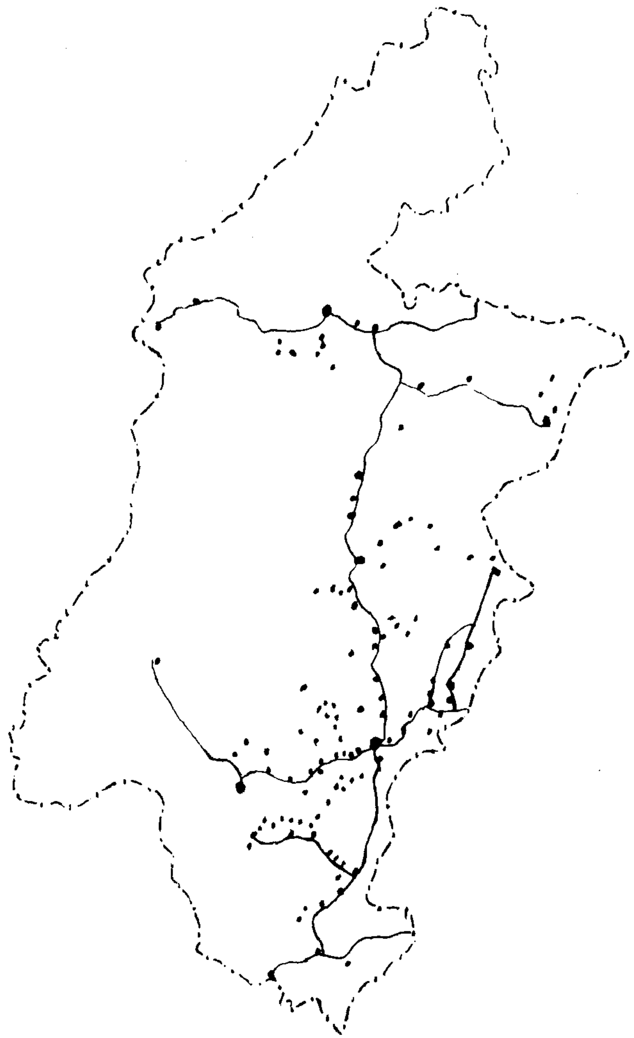
The situation in the South West Province is complex for three reasons. First, there are three categories of enterprise that participate in marketing: the Board, the cooperatives and private traders or trading companies. Obviously, this complicates coordination and also gives rise to rivalry, in particular between the private and the cooperative LBAs. Second, the Board participates extensively in cocoa and coffee marketing, more extensively than in any other province of Cameroon. The number of towns where it operates, i.e. engages in the physical handling of produce, has risen to nine. Third cocoa cultivation has further increased. During peak years such as 1984/85 and 1985/86 (see Table I) marketing infrastructure and staff were taxed to or beyond capacity.

We saw above that the Ministry of Agriculture began to introduce cooperatives of a new type in 1978. Those in Fako and Manyu Divisions were granted a buying monopoly from the start, which meant that private LBAs were forbidden to buy there (see Map 5). In the following years the cooperatives in Bangem, Nguti and Tombel Subdivisions (all in Meme Division) received a buying monopoly, which confined the private LBAs to Ndian Division and Kumba Subdivision. In September 1981 the Governor of the South West Province informed these LBAs about the Government's time-table for terminating competition in the remaining non-monopolized areas: no private LBAs would be appointed after the 1983/84 season. Those still operating in 1981 should use the next three years to wind up their businesses and 'to amortise their trade assets'. The




Map 5. Areas with a cooperative buying monopoly (South West Province)

- Manyu Division
- Ndian Division
- Fako Division
- Monopoly areas of Meme Division
- Non-monopolized areas



**Map 6. Collection centers for cocoa (1987/88 season) in the S.W. Province**

N.B. The map is incomplete because the maps I consulted do not show all locations mentioned in the list.

Government only partly adhered to its time-table. In September 1984 a monopoly was given to the cooperative in Ndian but not to those in Kumba. And this situation continued, for in October 1987 Kumba Subdivision was still a non-monopolized area.

It is not clear why the Government changed its mind in 1984 and continued to appoint private LBAs. One reason, presumably, was the weakness of the cooperatives in the area. In 1979 the Kumba AFC (Area Farmers Cooperative) was established but it was soon felt that there should be more than one AFC in this subdivision. In 1981 the Konye AFC was established in the North and in 1983 the Mbonge AFC in the South West. In the central area around Kumba town the Kumba Urban AFC took over. But the results were disappointing. These three cooperatives bought only 22.4 per cent of the cocoa of the non-monopolized areas in 1984/85 (Bentvelsen *et al.*, 1986, p. 43) and only 16.5 per cent in 1985/86 (internal records, Limbe Branch). Problems with transport, in particular in the Mbonge area, where much cocoa is grown, are a partial explanation for the poor showing of the cooperatives - partial because the opening by the Board of acceptance stores at Mbonge and Konye in 1984 reduced these transport problems considerably.

Another explanation for the weakness of the cooperatives appears to be the weak loyalty of the 'stranger' farmers (see Chapter 6), who tend to sell to the private LBAs (Bentvelsen *et al.,* 1986, p. 47). This may also account for the 'leaking' of some 200 tonnes of cocoa from the monopoly areas to the non-monopolized areas (*ibid.*, pp. 29-31).

It is further important to bear in mind that Kumba Subdivision - the blank area in Map 4 - produces more than two-thirds of the cocoa of the South West Province. As the volumes offered for sale are enormous, the cooperatives would have to operate on a large scale, if they wanted to handle a satisfactory percentage of the harvest. As a result the field is left wide open to the private LBAs. But why do the latter succeed, where the cooperatives fail? What is their strength? First, they are preferred by some farmers - a preference which relates mainly to the money flow. The LBAs and their agents have a reputation for paying promptly, while some cooperatives have problems on this point. Second, as we saw above, the LBAs and their agents tend to advance money to farmers in the months before the harvest on the understanding that the farmer sells his harvest to the LBA so as to repay the advance. This boosts the private LBAs' share of purchases.

It is useful to ask, or rather guess, whether the Board or certain officials within it have a preference for the private LBAs. I suspect a certain preference for private LBAs because the cash flow to them is simple: the Board pays retrospectively for all produce delivered. By contrast, the financial transactions between the Board and the cooperatives consist of two cash flows: one consisting of advances and their repayment, and the other of retrospective payments for produce. If these flows are not carefully monitored, it may easily happen that the cooperative LBA still owes a large sum of money to the Board at the end of the season, in spite of the intention of having all advances repaid by that time. A Chief of Branch may well be worried that this balance will be tied up until the next season or even longer as happened with the NWCA. In the last five years the monitoring has been refined and one complication has been removed in that since 1985 the Board no longer allows the cooperatives to discount their SRVs.

A further merit of the private LBAs is that they are more pliable in their operations and may make special efforts to alleviate temporary problems of the Board. Whether this pliability is the result of a greater flexibility of private enterprise compared to cooperative enterprise, or is prompted by the fear that they may not be reappointed, is difficult to say. Cooperative LBAs are not influenced by this fear because their appointment is more or less automatically renewed, which means that the Board sometimes has to put up with cooperatives that function poorly.

Protagonists of the cooperatives have clear views on the rivalry between private and cooperative LBAs. They feel that the competition between them is not fair because, they say, the private LBAs buy only where marketing costs, notably transport costs, are low, while the cooperatives are responsible for all farmers in their area. They point to the town of Mundemba, where no private LBA wanted to set up to buy cocoa when Ndian Division was not yet a monopoly area, and where consequently the cooperative had to shoulder the crippling transport costs. I believe that this is a valid argument because private enterprise tends to operate selectively. The matter of transport costs will be taken up again in Chapter 13 and that of the merits of private and cooperative enterprise in Chapter 14.

We saw above that in September 1984, contrary to the announcement of 1981, private traders were appointed as LBA. The details were as follows. Of the ten private LBAs of the 1983/84 season only five were reappointed. This was a serious blow for the other five, who, apparently, had not gone far in winding up their business. They had for instance continued to advance money to farmers. Because of these sums most of them decided to stay on in the business but then as sub-agent or 'factor' of one of their former rivals who had been lucky enough to see his licence renewed. No doubt, they were in a weak bargaining position when negotiating with these men about how the latter's BBA should be shared out between him and his new factor. In the following seasons they tried to recover as much as possible of their advances but in general they lost a great deal.

The private LBAs that retained their licence in 1984 were the great winners. They inherited a great deal of the turnover of their unfortunate rivals, and did so on favourable terms. Nevertheless, they were also worried about their future as LBA. These worries were alleviated in September 1987, when the Minister of Commerce appointed a new enterprise bringing the total number of private LBAs to six. This suggested that the complete exclusion of private LBAs was not imminent.

## 11. The Board's forward policy

This chapter focuses on activities of the Board which have in common that they strengthen its physical presence in the production areas. Starting from the view that the natural base of an export marketing board must be sought in the port of shipment, I consider every move out of this base and into the interior a move forward. How then has the ONCPB/NPMB moved forward in the area under study? Or, put differently, in which ways has the Board come closer to the farmers?

In 1985 the Board introduced bonus payments for cocoa and robusta in order to increase the farmer's income and at the same time to encourage him to produce good quality - the bonus is only paid for good quality (see tables XI and XII). Here we are not concerned with the motives of the Board but with the effects on its organization and resources. The actual paying of the bonus is done by a team, which partly consists of Board employees (see below). It is the responsibility of the Board to provide transport for this team when it travels to the payment points. The Board could have cut its transport costs by designating few payment points only but it has not done so, because this would have meant that the farmers had to travel greater distances. In the North West Province the payment teams visited 24 towns - the number is small because only cocoa and robusta farmers qualified, while the bonus for arabica continued to be paid through the cooperative structure. In the South West Province there are far more payment points. In Kumba Subdivision alone there were 116 in the 1984/85 cocoa season (Bentvelsen *et al.*, 1985, pp. 35-47). This figure somewhat exaggerates the transport problems because several payment points were within walking distance from each other. A high percentage of the farmers has turned up to receive their bonuses, but it remains to be seen why some did not. It seems that those who are entitled to only a small bonus do not always take the trouble to come. Presumably the time and money involved in travelling to the payment point and cashing their bonus cheques outweigh the value of the bonus. Again, illness may prevent the farmer. In fact, the payment teams visit many points twice to meet farmers who were unavoidably absent on their first visit.

In 1986 the Board introduced periodic markets and pre-control in the South West Province. This system had operated for many years in Provinces such as Littoral, Ouest, Centre, Sud and Est. It involved the sending of produce inspectors - *vérificateurs* in French - to the produce areas during the buying seasons for cocoa and robusta. It was the task of the *vérificateurs* to determine the quality of the produce offered by the farmers and to ensure that the buyers (in those provinces the staff of the licensed exporters) paid the official prices. Several hundred *vérificateurs* are sent up every year. In many places they are not continuously present but only on designated days, which is characteristic for the periodic market system.

Starting in 1986 the Chief of Branch for the South West Province had to draw up a list of locations where the 'markets' should be held (see Map 6). He also had to decide on which days trading would take place. In areas where much cocoa is grown, the market is open five days a week (Tuesday - Saturday), but where production is small one day is enough. A limiting factor for the Chief of Branch is the number of verificators - this word has now replaced 'inspector' - at his disposal, which not only depends on the number employed but also on the means of transport (motor cycles) available. I put 'markets' in quotation marks because to some this word may suggest that the transactions take place in the open air, but in the general the 'market' is held where an LBA has a store. The actual buying takes place either before or inside the store, depending on the weather.

By making produce buying periodic the Board generally reduced the number of days on which the farmer is able to sell. This reduction has not led to long queues and waiting times for the farmers, at least not to a degree that serious complaints arose. A related problem - one that may disappear as experience increases - is that the unscheduled absence of the verificator blocks the proceedings. Some of my informants told me that no buying can take place in that case, while others maintained the opposite.

It is the verificator's task to determine the quality and to see that the farmer is paid the corresponding price. Indeed, the verificator must protect the farmer against the LBA. Here a theoretical problem arises. While it is logical to argue that private LBAs want to underpay the farmer through underclassification of his produce, it is strange to assume that farmers have to be protected against cooperative LBAs, since the latter are established by the farmers and in their interest. It must be admitted, however, that some members of staff of the cooperatives cheat the farmers. It is further important that the verificators are meant to stand as impartial referees between the farmer and the LBA. Unless they are well trained and have a good reputation, their grading decisions may easily be distrusted and assailed. And this in turn may open them to corruption, that is to bribes paid by the LBA to persuade them to underclassify produce. It was unfortunate that the verificators for the South West Province had to be recruited and trained (in Douala) in a relatively short period, so that they are considered to be rather inexperienced.

The word pre-control was introduced as a straightforward translation of the French *pré-controle*. It has largely replaced the term inspection but it must be remembered that pre-control may mean two things in the South West Province. At the farmer level it is recent and intended to protect the farmer against the LBA (as we saw) but at the level of the acceptance stores it is long-established and serves to protect the Board against its own LBAs. For the verificators there is no technical difference - the standards are the same - but the purpose is quite different. They experience this as follows. First, a job at acceptance store level means very little travelling, while the roving verificators at farmer's level are out in the bush during most of the buying season. Second, at the acceptance store level the LBA is interested in overclassification (in contrast to the farmer level) and may urge the verificator to grade too high.

It seems to me that in practice a distinction will have to be made between the roving and the stationary verificators (the adjectives are mine). No doubt, most of the former aspire - after some time with the Board - to a stationary position, which requires selection by the Chief of Pre-control Post. Plain self-interest will bring the Board to select the better verificators for the stationary jobs but other considerations demand that there should be some rotation between the two groups.

It is a good thing that the roving verificator, who meets the farmer face to face in the buying season, is also a member of the bonus payment team for the same area. This reinforces contact and may also strengthen the quality improvement effort. This can be achieved only if the bonuses are paid in the off-season, i.e. the months when neither cocoa nor coffee buying is done, because then the verificators are free. The timing of bonus payments is not easy, however, because there are few off-season months in the South West Province. Moreover, the preparatory office work (making lists of farmers with the bonuses they are entitled to) also takes time. In 1986 cheque bonuses replaced payments in cash, which reduced the work in the field but increased office work, even if we take into account that the bonus cheques are now made out by a computer at headquarters in Douala. In October 1987 bonuses were still being paid out when the cocoa buying season started - an indication that there had been undesirable delay in the bonus programme.

In the North West Province the Board's forward policy was somewhat delayed. In October 1987 pre-control and periodic markets had not started yet but preparations were under way for their introduction in early 1988.

We must finally compare the policies of this section with those analysed in Chapter 8, where we saw how the Board opened six additional acceptance stores in the South West Province in the 1980s. Obviously there is a connection between the two because in either case the Board increased its activities in the production areas, but a significant difference remains. In the decentralization of acceptance the Board is physically handling cocoa and coffee - to a larger extent than before - but with the periodic markets and pre-control it leaves the handling to others.

## 12. Differentiated producer prices

Producer prices may be differentiated according to quality or location (usually expressed as distance from the port of shipment). In Cameroon only the first form of differentiation is applied Since quality depends on natural features (weather, soil, etc.) as well as on human factors (care of cultivation, harvesting and processing), price differentiation is complex in both objectives and administration. The authorities in Cameroon have usually wanted to induce the farmer to more careful harvesting and processing and have stimulated this with a premium for better quality. This can be illustrated for arabica coffee and cocoa.

The authorities have always encouraged the arabica farmers to use the wet method of processing (see Chapter 3). One way of encouraging this method was to fix a higher price for washed arabica. Two considerations played a role in this case. First, it is fair to pay the farmer more because this method demands much more work from him than the dry method. Second, it is possible for the Board to give him a higher reward because the ultimate consumer is prepared to pay more. Price fixing has nevertheless always struggled with the problem of arriving at the appropriate premium of washed over unwashed or, put differently, the optimum margin between the two producer prices. In general, farmers and their representatives have insisted on a high margin of, say, 25 per cent, which is much higher than the actual average margin of 6 per cent (or 17 per cent with bonuses included, see Table X). Whether the Board will yield to this

Table X. Producer prices for arabica coffee, by method of processing and quality, 1975-1987, in francs CFA per kilo

| crop year | washed (wet method) good beans price + | bonus | bad beans price | unwashed (dry method) good beans price + | bonus | bad beans price |
|---|---|---|---|---|---|---|
| 1975/76 | 185 | 60 | -- | 135 | -- | -- |
| 1976/77 | 225 | 85 | -- | 150 | -- | -- |
| 1977/78 | 275 | 50 | -- | 250 | -- | -- |
| 1978/79 | 300 | 60 | -- | 280 | -- | -- |
| 1979/80 | 330 | 20 | -- | 310 | -- | -- |
| 1980/81 | 340 | 40 | -- | 320 | -- | -- |
| 1981/82 | 350 | 50 | -- | 330 | -- | -- |
| 1982/83 | 370 | 65 | -- | 350 | -- | -- |
| 1983/84 | 410 | 75 | -- | 390 | -- | -- |
| 1984/85 | 450 | 65 | 100 | 430 | 65 | 100 |
| 1985/86 | 475 | 45 | 105 | 440 | 30 | 85 |
| 1986/87 | 475 | 45 | 105 | 440 | 30 | 85 |

Sources: Decree No 76/031 of 28 January 1976
Decree No 76/604 of 29 December 1976
Decree No 77/541 of 29 December 1977
Decree No 79/003 of 3 January 1979
Decree No 79/539 of 28 December 1979
Decree No 80/498 of 27 December 1980
Decree No 81/547 of 28 December 1981
Decree No 82/658 of 18 December 1982
Decree No 83/646 of 15 December 1983
Decree No 85/002 of 2 January 1985
Decree No 85/1761 of 26 December 1985
Decree No 86/1428 of 26 December 1986

Notes:
1. The price for good beans (columns 1 and 4) is supposed to be paid to the farmer on delivery or soon afterwards - until 1977 farmers were paid in two installments.
2. Starting in 1985/86 the bonus was announced at the same time as the producer price (in the same Decree) while earlier the amount of the bonus was unknown until several months later.
3. Bad beans are also known as "Tri & Bri", where tri stands for triage (bad beans to be removed by picking) and bri for brisures or broken beans.
4. The bonus (column 2) was, until 1985, paid for a) Superior, b) Average, and c) Marginal quality. Starting in 1985/86 the bonus was only given for Superior and Average quality.
5. The primary cooperative societies in the North West Province deducted a 'tare' of about 1 1/2 per cent of the producer price until 1982.

Table XI. Producer prices for cocoa by quality, 1975-1987, in francs CFA per kilo

| crop year | Grade I + bonus | | Grade II + bonus | | Hors Standard |
|---|---|---|---|---|---|
| 1975/76 | 130 | | 120 | | 90 |
| 1976/77 | 150 | | 150 | | 90 |
| 1977/78 | 220 | | 220 | | 90 |
| 1978/79 | 260 | | 260 | | 90 |
| 1979/80 | 290 | | 290 | | 100 |
| 1980/81 | 300 | | 300 | | 100 |
| 1981/82 | 310 | | 310 | | 100 |
| 1982/83 | 330 | | 330 | | 100 |
| 1983/84 | 370 | | 370 | | 130 |
| 1984/85 | 410 | + 30 | 410 | + 30 | 250 |
| 1985/86 | 420 | + 30 | 420 | + 30 | 310 |
| 1986/87 | 420 | + 30 | 420 | + 30 | 310 |
| 1987/88 | 420 | + 30 | 420 | + 30 | 310 |

Sources: Decree No 75/637 of 17 September 1975
Decree No 76/418 of 14 September 1975
Decree No 77/329 of 20 August 1977
Decree No 78/359 of 24 August 1978
Decree No 79/335 of 31 August 1979
Decree No 80/339 of 23 August 1980
Decree No 81/385 of 4 September 1981
Decree No 82/366 of 19 August 1982
Decree No 83/384 of 20 August 1983
Decree No 84/1112 of 28 August 1984
Decree No 85/1288 of 26 September 1985
Decree No 86/1070 of 1 September 1986
Decree No 87/1307 of 18 September 1987

Note: The cooperative societies in the South West Province deduct a 'tare' of about 1 1/2 per cent of the producer price.

pressure depends largely on the ratio between washed and unwashed.[14] Washed accounts for over 90 per cent of the Board's purchases in the area of study. As a drastic fall in this percentage is not expected, the Board may maintain the present margin. The recent introduction of price differentiation for on the one hand good beans and on the other bad beans (see discussion below for robusta) is a different form of incentive, which presumably will not affect the ratio between washed and unwashed.

Cameroon has also had a long history of differentiated prices for cocoa. In the 1950s the government introduced this in the context of another policy, namely of preventing the exportation of inferior cocoa, which might harm Cameroon's international reputation as a cocoa exporter. At farm level a corresponding distinction was made between good cocoa and poor cocoa, which was called 'Hors Standard' (H.S.). The latter was not rejected - a newly opened grinding mill in Douala was prepared to buy and process it - but purchased at much lower prices.

For some time there were three official prices, for Grade I, Grade II and Hors Standard (see Table XI). Since 1976 the prices for Grades I and II have been the same. In practice, setting the margin between Grade cocoa and Hors Standard is extremely tricky, mainly because there is a continuous quality scale so that two lots that hardly differ may yet be classified as different and therefore fetch different prices. At the borderline one may expect all kinds of attempts to get into the higher grade - attempts which include conditioning by picking, the mixing of lots (one above and one below the borderline), and bribery. A further problem is that, compared with Grade I and II, the quality of Hors Standard may vary widely so that farmers who deliver extremely poor cocoa may receive more than is fair, while others with cocoa just below the borderline may, although receiving the same price, be rewarded very meagerly.

There have been periods in which the margin was widened (1977) and years in which it was narrowed (1984). There are two distinct goals: the Board wants to be fair to the producer and reward him for careful processing, but it also wants to avoid the complications and temptations inherent in large price margins. In short, considerations of production require differentiation but those of marketing militate against it. As the goals are irreconcilable, there is no ideal solution.

Differentiatied prices for robusta were introduced quite late, namely in 1985 (see Table XII). It must not be assumed, however, that before 1985 quality was totally ignored. For several years the LBAs were allowed to make deductions from the official producer price - deductions that corresponded to the percentage of bad beans in the hulled coffee. (These deductions compensated the LBAs for the loss in volume which they suffered when they removed the bad beans before delivering to the ONCPB/NPMB). The deduction approach was considered to be disheartening for the farmers. The new system has the advantage that it offers a price, albeit low, for bad beans. Whether this change is appreciated by the farmers remains to be seen. In any case it is generally assumed that price differentiation has limited effects on the cultivation and harvesting techniques of the robusta farmers.

## 13. Peripheral farmers and marginal farms

Cameroon uses a country-wide or pan-territorial producer price for cocoa and coffee. This system, which is used in many African countries, has many advantages but also a serious drawback, namely that the farmers do not notice how many transport costs are involved in taking their produce to the port of shipment because the Board shoulders these transport costs (in the area under review its own costs as well as the TD payments to the LBAs). To cover these costs the producer price has to be lowered. It has been

[14]A wide margin may also tempt the cooperative unions in the North West Province to mix small amounts of unwashed with washed arabica. This fraud is difficult to detect because the beans look the same. It is only when examined by tasting that the difference shows up.

Table XII. Producer prices for robusta coffee by quality 1975-1987, in francs CFA per kilo

| crop year | superior | + | bonus | marginal | bad beans |
|---|---|---|---|---|---|
| 1975/76 | 145 | | | | -- |
| 1976/77 | 195 | | | | -- |
| 1977/78 | 250 | | | | -- |
| 1978/79 | 280 | | | | -- |
| 1979/80 | 310 | | | | -- |
| 1980/81 | 320 | | | | -- |
| 1981/82 | 330 | | | | -- |
| 1982/83 | 350 | | | | -- |
| 1983/84 | 390 | | | | -- |
| 1984/85 | 430 | + | 30 | 410 | -- |
| 1985/86 | 440 | + | 30 | 420 | 85 |
| 1986/87 | 440 | + | 30 | 420 | 85 |

Sources: Decree No 75/
Decree No 76/603 of 29 December 1976
Decree No 77/539 of 29 December 1977
Decree No 79/004 of 3 January 1979
Decree No 79/538 of 28 December 1979
Decree No 80/497 of 27 December 1980
Decree No 81/546 of 28 December 1981
Decree No 82/657 of 18 December 1982
Decree No 83/647 of 15 December 1983
Decree No 85/003 of 2 January 1985
Decree No 85/1762 of 26 December 1985
Decree No 86/1429 of 26 November 1986

Notes:
1. The prices for Average and Marginal quality for the years 1975-1983 are not shown because they were not fixed by Decree but by ministerial order. These orders allowed deductions of 2, respectively 4 francs from the price for Superior from 1979 to 1983.
2. Since 1984 all information on prices is contained in the Decrees. The price for Average is not shown here because it has been the same as that for Superior since 1984.
3. The bonus, which is paid for Superior and Average quality only, has been announced at the same time, and in the same Decree, as the producer price, except in 1984/85.
4. The cooperative societies in the South West Province deduct a 'tare' of about 1 1/2 per cent of the producer price.

argued by economists that farmers in the vicinity of the port of shipment subsidize their remote colleagues. On a theoretical level this argument cannot be refuted but whether for Cameroon as a whole the differences in transport costs between peripheral and central farmers are large enough to demand a change in policy is a different matter. Since cocoa and coffee are high-value crops, transport costs are in any case low in relation to production costs.

It should nevertheless be remembered that the South West Province is a special case because transport conditions are unusually difficult. Many roads are impassable for a prolonged period during the rainy reason because the soils are waterlogged and vehicles tend to get bogged down in the mud. This is especially true for Meme, Ndian and Manyu Divisions. Impassable roads not only cause high transport costs because of wear and tear of the vehicles but also cause delays in evacuation, which may lead to deterioriation of cocoa stocks at the primary buying points. The owner of the cocoa will therefore do everything in his power to get the cocoa out, if necessary by air, as occasionally happened in Ndian.

Without attempting to distinguish transport costs from the costs of deterioration, it must be stated that some cocoa is grown on marginal farms, that is farms that will remain marginal as long as there are no all-weather roads. (I am not advocating the construction of such roads because such an investment requires more justification than the movement of a few hundred tons of cocoa). The economic marginality of these cocoa farms is concealed by the cooperative structure, which is based on solidarity among members. The accounts do not, and cannot show how the better-located members bear the transport costs of the peripheral ones. In fact, one could say that the cooperative society creates a pan-terrritorial cost structure for the whole area in which it operates.

A policy question, which also concerns the Board, is whether cocoa cultivation should be stimulated in marginal areas. Many considerations should enter into a balanced answer: the interests of farmers, the national agricultural policy, and the effect on the Board's operations. In times of low world prices it is fully justified for the Board to warn against the expansion of cocoa cultivation in areas where transport costs are so high as to make production uneconomic. The significance of such a warning seems even greater to me if the cocoa farms are established by farmers migrating into the area, rather than by local farmers. As is well-known, but poorly documented, migrant farmers are a strong factor in cocoa cultivation in the South West Province.

### 14. Collaboration with cooperatives: On what terms?

We have seen that the Board and the cooperatives need to coordinate their cocoa and coffee buying activities in many ways. We have also seen that their collaboration is marred by friction and conflicts. The conflicts are not serious enough to demand arbitration or intervention from the outside, e.g. from the authorities in Yaounde, but no doubt they make for inefficiency and higher marketing costs.

A brief review of the areas of friction shows:

- occasional rejections by the Board of produce which the cooperatives are about to deliver to the Board's stores;
- disagreement between the NWCA and the Board about who should
  - own and run the calibrating plant in Bamenda;
  - pay out the bonuses for cocoa and robusta;
- disagreement about the level of the BBA (with private LBAs being quicker and more vigorous in asking for a higher BBA);
- the award of annual grants;
- the amount and timing of prefinance and its repayment.

It should be noted with satisfaction that, with regard to the document flow - and nobody should underrate its complexity - there are few problems. Again, the problems of the produce flow seem incidental rather than structural[15]. Indeed, we must conclude that the main areas of friction concern the money flow, with the matter of pre-finance appearing predominant. We will come back to this point.

These conflicts generate bitter feelings and distrust but we should note that these do not express themselves in the same way everywhere. In the North West Province there was a straight conflict between the NWCA and the Board in the early 1980s with disagreement on nearly all the points discussed above. In the South West Province the most obvious conflict appears to be one between the cooperatives and the private LBAs but as the latter are alleged to be supported by the Board, the hostility of the cooperatives towards them is partly directed against the Board. I would like to point out here that, regardless of the preferences of the Board or the Board's staff, the mere existence of the private LBAs tends to weaken the position of the cooperative LBAs. First, the private LBAs prove that the cooperatives are not indispensable in the marketing chain. Second, they can be used as yardstick when performance is compared and may discredit the cooperatives as being inefficient. When we assume that there will always be a certain antagonism between Board and cooperatives, we must recognize that the former has a vested interest in retaining the private LBAs and the latter in eliminating them.

Outsiders are often exposed to tacit pressure to take sides in these conflicts. Thus, local politicians are expected to support the cooperatives against a national institution like the ONCPB/NPMB. Public opinion is generally in favour of the cooperatives and may be rallied towards their cause by the media when conflicts escalate. Consultants and other visitors from abroad may be induced to support one or the other side. I myself noticed subtle pressure - from both sides- while in Cameroon. In view of the complexity of the relationship between the cooperatives and the Board outsiders are generally insufficiently informed to be effective arbiters.

That I nevertheless attempt to contribute to the discussion, is not because I am obliged or desirous to take sides, but rather because I am convinced that one normally does not dig deep enough to understand the nature and causes of the conflicts. I will examine the goals and expectations of the parties, as well as the financial and institutional aspects of the relationship between them.

I would like to start with some background questions. First, should cooperative organizations be assisted and supported on the basis of their ideals or of their performance? This question is relevant because the cooperative movement was born from high ideals featuring solidarity and self-help. Moreover, these ideals are still crucial in guiding the movement. This has lent a special image and much goodwill to the cooperative organizations but, for those who have direct dealings with individual cooperatives, the picture is different. First, there is great diversity among cooperative organizations in the extent to which the ideals are adhered to. Thus, heterogeneous membership tends to reduce solidarity. This seems to be the case in the South West Province, where, as we saw above, many farmers from elsewhere have settled to grow cocoa. Second, day-to-day tasks occupy the time-tables and minds of those in charge. Thus, many cooperative organizations are primarily enterprises, different in statutes but

[15]With regard to the produce flow I consider it a structural problem that, in the matter of quality, the Board has the last word, that is the Board can, unilaterally, reject produce delivered by the cooperatives. It may be useful to compare the situation in Cameroon with that elsewhere. In several African countries quality examination is in the hands of a special branch of the Ministry of Agriculture, whose inspectors function as a kind of umpire between the Board and the LBAs. Whether it is worthwhile for Cameroon to change over to this system depends on the frequency of rejections. One would expect that this frequency can be reduced by regular consultations, at least when quality standards remain the same for long periods, as has been the case in Cameroon.

not otherwise from comparable private or public enterprises. Indeed, the personality, competence and dedication[16] of the manager largely determines the cooperative's goodwill in the eyes of those dealing with it. Thus, the ONCPB/NPMB officials are inclined to judge the cooperatives on the basis of their performance. Many would go further and consider assistance to a poorly managed cooperative a waste of money. In this matter I side with the Board: I feel that performance, which - as we saw - varies greatly, should be taken into account.

The second question is: Do cooperatives, by applying for a licence, accept a subordinate position with regard to the Board? In other words, is an LBA (cooperative or not) obliged not only to comply with the Board's instructions but also to support its policies? The Board feels that candidates are free to apply for a licence. Hence, the application signifies the voluntary acceptance of a dependent, subordinate position. This reasoning is valid for the private LBAs but not, or at least not to the same extent, for the cooperatives because the latter are obliged by their statutes to engage in marketing and therefore to apply for a licence. It clearly belongs to their original strategy of replacing private traders by cooperative endeavour. The cooperatives are further strengthened in this view - and in their irritation - by the fact that in several provinces of Cameroon the cooperatives participate in cocoa and coffee marketing without having to apply for a buying licence. The third question is related to this: Are cooperatives only subject to the Ministry of Agriculture or also to the Ministry of Commerce and Industry? When we look at the fact that the latter grants licenses to them and thus permits them to operate as LBA, the answer must be positive. But if we argue, with considerable justification, that the granting of the licences is a mere formality, which moreover is a historical legacy confined to two provinces, the answer tends to be negative.

The next point to be examined is that of capital. Produce buying, whether carried out by the Board, the cooperatives or private LBAs, demands a great deal of trading or working capital. Significant is further that this capital is needed seasonally and that the amount required has to be adjusted daily as a result of many larger and smaller transactions - points which can be proved and illustrated not only by contemporary reports but also by historical evidence from many African countries.

We must now ask where this capital comes from. The Board and the private LBAs have considerable capital of their own, which gives them scope to operate judiciously. Moreover, this capital makes them credit-worthy in the eyes of the commercial banks so that they can take up temporary credit during the peak of the season. By contrast, the cooperatives have virtually no capital of their own and have to seek outside finance. The commercial banks are reluctant to lend seasonal finance to them because their assets and hence creditworthiness are small. The Board is less reluctant because the law obliges the cooperatives to deliver their cocoa and coffee to the Board so that any money advanced can thus be recouped. The cooperatives themselves prefer the Board as source of finance because it does not charge interest.[17]

The amount to be provided by the Board is expressed as a percentage (e.g. 20%) of the expected turnover. This sum is transferred at the beginning of the season. Past experience shows that sometimes this was enough but not always. When a cooperative

[16]The dedication of cooperative staff must be seen in relation to their weak tenure, which depends on annual approval by members. When managers worry about career uncertainty, they may think of their own interests rather than of members' welfare. Indeed, limited continuity in management is a serious weakness of cooperative enterprise. It may also distort sanctions because, after dismissal of the failing managers, the sanctions have to be borne by their successors and the members while those that made the mistakes go free.

[17]Until 1982 the Board did charge interest, which was calculated on a weekly basis. While this encouraged the cooperatives to repay quickly, the administration of the system was so cumbersome that it was abandoned. Since then the Board withholds the payment of 'Financial Expenses' in the BBA schedule.

ran out of cash, it asked the Board for more, but such requests were not automatically honoured. In fact, the Board had to evolve a system for monitoring the real working capital requirements of each cooperative LBA, as well as of its possibilities for repayment. Thus, the Board accepted the role of a banker towards the cooperatives, with this essential difference that it has no sanctions to use against those that do not repay in time. Because of the automatic decisions - every cooperative is appointed as LBA and every cooperative LBA receives pre-finance - the Board cannot terminate its pre-finance payments to any of the cooperatives. The result is that the Board, that is the Chiefs of Branches, are tight-fisted in transferring money to the cooperatives.[18]

In considering the problems of working capital we should start with some basic tenets. First, it is in the interest of the national economy and of all parties concerned to use as little working capital as possible, that is, the amount should be lowered and the period during which it is used should be shortened as much as possible. Second, a large organization such as the Board is only effective in economizing on working capital on the wholesale level. To me the border line seems to be a lorry load of cocoa and coffee, which roughly corresponds to an amount of 3-5 million francs.[19] The control of working capital at a lower level[20] should not be entrusted to the Board but be left to the LBAs. Third, the private LBAs have an edge over the cooperatives (and the Board) because their strength lies in handling the money flow. Since ownership and management are in the same hands, the private LBAs supervise carefully and economize on working capital.

One more question should be asked about the private LBAs. Is it desirable that they provide pre-harvest advances to the farmers? We know that these advances are expensive, in terms of interest and of the risk of continuing indebtedness but it cannot be denied that many farmers nevertheless value these advances highly. Are those farmers improvident and should they be protected against their own impulse borrowing? Or is interfering in their behaviour a remedy which is worse than the disease? Our answers to these questions largely determine whether we want to exclude private traders from primary produce buying or not. It seems to me that there are no once-and-for-all answers: crops such as cocoa and coffee differ technically; farmers differ in economic sophistication, and economic conditions in the villages have their ups and downs. This is no area for dogmatic statements.

Having now explored the background to a certain extent, I would like to draw some conclusions. First, it is undesirable for the Board to have to monitor the working capital requirements of the cooperatives, not only because it is a duplication of work but also because it underlines the dependence of the latter and thus leads either to irritation or irresponsible behaviour. If the authorities are convinced that the Board should continue to pre-finance the cooperatives, at least the Board should no longer be responsible for monitoring and supervision. Of course, this increases the risk that some cooperatives do not repay in full or do not do so in time. In coping with these risks two solutions seem possible. The first solution is that the Ministry of Agriculture gives a guarantee for full and timely repayment of the amounts that are prefinanced. Of all large organizations which might give such an undertaking the Ministry of Agriculture is the most appropriate one because its field staff regularly visits and supervises the cooperatives. The second solution is that the Board is given the right to refuse pre-finance to cooperatives that have not repaid. Thus, the automatism which prescribes

[18]In the period before the marketing boards the private exporters in West Africa also gave advances to debtors of doubtful standing, which often resulted in bitter feelings on either side. Apparently, this is a structural problem, which can be mitigated but not resolved.

[19]The approximate value of a tonne of cocoa or coffee, BBA included, may be put at half a million francs. Since most cocoa and coffee is delivered at the Board's stores in 7 tonnes lorries, an average lorry load represents 3.5 million francs.

[20] This corresponds to the earlier stages of trade, which I call the upstream marketing operations.

that every cooperative LBA is entitled to pre-finance is broken. In suggesting this solution I am aware of the fact that such a cooperative will be paralyzed as a produce buying enterprise. Hence we face the question of who will fill the vacuum. Should the buying monopoly of the cooperative concerned be rescinded so that private LBAs can take over? And will they be prepared and equipped to do so? In exploring these questions we should realize that the take-over is not likely to be complete. It is possible for cooperative staff to continue to do primary buying and for the private LBAs to take over the 'intermediate stages'. We come back to this point below.

Above we have asssumed that the Board continues to provide pre-finance but it is illuminating to consider alternatives. Are there organizations which could replace the Board as a source of seasonal finance ? Presumably there are several in the public sector. Moreover, there may be some in the private or cooperative sector, but only if there is a guarantee from some ministry or government department. Since governments are reluctant to provide finance or to give guarantees, it is desirable to look first for enterprises that are willing to advance money without such a guarantee. In some countries private enterprise is willing to collaborate with cooperatives in the area of produce buying without first receiving a government guarantee. Examples can be drawn from the Ivory Coast, where licensed traders collaborate with the village cooperatives (Groupement à vocation coopérative, GVC). The traders pay these cooperatives promptly so that the farmers get their money early. In some cases mutual trust is so great that the traders make advances to the cooperatives so that the ideal of cash-on-delivery to the farmers can be realized.

Another example can be drawn from Cameroon itself. In the provinces where the 'exportateurs agréés' operate, the general pattern is that the intermediate stages are ooccupied by these licensed exporters. This means that it is exceptional for the Board to deal direcly with the cooperatives and thus be troubled by the problems of pre-finance and its supervision. Again, the working capital requirements of most cooperatives are small, for they engage in primary buying only and turn their stocks over to the licensed exporters quite quickly. Indeed, two difficult (and related) marketing problems - the provision of working capital and rapid evacuation - are handled by private enterprise. And, as private enterprise has an edge over both public and cooperative enterprise in these two areas, the whole markering process benefits from having the licensed exporters operate as channel and buffer between the cooperatives and the Board.

All this may sound as a straight plea for more private enterprise but this is not my intention. The only claim I make for it is that it is superior in handling cash, and this is only the case if the organization is small enough to avoid bureaucratic procedures. Moreover, the introduction of private enterprise is only proposed or supported by me for the intermediate stages, that is the stages between primary buying from the farmers and the final stage of sale abroad. This, incidentally, means that private enterprise is not recommended as an alternative of or rival to the cooperatives, but as a possible intermediary between the cooperatives and the Board - a solution which is especially needed when cooperative competence and performance falls short of the Board's demands.

## 15. Concluding remarks

Cocoa and coffee marketing in the area under study strongly resembles the situation in many other parts of tropical Africa. First, the farmers consider cocoa and coffee satisfactory, even profitable crops. Second, the marketing function is so extensive and so complicated that it has to be provided by separate enterprises. Third, the government is committed to the producer price system, which is implemented by a marketing board. Fourth, the marketing board operates on two levels: it engages in buying, selling and physical handling on its own account but, unable to do everything, it delegates some marketing activities to others. It tries to control these closely. These points suggest that there are standard patterns in cocoa and coffee cultivation and marketing, which can be found in many places and in many periods. Indeed, the continuity is striking, in particular for cocoa and robusta and, to a lesser extent, for arabica. In all policies and proposals for marketing it is tacitly assumed that the farmers' interest in cocoa and coffee will continue and that their output will be at least the same as at present. Fortunately, the authorities are aware that this assumption is realistic only if producer prices are raised whenever possible and if the marketing process operates reasonably smoothly.

Having thus sketched the continuity I now want to review what seem to be the most important discontinuities. We have seen that the authorities wish to exclude all private traders and have taken several steps towards this goal. But we also noticed that this goal is closely linked to the question of the terms on which the Board and the cooperatives should collaborate (Chapter 14). To my mind this problem has not been sorted out yet, neither in anglophone nor in francophone Cameroon. Next is the matter of harmonization. Elsewhere I have discussed how the Cameroonian authorities have tried to harmonize the marketing systems in the country. In the period under review the harmonization policy expressed itself in the forward policy (Chapter 11) and the promotion of cooperatives (Chapters 6 and 10) but it seems to me that large differences still persist, which can be traced to the colonial past, when the British and the French introduced widely different systems of parastatal marketing. For Cameroonian politicians and civil servants this must be frustrating and it must be cold comfort to them that the situation in Cameroon is fascinating to scholars of marketing and economic history, precisely because of the historical obstacles to harmonization.

It is the task of the directors of the ONCPB/NPMB to chart a course between continuity and change. The flexible, pragmatic approach which they have displayed until now, augurs well for the future.

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